

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

STERLING FINANCIAL CORP /PA/

Form 425

January 29, 2008

**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**

On January 29, 2008, Richard J. Johnson, Chief Financial Officer of The PNC Financial Services Group, Inc. (the Corporation ), gave a presentation to investors at the 2008 Citigroup Financial Services Conference in New York, New York. This presentation was accompanied by a series of electronic slides that included information pertaining to the financial results and business strategies of the Corporation. A copy of these slides and related material were posted on PNC's website on Tuesday, January 29, 2008 and are set forth below:

The PNC Financial Services Group, Inc.  
Citigroup  
Financial Services Conference 2008  
New York  
January 29, 2008

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  
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  
third  
quarter  
2007

Form  
10-Q  
and  
other  
SEC  
reports  
(accessible  
on  
the  
SEC's  
website  
at  
[www.sec.gov](http://www.sec.gov)  
and  
on  
or  
through  
our  
corporate  
website  
at  
[www.pnc.com/secfilings](http://www.pnc.com/secfilings)).

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  
the  
impact  
of  
the  
deconsolidation  
of  
BlackRock

near  
the  
end  
of  
third  
quarter  
2006  
and  
the  
impact  
of  
certain  
types  
of  
items.  
Adjusted  
results  
reflect,  
as  
applicable,  
the  
following  
types  
of  
adjustments:  
(1)  
2006  
and  
earlier  
periods  
reflect  
the  
impact  
of  
the  
deconsolidation  
of  
BlackRock  
by  
adjusting  
as  
if  
we  
had  
recorded  
our  
BlackRock  
investment  
on  
the



equity  
method  
prior  
to  
its  
deconsolidation;  
(2)  
adjusting  
2006  
periods,  
as  
applicable,  
to  
exclude  
the  
impact  
of  
the  
third  
quarter  
2006  
gain  
on  
the  
BlackRock/MLIM  
transaction  
and  
losses  
on  
the  
repositioning  
of  
PNC's  
securities  
and  
mortgage  
loan  
portfolios;  
(3)  
adjusting  
fourth  
quarter  
2006  
and  
the  
2007  
periods  
to  
exclude  
the

net  
mark-to-market  
adjustments  
on  
PNC's  
remaining  
BlackRock  
LTIP  
shares  
obligation  
and,  
as  
applicable,  
the  
gain  
PNC  
recognized  
in  
first  
quarter  
2007  
in  
connection  
with  
the  
company's  
transfer  
of  
BlackRock  
shares  
to  
satisfy  
a  
portion  
of  
its  
BlackRock  
LTIP  
shares  
obligation;  
(4)  
adjusting  
all  
2007  
and  
2006  
periods  
to  
exclude,  
as

applicable,  
integration  
costs  
related  
to  
acquisitions  
and  
to  
the  
BlackRock/MLIM  
transaction;  
(5)  
adjusting  
2007  
periods,  
as  
applicable,  
for  
the  
fourth  
quarter  
2007  
Visa  
litigation  
charge;  
and  
(6)  
adjusting,  
as  
appropriate,  
for  
the  
tax  
impact  
of  
these  
adjustments.  
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

and  
balance  
sheet.  
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  
may  
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



Delivered solid growth  
Created positive operating  
leverage on an adjusted  
basis  
Strong asset quality  
Successful Mercantile  
integration; poised for

growth

Effective capital

deployment

Well-positioned for this

environment

2007 Highlights

Assets

\$139 billion

Net income

\$1.5 billion

Net income adjusted

1

\$1.7 billion

Noninterest income

to total revenue

57%

NPAs

to total assets

.34%

Allowance to loans

1.21%

Tier 1 risk-based ratio

2

6.8%

2007 Financial Highlights

As of or for the year ended December 31, 2007.

(1) Adjusted net income reconciled to GAAP net income in the Appendix.

(2) Estimated.

