

STERLING FINANCIAL CORP /PA/  
Form 425  
July 19, 2007

Filed by The PNC Financial Services Group, Inc.

Pursuant to Rule 425 under the Securities Act of 1933 and

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Subject Company: Sterling Financial Corporation

Commission File No. 000-16276

On July 19, 2007, The PNC Financial Services Group, Inc. ( PNC ) issued a press release and held a conference call for investors regarding PNC s earnings and business results for the three months ended June 30, 2007. PNC also provided supplementary financial information on its web site, including financial information disclosed in connection with its press release, and provided electronic presentation slides on its web site used in connection with the related investor conference call. Such supplementary financial information and electronic presentation slides consisted of the following:

**THE PNC FINANCIAL SERVICES GROUP, INC.**

**FINANCIAL SUPPLEMENT**

**SECOND QUARTER 2007**

**(UNAUDITED)**

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**THE PNC FINANCIAL SERVICES GROUP, INC.**
**FINANCIAL SUPPLEMENT****SECOND QUARTER 2007****(UNAUDITED)**

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The information contained in this Financial Supplement is preliminary, unaudited and based on data available on July 19, 2007. We have reclassified certain prior period amounts included in this Financial Supplement to be consistent with the current period presentation. This information speaks only as of the particular date or dates included in the schedules. We do not undertake any obligation to, and disclaim any duty to, correct or update any of the information provided in this Financial Supplement. Our future financial performance is subject to risks and uncertainties as described in our United States Securities and Exchange Commission ( SEC ) filings.

***Additional Information About the PNC/Sterling Financial Corporation Transaction***

The PNC Financial Services Group, Inc. ( PNC ) and Sterling Financial Corporation ( Sterling Financial ) will be filing a proxy statement/prospectus and other relevant documents concerning the merger with the SEC. **WE URGE INVESTORS TO READ THE PROXY STATEMENT/PROSPECTUS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR INCORPORATED BY REFERENCE IN THE PROXY STATEMENT/PROSPECTUS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.**

Investors will be able to obtain these documents free of charge at the SEC s web site ([www.sec.gov](http://www.sec.gov)). In addition, documents filed with the SEC by PNC will be available free of charge from Shareholder Relations at (800) 843-2206. Documents filed with the SEC by Sterling Financial will be available free of charge from Sterling Financial by contacting Shareholder Relations at (877) 248-6420.

The directors, executive officers, and certain other members of management and employees of Sterling Financial are participants in the solicitation of proxies in favor of the merger from the shareholders of Sterling Financial. Information about the directors and executive officers of Sterling Financial is included in the proxy statement for its May 8, 2007 annual meeting of shareholders, which was filed with the SEC on April 2, 2007. Additional information regarding the interests of such participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

**THE PNC FINANCIAL SERVICES GROUP, INC.**

***Additional Information About the PNC/Yardville National Bancorp Transaction***

PNC and Yardville National Bancorp ( Yardville ) have filed with the SEC a Registration Statement on Form S-4 that includes a preliminary version of a proxy statement of Yardville that also constitutes a preliminary prospectus of PNC. The S-4 has not yet become effective. The parties will file other relevant documents concerning the proposed transaction with the SEC. Following the S-4 being declared effective by the SEC, Yardville intends to mail the final proxy statement to its shareholders. Such final documents, however, are not currently available. **WE URGE INVESTORS TO READ THE FINAL PROXY STATEMENT/PROSPECTUS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR INCORPORATED BY REFERENCE IN THE PROXY STATEMENT/PROSPECTUS, IF AND WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.**

Investors may obtain these documents, if and when they become available, free of charge at the SEC's web site ([www.sec.gov](http://www.sec.gov)). In addition, documents filed with the SEC by PNC will be available free of charge from Shareholder Relations at (800) 843-2206. Documents filed with the SEC by Yardville will be available free of charge from Yardville by contacting Howard N. Hall, Assistant Treasurer's Office, 2465 Kuser Road, Hamilton, NJ 08690 or by calling (609) 631-6223.

The directors, executive officers, and certain other members of management and employees of Yardville are participants in the solicitation of proxies in favor of the merger from the shareholders of Yardville. Information about the directors and executive officers of Yardville is set forth in its Annual Report on Form 10-K filed on March 30, 2007 for the year ended December 31, 2006, as amended by the Form 10-K/A filed on May 10, 2007. Additional information regarding the interests of such participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC if and when they become available.

***Mercantile Acquisition***

We completed our acquisition of Mercantile Bankshares Corporation ( Mercantile ) on March 2, 2007 and our financial results include Mercantile from that date. PNC issued approximately 53 million shares of common stock and paid approximately \$2.1 billion in cash as consideration for the acquisition, and accounted for the transaction under the purchase method.

***BlackRock/MLIM Transaction***

As further described in our Annual Report on Form 10-K for the year ended December 31, 2006, on September 29, 2006, Merrill Lynch contributed its investment management business ( MLIM ) to BlackRock, Inc. ( BlackRock ), formerly a majority-owned subsidiary of PNC, in exchange for 65 million shares of newly issued BlackRock common and preferred stock.

For the quarters ended September 30, 2006 and June 30, 2006 and the six months ended June 30, 2006 presented in this Financial Supplement, our Consolidated Income Statement reflects our former majority ownership interest in BlackRock. However, our Consolidated Income Statement for the quarters ended June 30, 2007, March 31, 2007, and December 31, 2006 and the six months ended June 30, 2007 and our Consolidated Balance Sheet as of June 30, 2007, March 31, 2007, December 31, 2006 and September 30, 2006 reflect the September 29, 2006 deconsolidation of BlackRock's balance sheet amounts and recognize our approximate 34% ownership interest in BlackRock as of those dates as an investment accounted for under the equity method.

We have also provided, for information purposes only, adjusted results in this document to reflect BlackRock as if it had been accounted for under the equity method for all periods presented.

## THE PNC FINANCIAL SERVICES GROUP, INC.

## Consolidated Income Statement (Unaudited)

| <i>In millions, except per share data</i>            | <i>For the six months ended</i> |                | <i>For the three months ended</i> |                 |                 |                  | <i>June 30</i> |
|------------------------------------------------------|---------------------------------|----------------|-----------------------------------|-----------------|-----------------|------------------|----------------|
|                                                      | <i>June 30</i>                  | <i>June 30</i> | <i>June 30</i>                    | <i>March 31</i> | <i>December</i> | <i>September</i> |                |
|                                                      | <i>2007</i>                     | <i>2006</i>    | <i>2007</i>                       | <i>2007</i>     | <i>31 2006</i>  | <i>30 2006</i>   | <i>2006</i>    |
| <b>Interest Income</b>                               |                                 |                |                                   |                 |                 |                  |                |
| Loans                                                | \$ 1,980                        | \$ 1,544       | \$ 1,084                          | \$ 896          | \$ 821          | \$ 838           | \$ 797         |
| Securities available for sale                        | 665                             | 498            | 355                               | 310             | 280             | 271              | 255            |
| Other                                                | 224                             | 150            | 115                               | 109             | 116             | 94               | 74             |
| <b>Total interest income</b>                         | <b>2,869</b>                    | <b>2,192</b>   | <b>1,554</b>                      | <b>1,315</b>    | <b>1,217</b>    | <b>1,203</b>     | <b>1,126</b>   |
| <b>Interest Expense</b>                              |                                 |                |                                   |                 |                 |                  |                |
| Deposits                                             | 1,000                           | 706            | 532                               | 468             | 450             | 434              | 379            |
| Borrowed funds                                       | 508                             | 374            | 284                               | 224             | 201             | 202              | 191            |
| <b>Total interest expense</b>                        | <b>1,508</b>                    | <b>1,080</b>   | <b>816</b>                        | <b>692</b>      | <b>651</b>      | <b>636</b>       | <b>570</b>     |
| Net interest income                                  | 1,361                           | 1,112          | 738                               | 623             | 566             | 567              | 556            |
| Provision for credit losses                          | 62                              | 66             | 54                                | 8               | 42              | 16               | 44             |
| Net interest income less provision for credit losses | 1,299                           | 1,046          | 684                               | 615             | 524             | 551              | 512            |
| <b>Noninterest Income</b>                            |                                 |                |                                   |                 |                 |                  |                |
| Asset management                                     | 355                             | 890            | 190                               | 165             | 149             | 381              | 429            |
| Fund servicing                                       | 412                             | 431            | 209                               | 203             | 249             | 213              | 210            |
| Service charges on deposits                          | 169                             | 153            | 92                                | 77              | 79              | 81               | 80             |
| Brokerage                                            | 138                             | 122            | 72                                | 66              | 63              | 61               | 63             |
| Consumer services                                    | 198                             | 183            | 107                               | 91              | 93              | 89               | 94             |
| Corporate services                                   | 335                             | 292            | 176                               | 159             | 177             | 157              | 157            |
| Equity management gains                              | 34                              | 61             | 2                                 | 32              | 25              | 21               | 54             |
| Net securities gains (losses)                        | (2)                             | (12)           | 1                                 | (3)             |                 | (195)            | (8)            |
| Trading                                              | 81                              | 112            | 29                                | 52              | 33              | 38               | 55             |
| Net gains (losses) related to BlackRock              | 51                              |                | (1)                               | 52              | (12)            | 2,078            |                |
| Other                                                | 195                             | 183            | 98                                | 97              | 113             | 19               | 96             |
| <b>Total noninterest income</b>                      | <b>1,966</b>                    | <b>2,415</b>   | <b>975</b>                        | <b>991</b>      | <b>969</b>      | <b>2,943</b>     | <b>1,230</b>   |
| <b>Noninterest Expense</b>                           |                                 |                |                                   |                 |                 |                  |                |
| Compensation                                         | 888                             | 1,113          | 470                               | 418             | 442             | 573              | 558            |
| Employee benefits                                    | 146                             | 163            | 74                                | 72              | 55              | 86               | 76             |
| Net occupancy                                        | 168                             | 162            | 81                                | 87              | 69              | 79               | 83             |
| Equipment                                            | 150                             | 157            | 79                                | 71              | 69              | 77               | 80             |
| Marketing                                            | 50                              | 42             | 29                                | 21              | 23              | 39               | 22             |
| Other                                                | 582                             | 670            | 307                               | 275             | 311             | 313              | 326            |
| <b>Total noninterest expense</b>                     | <b>1,984</b>                    | <b>2,307</b>   | <b>1,040</b>                      | <b>944</b>      | <b>969</b>      | <b>1,167</b>     | <b>1,145</b>   |
| Income before minority interest and income taxes     | 1,281                           | 1,154          | 619                               | 662             | 524             | 2,327            | 597            |
| Minority interest in income of BlackRock             |                                 | 41             |                                   |                 |                 | 6                | 19             |
| Income taxes                                         | 399                             | 378            | 196                               | 203             | 148             | 837              | 197            |

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|                                            |         |         |         |         |         |          |         |
|--------------------------------------------|---------|---------|---------|---------|---------|----------|---------|
| Net income                                 | \$ 882  | \$ 735  | \$ 423  | \$ 459  | \$ 376  | \$ 1,484 | \$ 381  |
| <b>Earnings Per Common Share</b>           |         |         |         |         |         |          |         |
| Basic                                      | \$ 2.71 | \$ 2.51 | \$ 1.24 | \$ 1.49 | \$ 1.29 | \$ 5.09  | \$ 1.30 |
| Diluted                                    | \$ 2.67 | \$ 2.47 | \$ 1.22 | \$ 1.46 | \$ 1.27 | \$ 5.01  | \$ 1.28 |
| <b>Average Common Shares Outstanding</b>   |         |         |         |         |         |          |         |
| Basic                                      | 325     | 292     | 342     | 308     | 291     | 291      | 293     |
| Diluted                                    | 329     | 297     | 346     | 312     | 295     | 296      | 297     |
| <b>Efficiency</b>                          | 60%     | 65%     | 61%     | 58%     | 63%     | 33%      | 64%     |
| <b>Noninterest income to total revenue</b> | 59%     | 68%     | 57%     | 61%     | 63%     | 84%      | 69%     |
| <b>Effective tax rate (a)</b>              | 31.1%   | 32.8%   | 31.7%   | 30.7%   | 28.2%   | 36.0%    | 33.0%   |

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- (a) The effective tax rates presented are on a GAAP basis. The lower effective tax rate for the first six months of 2007 compared with the first six months of 2006 was primarily due to the deconsolidation of BlackRock effective September 29, 2006. The effective tax rate increased for the second quarter of 2007 primarily as a result of a full-quarter impact of Mercantile. The lower rates for the first quarter of 2007 and the fourth quarter of 2006 reflect the impact of the deconsolidation of BlackRock and certain tax adjustments in both periods. The higher effective rate for the third quarter of 2006 was primarily due to the impact of the gain on the BlackRock/MLIM transaction and a \$57 million cumulative adjustment to deferred taxes made in the same quarter in connection with that transaction.

**THE PNC FINANCIAL SERVICES GROUP, INC.****Adjusted Condensed Consolidated Income Statement (Unaudited) (a)**

| <i>For the six months ended - in millions</i>        | <b>June 30<br/>2007</b> | <b>June 30<br/>2006</b> |
|------------------------------------------------------|-------------------------|-------------------------|
| <b>Net Interest Income</b>                           |                         |                         |
| Net interest income                                  | \$ 1,361                | \$ 1,105                |
| Provision for credit losses                          | 62                      | 66                      |
| Net interest income less provision for credit losses | 1,299                   | 1,039                   |
| <b>Noninterest Income</b>                            |                         |                         |
| Asset management                                     | 358                     | 257                     |
| Other                                                | 1,560                   | 1,492                   |
| Total noninterest income                             | 1,918                   | 1,749                   |
| <b>Noninterest Expense</b>                           |                         |                         |
| Compensation and benefits                            | 1,023                   | 907                     |
| Other                                                | 935                     | 839                     |
| Total noninterest expense                            | 1,958                   | 1,746                   |
| Income before income taxes                           | 1,259                   | 1,042                   |
| Income taxes                                         | 391                     | 299                     |
| Net income                                           | \$ 868                  | \$ 743                  |

| <i>For the three months ended - in millions</i>      | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|------------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>Net Interest Income</b>                           |                         |                          |                             |                              |                         |
| Net interest income                                  | \$ 738                  | \$ 623                   | \$ 566                      | \$ 564                       | \$ 552                  |
| Provision for credit losses                          | 54                      | 8                        | 42                          | 16                           | 44                      |
| Net interest income less provision for credit losses | 684                     | 615                      | 524                         | 548                          | 508                     |
| <b>Noninterest Income</b>                            |                         |                          |                             |                              |                         |
| Asset management                                     | 191                     | 167                      | 159                         | 122                          | 129                     |
| Other                                                | 786                     | 774                      | 832                         | 710                          | 789                     |
| Total noninterest income                             | 977                     | 941                      | 991                         | 832                          | 918                     |
| <b>Noninterest Expense</b>                           |                         |                          |                             |                              |                         |
| Compensation and benefits                            | 535                     | 488                      | 497                         | 461                          | 457                     |
| Other                                                | 490                     | 445                      | 472                         | 411                          | 424                     |
| Total noninterest expense                            | 1,025                   | 933                      | 969                         | 872                          | 881                     |
| Income before income taxes                           | 636                     | 623                      | 546                         | 508                          | 545                     |
| Income taxes                                         | 202                     | 189                      | 155                         | 128                          | 159                     |

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Net income \$ 434 \$ 434 \$ 391 \$ 380 \$ 386

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(a) This schedule is provided for informational purposes only and reflects historical consolidated financial information of PNC (1) with amounts adjusted for the impact of certain specified items and (2) as if we had recorded our investment in BlackRock on the equity method for all periods presented. See Appendix to Financial Supplement for reconciliations of these amounts to the corresponding GAAP amounts for each of the periods presented. We have provided these adjusted amounts and reconciliations so that investors, analysts, regulators and others will be better able to evaluate the impact of these items on our results for these periods, in addition to providing a basis of comparability for the impact of the BlackRock deconsolidation given the magnitude of the impact of deconsolidation on various components of our income statement. Adjusted information supplements our results as reported in accordance with GAAP and should not be viewed in isolation from, or as a substitute for, our GAAP results.

