PNC BANK CORP.

Quarterly Report on Form 10-Q
For the quarterly period ended September 30, 1996

Page 1 represents a portion of the third 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 32.

FINANCIAL HIGHLIGHTS

<TABLE>
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	Three months ended September 30		Nine months ended September 30	
	1996	1995	1996	1995
FINANCIAL PERFORMANCE (Dollars in thousands, except per share data)				
Net interest income (taxable-equivalent basis)	$616,938	$538,809	$1,852,972	$1,624,686
Net income	233,953	210,737	720,323	584,237
Fully diluted earnings per common share	.68	.62	2.08	1.70
Return on average total assets	1.34%	1.11%	1.35%	1.04%
Return on average common shareholders' equity	16.16	14.43	16.71	13.64
Net interest margin	3.85	3.09	3.77	3.11
After-tax profit margin	24.24	24.03	25.19	22.81
Efficiency ratio	61.68	62.41	60.34	64.15
AVERAGE BALANCES (In millions)				
Assets	$69,546	$75,266	$71,234	$75,149
Earning assets	63,545	69,458	65,196	69,479
Loans, net of unearned income	48,713	45,646	48,825	44,713
Securities	13,097	22,045	14,214	23,048
Deposits	44,716	45,077	45,214	44,374
Shareholders' equity	5,766	5,802	5,766	5,747

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As of or for the three months ended	September 30 1996	June 30 1996	March 31 1996	December 31 1995	September 30 1995
PERIOD-END BALANCES (In millions)					
Assets	$69,662	$71,961	$72,668	$73,404	$75,100
Earning assets	62,533	65,234	66,041	66,772	69,281
Loans, net of unearned income	49,443	49,223	48,800	48,653	45,900
Securities	11,243	14,107	14,692	15,839	21,514
Deposits	45,430	44,852	45,621	46,899	43,870
Shareholders' equity	5,798	5,832	5,786	5,768	5,913
SELECTED DATA					
Capital ratios					
Risk-based capital					
Tier I	8.29%	8.45%	8.18%	8.00%	9.11%
Total	11.79	11.99	11.70	11.56	12.74
Leverage	7.18	6.96	6.90	6.37	6.98
Common shareholders' equity to assets	8.30	8.08	7.94	7.83	

					7.85
Average common shareholders' equity to average assets	8.27	7.94	8.01	7.76	7.69
Asset quality ratios					
Net charge-offs to average loans	.30	.29	.28	.45	.15
Nonperforming loans to loans	.76	.77	.76	.74	.96
Nonperforming assets to loans and foreclosed assets	1.01	1.03	1.10	1.10	1.37
Nonperforming assets to total assets	.72	.71	.74	.73	.84
Allowance for credit losses to loans	2.33	2.42	2.51	2.59	2.80
Allowance for credit losses to nonperforming loans	306.11	312.19	328.88	351.68	291.16
Book value per common share					
As reported	$17.23	$17.07	$16.88	$16.87	$17.55
Excluding net unrealized securities gains/losses	17.58	17.49	17.16	16.79	17.67

</TABLE>

CORPORATE FINANCIAL REVIEW

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

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CORPORATE FINANCIAL REVIEW

OVERVIEW

PNC BANK CORP. The Corporation is one of the largest diversified financial services companies in the United States. It operates five lines of business: Consumer Banking, Corporate Banking, Real Estate Banking, Mortgage Banking, and Asset Management. Each line of business focuses on specific customer segments and offers financial products and services on a national level and in PNCBank's primary geographic locations in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky.

SUMMARY FINANCIAL RESULTS Earnings for the first nine months of 1996 were $720.3 million or $2.08 per fully diluted share reflecting progress on strategies designed to increase shareholder value. Changes in balance sheet composition benefited net interest income and growth businesses such as asset management, corporate finance, treasury management and brokerage produced strong results. Earnings were adversely affected by a $35.1 million pre-tax charge recorded during the third quarter of 1996 for a special one-time deposit insurance assessment mandated by Congress to recapitalize the Savings Association Insurance Fund ("SAIF"). Excluding the assessment, earnings for the first nine months of 1996 were $742.7 million, or $2.15 per fully diluted share, an increase of 27.1% compared with the prior-year period. The following table sets forth a summary of financial results for the first nine months of 1996 and 1995.

<TABLE>
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Nine months ended September 30	1996	1995

<S>	<C>	<C>
AS REPORTED		
Net income (in thousands)	$720,323	$584,237
Fully diluted earnings per common share	2.08	1.70
Return on		
Average total assets	1.35%	1.04%
Average common shareholders' equity	16.71	13.64
EXCLUDING ONE-TIME SAIF ASSESSMENT		
Earnings (in thousands)	$742,718	$584,237
Fully diluted earnings per common share	2.15	1.70
Return on		
Average total assets	1.39%	1.04%
Average common shareholders' equity	17.23	13.64

</TABLE>

Net interest income increased 14.1% to $1.9 billion and net interest margin widened 66 basis points to 3.77% compared with the first nine months of 1995. These increases were primarily due to loan growth, the Chemical Bank, New Jersey ("Chemical") acquisition and changes in balance sheet composition. The Corporation expects net interest income and margin to increase reflecting the impact of continuing changes in balance sheet composition including credit card portfolio purchases in connection with the American Automobile Association ("AAA") initiative. However, the level of net interest income and margin depends on numerous factors including the overall level of interest rates, composition of earning assets, demand for loan and deposit products and related yields and costs.