Key Accomplishments

PNC's Differentiated Business Model  
Delivering Relatively Strong Results Through Economic Cycles  
Diversified business mix with a high fee income contribution  
Positive adjusted operating leverage  
Moderate risk profile

**-Strategic choices**

## -Operating discipline

Disciplined capital management

Well-positioned for this environment

Key take-aways

Segment Earnings

1

Business Leadership

Our Focused and Diversified Business

Segments

Retail Banking

-

Focused on winning in the payments space

-

A leading community bank in PNC major markets

-

One of the nation's largest bank wealth management firms

Corporate & Institutional Banking

-

A premier middle-market franchise

-

Top 10 treasury management business

-

Harris Williams

one of the nation's

largest

M&A advisory firms for the middle-market

-

The nation's 4th

largest lead arranger of asset-

based loan syndications, 2nd

largest in middle-

market

BlackRock

-

A global asset management company with \$1.4 trillion in assets under management

PFPC

-

A leading full service provider of processing, technology and business solutions for the global investment industry; \$2.5 trillion in serviced assets domestically and internationally.

For the year ended December 31, 2007, millions

\$432

\$893

\$253

\$128

(1) Business earnings reconciled to GAAP net income of \$1,467 million in the Appendix. BlackRock segment earnings are adjusted for our pretax share of BlackRock/MLIM integration costs totaling \$4 million.

Contribution

52%

25%

15%

8%

CMA  
21 %  
WFC  
20  
PNC  
18  
KEY

16  
RF  
16  
FITB  
15  
USB  
14  
STI  
14  
NCC  
13  
BBT  
12  
WB  
10  
Average Noninterest-Bearing Deposits  
to Average Interest-Earning Assets<sup>1</sup>

2007

PNC

57 %

USB

52

FITB

46

WFC

45

BBT

42

WB

41

KEY

41

RF

39

STI

39

NCC

36

CMA

30

Building a Differentiated Business Mix

High Fee Income Contribution

2007

(1) As of or for the year ended December 31, 2007. (2) Reconciled to GAAP in the Appendix. Source: SNL DataSource, PNC

A Funding Advantage

Noninterest Income to Total Revenue<sup>1</sup>

47%

without

PFPC and

BlackRock<sup>2</sup>



A Unique Revenue Mix  
A More Diverse and Valuable Revenue  
Stream  
Deposit  
Net Interest  
Income  
Loan

Net Interest

Income

12%

26%

16%

Asset

Management

10%

Consumer

Services,

Brokerage

and Deposit

Charges

12%

Fund

Servicing

15%

Corporate

Services

9%

Equity

Mgmt.,

Trading

and Other

For the year ended December 31, 2007

1,2

Adjusted loan net

interest income

increased 25%

year over year<sup>2</sup>

Adjusted loan net

interest income

increased 25%

year over year\*

Adjusted deposit

net interest income

increased 34%

year over year<sup>2</sup>

Adjusted

noninterest

income

increased 10%

year over year<sup>2</sup>

(1) As

adjusted.

(2)

Adjusted

noninterest

income,

deposit

net  
interest  
income,  
loan  
net  
interest  
income  
and  
growth  
percentages  
are  
reconciled  
to  
GAAP  
in  
the  
Appendix.  
Unadjusted  
change:  
noninterest  
income  
(40%),  
deposit  
net  
interest  
income  
34%,  
and  
loan  
net  
interest  
income  
24%.

PNC's Differentiated Business Model  
Delivering Relatively Strong Results Through Economic Cycles  
Diversified business mix with a high fee income  
contribution  
Positive adjusted operating leverage  
Moderate risk profile

-Strategic choices

## -Operating discipline

Disciplined capital management

Well-positioned for this environment

Key take-aways

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

\$7  
Revenue  
+9%  
Creating Positive Operating Leverage  
Growing Revenues Faster Than Expenses  
Adjusted Revenue  
(as reported  
\$5.5 billion, \$6.3 billion, \$8.6 billion, \$6.7 billion for 2004, 2005, 2006, 2007, respectively)  
Adjusted Noninterest  
Expense  
(as reported \$3.7 billion, \$4.3 billion, \$4.4 billion, \$4.3 billion for 2004, 2005, 2006, 2007, respectively)  
Adjusted Net Income  
(as reported \$1.2 billion, \$1.3 billion, \$2.6 billion, \$1.5 billion for 2004, 2005, 2006, 2007, respectively)  
\$1.2  
\$1.3  
\$1.5  
(1)  
As reported: revenue 24%, expense 9%, operating leverage 15%, net income 47%.  
(2)  
As reported: revenue (22%), expense (3%), operating leverage (19%), net income (43%).  
(3)  
Adjusted amounts are reconciled to GAAP amounts in the Appendix.  
2004  
2005  
2006  
Expense  
+7%  
Net Income  
+12%  
Compound Annual Growth  
(2004-2006, as adjusted)  
1,3  
Revenue  
+18%  
Expense  
+15%  
Net Income  
+12%  
2006-2007  
As adjusted  
2,3  
Operating  
Leverage  
+2%  
Operating  
Leverage  
+3%  
\$1.7  
2007

