

Edgar Filing: STERLING FINANCIAL CORP /PA/ - Form 425

STERLING FINANCIAL CORP /PA/  
Form 425  
September 11, 2007

Filed by The PNC Financial Services Group, Inc.

Pursuant to Rule 425 under the Securities Act of 1933 and  
deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of 1934

Subject Company: Sterling Financial Corporation

Commission File No. 000-16276

James E. Rohr, Chairman and Chief Executive Officer of The PNC Financial Services Group, Inc. ( PNC ), gave a presentation to investors on September 11, 2007 at the Lehman Brothers Financial Services Conference. This presentation was accompanied by a series of electronic slides that included information pertaining to the financial results and business strategies of PNC. The following slides and related material were posted on PNC s website on Tuesday, September 11, 2007:

The PNC Financial Services Group, Inc.  
Lehman Brothers  
2007 Financial Services Conference  
New York  
September 11, 2007

This  
presentation  
contains  
forward-looking  
statements  
regarding  
our

outlook  
or  
expectations  
relating  
to  
PNC's  
future  
business,  
operations,  
financial  
condition,  
financial  
performance  
and  
asset  
quality.  
Forward-looking  
statements  
are  
necessarily  
subject  
to  
numerous  
assumptions,  
risks  
and  
uncertainties,  
which  
change  
over  
time.  
The  
forward-looking  
statements  
in  
this  
presentation  
are  
qualified  
by  
the  
factors  
affecting  
forward-looking  
statements  
identified  
in  
the  
more  
detailed

Cautionary  
Statement  
included  
in  
the  
Appendix,  
which  
is  
included  
in  
the  
presentation  
handouts  
and  
in  
the  
version  
of  
the  
presentation  
materials  
posted  
on  
our  
corporate  
website  
at  
[www.pnc.com/investorevents](http://www.pnc.com/investorevents).  
We  
provide  
greater  
detail  
regarding  
these  
factors  
in  
our  
2006  
Form  
10-K,  
including  
in  
the  
Risk  
Factors  
and  
Risk  
Management  
sections,  
and

in  
our  
first  
and  
second  
quarter  
2007  
Form  
10-Qs  
and  
other  
SEC  
reports  
(accessible  
on  
the  
SEC's  
website  
at  
[www.sec.gov](http://www.sec.gov)  
and  
on  
or  
through  
our  
corporate  
website).  
Future  
events  
or  
circumstances  
may  
change  
our  
outlook  
or  
expectations  
and  
may  
also  
affect  
the  
nature  
of  
the  
assumptions,  
risks  
and  
uncertainties  
to

which  
our  
forward-looking  
statements  
are  
subject.  
The  
forward-looking  
statements  
in  
this  
presentation  
speak  
only  
as  
of  
the  
date  
of  
this  
presentation.  
We  
do  
not  
assume  
any  
duty  
and  
do  
not  
undertake  
to  
update  
those  
statements.  
In  
this  
presentation,  
we  
will  
sometimes  
refer  
to  
adjusted  
results  
to  
help  
illustrate  
(1)  
the

impact  
of  
BlackRock  
deconsolidation  
near  
the  
end  
of  
third  
quarter  
2006  
and  
the  
application  
of  
the  
equity  
method  
of  
accounting  
for  
our  
equity  
investment  
in  
BlackRock  
and  
(2)  
the  
impact  
of  
certain  
specified  
items,  
including  
2006  
BlackRock/MLIM  
transaction  
gain,  
2006  
cost  
of  
securities  
and  
mortgage  
portfolio  
repositionings,  
2006  
and  
2007



BlackRock/MLIM  
transaction  
and  
Mercantile  
Bankshares  
acquisition  
integration  
costs,  
and  
2006  
and  
2007  
gains/losses  
related  
to  
our  
BlackRock  
LTIP  
shares  
obligation.  
We  
have  
provided  
these  
adjusted  
amounts  
and  
reconciliations  
so  
that  
investors,  
analysts,  
regulators  
and  
others  
will  
be  
better  
able  
to  
evaluate  
the  
impact  
of  
these  
items  
on  
our  
results  
for

the  
periods  
presented,  
in  
addition  
to  
providing  
a  
basis  
of  
comparability  
for  
the  
impact  
of  
the  
BlackRock  
deconsolidation  
given  
the  
magnitude  
of  
the  
impact  
of  
deconsolidation  
on  
various  
components  
of  
our  
income  
statement.  
We  
believe  
that  
information  
as  
adjusted  
for  
the  
impact  
of  
the  
specified  
items  
may  
be  
useful  
due

to  
the  
extent  
to  
which  
these  
items  
are  
not  
indicative  
of  
our  
ongoing  
operations  
as  
the  
result  
of  
our  
management  
activities  
on  
those  
operations.  
While  
we  
have  
not  
provided  
other  
adjustments  
for  
the  
periods  
discussed,  
this  
is  
not  
intended  
to  
imply  
that  
there  
could  
not  
have  
been  
other  
similar  
types

of  
adjustments,  
but  
any  
such  
adjustments  
would  
not  
have  
been  
similar  
in  
magnitude  
to  
the  
amount  
of  
the  
adjustments  
shown.

In  
certain  
discussions,  
we  
also  
provide  
revenue  
information  
on  
a  
taxable-  
equivalent  
basis  
by  
increasing  
the  
interest  
income  
earned  
on  
tax-exempt  
assets  
to  
make  
it  
fully  
equivalent  
to  
interest  
income

earned  
on  
taxable  
investments.  
We  
believe  
this  
adjustment  
may  
be  
useful  
when  
comparing  
yields  
and  
margins  
for  
all  
earning  
assets.  
This  
presentation  
may  
also  
include  
a  
discussion  
of  
other  
non-GAAP  
financial  
measures,  
which,  
to  
the  
extent  
not  
so  
qualified  
therein  
or  
in  
the  
Appendix,  
is  
qualified  
by  
GAAP  
reconciliation  
information

available  
on  
our  
corporate  
website  
at  
[www.pnc.com](http://www.pnc.com)  
under  
About  
PNC

Investor  
Relations.  
Cautionary Statement Regarding Forward-Looking  
Information and Adjusted Information

Industry Concerns  
Mortgage and home equity loans  
Leveraged lending and bridge commitments  
Yield curve

A history of execution and strong performance  
Clear strategies for growth  
A strong risk management culture  
PNC is differentiated by