**THE PNC FINANCIAL SERVICES GROUP, INC.****Consolidated Balance Sheet (Unaudited)**

| <i>In millions, except par value</i>                                       | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|----------------------------------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>Assets</b>                                                              |                         |                          |                             |                              |                         |
| Cash and due from banks                                                    | \$ 3,177                | \$ 3,234                 | \$ 3,523                    | \$ 3,018                     | \$ 3,438                |
| Federal funds sold and resale agreements                                   | 1,824                   | 1,604                    | 1,763                       | 2,818                        | 675                     |
| Other short-term investments, including trading securities                 | 3,667                   | 3,041                    | 3,130                       | 2,718                        | 2,005                   |
| Loans held for sale                                                        | 2,562                   | 2,382                    | 2,366                       | 4,317                        | 2,165                   |
| Securities available for sale                                              | 25,903                  | 26,475                   | 23,191                      | 19,512                       | 21,724                  |
| Loans, net of unearned income of \$1,004, \$1,005, \$795, \$815, and \$828 | 64,714                  | 62,925                   | 50,105                      | 48,900                       | 50,548                  |
| Allowance for loan and lease losses                                        | (703)                   | (690)                    | (560)                       | (566)                        | (611)                   |
| Net loans                                                                  | 64,011                  | 62,235                   | 49,545                      | 48,334                       | 49,937                  |
| Goodwill                                                                   | 7,745                   | 7,739                    | 3,402                       | 3,418                        | 3,636                   |
| Other intangible assets                                                    | 913                     | 929                      | 641                         | 590                          | 862                     |
| Equity investments                                                         | 5,584                   | 5,408                    | 5,330                       | 5,130                        | 1,461                   |
| Other                                                                      | 10,265                  | 9,516                    | 8,929                       | 8,581                        | 9,011                   |
| Total assets                                                               | \$ 125,651              | \$ 122,563               | \$ 101,820                  | \$ 98,436                    | \$ 94,914               |
| <b>Liabilities</b>                                                         |                         |                          |                             |                              |                         |
| Deposits                                                                   |                         |                          |                             |                              |                         |
| Noninterest-bearing                                                        | \$ 18,302               | \$ 18,191                | \$ 16,070                   | \$ 14,840                    | \$ 14,434               |
| Interest-bearing                                                           | 58,919                  | 59,176                   | 50,231                      | 49,732                       | 49,059                  |
| Total deposits                                                             | 77,221                  | 77,367                   | 66,301                      | 64,572                       | 63,493                  |
| Borrowed funds                                                             |                         |                          |                             |                              |                         |
| Federal funds purchased                                                    | 7,212                   | 5,638                    | 2,711                       | 3,475                        | 3,320                   |
| Repurchase agreements                                                      | 2,805                   | 2,586                    | 2,051                       | 2,275                        | 2,136                   |
| Bank notes and senior debt                                                 | 7,537                   | 4,551                    | 3,633                       | 2,177                        | 3,503                   |
| Subordinated debt                                                          | 4,226                   | 4,628                    | 3,962                       | 4,436                        | 4,329                   |
| Other                                                                      | 2,736                   | 3,053                    | 2,671                       | 2,332                        | 2,363                   |
| Total borrowed funds                                                       | 24,516                  | 20,456                   | 15,028                      | 14,695                       | 15,651                  |
| Allowance for unfunded loan commitments and letters of credit              | 125                     | 121                      | 120                         | 117                          | 103                     |
| Accrued expenses                                                           | 3,663                   | 3,864                    | 3,970                       | 3,855                        | 2,635                   |
| Other                                                                      | 4,252                   | 4,649                    | 4,728                       | 4,031                        | 3,573                   |
| Total liabilities                                                          | 109,777                 | 106,457                  | 90,147                      | 87,270                       | 85,455                  |
| Minority and noncontrolling interests in consolidated entities             | 1,370                   | 1,367                    | 885                         | 408                          | 632                     |
| <b>Shareholders Equity</b>                                                 |                         |                          |                             |                              |                         |
| Preferred stock (a)                                                        |                         |                          |                             |                              |                         |
| Common stock \$5 par value                                                 |                         |                          |                             |                              |                         |
| Authorized 800 shares, issued 353 shares                                   | 1,764                   | 1,764                    | 1,764                       | 1,764                        | 1,764                   |
| Capital surplus                                                            | 2,606                   | 2,520                    | 1,651                       | 1,628                        | 1,325                   |
| Retained earnings                                                          | 11,339                  | 11,134                   | 10,985                      | 10,771                       | 9,449                   |
| Accumulated other comprehensive loss                                       | (439)                   | (162)                    | (235)                       | (109)                        | (510)                   |
| Common stock held in treasury at cost: 11, 7, 60, 59, and 58 shares        | (766)                   | (517)                    | (3,377)                     | (3,296)                      | (3,201)                 |



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|                                                                                    |            |            |            |           |           |
|------------------------------------------------------------------------------------|------------|------------|------------|-----------|-----------|
| Total shareholders' equity                                                         | 14,504     | 14,739     | 10,788     | 10,758    | 8,827     |
| Total liabilities, minority and noncontrolling interests, and shareholders' equity | \$ 125,651 | \$ 122,563 | \$ 101,820 | \$ 98,436 | \$ 94,914 |

**Capital Ratios**

|                                       |      |      |       |       |      |
|---------------------------------------|------|------|-------|-------|------|
| Tier 1 risk-based (b)                 | 8.1% | 8.6% | 10.4% | 10.4% | 8.8% |
| Total risk-based (b)                  | 11.6 | 12.2 | 13.5  | 13.6  | 12.4 |
| Leverage (b)                          | 7.3  | 8.7  | 9.3   | 9.4   | 7.7  |
| Tangible common equity                | 5.5  | 5.8  | 7.4   | 7.5   | 5.2  |
| Common shareholders' equity to assets | 11.5 | 12.0 | 10.6  | 10.9  | 9.3  |

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- (a) Less than \$.5 million at each date.  
(b) The ratios for June 30, 2007 are estimated.

**THE PNC FINANCIAL SERVICES GROUP, INC.****Summary of Business Results and Period-end Employees (Unaudited)***Three months ended in millions (a) (c)*

| <b>Earnings</b>                       | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|---------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| Retail Banking (b)                    | \$ 227                  | \$ 201                   | \$ 184                      | \$ 206                       | \$ 185                  |
| Corporate & Institutional Banking (b) | 122                     | 132                      | 126                         | 111                          | 115                     |
| PFPC                                  | 32                      | 31                       | 31                          | 40                           | 26                      |
| Other, including BlackRock (b) (c)    | 42                      | 95                       | 35                          | 1,127                        | 55                      |
| <b>Total consolidated net income</b>  | <b>\$ 423</b>           | <b>\$ 459</b>            | <b>\$ 376</b>               | <b>\$ 1,484</b>              | <b>\$ 381</b>           |

Revenue (d)

|                                       |                 |                 |                 |                 |                 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Retail Banking (b)                    | \$ 978          | \$ 839          | \$ 799          | \$ 791          | \$ 782          |
| Corporate & Institutional Banking (b) | 381             | 370             | 390             | 352             | 378             |
| PFPC (e)                              | 208             | 200             | 194             | 186             | 186             |
| Other, including BlackRock (b) (c)    | 154             | 211             | 157             | 2,188           | 446             |
| <b>Total consolidated revenue</b>     | <b>\$ 1,721</b> | <b>\$ 1,620</b> | <b>\$ 1,540</b> | <b>\$ 3,517</b> | <b>\$ 1,792</b> |

- (a) This summary also serves as a reconciliation of total earnings and revenue for all businesses to total consolidated net income and revenue. Our business information is presented based on our management accounting practices and our management structure. We refine our methodologies from time to time as our management accounting practices are enhanced and our businesses and management structure change.
- (b) Amounts for the second quarter of 2007 and the first quarter of 2007 subsequent to March 2, 2007 include the impact of Mercantile.
- (c) We consider BlackRock to be a separate reportable business segment but have combined its results with Other for this presentation. Our Quarterly Report on Form 10-Q for the second quarter of 2007 will provide additional business segment disclosures for BlackRock.
- (d) Business revenue is presented on a taxable-equivalent basis. The interest income earned on certain earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than a taxable investment. To provide more meaningful comparisons of yields and margins for all earning assets, we also provide revenue 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 other taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement. The following is a reconciliation of total consolidated revenue on a book (GAAP) basis to total consolidated revenue on a taxable-equivalent basis (in millions):

|                                                             | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|-------------------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| Total consolidated revenue, book (GAAP) basis               | \$ 1,713                | \$ 1,614                 | \$ 1,535                    | \$ 3,510                     | \$ 1,786                |
| Taxable-equivalent adjustment                               | 8                       | 6                        | 5                           | 7                            | 6                       |
| <b>Total consolidated revenue, taxable-equivalent basis</b> | <b>\$ 1,721</b>         | <b>\$ 1,620</b>          | <b>\$ 1,540</b>             | <b>\$ 3,517</b>              | <b>\$ 1,792</b>         |

- (e) PFPC revenue represents the sum of servicing revenue and nonoperating income (expense) less debt financing costs. Prior period servicing revenue amounts have been reclassified to conform with the current period presentation.

| <b>Period-end Employees</b> | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|-----------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>Full-time employees:</b> |                         |                          |                             |                              |                         |
| Retail Banking              | 11,804                  | 11,838                   | 9,549                       | 9,531                        | 9,674                   |

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|                                   |        |        |        |        |        |
|-----------------------------------|--------|--------|--------|--------|--------|
| Corporate & Institutional Banking | 2,084  | 2,038  | 1,936  | 1,925  | 1,899  |
| PFPC                              | 4,522  | 4,400  | 4,381  | 4,317  | 4,314  |
| Other, including BlackRock        |        |        |        |        |        |
| Operations & Technology           | 4,501  | 4,493  | 3,909  | 3,927  | 3,919  |
| Staff Services                    | 2,115  | 2,059  | 1,680  | 1,674  | 1,668  |
| BlackRock                         |        |        |        |        | 2,317  |
| Total Other                       | 6,616  | 6,552  | 5,589  | 5,601  | 7,904  |
| Total full-time employees         | 25,026 | 24,828 | 21,455 | 21,374 | 23,791 |
| Total part-time employees         | 3,028  | 2,867  | 2,328  | 2,165  | 2,241  |
| Total employees                   | 28,054 | 27,695 | 23,783 | 23,539 | 26,032 |

The period-end employee statistics disclosed for each business reflect staff directly employed by the respective business and exclude operations, technology and staff services employees. Employees are shown for BlackRock only at June 30, 2006, as we deconsolidated BlackRock effective September 29, 2006. Mercantile employees are included in the Retail Banking, Corporate & Institutional Banking, and Other businesses at June 30, 2007 and March 31, 2007, respectively. PFPC employee statistics are provided on a legal entity basis.

**THE PNC FINANCIAL SERVICES GROUP, INC.****Retail Banking (Unaudited)***Three months ended**Taxable-equivalent basis (a)*

| <i>Dollars in millions</i>           | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|--------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>INCOME STATEMENT</b>              |                         |                          |                             |                              |                         |
| Net interest income                  | \$ 535                  | \$ 452                   | \$ 419                      | \$ 427                       | \$ 424                  |
| Noninterest income                   | 443                     | 387                      | 380                         | 364                          | 358                     |
| Total revenue                        | 978                     | 839                      | 799                         | 791                          | 782                     |
| Provision for credit losses          | 37                      | 23                       | 35                          | 9                            | 28                      |
| Noninterest expense                  | 579                     | 496                      | 471                         | 456                          | 460                     |
| Pretax earnings                      | 362                     | 320                      | 293                         | 326                          | 294                     |
| Income taxes                         | 135                     | 119                      | 109                         | 120                          | 109                     |
| Earnings                             | \$ 227                  | \$ 201                   | \$ 184                      | \$ 206                       | \$ 185                  |
| <b>AVERAGE BALANCE SHEET</b>         |                         |                          |                             |                              |                         |
| <b>Loans</b>                         |                         |                          |                             |                              |                         |
| <b>Consumer</b>                      |                         |                          |                             |                              |                         |
| Home equity                          | \$ 14,237               | \$ 13,881                | \$ 13,807                   | \$ 13,849                    | \$ 13,816               |
| Indirect                             | 2,036                   | 1,480                    | 1,133                       | 1,069                        | 1,019                   |
| Other consumer                       | 1,596                   | 1,490                    | 1,322                       | 1,221                        | 1,202                   |
| Total consumer                       | 17,869                  | 16,851                   | 16,262                      | 16,139                       | 16,037                  |
| Commercial                           | 13,678                  | 8,201                    | 5,907                       | 5,821                        | 5,715                   |
| Floor plan                           | 1,037                   | 952                      | 853                         | 854                          | 964                     |
| Residential mortgage                 | 2,038                   | 1,781                    | 1,031                       | 1,509                        | 1,577                   |
| Other                                | 235                     | 233                      | 234                         | 250                          | 248                     |
| Total loans                          | 34,857                  | 28,018                   | 24,287                      | 24,573                       | 24,541                  |
| Goodwill and other intangible assets | 5,737                   | 2,942                    | 1,574                       | 1,580                        | 1,586                   |
| Loans held for sale                  | 1,554                   | 1,562                    | 1,505                       | 1,513                        | 1,535                   |
| Other assets                         | 2,626                   | 1,927                    | 1,671                       | 1,640                        | 1,621                   |
| Total assets                         | \$ 44,774               | \$ 34,449                | \$ 29,037                   | \$ 29,306                    | \$ 29,283               |
| <b>Deposits</b>                      |                         |                          |                             |                              |                         |
| Noninterest-bearing demand           | \$ 11,065               | \$ 8,871                 | \$ 7,834                    | \$ 7,848                     | \$ 7,908                |
| Interest-bearing demand              | 9,097                   | 8,354                    | 7,865                       | 7,787                        | 7,950                   |
| Money market                         | 17,100                  | 15,669                   | 14,822                      | 14,832                       | 14,697                  |
| Total transaction deposits           | 37,262                  | 32,894                   | 30,521                      | 30,467                       | 30,555                  |
| Savings                              | 2,981                   | 2,243                    | 1,877                       | 1,976                        | 2,109                   |
| Certificates of deposit              | 17,531                  | 15,738                   | 14,694                      | 14,053                       | 13,560                  |
| Total deposits                       | 57,774                  | 50,875                   | 47,092                      | 46,496                       | 46,224                  |
| Other liabilities                    | 679                     | 708                      | 598                         | 515                          | 537                     |
| Capital                              | 3,724                   | 3,287                    | 3,034                       | 2,988                        | 2,979                   |
| Total funds                          | \$ 62,177               | \$ 54,870                | \$ 50,724                   | \$ 49,999                    | \$ 49,740               |

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PERFORMANCE RATIOS

|                                     |     |     |     |     |     |
|-------------------------------------|-----|-----|-----|-----|-----|
| Return on average capital           | 24% | 25% | 24% | 27% | 25% |
| Noninterest income to total revenue | 45  | 46  | 48  | 46  | 46  |
| Efficiency                          | 59  | 59  | 59  | 58  | 59  |

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(a) See notes (a), (b) and (d) on page 5.

