

STERLING FINANCIAL CORP /PA/

Form 425

December 12, 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 December

12, 2007 at the Goldman Sachs Financial

Services

CEO

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  
Wednesday,  
December  
12,  
2007.

The PNC Financial Services Group, Inc.  
Goldman Sachs  
Financial Services CEO Conference 2007  
New York  
December 12, 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  
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  
current  
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).  
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  
the  
2006  
periods  
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;  
and  
(5)  
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  
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provided  
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adjustments  
for  
the  
periods  
discussed,  
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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

Performance validates business model  
Investing for the future  
Differentiation to drive growth  
PNC's Differentiation

Growing Our Balance Sheet

As of September 30

\$77B

\$93B

\$98B

\$131B

Peer

net  
loan CAGR  
14%

(1) Peer reflects CAGR of the average of the super-regional banks identified in the Appendix other than PNC.

\$51B  
\$42B  
\$60B  
\$50B  
\$65B  
\$48B  
\$78B  
\$65B

Peer  
deposit  
CAGR  
10%

Peer  
asset  
CAGR  
11%

Net loans  
Deposits  
Assets

1  
1  
1

2004

2005

2006

2007

Delivering the Bottom Line

2004

2005

2006

2007

For the Nine Months  
Ended September 30

\$890MM

\$970MM

\$1.12B

(as adjusted,

\$2.22B as reported)

\$1.34B

(as adjusted,

\$1.29B as reported)

(1)

As

adjusted.

As

reported

net

income

CAGR

13%;

diluted

earnings

per

share

CAGR

7%.

Adjusted

net

income

and

diluted

earnings

per

share

for

the

nine

months

ended

September

30,

2006

and

2007

are

reconciled

to

GAAP

figures

in  
the  
Appendix.  
(2)  
Peer  
reflects  
CAGR  
of  
the  
average  
of  
the  
super-regional  
banks  
identified  
in  
the  
Appendix  
other  
than  
PNC.  
Peer  
net  
income CAGR  
7%  
For the Nine Months  
Ended September 30  
\$3.13  
\$3.35  
\$3.77  
(as adjusted,  
\$7.46 as reported)  
\$4.00  
(as adjusted,  
\$3.85 as reported)  
Peer  
diluted  
EPS CAGR  
1%  
Diluted Earnings Per Share  
Net Income  
2  
2

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



\$7

2004

2005

2006

Revenue

9%

Creating Positive Operating Leverage

Generating Capital by Growing Revenues Faster Than Expenses

billions

Compound Annual

Growth Rate

(2004

2006)

Adjusted Revenue

(as reported

\$5.5 billion, \$6.3 billion, \$8.6 billion for 2004, 2005, 2006, respectively)

Adjusted Noninterest

Expense

(as reported \$3.7 billion, \$4.3 billion, \$4.4 billion for 2004, 2005, 2006, respectively)

Adjusted Net Income

(as reported \$1.2 billion, \$1.3 billion, \$2.6 billion for 2004, 2005, 2006, respectively)

Net Income

12%

\$1.2

\$1.3

\$1.5

Expense

7%

Revenue +20%

Expense +15%

Net Income +19%

Trend Continues<sup>1</sup>

(1) As reported: revenue (28%), expense (11%), net income (42%).

Adjusted amounts are reconciled to GAAP in the Appendix.

Nine months ended September 30, as adjusted

2007 vs 2006

WB  
0.19 %  
RF  
0.27  
PNC  
0.30  
CMA

0.32  
STI  
0.35  
KEY  
0.35  
BBT  
0.41  
USB  
0.54  
NCC  
0.54  
FITB  
0.60  
WFC  
1.02  
USB  
318 %  
PNC  
251  
RF  
182  
CMA  
176  
BBT  
171  
KEY  
168  
WFC  
142  
WB  
117  
FITB  
117  
NCC  
113  
STI  
93

Credit Discipline Reflected in

Reserves and Losses

Proactively Assessing Credits

For the three months ended September 30, 2007. Source: SNL DataSource, PNC as reported

3Q07

Managing the Risk

3Q07

Net Charge-offs to Average Loans

Reserves to Nonperforming Assets

PNC  
58 %  
USB  
52  
FITB  
48  
WFC

46  
WB  
42  
STI  
42  
BBT  
42  
KEY  
41  
RF  
39  
NCC  
37  
CMA  
30

Building a Diversified Business Mix

High Fee Income Contribution

YTD07

(1) For the nine months ended September 30, 2007. (2) As of September 30, 2007. (3) Reconciled to GAAP in the Appendix.

