



PNC

The PNC Financial Services Group, Inc.

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Third Quarter 2009

Earnings Conference Call

October 22, 2009

# 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 or financial review and should be viewed in the context of all of the information made available by PNC in its SEC filings. The presentation also contains forward-looking statements regarding our outlook or expectations relating to PNC’s future business, operations, financial condition, financial performance, capital and liquidity levels, and asset quality. Forward-looking statements are necessarily 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 in the more detailed Cautionary Statement included in the Appendix, which is included in the version of the presentation materials posted on our corporate website at [www.pnc.com/investorevents](http://www.pnc.com/investorevents). We provide greater 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 those reports, and in our other SEC filings (accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov) and on or through our corporate website at [www.pnc.com/secfilings](http://www.pnc.com/secfilings)). We have included web addresses here 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, risks and uncertainties to which our forward-looking statements are subject. The forward-looking statements in this presentation speak only as of the date of this presentation. We do not assume any duty and do not undertake to update those statements.

In this presentation, we may refer to adjusted results to help illustrate the impact of certain types of items. This information supplements our results as reported in accordance with GAAP and should not be viewed in isolation from, or 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 others as they evaluate the impact of these items on our results for the periods presented.

In certain discussions, we may also provide information on yields and margins for all interest-earning assets calculated using net interest income on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. We believe this adjustment 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 therein or in the Appendix, is qualified by GAAP reconciliation information available on our corporate website at [www.pnc.com](http://www.pnc.com) under “About PNC—Investor Relations.”

# Key Messages

- ▶ Our business model performed well
- ▶ We believe the economy has stabilized
- ▶ The balance sheet remained well-positioned – further increased capital and reserves and maintained strong liquidity
- ▶ Pace of credit quality deterioration eased
- ▶ Strong revenue performance and disciplined expense management resulted in pretax pre-provision earnings<sup>1</sup> well in excess of credit costs
- ▶ Positive client trends continued to drive product sales above plan

Financial overview	3Q09	2Q09	1Q09	YTD09
Net income, <i>millions</i>	\$559	\$207	\$530	\$1,296
Earnings per diluted common share	\$1.00	\$.14	\$1.03	\$2.17
<i>EPS impact of TARP preferred dividends</i>	.21	.21	.11	.52

PNC's Performance Validates Realistic Opportunities for Growth.

(1) Total revenue less noninterest expense. Further information is provided in the Appendix.

# Building a High Quality, Differentiated Balance Sheet

Category (billions)	Sept 30, 2009	Change from	
		June 30, 2009	Dec 31, 2008
Investment securities	\$54	\$4	\$11
Total loans	161	(4)	(15)
Other assets	56	(8)	(16)
<b>Total assets</b>	<b>\$271</b>	<b>(\$8)</b>	<b>(\$20)</b>
Transaction deposits	\$122	\$1	\$11
Retail CDs	51	(5)	(7)
Other time/savings	11	(3)	(13)
<b>Total deposits</b>	<b>\$184</b>	<b>(\$7)</b>	<b>(\$9)</b>
Borrowed funds	\$42	(\$3)	(\$10)
Other	16	-	(4)
Shareholders' equity	29	2	3
<b>Total liabilities and equity</b>	<b>\$271</b>	<b>(\$8)</b>	<b>(\$20)</b>

