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MERCANTILE BANKSHARES CORP

Form 425

January 31, 2007

Filed by The PNC Financial Services Group, Inc.

Pursuant to Rule 425 under the Securities Act of 1933 and

deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of 1934

Subject Company: Mercantile Bankshares Corporation

Commission File No. 0-5127

On January 31, 2007, Joseph C. Guyaux, President of The PNC Financial Services Group, Inc. (the Corporation), gave a presentation to investors at the Citigroup Financial Services Conference. This presentation was accompanied by a series of electronic slides that include information pertaining to the financial results and business strategies of the Corporation. A copy of the slides follows below.

The PNC Financial Services Group, Inc.
Citigroup
Financial Services Conference
January 31, 2007
EXHIBIT 99.1

This presentation contains forward-looking statements regarding our outlook or expectations relating to PNC's future business, operations, financial condition, financial performance 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 in the version of the presentation materials posted on our corporate website at www.pnc.com

under About PNC
Investor Relations.

We provide greater detail regarding those factors in our 2005 Form 10-K, including in the Risk Factors and Risk Management sections, and in our 2006 Form 10-Qs and other SEC reports (accessible on the SEC's website at www.sec.gov and on or through our corporate website).

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
will
sometimes
refer
to
adjusted
results
to
help
illustrate
(1)
the
impact
of
BlackRock
deconsolidation
near
the
end
of
third
quarter
2006
and
the
application
of
the
equity
method
accounting
for
our
investment
in
BlackRock
and
(2)

the
impact
of
certain
significant
2006
items
due
to
the
magnitude
of
the
aggregate
of
these
items.
These
items
include
the
BlackRock/MLIM
transaction
gain
and
integration
costs
and
the
costs
of
balance
sheet
repositionings
that
we
have
disclosed
earlier.
We
provide
details
of
the
adjustments
in
the
Appendix.
While
we

have
not
provided
other
adjustments
for
the
periods
discussed,
this
is
not
intended
to
imply
that
there
could
not
have
been
other
similar
types
of
adjustments,
but
any
such
adjustments
would
not
have
been
similar
in
magnitude
to
the
amount
of
the
adjustments
shown.

This presentation may also include a discussion of 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 under "About PNC -

Investor Relations.

Cautionary Statement Regarding
Forward-Looking Information

Today's Discussion

PNC overview

Retail Banking

-

High performing model

-

Our framework for winning in 2007

-
Investing to drive growth

Record net income
Closed on BlackRock/Merrill
transaction
\$1.6 billion increase
in capital
Strong client activity
business

segment earnings* grew 9%

Balance sheet well positioned for

this interest rate environment

Overall asset quality remained

very strong

Mercantile acquisition will continue

expansion into attractive region

Total business segment earnings are reconciled to

total GAAP consolidated earnings in the attached Appendix

2006 Highlights

Net income

\$2.6 billion

Net income adjusted

\$1.5 billion

ROCE

28%

ROCE adjusted

16%

Noninterest income

to total revenue

74%

Noninterest

income

to total revenue adjusted

61%

Loans to deposits

76%

Loans to deposits as of December 31, 2006

*

Adjusted net income and ROCE exclude the after-tax gain on BlackRock/MLIM transaction of \$1.293 billion, the securities portfolio rebalancing after-tax loss of \$127 million, BlackRock/MLIM integration costs of \$47 million after-tax, and the mortgage loan portfolio repositioning after-tax loss of \$31 million due to the magnitude of the aggregate of those items and are reconciled to GAAP in the Appendix.

(1)

(2)

(1)

(2)

(1)

2006 Financial Highlights

(3)

Reconciled to GAAP in Appendix

(3)

Regional, National and International Businesses
International investment management:
BlackRock

with offices in 18 countries
PNC
A Diversified Financial

Services Company
Business Leadership
Retail Banking

-

A leading community bank in PNC major markets

-

Top 10 SBA lender in the U.S.

-

One of the nation's largest bank wealth management firms

Corporate & Institutional Banking

-

Top 10 Treasury Management business

-

The nation's second largest lead arranger of asset-based loan syndications

-

Harris Williams -
one of the nation's
largest M&A advisory firms for middle-market companies

BlackRock

-

A global asset management company with over \$1.1 trillion in assets under management

PFPC

-

Among the largest providers of mutual fund transfer agency and accounting and administration services in the U.S.

PNC Bank Branches

PNC Employees / Offices Outside of Retail Footprint

IN

OH

PA

KY

NJ

DE

VA

DC

MD

Winning in
the

Payments

Space

A Premier

Middle-

market

Franchise
A Leading
Global
Servicing
Platform
World Class
Asset
Manager
International fund processing:
PFPC
with offices in U.S., Ireland & Luxembourg

\$0
\$200
\$400
\$600
\$800
\$1,000
Business Results

Twelve Months Ended December 31, 2006

Retail Banking

Corporate &

Institutional Banking

BlackRock

PFPC

Business earnings, earnings growth and return on capital reconciled to GAAP net income, growth and returns in attached Appendix

Percentage for PFPC reflects return on average equity.

Certain prior period amounts have been reclassified to conform with the current period presentation.