Page 6

**THE PNC FINANCIAL SERVICES GROUP, INC.****Retail Banking (Unaudited) (Continued)**

| <i>Three months ended</i>                            | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|------------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>OTHER INFORMATION, INCLUDING MERCANTILE</b>       |                         |                          |                             |                              |                         |
| <b>(a) (b)</b>                                       |                         |                          |                             |                              |                         |
| <u>Credit-related statistics:</u>                    |                         |                          |                             |                              |                         |
| Nonperforming assets                                 | \$ 140                  | \$ 123                   | \$ 106                      | \$ 95                        | \$ 104                  |
| Net charge-offs                                      | \$ 25                   | \$ 27                    | \$ 21                       | \$ 31                        | \$ 19                   |
| Annualized net charge-off ratio                      | .29%                    | .39%                     | .34%                        | .50%                         | .31%                    |
| <u>Other statistics:</u>                             |                         |                          |                             |                              |                         |
| Full-time employees                                  | 11,804                  | 11,838                   | 9,549                       | 9,531                        | 9,674                   |
| Part-time employees                                  | 2,360                   | 2,224                    | 1,829                       | 1,660                        | 1,526                   |
| ATMs                                                 | 3,917                   | 3,862                    | 3,581                       | 3,594                        | 3,553                   |
| Branches (c)                                         | 1,084                   | 1,077                    | 852                         | 848                          | 846                     |
| <b>ASSETS UNDER ADMINISTRATION (in billions) (d)</b> |                         |                          |                             |                              |                         |
| <u>Assets under management</u>                       |                         |                          |                             |                              |                         |
| Personal                                             | \$ 55                   | \$ 54                    | \$ 44                       | \$ 42                        | \$ 40                   |
| Institutional                                        | 22                      | 22                       | 10                          | 10                           | 10                      |
| <b>Total</b>                                         | <b>\$ 77</b>            | <b>\$ 76</b>             | <b>\$ 54</b>                | <b>\$ 52</b>                 | <b>\$ 50</b>            |
| <u>Asset Type</u>                                    |                         |                          |                             |                              |                         |
| Equity                                               | \$ 43                   | \$ 41                    | \$ 34                       | \$ 32                        | \$ 31                   |
| Fixed income                                         | 20                      | 20                       | 12                          | 12                           | 12                      |
| Liquidity/Other                                      | 14                      | 15                       | 8                           | 8                            | 7                       |
| <b>Total</b>                                         | <b>\$ 77</b>            | <b>\$ 76</b>             | <b>\$ 54</b>                | <b>\$ 52</b>                 | <b>\$ 50</b>            |
| <u>Nondiscretionary assets under administration</u>  |                         |                          |                             |                              |                         |
| Personal                                             | \$ 30                   | \$ 31                    | \$ 25                       | \$ 27                        | \$ 25                   |
| Institutional                                        | 81                      | 80                       | 61                          | 62                           | 60                      |
| <b>Total</b>                                         | <b>\$ 111</b>           | <b>\$ 111</b>            | <b>\$ 86</b>                | <b>\$ 89</b>                 | <b>\$ 85</b>            |
| <u>Asset Type</u>                                    |                         |                          |                             |                              |                         |
| Equity                                               | \$ 47                   | \$ 42                    | \$ 33                       | \$ 32                        | \$ 31                   |
| Fixed income                                         | 28                      | 28                       | 24                          | 27                           | 26                      |
| Liquidity/Other                                      | 36                      | 41                       | 29                          | 30                           | 28                      |
| <b>Total</b>                                         | <b>\$ 111</b>           | <b>\$ 111</b>            | <b>\$ 86</b>                | <b>\$ 89</b>                 | <b>\$ 85</b>            |

(a) Presented as of period-end, except for net charge-offs and annualized net charge-off ratio.

(b) Amounts subsequent to March 2, 2007 include the impact of Mercantile.

(c) Excludes certain satellite branches that provide limited products and service hours.

(d) Excludes brokerage account assets.

**THE PNC FINANCIAL SERVICES GROUP, INC.****Retail Banking** (Unaudited) (Continued)

| <i>Three months ended</i>                              | <b>June 30</b>   | <b>March 31</b>  | <b>December 31</b> | <b>September 30</b> | <b>June 30</b>   |
|--------------------------------------------------------|------------------|------------------|--------------------|---------------------|------------------|
|                                                        | <b>2007</b>      | <b>2007</b>      | <b>2006</b>        | <b>2006</b>         | <b>2006</b>      |
| <i>Dollars in millions except as noted</i>             |                  |                  |                    |                     |                  |
| <b>OTHER INFORMATION, EXCLUDING</b>                    |                  |                  |                    |                     |                  |
| <b>MERCANTILE (a) (b)</b>                              |                  |                  |                    |                     |                  |
| <u>Home equity portfolio credit statistics:</u>        |                  |                  |                    |                     |                  |
| % of first lien positions                              | 42%              | 43%              | 43%                | 44%                 | 45%              |
| Weighted average loan-to-value ratios                  | 70%              | 70%              | 70%                | 69%                 | 69%              |
| Weighted average FICO scores (c)                       | 727              | 726              | 728                | 728                 | 728              |
| Loans 90 days past due                                 | .26%             | .25%             | .24%               | .22%                | .21%             |
| <u>Checking-related statistics:</u>                    |                  |                  |                    |                     |                  |
| Retail Banking checking relationships                  | 1,967,000        | 1,962,000        | 1,954,000          | 1,958,000           | 1,956,000        |
| Consumer DDA households using online banking           | 975,000          | 960,000          | 938,000            | 920,000             | 897,000          |
| % of consumer DDA households using online banking      | 55%              | 54%              | 53%                | 52%                 | 51%              |
| Consumer DDA households using online bill payment      | 505,000          | 450,000          | 404,000            | 361,000             | 305,000          |
| % of consumer DDA households using online bill payment | 29%              | 25%              | 23%                | 20%                 | 17%              |
| <u>Small business loans and managed deposits:</u>      |                  |                  |                    |                     |                  |
| Small business loans                                   | \$ 5,365         | \$ 5,218         | \$ 5,101           | \$ 5,023            | \$ 4,882         |
| <u>Managed deposits:</u>                               |                  |                  |                    |                     |                  |
| <u>On-balance sheet</u>                                |                  |                  |                    |                     |                  |
| Noninterest-bearing demand                             | \$ 4,224         | \$ 4,236         | \$ 4,387           | \$ 4,370            | \$ 4,319         |
| Interest-bearing demand                                | 1,543            | 1,627            | 1,724              | 1,545               | 1,392            |
| Money market                                           | 2,563            | 2,629            | 2,755              | 2,658               | 2,617            |
| Certificates of deposit                                | 647              | 746              | 802                | 647                 | 574              |
| <u>Off-balance sheet (d)</u>                           |                  |                  |                    |                     |                  |
| Small business sweep checking                          | 1,935            | 1,833            | 1,812              | 1,676               | 1,532            |
| <b>Total managed deposits</b>                          | <b>\$ 10,912</b> | <b>\$ 11,071</b> | <b>\$ 11,480</b>   | <b>\$ 10,896</b>    | <b>\$ 10,434</b> |
| <u>Brokerage statistics:</u>                           |                  |                  |                    |                     |                  |
| Margin loans                                           | \$ 162           | \$ 166           | \$ 163             | \$ 170              | \$ 194           |
| Financial consultants (e)                              | 767              | 757              | 758                | 752                 | 775              |
| Full service brokerage offices                         | 99               | 99               | 99                 | 99                  | 100              |
| Brokerage account assets (billions)                    | \$ 47            | \$ 46            | \$ 46              | \$ 44               | \$ 43            |
| <u>Other statistics:</u>                               |                  |                  |                    |                     |                  |
| Gains on sales of education loans (f)                  | \$ 5             | \$ 3             | \$ 11              | \$ 11               | \$ 7             |

- (a) Presented as of period-end, except for gains on sales of education loans and small business loans and managed deposits, which are for the three months ended.
- (b) Amounts exclude the impact of Mercantile, which we acquired effective March 2, 2007.
- (c) Represents the most recent FICO scores we have on file.
- (d) Represents small business balances, a portion of which are calculated on a one-month lag. These balances are swept into liquidity products managed by other PNC business segments, the majority of which are off-balance sheet.
- (e) Financial consultants provide services in full service brokerage offices and PNC traditional branches.
- (f) Included in Noninterest income on page 6.





**THE PNC FINANCIAL SERVICES GROUP, INC.****Corporate & Institutional Banking (Unaudited)***Three months ended**Taxable-equivalent basis (a)*

| <i>Dollars in millions except as noted</i>  | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|---------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>INCOME STATEMENT</b>                     |                         |                          |                             |                              |                         |
| Net interest income                         | \$ 194                  | \$ 183                   | \$ 186                      | \$ 178                       | \$ 169                  |
| Noninterest income                          |                         |                          |                             |                              |                         |
| Corporate service fees                      | 139                     | 127                      | 149                         | 131                          | 133                     |
| Other                                       | 48                      | 60                       | 55                          | 43                           | 76                      |
| Noninterest income                          | 187                     | 187                      | 204                         | 174                          | 209                     |
| Total revenue                               | 381                     | 370                      | 390                         | 352                          | 378                     |
| Provision for (recoveries of) credit losses | 17                      | (16)                     | 6                           | 7                            | 17                      |
| Noninterest expense                         | 192                     | 193                      | 199                         | 181                          | 191                     |
| Pretax earnings                             | 172                     | 193                      | 185                         | 164                          | 170                     |
| Income taxes                                | 50                      | 61                       | 59                          | 53                           | 55                      |
| Earnings                                    | \$ 122                  | \$ 132                   | \$ 126                      | \$ 111                       | \$ 115                  |
| <b>AVERAGE BALANCE SHEET</b>                |                         |                          |                             |                              |                         |
| <b>Loans</b>                                |                         |                          |                             |                              |                         |
| Corporate (b)                               | \$ 9,274                | \$ 8,909                 | \$ 8,885                    | \$ 8,670                     | \$ 8,692                |
| Commercial real estate                      | 3,555                   | 3,253                    | 3,143                       | 2,953                        | 2,760                   |
| Commercial real estate related              | 3,736                   | 2,733                    | 2,189                       | 2,476                        | 2,484                   |
| Asset-based lending                         | 4,562                   | 4,513                    | 4,594                       | 4,563                        | 4,452                   |
| Total loans (b)                             | 21,127                  | 19,408                   | 18,811                      | 18,662                       | 18,388                  |
| Goodwill and other intangible assets        | 1,837                   | 1,544                    | 1,399                       | 1,366                        | 1,328                   |
| Loans held for sale                         | 982                     | 1,302                    | 965                         | 865                          | 875                     |
| Other assets                                | 4,531                   | 4,244                    | 4,550                       | 4,288                        | 3,978                   |
| Total assets                                | \$ 28,477               | \$ 26,498                | \$ 25,725                   | \$ 25,181                    | \$ 24,569               |
| <b>Deposits</b>                             |                         |                          |                             |                              |                         |
| Noninterest-bearing demand                  | \$ 6,953                | \$ 7,083                 | \$ 7,210                    | \$ 6,817                     | \$ 6,353                |
| Money market                                | 4,653                   | 4,530                    | 3,644                       | 2,678                        | 2,168                   |
| Other                                       | 1,113                   | 926                      | 921                         | 995                          | 933                     |
| Total deposits                              | 12,719                  | 12,539                   | 11,775                      | 10,490                       | 9,454                   |
| Other liabilities                           | 2,960                   | 2,850                    | 3,093                       | 2,967                        | 2,826                   |
| Capital                                     | 2,050                   | 2,064                    | 1,935                       | 1,735                        | 1,882                   |
| Total funds                                 | \$ 17,729               | \$ 17,453                | \$ 16,803                   | \$ 15,192                    | \$ 14,162               |
| <b>PERFORMANCE RATIOS</b>                   |                         |                          |                             |                              |                         |
| Return on average capital                   | 24%                     | 26%                      | 26%                         | 25%                          | 25%                     |
| Noninterest income to total revenue         | 49                      | 51                       | 52                          | 49                           | 55                      |
| Efficiency                                  | 50                      | 52                       | 51                          | 51                           | 51                      |

## COMMERCIAL MORTGAGE

## SERVICING PORTFOLIO (in billions)

|                        |        |        |        |        |        |
|------------------------|--------|--------|--------|--------|--------|
| Beginning of period    | \$ 206 | \$ 200 | \$ 180 | \$ 151 | \$ 140 |
| Acquisitions/additions | 28     | 16     | 33     | 37     | 19     |
| Repayments/transfers   | (12)   | (10)   | (13)   | (8)    | (8)    |
| End of period          | \$ 222 | \$ 206 | \$ 200 | \$ 180 | \$ 151 |

## OTHER INFORMATION

## Consolidated revenue from: (c)

|                                                                 |           |           |           |           |           |
|-----------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Treasury Management                                             | \$ 114    | \$ 110    | \$ 107    | \$ 106    | \$ 104    |
| Capital Markets                                                 | \$ 76     | \$ 67     | \$ 79     | \$ 64     | \$ 76     |
| Midland Loan Services                                           | \$ 56     | \$ 54     | \$ 53     | \$ 47     | \$ 42     |
| Total loans (d)                                                 | \$ 21,662 | \$ 21,193 | \$ 18,957 | \$ 19,265 | \$ 18,758 |
| Nonperforming assets (d)                                        | \$ 100    | \$ 77     | \$ 63     | \$ 94     | \$ 125    |
| Net charge-offs                                                 | \$ 7      | \$ 9      | \$ 24     | \$ 14     | \$ 12     |
| Full-time employees (d)                                         | 2,084     | 2,038     | 1,936     | 1,925     | 1,899     |
| Net gains on commercial mortgage loan sales                     | \$ 9      | \$ 15     | \$ 18     | \$ 12     | \$ 18     |
| Net carrying amount of commercial mortgage servicing rights (d) | \$ 493    | \$ 487    | \$ 471    | \$ 414    | \$ 385    |

- 
- (a) See notes (a), (b) and (d) on page 5.  
(b) Includes lease financing.  
(c) Represents consolidated PNC amounts.  
(d) Presented as of period end.

