MERCANTILE BANKSHARES CORP
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On January 23, 2007, The PNC Financial Services Group, Inc. (PNC) issued the attached press release and supplementary information announcing its earnings and business for the quarter and year ended December 31, 2006, and presentation materials from an accompanying presentation to investors.

Exhibit 99.1

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PNC 2006 DILUTED EPS OF $8.73 SETS ALL-TIME RECORD

Adjusted diluted EPS of $5.06 excludes net effects of BlackRock transaction and balance sheet repositioning

Total assets exceed $100 billion for first time

PITTSBURGH, Jan. 23, 2007 The PNC Financial Services Group, Inc. (NYSE: PNC) today reported record 2006 net income of $2.6 billion, or $8.73 per diluted share, compared with 2005 net income of $1.3 billion, or $4.55 per diluted share.

PNC earned adjusted net income of $1.5 billion, or $5.06 per diluted share, for the year. Adjusted net income for 2006 excluded, after-tax, a $1.3 billion gain on the BlackRock/Merrill Lynch Investment Managers (MLIM) transaction, a $127 million loss on the repositioning of PNCs securities portfolio, $47 million in BlackRock/MLIM transaction integration costs and a $31 million loss on the repositioning of PNCs mortgage loan portfolio, as noted in the adjustments on page 13 of this release.

Net income for the fourth quarter of 2006 was $376 million, or $1.27 per diluted share. Excluding BlackRock/MLIM transaction integration costs of $8 million after-tax, adjusted net income for the fourth quarter of 2006 was $384 million, or $1.30 per diluted share. Net income was $355 million, or $1.20 per diluted share, in the fourth quarter of 2005.

PNC delivered extraordinary value to its shareholders in 2006, said PNC Chairman and Chief Executive Officer James E. Rohr. Total return was among the best in the industry. We grew customers, revenue, and average loans and deposits compared with 2005. At the same time, we accomplished key strategic initiatives. The completion of the BlackRock/MLIM transaction, the announcement of our planned Mercantile acquisition and our continuing success in risk management position us well for the years ahead.

HIGHLIGHTS

- Total PNC assets exceeded $100 billion for the first time. We believe this further confirms PNCs position among an elite group of U.S. banks with the scale to compete in a consolidating industry.
- Average loans of $49.0 billion for the fourth quarter of 2006 increased $210 million compared with the fourth quarter 2005. Average loans increased $2.1 billion, or 4 percent, compared with the prior year fourth quarter excluding the effect of a $1.9 billion decrease in residential mortgage loans related to PNCs third quarter balance sheet repositioning. The increase was largely due to growth in commercial

and commercial real estate loans.

- Average deposits for the fourth quarter increased $4.2 billion, or 7 percent, compared with the same quarter in the prior year, primarily as a result of an increase in interest-bearing deposits as customers continued to shift deposits to higher-return accounts. Average noninterest-bearing deposits increased $770 million, or 5 percent, compared with the fourth quarter of 2005.
- Asset quality remained very strong. Nonperforming loans decreased $20 million, or 12 percent, compared with September 30, 2006, to .29 percent of total loans.
- PNCs integration of Mercantile Bankshares Corporation is progressing on track and has achieved several important objectives, including identifying leadership personnel for key positions within the Mercantile service

territory. PNCs priority for the integration is the retention of customers and customer-facing staff. The transaction is expected to close in March of 2007.

Return on average common shareholders equity for the year was 27.97 percent, or 16.24 percent, as adjusted. Return on average common shareholders equity for 2005 was 16.58 percent. For the fourth quarter of 2006, return on average common shareholders equity was 13.82 percent, or 14.10 percent, as adjusted. The return on average common shareholders equity was 16.91 percent for the fourth quarter of 2005. The decline of the return from the fourth quarter of 2005 to the fourth quarter of 2006 was due to the significant increase in equity resulting from the BlackRock/MLIM transaction.

As described on page 9 of this news release, the Consolidated Financial Highlights accompanying this news release include several new and reformatted schedules to reconcile the reported and adjusted results, including adjusted results referred to in this news release, and to provide information illustrating the impact of the equity method of accounting for BlackRock.

BUSINESS SEGMENT RESULTS

Retail Banking

Retail Banking earned $184 million for the quarter, compared with $195 million for the year-ago quarter and $206 million for the third quarter of 2006. The decreases when compared with the prior year fourth quarter and the prior quarter were largely the result of an increase in the provision for credit losses due to small business commercial loan growth. Revenue growth, primarily driven by fee income, was substantially offset by higher expenses associated with increased fee income and business growth initiatives. These initiatives included continued expansion of the Private Client Group and branch network, the launch of a refined set of checking products, a new PNC branded credit card, and an increase to majority ownership of the merchant services business.

Full year 2006 earnings increased $83 million, to $765 million, a 12 percent increase in earnings. Compared with the full year 2005, revenue increased 9 percent, while noninterest expense increased 6 percent, creating positive operating leverage.

Retail Banking highlights:

- Checking relationships grew by a net 20,000 compared with a year ago and declined slightly since September 30, 2006, as PNC focused on consolidating low-activity, low-balance accounts and sought higher quality relationships.
- Small business lending continues to be an area of growth; loan balances grew 13 percent over the prior year quarter and 2 percent over the linked quarter.
- Average deposit balances increased $1.7 billion, or 4 percent, compared with the prior year fourth quarter and $596 million, or 1 percent, from the prior quarter. In the current rate environment, certificates of deposit have been the major growth product over the periods of comparison.
- Assets under management were $54 billion at December 31, 2006, an increase of $5 billion, or 10 percent, compared with December 31, 2005 and an increase of $2 billion, or 4 percent, compared with September 30, 2006. Customer assets in brokerage accounts totaled $46 billion at December 31, 2006 compared with $42 billion at December 31, 2005 and $44 billion at September 30, 2006.
- Noninterest income for the fourth quarter of 2006 increased $42 million, or 12 percent, compared with the prior year quarter and $16 million, or 4 percent, compared with the third quarter of 2006. The growth in fee income from the prior year fourth quarter was driven by higher gains from asset sales, higher revenue from our brokerage and asset management businesses given the favorable equity markets, and new business initiatives.
- Noninterest expense for the fourth quarter of 2006 increased $37 million, or 9 percent, compared with the prior year fourth quarter and $15 million, or 3 percent, compared with the third quarter of 2006. The growth in expenses for both comparisons was primarily a result of expenses directly associated with fee income related businesses and a number of growth initiatives in the business.

- Asset quality in the Retail Banking segment continues to be very strong.

Corporate & Institutional Banking

Corporate & Institutional Banking earned $463 million in 2006, compared with $480 million in 2005. The 2005 results included the after-tax benefit of a large loan recovery of $34 million recognized in the second quarter. Earnings grew 7 percent year over year excluding the provision for credit losses of $27 million after tax in 2006 and net recovery of credit losses of $20 million after tax in 2005.

Corporate & Institutional Banking earned $129 million in the fourth quarter, compared with $108 million in the fourth quarter of the prior year and $113 million in the third quarter of 2006. The increase when compared with the fourth quarter of 2005 was largely the result of a decrease in provision for credit losses and increases in corporate service fees and net interest income, partly offset by an increase in noninterest expense. The earnings increase compared with the prior quarter was primarily attributable to growth in fee and trading revenue, partly offset by an increase in noninterest expense.

Corporate & Institutional Banking highlights:

- Noninterest income increased 17 percent compared with the prior year quarter and the third quarter of 2006. The growth compared with the prior year quarter was the result of higher revenue from capital markets, including the impact of Harris Williams, and higher treasury management revenue. The increase compared with the prior quarter largely was due to growth in capital markets revenues, affordable housing partnership distribution income and net gains on commercial mortgage loan sales.
- Noninterest expense increased $22 million, or 12 percent, compared with the fourth quarter of 2005, largely due to an increase in expenses associated with higher corporate services fee revenue. Fourth quarter 2006 expenses increased $17 million, or 9 percent, compared with the prior quarter, due to the growth in commercial real estate activities.
- Average loan balances increased $1.2 billion from the prior year fourth quarter. Average loans in the prior year included $430 million in average loans from Market Street, which was deconsolidated in October 2005.

  Excluding the impact of the Market Street loans, average loan balances increased approximately $1.7 billion, or 9percent, driven by demand for corporate, commercial real estate and asset-based lending loans.
- Average deposit balances for the quarter increased $1.6 billion, or 16 percent, compared with the fourth quarter of 2005. On a linked quarter basis, average deposits increased $1.3 billion or 12 percent, driving a 4 percent growth in net interest income. The increases compared with the prior year quarter and prior quarter were due to growth in the commercial mortgage servicing portfolio of Midland and treasury management services.
- The commercial mortgage servicing portfolio was $200 billion at December 31, 2006, an increase of 47 percent from December 31, 2005.
- Asset quality continued to be strong with nonperforming assets declining compared with the linked quarter.

BlackRock

PNCs BlackRock segment earned $50 million in the fourth quarter of 2006, compared with $48 million in the fourth quarter of 2005 and $42 million in the prior quarter. These amounts include the impact of PNCs taxes associated with our share of BlackRocks income, previously recorded in the Other segment.

For PNC business segment reporting presentation, PNC reflects its portion of integration costs incurred by BlackRock for the MLIM transaction in Other rather than in earnings from its BlackRock investment.

Prior to the September 29, 2006 closing of the MLIM transaction, PNC owned approximately 69 percent of BlackRock. For the periods prior to the BlackRock/MLIM transaction closing, PNCs earnings from its investment in BlackRock as presented above have been reduced by minority interest in the income of BlackRock.

Upon closing of the MLIM acquisition, PNC owned approximately 34 percent of BlackRock. In accordance with generally accepted accounting principles, PNC deconsolidated BlackRock and, beginning with the fourth quarter of 2006, accounted for BlackRocks earnings contribution using the equity method, with BlackRocks contribution to PNCs earnings reported in the asset management line item of PNCs consolidated income statement.

PFPC

PFPC earned $124 million in 2006, compared with $104 million in 2005. The increase resulted from the benefit of a deferred tax reversal of $14 million in the third quarter, increased servicing revenue and disciplined expense control.

The business earned $31 million for the quarter, compared with $29 million in the year-earlier period and $40 million in the linked quarter. The earnings decrease from the third quarter of 2006 reflected the tax benefit in the earlier period.

PFPC provided accounting/administration services for $837 billion of net fund assets and provided custody services for $427 billion of fund assets as of December 31, 2006, compared with $835 billion and $476 billion, respectively, on December 31, 2005 and $774 billion and $399 billion, respectively, at September 30, 2006. Total fund assets serviced by PFPC were $2.2 trillion at December 31, 2006, which represented an increase over the asset servicing levels of $1.9 trillion at December 31, 2005 and $2.0 trillion at September 30, 2006.