PNC's Differentiated Business Model  
Delivering Relatively Strong Results Through Economic Cycles  
Diversified business mix with a high fee income contribution  
Positive adjusted operating leverage  
Moderate risk profile

-Strategic choices



## -Operating discipline

Disciplined capital management

Well-positioned for this environment

Key take-aways

Nonperforming loans to total  
loans  
.64%  
.85%  
Nonperforming assets to total  
assets  
.34%

.65%

Net charge-offs to average  
loans (three months ended)

.49%

.73%

Allowance for loan and lease  
losses to loans

1.21%

1.23%

Allowance for loan and lease  
losses to nonperforming loans

190%

144%

Disciplined Approach Leads to Strong  
Credit Risk Profile

Source: SNL DataSource; Peer Group represents average of super-regional  
banks identified in the Appendix other than PNC.

As of December 31, 2007

PNC

Peer

Group

Credit decisions driven by  
risk-adjusted returns

Minimal exposure to subprime  
mortgages, high-yield bridge and  
leveraged finance loans

Relatively low commercial real  
estate exposure

Highly granular portfolio

Credit quality migrating at a  
manageable pace

Overview

Asset Quality

A High Quality Consumer Loan Portfolio

Auto

5%

Residential

Mortgage

34%

Composition of Consumer Loan and Residential Mortgage Portfolio

As of December 31, 2007

Home Equity Portfolio

Credit Statistics<sup>1</sup>

First lien positions

39%

In-footprint exposure

93%

Weighted average:

Loan to value

73%

FICO scores

727

Net charge-offs<sup>2</sup>

0.20%

90 days past due

0.37%

Other

9%

Home

Equity

52%

Residential Mortgage Portfolio

Credit Statistics<sup>1</sup>

Weighted average:

Loan to value

67%

FICO scores

747

Net charge-offs<sup>2</sup>

0.01%

90 days past due

0.77%

(1) Excludes the impact of Yardville, which PNC acquired effective October 26, 2007 and expects to convert during March 2008. Excludes loans from acquired portfolios for which lien position and loan-to-value information was limited and represents most recent FICO scores on file, where applicable.

(2) For the year ended December 31, 2007.

Total Portfolio \$27.9 billion

\$8.9 billion

A Well-balanced Commercial Portfolio

Composition of Commercial Lending Portfolio

As of December 31, 2007

Office

16%

Multi-family

9%  
Land  
5%  
Single Family, Residential  
Land, Condo  
23%  
Hotel  
5%  
Industrial  
8%  
Other  
19%  
Retail  
15%  
Commercial  
Other  
57%  
Asset-  
Based  
12%  
Commercial  
Real Estate  
22%  
Equip.  
Leasing  
9%  
Total Portfolio \$41 billion

PNC's Differentiated Business Model  
Delivering Relatively Strong Results Through Economic Cycles  
Diversified business mix with a high fee income contribution  
Positive adjusted operating leverage  
Moderate risk profile

-Strategic choices



## -Operating discipline

Disciplined capital management

Well-positioned for this environment

Key take-aways

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

Improving Our Retail 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. Data reflects demographics of footprint counties of that company in the case of Mercantile, Yardville and Sterling in the case of Riggs, weighted by deposits. PNC 2003 and PNC Proforma amounts reflect demographics, weighted by deposits, of 105 county footprint and 105 county footprint, respectively, including the impact of PNC's ongoing branch optimization process. Mercantile headquarter offices excluded for purposes of deposit weighting. Source: SNL DataSource. \*Pending.