**THE PNC FINANCIAL SERVICES GROUP, INC.**

PFPC (Unaudited) (a)

*Three months ended*

| <i>Dollars in millions except as noted</i>                     | June 30<br>2007 | March 31<br>2007 | December 31<br>2006 | September 30<br>2006 | June 30<br>2006 |
|----------------------------------------------------------------|-----------------|------------------|---------------------|----------------------|-----------------|
| <b>INCOME STATEMENT</b>                                        |                 |                  |                     |                      |                 |
| Servicing revenue (b)                                          | \$ 216          | \$ 208           | \$ 203              | \$ 196               | \$ 196          |
| Operating expense (b)                                          | 158             | 153              | 146                 | 144                  | 145             |
| Operating income                                               | 58              | 55               | 57                  | 52                   | 51              |
| Debt financing                                                 | 9               | 10               | 10                  | 11                   | 11              |
| Nonoperating income (c)                                        | 1               | 2                | 1                   | 1                    | 1               |
| Pretax earnings                                                | 50              | 47               | 48                  | 42                   | 41              |
| Income taxes (d)                                               | 18              | 16               | 17                  | 2                    | 15              |
| Earnings                                                       | \$ 32           | \$ 31            | \$ 31               | \$ 40                | \$ 26           |
| <b>PERIOD-END BALANCE SHEET</b>                                |                 |                  |                     |                      |                 |
| Goodwill and other intangible assets                           | \$ 1,005        | \$ 1,008         | \$ 1,012            | \$ 1,015             | \$ 1,018        |
| Other assets                                                   | 1,395           | 1,370            | 1,192               | 1,038                | 1,398           |
| Total assets                                                   | \$ 2,400        | \$ 2,378         | \$ 2,204            | \$ 2,053             | \$ 2,416        |
| Debt financing                                                 | \$ 734          | \$ 760           | \$ 792              | \$ 813               | \$ 852          |
| Other liabilities                                              | 1,109           | 1,091            | 917                 | 772                  | 1,137           |
| Shareholder's equity                                           | 557             | 527              | 495                 | 468                  | 427             |
| Total funds                                                    | \$ 2,400        | \$ 2,378         | \$ 2,204            | \$ 2,053             | \$ 2,416        |
| <b>PERFORMANCE RATIOS</b>                                      |                 |                  |                     |                      |                 |
| Return on average equity                                       | 24%             | 25%              | 26%                 | 35%                  | 25%             |
| Operating margin (e)                                           | 27              | 26               | 28                  | 27                   | 26              |
| <b>SERVICING STATISTICS (at period end)</b>                    |                 |                  |                     |                      |                 |
| <i>Accounting/administration net fund assets (in billions)</i> |                 |                  |                     |                      |                 |
| Domestic                                                       | \$ 765          | \$ 731           | \$ 746              | \$ 695               | \$ 671          |
| Offshore                                                       | 103             | 91               | 91                  | 79                   | 72              |
| Total                                                          | \$ 868          | \$ 822           | \$ 837              | \$ 774               | \$ 743          |
| <i>Asset type (in billions)</i>                                |                 |                  |                     |                      |                 |
| Money market                                                   | \$ 286          | \$ 280           | \$ 281              | \$ 260               | \$ 247          |
| Equity                                                         | 373             | 352              | 354                 | 331                  | 317             |
| Fixed income                                                   | 118             | 111              | 117                 | 111                  | 110             |
| Other (f)                                                      | 91              | 79               | 85                  | 72                   | 69              |
| Total                                                          | \$ 868          | \$ 822           | \$ 837              | \$ 774               | \$ 743          |
| Custody fund assets (in billions)                              | \$ 467          | \$ 435           | \$ 427              | \$ 399               | \$ 389          |
| <i>Shareholder accounts (in millions)</i>                      |                 |                  |                     |                      |                 |

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|                                |       |       |       |       |       |
|--------------------------------|-------|-------|-------|-------|-------|
| Transfer agency                | 20    | 18    | 18    | 18    | 18    |
| Subaccounting                  | 50    | 50    | 50    | 48    | 47    |
| Total                          | 70    | 68    | 68    | 66    | 65    |
| <b>OTHER INFORMATION</b>       |       |       |       |       |       |
| Period-end full-time employees | 4,522 | 4,400 | 4,381 | 4,317 | 4,314 |

- 
- (a) See note (a) on page 5.
- (b) Certain out-of-pocket expense items which are then client billable are included in both servicing revenue and operating expense above, but offset each other entirely and therefore have no net effect on operating income. Distribution revenue and expenses which relate to 12b-1 fees that PFPC receives from certain fund clients for the payment of marketing, sales and service expenses also entirely offset each other, but are netted for presentation purposes above. Prior period amounts have been reclassified to conform with the current period presentation.
- (c) Net of nonoperating expense.
- (d) Income taxes for the quarter ended September 30, 2006 included the benefit of a \$13.5 million reversal of deferred taxes related to foreign subsidiary earnings.
- (e) Total operating income divided by total servicing revenue.
- (f) Includes alternative investment net assets serviced.

**THE PNC FINANCIAL SERVICES GROUP, INC.****Efficiency Ratios (Unaudited)**

|                             | June 30<br>2007 | March 31<br>2007 | Three months ended<br>December 31<br>2006 | September 30<br>2006 | June 30<br>2006 |
|-----------------------------|-----------------|------------------|-------------------------------------------|----------------------|-----------------|
| Efficiency, as reported (a) | 61%             | 58%              | 63%                                       | 33%                  | 64%             |
| Efficiency, as adjusted (b) | 60%             | 60%              | 62%                                       | 62%                  | 60%             |

- (a) Calculated as noninterest expense divided by the sum of net interest income and noninterest income on the Consolidated Income Statement.
- (b) Calculated as PNC's efficiency ratio adjusted (1) for the impact of certain specified items, and (2) as if we had recorded our investment in BlackRock on the equity method for all periods presented. We have provided these adjusted amounts and reconciliations so that shareholders, investor analysts, regulators and others will be better able to evaluate the impact of these items on our as reported efficiency ratio for these periods, in addition to providing a basis of comparability for the impact of the BlackRock deconsolidation. Amounts used for these adjusted ratios are reconciled to amounts used in the PNC efficiency ratio as reported (GAAP basis).

| <i>Dollars in millions</i>                                                                                   | June 30<br>2007 | March 31<br>2007 | Three months ended<br>December 31<br>2006 | September 30<br>2006 | June 30<br>2006 |
|--------------------------------------------------------------------------------------------------------------|-----------------|------------------|-------------------------------------------|----------------------|-----------------|
| <u>Reconciliation of GAAP amounts with amounts used in the calculation of the adjusted efficiency ratio:</u> |                 |                  |                                           |                      |                 |
| GAAP basis net interest income                                                                               | \$ 738          | \$ 623           | \$ 566                                    | \$ 567               | \$ 556          |
| Adjustment to net interest income: BlackRock equity method (c)                                               |                 |                  |                                           | (3)                  | (4)             |
| Adjusted net interest income                                                                                 | \$ 738          | \$ 623           | \$ 566                                    | \$ 564               | \$ 552          |
| GAAP basis noninterest income                                                                                | \$ 975          | \$ 991           | \$ 969                                    | \$ 2,943             | \$ 1,230        |
| Adjustments:                                                                                                 |                 |                  |                                           |                      |                 |
| Gain on BlackRock/MLIM transaction                                                                           |                 |                  |                                           | (2,078)              |                 |
| Securities portfolio rebalancing loss                                                                        |                 |                  |                                           | 196                  |                 |
| Mortgage loan portfolio repositioning loss                                                                   |                 |                  |                                           | 48                   |                 |
| Integration costs                                                                                            | 1               | 2                | 10                                        |                      |                 |
| BlackRock LTIP                                                                                               | 1               | (52)             | 12                                        |                      |                 |
| BlackRock equity method (c)                                                                                  |                 |                  |                                           | (277)                | (312)           |
| Adjusted noninterest income                                                                                  | \$ 977          | \$ 941           | \$ 991                                    | \$ 832               | \$ 918          |
| Adjusted total revenue                                                                                       | \$ 1,715        | \$ 1,564         | \$ 1,557                                  | \$ 1,396             | \$ 1,470        |
| GAAP basis noninterest expense                                                                               | \$ 1,040        | \$ 944           | \$ 969                                    | \$ 1,167             | \$ 1,145        |
| Adjustments:                                                                                                 |                 |                  |                                           |                      |                 |
| Integration costs                                                                                            | (15)            | (11)             |                                           | (72)                 | (13)            |
| BlackRock equity method (c)                                                                                  |                 |                  |                                           | (223)                | (251)           |
| Adjusted noninterest expense                                                                                 | \$ 1,025        | \$ 933           | \$ 969                                    | \$ 872               | \$ 881          |
| <b>Adjusted efficiency ratio</b>                                                                             | <b>60%</b>      | <b>60%</b>       | <b>62%</b>                                | <b>62%</b>           | <b>60%</b>      |

(c) See Appendix to Financial Supplement.



**THE PNC FINANCIAL SERVICES GROUP, INC.****Details of Net Interest Income, Net Interest Margin, and Trading Revenue (Unaudited)**

| Net Interest Income                           | Three months ended |                  |                     |                      |                 |
|-----------------------------------------------|--------------------|------------------|---------------------|----------------------|-----------------|
|                                               | June 30<br>2007    | March 31<br>2007 | December 31<br>2006 | September 30<br>2006 | June 30<br>2006 |
| <i>In millions</i>                            |                    |                  |                     |                      |                 |
| Interest income, taxable equivalent basis     |                    |                  |                     |                      |                 |
| Loans                                         | \$ 1,088           | \$ 899           | \$ 824              | \$ 841               | \$ 801          |
| Securities available for sale                 | 355                | 310              | 279                 | 272                  | 255             |
| Other                                         | 119                | 112              | 119                 | 97                   | 76              |
| <b>Total interest income</b>                  | <b>1,562</b>       | <b>1,321</b>     | <b>1,222</b>        | <b>1,210</b>         | <b>1,132</b>    |
| Interest expense                              |                    |                  |                     |                      |                 |
| Deposits                                      | 532                | 468              | 450                 | 434                  | 379             |
| Borrowed funds                                | 284                | 224              | 201                 | 202                  | 191             |
| <b>Total interest expense</b>                 | <b>816</b>         | <b>692</b>       | <b>651</b>          | <b>636</b>           | <b>570</b>      |
| Net interest income, taxable-equivalent basis | 746                | 629              | 571                 | 574                  | 562             |
| Less: Taxable-equivalent adjustment           | 8                  | 6                | 5                   | 7                    | 6               |
| <b>Net interest income, GAAP basis</b>        | <b>\$ 738</b>      | <b>\$ 623</b>    | <b>\$ 566</b>       | <b>\$ 567</b>        | <b>\$ 556</b>   |

| Net Interest Margin                        | Three months ended |                     |                        |                         |                 |
|--------------------------------------------|--------------------|---------------------|------------------------|-------------------------|-----------------|
|                                            | June 30<br>2007    | March<br>31<br>2007 | December<br>31<br>2006 | September<br>30<br>2006 | June 30<br>2006 |
| Average yields/rates                       |                    |                     |                        |                         |                 |
| Yield on interest-earning assets           |                    |                     |                        |                         |                 |
| Loans                                      | 6.81%              | 6.68%               | 6.63%                  | 6.59%                   | 6.38%           |
| Securities available for sale              | 5.37               | 5.31                | 5.27                   | 5.01                    | 4.76            |
| Other                                      | 5.94               | 5.83                | 5.56                   | 5.78                    | 5.23            |
| Total yield on interest-earning assets     | 6.35               | 6.23                | 6.15                   | 6.09                    | 5.84            |
| Rate on interest-bearing liabilities       |                    |                     |                        |                         |                 |
| Deposits                                   | 3.52               | 3.52                | 3.54                   | 3.43                    | 3.11            |
| Borrowed funds                             | 5.28               | 5.33                | 5.39                   | 5.40                    | 5.06            |
| Total rate on interest-bearing liabilities | 3.98               | 3.95                | 3.97                   | 3.88                    | 3.56            |
| Interest rate spread                       | 2.37               | 2.28                | 2.18                   | 2.21                    | 2.28            |
| Impact of noninterest-bearing sources      | .66                | .67                 | .70                    | .68                     | .62             |
| <b>Net interest margin</b>                 | <b>3.03%</b>       | <b>2.95%</b>        | <b>2.88%</b>           | <b>2.89%</b>            | <b>2.90%</b>    |

| Trading Revenue (a)           | Three months ended |                     |                        |                         |                 |
|-------------------------------|--------------------|---------------------|------------------------|-------------------------|-----------------|
|                               | June 30<br>2007    | March<br>31<br>2007 | December<br>31<br>2006 | September<br>30<br>2006 | June 30<br>2006 |
| <i>In millions</i>            |                    |                     |                        |                         |                 |
| Net interest income (expense) | \$ 1               | \$ 52               | \$ (2)                 | \$ (1)                  | \$ (3)          |
| Noninterest income            | 29                 | 52                  | 33                     | 38                      | 55              |
| <b>Total trading revenue</b>  | <b>\$ 30</b>       | <b>\$ 52</b>        | <b>\$ 31</b>           | <b>\$ 37</b>            | <b>\$ 52</b>    |

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|                                         |              |              |              |              |              |
|-----------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Securities underwriting and trading (b) | \$ 8         | \$ 9         | \$ 11        | \$ 7         | \$ 6         |
| Foreign exchange                        | 13           | 14           | 13           | 11           | 17           |
| Financial derivatives                   | 9            | 29           | 7            | 19           | 29           |
| <b>Total trading revenue</b>            | <b>\$ 30</b> | <b>\$ 52</b> | <b>\$ 31</b> | <b>\$ 37</b> | <b>\$ 52</b> |

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(a) See pages 13-14 for disclosure of average trading assets and liabilities.

(b) Includes changes in fair value for certain loans accounted for at fair value. See page 13 for disclosure of average loans at fair value.



**THE PNC FINANCIAL SERVICES GROUP, INC.****Average Consolidated Balance Sheet (Unaudited)**

| <i>Three months ended - in millions</i>        | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>Assets</b>                                  |                         |                          |                             |                              |                         |
| Interest-earning assets:                       |                         |                          |                             |                              |                         |
| Securities available for sale                  |                         |                          |                             |                              |                         |
| Residential mortgage-backed                    | \$ 19,280               | \$ 17,198                | \$ 16,082                   | \$ 15,282                    | \$ 14,247               |
| Commercial mortgage-backed                     | 3,646                   | 3,338                    | 2,640                       | 2,182                        | 2,348                   |
| Asset-backed                                   | 2,531                   | 1,876                    | 1,561                       | 1,457                        | 1,170                   |
| U.S. Treasury and government agencies          | 344                     | 394                      | 441                         | 2,285                        | 3,181                   |
| State and municipal                            | 203                     | 162                      | 140                         | 144                          | 152                     |
| Other debt                                     | 33                      | 79                       | 89                          | 90                           | 88                      |
| Corporate stocks and other                     | 383                     | 347                      | 277                         | 259                          | 230                     |
| <b>Total securities available for sale (a)</b> | <b>26,420</b>           | <b>23,394</b>            | <b>21,230</b>               | <b>21,699</b>                | <b>21,416</b>           |
| Loans, net of unearned income                  |                         |                          |                             |                              |                         |
| Commercial                                     |                         |                          |                             |                              |                         |
| Commercial real estate                         | 24,652                  | 21,479                   | 20,458                      | 20,431                       | 20,348                  |
| Lease financing                                | 9,513                   | 5,478                    | 3,483                       | 3,268                        | 3,071                   |
| Consumer                                       | 2,566                   | 2,534                    | 2,789                       | 2,790                        | 2,761                   |
| Residential mortgage                           | 17,886                  | 16,865                   | 16,272                      | 16,150                       | 16,049                  |
| Other                                          | 8,527                   | 7,173                    | 5,606                       | 7,332                        | 7,353                   |
| <b>Total loans, net of unearned income</b>     | <b>63,555</b>           | <b>54,056</b>            | <b>48,993</b>               | <b>50,338</b>                | <b>49,936</b>           |
| Loans held for sale                            |                         |                          |                             |                              |                         |
| Federal funds sold and resale agreements       | 2,611                   | 2,955                    | 3,167                       | 2,408                        | 2,411                   |
| Other                                          | 1,832                   | 2,092                    | 2,049                       | 1,401                        | 613                     |
| <b>Total interest-earning assets</b>           | <b>98,024</b>           | <b>85,232</b>            | <b>78,637</b>               | <b>78,651</b>                | <b>77,171</b>           |
| Noninterest-earning assets:                    |                         |                          |                             |                              |                         |
| Allowance for loan and lease losses            | (692)                   | (612)                    | (557)                       | (609)                        | (600)                   |
| Cash and due from banks                        | 2,991                   | 2,945                    | 2,999                       | 3,161                        | 3,140                   |
| Other                                          | 22,997                  | 19,857                   | 17,969                      | 14,142                       | 13,736                  |
| <b>Total assets</b>                            | <b>\$ 123,320</b>       | <b>\$ 107,422</b>        | <b>\$ 99,048</b>            | <b>\$ 95,345</b>             | <b>\$ 93,447</b>        |

**Supplemental Average Balance Sheet Information****Trading Assets**

|                             |                 |                 |                 |                 |                 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Securities (b)              | \$ 2,144        | \$ 1,569        | \$ 2,111        | \$ 1,460        | \$ 1,477        |
| Resale agreements (c)       | 1,247           | 820             | 1,247           | 537             | 378             |
| Financial derivatives (d)   | 1,221           | 1,115           | 1,209           | 1,220           | 1,251           |
| Loans at fair value (d)     | 161             | 193             | 172             | 168             | 170             |
| <b>Total trading assets</b> | <b>\$ 4,773</b> | <b>\$ 3,697</b> | <b>\$ 4,739</b> | <b>\$ 3,385</b> | <b>\$ 3,276</b> |

(a) Average securities held to maturity totaled less than \$.5 million for each of the periods presented and are included in the Other debt category above.

