

LARGE INSTITUTION PERFORMANCE EVALUATION

PUBLIC DISCLOSURE

(February 4, 2008)

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

PNC Bank, Delaware
RSSD ID - 83311

222 Delaware Avenue
Wilmington, Delaware

Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, Ohio 44101-1387

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING

INSTITUTION'S CRA RATING: "Outstanding"

The following table indicates the performance level of PNC Bank, Delaware, with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>PNC Bank, Delaware</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

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Major factors supporting the institution's rating include:

- A substantial majority of the bank's loans are made inside its assessment area;
- The geographic distribution of loans reflects excellent penetration throughout the assessment area;
- The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different sizes;
- The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound banking practices;
- The bank has made an excellent level of community development loans;
- The bank has an excellent level of qualified community development investments and grants; and
- The bank is a leader in providing community development services.

INSTITUTION

DESCRIPTION OF INSTITUTION

PNC Bank, Delaware (PNC/Delaware), is a state chartered, full-service retail bank headquartered in Wilmington, New Castle County, Delaware. The bank operates 47 branches, 46 full-service automatic teller machines (ATMs), and 100 cash-only ATMs, throughout New Castle, Kent and Sussex counties in Delaware. PNC/Delaware offers a variety of consumer and commercial banking services, including personal and business checking, and savings and time accounts. Consumer loans include secured and unsecured installment loans and lines of credit. Various types of mortgage loans are available, including conventional fixed rate, adjustable rate, and FHA. PNC/Delaware also offers mortgage loans through PNC Mortgage, LLC, a mortgage company affiliate of the bank. In addition, the bank offers business loans, including lines of credit, term loans, SBA loans, and commercial credit cards.

PNC/Delaware is a subsidiary of PNC Financial Services Group (PNC Financial), a \$132 billion multi-bank holding company headquartered in Pittsburgh, Pennsylvania. PNC Financial operates three bank subsidiaries: PNC/Delaware, PNC Bank, N.A., the organization's lead bank headquartered in Pittsburgh, PA, and Yardville National Bank, headquartered in Yardville, NJ.

PNC/Delaware's website, www.pnc.com, provides free online banking services that allow bank customers access to personal accounts to verify account balances, transfer funds, obtain online statements, and pay bills. The web site is transactional, allowing customers to apply for loan products online. The website also provides Online Business Services, including online banking and bill payment, account management, and payroll services. PNC's website also contains extensive information about the organization and its history, community involvement, office locations, employment, and investor relations.

The following table details the locations of the bank's branches.

Metropolitan Area	County	Number of Branches
Wilmington Metropolitan Division	New Castle County	29
Dover Metropolitan Statistical Area	Kent County	4
Sussex County Non-Metropolitan Area	Sussex County	14
Total Branches		47

In September 2007, PNC Financial acquired Mercantile Bankshares Corporation, a \$17 billion bank holding company that provided banking and investment and wealth management services in Delaware, Maryland, Virginia, the District of Columbia and Pennsylvania. As a result of this

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acquisition, PNC/Delaware obtained eight new branches in Sussex County. Mercantile's other offices were merged into the lead bank, PNC Bank, N.A.

The following table details key financial data for PNC/Delaware as of December 31, 2007.

Key Financial Information As of December 31, 2007	Dollar Amount (in thousands)
Total Assets	\$3,180,323
Total Deposits	\$2,464,496
Net Loans and Losses	\$2,512,189
Loans Secured by Real Estate	\$1,866,332
Loans Secured by 1 to 4 Family Residential Properties	\$1,339,369
Loans Secured by Multi-Family Residential Properties	\$ 21,832
Consumer Loans	\$276,872
Commercial Loans	\$591,685

DESCRIPTION OF ASSESSMENT AREA

For purposes of CRA, PNC/Delaware has designated three assessment areas, encompassing the entire state of Delaware:

1. Wilmington metropolitan division 48864, consisting of New Castle County in the Delaware portion of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA.
2. Dover MSA 20100, consisting of Kent County, Delaware.
3. Sussex County, Delaware, a non-metropolitan area.

The bank's assessment area was determined to comply with the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income census tracts. The bank's asset size and financial condition indicate that it has the ability to effectively meet the credit needs of its assessment area. There are no legal or other impediments that would hamper the bank's ability to meet community credit needs.

SCOPE OF EXAMINATION

PNC/Delaware's performance under the Community Reinvestment Act (CRA) was evaluated for the period from January 1, 2006 through February 4, 2008. The lending, investment, and service tests were applied in assessing the bank's performance under CRA, pursuant to the Interagency Procedures and Guidelines for Large Retail Institutions.

The loan products evaluated under the lending test include home-purchase and home-improvement loans and refinancing of such loans (collectively titled Home Mortgage Disclosure Act (HMDA) loans), small business loans, and other loans that qualified as community development. The HMDA and small business loan data reviewed for purposes of this evaluation covered the period from January 1, 2006 through September 30, 2007.

The HMDA loans evaluated included loans originated by PNC/Delaware and by PNC Mortgage, LLC. As required under CRA, this Public Evaluation does not take into account loans made by PNC Mortgage, when determining the volume of loans extended inside and outside of the bank's assessment area. However, when determining the geographic distribution of loans and lending to borrowers of different incomes, the Evaluation does include an analysis of loans originated by PNC Mortgage.

PNC/Delaware's HMDA and small business loans were compared to the aggregate of all lenders in the bank's assessment areas reporting HMDA loans pursuant to HMDA, and small business loans pursuant to CRA. This data is reported annually, and the most recent year for which information is available is 2006.

For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data. The distribution of loans to borrowers of different income levels was based upon annually adjusted median family income data made available by the U.S. Department of Housing and Urban Development (HUD). The most recent year for which median family income data is available is 2007. All other demographic indices and statistics presented throughout this evaluation are based on 2000 U.S. Census data unless otherwise noted.

Loans were evaluated to determine the lending activity inside and outside the bank's assessment area. In addition, loans inside the assessment area were evaluated on the geographic and borrower income distribution for each assessment area. The bank's geographic distribution with respect to HMDA loans was assessed by comparing the percentage of loans made in each geography type (low-, moderate-, middle-, and upper-income) to the percentage of owner-occupied units in each geography type. Small business loans were compared to the percentage of businesses within each geographic income category, regardless of revenue size of the business.

The bank's borrower income distribution with respect to HMDA loans was assessed by comparing the percentage of loans made to borrowers in each income category (low-, moderate-, middle-, and upper-income) to the percentage of families in each income category. Poverty level

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is determined by both income and family size. Generally, a larger proportion of poverty level families are in the low-income category, and to a certain extent, the moderate-income category. Borrowers at poverty level often do not qualify for real-estate loans, so the percentage of families below poverty level was considered when evaluating lending performance to low- and moderate-income borrowers.

In addition, more weight was placed on comparing PNC/Delaware's lending performance to the aforementioned proxies derived from the demographic data. The bank's lending market share is also included in each assessment area to gain a better understanding of PNC/Delaware's rank in each area.

Small business loans were reviewed and received more weight when rating the bank's CRA performance as small business loans comprised 62.4% of loans, while HMDA loans were 37.6% of loans.

Community development loans and investments funded by the bank between January 1, 2006 and February 4, 2008 were reviewed for the lending and investment tests. Community development services were evaluated for the service test.

The bank's assessment areas were evaluated for lending, investment, and service performance. All three assessment areas were reviewed by using the full scope examination procedures; however, a majority of the bank's lending and operations were in the Wilmington assessment area and, as such, this assessment area received the greatest weight when rating the bank's CRA performance. PNC/Delaware's branch, deposit, and lending distributions by assessment area are as follows:

Assessment Area	Number of Branches	Percent of Branches	Deposit Share	Loan Share
Wilmington MD	29	61.7%	73.8%	65.2%
Sussex County	14	29.8%	13.7%	17.5%
Dover MSA	4	8.5%	12.5%	17.3%
Totals	47	100%	100%	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Lending Activity

Bank lending levels reflect excellent responsiveness to credit needs throughout the bank's assessment area, which consists of the whole state of Delaware. PNC/Delaware ranks 9th of 606 HMDA reporters, placing it in the top 3% of lenders in the state. In addition, its affiliate, PNC Mortgage, LLC, ranks 120th in the state. The three leading HMDA lenders in Delaware are Countrywide Home Loans, Wells Fargo Bank, and JP Morgan Chase Bank, N.A.

PNC/Delaware is ranked 5th out of 105 CRA reporters, placing the bank in the top 5% of small business lenders in Delaware. The top five small business lenders in the state (including PNC/Delaware) originated 66% of the total reported small business loans, which includes business credit cards. The four CRA reporters larger than PNC/Delaware are American Express Bank, FSB, Citibank (South Dakota), NA, Chase Bank USA, NA, and Capital One FSB.

PNC/Delaware's HMDA and small business lending activity during the period evaluated is summarized in the following table.

EXHIBIT 1				
Summary of Lending Activity				
Loan Type	#	%	\$(000s)	%
Total Consumer related	0	0	\$0	0
Home Improvement	1,144	--	\$54,239	--
Home Purchase	210	--	\$37,084	--
Multi-Family Housing	1	--	\$10	--
Refinancing	687	--	\$67,393	--
Total HMDA related	2,042	13	\$158,726	28
Small Bus. - Secured by Real Estate	96	--	\$11,497	--
Small Business	13,010	--	\$401,552	--
Total Small Business related	13,106	87	\$413,049	72
Total Small Farm related	0	0	\$0	0
TOTAL LOANS	15,148	100	\$571,775	100

Assessment Area Concentration

An analysis of the volume of loans extended inside and outside of the bank's assessment area shows that a substantial majority of the bank's home mortgage loans were made inside its assessment area. However, the substantial majority of small business loans were made outside

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the assessment area. This is due to PNC Financial's credit card operation, which issues business credit cards for the entire PNC organization through PNC/Delaware. When the business credit cards are removed from the analysis, the distribution shows that a substantial majority (89.8%) of the bank's small business loans are inside the assessment area.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
Home Purchase - Conventional	50	94.3	5,415	91.4	3	5.7	510	8.6
Home Improvement	1091	96.1	49,693	96.3	44	3.9	1,933	3.7
Refinancing	586	96.5	47,411	93.6	21	3.5	3,251	6.4
Small Business	3279	25.2	256,883	64.0	9,731	74.8	144,669	36.0
Small Bus. - Secured by Real Estate	93	96.9	11,145	96.9	3	3.1	352	3.1

Note: Affiliate loans not included.

Geographic Distribution

The geographic distribution of small business loans is excellent in each of the bank's three assessment areas. The geographic distribution of home mortgage loans is considered good in each of the assessment areas, and was enhanced by the bank's community development lending in low- and moderate-income census tracts.

Borrower Distribution

In each of the bank's assessment areas, the distribution of loans to borrowers of different income levels is excellent. The distribution of HMDA loans to both low- and moderate-income borrowers is notable, given that the percentage of loans to these borrowers was higher than the aggregate of all HMDA lenders' in every assessment area. The bank enhanced its efforts in addressing the credit needs of low- and moderate-income borrowers through participation in affordable housing programs and the development of innovative loan products.

The bank's lending to businesses of different sizes, including small businesses, was excellent when compared to the aggregate of all CRA lenders in its assessment areas. To enhance its efforts in addressing the credit needs of small businesses, PNC/Delaware participates in several small business lending programs. The bank also developed several innovative loan products geared to small businesses.

Schedule RC-C Part II (Loans to Small Farms and Small Businesses) of the bank's Consolidated Reports of Condition and Income (as of June 30, 2007) indicates that 37.6% of PNC/Delaware's commercial loans were designated as small business loans, as detailed in the following chart.

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PNC BANK, DELAWARE COMMERCIAL LOAN PORTFOLIO		
	AMOUNT OUTSTANDING AS OF 6/30/2007 (\$000)	PERCENT
Loans with original amounts of \$100,000 or less	\$68,277	14.9%
Loans with original amounts of more than \$100,000 through \$250,000	\$48,918	10.7%
Loans with original amounts of more than \$250,000 through \$1,000,000	\$55,290	12.1%
TOTAL SMALL-BUSINESS LOANS	\$172,485	37.6%
Loans with original amounts of greater than \$1,000,000	\$286,281	62.4%
TOTAL COMMERCIAL LOANS	\$458,766	100%

PNC/Delaware's use of innovative and flexible loan products that address the specific credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. Most notably, the bank offers the "PNC Basic Loan" designed for low- and moderate-income borrowers who either lack a traditional credit history, or have a weak credit history. The bank uses flexible underwriting criteria, allowing for the use of alternative credit history documentation such as rent receipts, utility payments and other verifiable credit payments. During the evaluation period, the bank originated 13 loans mortgages under this program, aggregating \$81,807.

The bank offers a home equity loan product with a \$1,000 minimum loan size. The product is designed for low- and moderate-income borrowers who require smaller size loans to fill their credit needs. During the evaluation period, the bank originated 18 home equity loans in amounts of \$5,000 or less, aggregating \$64,328.

Community Development Lending

PNC/Delaware is a leader in making community development loans in its assessment area. Over the evaluation period, the bank originated nine community development loans aggregating \$14.4 million. All of these loans supported affordable housing and were responsive to identified needs in the bank's assessment areas. Of the total community development loan dollars, 52% supported the Wilmington assessment area, 46% supported the Sussex County assessment area, and 2% supported the Dover assessment area.

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PNC/Delaware's overall lending performance was enhanced through the use of community development lending.

INVESTMENT TEST

Performance under the investment test is rated "outstanding."

PNC/Delaware has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position. Bank investments total \$20.2 million for this evaluation period.

Current investments for this evaluation period total \$9.0 million. All of these current investments support affordable housing initiatives in Delaware and were allocated to the bank's three assessment areas based upon the area's deposit share.

The bank also had a number of investments, recognized in previous examinations, which maintain unamortized balances of \$11.2 million as of September 30, 2007. Of the total unamortized balances, 66% support affordable housing, 33% support the financing of small businesses, and the remaining 1% supports economic revitalization.

In addition, the bank made 64 donations, totaling \$412,003, to various community development organizations throughout the assessment area. These donations, of which 56% or \$230,743 supported a variety of statewide and local-area organizations and programs that provide services to low- and moderate-income families and individuals, affordable housing, and help revitalize and stabilize low- or moderate-income areas.

Also, \$181,260 or 44% of total donation dollars were provided to PNC *Grow Up Great*. PNC's *Grow Up Great* program promotes public investment in early childhood development initiatives, viewing such an investment as an economic development tool. The amount considered as qualified investments are those funds that specifically served the needs of either low- and/or moderate-income individuals or areas.

SERVICE TEST

Performance under the service test is rated "outstanding."

Retail Services

Branch delivery systems, as well as alternative delivery systems such as ATMs, telephone and Internet banking, are accessible to essentially all portions of the bank's assessment areas. PNC/Delaware operates 47 branches, 46 full-service ATMs, and 100 cash-only ATMs in the state of Delaware. To the extent changes have been made, the bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income individuals. During the evaluation period, PNC/Delaware opened nine new

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branches: eight branches were opened in the Sussex County assessment area and one in the Wilmington assessment area. The bank closed one branch in the Wilmington assessment area. Banking services do not vary in a way that inconveniences certain portions of the bank's assessment areas.

Community Development Services

PNC/Delaware is a leader in providing community development services. The bank operates with a full-time Community Consultant who is responsible for the bank's community development and CRA efforts in Delaware and whose efforts are supported by the parent company's community development resources.