Other

The Other category includes the gains (losses) related to BlackRock, BlackRock/MLIM transaction integration costs, One PNC implementation costs, asset and liability management activities, related net securities gains or losses, certain trading activities, equity management activities, differences between business segment performance reporting and financial statement (GAAP) reporting, corporate overhead, and intercompany eliminations.

PNC recorded a net loss of $18 million in Other for the quarter, including $8 million after-tax in BlackRock/MLIM transaction integration costs, compared with a net loss of $25 million in the fourth quarter of 2005 and a net gain of $1.1 billion in the third quarter of 2006. The third quarter of 2006 included a $1.3 billion after-tax gain on the BlackRock/MLIM transaction, partly offset by the $127 million after-tax securities portfolio rebalancing loss, $31 million after-tax BlackRock/MLIM transaction integration costs and a $31 million after-tax loss on the mortgage loan portfolio repositioning.

CONSOLIDATED REVENUE REVIEW

Taxable-equivalent net interest income totaled $571 million for the quarter, an increase of $3 million compared with the year-earlier period and a decrease of $3 million compared with the third quarter of 2006. The net interest margin in the fourth quarter of 2006 was 2.88 percent, compared with 2.96 percent in the year-earlier period and 2.89 percent in the third quarter of 2006. The increase in net interest income over the prior year quarter was largely the result of increased interest income from loans and securities, partly offset by the higher cost of deposits and borrowings. The decrease compared with the prior quarter was due to the deconsolidation of BlackRock. The Consolidated Financial Highlights accompanying this news release include a reconciliation of taxable-equivalent net interest income to net interest income as reported under GAAP.

Noninterest income totaled $969 million, or $979 million as adjusted for BlackRock/MLIM transaction integration costs, for the fourth quarter of 2006 compared with $1.2 billion, or $837 million as adjusted, for the same quarter in the prior year, and $2.9 billion, or $832 million as adjusted, in the third quarter of 2006. Noninterest income as adjusted reflects the impact of certain significant 2006 items (the BlackRock/MLIM transaction and balance sheet repositionings) and BlackRock equity method of accounting as noted in the Consolidated Financial Highlights section of this release.

The increase in adjusted noninterest income compared with the fourth quarter of 2005 and third quarter 2006 adjusted results was due primarily to an increase in fund servicing, asset management, and corporate and consumer service revenues. Customer-driven fee revenue increased compared with the year earlier period, including a 24 percent increase in corporate services and a 16 percent increase in consumer services.

Asset management revenue as adjusted increased 24 percent compared with the fourth quarter of 2005, due to an increased contribution from BlackRock and higher assets under management in Retail Bankings wealth management business. Fund servicing revenue increased largely as a result of growth in distribution/out-of-pocket revenues at PFPC due to the BlackRock/MLIM merger. These revenues and the related expenses are recorded on a gross basis with no operating margin.

CONSOLIDATED EXPENSE REVIEW

Noninterest expense for the three months ended December 31, 2006 was $969 million, compared with the prior year quarter noninterest expense of $1.1 billion, or $870 million as adjusted, and noninterest expense of $1.2 billion, or $872 million as adjusted, for the third quarter of 2006. Also excluding PFPCs distribution/out-of-pocket expenses noted above, which were $64 million, $32 million and $35 million in the fourth quarter 2006, fourth quarter 2005 and third quarter 2006, respectively, the increases compared with both adjusted quarters would have been approximately $67 million, or 8 percent. The increase was equally driven by increased costs associated with higher staff incentive compensation, including a $16 million one-time payment to non-executive employees, and other expense growth, including the call of trust preferred securities. Noninterest expense as adjusted reflects adjustments related to the impact of certain significant 2006 items and BlackRock equity method of accounting, as listed in the Consolidated Financial Highlights section of this release.

CONSOLIDATED BALANCE SHEET REVIEW

Total assets were $101.8 billion at December 31, 2006, compared with $92.0 billion at December 31, 2005, and

$98.4 billion at September 30, 2006. The increase compared with year-end 2005 reflected a $4.0 billion increase in equity investments primarily due to the impact of the BlackRock/MLIM transaction on PNC and growth in securities and loans. The increase compared with the third quarter of 2006 was largely due to an increase in loans and securities, reflecting the third quarter balance sheet repositioning.

Average loans of $49.0 billion for the quarter increased $210 million over the year-earlier period and decreased $1.3 billion, or 3 percent, compared with the linked period. Average loans increased $2.1 billion, or 4 percent, compared with the prior year fourth quarter excluding the $1.9 billion decrease in residential mortgage loans related to PNC's balance sheet repositioning. The increase in average loans compared with the fourth quarter of 2005 was primarily a result of increased commercial and commercial real estate loans. The decrease from the third quarter of 2006 was a result of the lower residential mortgages after the balance sheet repositioning, partly offset by growth in commercial real estate and consumer loans.

Average securities for the fourth quarter of 2006 were $21.2 billion, an increase of $413 million, or 2 percent, compared with the fourth quarter of 2005, and average securities decreased $469 million, or 2 percent, compared with the linked quarter. The increase in securities compared with the prior year quarter was primarily the result of an increase in mortgage- and asset-backed securities, offset by a decline in U.S. Treasury and government agency securities. This change in mix resulted in part from the third quarter 2006 balance sheet repositioning. The decrease in securities compared with the third quarter of 2006 was primarily the result of the balance sheet repositioning, somewhat offset by growth in mortgage- and asset-backed securities.

Average deposits of $65.0 billion increased $4.2 billion, or 7 percent, compared with the same quarter in the prior year, and increased $393 million, or 1 percent, compared with the linked quarter. Average deposits grew from the prior year quarter primarily as a result of an increase in interest-bearing deposits as customers continued to shift deposits to higher-return accounts. Average deposits compared with the prior quarter increased as a result of growth in money market and retail certificates of deposit, partly offset by a decline in Eurodollar deposits. Average demand and other noninterest-bearing deposits increased $770 million, or 5 percent, compared with the prior year quarter and increased $278 million, or 2 percent, versus the linked quarter, largely as a result of deposits attributed to the commercial mortgage servicing portfolio at Midland.

PNCs Tier 1 risk-based capital ratio was an estimated 10.4 percent at December 31, 2006, compared with 8.3 percent at December 31, 2005 and 10.4 percent at September 30, 2006.

The company repurchased 1.3 million common shares during the fourth quarter under its current common stock repurchase program. The board has authorized a repurchase of up to 20 million shares of common stock, of which approximately 14.5 million remained at the end of the fourth quarter. Following the vote of the Mercantile shareholders regarding the acquisition by PNC, management expects to resume its share repurchase program.

Under the terms of its definitive agreement to acquire Mercantile Bankshares Corporation, which is subject to customary closing conditions, including regulatory and Mercantile shareholder approvals, PNC plans to issue 52.5 million shares of common stock and pay Mercantile shareholders and option holders $2.13 billion in cash upon close of the transaction, expected in March of 2007.

ASSET QUALITY REVIEW

Overall asset quality remained very strong as the company continued to focus on lending that meets prudent risk-reward parameters. The provision for credit losses for the fourth quarter of 2006 was $42 million, compared with $24 million in the fourth quarter of 2005 and $16 million in the third quarter of 2006. The increase in the provision compared with the linked quarter was primarily due to growth in the loan portfolio.

Net charge-offs for the fourth quarter of 2006 were $45 million, or .36 percent of average loans, compared with net charge-offs of $41 million, or .33 percent, for the fourth quarter of 2005 and net charge-offs of $47 million, or .37 percent, for the linked quarter.

Nonperforming assets at December 31, 2006 declined 21 percent compared with the balances at December 31, 2005 and 10 percent compared with September 30, 2006.

CONSOLIDATED FINANCIAL HIGHLIGHTS

The Consolidated Financial Highlights accompanying this news release include: (1) adjusted results for 2006 and 2005, the four quarters of 2006 and the fourth quarter of 2005 illustrating the impact of certain 2006 items, including the gain on the BlackRock/MLIM transaction net of expense, securities portfolio and mortgage loan portfolio rebalancing losses and BlackRock/MLIM transaction integration costs, due to the magnitude of the aggregate of those items for those periods and the impact of the deconsolidation and application of the equity method of accounting for BlackRock, and (2) a reconciliation of these adjusted amounts to net income, certain components of net income, diluted earnings per share and selected ratios as reported under generally accepted accounting principles (GAAP), and to GAAP condensed, consolidated income statements. We have provided these adjusted amounts and reconciliations so that investors, analysts, regulators and others will be better able to evaluate the impact of certain significant items on our GAAP results for these periods. The absence of other adjusted amounts for periods discussed in this news release is not intended to imply that there could not have been other similar types of adjustments for these periods, but any such adjustments would not have been similar in magnitude to the amount of the adjustments shown.

CONFERENCE CALL AND SUPPLEMENTAL FINANCIAL INFORMATION

PNC Chairman and Chief Executive Officer James E. Rohr and Chief Financial Officer Richard J. Johnson will hold a conference call for investors today at 10:30 a.m. Eastern Time regarding the topics addressed in this release and the related financial supplement. Investors should call five to 10 minutes before the start of the conference call at (800) 990-2718 or (706) 643-0187 (international). A slide presentation to accompany the conference call remarks may be found at www.pnc.com under About PNC Investor Relations Investor Events. A taped replay of the call will be available for one week at (800) 642-1687 or (706) 645-9291 (international); enter conference ID 4753520.

In addition, Internet access to the call (listen only) and to PNCs fourth quarter and full year 2006 earnings release and supplemental financial information will be available at www.pnc.com under About PNC Investor Relations Investor Events. A replay of the webcast will be available on PNCs Web site for 30 days.