Building an Enduring Company with a Solid Foundation

A History of Execution

A diversified business mix

An industry-leading technology platform

Expanded distribution capabilities

Expansion into higher growth markets

A disciplined economic capital allocation process

A strong risk management process  
Deepened customer relationships  
A continuous improvement culture  
Improved customer experience  
Enhanced PNC brand

1990s

2000s

Beyond

- +
- +
- +
- +
- +
- +
- +
- +
- +

Strong Performance in a Tough  
Environment  
Diluted  
EPS  
Net  
Income  
(\$millions)

Assets

(ending

\$billions)

Strong first half with solid revenue growth and momentum

Primary businesses met or exceeded expectations

Created positive operating leverage versus first half 2006<sup>1</sup>

Maintained excellent asset quality

Total Shareholder Return<sup>2</sup>:

Year-to-date

2

nd

Three-year

1

st

Five-year

2

nd

(1) GAAP basis and adjusted basis operating leverage are set forth in the Appendix.

(2) As of September 7, 2007. Ranking versus super-regional banks identified in the Appendix. Source: SNL DataSource.

Peer Rank

1H06

1H07

1H06

1H07

1H06

1H07

\$2.47

\$2.67

\$735

\$882

\$95

\$126

Highlights

Our Diversified Business Mix

Business Leadership

First Half 2007 Business Earnings Contribution\*

Retail Banking

-

A leading community bank in PNC major markets

-

One of the nation's largest bank wealth management firms

Corporate & Institutional Banking

-

Top 10 Treasury Management business

-

The nation's 4th largest lead arranger of asset-based loan syndications

-

Harris Williams

-

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

-

A global asset management company with over \$1.2 trillion in assets under management  
PFPC

-

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

Winning in

the

Payments

Space

A Premier

Middle-

market

Franchise

A Leading

Global

Servicing

Platform

World Class

Asset

Manager

\$ millions

\$254

\$428

\$110

\$63

\*Business earnings reconciled to GAAP net income of \$882 million

in the Appendix. BlackRock segment earnings are adjusted to exclude our pretax share of BlackRock/MLIM integration costs totaling \$3 million.

Contribution

50%

30%

13%

7%

A history of execution and strong performance  
Clear strategies for growth  
A strong risk management culture  
PNC is differentiated by



Focus on fee-based drivers  
Maintain and grow our deposit advantage  
Create positive operating leverage  
Capture new market opportunities  
Enhance brand awareness  
Strategies for Growth

0%  
10%  
20%  
30%  
40%  
50%  
60%

70%

USB

KEY

FITB

WB

WFC

STI

BBT

NCC

RF

CMA

Differentiated Fee-Based Businesses

Source: SNL DataSource, PNC as reported

For the six months ended June 30, 2007

PFPC &

BLK

Noninterest Income to Total Revenue

PNC

Consumer DDA HHs  
using online banking  
Executing on Growth Drivers  
\$0  
\$100  
\$200  
\$300

\$400

\$500

Retail

C&I

Key Drivers:

Key Drivers:

Payments Business

Wealth Management

Small Business

Brokerage

Key Drivers:

Key Drivers:

Fee based Businesses

Deposit Franchise

Disciplined Lending

(1) 1H07 vs. 1H06, business segment earnings reconciled to GAAP earnings in the Appendix, (2) Not including Mercantile, (3)

1H06

1H07

Treasury Management

Midland Loan Services

Capital Markets

1H06

1H07

2

Consumer DDA HHs

using online bill pay

51%

Earnings

Growth

+14%

1

Earnings

Growth

+17%

1

3

Focus on Deepening Relationships

Major Product Revenue

55%

17%

29%

1H06

1H07

2

\$0  
\$100  
\$200  
\$300  
\$400  
\$500  
\$0

\$300

\$600

\$900

\$1,200

\$1,500

Executing on Growth Drivers

PFPC

BlackRock

Key Drivers:

Key Drivers:

Productivity

Improvement

High Margin, High

Growth Products

Key Drivers:

Key Drivers:

Expanded Distribution

Broadened Product Set

Strengthened Platform

6/30/06

06/30/07

Assets Under Management

\$464M

\$1.23B

(1) 1H07 vs. 1H06, business segment earnings reconciled to GAAP earnings in the Appendix, (2) Reflects BlackRock entity A following deconsolidation of BlackRock in September 2006.

Emerging Product Revenue

Core Product Revenue

1H04

1H07

Earnings

Growth

+19%

1

Earnings

Growth

+16%

1

21%

29%

71%

79%

Emerging

product

revenue

3-yr CAGR

19%

2

Focus on High Growth Products

Focus on Gathering Assets

at period end



Interest-bearing deposits  
24%  
12%  
Noninterest-bearing deposits  
28%  
3%  
Total deposits

25%  
10%  
2Q07 vs. 2Q06  
Executing on Our Strategy to Gather  
Low Cost Deposits  
Source:  
SNL  
DataSource,  
PNC  
as  
reported.  
Peers  
reflects  
average  
of  
the  
super-regional  
banks  
identified  
in  
the  
Appendix  
other  
than  
PNC  
24%  
38%  
21%  
17%  
Consumer  
Corporate Banking,  
Treasury Management  
and Other  
Midland  
Small  
Business  
PNC Has Been Focused on Growing  
Noninterest-Bearing Deposits  
Average Balances  
PNC  
Peers  
Contribution to Average  
Noninterest-Bearing Deposits  
As of 6/30/07  
Through Multiple Channels

USB  
2.23 %  
WFC  
2.44  
PNC  
2.72  
CMA

2.73  
RF  
2.83  
FITB  
2.93  
KEY  
2.96  
STI  
3.06  
BBT  
3.12  
WB  
3.12  
NCC  
3.23  
CMA  
21 %  
WFC  
21  
PNC  
18  
KEY  
17  
RF  
16  
FITB  
15  
USB  
15  
STI  
14  
NCC  
14  
BBT  
12  
WB  
10  
Differentiated Deposit Mix  
Average Noninterest-Bearing  
Deposits to Average Earning Assets  
For the three months ended June 30, 2007. Source: SNL DataSource, PNC as reported  
2Q07  
Interest Cost of Average Total Deposits  
2Q07  
Providing a Funding Advantage  
With Low Cost Deposits

