THE PNC FINANCIAL SERVICES GROUP, INC.

Quarterly Report on Form 10-Q
For the quarterly period ended June 30, 2000

Page 1 represents a portion of the second quarter 2000 Financial Review which is not required by the Form 10-Q report and is not "filed" as part of the Form 10-Q.

The Quarterly Report on Form 10-Q and cross reference index is on page 37.

CONSOLIDATED FINANCIAL HIGHLIGHTS

<TABLE>
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	Three months ended June 30			Six months ended June 30		
	2000	1999	1999	2000	1999	1999
Dollars in millions, except per share data		Core	Reported		Core	Reported
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FINANCIAL PERFORMANCE						
Revenue						
Net interest income (taxable-equivalent basis)	$555	$612	$612	$1,120	$1,276	$1,276
Noninterest income	796	623	664	1,585	1,206	1,395
Total revenue	1,351	1,235	1,276	2,705	2,482	2,671
Net income	315	299	315	623	592	640
Cash earnings*	344	319	335	681	631	679
Per common share						
Basic earnings	1.07	.99	1.04	2.11	1.94	2.10
Diluted earnings	1.06	.98	1.03	2.09	1.92	2.08
Diluted cash earnings*	1.16	1.04	1.10	2.29	2.05	2.21
Cash dividends declared	.45	.41	.41	.90	.82	.82

*Excludes amortization of goodwill

SELECTED RATIOS						
Return on						
Average common shareholders' equity	21.91%	21.21%	22.38%	21.81%	20.92%	22.66%
Average assets	1.68	1.60	1.68	1.67	1.57	1.70
Net interest margin	3.41	3.64	3.64	3.43	3.75	3.75
Noninterest income to total revenue	58.92	50.45	52.04	58.60	48.59	52.23
Efficiency**	55.70	54.01	54.60	56.53	53.01	54.01

** Excludes amortization, distributions on capital securities and residential mortgage banking risk management activities

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	June 30	December 31	June 30
Dollars in millions, except per share data	2000	1999	1999

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PERIOD-END BALANCE SHEET DATA			
Assets	$75,737	$75,413	$75,558
Earning assets	64,228	64,671	66,889
Loans, net of unearned income	50,942	50,046	52,075
Securities available for sale	7,302	7,611	8,856
Loans held for sale	4,510	5,798	4,507
Deposits	47,426	46,668	47,685
Borrowed funds	18,585	19,347	18,464
Shareholders' equity	6,157	5,946	5,755
Common shareholders' equity	5,844	5,633	5,442
Book value per common share	20.22	19.23	18.40
CAPITAL RATIOS			
Leverage	6.72%	6.61%	7.47%
Common shareholders' equity to total assets	7.72	7.47	7.20
ASSET QUALITY RATIOS			
Nonperforming assets to total loans, loans held for sale and foreclosed assets	.66%	.61%	.59%
Allowance for credit losses to total loans	1.33	1.35	1.29
Allowance for credit losses to nonaccrual loans	213.61	225.42	224.33
Quarterly net charge-offs to average loans	.27	.23	.18

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FINANCIAL REVIEW

This Financial Review should be read in conjunction with The PNC Financial Services Group, Inc. and subsidiaries' ("Corporation" or "PNC") unaudited Consolidated Financial Statements included herein and the Financial Review and audited Consolidated Financial Statements included in the Corporation's 1999 Annual Report.

OVERVIEW

THE PNC FINANCIAL SERVICES GROUP, INC.
The Corporation is one of the largest diversified financial services companies in the United States operating regional banking, corporate banking, real estate finance, asset-based lending, asset management, global fund services and mortgage banking businesses that provide products and services nationally and in PNC's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky.

Financial services organizations today are challenged to demonstrate that they can generate sustainable and consistent earnings growth in an increasingly competitive and volatile environment. PNC has responded to these challenges by transitioning to a diversified national financial services organization driven by businesses that are increasingly national in scope and less balance sheet dependent. Increasing contributions from fee-based businesses including asset management, processing and private banking have strengthened PNC's revenue and earnings mix. In addition, the Corporation seeks to enhance consolidated value by leveraging technology, information, branding, marketing and financial resources across all businesses.

As part of this transition, the Corporation implemented a number of initiatives designed to reshape the traditional bank franchise as well as grow non-traditional, largely fee-based businesses with greater growth potential.

These include the sale of the credit card business, exiting certain non-strategic wholesale lending businesses and the continued downsizing of the indirect automobile lending portfolio. PNC also acquired Investor Services Group ("ISG"). The combination of ISG with PFPC, the Corporation's global fund services subsidiary, created one of the nation's leading full-service processors for pooled investment products. On May 31, 2000, PFPC completed the acquisition of Automated Business Development Corp. ("ABD"), the leading provider of blue sky compliance services to the mutual fund industry.

On July 18, 2000, the Corporation announced that it is exploring the potential sale of the residential mortgage banking business. The scale requirements for the residential mortgage banking business continue to increase as the industry's consolidation accelerates. The capital commitment required for PNC to continue to gain scale in this business would be significant. A sale of the residential mortgage banking business, if undertaken, would position PNC to redeploy capital to further the Corporation's growth objectives.

SUMMARY FINANCIAL RESULTS

Consolidated net income for the first six months of 2000 was $623 million or $2.09 per diluted share, a 9% increase compared with core earnings per diluted share for the prior-year period. Return on average common shareholders' equity was 21.81% and return on average assets was 1.67% for the first six months of 2000 compared with core returns of 20.92% and 1.57%, respectively, a year ago. Cash earnings per diluted share, which exclude goodwill amortization, were $2.29 for the first six months of 2000, a 12% increase compared with core cash earnings per diluted share a year ago.

Reported earnings for the first six months of 1999 were $640 million or $2.08 per diluted share. Core earnings per diluted share were $1.92 and core cash earnings per diluted share were $2.05 in the first six months of 1999. Core earnings for the first six months of 1999 excluded $331 million of gains on the sales of the credit card business and equity interests in Electronic Payment Services, Inc. ("EPS") and Concord EFS, Inc. ("Concord") stock that were partially offset by $142 million of valuation adjustments associated with exiting certain non-strategic wholesale lending businesses, a $30 million contribution to the PNC Foundation and $98 million of costs related to efficiency initiatives.

Taxable-equivalent net interest income was $1.120 billion for the first six months of 2000, a $156 million decrease compared with the first six months of 1999. The net interest margin was 3.43% for the first six months of 2000 compared with 3.75% for the first six months of 1999. The decreases were primarily due to funding costs related to the ISG acquisition, the downsizing of certain credit-related businesses in 1999 and the effect of a higher interest rate environment.

The provision for credit losses was $66 million in the first six months of 2000 and net charge-offs were $65 million.

Noninterest income of $1.585 billion for the first six months of 2000 increased $379 million or 31% compared with the first six months of 1999, excluding non-core items last year. The increase was primarily driven by strong growth in certain fee-based businesses, the impact of the ISG acquisition and higher equity management revenue.

Noninterest expense was $1.674 billion and the efficiency ratio was 56.5% in the first six months of 2000 compared with $1.462 billion and 53.0%, respectively, in the first six months of 1999, excluding non-core items. The increases were primarily related to the ISG acquisition and higher expenses commensurate with fee-based revenue growth.

Total assets were $75.7 billion at June 30, 2000 compared with $75.4 billion at December 31, 1999. Average earning assets were $64.9 billion for the first six months of 2000 compared with $67.9 billion for the first six months of 1999. The decrease was primarily due to the impact of downsizing certain credit-related businesses and a smaller securities portfolio.

Shareholders' equity totaled $6.2 billion, the leverage ratio was 6.7% and Tier I and total risk-based capital ratios were 7.4% and 11.3%, respectively, at June 30, 2000.

Overall asset quality remained relatively stable during the first six months of 2000. The ratio of nonperforming assets to total loans, loans held for sale and foreclosed assets was .66% at June 30, 2000 compared with .61% at December 31, 1999. Nonperforming assets were $364 million at June 30, 2000 compared with $338 million at December 31, 1999. The allowance for credit losses was $675 million and represented 1.33% of period-end loans and 214% of nonaccrual loans at June

30, 2000. The comparable ratios were 1.35% and 225%, respectively, at December 31, 1999. Net charge-offs were $65 million or .26% of average loans for the first six months of 2000 compared with $102 million or .38%, respectively, for the first six months of 1999. The decreases were primarily due to the sale of the credit card business in the first quarter of 1999.

FORWARD-LOOKING STATEMENTS

This report and other documents filed by the Corporation with the Securities and Exchange Commission ("SEC") may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements give the Corporation's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intend," "estimate," "position," "potential," "continue," and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" or similar expressions.

The Corporation cautions that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, all of which change over time. Actual results could differ materially from those anticipated in these forward-looking statements and future results could differ from historical performance.

The following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and financial and capital markets; inflation; changes in values of assets under management and assets serviced; relative investment performance of assets under management; customer acceptance of PNC products and services; customer borrowing, repayment, investment and deposit practices; customer disintermediation; valuation of debt and equity investments; the introduction, withdrawal, success and timing of business initiatives and strategies; competitive conditions; the inability to realize cost savings or revenues, implement integration plans and other consequences associated with mergers, acquisitions and divestitures; economic conditions; and the impact, extent and timing of technological changes, capital management activities and actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

Factors relating to credit, interest rate, liquidity and market risk are discussed elsewhere in this report. Factors relating to the regulation and supervision of the Corporation are also discussed in the Corporation's 1999 Annual Report on Form 10-K filed with the SEC. Forward-looking statements speak only as of the date they are made and the Corporation assumes no duty to update forward-looking statements.

REVIEW OF BUSINESSES

PNC operates eight major businesses engaged in regional banking, corporate banking, real estate finance, asset-based lending, asset management, global fund services and mortgage banking activities: Regional Banking, Corporate Banking, PNC Real Estate Finance, PNC Business Credit, PNC Advisors, BlackRock, PFPC and PNC Mortgage.

Business results are presented based on PNC's management accounting practices and the Corporation's current management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to generally accepted accounting principles; therefore, PNC's business results are not necessarily comparable with similar information for any other financial services institution. Financial results are presented to the extent practicable as if each business operated on a stand-alone basis.

The presentation of business results was changed during the first quarter of 2000 to reflect the Corporation's current operating strategy and recent organizational changes. Middle market and equipment leasing activities (previously included in Regional Banking) are reported in Corporate Banking. In addition, PNC Real Estate Finance and PNC Business Credit are reported separately within PNC Secured Finance. Regional real estate lending activities (previously included in Regional Banking) are reported in PNC Real Estate Finance. Business financial results for the first six months of 2000 and 1999 are presented consistent with this structure.

The management accounting process uses various balance sheet and income statement assignments and transfers to measure performance of the businesses. Methodologies change from time to time as management accounting practices are enhanced and businesses change. Securities or borrowings and related net interest income are assigned based on the net asset or liability position of each business. Capital is assigned based on management's assessment of inherent risks and equity levels at independent companies providing similar products and services. The allowance for credit losses is allocated to the businesses based on risk inherent in the loan portfolios. Support areas not directly aligned with the businesses are allocated primarily based on the utilization of services.

Total business financial results differ from consolidated financial results primarily due to differences between management accounting practices and generally accepted accounting principles, divested and exited businesses, equity management activities, minority interests, residual asset and liability management activities, eliminations and unassigned items, the impact of which is reflected in Other.

RESULTS OF BUSINESSES

Six months ended June 30 - dollars in millions	Earnings 2000	Earnings 1999	Revenue* 2000	Revenue* 1999	Return on Assigned Capital 2000	Return on Assigned Capital 1999	Average Assets 2000	Average Assets 1999
PNC Bank								
Regional Banking	$281	$259	$991	$976	22%	21%	$38,182	$37,673
Corporate Banking	120	105	420	354	20	18	16,110	15,634
Total PNC Bank	401	364	1,411	1,330	21	20	54,292	53,307
PNC Secured Finance								
PNC Real Estate Finance	33	37	103	108	17	19	5,604	5,632
PNC Business Credit	26	16	57	37	36	29	2,173	1,658
Total PNC Secured Finance	59	53	160	145	23	21	7,777	7,290
Asset Management								
PNC Advisors	86	75	398	365	31	27	3,577	3,304
BlackRock	40	26	221	180	27	44	434	403
PFPC	16	22	338	111	16	42	1,587	263
Total Asset Management	142	123	957	656	27	32	5,598	3,970
PNC Mortgage	22	24	158	217	10	11	6,615	7,050
Total businesses	624	564	2,686	2,348	22	21	74,282	71,617
Other	(1)	28	19	134			833	4,386
Total consolidated - core	623	592	2,705	2,482	22	21	75,115	76,003
Gain on sale of credit card business		125		193				
Gain on sale of equity interest in EPS		63		97				
Gain on sale of Concord stock net of PNC Foundation contribution		16		41				
Wholesale lending repositioning		(92)		(142)				
Costs related to efficiency initiatives		(64)						
Total consolidated - reported	$623	$640	$2,705	$2,671	22	23	$75,115	$76,003

* Taxable-equivalent basis

FINANCIAL REVIEW

REGIONAL BANKING

Six months ended June 30 - dollars in millions	2000	1999
INCOME STATEMENT		
Net interest income	$703	$709
Noninterest income	288	267
Total revenue	991	976
Provision for credit losses	22	33
Noninterest expense	534	533
Pretax earnings	435	410
Income taxes	154	151
Earnings	$281	$259
AVERAGE BALANCE SHEET		
Loans		
Consumer		
Home equity	$5,311	$5,105
Indirect	1,352	2,166
Education	95	1,289
Other consumer	776	684
Total consumer	7,534	9,244
Commercial	3,711	3,784
Residential mortgage	11,599	11,272
Other	1,351	1,213
Total loans	24,195	25,513
Securities available for sale	5,470	5,424
Loans held for sale	1,358	4
Assigned assets and other assets	7,159	6,732
Total assets	$38,182	$37,673
Deposits		
Noninterest-bearing demand	$4,591	$5,194
Interest-bearing demand	5,377	4,687
Money market	9,776	8,696
Savings	2,063	2,433
Certificates	13,524	13,435
Total net deposits	35,331	34,445
Other liabilities	274	686
Assigned capital	2,577	2,542
Total funds	$38,182	$37,673
PERFORMANCE RATIOS		
Return on assigned capital	22%	21%
Noninterest income to total revenue	29	27
Efficiency	52	53

Regional Banking provides credit, deposit, branch-based brokerage and electronic banking products and services to retail customers as well as credit, treasury management and capital markets products and services to small businesses primarily within PNC's geographic region.

