PNC BANK CORP.

Quarterly Report on Form 10-Q
For the quarter ended March 31, 1996

Page 1 represents a portion of the first quarter 1996 Corporate 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 26.

<TABLE>
<CAPTION>
FINANCIAL HIGHLIGHTS

| | 1996 | 1995 |
|---|---|---|
| <S> | <C> | <C> |
| FINANCIAL PERFORMANCE | | |
| THREE MONTHS ENDED MARCH 31 | | |
| (Dollars in thousands, except per share data) | | |
| Net interest income (taxable-equivalent basis) | $616,108 | $551,136 |
| Net income | 238,320 | 179,547 |
| Fully diluted earnings per common share | .69 | .52 |
| Return on average total assets | 1.34% | .97% |
| Return on average common shareholders' equity | 16.65 | 12.81 |
| Net interest margin | 3.73 | 3.16 |
| After-tax profit margin | 25.42 | 21.46 |
| Efficiency ratio | 60.32 | 66.14 |
| AVERAGE BALANCES | | |
| THREE MONTHS ENDED MARCH 31 | | |
| (In millions) | | |
| Assets | $ 71,733 | $ 74,841 |
| Earning assets | 65,705 | 69,486 |
| Loans, net of unearned income | 48,625 | 43,710 |
| Securities | 14,818 | 23,984 |
| Deposits | 45,553 | 43,667 |
| Shareholders' equity | 5,764 | 5,710 |
| PERIOD-END BALANCES | | |
| MARCH 31 (In millions) | | |
| Assets | $ 72,668 | $ 75,750 |
| Earning assets | 66,041 | 69,369 |
| Loans, net of unearned income | 48,800 | 44,192 |
| Securities | 14,692 | 23,487 |
| Deposits | 45,621 | 43,598 |
| Shareholders' equity | 5,786 | 5,758 |

</TABLE>

<TABLE>
<CAPTION>

| As of or for the three months ended | March 31 1996 | December 31 1995 | March 31 1995 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| SELECTED RATIOS | | | |
| Capital ratios | | | |
| Risk-based capital | | | |
| Tier I | 8.18% | 8.00% | 9.15% |
| Total | 11.70 | 11.56 | 12.24 |
| Leverage | 6.90 | 6.37 | 6.88 |
| Common shareholders' equity to assets | 7.94 | 7.83 | 7.51 |
| Average common shareholders' equity to average assets | 8.01 | 7.76 | 7.54 |
| Asset quality | | | |
| Net charge-offs to average loans | .28 | .45 | .33 |
| Nonperforming loans to loans | .76 | .74 | 1.12 |
| Nonperforming assets to loans and foreclosed assets | 1.10 | 1.10 | 1.58 |
| Nonperforming assets to total assets | .74 | .73 | .93 |
| Allowance for credit losses to loans | 2.51 | 2.59 | 2.98 |
| Allowance for credit losses to nonperforming loans | 328.88 | 351.68 | 265.19 |
| Book value per common share | | | |
| As reported | $16.88 | $16.87 | $16.90 |
| Excluding net unrealized securities gains/losses | 17.16 | 16.79 | 17.10 |

</TABLE>

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CORPORATE FINANCIAL REVIEW

The merger between PNC Bank Corp. and Midlantic Corporation ("Midlantic") was completed on December 31, 1995 and accounted for as a pooling of interests. Accordingly, all financial information has been restated as if the companies were combined for all periods presented.

The Corporate Financial Review should be read in conjunction with the unaudited Consolidated Financial Statements of PNC Bank Corp. and subsidiaries ("Corporation") included herein and the Corporate Financial Review and audited Consolidated Financial Statements included in the Corporation's 1995 Annual Report.

OVERVIEW

Net income for the first quarter of 1996 increased 32% to $238.3 million, or $.69 per fully diluted share, compared with $179.5 million, or $.52 per fully diluted share, for the first quarter of 1995. Returns on average assets and average common shareholders' equity were 1.34% and 16.65%, respectively, in the first quarter of 1996 compared with .97% and 12.81% a year ago. Net interest income increased as a result of the 1995 balance sheet realignment and higher loan volumes. Fee-based revenue increased primarily due to asset management and trust activities and operating expenses increased only modestly.

MERGERS AND ACQUISITIONS

Effective December 31, 1995, the Corporation acquired Midlantic, a bank holding company with assets and deposits of $13.6 billion and $11.0 billion, respectively. The transaction was accounted for as a pooling of interests.

On October 6, 1995, the Corporation acquired Chemical Bank's ("Chemical") franchise in southern and central New Jersey with total assets of $3.2 billion and retail core deposits of $2.7 billion. No nonperforming assets were acquired. The Corporation paid $492 million in cash and the transaction was accounted for under the purchase method.

On February 28, 1995, the Corporation acquired BlackRock Financial Management, L.P. ("BlackRock"), a New York-based, fixed-income investment management firm with approximately $25 billion in assets under management at closing. The Corporation paid $71 million in cash and issued $169 million of unsecured notes and accounted for the transaction under the purchase method.

INCOME STATEMENT REVIEW

<TABLE>
<CAPTION>
INCOME STATEMENT HIGHLIGHTS
Three months ended March 31

| Dollars in millions | 1996 | 1995 | Change Amount | Change Percent |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| Net interest income (taxable-equivalent basis) | $616 | $551 | $65 | 11.8% |
| Provision for credit losses | | 1 | (1) | NM |
| Noninterest income | 322 | 286 | 36 | 12.6 |
| Noninterest expense | 566 | 553 | 13 | 2.4 |
| Net income | 238 | 180 | 58 | 32.2 |

</TABLE>
NM - not meaningful

NET INTEREST INCOME Taxable-equivalent net interest income was $616.1 million in the first quarter of 1996 compared with $551.1 million a year earlier. As a percent of total revenue, net interest income was 65.7% and 65.9% in the first quarter of 1996 and 1995, respectively. The net interest margin widened 57 basis points to 3.73% in the first quarter of 1996 compared with 3.16% in the first quarter of 1995. The net interest income and margin increases reflect the benefits of significantly lower securities and wholesale funding levels and the reduced impact of associated financial derivatives. These changes, combined with a $4.9 billion increase in average loans, benefited the margin as higher-yielding loans replaced lower-yielding securities and rates paid on interest-bearing liabilities declined.

<TABLE>
<CAPTION>
NET INTEREST INCOME
Three months ended March 31
Taxable-equivalent basis

| Dollars in millions | 1996 | 1995 | Change Amount | Change Percent |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| Interest income/expense before financial derivatives | | | | |
| Interest income | $1,236 | $1,279 | $(43) | (3.4)% |
| Loan fees | 25 | 19 | 6 | 31.6 |
| Taxable-equivalent adjustment | 9 | 12 | (3) | (25.0) |
| Total interest income | 1,270 | 1,310 | (40) | (3.1) |
| Interest expense | 647 | 717 | (70) | (9.8) |

| | | | | |
|---|---|---|---|---|
| Net interest income before financial derivatives | 623 | 593 | 30 | 5.1 |
| Effect of financial derivatives on | | | | |
| Interest income | (6) | (37) | 31 | 83.8 |
| Interest expense | 1 | 5 | (4) | (80.0) |
| Total effect of financial derivatives | (7) | (42) | 35 | 83.3 |
| Net interest income | $616 | $551 | $65 | 11.8 |

</TABLE>



<TABLE>
<CAPTION>
NET INTEREST MARGIN

| Three months ended March 31<br>Taxable-equivalent basis | 1996 | 1995 | Basis Point Change |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Rates earned/paid before financial derivatives | | | |
| Book-basis yield on earning assets | 7.51% | 7.34% | 17 bp |
| Effect of loan fees | .15 | .11 | 4 |
| Taxable-equivalent adjustment | .06 | .07 | (1) |
| Taxable-equivalent yield on earning assets | 7.72 | 7.52 | 20 |
| Rate on interest-bearing liabilities | 4.74 | 4.86 | (12) |
| Interest rate spread | 2.98 | 2.66 | 32 |
| Noninterest-bearing sources | .79 | .74 | 5 |
| Net interest margin before financial derivatives | 3.77 | 3.40 | 37 |
| Effect of financial derivatives on | | | |
| Interest income | (.03) | (.21) | 18 |
| Interest expense | .01 | .03 | (2) |
| Total effect of financial derivatives | (.04) | (.24) | 20 |
| Net interest margin | 3.73% | 3.16% | 57 bp |

</TABLE>

PROVISION FOR CREDIT LOSSES The Corporation did not record a provision for credit losses in the first quarter of 1996. The provision for credit losses was $1.5 million in the first quarter of 1995. Favorable economic conditions, combined with management's ongoing attention to asset quality, resulted in a stable level of nonperforming assets and net charge-offs. Based on the loan portfolio's current risk profile, management does not expect to record a provision for credit losses during the remainder of 1996. Should the risk profile of the loan portfolio or the economy deteriorate, asset quality may be adversely impacted and a provision for credit losses may be required.

NONINTEREST INCOME Noninterest income totaled $322 million in the first quarter of 1996 and increased 12.6% compared with the prior-year period. Noninterest income represented 34.3% of total revenue in the first quarter of 1996 and 34.1% a year ago.

<TABLE>
<CAPTION>
NONINTEREST INCOME

| Three months ended March 31 | | | Change | |
|---|---|---|---|---|
| Dollars in millions | 1996 | 1995 | Amount | Percent |
| <S> | <C> | <C> | <C> | <C> |
| Asset management and trust | | | | |
| Asset management services | $26 | $12 | $14 | NM |
| Trust | 51 | 46 | 5 | 10.9% |
| Mutual fund services | 44 | 32 | 12 | 37.5 |
| Total asset management and trust | 121 | 90 | 31 | 34.4 |
| Service fees | | | | |
| Deposit | 65 | 59 | 6 | 10.2 |
| Brokerage | 14 | 9 | 5 | 55.6 |
| Consumer | 13 | 12 | 1 | 8.3 |
| Corporate finance | 13 | 13 | | |
| Credit card and merchant services | 9 | 15 | (6) | (40.0) |
| Insurance | 7 | 6 | 1 | 16.7 |
| Other | 9 | 8 | 1 | 12.5 |
| Total service fees | 130 | 122 | 8 | 6.6 |
| Mortgage banking | | | | |
| Servicing | 29 | 31 | (2) | (6.5) |
| Sale of servicing | | 12 | (12) | NM |
| Marketing | 7 | 2 | 5 | NM |

| | | | | |
|---|---|---|---|---|
| Total mortgage banking | 36 | 45 | (9) | (20.0) |
| Net securities gains | 3 | 1 | 2 | NM |
| Other | 32 | 28 | 4 | 14.3 |
| Total | $322 | $286 | $36 | 12.6 |

</TABLE>
NM - not meaningful

Asset management and trust revenue increased 34.4% to $121 million during the first quarter of 1996. The increase was attributable to the BlackRock acquisition, new business and an increase in the value of assets under management. At March 31, 1996, assets under administration totaled $304 billion, of which $103 billion were discretionary. The comparable amounts at March 31, 1995 were $224 billion and $85 billion, respectively. At March 31, 1996, the discretionary asset composition was 45% fixed income, 31% money market, 23% equity and 1% other assets.

Service fees increased 6.6% in the comparison to $130 million. Growth in deposit related fees, which increased 10.2%, was primarily attributable to acquisitions and fees charged in-lieu-of compensating balances on corporate accounts. Brokerage fees increased $5 million, or 55.6%, due to growth in commission-based transactions. The decline in credit card and merchant services fees reflects the impact of agreements with third parties to provide certain support services for the Corporation's credit card business.



During the first quarter of 1996, mortgage banking revenue was positively impacted by higher mortgage origination volumes, but decreased $9 million to $36 million primarily due to lower gains from servicing sales. Other noninterest income increased $4 million primarily due to higher venture capital income.