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

\$7  
 2004  
 2005  
 2006  
 Revenue  
 9%  
 Creating Positive Operating Leverage  
 Growing Revenues Faster Than Expenses  
 \$ billions  
 Compound Annual  
 Growth Rate  
 (2004  
 2006)  
 Adjusted Revenue  
 (Taxable-equivalent) -  
 \$5.6 billion, \$6.4 billion, \$8.6 billion as reported for 2004, 2005, 2006, respectively  
 Adjusted Noninterest  
 Expense -  
 \$3.7 billion, \$4.3 billion, \$4.4 billion as reported for 2004, 2005, 2006, respectively  
 Adjusted Net Income -  
 \$1.2 billion, \$1.3 billion, \$2.6 billion as reported for 2004, 2005, 2006, respectively  
 Net Income  
 12%  
 \$1.2  
 \$1.3  
 \$1.5  
 Expense  
 7%  
 Revenue +15%  
 Expense +12%  
 Net Income +17%

Trend Continues\*

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

Six months ended June 30, as adjusted  
 2007 vs 2006

Executing on Our Acquisition Strategy

76% of PNC Pro Forma Branches Located Between the Hudson and Potomac Rivers

PNC Branches prior to 2004

Sterling Financial Corp.

Pending

Yardville National Bancorp

Pending

Mercantile Bankshares Corp.

3/2/07

Riggs National Corp.

5/13/05

United National Bancorp

1/1/04

New York

New York

Delaware

Delaware

Virginia

Virginia

New Jersey

New Jersey

Pennsylvania

Pennsylvania

Maryland

Maryland

Kentucky

Kentucky

Indiana

Indiana

Ohio

Ohio

West

West

Virginia

Virginia



\$60,949  
\$56,250  
\$69,270  
\$54,620  
\$73,965  
\$69,363  
\$66,273

Improving Our Demographics

3.7%

6.0%

2.0%

3.4%

8.4%

10.0%

3.9%

2003

Proforma

Median Household Income

Projected 5-Year Population Growth

Acquisitions

2003

Proforma

Acquisitions

Amounts

based

on

data

at

time

of

acquisition

announcement.

United

Trust

data

reflects

demographics

of

footprint

counties

weighted

by

households.

Mercantile,

Yardville

and

Sterling

data

reflect

demographics

of

footprint

counties

of

that

company,

or

by  
MSA  
in  
the  
case  
of  
Riggs,  
weighted  
by  
deposits.  
PNC  
2003  
and  
PNC  
Proforma  
amounts  
reflect  
demographics,  
weighted  
by  
deposits,  
of  
PNC s  
68  
county  
footprint  
and  
105  
county  
footprint,  
respectively,  
including  
the  
impact  
of  
PNC s  
ongoing  
branch  
optimization  
process.  
PNC  
and  
Mercantile  
headquarter  
offices  
excluded  
for  
purposes  
of  
deposit

weighting.

Source:

SNL

DataSource.

\*Pending.

(1) United, Riggs, and Mercantile based on the most recent reporting quarter prior to closing. Yardville and Sterling based on reporting quarter, and in the case of Sterling, excludes its Equipment Finance, LLC unit and rental income on operating leases.

Source: SNL

DataSource and Company 10-Q.

Bringing the Power of PNC to New Clients

Expanding Distribution of Fee-based Products

51%

24%

40%

29%

9%

27%

Noninterest income to total revenue<sup>1</sup>

Wealth Management

Brokerage

Credit Card

Payment Services

Treasury

Management

Small Business

M&A Advisory

Services

Capital Markets

Opportunities

(2) For the six months ended June 30, 2007, not including PFPC and BlackRock. Reconciled to noninterest income to total revenue on a

GAAP basis of 59% in the Appendix.

\$0  
\$4  
\$8  
\$12  
\$16  
\$20  
1Q06  
2Q07  
Asset Management

Service Charges  
Brokerage  
Corporate Services  
Consumer and Other  
Execution in the Greater Washington

Area ( GWA )

40.5%

43.3%

0

25,000

50,000

75,000

100,000

125,000

GWA business checking relationships

GWA consumer checking relationships

Deepening Relationships and Growing Noninterest Income\*

(2) For the three months ended March 31, 2006 compared to the six months ended June 30, 2007

GWA noninterest income

to total revenue

PNC -

GWA Retail Relationships

(1) Riggs transaction completed May 2005

PNC GWA Region

2

\*Does not include Mercantile

June 30

2005<sup>1</sup>

June 30

2007

PNC -

GWA Fee Growth

+19%

+42%

+16%

+114%

+7%



Key Initiatives  
Redesigned and  
simplified checking  
product  
Launched regional credit  
card product  
Redesigned PNC.com

Leveraging existing  
relationships with  
affluent clients  
Partnering with the  
Gallup Organization to  
improve the customer  
experience  
Highest in  
Customer  
Satisfaction with  
Small Business  
Banking<sup>1</sup>

(1) J.D. Power and Associates 2006 Small Business Banking Satisfaction Study. (2) Customer Experience Benchmarks and Best Practices, Change Sciences Research, March 2007

PNC.com personal banking website  
ranked in the top 10 for leading banks<sup>2</sup>  
Investing in Our Brand to Drive Growth

A history of execution and strong performance  
Clear strategies for growth  
A strong risk management culture  
PNC is differentiated by

New Credit Risk  
Rating System  
Improved Credit  
Training  
PNC's Credit Culture Evolution  
Adherence to  
Target Zone

of  
Losses  
Organizational  
Independence  
Early Workout  
Intervention  
Credit Culture Evolution  
(2000  
Present)  
Focus on Getting Paid  
Per Unit of Risk  
Help  
Talk  
Listen  
Teamwork  
Focus on the Front Door  
Proactive Process Driven by Returns  
Not overly concentrated  
in any area  
More granularity  
Limited exposure to  
leveraged lending  
Strong origination and  
distribution capabilities  
Manage  
the Back Door

High Quality Consumer Loan Portfolio

Auto

7%

Residential

Mortgage

34%

Composition of Consumer Loan and Residential Mortgage Portfolio

As of June 30, 2007

Home Equity Portfolio

Credit Statistics<sup>1</sup>

First lien positions

42%

In-footprint exposure

92%

Weighted average:

Loan to value

70%

FICO scores

727

Net charge-offs

0.18%

90 days past due

0.26%

(1) Not including Mercantile

Other

7%

Home

Equity

52%

Residential Portfolio

Credit Statistics<sup>1</sup>

Weighted average:

Loan to value

67%

FICO scores

746

Net charge-offs

0.02%

90 days past due

0.80%

(1) Not including Mercantile

Home Equity Credit Trends

*% of outstandings*

Delinquency Ratio 90+ Days

Net Charge-Offs

PNC<sub>1</sub>

RMA

Source: The Risk Management Association ( RMA ) Consumer Loan Studies, Home Equity



% of average  
outstandings

PNC<sub>1</sub>

RMA

(1) Not including Mercantile

2005

2004

2006

1H07

2005

2004

2006

1H07

0.1%

0.2%

0.3%

0.4%

0.5%

0.6%

0.1%

0.2%

0.3%

0.4%

0.2%  
0.5%  
0.7%  
1.0%  
1.2%  
1.5%  
2Q02

2Q03

2Q04

2Q05

2Q06

2Q07

Disciplined Approach Leads to Excellent

Asset Quality

Asset Quality Compared to Peers

Net Charge-offs to Average Loans

PNC

Peer Group

Source: SNL DataSource, PNC as reported

PNC 2005 net charge-off ratio excludes \$53 million loan recovery. The ratio was 0.06% including the recovery.

Peer group reflects average of super-regional banks identified in the Appendix other than PNC

Nonperforming Assets to Loans, Loans

Held for Sale and Foreclosed Assets

PNC

Peer Group

\*

\*

0.10%

0.20%

0.30%

0.40%

0.50%

0.60%

0.70%

0.80%

2002

2003

2004

2005

2006

1H07

Well Positioned Based on Lehman  
Research  
Loans to deposits  
Fee income to revenue  
Demand deposits as % of total  
deposits  
One-year Gap rank

Linked quarter change in deposits  
to average earning assets  
MBS & mortgage loans as % of  
average earning assets  
EPS impact of gradual +100bps  
parallel shift

Source: Large-/Mid-Cap Banks 1Q07 10-Q Review, Lehman Brothers, Global Equity Research, May 23, 2007 [Data as of 1Q

Peer Group Ranking

Lehman Brothers Criteria

1

STI

2

PNC

3

FITB

4

RF

5

NCC

6

WB

7

KEY

8

USB

9

BBT

10

WFC

11

CMA

Summary

A demonstrated history of execution and strong performance

Clear strategies to maintain growth

Sound risk management processes

Well Positioned to Create Value

We  
make  
statements  
in  
this  
presentation,  
and

we  
may  
from  
time  
to  
time  
make  
other  
statements,  
regarding  
our  
outlook  
or  
expectations  
for  
earnings,  
revenues,  
expenses  
and/or  
other  
matters  
regarding  
or  
affecting  
PNC  
that  
are  
forward-looking  
statements  
within  
the  
meaning  
of  
the  
Private  
Securities  
Litigation  
Reform  
Act.  
Forward-looking  
statements  
are  
typically  
identified  
by  
words  
such  
as  
believe,  
expect,



anticipate,  
intend,  
outlook,  
estimate,  
forecast,  
project

and  
other  
similar  
words  
and  
expressions.

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

Forward-looking  
statements  
speak  
only  
as  
of  
the  
date  
they  
are  
made.

We  
do  
not  
assume  
any  
duty  
and  
do  
not  
undertake  
to  
update  
our

forward-looking  
statements.

Because  
forward-looking  
statements  
are  
subject  
to  
assumptions  
and  
uncertainties,  
actual  
results  
or  
future  
events  
could  
differ,  
possibly  
materially,  
from  
those  
that  
we  
anticipated  
in  
our  
forward-looking  
statements,  
and  
future  
results  
could  
differ  
materially  
from  
our  
historical  
performance.

Our  
forward-looking  
statements  
are  
subject  
to  
the  
following  
principal  
risks  
and

uncertainties.

We provide greater detail regarding some of these factors in our Form 10-K for the year ended December 31, 2006, including in the Risk Factors and Risk Management sections of that report, and in our first and second quarter 2007 Form 10-Qs and other SEC reports. Our forward-looking statements

may  
also  
be  
subject  
to  
other  
risks  
and  
uncertainties,  
including  
those  
that  
we  
may  
discuss  
elsewhere  
in  
this  
presentation  
or  
in  
our  
filings  
with  
the  
SEC,  
accessible  
on  
the  
SEC's  
website  
at  
[www.sec.gov](http://www.sec.gov)  
and  
on  
or  
through  
our  
corporatewebsite  
at  
[www.pnc.com](http://www.pnc.com)  
under  
About  
PNC

Investor  
Relations

Financial  
Information.

Our  
business  
and  
operating  
results  
are  
affected  
by  
business  
and  
economic  
conditions  
generally  
or  
specifically  
in  
the  
principal  
markets  
in  
which  
we  
do  
business.  
We  
are  
also  
affected  
by  
changes  
in  
our  
customers  
and  
counterparties  
financial  
performance,  
as  
well  
as  
changes  
in  
customer  
preferences  
and  
behavior,  
including  
as  
a

result  
of  
changing  
business  
and  
economic  
conditions.

The  
value  
of  
our  
assets  
and  
liabilities,  
as  
well  
as  
our  
overall  
financial  
performance,  
is  
also  
affected  
by  
changes  
in  
interest  
rates  
or  
in  
valuations  
in  
the  
debt  
and  
equity  
markets.  
Actions  
by  
the  
Federal  
Reserve  
and  
other  
government  
agencies,  
including  
those

that  
impact  
money  
supply  
and  
market  
interest  
rates,  
can  
affect  
our  
activities  
and  
financial  
results.

Our  
operating  
results  
are  
affected  
by  
our  
liability  
to  
provide  
shares  
of  
BlackRock  
common  
stock  
to  
help  
fund  
BlackRock  
long-term  
incentive  
plan  
( LTIP )  
programs,  
as  
our  
LTIP  
liability  
is  
adjusted  
quarterly  
( marked-to-market )  
based  
on

changes  
in  
BlackRock's  
common  
stock  
price  
and  
the  
number  
of  
remaining  
committed  
shares,  
and  
we  
recognize  
gain  
or  
loss  
on  
such  
shares  
at  
such  
times  
as  
shares  
are  
transferred  
for  
payouts  
under  
the  
LTIP  
programs.