Regional Banking's strategic focus is on driving sustainable revenue growth while aggressively managing the revenue/expense relationship. Regional Banking utilizes knowledge-based marketing capabilities to analyze customer demographic information, transaction patterns and delivery preferences to develop customized banking packages focused on improving customer satisfaction and profitability.

Regional Banking has also invested heavily in building a sales culture and infrastructure while improving efficiency. Capital investments have been redistributed strategically with a greater proportion going towards the development of alternative delivery capabilities consistent with customer preferences.

Regional Banking contributed 45% of total business earnings for the first six months of 2000 compared with 46% for the first six months of 1999. Earnings increased 8% to $281 million for the first six months of 2000 and performance ratios improved.

Total revenue was $991 million for the first six months of 2000 compared with $976 million for the same period last year. The increase was primarily due to a $21 million or 8% increase in noninterest income that was driven by higher consumer service and brokerage fees, partially offset by the downsizing of the indirect automobile lending portfolio and the comparative impact of branch sales in 1999.

Consumer loans declined primarily due to the continued downsizing of the indirect automobile lending portfolio and the decision to sell education loans in repayment, which are included in loans held for sale. Interest-bearing demand and money market deposits increased $1.8 billion or 13% primarily due to the impact of strategic marketing initiatives, which reflects PNC's focus on deepening customer relationships.

CORPORATE BANKING

Six months ended June 30 - dollars in millions	2000	1999
INCOME STATEMENT		
Credit-related revenue	$199	$180
Noncredit revenue	221	174
Total revenue	420	354
Provision for credit losses	38	14
Noninterest expense	196	176
Pretax earnings	186	164
Income taxes	66	59
Earnings	$120	$105
AVERAGE BALANCE SHEET		
Loans		
Middle market	$5,559	$5,560
Specialized industries	3,767	3,909
Large corporate	2,815	2,550
Leasing	1,734	1,280
Other	250	442
Total loans	14,125	13,741
Other assets	1,985	1,893
Total assets	$16,110	$15,634
Net deposits	$4,539	$4,375
Assigned funds and other liabilities	10,363	10,086
Assigned capital	1,208	1,173
Total funds	$16,110	$15,634
PERFORMANCE RATIOS		
Return on assigned capital	20%	18%
Noncredit revenue to total revenue	53	49
Efficiency	46	49

Corporate Banking provides specialized credit, equipment leasing, treasury management and capital markets products and services to large and mid-sized corporations, institutions and government entities primarily within PNC's geographic region.

The strategic focus for Corporate Banking is to emphasize higher-margin noncredit products and services, especially treasury management and capital markets, as well as disciplined balance sheet growth.

Corporate Banking made the decision to exit certain non-strategic wholesale lending businesses during 1999. These activities are excluded from business results in both periods presented.

Corporate Banking contributed 19% of total business earnings for the first six months of 2000 and 1999. Earnings increased $15 million or 14% to $120 million for the first six months of 2000 and performance ratios improved.

Total revenue of $420 million for the first six months of 2000 increased $66 million or 19% compared with the same period last year. Noncredit revenue includes noninterest income and the benefit of compensating balances received in lieu of fees. Noncredit revenue increased $47 million or 27% compared with the first six months of 1999 primarily driven by increases in treasury management and capital markets fees, as well as revenue associated with equity investments. Noncredit revenue comprised 53% of total revenue for the first six months of 2000 reflecting the emphasis on sales of fee-based products.

The provision for credit losses was $38 million for the first six months of 2000, a $24 million increase compared with the prior-year period due to a higher level of net charge-offs. The period-to-period increase was impacted by a low level of net charge-offs in 1999.

The increase in noninterest expense in the period-to-period comparison was associated with growth in noncredit products and services.

Treasury management and capital markets products offered through Corporate Banking are sold by several businesses across the Corporation and related profitability is included in the results of those businesses. Consolidated revenue from treasury management was $169 million for the first six months of 2000, a 16% increase compared with the first six months of 1999. Consolidated revenue from capital markets was $68 million for the first six months of 2000, a 32% increase compared with the first six months of 1999.

PNC REAL ESTATE FINANCE

Six months ended June 30 - dollars in millions	2000	1999
INCOME STATEMENT		
Net interest income	$59	$60
Noninterest income		
Net commercial mortgage banking	30	32
Other	14	16
Total noninterest income	44	48
Total revenue	103	108
Provision for credit losses		
Noninterest expense	67	60
Pretax earnings	36	48
Income taxes	3	11
Earnings	$33	$37
AVERAGE BALANCE SHEET		
Loans		
Commercial - real estate related	$2,041	$2,266
Commercial real estate	2,428	2,536
Total loans	4,469	4,802
Commercial mortgages held for sale	151	105
Other assets	984	725
Total assets	$5,604	$5,632
Deposits	$244	$240
Assigned funds and other liabilities	4,977	4,997
Assigned capital	383	395
Total funds	$5,604	$5,632
PERFORMANCE RATIOS		
Return on assigned capital	17%	19%
Noninterest income to total revenue	43	44
Efficiency	51	44

PNC Real Estate Finance provides credit products, capital markets financing, treasury management, commercial mortgage loan servicing and other products and services to developers, owners and investors in commercial real estate.

Over the past several years, through customer segmentation and strategic acquisitions, PNC Real Estate Finance has redeployed capital historically assigned to lending activities in PNC's primary geographic markets to fee-based businesses focused on loan servicing and securitization on a national basis.

PNC Real Estate Finance made the decision to exit the cyclical mortgage warehouse lending business and certain non-strategic commercial real estate portfolios at the end of 1999. These activities are excluded from business results in both periods presented.

PNC Real Estate Finance contributed 5% of total business earnings for the first six months of 2000 compared with 6% for the same period last year. Earnings were $33 million for the first six months of 2000 compared with $37 million for the first six months of 1999.

Total revenue was $103 million for the first six months of 2000 compared with $108 million in the prior-year period. Increases in treasury management and commercial mortgage servicing fees were more than offset by lower commercial mortgage-backed securitization gains and the comparative impact of gains from workout activities in 1999.

Noninterest expense was $67 million for the first six months of 2000 compared with $60 million in the same period last year. The increase was primarily due to passive losses on low income housing equity investments, the comparative impact of legal expense recoveries from loan workout activities in 1999 and investments in technology to support the loan servicing platform. The increase in passive losses on low income housing investments was more than offset by related tax credits.

COMMERCIAL MORTGAGE SERVICING PORTFOLIO

In billions	2000	1999
January 1	$45	$39
Acquisitions/additions	6	8
Repayments/transfers	(3)	(6)
June 30	$48	$41

At June 30, 2000, the commercial mortgage servicing portfolio was $48 billion, a 17% increase compared with June 30, 1999.

PNC BUSINESS CREDIT

Six months ended June 30 - dollars in millions	2000	1999
INCOME STATEMENT		
Net interest income	$49	$33
Noninterest income	8	4
Total revenue	57	37
Provision for credit losses	2	1
Noninterest expense	14	12
Pretax earnings	41	24
Income taxes	15	8
Earnings	$26	$16
AVERAGE BALANCE SHEET		
Loans	$2,100	$1,625
Other assets	73	33
Total assets	$2,173	$1,658
Deposits	$56	$44
Assigned funds and other liabilities	1,973	1,503
Assigned capital	144	111
Total funds	$2,173	$1,658
PERFORMANCE RATIOS		
Return on assigned capital	36%	29%
Efficiency	23	30

PNC Business Credit provides asset-based lending, capital markets and treasury management products and services to middle market customers on a national basis.

PNC Business Credit's strategic focus is to build scale through the disciplined expansion of existing offices as well as the addition of new marketing locations.

PNC Business Credit contributed 4% of total business earnings for the first six months of 2000 compared with 3% for the first six months of 1999. Earnings increased $10 million or 63% in the period-to-period comparison to $26 million for the first six months of 2000.

Revenue was $57 million for the first six months of 2000, a $20 million or 54% increase compared with the first six months of 1999 primarily due to the impact of higher loan outstandings associated with business expansion.

Noninterest expense was $14 million and the efficiency ratio improved to 23% for the first six months of 2000 compared with $12 million and 30%, respectively, in the same period last year. The return on assigned capital improved to 36% for the first six months of 2000 due to strong revenue growth and improved efficiency.

FINANCIAL REVIEW

PNC ADVISORS

Six months ended June 30 - dollars in millions	2000	1999
INCOME STATEMENT		
Net interest income	$68	$67
Noninterest income		
Investment management and trust	205	192
Brokerage	90	73
Other	35	33
Total noninterest income	330	298
Total revenue	398	365
Provision for credit losses	3	
Noninterest expense	258	243
Pretax earnings	137	122
Income taxes	51	47
Earnings	$86	$75
AVERAGE BALANCE SHEET		
Loans		
Residential mortgage	$978	$1,002
Consumer	957	948
Commercial	643	611
Other	548	318
Total loans	3,126	2,879
Other assets	451	425
Total assets	$3,577	$3,304
Deposits	$2,086	$2,365
Assigned funds and other liabilities	941	386
Assigned capital	550	553
Total funds	$3,577	$3,304
PERFORMANCE RATIOS		
Return on assigned capital	31%	27%
Noninterest income to total revenue	83	82
Efficiency	64	66

PNC Advisors offers customized investment management, high-end brokerage, personal trust, estate planning and traditional banking services to affluent and wealthy individuals, and investment management, trust and administrative services to pension funds, 401(k) plans and charitable organizations.

PNC Advisors strives to be the "financial advisor of choice" in the growing affluent market, providing a full range of high-quality, customized and predominantly fee-based investment products and services. PNC Advisors continues to expand Hilliard Lyons, PNC's high-end brokerage company that serves the affluent, throughout the Corporation's geographic region, which includes some of the nation's wealthiest metropolitan areas.

PNC Advisors contributed 14% of total business earnings for the first six months of 2000 compared with 13% for the first six months of 1999. Earnings of $86 million for the first six months of 2000 increased $11 million or 15% compared with the same period last year.

Revenue increased $33 million or 9% in the period-to period comparison. The increase was primarily driven by higher brokerage revenue resulting from the expansion of PNC Advisors' brokerage distribution network and significant activity in the equity markets. Noninterest expense increased in the period-to-period comparison commensurate with revenue growth.

ASSETS UNDER MANAGEMENT*

June 30 - in billions	2000	1999
Personal investment management and trust	$50	$51
Institutional trust	18	17
Total	$68	$68

* Assets under management do not include brokerage assets administered.

At June 30, 2000 and 1999, PNC Advisors managed $68 billion of assets. Brokerage assets administered by PNC Advisors increased $3 billion in the period-to-period comparison to $28 billion at June 30, 2000, reflecting increased asset gathering at Hilliard Lyons.

BLACKROCK

Six months ended June 30 - dollars in millions	2000	1999
INCOME STATEMENT		
Investment advisory and administrative fees	$209	$169
Other income	12	11
Total revenue	221	180
Operating expense	111	88
Fund administration and servicing costs - affiliates	38	36
Goodwill amortization	5	5
Total expense	154	129
Operating income	67	51
Nonoperating income (expense)	2	(6)
Pretax earnings	69	45
Income taxes	29	19
Earnings	$40	$26
PERIOD-END BALANCE SHEET		
Intangible assets	$197	$199
Other assets	237	204
Total assets	$434	$403
Borrowings		$153
Other liabilities	$113	118
Shareholders' equity	321	132
Total funds	$434	$403
PERFORMANCE RATIOS		
Return on equity	27%	44%
Operating margin*	36	35
Diluted earnings per share	$.62	$.47

* Excludes the impact of affiliate fund administration and servicing costs.

BlackRock manages assets for institutions and individuals through a variety of fixed income, liquidity, equity and alternative investment products, including BlackRock's flagship fund families.

BlackRock contributed 6% of total business earnings for the first six months of 2000 compared with 5% for the first six months of 1999. Earnings of $40 million for the first six months of 2000 increased 54% compared with the same period last year. Total revenue for the first six months of 2000 increased $41 million or 23% compared with the first six months of 1999 primarily due to strong growth in investment advisory and administrative fees resulting from new asset management mandates, which represented $31 billion of the $35 billion or 25% increase in assets under management. The increase in operating expense in the period-to-period comparison supported revenue growth.

At June 30, 2000, BlackRock managed $177 billion of assets for individual and institutional investors.

ASSETS UNDER MANAGEMENT June 30 - in billions	2000	1999
Separate Accounts		
Fixed income*	$85	$68
Liquidity	18	13
Equity	8	2
Total Separate Accounts	111	83
Mutual Funds		
Fixed income	14	14
Liquidity	36	32
Equity	16	13
Total Mutual Funds	66	59
Total assets under management	$177	$142
Proprietary mutual funds		
BlackRock Funds	$28	$25
Provident Institutional Funds	26	22
Total proprietary mutual funds	$54	$47

* Includes alternative investment products.

BlackRock, Inc. is a publicly traded company that is 70% owned by PNC. BlackRock's Class A common stock is listed on the New York Stock Exchange under the symbol BLK. Additional information about BlackRock is available in its filings with the SEC and may be obtained electronically at the SEC's home page at www.sec.gov.

PFPC

Six months ended June 30 - dollars in millions	2000	1999
INCOME STATEMENT		
Revenue	$338	$111
Operating expense	256	75
Operating income	82	36
Debt financing	40	
Amortization	16	1
Pretax earnings	26	35
Income taxes	10	13
Earnings	$16	$22
AVERAGE BALANCE SHEET		
Total assets	$1,587	$263
Deposits	$127	$140
Assigned funds and other liabilities	1,253	18
Assigned capital	207	105

Total funds	$1,587	$263

PERFORMANCE RATIOS		
Return on assigned capital	16%	42%
Operating margin	24	32

PFPC, the Corporation's global fund services subsidiary, provides a wide range of processing services to the investment management community. PFPC provides customized services to clients in the United States and to the global funds marketplace through its Dublin, Ireland operation.