\$0  
\$4  
\$8  
\$12  
\$16  
\$20  
\$24

1Q06  
4Q07  
Corporate Services  
Brokerage  
Consumer, Service Charges and Other  
Asset Management  
Executing in the Greater Washington Area  
40.5%  
45.4%  
0  
25  
50  
75  
100  
125  
Deepening Relationships and Growing Noninterest Income\*  
GWA noninterest  
income  
to total revenue  
PNC -  
GWA Retail Relationships  
(1) Riggs transaction completed May 2005.  
PNC GWA Region  
\*Excludes the impact of Mercantile.  
June 30  
2005<sup>1</sup>  
Dec. 31  
2007  
PNC -  
GWA Fee Growth  
+25%  
+17%  
+61%  
+191%  
GWA business checking relationships  
GWA consumer checking relationships  
1Q06  
4Q07

High Growth Product Focus  
Albridge Solutions  
Coates Analytics  
To  
Integrated  
Provider  
Transforming the PFPC Business Model

From  
Processor  
Unified client views  
Performance reporting  
Web-based analytics tools  
\$0  
\$100  
\$200  
\$300  
\$400  
\$500  
\$600  
\$700  
\$800  
\$900  
Emerging Product  
Revenue  
Core Product  
Revenue  
22%  
30%  
70%  
78%  
Emerging product  
revenue  
3-yr CAGR 18%  
Transforming the Business Model  
2004  
2007  
Year ended

PNC's Differentiated Business Model  
Delivering Relatively Strong Results Through Economic Cycles  
Diversified business mix with a high fee income contribution  
Positive adjusted operating leverage  
Moderate risk profile

**-Strategic choices**



## -Operating discipline

Disciplined capital management

Well-positioned for this environment

Key take-aways

PNC Duration  
of Equity  
(At Quarter End)

(3)  
(2)  
(1)  
0

1

2

3

4

0.0%

1.0%

2.0%

3.0%

4.0%

5.0%

6.0%

Proactively Managing the Balance Sheet

Aligning the Balance Sheet with Expectations

Fed Fund

Effective Rate

(At Quarter End)

2004

2005

2006

2007

Source: SNL DataSource, PNC as reported.

Enhancing Our Capital Flexibility in 2008  
Tier 1 Approach Better Aligns Capital Management with Risk  
Consistent with economic  
capital methodologies  
A better measure of risk  
Access to broader capital  
markets

PNC benchmark of 7.5% -  
8.0%  
Earnings growth  
Capital markets  
Return to shareholders  
Investing in growth  
Tier 1 Risk-based Ratio  
Sources/Uses

Continuing to Build a Great Company  
2008 Plan  
Remain focused on our strategies  
Execute, execute, execute  
Disciplined investment in opportunities

Cautionary Statement Regarding  
Forward-Looking Information  
Appendix  
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,  
will,  
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  
third  
quarter  
2007  
Form  
10-Q  
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  
corporate  
website  
at  
[www.pnc.com/secfilings](http://www.pnc.com/secfilings).  
Our  
businesses  
and  
financial  
results  
are

affected  
by  
business  
and  
economic  
conditions,  
both  
generally  
and  
specifically  
in  
the  
principal  
markets  
in  
which  
we  
operate.

In  
particular,  
our  
businesses  
and  
financial  
results  
may  
be  
impacted  
by:

Changes  
in  
interest  
rates  
and  
valuations  
in  
the  
debt,  
equity  
and  
other  
financial  
markets.

Disruptions  
in  
the  
liquidity  
and  
other  
functioning

of  
financial  
markets,  
including  
such  
disruptions  
in  
the  
markets  
for  
real  
estate  
and  
other  
assets  
commonly  
securing  
financial  
products.

Actions  
by  
the  
Federal  
Reserve  
and  
other  
government  
agencies,  
including  
those  
that  
impact  
money  
supply  
and  
market  
interest  
rates.

Changes  
in  
our  
customers ,  
suppliers  
and  
other  
counterparties  
performance  
in  
general  
and

their  
creditworthiness  
in  
particular.

Changes  
in  
customer  
preferences  
and  
behavior,  
whether  
as  
a  
result  
of  
changing  
business  
and  
economic  
conditions  
or  
other  
factors.

A  
continuation  
of  
recent  
turbulence  
in  
significant  
portions  
of  
the  
global  
financial  
markets  
could  
impact  
our  
performance,  
both  
directly  
by  
affecting  
our  
revenues  
and  
the  
value  
of

our  
assets  
and  
liabilities  
and  
indirectly  
by  
affecting  
the  
economy  
generally.

Our  
operating  
results  
are  
affected  
by  
our  
liability  
to  
provide  
shares  
of  
BlackRock  
common  
stock  
to  
help  
fund  
certain  
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,  
derivatives,  
and  
capital  
management  
techniques.