Competition  
can  
have  
an  
impact  
on  
customer  
acquisition,  
growth  
and  
retention,  
as  
well  
as



on  
our  
credit  
spreads  
and  
product  
pricing,  
which  
can  
affect  
market  
share,  
deposits  
and  
revenues.

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

Legal  
and  
regulatory  
developments  
could  
have  
an  
impact  
on  
our  
ability  
to  
operate  
our

businesses  
or  
our  
financial  
condition  
or  
results  
of  
operations  
or  
our  
competitive  
position  
or  
reputation.  
Reputational  
impacts,  
in  
turn,  
could  
affect  
matters  
such  
as  
business  
generation  
and  
retention,  
our  
ability  
to  
attract  
and  
retain  
management,  
liquidity  
and  
funding.  
These  
legal  
and  
regulatory  
developments  
could  
include:  
(a)  
the  
unfavorable  
resolution  
of

legal  
proceedings  
or  
regulatory  
and  
other  
governmental  
inquiries;  
(b)  
increased  
litigation  
risk  
from  
recent  
regulatory  
and  
other  
governmental  
developments;  
(c)  
the  
results  
of  
the  
regulatory  
examination  
process,  
our  
failure  
to  
satisfy  
the  
requirements  
of  
agreements  
with  
governmental  
agencies,  
and  
regulators  
future  
use  
of  
supervisory  
and  
enforcement  
tools;  
(d)  
legislative  
and

regulatory  
reforms,  
including  
changes  
to  
laws  
and  
regulations  
involving  
tax,  
pension,  
education  
lending,  
and  
the  
protection  
of  
confidential  
customer  
information;  
and  
(e)  
changes  
in  
accounting  
policies  
and  
principles.

Our  
business  
and  
operating  
results  
are  
affected  
by  
our  
ability  
to  
identify  
and  
effectively  
manage  
risks  
inherent  
in  
our  
businesses,  
including,

where appropriate, through the effective use of third-party insurance and capital management techniques.

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

Cautionary Statement Regarding Forward-Looking Information

The  
adequacy  
of  
our  
intellectual  
property

protection,  
and  
the  
extent  
of  
any  
costs  
associated  
with  
obtaining  
rights  
in  
intellectual  
property  
claimed  
by  
others,  
can  
impact  
our  
business  
and  
operating  
results.

Our  
business  
and  
operating  
results  
can  
also  
be  
affected  
by  
widespread  
natural  
disasters,  
terrorist  
activities  
or  
international  
hostilities,  
either  
as  
a  
result  
of  
the  
impact

on  
the  
economy  
and  
financial  
and  
capital  
markets  
generally  
or  
on  
us  
or  
on  
our  
customers,  
suppliers  
or  
other  
counterparties  
specifically.

Also,  
risks  
and  
uncertainties  
that  
could  
affect  
the  
results  
anticipated  
in  
forward-looking  
statements  
or  
from  
historical  
performance  
relating  
to  
our  
equity  
interest  
in  
BlackRock,  
Inc.  
are  
discussed  
in



more  
detail  
in  
BlackRock's  
2006  
Form  
10-K,  
including  
in  
the  
Risk  
Factors  
section,  
and  
in  
BlackRock's  
other  
filings  
with  
the  
SEC,  
accessible  
on  
the  
SEC's  
website  
and  
on  
or  
through  
BlackRock's  
website  
at  
[www.blackrock.com](http://www.blackrock.com).  
We  
grow  
our  
business  
from  
time  
to  
time  
by  
acquiring  
other  
financial  
services  
companies,  
including  
the

pending  
Sterling  
Financial  
Corporation  
( Sterling )  
and  
Yardville  
National  
Bancorp  
( Yardville )  
acquisitions.  
Acquisitions  
in  
general  
present  
us  
with  
risks  
other  
than  
those  
presented  
by  
the  
nature  
of  
the  
business  
acquired.  
In  
particular,  
acquisitions  
may  
be  
substantially  
more  
expensive  
to  
complete  
(including  
as  
a  
result  
of  
costs  
incurred  
in  
connection  
with  
the

integration  
of  
the  
acquired  
company)  
and  
the  
anticipated  
benefits  
(including  
anticipated  
cost  
savings  
and  
strategic  
gains)  
may  
be  
significantly  
harder  
or  
take  
longer  
to  
achieve  
than  
expected.  
In  
some  
cases,  
acquisitions  
involve  
our  
entry  
into  
new  
businesses  
or  
new  
geographic  
or  
other  
markets,  
and  
these  
situations  
also  
present  
risks  
resulting

from  
our  
inexperience  
in  
these  
new  
areas.  
As  
a  
regulated  
financial  
institution,  
our  
pursuit  
of  
attractive  
acquisition  
opportunities  
could  
be  
negatively  
impacted  
due  
to  
regulatory  
delays  
or  
other  
regulatory  
issues.  
Regulatory  
and/or  
legal  
issues  
related  
to  
the  
pre-acquisition  
operations  
of  
an  
acquired  
business  
may  
cause  
reputational  
harm  
to  
PNC  
following

the  
acquisition  
and  
integration  
of  
the  
acquired  
business  
into  
ours  
and  
may  
result  
in  
additional  
future  
costs  
arising  
as  
a  
result  
of  
those  
issues.  
Post-closing  
acquisition  
risk  
continues  
to  
apply  
to  
Mercantile  
Bankshares  
Corporation  
as  
we  
complete  
the  
integration.  
Any  
annualized,  
proforma,  
estimated,  
third  
party  
or  
consensus  
numbers  
in  
this

presentation  
are  
used  
for  
illustrative  
or  
comparative  
purposes  
only  
and  
may  
not  
reflect  
actual  
results.  
Any  
consensus  
earnings  
estimates  
are  
calculated  
based  
on  
the  
earnings  
projections  
made  
by  
analysts  
who  
cover  
that  
company.  
The  
analysts  
opinions,  
estimates  
or  
forecasts  
(and  
therefore  
the  
consensus  
earnings  
estimates)  
are  
theirs  
alone,  
are  
not

those  
of  
PNC  
or  
its  
management,  
and  
may  
not  
reflect  
PNC's,  
Yardville's,  
Sterling's  
or  
other  
company's  
actual  
or  
anticipated  
results.