On December 1, 1999, PFPC acquired ISG, one of the nation's leading providers of back-office services to mutual funds and retirement plans. The acquisition added key related businesses, including retirement plan servicing, to PFPC's expanding operations. The integration of ISG into PFPC continues as scheduled. On May 31, 2000, PFPC completed the acquisition of ABD, the leading provider of blue sky compliance services to the mutual fund industry. The acquisition was valued at $20 million and accounted for as a purchase.

PFPC contributed 3% of total business earnings for the first six months of 2000 compared with 4% for the first six months of 1999. Earnings decreased $6 million in the period-to-period comparison primarily due to the impact of the ISG acquisition. Excluding the impact of ISG, earnings increased 23% in the period-to-period comparison.

Revenue for the first six months of 2000 increased $227 million compared with the first six months of 1999. The acquisition of ISG accounted for $200 million of the increase in revenue. The remaining increase was driven by existing client growth, new business and market appreciation. Operating expense increased in the period-to-period comparison and performance ratios were impacted as a result of the ISG acquisition and infrastructure costs associated with business expansion.

SERVICING STATISTICS

June 30	2000	1999
Accounting/administration assets ($ in billions)	$449	$244
Custody assets ($ in billions)	$416	$349
Shareholder accounts (in millions)	41	3

The increases in accounting/administration assets serviced and shareholder accounts were primarily due to the ISG acquisition.

PNC MORTGAGE

Six months ended June 30 - dollars in millions	2000	1999
INCOME STATEMENT		
Net mortgage banking revenue		
Residential mortgage servicing	$202	$160
Origination and securitization	34	115
MSR amortization, net of servicing hedge	(88)	(114)
Net mortgage banking revenue	148	161
Net interest income	10	56
Total revenue	158	217
Operating expense	121	176
Pretax earnings	37	41
Income taxes	15	17
Earnings	$22	$24
AVERAGE BALANCE SHEET		
Residential mortgages held for sale	$2,129	$2,721
Securities available for sale	1,941	2,806
Mortgage servicing rights and other assets	2,545	1,523
Total assets	$6,615	$7,050
Escrow deposits	$1,040	$1,238
Assigned funds and other liabilities	5,145	5,354
Assigned capital	430	458

	2000	1999
Total funds	$6,615	$7,050

PERFORMANCE RATIOS

Return on assigned capital	10%	11%
Net mortgage banking revenue to total revenue	94	74
Efficiency	49	53

PNC Mortgage originates, purchases and services residential mortgages and related products. PNC Mortgage also acquires and securitizes residential mortgages as private-label, mortgage-backed securities and performs the master servicing of those securities for investors.

PNC Mortgage's strategic focus is on expanding sales of a broader array of financial products while leveraging its technology platform and servicing capabilities to manage the revenue/expense relationship for traditional mortgage products.

PNC Mortgage contributed 4% of total business earnings for the first six months of 2000 and 1999. Earnings decreased in the comparison due to lower origination and related securitization volume resulting from lower refinancing activity. The decrease in origination and securitization income was partially offset by higher residential mortgage servicing revenue due to the impact of a larger servicing portfolio.

Operating expense decreased $55 million or 31% in the period-to-period comparison due to operating expense reduction initiatives associated with lower origination volume.

During the first six months of 2000, residential mortgage production totaled $9 billion of which 26% consisted of retail originations. The remainder was acquired through correspondent and contractual flow agreements. The comparable amounts were $12 billion and 38%, respectively, for the first six months of 1999.

RESIDENTIAL MORTGAGE SERVICING PORTFOLIO

In billions	2000	1999
January 1	$75	$62
Production volume	9	12
Bulk acquisitions	6	6
Repayments	(5)	(9)
June 30	$85	$71

At June 30, 2000, the residential mortgage servicing portfolio totaled $85 billion. Loans included in this portfolio that were serviced for others totaled $77 billion and had a weighted-average coupon of 7.62%. Capitalized residential mortgage servicing rights ("MSR") totaled $1.8 billion at June 30, 2000, and had an estimated fair value of $2.1 billion. The master servicing portfolio grew 11% in the period-to-period comparison to $36 billion at June 30, 2000.

The value of MSR and related amortization are affected by changes in interest rates. If interest rates decline and the rate of prepayments increases, the underlying servicing fees and related MSR value also would decline. In a period of rising interest rates, a converse relationship would be expected. PNC Mortgage seeks to manage this risk by using financial instruments as hedges designed to move in the opposite direction of expected MSR value changes. Changes in interest rates also can affect the level of mortgage originations that generally are expected to decline as interest rates increase, and increase as interest rates decline.

FINANCIAL REVIEW

CONSOLIDATED INCOME STATEMENT REVIEW

NET INTEREST INCOME ANALYSIS

<TABLE>
<CAPTION>

Taxable-equivalent basis Six months ended June 30 - dollars in millions	Average Balances			Interest Income/Expense			Average Yields/Rates		
	2000	1999	Change	2000	1999	Change	2000	1999	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>		

<C> <C>

Interest-earning assets									
Loans held for sale	$5,077	$3,555	$1,522	$204	$123	$81	8.02%	6.88%	114bp
Securities available for sale	8,009	8,601	(592)	242	238	4	6.05	5.56	49
Loans, net of unearned income									
Consumer	9,248	10,841	(1,593)	390	440	(50)	8.46	8.19	27
Credit card		1,355	(1,355)		100	(100)		14.90	NM
Residential mortgage	13,001	12,341	660	461	433	28	7.09	7.02	7
Commercial	21,918	23,705	(1,787)	911	900	11	8.22	7.55	67
Commercial real estate	2,690	3,397	(707)	118	132	(14)	8.67	7.71	96
Lease financing	3,004	2,461	543	109	87	22	7.26	7.08	18
Other	682	476	206	28	17	11	8.28	7.27	101
Total loans, net of unearned income	50,543	54,576	(4,033)	2,017	2,109	(92)	7.94	7.73	21
Other	1,245	1,121	124	49	35	14	7.99	6.29	170
Total interest-earning assets/ interest income	64,874	67,853	(2,979)	2,512	2,505	7	7.71	7.38	33
Noninterest-earning assets	10,241	8,150	2,091						
Total assets	$75,115	$76,003	$(888)						
Interest-bearing liabilities									
Deposits									
Demand and money market	$18,893	$17,258	$1,635	297	231	66	3.17	2.69	48
Savings	2,123	2,503	(380)	18	20	(2)	1.69	1.62	7
Retail certificates of deposit	14,497	14,381	116	386	356	30	5.35	4.99	36
Other time	639	2,219	(1,580)	20	60	(40)	6.40	5.40	100
Deposits in foreign offices	1,486	721	765	45	17	28	5.94	4.80	114
Total interest-bearing deposits	37,638	37,082	556	766	684	82	4.09	3.72	37
Borrowed funds	19,742	21,061	(1,319)	626	545	81	6.28	5.15	113
Total interest-bearing liabilities/interest expense	57,380	58,143	(763)	1,392	1,229	163	4.84	4.23	61
Noninterest-bearing liabilities, capital securities and shareholders' equity	17,735	17,860	(125)						
Total liabilities, capital securities and shareholders' equity	$75,115	$76,003	$(888)						
Interest rate spread							2.87	3.15	(28)
Impact of noninterest-bearing sources							.56	.60	(4)
Net interest income/margin				$1,120	$1,276	$(156)	3.43%	3.75%	(32)bp

</TABLE>

NM - not meaningful

NET INTEREST INCOME Changes in net interest income and margin result from the interaction between the volume and composition of earning assets, related yields and associated funding costs. Accordingly, portfolio size, composition and related yields earned and funding costs can have a significant impact on net interest income and margin.

Taxable-equivalent net interest income was $1.120 billion for the first six months of 2000, a $156 million decrease compared with the first six months of 1999. The net interest margin was 3.43% for the first six months of 2000 compared with 3.75% for the first six months of 1999. The decreases were primarily due to funding costs related to the ISG acquisition, the downsizing of certain credit-related businesses in 1999 and the effect of a higher interest rate environment. The Corporation expects net interest income and margin to continue to decline throughout the remainder of 2000.

As a result of the credit card sale and the exit and downsizing of certain credit-related businesses in 1999, loans represented 78% of average earning assets for the first six months of 2000 compared with 80% for the prior-year period. Average loans held for sale increased $1.5 billion in the period-to-period comparison, reflecting the decision to exit certain non-strategic wholesale lending businesses during 1999. Securities available for sale represented 9% of average earning assets for the first six months of 2000 and 1999, excluding securities used to hedge residential mortgage servicing rights.

Funding cost is affected by the volume and composition of funding sources as well as related rates paid thereon. Average deposits comprised 61% and 60% of total sources of funds for the first six months of 2000 and 1999, respectively, with the remainder primarily comprised of wholesale funding obtained at prevailing market rates. The average loan to deposit ratio declined to 110% for the first six months of 2000 compared with 119% for the first six months of 1999.

Average demand and money market deposits increased $1.6 billion or 9% to $18.9 billion for the first six months of 2000, primarily reflecting the impact of strategic marketing initiatives to grow more valuable transaction accounts, while other time deposits decreased in the period-to-period comparison. Average borrowed funds for the first six months of 2000 decreased $1.3 billion compared with the first six months of 1999 as lower bank notes and repurchase agreements more than offset increases in Federal Home Loan Bank ("FHLB") borrowings, federal funds purchased and subordinated debt. The increase in subordinated debt was related to funding the ISG acquisition.

PROVISION FOR CREDIT LOSSES The provision for credit losses was $66 million for the first six months of 2000 compared with $103 million for the first six months of 1999. Net charge-offs were $65 million or .26% of average loans for the first six months of 2000 compared with $102 million or .38%, respectively, for the first six months of 1999. The decreases were primarily due to the sale of the credit card business in the first quarter of 1999.

NONINTEREST INCOME Noninterest income was $1.585 billion for the first six months of 2000 and represented 59% of total revenue. On a comparable basis, noninterest income increased $379 million or 31%, excluding $331 million of gains on the sale of the credit card business, equity interests in EPS and Concord, and $142 million of valuation adjustments associated with exiting certain non-strategic wholesale lending businesses in 1999. The increase was primarily driven by strong growth in certain fee-based businesses, the benefit of the ISG acquisition and higher equity management revenue.

Asset management fees of $382 million for the first six months of 2000 increased $52 million or 16% primarily driven by new business. Assets under management were $224 billion at June 30, 2000, a 19% increase compared with June 30, 1999. Fund servicing fees were $319 million for the first six months of 2000, a $213 million increase compared with the prior-year period primarily driven by the ISG acquisition. Excluding ISG, fund servicing fees increased 22% primarily due to existing client growth, new business and market appreciation.

Brokerage fees of $131 million for the first six months of 2000 increased $22 million or 20% reflecting the expansion of Hilliard Lyons' distribution network and the impact of significant activity in the equity markets. Consumer services revenue of $107 million for the first six months of 2000 increased 4% compared with the prior-year period excluding credit card fees. The increase was primarily due to higher consumer transaction volume.

Corporate services revenue of $162 million for the first six months of 2000 increased 4% compared with the prior-year period, excluding the impact of the valuation adjustments associated with the exited portfolio last year.

Net residential mortgage banking revenue of $116 million for the first six months of 2000 decreased $14 million compared with the prior-year period as an increase in net servicing revenue was more than offset by the impact of lower origination and related securitization volume resulting from lower refinancing activity.

Equity management revenue was $135 million for the first six months of 2000 compared with $26 million in the prior-year period. The Corporation does not expect to sustain equity management revenue at the level experienced during the first six months of 2000. Equity investments are carried at estimated fair value and accordingly revenue related to these investments may be affected by market volatility.

Net securities losses were $3 million for the first six months of 2000. Net securities gains were $42 million for the first six months of 1999, substantially all related to the gain from the sale of Concord stock.

Other noninterest income of $136 million for the first six months of 2000 increased $15 million or 12% compared with the prior-year period, excluding non-core items last year.

NONINTEREST EXPENSE Noninterest expense was $1.674 billion for the first six months of 2000 compared with $1.462 billion for the first six months of 1999, excluding non-core items. The efficiency ratio was 56.5% for the first six months of 2000 compared with 53.0% for the prior-year period, also excluding non-core items. The increases were primarily related to the ISG acquisition and higher expenses commensurate with fee-based revenue growth. Average full-time equivalent employees totaled approximately 27,000 and 26,200 for the first six months of 2000 and 1999, respectively. The increase was primarily due to the ISG acquisition, partially offset by the impact of efficiency initiatives in the traditional banking and mortgage banking businesses.

CONSOLIDATED BALANCE SHEET REVIEW

LOANS Loans outstanding of $50.9 billion at June 30, 2000 increased $.9 billion from year-end 1999 primarily due to an increase in commercial, home equity and residential mortgage loans. Total outstandings and exposure designated for exit during 1999 totaled $3.7 billion and $10.5 billion, respectively. At June 30, 2000, the remaining outstandings and exposure associated with this initiative totaled $1.5 billion and $4.9 billion, respectively. Loans that were designated for exit in 1999 and reclassified to held for sale are excluded from the following table.

DETAILS OF LOANS

In millions	June 30 2000	December 31 1999
Consumer		
Home equity	$6,333	$6,068
Automobile	1,420	1,691
Other	1,494	1,598
Total consumer	9,247	9,357
Residential mortgage	13,096	12,869
Commercial		
Manufacturing	5,702	5,355
Retail/wholesale	4,673	4,301
Service providers	3,000	3,208
Real estate related	3,010	2,862
Communications	1,316	1,370
Health care	803	772
Financial services	1,115	1,300
Other	2,521	2,300
Total commercial	22,140	21,468
Commercial real estate		
Mortgage	732	761
Real estate project	1,955	1,969
Total commercial real estate	2,687	2,730
Lease financing	3,834	3,663
Other	670	683
Unearned income	(732)	(724)
Total, net of unearned income	$50,942	$50,046

Loan portfolio composition continued to be geographically diversified among numerous industries and types of businesses.

