

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**May 15, 2020
Date of Report (Date of earliest event reported)**

THE PNC FINANCIAL SERVICES GROUP, INC.
(Exact name of registrant as specified in its charter)

Commission File Number 001-09718

Pennsylvania
(State or other jurisdiction of
incorporation)

25-1435979
(I.R.S. Employer
Identification No.)

**The Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2401**
(Address of principal executive offices, including zip code)

(888) 762-2265
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to 12(b) of the Act:

	<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$5.00		PNC	New York Stock Exchange
Depository Shares Each Representing a 1/4,000 Interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P		PNC P	New York Stock Exchange
Depository Shares Each Representing a 1/4,000 Interest in a Share of 5.375% Non-Cumulative Perpetual Preferred Stock, Series Q		PNC Q	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On May 15, 2020, PNC Bancorp, Inc. ("PNC Bancorp"), a wholly-owned subsidiary of The PNC Financial Services Group, Inc. ("PNC"), completed the transactions contemplated by the underwriting agreement dated May 12, 2020 (the "Underwriting Agreement") with BlackRock, Inc. ("BlackRock"), Morgan Stanley & Co. LLC ("Morgan Stanley"), Citigroup Global Markets Inc. ("Citigroup"), and Evercore Group L.L.C. ("Evercore"), with Morgan Stanley, Citigroup, and Evercore acting as representatives of the several underwriters named therein (the "Underwriters"), resulting in the sale by PNC Bancorp of 31,628,573 shares of common stock of BlackRock, par value \$0.01 per share (the "Common Stock"), including (i) 823,188 shares of Common Stock issuable upon the conversion of BlackRock's Series B Convertible Participating Preferred Stock, par value \$0.01 per share and (ii) 2,875,325 shares of Common Stock under the Underwriters' over-allotment option, which was exercised in full on May 13, 2020, for resale by the Underwriters (the "Secondary Offering") pursuant to BlackRock's registration statement filed with the Securities and Exchange Commission (the "Commission") on Form S-3 (File No. 333-224504). Also on May 15, 2020, under the Stock Repurchase Agreement with BlackRock dated May 11, 2020 (the "Stock Repurchase Agreement"), BlackRock repurchased 2,650,857 shares of Common Stock from PNC Bancorp (the "Stock Repurchase"). PNC Bancorp received approximately \$14.2 billion in cash upon completion of the Secondary Offering and Stock Repurchase.

PNC Bancorp also completed on May 18, 2020 its previously announced donation of 500,000 shares of Common Stock to the PNC Foundation (the "Foundation Donation"). PNC Bancorp has now divested its entire holding in BlackRock. PNC and its affiliates only hold Common Stock in a fiduciary capacity for clients of PNC and its affiliates.

The foregoing descriptions of the Underwriting Agreement and Stock Repurchase Agreement and the transactions contemplated thereby are qualified in their entirety by reference to the full text of such agreements filed as Exhibits 1.1 and 10.1, respectively, to the Current Report on Form 8-K filed by PNC with the Commission on May 15, 2020.

The unaudited pro forma financial information of PNC giving effect to the Secondary Offering and Stock Repurchase and Foundation Donation is filed herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The following unaudited pro forma financial information of PNC giving effect to the Secondary Offering and Stock Repurchase and Foundation Donation is filed herewith as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference:

- Unaudited Pro Forma Consolidated Balance Sheet as of March 31, 2020
- Unaudited Pro Forma Consolidated Income Statement for the three months ended March 31, 2020 and each of the years ended December 31, 2019, 2018 and 2017
- Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

(d) Exhibits.

<u>Number</u>	<u>Description</u>
99.1	The PNC Financial Services Group, Inc. Unaudited Pro Forma Condensed Consolidated Financial Statements
104	The cover page of this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE PNC FINANCIAL SERVICES GROUP, INC.

(Registrant)

Date: May 21, 2020

By: /s/ Gregory H. Kozich

Gregory H. Kozich

Senior Vice President and Controller

THE PNC FINANCIAL SERVICES GROUP, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On May 15, 2020, PNC Bancorp, Inc. ("PNC Bancorp"), a wholly-owned subsidiary of The PNC Financial Services Group, Inc. ("PNC") completed the sale of its 31.6 million shares of BlackRock, Inc. ("BlackRock") common and preferred stock through a registered secondary offering at a price of \$420 per share. In addition, BlackRock repurchased 2.65 million shares from PNC Bancorp at a price of \$414.96 per share. The total proceeds from the sale were \$14.2 billion in cash, net of \$.2 billion in expenses, and resulted in a gain on sale of \$4.3 billion. Additionally, PNC Bancorp contributed 500,000 BlackRock shares to the PNC Foundation on May 18, 2020.

As a result, PNC Bancorp has divested its entire holding in BlackRock. PNC and its affiliates only hold shares of BlackRock stock in a fiduciary capacity for clients of PNC and its affiliates.