During this evaluation period, the bank provided 64 services to 53 separate community development organizations. Also, complementing the Community Consultant's community outreach efforts are bank officers and employees who serve in various capacities on boards and committees. Bank personnel also conduct financial education courses for numerous community development organizations throughout the state.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No violations of the substantive provisions of the antidiscrimination laws and regulations were noted. The bank continues the use of fair lending policies and procedures and has an effective fair lending training program to address fair lending issues. Internal reviews of bank policies and procedures are conducted routinely to ensure compliance.

FULL-SCOPE REVIEW ASSESSMENT AREA CONCLUSIONS

WILMINGTON, DELAWARE, METROPOLITAN DIVISION 48864

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA

The Wilmington assessment area represented 73.8% of PNC/Delaware's total deposits and 65.2% of its loans. The bank operates 29 branches, 27 full service ATMs, and 70 cash-only ATMs in this assessment area. PNC/Delaware ranks 9th out of 11 institutions in the assessment area with 1.1% of total market deposits.¹ The banking environment in which PNC/Delaware operates is highly competitive. Large super-regional banks compete with community banks, mortgage companies, and savings and loan associations. Major banking competitors in the area include ING Bank, FSB; Chase Bank USA, NA; Bank of America, NA; and Wilmington Trust Company (headquartered in Wilmington, Delaware).

According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits as of June 30, 2007², there were 34 depository institutions operating in the Wilmington Metropolitan Division. These 34 institutions maintained 167 branches holding \$135 billion in deposits. PNC/Delaware operated 28 of these branches with \$1.5 billion in deposits (73.8% of the bank's total deposits). PNC Delaware ranks 9th in the Metropolitan Division (MD), controlling 1% of the retail deposit market. The deposit market is dominated by INB Bank, FSB, which ranks 1st with 40% of the market.

This assessment area includes the entire Wilmington MD, which consists of New Castle County in northern Delaware. There are 127 census tracts, of which 10 are low-income, 23 are moderate-income, 61 are middle-income and 32 are upper-income. All of the low-income tracts and seven moderate-income tracts are located in the city of Wilmington, the largest urban area within this assessment area. The city contains 15% of the total assessment area population.

To determine credit needs and opportunities in the Wilmington assessment area, two interviews, one focusing on economic development and the other on affordable housing, were conducted with local community organizations. This information was also supplemented with demographic and economic data pertinent to the area. The most frequently mentioned credit needs were affordable housing for low- and moderate-income borrowers, affordable home purchase and rehabilitation financing, homeownership and credit counseling for first-time homebuyers, and affordable and more flexible financing for small and minority-owned businesses.

¹ FDIC Summary of Deposits: www.fdic.gov

² June 30, 2007 is the most recent date for which FDIC deposit data is available.

Population Characteristics

According to 2000 census data, the population of the Wilmington MD was 500,265, and 21.8% of the population lives in the low- and moderate-income census tracts. In addition, 14.5% of the population lives in the city of Wilmington in northeastern New Castle County. From 2000 to 2006, the assessment area population increased by about 5.1%, to 525,587. Of the total population, 11.6% are now age 65 and older.

Income Characteristics

For purposes of evaluating the loan distribution to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by HUD. According to the 2000 Census, the median family income for the Wilmington MD is \$62,144, which is above the median income level for the state of Delaware at \$55,257. In 2007, the median family income increased to \$73,900.

From an income distribution standpoint, 18.4% of the families in the assessment area are designated as low-income, 17.3% are moderate-income, 23.5% are middle-income, and 40.8% are upper-income. Families living below the poverty level represent 5.6% of total families in the assessment area. In the state, 6.5% of families live below the poverty level.

Housing Characteristics

According to the 2000 Census, the Wilmington assessment area contains 199,512 housing units, of which 66.4% are owner-occupied. In low-income tracts, however, just 1.5% of housing units are owner-occupied, and in moderate-income tracts 14.5% are owner-occupied. The overall owner-occupancy rate in the state is 63.0%.

The percentage of units housing 1-4 families was 79.0%, while 18.5% housed five families or more. Mobile homes were 2.5% of the housing units. The median age of the housing stock in the Wilmington MD is 33 years, which is slightly higher than the median age of housing stock in Delaware at 27 years.

As of the 2000 Census, the median housing value in the Wilmington assessment was \$132,932. The median housing value in the upper-income census tracts (\$191,414) had a disparity with housing values in both low- (\$66,815) and moderate-income tracts (\$90,619). According to Moody's Economy.com, house-price appreciation is falling in the Wilmington's housing market. The average existing home price decreased 4% between 2006 and 2007, from \$247,000 to \$237,600.

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Labor, Employment, and Economic Characteristics

The Wilmington assessment area encompasses all of New Castle County in northern Delaware. Much of Wilmington's economy is based on its status as the most populous city in Delaware, a state that made itself attractive to businesses with pro-business finance laws. Wilmington has become a national financial center for the credit card industry, largely due to regulations enacted in 1981. The Financial Center Development Act of 1981, among other things, eliminated the usury laws enacted by most states, thereby removing the cap on interest rates that banks may legally charge customers. Many major credit card issuers, including Bank of America (formerly MBNA Corporation), Chase Card Services (part of JPMorgan Chase) and Barclays, are headquartered in Wilmington. The Dutch banking giant ING Groep N.V., headquartered its U.S. internet banking unit, ING Direct, in Wilmington.

Wilmington's other notable industries include insurance (American Life Insurance Company (ALICO), Blue Cross and Blue Shield of Delaware), retail banking (including the Delaware headquarters of Wilmington Trust; PNC Bank, Delaware; Wachovia Bank of Delaware; JP Morgan Chase; and Citizens Bank). The city is the corporate domicile of more than 50% of the publicly traded companies in the United States, and over 60% of the Fortune 500.

The largest employers in the assessment area are Bank of America, Christiana Care Health System, E.I. du Pont de Neumours & Company, JPMorgan Chase Company, and Astra Zeneca Pharmaceuticals. The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for business credit within such census tracts. According to Dun and Bradstreet, 12.5% of businesses in the Wilmington assessment area are located in the low-income census tract and 16.6% are located in moderate-income census tracts. The majority of businesses are located in middle-income (42.3%) and upper-income (28.6%) census tracts.

Area unemployment rates remain low in the state, New Castle County, and the city of Newark. Unemployment is somewhat higher in the city of Wilmington. For comparison purposes, area unemployment rates are presented in the table below.

	November 2007	November 2006
New Castle County	2.9%	3.1%
City of Wilmington	4.9%	4.5%
City of Newark	2.3%	2.5%
State of Delaware	3.0%	3.0%
Nation-wide	4.6%	4.6%

Key demographic information about the assessment area is on the following page.

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Combined Demographics Report

PNC Bank

Analysis Year: 2006 & 2007

Assessment Area(s): MSA 48864

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	10	7.9	4,190	3.3	1,397	33.3	23,614	18.4
Moderate-income	23	18.1	21,578	16.9	2,430	11.3	22,106	17.3
Middle-income	61	48.0	64,003	50.0	2,704	4.2	30,070	23.5
Upper-income	32	25.2	38,226	29.9	653	1.7	52,207	40.8
Unknown-income	1	0.8	0	0.0	0	0.0	0	0.0
Total Assessment Area	127	100.0	127,997	100.0	7,184	5.6	127,997	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	8,112	2,024	1.5	25.0	4,870	60.0	1,218	15.0
Moderate-income	37,122	19,261	14.5	51.9	14,678	39.5	3,183	8.6
Middle-income	100,389	67,893	51.2	67.6	27,935	27.8	4,561	4.5
Upper-income	53,898	43,315	32.7	80.4	8,959	16.6	1,624	3.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	199,521	132,493	100.0	66.4	56,442	28.3	10,586	5.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	2,460	12.5	2,002	11.7	374	17.4	84	16.8
Moderate-income	3,270	16.6	2,762	16.2	403	18.7	105	21.0
Middle-income	8,331	42.3	7,212	42.3	896	41.7	223	44.7
Upper-income	5,624	28.6	5,061	29.7	476	22.1	87	17.4
Unknown-income	10	0.1	9	0.1	1	0.0	0	0.0
Total Assessment Area	19,695	100.0	17,046	100.0	2,150	100.0	499	100.0
	Percentage of Total Businesses:			86.5		10.9		2.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	3	2.4	3	2.5	0	0.0	0	0.0
Moderate-income	15	11.8	14	11.7	1	14.3	0	0.0
Middle-income	56	44.1	54	45.0	2	28.6	0	0.0
Upper-income	53	41.7	49	40.8	4	57.1	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	127	100.0	120	100.0	7	100.0	0	0.0
	Percentage of Total Farms:			94.5		5.5		0.0

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WILMINGTON, DE, METROPOLITAN DIVISION

LENDING TEST

PNC/Delaware's performance under the lending test for the Wilmington assessment area is "excellent." The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area and the penetration of small business loans is excellent. The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different sizes. Community development loans significantly enhanced the bank's overall lending performance.

Lending Activity

During the evaluation period, PNC/Delaware originated \$87.3 million in HMDA loans and \$186.9 million in small business loans in the Wilmington assessment area. This represented 65.2% of PNC/Delaware's total lending activity. The percentage of loans is higher than the percentage of bank branches (61.7%) but lower than the percentage of deposits (73.8%) in the Wilmington assessment area as of September 30, 2007. Overall, PNC/Delaware ranks 13th among 469 HMDA reporters. PNC Mortgage, LLC, ranks 97th. The bank ranks 5th among 88 small business reporters lending in the assessment area.

Geographic Distribution

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different census tracts within the Wilmington assessment area. The analysis reflected excellent penetration throughout the assessment area, including low- and moderate-income census tracts.

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in those tracts. The overall analysis of the geographic distribution of PNC/Delaware's lending reflects good penetration in the Wilmington assessment area. Over the evaluation period, PNC/Delaware made loans in all of the assessment area's 33 low- and moderate-income census tracts.

In the Wilmington assessment area, 1.5% of all owner-occupied housing units are located in low-income tracts. By comparison, the bank's HMDA lending shows that 1.9% of its home mortgage loans were in low-income tracts. PNC/Delaware's HMDA lending is compared to all lenders operating in the assessment area. The aggregate of all HMDA lenders originated 2.6% of home mortgage loans in low-income tracts, indicating the bank performed below the aggregate lending level, but exceeded the proxy, in this assessment area. This reflects good geographic penetration

in low-income census tracts, despite the limited amount of owner-occupied housing.

Also in this assessment area, 14.5% of owner-occupied housing units are located in moderate-income census tracts. By comparison, 18.1% of the bank's home mortgage loans were originated in these tracts. The aggregate of all HMDA lenders originated 18.8% of loans in moderate-income tracts, indicating that PNC/Delaware again performed slightly below the aggregate, but exceeded the proxy, in this assessment area. This reflects good geographic penetration in the moderate-income census tracts.

Home Purchase Loans

The bank made 2.5% of its home purchase loans in low-income census tracts, which is more than the percentage of owner-occupied units in these tracts at 1.5%, but less than the aggregate of all HMDA lenders at 3.4% in low-income tracts. The geographic distribution of home purchase loans in low-income tracts is considered good when compared to both the aggregate performance and owner-occupied housing units in these tracts.

The bank made 28.7% of its home purchase loans in moderate-income tracts, which is significantly more than both the percentage of owner-occupied units at 14.5%, and the aggregate of all HMDA lenders at 19.4% of loans. The geographic distribution of home purchase loans in moderate-income tracts is considered excellent when compared to both the aggregate performance and owner-occupied housing units.

PNC/Delaware originated 41.8% and 27.0% of its home purchase loans in middle- and upper-income tracts, respectively, compared to the percentage of owner-occupied units in middle- and upper-income tracts at 51.2% and 32.7%. The aggregate of HMDA lenders made 51.5% and 25.7% of their loans in middle- and upper-income census tracts.

Refinance Loans

PNC/Delaware made 1.5% of its refinance loans in low-income tracts, which is the same as the percentage of owner-occupied units in these tracts, but below the aggregate of all HMDA reporters' lending in these tracts at 2.0%. The geographic distribution of refinance loans is considered good in low-income tracts when compared to both the aggregate performance and owner-occupied housing units.

PNC/Delaware originated 16.5% of its refinance loans in moderate-income tracts, which is above the percentage of owner-occupied units in these tracts at 14.5%, but below the aggregate of all HMDA reporters' lending in these tracts at 18.6%. The geographic distribution of refinance loans is considered good in moderate-income tracts when compared to the aggregate performance and owner-occupied housing units.

The bank made 55.9% and 26.1% of its refinance loans in middle- and upper-income tracts, respectively, compared to the percentage of owner-occupied units in middle- and upper-income

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tracts at 51.2% and 32.7%. The aggregate of all HMDA lenders made 54.7% and 24.7% of loans in the middle- and upper-income tracts.

Home Improvement Loans

The bank originated 2.0% of its home improvement loans in low-income census tracts, which is more than both the percentage of owner-occupied units in these tracts at 1.5% and the percentage of the aggregate of all HMDA reporters who made 1.4% of their home improvement loans in these tracts. The geographic distribution of home improvement loans in low-income tracts is excellent.

The bank originated 17.2% of its home improvement loans in moderate-income census tracts, which is more than both the percentage of owner-occupied units in these tracts at 14.5% and the aggregate of all HMDA reporters at 16.9% of loans in these tracts. The geographic distribution of home improvement loans is considered excellent in moderate-income tracts when compared to both the aggregate performance and the level of owner-occupied units.

The bank's strong performance in home improvement lending in low- and moderate-income census tracts is significant because more than half (57.1%) of the bank's total HMDA loans in the Wilmington assessment area were home improvement loans. In addition, the need for home improvement loans in these tracts is greater given the median age of housing in low- (52 years) and moderate- (45 years) tracts is significantly older, when compared to the housing in middle (30 years) and upper-income (28 years) tracts.

The bank made 53.5% and 27.3% of its home improvement loans in middle- and upper-income tracts, respectively, compared to the percentage of owner-occupied units in middle- and upper-income tracts at 51.2% and 32.7%. The aggregate of all HMDA lenders was 54.7% and 27.0% of loans in the middle- and upper-income tracts.

Small Business Loans

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the assessment area, including low- and moderate-income tracts. Penetration throughout the assessment area was considered excellent.

During the evaluation period, PNC/Delaware originated 2,218 small business loans, in an aggregate amount of \$186,861 million. A comparison of the number of small business loans originated in each type of census tract to the number of businesses located in each type of tract demonstrates the bank's commitment to making credit available to its entire community.

Business demographics revealed that there were a total of 19,695 businesses within the Wilmington assessment area. PNC/Delaware's extension of credit to these businesses shows that low-income census tracts received 6.9% of small business loans, while 12.5% of businesses are located in these tracts. Moderate-income census tracts received 20.0% of small business loans,

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while 16.6% of businesses are located in these tracts. Middle-income tracts received 41.7% of small business loans for their 42.3% share of businesses. Upper-income census tracts received 31.4% of small business loans for their 28.6% share of businesses.

PNC/Delaware's small business lending was compared to all lenders operating in the Wilmington assessment area. Aggregate data shows that 5.5% of all small business loans were made in low-income census tracts and 13.7% of loans were made in moderate-income tracts. PNC/Delaware performed better than the aggregate in both low- and moderate-income tracts.