The PNC Financial Services Group, Inc. (www.pnc.com) is one of the nations largest diversified financial services organizations providing retail and business banking; specialized services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management; asset management and global fund services.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

We make statements in this news release and in the conference call regarding this news release, 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 Reform Act. Forward-looking statements are typically identified by words such as believe, expect, anticipate, intend, outlook, estimate, forecast, project and other similar words and expr

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made. We do not assume any duty and do not undertake to update our forward-looking statements. 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 some of these factors in our Form 10-K for the year ended December 31, 2005 and in our 2006 Form 10-Qs, including in the Risk Factors and Risk Management sections of those reports. Our forward-looking statements may also be subject to other risks and uncertainties, including those that we may discuss elsewhere in this news release or in our filings with the SEC, accessible on the SECs 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 do business. We are affected by changes in our customers financial performance, as well as changes in customer preferences and behavior, including as a result of changing economic conditions.
- The value of our assets and liabilities as well as our overall financial performance are affected by changes in interest rates or in valuations in the debt and equity markets. Actions by the Federal Reserve and other government agencies, including those that impact money supply and market interest rates, can affect our activities and financial results.
- Competition can have an impact on customer acquisition, growth and retention, as well as on our credit spreads and product pricing, which can affect market share, deposits and revenues.
- Our ability to implement our One PNC initiative, as well as other business initiatives and strategies we may pursue, 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 transactions themselves and to the integration of the acquired businesses into PNC after closing. These uncertainties are present in transactions such as our pending acquisition 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 or our competitive position or reputation. Reputational impacts, in turn, could affect matters such as business generation and retention, our ability to attract and retain management, liquidity and funding. These legal and regulatory developments could include: (a) the unfavorable resolution of legal proceedings or regulatory and other governmental inquiries; (b) increased litigation risk from recent regulatory and other governmental developments; (c) the results of the regulatory examination process, our failure to satisfythe requirements of agreements with governmental agencies, and regulators’ future use of supervisory andenforcement tools; (d) legislative and regulatory reforms, including changes to laws and regulations involvingtax, pension, and the protection of confidential customer information; and (e) changes in accounting policies andprinciples.

- Our business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through the effective use of third-party insurance 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 to meet competitive demands.
- The adequacy of our intellectual property protection, and the extent of any costs associated with obtaining rights in intellectual property claimed by others, can impact our business and operating results.
- Our business and operating results can be affected by widespread natural disasters, terrorist activities or international hostilities, either as a result of the impact on 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 relating to our interest in BlackRock, Inc. are discussed in more detail in BlackRock’s2005 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.

In addition, our pending acquisition of Mercantile Bankshares presents us with a number of risks and uncertainties related both to the acquisition transaction itself and to the integration of the acquired businesses into PNC after closing. These risks and uncertainties include the following:

- Completion of the transaction is dependent on, among other things, receipt of regulatory and Mercantile shareholder approvals, the timing of which cannot be predicted with precision at this point and which may not be received at all. The impact of the completion of the transaction on PNC’s financial statements will be affected by the timing of the transaction.
- The transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events.
- The integration of Mercantile’s business and operations with those of PNC, which will include conversion of Mercantile’s different systems and procedures, may take longer than anticipated, may be more costly than anticipated, and may have unanticipated adverse results relating to Mercantile’s or PNC’s existing businesses.
- The anticipated benefits, including anticipated strategic gains and anticipated cost savings and other synergies of the transaction, may be significantly harder or take longer to be realized than anticipated or may not be achieved in their entirety, including as a result of unexpected factors or events, and attrition in key client, partner and other relationships relating to the transaction may be greater than expected.
- The anticipated benefits to PNC are dependent in part on Mercantile’s business performance in the future, and there can be no assurance as to actual future results, which could be impacted by various factors, including the risks and uncertainties generally related to PNC’s and Mercantile’s performance (with respect to Mercantile, see Mercantile’s SEC reports, accessible on the SEC’s website) or due to factors related to the acquisition of Mercantile and the process of integrating it into PNC.

In addition to the pending Mercantile Bankshares transaction, we grow our business from time to time by acquiring other financial services companies. Acquisitions in general present us with risks other than those presented by the nature of the business acquired. In particular, acquisitions may be substantially more expensive to complete (including as a result of costs incurred in connection with the integration of the acquired company) and the anticipated benefits (including anticipated cost savings and strategic gains) may be significantly harder or take longer to achieve than expected. In some cases, acquisitions involve our entry into new businesses or new geographic or other markets, and these situations also present risks 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 and expenses arising as a result of those issues.

Additional Information about the PNC/Mercantile Transaction

The PNC Financial Services Group, Inc. and Mercantile Bankshares Corporation have filed 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 FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR INCORPORATED BY REFERENCE IN THE PROXY STATEMENT/PROSPECTUS BECAUSE THEY CONTAIN IMPORTANT INFORMATION.

Investors may obtain these documents free of charge at the SECs website (www.sec.gov). In addition, documents filed with the SEC by The PNC Financial Services Group, Inc. are available free of charge from Shareholder Relations at (800) 843-2206. Documents filed with the SEC by Mercantile Bankshares are available free of charge from Mercantile Bankshares Corporation, 2 Hopkins Plaza, P.O. Box 1477, Baltimore, Maryland 21203, Attention: Investor Relations.

The directors, executive officers, and certain other members of management and employees of Mercantile Bankshares Corporation are participants in the solicitation of proxies in favor of the merger from the shareholders of Mercantile Bankshares Corporation. Information about the directors and executive officers of Mercantile Bankshares Corporation is set forth in the proxy statement for its 2006 annual meeting of shareholders, which was filed with the SEC on March 29, 2006. Additional information regarding the interests of such participants is included in the proxy statement/prospectus filed with the SEC.

Consolidated Financial Highlights (Unaudited)

Three months ended	December 31, 2006		September 30, 2006		
Dollars in millions, except per share data	As Reported	As Adjusted (a)	As Reported	As Adjusted (a)	As Repo
FINANCIAL PERFORMANCE					
Revenue					
Net interest income *(taxable-equivalent basis)* (b)...........................	$ 571	$ 571	$ 574	$ 571	
Noninterest income..................................	969	979	2,943	832	
Total revenue...................................	$ 1,540	$ 1,550	$ 3,517	$ 1,403	$
Net income..	$ 376	$ 384	$ 1,484	$ 380	
Diluted earnings per common share...........................	$ 1.27	$ 1.30	$ 5.01	$ 1.28	
Cash dividends declared per common share.............	$ .55	$ .55	$ .55	$ .55	
SELECTED RATIOS					
Net interest margin..	2.88%	2.88%	2.89%	2.88%	
Noninterest income to total revenue (c)....................	63	63	84	60	
Efficiency (d)..	63	63	33	62	
Return on:					
Average common shareholders equity......	13.82%	14.10%	65.94%	16.88%	16
Average assets...	1.51	1.54	6.17	1.58	

Year ended	December 31, 2006		Dece
Dollars in millions, except per share data	As Reported	As Adjusted (a)	As Reported
FINANCIAL PERFORMANCE			
Revenue			
Net interest income *(taxable-equivalent basis)* (b)	$ 2,270	$ 2,260	$ 2,187
Noninterest income	6,327	3,560	4,173
Total revenue	$ 8,597	$ 5,820	$ 6,360
Net income	$ 2,595	$ 1,507	$ 1,325
Diluted earnings per common share..................	$ 8.73	$ 5.06	$ 4.55
Cash dividends declared per common share....	$ 2.15	$ 2.15	$ 2.00
SELECTED RATIOS			
Net interest margin	2.92%	2.91%	3.00%
Noninterest income to total revenue (c)	74	61	66
Efficiency (d)	52	62	68

Return on:			
Average common shareholders equity	27.97%	16.24%	16.58%
Average assets	2.73	1.59	1.50

Certain prior period amounts included in these Consolidated Financial Highlights have been reclassified to conform with the current period presentation.

(a) Amounts adjusted for (1) the impact of certain significant 2006 items for informational purposes due to the magnitude of the aggregate of such adjustments for these periods and (2) as if we had recorded our investment in BlackRock on the equity method for all periods presented. Reconciliations of these adjusted amounts to net income, diluted earnings per share and selected ratios as reported on a generally accepted accounting principles (GAAP) basis are included on page 13. Reconciliations of net interest income, noninterest income, noninterest expense, minority interest, and income taxes as reported (GAAP basis) to adjusted amounts are included on page 14.

(b) See Reconciliation of Net Interest Income on a GAAP Basis to Taxable-Equivalent Net Interest Income on page 14.

(c) Calculated as noninterest income divided by the sum of net interest income (GAAP basis) and noninterest income. Noninterest income for the first, second and third quarters of 2006 and all of 2005 included the impact of BlackRock on a consolidated basis, primarily consisting of asset management fees. Fourth quarter 2006 noninterest income reflected income from our equity investment in BlackRock included in the Asset management line item.

(d) Calculated as noninterest expense divided by the sum of net interest income (GAAP basis) and noninterest income.

RECONCILIATION OF GAAP NET INCOME, DILUTED EPS AND SELECTED RATIOS TO ADJUSTED AMOUNTS

Dollars in millions, except per share data	Three months ended De[cember] 31, 2006 Adjustments, Pretax	Net Income	Di[luted] EPS
Net income, GAAP basis		$ 376	$
Adjustments:			
BlackRock/MLIM transaction integration costs (a)	$ 10	8	
Net income, as adjusted		$ 384	$

	Three months ended September 30, 2006 Adjustments, Pretax	Net Income	Diluted EPS Impact	Year ended Decem[ber] 2006 Adjustments, Pretax	Net Income	Di[luted] EPS
Net income, GAAP basis		$ 1,484	$ 5.01		$ 2,595	$
Adjustments:						
Gain on BlackRock/MLIM transaction (b)	$ (2,078)	(1,293)	(4.36)	$ (2,078)	(1,293)	
Securities portfolio rebalancing loss (b)	196	127	0.43	196	127	
BlackRock/MLIM transaction integration costs (a)	72	31	0.10	101	47	
Mortgage loan portfolio repositioning loss (b)	48	31	0.10	48	31	
Net income, as adjusted		$ 380	$ 1.28		$ 1,507	$

(a) BlackRock/MLIM transaction integration costs for the third quarter 2006 were included in noninterest expense. For the full year 2006, BlackRock/MLIM transaction integration costs recognized by PNC totaled $101 million, including $91 million for the first nine months of 2006 that were included in noninterest expense as BlackRock was consolidated during this period. The remaining $10 million of integration costs, recognized during the fourth quarter 2006, were included in noninterest income as a negative component of the Asset management line item. This line item includes the impact of our equity earnings from our investment in BlackRock, including PNC's share of BlackRock's fourth quarter 2006 integration costs.

(b) Included in noninterest income on a pretax basis.