Cautionary Statement Regarding  
Forward-Looking Information (continued)

The  
PNC  
Financial  
Services  
Group,  
Inc.  
and



Sterling  
Financial  
Corporation  
will  
be  
filing  
a  
proxy  
statement/prospectus  
and  
other  
relevant  
documents  
concerning  
the  
merger  
with  
the  
United  
States  
Securities  
and  
Exchange  
Commission  
(the  
"SEC").

WE  
URGE  
INVESTORS  
TO  
READ  
THE  
PROXY  
STATEMENT/PROSPECTUS  
AND  
ANY  
OTHER  
DOCUMENTS  
TO  
BE  
FILED  
WITH  
THE  
SEC  
IN  
CONNECTION  
WITH  
THE  
MERGER  
OR

INCORPORATED  
BY  
REFERENCE  
IN  
THE  
PROXY  
STATEMENT/PROSPECTUS  
BECAUSE  
THEY  
WILL  
CONTAIN  
IMPORTANT  
INFORMATION.

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

In  
addition,  
documents  
filed  
with  
the  
SEC  
by  
The  
PNC  
Financial  
Services  
Group,  
Inc.  
will  
be  
available  
free  
of  
charge

from  
Shareholder  
Relations  
at  
(800)  
843-2206.  
Documents  
filed  
with  
the  
SEC  
by  
Sterling  
Financial  
Corporation  
will  
be  
available  
free  
of  
charge  
from  
Sterling  
Financial  
Corporation  
by  
contacting  
Shareholder  
Relations  
at  
(877)  
248-6420.  
The  
directors,  
executive  
officers,  
and  
certain  
other  
members  
of  
management  
and  
employees  
of  
Sterling  
Financial  
Corporation  
are  
participants

in  
the  
solicitation  
of  
proxies  
in  
favor  
of  
the  
merger  
from  
the  
shareholders  
of  
Sterling  
Financial  
Corporation.  
Information  
about  
the  
directors  
and  
executive  
officers  
of  
Sterling  
Financial  
Corporation  
is  
included  
in  
the  
proxy  
statement  
for  
its  
May  
8,  
2007  
annual  
meeting  
of  
shareholders,  
which  
was  
filed  
with  
the  
SEC  
on

April  
2,  
2007.  
Additional  
information  
regarding  
the  
interests  
of  
such  
participants  
will  
be  
included  
in  
the  
proxy  
statement/prospectus  
and  
the  
other  
relevant  
documents  
filed  
with  
the  
SEC  
when  
they  
become  
available.

Additional Information About The PNC/Sterling  
Financial Corporation Transaction

The  
PNC  
Financial  
Services  
Group,  
Inc.  
( PNC )

and  
Yardville  
National  
Bancorp  
( Yardville )  
have  
filed  
with  
the  
United  
States  
Securities  
and  
Exchange  
Commission  
(the  
SEC )  
a  
proxy  
statement/prospectus  
and  
other  
relevant  
documents  
concerning  
the  
proposed  
transaction.  
WE  
URGE  
INVESTORS  
TO  
READ  
THE  
PROXY  
STATEMENT/PROSPECTUS  
AND  
ANY  
OTHER  
DOCUMENTS  
FILED  
WITH  
THE  
SEC  
IN  
CONNECTION  
WITH  
THE  
MERGER  
OR

INCORPORATED  
BY  
REFERENCE  
IN  
THE  
PROXY  
STATEMENT/PROSPECTUS  
BECAUSE  
THEY  
CONTAIN  
IMPORTANT  
INFORMATION.

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

In  
addition,  
documents  
filed  
with  
the  
SEC  
by  
PNC  
will  
be  
available  
free  
of  
charge  
from  
Shareholder  
Relations  
at  
(800)  
843-2206.  
Documents  
filed  
with



the  
SEC  
by  
Yardville  
will  
be  
available  
free  
of  
charge  
from  
Yardville  
by  
contacting  
Howard  
N.  
Hall,  
Assistant  
Treasurer's  
Office,  
2465  
Kuser  
Road,  
Hamilton,  
NJ  
08690  
or  
by  
calling  
(609)  
631-6223.  
The  
directors,  
executive  
officers,  
and  
certain  
other  
members  
of  
management  
and  
employees  
of  
Yardville  
are  
participants  
in  
the  
solicitation

of  
proxies  
in  
favor  
of  
the  
merger  
from  
the  
shareholders  
of  
Yardville.  
Information  
about  
the  
directors  
and  
executive  
officers  
of  
Yardville  
is  
set  
forth  
in  
its  
Annual  
Report  
on  
Form  
10-K  
filed  
on  
March  
30,  
2007  
for  
the  
year  
ended  
December  
31,  
2006,  
as  
amended  
by  
the  
Form  
10-K/A  
filed

on  
May  
10,  
2007.  
Additional  
information  
regarding  
the  
interests  
of  
such  
participants  
is  
included  
in  
the  
proxy  
statement/prospectus  
and  
the  
other  
relevant  
documents  
filed  
with  
the  
SEC.

Additional Information About The  
PNC/Yardville National Bancorp Transaction

Non-GAAP to GAAP  
Reconcilement  
Appendix  
Earnings Summary  
THREE MONTHS ENDED  
Pretax  
Net

Diluted  
 Pretax  
 Net  
 Diluted  
 Pretax  
 Net  
 Diluted  
 In millions, except per share data  
 Adjustments  
 Income  
 EPS Impact  
 Adjustments  
 Income  
 EPS Impact  
 Adjustments  
 Income  
 EPS Impact  
 Net income, as reported  
 \$423  
 \$1.22  
 \$459  
 \$1.46  
 \$381  
 \$1.28  
 Adjustments:  
     BlackRock LTIP (a)  
 \$1  
 \$(52)  
 (33)  
 (.11)  
  
     Integration costs (b)  
 16  
  
 11  
  
 .03  
  
 13  
  
 8  
  
 .03  
  
 \$13  
 5  
  
 .02  
  
 Net income, as adjusted

\$434  
 \$1.25  
 \$434  
 \$1.38  
 \$386  
 \$1.30  
**SIX MONTHS ENDED**  
 Pretax  
 Net  
 Diluted  
 Pretax  
 Net  
 Diluted  
 In millions, except per share data  
 Adjustments  
 Income  
 EPS Impact  
 Adjustments  
 Income  
 EPS Impact  
 Net income, as reported  
 \$882  
 \$2.67  
 \$735  
 \$2.47  
 Adjustments:  
     BlackRock LTIP (a)  
 \$(51)  
 (33)  
  
 (.11)  
  
     Integration costs (b)  
 29  
  
 19  
  
 .07  
  
 \$19  
 8  
  
 .03  
  
 Net income, as adjusted  
 \$868  
 \$2.63  
 \$743  
 \$2.50  
 (a)

Includes  
the  
impact  
of  
the  
gain  
recognized  
in  
connection  
with  
PNC's  
transfer  
of  
BlackRock  
shares  
to  
satisfy  
a  
portion  
of  
our  
2002  
BlackRock  
LTIP  
shares  
obligation  
and  
the  
net  
mark-  
to-market adjustment on our remaining BlackRock LTIP shares obligation, as applicable.