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

The  
adequacy  
of  
our

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

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



impact  
on  
the  
economy  
and  
capital  
and  
other  
financial  
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  
filings  
with  
the  
SEC,  
including  
in  
the  
Risk  
Factors  
sections  
of  
BlackRock's  
reports.  
BlackRock's  
SEC  
filings  
are  
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  
our

pending  
Sterling  
Financial  
Corporation  
( Sterling )  
acquisition.  
Acquisitions  
in  
general  
present  
us  
with  
risks  
in  
addition  
to  
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.  
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,  
Sterling's  
or  
other  
company's  
actual  
or  
anticipated  
results.

Cautionary Statement Regarding  
Forward-Looking Information (continued)  
Appendix



The  
PNC  
Financial  
Services  
Group,  
Inc.  
and

Sterling  
Financial  
Corporation  
( Sterling )  
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  
at  
<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  
will  
be  
available  
free  
of  
charge  
from  
Sterling  
by  
contacting  
Shareholder  
Relations  
at  
(877)  
248-6420.  
The  
directors,  
executive  
officers,  
and  
certain  
other  
members  
of  
management  
and  
employees  
of  
Sterling  
are  
participants  
in  
the  
solicitation  
of

proxies  
in  
favor  
of  
the  
merger  
from  
the  
shareholders  
of  
Sterling.  
Information  
about  
the  
directors  
and  
executive  
officers  
of  
Sterling  
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  
Appendix

Non-GAAP to GAAP  
Reconcilement  
Earnings Summary  
Appendix  
THREE MONTHS ENDED  
In millions, except per share data  
Adjustments,

Net  
 Diluted  
 Adjustments,  
 Net  
 Diluted  
 Adjustments,  
 Net  
 Diluted  
 Pretax  
 Income  
 EPS  
 Pretax  
 Income  
 EPS  
 Pretax  
 Income  
 EPS  
 Net income, as reported  
 \$178  
 \$0.52  
 \$407  
 \$1.19  
 \$376  
 \$1.27  
 Adjustments:  
     BlackRock LTIP (a)  
 \$128  
 84  
 .24  
  
 \$50  
 32  
  
 .09  
  
 \$12  
 7  
  
 .02  
  
     Visa indemnification (b)  
 82  
 53  
 .16  
  
     Integration costs (c)  
 79  
  
 50



.15

43

30

.09

10

8

.03

Net income, as adjusted

\$365

\$1.07

\$469

\$1.37

\$391

\$1.32

YEAR ENDED

Adjustments,

Net

Diluted

Adjustments,

Net

Diluted

In millions, except per share data

Pretax

Income

EPS

Pretax

Income

EPS

Net income, as reported

\$1,467

\$4.35

\$2,595

\$8.73

Adjustments:

BlackRock LTIP (a)

\$127

83

.24

\$12

7

.02

Visa indemnification (b)

82

53

.16

Integration costs (c)

151

99

.30

101

47

.16

Gain on BlackRock/MLIM transaction (d)

(2,078)

(1,293)

(4.36)

Securities portfolio rebalancing loss (d)

196

127

.43

Mortgage loan portfolio repositioning loss (d)

48

31

.10

Net income, as adjusted

\$1,702

\$5.05

\$1,514

\$5.08

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

December 31, 2006

(b)

Our

payment

services

business

issues

and

acquires  
credit  
and  
debit  
card  
transactions  
through  
Visa  
U.S.A.  
Inc.  
card  
association  
or  
its  
affiliates  
( Visa ).  
In  
October  
2007,  
Visa  
completed  
a  
restructuring  
and  
issued  
shares  
of  
Visa  
Inc.  
common  
stock  
to  
its  
financial  
institution  
members  
in  
contemplation  
of  
its  
initial  
public  
offering  
( IPO )  
currently  
anticipated  
in  
the  
first  
quarter

of  
2008  
(the  
  Visa  
Reorganization ).  
As  
part  
of  
the  
Visa  
Reorganization,  
we  
received  
our  
proportionate  
share  
of  
a  
class  
of  
Visa  
Inc.  
common  
stock  
allocated  
to  
the  
U.S.  
members.  
Visa  
expects  
that  
a  
portion  
of  
these  
shares  
will  
be  
redeemed  
for  
cash  
out  
of  
the  
proceeds  
of  
the  
IPO.  
The

U.S.  
members  
are  
obligated  
to  
indemnify  
Visa  
for  
judgments  
and  
settlements  
related  
to  
specified  
litigation.