	Three months ended December 31 2006	Three months ended September 30 2006	Three months ended December 31 2005
Net interest margin, as reported............................	2.88%	2.89%	2.96%
Pretax impact of adjustments......................		(0.01)	(0.03)
Net interest margin, as adjusted............................	2.88%	2.88%	2.93%
Noninterest income to total revenue, GAAP basis.................................	63%	84%	68%
Pretax impact of adjustments......................		(24)	(8)
Noninterest income to total revenue, as adjusted............................	63%	60%	60%
Efficiency, GAAP basis .	63%	33%	66%
Pretax impact of adjustments......................		29	(3)
Efficiency, as adjusted..........	63%	62%	63%
Return on:			
Average common shareholders equity, GAAP basis................	13.82%	65.94%	16.91%
After-tax impact of adjustments.	0.28	(49.06)	
Average common shareholders equity, as adjusted...........	14.10%	16.88%	16.91%
Average assets, GAAP basis.....	1.51%	6.17%	1.53%
After-tax impact of adjustments.	0.03	(4.59)	
Average assets, as adjusted...........	1.54%	1.58%	1.53%

The tables above represent reconciliations of certain GAAP disclosures to adjusted amounts for the 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 certain significant items on our GAAP results for these periods. This 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 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. Our third quarter 2006 Form 10-Q includes additional information regarding our BlackRock/MLIM transaction accounting, securities portfolio rebalancing, and mortgage loan portfolio repositioning.

RECONCILIATION OF GAAP CONDENSED CONSOLIDATED INCOME STATEMENT TO ADJUSTED AMOUNTS (a)

Three months ended Dollars in millions	December 31, 2006			September 30, 2006			December 31, 2(	
	As Reported	Adjustments (a)	As Adjusted (a)	As Reported	Adjustments (a)	As Adjusted (a)	As Reported	Adjustments (b)
Net interest income	$ 566		$ 566	$ 567	(3) $	$ 564	$ 555	$ (5
Provision for credit losses	42		42	16		16	24	
Noninterest income	969 $	10	979	2,943	(2,111)	832	1,154	(317
Noninterest expense	969		969	1,167	(295)	872	1,127	(257
Income before minority interest and income taxes	524	10	534	2,327	(1,819)	508	558	(65
Minority interest in income of BlackRock				6	(6)		22	(22
Income taxes	148	2	150	837	(709)	128	181	(43
Net income .	$ 376 $	8 $	384	$ 1,484	$ (1,104) $	380	$ 355	

Year ended Dollars in millions	December 31, 2006			December 31, 2005		
	As Reported	Adjustments (a)	As Adjusted (a)	As Reported	Adjustments (b)	Adj

Net interest income	$ 2,245	$ (10)	$ 2,235	$ 2,154	$ (12)
Provision for credit losses	124		124	21	
Noninterest income	6,327	(2,767)	3,560	4,173	(1,051)
Noninterest expense	4,443	(856)	3,587	4,306	(853)
Income before minority interest and income taxes	4,005	(1,921)	2,084	2,000	(210)
Minority interest in income of BlackRock	47	(47)		71	(71)
Income taxes	1,363	(786)	577	604	(139)
Net income	$ 2,595	$ (1,088)	$ 1,507	$ 1,325	

(a) See page 13 for additional information. We have included adjusted amounts as additional, supplemental information in the tables on this page 14 because of the magnitude of the aggregate of such adjustments for certain significant items for these periods. Additionally, the amounts also include the impact of the deconsolidation of BlackRock as if we had recorded our investment in BlackRock on the equity method for these periods presented.

(b) Amounts adjusted for the impact of the deconsolidation of BlackRock as if we had recorded our investment in BlackRock on the equity method for these periods presented.

RECONCILIATION OF NET INTEREST INCOME ON A GAAP BASIS TO TAXABLE-EQUIVALENT NET INTEREST INCOME

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 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 in the Consolidated Income Statement.

The following is a reconciliation of net interest income as reported in the Consolidated Income Statement to net interest income on a taxable-equivalent basis (in millions):

	Three months ended			Year ended	
	December 31 2006	September 30 2006	December 31 2005	December 31 2006	December 31 2005
Net interest income, GAAP basis.....................	$ 566	$ 567	$ 555	$ 2,245	$ 2,154
Taxable-equivalent adjustment.........................	5	7	13	25	33
Net interest income, taxable-equivalent basis...	$ 571	$ 574	$ 568	$ 2,270	$ 2,187

In millions	Three months ended			Year ended	
	December 31 2006	September 30 2006	December 31 2005	December 31 2006	December 31 2005
BUSINESS EARNINGS SUMMARY (a)					
Retail Banking...	$ 184	$ 206	$ 195	$ 765	6
Corporate & Institutional Banking.......................................	129	113	108	463	4
BlackRock (b) (c) (d)...	50	42	48	187	1
PFPC..	31	40	29	124	1
Total business segment earnings	394	401	380	1,539	1,4
Other (d) (e)..	(18)	1,083	(25)	1,056	(
Total consolidated net income (f)...........................	$ 376	$ 1,484	$ 355	$ 2,595	$ 1,3

(a) This summary also serves as a reconciliation of total earnings for all business segments to total consolidated net income. Our business segment 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. Certain prior period amounts have been reclassified to conform with the current period presentation.

(b) Our ownership interest in BlackRock was approximately 69% -70% for the fourth quarter and full year 2005 and through the first nine months of 2006. Effective September 29, 2006, PNC's ownership interest in BlackRock dropped to approximately 34%.

(c) These amounts have been reduced by minority interest in income of BlackRock, excluding MLIM integration costs, totaling $20 million and $22 million for the three months ended September 30, 2006 and December 31, 2005, respectively, and totaling $65 million and $71 million for the years ended December 31, 2006 and 2005, respectively.

(d) For this PNC business segment reporting presentation, integration costs incurred by BlackRock for the MLIM transaction totaling $8 million and $31 million for the three months ended December 31, 2006 and September 30, 2006, respectively, and totaling $47 million for full year 2006 have been reclassified from BlackRock to "Other." These amounts are after-tax and, as applicable, net of minority interest.

(e) "Other" for the three months ended September 30, 2006 and full year 2006 includes the after-tax impact of the gain on the BlackRock/MLIM transaction, MLIM integration costs, and costs associated with the securities portfolio rebalancing and mortgage loan portfolio repositioning.

(f) See pages 12-14.

Dollars in millions, except per share data	December 31 2006
BALANCE SHEET DATA	
Assets	$ 101,8
Loans, net of unearned income	50,1
Allowance for loan and lease losses	5
Securities	23,1
Loans held for sale	2,3
Equity investments	5,3
Deposits	66,3
Borrowed funds	15,0
Shareholders’ equity	10,7
Common shareholders’ equity	10,7
Book value per common share	36
Common shares outstanding (millions)	2
Loans to deposits	
ASSETS ADMINISTERED (billions)	
Managed (a)	$
Nondiscretionary	$
FUND ASSETS SERVICED (billions)	
Accounting/administration net assets	$ 8
Custody assets	4
CAPITAL RATIOS	
Tier 1 risk-based (b)	10.
Total risk-based (b)	1
Leverage (b)	
Tangible common equity (c)	
Common shareholders’ equity to assets	1
ASSET QUALITY RATIOS	
Nonperforming assets to loans, loans held for sale and foreclosed assets	.3
Nonperforming loans to loans	
Net charge-offs to average loans (for the three months ended)	
Allowance for loan and lease losses to loans	1
Allowance for loan and lease losses to nonperforming loans	3

(a) Our assets under management at December 31, 2006 and September 30, 2006 do not include BlackRock’s assets under management as we deconsolidated BlackRock effective September 29, 2006. Excluding the impact of BlackRock, our assets under management (consisting of Retail Banking assets under management) totaled $49 billion at December 31, 2005.

(b) The ratios for December 31, 2006 are estimated.

(c)

Common shareholders equity less goodwill and other intangible assets (excluding mortgage servicing rights) divided by assets less goodwill and other intangible assets (excluding mortgage servicing rights).

THE PNC FINANCIAL SERVICES GROUP, INC.

FINANCIAL SUPPLEMENT
FOURTH QUARTER AND FULL YEAR 2006
UNAUDITED

THE PNC FINANCIAL SERVICES GROUP, INC.
FINANCIAL SUPPLEMENT
FOURTH QUARTER AND FULL YEAR 2006
UNAUDITED

The information contained in this Financial Supplement is preliminary, unaudited and based on data available at January 23, 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 SEC filings.

BlackRock/MLIM Transaction

As further described in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, BlackRock, Inc. ("BlackRock"), then a majority-owned subsidiary of The PNC Financial Services Group, Inc., and Merrill Lynch entered into a definitive agreement pursuant to which Merrill Lynch agreed to contribute its investment management business ("MLIM") to BlackRock in exchange for 65 million shares of newly issued BlackRock common and preferred stock. This transaction closed on September 29, 2006.

For the full years 2005 and 2004 and the quarters ended September 30, 2006, June 30, 2006, March 31, 2006 and December 31, 2005 presented in this Financial Supplement, our Consolidated Income Statement reflects our former majority ownership interest in BlackRock. However, our Consolidated Income Statement for the quarter ended December 31, 2006 and our Consolidated Balance Sheet as of December 31, 2006 and September 30, 2006 reflects the deconsolidation of BlackRock's balance sheet amounts and recognizes our 34% ownership interest in

BlackRock as of those dates and for that quarter as an investment accounted for under the equity method.

THE PNC FINANCIAL SERVICES GROUP, INC.
Consolidated Income Statement (Unaudited)

For the year ended December 31 - in millions, except per share data	**2006**	**2005**	**2004**
Interest Income			
Loans	$ 3,203	$ 2,669	$ 2,043
Securities available for sale and held to maturity	1,049	822	568
Other	360	243	141
Total interest income	4,612	3,734	2,752
Interest Expense			
Deposits	1,590	981	484
Borrowed funds	777	599	299
Total interest expense	2,367	1,580	783
Net interest income	2,245	2,154	1,969
Provision for credit losses	124	21	52
Net interest income less provision for credit losses	2,121	2,133	1,917
Noninterest Income			
Asset management	1,420	1,443	994
Fund servicing	893	870	817
Service charges on deposits	313	273	252
Brokerage	246	225	219
Consumer services	365	293	259
Corporate services	626	485	423
Equity management gains	107	96	67
Net securities gains (losses)	(207)	(41)	55
Trading	183	157	113
Net gains related to BlackRock	2,066		
Other	315	372	373
Total noninterest income	6,327	4,173	3,572
Noninterest Expense			
Compensation	2,128	2,061	1,755
Employee benefits	304	332	309
Net occupancy	310	313	267
Equipment	303	296	290
Marketing	104	106	87
Other	1,294	1,198	1,004
Total noninterest expense	4,443	4,306	3,712

Income before minority interest and income taxes	4,005	2,000	1,777
Minority interest in income of BlackRock	47	71	42
Income taxes	1,363	604	538
Net income	$ 2,595	$ 1,325	$ 1,197
Earnings Per Common Share			
Basic	$ 8.89	$ 4.63	$ 4.25
Diluted	$ 8.73	$ 4.55	$ 4.21
Average Common Shares Outstanding			
Basic	292	286	281
Diluted	297	290	284
Efficiency	52%	68%	67%
Noninterest income to total revenue	74%	66%	64%
Effective tax rate (a)	34.0%	30.2%	30.3%

(a) The higher effective rate for 2006 was primarily due to the impact of the third quarter 2006 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)

For the year ended December 31 - in millions	**2006**	**2005**
Net Interest Income		
Interest income	$ 4,596	$ 3,714
Interest expense	2,361	1,572
Net interest income	2,235	2,142
Provision for credit losses	124	21
Net interest income less provision for credit losses	2,111	2,121
Noninterest Income		
Asset management	538	463
Other	3,022	2,659
Total noninterest income	3,560	3,122
Noninterest Expense		
Compensation and benefits	1,865	1,798
Other	1,722	1,655
Total noninterest expense	3,587	3,453
Income before income taxes	2,084	1,790
Income taxes	577	465
Net income	$ 1,507	$ 1,325

(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 significant 2006 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 shareholders, investor analysts, regulators and others will be better able to evaluate the impact of certain significant items on our GAAP results for these periods, in addition to providing a basis of comparability for the impact of BlackRock. This 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 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. Our third quarter 2006 Form 10-Q includes additional information regarding our BlackRock/MLIM transaction accounting, securities portfolio rebalancing and mortgage loan portfolio repositioning.