DataSource, PNC as reported

Less Net Interest Income Dependent

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

50%

without

PFPC and

BlackRock<sup>3</sup>

PNC

84 %

RF

101

STI

104

BBT

104

WB

106

KEY

108

WFC

108

FITB

110

NCC

114

CMA

118

USB

121

Loans to Deposits<sup>2</sup>

3Q07

Performance validates business model  
Investing for the future  
Differentiation to drive growth  
PNC's Differentiation

Projected 5-Year Population Growth

\$60,949

\$56,250

\$69,270

\$54,620

\$73,965

\$69,363

\$66,273

Median Household Income

Improving Our Demographics

3.7%

6.0%

2.0%

3.4%

8.4%

10.0%

3.9%

2003

Proforma

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.

\$0  
\$4  
\$8  
\$12  
\$16  
\$20  
1Q06

3Q07

Asset Management

Service Charges

Brokerage

Corporate Services

Consumer and Other

Executing in the Greater Washington

Area ( **GWA** )

40.5%

43.6%

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>

Sept 30

2007

PNC -

GWA Fee Growth

+14%

+48%

+45%

+96%

+38%

GWA business checking relationships

GWA consumer checking relationships

1Q06

3Q07

Transforming the Business Model  
High Growth Product Focus  
Albridge Solutions, Inc.  
To  
Integrated  
Provider  
Leveraging Our Global Fund Servicing

Platform  
From  
Processor  
Unified client views  
Performance reporting  
\$0  
\$100  
\$200  
\$300  
\$400  
\$500  
\$600  
\$700  
Emerging Product  
Revenue  
Core Product  
Revenue  
Sept 04  
Sept 07  
21%  
28%  
72%  
79%  
Emerging product  
revenue  
3-yr CAGR 18%  
For the nine months ended

Leveraging Corporate & Institutional  
Relationships to Grow Noninterest Income

\$0  
\$200  
\$400  
\$600  
\$800

Major Product Revenue<sup>1</sup>

(1) Represents consolidated PNC amounts

2006

2007

For the nine months ended

Capital Markets

Treasury Management

Midland Loan Services

Commercial Loan Servicing

CMBS Servicing Portfolio

Institutional Servicing Portfolio

Agency Servicing Portfolio

Construction Loan Administration

Government Services

Foreign exchange

Derivatives

Loan syndications

M&A advisory services

Securities underwriting

Securities sales and trading

Cash and investment management

Receivables management

Disbursement services

Funds transfer services

Information reporting

Global trade services

Deepening Relationships with Fee Based Products and Services



Leveraging Corporate & Institutional Banking  
Channels to Grow Low Cost Deposits  
3Q06  
4Q06  
3Q07  
Corporate & Institutional Banking  
Average Deposits

Total deposits

\$13.6 billion

Treasury

Management

74%

Midland

25%

Other

1%

Midland

40%

Treasury

Management

59%

For the three months ended

\$10.5B

\$11.8B

\$13.6B

Noninterest bearing

\$7.2 billion

\$0  
\$10  
\$20  
\$30  
\$40  
\$50  
Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov

2006

CMBS Originations

A Strategic Business with

Unprecedented Liquidity Issues and Spread Widening

Focused on risk adjusted returns,

supports our servicing activity

High quality HFS credit portfolio

consistent with moderate risk

profile

Unprecedented market volatility

across entire non-government and

non-agency markets

As of November 30, 2007,

commercial mortgages held for

sale were approximately \$1.5B

with \$55 million of losses

Committed to the business

0

25

50

75

100

125

Market Volatility Impact on CMBS

10 Year, AAA Spread

over swaps, bps

CMBS Spreads

Nov 07

+121

2001 2002 2003 2004 2005 2006 2007

US CMBS Securitizations

Context

Sept 07

+65

Source: Commercial Mortgage Alert

2007

Performance validates business model  
Investing for the future  
Differentiation to drive growth  
PNC's Differentiation