<TABLE>
<CAPTION>
NONINTEREST EXPENSE
Three months ended March 31

| | | | Change | |
|---|---|---|---|---|
| Dollars in millions | 1996 | 1995 | Amount | Percent |
| <S> | <C> | <C> | <C> | <C> |
| Compensation | $228 | $209 | $19 | 9.1% |
| Employee benefits | 51 | 55 | (4) | (7.3) |
| Total staff expense | 279 | 264 | 15 | 5.7 |
| Net occupancy | 51 | 46 | 5 | 10.9 |
| Equipment | 43 | 41 | 2 | 4.9 |
| Intangible asset and MSR amortization | 23 | 23 | | |
| Taxes other than income | 15 | 13 | 2 | 15.4 |
| Federal deposit insurance | 3 | 24 | (21) | (87.5) |
| Other | 152 | 142 | 10 | 7.0 |
| Total | $566 | $553 | $13 | 2.4 |

</TABLE>

Noninterest expense increased 2.4% in the first quarter of 1996 compared with a year ago. The modest increase reflects lower deposit insurance premiums, successful acquisition integration, and continued emphasis on developing alternative lower-cost delivery systems and rationalizing the traditional branch delivery system. Conversion of Midlantic's products and systems are expected to occur in the second and third quarters of 1996. Although the extent and timing of cost savings are dependent on several factors, many of which are outside of management's control, the Corporation continues to believe it will exceed its original estimate of cost savings from the consolidation or elimination of overlapping facilities and operations.

Excluding acquisitions and the benefit of lower deposit insurance premiums, noninterest expense was flat in the comparison. The efficiency ratio improved to 60.3% in the first quarter of 1996 compared with 66.1% in the first quarter of 1995 reflecting effective cost control and higher revenue.

Staff expense increased 5.7% in the comparison primarily due to acquisitions, incentive-based increases in asset management and brokerage, and expansion of services in telebanking. Net occupancy increased $5 million primarily due to acquisitions and costs associated with severe weather conditions. Equipment expense increased $2 million due to depreciation of equipment primarily related to the telebanking center.

The decline in Federal deposit insurance reflects a reduction in the Bank Insurance Fund premium. Other noninterest expense increased 7.0%, or $10 million, primarily due to acquisitions and an increase in outsourcing of certain services.

AVERAGE BALANCE SHEET REVIEW

<TABLE>
<CAPTION>

AVERAGE BALANCE SHEET HIGHLIGHTS

| Three months ended<br>Dollars in millions | March 31<br>1996 | March 31<br>1995 | Change<br>Amount | <br>Percent |
|---|---|---|---|---|
| Assets | $71,733 | $74,841 | $(3,108) | (4.2)% |
| Earning assets | 65,705 | 69,486 | (3,781) | (5.4) |
| Loans, net of unearned income | 48,625 | 43,710 | 4,915 | 11.2 |
| Securities | 14,818 | 23,984 | (9,166) | (38.2) |
| Deposits | 45,553 | 43,667 | 1,886 | 4.3 |
| Borrowed funds | 7,823 | 13,902 | (6,079) | (43.7) |
| Notes and debentures | 11,068 | 10,109 | 959 | 9.5 |
| Shareholders' equity | 5,764 | 5,710 | 54 | .9 |

</TABLE>

Average assets and average earning assets totaled $71.7 billion and $65.7 billion, respectively, for the three months ended March 31, 1996 compared with $74.8 billion and $69.5 billion, respectively, in the year-earlier period. The declines reflect the balance sheet repositioning, which significantly reduced the securities portfolio, partially offset by loan growth.

AVERAGE LOANS

| Three months ended March 31<br>Dollars in millions | 1996 | 1995 | Change |
|---|---|---|---|
| Consumer | $13,370 | $11,520 | 16.1% |
| Residential mortgage | 11,619 | 10,060 | 15.5 |
| Commercial | 16,806 | 15,139 | 11.0 |
| Commercial real estate | 4,885 | 5,034 | (3.0) |
| Other | 1,945 | 1,957 | (.6) |
| Total, net of unearned income | $48,625 | $43,710 | 11.2 |

Average loans increased $4.9 billion, or 11.2%, to $48.6 billion for the quarter ended March 31, 1996. Excluding acquisitions, average loans increased 6.2% in the comparison. Average loans were 74.0% of average earning assets during the first quarter of 1996 compared with 62.9% a year ago. Average securities declined $9.2 billion, or 38.2%, compared with the year-earlier period. Average securities represented 22.6% of average earning assets compared with 34.5% for the first quarter of 1995.

Average deposits increased $1.9 billion to $45.6 billion in the first quarter of 1996, or 4.3%, compared with a year ago. The Chemical acquisition, which was completed in October 1995, added $2.7 billion of retail core deposits. The ratio of average deposits to average sources of funds increased to 63.5% compared with 58.3% a year ago. During the first quarter of 1996, the ratio of average wholesale funding to average sources of funds decreased to 28.4%, compared with 35.3% a year ago.



BALANCE SHEET REVIEW

Total assets were $72.7 billion at March 31, 1996 and $73.4 billion at year-end 1995. The decline was primarily due to a reduced securities portfolio.

LOANS Loans outstanding were $48.8 billion at March 31, 1996, substantially unchanged compared with December 31, 1995. In addition, the composition of the portfolio was consistent in the comparison.

LOANS

| In millions | March 31<br>1996 | December 31<br>1995 |
|---|---|---|
| Consumer | | |
| Home equity | $4,510 | $4,541 |
| Automobile | 4,114 | 4,236 |
| Student | 1,642 | 1,512 |
| Credit card | 975 | 1,004 |
| Other | 2,325 | 2,246 |
| Total consumer | 13,566 | 13,539 |
| Residential mortgage | 11,620 | 11,689 |
| Commercial | | |
| Manufacturing | 3,464 | 3,363 |
| Retail/Wholesale | 3,112 | 3,148 |
| Service providers | 2,387 | 2,402 |
| Communications | 1,157 | 1,083 |
| Financial services | 1,010 | 1,082 |
| Real estate related | 1,338 | 1,291 |

| | | |
|---|---|---|
| Health care | 1,044 | 1,028 |
| Public utilities | 331 | 335 |
| Other | 3,107 | 3,080 |
| Total commercial | 16,950 | 16,812 |
| Commercial real estate | | |
| Commercial mortgage | 2,737 | 2,775 |
| Medium-term financings | 1,163 | 1,250 |
| Construction and development | 974 | 889 |
| Total commercial real estate | 4,874 | 4,914 |
| Lease financing and other | 2,170 | 2,102 |
| Unearned income | (380) | (403) |
| Total, net of unearned income | $48,800 | $48,653 |

</TABLE>

Unfunded commitments, net of participations and syndications increased $2.0 billion, or 5.9%, since year-end 1995. In addition, the Corporation had letters of credit outstanding totaling $4.4 billion and $4.5 billion at March 31, 1996 and December 31, 1995, respectively, primarily consisting of standby letters of credit.

<TABLE>
<CAPTION>
NET UNFUNDED COMMITMENTS TO EXTEND CREDIT

| In millions | March 31 1996 | December 31 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Consumer | $8,200 | $7,335 |
| Residential mortgage | 955 | 554 |
| Commercial | 25,121 | 24,282 |
| Commercial real estate | 729 | 751 |
| Other | 814 | 892 |
| Total | $35,819 | $33,814 |

</TABLE>

SECURITIES The securities portfolio declined $1.1 billion from year-end 1995 to $14.7 billion at March 31, 1996. The expected weighted average life of the securities portfolio was 3 years and 3 months at March 31, 1996 compared with 2 years and 8 months at year-end 1995. The following table sets forth the amortized cost and fair value of securities available for sale.

<TABLE>
<CAPTION>

| | March 31, 1996 | | December 31, 1995 | |
|---|---|---|---|---|
| In millions | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| <S> | <C> | <C> | <C> | <C> |
| Debt securities | | | | |
| U.S. Treasury | $2,000 | $2,030 | $3,211 | $3,280 |
| U.S. Government agencies and corporations | | | | |
| Mortgage-related | 7,278 | 7,095 | 7,510 | 7,453 |
| Other | 1,450 | 1,436 | 1,030 | 1,034 |
| Asset-backed private placement | 1,597 | 1,602 | 1,597 | 1,604 |
| State and municipal | 330 | 351 | 343 | 367 |
| Other debt | | | | |
| Mortgage-related | 1,031 | 1,018 | 1,121 | 1,113 |
| Other | 684 | 684 | 525 | 525 |
| Corporate stocks and other | 471 | 461 | 455 | 457 |
| Associated derivatives | | 15 | | 6 |
| Total | $14,841 | $14,692 | $15,792 | $15,839 |

</TABLE>

At March 31, 1996 and December 31, 1995, $6.1 billion notional value of interest rate swaps and caps were associated with securities available for sale. Securities classified as available for sale may be sold as part of the overall asset/liability management process. Realized gains and losses resulting from such sales would be reflected in the results of operations and would include the fair value of associated financial derivatives.



At March 31, 1996, the securities portfolio included collateralized mortgage obligations and mortgage-backed securities with a fair value of $5.9 billion and $2.2 billion, respectively. The characteristics of these securities include principal guarantees, primarily by U.S. Government agencies, and marketability. Expected lives of such securities can vary as interest rates change. In a declining interest rate environment, prepayments on the underlying mortgage securities may accelerate and, therefore, shorten the expected lives. Conversely, expected lives would lengthen in a rising interest rate environment. The Corporation monitors the impact of this risk through the use of an income simulation model as part of the asset/liability management process.

Other U.S. Government agencies securities and asset-backed private placements represent AAA-rated, variable-rate instruments. The interest rates on these instruments float with various indices and are limited by periodic and maximum caps. These securities have an initial specified term. At the end of the initial term the maturity may be extended or the security may be called at the option of the issuer.

Other mortgage-related debt securities consist primarily of private label collateralized mortgage obligations.

<TABLE>
<CAPTION>
FUNDING SOURCES

| In millions | March 31 1996 | December 31 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Deposits | | |
| Demand, savings and money market | $26,195 | $27,145 |
| Time | 18,829 | 18,661 |
| Foreign | 597 | 1,093 |
| Total deposits | 45,621 | 46,899 |
| Borrowed funds | | |
| Federal funds purchased | 3,434 | 3,817 |
| Repurchase agreements | 2,754 | 2,851 |
| Commercial paper | 447 | 753 |
| Treasury, tax and loan | 504 | 567 |
| Other | 865 | 677 |
| Total borrowed funds | 8,004 | 8,665 |
| Notes and debentures | | |
| Bank notes | 7,894 | 6,256 |
| Federal Home Loan Bank | 1,904 | 2,393 |
| Other | 1,650 | 1,749 |
| Total notes and debentures | 11,448 | 10,398 |
| Total | $65,073 | $65,962 |

</TABLE>

The composition of the Corporation's funding sources will vary depending on management's evaluation of the most cost-effective funding alternatives.

Total deposits decreased $1.3 billion, or 2.7%, to $45.6 billion at March 31, 1996 compared with $46.9 billion at year-end 1995. Demand, savings and money market deposits declined $950 million primarily due to a seasonal decline in corporate accounts.

Brokered deposits are included in time deposits and totaled $2.0 billion at March 31, 1996 compared with $2.3 billion at December 31, 1995. Retail brokered deposits, which are issued or participated-out by brokers in denominations of $100,000 or less, represented 75.1% of total brokered deposits at March 31, 1996 compared with 77.8% at year-end 1995.

Total borrowed funds and notes and debentures increased $389 million from year-end 1995 primarily due to issuances of bank notes partially offset by reductions in Federal funds purchased, commercial paper and Federal Home Loan borrowings. During the first quarter of 1996, the Corporation added $2.6 billion of variable-rate bank notes with maturities of up to twelve months.