## Sept 30, 2009 Key Ratios

Loans/Assets  
59%

Investment  
securities/Assets  
20%

Loans/Deposits  
87%

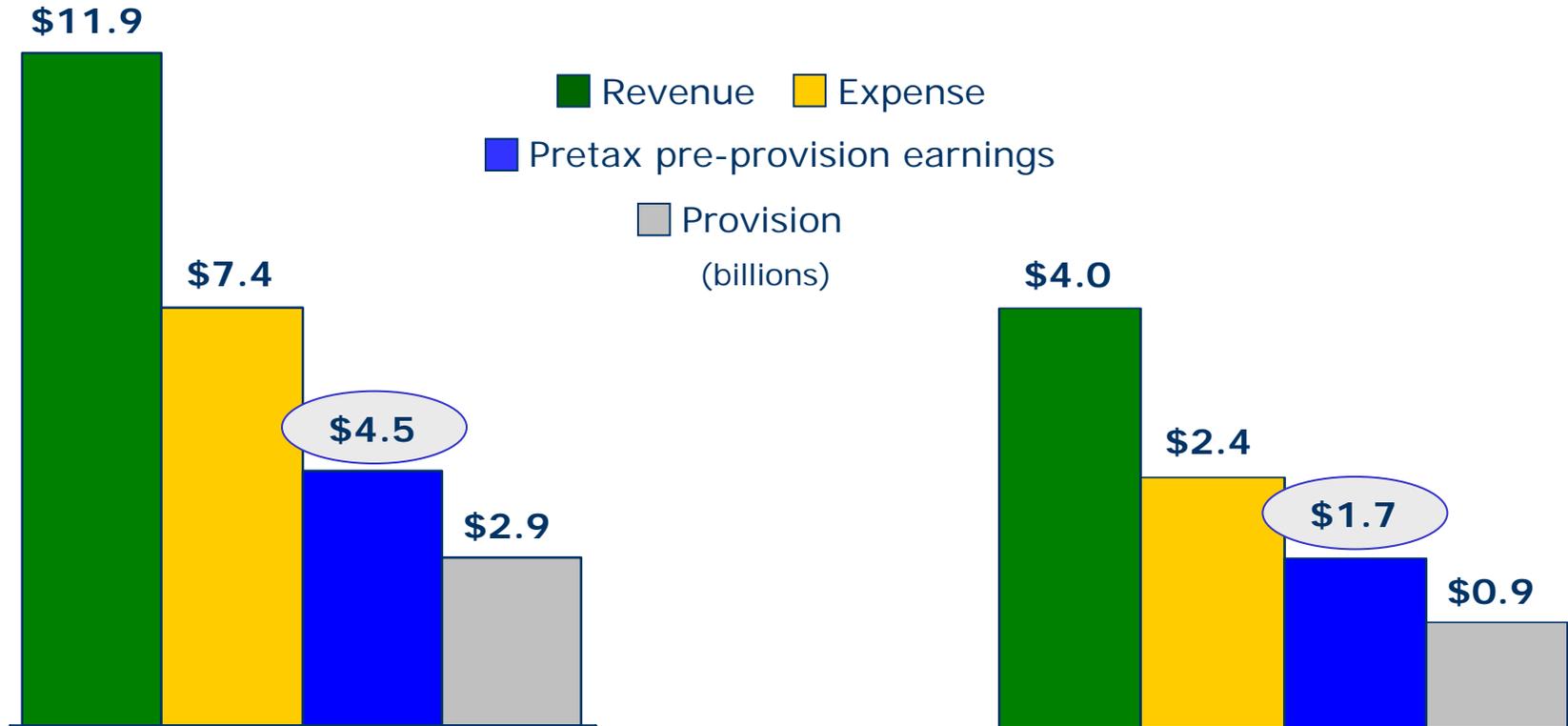
PNC Is Transitioning Our Balance Sheet to Reflect Our Business Model.

# Pretax Pre-Provision Earnings<sup>1</sup> Substantially Exceed Credit Costs

Nine months ended

September 30  
2009

Three months ended



PNC Is Recognized for Our Ability to Create Positive Operating Leverage to Help Offset Credit Costs.

(1) For the nine months ended September 30, 2009, total revenue of \$11.906 billion less noninterest expense of \$7.365 billion equals pretax pre-provision earnings of \$4.541 billion. For the three months ended September 30, 2009, total revenue of \$4.048 billion less noninterest expense of \$2.379 billion equals pretax pre-provision earnings of \$1.669 billion. Further information is provided in the Appendix.