Business Earnings *

\$ millions

*

(1)

Return on

Average

Capital

(1)

26%

23%

N/A

29%

PNC's High Return Business Mix

Total business

segment earnings

grew 9% compared to

the twelve months

ended 12/31/05

\$124

\$187

\$463

\$765

2006 Retail Banking Revenue Generated by Product Segment

Retail Bank's Deposit Franchise is a

Primary Source of Revenue

Trust &

Brokerage

21%

Loans

19%
Deposits
60%

Retail Banking Model is Relationship
Driven
The payments system
Acquisition, retention and growth of
checking relationships
Capturing increased share of investable
assets

Opportunistically generating value-added
loans
Focused on:
Focused on:

Retail Banking Model Has Been
Delivering Superior Results
Expanding Relationships
Growing Earnings
Improving Efficiency
\$37
\$39

\$43

\$46

\$16

\$20

\$23

\$24

2003

2004

2005

2006

Average Deposits

Average Loans

63%

62%

60%

58%

2003

2004

2005

2006

Efficiency Ratio

\$566

\$610

\$682

\$765

2003

2004

2005

2006

Earnings

Certain prior period amounts have been reclassified to conform with the current period presentation.

Retail Banking
Framework for Winning in 2007
Deliver Our Brand Promise of
Ease and Confidence to Create
a Sustainable Competitive
Advantage and Win for Our
Stakeholders

Empowered, Committed
Employees
Exceptional
Customer Service
Retain and Grow
Payments Business
Customer Leverage
Manage Risk
Community
Involvement
Operational Leverage

2006 DDA Customer Acquisition by Channel
Multiple Channels Drive Checking
Acquisition
Existing
Branches
63%
New

Branches

8%

Workplace &
University

28%

Web,
NFSC, etc.

1%

Expanding investment in
new branches

Upgrading our existing
branch facilities

Increasing commitment to
alternative channels

The Web as an expanded
acquisition channel

0.0
0.5
1.0
1.5
2.0
2003
2004

2005

2006

Increasing and Deepening Checking Relationships

Retail Banking

Checking Customer Base

millions

December 31

Small Business

Consumer

Small Business

Small Business debit

card revenue (\$ millions)

\$12.3

+24%

Small Business online

banking users

48%

+17%

Consumer

Consumer debit card

revenue (\$ millions)

\$100.6

+17%

Consumer online

banking users

53%

+10%

Consumer online

bill-pay users

23%

+97%

Provides Opportunities to Leverage Increased Ownership in Payments Business

Growth

(1)

Growth is for FY 2006 vs. FY 2005

Reflects growth in users

FY

2006

(2)

(2)

(2)

(1)

(2)

Differentiated Customer Experience
PNC
Bank
received
the
highest
numerical

score
in
the
proprietary
J.D.
Power
and
Associates
2006
Small
Business
Banking
Satisfaction
StudySM.
Study
based
on
4,996
total
responses,
measuring
13
financial
institutions
and
measures
opinions
of
small
business
customers
with
annual
revenues
from
\$100,000
to
\$10
million.
Proprietary
study
results
are
based
on
experiences
and
perceptions
of
customers

surveyed
in
July

September
2006.

Your
experiences
may
vary.

Visit
jdpower.com.

Highest in Customer Satisfaction
with Small Business Banking

PNC Ranked Highest in Inaugural J.D. Power and Associates Small Business Banking Satisfaction Study

Human Sigma program

-

Measurement, intervention and reward approach to
improving customer and employee engagement

Service excellence program

-

Focused on problem reduction and process

simplification

Employee selection, retention and development

-

Developing talented, motivated, committed and
successful employees

Initiatives to Further Differentiate the

Customer Experience

Banking made easy
Mortgage origination
Credit card
Merchant services
Private Client Group
Investing to Drive Growth
Recent Investments

Focused on Winning in the Affluent

Segment

Mass Market

Affluent

Low

High

Opportunity

Ultra-

Affluent

Mass Affluent Customer Defined:

Mass Affluent Customer Defined:

Investable

assets from

\$100,000 to \$1,000,000

682,000 existing PNC

households (32%)

67% of consumer deposit

base

Mass Affluent

Percentages in definition are as of December 31, 2006

Banking made easy
Mortgage origination
Credit card
Merchant services
Private Client Group
Expanded 2007 marketing
program

Enhancing pnc.com
Remote check capture
Simplified business checking
New branches
M&A activity -
Mercantile
Investing to Drive Growth
Continuing Investments
Recent Investments

Success in Greater Washington, DC Market
Highlights Scalability of Model
Demonstrating Ease of PNC
Client retention exceeded
plan
Leveraging successful
technology platform

Extended hours

Free ATMs

Established Business

Banking team

Improved Monthly Same Store

Sales Production for

PNC's Greater Washington Market

Increase

December 06 vs

December 05

Consumer

Checking relationships

+14%

Average deposits

+6%

Average home equity loans

+17%

Small Business

Checking relationships

+24%

Average deposits

+23%

Average loans

+140%

Mercantile Acquisition Will Create a
Mid-Atlantic Powerhouse
Existing PNC Mid-Atlantic Branch Locations
Exi