Distribution by Borrower Income and Revenue Size of the Business

Home mortgage and small business lending data were analyzed in conjunction with the review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different incomes and to businesses of different sizes. This analysis revealed the bank's excellent penetration among both borrowers of different income levels and businesses of different sizes.

Lending to Borrowers of Different Income Levels

The percentage of low- and moderate-income families in the assessment area is used as a proxy to estimate demand for home mortgage lending. In the Wilmington assessment area, the bank originated 10.6% of its home mortgage loans to low-income borrowers, which is less than the percentage of low-income families in the assessment area at 18.4%, but is above the aggregate level of all HMDA reporters who made 8.4% of their loans to low-income borrowers.

The bank's overall home mortgage lending to low-income borrowers is excellent considering that the credit needs of the low-income segment of the population are difficult to address through conventional loan products, presenting a significant obstacle to homeownership. In particular, 35.6% of the assessment area's renters expend more than 30% of gross income for housing, making it difficult for renters to save the customary down payment and closing costs necessary to purchase a house.

The bank originated 22.8% of its home mortgage loans to moderate-income borrowers, which exceeds both the percentage of moderate-income families in the assessment area at 17.3%, and the aggregate level of 21.8% of loans to these borrowers. The bank's distribution of home mortgage loans to moderate-income borrowers is considered excellent. This level of lending to moderate-income borrowers is notable given that similar obstacles to lending also exist for these borrowers.

PNC/Delaware's use of innovative and flexible loan products that address the specific credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. Most notably, the bank offers the "PNC Basic Loan" designed for low- and moderate-income

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borrowers who either lack a traditional credit history, or have a weak credit history. The bank uses flexible underwriting criteria, allowing for the use of alternative credit history documentation such as rent receipts, utility payments and other verifiable credit payments.

The bank offers a home equity loan product with a \$1,000 minimum loan size. The product is designed for low- and moderate-income borrowers who require smaller size loans to fill their credit needs.

Home Purchase Loans

PNC/Delaware originated 8.2% of its home purchase loans to low-income borrowers, which was less than the percentage of low-income families at 18.4%, but higher than the aggregate of all HMDA lenders at 7.5%. This level of lending to low-income borrowers is excellent, considering that the credit needs of the low-income segment of the population can be difficult to address through conventional loan products, presenting a significant obstacle to homeownership.

The bank originated 27.9% of its home purchase loans to moderate-income borrowers, which is significantly more than the percentage of moderate-income families at 17.3%, and higher than the percentage of loans made by the aggregate of all HMDA reporters at 21.8%. The level of lending to moderate-income borrowers in the assessment is excellent.

PNC/Delaware originated 25.4% and 36.1% of its home purchase loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 23.5% and 40.8%. The aggregate of all HMDA lenders made 23.1% and 30.5% of loans to middle- and upper-income borrowers. The borrowers' income was not available for 17.2% of the home purchase loans made in this assessment area.

Refinance Loans

The bank made 7.1% of its refinance loans to low-income borrowers, which was lower than both the percentage of low-income families at 18.4%, and the aggregate of all HMDA lenders' percentage of 8.4%. The bank's level of refinance loans to low-income borrowers in the assessment area is good, considering that the credit needs of the low-income segment of the population can be difficult to address, presenting a significant obstacle to homeownership.

PNC/Delaware originated 20.8% of its refinance loans to moderate-income borrowers, which is above the percentage of moderate-income families at 18.4%, but slightly below the percentage of loans made by the aggregate of all HMDA lenders at 21.2%. The bank's level of refinance loans to moderate-income borrowers in the assessment area is good.

The bank made 29.1% and 42.5% of its refinance loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 23.5% and 40.8%. The aggregate of all HMDA lenders made 24.3% and 28.2% of loans to middle- and

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upper-income borrowers. The borrowers' income was not available for 17.9% of the refinance loans made in this assessment area.

Home Improvement Loans

PNC/Delaware originated 13.1% of its home improvement loans to low-income borrowers, which is below the percentage of low-income families at 18.4%, but above the percentage of loans made by the aggregate of all HMDA lenders at 12.4%. The distribution of home improvement loans to moderate-income borrowers is excellent.

The bank originated 23.1% of its home improvement loans to moderate-income borrowers, which is well above the percentage of moderate-income families at 17.3% and just slightly below the percentage of loans made by the aggregate of all HMDA lenders at 24.5%. The high distribution of home improvement loans to moderate-income borrowers is excellent.

The bank's strong performance in making home improvement loans to both low- and moderate-income borrowers is significant because more than half (57.1%) of the bank's total HMDA loans were home improvement loans.

PNC/Delaware made 28.3% and 35.2% of its home improvement loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 23.5% and 40.8%. The aggregate of all HMDA lenders made 27.3% and 30.4% of loans to middle- and upper-income borrowers. The borrowers' income was not available for 5.5% of the home improvement loans made in this assessment area.

Small Business Loans

An analysis of small business lending data was conducted to ascertain the extent of lending to businesses of different sizes, including small businesses. PNC/Delaware's distribution of loans reflects excellent penetration. Of the 2,218 small business loans originated by the bank, 1,680, or 75.7%, were originated to businesses with less than \$1 million in revenue (small businesses), compared to the aggregate of all CRA lenders who made 33.4% of loans to these businesses. Small businesses account for 86.5% of all businesses in the Wilmington assessment area. Based on this analysis, the bank's lending to small businesses is considered excellent.

A further analysis of small business lending shows that 87.0% of the bank's small business loans were extended in an amount of \$100 thousand or less, compared to the aggregate of all CRA lenders who extended 94.9% of small business loans in an amount of \$100 thousand or less. Since smaller size loans are generally commensurate with the borrowing needs of smaller businesses, PNC/Delaware's lending activity demonstrates that the bank is meeting the credit needs of such businesses.

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To enhance its efforts in addressing the credit needs of small businesses in its assessment area, PNC/Delaware participates in several small business lending programs. For example, the bank participates as a U.S. Small Business Administration (SBA) lender. During the examination period, PNC/Delaware originated 149 SBA loans aggregating \$19.6 million. The bank also participates in the Delaware Capital Access Program which is designed to help financial institutions lend to small businesses that do not meet the bank's conventional underwriting criteria. During the examination period, the bank originated 45 loans through this program, aggregating \$1.7 million.

The bank has also developed several loan products geared to small businesses, including the *Choice Credit for Business*, a line of credit which offers a simplified application process, low minimum loan amounts, and no collateral requirements. As of September 30, 2007, the bank had 1,110 active Choice Credit lines of credit with outstanding commitments of \$47.4 million.

Community Development Lending

PNC/Delaware is a leader in making community development loans in the Wilmington assessment area. During the period evaluated, the bank originated seven loans totaling \$7.6 million. Six of the seven loans (totaling \$6.1 million) were for the rehabilitation or construction of single and multi-family housing located in low- and moderate-income census tracts in the assessment area. These dwellings provide affordable housing opportunities for low- and moderate-income families and individuals, while helping to stabilize the neighborhoods in which they were made.

The seventh loan committed \$2.0 million in funding to the Delaware Community Investment Corporation (DCIC) Housing Loan Fund Pool. DCIC is a multi-bank community development corporation of which PNC/Delaware is a member. The loan pool provides long-term permanent financing for the development of multi-family housing for low- and moderate-income families and individuals in Delaware. The portion of the loan benefiting the Wilmington assessment area totals \$1.5 million.

Of the bank's total community development loan dollars, 52% supported the Wilmington assessment area.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income census tracts or individuals. The test also considers the innovativeness and complexity of these investments. Qualified investments made prior to the previous evaluation, which are still outstanding, are considered under the test. For purposes of CRA, the term "qualified investment" includes a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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Performance under the investment test is excellent in the Wilmington assessment area. Of PNC/Delaware's total current investments, 74% are attributed to this assessment area.

Volume of Investment and Grant Activity

A review of investment activity revealed that PNC/Delaware has an excellent level of qualified community development investments and grants in the Wilmington assessment area, often in a leadership position. Overall, investments totaled \$15.2 million. Of the total investments, 98% supports affordable housing and 2% supports services for low-and moderate-income persons.

Bank investments include \$6 million in the Delaware Community Investment Corporation Equity Fund (DCIC). DCIC is a multi-bank community development corporation established to encourage equity investment in low-income housing projects that qualify for the Federal low-income housing tax credit in Delaware. The portion of this investment benefiting the Wilmington assessment area totals \$4.4 million.

Bank investments also include Delaware State Housing Authority (DSHA) mortgage-backed securities aggregating \$1.9 million. The portion of this investment supporting affordable housing in the Wilmington assessment area totals \$1.4 million. In addition, the bank acquired a \$1 million FNMA targeted mortgage-backed security supporting affordable housing across Delaware. The portion of this investment benefiting the Wilmington assessment area totals \$762 thousand. PNC/Delaware made a \$25,000 investment in the 1st State Community Loan Fund. The Fund helps non-profit affordable housing organizations finance affordable housing projects. The portion of this investment benefiting the Wilmington assessment area totals \$18,500.

In addition to current investments, PNC/Delaware holds investments totaling \$8.3 million, recognized in previous evaluations, which remain outstanding. These investments continue to mostly support affordable housing and to a lesser extent financing of small businesses and economic revitalization efforts within the Wilmington MD.

The bank made grants and contributions to various local organizations that routinely provide community and economic development services that benefit low- and moderate-income individuals and census tracts within this assessment area, including funds dedicated to PNC's Grow Up Great program. During the period evaluated, the bank made \$339 thousand in qualified grants and contributions in the Wilmington assessment area.

Responsiveness to Credit and Community Development Needs

PNC/Delaware exhibits good responsiveness to credit and community economic development needs through the use of investments. Qualified investments are tailored to the needs of particular geographic areas in that a large portion of the bank's investments support affordable housing in an area with high housing costs and a large percentage of low- and moderate-income families (35.7%), making housing unaffordable to many residents.

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SERVICE TEST

The service test evaluates the financial services provided by a financial institution using the following characteristics:

- The accessibility of delivery mechanisms within an assessment area, including the distribution of an institution’s branch offices and alternative delivery mechanisms.
- The impact of changes in branch locations upon low- and moderate-income census tracts or low- and moderate-income persons in the assessment area.
- The reasonableness of business hours and services in meeting assessment area needs.
- The extent to which an institution provides community development services.

Performance under the service test is rated “outstanding” in the Wilmington assessment area.

The bank’s delivery systems are accessible to essentially all portions of the bank’s assessment area. The bank operates 29 branches and 27 full-service ATMs in the Wilmington assessment area. One of the branches is located in a low-income census and seven branches are in moderate-income tracts. In addition, of the bank’s 27 full-service ATMs, one is located in a low-income census and seven branches are in moderate-income tracts.

The following table shows the total distribution of PNC/Delaware’s branches and full-service ATMs:

Census Tracts by Income Level (%)	Percentage of Families by Tract	Number of Branches	Percent	Number of Full-Service ATMs	Percent
Low-income (8%)	3%	1	3%	1	4%
Moderate-income (18%)	17%	7	24%	7	26%
Middle-income (48%)	50%	8	28%	8	29%
Upper-Income (25%)	30%	13	45%	11	41%
Totals	100%	29	100%	27	100%

To supplement traditional banking services, PNC/Delaware offers free 24 hour account access via Internet banking at www.pncbank.com. Customers and non-customers can obtain general information on PNC Bank’s products and services, inquire about branch locations or hours, locate the nearest ATM, request product brochures and applications, and open deposit accounts and apply for loans. In addition, the bank’s AccountLink by Web allows customers to view account balances, transfer funds between accounts, pay bills, place stop payments, or apply for certain loan products via Internet. Customers may also establish online bill pay.

The bank also offers AccountLink by Phone which allows customers to check account balances and make transfers between accounts. PNC Bank’s Telephone Call Center (NFSC) provides 24

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hour automated telephone banking service allowing bank customers to transfer funds between accounts and pay bills. Callers can speak to an FSC daily between the hours of 6am and 12 midnight to inquire about branch hours and locations, ATM locations, resolve account issues, change pertinent information such as address and phone number, and open deposit accounts and apply for loans.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has improved the accessibility of its delivery systems, particularly in moderate-income census tracts, and to low- and moderate-income individuals in the Wilmington assessment area.

Since the previous evaluation, PNC/Delaware opened a new branch located at 330 Dove Run Center Boulevard, Middletown, Delaware. The branch is located in a moderate-income census tract in New Castle County. In addition, the bank closed a branch located at 201 North Union Street, Wilmington, Delaware. The branch was located in a middle-income census tract.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services, including business hours, do not vary among branch offices in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts or individuals. Banking services are offered in a uniform and consistent manner among all branch offices.

Community Development Services

The bank is a leader in providing community development services in this assessment area. The most notable of these qualified services include:

- *PNC Homebuyer's Club* –The Homebuyer's Club provides an opportunity for members to understand the home-buying process and related financial issues. Several bank employees lead financial education classes and seminars held at many locations throughout the bank's assessment area.
- *Affordable Housing Counseling Seminars* – Several bank employees provide affordable housing and basic credit education to low- and moderate-income clients of the following community-based organizations: University of Delaware Fair Housing Focus Group, New Castle County Development Division, First Time Homebuyer's Workshop, Friendship House, Community Housing, Inc., City of Wilmington, Latin American Community Center, Rural Development Housing Fund, and Habitat for Humanity.
- *Children and Families First* – Statewide nonprofit agency which offers low- and moderate-income families and children counseling, social services, and educational activities, including financial education. A staff member serves on the board.
- *Delaware Community Investment Corporation (DCIC)* – provides funds for equity investment and financing for statewide affordable housing development. The bank's

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Community Consultant provides technical assistance to the organization in a variety of capacities, including serving on the board and audit committee.

- *Delaware Housing Coalition (DHC)* – DHC is an advocacy agency for affordable rental and for-sale housing in the state. A bank vice president serves on the board of directors.
- *Delaware State Housing Authority (DSHA)* – DSHA is a statewide agency, which administers housing funds and tax credits for affordable rental and for-sale housing. A bank vice president serves on the board of directors.
- *Delaware Federation of Housing Counselors* – The Federation is the umbrella group for the various HUD-certified housing counseling agencies across the state. A bank representative acted as treasurer.
- *Small Business Development Resource Center* – This statewide organization provides assistance to small businesses, including business plan development. It also offers mentoring by experienced business people in the same line of work. Several bank representatives provide technical assistance to this organization.
- *United Way Delaware's (UWD) Community Impact Fund* – UWD's strategic focus is promoting strong neighborhoods through economic development, revitalization, and stabilization efforts in low- and moderate-income areas. The bank President is a co-chair.
- *Interfaith Housing Delaware, Inc.* – This agency is a housing development and housing counseling services organization. Interfaith is a sponsor of PNC Homebuyers Clubs. A vice president serves on the leadership advisory board. The bank's Community Consultant serves on the leadership council and conducts homebuyer education classes.
- *Neighborhood House, Inc.* develops affordable housing and provides housing counseling and welfare-to-work programs exclusively to low- and moderate-income individuals. A bank employee serves as Board President and chairs the executive committee. Another bank employee provides affordable housing education to clients of the organization.
- *New Knollwood Civic Association* – major initiatives include increasing homeownership rates and providing social services to families and individuals in need. The bank's Community Consultant serves on an advisory committee that provides technical assistance to this low- and moderate-income community.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE DOVER MSA

The Dover assessment area includes the entire Dover MSA, which consists of Kent County in central Delaware. There are 34 census tracts in this assessment area, of which three are moderate-income, 25 are middle-income and six upper-income. The moderate-income tracts are in the city of Dover in central Kent County, and the cities of Harrington and Milford in the southern part of the county. The moderate-income tracts include both the Dover Air Force Base and Delaware State University. There are no low-income census tracts in the assessment area.