Foster  
Innovation  
Strengthen  
the brand  
Engage  
Employees  
Create a

sense of  
urgency  
PNC's Differentiation  
Focus on  
Execution

Brand Equity Contribution to Market Cap  
Home  
Appliances  
Motor  
Vehicles  
Restaurants  
Toiletries/



Cosmetics

Retailers

Banks

16.1%

14.8%

13.3%

13.3%

11.5%

6.8%

Source: CoreBrand

Foster  
Innovation  
Strengthen  
the brand  
Engage  
Employees  
Create a

sense of  
urgency  
PNC's Differentiation  
Focus on  
Execution

Performance validates business model  
Investing for the future  
Differentiation to drive growth  
Summary

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  
current  
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](http://www.pnc.com)  
under  
About  
PNC  
  
Investor  
Relations

Financial  
Information.

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  
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  
our  
pending  
Sterling  
Financial  
Corporation  
( Sterling )  
acquisition.  
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.  
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  
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  
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  
Appendix

CMBS Supplemental Information

Appendix

PNC CMBS Portfolio

Spread Volatility

0

2

4

6

8

10

12

14

10 Year, AAA CMBS vs swaps, bps

Weekly CMBS Spread Volatility

(03/29/05

12/04/07)

2005

2006                      2007

Source: JPMorgan

08/01/07

11/19/07

High quality portfolio

-Internal assessment of 85%+

AAA equivalent

-Modest level of kick-outs

-Weighted average loan to

value of 72% with

conservative escrows

-Average debt service

coverage of 1.3x with 90%+

amortizing loans versus

common trend of extended

term interest-only financing

Non-GAAP to GAAP  
Reconcilement  
Earnings Summary  
Nine Months Ended  
Appendix  
NINE MONTHS ENDED  
In millions, except per share data

Adjustments,

Net

Diluted

Adjustments,

Net

Diluted

Pretax

Income

EPS

Pretax

Income

EPS

Net income, as reported

\$1,289

\$3.85

\$2,219

\$7.46

Adjustments:

BlackRock LTIP (a)

\$(1)

(1)

Integration costs (b)

72

49

.15

\$91

39

.13

Gain on BlackRock/MLIM transaction (c)

(2,078)

(1,293)

(4.35)

Securities portfolio rebalancing loss (c)

196

127

.43

Mortgage loan portfolio repositioning loss (c)

48

31



.10

Net income, as adjusted

\$1,337

\$4.00

\$1,123

\$3.77

September 30

NINE MONTHS ENDED

2004

2005

2006

2007

CAGR

Net income, as reported

\$890

\$970

\$2,219

\$1,289

13%

Net income, as adjusted

890

970

1,123

1,337

15%

Diluted earnings per share, as reported

3.13

3.35

7.46

3.85

7%

Diluted earnings per share, as adjusted

\$3.13

\$3.35

\$3.77

\$4.00

9%

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

September 30, 2007

September 30, 2006

(a)

Includes

the

impact

of

the

gain

recognized

in

connection  
with  
PNC's  
transfer  
of  
BlackRock  
shares  
to  
satisfy  
a  
portion  
of  
PNC's  
BlackRock  
LTIP  
shares  
obligation  
and  
the  
net mark-to-market adjustment on PNC's remaining BlackRock LTIP shares obligation.

(b)  
In  
addition  
to  
acquisition  
integration  
costs  
related  
to  
recent  
or  
pending  
PNC  
acquisitions  
reflected  
in  
the  
2007  
period  
presented,  
both  
the  
2007  
and  
the  
2006  
periods  
presented  
include  
BlackRock/MLIM

transaction  
integration  
costs.

BlackRock/MLIM

transaction  
integration  
costs

recognized

by  
PNC

for  
the

first  
nine  
months

of  
2007

were  
included

in  
noninterest  
income

as  
a  
negative  
component

of  
the  
"Asset  
management"

line  
item,  
which  
includes

the  
impact  
of

PNC's  
equity  
earnings

from  
PNC's  
investment

in

BlackRock. The first nine months of 2006 BlackRock/MLIM transaction integration costs were included in noninterest expenses.