(b) Included in Interest-earning assets-Other above.

(c) Included in Federal funds sold and resale agreements above.

(d) Included in Noninterest-earning assets-Other above.



**THE PNC FINANCIAL SERVICES GROUP, INC.****Average Consolidated Balance Sheet (Unaudited) (Continued)**

| <i>Three months ended - in millions</i>                                                          | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|--------------------------------------------------------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>Liabilities, Minority and Noncontrolling Interests, and Shareholders Equity</b>               |                         |                          |                             |                              |                         |
| Interest-bearing liabilities:                                                                    |                         |                          |                             |                              |                         |
| Interest-bearing deposits                                                                        |                         |                          |                             |                              |                         |
| Money market                                                                                     | \$ 23,979               | \$ 22,503                | \$ 20,879                   | \$ 20,565                    | \$ 19,019               |
| Demand                                                                                           | 9,494                   | 8,671                    | 8,143                       | 8,075                        | 8,229                   |
| Savings                                                                                          | 2,988                   | 2,250                    | 1,882                       | 2,021                        | 2,177                   |
| Retail certificates of deposit                                                                   | 17,426                  | 15,691                   | 14,837                      | 14,209                       | 13,686                  |
| Other time                                                                                       | 2,297                   | 1,623                    | 1,355                       | 1,467                        | 1,323                   |
| Time deposits in foreign offices                                                                 | 4,220                   | 3,129                    | 3,068                       | 3,712                        | 4,276                   |
| <b>Total interest-bearing deposits</b>                                                           | <b>60,404</b>           | <b>53,867</b>            | <b>50,164</b>               | <b>50,049</b>                | <b>48,710</b>           |
| Borrowed funds                                                                                   |                         |                          |                             |                              |                         |
| Federal funds purchased                                                                          | 6,102                   | 4,533                    | 3,167                       | 3,831                        | 2,715                   |
| Repurchase agreements                                                                            | 2,507                   | 1,858                    | 2,264                       | 2,027                        | 2,226                   |
| Bank notes and senior debt                                                                       | 5,681                   | 4,182                    | 2,757                       | 2,801                        | 3,145                   |
| Subordinated debt                                                                                | 4,466                   | 4,370                    | 4,361                       | 4,436                        | 4,437                   |
| Other                                                                                            | 2,565                   | 1,877                    | 2,161                       | 1,627                        | 2,504                   |
| <b>Total borrowed funds</b>                                                                      | <b>21,321</b>           | <b>16,820</b>            | <b>14,710</b>               | <b>14,722</b>                | <b>15,027</b>           |
| <b>Total interest-bearing liabilities</b>                                                        | <b>81,725</b>           | <b>70,687</b>            | <b>64,874</b>               | <b>64,771</b>                | <b>63,737</b>           |
| Noninterest-bearing liabilities, minority and noncontrolling interests, and shareholders equity: |                         |                          |                             |                              |                         |
| Demand and other noninterest-bearing deposits                                                    | 17,824                  | 15,807                   | 14,827                      | 14,549                       | 13,926                  |
| Allowance for unfunded loan commitments and letters of credit                                    | 121                     | 126                      | 117                         | 104                          | 103                     |
| Accrued expenses and other liabilities                                                           | 7,655                   | 7,961                    | 7,882                       | 6,346                        | 6,305                   |
| Minority and noncontrolling interests in consolidated entities                                   | 1,367                   | 893                      | 542                         | 640                          | 631                     |
| Shareholders equity                                                                              | 14,628                  | 11,948                   | 10,806                      | 8,935                        | 8,745                   |
| <b>Total liabilities, minority and noncontrolling interests, and shareholders equity</b>         | <b>\$ 123,320</b>       | <b>\$ 107,422</b>        | <b>\$ 99,048</b>            | <b>\$ 95,345</b>             | <b>\$ 93,447</b>        |

**Supplemental Average Balance Sheet Information****Deposits and Common Shareholders Equity**

|                                               |                  |                  |                  |                  |                  |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Interest-bearing deposits                     | \$ 60,404        | \$ 53,867        | \$ 50,164        | \$ 50,049        | \$ 48,710        |
| Demand and other noninterest-bearing deposits | 17,824           | 15,807           | 14,827           | 14,549           | 13,926           |
| <b>Total deposits</b>                         | <b>\$ 78,228</b> | <b>\$ 69,674</b> | <b>\$ 64,991</b> | <b>\$ 64,598</b> | <b>\$ 62,636</b> |
| Transaction deposits                          | \$ 51,297        | \$ 46,981        | \$ 43,849        | \$ 43,189        | \$ 41,174        |
| Common shareholders equity                    | \$ 14,621        | \$ 11,941        | \$ 10,799        | \$ 8,928         | \$ 8,738         |

**Trading Liabilities**

|                                                |          |          |          |        |        |
|------------------------------------------------|----------|----------|----------|--------|--------|
| Securities sold short (a)                      | \$ 1,431 | \$ 1,264 | \$ 1,553 | \$ 867 | \$ 769 |
| Repurchase agreements and other borrowings (b) | 669      | 363      | 1,096    | 708    | 641    |
| Financial derivatives (c)                      | 1,230    | 1,126    | 1,156    | 1,151  | 1,200  |
| Borrowings at fair value (c)                   | 40       | 39       | 34       | 40     | 48     |

|                           |    |       |    |       |    |       |    |       |    |       |
|---------------------------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Total trading liabilities | \$ | 3,370 | \$ | 2,792 | \$ | 3,839 | \$ | 2,766 | \$ | 2,658 |
|---------------------------|----|-------|----|-------|----|-------|----|-------|----|-------|

- 
- (a) Included in Borrowed funds-Other above.
  - (b) Included in Borrowed funds-Repurchase agreements and Borrowed funds-Other above.
  - (c) Included in Accrued expenses and other liabilities above.

**THE PNC FINANCIAL SERVICES GROUP, INC.****Details of Loans (Unaudited)****Loans**

| <i>Period ended - in millions</i>    | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|--------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>Commercial</b>                    |                         |                          |                             |                              |                         |
| Retail/wholesale                     | \$ 5,908                | \$ 5,940                 | \$ 5,301                    | \$ 5,245                     | \$ 5,393                |
| Manufacturing                        | 4,371                   | 4,419                    | 4,189                       | 4,318                        | 4,164                   |
| Other service providers              | 2,963                   | 2,879                    | 2,186                       | 2,155                        | 2,179                   |
| Real estate related                  | 4,443                   | 4,364                    | 2,825                       | 3,000                        | 2,903                   |
| Financial services                   | 1,500                   | 1,509                    | 1,324                       | 1,423                        | 1,479                   |
| Health care                          | 1,023                   | 959                      | 707                         | 685                          | 641                     |
| Other                                | 4,538                   | 4,456                    | 4,052                       | 3,858                        | 3,805                   |
| <b>Total commercial</b>              | <b>24,746</b>           | <b>24,526</b>            | <b>20,584</b>               | <b>20,684</b>                | <b>20,564</b>           |
| <b>Commercial real estate</b>        |                         |                          |                             |                              |                         |
| Real estate projects                 | 8,962                   | 8,963                    | 2,716                       | 2,691                        | 2,438                   |
| Mortgage                             | 567                     | 602                      | 816                         | 794                          | 768                     |
| <b>Total commercial real estate</b>  | <b>9,529</b>            | <b>9,565</b>             | <b>3,532</b>                | <b>3,485</b>                 | <b>3,206</b>            |
| Equipment lease financing            | 3,587                   | 3,527                    | 3,556                       | 3,609                        | 3,583                   |
| <b>Total commercial lending</b>      | <b>37,862</b>           | <b>37,618</b>            | <b>27,672</b>               | <b>27,778</b>                | <b>27,353</b>           |
| <b>Consumer</b>                      |                         |                          |                             |                              |                         |
| Home equity                          | 14,268                  | 14,263                   | 13,749                      | 13,876                       | 13,853                  |
| Automobile                           | 1,962                   | 1,956                    | 1,135                       | 1,061                        | 1,008                   |
| Other                                | 1,804                   | 1,769                    | 1,631                       | 1,419                        | 1,388                   |
| <b>Total consumer</b>                | <b>18,034</b>           | <b>17,988</b>            | <b>16,515</b>               | <b>16,356</b>                | <b>16,249</b>           |
| Residential mortgage                 | 9,440                   | 7,960                    | 6,337                       | 5,234                        | 7,416                   |
| Other                                | 382                     | 364                      | 376                         | 347                          | 358                     |
| Unearned income                      | (1,004)                 | (1,005)                  | (795)                       | (815)                        | (828)                   |
| <b>Total, net of unearned income</b> | <b>\$ 64,714</b>        | <b>\$ 62,925</b>         | <b>\$ 50,105</b>            | <b>\$ 48,900</b>             | <b>\$ 50,548</b>        |

**THE PNC FINANCIAL SERVICES GROUP, INC.****Allowances for Loan and Lease Losses and Unfunded Loan Commitments and Letters of Credit, and Net Unfunded Commitments**  
(Unaudited)**Change in Allowance for Loan and Lease Losses**

| <i>Three months ended - in millions</i>                                     | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|-----------------------------------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| Beginning balance                                                           | \$ 690                  | \$ 560                   | \$ 566                      | \$ 611                       | \$ 597                  |
| Charge-offs                                                                 |                         |                          |                             |                              |                         |
| Commercial                                                                  | (27)                    | (31)                     | (23)                        | (39)                         | (30)                    |
| Commercial real estate                                                      | (1)                     |                          | (1)                         | (2)                          |                         |
| Equipment lease financing                                                   |                         |                          | (14)                        |                              |                         |
| Consumer                                                                    | (15)                    | (17)                     | (15)                        | (13)                         | (12)                    |
| Residential mortgage                                                        |                         |                          | (1)                         | (2)                          |                         |
| Total charge-offs                                                           | (43)                    | (48)                     | (54)                        | (56)                         | (42)                    |
| Recoveries                                                                  |                         |                          |                             |                              |                         |
| Commercial                                                                  | 8                       | 7                        | 3                           | 6                            | 4                       |
| Commercial real estate                                                      | 1                       |                          | 1                           |                              |                         |
| Equipment lease financing                                                   |                         |                          | 1                           |                              | 4                       |
| Consumer                                                                    | 2                       | 5                        | 4                           | 3                            | 4                       |
| Total recoveries                                                            | 11                      | 12                       | 9                           | 9                            | 12                      |
| Net recoveries (charge-offs)                                                |                         |                          |                             |                              |                         |
| Commercial                                                                  | (19)                    | (24)                     | (20)                        | (33)                         | (26)                    |
| Commercial real estate                                                      |                         |                          |                             | (2)                          |                         |
| Equipment lease financing                                                   |                         |                          | (13)                        |                              | 4                       |
| Consumer                                                                    | (13)                    | (12)                     | (11)                        | (10)                         | (8)                     |
| Residential mortgage                                                        |                         |                          | (1)                         | (2)                          |                         |
| Total net charge-offs                                                       | (32)                    | (36)                     | (45)                        | (47)                         | (30)                    |
| Provision for credit losses                                                 | 54                      | 8                        | 42                          | 16                           | 44                      |
| Acquired allowance - Mercantile                                             | (5)                     | 142                      |                             |                              |                         |
| Net change in allowance for unfunded loan commitments and letters of credit | (4)                     | 16                       | (3)                         | (14)                         |                         |
| Ending balance                                                              | \$ 703                  | \$ 690                   | \$ 560                      | \$ 566                       | \$ 611                  |

**Supplemental Information**

|                                         |         |         |         |         |         |
|-----------------------------------------|---------|---------|---------|---------|---------|
| Commercial lending net charge-offs (a)  | \$ (19) | \$ (24) | \$ (33) | \$ (35) | \$ (22) |
| Consumer lending net charge-offs (b)    | (13)    | (12)    | (12)    | (12)    | (8)     |
| Total net charge-offs                   | \$ (32) | \$ (36) | \$ (45) | \$ (47) | \$ (30) |
| <u>Net charge-offs to average loans</u> |         |         |         |         |         |
| Commercial lending                      | .21%    | .33%    | .49%    | .52%    | .34%    |
| Consumer lending                        | .19     | .20     | .22     | .20     | .14     |

(a) Includes commercial, commercial real estate and equipment lease financing.

(b) Includes consumer and residential mortgage.