The Dover assessment area represented 10.1% of PNC/Delaware's deposits and 17.3% of its loans. The bank operates four branches, 6 full service ATMs, and 21 cash-only ATMs in this market. PNC/Delaware's performance in this assessment area was evaluated in terms of the demographic and business context in which the bank operates. According to the FDIC Summary of Deposits as of June 30, 2007, there were eleven depository institutions operating in the Dover MSA. These institutions maintained a total of 36 branches holding \$1.7 billion in deposits. PNC/Delaware ranked 2nd, with \$262.5 million, or 15.1% of the retail deposit market. Wilmington Trust Company, headquartered in Wilmington, Delaware, dominates this market, holding 31.1% of deposits.

PNC/Delaware's HMDA home mortgage loans were compared to the aggregate of all lenders in the market reporting real estate loans pursuant to HMDA. This data is reported annually and the most recent year for which information was available is 2006. PNC/Delaware ranks 9th with 2% of the Dover market. The market is highly competitive with 347 HMDA reporters and no one financial institution dominating the market.

Regarding small business lending, PNC/Delaware ranked 9th in the assessment area with 5.9% of the market. American Express Bank, FSB, ranked 1st with 25.9% of the market. There were a total of 52 small business reporters in the assessment area.

To determine credit needs and opportunities in Kent County, two interviews, one focusing on economic development and the other on affordable housing, were conducted with local community organizations. This information was also supplemented with demographic and economic data pertinent to the area. The most frequently mentioned credit needs were affordable housing for low- and moderate-income borrowers in the form of rental properties in this county, credit counseling, and more flexible financing for small businesses in order to improve the employment opportunities.

Population Characteristics

According to 2000 Census data, the population of the Dover MSA was 126,697. From 2000 to 2006, the MSA population increased by about 16%, many of whom are retirees.³ Of the total

³ Moody's Economy.com

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assessment area population, 11.7% are now age 65 and older. Twenty seven percent of the population lives in the city of Dover in central Kent County. In addition, 8.8% of this population lives in the assessment areas three moderate-income census tracts.

Income Characteristics

For purposes of evaluating the loan distribution to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by HUD. According to the 2000 Census, the median family income for the Dover MSA is \$46,504, which is below the median income level for the state of Delaware at \$55,257. In 2007, the median family income increased to \$58,700.

From an income distribution standpoint, 18.8% of the families in the assessment area are designated as low-income, 18.7% are moderate-income, 23.2% are middle-income, and 39.4% are upper-income. Families living below the poverty level represented 8.1% of total families in the assessment area. In the state, 6.5% of families live below the poverty level.

Housing Characteristics

According to the 2000 Census, the Dover MSA contains 50,481 housing units, of which 65.5% are owner-occupied. In moderate-income tracts, however, just 39.1% of housing units are owner-occupied and 51.3% of properties are rental units. The moderate-income housing includes the Dover Air Force Base and Delaware State University. The overall owner-occupancy rate in the state of Delaware is 63.0%.

One-to-four family units comprise 70.6% of the housing units in the assessment area and multi-family units comprise 10.7%. Mobile homes are 18.6% of the housing units. The median age of the housing stock in the Dover MSA is 25 years, which is slightly lower than the median age of housing stock in the state at 27 years.

As of the 2000 Census, the median housing value in the Dover assessment area was \$103,327. The median housing value in the upper-income census tracts (\$138,968) has a disparity with moderate-income census tracts (\$84,542). The cost of housing in the Dover MSA remains low compared to other eastern metropolitan areas. In addition, according to Moody's Economy.com, house-price appreciation is falling in the Dover housing market. The average existing home price fell 3% between 2006 and 2007.

Labor, Employment, and Economic Characteristics

The Dover MSA encompasses all of Kent County in central Delaware. The city of Dover, the largest urban center in the MSA, is the state capital and second largest city in Delaware. It also serves as the county seat for Kent County. The largest employer in the assessment area is the state government. A large portion, but not all, of the state's bureaucracy is located in and around Dover. However, Delaware's capital is not its largest city. Consequently, Wilmington, in the northern part of the state and the largest city, has many state offices and employees one would normally expect to find in the state capital, including the headquarters of the Office of the Attorney General.

Apart from the state and county governments, the largest employers in the assessment area include the Dover Air Force Base, Bayhealth Medical Center, Dover Downs Hotel and Casino, and Playtex Products, Inc. Unemployment rate for the Dover MSA was 2.9% in November 2007, compared to 2.7% a year earlier.⁴ Unemployment rates in the assessment area and the state remain lower than the national average of 4.6%. For comparison purposes, the unemployment rates are presented in the table below.

	November 2007	November 2006
Dover MSA/Kent County	2.9%	2.7%
City of Dover	3.2%	2.8%
State of Delaware	3.0%	3.0%
Nation-wide	4.6%	4.6%

The banking environment in which PNC/Delaware operates is competitive. Large super-regional banks compete with community banks and savings and loan associations. Major banking competitors in the area include Wilmington Trust Company, Wachovia Bank of Delaware and Citizens Bank. Local competitors include First National Bank of Wyoming and Wilmington Savings Fund Society, both headquartered in Delaware.

Key demographic information about the assessment area can be found on the following page.

⁴ www.bls.gov/lau

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Combined Demographics Report

PNC Bank

Analysis Year: 2006 & 2007

Assessment Area(s): MSA 20100

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	6,325	18.8
Moderate-income	3	8.8	3,008	8.9	291	9.7	6,288	18.7
Middle-income	25	73.5	26,676	79.2	2,201	8.3	7,810	23.2
Upper-income	6	17.6	4,004	11.9	227	5.7	13,265	39.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	34	100.0	33,688	100.0	2,719	8.1	33,688	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	4,483	1,751	5.3	39.1	2,298	51.3	434	9.7
Middle-income	39,934	27,311	82.6	68.4	10,051	25.2	2,572	6.4
Upper-income	6,064	3,986	12.1	65.7	1,827	30.1	251	4.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	50,481	33,048	100.0	65.5	14,176	28.1	3,257	6.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	435	9.1	385	9.2	38	9.7	12	7.1
Middle-income	3,675	77.1	3,263	77.6	285	72.5	127	74.7
Upper-income	656	13.8	555	13.2	70	17.8	31	18.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,766	100.0	4,203	100.0	393	100.0	170	100.0
Percentage of Total Businesses:			88.2		8.2		3.6	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	9	4.3	9	4.4	0	0.0	0	0.0
Middle-income	183	87.1	177	87.2	6	85.7	0	0.0
Upper-income	18	8.6	17	8.4	1	14.3	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	210	100.0	203	100.0	7	100.0	0	0.0
Percentage of Total Farms:			96.7		3.3		0.0	

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DOVER MSA

LENDING TEST

PNC/Delaware's overall performance on the lending test for the Dover assessment area is "good." The geographic distribution of home mortgage and small business loans reflects good penetration throughout the assessment area, including the moderate-income census tracts. The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different sizes. Community development loans enhanced the bank's overall lending performance.

Lending Activity

During the evaluation period, PNC/Delaware originated \$26.0 million in HMDA loans and \$31.1 million in small business loans in the Dover MSA. This represented 17.3% of the bank's total lending activity. The percentage of loans is more than both the percentage of branches (8.5%) and the percentage of deposits (12.5%) in the assessment area. PNC/Delaware ranked 9th among 347 HMDA reporters, and PNC Mortgage LLC ranked 72nd. The bank ranked 6th among 52 CRA reporters in the Dover MSA.

Geographic Distribution

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different census tracts within the assessment area. The analysis reflects good penetration throughout the assessment area, including moderate-income census tracts. There are no low-income tracts in this assessment area.

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such tracts. A lower level of owner-occupied units limits the bank's lending opportunities in those census tracts. In the Dover assessment area, the large majority of owner-occupied housing units (82.6%) are located in middle-income census tracts. Just 5.3% of all owner-occupied units are located in the assessment area's moderate-income census tracts. By comparison, a review of PNC/Delaware's lending shows that 3.5% of the bank's home mortgage loans were originated in the moderate-income tracts.

PNC/Delaware's home mortgage lending was compared to all lenders operating in the assessment area. The aggregate of all HMDA lenders originated 4.1% of home mortgage loans in moderate-income census tracts, indicating limited lending opportunities for any banks operating in these tracts. Although PNC/Delaware performed slightly below both the aggregate and the proxy in this assessment area, this reflects good geographic penetration in the Dover MSA.

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The geographic distribution of loans may have been impacted by PNC/Delaware's lack of a branch presence in any of the assessment area's moderate-income census tracts. A branch presence increases a bank's opportunity to lend. Of the three moderate-income census tracts in this assessment area, PNC/Delaware made loans in of the two tracts during the evaluation period. The bank originated no HMDA loans in the moderate-income tract in the city of Dover.

Home Purchase Loans

PNC/Delaware made no home purchase loans in moderate-income census tracts, although 5.3% of owner-occupied housing units are located in these tracts. The aggregate of all HMDA lenders originated 3.4% of home purchase loans in moderate-income tracts. The geographic distribution of home purchase loans is considered poor when compared to both the aggregate performance and the number of owner-occupied units in these census tracts. However, there is significant competition for loans in these census tracts, with a limited amount of owner-occupied housing available for purchase.

PNC/Delaware originated 79.5% and 20.5% of its home purchase loans in middle- and upper-income tracts, respectively, compared to the percentage of owner-occupied units in middle- and upper-income tracts at 82.6% and 12.1%. The aggregate of HMDA lenders made 85.6% and 11.0% of their loans in the middle- and upper-income census tracts.

Refinance Loans

PNC/Delaware made 3.3% of its refinance loans in moderate-income tracts, which is below both the percentage of owner-occupied units in these tracts (5.3%) and the aggregate of all HMDA reporters' lending in these tracts at 4.5%. The geographic distribution of refinance loans is considered good when compared to both the aggregate performance and the number of owner-occupied housing units in these census tracts.

The bank made 81.0% and 15.7% of its refinance loans in middle- and upper-income tracts, respectively, compared to the percentage of owner-occupied units in middle- and upper-income tracts at 82.6% and 12.1%. The aggregate of all HMDA lenders made 84.2% and 11.3% of loans in the middle- and upper-income tracts.

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Home Improvement Loans

The bank originated 4.3% of its home improvement loans in the moderate-income census tracts, which is less than both the percentage of owner-occupied units in these tracts at 5.3% and the aggregate of all HMDA reporters who made 6.0% of home improvement loans in these tracts. The geographic distribution of home improvement loans is considered good when compared to both the aggregate performance and the number of owner-occupied housing units in moderate-income tracts.

The bank's volume of home improvement lending in the moderate-income census tracts is significant. In the Dover assessment area, more than half (59.5%) of the bank's HMDA loans were home improvement loans.

The bank made 85.1% and 10.6% of its home improvement loans in middle- and upper-income tracts, respectively, compared to the percentage of owner-occupied units in middle- and upper-income tracts at 82.6% and 12.1%. The aggregate of all HMDA lenders made 84.5% and 9.5% of loans in the middle- and upper-income tracts.

Small Business Loans

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the assessment area, including the moderate-income tracts. Penetration throughout the assessment area was considered good.

During the evaluation period, PNC/Delaware originated 516 small business loans, aggregating \$31.1 million. A comparison of the number of small business loans originated in each type of census tract to the number of businesses located in each type of tract demonstrates the bank's commitment to making credit available to its entire community.

Business demographics revealed that there were a total of 4,766 businesses in the Dover assessment area. PNC/Delaware's extension of credit to these businesses shows that moderate-income census tracts received 5.2% of small business loans, while 9.1% of businesses are located in these tracts. Middle-income tracts received 79.5% of small business loans for their 77.1% share of businesses. Upper-income census tracts received 15.3% of small business loans for their 13.3% share of businesses.

PNC/Delaware's small business lending was compared to all lenders operating in the Dover assessment area. Aggregate data shows that 6.4% of all small business loans were made in moderate-income tracts, indicating that PNC/Delaware performed below the aggregate in these tracts. The bank originated 79.5% and 15.3% of its small business loans in middle- and upper-income census tracts, respectively, compared to the aggregate of all CRA lenders that made 77.6% and 14.2% of their small loans in middle- and upper-income census tracts.

Distribution by Borrower Income and Revenue Size of the Business

Home mortgage and small business lending data were analyzed in conjunction with the review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different incomes and to businesses of different sizes. This analysis revealed the bank's excellent penetration among both borrowers of different income levels and businesses of different sizes.

Lending to Borrowers of Different Income Levels

The percentage of low- and moderate-income families in the assessment area is used as a proxy to estimate demand for home mortgage lending. In the Dover MSA, the bank originated 4.3% of its home mortgage loans to low-income borrowers, which is less than the percentage of low-income families in the assessment area at 18.8%, but it is above the aggregate level of all HMDA reporters who made 2.8% of their loans to low-income borrowers.

Overall, the bank's lending to low-income borrowers in the assessment area is good considering that the credit needs of the low-income segment of the population are difficult to address through conventional loan products, presenting a significant obstacle to homeownership. In particular, approximately 33% of the assessment area's renters expend more than 30% of gross income for housing, making it difficult for renters to save the customary down payment and closing costs necessary to purchase a house.

The bank originated 17.2% of its home mortgage loans to moderate-income borrowers, which is slightly less than the percentage of moderate-income families in the assessment area at 18.7%, but well above the aggregate lending at 13.9% of loans to moderate-income borrowers. The bank's distribution of home mortgage loans reflects excellent penetration among retail customers of different income levels given the obstacles to lending common to low- and moderate-income borrowers. As HMDA data indicates, PNC/Delaware performed significantly better than the aggregate with both low- and moderate-income borrowers in the Dover assessment area.

PNC/Delaware's use of innovative and flexible loan products which address the specific credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. Most notably, the bank offers the "PNC Basic Loan" designed for low- and moderate-income borrowers who either lack a traditional credit history, or have a weak credit history. The bank uses flexible underwriting criteria, allowing for the use of alternative credit history documentation such as rent receipts, utility payments and other verifiable credit payments.

The bank offers a home equity loan product with a \$1,000 minimum loan size. The product is designed for low- and moderate-income borrowers who require smaller size loans to fill their credit needs.

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Home Purchase Loans

PNC/Delaware originated 2.6% of its home purchase loans to low-income borrowers, which is significantly less than the percentage of low-income families at 18.8%. The bank made a higher percentage of home purchase loans to low-income borrowers than the aggregate of all HMDA lenders at 1.8%. The distribution of home purchase loans to low-income borrowers is considered good overall, particularly when compared to the aggregate performance.

The bank originated 15.4% of its home purchase loans to moderate-income borrowers, which is less than the percentage of moderate-income families at 18.7%, but significantly higher than the percentage of loans made by the aggregate of all HMDA reporters at 12.7%. The bank's distribution of home purchase loans to moderate-income borrowers is considered excellent when compared to both the aggregate lending levels and the percentage of moderate-income families in the Dover MSA assessment area.