NET UNFUNDED COMMITMENTS*

June 30 December 31

In millions	2000	1999
Consumer	$4,740	$4,603
Residential mortgage	1,545	648
Commercial	24,208	23,251
Commercial real estate	892	740
Lease financing	148	136
Other	246	1,513
Total	$31,779	$30,891

* Excludes unfunded commitments related to loans designated for exit.

Commitments to extend credit represent arrangements to lend funds provided there is no violation of specified contractual conditions. Commercial commitments are reported net of participations, assignments and syndications, primarily to financial institutions, totaling $6.7 billion and $7.2 billion at June 30, 2000 and December 31, 1999, respectively.

Net outstanding letters of credit totaled $4.1 billion and $4.6 billion at June 30, 2000 and December 31, 1999, respectively, and consisted primarily of standby letters of credit, which commit the Corporation to make payments on behalf of customers when certain specified future events occur. Unfunded commitments and letters of credit related to loans designated for exit totaled $3.4 billion at June 30, 2000 and $4.8 billion at December 31, 1999.

SECURITIES AVAILABLE FOR SALE The fair value of securities available for sale at June 30, 2000 was $7.3 billion, $309 million lower than December 31, 1999. Total securities used to hedge residential MSR were $2.0 billion at June 30, 2000. Portfolio securities represented 7% of total assets at June 30, 2000. The expected weighted-average life of the portfolio securities decreased to 4 years and 5 months at June 30, 2000 compared with 4 years and 7 months at year-end 1999. The expected weighted-average life of total securities available for sale at June 30, 2000 remained consistent at 5 years and 7 months compared with year-end 1999.

DETAILS OF SECURITIES AVAILABLE FOR SALE

In millions	Amortized Cost	Fair Value
JUNE 30, 2000		
PORTFOLIO SECURITIES		
Debt securities		
U.S. Treasury and government agencies	$153	$148
Mortgage-backed	3,661	3,502
Asset-backed	954	923
State and municipal	116	113
Other debt	39	38
Corporate stocks and other	587	595
Total	$5,510	$5,319
RESIDENTIAL MORTGAGE BANKING RISK MANAGEMENT		
Debt securities		
U.S. Treasury and government agencies	$1,727	$1,551
Mortgage-backed	435	432
Total	2,162	1,983
Total securities available for sale	$7,672	$7,302
DECEMBER 31, 1999		
PORTFOLIO SECURITIES		
Debt securities		
U.S. Treasury and government agencies	$411	$400
Mortgage-backed	3,918	3,769
Asset-backed	1,051	1,027
State and municipal	134	131
Other debt	40	39
Corporate stocks and other	590	594
Total	$6,144	$5,960
RESIDENTIAL MORTGAGE BANKING RISK MANAGEMENT		
Debt securities		
U.S. Treasury and government agencies	$1,791	$1,587
Mortgage-backed	68	64
Total	1,859	1,651
Total securities available for sale	$8,003	$7,611

FUNDING SOURCES Total funding sources were $66.0 billion at June 30, 2000 and December 31, 1999. Increases in demand, savings and money market deposits that resulted from consumer banking marketing initiatives offset decreases in deposits in foreign offices and federal funds purchased.

DETAILS OF FUNDING SOURCES

In millions	June 30 2000	December 31 1999
Deposits		
Demand, savings and money market	$30,604	$28,689
Retail certificates of deposit	14,371	14,153
Other time	622	633
Deposits in foreign offices	1,829	3,193
Total deposits	47,426	46,668
Borrowed funds		
Federal funds purchased	882	1,281
Repurchase agreements	994	1,122
Bank notes and senior debt	6,878	6,975
Federal Home Loan Bank borrowings	6,406	6,656
Subordinated debt	2,426	2,327
Other borrowed funds	999	986
Total borrowed funds	18,585	19,347
Total	$66,011	$66,015

CAPITAL The access to and cost of funding new business initiatives including acquisitions, the ability to engage in expanded activities, the ability to pay dividends, deposit insurance costs, and the level and nature of regulatory oversight depend, in large part, on a financial institution's capital strength. At June 30, 2000, the Corporation and each bank subsidiary were considered well capitalized based on regulatory capital ratio requirements.

RISK-BASED CAPITAL

June 30 - dollars in millions	2000	1999
Capital components		
Shareholders' equity		
Common	$5,845	$5,442
Preferred	313	313
Trust preferred capital securities	848	848
Goodwill and other	(2,277)	(1,321)
Net unrealized securities losses	241	241
Tier I risk-based capital	4,970	5,523
Subordinated debt	1,970	1,740
Eligible allowance for credit losses	666	673
Subtotal	7,606	7,936
Investment in unconsolidated finance subsidiary	(14)	
Total risk-based capital	$7,592	$7,936
Assets		
Risk-weighted assets and off-balance-sheet instruments	$67,330	$67,689
Average tangible assets	73,926	73,910
Capital ratios		
Tier I risk-based	7.38%	8.16%
Total risk-based	11.28	11.72
Leverage	6.72	7.47

The capital position is managed through balance sheet size and composition, issuance of debt and equity instruments, treasury stock activities, dividend policies and retention of earnings.

During the first six months of 2000, PNC repurchased 4.7 million shares of common stock. On February 17, 2000, the Board of Directors authorized the Corporation to purchase up to 10 million shares of common stock through February

28, 2001. Approximately 7.4 million shares remain under this authorization.

RISK MANAGEMENT

In the normal course of business, the Corporation assumes various types of risk, the most significant of which are credit, interest rate, liquidity and market risk. To manage these risks, PNC has risk management processes designed to provide for risk identification, measurement, monitoring and control.

CREDIT RISK Credit risk represents the possibility that a borrower or counterparty may not perform in accordance with contractual terms. Credit risk is inherent in the financial services business and results from extending credit to customers, purchasing securities and entering into off-balance-sheet financial derivative transactions. The Corporation seeks to manage credit risk through, among other things, diversification, limiting exposure to any single industry or customer, requiring collateral or selling participations to third parties, and purchasing credit-related derivatives.

NONPERFORMING ASSETS BY TYPE

Dollars in millions	June 30 2000	December 31 1999
Nonaccrual loans		
Commercial	$259	$219
Residential mortgage	39	56
Commercial real estate		
Real estate project	6	13
Mortgage	6	8
Consumer	3	2
Lease financing	3	1
Total nonaccrual loans	316	299
Foreclosed and other assets		
Residential mortgage	15	12
Commercial real estate	4	5
Other	29	22
Total foreclosed and other assets	48	39
Total nonperforming assets	$364	$338
Nonaccrual loans to total loans	.62%	.60%
Nonperforming assets to total loans, loans held for sale and foreclosed assets	.66	.61
Nonperforming assets to total assets	.48	.45

The above table excludes $18 million and $13 million of equity management assets at June 30, 2000 and December 31, 1999, respectively, carried at estimated fair value.

The amount of nonperforming loans that were current as to principal and interest was $24 million at June 30, 2000 and $42 million at December 31, 1999. There were no troubled debt restructured loans outstanding as of either period end.

CHANGE IN NONPERFORMING ASSETS

In millions	2000	1999
January 1	$338	$332
Transferred from accrual	200	160
Returned to performing	(5)	(2)
Principal reductions	(75)	(103)
Sales	(19)	(21)
Charge-offs and other	(75)	(33)
June 30	$364	$333

ACCRUING LOANS PAST DUE 90 DAYS OR MORE

	Amount		Percent of Loans	
Dollars in millions	June 30 2000	December 31 1999	June 30 2000	December 31 1999
Consumer	$20	$25	.22%	.27%
Residential mortgage	38	34	.29	.26
Commercial	28	30	.13	.14
Commercial real estate	2	5	.07	.18

Lease financing	3	2	.10	.05
Total	$91	$96	.18	.19

ALLOWANCE FOR CREDIT LOSSES In determining the adequacy of the allowance for credit losses, the Corporation makes specific allocations to impaired loans and to pools of watchlist and nonwatchlist loans for various credit risk factors. Allocations to loan pools are developed by business segment and risk rating and are based on historical loss trends and management's judgment concerning those trends and other relevant factors. Those factors may include, among other things, actual versus estimated losses, current regional and national economic conditions, business segment and portfolio concentrations, industry competition and consolidation, and the impact of government regulations. Consumer and residential mortgage loan allocations are made at a total portfolio level based on historical loss experience adjusted for portfolio activity and current economic conditions.

While PNC's commercial and consumer pool reserve methodologies strive to reflect all risk factors, there continues to be a certain element of risk associated with, but not limited to, potential estimation or judgmental errors. Unallocated reserves provide coverage for such risks. While allocations are made to specific loans and pools of loans, the total reserve is available for all credit losses.

Senior management's Reserve Adequacy Committee provides oversight for the allowance evaluation process including quarterly evaluations, and methodology and estimation changes. The results of the evaluations are reported to the Credit Committee of the Board of Directors.

The provision for credit losses for the first six months of 2000 and the evaluation of the allowance for credit losses as of June 30, 2000 reflected changes in loan portfolio composition and changes in asset quality. The unallocated portion of the allowance for credit losses at June 30, 2000 represented 20% of the total allowance and .26% of total loans compared with 20% and .27%, respectively, at December 31, 1999.

ROLLFORWARD OF ALLOWANCE FOR CREDIT LOSSES

In millions	2000	1999
January 1	$674	$753
Charge-offs	(88)	(134)
Recoveries	23	32
Net charge-offs	(65)	(102)
Provision for credit losses	66	103
Divestitures		(81)
June 30	$675	$673

The allowance as a percent of nonaccrual loans and period-end loans was 214% and 1.33%, respectively, at June 30, 2000. The comparable year-end 1999 amounts were 225% and 1.35%, respectively.

CHARGE-OFFS AND RECOVERIES

Six months ended June 30 Dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
2000				
Consumer	$23	$11	$12	.26%
Residential mortgage	3	1	2	.03
Commercial	59	10	49	.45
Lease financing	3	1	2	.13
Total	$88	$23	$65	.26
1999				
Consumer	$34	$14	$20	.37%
Credit card	60	2	58	8.63
Residential mortgage	6	1	5	.08
Commercial	30	13	17	.14
Commercial real estate	1	1		
Lease financing	3	1	2	.16
Total	$134	$32	$102	.38

The actual level of net charge-offs and the provision for credit losses in future periods can be affected by many business and economic factors and may differ from current or historical experience.

INTEREST RATE RISK Interest rate risk arises primarily through the Corporation's traditional business activities of extending loans and accepting deposits. Many factors, including economic and financial conditions, movements in market interest rates and consumer preferences affect the spread between interest earned on assets and interest paid on liabilities. In managing interest rate risk, the Corporation seeks to minimize its reliance on a particular interest rate scenario as a source of earnings while maximizing net interest income and net interest margin. To further these objectives, the Corporation uses securities purchases and sales, long-term and short-term funding, financial derivatives and other capital markets instruments.

Interest rate risk is centrally managed by Asset and Liability Management. The Corporation actively measures and monitors components of interest rate risk including term structure or repricing risk, yield curve or nonparallel rate shift risk, basis risk and options risk. Senior management's Corporate Asset and Liability Committee provides strategic direction to Asset and Liability Management and, in doing so, reviews capital markets activities and interest rate risk exposures. The Finance Committee of the Board of Directors is responsible for overseeing the Corporation's interest rate risk management process.

The Corporation measures and manages both the short-term and long-term effects of changing interest rates. An income simulation model is used to measure the sensitivity of net interest income to changing interest rates over the next twenty-four month period. An economic value of equity model is used to measure the sensitivity of the value of existing on-balance-sheet and off-balance-sheet positions to changing interest rates.

The income simulation model is the primary tool used to measure the direction and magnitude of changes in net interest income resulting from changes in interest rates. Forecasting net interest income and its sensitivity to changes in interest rates requires that the Corporation make assumptions about the volume and characteristics of new business and the behavior of existing positions. These business assumptions are based on the Corporation's experience, business plans and published industry experience. Key assumptions employed in the model include prepayment speeds on mortgage-related assets and consumer loans, loan volumes and pricing, deposit volumes and pricing, the expected life and repricing characteristics of nonmaturity loans and deposits, and management's financial and capital plans.

Because these assumptions are inherently uncertain, the model cannot precisely estimate net interest income or precisely predict the effect of higher or lower interest rates on net interest income. Actual results will differ from simulated results due to the timing, magnitude and frequency of interest rate changes, the difference between actual experience and the assumed volume and characteristics of new business and behavior of existing positions, and changes in market conditions and management strategies, among other factors.

The Corporation's interest rate risk management policies provide that net interest income should not decrease by more than 3% if interest rates gradually increase or decrease from current rates by 100 basis points over a twelve-month period. At June 30, 2000, if interest rates were to gradually increase by 100 basis points over the next twelve months, the model indicated that net interest income would decrease by .9%. If interest rates were to gradually decrease by 100 basis points over the next twelve months, the model indicated that net interest income would increase by 1.1%.

The Corporation models additional interest rate scenarios covering a wider range of rate movements to identify yield curve, term structure and basis risk exposures. These scenarios are developed based on historical rate relationships or management's expectations regarding the future direction and level of interest rates. Depending on market conditions and other factors, these scenarios may be modeled more or less frequently. Such analyses are used to identify inherent risk and develop appropriate strategies.

An economic value of equity model is used by the Corporation to value all current on-balance-sheet and off-balance-sheet positions under a range of instantaneous interest rate changes. The resulting change in the value of equity is the measure of overall long-term interest rate risk inherent in the Corporation's existing on-balance-sheet and off-balance-sheet positions. The Corporation uses the economic value of equity model to complement the net interest income simulation modeling process.

The Corporation's risk management policies provide that the change in economic value of equity should not decline by more than 1.5% of the book value of assets for a 200 basis point instantaneous increase or decrease in interest rates. Based on the results of the economic value of equity model at June 30, 2000, if interest rates were to instantaneously increase by 200 basis points, the model indicated that the economic value of existing on-balance-sheet and off-balance-sheet positions would decline by 1.0% of assets. If interest rates were to instantaneously decrease by 200 basis points, the model indicated that the economic value of existing on-balance-sheet and off-balance-sheet positions would increase by .1% of assets.

