STERLING FINANCIAL CORP /PA/
Form 425
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Subject Company: Sterling Financial Corporation

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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. 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 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
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[1]
Maintained excellent asset quality
Total Shareholder Return[2]:
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 reconcile
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[1]
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 rev
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[1]
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[1]
(1) J.D. Power and Associates 2006 Small Business Banking Satisfaction Study. (2) Customer Experience Benchmarks and Be
Online, Change Sciences Research, March 2007
PNC.com personal banking website
ranked in the top 10 for leading banks[2]
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[1]
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[1]
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
PNC1
RMA
Source: The Risk Management Association (RMA) Consumer Loan Studies, Home Equity

% of average
outstandings
PNC1
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 and on or through our corporatewebsite at www.pnc.com under About PNC

Investor Relations

Financial Information.

Our business and operating results are affected by business and economic conditions generally or specifically in the principal markets in which we do business. We are 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.

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). 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). 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 th

(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