PNC/Delaware originated 28.2% and 51.3% of its home purchase loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 23.2% and 39.4%. The aggregate of all HMDA lenders made 24.3% and 45.5% of their loans to middle- and upper-income borrowers. The borrowers' income was not available for 15.8% of the home purchase loans made in this assessment area.

Refinance Loans

The bank made 3.3% of its refinance loans to low-income borrowers, which was lower than the percentage of low-income families at 18.8%, but the same as the percentage of loans made to these borrowers by the aggregate of all HMDA lenders. The distribution of refinance loans to low-income borrowers is considered adequate when compared to both the aggregate performance and the number of low-income families in these census tracts.

PNC/Delaware originated 15.7% of its refinance loans to moderate-income borrowers, which is below the percentage of moderate-income families at 18.7%, but above the percentage of loans made by the aggregate of all HMDA lenders at 14.0%. The distribution of refinance loans to moderate-income borrowers is considered excellent when compared to both the aggregate performance and the number of moderate-income families in these census tracts.

The bank made 32.2% and 48.8% of its refinance loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 23.2% and 39.4%. The aggregate of all HMDA lenders made 24.7% and 41.1% of their loans to middle- and upper-income borrowers. The borrowers' income was not available for 16.9% of the refinance loans made in this assessment area.

Home Improvement Loans

PNC/Delaware originated 5.1% of its home improvement loans to low-income borrowers, which

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is below the percentage of low-income families at 18.8% and the percentage of loans made by the aggregate of all HMDA lenders at 6.7%. The distribution of home improvement loans to low-income borrowers is considered adequate when compared to both the aggregate performance and the number of low-income families in these census tracts.

The bank originated 18.3% of its home improvement loans to moderate-income borrowers, which is about equal to the percentage of moderate-income families at 18.7%, but below the percentage of loans made by the aggregate of all HMDA lenders at 20.4%. The distribution of home improvement loans to moderate-income borrowers is considered good when compared to both the aggregate performance and the number of moderate-income families in these census tracts.

PNC/Delaware made 26.4% and 50.2% of its home improvement loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 23.2% and 39.4%. The aggregate of all HMDA lenders made 25.7% and 43.5% of loans to middle- and upper-income borrowers. The borrowers' income was not available for 3.6% of the home improvement loans made in this assessment area.

The bank's good performance in home improvement lending is significant because more than half (59.5%) of the bank's total HMDA loans in the Dover assessment area were home improvement loans.

Small Business Loans

An analysis of small business lending data was conducted to ascertain the extent of lending to businesses of different sizes, including small businesses. PNC/Delaware's distribution of loans reflects excellent penetration. Of the 516 small business loans originated by the bank, 428, or 82.9%, were originated to businesses with less than \$1 million in revenue (small businesses), compared to the aggregate of all CRA lenders who made 33.9% of loans to small businesses. Small businesses account for 88.2% of all businesses in the Dover MSA assessment area.

A further analysis of small business lending shows that 89.9% of the bank's small business loans were extended in an amount of \$100 thousand or less, compared to the aggregate of all CRA lenders who extended 96.3% of small business loans in an amount of \$100 thousand or less. Since smaller size loans are generally commensurate with the borrowing needs of smaller businesses, PNC/Delaware's lending activity demonstrates that the bank is meeting the credit needs of such businesses.

To enhance its efforts in addressing the credit needs of small businesses in its assessment area, PNC/Delaware participates in several small business lending programs. For example, the bank participates as a U.S. Small Business Administration (SBA) lender. During the examination period, PNC/Delaware originated 149 SBA loans aggregating \$19.6 million. The bank also participates in the Delaware Capital Access Program which is designed to help financial

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institutions lend to small businesses that do not meet the bank's conventional underwriting criteria. During the examination period, the bank originated 45 loans through this program, aggregating \$1.7 million.

The bank has also developed several loan products geared to small businesses, including the *Choice Credit for Business*, a line of credit which offers a simplified application process, low minimum loan amounts, and no collateral requirements. As of September 30, 2007, the bank had 1,110 active Choice Credit lines of credit with outstanding commitments of \$47.4 million.

Based on above analysis, the bank's lending to small businesses is considered excellent.

Community Development Lending

PNC/Delaware has made an adequate level of community development loans in the Dover assessment area. The bank committed \$2 million in funding to the Delaware Community Investment Corporation (DCIC) Housing Loan Fund Pool. DCIC is a multi-bank community development corporation of which PNC/Delaware is a member. The loan pool provides long-term permanent financing for the development of multi-family housing for low- and moderate-income families and individuals in Delaware. The portion of this loan that benefits the Dover assessment area totals \$240,000.

Of the bank's total community development loan dollars, 2% benefited the Dover assessment area.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income census tracts or individuals. The test also considers the innovativeness and complexity of these investments. Qualified investments made prior to the previous evaluation, which are still outstanding, are considered under the test. For purposes of CRA, the term "qualified investment" includes a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Performance under the investment test is excellent in the Dover assessment area. Of PNC/Delaware's total current investments, 12% are attributed to this assessment area.

Volume of Investment and Grant Activity

A review of investment activity revealed that PNC/Delaware has an excellent level of qualified community development investments and grants in the Dover assessment area. Overall, investments aggregated \$2.5 million. Of the total investments, 98% supports affordable housing and 2% supports services to low-and moderate-income persons.

Bank investments include \$6 million in the Delaware Community Investment Corporation Equity Fund (DCIC). DCIC is a multi-bank community development corporation established to encourage equity investment in low-income housing projects which qualify for the Federal low-income housing tax credit in Delaware. The portion of this investment benefiting the Dover assessment area totals \$720 thousand.

Bank investments also include eleven Delaware State Housing Authority (DSHA) mortgage-backed securities aggregating \$1.9 million. The portion of this investment supporting affordable housing in the Dover assessment area totals \$228 thousand. In addition, the bank acquired a \$1 million FNMA targeted mortgage-backed security supporting affordable housing across Delaware. The portion of this investment benefiting the Dover assessment area totals \$124 thousand. PNC/Delaware made a \$25,000 investment in the 1st State Community Loan Fund. The Fund helps non-profit affordable housing organizations finance affordable housing projects. The portion of this investment benefiting the Dover assessment area totals \$3 thousand.

In addition to current investments, PNC/Delaware holds investments totaling \$1.4 million, recognized in previous evaluations, which remain outstanding. These investments continue to support primarily affordable housing and, to a lesser extent, financing of small businesses and economic revitalization efforts within the Dover assessment area.

The bank made grants and contributions to various local organizations that routinely provide community and economic development services that benefit low- and moderate-income individuals and census tracts within this assessment area. During the period evaluated, the bank made \$28,871 thousand in qualified grants and contributions in the Dover assessment area. The

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most significant of these grants were directed to PNC's *Grow Up Great* program to support Head Start initiatives across Delaware.

Responsiveness to Credit and Community Development Needs

PNC/Delaware exhibits good responsiveness to credit and community economic development needs through the use of investments. Qualified investments are tailored to the needs of particular geographic areas in that a large portion of the bank's investments support affordable housing in an area with a low per capita income and an increasing population of senior citizens. Even though housing is relatively inexpensive, low-wage jobs make housing unaffordable to many residents.

SERVICE TEST

The service test evaluates the financial services provided by a financial institution using the following characteristics.

- The accessibility of delivery mechanisms within an assessment area, including the distribution of an institution's branch offices and alternative delivery mechanisms.
- The impact of changes in branch locations upon low- and moderate-income census tracts or low- and moderate-income persons in the assessment area.
- The reasonableness of business hours and services in meeting assessment area needs.
- The extent to which an institution provides community development services.

Performance under the service test is rated high satisfactory in the Dover assessment area.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of the bank's assessment area. The bank currently operates four branches, six full-service ATMs and 21 cash-only ATMs within the Dover assessment area. None of the branches or full-service ATMs are located in moderate-income census tracts. However, just 9% of the assessment area's population and 9% of families reside in these tracts.

The following table shows the distribution of PNC/Delaware's branch offices and full service ATMs compared to the income tract distribution and percentage of families in each tract.

Census Tracts by Income Level (%)	Percentage of Families	Number of Branches	Percent	Number of Full-Service ATMs	Percent
Low-income (0%)	0	0	0	0	0
Moderate-income (9%)	9%	0	0	0	0

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Middle-income (74%)	79%	3	75%	5	83%
Upper-Income (18%)	12%	1	25%	1	17%
Totals	100%	4	100%	6	100%

To supplement traditional banking services, PNC/Delaware offers free 24/7 account access via Internet banking at www.pncbank.com. Customers and non-customers can obtain general information on PNC Bank's products and services, inquire about branch locations or hours, locate the nearest ATM, request product brochures and applications, and open deposit accounts and apply for loans. In addition, the bank's AccountLink by Web allows customers to view account balances, transfer funds between accounts, pay bills, place stop payments, or apply for certain loan products via Internet. Customers may also establish online bill pay.

The bank also offers AccountLink by Phone which allows customers to check account balances and make transfers between accounts. PNC Bank's Telephone Call Center (NFSC) provides 24 hour automated telephone banking service allowing bank customers to transfer funds between accounts and pay bills. Callers can speak to an FSC daily between the hours of 6:00 A.M. and 12:00 A.M. to inquire about branch hours and locations, ATM locations, resolve account issues, change pertinent information such as address and phone number, and open deposit accounts and apply for loans.

Changes in Branch Locations

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts, or to low- and moderate-income individuals. The bank did not open or close any branches within the Dover metropolitan area during this evaluation period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services, including business hours, do not vary among branch offices in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts or individuals. Banking services are offered in a uniform and consistent manner among all branch offices.

Community Development Services

The bank provides a relatively high level of community development services in the Dover assessment area. The following statewide services benefit this assessment area:

- *Children and Families First* – Statewide nonprofit agency which offers low- and moderate-income families and children counseling, social services and educational activities, including financial education. A staff member serves on the board.

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- *Carelink of Delaware, Inc.* – This organization works with low- and moderate-income disabled adults to provide support for the highest level of functioning and employment opportunities for those who are qualified. A staff member serves on the advisory board.
- *Community Affairs Group of Delaware* – The CRA officer participates in the monthly meetings of this group of CRA officers. Meetings are held to ascertain community development needs throughout Delaware.
- *Delaware Community Investment Corporation (DCIC)* – DCIC provides funds for equity investment and permanent mortgages for statewide affordable housing development. The bank's Community Consultant has provided technical assistance to the organization in a variety of capacities, including serving on the board, audit committee, and reviewing the organization's investment portfolio.
- *Delaware Housing Coalition (DHC)* – DHC is an advocacy agency for affordable rental and for-sale housing in the state. A vice president sits on the board.
- *Delaware State Housing Authority (DSHA)* – DSHA is a statewide agency which administers various housing funds and tax credits for affordable rental and for-sale housing which benefits the low- and moderate-income population. The agency is also the provider of subsidized rental housing in Kent and Sussex Counties. A vice president sits on the board.
- *Delaware Federation of Housing Counselors* – The Federation is the umbrella group for various HUD-certified housing counseling agencies across the state. A bank representative serves as treasurer.
- *Small Business Development Resource Center* – This statewide organization provides educational assistance to small business owners, including how to write a business plan. The Center also offers mentoring by experienced business people in the same line of work. Several bank representatives provide technical assistance to this organization.
- *United Way Delaware (UWD) Community Impact Fund* – UWD's strategic focus is promoting strong neighborhoods through economic development, revitalization and stabilization efforts in low- and moderate-income areas. The bank President serves as the Co-Chair.

NON-METROPOLITAN AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SUSSEX COUNTY, DELAWARE

This non-metropolitan assessment area consists of all of Sussex County in southern Delaware. There are 36 census tracts in the county, of which 33 are middle-income and 3 are upper-income. There are no low- or moderate-income census tracts in Sussex County. Georgetown is the county seat, but the Seaford micropolitan statistical area in the western part of the county is the largest urban center.

Sussex County represented 13.7% of PNC/Delaware's total deposits and 17.5% of total loans. The bank operates 14 branches, 13 full service ATMs, and 9 cash-only ATMs in this assessment area. PNC/Delaware's performance in this assessment area was evaluated in terms of the demographic and business context in which the bank operates. According to the FDIC Summary of Deposits as of June 30, 2007, there were 16 depository institutions operating in Sussex County. These institutions maintained a total of 66 branches holding \$23.1 billion in deposits. PNC/Delaware ranked 4th, with \$289 million, or 1.3% of the retail deposit market.⁵ The deposit market is dominated by Discover Bank, which holds 88.1% of all deposits in Sussex County. Mercantile Peninsula Bank, Selbyville, DE, ranked 3rd, in the county, was acquired by PNC Financial in September 2007. PNC/Delaware acquired the bank's eight Delaware branches, which held \$496 million in deposits.

PNC/Delaware's HMDA home mortgage loans were compared to the aggregate of all lenders in the market reporting real estate loans pursuant to HMDA. PNC/Delaware ranks 23rd with 1% of the Sussex County market. This market is highly competitive with 418 HMDA reporters and no one financial institution dominating the market. PNC Mortgage, LLC ranked 90th, with less than 1% of the market.

Regarding small business lending, PNC/Delaware ranked 9th in the assessment area with 3.5% of the market. American Express Bank, FSB, is ranked 1st with 27% of the market. There were a total of 61 small business reporters in the assessment area.

To determine credit needs and opportunities in Sussex County, two interviews, one focusing on economic development and the other on affordable housing, were conducted with local community organizations. This information was also supplemented with demographic and economic data pertinent to the area. The most frequently mentioned credit needs were affordable housing for low- and moderate-income borrowers in the form of rental properties in this rural county, credit counseling, and more flexible financing for small businesses in order to improve the employment opportunities.

⁵ FDIC Summary of Deposits: www.fdic.gov

Population Characteristics

According to 2000 census data, the population of Sussex County was 156,638. By 2005, the population had increased by 12.7%, to 176,548. Eight percent of the assessment area population lives in Georgetown in central Sussex County. The eastern part of the county attracts a good number of retirees to its beach and resort communities. Of the total population, 18.5% are age 65 and older.

Income Characteristics

For purposes of evaluating the loan distribution to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by HUD. According to the 2000 Census, the median family income for Sussex County is \$45,203, which is below the median income level for the state of Delaware at \$55,257. From an income distribution standpoint, 18.1% of families in the assessment area are designated as low-income, 19.5% are moderate-income, 24.0% are middle-income, and 38.4% are upper-income. Families living below the poverty level represented 7.7% of total families in Sussex County. In the state, 6.5% of families live below the poverty level.

Housing Characteristics

According to the 2000 Census, Sussex County contains 93,070 housing units, of which 54.3% are owner-occupied, 13.0% are rental, and 32.8% are vacant. The overall owner-occupancy rate in the state is 63.0%. The high level of vacant housing in Sussex County is a function of the local housing market. The eastern portion of the county is a major recreation destination and the high vacancy rate decreases after subtracting units classified as “for seasonal, recreational, or occasional use.”

The percentage of units housing 1-4 families is 67.2%, while 6.6% housed five families or more. Mobile homes were 25.6% of total housing units. The median age of housing stock in Sussex County is 20 years, which is lower than the median age of housing stock in Delaware at 27 years. The median housing value in Sussex County is \$99,739. There is a significant disparity in the median housing value in upper-income census tracts (\$218,599) compared to middle-income tracts (\$94,710).