CAPITAL Acquisition capability, funding alternatives, new business activities, deposit insurance costs, and the level and nature of expanded regulatory oversight depend, in large part, on a financial institution's capital strength. The Corporation manages its capital position primarily through the issuance of debt and equity instruments, treasury stock activities, dividend policies and retained earnings.

<TABLE>
<CAPTION>
RISK-BASED CAPITAL

| Dollars in millions | March 31 1996 | December 31 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Capital components | | |
| Shareholders' equity | $5,786 | $5,768 |
| Goodwill and other intangibles | (1,006) | (980) |
| Net unrealized securities (gains) losses | 98 | (26) |
| Tier I risk-based capital | 4,878 | 4,762 |
| Subordinated debt | 1,350 | 1,370 |
| Eligible allowance for credit losses | 751 | 750 |
| Total risk-based capital | $6,979 | $6,882 |

Assets

| | | |
|---|---|---|
| Risk-weighted assets and off-balance-sheet instruments | $59,653 | $59,539 |
| Average tangible assets | 70,730 | 74,756 |
| Capital ratios | | |
| Tier I risk-based capital | 8.18% | 8.00% |
| Total risk-based capital | 11.70 | 11.56 |
| Leverage | 6.90 | 6.37 |

</TABLE>

The minimum regulatory capital ratios are 4.00% for Tier I, 8.00% for total risk-based and 3.00% for leverage. However, regulators may require higher capital levels when a bank's particular circumstances warrant. To be classified as well capitalized, regulators require capital ratios of at least 6.00% for Tier I, 10.00% for total risk-based and 5.00% for leverage. At March 31, 1996, the Corporation and each of its bank affiliates were classified as well capitalized.



FINANCIAL DERIVATIVES

The Corporation uses a variety of off-balance-sheet financial derivatives as part of its overall interest rate risk management process and to manage risk associated with mortgage banking activities.

Financial derivatives involve, to varying degrees, interest rate and credit risk in excess of the amount recognized in 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.

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 indices. The notional values of receive-fixed index amortizing swaps amortize on predetermined dates and in predetermined amounts based on market movements of the designated index. Basis swaps are agreements under which both the receive and pay portions of the contract are based on a variable index.

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. Forward contracts provide for the delivery of financial instruments at a specified future date and at a specified price or yield.

During the first quarter of 1996, the Corporation added $4.2 billion and $1.0 billion notional value of receive-fixed interest rate swaps and interest rate floors, respectively. These contracts are predominantly associated with variable rate loans and are designed to reduce exposure to declining interest rates.

During the first quarter of 1996, the Corporation terminated $2.1 billion notional value of receive-fixed index amortizing interest rate swaps as part of its overall interest rate risk management process. The terminations resulted in a loss of $5.3 million which was deferred and is being amortized as an adjustment to net interest income over a remaining period of 10 months.

The following table sets forth the changes in financial derivatives during the first three months of 1996.

FINANCIAL DERIVATIVES ACTIVITY

<TABLE>
<CAPTION>

| In millions | January 1 1996 | Additions | Maturities | Terminations | March 31 1996 |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | C> |
| Interest rate risk management | | | | | |
| Interest rate swaps | | | | | |
| Receive fixed | $2,785 | $4,237 | $(405) | | $6,617 |
| Receive-fixed index amortizing | 3,211 | | (511) | $(2,117) | 583 |
| Pay fixed | 2,629 | 38 | (605) | (550) | 1,512 |
| Basis swaps | 765 | | (640) | | 125 |
| Interest rate caps | 5,510 | | (10) | | 5,500 |
| Interest rate floors | | 1,000 | | | 1,000 |
| Total interest rate risk management | 14,900 | 5,275 | (2,171) | (2,667) | 15,337 |
| Mortgage banking activities | | | | | |
| Forward contracts - commitments to purchase loans | 431 | 1,187 | (1,146) | | |

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| | | | | | |
|---|---|---|---|---|---|
| Forward contracts - commitments to sell loans | 751 | 1,762 | (1,574) | | 939 |
| Interest rate floors - MSR | 500 | 700 | | (500) | 700 |
| Receive-fixed interest rate swaps - MSR | 125 | | | (125) | |
| Total mortgage banking activities | 1,807 | 3,649 | (2,720) | (625) | 2,111 |
| Total | $16,707 | $8,924 | $(4,891) | $(3,292) | $17,448 |

</TABLE>



The following table sets forth the maturity distribution and weighted average interest rates of financial derivatives used for interest rate risk management. The expected maturity distribution is based on contractual terms except with respect to receive-fixed index amortizing swaps which is based on implied forward rates. Implied forward rates are derived from the fair value of the underlying financial instrument. Weighted average interest rates represent implied forward rates and contractual rates in effect at March 31, 1996 based on the average outstanding notional amount.

<TABLE>
<CAPTION>
MATURITY DISTRIBUTION AND WEIGHTED AVERAGE
INTERST RATES OF FINANCIAL DERIVATIVES

| | Notional Value | | Weighted Average Rates: Expected Based on Implied Forward | | Weighted Average Rates: At March 31, 1996 | |
|---|---|---|---|---|---|---|
| Dollars in millions | Maturing | Average Outstanding | Paid | Received | Paid | Received |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Interest rate swaps (1) | | | | | | |
| Receive fixed | | | | | | |
| 1996 | $1,455 | $6,014 | 5.53% | 5.56% | 5.36% | 5.56% |
| 1997 | 355 | 5,102 | 6.08 | 5.51 | 5.37 | 5.51 |
| 1998 | 4,607 | 772 | 6.37 | 5.93 | 5.35 | 5.93 |
| 1999 and beyond | 200 | 167 | 7.46 | 6.79 | 5.34 | 6.79 |
| Total | $6,617 | | | | | |
| Receive-fixed index amortizing | | | | | | |
| 1996 | $583 | $487 | 5.51% | 5.19% | 5.32% | 5.19% |
| Pay fixed | | | | | | |
| 1996 | $660 | $1,120 | 5.67% | 5.49% | 5.67% | 5.41% |
| 1997 | 689 | 573 | 5.91 | 6.02 | 5.91 | 5.43 |
| 1998 | 50 | 141 | 8.32 | 6.44 | 8.32 | 5.42 |
| 1999 and beyond | 113 | 82 | 8.44 | 6.94 | 8.44 | 5.42 |
| Total | $1,512 | | | | | |
| Basis swaps | | | | | | |
| 1996 | $125 | $9 | 5.56% | 5.44% | 5.48% | 5.52% |
| Interest rate caps (2) | | | | | | |
| 1996 | | $5,500 | NM | NM | NM | NM |
| 1997 | $5,500 | 4,507 | NM | NM | NM | NM |
| Interest rate floors (3) | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1996 | | $1,000 | NM | NM | NM | NM |
| 1997 | | 1,000 | NM | NM | NM | NM |
| 1998 | $1,000 | 148 | NM | NM | NM | NM |

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 85% were based on 3-month LIBOR, 6% on one-month LIBOR and the remainder on other short-term indices.

(2) Interest rate caps with a notional value of $5.5 billion require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over 6.50%. At March 31, 1996, 3-month LIBOR was 5.50%.

(3) Interest rate floors with a notional value of $1 billion require the counterparty to pay the Corporation the excess, if any, of 4.80% over 3-month LIBOR. At March 31, 1996, 3-month LIBOR was 5.50%.

NM - not meaningful



The following table sets forth the notional value, weighted average interest rates, and estimated fair value of financial derivatives by designated assets and liabilities. Weighted average interest rates represent implied forward rates based on the average outstanding notional amount.

<TABLE>
<CAPTION>
FINANCIAL DERIVATIVES
March 31, 1996

| Dollars in millions | Notional Value | Weighted Average Rates Paid | Weighted Average Rates Received | Estimated Fair Value |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| Interest rate risk management | | | | |
| Asset rate conversion | | | | |
| Interest rate swaps (1) | | | | |
| Receive fixed designated to | | | | |
| Loans | $4,955 | 5.84% | 5.41% | $(35) |
| Short-term investments | 200 | 6.00 | 7.23 | 5 |
| Receive-fixed index amortizing designated to loans | 500 | 5.52 | 5.19 | (2) |
| Pay fixed designated to | | | | |
| Securities | 599 | 4.68 | 5.74 | 5 |
| Loans | 328 | 7.81 | 5.85 | (19) |
| Basis swaps designated to loans | 100 | 5.58 | 5.50 | |
| Interest rate caps designated to securities (2) | 5,500 | NM | NM | 12 |
| Interest rate floors designated to loans (3) | 1,000 | NM | NM | 1 |
| Total asset rate conversion | 13,182 | | | (33) |
| Liability rate conversion | | | | |
| Interest rate swaps (1) | | | | |
| Receive fixed designated to | | | | |
| Notes and debentures | 657 | 5.40 | 5.74 | 18 |
| Interest-bearing deposits | 580 | 5.98 | 6.22 | 12 |
| Borrowed funds | 225 | 5.44 | 6.51 | 13 |
| Receive-fixed index amortizing designated to interest-bearing deposits | 83 | 5.48 | 5.14 | (2) |
| Pay fixed designated to | | | | |
| Borrowed funds | 525 | 5.54 | 5.29 | (6) |
| Notes and debentures | 50 | 5.63 | 5.72 | (1) |
| Interest-bearing deposits | 10 | 4.75 | 5.40 | |
| Basis swaps designated to notes and debentures | 25 | 5.40 | 5.00 | 1 |
| Total liability rate conversion | 2,155 | | | |

| | | | | |
|---|---|---|---|---|
| | | | | 35 |
| Total interest rate risk management | 15,337 | | | 2 |
| Mortgage banking activities | | | | |
| Forward contracts - commitments to purchase loans | 472 | NM | NM | (2) |
| Forward contracts - commitments to sell loans | 939 | NM | NM | 9 |
| Interest rate floors - MSR | 700 | NM | NM | 7 |
| Total mortgage banking activities | 2,111 | | | 14 |
| Total financial derivatives | $17,448 | | | $16 |

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 85% were based on 3-month LIBOR, 6% on one-month LIBOR and the remainder on other short-term indices.

(2) Interest rate caps with a notional value of $5.5 billion require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over 6.50%. At March 31, 1996, 3-month LIBOR was 5.50%.

(3) Interest rate floors with a notional value of $1 billion require the counterparty to pay the Corporation the excess, if any, of 4.80% over 3 month LIBOR. At March 31, 1996, 3-month LIBOR was 5.50%.

NM - not meaningful



LINE OF BUSINESS RESULTS

The management accounting process uses various methods of balance sheet and income statement allocations, transfers and assignments to evaluate the performance of various business units. Unlike financial accounting, there is no comprehensive, authoritative body of guidance for management accounting equivalent to generally accepted accounting principles. The following information is based on management accounting practices which conform to and support the management structure of the Corporation and is not necessarily comparable with similar information for any other financial services institution. Designations, assignments and allocations may change from time to time as the management accounting system is enhanced and business or product lines change.

For management reporting purposes, the Corporation has designated five lines of business: Consumer Banking, Corporate Banking, Mortgage Banking, Real Estate Banking, and Asset Management. The financial results presented in this section reflect each line of business as if it operated on a stand-alone basis. Securities or borrowings, and related interest rate spread, have been assigned to each line of business based on its net asset or liability position. Consumer Banking was a net generator of funds and, accordingly, was assigned securities, while the other lines of business received an assignment of borrowings as net asset generators.

Asset/liability management activities reflect the residual of the assignment of wholesale assets and liabilities to the lines of business. These activities also include securities transactions and the impact of financial derivatives used for interest rate risk management.

Capital is assigned to each business unit based on management's assessment of inherent risks and equity levels at independent companies that provide similar products and services. Capital assignments are not equivalent to regulatory capital guidelines and the total amount assigned may vary from consolidated shareholders' equity.