THE PNC FINANCIAL SERVICES GROUP, INC.

Consolidated Income Statement Quarterly Trend (Unaudited)

For the three months ended December 31 - in millions, except per share data	**December 31 2006**	**September 30 2006**	**June 30 2006**
Interest Income			
Loans	$ 821	$ 838	$ 797
Securities available for sale and held to maturity	280	271	255
Other	116	94	74
Total interest income	1,217	1,203	1,126
Interest Expense			
Deposits	450	434	379
Borrowed funds	201	202	191
Total interest expense	651	636	570
Net interest income	566	567	556
Provision for credit losses	42	16	44
Net interest income less provision for credit losses	524	551	512
Noninterest Income			
Asset management	149	381	429
Fund servicing	249	213	210
Service charges on deposits	79	81	80
Brokerage	63	61	63
Consumer services	93	89	94
Corporate services	177	157	157
Equity management gains	25	21	54
Net securities losses		(195)	(8)
Trading	33	38	55
Gains (losses) related to BlackRock	(12)	2,078	
Other	113	19	96
Total noninterest income	969	2,943	1,230

Noninterest Expense			
Compensation	442	573	558
Employee benefits	55	86	76
Net occupancy	69	79	83
Equipment	69	77	80
Marketing	23	39	22
Other	311	313	326
Total noninterest expense	969	1,167	1,145
Income before minority interest and income taxes	524	2,327	597
Minority interest in income of BlackRock		6	19
Income taxes	148	837	197
Net income	$ 376	$ 1,484	$ 381
Earnings Per Common Share			
Basic	$ 1.29	$ 5.09	$ 1.30
Diluted	$ 1.27	$ 5.01	$ 1.28
Average Common Shares Outstanding			
Basic	291	291	293
Diluted	295	296	297
Efficiency	63%	33%	64%
Noninterest income to total revenue	63%	84%	69%

Effective tax rate (a)	28.2%	36.0%	33.0%	32.5%	32.4%

(a) The lower effective tax rate in the fourth quarter of 2006 reflects the impact of the deconsolidation of BlackRock effective September 29, 2006 and the impact of the reversal of $11 million of income tax reserves in that quarter. 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 Quarterly Trend (Unaudited) (a)

For the three months ended - in millions	**December 31 2006**	**September 30 2006**	**June 30 2006**	**March 31 2006**	**December 31 2005**
Net Interest Income					
Interest income	$ 1,217	$ 1,198	$ 1,120	$ 1,061	$ 1,027
Interest expense	651	634	568	508	477
Net interest income	566	564	552	553	550
Provision for credit losses	42	16	44	22	24
Net interest income less provision for credit losses	524	548	508	531	526
Noninterest Income					
Asset management	159	122	129	128	128
Other	820	710	789	703	709
Total noninterest income	979	832	918	831	837
Noninterest Expense					
Compensation and benefits	497	461	457	450	451
Other	472	411	424	415	419
Total noninterest expense	969	872	881	865	870
Income before income taxes	534	508	545	497	493
Income taxes	150	128	159	140	138
Net income	$ 384	$ 380	$ 386	$ 357	$ 355

(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 significant 2006 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 shareholders, investor analysts, regulators and others will be better able to evaluate the impact of certain significant items on our GAAP results for these periods, in addition to providing a basis of comparability for the impact of BlackRock. This 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 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. Our third quarter 2006 Form 10-Q includes additional information regarding our BlackRock/MLIM transaction accounting, securities portfolio rebalancing and mortgage loan portfolio repositioning.

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

In millions, except par value	December 31 2006	September 30 2006	June 30 2006	March 31 2006
Assets				
Cash and due from banks	$ 3,523	$ 3,018	$ 3,438	$ 3,206
Federal funds sold and resale agreements	1,763	2,818	675	511
Other short-term investments, including trading securities	3,130	2,718	2,005	2,641
Loans held for sale	2,366	4,317	2,165	2,266
Securities available for sale and held to maturity	23,191	19,512	21,724	21,529
Loans, net of unearned income of $795, $815, $828, $832, and $835	50,105	48,900	50,548	49,521
Allowance for loan and lease losses	(560)	(566)	(611)	(597)
Net loans	49,545	48,334	49,937	48,924
Goodwill	3,402	3,418	3,636	3,638
Other intangible assets	641	590	862	844
Equity investments (a)	5,330	5,130	1,461	1,387
Other	8,929	8,581	9,011	8,311
Total assets	$ 101,820	$ 98,436	$ 94,914	$ 93,257
Liabilities				
Deposits				
Noninterest-bearing	$ 16,070	$ 14,840	$ 14,434	$ 14,250
Interest-bearing	50,231	49,732	49,059	46,649
Total deposits	66,301	64,572	63,493	60,899
Borrowed funds				
Federal funds purchased	2,711	3,475	3,320	3,156
Repurchase agreements	2,051	2,275	2,136	2,892
Bank notes and senior debt	3,633	2,177	3,503	3,362
Subordinated debt	3,962	4,436	4,329	4,387
Other	2,671	2,332	2,363	2,643
Total borrowed funds	15,028	14,695	15,651	16,440
Allowance for unfunded loan commitments and letters of credit	120	117	103	103
Accrued expenses	3,970	3,855	2,635	2,585
Other	4,728	4,031	3,573	3,822
Total liabilities	90,147	87,270	85,455	83,849
Minority and noncontrolling interests in consolidated entities	885	408	632	627
Shareholders' Equity				
Preferred stock (b)				

Common stock - $5 par value	
Authorized 800 shares, issued 353 shares	1,764
Capital surplus	1,697
Retained earnings	10,985
Deferred compensation expense	(46)
Accumulated other comprehensive loss	(235)
Common stock held in treasury at cost: 60, 59, 58, 57, and 60 shares	(3,377)
Total shareholders equity	10,788
Total liabilities, minority and noncontrolling interests, and shareholders equity	$ 101,820
CAPITAL RATIOS	
Tier 1 risk-based (c)	10.4%
Total risk-based (c)	13.5
Leverage (c)	9.3
Tangible common equity	7.4
Common shareholders equity to assets	10.6
ASSET QUALITY RATIOS	
Nonperforming assets to loans, loans held for sale and foreclosed assets	.33%
Nonperforming loans to loans	.29
Net charge-offs to average loans (For the three months ended)	.36
Allowance for loan and lease losses to loans	1.12
Allowance for loan and lease losses to nonperforming loans	381

(a) Includes equity investment in BlackRock.

(b) Less than $.5 million at each date.

(c) The ratios for December 31, 2006 are estimated.

THE PNC FINANCIAL SERVICES GROUP, INC.
Summary of Business Results (Unaudited)

Year ended December 31 - in millions (a)	**2006**	**2005**
Earnings		
Retail Banking	$ 765	$ 682
Corporate & Institutional Banking	463	480
BlackRock (b) (c)	187	152
PFPC	124	104
Total business segment earnings	1,539	1,418
Other (c) (d)	1,056	(93)
Total consolidated net income	$ 2,595	$ 1,325
Revenue (e)		
Retail Banking	$ 3,125	$ 2,868
Corporate & Institutional Banking	1,472	1,335
BlackRock (f)	1,170	1,229
PFPC (g)	879	846
Total business segment revenue	6,646	6,278
Other	1,951	82
Total consolidated revenue	$ 8,597	$ 6,360

(a) This summary also serves as a reconciliation of total earnings and revenue for all business segments to total consolidated net income and revenue. Our business segment 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) These amounts have been reduced by minority interest in income of BlackRock, excluding MLIM integration costs, totaling $65 million and $71 million for the years ended December 31, 2006 and 2005, respectively.

(c) For this PNC business segment reporting presentation, integration costs incurred by BlackRock for the MLIM transaction totaling $47 million for 2006 have been reclassified from BlackRock to Other. These amounts are after- tax and net of minority interest.

(d) "Other" for 2006 also includes the after-tax impact of the following third quarter items: gain on the BlackRock/MLIM transaction, and costs associated with the securities portfolio rebalancing and mortgage loan portfolio repositioning.

(e) Business segment 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 generally accepted accounting principles (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):

	2006	**2005**
Total consolidated revenue, book (GAAP) basis	$ 8,572	$ 6,327
Taxable-equivalent adjustment	25	33
Total consolidated revenue, taxable-equivalent basis	$ 8,597	$ 6,360

(f) For 2005 and the first nine months of 2006, amounts for BlackRock represent the sum of total operating revenue and nonoperating income. For the fourth quarter of 2006, revenue represents our equity income from BlackRock. (g) Amounts for PFPC represent the sum of total operating revenue and net nonoperating income (expense) less debt financing costs.

THE PNC FINANCIAL SERVICES GROUP, INC.
Summary of Business Results and Period-end Employees (Unaudited)

Three months ended in millions (a)	December 31 2006	September 30 2006	June 30 2006	March 31 2006	December 31 2005
Earnings					
Retail Banking	$ 184	$ 206	$ 185	$ 190	$ 195
Corporate & Institutional Banking	129	113	116	105	108
BlackRock (b) (c)	50	42	46	49	48
PFPC	31	40	26	27	29
Total business segment earnings	394	401	373	371	380
Other (b) (d)	(18)	1,083	8	(17)	(25)
Total consolidated net income	$ 376	$ 1,484	$ 381	$ 354	$ 355
Revenue (e)					
Retail Banking	$ 799	$ 791	$ 782	$ 753	$ 755
Corporate & Institutional Banking	394	356	382	340	358
BlackRock (f)	67	328	365	410	375
PFPC (g)	245	208	208	218	209
Total business segment revenue	1,505	1,683	1,737	1,721	1,697
Other	35	1,834	55	27	25
Total consolidated revenue	$ 1,540	$ 3,517	$ 1,792	$ 1,748	$ 1,722

(a) See note (a) on page 6.