Labor, Employment, and Economic Characteristics

The eastern portion of Sussex County is home to most of Delaware's beaches and seaside resorts. The western side of the county is the heart of Delaware's agriculture industry. Poultry is a strong force in the local economy and major employers include Perdue Farms, Mountaire Farms, and Tyson Farms. The poultry processing plants employ a sizeable number of migrant workers, mainly from Mexico, Guatemala, and Haiti. Other large employers include the county government and the Beebe Medical Center.

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The unemployment rate for Sussex County was 3.3% in November 2007,⁶ compared to 2.9% a year earlier. Unemployment rates in the county and the state remain lower than the national average of 4.6%. For comparison purposes, the unemployment rates are presented in the table below.

	November 2007	November 2006
Sussex County	3.3%	2.9%
Seaford Micropolitan Area	3.3%	2.9%
State of Delaware	3.0%	3.0%
Nation-wide	4.6%	4.6%

The banking environment in which PNC/Delaware operates is competitive. Super-regional banks compete with mortgage companies, community banks, credit card banks, and savings and loan associations. Major banking competitors in the area include Wilmington Trust Company, Wachovia Bank of Delaware, and Citizens Bank. Local competitors include County Bank, headquartered in Rehoboth Beach, Delaware National Bank, headquartered in Georgetown, and Bank of Delmarva, headquartered in Seaford.

Key demographic information about the assessment area can be found on the following page.

⁶ www.bls.gov/lau

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Combined Demographics Report

PNC Bank

Analysis Year: 2006 & 2007

Assessment Area(s): Non-MSA

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	7,999	18.1
Moderate-income	0	0.0	0	0.0	0	0.0	8,608	19.5
Middle-income	33	91.7	40,576	92.0	3,320	8.2	10,572	24.0
Upper-income	3	8.3	3,514	8.0	83	2.4	16,911	38.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	36	100.0	44,090	100.0	3,403	7.7	44,090	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	72,742	45,544	90.2	62.6	10,970	15.1	16,228	22.3
Upper-income	20,328	4,961	9.8	24.4	1,102	5.4	14,265	70.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	93,070	50,505	100.0	54.3	12,072	13.0	30,493	32.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	5,719	77.2	5,150	77.2	419	79.5	150	71.4
Upper-income	1,692	22.8	1,524	22.8	108	20.5	60	28.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	7,411	100.0	6,674	100.0	527	100.0	210	100.0
	Percentage of Total Businesses:			90.1		7.1		2.8
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	305	98.4	300	98.4	5	100.0	0	0.0
Upper-income	5	1.6	5	1.6	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	310	100.0	305	100.0	5	100.0	0	0.0
	Percentage of Total Farms:			98.4		1.6		0.0

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SUSSEX COUNTY, DELAWARE

LENDING TEST

PNC/Delaware's overall performance on the lending test for the Sussex County assessment area is "excellent." The geographic distribution of home mortgage and small business loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different sizes. Community development loans significantly enhanced the bank's overall lending performance.

Lending Activity

During the evaluation period, PNC/Delaware originated \$39.8 million in HMDA loans and \$38.9 million in small business loans in Sussex County. This represented 17.5% of the bank's total lending activity. As a result of the bank's 2007 acquisition of eight branches of Mercantile Peninsula Bank, the percentage of loans is less than the percentage of branches (29.8%) in the assessment area. However, the percentage of bank loans is more than the percentage of deposits (13.7%) in the assessment area.

Geographic Distribution

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different census tracts within the assessment area. There are no low- or moderate-income census tracts in this assessment area; the analysis reflects satisfactory penetration throughout the assessment area's middle- and upper-income census tracts.

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in those census tracts. In the Sussex County assessment area, the large majority of owner-occupied housing units (90.2%) are located in middle-income census tracts. The upper-income census tracts contain 9.8% of owner-occupied units. A review of PNC/Delaware's HMDA lending shows that 93.0% of its home mortgage loans were originated in middle-income census tracts and 7.0% were in upper-income tracts.

PNC/Delaware's home mortgage lending was compared to all lenders operating in the assessment area. Analysis found that 86.1% of all home mortgage loans made in the assessment area were in middle-income tracts and 13.9% were originated in upper-income tracts. Overall,

this reflects satisfactory geographic penetration.

Small Business Loans

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the assessment area. Penetration throughout the assessment area was considered good.

During the evaluation period, PNC/Delaware originated 545 small business loans, aggregating \$38.9 million, in Sussex County. Business demographics revealed that there were a total of 7,411 businesses in the Sussex County assessment area. PNC/Delaware's extension of credit to these businesses shows that 89.7% of its loans were originated in the middle-income tracts and 10.3% were in upper-income tracts, compared to the percentage of businesses in middle- and upper-income tracts at 77.2% and 22.8%. The aggregate of all lenders made 78.1% of small business loans to businesses in middle-income census tracts and 18.3% to businesses in upper-income tracts.

Distribution by Borrower Income and Revenue Size of the Business

Home mortgage and small business lending data were analyzed in conjunction with the review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different incomes and to businesses of different sizes. This analysis revealed the bank's excellent penetration among both borrowers of different income levels and businesses of different sizes.

Lending to Borrowers of Different Income Levels

The percentage of low- and moderate-income families in the assessment area is used as a proxy to estimate demand for home mortgage lending. In Sussex County, the bank originated 5.9% of its home mortgage loans to low-income borrowers, which is less than the percentage of low-income families in the assessment area at 18.1%, but it is above the aggregate level of all HMDA reporters who made 2.8% of loans to low-income borrowers. The bank's lending to low-income borrowers is excellent considering that the credit needs of the low-income segment of the population are difficult to address through conventional loan products, presenting a significant obstacle to homeownership.

The bank originated 18.4% of its home mortgage loans to moderate-income borrowers, which is slightly less than the percentage of moderate-income families in the assessment area at 19.5%, but it is significantly above the aggregate level of 9.6% of loans to these borrowers. The bank's distribution of home mortgage loans to moderate-income borrowers is considered excellent. As HMDA data indicates, PNC/Delaware performed significantly better than the aggregate with low- and moderate-income borrowers in Sussex County.

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PNC/Delaware's use of innovative and flexible loan products which address the specific credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. Most notably, the bank offers the "PNC Basic Loan" designed for low- and moderate-income borrowers who either lack a traditional credit history, or have a weak credit history. The bank uses flexible underwriting criteria, allowing for the use of alternative credit history documentation such as rent receipts, utility payments and other verifiable credit payments.

The bank offers a home equity loan product with a \$1,000 minimum loan size. The product is designed for low- and moderate-income borrowers who require smaller size loans to fill their credit needs.

Home Purchase Loans

PNC/Delaware originated 2.2% of its home purchase loans to low-income borrowers, which was less than the percentage of low-income families at 18.1%. The bank made a slightly higher percentage of home purchase loans to low-income borrowers than the aggregate of all HMDA lenders at 1.6%. The bank's distribution of home purchase loans to low-income borrowers is good.

The small number of home purchase loans made to low-income borrowers, by any bank, suggests there are limited lending opportunities in this assessment area. This reflects the relatively high cost of housing in Sussex County, particularly in the beach and resort areas, compared to a below average median family income. Community contacts have indicated that affordable housing is an issue in Sussex County. The preponderance of low-wage jobs makes housing unaffordable to many residents.

The bank originated 15.2% of its home purchase loans to moderate-income borrowers, which is less than the percentage of moderate-income families at 19.5%, but significantly higher than the percentage of loans made by the aggregate of all HMDA reporters at 6.8%. The distribution of home purchase loans to moderate-income borrowers is considered excellent.

PNC/Delaware originated 17.4% and 63.0% of its home purchase loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 24.0% and 38.4%. The aggregate of all HMDA lenders made 13.6% and 56.1% of loans to middle- and upper-income borrowers. The borrowers' income was not available for 21.9% of the home purchase loans made in this assessment area. Home purchase lending by both the bank and the aggregate is skewed to upper-income borrowers in Sussex County.

Refinance Loans

The bank made 7.3% of its refinance loans to low-income borrowers, which was lower than the percentage of low-income families at 18.1%. PNC/Delaware originated more refinance loans to loan-income borrowers than the aggregate of all HMDA lenders' percentage of 3.1%. The distribution of refinance loans to low-income borrowers is excellent.

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PNC/Delaware originated 18.0% of its refinance loans to moderate-income borrowers, which is close to the percentage of moderate-income families at 19.5%, and significantly above the percentage of loans made by the aggregate at 11.6%. The distribution of refinance loans to moderate-income borrowers is excellent.

The bank made 27.3% and 47.3% of its refinance loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 24.0% and 38.4%. The aggregate of all HMDA lenders made 20.6% and 47.0% of loans to middle- and upper-income borrowers. The borrowers' income was not available for 17.6% of the refinance loans made in this assessment area.

Home Improvement Loans

PNC/Delaware originated 5.6% of its home improvement loans to low-income borrowers, which is below the percentage of low-income families at 18.1% and the percentage of loans made by the aggregate of all HMDA lenders at 8.2%. The distribution of home improvement loans to low-income borrowers is good.

The bank originated 19.7% of its home improvement loans to moderate-income borrowers, which is above the percentage of moderate-income families at 19.5% and the percentage of loans made by the aggregate of all HMDA lenders at 16.3%. The distribution of home improvement loans to moderate-income borrowers is excellent.

The bank made 33.1% and 41.0% of its home improvement loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 24.0% and 38.4%. The aggregate of all HMDA lenders made 27.6% and 43.5% of their loans to middle- and upper-income borrowers. The borrowers' income was not available for 4.5% of the home improvement loans made in this assessment area.

Small Business Loans

An analysis of small business lending data was conducted to ascertain the extent of lending to businesses of different sizes, including small businesses. PNC/Delaware's distribution of loans reflects excellent penetration. Of the 545 small business loans originated by the bank, 437, or 80.2%, were originated to businesses with less than \$1 million in revenue (small businesses), compared to the aggregate of all CRA lenders who made 34.7% of small business loans to these businesses. Small businesses account for 90.1% of all businesses in Sussex County. Based on this analysis, the bank's lending to small businesses is considered excellent.

A further analysis of small business lending shows that 89.2% of the bank's small business loans were extended in an amount of \$100 thousand or less, compared to the aggregate of all CRA lenders who extended 96.0% of small business loans in an amount of \$100 thousand or less.

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Since smaller size loans are generally commensurate with the borrowing needs of smaller businesses, PNC/Delaware's lending activity demonstrates that the bank is meeting the credit needs of such businesses.

To enhance its efforts in addressing the credit needs of small businesses in its assessment area, PNC/Delaware participates in several small business lending programs. For example, the bank participates as a U.S. Small Business Administration (SBA) lender. During the examination period, PNC/Delaware originated 149 SBA, loans aggregating \$19.6 million. The bank also participates in the Delaware Capital Access Program which is designed to help financial institutions lend to small businesses that do not meet the bank's conventional underwriting criteria. During the examination period, the bank originated 45 loans through this program, aggregating \$1.7 million.

The bank has also developed several loan products geared to small businesses, including the *Choice Credit for Business*, a line of credit which offers a simplified application process, low minimum loan amounts, and no collateral requirements. As of September 30, 2007, the bank had 1,110 active Choice Credit lines of credit with outstanding commitments of \$47.4 million.

Community Development Lending

PNC/Delaware is a leader in making community development loans in the Sussex County assessment area. During the evaluation period, the bank participated in the development of an affordable housing project by providing a \$6.1 million construction loan and a \$215,000 letter of credit for the acquisition and rehabilitation of a 121-unit apartment and townhouse complex for low- and moderate-income families and individuals in city of Seaford. The project qualified for low-income housing tax credits.

This project addresses a specified need in the assessment area for affordable housing. Although there are no low- or moderate-income census tracts in Sussex County, 37.6% of families are designated as low- or moderate-income. In the Seaford Micropolitan Area, 42.9% of families are considered low- or moderate-income.

Responsiveness to Credit Needs

PNC/Delaware exhibits an excellent record of serving the credit needs of the most economically disadvantaged areas of its assessment area, including low-income borrowers and small businesses, consistent with safe and sound banking practices. The bank achieved this strong record in the Sussex County assessment area primarily through its community development lending and specialized small business and home mortgage loan programs.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve

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low- or moderate-income census tracts or individuals. The test also considers the innovativeness and complexity of these investments. Qualified investments made prior to the previous evaluation, which are still outstanding, are considered under the test. For purposes of CRA, the term “qualified investment” includes a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Performance under the investment test is excellent in the Sussex County assessment area. Of PNC/Delaware’s total current investments, 14% are attributed to this assessment area.

Volume of Investment and Grant Activity

A review of investment activity revealed that PNC/Delaware has an excellent level of qualified community development investments and grants in the Sussex County assessment area. Overall, investments aggregated \$2.9 million. Of the total investments, 98% supports affordable housing and 2% supports services to low-and moderate-income persons.

Bank investments include \$6 million in the Delaware Community Investment Corporation Equity Fund (DCIC). DCIC is a multi-bank community development corporation established to encourage equity investment in low-income housing projects which qualify for the Federal low-income housing tax credit in Delaware. The portion of this investment benefiting the Sussex County assessment area totals \$840,000.

Bank investments also include Delaware State Housing Authority (DSHA) mortgage-backed securities aggregating \$1.9 million. The portion of this investment supporting affordable housing in Sussex County totals \$266 thousand. In addition, the bank acquired a \$1 million FNMA targeted mortgage-backed security supporting affordable housing across Delaware. The portion of this investment benefiting Sussex County totals \$144,000.

In addition to current investments, PNC/Delaware holds investments totaling \$1.6 million, recognized in previous evaluations, which remain outstanding. These investments continue to support primarily affordable housing and to a lesser extent financing of small businesses and economic revitalization efforts within the Sussex County.

The bank made grants and contributions to various local organizations that routinely provide community and economic development services that benefit low- and moderate-income individuals within this assessment area. During the period evaluated, the bank made \$44,016 thousand in qualified grants and contributions that benefited Sussex County. The most significant of these grants were directed to PNC’s *Grow Up Great* program to support Head Start initiatives across Delaware.

Responsiveness to Credit and Community Development Needs

PNC/Delaware exhibits excellent responsiveness to credit and community economic development needs. Qualified investments are tailored to the needs of particular geographic

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areas in that a large portion of the bank's investments support affordable housing in an area with a below average per capita income level, making housing unaffordable to many residents.

SERVICE TEST

The service test evaluates the financial services provided by a financial institution using the following characteristics.

- The accessibility of delivery mechanisms within an assessment area, including the distribution of an institution's branch offices and alternative delivery mechanisms.
- The impact of changes in branch locations upon low- and moderate-income census tracts or low- and moderate-income persons in the assessment area.
- The reasonableness of business hours and services in meeting assessment area needs.
- The extent to which an institution provides community development services.

Performance under the service test is "excellent" in the Sussex County assessment area.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the bank's assessment area. The bank operates 14 branches and 13 full-service ATMs in this assessment area. There are no low- or moderate-income tracts within Sussex County. The following table shows the distribution of PNC/Delaware's branches and full service ATMs, compared to the census tract distribution and percentage of families in each tract.