**Change in Allowance for Unfunded Loan Commitments and Letters of Credit**

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| <i>Three months ended - in millions</i>                                     | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|-----------------------------------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| Beginning balance                                                           | \$ 121                  | \$ 120                   | \$ 117                      | \$ 103                       | \$ 103                  |
| Acquired allowance - Mercantile                                             |                         | 17                       |                             |                              |                         |
| Net change in allowance for unfunded loan commitments and letters of credit | 4                       | (16)                     | 3                           | 14                           |                         |
| Ending balance                                                              | \$ 125                  | \$ 121                   | \$ 120                      | \$ 117                       | \$ 103                  |

**Net Unfunded Commitments**

| <i>In millions</i>       | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|--------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| Net unfunded commitments | \$ 50,680               | \$ 49,263                | \$ 44,835                   | \$ 43,804                    | \$ 40,904               |

**THE PNC FINANCIAL SERVICES GROUP, INC.****Details of Nonperforming Assets (Unaudited)****Nonperforming Assets by Type**

| <i>Period ended - in millions</i>                             | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|---------------------------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>Nonaccrual loans</b>                                       |                         |                          |                             |                              |                         |
| Commercial                                                    | \$ 126                  | \$ 121                   | \$ 109                      | \$ 112                       | \$ 151                  |
| Commercial real estate                                        | 62                      | 25                       | 12                          | 14                           | 12                      |
| Equipment lease financing                                     | 2                       | 2                        | 1                           | 14                           | 16                      |
| Consumer                                                      | 14                      | 14                       | 13                          | 14                           | 14                      |
| Residential mortgage                                          | 14                      | 16                       | 12                          | 13                           | 14                      |
| <b>Total nonaccrual loans</b>                                 | <b>218</b>              | <b>178</b>               | <b>147</b>                  | <b>167</b>                   | <b>207</b>              |
| Troubled debt restructured loan                               |                         |                          |                             |                              | 1                       |
| <b>Total nonperforming loans</b>                              | <b>218</b>              | <b>178</b>               | <b>147</b>                  | <b>167</b>                   | <b>208</b>              |
| <b>Foreclosed and other assets</b>                            |                         |                          |                             |                              |                         |
| Equipment lease financing                                     | 12                      | 12                       | 12                          | 12                           | 12                      |
| Residential mortgage                                          | 12                      | 11                       | 10                          | 9                            | 8                       |
| Other                                                         | 4                       | 3                        | 2                           | 3                            | 3                       |
| <b>Total foreclosed and other assets</b>                      | <b>28</b>               | <b>26</b>                | <b>24</b>                   | <b>24</b>                    | <b>23</b>               |
| <b>Total nonperforming assets (a) (b) (c)</b>                 | <b>\$ 246</b>           | <b>\$ 204</b>            | <b>\$ 171</b>               | <b>\$ 191</b>                | <b>\$ 231</b>           |
| Nonperforming loans to total loans                            | .34%                    | .28%                     | .29%                        | .34%                         | .41%                    |
| Nonperforming assets to total loans and foreclosed assets     | .38                     | .32                      | .34                         | .39                          | .46                     |
| Nonperforming assets to total assets                          | .20                     | .17                      | .17                         | .19                          | .24                     |
| Net charge-offs to average loans (For the three months ended) | .20                     | .27                      | .36                         | .37                          | .24                     |
| Allowance for loan and lease losses to loans                  | 1.09                    | 1.10                     | 1.12                        | 1.16                         | 1.21                    |
| Allowance for loan and lease losses to nonperforming loans    | 322                     | 388                      | 381                         | 339                          | 294                     |

(a) Excludes equity management assets carried at estimated fair value (amounts include troubled debt restructured assets of \$4 million, \$4 million, \$4 million, \$4 million, and \$7 million, respectively):

|  |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|
|  | \$ 13 | \$ 15 | \$ 11 | \$ 12 | \$ 18 |
|--|-------|-------|-------|-------|-------|

(b) Excludes loans held for sale carried at lower of cost or market value (\$17 million at June 30, 2007 and \$18 million at March 31, 2007).

(c) Total nonperforming assets at June 30, 2007 of \$246 million included \$67 million related to Mercantile. Total nonperforming assets at March 31, 2007 of \$204 million included \$35 million related to Mercantile. Therefore, total nonperforming assets at June 30, 2007 and March 31, 2007 excluding Mercantile totaled \$179 million and \$169 million, respectively.

**Six months  
ended**

**Change in Nonperforming Assets**



*In millions*

|                                       |    |      |
|---------------------------------------|----|------|
| January 1, 2007                       | \$ | 171  |
| Transferred from accrual              |    | 189  |
| Acquisition - Mercantile              |    | 35   |
| Asset sales                           |    | (4)  |
| Returned to performing                |    | (4)  |
| Charge-offs and valuation adjustments |    | (51) |
| Principal activity including payoffs  |    | (90) |
| June 30, 2007                         | \$ | 246  |

**THE PNC FINANCIAL SERVICES GROUP, INC.****Details of Nonperforming Assets (Unaudited) (Continued)****Nonperforming Assets by Business**

| <i>Period ended - in millions</i>            | <b>June 30<br/>2007</b> | <b>March 31<br/>2007</b> | <b>December 31<br/>2006</b> | <b>September 30<br/>2006</b> | <b>June 30<br/>2006</b> |
|----------------------------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|-------------------------|
| <b>Retail Banking</b>                        |                         |                          |                             |                              |                         |
| Nonperforming loans                          | \$ 130                  | \$ 114                   | \$ 96                       | \$ 85                        | \$ 95                   |
| Foreclosed and other assets                  | 10                      | 9                        | 10                          | 10                           | 9                       |
| Total                                        | \$ 140                  | \$ 123                   | \$ 106                      | \$ 95                        | \$ 104                  |
| <b>Corporate &amp; Institutional Banking</b> |                         |                          |                             |                              |                         |
| Nonperforming loans                          | \$ 87                   | \$ 64                    | \$ 50                       | \$ 81                        | \$ 112                  |
| Foreclosed and other assets                  | 13                      | 13                       | 13                          | 13                           | 13                      |
| Total                                        | \$ 100                  | \$ 77                    | \$ 63                       | \$ 94                        | \$ 125                  |
| <b>Other (a)</b>                             |                         |                          |                             |                              |                         |
| Nonperforming loans                          | \$ 1                    |                          | \$ 1                        | \$ 1                         | \$ 1                    |
| Foreclosed and other assets                  | 5                       | \$ 4                     | 1                           | 1                            | 1                       |
| Total                                        | \$ 6                    | \$ 4                     | \$ 2                        | \$ 2                         | \$ 2                    |
| <b>Consolidated Totals</b>                   |                         |                          |                             |                              |                         |
| Nonperforming loans                          | \$ 218                  | \$ 178                   | \$ 147                      | \$ 167                       | \$ 208                  |
| Foreclosed and other assets                  | 28                      | 26                       | 24                          | 24                           | 23                      |
| Total (b)                                    | \$ 246                  | \$ 204                   | \$ 171                      | \$ 191                       | \$ 231                  |

(a) Amounts include residential mortgages related to PNC's A&L management function.

**Largest Individual Nonperforming Assets at June 30, 2007 - in millions (b)**

| <b>Ranking</b> | <b>Outstandings</b> | <b>Industry</b>                                |
|----------------|---------------------|------------------------------------------------|
| 1              | \$ 15               | Wood Product Manufacturing                     |
| 2              | 15                  | Real Estate                                    |
| 3              | 12                  | Air Transportation                             |
| 4              | 8                   | Other Commercial Printing                      |
| 5              | 7                   | Real Estate                                    |
| 6              | 6                   | Computer and Electronic Products Manufacturing |
| 7              | 4                   | Plastics and Rubber Products Manufacturing     |
| 8              | 4                   | Food Services                                  |
| 9              | 4                   | Real Estate                                    |
| 10             | 4                   | Real Estate                                    |
| Total          | \$ 79               |                                                |

As a percent of total nonperforming assets

32%

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(b) Amounts shown are not net of related allowance for loan and lease losses, if applicable.

***Glossary of Terms***

**Accounting/administration net fund assets** Net domestic and foreign fund investment assets for which we provide accounting and administration services. We do not include these assets on our Consolidated Balance Sheet.

**Adjusted average total assets** Primarily comprised of total average quarterly (or annual) assets plus (less) unrealized losses (gains) on available-for-sale debt securities, less goodwill and certain other intangible assets (net of eligible deferred taxes).

**Annualized** Adjusted to reflect a full year of activity.

**Assets under management** Assets over which we have sole or shared investment authority for our customers/clients. We do not include these assets on our Consolidated Balance Sheet.

**Basis point** One hundredth of a percentage point.

**Charge-off** Process of removing a loan or portion of a loan from our balance sheet because it is considered uncollectible. We also record a charge-off when a loan is transferred to held for sale by reducing the carrying amount by the allowance for loan losses associated with such loan or if the market value is less than its carrying amount.

**Common shareholders equity to total assets** Common shareholders equity divided by total assets. Common shareholders equity equals total shareholders equity less the liquidation value of preferred stock.

**Credit spread** The difference in yield between debt issues of similar maturity. The excess of yield attributable to credit spread is often used as a measure of relative creditworthiness, with a reduction in the credit spread reflecting an improvement in the borrower's perceived creditworthiness.

**Custody assets** Investment assets held on behalf of clients under safekeeping arrangements. We do not include these assets on our Consolidated Balance Sheet. Investment assets held in custody at other institutions on our behalf are included in the appropriate asset categories on the Consolidated Balance Sheet as if physically held by us.

**Derivatives** Financial contracts whose value is derived from publicly traded securities, interest rates, currency exchange rates or market indices. Derivatives cover a wide assortment of financial contracts, including forward contracts, futures, options and swaps.

**Duration of equity** An estimate of the rate sensitivity of our economic value of equity. A negative duration of equity is associated with asset sensitivity (*i.e.*, positioned for rising interest rates), while a positive value implies liability sensitivity (*i.e.*, positioned for declining interest rates). For example, if the duration of equity is +1.5 years, the economic value of equity declines by 1.5% for a 100 basis point increase in interest rates.

**Earning assets** Assets that generate income, which include: federal funds sold; resale agreements; other short-term investments, including trading securities; loans held for sale; loans, net of unearned income; securities; and certain other assets.

**Economic capital** Represents the amount of resources that a business segment should hold to guard against potentially large losses that could cause insolvency. It is based on a measurement of economic risk, as opposed to risk as defined by regulatory bodies. The economic capital measurement process involves converting a risk distribution to the capital that is required to support the risk, consistent with our target credit rating. As such, economic risk serves as a common currency of risk that allows us to compare different risks on a similar basis.

**Economic value of equity ( EVE )** The present value of the expected cash flows of our existing assets less the present value of the expected cash flows of our existing liabilities, plus the present value of the net cash flows of our existing off-balance sheet positions.

**Effective duration** A measurement, expressed in years, that, when multiplied by a change in interest rates, would approximate the percentage change in value of on- and off- balance sheet positions.

**Efficiency** Noninterest expense divided by the sum of net interest income (GAAP basis) and noninterest income.

**Funds transfer pricing** A management accounting methodology designed to recognize the net interest income effects of sources and uses of funds provided by the assets and liabilities of a business segment. We assign these balances LIBOR-based funding rates at origination that represent the interest cost for us to raise/invest funds with similar maturity and repricing structures.

**Futures and forward contracts** Contracts in which the buyer agrees to purchase and the seller agrees to deliver a specific financial instrument at a predetermined price or yield. May be settled either in cash or by delivery of the underlying financial instrument.

**GAAP** Accounting principles generally accepted in the United States of America.

**Leverage ratio** Tier 1 risk-based capital divided by adjusted average total assets.

**Net interest margin** Annualized taxable-equivalent net interest income divided by average earning assets.

**Nondiscretionary assets under administration** Assets we hold for our customers/clients in a non-discretionary, custodial capacity. We do not include these assets on our Consolidated Balance Sheet.

**Noninterest income to total revenue** Noninterest income divided by the sum of net interest income (GAAP basis) and noninterest income.

**Nonperforming assets** Nonperforming assets include nonaccrual loans, troubled debt restructured loans, foreclosed assets and other assets. We do not accrue interest income on assets classified as nonperforming.

**Nonperforming loans** Nonperforming loans include loans to commercial, commercial real estate, equipment lease financing, consumer, and residential mortgage customers as well as troubled debt restructured loans. Nonperforming loans do not include nonperforming loans held for sale or foreclosed and other assets. We do not accrue interest income on loans classified as nonperforming.

**Notional amount** A number of currency units, shares, or other units specified in a derivatives contract.

**Operating leverage** The period to period percentage change in total revenue (GAAP basis) less the percentage change in noninterest expense. A positive percentage indicates that revenue growth exceeded expense growth (*i.e.*, positive operating leverage) while a negative percentage implies expense growth exceeded revenue growth (*i.e.*, negative operating leverage).

**Recovery** Cash proceeds received on a loan that we had previously charged off. We credit the amount received to the allowance for loan and lease losses.

**Return on average capital** Annualized net income divided by average capital.

**Return on average assets** Annualized net income divided by average assets.

**Return on average common equity** Annualized net income divided by average common shareholders' equity.

**Risk-weighted assets** Primarily computed by the assignment of specific risk-weights (as defined by The Board of Governors of the Federal Reserve System) to assets and off-balance sheet instruments.

**Securitization** The process of legally transforming financial assets into securities.

**Tangible common equity ratio** Period-end common shareholders' equity less goodwill and other intangible assets (net of eligible deferred taxes), and excluding mortgage servicing rights, divided by period-end assets less goodwill and other intangible assets (net of eligible deferred taxes), and excluding mortgage servicing rights.

**Taxable-equivalent interest** The interest income earned on certain assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of yields and margins for all interest-earning assets, we also provide revenue on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income on taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement.

**Tier 1 risk-based capital** Tier 1 risk-based capital equals: total shareholders' equity, plus trust preferred capital securities, plus certain minority interests that are held by others; less goodwill and certain other intangible assets (net of eligible deferred taxes), less equity investments in nonfinancial companies and less net unrealized holding losses on available-for-sale equity securities. Net unrealized holding gains on available-for-sale equity securities, net unrealized holding gains (losses) on available-for-sale debt securities and net unrealized holding gains (losses) on cash flow hedge derivatives are excluded from total shareholders' equity for tier 1 risk-based capital purposes.

**Tier 1 risk-based capital ratio** Tier 1 risk-based capital divided by period-end risk-weighted assets.

**Total fund assets serviced** Total domestic and offshore fund investment assets for which we provide related processing services. We do not include these assets on our Consolidated Balance Sheet.

**Total return swap** A non-traditional swap where one party agrees to pay the other the total return of a defined underlying asset (*e.g.*, a loan), usually in return for receiving a stream of LIBOR-based cash flows. The total returns of the asset, including interest and any default shortfall, are passed through to the counterparty. The counterparty is therefore assuming the credit and economic risk of the underlying asset.

**Total risk-based capital** Tier 1 risk-based capital plus qualifying subordinated debt and trust preferred securities, other minority interest not qualified as tier 1, and the allowance for loan and lease losses, subject to certain limitations.

**Total risk-based capital ratio** Total risk-based capital divided by period-end risk-weighted assets.

**Transaction deposits** The sum of money market and interest-bearing demand deposits and demand and other noninterest-bearing deposits.

**Yield curve** A graph showing the relationship between the yields on financial instruments or market indices of the same credit quality with different maturities. For example, a normal or positive yield curve exists when long-term bonds have higher yields than short-term bonds. A flat yield curve exists when yields are the same for short-term and long-term bonds. A steep yield curve exists when yields on long-term bonds are significantly higher than on short-term bonds. An inverted or negative yield curve exists when short-term bonds have higher yields than long-term bonds.

***Business Segment Descriptions***

***Retail Banking*** provides deposit, lending, brokerage, trust, investment management, and cash management services to approximately 2.9 million consumer and small business customers within our primary geographic area. Our customers are serviced through 1,084 offices in our branch network, the call center located in Pittsburgh and the Internet [www.pncbank.com](http://www.pncbank.com). The branch network is located primarily in Pennsylvania; New Jersey; Washington, D.C.; Maryland; Virginia; Ohio; Kentucky and Delaware. Brokerage services are provided through PNC Investments, LLC, and J.J.B. Hilliard, W.L. Lyons, Inc. Retail Banking also serves as investment manager and trustee for employee benefit plans and charitable and endowment assets and provides nondiscretionary defined contribution plan services and investment options through its *Vested Interest*<sup>®</sup> product. These services are provided to individuals and corporations primarily within our primary geographic markets.

***Corporate & Institutional Banking*** provides lending, treasury management, and capital markets-related products and services to mid-sized corporations, government entities, and selectively to large corporations. Lending products include secured and unsecured loans, letters of credit and equipment leases. Treasury management services include cash and investment management, receivables management, disbursement services, funds transfer services, information reporting, and global trade services. Capital markets-related products and services include foreign exchange, derivatives, loan syndications, mergers and acquisitions advisory and related services to middle-market companies, securities underwriting, and securities sales and trading. Corporate & Institutional Banking also provides commercial loan servicing, real estate advisory and technology solutions for the commercial real estate finance industry. Corporate & Institutional Banking provides products and services generally within our primary geographic markets, with certain products and services provided nationally.