(b) For this PNC business segment reporting presentation, integration costs incurred by BlackRock for the MLIM transaction totaling $8 million, $31 million, $5 million and $3 million for the three months ended December 31, 2006, September 30, 2006, June 30, 2006 and March 31, 2006, respectively, have been reclassified from BlackRock to "Other." These amounts are after-tax and, as applicable, net of minority interest.

(c) These amounts have been reduced by minority interest income of BlackRock, excluding MLIM integration costs, totaling $20 million, $22 million, $23 million and $22 million for the three months ended September 30, 2006, June 30, 2006, March 31, 2006 and December 31, 2005, respectively.

(d) "Other" for the three months ended September 30, 2006 includes the after-tax impact of the gain on the BlackRock/MLIM transaction and costs associated with the securities portfolio rebalancing and mortgage loan portfolio repositioning.

(e) See note (e) on page 6. 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):

	December 31 2006	September 30 2006	June 30 2006	March 31 2006	December 31 2005
Total consolidated revenue, book (GAAP) basis	$ 1,535	$ 3,510	$ 1,786	$ 1,741	$ 1,709
Taxable-equivalent adjustment	5	7	6	7	13
Total consolidated revenue, taxable-equivalent basis	$ 1,540	$ 3,517	$ 1,792	$ 1,748	$ 1,722

(f) See note (f) on page 6.

(g) See note (g) on page 6.

Period-end Employees	**December 31 2006**	**September 30 2006**	**June 30 2006**	**March 31 2006**	**December 31 2005**
Full-time employees					
Retail Banking	9,549	9,531	9,674	9,725	9,679
Corporate & Institutional Banking	1,936	1,925	1,899	1,892	1,861
BlackRock			2,317	2,232	2,151
PFPC	4,381	4,317	4,314	4,291	4,391

Other					
Operations & Technology	3,988	4,006	3,994	3,942	3,966
Staff Services	1,601	1,595	1,593	1,560	1,545
Total Other	5,589	5,601	5,587	5,502	5,511
Total full-time employees	21,455	21,374	23,791	23,642	23,593
Total part-time employees	2,328	2,165	2,241	2,003	1,755
Total employees	23,783	23,539	26,032	25,645	25,348

The period-end employee statistics disclosed for each business segment reflect staff directly employed by the respective business segment and exclude operations, technology and staff services employees. No employees are shown for BlackRock at December 31, 2006 or September 30, 2006 as we deconsolidated BlackRock effective September 29, 2006.

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

Year ended December 31 *Taxable-equivalent basis (a)* *Dollars in millions*	**2006**	**2005**
INCOME STATEMENT		
Net interest income	$ 1,678	$ 1,593
Noninterest income		
Asset management	352	337
Service charges on deposits	304	265
Brokerage	236	217
Consumer services	348	278
Other	207	178
Total noninterest income	1,447	1,275
Total revenue	3,125	2,868
Provision for credit losses	81	52
Noninterest expense	1,827	1,726
Pretax earnings	1,217	1,090
Income taxes	452	408
Earnings	$ 765	$ 682
AVERAGE BALANCE SHEET		
Loans		
Consumer		
Home equity	$ 13,813	$ 13,351
Indirect	1,052	936
Other consumer	1,248	1,195
Total consumer	16,113	15,482
Commercial	5,721	5,094
Floor plan	910	975
Residential mortgage	1,440	1,405
Other	242	261
Total loans	24,426	23,217
Goodwill and other intangible assets	1,581	1,394
Loans held for sale	1,607	1,553
Other assets	1,634	1,454
Total assets	$ 29,248	$ 27,618

Deposits		
Noninterest-bearing demand	$ 7,841	$ 7,639
Interest-bearing demand	7,906	7,946
Money market	14,750	13,635
Total transaction deposits	30,497	29,220
Savings	2,035	2,574
Certificates of deposit	13,861	11,494
Total deposits	46,393	43,288
Other liabilities	553	392
Capital	2,986	2,852
Total funds	$ 49,932	$ 46,532
PERFORMANCE RATIOS		
Return on average capital	26%	24%
Noninterest income to total revenue	46	44
Efficiency	58	60

Efficiency, as adjusted (b)	56	58

(a) See notes (a) and (e) on page 6.

(b) See page 12 for a reconciliation of the efficiency ratio, as adjusted, to the efficiency ratio.

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

Year ended December 31 *Dollars in millions except as noted*	**2006**	**2005**
OTHER INFORMATION (a)		
Credit-related statistics:		
Total nonperforming assets	$ 106	$ 90
Net charge-offs	$ 85	$ 53
Annualized net charge-off ratio	.35%	.23%
Home equity portfolio credit statistics:		
% of first lien positions	43%	46%
Weighted average loan-to-value ratios	70%	68%
Weighted average FICO scores	728	728
Loans 90 days past due	.24%	.21%
Checking-related statistics:		
Retail Banking checking relationships	1,954,000	1,934,000
Consumer DDA households using online banking	938,000	855,000
% of consumer DDA households using online banking	53%	49%
Consumer DDA households using online bill payment	404,000	205,000
% of consumer DDA households using online bill payment	23%	12%
Small business managed deposits:		
On-balance sheet		
Noninterest-bearing demand	$ 4,359	$ 4,353
Interest-bearing demand	1,529	1,560
Money market	2,684	2,849
Certificates of deposit	645	412
Off-balance sheet (b)		
Small business sweep checking	1,619	1,305
Total managed deposits	10,836	10,479
Brokerage statistics:		
Margin loans	$ 163	$ 217
Financial consultants (c)	758	779
Full service brokerage offices	99	100
Brokerage account assets (billions)	$ 46	$ 42
Other statistics:		
Gains on sales of education loans (d)	$ 33	$ 19
Full-time employees	9,549	9,679
Part-time employees	1,829	1,117
ATMs	3,581	3,721
Branches (e)	852	839

ASSETS UNDER ADMINISTRATION (in billions) (f)		
Assets under management		
Personal	$ 44	$ 40
Institutional	10	9
Total	$ 54	$ 49
Asset Type		
Equity	$ 34	$ 31
Fixed income	12	12
Liquidity/Other	8	6
Total	$ 54	$ 49
Nondiscretionary assets under administration		
Personal	$ 25	$ 27

Institutional	61	57
Total	$ 86	$ 84
Asset Type		
Equity	$ 33	$ 33
Fixed income	24	24
Liquidity/Other	29	27
Total	$ 86	$ 84

(a) Presented as of December 31, except for net charge-offs, annualized net charge-off ratio, gains on sales of education loans, and small business deposits, which are for the year ended.

(b) 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.

(c) Financial consultants provide services in full service brokerage offices and PNC traditional branches.

(d) Included in "Noninterest income-Other" on page 8.

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

(f) Excludes brokerage account assets.

THE PNC FINANCIAL SERVICES GROUP, INC.

Retail Banking (Unaudited)

Three months ended *Taxable-equivalent basis (a)* *Dollars in millions*	**December 31 2006**	**September 30 2006**	**June 30 2006**	**March 31 2006**	**De**
INCOME STATEMENT					
Net interest income	$ 419	$ 427	$ 424	$ 408	
Noninterest income					
Asset management	91	87	87	87	
Service charges on deposits	77	79	77	71	
Brokerage	60	59	59	58	
Consumer services	88	86	88	86	
Other	64	53	47	43	
Total noninterest income	380	364	358	345	
Total revenue	799	791	782	753	
Provision for credit losses	35	9	28	9	
Noninterest expense	471	456	460	440	
Pretax earnings	293	326	294	304	
Income taxes	109	120	109	114	
Earnings	$ 184	$ 206	$ 185	$ 190	
AVERAGE BALANCE SHEET					
Loans					
Consumer					
Home equity	$ 13,807	$ 13,849	$ 13,816	$ 13,778	
Indirect	1,133	1,069	1,019	987	
Other consumer	1,322	1,221	1,202	1,248	
Total consumer	16,262	16,139	16,037	16,013	
Commercial	5,907	5,821	5,715	5,433	
Floor plan	853	854	964	970	
Residential mortgage	1,031	1,509	1,577	1,648	
Other	234	250	248	236	
Total loans	24,287	24,573	24,541	24,300	
Goodwill and other intangible assets	1,574	1,580	1,586	1,582	
Loans held for sale	1,505	1,513	1,535	1,880	
Other assets	1,671	1,640	1,621	1,607	
Total assets	$ 29,037	$ 29,306	$ 29,283	$ 29,369	

Deposits				
Noninterest-bearing demand	$ 7,834	$ 7,848	$ 7,908	$ 7,777
Interest-bearing demand	7,865	7,787	7,950	8,025
Money market	14,822	14,832	14,697	14,644
Total transaction deposits	30,521	30,467	30,555	30,446
Savings	1,877	1,976	2,109	2,183
Certificates of deposit	14,694	14,053	13,560	13,115
Total deposits	47,092	46,496	46,224	45,744
Other liabilities	598	515	537	560
Capital	3,034	2,988	2,979	2,943
Total funds	$ 50,724	$ 49,999	$ 49,740	$ 49,247
PERFORMANCE RATIOS				
Return on average capital	24%	27%	25%	26%
Noninterest income to total revenue	48	46	46	46
Efficiency	59	58	59	58

Efficiency, as adjusted (b)	56	56	57	57	55

(a) See notes (a) and (e) on page 6.

(b) See page 12 for a reconciliation of the efficiency ratio, as adjusted, to the efficiency ratio.