Census Tracts by Income Level (%)	Percent of Families by Tract	Number of Branches	Percent	Number of Full-Service ATMs	Percent
Low-income (0%)	0	0	0	0	0
Moderate-income (0%)	0	0	0	0	0
Middle-income (92%)	92%	11	79%	10	77%
Upper-Income (8%)	8%	3	21%	3	23%
Totals	100%	14	100%	13	100%

To supplement traditional banking services, PNC/Delaware offers free 24/7 account access via Internet banking at www.pncbank.com. Customers and non-customers can obtain general information on PNC Bank's products and services, inquire about branch locations or hours, locate the nearest ATM, request product brochures and applications, and open deposit accounts and apply for loans. In addition, the bank's AccountLink by Web allows customers to view

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account balances, transfer funds between accounts, pay bills, place stop payments, or apply for certain loan products via Internet. Customers may also establish online bill pay.

The bank also offers AccountLink by Phone which allows customers to check account balances and make transfers between accounts. PNC Bank's Telephone Call Center (NFSC) provides 24 hour automated telephone banking service allowing bank customers to transfer funds between accounts and pay bills. Callers can speak to an FSC daily between the hours of 6am and 12 midnight to inquire about branch hours and locations, ATM locations, resolve account issues, change pertinent information such as address and phone number, and open deposit accounts and apply for loans.

Changes in Branch Locations

To the extent changes have been made, PNC Bank, Delaware's record of opening and closing branches within the Sussex County assessment area improved the accessibility of its delivery systems to low- and moderate-income individuals. PNC increased their overall presence in this assessment area by opening 8 new branch locations, mainly in middle-income tracts. Although there are no low- or moderate-income census tracts in Sussex County, 37.6% of families are designated as low- or moderate-income. No branches were closed during this evaluation period.

The eight new branches are located at:

Branch Address	City	State	Census Tract	County
17725 Coastal Highway	Lewes	DE	Upper	Sussex
1 West Church Street	Selbyville	DE	Middle	Sussex
100 Laws Street	Bridgeville	DE	Middle	Sussex
2 South Pennsylvania Avenue	Bethany Beach	DE	Upper	Sussex
RT 1 and Farmington Street	Fenwick Island	DE	Upper	Sussex
4161 Highway One	Rehobeth Beach	DE	Middle	Sussex
RT113 & Alfred Street	Georgetown	DE	Middle	Sussex
RT 17 & 26	Clarksville	DE	Middle	Sussex

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services, including business hours, do not vary among branch offices in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income individuals. Banking services are offered in a uniform and consistent manner among all branch offices.

Community Development Services

The bank is a leader in providing community development services in this assessment area. The most notable of these qualified services include:

- *PNC Homebuyer's Club* –The Homebuyer's Club provides an opportunity for members to understand the home-buying process and related financial issues. Several bank employees lead financial education classes and seminars held at many locations throughout the bank's assessment area.
- *Affordable Housing Counseling Seminars* – Several bank employees provide affordable housing and basic credit education to low- and moderate-income clients of the following community-based organizations: University of Delaware Fair Housing Focus Group, New Castle County Development Division, First Time Homebuyer's Workshop, Friendship House, Community Housing, Inc., City of Wilmington, Latin American Community Center, Rural Development Housing Fund, and Habitat for Humanity.
- *Children and Families First* – Statewide nonprofit agency which offers low- and moderate-income families and children counseling, social services, and educational activities, including financial education. A staff member serves on the board.
- *Delaware Community Investment Corporation (DCIC)* – provides funds for equity investment and financing for statewide affordable housing development. The bank's Community Consultant provides technical assistance to the organization in a variety of capacities, including serving on the board and audit committee.
- *Delaware Housing Coalition (DHC)* – DHC is an advocacy agency for affordable rental and for-sale housing in the state. A bank vice president serves on the board of directors.
- *Delaware State Housing Authority (DSHA)* – DSHA is a statewide agency, which administers housing funds and tax credits for affordable rental and for-sale housing. A bank vice president serves on the board of directors.
- *Delaware Federation of Housing Counselors* – The Federation is the umbrella group for the various HUD-certified housing counseling agencies across the state. A bank representative acted as treasurer.
- *Coverdale Crossroads Civic Association* – A nonprofit association that supports neighborhood revitalization projects including job and business creation, homeownership and counseling programs for low- and moderate-income families and individuals. The bank's Community Consultant is member of the advisory board and provides technical assistance and financial counseling training.
- *WGM Ministries, Inc.* – This is a nonprofit agency in Coverdale Crossroads. The group assists at-risk youths with activities geared toward staying in school and financial responsibility. A bank employee serves on the advisory board and several bank employees provide financial counseling to youths.

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households

always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities

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having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as

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loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

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Bank and Peer Comparison - HMDA

Assessment Area/Group: MSA 20100

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank (2006 & 2007)		Peer (2006)			Bank (2006 & 2007)		Peer (2006)		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	1	2.6%	0.9%	1.8%	0.9%
Moderate	0	0.0%	0.0%	3.4%	2.9%	6	15.4%	12.4%	12.7%	10.0%
Middle	31	79.5%	79.1%	85.6%	86.4%	11	28.2%	32.7%	24.3%	22.8%
Upper	8	20.5%	20.9%	11.0%	10.7%	20	51.3%	53.0%	45.5%	51.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	2.6%	1.0%	15.8%	14.5%
Total	39	100.0%	100.0%	100.0%	100.0%	39	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	4	3.3%	1.7%	3.3%	2.0%
Moderate	4	3.3%	3.1%	4.5%	4.1%	19	15.7%	13.7%	14.0%	11.4%
Middle	98	81.0%	82.7%	84.2%	84.4%	39	32.2%	38.0%	24.7%	23.8%
Upper	19	15.7%	14.1%	11.3%	11.5%	59	48.8%	46.6%	41.1%	46.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	16.9%	16.7%
Total	121	100.0%	100.0%	100.0%	100.0%	121	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	12	5.1%	2.1%	6.7%	3.7%
Moderate	10	4.3%	4.5%	6.0%	5.5%	43	18.3%	13.0%	20.4%	15.9%
Middle	200	85.1%	84.0%	84.5%	84.5%	62	26.4%	25.3%	25.7%	23.0%
Upper	25	10.6%	11.4%	9.5%	9.9%	118	50.2%	59.7%	43.5%	53.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	3.6%	4.1%
Total	235	100.0%	100.0%	100.0%	100.0%	235	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	17	4.3%	1.6%	2.8%	1.4%
Moderate	14	3.5%	2.9%	4.1%	3.4%	68	17.2%	13.1%	13.9%	10.8%
Middle	329	83.3%	82.4%	85.0%	85.6%	112	28.4%	31.8%	24.6%	23.1%
Upper	52	13.2%	14.7%	11.0%	11.0%	197	49.9%	53.2%	43.6%	49.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	0.3%	0.2%	15.2%	14.9%
Total	395	100.0%	100.0%	100.0%	100.0%	395	100.0%	100.0%	100.0%	100.0%

Bank and Peer Comparison - Small Business

Assessment Area/Group: MSA 20100

Income Categories	Bank (2006 & 2007)			Peer (2006)	
	#	%	% \$(000s)	%	% \$(000s)
SMALL BUSINESS					
By Tract Income					
Low	0	0.0%	0.0%	0.0%	0.0%
Moderate	27	5.2%	6.5%	6.4%	6.1%
Middle	410	79.5%	80.7%	77.6%	75.8%
Upper	79	15.3%	12.8%	14.2%	16.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%
Total	516	100.0%	100.0%	100.0%	100.0%
By Revenue					
\$1 Million or Less	428	82.9%	65.9%	33.9%	54.8%
By Loan Size					
\$100,000 or less	464	89.9%	54.0%	96.3%	38.2%
\$100,001-\$250,000	37	7.2%	20.5%	1.9%	16.7%
\$250,001-\$1 Million-\$500k (Farm)	15	2.9%	25.5%	1.9%	45.2%
Total	516	100.0%	100.0%	100.0%	100.0%

PNC Bank, Delaware, Large Institution Performance Evaluation
February 4, 2008

Loan Distribution Table - Small Business Secured By Residential Real Estate

Assessment Area/Group: MSA 20100
 2006 & 2007

Income Categories	SMALL BUSINESS SECURED BY RESIDENTIAL REAL ESTATE			
	#	%	\$(000s)	%
	By Tract Income			
Low	0	0.0%	0	0.0%
Moderate	1	6.3%	150	10.1%
Middle	13	81.3%	1,175	79.4%
Upper	2	12.5%	155	10.5%
Unknown	0	0.0%	0	0.0%
Total	16	100.0%	1,480	100.0%
	By Revenue			
\$1 Million or Less	11	68.8%	805	54.4%
Over \$1 Million	5	31.3%	675	45.6%
Not Known	0	0.0%	0	0.0%
Total	16	100.0%	1,480	100.0%
	By Loan Size			
\$100,000 or less	11	68.8%	622	42.0%
\$100,001 - \$250,000	4	25.0%	558	37.7%
\$250,001 - \$1 Million	1	6.3%	300	20.3%
Over \$1 Million	0	0.0%	0	0.0%
Total	16	100.0%	1,480	100.0%

Bank and Peer Comparison - HMDA

Assessment Area/Group: MSA 48864

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank (2006 & 2007)		Peer (2006)			Bank (2006 & 2007)		Peer (2006)		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
	Home Purchase									
Low	3	2.5%	1.4%	3.4%	1.8%	10	8.2%	5.4%	7.5%	4.9%
Moderate	35	28.7%	20.0%	19.4%	13.4%	34	27.9%	24.5%	21.8%	17.7%
Middle	51	41.8%	41.7%	51.5%	48.0%	31	25.4%	26.6%	23.1%	21.6%
Upper	33	27.0%	36.9%	25.7%	36.8%	44	36.1%	43.1%	30.5%	39.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	3	2.5%	0.3%	17.2%	16.1%
Total	122	100.0%	100.0%	100.0%	100.0%	122	100.0%	100.0%	100.0%	100.0%
	Refinance									
Low	6	1.5%	1.3%	2.0%	1.3%	28	7.1%	4.1%	8.4%	5.4%
Moderate	65	16.5%	14.0%	18.6%	14.1%	82	20.8%	15.1%	21.2%	17.7%
Middle	221	55.9%	48.0%	54.7%	51.5%	115	29.1%	28.5%	24.3%	23.8%
Upper	103	26.1%	36.7%	24.7%	33.1%	168	42.5%	51.9%	28.2%	35.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	0.5%	0.4%	17.9%	17.5%
Total	395	100.0%	100.0%	100.0%	100.0%	395	100.0%	100.0%	100.0%	100.0%
	Home Improvement									
Low	14	2.0%	2.0%	1.4%	1.0%	90	13.1%	7.3%	12.4%	7.6%
Moderate	118	17.2%	13.9%	16.9%	14.4%	159	23.1%	16.5%	24.5%	20.7%
Middle	367	53.4%	48.4%	54.7%	51.8%	195	28.4%	28.1%	27.3%	28.9%
Upper	188	27.4%	35.7%	27.0%	32.9%	242	35.2%	47.9%	30.4%	39.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	0.1%	0.2%	5.5%	3.7%
Total	687	100.0%	100.0%	100.0%	100.0%	687	100.0%	100.0%	100.0%	100.0%
	HMDA Totals									
Low	23	1.9%	1.6%	2.6%	2.0%	128	10.6%	5.6%	8.4%	5.1%
Moderate	218	18.1%	15.2%	18.8%	14.2%	275	22.8%	17.6%	21.8%	17.4%
Middle	639	53.1%	46.8%	53.2%	49.6%	341	28.3%	28.0%	24.1%	22.4%
Upper	324	26.9%	36.4%	25.4%	34.2%	454	37.7%	48.6%	29.4%	37.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	6	0.5%	0.3%	16.4%	18.1%
Total	1,204	100.0%	100.0%	100.0%	100.0%	1,204	100.0%	100.0%	100.0%	100.0%

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Bank and Peer Comparison - Small Business

Assessment Area/Group: MSA 48864

Income Categories	Bank (2006 & 2007)			Peer (2006)	
	#	%	% \$(000s)	%	% \$(000s)
SMALL BUSINESS					
By Tract Income					
Low	152	6.9%	8.3%	5.5%	8.3%
Moderate	443	20.0%	22.8%	13.7%	15.3%
Middle	925	41.7%	39.7%	43.9%	41.4%
Upper	697	31.4%	29.2%	35.1%	34.1%
Unknown	1	0.0%	0.0%	0.0%	0.0%
Total	2,218	100.0%	100.0%	100.0%	100.0%
By Revenue					
\$1 Million or Less	1,680	75.7%	48.4%	33.4%	54.2%
By Loan Size					
\$100,000 or less	1,930	87.0%	38.9%	94.9%	32.7%
\$100,001-\$250,000	134	6.0%	13.0%	2.6%	17.3%
\$250,001-\$1 Million-\$500k (Farm)	153	6.9%	46.1%	2.5%	50.0%
Total	2,218	100.0%	100.0%	100.0%	100.0%

Loan Distribution Table - Small Business Secured By Residential Real Estate

Assessment Area/Group: MSA 48864

2006 & 2007

Income Categories	SMALL BUSINESS SECURED BY RESIDENTIAL REAL ESTATE			
	#	%	\$(000s)	%
By Tract Income				
Low	7	10.9%	615	7.5%
Moderate	7	10.9%	840	10.3%
Middle	29	45.3%	4,581	56.2%
Upper	21	32.8%	2,112	25.9%
Unknown	0	0.0%	0	0.0%
Total	64	100.0%	8,148	100.0%
By Revenue				
\$1 Million or Less	50	78.1%	4,923	60.4%
Over \$1 Million	13	20.3%	3,125	38.4%
Not Known	1	1.6%	100	1.2%
Total	64	100.0%	8,148	100.0%
By Loan Size				
\$100,000 or less	42	65.6%	2,524	31.0%
\$100,001 - \$250,000	18	28.1%	3,366	41.3%
\$250,001 - \$1 Million	4	6.3%	2,258	27.7%
Over \$1 Million	0	0.0%	0	0.0%
Total	64	100.0%	8,148	100.0%

PNC Bank, Delaware, Large Institution Performance Evaluation
February 4, 2008

Bank and Peer Comparison - HMDA

Assessment Area/Group: Non-MSA

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank (2006 & 2007)		Peer (2006)			Bank (2006 & 2007)		Peer (2006)		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	0	0.0%	0.0%	0.0%	0.0%	1	2.2%	1.1%	1.6%	0.8%
Moderate	0	0.0%	0.0%	0.0%	0.0%	7	15.2%	8.2%	6.8%	3.5%
Middle	40	87.0%	81.0%	86.3%	75.7%	8	17.4%	9.9%	13.6%	8.7%
Upper	6	13.0%	19.0%	13.7%	24.3%	29	63.0%	73.4%	56.1%	63.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	2.2%	7.3%	21.9%	23.2%
Total	46	100.0%	100.0%	100.0%	100.0%	46	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	0.0%	0.0%	11	7.3%	3.2%	3.1%	1.2%
Moderate	0	0.0%	0.0%	0.0%	0.0%	27	18.0%	10.7%	11.6%	6.6%
Middle	140	93.3%	86.8%	84.7%	71.1%	41	27.3%	26.8%	20.6%	14.1%
Upper	10	6.7%	13.2%	15.3%	28.9%	71	47.3%	59.3%	47.0%	59.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	17.6%	18.9%
Total	150	100.0%	100.0%	100.0%	100.0%	150	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	0	0.0%	0.0%	0.0%	0.0%	10	5.6%	3.5%	8.2%	3.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	35	19.7%	10.0%	16.3%	9.4%
Middle	168	94.4%	91.0%	91.2%	80.5%	59	33.1%	29.7%	27.6%	21.8%
Upper	10	5.6%	9.0%	8.8%	19.5%	73	41.0%	55.6%	43.5%	57.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	0.6%	1.2%	4.5%	8.4%
Total	178	100.0%	100.0%	100.0%	100.0%	178	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	0	0.0%	0.0%	0.0%	0.0%	22	5.9%	2.7%	2.8%	1.1%
Moderate	0	0.0%	0.0%	0.0%	0.0%	69	18.4%	9.8%	9.6%	5.0%
Middle	348	93.0%	86.2%	86.1%	73.9%	108	28.9%	22.6%	17.6%	11.3%
Upper	26	7.0%	13.8%	13.9%	26.1%	173	46.3%	62.5%	51.3%	61.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	0.5%	2.5%	18.8%	21.1%
Total	374	100.0%	100.0%	100.0%	100.0%	374	100.0%	100.0%	100.0%	100.0%