LIQUIDITY RISK Liquidity represents the Corporation's ability to obtain cost-effective funding to meet the needs of customers as well as the Corporation's financial obligations. Liquidity is centrally managed by Asset and Liability Management, with oversight provided by the Corporate Asset and Liability Committee and the Finance Committee of the Board of Directors.

Access to capital markets funding sources is a key factor affecting liquidity management. Access to such markets is in part based on the Corporation's credit ratings, which are influenced by a number of factors including capital ratios, credit quality, and earnings. Additional factors that impact liquidity include the maturity structure of existing assets, liabilities, and off-balance-sheet positions, the level of liquid securities and loans available for sale, and the Corporation's ability to securitize and sell various types of loans.

Liquidity can also be provided through the sale of liquid assets, which consist of short-term investments, loans held for sale and securities available for sale. At June 30, 2000, such assets totaled $13.2 billion with $3.9 billion pledged as collateral for borrowing, trust and other commitments. Liquidity can also be obtained through secured advances from the FHLB, of which PNC is a member. These borrowings are generally secured by residential mortgages and mortgage-backed securities. At June 30, 2000, approximately $7.9 billion of residential mortgages were available as collateral for borrowings from the FHLB. Funding can also be obtained through alternative forms of borrowing, including federal funds purchased, repurchase agreements and short-term and long-term debt issuances.

Liquidity for the parent company and subsidiaries is also generated through the issuance of securities in public or private markets and lines of credit. At June 30, 2000, the Corporation had unused capacity under effective shelf registration statements of approximately $1.4 billion of debt and equity securities and $400 million of trust preferred capital securities. In addition, the Corporation had an unused line of credit of $500 million.

The principal source of parent company revenue and cash flow is dividends from subsidiary banks. PNC Bancorp, Inc. is a wholly-owned subsidiary of the parent company and is the holding company for all bank subsidiaries. There are legal limitations on the ability of bank subsidiaries to pay dividends and make other distributions to PNC Bancorp, Inc. and in turn the parent company. Without regulatory approval, the amount available for dividend payments to PNC Bancorp, Inc. by all bank subsidiaries was $380 million at June 30, 2000. Dividends may also be impacted by capital needs, regulatory requirements, corporate policies, contractual restrictions and other factors.

Management believes the Corporation has sufficient liquidity to meet current obligations to borrowers, depositors, debt holders and others. The impact of replacing maturing liabilities is reflected in the income simulation model in the overall asset and liability management process.

MARKET RISK Most of PNC's trading activities are designed to provide capital markets services for customers. The performance of PNC's trading operations is predominantly based on providing services to customers and not on positioning the Corporation's portfolio for gains from market movements.

Market risk associated with trading, capital markets and foreign exchange activities is managed using a value-at-risk approach that combines interest rate risk, foreign exchange rate risk, spread risk and volatility risk. Exposure is measured as the potential loss due to a two standard deviation, one-day move. The combined period-end value-at-risk of all trading operations using this measurement was less than $600 thousand at June 30, 2000.

FINANCIAL DERIVATIVES A variety of off-balance-sheet financial derivatives are used as part of the overall risk management process to manage the interest rate, market and credit risk inherent in the Corporation's business activities. Interest rate swaps and purchased interest rate caps and floors are the primary instruments used for interest rate risk management. Interest rate swaps are agreements to exchange fixed and floating interest rate payments calculated on a notional principal amount. The floating rate is based on a money market index, primarily short-term LIBOR. Purchased interest rate caps and floors are agreements where, for a fee, the counterparty agrees to pay the Corporation the amount, if any, by which a specified market interest rate exceeds or is less than a defined rate applied to a notional amount, respectively.

Forward contracts provide for the delivery of financial instruments at a specified future date and at a specified price or yield. Such contracts are primarily used to manage risk positions associated with certain residential mortgage banking and student lending activities.

Credit-related derivatives provide, for a fee, an assumption of a portion of the credit risk associated with the underlying financial instruments. Such contracts are primarily used to manage credit risk and regulatory capital associated with commercial lending activities.

Financial derivatives involve, to varying degrees, interest rate, market and credit risk in excess of the amount on the balance sheet, but less than the notional amount of the contract. For interest rate swaps, caps and floors, only periodic cash payments and, with respect to caps and floors, premiums, are exchanged. Therefore, cash requirements and exposure to credit risk are significantly less than the notional value.

During the first six months of 2000, financial derivatives used in interest rate risk management decreased net interest income by $17 million compared with a $32 million increase in the prior-year period.

The following table sets forth changes in the notional value of off-balance-sheet financial derivatives used for risk management during the first six months of 2000.

FINANCIAL DERIVATIVES ACTIVITY
<TABLE>
<CAPTION>

2000 - dollars in millions	January 1	Additions	Maturities	Terminations	June 30	Weighted-Average Maturity
Interest rate risk management						
Interest rate swaps						
Receive fixed	$7,413	$368	$(1,075)	$(1,000)	$5,706	2 yrs. 9 mos.
Pay fixed	5				5	6 mos.
Basis swaps	1,650	773	(104)		2,319	3 yrs. 9 mos.
Interest rate caps	474		(82)	(17)	375	4 yrs.
Interest rate floors	3,311		(25)	(14)	3,272	1 yr. 11 mos.
Total interest rate risk management	12,853	1,141	(1,286)	(1,031)	11,677	
Mortgage banking risk management						
Residential						
Forward contracts						
Commitments to purchase loans	304	12,444	(12,408)		340	2 mos.
Commitments to sell loans	1,194	15,939	(14,778)		2,355	2 mos.
Options	96	426	(269)		253	2 mos.
Options - MSR	7,675	405			8,080	3 yrs. 5 mos.
Total residential	9,269	29,214	(27,455)		11,028	
Commercial - interest rate swaps	643	861	(85)	(883)	536	6 yrs.
Total mortgage banking risk management	9,912	30,075	(27,540)	(883)	11,564	
Student lending activities						
Forward contracts	681	86	(3)	(354)	410	2 yrs. 1 mo.
Credit-related activities						
Credit default swaps	4,315	93			4,408	1 yr. 2 mos.

Total	$27,761	$31,395	$(28,829)	$(2,268)	$28,059

The following table sets forth, by designated assets and liabilities, the notional value and the estimated fair value of financial derivatives used for risk management. Weighted-average interest rates presented are those expected to be in effect based on the implied forward yield curve at June 30, 2000.

FINANCIAL DERIVATIVES

June 30, 2000 - dollars in millions	Notional Value	Estimated Fair Value	Weighted-Average Interest Rates Paid	Weighted-Average Interest Rates Received
Interest rate risk management				
Asset rate conversion				
Interest rate swaps (1)				
Receive fixed designated to loans	$4,000	$(48)	7.02%	5.49%
Basis swaps designated to other earning assets	245	12	6.50	6.99
Interest rate caps designated to loans (2)	375	11	NM	NM
Interest rate floors designated to loans (3)	3,272	(1)	NM	NM
Total asset rate conversion	7,892	(26)		
Liability rate conversion				
Interest rate swaps (1)				
Receive fixed designated to:				
Interest-bearing deposits	125	(2)	7.06	6.73
Borrowed funds	1,581	(31)	7.04	6.49
Pay fixed designated to borrowed funds	5	1	6.09	7.51
Basis swaps designated to borrowed funds	2,074	2	7.01	7.06
Total liability rate conversion	3,785	(30)		
Total interest rate risk management	11,677	(56)		
Mortgage banking risk management				
Residential				
Forward contracts				
Commitments to purchase loans	340	11	NM	NM
Commitments to sell loans	2,355	(13)	NM	NM
Options	253	5	NM	NM
Options - MSR (3)	8,080	32	NM	NM
Total residential	11,028	35		
Commercial				
Pay fixed interest rate swaps designated to securities (1)	154	11	5.86	7.10
Pay fixed interest rate swaps designated to loans (1)	382	17	6.64	6.81
Total commercial	536	28		

Total mortgage banking risk management	11,564	63		
Student lending activities				
Forward contracts	410		NM	NM
Credit-related activities				
Credit default swaps	4,408	(3)	NM	NM
Total financial derivatives	$28,059	$4		

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 30% were based on 1-month LIBOR, 67% on 3-month LIBOR and the remainder on other short-term indices.
(2) Interest rate caps with notional values of $89 million, $113 million and $169 million require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over a weighted-average strike of 6.09%, 1-month LIBOR over a weighted-average strike of 5.67% and Prime over a weighted-average strike of 8.77%, respectively. At June 30, 2000, 3-month LIBOR was 6.77%, 1-month LIBOR was 6.64% and Prime was 9.50%.
(3) Interest rate floors with notional values of $3.0 billion, $3.8 billion and $3.4 billion require the counterparty to pay the Corporation the excess, if any, of the weighted-average strike of 4.63% over 3-month LIBOR, the weighted-average strike of 5.08% over 10-year CMT and the weighted-average strike of 5.16% over 10-year CMS, respectively. At June 30, 2000, 3-month LIBOR was 6.77%, 10-year CMT was 6.03% and 10-year CMS was 7.25%.
NM - Not meaningful

OTHER DERIVATIVES To accommodate customer needs, PNC enters into customer-related financial derivative transactions primarily consisting of interest rate swaps, caps, floors and foreign exchange contracts. Risk exposure from customer positions is managed through transactions with other dealers.

Additionally, the Corporation enters into other derivative transactions for risk management purposes. These positions are recorded at estimated fair value and changes in value are included in results of operations.

OTHER DERIVATIVES
<TABLE>
<CAPTION>

	At June 30, 2000				
In millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)	Average Fair Value*
<S>	<C>	<C>	<C>	<C>	<C>
Customer-related					
Interest rate					
Swaps	$12,909	$128	$(132)	$(4)	$(6)
Caps/floors					
Sold	4,367		(24)	(24)	(27)
Purchased	4,192	22		22	25
Foreign exchange	4,150	59	(47)	12	7
Other	3,270	42	(40)	2	4
Total customer-related	28,888	251	(243)	8	3
Other	1,218	6	(1)	5	6
Total other derivatives	$30,106	$257	$(244)	$13	$9

</TABLE>

* For the six months ended June 30, 2000

FINANCIAL REVIEW

SECOND QUARTER 2000 VS. SECOND QUARTER 1999

Consolidated net income for the second quarter of 2000 was $315 million or $1.06 per diluted share, an 8% increase compared with core diluted earnings per share for the second quarter of 1999. Return on average common shareholders' equity was 21.91% and return on average assets was 1.68% for the second quarter of 2000 compared with 21.21% and 1.60%, respectively, on a core basis for the second quarter of 1999. Cash earnings per diluted share were $1.16 for the second quarter of 2000, up 12% compared with core cash earnings per diluted share a year ago. Reported earnings for the second quarter of 1999 were $315 million or $1.03 per diluted share. Core earnings per diluted share, which exclude the gain from the sale of Concord stock partially offset by a contribution to the PNC Foundation, were $.98. Core cash earnings per diluted share were $1.04 in the second quarter of 1999.

Taxable-equivalent net interest income was $555 million for the second quarter of 2000, a $57 million decrease compared with the second quarter of 1999. The net interest margin was 3.41% for the second quarter of 2000 compared with 3.64% in the second quarter of 1999. The decreases were primarily due to funding costs related to the ISG acquisition, downsizing of certain credit-related businesses in 1999 and the impact of the higher interest rate environment.

The provision for credit losses was $35 million in the second quarter of 2000 and net charge-offs were $34 million, compared with $25 million and $24 million, respectively, in the prior-year period.

Noninterest income of $796 million for the second quarter of 2000 increased $173 million or 28% compared with the prior-year quarter, excluding the $41 million gain on the sale of Concord stock in 1999. The increase was primarily driven by growth in fee-based businesses, the benefit of the ISG acquisition and higher equity management revenue.

Asset management fees of $196 million for the second quarter of 2000 increased $27 million or 16% compared with the second quarter of 1999 primarily driven by new business. Assets under management were $224 billion at June 30, 2000, a 19% increase compared with June 30, 1999. Fund servicing fees were $164 million for the second quarter of 2000, a $110 million increase compared with the second quarter of 1999 primarily driven by the ISG acquisition. Excluding ISG, fund servicing fees increased $11 million or 20% compared with the prior-year quarter primarily due to existing client growth, new business and market appreciation.

Brokerage fees of $60 million for the second quarter of 2000 increased $7 million or 13% compared with the second quarter of 1999 reflecting the expansion of Hilliard Lyons' distribution network and the impact of higher activity in the equity markets. Consumer services revenue of $56 million for the second quarter of 2000 increased $4 million or 8% compared with the prior-year quarter primarily due to an increase in consumer transaction volume.

Corporate services revenue of $80 million for the second quarter of 2000 decreased $4 million compared with the second quarter of 1999 primarily due to a lower level of commercial mortgage-backed securitization gains.

Net residential mortgage banking revenue of $62 million for the second quarter of 2000 decreased $8 million compared with the prior-year quarter as an increase in net servicing revenue was more than offset by the impact of lower origination activity. Residential mortgage originations totaled $4 billion for the second quarter of 2000 compared with $6 billion in the prior-year quarter.

Equity management revenue was $48 million for the second quarter of 2000 compared with $17 million in the second quarter of 1999.

There were no net securities gains in the second quarter of 2000. Net securities gains were $42 million for the second quarter of 1999, substantially all related to the gain from the sale of Concord stock. Other noninterest income of $80 million for the second quarter of 2000 increased $8 million compared with the second quarter of 1999.

Noninterest expense was $827 million and the efficiency ratio was 56% in the second quarter of 2000 compared with $737 million and 54%, respectively, in the second quarter of 1999, excluding non-core items. The increases were primarily related to the ISG acquisition and higher expenses commensurate with fee-based revenue growth.