***BlackRock*** is one of the world's largest publicly traded investment management firms. The firm manages assets on behalf of institutions and individuals worldwide through a variety of equity, fixed income, cash management and alternative investment products. In addition, BlackRock provides BlackRock Solutions<sup>®</sup> investment system, risk management, and financial advisory services to a growing number of institutional investors. The firm has a major presence in key global markets, including the United States, Europe, Asia, Australia and the Middle East. At June 30, 2007, PNC's ownership interest in BlackRock was 33.6%.

***PFPC*** is a leading full service provider of processing, technology and business solutions for the global investment industry. Securities services include custody, securities lending, and accounting and administration for funds registered under the 1940 Act and alternative investments. Investor services include transfer agency, managed accounts, subaccounting, and distribution. PFPC serviced \$2.4 trillion in total assets and 70 million shareholder accounts as of June 30, 2007 both domestically and internationally through its Ireland and Luxembourg operations.

**Appendix to Financial Supplement**

The PNC Financial Services Group, Inc.

**Adjusted Condensed Consolidated Income Statement Reconciliations (Unaudited) (a)**

For the six months ended June 30, 2007

| <i>In millions</i>                                   | PNC         |                 | PNC         |
|------------------------------------------------------|-------------|-----------------|-------------|
|                                                      | As Reported | Adjustments (b) | As Adjusted |
| <b>Net Interest Income</b>                           |             |                 |             |
| Net interest income                                  | \$ 1,361    |                 | \$ 1,361    |
| Provision for credit losses                          | 62          |                 | 62          |
| Net interest income less provision for credit losses | 1,299       |                 | 1,299       |
| <b>Noninterest Income</b>                            |             |                 |             |
| Asset management                                     | 355         | \$ 3            | 358         |
| Other                                                | 1,611       | (51)            | 1,560       |
| Total noninterest income                             | 1,966       | (48)            | 1,918       |
| <b>Noninterest Expense</b>                           |             |                 |             |
| Compensation and benefits                            | 1,034       | (11)            | 1,023       |
| Other                                                | 950         | (15)            | 935         |
| Total noninterest expense                            | 1,984       | (26)            | 1,958       |
| Income before income taxes                           | 1,281       | (22)            | 1,259       |
| Income taxes                                         | 399         | (8)             | 391         |
| Net income                                           | \$ 882      | \$ (14)         | \$ 868      |

For the six months ended June 30, 2006

| <i>In millions</i>                                   | PNC         | BlackRock/MLIM<br>Transaction<br>Integration<br>Costs | BlackRock<br>Deconsolidation and<br>Other<br>Adjustments | BlackRock<br>Equity Method (c) | PNC<br>As Adjusted |
|------------------------------------------------------|-------------|-------------------------------------------------------|----------------------------------------------------------|--------------------------------|--------------------|
|                                                      | As Reported |                                                       |                                                          |                                |                    |
| <b>Net Interest Income</b>                           |             |                                                       |                                                          |                                |                    |
| Net interest income                                  | \$ 1,112    |                                                       | \$ (7)                                                   |                                | \$ 1,105           |
| Provision for credit losses                          | 66          |                                                       |                                                          |                                | 66                 |
| Net interest income less provision for credit losses | 1,046       |                                                       | (7)                                                      |                                | 1,039              |
| <b>Noninterest Income</b>                            |             |                                                       |                                                          |                                |                    |
| Asset management                                     | 890         |                                                       | (734)                                                    | \$ 101                         | 257                |
| Other                                                | 1,525       |                                                       | (33)                                                     |                                | 1,492              |
| Total noninterest income                             | 2,415       |                                                       | (767)                                                    | 101                            | 1,749              |



| <b>Noninterest Expense</b>                       |        |    |      |         |        |
|--------------------------------------------------|--------|----|------|---------|--------|
| Compensation and benefits                        | 1,276  |    |      | (369)   | 907    |
| Other                                            | 1,031  | \$ | (19) | (173)   | 839    |
| Total noninterest expense                        | 2,307  |    | (19) | (542)   | 1,746  |
| Income before minority interest and income taxes | 1,154  |    | 19   | (232)   | 101    |
| Minority interest in income of BlackRock         | 41     |    | 4    | (45)    |        |
| Income taxes                                     | 378    |    | 7    | (92)    | 6      |
| Net income                                       | \$ 735 | \$ | 8    | \$ (95) | \$ 95  |
|                                                  |        | \$ |      |         | \$ 743 |

- (a) This adjusted condensed consolidated income statement reconciliation is provided for informational purposes only and reflects historical consolidated financial information of PNC (1) with amounts adjusted for the impact of certain specified items and (2) as if we had recorded our investment in BlackRock on the equity method for all periods presented. This reconciliation is from the reported GAAP amounts shown on page 2 of the Financial Supplement to the corresponding adjusted amounts shown on page 3 of the Financial Supplement. We have provided these adjusted amounts and reconciliations so that investors, analysts, regulators and others will be better able to evaluate the impact of these items on our results for these periods, in addition to providing a basis of comparability for the impact of the BlackRock deconsolidation given the magnitude of the impact of the deconsolidation on various components of our income statement. We believe that information as adjusted for the impact of the specified items may be useful due to the extent to which these items are not indicative of our ongoing operations as the result of our management activities on those operations, as a result of the following attributes. Acquisition integration costs can vary significantly from period to period depending on whether or not we have any such transaction pending or in process and depending on the nature of the transaction. Our BlackRock LTIP shares obligation results from an agreement entered into in 2002 and predominantly reflects the market price of BlackRock stock at specified times. We have provided information adjusted for the impact of the third quarter 2006 gain on the BlackRock/MLIM transaction due to the magnitude of that transaction, and have provided information adjusted for the impact of the third quarter 2006 securities portfolio rebalancing and mortgage loan portfolio repositioning losses due to the nature of those transactions. Adjusted information supplements our results as reported in accordance with GAAP and should not be viewed in isolation from, or as a substitute for, our GAAP results. Our 2006 Form 10-K includes additional information regarding our accounting for the BlackRock/MLIM transaction and the BlackRock LTIP shares obligation. The absence of other adjustments 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.
- (b) Includes the impact of the following items on a pretax basis: \$51 million net gain related to BlackRock LTIP and \$29 million of Mercantile acquisition and BlackRock/MLIM transaction integration costs.
- (c) BlackRock investment revenue represents PNC's approximately 69% ownership interest in earnings of BlackRock for the six months ended June 30, 2006, excluding pretax BlackRock/MLIM transaction integration costs totaling \$19 million. The income taxes amount represents additional income taxes recorded by PNC related to BlackRock earnings.

**Appendix to Financial Supplement (continued)**

The PNC Financial Services Group, Inc.

**Adjusted Condensed Consolidated Income Statement Reconciliations (Unaudited) (a)***For the three months ended June 30, 2007*

|                                                      | PNC         |                 | PNC         |
|------------------------------------------------------|-------------|-----------------|-------------|
| <i>In millions</i>                                   | As Reported | Adjustments (b) | As Adjusted |
| <b>Net Interest Income</b>                           |             |                 |             |
| Net interest income                                  | \$ 738      |                 | \$ 738      |
| Provision for credit losses                          | 54          |                 | 54          |
| Net interest income less provision for credit losses | 684         |                 | 684         |
| <b>Noninterest Income</b>                            |             |                 |             |
| Asset management                                     | 190         | \$ 1            | 191         |
| Other                                                | 785         | 1               | 786         |
| Total noninterest income                             | 975         | 2               | 977         |
| <b>Noninterest Expense</b>                           |             |                 |             |
| Compensation and benefits                            | 544         | (9)             | 535         |
| Other                                                | 496         | (6)             | 490         |
| Total noninterest expense                            | 1,040       | (15)            | 1,025       |
| Income before income taxes                           | 619         | 17              | 636         |
| Income taxes                                         | 196         | 6               | 202         |
| Net income                                           | \$ 423      | \$ 11           | \$ 434      |

*For the three months ended March 31, 2007*

|                                                      | PNC         |                 | PNC         |
|------------------------------------------------------|-------------|-----------------|-------------|
| <i>In millions</i>                                   | As Reported | Adjustments (c) | As Adjusted |
| <b>Net Interest Income</b>                           |             |                 |             |
| Net interest income                                  | \$ 623      |                 | \$ 623      |
| Provision for credit losses                          | 8           |                 | 8           |
| Net interest income less provision for credit losses | 615         |                 | 615         |
| <b>Noninterest Income</b>                            |             |                 |             |
| Asset management                                     | 165         | \$ 2            | 167         |
| Other                                                | 826         | (52)            | 774         |
| Total noninterest income                             | 991         | (50)            | 941         |
| <b>Noninterest Expense</b>                           |             |                 |             |

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|                            |        |         |        |
|----------------------------|--------|---------|--------|
| Compensation and benefits  | 490    | (2)     | 488    |
| Other                      | 454    | (9)     | 445    |
| Total noninterest expense  | 944    | (11)    | 933    |
| Income before income taxes | 662    | (39)    | 623    |
| Income taxes               | 203    | (14)    | 189    |
| Net income                 | \$ 459 | \$ (25) | \$ 434 |

- 
- (a) See note (a) on page A1.
- (b) Includes the impact of the following items on a pretax basis: \$16 million of Mercantile acquisition and BlackRock/MLIM transaction integration costs and \$1 million net loss related to BlackRock LTIP.
- (c) Includes the impact of the following items on a pretax basis: \$52 million net gain related to BlackRock LTIP and \$13 million of Mercantile acquisition and BlackRock/MLIM transaction integration costs.

**Appendix to Financial Supplement (continued)**

The PNC Financial Services Group, Inc.

**Adjusted Condensed Consolidated Income Statement Reconciliations (Unaudited) (a)***For the three months ended December 31, 2006*

| <i>In millions</i>                                   | PNC         |                 | PNC         |  |
|------------------------------------------------------|-------------|-----------------|-------------|--|
|                                                      | As Reported | Adjustments (b) | As Adjusted |  |
| <b>Net Interest Income</b>                           |             |                 |             |  |
| Net interest income                                  | \$ 566      |                 | \$ 566      |  |
| Provision for credit losses                          | 42          |                 | 42          |  |
| Net interest income less provision for credit losses | 524         |                 | 524         |  |
| <b>Noninterest Income</b>                            |             |                 |             |  |
| Asset management                                     | 149         | \$ 10           | 159         |  |
| Other                                                | 820         | 12              | 832         |  |
| Total noninterest income                             | 969         | 22              | 991         |  |
| <b>Noninterest Expense</b>                           |             |                 |             |  |
| Compensation and benefits                            | 497         |                 | 497         |  |
| Other                                                | 472         |                 | 472         |  |
| Total noninterest expense                            | 969         |                 | 969         |  |
| Income before income taxes                           | 524         | 22              | 546         |  |
| Income taxes                                         | 148         | 7               | 155         |  |
| Net income                                           | \$ 376      | \$ 15           | \$ 391      |  |

*For the three months ended September 30, 2006*

| <i>In millions</i>                                   | PNC         |                 | BlackRock<br>Deconsolidation and<br>Other<br>Adjustments |                                | PNC         |  |
|------------------------------------------------------|-------------|-----------------|----------------------------------------------------------|--------------------------------|-------------|--|
|                                                      | As Reported | Adjustments (c) | Adjustments                                              | BlackRock<br>Equity Method (d) | As Adjusted |  |
| <b>Net Interest Income</b>                           |             |                 |                                                          |                                |             |  |
| Net interest income                                  | \$ 567      |                 | \$ (3)                                                   |                                | \$ 564      |  |
| Provision for credit losses                          | 16          |                 |                                                          |                                | 16          |  |
| Net interest income less provision for credit losses | 551         |                 | (3)                                                      |                                | 548         |  |
| <b>Noninterest Income</b>                            |             |                 |                                                          |                                |             |  |
| Asset management                                     | 381         |                 | (302)                                                    | \$ 43                          | 122         |  |
| Other                                                | 2,562       | \$ (1,834)      | (18)                                                     |                                | 710         |  |

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|                                                  |          |            |         |       |        |
|--------------------------------------------------|----------|------------|---------|-------|--------|
| Total noninterest income                         | 2,943    | (1,834)    | (320)   | 43    | 832    |
| <b>Noninterest Expense</b>                       |          |            |         |       |        |
| Compensation and benefits                        | 659      | (44)       | (154)   |       | 461    |
| Other                                            | 508      | (28)       | (69)    |       | 411    |
| Total noninterest expense                        | 1,167    | (72)       | (223)   |       | 872    |
| Income before minority interest and income taxes | 2,327    | (1,762)    | (100)   | 43    | 508    |
| Minority interest in income of BlackRock         | 6        | 14         | (20)    |       |        |
| Income taxes                                     | 837      | (672)      | (38)    | 1     | 128    |
| Net income                                       | \$ 1,484 | \$ (1,104) | \$ (42) | \$ 42 | \$ 380 |

- 
- (a) See note (a) on page A1.
- (b) Includes the impact of the following items on a pretax basis: \$12 million net loss related to BlackRock LTIP and \$10 million of BlackRock/MLIM transaction integration costs.
- (c) Includes the impact of the following items, all on a pretax basis: \$2,078 million gain on BlackRock/MLIM transaction, \$196 million securities portfolio rebalancing loss, \$72 million of BlackRock/MLIM transaction integration costs, and \$48 million mortgage loan portfolio repositioning loss.
- (d) BlackRock investment revenue represents PNC's approximately 69% ownership interest in earnings of BlackRock for the third quarter of 2006, excluding pretax BlackRock/MLIM transaction integration costs totaling \$72 million. The income taxes amount represents additional income taxes recorded by PNC related to BlackRock earnings.

**Appendix to Financial Supplement (continued)**

The PNC Financial Services Group, Inc.

**Adjusted Condensed Consolidated Income Statement Reconciliation (Unaudited) (a)**

For the three months ended June 30, 2006

| <i>In millions</i>                                   | PNC<br>As Reported | BlackRock/MLIM<br>Transaction<br>Integration Costs | BlackRock<br>Deconsolidation and<br>Other<br>Adjustments | BlackRock Equity<br>Method (b) | PNC<br>As Adjusted |
|------------------------------------------------------|--------------------|----------------------------------------------------|----------------------------------------------------------|--------------------------------|--------------------|
| <b>Net Interest Income</b>                           |                    |                                                    |                                                          |                                |                    |
| Net interest income                                  | \$ 556             |                                                    | \$ (4)                                                   |                                | \$ 552             |
| Provision for credit losses                          | 44                 |                                                    |                                                          |                                | 44                 |
| Net interest income less provision for credit losses | 512                |                                                    | (4)                                                      |                                | 508                |
| <b>Noninterest Income</b>                            |                    |                                                    |                                                          |                                |                    |
| Asset management                                     | 429                |                                                    | (349)                                                    | \$ 49                          | 129                |
| Other                                                | 801                |                                                    | (12)                                                     |                                | 789                |
| Total noninterest income                             | 1,230              |                                                    | (361)                                                    | 49                             | 918                |
| <b>Noninterest Expense</b>                           |                    |                                                    |                                                          |                                |                    |
| Compensation and benefits                            | 634                | \$ 3                                               | (180)                                                    |                                | 457                |
| Other                                                | 511                | (16)                                               | (71)                                                     |                                | 424                |
| Total noninterest expense                            | 1,145              | (13)                                               | (251)                                                    |                                | 881                |
| Income before minority interest and income taxes     | 597                | 13                                                 | (114)                                                    | 49                             | 545                |
| Minority interest in income of BlackRock             | 19                 | 3                                                  | (22)                                                     |                                |                    |
| Income taxes                                         | 197                | 5                                                  | (46)                                                     | 3                              | 159                |
| Net income                                           | \$ 381             | \$ 5                                               | \$ (46)                                                  | \$ 46                          | \$ 386             |

(a) See note (a) on page A1.