(b)  
Amounts  
for  
2007  
include  
both  
Mercantile  
acquisition  
and  
BlackRock/MLIM  
transaction  
integration  
costs.  
BlackRock/MLIM  
transaction  
integration  
costs  
recognized  
by

PNC  
in  
2007  
were  
included  
in  
noninterest  
income  
as  
a  
negative  
component  
of  
the  
"Asset  
management"  
line  
item,  
which  
includes  
the  
impact  
of  
our  
equity  
earnings  
from  
our  
investment  
in  
BlackRock.

The second quarter of 2006 BlackRock/MLIM transaction integration costs were included in noninterest expense.

June 30, 2007

March 31, 2007

June 30, 2006

June 30, 2007

June 30, 2006



Non-GAAP to GAAP  
Reconcilement  
Appendix  
Income Statement Summary  
For the Six Months Ended June 30  
SIX MONTHS ENDED  
In millions

As Reported	
Adjustments	
As Adjusted (a)	
As Reported	
Adjustments	
As Adjusted (b)	
Net interest income	
	\$1,361
	\$1,361
	\$1,112
	\$(7)
	\$1,105
Taxable-equivalent adjustment	
	14
	14
	13
	13
Net interest income, taxable-equivalent basis	
	1,375
	1,375
	1,125
	(7)
	1,118
Net interest income:	
% Change As	
Adjusted	
% Change As	
Reported	
Loans	
	526
	526
	472
	(7)
	465
	13%
	11%

Deposits  
 849  
 849  
 653  
 653  
 30%  
 30%  
 Noninterest Income  
 1,966  
 (48)  
 1,918  
 2,415  
 (666)  
 1,749  
 10%  
 (19%)  
 Total revenue, taxable equivalent basis  
 3,341  
 (48)  
 3,293  
 3,540  
 (673)  
 2,867  
 15%  
 (6%)  
 Loan net interest income as a % of total revenue, TE  
 16.0%  
 16.2%  
 Deposit net interest income as a % of total revenue, TE  
 25.8%  
 22.8%  
 Noninterest income as a % of total revenue, TE  
 58.2%  
 61.0%

Provision for credit losses

62

62

66

66

Noninterest income

1,966

\$(48)

1,918

2,415

(666)

1,749

Noninterest expense

1,984

(26)

1,958

2,307

(561)

1,746

12%

(14%)

Income before minority interest  
and income taxes

1,281

(22)

1,259

1,154

(112)

1,042

Minority interest in income  
of BlackRock

41

(41)

Income taxes

399

(8)

391

378

(79)

299

Net income

\$882

(\$14)

\$868

\$735

\$8

\$743

17%

20%

SIX MONTHS ENDED

As Reported

Adjustments

As Adjusted (a)

As Reported

Adjustments

As Adjusted (b)

% Change As

Adjusted

% Change As

Reported

Noninterest expense

1,984

(26)

1,958

2,307

(561)

1,746

12%

(14%)

Noninterest expense, excluding Mercantile expense of \$156 million

1,828

(26)

1,802

2,307

(561)

1,746

3%

June 30, 2007

June 30, 2006

June 30, 2007

June 30, 2006

(a)

Amounts

adjusted

to

exclude

the

impact

of

the

following

pretax

items:

(1)

the

net

mark-to-market

adjustment  
charge  
totaling  
\$1  
million  
for  
the  
second  
quarter  
of  
2007  
and  
a  
net  
effect  
for  
the  
first  
six  
months  
of  
2007  
of  
\$51  
million  
(consisting  
of  
the  
gain  
recognized  
in  
connection  
with  
our  
first  
quarter  
shares  
transfer  
net  
of  
the  
mark-to-market  
adjustment  
charge  
for  
both  
quarters)  
on  
our  
BlackRock

LTIP

shares obligation, and (2) Mercantile acquisition and BlackRock/MLIM transaction integration costs totaling \$16 million for the

(b)

Amounts

adjusted

as

if

we

had

recorded

our

investment

in

BlackRock

on

the

equity

method

for

all

periods

presented

and

to

exclude

PNC's

portion

of

BlackRock/MLIM

transaction

integration

costs

of

\$13

million and \$19 million before taxes for the second quarter and first six months of 2006, respectively.

Non-GAAP to GAAP  
Reconcilement  
Appendix  
Business Segment Earnings and Operating Leverage  
OPERATING LEVERAGE  
SIX MONTHS ENDED  
Dollars in millions



As Reported	
As Adjusted	
(b)	
As Reported	
As Adjusted	
(c)	
As Reported	
As Adjusted	
Net interest income	
\$1,361	
\$1,361	
\$1,112	
\$1,105	
Noninterest income	
Asset management	
355	
358	
890	
257	
Other	
1,611	
1,560	
1,525	
1,492	
Total revenue	
\$3,327	
\$3,279	
\$3,527	
\$2,854	
(6%)	
15%	
Noninterest expense	
\$1,984	
\$1,958	
\$2,307	
\$1,746	
(14%)	
12%	
Operating leverage	
8%	
3%	
(c) See note (b) on previous slide.	
June 30, 2007	
June 30, 2006	
Change	
(b) See note (a) on previous slide.	
Dollars in millions	
2007	
% of Segments	

2006  
% Change  
Retail Banking  
\$428  
50%  
\$375  
14%  
Corporate & Institutional Banking  
254  
30%  
217  
17%  
BlackRock (a)  
110  
13%  
95  
16%  
PFPC  
63  
7%  
53  
19%  
Total business segment earnings  
855  
740  
Other (a)  
27  
(5)  
Total consolidated net income  
\$882  
\$735  
Earnings (Loss)  
Six Months Ending June 30  
(a)  
For  
our  
segment  
reporting  
presentation  
in  
management's  
discussion  
and  
analysis,  
our  
after-tax  
share  
of  
BlackRock/MLIM  
transaction

integration  
costs  
totaling  
\$2  
million  
and  
\$8  
million  
for  
the  
six  
months  
ended  
June  
30,  
2007  
and  
June  
30,  
2006  
have  
been  
reclassified  
from  
BlackRock  
to  
"Other."  
"Other"  
for  
the  
first  
six  
months  
of  
2007  
also  
includes \$26 million of pretax Mercantile acquisition integration costs.