Average earning assets were $64.8 billion for the second quarter of 2000 compared with $66.9 billion for the second quarter of 1999. Average earning assets declined primarily due to a decrease in average loans, which resulted from the decision to exit certain non-strategic wholesale lending businesses and the continued downsizing of the indirect automobile lending portfolio. Average securities available for sale decreased $1.4 billion compared with the prior-year quarter. Average loans held for sale increased $1.0 billion compared with the prior-year quarter primarily as a result of exiting certain non-strategic wholesale lending businesses during 1999.

Average deposits were $46.7 billion and represented 62% of total sources of funds for the second quarter of 2000 compared with $45.5 billion and 61%, respectively, in the second quarter of 1999. The increase in deposits was primarily due to increases in interest-bearing demand and money market deposits that resulted from marketing initiatives in the consumer bank.

Average borrowed funds were $19.4 billion for the second quarter of 2000 compared with $20.5 billion for the second quarter of 1999.

The ratio of nonperforming assets to total loans, loans held for sale and foreclosed assets was .66% at June 30, 2000 compared with .59% at June 30, 1999. Nonperforming assets were $364 million at June 30, 2000 compared with $333 million at June 30, 1999.

The allowance for credit losses was $675 million and represented 1.33% of period-end loans and 214% of nonaccrual loans at June 30, 2000. The comparable ratios were 1.29% and 224%, respectively, at June 30, 1999. Net charge-offs were $34 million or .27% of average loans in the second quarter of 2000 compared with $24 million or .18%, respectively, in the second quarter of 1999.

CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
In millions, except per share data	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Loans and fees on loans	$1,018	$989	$2,009	$2,101
Securities available for sale	123	130	240	236
Loans held for sale	97	66	204	122
Other	27	19	49	35
Total interest income	1,265	1,204	2,502	2,494
INTEREST EXPENSE				
Deposits	397	333	766	684
Borrowed funds	318	264	626	545
Total interest expense	715	597	1,392	1,229

Net interest income	550	607	1,110	1,265
Provision for credit losses	35	25	66	103
Net interest income less provision for credit losses	515	582	1,044	1,162
NONINTEREST INCOME				
Asset management	196	169	382	330
Fund servicing	164	54	319	106
Service charges on deposits	50	51	100	101
Brokerage	60	53	131	109
Consumer services	56	52	107	126
Corporate services	80	84	162	21
Net residential mortgage banking	62	70	116	130
Equity management	48	17	135	26
Net securities (losses) gains		42	(3)	42
Other	80	72	136	404
Total noninterest income	796	664	1,585	1,395
NONINTEREST EXPENSE				
Staff expense	428	364	872	776
Net occupancy	50	52	107	139
Equipment	57	51	117	139
Amortization	28	21	56	49
Marketing	21	17	36	32
Distributions on capital securities	17	16	33	32
Other	226	246	453	423
Total noninterest expense	827	767	1,674	1,590
Income before income taxes	484	479	955	967
Income taxes	169	164	332	327
Net income	$315	$315	$623	$640
Net income applicable to diluted earnings	$311	$311	$614	$631
EARNINGS PER COMMON SHARE				
Basic	$1.07	$1.04	$2.11	$2.10
Diluted	1.06	1.03	2.09	2.08
CASH DIVIDENDS DECLARED PER COMMON SHARE	.45	.41	.90	.82
AVERAGE COMMON SHARES OUTSTANDING				
Basic	289.8	297.4	290.8	

				299.9
Diluted	292.2	300.9	293.1	303.2

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

In millions, except par value	June 30 2000	December 31 1999
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$3,138	$3,097
Short-term investments	1,408	1,148
Loans held for sale	4,510	5,798
Securities available for sale	7,302	7,611
Loans, net of unearned income of $732 and $724	50,942	50,046
Allowance for credit losses	(675)	(674)
Net loans	50,267	49,372
Goodwill and other amortizable assets	4,366	4,123
Other	4,746	4,264
Total assets	$75,737	$75,413
LIABILITIES		
Deposits		
Noninterest-bearing	$9,088	$8,441
Interest-bearing	38,338	38,227
Total deposits	47,426	46,668
Borrowed funds		
Federal funds purchased	882	1,281
Repurchase agreements	994	1,122
Bank notes and senior debt	6,878	6,975
Federal Home Loan Bank borrowings	6,406	6,656
Subordinated debt	2,426	2,327
Other borrowed funds	999	986
Total borrowed funds	18,585	19,347
Other	2,721	2,604

Total liabilities	68,732	68,619
Mandatorily redeemable capital securities of subsidiary trusts	848	848
SHAREHOLDERS' EQUITY		
Preferred stock	7	7
Common stock - $5 par value		
Authorized 450 shares		
Issued 353 shares	1,764	1,764
Capital surplus	1,287	1,276
Retained earnings	6,358	6,006
Deferred benefit expense	(18)	(17)
Accumulated other comprehensive loss	(254)	(267)
Common stock held in treasury at cost: 64 and 60 shares	(2,987)	(2,823)
Total shareholders' equity	6,157	5,946
Total liabilities, capital securities and shareholders' equity	$75,737	$75,413

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Six months ended June 30 - in millions	2000	1999
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$623	$640
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	66	103
Depreciation, amortization and accretion	272	217
Deferred income taxes	194	98
Net securities (losses) gains	(1)	14
Gain on sale of businesses		(290)
Valuation adjustments	23	142
Change in		
Loans held for sale	1,265	83
Other	(1,195)	(604)
Net cash provided by operating activities	1,247	403
INVESTING ACTIVITIES		
Net change in loans	(1,005)	340

Repayment of securities available for sale	450	750
Sales		
Securities available for sale	3,700	5,687
Loans	16	312
Foreclosed assets	21	21
Purchases		
Securities available for sale	(3,854)	(7,676)
Loans		(363)
Net cash (paid) received for divestitures	(4)	3,261
Other	(117)	(27)
Net cash (used) provided by investing activities	(793)	2,305
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing deposits	647	(855)
Interest-bearing deposits	111	1,044
Federal funds purchased	(399)	(70)
Sale/issuance		
Repurchase agreements	79,564	71,290
Bank notes and senior debt	2,847	1,320
Federal Home Loan Bank borrowings	2,750	250
Subordinated debt	593	254
Other borrowed funds	20,335	16,790
Common stock	71	67
Repayment/maturity		
Repurchase agreements	(79,692)	(70,921)
Bank notes and senior debt	(2,945)	(3,226)
Federal Home Loan Bank borrowings	(3,000)	(1,937)
Subordinated debt	(494)	(5)
Other borrowed funds	(20,292)	(16,256)
Acquisition of treasury stock	(238)	(543)
Cash dividends paid	(271)	(256)
Net cash used by financing activities	(413)	(3,054)
INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	41	(346)
Cash and due from banks at beginning of year	3,097	2,534
Cash and due from banks at end of period	$3,138	$2,188
CASH PAID FOR		
Interest	$1,408	$1,286
Income taxes	181	108
NON-CASH ITEMS		
Transfer from loans to loans held for sale		1,489
Transfer from loans to other assets	22	

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</TABLE>

See accompanying Notes to Consolidated Financial Statements.

THE PNC FINANCIAL SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS The PNC Financial Services Group, Inc. ("Corporation" or "PNC") is one of the largest diversified financial services companies in the United States operating regional banking, corporate banking, real estate finance, asset-based lending, asset management, global fund services and mortgage banking businesses that provide products and services nationally and in PNC's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky. The Corporation is subject to intense competition from other financial services companies and is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by those authorities.

ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENT PRESENTATION The unaudited consolidated interim financial statements include the accounts of PNC and its subsidiaries, most of which are wholly owned. Such statements have been prepared in accordance with accounting principles generally accepted in the United States. All significant intercompany accounts and transactions have been eliminated.

In the opinion of management, the financial statements reflect all adjustments of a normal recurring nature necessary for a fair statement of results for the interim periods presented. Certain prior-period amounts have been reclassified to conform with the current period presentation. These classifications did not impact the Corporation's financial condition or results of operations.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported. Actual results will differ from such estimates and the differences may be material to the consolidated financial statements.

The notes included herein should be read in conjunction with the audited consolidated financial statements included in The PNC Financial Services Group, Inc.'s 1999 Annual Report.

RECENT ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards ("SFAS") No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133" (an amendment of SFAS No. 133), issued in June 1999, defers the effective date of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," until fiscal years beginning after June 15, 2000. The Corporation expects to adopt SFAS No. 133, as amended by SFAS No. 137, effective January 1, 2001, the statement's effective date.

The impact of adopting the provisions of this statement on PNC's financial position and results of operations is currently not estimable and will depend on the financial position of the Corporation and the nature and purpose of the derivative instruments in place as of the effective date.

This statement requires the Corporation to recognize all financial derivatives on the balance sheet at fair value. Derivatives that do not qualify as hedges must be adjusted to fair value through results of operations. If the derivative is a hedge as defined by the statement, changes in the fair value of derivatives will be either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through results of operations or recognized in other comprehensive income until the hedged item is recognized in results of operations based on the nature of the hedge. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

CASH FLOWS

During the first six months of 2000, acquisition activity that affected cash flows consisted of $22 million of acquired assets, $2 million of acquired liabilities and cash payments totaling $3 million. During the first six months of 1999, divestiture activity that affected cash flow consisted of $3.1 billion of divested assets and cash receipts of $3.3 billion in cash and due from banks.

TRADING ACTIVITIES

PNC engages in trading activities as part of the Corporation's risk management strategies and for "market making" in equity securities. Additionally, PNC participates in derivatives and foreign exchange trading as an accommodation to customers.

Net trading income for the first six months of 2000 totaled $56 million compared with a net trading loss of $10 million for the prior-year period that were included in noninterest income as follows:

Six months ended June 30 - in millions	2000	1999
Net residential mortgage banking		
Risk management	$15	$(42)
Other income		
Market making	23	24
Derivatives trading	7	1
Foreign exchange	11	7
Net trading income (loss)	$56	$(10)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECURITIES AVAILABLE FOR SALE

<TABLE>
<CAPTION>

In millions	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
JUNE 30, 2000				
PORTFOLIO SECURITIES				
Debt securities				
U.S. Treasury and government agencies	$153		$(5)	$148
Mortgage-backed	3,661	$1	(160)	3,502
Asset-backed	954	1	(32)	923
State and municipal	116	2	(5)	113
Other debt	39		(1)	38
Total debt securities	4,923	4	(203)	4,724
Corporate stocks and other	587	12	(4)	595
Total	5,510	16	(207)	5,319
RESIDENTIAL MORTGAGE BANKING RISK MANAGEMENT				
Debt securities				
U.S. Treasury and government agencies	1,727	1	(177)	1,551
Mortgage-backed	435	3	(6)	432
Total	2,162	4	(183)	1,983
Total securities available for sale	$7,672	$20	$(390)	$7,302
DECEMBER 31, 1999				
PORTFOLIO SECURITIES				
Debt securities				
U.S. Treasury and government agencies	$411		$(11)	$400
Mortgage-backed	3,918	$2	(151)	3,769
Asset-backed	1,051		(24)	1,027

State and municipal	134	2	(5)	131
Other debt	40		(1)	39
Total debt securities	5,554	4	(192)	5,366
Corporate stocks and other	590	9	(5)	594
Total	6,144	13	(197)	5,960
RESIDENTIAL MORTGAGE BANKING RISK MANAGEMENT				
Debt securities				
U.S. Treasury and government agencies	1,791		(204)	1,587
Mortgage-backed	68		(4)	64
Total	1,859		(208)	1,651
Total securities available for sale	$8,003	$13	$(405)	$7,611

</TABLE>

The fair value of securities available for sale at June 30, 2000 was $7.3 billion, $309 million lower than December 31, 1999. Total securities used to hedge residential mortgage servicing rights were $2.0 billion at June 30, 2000. Portfolio securities represented 7% of total assets at June 30, 2000. The expected weighted-average life of the portfolio securities decreased to 4 years and 5 months at June 30, 2000 compared with 4 years and 7 months at year-end 1999. The expected weighted-average life of total securities available for sale at June 30, 2000 remained consistent at 5 years and 7 months compared with year-end 1999.

Net securities gains of $1 million and losses of $14 million for the first six months of 2000 and 1999, respectively, were reported as follows:

Six months ended June 30 - in millions	2000	1999
Net securities (losses) gains	$(3)	$42
Net residential mortgage banking	2	(56)
Corporate services	2	
Total	$1	$(14)

Net securities losses were $3 million for the first six months of 2000. Net securities gains were $42 million for the first six months of 1999, substantially all related to the gain from the sale of Concord EFS, Inc. stock. Net securities gains of $2 million and net securities losses of $56 million related to residential mortgage banking risk management strategies were reported in net residential mortgage banking revenue in the first six months of 2000 and 1999, respectively. Net securities gains of $2 million for the first six months of 2000, related to commercial mortgage banking activities, were included in corporate services revenue.

NONPERFORMING ASSETS

Nonperforming assets were as follows:

In millions	June 30 2000	December 31 1999
Nonaccrual loans	$316	$299
Foreclosed and other assets	48	39
Total nonperforming assets	$364	$338

The above table excludes $18 million and $13 million of equity management assets at June 30, 2000 and December 31, 1999, respectively, carried at estimated fair value.

ALLOWANCE FOR CREDIT LOSSES
Changes in the allowance for credit losses were as follows:

In millions	2000	1999
Allowance at January 1	$674	$753
Charge-offs		
Consumer	(23)	(34)
Credit card		(60)
Residential mortgage	(3)	(6)
Commercial	(59)	(30)
Commercial real estate		(1)
Lease financing	(3)	(3)
Total charge-offs	(88)	(134)
Recoveries		
Consumer	11	14
Credit card		2
Residential mortgage	1	1
Commercial	10	13
Commercial real estate		1
Lease financing	1	1
Total recoveries	23	32
Net charge-offs		
Consumer	(12)	(20)
Credit card		(58)
Residential mortgage	(2)	(5)
Commercial	(49)	(17)
Lease financing	(2)	(2)
Total net charge-offs	(65)	(102)
Provision for credit losses	66	103
Divestitures		(81)
Allowance at June 30	$675	$673

FINANCIAL DERIVATIVES
FAIR VALUE OF FINANCIAL DERIVATIVES The notional and fair values of financial derivatives used for risk management were as follows:

In millions	Notional Value	Positive Fair Value	Notional Value	Negative Fair Value
JUNE 30, 2000				
Interest rate				
Swaps	$3,628	$30	$4,402	$(96)
Caps	375	11		
Floors	3,000		272	(1)
Total interest rate risk management	7,003	41	4,674	(97)
Mortgage banking risk management	8,951	78	2,613	(15)
Forward contracts	410			
Credit default swaps	153		4,255	(3)
Total	$16,517	$119	$11,542	$(115)
DECEMBER 31, 1999				
Interest rate				
Swaps	$3,666	$46	$5,402	$(108)
Caps	474	12		
Floors	3,000	1	311	(1)
Total interest rate risk management	7,140	59	5,713	(109)
Mortgage banking risk management	8,747	80	1,165	(1)
Forward contracts	681			
Credit default swaps	60		4,255	(4)
Total	$16,628	$139	$11,133	$(114)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

OTHER DERIVATIVES The following schedule sets forth information relating to positions associated with customer-related and other derivatives.