Visa  
will  
set  
aside  
a  
portion  
of  
the  
proceeds  
from  
the  
IPO  
in  
an  
escrow  
account

for the benefit of the U.S. member financial institutions to fund the expenses of the litigation as well as the members' proportionate

December 31, 2007

September 30, 2007

December 31, 2006

December 31, 2007

(a)

Includes  
the  
impact  
of  
the  
gain  
recognized  
in  
connection  
with  
PNC's  
transfer  
of

BlackRock  
shares  
to  
satisfy  
a  
portion  
of  
our  
BlackRock  
LTIP  
shares  
obligation  
and  
the  
net  
mark-to-market  
adjustment  
on  
our  
remaining BlackRock LTIP shares obligation, as applicable.

In  
accordance  
with  
GAAP,  
we  
recorded  
a  
liability  
and  
operating  
expense  
totaling  
\$82  
million  
before  
taxes  
in  
the  
fourth  
quarter  
of  
2007  
representing  
our  
estimate  
of  
the  
fair  
value  
of

our  
indemnification  
obligation  
for  
potential  
losses  
arising  
from  
this  
litigation.  
Our  
estimate  
is  
based  
on  
publicly  
available  
information  
and  
other  
information  
made  
available  
to  
all  
of  
the  
affected  
Visa  
members  
and  
does  
not  
reflect  
any  
direct  
knowledge  
of  
the  
relative  
strengths  
and  
weaknesses  
of  
the  
litigation  
still  
pending  
or  
the

status  
of  
any  
on-going  
settlement  
discussions.

We  
believe  
that  
the  
IPO  
will  
be  
completed  
and  
cash  
will  
be  
available  
through  
the  
escrow  
to  
satisfy  
litigation  
settlements.

In  
addition,  
based  
on  
estimates  
provided  
by  
Visa  
regarding  
its  
planned  
IPO,  
we  
believe  
that  
our  
ownership  
interest  
in  
Visa  
has  
a  
value  
significantly



in  
excess  
of  
our  
indemnification  
liability.

Our  
Visa  
shares  
will  
not  
generally  
be  
transferable  
until  
they  
can  
be  
converted  
into  
shares  
of  
the  
publicly  
traded  
class  
of  
stock,  
which  
cannot  
happen  
until  
the  
later  
of  
three  
years  
after  
the  
IPO  
or  
settlement  
of all of the specified litigation.

(c)  
In  
addition  
to  
integration  
costs  
related

to  
recent  
or  
pending  
PNC  
acquisitions  
reflected  
in  
the  
2007  
periods,  
the  
first  
three  
quarters  
of  
2007  
and  
all  
2006  
periods  
include  
BlackRock/MLIM  
integration  
costs.  
BlackRock/MLIM  
integration  
costs  
recognized  
by  
PNC  
in  
the  
first  
three  
quarters  
of  
2007  
and  
the  
fourth  
quarter  
of  
2006  
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. For the first nine months of 2006, B

Non-GAAP to GAAP  
Reconcilement  
Business Segment Summary and Noninterest Income  
Appendix  
Dollars in millions  
2007  
% of Segments

Retail Banking

\$893

52%

Corporate & Institutional Banking

432

25%

BlackRock (a)

253

15%

PFPC

128

8%

Total business segment earnings

1,706

Other (a)

(239)

Total consolidated net income

\$1,467

Year ended December 31

Earnings (Loss)

(a)

Pre-tax

BlackRock/MLIM

transaction

integration

costs

totaling

\$4

million

for

the

year ended December 31, 2007 have been reclassified from BlackRock to "Other."