Total earnings contributed by the lines of business increased $37 million, or 18%, to $243 million in the first quarter of 1996 compared with $206 million in the prior-year period. The increase was primarily due to higher fee-based revenue and higher net interest income associated with loan and deposit growth. Line of business earnings differed from reported consolidated net income in both years due to asset/liability management activities, differences between specific reserve allocations to the lines of business and the consolidated provision for credit losses and certain unallocated revenues and expenses.

<TABLE>
<CAPTION>
LINE OF BUSINESS HIGHLIGHTS

| Three months ended March 31 | Average Balance Sheet | Revenue(1) | Earnings | Assigned | Return on Capital |
|---|---|---|---|---|---|

| Dollars in millions | 1996 | 1995 | 1996 | 1995 | 1996 | 1995 | 1996 | 1995 |
|---|---|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Consumer Banking | | | | | | | | |
| Community Banking | $36,453 | $34,047 | $468 | $418 | $111 | $93 | 23% | 22% |
| Private Banking | 2,609 | 2,201 | 83 | 70 | 16 | 12 | 26 | 22 |
| Total Consumer Banking | 39,062 | 36,248 | 551 | 488 | 127 | 105 | 23 | 22 |
| Corporate Banking | | | | | | | | |
| Middle Market | 12,595 | 12,042 | 156 | 160 | 51 | 45 | 13 | 13 |
| Large Corporate | 4,248 | 3,734 | 35 | 34 | 12 | 11 | 10 | 10 |
| Equity Management | 207 | 186 | 11 | 4 | 6 | 2 | 43 | 16 |
| Total Corporate Banking | 17,050 | 15,962 | 202 | 198 | 69 | 58 | 14 | 12 |
| Mortgage Banking | 13,394 | 11,799 | 95 | 95 | 18 | 16 | 11 | 12 |
| Real Estate Banking | 4,098 | 3,801 | 40 | 50 | 17 | 19 | 11 | 13 |
| Asset Management | 429 | 198 | 59 | 38 | 12 | 8 | 41 | 47 |
| Total lines of business | 74,033 | 68,008 | 947 | 869 | 243 | 206 | 17 | 16 |
| Asset/liability management activities | (3,350) | 6,461 | (16) | (32) | (13) | (25) | | |
| Unallocated provision | | | | | 22 | 19 | | |
| Other unallocated items | 1,050 | 372 | 7 | | (14) | (21) | | |
| Total | $71,733 | $74,841 | $938 | $837 | $238 | $179 | 17 | 13 |

</TABLE>

(1) Revenue is fully-taxable equivalent net interest income and fee-based income



CONSUMER BANKING Consumer Banking provides lending, deposit, personal trust, brokerage, investment, payment system access and other financial services to individuals and small businesses. Services are provided through a network of community banking offices, alternative delivery systems such as the National Financial Services Center and ATMs and regional banking centers offering a wide array of products at each location. Consumer Banking includes: Community Banking-- small business customers having annual sales of up to $5 million and all other consumers who use traditional branch and direct banking services, and Private Banking--affluent consumers and charitable organizations with specialized banking requirements.

In January 1996, an agreement was entered into with the American Automobile Association (AAA) to offer financial products and services to the organizations's 34 million members. The agreement provides for an initial term of ten years, with two five-year renewal options. A full range of consumer products and services will be offered including credit card, automobile, student, home equity and residential mortgage loans, as well as deposit accounts and money market mutual funds. Beginning in the second half of 1996, these products and services will be marketed in conjunction with AAA and will be delivered through the Corporation's direct banking channels.

In addition, in March 1996, the Corporation acquired $500 million of deposits located in New Jersey for a cash premium of $37 million.

The earnings contribution from Consumer Banking increased modestly to 52% of total line of business earnings in the first quarter of 1996 compared with 51% in the prior-year period. Community Banking earnings increased 19% in the first quarter of 1996 as a result of higher net interest income associated with loan and deposit growth primarily from the Chemical acquisition. This revenue growth more than offset an increase in the allocated provision for credit losses resulting primarily from credit card activities. Expenses increased less than 3% despite the impact of acquisitions and continued investment in direct banking. Earnings from Private Banking increased 33% in first quarter of 1996 as new trust business and higher brokerage revenue more than offset expense growth from sales and marketing activities.

CORPORATE BANKING Corporate Banking provides traditional and asset-based financing, liquidity and treasury management, corporate and employee benefit trust, capital markets, direct investment, leasing and other financial services to businesses and governmental entities. It serves customers within the Corporation's primary markets, as well as from a network of offices located in major U.S. cities. Corporate Banking includes: Middle Market -- customers with annual sales of $5 million to $250 million and those in certain specialized industries such as communications, health care, natural resources, metals, public finance, financial institutions and automobile dealer finance; Large Corporate -- customers having annual sales of more than $250 million; and Equity Management -- private equity investments.

Corporate Banking contributed 28% of line of business earnings in both periods. Middle Market and Large Corporate earnings increased 13% and 9%, respectively, in the comparison due to a decline in the allocated provision for credit losses, reflecting improved credit quality of the loan portfolio, and an increase in loan outstandings. The contribution from Equity Management increased in first quarter of 1996 as a result of higher venture capital income.

MORTGAGE BANKING Mortgage Banking activities include acquisition, origination, securitization and servicing of residential mortgages, as well as retention of selected loans in the portfolio.

Mortgage Banking contributed 8% of line of business earnings in both periods. Earnings increased 13% in the first quarter of 1996 due to the impact of increased originations and portfolio loans which more than offset lower gains from sales of servicing.



<TABLE>
<CAPTION>

MORTGAGE SERVICING PORTFOLIO

| In millions | 1996 | 1995 |
|---|---|---|
| January 1 | $37,299 | $40,389 |
| Originations | 1,378 | 934 |
| Acquisitions | 3,516 | 92 |
| Repayments | (1,638) | (829) |
| Sales | (25) | (1,128) |
| March 31 | $40,530 | $39,458 |

</TABLE>

During the first quarter of 1996, the Corporation funded $1.4 billion of residential mortgages of which 54% represented new financing. The comparable amounts were $934 million and 89%, respectively, in the first quarter of 1995.

At March 31, 1996, the Corporation's mortgage servicing portfolio totaled $40.5 billion, had a weighted-average coupon rate of 7.97% and an estimated fair value of $463 million. The servicing portfolio included $28.1 billion serviced for others with a MSR carrying value of $316 million and fair value of $367 million. If interest rates decline and the rate of prepayment increases, the underlying servicing fee income stream and related MSR fair value would be reduced. The Corporation seeks to manage this risk by using certain off-balance-sheet financial derivatives and on-balance-sheet instruments whose values move in the opposite direction of MSR value changes. During the first quarter of 1996, hedging costs of $5 million, recorded in other noninterest income, from instruments used to hedge the economic value of MSR were offset by lower MSR impairment.

REAL ESTATE BANKING Real Estate Banking provides lending, deposit, treasury management, syndication, commercial mortgage-backed securitizations and other noncredit services to small, middle market and large customers. Real Estate Banking services are provided to customers seeking short- and intermediate-term credit for construction, acquisition and holding of commercial or residential real estate projects.

Real Estate Banking contributed 7% of line of business earnings in the first quarter of 1996 compared with 9% in the first quarter of 1995. Earnings declined in the comparison due to lower loan volume and nonrecurring gains in the first quarter of 1995 on Midlantic's sale of assets held for accelerated disposition.

ASSET MANAGEMENT Asset Management provides trust and mutual fund investment management, strategy, research and asset servicing on behalf of Consumer Banking and Corporate Banking customers and directly for institutional and family wealth customers. It serves customers through one unified money management organization.

Asset Management contributed 5% of line of business earnings in the first quarter of 1996 compared with 4% a year ago. Earnings increased 50% due to the impact of BlackRock, new business and an increase in the value of administered assets.

Revenues and earnings from asset management and mutual fund servicing are included in Asset Management. Revenue and earnings from marketing asset management products and trust services are included in the Corporate Banking and Consumer Banking lines of business. The following table sets forth line of business revenue and earnings related to these activities.

<TABLE>
<CAPTION>

| Three months ended March 31<br>Dollars in millions | Revenue<br>Fees and Commissions | Revenue<br>Other | Revenue<br>Total | Earnings |
|---|---|---|---|---|

<S> <C> <C> <C> <C>

| | | | | |
|---|---|---|---|---|
| 1996 | | | | |
| Asset Management | $61 | $(2) | $59 | $12 |
| Consumer Banking | 46 | 2 | 48 | 10 |
| Corporate Banking | 14 | 2 | 16 | 2 |
| Total | $121 | $2 | $123 | $24 |
| 1995 | | | | |
| Asset Management | $37 | $ 1 | $38 | $8 |
| Consumer Banking | 40 | 3 | 43 | 8 |
| Corporate Banking | 13 | 2 | 15 | 2 |
| Total | $90 | $6 | $96 | $18 |

</TABLE>



During the first quarter of 1996, assets under administration increased by $80 billion to $304 billion compared with a year ago. Discretionary assets under management totaled $103 billion at March 31, 1996 compared with $85 billion a year ago. At March 31, 1996, the composition of discretionary assets under administration was 45% fixed income, 31% money market, 23% equity and 1% other assets.

<TABLE>
<CAPTION>
ASSETS UNDER ADMINISTRATION

| March 31<br>In billions | Discretionary | Non-Discretionary | Total |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| 1996 | | | |
| Mutual funds | $46 | $144 | $190 |
| Personal and charitable | 32 | 16 | 48 |
| Institutional | 25 | 41 | 66 |
| Total | $103 | $201 | $304 |
| 1995 | | | |
| Mutual funds | $38 | $90 | $128 |
| Personal and charitable | 26 | 12 | 38 |
| Institutional | 21 | 37 | 58 |
| Total | $85 | $139 | $224 |

</TABLE>

RISK MANAGEMENT

The Corporation's ordinary course of business involves varying degrees of risk taking, the most significant of which are credit, liquidity and interest rate risk. To manage these risks, the Corporation has risk management processes designed to provide for risk identification, measurement, monitoring and control.

CREDIT RISK MANAGEMENT Credit risk represents the possibility that a customer 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 certain off-balance-sheet financial derivative transactions. The Corporation seeks to manage credit risk through diversification, utilizing exposure limits to any single industry or customer, requiring collateral and selling participations to third parties.

NONPERFORMING ASSETS At March 31, 1996, nonperforming assets were $540 million compared with $536 million at year-end. The following tables set forth nonperforming assets by category at March 31, 1996 and December 31, 1995 and the changes in nonperforming assets during the first three months of 1996 and 1995.

<TABLE>
<CAPTION>
NONPERFORMING ASSETS

| Dollars in millions | March 31<br>1996 | December 31<br>1995 |
|---|---|---|
| <S> | <C> | <C> |
| Nonaccrual loans | | |
| Commercial | $141 | $118 |
| Commercial real estate | | |
| Commercial mortgage | 116 | 108 |
| Real estate project | 40 | 45 |
| Consumer | 7 | 10 |
| Residential mortgage | 51 | 54 |
| Total nonaccrual loans | 355 | 335 |
| Restructured loans | 17 | 23 |
| Total nonperforming loans | 372 | 358 |

| | | |
|---|---|---|
| Foreclosed assets | | |
| Commercial real estate | 98 | 105 |
| Residential mortgage | 26 | 24 |
| Other | 44 | 49 |
| Total foreclosed assets | 168 | 178 |
| Total nonperforming assets | $540 | $536 |
| Nonperforming loans to loans | .76% | .74% |
| Nonperforming assets to loans and foreclosed assets | 1.10 | 1.10 |
| Nonperforming assets to assets | .74 | .73 |

</TABLE>

<TABLE>
<CAPTION>
CHANGE IN NONPERFORMING ASSETS

| In millions | 1996 | 1995 |
|---|---|---|
| January 1 | $536 | $757 |
| Transferred from accrual | 111 | 117 |
| Acquisitions | | 1 |
| Returned to performing | (10) | (37) |
| Principal reductions | (59) | (90) |
| Sales | (22) | (17) |
| Charge-offs and valuation adjustments | (16) | (29) |
| March 31 | $540 | $702 |

</TABLE>



At March 31, 1996, $92 million of nonperforming loans were current as to principal and interest compared with $89 million at December 31, 1995. Office, retail and land projects accounted for 69.0% of total nonperforming real estate project assets at March 31, 1996. The Corporation's primary markets accounted for 61.0% of total nonperforming real estate project assets. The southeast region of the United States and metropolitan Washington D.C. area accounted for 18.4% and 6.4%, respectively.