The following unaudited pro forma condensed consolidated balance sheet as of March 31, 2020 is presented as if the BlackRock sale transaction and donation to the PNC Foundation, as described in the notes to these unaudited pro forma condensed consolidated financial statements, had occurred on March 31, 2020.

The unaudited pro forma condensed consolidated income statement for the three months ended March 31, 2020 and each of the years ended December 31, 2019, 2018 and 2017 are presented as if the BlackRock sale transaction and donation to the PNC Foundation had occurred on January 1, 2017. BlackRock's historical results will be reported in PNC's consolidated financial statements as discontinued operations. The BlackRock sale is reflected in the unaudited pro forma condensed balance sheet within retained earnings. The gain on sale and the impact of fair market value adjustments and donation expense associated with the 500,000 BlackRock shares that were donated to the PNC Foundation are not reflected in the unaudited pro forma condensed income statement as there is no continuing impact on PNC's results.

The unaudited pro forma condensed consolidated financial information is subject to the assumptions and adjustments described in the accompanying notes. These assumptions and adjustments are based on information presently available. Actual adjustments may differ materially from the information presented. The unaudited pro forma condensed consolidated financial statements are based on the historical financial statements of PNC for each period presented and in the opinion of PNC management, all adjustments and disclosures necessary for a fair presentation of the pro forma data have been made.

These unaudited pro forma condensed consolidated financial statements are presented for informational purposes only and are not necessarily indicative of the results of operations or financial condition that would have been achieved had events reflected been completed as of the dates indicated or of the results that may be obtained in the future. These unaudited pro forma condensed consolidated financial statements should be read in conjunction with PNC's audited consolidated financial statements and the notes thereto as of and for the year ended December 31, 2019, and Management's Discussion and Analysis included in PNC's Annual Report on Form 10-K for the year ended December 31, 2019, as well as PNC's unaudited consolidated financial statements and the notes thereto as of and for the three months ended March 31, 2020, and Management's Discussion and Analysis included in PNC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

CONDENSED CONSOLIDATED BALANCE SHEET

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except par value	March 31, 2020 As Reported	BlackRock Sale Pro forma Adjustments	BlackRock Donation Pro forma Adjustments	March 31, 2020 Pro forma
Assets				
Cash and due from banks	\$ 7,493	\$ 14,217 (a)		\$ 21,710
Interest-earning deposits with banks	19,986			19,986
Loans held for sale	1,693			1,693
Investment securities	90,546			90,546
Net loans	260,699			260,699
Equity investments	13,205	(8,388) (b)	\$ (123) (b)	4,694
Mortgage servicing rights	1,082			1,082
Goodwill	9,233			9,233
Other	41,556			41,556
Total assets	\$ 445,493	\$ 5,829	\$ (123)	\$ 451,199
Liabilities				
Deposits	\$ 305,204			\$ 305,204
Borrowed funds	73,399			73,399
Allowance for credit losses – unfunded lending related	450			450
Accrued expenses and other liabilities	17,150	\$ 1,301 (c)	\$ (77) (c)	18,374
Total liabilities	396,203	1,301	(77)	397,427
Equity				
Preferred stock				
Common stock (\$5 par value, Authorized 800 shares, issued 542 shares)	2,712			2,712
Capital surplus	16,288	(48) (d)	(1) (d)	16,239
Retained earnings	41,885	4,438 (d)	(47) (d)	46,276
Accumulated other comprehensive income	2,518	138 (d)	2 (d)	2,658
Common stock held in treasury at cost: 118 and 109 shares	(14,140)			(14,140)
Total shareholders' equity	49,263	4,528	(46)	53,745
Noncontrolling interests	27			27
Total equity	49,290	4,528	(46)	53,772
Total liabilities and equity	\$ 445,493	\$ 5,829	\$ (123)	\$ 451,199

CONDENSED CONSOLIDATED INCOME STATEMENT
THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except per share data	Three months ended March 31		
	2020 As Reported	BlackRock Sale and Donation Pro forma Adjustments (e)	2020 Pro forma
Net interest income	\$ 2,511		\$ 2,511
Noninterest income	2,006	\$ (180)	1,826
Total revenue	4,517	(180)	4,337
Provision for credit losses	914		914
Noninterest expense	2,543		2,543
Income from continuing operations before income taxes and noncontrolling interests	1,060	(180)	880
Income taxes	145	(23)	122
Net income from continuing operations	915	(157)	758
Less: Net income attributable to noncontrolling interests	7		7
Preferred stock dividends	63		63
Preferred stock discount accretion and redemptions	1		1
Net income from continuing operations attributable to common shareholders	\$ 844	\$ (157)	\$ 687
Earnings Per Common Share From Continuing Operations			
Basic	\$ 1.96	\$ (0.37)	\$ 1.59
Diluted	\$ 1.95	\$ (0.36)	\$ 1.59
Average Common Shares Outstanding			
Basic	429		429
Diluted	430		430