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

Three months ended *Dollars in millions except as noted*	**December 31 2006**	**September 30 2006**	**June 30 2006**	**March 31 2006**	**December 31 2005**
OTHER INFORMATION (a)					
Credit-related statistics:					
Total nonperforming assets	$ 106	$ 95	$ 104	$ 93	$ 90
Net charge-offs (b)	$ 21	$ 31	$ 19	$ 14	$ 12
Annualized net charge-off ratio	.34%	.50%	.31%	.23%	.20%
Home equity portfolio credit statistics:					
% of first lien positions	43%	44%	45%	45%	46%
Weighted average loan-to-value ratios	70%	69%	69%	68%	68%
Weighted average FICO scores	728	728	728	727	728
Loans 90 days past due	.24%	.22%	.21%	.22%	.21%
Checking-related statistics:					
Retail Banking checking relationships	1,954,000	1,958,000	1,956,000	1,950,000	1,934,000
Consumer DDA households using online banking	938,000	920,000	897,000	880,000	855,000
% of consumer DDA households using online banking	53%	52%	51%	50%	49%
Consumer DDA households using online bill payment	404,000	361,000	305,000	253,000	205,000
% of consumer DDA households using online bill payment	23%	20%	17%	14%	12%
Small business managed deposits:					
On-balance sheet					
Noninterest-bearing demand	$ 4,387	$ 4,370	$ 4,319	$ 4,357	$ 4,555
Interest-bearing demand	1,724	1,545	1,392	1,454	1,656
Money market	2,755	2,658	2,617	2,705	2,941
Certificates of deposit	802	647	574	553	530
Off-balance sheet (c)					
Small business sweep checking	1,812	1,676	1,532	1,454	1,392
Total managed deposits	$ 11,480	$ 10,896	$ 10,434	$ 10,523	$ 11,074
Brokerage statistics:					
Margin loans	$ 163	$ 170	$ 194	$ 205	$ 217

Financial consultants (d)	758	752	775	783	779
Full service brokerage offices	99	99	100	100	100
Brokerage account assets (billions)	$ 46	$ 44	$ 43	$ 43	$ 42
Other statistics:					
Gains on sales of education loans (e)	$ 11	$ 11	$ 7	$ 4	$ 4
Full-time employees	9,549	9,531	9,674	9,725	9,679
Part-time employees	1,829	1,660	1,526	1,373	1,117
ATMs	3,581	3,594	3,553	3,763	3,721
Branches (f)	852	848	846	846	839
ASSETS UNDER ADMINISTRATION (in billions) (g)					
Assets under management					
Personal	$ 44	$ 42	$ 40	$ 40	$ 40
Institutional	10	10	10	10	9

Total	$ 54	$ 52	$ 50	$ 50	$ 49
Asset Type					
Equity	$ 34	$ 32	$ 31	$ 32	$ 31
Fixed income	12	12	12	12	12
Liquidity/Other	8	8	7	6	6
Total	$ 54	$ 52	$ 50	$ 50	$ 49
Nondiscretionary assets under administration					
Personal	$ 25	$ 27	$ 25	$ 28	$ 27
Institutional	61	62	60	59	57
Total	$ 86	$ 89	$ 85	$ 87	$ 84
Asset Type					
Equity	$ 33	$ 32	$ 31	$ 33	$ 33
Fixed income	24	27	26	26	24
Liquidity/Other	29	30	28	28	27
Total	$ 86	$ 89	$ 85	$ 87	$ 84

(a) Presented as of period-end, except for net charge-offs, annualized net charge-off ratio, gains on sales of education loans, and small business deposits, which are for the three months ended.

(b) The increase at September 30, 2006 was primarily due to a single large overdraft fraud that occurred during the second quarter of 2006.

(c) 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.

(d) Financial consultants provide services in full service brokerage offices and PNC traditional branches.

(e) Included in "Noninterest income-Other" on page 10.

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

(g) Excludes brokerage account assets.

THE PNC FINANCIAL SERVICES GROUP, INC.

Retail Banking Efficiency Ratios (Unaudited)

	Three months ended					Year ended December 31	
	December 31 2006	September 30 2006	June 30 2006	March 31 2006	December 31 2005	2006	2005
Efficiency (a)	59%	58%	59%	58%	57%	58%	60%
Efficiency, as adjusted (b)	56%	56%	57%	57%	55%	56%	58%

(a) Calculated as noninterest expense divided by the sum of net interest income and noninterest income.

(b) Calculated by excluding the impact of Hilliard Lyons activities included within the Retail Banking business segment. Activities excluded are the principal activities of Hilliard Lyons on a management reporting basis, including client- related brokerage and trading, investment banking and investment management. Industry-wide efficiency measures for brokerage firms and asset management firms differ significantly due primarily to the highly variable compensation structure of brokerage firms. We believe the disclosure of an efficiency ratio for Retail Banking excluding the impact of these Hilliard Lyons activities is meaningful for investors as it provides a more relevant basis of comparison with other retail banking franchises.

Reconciliation of amounts with amounts used in the calculation of the adjusted Retail Banking efficiency ratio:

	Three months ended					**Year ended December 31**	
In millions	**December 31 2006**	**September 30 2006**	**June 30 2006**	**March 31 2006**	**December 31 2005**	**2006**	**2005**
Revenue	$ 799	$ 791	$ 782	$ 753	$ 755	$ 3,125	$ 2,868
Less: Hilliard Lyons	52	48	50	56	48	206	198
Revenue, as adjusted	$ 747	$ 743	$ 732	$ 697	$ 707	$ 2,919	$ 2,670

Noninterest expense	$ 471	$ 456	$ 460	$ 440	$ 434	$ 1,827	$ 1,726
Less: Hilliard Lyons	50	43	45	45	44	183	178
Noninterest expense, as adjusted	$ 421	$ 413	$ 415	$ 395	$ 390	$ 1,644	$ 1,548

THE PNC FINANCIAL SERVICES GROUP, INC.
Corporate & Institutional Banking (Unaudited)

Year ended December 31 *Taxable-equivalent basis (a)* *Dollars in millions except as noted*	**2006**	**2005**
INCOME STATEMENT		
Net interest income	$ 720	$ 739
Noninterest income		
Corporate service fees	526	398
Other	226	198
Noninterest income	752	596
Total revenue	1,472	1,335
Provision for (recoveries of) credit losses	42	(30)
Noninterest expense	749	658
Pretax earnings	681	707
Income taxes	218	227
Earnings	$ 463	$ 480
AVERAGE BALANCE SHEET		
Loans		
Corporate (b)	$ 9,925	$ 10,656
Commercial real estate	2,876	2,289
Commercial - real estate related	2,433	2,071
Asset-based lending	4,467	4,203
Total loans (b)	19,701	19,219
Loans held for sale	893	752
Goodwill and other intangible assets	1,352	1,064
Other assets	4,602	4,274
Total assets	$ 26,548	$ 25,309
Deposits		
Noninterest-bearing demand	$ 6,771	$ 6,025
Money market	2,654	2,670
Other	907	687
Total deposits	10,332	9,382
Commercial paper (c)		1,838
Other liabilities	3,771	3,348
Capital	1,976	1,724

Total funds	$ 16,079	$ 16,292
PERFORMANCE RATIOS		
Return on average capital	23%	28%
Noninterest income to total revenue	51	45
Efficiency	51	49
COMMERCIAL MORTGAGE SERVICING PORTFOLIO (in billions)		
Beginning of period	$ 136	$ 98
Acquisitions/additions	102	74
Repayments/transfers	(38)	(36)
End of period	$ 200	$ 136
OTHER INFORMATION		
Consolidated revenue from: (d)		
Treasury Management	$ 424	$ 410
Capital Markets	$ 283	$ 175

Midland Loan Services	$ 184	$ 144
Total loans (e)	$ 20,054	$ 18,817
Nonperforming assets (e)	$ 63	$ 124
Net charge-offs (recoveries)	$ 54	$ (23)
Full-time employees (e)	1,936	1,861
Net gains on commercial mortgage loan sales	$ 55	$ 61
Net carrying amount of commercial mortgage servicing rights (e)	$ 471	$ 344

(a) See notes (a) and (e) on page 6.

(b) Includes lease financing and, for 2005 as applicable, Market Street. Market Street was deconsolidated from our Consolidated Balance Sheet effective October 17, 2005.

(c) Includes Market Street for 2005 as applicable. See Supplemental Average Balance Sheet Information on pages 19 and 20.

(d) Represents consolidated PNC amounts.

(e) Presented as of period-end.

THE PNC FINANCIAL SERVICES GROUP, INC.
Corporate & Institutional Banking
(Unaudited)

Three months ended *Taxable-equivalent basis (a)* *Dollars in millions except as noted*	**December 31 2006**	**September 30 2006**	**June 30 2006**	**March 31 2006**
INCOME STATEMENT				
Net interest income	$ 190	$ 182	$ 173	$ 175
Noninterest income				
Corporate service fees	149	131	133	113
Other	55	43	76	52
Noninterest income	204	174	209	165
Total revenue	394	356	382	340
Provision for credit losses	6	7	17	12
Noninterest expense	199	182	192	176
Pretax earnings	189	167	173	152
Income taxes	60	54	57	47
Earnings	$ 129	$ 113	$ 116	$ 105
AVERAGE BALANCE SHEET				
Loans				
Corporate (b)	$ 10,193	$ 9,966	$ 9,981	$ 9,685
Commercial real estate	3,143	2,953	2,760	2,643
Commercial - real estate related	2,189	2,476	2,484	2,454
Asset-based lending	4,594	4,563	4,452	4,252
Total loans (b)	20,119	19,958	19,677	19,034
Loans held for sale	965	865	875	866
Goodwill and other intangible assets	1,399	1,366	1,328	1,314
Other assets	4,988	4,721	4,411	4,282
Total assets	$ 27,471	$ 26,910	$ 26,291	$ 25,496
Deposits				
Noninterest-bearing demand	$ 7,210	$ 6,817	$ 6,353	$ 6,697
Money market	3,644	2,678	2,168	2,110
Other	921	995	933	777
Total deposits	11,775	10,490	9,454	9,584
Commercial paper (c)				
Other liabilities	4,028	3,885	3,722	3,439
Capital	2,054	1,879	2,027	1,945

Total funds	$ 17,857	$ 16,254	$ 15,203	$ 14,968
PERFORMANCE RATIOS				
Return on average capital	25%	24%	23%	22%
Noninterest income to total revenue	52	49	55	49
Efficiency	51	51	50	52
COMMERCIAL MORTGAGE SERVICING PORTFOLIO (in billions)				
Beginning of period	$ 180	$ 151	$ 140	$ 136
Acquisitions/additions	33	37	19	13
Repayments/transfers	(13)	(8)	(8)	(9)
End of period	$ 200	$ 180	$ 151	$ 140
OTHER INFORMATION				
Consolidated revenue from: (d)				
Treasury Management	$ 108	$ 108	$ 106	$ 102
Capital Markets	$ 79	$ 64	$ 76	$ 64

Midland Loan Services	$ 53	$ 47	$ 42	$ 42	$ 41
Total loans (e)	$ 20,054	$ 20,405	$ 20,057	$ 19,447	$ 18,817
Nonperforming assets (e)	$ 63	$ 94	$ 125	$ 112	$ 124
Net charge-offs	$ 24	$ 14	$ 12	$ 4	$ 28
Full-time employees (e)	1,936	1,925	1,899	1,892	1,861
Net gains on commercial mortgage loan sales	$ 18	$ 12	$ 18	$ 7	$ 13
Net carrying amount of commercial mortgage servicing rights (e)	$ 471	$ 414	$ 385	$ 353	$ 344

(a) See notes (a) and (e) on page 6.