# High Quality, Diverse Revenue Streams

Net interest income

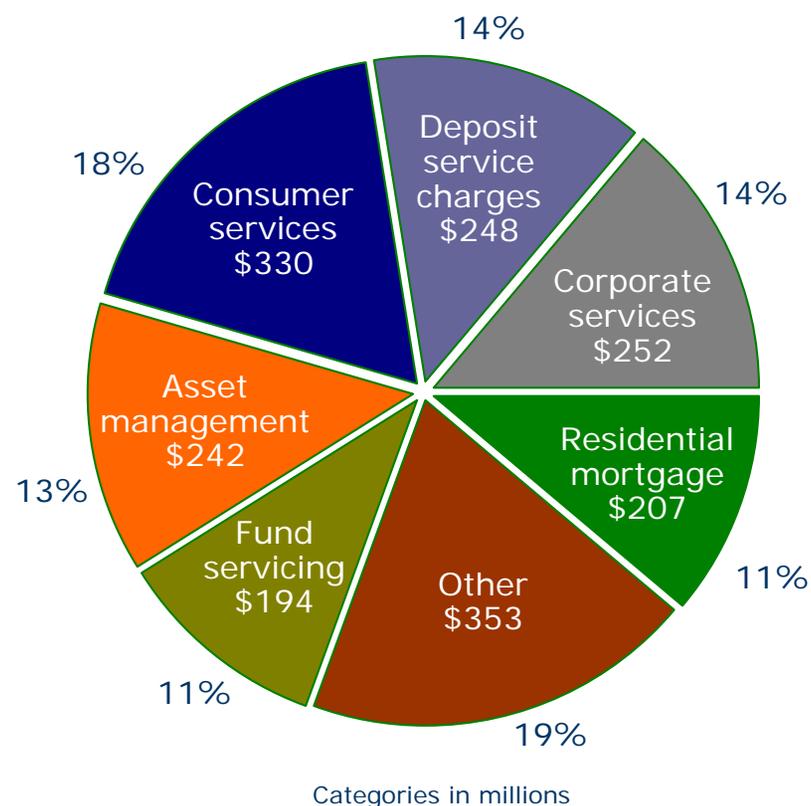
3Q09

Noninterest income

**\$2.2 billion**  
55% of total revenue

**\$1.8 billion**  
45% of total revenue

<i>Net interest margin<sup>1</sup></i>	3Q09	2Q09
Loans	5.12%	5.22%
Investment securities	5.20	5.32
Other	2.18	2.14
Total yield on interest-earning assets	4.88	4.94
Deposits	1.04	1.25
Borrowed funds	2.57	2.97
Total rate on interest-bearing liabilities	1.39	1.65
Interest rate spread	3.49	3.29
Noninterest-bearing impact	.27	.31
Net interest margin	3.76%	3.60%



(1) Calculated as annualized taxable-equivalent net interest income divided by average earnings assets. The taxable-equivalent adjustment to net interest income was \$16 million for both the three months ended September 30, 2009 and the three months ended June 30, 2009.

# Disciplined Expense Management

## Noninterest expense comparison

<i>millions</i>	3Q09	2Q09
Noninterest expense	\$2,379	\$2,658
<i>Selected information</i>		
Integration costs	89	125
Special FDIC assessment	-	133
Visa indemnification charge reversal	(66)	-
Excluding selected information	\$2,356	\$2,400