Non-GAAP to GAAP  
Reconciliation  
Income Statement Summary  
For the Nine Months Ended September 30  
Appendix  
NINE MONTHS ENDED  
In millions

As Reported  
 Adjustments  
 As Adjusted (a)  
 As Reported  
 Adjustments  
 As Adjusted (b)  
 Net interest income  
 \$2,122  
 \$2,122  
 \$1,679  
 (\$10)  
 \$1,669  
 Net interest income:  
 % Change As  
 Reported  
 % Change As  
 Adjusted  
     Loans  
 806  
  
 806  
  
 682  
  
 (10)  
  
 672  
  
 18%  
 20%  
     Deposits  
 1,316  
  
 1,316  
  
 997  
  
 997  
  
 32%  
 32%  
 Noninterest Income  
 2,956  
  
 \$4  
 2,960  
  
 5,358  
  
 (2,777)

2,581

(45%)

15%

Total revenue

5,078

4

5,082

7,037

(2,787)

4,250

(28%)

20%

Loan net interest income as a % of total revenue

15.9%

15.9%

9.7%

15.8%

Deposit net interest income as a % of total revenue

25.9%

25.9%

14.2%

23.5%

Noninterest income as a % of total revenue

58.2%

58.2%

76.1%

60.7%

Provision for credit losses

127

127

82

82

Noninterest income

2,956

4

2,960

5,358

(2,777)

2,581

Noninterest expense

3,083

(67)

3,016

3,474

(856)

2,618

(11%)

15%

Income before minority interest  
and income taxes

1,868

71

1,939

3,481

(1,931)

1,550

Minority interest in income  
of BlackRock

47

(47)

Income taxes

579

23

602

1,215

(788)

427

Net income

\$1,289

\$48

\$1,337

\$2,219

(\$1,096)

\$1,123

(42%)

19%

OPERATING LEVERAGE - NINE MONTHS ENDED

As Reported

As Adjusted

Total revenue

(28%)

20%

Noninterest expense

(11%)

15%

Operating leverage

(17%)

5%

(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  
\$82  
million  
on  
our  
remaining  
BlackRock  
LTIP  
shares



obligation,  
and

(3)  
acquisition  
and

BlackRock/MLIM

transaction integration costs totaling \$72 million. The net tax impact of these items is reflected in the adjustment to income tax

(b)  
Amounts  
adjusted  
to  
exclude

the  
the  
impact  
of  
the  
following  
pretax  
items:

(1)  
the  
gain  
of  
\$2.078  
billion

on  
the  
BlackRock/MLIM  
transaction,

(2)  
the  
loss  
of  
\$196  
million  
on  
the  
securities  
portfolio  
rebalancing,

(3)  
BlackRock/MLIM  
transaction  
integration  
costs  
of  
\$91  
million  
for  
the

first  
nine  
months  
of  
2006,  
and  
(4)  
the  
mortgage  
loan  
portfolio  
repositioning  
loss  
of  
\$48  
million.

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

We  
believe  
that  
information  
as  
adjusted  
for  
the  
impact  
of  
these  
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.  
Additionally,  
the  
amounts  
are  
also  
adjusted  
as  
if  
we  
had  
recorded  
our  
investment  
in  
BlackRock  
on  
the  
equity  
method.  
We  
believe  
that  
providing  
amounts  
adjusted  
as  
if  
we  
had  
recorded  
our  
investment

in  
BlackRock  
on  
the  
equity  
method  
for  
all  
periods  
presented  
helps  
provide

a basis of comparability for the impact of the BlackRock deconsolidation given the magnitude of the impact on various compo

2006 to 2007 Change

September 30, 2007

September 30, 2006

Non-GAAP to GAAP  
Reconciliation  
Income Statement Summary  
For the Three Months Ended  
Appendix  
For the three months ended September 30, 2007  
PNC

PNC

In millions

As Reported

Adjustments (a)

As Adjusted

Reported

Adjusted

Net interest income

\$761

\$761

Loan net interest income

294

294

5%

5%

Deposit net interest income

467

467

2%

2%

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

2%

7%

Compensation and benefits

553

(16)

537

Other

546

(25)

521

Total noninterest expense

1,099

(41)  
 1,058  
 6%  
 3%  
 Income before income taxes  
 587  
 93  
 680  
 Income taxes  
 180  
 31  
 211  
     Net income  
 \$407  
 \$62  
 \$469  
 (4%)  
 8%  
 For the three months ended June 30, 2007  
 PNC  
 PNC  
 In millions  
 As Reported  
 Adjustments (b)  
 As Adjusted  
 Net interest income  
 \$738  
 \$738  
 Loan net interest income  
 280  
 280  
 Deposit net interest income  
 458  
 458  
 Provision for credit losses  
 54  
 54  
     Net interest income less provision for credit losses  
 684  
 684  
 Asset management  
 190  
 \$1  
 191  
 Other  
 785  
 1  
 786  
     Total noninterest income  
 975