CONDENSED CONSOLIDATED INCOME STATEMENT
THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except per share data	Year ended December 31		
	2019 As Reported	BlackRock Sale and Donation Pro forma Adjustments (e)	2019 Pro forma
Net interest income	\$ 9,965		\$ 9,965
Noninterest income	7,862	\$ (999)	6,863
Total revenue	17,827	(999)	16,828
Provision for credit losses	773		773
Noninterest expense	10,574		10,574
Income from continuing operations before income taxes and noncontrolling interests	6,480	(999)	5,481
Income taxes	1,062	(161)	901
Net income from continuing operations	5,418	(838)	4,580
Less: Net income attributable to noncontrolling interests	49		49
Preferred stock dividends	236		236
Preferred stock discount accretion and redemptions	4		4
Net income from continuing operations attributable to common shareholders	\$ 5,129	\$ (838)	\$ 4,291
Earnings Per Common Share From Continuing Operations			
Basic	\$ 11.43	\$ (1.86)	\$ 9.57
Diluted	\$ 11.39	\$ (1.85)	\$ 9.54
Average Common Shares Outstanding			
Basic	447		447
Diluted	448		448

CONDENSED CONSOLIDATED INCOME STATEMENT
THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except per share data	Year ended December 31		
	2018 As Reported	BlackRock Sale and Donation Pro forma Adjustments (e)	2018 Pro forma
Net interest income	\$ 9,721		\$ 9,721
Noninterest income	7,411	\$ (935)	6,476
Total revenue	17,132	(935)	16,197
Provision for credit losses	408		408
Noninterest expense	10,296		10,296
Income from continuing operations before income taxes and noncontrolling interests	6,428	(935)	5,493
Income taxes	1,082	(154)	928
Net income from continuing operations	5,346	(781)	4,565
Less: Net income attributable to noncontrolling interests	45		45
Preferred stock dividends	236		236
Preferred stock discount accretion and redemptions	4		4
Net income from continuing operations attributable to common shareholders	\$ 5,061	\$ (781)	\$ 4,280
Earnings Per Common Share From Continuing Operations			
Basic	\$ 10.79	\$ (1.66)	\$ 9.13
Diluted	\$ 10.71	\$ (1.64)	\$ 9.07
Average Common Shares Outstanding			
Basic	467		467
Diluted	470		470

CONDENSED CONSOLIDATED INCOME STATEMENT
THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except per share data	Year ended December 31		
	2017 As Reported	BlackRock Sale and Donation Pro forma Adjustments (e)	2017 Pro forma
Net interest income	\$ 9,108		\$ 9,108
Noninterest income	7,221	\$ (1,078)	6,143
Total revenue	16,329	(1,078)	15,251
Provision for credit losses	441		441
Noninterest expense	10,398		10,398
Income from continuing operations before income taxes and noncontrolling interests	5,490	(1,078)	4,412
Income taxes	102	686 (f)	788
Net income from continuing operations	5,388	(1,764)	3,624
Less: Net income attributable to noncontrolling interests	50		50
Preferred stock dividends	236		236
Preferred stock discount accretion and redemptions	26		26
Net income from continuing operations attributable to common shareholders	\$ 5,076	\$ (1,764)	\$ 3,312
Earnings Per Common Share From Continuing Operations			
Basic	\$ 10.49	\$ (3.64)	\$ 6.85
Diluted	\$ 10.36	\$ (3.57)	\$ 6.79
Average Common Shares Outstanding			
Basic	481		481
Diluted	486		486

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following items resulted in adjustments in the unaudited pro forma condensed financial information:

- a. Adjustment represents cash consideration from the sale of PNC's 22.4% interest in BlackRock for \$14.2 billion net of \$0.2 billion of estimated expenses directly associated with the transaction.
- b. Adjustment represents the removal of PNC's investment in BlackRock as a result of the sale and donation.
- c. Adjustment represents a net increase in current tax liabilities of \$1.2 billion.
- d. Adjustments reflect the sale and donation of BlackRock calculated as follows:

(in millions)

Total net sales proceeds	\$14,217
Less: Carrying value in BlackRock	<u>8,511</u>
Pro forma amount before income taxes	\$5,706
Less: Income taxes	1,224
Plus: Capital surplus	(49)
Less: Accumulated other comprehensive income	<u>140</u>
Pro forma impact to retained earnings	\$4,391

- e. Adjustments reflect the removal of income and the related income tax effect of PNC's equity investment in BlackRock.
 - f. Adjustment to Income taxes reflects the reversal of the impact of the 2017 Tax Cuts and Jobs Acts enacted in December 2017.
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