<TABLE>
<CAPTION>
ACCRUING LOANS CONTRACTUALLY PAST DUE 90 DAYS OR MORE

| | Amount | | Percent of Loans | |
|---|---|---|---|---|
| Dollars in millions | March 31 1996 | December 31 1995 | March 31 1996 | December 31 1995 |
| Consumer | | | | |
| Guaranteed student loans | $39 | $44 | 2.38% | 2.90% |
| Other | 53 | 51 | .46 | .44 |
| Total consumer | 92 | 95 | .70 | .72 |
| Residential mortgage | 61 | 63 | .52 | .54 |
| Commercial | 40 | 22 | .24 | .13 |
| Commercial real estate | 16 | 45 | .33 | .92 |
| Total | $209 | $225 | .43 | .46 |

</TABLE>

ALLOWANCE FOR CREDIT LOSSES In determining the adequacy of the allowance for credit losses, the Corporation allocates reserves to specific problem loans based on discounted cash flow analyses or collateral valuations for impaired loans and to pools of watchlist and non-watchlist loans for various credit risk factors.

The allowance for credit losses totaled $1.2 billion at March 31, 1996 compared with $1.3 billion at December 31, 1995. The allowance as a percent of period-end loans and nonperforming loans was 2.51% and 328.9%, respectively, at March 31, 1996. The comparable year-end 1995 amounts were 2.59% and 351.7%, respectively.

<TABLE>
<CAPTION>
CHARGE-OFFS AND RECOVERIES

| Three months ended March 31 Dollars in millions | Charge-offs | Recoveries | Net Charge-offs | Percent of Average Loans |
|---|---|---|---|---|
| 1996 | | | | |
| Consumer | $39 | $9 | $30 | .90% |
| Residential mortgage | 2 | 1 | 1 | .03 |
| Commercial | 10 | 9 | 1 | .02 |
| Commercial real estate | 4 | 2 | 2 | .16 |

| | | | | |
|---|---|---|---|---|
| Total | $55 | $21 | $34 | .28 |
| 1995 | | | | |
| Consumer | $23 | $10 | $13 | .46% |
| Residential mortgage | 3 | | 3 | .12 |
| Commercial | 30 | 13 | 17 | .46 |
| Commercial real estate | 6 | 3 | 3 | .24 |
| Total | $62 | $26 | $36 | .33 |

</TABLE>

Consumer net charge-offs increased $17 million in the comparison primarily due to an increase in credit card charge-offs and the Midlantic and Chemical acquisitions.



LIQUIDITY Liquidity represents an institution's ability to generate cash or otherwise obtain funds at reasonable rates to satisfy commitments to borrowers and demands of depositors and debtholders, and invest in other strategic initiatives. Liquidity risk represents the likelihood the Corporation would be unable to generate cash or otherwise obtain funds at reasonable rates to satisfy commitments to borrowers, as well as the obligations to depositors and debtholders. Liquidity is managed through the coordination of the relative maturities of assets, liabilities and off-balance-sheet positions and is enhanced by the ability to raise funds in capital markets through direct borrowing or securitization of assets such as automobile and credit card loans.

During the first quarter of 1996, cash and due from banks decreased $428 million to $3.3 billion compared with an increase of $78 million during the year-earlier period. Net cash provided by operating activities decreased $570 million in the comparison, primarily due to increases in loans held for sale associated with the Corporation's mortgage banking activities and trading account securities.  Cash provided by investing activities declined to $1.3 billion compared with $2.2 billion provided a year ago reflecting higher cash receipts from securities sales in the previous period. Net cash used by financing activities totaled $1.5 billion in the first quarter of 1996 compared with $2.5 billion used a year earlier reflecting a lower level of wholesale liability activity.

Liquid assets consist of cash and due from banks, short-term investments, loans held for sale and securities available for sale. At March 31, 1996, such assets totaled $20.5 billion of which $7.5 billion was pledged as collateral. Liquidity is also provided by residential mortgages which may be used as collateral for funds obtained through the Federal Home Loan Bank system. At March 31, 1996, approximately $5.7 billion of residential mortgages were available as collateral for borrowings from the Federal Home Loan Bank system.

The principal source of the parent company's revenues and cash flow is dividends from its 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 the 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 payment of dividends to PNC Bancorp, Inc. and in turn the parent company by all bank subsidiaries was $319 million at March 31, 1996. Dividends may also be impacted by capital needs, regulatory requirements and policies, and other factors.

Liquidity for the parent company and its affiliates is also generated through the issuance of securities in public or private markets and lines of credit. Under effective shelf registration statements at March 31, 1996, the Corporation had available $140 million of debt, $300 million of preferred stock and $350 million of securities that may be issued as either debt or preferred stock. In addition, the Corporation had a $500 million unused committed line of credit.  Funds obtained from any of these sources can be used for both bank and nonbank activities.

Management believes the Corporation has sufficient liquidity to meet its current obligations to customers, debtholders and others. The impact of replacing maturing liabilities is reflected in the income simulation model used in the Corporation's overall asset/liability management process.



INTEREST RATE RISK Interest rate risk arises primarily through the Corporation's normal business activities of extending loans and taking deposits. Many factors, including economic and financial conditions, general movements in market interest rates, and consumer preferences, affect the spread between interest earned on assets and interest paid on liabilities. Financial derivatives, primarily interest rate swaps, caps and floors, are used to alter the interest rate characteristics of assets and liabilities. For example, receive-fixed interest rate swaps effectively convert variable-rate assets to fixed-rate assets.

In managing interest rate risk, the Corporation seeks to minimize the reliance on a particular interest rate scenario as a source of earnings. Accordingly, wholesale activities including securities, funding, financial derivatives and capital markets activities are used in managing core business exposures within specified guidelines. Interest rate risk is centrally managed by asset and liability (A&L) management.

An income simulation model is the primary tool used to assess the direction and magnitude of changes in net interest income resulting from changes in interest rates. Key assumptions employed in the model include prepayment speeds on mortgage-related assets, cash flows and maturities of financial instruments, changes in market conditions, loan volumes and pricing, deposit sensitivity, customer preferences, and management's financial and capital plans. These assumptions are inherently uncertain and, as a result, the model can not precisely estimate net interest income or precisely predict the impact of higher or lower interest rates on net interest income.

The Corporation's guidelines 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 March 31, 1996, based on the results of the simulation model, the Corporation was within these guidelines. Actual results will differ from simulated results due to timing, magnitude and frequency of interest rate changes and changes in market conditions and management strategies, among other factors.

The Corporation also employs interest sensitivity (gap) analyses to assess interest rate risk. A gap analysis represents a point-in-time net position of assets, liabilities and off-balance-sheet instruments subject to repricing in specified time periods. Gap analysis alone does not accurately measure the magnitude of changes in net interest income since changes in interest rates over time do not impact all categories of assets, liabilities and off-balance-sheet instruments equally or simultaneously. The Corporation's limit for the cumulative one-year gap position is 10%. A cumulative asset-sensitive gap position indicates assets are expected to reprice more quickly than liabilities. Alternatively, a cumulative liability-sensitive gap position indicates liabilities are expected to reprice more quickly than assets. At March 31, 1996, the cumulative one-year gap position was neutral.



CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

| Dollars in millions, except share data | March 31 1996 | December 31 1995 |
|---|---|---|
| <S> | <C> | <C> |
| ASSETS | | |
| Cash and due from banks | $3,251 | $3,679 |
| Short-term investments | 1,170 | 1,611 |
| Loans held for sale | 1,369 | 659 |
| Securities available for sale | 14,692 | 15,839 |
| Loans, net of unearned income of $380 and $403 | 48,800 | 48,653 |
| Allowance for credit losses | (1,225) | (1,259) |
| Net loans | 47,575 | 47,394 |
| Goodwill and other intangibles | 1,019 | 997 |
| Mortgage servicing rights | 316 | 268 |
| Other | 3,276 | 2,957 |
| Total assets | $72,668 | $73,404 |
| LIABILITIES | | |
| Deposits | | |
| Noninterest-bearing | $9,899 | $10,707 |
| Interest-bearing | 35,722 | 36,192 |
| Total deposits | 45,621 | 46,899 |
| Borrowed funds | | |
| Federal funds purchased | 3,434 | 3,817 |
| Repurchase agreements | 2,754 | 2,851 |
| Commercial paper | 447 | 753 |
| Other | 1,369 | 1,244 |
| Total borrowed funds | 8,004 | 8,665 |
| Notes and debentures | 11,448 | 10,398 |
| Other | 1,809 | 1,674 |
| Total liabilities | 66,882 | 67,636 |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock - $1 par value | | |
| Authorized: 17,503,967 and 17,529,342 shares | | |
| Issued and outstanding: 823,409 and 848,784 shares | | |
| Aggregate liquidation value: $16,906 and $17,428 | 1 | 1 |
| Common stock - $5 par value | | |
| Authorized: 450,000,000 shares | | |
| Issued: 341,858,521 and 340,863,348 shares | 1,709 | 1,704 |
| Capital surplus | 563 | 545 |
| Retained earnings | 3,689 | 3,571 |
| Deferred benefit expense | (77) | (79) |
| Net unrealized securities gains (losses) | (98) | 26 |
| Common stock held in treasury at cost: 15,291 shares | (1) | |

| | | |
|---|---|---|
| Total shareholders' equity | 5,786 | 5,768 |
| Total liabilities and shareholders' equity | $72,668 | $73,404 |

</TABLE>
See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

| Three months ended March 31<br>In thousands, except per share data | 1996 | 1995 |
|---|---|---|
| <S> | <C> | <C> |
| INTEREST INCOME | | |
| Loans and fees on loans | $980,836 | $887,421 |
| Securities | 237,442 | 345,404 |
| Other | 37,060 | 28,452 |
| Total interest income | 1,255,338 | 1,261,277 |
| INTEREST EXPENSE | | |
| Deposits | 370,983 | 357,721 |
| Borrowed funds | 112,457 | 211,129 |
| Notes and debentures | 165,041 | 153,147 |
| Total interest expense | 648,481 | 721,997 |
| Net interest income | 606,857 | 539,280 |
| Provision for credit losses | | 1,500 |
| Net interest income less provision for credit losses | 606,857 | 537,780 |
| NONINTEREST INCOME | | |
| Service fees | 130,269 | 121,472 |
| Asset management and trust | 120,877 | 90,368 |
| Mortgage banking | 35,982 | 44,723 |
| Net securities gains | 2,943 | 1,254 |
| Other | 31,491 | 27,740 |
| Total noninterest income | 321,562 | 285,557 |
| NONINTEREST EXPENSE | | |
| Staff expense | 278,657 | 263,401 |
| Net occupancy and equipment | 93,283 | 86,734 |
| Intangible asset and MSR amortization | 23,664 | 23,335 |
| Federal deposit insurance | 3,190 | 24,320 |
| Other | 166,852 | 155,561 |
| Total noninterest expense | 565,646 | 553,351 |
| Income before income taxes | 362,773 | 269,986 |
| Applicable income taxes | 124,453 | 90,439 |
| Net income | $238,320 | $179,547 |
| EARNINGS PER COMMON SHARE | | |
| Primary | $.69 | $.52 |
| Fully diluted | .69 | .52 |
| CASH DIVIDENDS DECLARED PER COMMON SHARE | .35 | .35 |
| AVERAGE COMMON SHARES OUTSTANDING | | |
| Primary | 342,872 | 341,740 |
| Fully diluted | 347,367 | 347,008 |