At September 30, 1996, total assets were $69.7 billion. Average earning assets declined $4.3 billion in the period-to-period comparison to $65.2 billion. This decline was primarily due to the reduction in securities and related wholesale funding partially offset by a 9.2% increase in loans. Excluding acquisitions, average loans increased 3.9%.

Noninterest income increased 7.5% to $1.0 billion for the first nine months of 1996. Fee-based revenue growth reflects success of initiatives to expand noninterest revenue sources and was led by asset management, treasury management, brokerage and corporate finance. Management expects to continue initiatives to expand these businesses, however, future growth will depend on many factors including competitive pressures, as well as financial market and general economic conditions.

Noninterest expense increased 5.0% to $1.7 billion, substantially due to the Chemical acquisition and one-time SAIF assessment. Excluding these factors, noninterest expense declined 2.5%. The efficiency ratio improved to 59.1%, excluding the SAIF charge, reflecting the cost savings associated with the Midlantic Corporation ("Midlantic") integration, cost control strategies and lower Bank Insurance Fund premiums. The conversion of Midlantic's products and systems was completed on schedule during the third quarter of 1996, with cost savings ahead of expectations. The level of noninterest expense is expected to increase modestly for the remainder of 1996 reflecting costs to acquire and service AAA-affinity credit card portfolios and other AAA-related initiatives.

The Corporation's asset quality and coverage ratios remained strong. Annualized net charge-offs for the third quarter of 1996 were .30% of average loans compared with .29% for the second quarter of 1996. The allowance for credit losses as a percent of nonperforming loans and total loans was 306% and 2.33%, respectively, at September 30, 1996. 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.

BUSINESS STRATEGIES The financial services industry is challenged by intense competition. Loan pricing and credit standards are under competitive pressure as lenders seek to deploy capital and access to capital markets is available to a broader range of borrowers. Traditional deposit activities are subject to pricing pressures and customer migration as the competition for consumer investment dollars intensifies among banks and other financial services companies. In this environment, PNCBank is focused on building businesses capable of competing independently and producing appropriate returns on invested capital. The Corporation may exit certain businesses where appropriate returns cannot be achieved.

Consumer Banking contributes 51% of total line of business earnings. Changes in consumer preferences and technological advancements are transforming the way the Corporation delivers consumer products and services. Traditional delivery channels, such as retail branches, are being downsized and replaced with more technologically advanced, cost-efficient means such as telebanking, automated teller machines ("ATM") and on-line banking through personal computers. Since year-end 1995, the Corporation has reduced its retail branch network by 12% and anticipates further reductions in its primary geographic markets as telebanking services and the ATM network are expanded.

The agreement with AAA gives PNCBank the exclusive right to offer a wide range of financial products and services to the organization's 35 million members. This agreement represents a unique opportunity for the Corporation to further expand the national distribution of financial products and services.

Substantially all of these will be offered through alternative delivery channels thereby leveraging the existing infrastructure. On November 1, 1996 the Corporation purchased a $771 million AAA-affinity credit card portfolio for a premium of 15.16% and continues to evaluate opportunities to acquire the remaining AAA-affinity credit card portfolios totaling approximately $1.5 billion. Management believes these acquisitions will positively impact net interest income and margin and result in higher consumer charge-offs.

The Corporation's asset management business is among the largest in the country. Asset Management's initiatives focus on growing internally by expanding product marketing and distribution channels and through acquisitions. Compass Capital FundsSM, PNCBank's proprietary mutual fund family, are offered throughout the Corporation's retail branch network and marketed nationally through agreements with over 80 brokerage firms. Compass Capital FundsSM consist of 28 fund portfolios with approximately $11 billion in assets. These funds provide investors with a full range of equity, bond and money market investment options.

The BlackRock Financial Management, L.P. ("BlackRock") acquisition in the first quarter of 1995 added $25 billion to assets under management and the establishment of CastleInternational in the first quarter of 1996, expanded international asset management capabilities. The Corporation is the second largest U.S. bank manager of mutual funds and one of the largest mutual fund service providers. During the first nine months of 1996, discretionary assets under management increased $9 billion to $105 billion and total assets under administration increased $29 billion to $311 billion. This growth reflects success in attracting new institutional and mutual fund servicing relationships as well as growth in the value of assets administered.

Corporate Banking strategies are focused on developing fee-based products and services as alternatives to traditional balance sheet leverage. These include syndication, treasury management, employee benefits, private placement, interest rate risk management and capital markets. Fee-based products and services are targeted to industry-based segments such as healthcare, communications, energy, metals and mining and financial institutions. Total fee-based revenues in Corporate Banking increased 25.4% in the first nine months of 1996 compared to the prior-year period reflecting these initiatives.

PNCBank is recognized as an industry leader in treasury management providing collection, disbursement, information management and investment management services. Treasury management emphasizes the use of technology to facilitate electronic commerce and improve productivity and customer service.

In the Mortgage Banking line of business, the focus is on consolidating operations and utilizing technology to enhance origination and operating platform efficiencies. For example, nine regional production processing centers have been consolidated into four sites and duplicative and overlapping functions at the Corporation's two mortgage servicing centers have been centralized. Mortgage Banking also continues to expand origination capabilities by leveraging the Corporation's distribution network and private banking capabilities and by pursuing strategic third party alliances.