2  
977  
Compensation and benefits  
544  
(9)  
535  
Other  
496  
(6)  
490  
Total noninterest expense  
1,040  
(15)  
1,025  
Income before income taxes  
619  
17  
636  
Income taxes  
196  
6  
202  
Net income  
\$423  
\$11  
\$434  
% Change vs. June 30, 2007  
(a)  
Includes  
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  
and  
BlackRock/MLIM transaction integration costs. The net tax impact of these items is reflected in the adjustment to income tax expense.

(b)  
Includes  
the  
impact  
of  
the  
following  
items  
on  
a  
pretax  
basis:  
\$16  
million  
of  
acquisition  
and  
BlackRock/MLIM  
transaction  
integration  
costs  
and  
\$1  
million  
net  
loss  
related to our BlackRock LTIP shares obligation. The net tax impact of these items is reflected in the adjustment to income tax expense.

Non-GAAP to GAAP  
Reconciliation  
Income Statement Summary  
2004 to 2006  
Appendix  
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,  
and  
adjustment  
for  
the  
tax  
impact  
thereof:  
\$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  
Reconciliation  
Income Statement Summary  
2004 to 2006 (continued)  
Appendix  
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  
 CAGR  
 In millions  
 2004  
 2005  
 2006  
 As Adjusted  
 Adjusted net interest income

\$1,955  
 \$2,142  
 \$2,235  
 Adjusted noninterest income  
 2,928  
 3,122  
 3,572  
 Adjusted total revenue  
 4,883  
 5,264  
 5,807  
 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  
 Total revenue, as reported  
 5,541  
 6,327  
 8,572  
 24%  
 Noninterest expense, as reported  
 3,712  
 4,306  
 4,443  
 9%  
 Net income, as reported  
 \$1,197  
 \$1,325  
 \$2,595  
 47%



Non-GAAP to GAAP  
Reconcilement  
Business Segments  
Appendix  
Nine Months Ending September 30, 2007  
Dollars in millions  
Retail

Banking  
 Corporate &  
 Institutional  
 Banking  
 Other  
 Banking and  
 Other  
 BlackRock  
 PFPC  
 Total  
 Net interest income (expense)  
 \$1,517  
 \$571  
 \$48  
 \$2,136  
 (\$14)  
 \$2,122  
 Noninterest income  
 1,280  
  
 558  
  
 260  
  
 2,098  
  
 \$227  
 631  
  
 2,956  
  
 Total Revenue  
 \$2,797  
 \$1,129  
 \$308  
 \$4,234  
 \$227  
 \$617  
 \$5,078  
 Noninterest income as a % of  
 total revenue  
 46%  
 49%  
 84%  
 50%  
 100%  
 102%  
 58%  
 Dollars in millions  
 2007

% of Segments

2006

% Change

Retail Banking

\$678

53%

\$581

17%

Corporate & Institutional Banking

341

26%

328

4%

BlackRock (a)

176

14%

137

28%

PFPC

96

7%

93

3%

Total business segment earnings

1,291

1,139

Other (a)(b)

(2)

1,080

Total consolidated net income

\$1,289

\$2,219

Nine Months Ending September 30

Earnings (Loss)

(a)

For

our

segment

reporting

presentation

in

management's

discussion

and

analysis,

after-tax

BlackRock/MLIM

transaction

integration

costs

totaling  
\$4  
million  
and  
\$56  
million  
for  
the  
nine  
months  
ended  
September  
30,  
2007  
and  
September  
30,  
2006  
have  
been  
reclassified  
from  
BlackRock  
to  
"Other."  
"Other"  
for  
the  
first  
nine  
months  
of  
2007  
also  
includes  
\$45  
million  
of  
after-tax  
Mercantile  
acquisition  
integration costs.

(b) "Other" for the first nine months of 2006 included the \$2,078 million pre-tax, or \$1,293 million after-tax, gain on the Black transaction recorded in the third quarter of 2006.

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