</TABLE>
See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

| Three months ended March 31<br>In millions | 1996 | 1995 |
|---|---|---|
| <S> | <C> | <C> |
| OPERATING ACTIVITIES | | |
| Net income | $238 | $180 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Provision for credit losses | | 1 |
| Depreciation, amortization and accretion | 61 | 63 |
| Deferred income taxes | 37 | 47 |
| Net securities gains | (3) | (1) |
| Net gain on sales of assets | (14) | (14) |
| Changes in | | |

| | | |
|---|---|---|
| Loans held for sale | (316) | 62 |
| Other | (235) | |
| Net cash provided (used) by operating activities | (232) | 338 |
| INVESTING ACTIVITIES | | |
| Net change in loans | (334) | (243) |
| Repayment | | |
| Securities available for sale | 1,081 | 263 |
| Investment securities | | 435 |
| Sales | | |
| Securities available for sale | 1,496 | 614 |
| Loans | 7 | 102 |
| Foreclosed assets | 24 | 17 |
| Purchases | | |
| Securities available for sale | (1,601) | (878) |
| Investment securities | | (126) |
| Loans | (286) | (30) |
| Net cash received in acquisitions | 460 | 44 |
| Other | 438 | 2,017 |
| Net cash provided by investing activities | 1,285 | 2,215 |
| FINANCING ACTIVITIES | | |
| Net change in | | |
| Noninterest-bearing deposits | (817) | (695) |
| Interest-bearing deposits | (952) | (1,850) |
| Federal funds purchased | (382) | 767 |
| Sale/issuance | | |
| Repurchase agreements | 17,601 | 28,250 |
| Commercial paper | 523 | 1,179 |
| Other borrowed funds | 20,203 | 26,620 |
| Notes and debentures | 4,082 | 1,354 |
| Common stock | 20 | 9 |
| Redemption/maturity | | |
| Repurchase agreements | (17,699) | (24,571) |
| Commercial paper | (829) | (1,580) |
| Other borrowed funds | (20,079) | (28,078) |
| Notes and debentures | (3,027) | (3,682) |
| Acquisition of treasury stock | (5) | (104) |
| Cash dividends paid to shareholders | (120) | (94) |
| Net cash used by financing activities | (1,481) | (2,475) |
| INCREASE (DECREASE) IN CASH AND DUE FROM BANKS | (428) | 78 |
| Cash and due from banks at beginning of year | 3,679 | 3,412 |
| Cash and due from banks at end of period | $3,251 | $3,490 |
| CASH ITEMS | | |
| Interest paid | $690 | $784 |
| Income taxes refunded | 81 | 55 |
| NONCASH ITEMS | | |
| Transfers from loans to foreclosed assets | 12 | 29 |

</TABLE>
See accompanying Notes to Consolidated Financial Statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

BUSINESS PNC Bank Corp. provides a broad range of banking and related financial services through its subsidiaries to retail consumers, small businesses and corporate customers. PNC Bank is subject to intense competition from other financial services companies with respect to these services and customers and is also subject to the regulations of certain federal and state agencies and undergoes periodic examinations by certain regulatory authorities.

BASIS OF FINANCIAL STATEMENT PRESENTATION The unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles and include the accounts of PNC Bank Corp. and its subsidiaries ("Corporation"), substantially all of which are wholly owned. In the opinion of management, the financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair statement of the results for the interim periods presented. The merger between PNC Bank Corp. and Midlantic Corporation ("Midlantic") was completed December 31, 1995 and accounted for as a pooling of interests. Accordingly, all financial information has been restated as if the companies were combined for all periods presented.

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

The notes included herein should be read in conjunction with the audited consolidated financial statements included in the Corporation's 1995 Annual Report.

ALLOWANCE FOR CREDIT LOSSES The allowance for credit losses is maintained at a level believed by management to be sufficient to absorb estimated potential credit losses. Management's determination of the adequacy of the allowance is based on periodic evaluations of the credit portfolio and other relevant factors. This evaluation is inherently subjective as it requires material estimates, including the amounts and timing of expected future cash flows on impaired loans, which may be susceptible to significant change. The allowance for credit losses on impaired loans pursuant to Statement of Financial Accounting Standards ("SFAS") No. 114 "Accounting by Creditors for Impairment of a Loan," is one component of the methodology for determining the allowance for credit losses. The remaining components of the allowance for credit losses provide for estimated losses on consumer loans and residential mortgages, and general amounts for historical loss experience, uncertainties in estimating losses and inherent risks in the various credit portfolios.

EARNINGS PER COMMON SHARE Primary earnings per common share is calculated by dividing net income adjusted for preferred stock dividends declared by the sum of the weighted average number of shares of common stock outstanding and the number of shares of common stock which would be issued assuming the exercise of stock options during each period. Fully diluted earnings per common share is based on net income adjusted for interest expense, net of tax, on outstanding convertible debentures and dividends declared on nonconvertible preferred stock. The weighted average number of shares of common stock outstanding is increased by the assumed conversion of outstanding convertible preferred stock and convertible debentures from the beginning of the year or date of issuance, if later, and the number of shares of common stock which would be issued assuming the exercise of stock options. Such adjustments to net income and the weighted average number of shares of common stock outstanding are made only when such adjustments dilute earnings per common share.



CHANGE IN ACCOUNTING PRINCIPLE In the first quarter of 1996, the Corporation adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of." This Standard requires that long-lived assets and certain identifiable intangible assets, such as goodwill, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is measured based on the present value of expected future cash flows from the asset and its eventual disposition. The adoption of SFAS No. 121 did not have a material effect on the Corporation's financial position or results of operation.

CASH FLOWS

For the statement of cash flows, the Corporation defines cash and cash equivalents as cash and due from banks.

The table below sets forth information pertaining to acquisitions and divestitures which affect cash flows.

<TABLE>
<CAPTION>

| Three months ended March 31<br>In millions | 1996 | 1995 |
|---|---|---|
| Assets acquired | $538 | $654 |
| Liabilities assumed | 501 | 535 |
| Cash paid | 37 | 120 |
| Cash and due from banks received | 497 | 164 |

</TABLE>

MERGERS AND ACQUISITIONS

On December 31, 1995, Midlantic merged with the Corporation. Each share of Midlantic common stock outstanding on such date was converted into 2.05 shares of the Corporation's common stock. The Corporation issued approximately 112 million shares of common stock in connection with the merger. The transaction was accounted for as a pooling of interests and, accordingly, all financial data prior to the merger has been restated as if the entities were combined for all such periods.



On October 6, 1995, the Corporation acquired Chemical New Jersey Holdings, Inc., and its wholly-owned subsidiary Chemical Bank New Jersey, N.A. ("Chemical") with total assets of $3.2 billion and retail core deposits of $2.7 billion. The Corporation paid $492 million in cash and the transaction was accounted for under the purchase method.

In February 1995, the Corporation acquired BlackRock Financial Management L.P., a fixed-income investment management firm with approximately $25 billion in assets under management at closing. The Corporation paid $71 million in cash and issued $169 million of unsecured notes.

SECURITIES

The following table sets forth the amortized cost and fair value of the Corporation's securities portfolio, all of which are available for sale and the fair value of financial derivatives designated to such instruments.

At March 31, 1996 and December 31, 1995, $6.1 billion notional value of interest rate swaps and caps were associated with securities available for sale.

<TABLE>
<CAPTION>

| SECURITIES AVAILABLE FOR SALE | March 31, 1996 | | | | December 31, 1995 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Unrealized | | | | Unrealized | | |
| In millions | Amortized Cost | Gains | Losses | Fair Value | Amortized Cost | Gains | Losses | Fair Value |
| Debt securities | | | | | | | | |
| U.S. Treasury | $2,000 | $42 | $12 | $2,030 | $3,211 | $69 | | $3,280 |
| U.S. Government agencies and corporations | | | | | | | | |
| Mortgage-related | 7,278 | 10 | 193 | 7,095 | 7,510 | 18 | $75 | 7,453 |
| Other | 1,450 | 1 | 15 | 1,436 | 1,030 | 5 | 1 | 1,034 |
| Asset-backed private placement | 1,597 | 5 | | 1,602 | 1,597 | 7 | | 1,604 |
| State and municipal | 330 | 21 | | 351 | 343 | 25 | 1 | 367 |
| Other debt | | | | | | | | |
| Mortgage-related | 1,031 | 2 | 15 | 1,018 | 1,121 | 2 | 10 | 1,113 |
| Other | 684 | 4 | 4 | 684 | 525 | 3 | 3 | 525 |
| Corporate stocks and other | 471 | 2 | 12 | 461 | 455 | 4 | 2 | 457 |
| Associated derivatives | | 15 | | 15 | | 6 | | 6 |
| Total securities available for sale | $14,841 | $102 | $251 | $14,692 | $15,792 | $139 | $92 | $15,839 |

</TABLE>



NONPERFORMING ASSETS

Nonperforming assets are comprised of nonaccrual and restructured loans, and foreclosed assets. These assets were as follows:

<TABLE>
<CAPTION>

| In millions | March 31 1996 | December 31 1995 |
|---|---|---|
| Nonaccrual loans | $355 | $335 |
| Restructured loans | 17 | 23 |
| Total nonperforming loans | 372 | 358 |
| Foreclosed assets | 168 | 178 |
| Total nonperforming assets | $540 | $536 |

</TABLE>

ALLOWANCE FOR CREDIT LOSSES

The following table presents changes in the allowance for credit losses:

<TABLE>
<CAPTION>

| In millions | 1996 | 1995 |
|---|---|---|
| January 1 | $1,259 | $1,352 |
| Charge-offs | (55) | (62) |
| Recoveries | 21 | 26 |
| Net charge-offs | (34) | (36) |
| Provision for credit losses | | 1 |
| Acquisitions | | 1 |

| | | |
|---|---|---|
| March 31 | $1,225 | $1,318 |

</TABLE>

FINANCIAL DERIVATIVES

The following table sets forth notional and fair values of financial derivatives.