Year ended December 31, 2007

Dollars in millions

Retail

Banking

Corporate &

Institutional

Banking

Other

Banking and

Other

BlackRock

PFPC

Total

Net interest income (expense)

\$2,059

\$805

\$83

\$2,947

(\$32)

\$2,915

Noninterest income

1,736

720

133

2,589

\$338

863

3,790

Total Revenue

\$3,795

\$1,525

\$216

\$5,536

\$338

\$831

\$6,705

Noninterest income as a % of  
total revenue

46%

47%

62%

47%

100%

104%

57%

Non-GAAP to GAAP  
Reconcilement  
Income Statement Summary  
For the year ended  
Appendix  
Year ended  
In millions

As Reported	
Adjustments	
As Adjusted (a)	
As Reported	
Adjustments	
As Adjusted (b)	
Net interest income	
\$2,915	
\$2,915	
\$2,245	
(\$10)	
\$2,235	
Net interest income:	
% Change As	
Reported	
% Change As	
Adjusted	
Loans	
1,110	
1,110	
895	
(10)	
885	
24%	
25%	
Deposits	
1,805	
1,805	
1,350	
1,350	
34%	
34%	
Noninterest	
Income	
3,790	
\$131	
3,921	
6,327	
(2,755)	
3,572	
(40%)	
10%	
Total revenue	
6,705	
131	
6,836	
8,572	
(2,765)	
5,807	
(22%)	



18%  
 Loan net interest income as a % of total revenue  
 16.6%  
 16.2%  
 10.4%  
 15.2%  
 Deposit net interest income as a % of total revenue  
 26.9%  
 26.4%  
 15.7%  
 23.2%  
 Noninterest  
 income as a % of total revenue  
 56.5%  
 57.4%  
 73.8%  
 61.5%  
 Provision for credit losses  
 315  
 (45)  
 270  
 124  
 124  
 Noninterest  
 income  
 3,790  
 131  
 3,921  
 6,327  
 (2,755)  
 3,572  
 Noninterest  
 expense  
 4,296  
 (184)  
 4,112  
 4,443  
 (856)  
 3,587  
 (3%)  
 15%  
 Income before minority interest  
 and income taxes  
 2,094  
 360  
 2,454  
 4,005  
 (1,909)  
 2,096  
 Minority interest in income

of BlackRock

47

(47)

Income taxes

627

125

752

1,363

(781)

582

Net income

\$1,467

\$235

\$1,702

\$2,595

(\$1,081)

\$1,514

(43%)

12%

Noninterest

income:

Asset management

\$784

\$4

\$788

\$1,420

(\$882)

\$538

(45%)

46%

Other

3,006

127

3,133

4,907

(1,873)

3,034

(39%)

3%

Total noninterest

income

\$3,790

\$131

\$3,921

\$6,327

(\$2,755)

\$3,572

(40%)

10%

Operating Leverage -

Year Ended  
As Reported  
As Adjusted  
Total revenue  
(22%)  
18%  
Noninterest  
expense  
(3%)  
15%  
Operating leverage  
(19%)  
3%  
2006 to 2007 Change  
December 31, 2007  
December 31, 2006

Non-GAAP to GAAP  
Reconciliation  
Income Statement Summary  
For the three months ended  
Appendix  
For the three months ended December 31, 2007  
PNC

PNC

In millions

As Reported

Adjustments (a)

As Adjusted

Reported

Adjusted

Net interest income

\$793

\$793

Loan net interest income

304

304

3%

3%

Deposit net interest income

489

489

5%

5%

Provision for credit losses

188

(\$45)

143

Net interest income less provision for credit losses

605

(45)

650

Asset management

225

(1)

224

Other

609

128

737

Total noninterest income

834

127

961

(16%)

(8%)

Compensation and benefits

553

(10)

543

Other

660

(107)

553

Total noninterest expense  
 1,213  
 (117)  
 1,096  
 10%  
 4%  
 Income before income taxes  
 226  
 289  
 515  
 Income taxes  
 48  
 102  
 150  
 Net income  
 \$178  
 \$187  
 \$365  
 (56%)  
 (22%)  
 For the three months ended September 30, 2007  
 PNC  
 PNC  
 In millions  
 As Reported  
 Adjustments (b)  
 As Adjusted  
 Net interest income  
 \$761  
 \$761  
 Loan net interest income  
 294  
 294  
 Deposit net interest income  
 467  
 467  
 Provision for credit losses  
 65  
 65  
 Net interest income less provision for credit losses  
 696  
 696  
 Asset management  
 204  
 \$2  
 206  
 Other  
 786  
 50  
 836