(b) BlackRock investment revenue represents PNC's approximately 69% ownership interest in earnings of BlackRock for second quarter of 2006, excluding pretax BlackRock/MLIM transaction integration costs totaling \$13 million. The income taxes amount represents additional income taxes recorded by PNC related to BlackRock earnings.

The PNC Financial Services Group, Inc.  
Second Quarter 2007  
Earnings Conference Call  
July 19, 2007

This presentation contains forward-looking statements regarding our outlook or expectations relating to PNC's future business condition, financial performance and asset quality. Forward-looking statements are necessarily subject to numerous assumptions and uncertainties, which change over time.

The forward-looking statements in this presentation are qualified by the factors affecting forward-looking statements identified

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  
these  
factors  
in  
our  
2006  
Form  
10-K,  
including  
in  
the  
Risk  
Factors  
and  
Risk  
Management  
sections,  
and  
in  
our  
first  
quarter  
2007  
Form  
10-Q  
and

other  
SEC  
reports  
(accessible  
on  
the  
SEC's  
website  
at  
[www.sec.gov](http://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 which our forward-looking statements are subject. The forward-looking statements in this presentation speak only as of the date of the 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

of  
accounting  
for  
our  
equity  
investment  
in  
BlackRock  
and  
(2)  
the  
impact  
of  
certain  
specified  
items,  
including  
2006  
BlackRock/MLIM  
transaction  
gain,  
2006  
cost  
of  
securities  
and  
mortgage  
portfolio  
repositionings,  
2006  
and  
2007  
BlackRock/MLIM  
transaction  
and  
Mercantile  
Bankshares  
acquisition  
integration  
costs,  
and  
2006  
and  
2007  
gains/losses  
related  
to  
our  
BlackRock

LTIP shares obligation. We have provided these adjusted amounts and reconciliations so that investors, analysts, regulators and

able to evaluate the impact of these items on our results for the periods presented, in addition to providing a basis of comparability with the BlackRock deconsolidation given the magnitude of the impact of deconsolidation on various components of our income statement. That information as adjusted for the impact of the specified items may be useful due to the extent to which these items are not included in our ongoing operations as the result of our management activities on those operations.

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 those shown. In certain discussions, we also provide revenue information on a taxable-equivalent basis for the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment may be useful when comparing yields and margins for all earning assets.

This presentation may also include a discussion of other non-GAAP financial measures, which, to the extent not so qualified, are

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.

Cautionary Statement Regarding Forward-Looking  
Information and Adjusted Information

Primary businesses met or exceeded expectations  
Reported earnings of \$1.22 per diluted share  
First half 2007 earnings up 20% versus first half  
2006  
Asset quality remained excellent  
Mercantile integration on track  
2007 Second Quarter Highlights

Executing on Our Strategies

Key Take-Aways

Performance Summary

Adjusted earnings\* of \$1.25 per diluted share

Strong core performance by primary businesses partially offset by weak private equity and trading; cross-border lease impact

Continued to create positive operating leverage



Well positioned from a risk perspective

Continuation of share repurchase program in 2007

\*Adjusted earnings exclude integration costs and are reconciled to GAAP earnings in the Appendix.

10%  
30%  
13%  
15%  
Growing Higher Quality Revenue  
Streams  
Noninterest

Income

\$1.75 Billion

61%

Six months ended June 30, As Adjusted\*

Deposit NII

\$653 Million

23%

Loan NII

\$465 Million

16%

Noninterest

Income

\$1.9 Billion

58%

Deposit NII

\$849 Million

26%

Loan NII

\$526 Million

16%

Total Revenue Growth

\* Adjusted amounts are reconciled to GAAP in the Appendix

\*\*Unadjusted

growth:

total

revenue

(6%),

noninterest

income

(19%),

deposit

net

interest

income

30%,

loan

net

interest

income

11%

% Change vs

2006\*\*

2007

2006

Revenue Mix

\$0  
\$1  
\$2  
\$3  
\$4  
\$5  
\$6

\$7

2004

2005

2006

Revenue

9%

Creating Positive Operating Leverage

Growing Revenues Faster Than Expenses

\$ billions

Compound Annual

Growth Rate

(2004

2006)

Adjusted Revenue

(Taxable-equivalent) -

\$5.6 billion, \$6.4 billion, \$8.6 billion as reported for 2004, 2005, 2006, respectively

Adjusted Noninterest

Expense -

\$3.7 billion, \$4.3 billion, \$4.4 billion as reported for 2004, 2005, 2006, respectively

Adjusted Net Income -

\$1.2 billion, \$1.3 billion, \$2.6 billion as reported for 2004, 2005, 2006, respectively

Net Income

12%

\$1.2

\$1.3

\$1.5

Expense

7%

Revenue +15%

Expense +12%

Net Income +17%

Trend Continues\*

\*

As reported: revenue (6%), expense (14%), net income 20%. Adjusted numbers and taxable-equivalent revenue are reconciled to GAAP in the Appendix.

Six months ended June 30, as adjusted

2007 vs

2006

Maintaining Moderate Risk Profile

Credit Risk Profile

-

Excellent credit quality

-

Credit decisions driven by risk-adjusted returns

-

Minimal sub-prime exposure

Interest Rate Risk

-

Total return philosophy

-

Sophisticated risk management skills

-

Well-positioned balance sheet

We make statements in this presentation, and we may from time to time make other statements, regarding our outlook or expectations for earnings, revenues, expenses and/or other matters regarding or affecting PNC that are forward-looking statements within the meaning of the Private Securities Litigation identified by words such



as  
believe,  
expect,  
anticipate,  
intend,  
outlook,  
estimate,  
forecast,  
project

and  
other  
similar  
words  
and  
expressions.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-lo

We  
do  
not  
assume  
any  
duty  
and  
do  
not  
undertake  
to  
update  
our  
forward-looking  
statements.

Because  
forward-looking  
statements  
are  
subject  
to  
assumptions  
and  
uncertainties,  
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 our forward-looking statements ended December 31, 2006, including in the Risk Factors and Risk Management sections of that report, and in our first quarter 2007 forward-looking statements may also be subject to other risks and uncertainties, including those that we may discuss elsewhere in this report.

For more information on the  
the  
SEC's  
SEC's  
website  
at  
www.sec.gov  
and  
on  
or  
through  
our  
corporate website  
at  
www.pnc.com  
under  
About  
PNC

Investor  
Relations

Financial  
Information.

Our business and operating results are affected by business and economic conditions generally or specifically in the principal markets in which we operate. Our business and operating results are affected by changes in interest rates, inflation, and other economic factors. Our business and operating results are also affected by changes in our

customers  
and  
counterparties  
financial  
performance,  
as  
well  
as  
changes  
in  
customer  
preferences  
and  
behavior,  
including  
as  
a  
result  
of  
changing  
business and economic conditions.

The value of our assets and liabilities, as well as our overall financial performance, is also affected by changes in interest rates. Actions by the Federal Reserve and other government agencies, including those that impact money supply and market interest results.

Our operating results are affected by our liability to provide shares of BlackRock common stock to help fund BlackRock long-liability  
is  
adjusted  
quarterly  
( marked-to-market )  
based  
on  
changes  
in  
BlackRock's  
common  
stock  
price  
and  
the  
number  
of  
remaining  
committed  
shares,  
and  
we  
recognize

gain or loss on such shares at such times as shares are transferred for payouts under the LTIP programs.

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

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

Our ability to grow successfully through acquisitions is impacted by a number of risks and uncertainties related both to the acquisition and integration of the acquired businesses into PNC after closing. These uncertainties are present with respect to our pending acquisitions of ( Sterling Bancorp ) and ( Yardville National Bancorp ( Yardville ) ), and continue to be present with respect to the integration of Mercantile Bankshares Corporation.

Legal and regulatory developments could have an impact on our ability to operate our businesses or our financial condition or results of operations.

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: (a) the unfavorable resolution of legal proceedings or regulatory and litigation risk from recent regulatory and other governmental developments; (c) the results of the regulatory examination process, agreements with governmental agencies, and regulators in the future use of supervisory and enforcement tools; (d) legislative and regulatory reforms, including changes to laws and regulations involving tax, pension, and the protection of confidential customer information; and (e) changes in accounting pol

Our business and operating results are affected by our ability to identify and effectively manage risks inherent in our business and the effective use of third-party insurance and capital management techniques.

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

Cautionary Statement Regarding  
Forward-Looking Information

The adequacy of our intellectual property protection, and the extent of any costs associated with obtaining rights in intellectual property, may affect our business and operating results.

Our business and operating results can also be affected by widespread natural disasters, terrorist activities or international hostilities, economic downturns, and changes in the economy and financial and capital 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 of Sterling Financial Corp.

are discussed in more detail in BlackRock's 2006 Form 10-K, including in the Risk Factors section, and in BlackRock's other filings with the SEC, accessible on the SEC's website and on or through BlackRock's website at [www.blackrock.com](http://www.blackrock.com).

We grow our business from time to time by acquiring other financial services companies, including the pending Sterling and Yorkville, which may be subject to risks other than those presented by the nature of the business acquired. In particular, acquisitions may be substantially more costly than anticipated (including costs incurred in connection with the integration of the acquired company) and the anticipated benefits (including anticipated cost savings) may take longer to achieve than expected. In some cases, acquisitions involve our entry into new businesses or new geographic markets, which may result in risks to our performance resulting from our inexperience in these new



areas.

As

a

regulated

financial

institution,

our

pursuit

of

attractive

acquisition

opportunities

could

be

negatively

impacted

due

to

regulatory

delays

or

other

regulatory

issues.

Regulatory

and/or

legal

issues

related

to

the

pre-acquisition

operations

of

an

acquired

business

may

cause

reputational

harm

to

PNC

following

the

acquisition and integration of the acquired business into ours and may result in additional future costs arising as a result of those costs to Mercantile as we complete the integration.

Any annualized, proforma, estimated, third party or consensus numbers in this presentation are used for illustrative or comparative purposes. All numbers are in U.S. dollars unless otherwise indicated.

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 results.

Cautionary Statement Regarding  
Forward-Looking Information (continued)

The PNC Financial Services Group, Inc. and Sterling Financial Corporation will be filing a proxy statement/prospectus and other relevant documents concerning

the  
merger  
with  
the  
United  
States

Securities and Exchange Commission (the "SEC"). WE URGE INVESTORS TO READ THE PROXY STATEMENT/PROSPECTUS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR INCORPORATED BY REFERENCE IN THE PROXY STATEMENT/PROSPECTUS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Investors  
will  
be  
able  
to  
obtain  
these  
documents  
free  
of  
charge  
at  
the  
SEC's  
web  
site  
([www.sec.gov](http://www.sec.gov)).

In addition, documents filed with the SEC by The PNC Financial Services Group, Inc. will be available free of charge from Shareholder Relations at (800) 843-2206. Documents filed with the SEC by Sterling Financial Corporation will be available free of charge from Sterling Financial Corporation by contacting Shareholder Relations at (877) 248-6420.

The directors, executive officers, and certain other members of management and employees of Sterling Financial Corporation are participants in the solicitation of proxies in favor of the merger from the shareholders of Sterling Financial Corporation. Information about the directors and executive officers of Sterling Financial Corporation is included in the proxy statement for its May 8, 2007 annual meeting of shareholders, which was filed with the SEC on April 2, 2007. Additional information regarding the interests of such participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

Additional Information About The PNC/Sterling  
Financial Corporation Transaction

The PNC Financial Services Group, Inc. ( PNC ) and Yardville National Bancorp ( Yardville ) have filed with the United States Securities and Exchange Commission (the SEC ) a Registration Statement on Form S-4 that includes a preliminary version of a proxy statement of Yardville that also constitutes a preliminary prospectus of PNC. The S-4 has not yet become effective. The parties will file other relevant documents concerning the proposed

transaction  
with  
the  
SEC.  
Following  
the  
S-4  
being  
declared  
effective  
by  
the  
SEC,

Yardville intends to mail the final proxy statement to its shareholders. Such final documents, however, are not currently available. **WE URGE INVESTORS TO READ THE FINAL PROXY STATEMENT/PROSPECTUS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR INCORPORATED BY REFERENCE IN THE PROXY STATEMENT/PROSPECTUS, IF AND WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.**

Investors may obtain these documents, if and when they become available, free of charge at the SEC's web site ([www.sec.gov](http://www.sec.gov)).

In  
addition,  
documents  
filed  
with  
the  
SEC  
by  
PNC  
will  
be  
available  
free  
of  
charge

from Shareholder Relations at (800) 843-2206. Documents filed with the SEC by Yardville will be available free of charge from Yardville by contacting Howard N. Hall, Assistant Treasurer's Office, 2465 Kuser Road, Hamilton, NJ 08690 or by calling (609) 631-6223.

The directors, executive officers, and certain other members of management and employees of Yardville are participants in the solicitation of proxies in favor of the merger from the shareholders of Yardville. Information about the directors and executive officers of Yardville is set forth in its Annual Report on Form 10-K filed on March 30, 2007 for the year ended December 31, 2006, as amended by the Form 10-K/A filed on May 10, 2007. Additional information regarding the interests of such participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC if and when they become available.

Additional Information About The  
PNC/Yardville National Bancorp Transaction









Non-GAAP to GAAP  
Reconcilement  
Appendix  
Income Statement Summary  
2004 to 2006 (continued)  
For the year ended December 31, 2004  
BlackRock

PNC  
 Deconsolidation and  
 BlackRock  
 PNC  
 In millions  
 As Reported  
 Other Adjustments  
 Equity Method  
 As Adjusted  
 Net interest income  
 \$1,969  
 \$(14)  
 \$1,955  
 Provision for credit losses  
 52  
 52  
 Noninterest income  
 3,572  
 (745)  
 \$101  
 2,928  
 Noninterest expense  
 3,712  
 (564)  
 3,148  
 Income before minority interest and income taxes  
 1,777  
 (195)  
 101  
 1,683  
 Minority interest in income of BlackRock  
 42  
 (42)  
 Income taxes  
 538  
 (59)  
 7  
 486  
 Net income  
 \$1,197  
 \$(94)  
 \$94  
 \$1,197  
 In millions  
 2004  
 2005  
 2006  
 CAGR  
 Adjusted net interest income  
 \$1,955

\$2,142  
 \$2,235  
 Adjusted noninterest income  
 2,928  
 3,122  
 3,572  
 Taxable-equivalent adjustment  
 20  
 33  
 25  
 Adjusted total revenue  
 4,903  
 5,297  
 5,832  
 9%  
 Adjusted noninterest expense  
 3,148  
 3,453  
 3,587  
 7%  
 Adjusted net income  
 \$1,197  
 \$1,325  
 \$1,514  
 12%  
 In millions  
 2004  
 2005  
 2006  
 CAGR  
 Net interest income, as reported  
 \$1,969  
 \$2,154  
 \$2,245  
 Noninterest income, as reported  
 3,572  
 4,173  
 6,327  
 Taxable-equivalent adjustment  
 20  
 33  
 25  
 Total revenue, taxable equivalent basis  
 5,561  
 6,360  
 8,597  
 24%  
 Noninterest expense, as reported  
 3,712  
 4,306

4,443

9%

Net income, as reported

\$1,197

\$1,325

\$2,595

47%