<TABLE>
<CAPTION>

| In millions | Notional Value | Positive Fair Value | Notional Value | Negative Fair Value | Total Notional Value |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| MARCH 31, 1996 | | | | | |
| Interest rate swaps | $3,699 | $75 | $5,138 | $(86) | $8,837 |
| Interest rate caps | 5,500 | 12 | | | 5,500 |
| Interest rate floors | 1,000 | 1 | | | 1,000 |
| Mortgage banking activities | 1,639 | 16 | 472 | (2) | 2,111 |
| Total | $11,838 | $104 | $5,610 | $(88) | $17,448 |
| DECEMBER 31, 1995 | | | | | |
| Interest rate swaps | $4,249 | $77 | $5,141 | $(48) | $9,390 |
| Interest rate caps | 5,510 | 6 | | | 5,510 |
| Mortgage banking activities | 769 | 16 | 1,038 | (4) | 1,807 |
| Total | $10,528 | $99 | $6,179 | $(52) | $16,707 |

</TABLE>



SPECIAL CHARGES

In connection with the Midlantic merger, the Corporation recorded special charges totaling $260 million. These charges represented estimated costs of integrating and consolidating branch networks, back office and administrative facilities, professional services and the cost to terminate an interest rate cap position. The following table sets forth changes in accrued special charges:

<TABLE>
<CAPTION>

| 1996<br>In millions | Balance at January 1 | Incurred | Balance at March 31 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Staff related | $42 | $6 | $36 |
| Net occupancy | 72 | 8 | 64 |
| Equipment | 17 | 2 | 15 |
| Professional services | 31 | 18 | 13 |
| Other | 18 | 10 | 8 |
| Interest rate cap termination | 80 | 80 | |
| Total | $260 | $124 | $136 |

</TABLE>

OTHER FINANCIAL INFORMATION

Summarized financial information for PNC Bancorp, Inc. and subsidiaries is as follows:

PNC BANCORP. INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
<TABLE>
<CAPTION>

| In millions | March 31 1996 | December 31 1995 |
|---|---|---|
| <S> | <C> | <C> |
| ASSETS | | |
| Cash and due from banks | $3,257 | $3,678 |
| Securities | 14,531 | 15,683 |
| Loans, net of unearned income | 49,076 | 48,583 |
| Allowance for credit losses | (1,225) | (1,259) |
| Net loans | 47,851 | 47,324 |
| Other assets | 6,038 | 6,053 |
| Total assets | $71,677 | $72,738 |
| LIABILITIES | | |
| Deposits | $45,743 | $47,024 |
| Borrowed funds | 7,512 | 8,093 |
| Notes and debentures | 10,790 | 9,726 |
| Other liabilities | 1,294 | 1,167 |

| | | |
|---|---|---|
| Total liabilities | 65,339 | 66,010 |
| SHAREHOLDER'S EQUITY | 6,338 | 6,728 |
| Total liabilities and shareholder's equity | $71,677 | $72,738 |

</TABLE>

In connection with the Midlantic merger, notes and debentures of Midlantic in the aggregate principal amount of $368 million have been jointly and severally assumed by the parent company and its wholly-owned subsidiary, PNC Bancorp, Inc.

PNC BANCORP. INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
<TABLE>
<CAPTION>

| Three months ended March 31 In millions | 1996 | 1995 |
|---|---|---|
| Interest income | $1,248 | $1,252 |
| Interest expense | 633 | 705 |
| Net interest income | 615 | 547 |
| Provision for credit losses | | 4 |
| Net interest income less provision for credit losses | 615 | 543 |
| Noninterest income | 296 | 268 |
| Noninterest expense | 549 | 534 |
| Income before income taxes | 362 | 277 |
| Applicable income taxes | 126 | 93 |
| Net income | $236 | $184 |

</TABLE>

The amount of dividends that may be paid by bank subsidiaries to PNC Bancorp, Inc., a first-tier holding company, and in turn to the parent company, are subject to certain legal limitations. Without regulatory approval, the amount available for payment of dividends by all subsidiary banks to PNC Bancorp, Inc. was $319 million at March 31, 1996. Dividends may also be impacted by capital needs, regulatory requirements and policies, and other factors.


STATISTICAL INFORMATION

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS

<TABLE>
<CAPTION>

| Taxable-equivalent basis<br>Average balance in millions, interest in thousands | First Quarter 1996 Average Balances | Interest | Average Yields/Rates | Fourth Quarter 1995 Average Balances | Interest | Average Yields/Rates |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Interest-earning assets | | | | | | |
| Short-term investments | $1,102 | $17,211 | 6.29% | $950 | $15,557 | 6.49% |
| Loans held for sale | 1,150 | 19,728 | 6.86 | 965 | 17,318 | 7.18 |
| Securities | | | | | | |
| U.S. Treasury | 2,258 | 37,559 | 6.69 | 3,729 | 50,159 | 5.34 |
| U.S. Government agencies and corporations | 8,564 | 131,844 | 6.16 | 11,582 | 162,719 | 5.62 |
| State and municipal | 330 | 8,138 | 9.88 | 352 | 7,866 | 8.95 |
| Other debt | 3,311 | 57,169 | 6.87 | 3,471 | 61,201 | 6.98 |
| Corporate stocks and other | 355 | 5,342 | 6.04 | 316 | 5,575 | 7.00 |
| Total securities | 14,818 | 240,052 | 6.48 | 19,450 | 287,520 | 5.89 |
| Loans, net of unearned income | | | | | | |
| Consumer | 13,370 | 293,624 | 8.83 | 13,188 | 293,742 | 8.84 |
| Residential mortgage | 11,619 | 218,118 | 7.51 | 11,462 | 213,544 | 7.45 |
| Commercial | 16,806 | 330,938 | 7.79 | 16,590 | 329,890 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | 7.78 |
| Commercial real estate | 4,885 | 112,409 | 9.16 | 5,029 | 119,047 | 9.38 |
| Other | 1,945 | 32,325 | 6.66 | 2,035 | 34,240 | 6.70 |
| Total loans, net of unearned income | 48,625 | 987,414 | 8.10 | 48,304 | 990,463 | 8.11 |
| Other interest-earning assets | 10 | 184 | 7.37 | 12 | 221 | 7.55 |
| Total interest-earning assets/ interest income | 65,705 | 1,264,589 | 7.69 | 69,681 | 1,311,079 | 7.46 |
| Noninterest-earning assets | | | | | | |
| Allowance for credit losses | (1,253) | | | (1,304) | | |
| Cash and due from banks | 3,095 | | | 3,093 | | |
| Other assets | 4,186 | | | 4,237 | | |
| Total assets | $71,733 | | | $75,707 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Interest-bearing liabilities | | | | | | |
| Interest-bearing deposits | | | | | | |
| Demand and money market | $12,625 | $84,919 | 2.71 | $12,789 | $93,788 | 2.91 |
| Savings | 3,579 | 19,125 | 2.15 | 3,626 | 21,374 | 2.34 |
| Other time | 18,638 | 252,534 | 5.45 | 18,723 | 265,010 | 5.62 |
| Deposits in foreign offices | 1,030 | 14,405 | 5.53 | 1,439 | 20,790 | 5.65 |
| Total interest-bearing deposits | 35,872 | 370,983 | 4.16 | 36,577 | 400,962 | 4.35 |
| Borrowed funds | | | | | | |
| Federal funds purchased | 3,540 | 48,388 | 5.50 | 4,044 | 60,246 | 5.91 |
| Repurchase agreements | 2,739 | 36,959 | 5.34 | 4,823 | 72,407 | 5.87 |
| Commercial paper | 549 | 7,708 | 5.65 | 763 | 11,320 | 5.89 |
| Other | 995 | 19,402 | 7.79 | 1,881 | 33,430 | 7.00 |
| Total borrowed funds | 7,823 | 112,457 | 5.74 | 11,511 | 177,403 | 6.07 |
| Notes and debentures | 11,068 | 165,041 | 5.94 | 10,637 | 168,889 | 6.26 |
| Total interest-bearing liabilities/interest expense | 54,763 | 648,481 | 4.75 | 58,725 | 747,254 | 5.03 |
| Noninterest-bearing liabilities and shareholders' equity | | | | | | |
| Demand and other noninterest-bearing deposits | 9,681 | | | 9,639 | | |
| Accrued expenses and other liabilities | 1,525 | | | 1,450 | | |
| Shareholders' equity | 5,764 | | | 5,893 | | |
| Total liabilities and shareholders' equity | $71,733 | | | $75,707 | | |
| Interest rate spread | | | 2.94 | | | 2.43 |
| Impact of noninterest-bearing liabilities | | | .79 | | | .79 |
| Net interest income/margin on earning assets | | $616,108 | 3.73% | | $563,825 | 3.22% |

</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.



<TABLE>
<CAPTION>

| Third Quarter 1995 | | | Second Quarter 1995 | | | First Quarter 1995 | | |
|---|---|---|---|---|---|---|---|---|
| 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> |
| $815 | $14,623 | 7.12% | $1,042 | $19,147 | 7.37% | $1,333 | $19,243 | 5.85% |
| 939 | 17,667 | 7.52 | 539 | 10,367 | 7.70 | 447 | 9,009 | 8.05 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 4,276 | 54,689 | 5.07 | 4,412 | 57,478 | 5.23 | 4,310 | 53,997 | 5.08 |
| 13,415 | 186,608 | 5.56 | 14,177 | 202,753 | 5.72 | 14,973 | 214,036 | 5.72 |
| 361 | 8,978 | 9.94 | 370 | 9,436 | 10.21 | 369 | 9,316 | 10.11 |
| 3,678 | 64,575 | 6.95 | 3,868 | 66,694 | 6.86 | 4,017 | 66,821 | 6.65 |
| 315 | 5,454 | 6.87 | 310 | 5,345 | 6.92 | 315 | 5,272 | 6.79 |
| 22,045 | 320,304 | 5.79 | 23,137 | 341,706 | 5.91 | 23,984 | 349,442 | 5.84 |
| 11,822 | 266,234 | 8.93 | 11,603 | 265,604 | 9.18 | 11,520 | 252,840 | 8.90 |
| 11,066 | 211,464 | 7.64 | 10,629 | 195,079 | 7.34 | 10,060 | 187,761 | 7.47 |
| 15,914 | 323,724 | 7.96 | 15,620 | 323,284 | 8.19 | 15,139 | 308,095 | 8.14 |
| 5,096 | 120,759 | 9.39 | 5,016 | 118,732 | 9.42 | 5,034 | 113,885 | 9.05 |
| 1,748 | 30,292 | 6.90 | 1,897 | 32,413 | 6.85 | 1,957 | 32,657 | 6.73 |
| 45,646 | 952,473 | 8.25 | 44,765 | 935,112 | 8.33 | 43,710 | 895,238 | 8.23 |
| 13 | 232 | 7.39 | 12 | 230 | 7.59 | 12 | 201 | 7.07 |
| 69,458 | 1,305,299 | 7.45 | 69,495 | 1,306,562 | 7.45 | 69,486 | 1,273,133 | 7.31 |
| (1,306) | | | (1,317) | | | (1,351) | | |
| 2,996 | | | 3,191 | | | 2,895 | | |
| 4,118 | | | 3,974 | | | 3,811 | | |
| $75,266 | | | $75,343 | | | $74,841 | | |
| $11,899 | $86,404 | 2.88 | $11,819 | $87,729 | 2.98 | $12,509 | $88,972 | 2.88 |
| 3,635 | 21,484 | 2.35 | 3,759 | 23,126 | 2.47 | 3,912 | 23,464 | 2.43 |
| 17,974 | 255,883 | 5.65 | 17,522 | 243,905 | 5.58 | 16,820 | 219,642 | 5.29 |
| 2,437 | 38,608 | 6.20 | 2,307 | 35,994 | 6.17 | 1,713 | 25,643 | 5.99 |
| 35,945 | 402,379 | 4.44 | 35,407 | 390,754 | 4.42 | 34,954 | 357,721 | 4.14 |
| 3,637 | 54,227 | 5.91 | 2,684 | 41,631 | 6.22 | 2,174 | 31,999 | 5.97 |
| 6,426 | 99,360 | 6.05 | 7,477 | 116,282 | 6.15 | 7,367 | 109,954 | 5.97 |
| 492 | 7,396 | 5.96 | 621 | 9,423 | 6.08 | 1,078 | 15,640 | 5.88 |
| 3,461 | 59,022 | 6.71 | 3,358 | 58,943 | 6.98 | 3,283 | 53,374 | 6.55 |
| 14,016 | 220,005 | 6.18 | 14,140 | 226,279 | 6.36 | 13,902 | 210,967 | 6.10 |
| 8,829 | 144,106 | 6.44 | 9,586 | 154,788 | 6.44 | 10,109 | 153,309 | 6.11 |
| 58,790 | 766,490 | 5.15 | 59,133 | 771,821 | 5.16 | 58,965 | 721,997 | 4.89 |
| 9,132 | | | 8,958 | | | 8,713 | | |
| 1,542 | | | 1,525 | | | 1,453 | | |
| 5,802 | | | 5,727 | | | 5,710 | | |
| $75,266 | | | $75,343 | | | $74,841 | | |
| | | 2.30 | | | 2.29 | | | 2.42 |
| | | .79 | | | .77 | | | .74 |
| | $538,809 | 3.09% | | $534,741 | 3.06% | | $551,136 | 3.16% |

</TABLE>

PNC BANK CORP. 26
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 March 31, 1996.