Non-GAAP to GAAP  
Reconcilement  
Appendix  
Average Balance Sheet and Noninterest Income  
Six Months Ending June 30, 2007  
Dollars in millions  
Retail

Banking  
Corporate &  
Institutional  
Banking  
Other  
Banking and  
Other  
BlackRock  
PFPC  
Total  
Net interest income (expense)  
\$984  
\$371  
\$15  
\$1,370  
(\$9)  
\$1,361  
Noninterest income  
830  
  
374  
  
205  
  
1,409  
  
\$140  
417  
  
1,966  
  
Total Revenue  
\$1,814  
\$745  
\$220  
\$2,779  
\$140  
\$408  
\$3,327  
Noninterest income as a % of  
total revenue  
46%  
50%  
93%  
51%  
100%  
102%  
59%  
Average Balance Sheet for the three months ended:  
June 30, 2007

June 30, 2006

\$ millions

PNC Excluding

Mercantile

Mercantile (a)

PNC As

Reported

PNC

% Change

Excluding

Mercantile

% Change

Including

Mercantile

Average loans, net of unearned income

Commercial

\$20,919

\$3,733

\$24,652

\$20,348

3%

21%

Commercial real estate

3,456

6,057

9,513

3,071

13%

210%

Consumer

16,257

1,629

17,886

16,049

1%

11%

Residential mortgages

7,437

1,090

8,527

7,353

1%

16%

Other, including total unearned income (b)

2,969

8

2,977

3,115

(5%)

(4%)

Total average loans, net of unearned income

\$51,038

\$12,517

\$63,555

\$49,936

2%

27%

Average deposits

Interest-bearing

\$51,111

\$9,293

\$60,404

\$48,710

5%

24%

Noninterest-bearing

14,707

3,117

17,824

13,926

6%

28%

Total average deposits

\$65,818

\$12,410

\$78,228

\$62,636

5%

25%

(a) Mercantile activity is from the closing on March 2, 2007 through March 31, 2007.

(b) Includes lease financing.

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



PNC  
 Deconsolidation and  
 BlackRock  
 PNC  
 In millions  
 As Reported  
 Adjustments (a)  
 Other Adjustments  
 Equity Method  
 As Adjusted  
 Net interest income  
 \$2,245  
 \$(10)  
 \$2,235  
 Provision for credit losses  
 124  
 124  
 Noninterest  
 income  
 6,327  
 \$(1,812)  
 (1,087)  
 \$144  
 3,572  
 Noninterest  
 expense  
 4,443  
 (91)  
 (765)  
 3,587  
 Income before minority interest and income taxes  
 4,005  
 (1,721)  
 (332)  
 144  
 2,096  
 Minority interest in income of BlackRock  
 47  
 18  
 (65)  
 Income taxes  
 1,363  
 (658)  
 (130)  
 7  
 582  
 Net income  
 \$2,595  
 \$(1,081)  
 \$(137)

\$137  
 \$1,514  
 For the year ended December 31, 2005  
 BlackRock  
 PNC  
 Deconsolidation and  
 BlackRock  
 PNC  
 In millions  
 As Reported  
 Other Adjustments  
 Equity Method  
 As Adjusted  
 Net interest income  
 \$2,154  
 \$(12)  
 \$2,142  
 Provision for credit losses  
 21  
 21  
 Noninterest  
 income  
 4,173  
 (1,214)  
 \$163  
 3,122  
 Noninterest  
 expense  
 4,306  
 (853)  
 3,453  
 Income before minority interest and income taxes  
 2,000  
 (373)  
 163  
 1,790  
 Minority interest in income of BlackRock  
 71  
 (71)  
 Income taxes  
 604  
 (150)  
 11  
 465  
 Net income  
 \$1,325  
 \$(152)  
 \$152  
 \$1,325  
 (a)

Includes  
the  
impact  
of  
the  
following  
items,  
all  
on  
a  
pretax  
basis:  
\$2,078  
million  
gain  
on  
BlackRock/MLIM  
transaction,  
\$196  
million  
securities  
portfolio  
rebalancing  
loss,  
\$101  
million  
of  
BlackRock/MLIM  
transaction  
integration  
costs,  
\$48  
million  
mortgage  
loan  
portfolio  
repositioning  
loss,  
and  
\$12  
million  
net  
loss  
related  
to  
our  
BlackRock  
LTIP shares obligation.

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

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

Adjusted net interest income	
\$1,955	
\$2,142	
\$2,235	
Adjusted noninterest income	
2,928	
3,122	
3,572	
Taxable-equivalent adjustment	
20	
33	
25	
Adjusted total revenue	
4,903	
5,297	
5,832	
9%	
Adjusted noninterest expense	
3,148	
3,453	
3,587	
7%	
Adjusted net income	
\$1,197	
\$1,325	
\$1,514	
12%	
In millions	
2004	
2005	
2006	
CAGR	
Net interest income, as reported	
\$1,969	
\$2,154	
\$2,245	
Noninterest income, as reported	
3,572	
4,173	
6,327	
Taxable-equivalent adjustment	
20	
33	
25	
Total revenue, taxable equivalent basis	
5,561	
6,360	

8,597

24%

Noninterest

expense, as reported

3,712

4,306

4,443

9%

Net income, as reported

\$1,197

\$1,325

\$2,595

47%

The PNC Financial Services Group, Inc.  
PNC  
BB&T Corporation  
BBT  
Comerica  
CMA  
Fifth Third Bancorp



FITB  
KeyCorp  
KEY  
National City Corporation  
NCC  
Regions Financial  
RF  
SunTrust Banks, Inc.  
STI  
U.S. Bancorp  
USB  
Wachovia Corporation  
WB  
Wells Fargo & Company  
WFC  
Ticker  
Peer Group of  
Super-Regional Banks  
Appendix