

July 26, 2011



# **PNC Announces Agreement to Acquire 27 Branches from Flagstar**

## **Accelerates move into demographically appealing metro Atlanta market**

PITTSBURGH, July 26, 2011 /PRNewswire/ -- The PNC Financial Services Group, Inc. (NYSE: PNC) today announced that it has signed a definitive agreement to acquire 27 branches in metropolitan Atlanta, Georgia from Flagstar Bank, FSB, a subsidiary of Flagstar Bancorp, Inc. (NYSE: FBC) and assume approximately \$240 million of deposits associated with these branches based on balances as of June 30, 2011.

"This transaction provides PNC the opportunity to acquire branches that complement our strategic plan for the Atlanta region and reflect our intention to become a competitor there," said Joseph C. Guyaux, president of PNC and head of retail banking. "With more than 70 branches in the Atlanta metro area, including those we plan to add from our pending acquisition of RBC Bank (USA), we expect to have sufficient presence to grow the retail banking customer base and leverage our corporate banking and wealth management opportunities."

Under the agreement, PNC will purchase 21 branches and lease 6 branches located in a seven county area primarily north of Atlanta. Acquired real estate and fixed assets associated with the branches will be purchased for net book value, or approximately \$42 million. No deposit premium will be paid and no loans will be acquired in the transaction.

The transaction is expected to close in December 2011, subject to customary closing conditions, including regulatory approvals. Immediately upon closing, PNC intends to convert Flagstar customer accounts to the PNC platform with Flagstar branches assuming the PNC Bank name. PNC expects to offer employment to substantially all of the Flagstar branch employees and sees opportunities to add new positions as it extends its full breadth of retail, corporate, mortgage and wealth management products and services in this market.

Wachtell, Lipton, Rosen & Katz acted as legal counsel to PNC. FIG Partners LLC represented Flagstar Bancorp, Inc. as financial adviser and Kutak Rock LLP as legal counsel.

The PNC Financial Services Group, Inc. ([www.pnc.com](http://www.pnc.com)) is one of the nation's largest diversified financial services organizations providing retail and business banking; residential mortgage banking; specialized services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management and asset management.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This press release contains forward-looking statements regarding our outlook or expectations with respect to the planned acquisition of branch assets and related deposits

from Flagstar Bancorp, Inc. as well as our pending acquisition of RBC Bank (USA), the expected costs to be incurred in connection with the acquisitions, future performance and consequences of integration of these acquired businesses into PNC, and the impact of these pending acquisition transactions on PNC's future performance.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. The forward-looking statements in this press release speak only as of the date of the press release, and PNC assumes no duty, and does not undertake, to update them. Actual results or future events could differ, possibly materially, from those that we anticipated in these forward-looking statements.

These forward-looking statements are subject to the principal risks and uncertainties applicable to PNC's businesses generally that are disclosed in PNC's 2010 Form 10-K and 2011 Form 10-Qs, including in the Risk Factors and Risk Management sections of those reports, and in PNC's subsequent SEC filings (accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and on PNC's 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.

In addition, forward-looking statements in this press release are subject to the following risks and uncertainties related both to each acquisition transaction itself and to the integration of each of the acquired businesses into PNC after its respective closing:

- Closing of each pending acquisition is dependent on, among other things, receipt of regulatory and other applicable approvals, the timing of which cannot be predicted with precision at this point and which may not be received at all. Closing of one acquisition transaction does not depend on closing the other transaction. The impact of closing on PNC's financial statements will be affected by the timing of the transaction.
- Each of the respective acquisition transactions (including integration of the acquired businesses) may be substantially more expensive to complete than anticipated. Anticipated benefits, including 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.
- Our ability to achieve anticipated results from each respective transaction is dependent also on the following factors, in part related to the state of economic and financial markets: the extent of credit losses in the acquired loan portfolios and the extent of deposit attrition. Also, litigation and governmental investigations that may be filed or commenced, as a result of one or both of these transactions or otherwise, could impact the timing or realization of anticipated benefits to PNC.
- Integration of each of the acquired businesses and their respective operations into PNC, which will include conversion of the Flagstar branches' different systems and procedures and conversion of RBC Bank (USA)'s different systems and procedures, respectively, may take longer than anticipated or be more costly than anticipated or have unanticipated adverse results relating to the acquired business or businesses or PNC's existing businesses. PNC's ability to successfully integrate the Flagstar branches and, as applicable, to successfully integrate RBC Bank (USA), may be adversely affected by the fact that these transactions will result in PNC entering several markets where PNC does not currently have any meaningful retail presence and by the respective order and timing of the two pending transactions.

**CONTACTS:****MEDIA:**

Fred Solomon

(412) 762-4550

[corporate.communications@pnc.com](mailto:corporate.communications@pnc.com)

**INVESTORS:**

William H. Callihan

(412) 762-8257

[investor.relations@pnc.com](mailto:investor.relations@pnc.com)

SOURCE The PNC Financial Services Group, Inc.