Additional 3Q09 integration cost savings over 2Q09

**\$60**

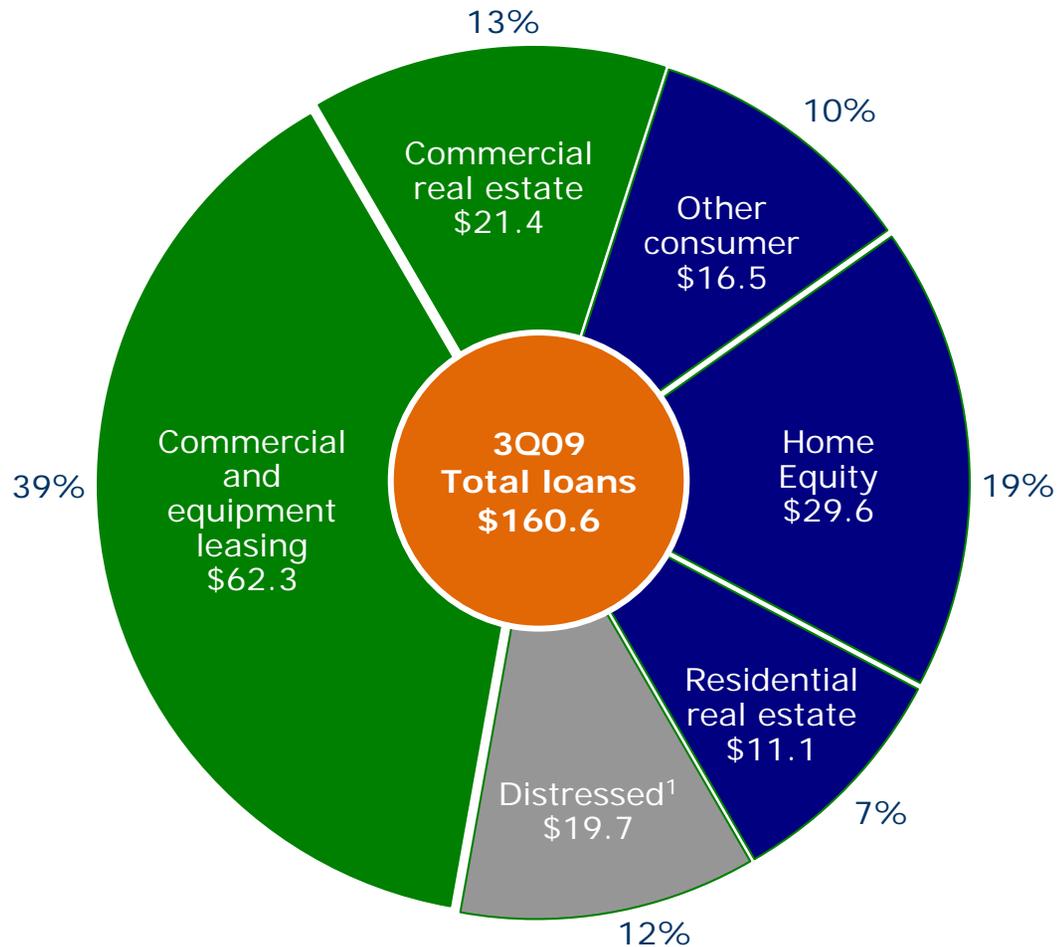
## Integration cost savings highlights

- ▶ Third quarter savings of approximately \$200 million for a year-to-date total of more than \$460 million
- ▶ Implemented common vendor and expense policies and approval guidelines
- ▶ Implementing multi-year plan to help maximize the value of physical space owned and leased
- ▶ Began consolidation of 93 mortgage operations sites into two centers - Chicago and Pittsburgh
- ▶ Streamlining systems and support functions – operations, marketing, communications, technology, finance, other staff
- ▶ Completed divestiture of 61 Western Pennsylvania National City branches in 3Q09

PNC's Culture Includes Focusing on Continuous Improvement.

# Loan Portfolio

## Held for Investment (billions)



## 3Q09 asset quality highlights

- ▶ Pace of credit quality deterioration eased
- ▶ Growth rate in nonperforming loans slowed
- ▶ Current stress in commercial real estate and mortgage has been manageable
- ▶ Net charge-offs down 18% linked quarter
- ▶ Net charge-off ratio<sup>2</sup> of 1.59% versus allowance to loans ratio of 2.99%
- ▶ Allowance plus fair value marks as a % of outstanding loans nearly 7%<sup>3</sup>

As of September 30, 2009. (1) Includes commercial, equipment leasing, commercial real estate, home equity, and residential real estate loans assigned to the Distressed Assets Portfolio segment totaling approximately \$19.7 billion at September 30, 2009. Further information regarding the categories of loans in the Distressed Assets Portfolio segment and in the overall loan portfolio is provided in the Appendix. (2) Net charge-offs to average loans, annualized. (3) Fair value marks relate to loans acquired from National City that were impaired per FASB ASC 310-30.