	At June 30				
In millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)	Average Fair Value *
2000					
Customer-related					
Interest rate					
Swaps	$12,909	$128	$(132)	$(4)	$(6)
Caps/floors					
Sold	4,367		(24)	(24)	(27)
Purchased	4,192	22		22	25
Foreign exchange	4,150	59	(47)	12	7
Other	3,270	42	(40)	2	4
Total customer-related	28,888	251	(243)	8	3
Other	1,218	6	(1)	5	6
Total other derivatives	$30,106	$257	$(244)	$13	$9

* For the six months ended June 30, 2000

	At December 31 1999				
In millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)	Average Fair Value
1999					
Customer-related					
Interest rate					
Swaps	$17,103	$110	$(116)	$(6)	$(13)
Caps/floors					
Sold	3,440		(25)	(25)	(20)
Purchased	3,337	22		22	18
Foreign exchange	3,310	47	(36)	11	7
Other	2,161	22	(9)	13	3
Total customer-related	29,351	201	(186)	15	

(5) Other	1,238	6		6	4
Total other derivatives	$30,589	$207	$(186)	$21	$(1)

</TABLE>

LITIGATION
The Corporation and persons to whom the Corporation may have indemnification obligations, in the normal course of business, are subject to various pending and threatened lawsuits in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not at the present time anticipate the ultimate aggregate liability, if any, arising out of such lawsuits will have a material adverse effect on the Corporation's financial position. At the present time, management is not in a position to determine whether any such pending or threatened litigation will have a material adverse effect on the Corporation's results of operations in any future reporting period.

COMPREHENSIVE INCOME
Total comprehensive income was $325 million for the second quarter of 2000 and $636 million for the first six months of 2000, compared with $156 million and $435 million, respectively, in 1999.

EARNINGS PER SHARE
The following table sets forth basic and diluted earnings per share calculations.

<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
In millions, except share and per share data	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
CALCULATION OF BASIC EARNINGS PER COMMON SHARE				
Net income	$315	$315	$623	$640
Less: Preferred dividends declared	5	5	10	9
Net income applicable to basic earnings per common share	$310	$310	$613	$631
Basic weighted-average common shares outstanding (in thousands)	289,804	297,427	290,847	299,851
BASIC EARNINGS PER COMMON SHARE	$1.07	$1.04	$2.11	$2.10
CALCULATION OF DILUTED EARNINGS PER COMMON SHARE				
Net income	$315	$315	$623	$640
Less: Dividends declared on nonconvertible preferred stock Series F	4	4	9	9
Net income applicable to diluted earnings per common share	$311	$311	$614	$631

Basic weighted-average common shares outstanding (in thousands)	289,804	297,427	290,847	299,851
Weighted-average common shares to be issued using average market price and assuming:				
Conversion of preferred stock Series A and B	121	133	121	136
Conversion of preferred stock Series C and D	1,012	1,077	1,020	1,087
Conversion of debentures	20	24	21	24
Exercise of stock options	1,163	1,866	924	1,674
Incentive share awards	69	380	216	380
Diluted weighted-average common shares outstanding (in thousands)	292,189	300,907	293,149	303,152
DILUTED EARNINGS PER COMMON SHARE	$1.06	$1.03	$2.09	$2.08

</TABLE>

SEGMENT REPORTING

PNC operates eight major businesses engaged in regional banking, corporate banking, real estate finance, asset-based lending, asset management, global fund services and mortgage banking activities: Regional Banking, Corporate Banking, PNC Real Estate Finance, PNC Business Credit, PNC Advisors, BlackRock, PFPC and PNC Mortgage.

Business results are presented based on PNC's management accounting practices and the Corporation's current management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to generally accepted accounting principles; therefore, PNC's business results are not necessarily comparable with similar information for any other financial services institution. Financial results are presented to the extent practicable as if each business operated on a stand-alone basis.

The presentation of business results was changed during the first quarter of 2000 to reflect the Corporation's current operating strategy and recent organizational changes. Middle market and equipment leasing activities (previously included in Regional Banking) are reported in Corporate Banking. In addition, PNC Real Estate Finance and PNC Business Credit are reported separately within PNC Secured Finance. Regional real estate lending activities (previously included in Regional Banking) are reported in PNC Real Estate Finance. Business financial results for the first six months of 2000 and 1999 are presented consistent with this structure.

The management accounting process uses various balance sheet and income statement assignments and transfers to measure performance of the businesses. Methodologies change from time to time as management accounting practices are enhanced and businesses change. Securities or borrowings and related net interest income are assigned based on the net asset or liability position of each business. Capital is assigned based on management's assessment of inherent risks and equity levels at independent companies providing similar products and services. The allowance for credit losses is allocated to the businesses based on risk inherent in the loan portfolios. Support areas not directly aligned with the businesses are allocated primarily based on the utilization of services.

Total business financial results differ from consolidated financial results primarily due to differences between management accounting practices and generally accepted accounting principles, divested and exited businesses, equity management activities, minority interests, residual asset and liability management activities, eliminations and unassigned items, the impact of which is reflected in Other.

BUSINESS SEGMENT PRODUCTS AND SERVICES

Regional Banking provides credit, deposit, branch-based brokerage and electronic banking products and services to retail customers as well as credit, treasury management and capital markets products and services to small businesses primarily within PNC's geographic region.

Corporate Banking provides specialized credit, equipment leasing, treasury management and capital markets products and services to large and mid-sized corporations, institutions and government entities primarily within PNC's geographic region.

PNC Real Estate Finance provides credit products, capital markets financing, treasury management, commercial mortgage loan servicing and other products and services to developers, owners and investors in commercial real estate.

PNC Business Credit provides asset-based lending, capital markets and treasury management products and services to middle market customers on a national basis.

PNC Advisors offers customized investment management, high-end brokerage, personal trust, estate planning and traditional banking services to affluent and wealthy individuals, and investment management, trust and administrative services to pension funds, 401(k) plans and charitable organizations.

BlackRock manages assets for institutions and individuals through a variety of fixed income, liquidity, equity and alternative investment products, including BlackRock's flagship fund families.

PFPC, the Corporation's global fund services subsidiary, provides a wide range of processing services to the investment management community. PFPC provides customized services to clients in the United States and to the global funds marketplace through its Dublin, Ireland operation.

PNC Mortgage originates, purchases and services residential mortgages and related products. PNC Mortgage also acquires and securitizes residential mortgages as private-label, mortgage-backed securities and performs the master servicing of those securities for investors.

RESULTS OF BUSINESSES

<TABLE>
<CAPTION>

Three months ended June 30 In millions	Regional Banking	Corporate Banking	PNC Real Estate Finance	PNC Business Credit	PNC Advisors	BlackRock	PFPC	PNC Mortgage	Other	Total PNC
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
2000										
INCOME STATEMENT										
Net interest income*	$359	$138	$32	$25	$33	$1	$(12)	$5	$(26)	$555
Noninterest income	155	68	25	4	161	113	165	77	28	796
Total revenue	514	206	57	29	194	114	153	82	2	1,351
Provision for credit losses	10	23		2						35
Depreciation and amortization	21	4	5		3	5	13	3	12	66
Other noninterest expense	249	91	27	7	120	73	124	53	17	761
Pretax earnings	234	88	25	20	71	36	16	26	(27)	489
Income taxes	82	32	5	7	26	15	6	10	(9)	174
Earnings	$152	$56	$20	$13	$45	$21	$10	$16	$(18)	$315
Inter-segment revenue	$1	$7	$(2)	$(2)	$5	$20		$10	$(39)	
Average assets	$38,498	$16,270	$5,826	$2,262	$3,556	$480	$1,571	$6,897	$193	$75,553

1999										
INCOME STATEMENT										
Net interest income*	$357	$118	$30	$17	$34	$(3)	$2	$31	$26	$612
Noninterest income	146	64	30	2	152	92	55	85	38	664
Total revenue	503	182	60	19	186	89	57	116	64	1,276
Provision for credit losses	15	11		1	(1)				(1)	25
Depreciation and amortization	19	4	5		4	4	1	2	16	55
Other noninterest expense	243	88	26	6	119	61	39	91	39	712
Pretax earnings	226	79	29	12	64	24	17	23	10	484
Income taxes	83	28	7	4	25	10	6	10	(4)	169
Earnings	$143	$51	$22	$8	$39	$14	$11	$13	$14	$315
Inter-segment revenue	$2	$2	$(1)		$3	$20		$12	$(38)	
Average assets	$37,819	$15,589	$5,630	$1,718	$3,358	$406	$258	$7,016	$3,266	$75,060

Six months ended June 30
In millions

2000										
INCOME STATEMENT										
Net interest income*	$703	$272	$59	$49	$68	$2	$(22)	$10	$(21)	$1,120
Noninterest income	288	148	44	8	330	221	320	148	78	1,585
Total revenue	991	420	103	57	398	223	298	158	57	2,705
Provision for credit losses	22	38		2	3				1	66
Depreciation and amortization	42	7	10	1	7	10	26	5	26	134
Other noninterest expense	492	189	57	13	251	144	246	116	32	1,540
Pretax earnings	435	186	36	41	137	69	26	37	(2)	965
Income taxes	154	66	3	15	51	29	10	15	(1)	342
Earnings	$281	$120	$33	$26	$86	$40	$16	$22	$(1)	$623
Inter-segment revenue	$1	$3			$7	$41		$19	$(71)	
Average assets	$38,182	$16,110	$5,604	$2,173	$3,577	$434	$1,587	$6,615	$833	$75,115
1999										
INCOME STATEMENT										
Net interest income *	$709	$232	$60	$33	$67	$(6)	$5	$56	$120	$1,276
Noninterest income	267	122	48	4	298	180	106	161	209	1,395

Total revenue	976	354	108	37	365	174	111	217	329	2,671
Provision for credit losses	33	14		1					55	103
Depreciation and amortization	42	7	10	1	7	9	3	5	104	188
Other noninterest expense	491	169	50	11	236	120	73	171	81	1,402
Pretax earnings	410	164	48	24	122	45	35	41	89	978
Income taxes	151	59	11	8	47	19	13	17	13	338
Earnings	$259	$105	$37	$16	$75	$26	$22	$24	$76	$640
Inter-segment revenue	$3	$1			$5	$39		$21	$(69)	
Average assets	$37,673	$15,634	$5,632	$1,658	$3,304	$403	$263	$7,050	$4,386	$76,003

</TABLE>

* Taxable-equivalent basis

STATISTICAL INFORMATION

CONSOLIDATED AVERAGE BALANCE SHEET AND NET INTEREST ANALYSIS

<TABLE>
<CAPTION>

	Six months ended June 30					
	2000			1999		
Dollars in millions Taxable-equivalent basis	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-earning assets						
Loans held for sale	$5,077	$204	8.02%	$3,555	$123	6.88%
Securities available for sale						
U.S. Treasury and government agencies and corporations	3,733	101	5.44	4,720	120	5.11
Other debt	3,660	120	6.52	3,186	98	6.15
Other	616	21	6.97	695	20	5.83
Total securities available for sale	8,009	242	6.05	8,601	238	5.56
Loans, net of unearned income						
Consumer	9,248	390	8.46	10,841	440	8.19
Credit card				1,355	100	14.90
Residential mortgage	13,001	461	7.09	12,341	433	7.02
Commercial	21,918	911	8.22	23,705	900	7.55
Commercial real estate	2,690	118	8.67	3,397	132	7.71

Lease financing	3,004	109	7.26	2,461	87	7.08
Other	682	28	8.28	476	17	7.27
Total loans, net of unearned income	50,543	2,017	7.94	54,576	2,109	7.73
Other	1,245	49	7.99	1,121	35	6.29
Total interest-earning assets/interest income	64,874	2,512	7.71	67,853	2,505	7.38
Noninterest-earning assets						
Allowance for credit losses	(686)			(711)		
Cash and due from banks	2,598			2,052		
Other assets	8,329			6,809		
Total assets	$75,115			$76,003		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Demand and money market	$18,893	297	3.17	$17,258	231	2.69
Savings	2,123	18	1.69	2,503	20	1.62
Retail certificates of deposit	14,497	386	5.35	14,381	356	4.99
Other time	639	20	6.40	2,219	60	5.40
Deposits in foreign offices	1,486	45	5.94	721	17	4.80
Total interest-bearing deposits	37,638	766	4.09	37,082	684	3.72
Borrowed funds						
Federal funds purchased	2,221	67	5.96	1,445	35	4.79
Repurchase agreements	1,124	30	5.28	2,237	41	3.60
Bank notes and senior debt	6,869	217	6.25	9,512	242	5.07
Federal Home Loan Bank borrowings	6,345	196	6.10	5,266	132	4.99
Subordinated debt	2,398	89	7.44	1,959	74	7.54
Other borrowed funds	785	27	6.86	642	21	6.46
Total borrowed funds	19,742	626	6.28	21,061	545	5.15
Total interest-bearing liabilities/interest expense	57,380	1,392	4.84	58,143	1,229	4.23
Noninterest-bearing liabilities and shareholders' equity						
Demand and other noninterest-bearing deposits	8,300			8,858		
Accrued expenses and other liabilities	2,621			2,231		
Mandatorily redeemable capital securities of subsidiary trusts	848			848		
Shareholders' equity	5,966			5,923		
Total liabilities, capital securities and shareholders' equity	$75,115			$76,003		
Interest rate spread			2.87			3.15
Impact of noninterest-bearing sources			.56			.60
Net interest income/margin		$1,120	3.43%		$1,276	3.75%

</TABLE>

Nonaccrual loans are included in loans, net of unearned income. The impact of financial derivatives used in interest rate risk management is included in the interest income/expense and average yields/rates of the related assets and liabilities. Average balances of securities available for sale are based on amortized historical cost (excluding SFAS No. 115 adjustments to fair value).