(b) Includes lease financing and Market Street until Market Street was deconsolidated from our Consolidated Balance Sheet effective October 17, 2005.

(c) Includes Market Street as applicable.

(d) Represents consolidated PNC amounts.

(e) Presented as of period-end.

THE PNC FINANCIAL SERVICES GROUP, INC.

PFPC (Unaudited) (a)

Year ended December 31 *Dollars in millions except as noted*	**2006**	**2005**
INCOME STATEMENT		
Servicing revenue	$ 747	$ 732
Distribution/out-of-pocket revenue	170	147
Other revenue		10
Total operating revenue	917	889
Operating expense	519	524
Distribution/out-of-pocket expenses	170	147
Amortization of other intangibles, net	14	14
Total expense	703	685
Operating income	214	204
Debt financing	42	38
Nonoperating income (expense) (b)	4	(5)
Pretax earnings	176	161
Income taxes	52	57
Earnings	$ 124	$ 104
PERIOD-END BALANCE SHEET		
Goodwill and other intangible assets	$ 1,012	$ 1,025
Other assets	1,192	1,103
Total assets	$ 2,204	$ 2,128
Debt financing	$ 792	$ 890
Other liabilities	917	864
Shareholder's equity	495	374
Total funds	$ 2,204	$ 2,128
PERFORMANCE RATIOS		
Return on average equity	29%	32%
Operating margin (c)	23	23
Operating margin, as adjusted (d)	29	27
SERVICING STATISTICS (at period end)		
Accounting/administration net fund assets *(in billions)* (e)		

Domestic	$ 746	$ 754
Offshore	91	81
Total	$ 837	$ 835
Asset type (in billions)		
Money market	$ 281	$ 361
Equity	354	305
Fixed income	117	104
Other	85	65
Total	$ 837	$ 835
Custody fund assets *(in billions)*	$ 427	$ 476
Shareholder accounts *(in millions)*		
Transfer agency	18	19
Subaccounting	50	43
Total	68	62

OTHER INFORMATION

Full-time employees (at December 31)	4,381	4,391

(a) See notes (a) and (e) on page 6.

(b) Net of nonoperating expense.

(c) Operating income divided by total operating revenue.

(d) Reconciliation of reported amounts to amounts used in the calculation of the operating margin, as adjusted:

Total operating revenue	$ 917	$ 889
Less: PFPC distribution/out-of-pocket revenue	170	147
Total operating revenue, as adjusted	$ 747	$ 742
Total expense	$ 703	$ 685
Less: PFPC distribution/out-of-pocket expenses	170	147
Total expense, as adjusted	$ 533	$ 538
Total operating income, as adjusted	$ 214	$ 204

We have provided the operating margin, as adjusted, because the distribution/out-of-pocket revenue and expenses have no impact on PFPC earnings. Therefore, we believe that this adjusted performance ratio may assist shareholders, investor analysts, regulators and others in their evaluation of PFPC’s performance.

(e) Includes alternative investment net assets serviced.

THE PNC FINANCIAL SERVICES GROUP, INC.

PFPC (Unaudited) (a)

Three months ended *Dollars in millions except as noted*	**December 31 2006**	**September 30 2006**	**June 30 2006**	**March 31 2006**
INCOME STATEMENT				
Servicing revenue	$ 190	$ 183	$ 184	$ 190
Distribution/out-of-pocket revenue	64	35	34	37
Total operating revenue	254	218	218	227
Operating expense	129	128	129	133
Distribution/out-of-pocket expenses	64	35	34	37
Amortization of other intangibles, net	4	3	4	3
Total expense	197	166	167	173
Operating income	57	52	51	54

Debt financing	10	11	11	10
Nonoperating income	1	1	1	1
Pretax earnings	48	42	41	45
Income taxes (b)	17	2	15	18
Earnings	$ 31	$ 40	$ 26	$ 27
PERIOD-END BALANCE SHEET				
Goodwill and other intangible assets	$ 1,012	$ 1,015	$ 1,018	$ 1,022
Other assets	1,192	1,038	1,398	1,363
Total assets	$ 2,204	$ 2,053	$ 2,416	$ 2,385
Debt financing	$ 792	$ 813	$ 852	$ 890
Other liabilities	917	772	1,137	1,094
Shareholder's equity	495	468	427	401
Total funds	$ 2,204	$ 2,053	$ 2,416	$ 2,385
PERFORMANCE RATIOS				
Return on average equity	26%	35%	25%	28%

Operating margin (c)	22	24	23	24	24
Operating margin, as adjusted (d)	30	28	28	28	28
SERVICING STATISTICS (at period end)					
Accounting/administration net fund assets *(in billions)* (e)					
Domestic	$ 746	$ 695	$ 671	$ 665	$ 754
Offshore	91	79	72	85	81
Total	$ 837	$ 774	$ 743	$ 750	$ 835
Asset type (in billions)					
Money market	$ 281	$ 260	$ 247	$ 238	$ 361
Equity	354	331	317	338	305
Fixed income	117	111	110	107	104
Other	85	72	69	67	65
Total	$ 837	$ 774	$ 743	$ 750	$ 835
Custody fund assets *(in billions)*	$ 427	$ 399	$ 389	$ 383	$ 476
Shareholder accounts *(in millions)*					
Transfer agency	18	18	18	20	19
Subaccounting	50	48	47	45	43
Total	68	66	65	65	62
OTHER INFORMATION					
Period-end full-time employees	4,381	4,317	4,314	4,291	4,391

(a) See notes (a) and (e) on page 6.

(b) 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.

(c) Operating income divided by total operating revenue.

(d) Reconciliation of reported amounts to amounts used in the calculation of the operating margin, as adjusted:

Total operating revenue	$ 254	$ 218	$ 218	$ 227	$ 217
Less: PFPC distribution/out-of-pocket revenue	64	35	34	37	32
Total operating revenue, as adjusted	$ 190	$ 183	$ 184	$ 190	$ 185
Total expense	$ 197	$ 166	$ 167	$ 173	$ 165
Less: PFPC distribution/out-of-pocket expenses	64	35	34	37	32

Total expense, as adjusted	$ 133	$ 131	$ 133	$ 136	$ 133
Total operating income, as adjusted	$ 57	$ 52	$ 51	$ 54	$ 52

We have provided the operating margin, as adjusted, because the distribution/out-of-pocket revenue and expenses have no impact on PFPC earnings. Therefore, we believe that this adjusted performance ratio may assist shareholders, investor analysts, regulators and others in their evaluation of PFPC's performance.

(e) Includes alternative investment net assets serviced.

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

	Three months ended					Year ended	
	December 31 2006	**September 30 2006**	**June 30 2006**	**March 31 2006**	**December 31 2005**	**December 31 2006**	**Dec**
Efficiency, as reported (a)	63%	33%	64%	67%	66%	52%	
Efficiency, as adjusted (b) .	63%	62%	60%	63%	63%	62%	
Efficiency, as adjusted and excluding PFPC distribution/ out-of-pocket revenue and expenses (b)	61%	61%	59%	61%	62%	61%	

(a) Calculated as noninterest expense divided by the sum of net interest income and noninterest income on the Consolidated Income Statement.

(b) The following present calculations of PNC's efficiency ratio (1) adjusted to illustrate the impact of certain significant 2006 items and adjusted as if we had recorded our investment in BlackRock on the equity method for all periods presented, and (2) further adjusted by excluding PFPC distribution/out-of-pocket revenue and expenses primarily associated with pooled investment vehicles to illustrate the impact of certain items due to the magnitude of the aggregate of those items. 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 certain significant items on our "as reported" efficiency ratio for these periods, in addition to providing a basis of comparability for the impact of BlackRock. Amounts used for these adjusted ratios are reconciled to amounts used in the PNC efficiency ratio as reported (GAAP basis).

	Three months ended					Year ended	
Dollars in millions	**December 31 2006**	**September 30 2006**	**June 30 2006**	**March 31 2006**	**December 31 2005**	**December 31 2006**	**December 31 2005**
<u>Reconciliation of GAAP amounts with amounts used in the calculation of the adjusted efficiency ratio:</u>							
GAAP basis - net interest income	$ 566	$ 567	$ 556	$ 556	$ 555	$ 2,245	$ 2,154
Adjustment to net interest income: BlackRock equity							

method (c)		(3)	(4)	(3)	(5)	(10)	(12)
Adjusted net interest income	$ 566	$ 564	$ 552	$ 553	$ 550	$ 2,235	$ 2,142
GAAP basis - noninterest income	$ 969	$ 2,943	$ 1,230	$ 1,185	$ 1,154	$ 6,327	$ 4,173
Adjustments:							
Gain on BlackRock/ML IM transaction.		(2,078)				(2,078)	
Securities portfolio rebalancing		196				196	

loss							
Mortgage loan portfolio repositioning loss		48				48	
BlackRock/MLIM transaction integration costs	10					10	
BlackRock equity method (c)		(277)	(312)	(354)	(317)	(943)	(1,051)
Adjusted noninterest income	$ 979	$ 832	$ 918	$ 831	$ 837	$ 3,560	$ 3,122
Adjusted total revenue	$ 1,545	$ 1,396	$ 1,470	$ 1,384	$ 1,387	$ 5,795	$ 5,264
GAAP basis - noninterest expense	$ 969	$ 1,167	$ 1,145	$ 1,162	$ 1,127	$ 4,443	$ 4,306
Adjustments:							
BlackRock/MLIM transaction integration costs		(72)	(13)	(6)		(91)	
BlackRock equity method (c)		(223)	(251)	(291)	(257)	(765)	(853)
Adjusted noninterest expense	$ 969	$ 872	$ 881	$ 865	$ 870	$ 3,587	$ 3,453
Adjusted efficiency ratio	**63%**	**62%**	**60%**	**63%**	**63%**	**62%**	**66%**
Amounts further adjusted by excluding PFPC distribution/out-of-pocket revenue and expenses:							
Adjusted net interest income	$ 566	$ 564	$ 552	$ 553	$ 550	$ 2,235	$ 2,142
Adjusted noninterest income	$ 979	$ 832	$ 918	$ 831	$ 837	$ 3,560	$ 3,122
Less: PFPC distribution/out-of-pocket							

revenue	64	35	34	37	32	170	147
Noninterest income, as adjusted and excluding PFPC distribution/out-of-pocket revenue	$ 915	$ 797	$ 884	$ 794	$ 805	$ 3,390	$ 2,975
Total revenue,							