# Repositioning the Investment Securities Portfolio

<i>Period end securities available for sale - amortized cost basis</i>	% of portfolio	
	3Q09	4Q08
US Treasury and government agencies	13%	2%
Residential mortgage-backed		
Agency	45%	50%
Non-Agency	21%	29%
Commercial mortgage-backed		
Agency	2%	0%
Non-Agency	8%	9%
Asset-backed	4%	5%
Other	7%	5%
<b>Total amortized cost (billions)</b>	<b>\$52.0</b>	<b>\$45.5</b>

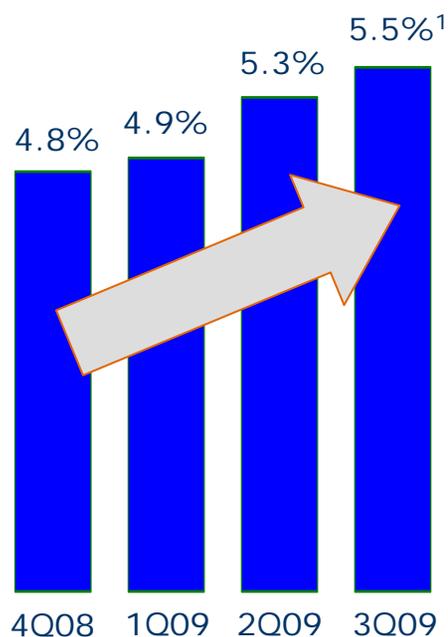
Highlights
<ul style="list-style-type: none"> <li>▶ Made significant progress improving the risk profile</li> <li>▶ Increased purchases of Treasuries and government agency securities</li> <li>▶ Sold non-agency residential mortgage-backed securities at a gain</li> <li>▶ 3Q09 unrealized pretax loss of \$2.2 billion improved by \$3.2 billion since 4Q08</li> <li>▶ Improved credit related OTTI<sup>1</sup> trend from (\$155) million in 2Q09 to (\$129) million in 3Q09</li> </ul>

PNC Continued to Transition the Risk Profile of the Investment Securities Portfolio.

(1) Other-than-temporary impairments.

# Strengthening Capital Ratios

## Tier 1 common ratio



## Tier 1 risk-based ratio



## Highlights

- ▶ PNC capital ratios already reflect impact of fair value marks – as of September 30, 2009, fair value marks<sup>2</sup> were approximately \$6.6 billion
- ▶ Increased common equity by \$3.5 billion from 4Q08 to 3Q09
- ▶ Plan to repay TARP when appropriate in a shareholder-friendly manner subject to regulatory approval

PNC Is Focused on Disciplined Uses of Capital During Uncertain Times.

Ratios and common equity as of quarter end. (1) Estimated. (2) Fair value marks relate to loans acquired from National City that were impaired per FASB ASC 310-30.

# PNC's Framework for Success

PNC Business Model	Key Metrics	September 30, 2009	Target	Action Plans
Staying core funded	Loan to deposit ratio (as of)	87%	80%-90%	<ul style="list-style-type: none"> <li>▶ Maximize credit portfolio value</li> <li>▶ Reposition deposit gathering strategies</li> </ul>
Returning to a moderate risk profile	Provision to average loans (nine months ended, annualized)	2.3%	0.3%-0.5%	<ul style="list-style-type: none"> <li>▶ Focus "front door" on risk-adjusted returns</li> <li>▶ Leverage "back door" credit liquidation capabilities</li> </ul>
Growing high quality, diverse revenue streams	Noninterest income/total revenue (nine months ended)	44%	>50%	<ul style="list-style-type: none"> <li>▶ Leverage credit that meets our risk/return criteria</li> <li>▶ Focus on cross selling PNC's deep product offerings</li> </ul>
Creating positive operating leverage	Integration cost savings (current quarter, annualized)	>\$800 million	\$1.2 billion	<ul style="list-style-type: none"> <li>▶ Capitalize on integration opportunities</li> <li>▶ Emphasize continuous improvement culture</li> </ul>
↓	↓	↓	↓	↓
Executing our strategies	Return on average assets (nine months ended)	0.62%	1.30%+	<ul style="list-style-type: none"> <li>▶ Execute on and deliver the PNC business model</li> </ul>

## Summary

- ▶ PNC's business model has performed well during the economic downturn
- ▶ PNC believes the economy has stabilized and the pace of our credit quality deterioration has eased
- ▶ PNC's realistic opportunities for growth are expected to deliver significant value

PNC Continues to Build a Great Company.