The focus in Real Estate Banking is on expanding fee-based revenue by distributing debt to private and institutional investors through syndication, private placement and securitization activities. Real Estate Banking is among the largest real estate syndicators in the country.

As part of the capital management initiatives, the Corporation repurchased 6.2 million shares of common stock in the third quarter of 1996 and, in October 1996, increased the common stock dividend by 5.7%. The Corporation also issued $300 million of preferred stock, the proceeds of which will be used to purchase additional common shares.

LINE OF BUSINESS RESULTS

For purposes of reporting line of business results, the Corporation has designated the following five lines of business: Consumer Banking, Corporate Banking, Real Estate Banking, Mortgage Banking and Asset Management.

The Corporation evaluates the performance of lines of business through a management accounting process which uses various methods of balance sheet and income statement allocations, transfers and assignments. Line of business results presented herein 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. These results are not necessarily comparable to similar results for other financial services institutions and differ from financial statements prepared in accordance with generally accepted accounting principles.

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 will vary from consolidated shareholders' equity.

LINE OF BUSINESS

<TABLE>
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Nine months ended September 30	Average Assets		Revenue*		Earnings		Return on Assigned Capital	
Dollars in millions	1996	1995	1996	1995	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Consumer Banking	$39,221	$36,551	$1,655	$1,506	$368	$332	23%	22%
Corporate Banking	16,959	16,131	633	598	215	180	14	13
Real Estate Banking	3,825	3,866	135	146	69	54	15	12
Mortgage Banking	13,596	12,096	284	295	38	39	8	9
Asset Management	422	321	174	133	36	25	41	40
Total lines of business	74,023	68,965	2,881	2,678	726	630	17	16
Asset/liability management activities	(3,906)	5,222	(10)	(126)	(13)	(99)		
Unallocated provision					65	49		
SAIF assessment					(22)			
Other unallocated items	1,117	962	(12)	10	(36)	4		
Total	$71,234	$75,149	$2,859	$2,562	$720	$584	17	14

</TABLE>

* Revenue is the sum of fully-taxable equivalent net interest income and fee-based income

CORPORATE FINANCIAL REVIEW

<TABLE>
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CONSUMER BANKING

Nine months ended September 30	Community Banking		Private Banking		Total	
Dollars in millions	1996	1995	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT						
Net interest income	$1,143	$1,040	$67	$57	$1,210	$1,097
Noninterest income	254	245	191	164	445	409
Total revenue	1,397	1,285	258	221	1,655	1,506
Provision	81	41			81	41
Noninterest expense	824	798	177	158	1,001	956
Pretax earnings	492	446	81	63	573	509
Income taxes	175	154	30	23	205	177
Earnings	$317	$292	$51	$40	$368	$332
AVERAGE BALANCE SHEET						
Loans	$15,011	$12,996	$2,294	$1,856	$17,305	$14,852
Assigned assets	20,632	20,753			20,632	20,753
Other assets	872	523	412	423	1,284	946
Total assets	$36,515	$34,272	$2,706	$2,279	$39,221	$36,551
Net deposits	$34,368	$32,173	$1,609	$1,441	$35,977	$33,614
Assigned funds			184	126	184	126
Other funds	222	330	650	478	872	808
Assigned equity	1,925	1,769	263	234	2,188	2,003

Total funds	$36,515	$34,272	$2,706	$2,279	$39,221	$36,551
PERFORMANCE RATIOS						
After-tax profit margin	23%	23%	20%	18%	22%	22%
Efficiency	59	62	68	71	60	63
Return on assigned equity	22	22	26	23	23	22

</TABLE>

Consumer Banking includes: Community Banking which serves small business customers and all other consumers who use traditional branch and direct banking services; and Private Banking which provides affluent customers with personal and charitable trust, brokerage and specialized retail banking financial services.

In January 1996, an agreement was reached with AAA to exclusively offer financial products and services to the organization's 35 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. These products and services will be marketed in conjunction with AAA as member clubs enroll and will be delivered primarily through the Corporation's direct banking channels.

Consumer Banking earnings accounted for 51% of line of business earnings in the first nine months of 1996 compared with 53% in the year-earlier period. Average loans increased 17% in the comparison, or 3% excluding the Chemical acquisition. Consumer loan growth primarily consisted of higher education lending, credit cards and mortgages in the Private Bank. Net charge-offs were $81 million in the first nine months of 1996 compared with $41 million in the prior-year period. The increase was primarily due to higher credit card charge-offs and the impact of the Chemical acquisition. Consumer net charge-offs and delinquencies were relatively stable in the third quarter of 1996 compared with the prior two quarters.

Community Banking earnings, which includes the Direct Bank's alternative delivery channels, increased 9% to $317 million as revenues grew 9%. Growth in net interest income was primarily attributable to an increase in earning assets from loan growth and the Chemical acquisition. Noninterest income increased $9 million or 4% in the comparison primarily due to growth in a broad base of products and services including deposit accounts, ATM transactions and consumer insurance products partially offset by the impact of the credit card and merchant services alliances. Expenses in this segment increased 3% as costs associated with the Chemical acquisition and AAA were partially offset by the benefits of the Midlantic integration and lower Federal deposit insurance premiums.

Earnings from Private Banking increased 28% in the first nine months of 1996 as new trust business and higher brokerage revenue more than offset expense growth from sales and marketing activities. Return on assigned equity increased to 26% compared with 23% a year ago.