Commission File Number 1-9718

PNC BANK CORP.
Incorporated in the State of Pennsylvania
IRS Employer Identification No. 25-1435979
Address: One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
Telephone: (412) 762-1553

As of April 30, 1996, PNC Bank Corp. had 342,049,106 shares of common stock ($5 par value) outstanding.

PNC Bank Corp. (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 Corporate Financial Review set forth in the cross-reference index are incorporated in the Quarterly Report on Form 10-Q.

<TABLE>
<CAPTION>
Cross-Reference Page(s)

</TABLE>

PART II OTHER INFORMATION
Item 6 Exhibits and Reports on Form 8-K

The following exhibit index lists Exhibits to the Quarterly Report on Form 10-Q:

| | |
|---|---|
| 11 | Calculation of primary and fully diluted earnings per common share for the three months ended March 31, 1996 and 1995. |
| 12.1 | Computation of Earnings to Fixed Charges for the three months ended March 31, 1996 and for each of the five years in the period ended December 31, 1995. |
| 12.2 | Computation of Earnings to Combined Fixed Charges and Preferred Stock Dividends for the three months ended March 31, 1996, and for each of the five years in the period ended December 31, 1995. |
| 27 | Financial Data Schedule |

Copies of these Exhibits will be furnished without charge upon written request to Glenn Davies, Vice President, Financial Reporting, at corporate headquarters. Requests may also be directed to (412) 762-1553 or via e-mail to gdavies@usaor.net on the Internet.

Since December 31, 1995, the Corporation filed the following current reports on Form 8-K:

Form 8-K dated as of December 31, 1995 pursuant to Item 2 reporting the effectiveness of the merger with Midlantic and the appointment of 4 additional directors to the Corporation's Board of Directors. The Form 8-K also reported pursuant to Item 5 the completion of actions that accelerated the repositioning of the Corporation's balance sheet and provided an estimate of combined earnings for 1995 giving effect to the Midlantic transaction.

Form 8-K dated as of January 24, 1996, reporting the Corporation's consolidated financial results for the three months and year ended December 31, 1995, filed pursuant to Item 5.

Form 8-K dated as of April 17, 1996, reporting the Corporation's consolidated financial results for the three months ended March 31, 1996, filed pursuant to Item 5.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on May 15, 1996, on its behalf by the undersigned thereunto duly authorized.

PNC Bank Corp.
Robert L. Haunschild
Senior Vice President and Chief Financial Officer



CORPORATE INFORMATION

CORPORATE HEADQUARTERS

PNC Bank Corp.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707

INQUIRIES

Inquiries or comments concerning PNC Bank Corp. are welcome.

Individual shareholders should contact:
Shareholder Relations at 800-843-2206
or the PNC Bank Hotline at 800-982-7652.

Analysts and institutional investors should contact:
William H. Callihan, Vice President,
Investor Relations, at 412-762-8257.

News media representatives and others seeking general information should contact:
Jonathan Williams, Vice President,
Media Relations, at 412-762-4550.

FINANCIAL INFORMATION

Copies of the Corporation's filings with the Securities and Exchange Commission, including Exhibits to the Quarterly Report on Form 10-Q, may be obtained without charge upon written request to Glenn Davies, Vice President, Financial Reporting, at corporate headquarters. Requests may also be directed to (412) 762-1553 or via e-mail to gdavies@usaor.net on the Internet.

STOCK LISTING

PNC Bank Corp. common stock is traded on the New York Stock Exchange (NYSE) under the symbol PNC.

COMMON STOCK PRICES/DIVIDENDS DECLARED

The table below sets forth by quarter the high, low and closing sale prices for PNC Bank Corp. common stock and the cash dividends declared per common share.

<TABLE>
<CAPTION>

| 1996 Quarter | High | Low | Close | Cash Dividends Declared |
|---|---|---|---|---|
| First | $32.625 | $28.375 | $30.750 | $.35 |
| <S> | <C> | <C> | <C> | <C> |
| 1995 Quarter | | | | |
| First | $25.750 | $21.125 | $24.375 | $.35 |
| Second | 28.125 | 24.250 | 26.375 | .35 |
| Third | 28.625 | 23.625 | 27.875 | .35 |
| Fourth | 32.375 | 26.125 | 32.250 | .35 |
| Total | | | | $1.40 |

</TABLE>

REGISTRAR AND TRANSFER AGENT

Chemical Bank
85 Challenger Road
Overpeck Center
Ridgefield Park, NJ 07660
800-982-7652

TO EXCHANGE MIDLANTIC STOCK CERTIFICATES

Midlantic Bank, N.A.
Metro Park Plaza
P.O. Box 600
Edison, NJ 08818
Attn: Corporate Securities Services
908-205-4517

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The PNC Bank Corp. 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.

EXHIBIT 11

PNC BANK CORP. AND SUBSIDIARIES
CALCULATION OF PRIMARY AND FULLY DILUTED EARNINGS PER COMMON SHARE

Three months ended March 31

| In thousands, except per share data | 1996 | 1995 |
|---|---|---|
| CALCULATION OF PRIMARY EARNINGS PER COMMON SHARE | | |
| Net income | $238,320 | $179,547 |
| Less: Preferred dividends declared | 358 | 1,299 |
| Net income applicable to primary earnings per common share | $237,962 | $178,248 |
| Weighted average shares of common stock outstanding | 341,402 | 339,240 |
| Weighted average common shares to be issued using average market price and assuming: | | |
| Exercise of stock options | 1,470 | 2,500 |
| Primary weighted average common shares outstanding | 342,872 | 341,740 |
| PRIMARY EARNINGS PER COMMON SHARE | $.69 | $.52 |
| CALCULATION OF FULLY DILUTED EARNINGS PER COMMON SHARE | | |
| Net income | $238,320 | $179,547 |
| Add: Interest expense on convertible debentures (net of tax) | 859 | 990 |
| Less: Dividends declared on non-convertible preferred stock | | 906 |
| Net income applicable to fully diluted earnings per common share | $239,179 | $179,631 |
| Weighted average shares of common stock outstanding | 341,402 | 339,240 |
| Weighted average common shares to be issued using average market price or period-end market price, whichever is higher and assuming: | | |
| Conversion of preferred stock Series A & B | 180 | 208 |
| Conversion of preferred stock Series C | 574 | 651 |
| Conversion of preferred stock Series D | 777 | 833 |
| Conversion of debentures | 2,863 | 3,187 |
| Exercise of stock options | 1,571 | 2,889 |
| Fully diluted weighted average common shares outstanding | 347,367 | 347,008 |
| FULLY DILUTED EARNINGS PER COMMON SHARE | $.69 | $.52 |

EXHIBIT 12.1

PNC BANK CORP. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS
TO FIXED CHARGES

<TABLE>
<CAPTION>

| Dollars in thousands | Three months ended March 31, 1996 | Year ended December 31 1995 | 1994 | 1993 | 1992 | 1991 |
|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| EARNINGS | | | | | | |
| Income before taxes and cumulative effect of changes in accounting principles | $362,773 | $627,012 | $1,209,916 | $1,140,487 | $787,994 | $(38,578) |
| Fixed charges excluding interest on deposits | 285,406 | 1,487,279 | 1,104,573 | 704,228 | 582,854 | 613,590 |
| Subtotal | 648,179 | 2,114,291 | 2,314,489 | 1,844,715 | 1,370,848 | 575,012 |
| Interest on deposits | 370,983 | 1,551,816 | 1,159,242 | 1,005,658 | 1,546,576 | 2,739,565 |
| Total | $1,019,162 | $3,666,107 | $3,473,731 | $2,850,373 | $2,917,424 | $3,314,577 |
| FIXED CHARGES | | | | | | |
| Interest on notes and debentures | $164,837 | $620,415 | $556,432 | $316,031 | $201,977 | $137,323 |
| Interest on borrowed funds | 112,457 | 834,654 | 514,133 | 360,288 | 353,633 | 449,107 |
| Amortization of notes and debentures | 204 | 927 | 1,761 | 1,418 | 1,505 | 1,119 |
| Interest component of rentals | 7,908 | 31,283 | 32,247 | 26,491 | 25,739 | 26,041 |
| Subtotal | 285,406 | 1,487,279 | 1,104,573 | 704,228 | 582,854 | 613,590 |
| Interest on deposits | 370,983 | 1,551,816 | 1,159,242 | 1,005,658 | 1,546,576 | 2,739,565 |
| Total | $656,389 | $3,039,095 | $2,263,815 | $1,709,886 | $2,129,430 | $3,353,155 |
| RATIO OF EARNINGS TO FIXED CHARGES | | | | | | |
| Excluding interest on deposits | 2.27x | 1.42x | 2.10x | 2.62x | 2.35x | .94x |
| Including interest on deposits | 1.55 | 1.21 | 1.53 | 1.67 | 1.37 | .99 |

</TABLE>

EXHIBIT 12.2

PNC BANK CORP. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS
TO COMBINED FIXED CHARGES AND
PREFERRED STOCK DIVIDENDS

<TABLE>
<CAPTION>

| | Three months ended | Year ended December 31 | | | | |
|---|---|---|---|---|---|---|
| Dollars in thousands | March 31, 1996 | 1995 | 1994 | 1993 | 1992 | 1991 |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| EARNINGS | | | | | | |
| Income before taxes and cumulative effect of changes in accounting principles | $362,773 | $627,012 | $1,209,916 | $1,140,487 | $787,994 | $(38,578) |
| Fixed charges and preferred stock dividends excluding interest on deposits | 285,947 | 1,492,391 | 1,112,564 | 712,339 | 592,902 | 624,000 |
| Subtotal | 648,720 | 2,119,403 | 2,322,480 | 1,852,826 | 1,380,896 | 585,422 |
| Interest on deposits | 370,983 | 1,551,816 | 1,159,242 | 1,005,658 | 1,546,576 | 2,739,565 |
| Total | $1,019,703 | $3,671,219 | $3,481,722 | $2,858,484 | $2,927,472 | $3,324,987 |
| FIXED CHARGES | | | | | | |
| Interest on notes and debentures | $164,837 | $620,415 | $556,432 | $316,031 | $201,977 | $137,323 |
| Interest on borrowed funds | 112,457 | 834,654 | 514,133 | 360,288 | 353,633 | 449,107 |
| Amortization of notes and debentures | 204 | 927 | 1,761 | 1,418 | 1,505 | 1,119 |
| Interest component of rentals | 7,908 | 31,283 | 32,247 | 26,491 | 25,739 | 26,041 |
| Preferred stock dividend requirements | 541 | 5,112 | 7,991 | 8,111 | 10,048 | 10,410 |
| Subtotal | 285,947 | 1,492,391 | 1,112,564 | 712,339 | 592,902 | 624,000 |
| Interest on deposits | 370,983 | 1,551,816 | 1,159,242 | 1,005,658 | 1,546,576 | 2,739,565 |
| Total | $656,930 | $3,044,207 | $2,271,806 | $1,717,997 | $2,139,478 | $3,363,565 |
| RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS | | | | | | |
| Excluding interest on deposits | 2.27x | 1.42x | 2.09x | 2.60x | 2.33x | .94x |
| Including interest on deposits | 1.55 | 1.21 | 1.53 | 1.66 | 1.37 | .99 |

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 9
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This schedule contains summary financial information extracted from the consolidated financial information incorporated by reference to the 1996 First Quarter Corporated Financial Review and is qualified in its entirety by reference to such financial information.
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