# 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 expectations for earnings, revenues, expenses, capital levels, liquidity levels, asset quality and/or other matters regarding or affecting PNC that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as “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 our 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 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 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 discuss elsewhere in this presentation or in our filings with the SEC, accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov) and on or through our corporate website at [www.pnc.com/secfilings](http://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 principal 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 and other assets 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.
  - 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 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 these conditions will be substantially different than we are currently expecting. These statements are based on our current expectations that interest rates will remain low through 2009 with continued wide market credit spreads, and our view that national economic trends currently point to the end of recessionary conditions in the later half of 2009 followed by a subdued recovery in 2010.

# 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 results of operations or our competitive position or reputation. Reputational impacts, in turn, could affect matters such as business generation and retention, our ability to 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 current and 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 changes to laws and 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 or 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.
- Our issuance of securities to the US Department of the Treasury may limit our ability to return capital to our shareholders and is dilutive to our common shares. If we are unable previously to redeem the shares, the dividend rate increases substantially after five years.
- Our business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through the effective use of third-party insurance, derivatives, and capital management techniques, and by our ability to meet evolving regulatory capital standards.
- The adequacy of our intellectual property protection, and the extent of any costs associated with obtaining rights in intellectual property claimed by 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 to meet 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, which can affect market share, deposits and revenues.
- Our business and operating results can also be affected by widespread natural disasters, terrorist activities or international hostilities, either as a result of the impact on the economy and capital and other financial markets generally or on us or on our customers, suppliers or other counterparties specifically.
- Also, risks and uncertainties that could affect the results anticipated in forward-looking statements or from historical performance relating to our equity interest in BlackRock, Inc. are discussed in more detail in BlackRock's filings with the SEC, including in the Risk Factors sections of BlackRock's reports. BlackRock's SEC filings are accessible on the SEC's website and on or through BlackRock's website at [www.blackrock.com](http://www.blackrock.com). This material is referenced for informational purposes only and should not be deemed to constitute a part of this document.

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

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

# 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 than expected. Other issues related to achieving anticipated financial results include the possibility that deposit attrition or attrition in key client, partner and other relationships may be greater than expected.

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

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

In addition to the National City transaction, we grow our business from time to time by acquiring other financial services companies. Acquisitions in 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 only and may not reflect actual results. Any consensus earnings estimates are calculated based on the earnings projections made by analysts who cover 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.

# Non-GAAP to GAAP Reconciliation

Appendix

	December 31, 2008	
	Pretax	Net income
<i>In millions, for the three months ended</i>		
Reported net income (loss)		(\$246)
National City conforming provision for credit losses	\$504	328
Net income (loss) excluding National City conforming provision for credit losses		\$82

PNC believes that information adjusted for the impact of this item may be useful due to the extent to which the item is not indicative of our ongoing operations.

	Three months ended			Nine months ended
	March 31, 2009	June 30, 2009	Sept. 30, 2009	June 30, 2009
<i>in millions</i>				
Total revenue	\$3,871	\$3,987	\$4,048	\$11,906
Noninterest expense	2,328	2,658	2,379	7,365
Pretax pre-provision earnings	\$1,543	\$1,329	\$1,669	\$4,541

PNC believes that pretax pre-provision earnings is useful as a tool to help evaluate ability to provide for credit costs through operations.

	Total PNC	Loans assigned to the	Total PNC after	% of core	% of total PNC
		Distressed Assets Portfolio segment	reassigning Distressed Asset Portfolio loans	PNC loan portfolio	
<i>As of September 30, 2009, in millions</i>					
Commercial and equipment leasing	\$63,211	\$892	\$62,319	44%	39%
Commercial real estate	24,064	2,659	21,405	15%	13%
Total core commercial lending			\$83,724	59%	52%
Other consumer	16,505	11	\$16,494	12%	10%
Home equity	36,370	6,772	29,598	21%	19%
Residential real estate	20,458	9,348	11,110	8%	7%
Total core consumer lending			\$57,202	41%	36%
Total core portfolio			\$140,926	100%	88%
Distressed			19,682		12%
Total loans	\$160,608	\$19,682	\$160,608		100%

## Ticker

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