<TABLE>
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CORPORATE BANKING

Nine months ended September 30	Middle Market		Large Corporate		Equity Management		Total	
Dollars in millions	1996	1995	1996	1995	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT								
Net interest income	$320	$337	$83	$79	$(2)	$(3)	$401	$413
Noninterest income	126	121	46	40	60	24	232	185
Total revenue	446	458	129	119	58	21	633	598
Provision	(1)	25	4	1			3	26
Noninterest expense	225	225	71	55	7	4	303	284
Pretax earnings	222	208	54	63	51	17	327	288
Income taxes	80	81	14	21	18	6	112	108
Earnings	$142	$127	$40	$42	$33	$11	$215	$180
AVERAGE BALANCE SHEET								
Loans	$11,577	$11,447	$4,402	$4,028	$46	$31	$16,025	$15,506
Other assets	553	376	203	94	178	155	934	625
Total assets	$12,130	$11,823	$4,605	$4,122	$224	$186	$16,959	$16,131

Net deposits	$1,725	$1,636	$481	$444			$2,206	$2,080
Assigned funds	8,331	8,332	3,605	3,203	$134	$115	12,070	11,650
Other funds	583	446	1	21	24	15	608	482
Assigned equity	1,491	1,409	518	454	66	56	2,075	1,919
Total funds	$12,130	$11,823	$4,605	$4,122	$224	$186	$16,959	$16,131
PERFORMANCE RATIOS								
After-tax profit margin	32%	28%	31%	35%	58%	56%	34%	30%
Efficiency	50	49	55	46	11	14	48	47
Return on assigned equity	13	12	10	12	68	28	14	13

</TABLE>

Corporate Banking includes: Middle Market customers with annual sales of $5 million to $250 million and those in certain specialized industries; Large Corporate customers having annual sales of more than $250 million; and Equity Management which makes private equity investments.

Corporate Banking's earnings contributed 30% and 29% of total line of business earnings in the first nine months of 1996 and 1995, respectively. Earnings increased $35 million, or 19%, primarily due to higher venture capital gains and a lower provision allocation. Net interest income declined in the comparison as narrower lending spreads offset a $519 million increase in average loans. Excluding venture capital gains, Corporate Banking fee-based revenue increased nearly 7% due to expanded treasury management, corporate finance, and retirement and investment service activities.

Corporate Banking's traditional spread-based lending business is under intense competition from banks and nonbanks seeking opportunities to extend credit in a market with declining demand and narrowing spreads.

Corporate Banking is characterized by higher levels of assigned capital related to the amount of balance sheet leverage. The Corporation expects revenue in this line of business to be generated increasingly from fee-based sources such as treasury management, capital markets and employee benefit plan services. Corporate Banking's capital markets capabilities continue to be expanded to meet the changing needs of its client base. The Corporation has also expanded product capabilities in the merger and acquisitions advisory, private placement, interest rate risk management and leasing product areas. Investments in the Corporation's syndication capabilities contributed to a 14% increase in agented transactions and a doubling of fee revenue and volume underwritten over the same period last year. The Corporation is currently evaluating long-term opportunities in expanded corporate underwriting activities in order to complement existing fee based product line and to provide PNCBank's clients with greater access to the capital markets.

Treasury management continues to produce revenue growth exceeding national averages. On a year-to-date basis production revenues, which include net interest and fee-based revenues, increased 17% over the same period last year.

<TABLE>
<CAPTION>
REAL ESTATE BANKING
Nine months ended September 30

Dollars in millions	1996	1995
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$126	$132
Noninterest income	9	14
Total revenue	135	146
Provision	2	7
Noninterest expense	31	51
Pretax earnings	102	88
Income taxes	33	34
Earnings	$69	$54
AVERAGE BALANCE SHEET		
Loans	$3,901	$3,943
Other assets	(76)	(77)
Total assets	$3,825	$3,866

Net deposits	$199	$153
Assigned funds	3,035	3,113
Other funds	(15)	(9)
Assigned equity	606	609
Total funds	$3,825	$3,866
PERFORMANCE RATIOS		
After-tax profit margin	51%	37%
Efficiency	23	35
Return on assigned equity	15	12

</TABLE>

Real Estate Banking contributed 9% of line of business earnings in the first nine months of 1996 compared with 8% for the first nine months of 1995. Earnings increased $15 million or 28% primarily due to a decline in workout expenses related to lower levels of nonperforming assets and gains from disposition of foreclosed assets.

Real Estate Banking has been driven by balance sheet leverage and required significant levels of assigned capital. A key initiative in this line of business is to alter the business mix to reduce balance sheet leverage and improve returns by expanding fee-based services such as treasury management, interest rate risk management and debt placement activities. PNCBank is one of the five largest real estate loan syndicators in the U.S., having a leading role in over $2 billion of syndication volume in the first nine months of 1996.