<TABLE>
<CAPTION>

Second Quarter 2000			First Quarter 2000			Second Quarter 1999		
Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$4,720	$97	8.21%	$5,434	$107	7.86%	$3,727	$67	7.07%
3,646	51	5.65	3,819	50	5.24	5,187	66	5.12
3,742	62	6.58	3,578	58	6.45	3,521	55	6.19
619	11	7.02	614	10	6.92	729	10	5.70
8,007	124	6.19	8,011	118	5.91	9,437	131	5.56
9,236	198	8.59	9,261	192	8.33	10,729	218	8.16
13,055	232	7.11	12,947	229	7.07	12,496	218	6.97
22,043	464	8.33	21,793	447	8.12	22,846	438	7.58
2,682	59	8.74	2,698	59	8.60	3,396	66	7.66
3,049	55	7.19	2,958	54	7.33	2,478	43	6.98
676	14	8.50	688	14	8.09	534	9	6.99
50,741	1,022	8.02	50,345	995	7.87	52,479	992	7.53
1,318	27	8.34	1,173	22	7.60	1,236	19	6.37
64,786	1,270	7.82	64,963	1,242	7.62	66,879	1,209	7.20
(689)			(683)			(678)		
2,872			2,324			2,038		
8,584			8,073			6,821		
$75,553			$74,677			$75,060		
$19,431	159	3.30	$18,355	138	3.03	$17,686	118	2.66
2,107	9	1.75	2,138	9	1.64	2,472	10	1.60
14,403	195	5.45	14,591	191	5.25	14,114	172	

								4.91
641	10	6.44	637	10	6.36	1,832	25	5.47
1,483	24	6.25	1,489	21	5.63	682	8	4.83
38,065	397	4.20	37,210	369	3.98	36,786	333	3.63
2,162	34	6.28	2,279	33	5.67	1,230	15	4.77
975	14	5.60	1,272	16	5.04	2,629	25	3.62
6,762	110	6.40	6,976	107	6.10	9,214	117	5.03
6,274	100	6.32	6,417	96	5.89	4,727	59	4.92
2,420	45	7.45	2,377	44	7.43	2,030	38	7.50
795	15	7.39	775	12	6.31	714	10	5.92
19,388	318	6.50	20,096	308	6.08	20,544	264	5.08
57,453	715	4.97	57,306	677	4.72	57,330	597	4.15
8,597			8,004			8,684		
2,650			2,592			2,325		
848			848			848		
6,005			5,927			5,873		
$75,553			$74,677			$75,060		
		2.85			2.90			3.05
		.56			.56			.59
	$555	3.41%		$565	3.46%		$612	3.64%

</TABLE>

Loan fees for the six months ended June 30, 2000 and June 30, 1999 were $60 million and $61 million, respectively. For each of the three months ended June 30, 2000, March 31, 2000, and June 30, 1999 loan fees were $31 million, $29 million, and $30 million, respectively.

QUARTERLY REPORT ON FORM 10-Q

Securities and Exchange Commission
Washington, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2000.

Commission File Number 1-9718

THE PNC FINANCIAL SERVICES GROUP, INC.
Incorporated in the Commonwealth of Pennsylvania
IRS Employer Identification No. 25-1435979
Address: One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
Telephone: (412) 762-2000

As of July 31, 2000, The PNC Financial Services Group, Inc. had 289,222,479 shares of common stock ($5 par value) outstanding.

The PNC Financial Services Group, Inc. (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

The following sections of the Financial Review set forth in the cross-reference index are incorporated in the Quarterly Report on Form 10-Q.

PART II OTHER FINANCIAL INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following exhibit index lists Exhibits filed with this Quarterly Report on Form 10-Q:

10.17	Consulting arrangement between the Corporation and Thomas H. O'Brien
12.1	Computation of Ratio of Earnings to Fixed Charges
12.2	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends
27	Financial Data Schedule

Copies of these Exhibits may be obtained electronically at the Securities and Exchange Commission's home page at www.sec.gov. Copies may also be obtained without charge by writing to Lynn Fox Evans, Director of Financial Reporting, at corporate headquarters, by calling (412) 762-1553 or via e-mail at financial.reporting@pncbank.com.

The Corporation did not file any Reports on Form 8-K during the quarter ended June 30, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on August 14, 2000, on its behalf by the undersigned thereunto duly authorized.

THE PNC FINANCIAL SERVICES GROUP, INC.
By: /s/ Robert L. Haunschild

Robert L. Haunschild
Senior Vice President and
Chief Financial Officer

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

The PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
(412) 762-2000

STOCK LISTING

The PNC Financial Services Group, Inc. common stock is listed on the New York Stock Exchange under the symbol PNC.

INTERNET INFORMATION

Information about The PNC Financial Services Group, Inc.'s financial results and its products and services is available on the Internet at www.pnc.com.

FINANCIAL INFORMATION

The Annual Report on Form 10-K is filed with the Securities and Exchange Commission ("SEC"). Copies of this document and other filings, including Exhibits thereto, may be obtained electronically at the SEC's home page at www.sec.gov. Copies may also be obtained without charge by writing to Lynn Fox Evans, Director of Financial Reporting, at corporate headquarters, by calling (412) 762-1553 or via e-mail at financial.reporting@pncbank.com.

INQUIRIES

For financial services call 1-888-PNC-2265. Individual shareholders should contact Shareholder Relations at (800) 982-7652.

Analysts and institutional investors should contact William H. Callihan, Vice President, Investor Relations, at (412) 762-8257 or via e-mail at investor.relations@pncbank.com.

News media representatives and others seeking general information should contact R. Jeep Bryant, Director of Corporate Communications, at (412) 762-8221 or via e-mail at corporate.communications@pncbank.com.

COMMON STOCK PRICES/DIVIDENDS DECLARED

The table below sets forth by quarter the range of high and low sale and quarter-end closing prices for The PNC Financial Services Group, Inc. common stock and the cash dividends declared per common share.

	High	Low	Close	Cash Dividends Declared
2000 QUARTER				
First	$48.500	$36.000	$45.063	$.45
Second	57.500	41.000	46.875	.45
Total				$.90
1999 QUARTER				
First	$59.750	$47.000	$55.563	$.41
Second	60.125	54.375	57.625	.41
Third	58.063	49.688	52.688	.41
Fourth	62.000	43.000	44.500	.45
Total				$1.68

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The PNC Financial Services Group, Inc. Dividend Reinvestment and Stock Purchase Plan enables holders of common and preferred stock to purchase additional shares of common stock conveniently and without paying brokerage commissions or service charges. A prospectus and enrollment card may be obtained by writing to Shareholder Relations at corporate headquarters.

REGISTRAR AND TRANSFER AGENT

The Chase Manhattan Bank
P.O. Box 590
Ridgefield Park, New Jersey 07660
(800) 982-7652

Exhibit 10.17

[PNC Letterhead]

May 5, 2000

Thomas H. O'Brien
The PNC Financial Services Group, Inc.
One PNC Plaza, 30th Floor
249 Fifth Avenue
Pittsburgh, PA 15222-2707

Dear Tom:

On behalf of The PNC Financial Services Group, Inc. ("PNC"), I want to express our appreciation for your interest and willingness to serve and make yourself available as a consultant following your retirement on April 30, 2000. This letter agreement sets forth the terms and conditions we have agreed upon, subject to approval by the Personnel and Compensation Committee of PNC's Board of Directors.

The services you have agreed to provide include consultation with the Chief Executive Officer from time to time, assistance and support in acquisition and divestiture planning, and establishing and maintaining customer relationships and our corporate presence in the communities served by PNC. Your services may also be requested for other projects from time to time. You will be provided with appropriate office space and secretarial services in One PNC Plaza for your use in performing these consulting services.

PNC will pay you a flat fee of $45,000.00 per month as compensation for your availability and for all services you provide in a given month, regardless of the amount of work actually requested or performed. You will need to submit a monthly invoice to PNC no later than the thirtieth (30th) day of each month. PNC will make payment to you on the first business day of the following month, or as soon thereafter as is practicable. PNC will also reimburse your reasonable expenses incurred in performing consulting services for PNC. Those expenses should be submitted with your monthly invoice for reimbursement.

As further consideration for your availability and for services performed as consultant to PNC, and to further your role as consultant, PNC will provide certain non-cash compensation to you. Such compensation may be considered imputed income to you, and if so, will be added to your monthly fee and reported to you on a monthly basis.

Fee income paid or imputed to you will be reported by PNC using IRS Form 1099. As an independent contractor, you agree to be solely responsible to pay all federal, state and local taxes owed on such income, as well as for any related reporting and recordkeeping. In the event any taxes, penalties or interest are assessed against PNC as a consequence of any action taken by any governmental agency with respect to your consulting arrangement, you will be asked to assist PNC in its defense of such complaints or charges.

PNC requires all independent contractors performing services on its behalf to maintain comprehensive general liability insurance of at least $1,000,000 per occurrence and automobile liability coverage of at least $500,000 per occurrence for any claims that may arise out of the services rendered under this Agreement. PNC will assist you in identifying and obtaining appropriate coverage.

Because your services as a consultant are performed as an independent contractor and not as an employee of PNC, you understand and agree that you are not eligible to participate in any of PNC's employee benefit plans or programs, except those relating to health care continuation after termination of employment and to retirees. In the unlikely event your consulting arrangement is reclassified as PNC employment by any governmental agency or court, you agree that you will not seek to participate in any of PNC's employee benefit plans or programs as a result of such reclassification.

You agree that you will not represent or hold yourself out as a PNC employee in the furtherance of your consulting duties, and that you will maintain the confidentiality of all confidential, proprietary and trade secret information to which you will have access as a consultant. Similarly, as a consultant to PNC you will be subject to the standards set forth in PNC's Code of Ethics, including the Insider Trading Policy.

Subject to approval of the terms of this consulting arrangement by the Personnel and Compensation Committee of PNC's Board of Directors at its next regularly scheduled meeting, the term of this consulting arrangement will be one year, beginning May 1, 2000 and ending April 30, 2001. You or PNC may terminate the consulting arrangement at any time by providing at least thirty days written notice of the intent to do so.

The consulting arrangement is made in Pennsylvania and its terms and conditions are governed, interpreted and enforced in accordance with Pennsylvania law.

Tom, I am delighted that your experience and judgment will continue to be available to PNC in your role as a consultant and I look forward to working with you in the months ahead. Please indicate your acceptance of these terms in the space provided below by signing both originals of this letter, retaining one for your records and returning the other to me.

Sincerely,

/s/ James E. Rohr

James E. Rohr
Chief Executive Officer

Agreed:

/s/ Thomas H. O'Brien   Dated: 5/8/00
- ---------------------------   ------
Thomas H. O'Brien

EXHIBIT 12.1

THE PNC FINANCIAL SERVICES GROUP, INC.
COMPUTATION OF RATIO OF EARNINGS
TO FIXED CHARGES

	Six months ended	Year ended December 31				
Dollars in millions	June 30, 2000	1999	1998	1997	1996	1995
EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$955	$1,891	$1,710	$1,618	$1,527	$627
Fixed charges excluding interest on deposits	685	1,235	1,366	1,171	1,098	1,487
Subtotal	1,640	3,126	3,076	2,789	2,625	2,114
Interest on deposits	766	1,369	1,471	1,457	1,428	1,552
Total	$2,406	$4,495	$4,547	$4,246	$4,053	$3,666
FIXED CHARGES						
Interest on borrowed funds	$626	$1,119	$1,268	$1,098	$1,065	$1,454
Interest component of rentals	26	50	37	29	31	32
Amortization of notes and debentures		1	1	1	1	1
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trusts	33	65	60	43	1	
Subtotal	685	1,235	1,366	1,171	1,098	1,487
Interest on deposits	766	1,369	1,471	1,457	1,428	1,552
Total	$1,451	$2,604	$2,837	$2,628	$2,526	$3,039
RATIO OF EARNINGS TO FIXED CHARGES						
Excluding interest on deposits	2.39x	2.53x	2.25x	2.38x	2.39x	1.42x
Including interest on deposits	1.66	1.73	1.60	1.62	1.60	1.21

EXHIBIT 12.2

THE PNC FINANCIAL SERVICES GROUP, INC.
COMPUTATION OF RATIO OF EARNINGS
TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

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	Six months ended	Year ended December 31				
Dollars in millions	June 30, 2000	1999	1998	1997	1996	1995
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EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$955	$1,891	$1,710	$1,618	$1,527	$627
Fixed charges and preferred stock dividends excluding interest on deposits	700	1,265	1,395	1,201	1,106	1,492
Subtotal	1,655	3,156	3,105	2,819	2,633	2,119
Interest on deposits	766	1,369	1,471	1,457	1,428	1,552
Total	$2,421	$4,525	$4,576	$4,276	$4,061	$3,671
FIXED CHARGES						
Interest on borrowed funds	$626	$1,119	$1,268	$1,098	$1,065	$1,454
Interest component of rentals	26	50	37	29	31	32
Amortization of notes and debentures		1	1	1	1	1
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trusts	33	65	60	43	1	
Preferred stock dividend requirements	15	30	29	30	8	5
Subtotal	700	1,265	1,395	1,201	1,106	1,492
Interest on deposits	766	1,369	1,471	1,457	1,428	1,552
Total	$1,466	$2,634	$2,866	$2,658	$2,534	$3,044
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS						
Excluding interest on deposits	2.36x	2.49x	2.23x	2.35x	2.38x	1.42x
Including interest on deposits	1.65	1.72	1.60	1.61	1.60	1.21

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