Bank and Peer Comparison - Small Business

Assessment Area/Group: Non-MSA

Income Categories	Bank (2006 & 2007)			Peer (2006)	
	#	%	% \$(000s)	%	% \$(000s)
SMALL BUSINESS					
By Tract Income					
Low	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%
Middle	489	89.7%	89.5%	78.1%	78.2%
Upper	56	10.3%	10.5%	18.3%	19.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%
Total	545	100.0%	100.0%	100.0%	100.0%
By Revenue					
\$1 Million or Less	437	80.2%	62.3%	34.7%	52.5%
By Loan Size					
\$100,000 or less	486	89.2%	44.8%	96.0%	37.7%
\$100,001-\$250,000	29	5.3%	14.3%	2.2%	19.4%
\$250,001-\$1 Million-\$500k (Farm)	30	5.5%	40.9%	1.8%	42.9%
Total	545	100.0%	100.0%	100.0%	100.0%

PNC Bank, Delaware, Large Institution Performance Evaluation
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Loan Distribution Table - Small Business Secured By Residential Real Estate

Assessment Area/Group: Non-MSA
 2006 & 2007

Income Categories	SMALL BUSINESS SECURED BY RESIDENTIAL REAL ESTATE			
	#	%	\$(000s)	%
	By Tract Income			
Low	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%
Middle	8	61.5%	1,350	89.0%
Upper	5	38.5%	167	11.0%
Unknown	0	0.0%	0	0.0%
<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>1,517</i>	<i>100.0%</i>
	By Revenue			
\$1 Million or Less	8	61.5%	1,007	66.4%
Over \$1 Million	4	30.8%	450	29.7%
Not Known	1	7.7%	60	4.0%
<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>1,517</i>	<i>100.0%</i>
	By Loan Size			
\$100,000 or less	9	69.2%	402	26.5%
\$100,001 - \$250,000	3	23.1%	515	33.9%
\$250,001 - \$1 Million	1	7.7%	600	39.6%
Over \$1 Million	0	0.0%	0	0.0%
<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>1,517</i>	<i>100.0%</i>

PNC Bank, Delaware, Large Institution Performance Evaluation
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Bank and Peer Comparison - HMDA

Assessment Area/Group: Overall

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank (2006 & 2007)		Peer (2006)			Bank (2006 & 2007)		Peer (2006)		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
Home Purchase										
Low	3	1.4%	0.7%	1.8%	0.9%	12	5.8%	3.3%	4.8%	2.8%
Moderate	35	16.9%	10.2%	11.0%	7.0%	47	22.7%	17.3%	16.0%	11.6%
Middle	122	58.9%	60.6%	67.6%	64.1%	50	24.2%	22.3%	20.8%	17.5%
Upper	47	22.7%	28.5%	19.5%	28.0%	93	44.9%	54.5%	40.3%	50.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	5	2.4%	2.7%	18.2%	18.2%
Total	207	100.0%	100.0%	100.0%	100.0%	207	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	6	0.9%	0.8%	1.2%	0.7%	43	6.5%	3.5%	6.3%	3.6%
Moderate	69	10.4%	8.5%	11.9%	8.4%	128	19.2%	13.7%	17.8%	13.4%
Middle	459	68.9%	64.0%	66.5%	62.0%	195	29.3%	29.5%	23.5%	20.8%
Upper	132	19.8%	26.8%	20.4%	28.9%	298	44.7%	53.1%	34.7%	44.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	0.3%	0.2%	17.7%	17.8%
Total	666	100.0%	100.0%	100.0%	100.0%	666	100.0%	100.0%	100.0%	100.0%
Home Improvement										
Low	14	1.3%	1.2%	0.9%	0.5%	112	10.2%	5.6%	10.5%	5.6%
Moderate	128	11.6%	9.3%	11.3%	8.8%	237	21.5%	14.5%	22.0%	16.7%
Middle	735	66.8%	63.8%	67.8%	65.3%	316	28.7%	27.9%	27.1%	25.9%
Upper	223	20.3%	25.7%	20.0%	25.4%	433	39.4%	51.7%	35.5%	46.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	0.2%	0.4%	4.9%	5.1%
Total	1,100	100.0%	100.0%	100.0%	100.0%	1,100	100.0%	100.0%	100.0%	100.0%
HMDA Totals										
Low	23	1.2%	0.9%	1.5%	1.0%	167	8.5%	4.2%	6.0%	3.2%
Moderate	232	11.8%	9.2%	11.4%	8.0%	412	20.9%	14.8%	17.3%	12.4%
Middle	1,316	66.7%	63.1%	67.1%	63.0%	561	28.4%	27.2%	22.5%	19.0%
Upper	402	20.4%	26.8%	19.9%	28.0%	824	41.8%	52.9%	37.5%	46.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	9	0.5%	0.9%	16.8%	18.6%
Total	1,973	100.0%	100.0%	100.0%	100.0%	1,973	100.0%	100.0%	100.0%	100.0%

Bank and Peer Comparison - Small Business

Assessment Area/Group: Overall

Income Categories	Bank (2006 & 2007)			Peer (2006)	
	#	%	% \$(000s)	%	% \$(000s)
SMALL BUSINESS					
By Tract Income					
Low	152	4.6%	6.1%	3.4%	5.6%
Moderate	470	14.3%	17.4%	9.4%	11.0%
Middle	1,824	55.6%	52.2%	56.7%	53.2%
Upper	832	25.4%	24.4%	28.2%	29.0%
Unknown	1	0.0%	0.0%	0.0%	0.0%
Total	3,279	100.0%	100.0%	100.0%	100.0%
By Revenue					
\$1 Million or Less	2,545	77.6%	52.6%	33.8%	53.9%
By Loan Size					
\$100,000 or less	2,880	87.8%	41.6%	95.4%	34.4%
\$100,001-\$250,000	200	6.1%	14.1%	2.4%	17.7%
\$250,001-\$1 Million-\$500k (Farm)	198	6.0%	42.8%	2.2%	47.9%
Total	3,279	100.0%	100.0%	100.0%	100.0%

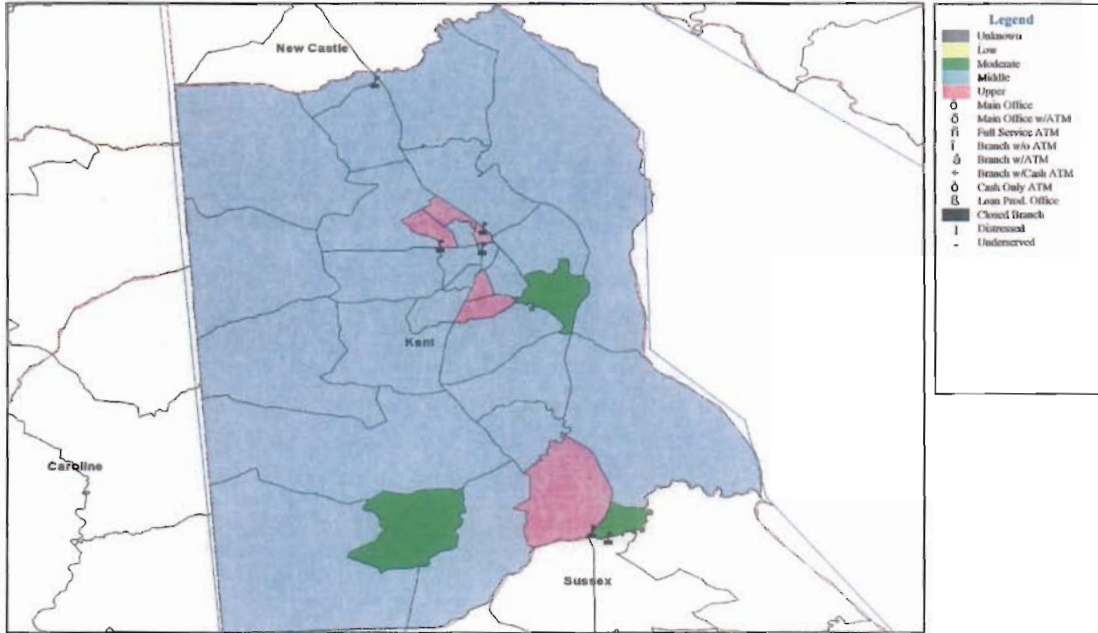
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Loan Distribution Table - Small Business Secured By Residential Real Estate
Assessment Area/Group: Overall
2006 & 2007

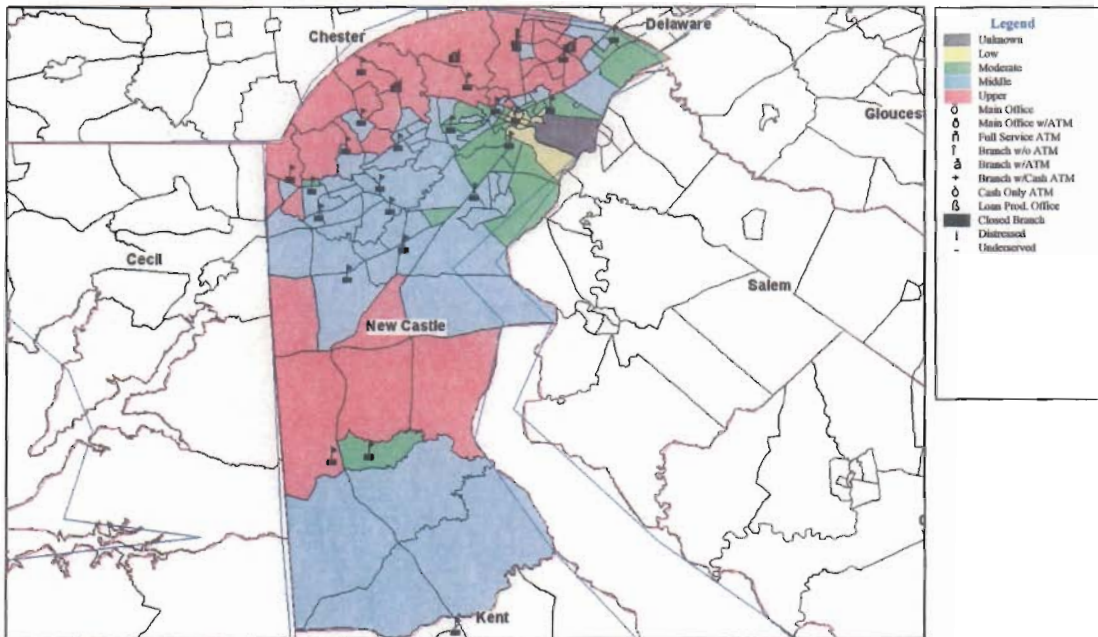
Income Categories	SMALL BUSINESS SECURED BY RESIDENTIAL REAL ESTATE			
	#	%	\$(000s)	%
	By Tract Income			
Low	7	7.5%	615	5.5%
Moderate	8	8.6%	990	8.9%
Middle	50	53.8%	7,106	63.8%
Upper	28	30.1%	2,434	21.8%
Unknown	0	0.0%	0	0.0%
<i>Total</i>	<i>93</i>	<i>100.0%</i>	<i>11,145</i>	<i>100.0%</i>
	By Revenue			
\$1 Million or Less	69	74.2%	6,735	60.4%
Over \$1 Million	22	23.7%	4,250	38.1%
Not Known	2	2.2%	160	1.4%
<i>Total</i>	<i>93</i>	<i>100.0%</i>	<i>11,145</i>	<i>100.0%</i>
	By Loan Size			
\$100,000 or less	62	66.7%	3,548	31.8%
\$100,001 - \$250,000	25	26.9%	4,439	39.8%
\$250,001 - \$1 Million	6	6.5%	3,158	28.3%
Over \$1 Million	0	0.0%	0	0.0%
<i>Total</i>	<i>93</i>	<i>100.0%</i>	<i>11,145</i>	<i>100.0%</i>

**PNC Bank, Delaware, Large Institution Performance Evaluation
February 4, 2008**

**PNC Bank
Assessment Area: MSA 20100**

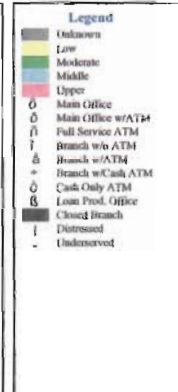
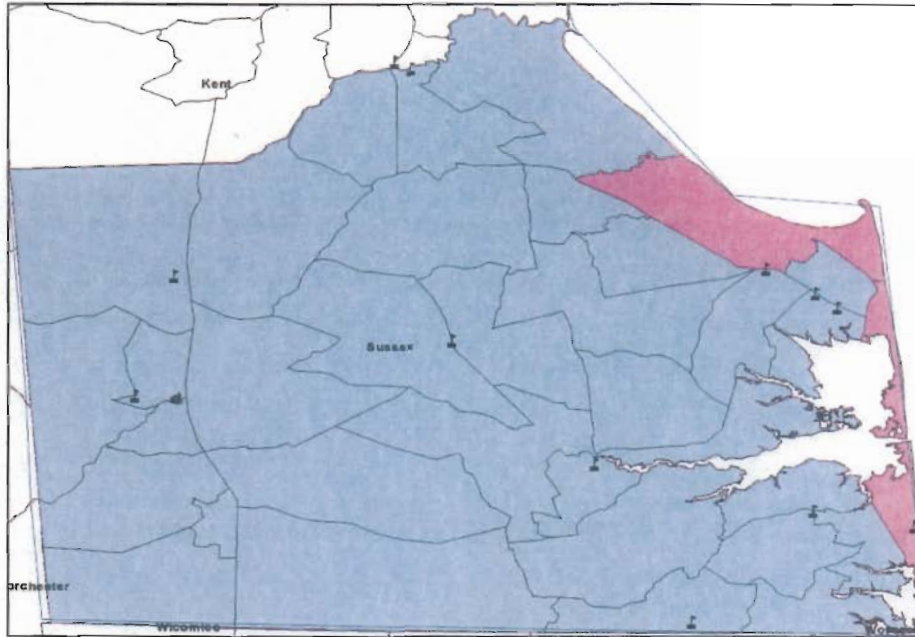


**PNC Bank
Assessment Area: MSA 48864**



PNC Bank, Delaware, Large Institution Performance Evaluation
February 4, 2008

PNC Bank
Assessment Area: Non-MSA



PNC Bank
Assessment Area: Overall