<TABLE>
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MORTGAGE BANKING
Nine months ended September 30

Dollars in millions	1996	1995
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$154	$121
Noninterest income	130	174
Total revenue	284	295
Provision	12	4
Noninterest expense	211	228
Pretax earnings	61	63
Income taxes	23	24
Earnings	$38	$39
AVERAGE BALANCE SHEET		
Loans	$11,410	$10,365
Other assets	2,186	1,731
Total assets	$13,596	$12,096
Net deposits	$2,324	$2,665
Assigned funds	8,679	7,929
Other funds	1,927	935
Assigned equity	666	567
Total funds	$13,596	$12,096
PERFORMANCE RATIOS		
After-tax profit margin	14%	13%
Efficiency	74	77
Return on assigned equity	8	9

</TABLE>

Mortgage Banking contributed 5% of line of business earnings in 1996 compared with 6% in the first nine months of 1995. Net interest income increased 27% to $154 million for the first nine months of 1996 compared with the year-earlier period, primarily due a $1.0 billion increase in portfolio loans. Noninterest income from the Corporation's mortgage origination and servicing activities declined $44 million, primarily due to lower sales of servicing rights. Mortgage Banking results reflect the impact of significant noncash expense items such as amortization of MSR. Excluding the effect of these items, cash returns currently exceed the Corporation's required return for this line of business.

<TABLE>
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MORTGAGE SERVICING PORTFOLIO

In millions	1996	1995
<S>	<C>	<C>
January 1	$37,299	$40,389
Originations	4,245	4,174
Acquisitions	3,737	148
Repayments	(4,717)	(3,402)

Sales	(133)	(4,067)
September 30	$40,431	$37,242

</TABLE>

During the first nine months of 1996, the Corporation funded $4.2 billion of residential mortgages with 69% representing new financings. The comparable amounts were $4.2 billion and 83%, respectively, in the first nine months of 1995.

At September 30, 1996, the Corporation's mortgage servicing portfolio totaled $40.4 billion, had a weighted-average coupon of 7.93% and an estimated fair value of $481 million. The servicing portfolio included $27.8 billion of loans serviced for others. Capitalized MSR totaled $322 million at September 30, 1996.

The value of MSR is affected, in part, by changes in interest rates. If interest rates decline and the rate of prepayment increases, the underlying servicing fee income stream and related MSR fair value would be reduced. In a period of rising interest rates, a converse relationship would exist. The Corporation seeks to manage this risk by using financial instruments whose values move in the opposite direction of MSR value changes.

The mortgage banking business continues to be affected by intense competition and lower demand for mortgage originations. In this environment, PNCBank continues to pursue several strategic objectives including the use of advanced, cost-effective technologies, leveraging processing, underwriting and servicing capabilities and entering into alliances with third parties to expand the reach of the distribution network.

<TABLE>
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ASSET MANAGEMENT
Nine months ended September 30

Dollars in millions	1996	1995
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$(5)	$(3)
Noninterest income	179	136
Total revenue	174	133
Noninterest expense	116	92
Pretax earnings	58	41
Income taxes	22	16
Earnings	$36	$25
AVERAGE BALANCE SHEET		
Loans	$78	$66
Other assets	344	255
Total assets	$422	$321
Net deposits	$157	$126
Assigned funds	114	80
Other funds	34	31
Assigned equity	117	84
Total funds	$422	$321
PERFORMANCE RATIOS		
After-tax profit margin	21%	19%
Efficiency	67	69
Return on assigned equity	41	40

</TABLE>

Asset Management contributed 5% of line of business earnings in the first nine months of 1996 compared with 4% in the year-earlier period. Noninterest income increased 32% due to an increase in assets under administration driven by strong new business generation and appreciation in value, in addition to the effect of the BlackRock acquisition. Noninterest expense increased primarily due to the BlackRock acquisition and incremental costs associated with servicing new business.

Assets under administration increased $43 billion in the comparison to $311 billion at September 30, 1996. Discretionary assets under management totaled $105 billion at September 30, 1996 compared with $91 billion a year ago. At September 30, 1996, the composition of discretionary assets under administration was 46% fixed income, 28% money market, 25% equity and 1% other assets.

CORPORATE FINANCIAL REVIEW

<TABLE>
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ASSETS UNDER ADMINISTRATION

September 30 In billions	Discretionary	Non- Discretionary	Total
<S>	<C>	<C>	<C>
1996			
Mutual funds	$44	$149	$193
Personal and charitable	31	16	47
Institutional	30	41	71
Total	$105	$206	$311
1995			
Mutual funds	$41	$123	$164
Personal and charitable	28	14	42
Institutional	22	40	62
Total	$91	$177	$268

</TABLE>

New business resulted, in part, from the strong performance of investment products relative to respective benchmarks. During the first nine months of 1996, BlackRock's marketing of institutional management capabilities resulted in the addition of over $7 billion in new business. In addition, CastleInternational, the Corporation's recently created international equity manager in Edinburgh, Scotland, manages over $1.5 billion of assets.

The mutual fund servicing business continues to attract new customers in a consolidating market, benefiting from a long-standing association with innovative and growing fund families. Mutual fund servicing revenue increased 30% in the comparison.

Revenue from asset management and mutual fund servicing is included in Asset Management. Revenue from marketing asset management products, trust and employee benefit services to Consumer Banking and Corporate Banking customers is included in those lines of business. The following table sets forth total asset management and trust revenue and earnings included in each line of business.

ASSET MANAGEMENT AND TRUST REVENUE
AND EARNINGS

<TABLE>
<CAPTION>

Nine months ended September 30 In millions	Revenue Fees and Commissions	Revenue Other	Revenue Total	Earnings
<S>	<C>	<C>	<C>	<C>
1996				
Asset Management	$178	$(4)	$174	$36
Consumer Banking	145	7	152	32
Corporate Banking	45	8	53	7
Total	$368	$11	$379	$75
1995				
Asset Management	$138	$(5)	$133	$25
Consumer Banking	131	11	142	28
Corporate Banking	40	6	46	8
Total	$309	$12	$321	$61

</TABLE>

The level of asset management and trust revenue is primarily affected by the volume of new business and the value of assets managed or serviced, investment performance and financial market conditions. Revenue may be positively affected by strong investment performance or improving financial markets. Conversely, declining performance or deteriorating financial markets may adversely affect revenue.