Total noninterest income  
990  
52  
1,042  
Compensation and benefits  
553  
(16)  
537  
Other  
546  
(25)  
521  
Total noninterest expense  
1,099  
(41)  
1,058  
Income before income taxes  
587  
93  
680  
Income taxes  
180  
31  
211  
Net income  
\$407  
\$62  
\$469  
% Change vs. Sept 30, 2007  
(a)  
Amounts  
adjusted  
to  
exclude  
the  
impact  
of  
the  
following  
items  
on  
a  
pretax  
basis:  
\$128  
million  
net  
loss  
related  
to

our  
BlackRock/LTIP  
shares  
obligation,  
\$82  
million

Visa indemnification charge, and \$79 million of acquisition integration costs. The net tax impact of these items is reflected in

(b)  
Amounts  
adjusted  
to  
exclude  
the  
impact  
of  
the  
following  
items

on  
a  
pretax  
basis:  
\$50  
million  
net  
loss  
related

to  
our  
BlackRock/LTIP  
shares  
obligation  
and  
\$43  
million

of acquisition integration costs. The net tax impact of these items is reflected in the adjustment to income taxes.



Non-GAAP to GAAP  
Reconciliation  
Income Statement Summary  
2004 to 2007  
Appendix  
For the year ended December 31, 2007  
PNC

PNC  
 In millions  
 As Reported  
 Adjustments (a)  
 As Adjusted  
 Net interest income  
 \$2,915  
 \$2,915  
 Provision for credit losses  
 315  
 \$(45)  
 270  
 Noninterest income  
 3,790  
 131  
 3,921  
 Noninterest expense  
 4,296  
 (184)  
 4,112  
     Income before income taxes  
 2,094  
 360  
 2,454  
 Income taxes  
 627  
 125  
 752  
     Net income  
 \$1,467  
 \$235  
 \$1,702  
 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  
 (a)  
 Includes  
 the  
 impact  
 of  
 the  
 following  
 pretax  
 items:  
 \$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. The net tax impact of these items is reflected in the adjustment to income taxes.  
(a)  
Amounts  
adjusted  
to  
exclude  
the  
impact  
of  
the  
following  
pretax  
items:  
(1)  
the  
gain  
of  
\$83  
million  
recognized

in  
connection  
with  
PNC's  
transfer  
of  
BlackRock  
shares  
to  
satisfy  
a  
portion  
of  
our  
BlackRock  
LTIP  
shares  
obligation,  
(2)  
the  
net  
mark-to-market  
adjustment  
totaling  
\$210  
million  
on  
our  
remaining  
BlackRock  
LTIP  
shares  
obligation,  
(3)  
acquisition  
integration  
costs  
totaling  
\$151  
million,  
and  
(4)  
Visa  
indemnification  
charge  
of  
\$82  
million.  
The  
net

tax  
impact  
of  
these  
items  
is  
reflected  
in  
the  
adjustment  
to income taxes.

Non-GAAP to GAAP  
Reconciliation  
Income Statement Summary  
2004 to 2007 (continued)  
Appendix  
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  
 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

Non-GAAP to GAAP  
Reconcilement  
Income Statement Summary  
2004 to 2007 (continued)  
Appendix  
Adjusted  
% Change

In millions

2004

2005

2006

2007

2004-2006 CAGR

2006-2007

Adjusted net interest income

\$1,955

\$2,142

\$2,235

\$2,915

7%

30%

Adjusted noninterest income

2,928

3,122

3,572

3,921

10%

10%

Adjusted total revenue

4,883

5,264

5,807

6,836

9%

18%

Adjusted noninterest expense

3,148

3,453

3,587

4,112

7%

15%

Adjusted net income

1,197

1,325

1,514

1,702

12%

12%

Adjusted operating leverage

2%

3%

Reported

% Change

In millions

2004

2005

2006

2007

2004-2006 CAGR

2006-2007

Net interest income, as reported

\$1,969

\$2,154

\$2,245

\$2,915

7%

30%

Noninterest income, as reported

3,572

4,173

6,327

3,790

33%

(40%)

Total revenue, as reported

5,541

6,327

8,572

6,705

24%

(22%)

Noninterest expense, as reported

3,712

4,306

4,443

4,296

9%

(3%)

Net income, as reported

1,197

1,325

2,595

1,467

47%

(43%)

Operating leverage, as reported

15%

(19%)

For the year ended December 31, as adjusted

For the year ended December 31, as reported

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