CONSOLIDATED INCOME STATEMENT REVIEW

<TABLE>
<CAPTION>
INCOME STATEMENT HIGHLIGHTS

Nine months ended September 30 Dollars in millions	1996	1995	Change Amount	Change Percent
<S>	<C>	<C>	<C>	<C>
Net interest income				

(taxable-equivalent basis)	$1,853	$1,625	$228	14.1%
Provision for credit losses		5	(5)	(100.0)
Noninterest income	1,007	937	70	7.5
Noninterest expense	1,725	1,643	82	5.0
Income taxes	387	294	93	31.6
Net income	720	584	136	23.3

</TABLE>

Consolidated net income increased 23.3% to $720.3 million for the first nine months of 1996 reflecting the benefits of improved balance sheet composition, revenue growth and expense control. Total revenue increased 11.6% or $297.7 million to $2.9 billion for the first nine months of 1996 due to a wider net interest margin and growth in fee-based businesses.

Taxable-equivalent net interest income increased $228.3 million or 14.1%. The net interest margin widened 66 basis points to 3.77% in the first nine months of 1996 compared with 3.11% in the prior-year period. The net interest income and margin increases reflect the benefits of the Chemical acquisition, changes in balance sheet composition and a lower cost of financial derivatives used for interest rate risk management.

Total interest income declined $254.2 million primarily due to the decline in securities and lower yields on loans. The cost of interest-bearing liabilities declined $352.2 million due to a reduction in higher-cost wholesale funds and an increase in the proportion of retail deposits to total sources of funds. The cost of financial derivatives used in interest rate risk management declined $130.3 million in the comparison.

<TABLE>
<CAPTION>
NET INTEREST INCOME ANALYSIS
Taxable-equivalent basis

Nine months ended September 30	Average Balances			Interest Income/Expense			Average Yields/Rates		
Dollars in millions	1996	1995	Change	1996	1995	Change	1996	1995	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-earning assets									
Securities	$14,214	$23,048	$(8,834)	$680	$1,095	$(415)	6.38%	6.33%	5 bp
Loans, net of unearned income	48,825	44,713	4,112	2,966	2,820	146	8.06	8.38	(32)
Other interest-earning assets	2,157	1,718	439	105	90	15	6.45	6.96	(51)
Total interest-earning assets/ interest income	65,196	69,479	(4,283)	3,751	4,005	(254)	7.64	7.66	(2)
Noninterest-earning assets	6,038	5,670	368						
Total assets	$71,234	$75,149	$(3,915)						
Interest-bearing liabilities									
Interest-bearing deposits	$35,348	$35,439	$(91)	1,072	1,133	(61)	4.05	4.27	(22)
Borrowed funds	7,044	14,017	(6,973)	300	656	(356)	5.66	6.21	(55)
Notes and debentures	11,675	9,504	2,171	515	450	65	5.84	6.29	(45)
Total interest-bearing liabilities/ interest expense	54,067	58,960	(4,893)	1,887	2,239	(352)	4.64	5.06	(42)
Noninterest-bearing liabilities and shareholders' equity	17,167	16,189	978						
Total liabilities and shareholders' equity	$71,234	$75,149	$(3,915)						
Interest rate spread				1,864	1,766	98	3.00	2.60	40
Impact of noninterest-bearing sources							.79	.77	2
Net interest margin before financial derivatives							3.79	3.37	42
Effect of financial derivatives on									
Interest income				(10)	(120)	110	(.02)	(.22)	20
Interest expense				1	21	(20)		.04	(4)
Total effect of financial derivatives				(11)	(141)	130	(.02)	(.26)	24
Net interest income				$1,853	$1,625	$228	3.77%	3.11%	66 bp

</TABLE>

Net interest income and margin depend on a number of factors including the volume and composition of earning assets and related yields along with the cost of funding such assets. In the first nine months of 1996, loans comprised 74.9% of the Corporation's earning assets. Accordingly, loan growth and the related yields earned have a significant impact on net interest income. During the first nine months of 1996, loan growth and yields earned were tempered by competitive pricing pressures, the Corporation's underwriting standards, return on capital expectations and declining demand. The Corporation expects these conditions to continue. The cost of funding is affected by the composition of and rates paid on the various sources of funding. Average deposits comprised 63.5% of the Corporation's total sources of funding and the remainder is comprised of wholesale funding obtained at prevailing market rates. The ability to attract and retain deposits will continue to be affected by competition and customer preferences for higher yielding products, such as mutual funds.

Noninterest income totaled $1.0 billion in the first nine months of 1996, an increase of 7.5% compared with the prior-year period. The growth reflects the Corporation's continuing emphasis on expanding fee-based businesses led by significant increases in asset management, deposit, corporate finance and brokerage.

<TABLE>
<CAPTION>
NONINTEREST INCOME

Nine months ended Septmber 30 Dollars in millions	1996	1995	Change Amount	 Percent
<S>	<C>	<C>	<C>	<C>
Asset management and trust				
Asset management	$76	$54	$22	40.7%
Mutual fund	133	112	21	18.8
Trust	159	143	16	11.2
Total asset management and trust	368	309	59	19.1
Service fees				
Deposit	212	177	35	19.8
Corporate finance	49	39	10	25.6
Consumer	45	39	6	15.4
Brokerage	41	30	11	36.7
Credit card and merchant services	15	36	(21)	(58.3)
Insurance	21	18	3	16.7
Other	25	25		
Total service fees	408	364	44	12.1
Mortgage banking				
Servicing	89	91	(2)	(2.2)
Marketing	15	23	(8)	(34.8)
Sale of servicing	2	33	(31)	(93.9)
Total mortgage banking	106	147	(41)	(27.9)
Net securities gains	15	9	6	66.7
Other	110	108	2	1.9
Total	$1,007	$937	$70	7.5

</TABLE>

The decline in credit card and merchant services reflects the impact of alliances with third parties to provide certain administrative, marketing, data processing and customer support services for these businesses. Generally, the third parties receive fee-based revenues and incur operating costs associated with offering such services. In July 1996, the Corporation canceled one such agreement and paid a termination fee of $4 million. The costs and fee income associated with the services provided under that agreement are reflected in the Corporation's results of operations after the termination date.

<TABLE>
<CAPTION>
NONINTEREST EXPENSE

Nine months ended September 30 Dollars in millions	1996	1995	Change Amount	 Percent
<S>	<C>	<C>	<C>	<C>
Compensation	$695	$641	$54	8.4%
Employee benefits	146	157	(11)	(7.0)
Total staff expense	841	798	43	5.4
Net occupancy	147	138	9	6.5
Equipment	128	120	8	6.7
Intangible asset and MSR amortization	81	73	8	11.0
Taxes other than income	41	39	2	5.1
Federal deposit insurance	10	50	(40)	(80.0)
SAIF assessment	35		35	100.0
Other	442	425	17	4.0

Total	$1,725	$1,643	$82	5.0

</TABLE>

Noninterest expense excluding the SAIF assessment increased 2.9% to $1.7 billion for the first nine months of 1996, substantially due to acquisitions partially offset by lower Federal deposit insurance premiums. On this basis, the efficiency ratio improved to 59.1% in the first nine months of 1996 compared with 64.2% in the year-earlier period.

Compensation expense increased primarily due to acquisitions and incentive compensation in fee-based businesses including asset management and brokerage. Average FTEs totaled 25,200 in the first nine months of 1996 compared with 25,460 in the year-earlier period. Lower staff levels from the integration of Midlantic and Chemical, and in the Mortgage Banking line of business were partially offset by additions to support initiatives in telebanking and Asset Management.

Conversion of Midlantic's products and systems were completed during the third quarter of 1996 with cost savings ahead of expectations. Remaining integration efforts will be focused on completing staff reductions and disposal of duplicative facilities. The Corporation continues to believe it will exceed its original estimate of $150 million in annual cost savings beginning in 1997 from the consolidation or elimination of overlapping facilities and operations. However, the extent and timing of cost savings from the integration of Midlantic are dependent on several factors, many of which are outside of management's control.

The Corporation recorded a third quarter charge of $35.1 million for a special one-time assessment mandated by Congress to recapitalize the SAIF. The legislation also included provisions that will result in a modest reduction in future annual deposit insurance costs.

AVERAGE BALANCE SHEET REVIEW

AVERAGE BALANCE SHEET HIGHLIGHTS

<TABLE>
<CAPTION>

Nine months ended September 30 Dollars in millions	1996	1995	Change Amount	Change Percent
<S>	<C>	<C>	<C>	<C>
Assets	$71,234	$75,149	$(3,915)	(5.2)%
Earning assets	65,196	69,479	(4,283)	(6.2)
Loans, net of unearned income	48,825	44,713	4,112	9.2
Securities	14,214	23,048	(8,834)	(38.3)
Deposits	45,214	44,374	840	1.9
Borrowed funds	7,044	14,017	(6,973)	(49.7)
Notes and debentures	11,675	9,504	2,171	22.8
Shareholders' equity	5,766	5,747	19	.3

</TABLE>

Average assets and earning assets totaled $71.2 billion and $65.2 billion, respectively, for the nine months ended September 30, 1996 compared with $75.1 billion and $69.5 billion, respectively, in the year-earlier period. The decline was due to reduction in the securities portfolio partially offset by loan growth and the Chemical acquisition.

AVERAGE LOANS

<TABLE>
<CAPTION>

Nine months ended September 30 Dollars in millions	1996	1995	Change
<S>	<C>	<C>	<C>
Consumer	$13,222	$11,649	13.5%
Residential mortgage	11,944	10,590	12.8
Commercial	16,997	15,559	9.2
Commercial real estate	4,809	5,048	(4.7)
Other	1,853	1,867	(.7)
Total, net of unearned income	$48,825	$44,713	9.2

</TABLE>

Average loans increased $4.1 billion, or 9.2%, to $48.8 billion for the nine months ended September 30, 1996. Excluding acquisitions, loans increased 3.9% in the comparison. Loans were 74.9% of earning assets in the first nine months of 1996 compared with 64.4% a year ago. Securities declined $8.8 billion compared with the year-earlier period. Securities represented 21.8% of earning assets compared with 33.2% for the first nine months of 1995.

Average deposits increased $840 million, or 1.9%, to $45.2 billion in the first nine months of 1996 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 deposits to sources of funds increased to 63.5% compared with 59.0% a year ago. During the first nine months of 1996, the ratio of wholesale funding to total sources of funds decreased to 27.8% compared with 34.8% a year ago.

BALANCE SHEET REVIEW

BALANCE SHEET HIGHLIGHTS

Dollars in millions	September 30 1996	December 31 1995	Change Amount	Change Percent
Assets	$69,662	$73,404	$(3,742)	(5.1)%
Loans, net of unearned income	49,443	48,653	790	1.6
Securities	11,243	15,839	(4,596)	(29.0)
Deposits	45,430	46,899	(1,469)	(3.1)
Borrowed funds	5,337	8,665	(3,328)	(38.4)
Notes and debentures	11,313	10,398	915	8.8
Shareholders' equity	5,798	5,768	30	.5

Total assets were $69.7 billion at September 30, 1996 compared with $73.4 billion at year-end 1995. The decline was primarily due to a reduced securities portfolio.

LOANS

In millions	September 30 1996	December 31 1995
Consumer		
Home equity	$4,574	$4,541
Automobile	3,884	4,236
Student	1,760	1,512
Credit card	1,077	1,004
Other	2,046	2,246
Total consumer	13,341	13,539
Residential mortgage	12,642	11,689
Commercial		
Manufacturing	3,780	3,363
Retail/Wholesale	3,036	3,148
Service providers	2,271	2,402
Communications	1,221	1,083
Financial services	934	1,082
Real estate related	1,370	1,291
Health care	1,100	1,028
Other	3,772	3,415
Total commercial	17,484	16,812
Commercial real estate		
Commercial mortgage	2,544	2,775
Medium-term financings	1,068	1,250
Construction and development	1,022	889
Total commercial real estate	4,634	4,914
Lease financing and other	1,689	2,102
Unearned income	(347)	(403)
Total, net of unearned income	$49,443	$48,653

Loans outstanding increased $790 million from year-end 1995 to $49.4 billion at September 30, 1996. The composition of the loan portfolio remained relatively consistent in the comparison and continues to be geographically diversified among numerous industries and types of business. Unfunded commitments, net of participations and syndications, increased $3.6 billion, or 10.8%, since year-end 1995. In addition, the Corporation had net outstanding letters of credit totaling $3.8 billion at September 30, 1996 and $4.0 billion at

December 31, 1995, primarily consisting of standby letters of credit.

NET UNFUNDED COMMITMENTS
TO EXTEND CREDIT

In millions	September 30 1996	December 31 1995
Consumer	$9,149	$7,335
Residential mortgage	861	554
Commercial	25,766	24,282
Commercial real estate	769	751
Other	915	892
Total	$37,460	$33,814

SECURITIES

	September 30, 1996		December 31, 1995	
In millions	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt securities				
U.S. Treasury	$2,460	$2,460	$3,211	$3,280
U.S. Government agencies and corporations				
Mortgage-related	5,725	5,556	7,510	7,453
Other	421	409	1,030	1,034
Asset-backed				
Private placement	250	250	1,597	1,604
Other	1,105	1,106	426	428
State and municipal	223	233	343	367
Other debt				
Mortgage-related	776	765	1,121	1,113
Other	101	106	99	97
Corporate stocks and other	356	358	455	457
Associated derivatives				6
Total	$11,417	$11,243	$15,792	$15,839

The securities portfolio declined $4.6 billion from year-end 1995 to $11.2 billion at September 30, 1996, reflecting the impact of management's actions to reduce investment assets and related wholesale funding. The expected weighted average life of the securities portfolio was 3 years and 4 months at September 30, 1996 compared with 2 years and 8 months at year-end 1995.

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 gains or losses on associated financial derivatives. As part of the overall asset/liability management process, PNCBank sold $5.3 billion of securities, primarily U.S. Treasury and asset-backed private placements, during the first nine months of 1996. The transactions, including the effect of associated financial derivatives, resulted in a net gain of $14.6 million. In the same period a year ago, $1.8 billion of securities were sold at a net gain of $9.3 million.

The securities portfolio included collateralized mortgage obligations and mortgage-backed securities with a fair value of $5.2 billion and $1.1 billion, respectively at September 30, 1996. 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.

At September 30, 1996 and December 31, 1995, $5.5 billion and $6.1 billion, respectively, notional value of financial derivatives were associated with securities available for sale.

FUNDING SOURCES

In millions	September 30 1996	December 31 1995
Deposits		

Demand, savings and money market	$26,664	$27,145
Time	18,091	18,661
Foreign	675	1,093
Total deposits	45,430	46,899
Borrowed funds		
Federal funds purchased	1,523	3,817
Repurchase agreements	909	2,851
Commercial paper	400	753
Treasury, tax and loan	2,079	567
Other	426	677
Total borrowed funds	5,337	8,665
Notes and debentures		
Bank notes	7,715	6,256
Federal Home Loan Bank	1,939	2,393
Other	1,659	1,749
Total notes and debentures	11,313	10,398
Total	$62,080	$65,962

</TABLE>

Total deposits decreased 3.1% to $45.4 billion at September 30, 1996 compared with $46.9 billion at year-end 1995. Demand, savings and money market deposits declined $481 million as consumers sought more attractive yields.

Total borrowed funds and notes and debentures declined $2.4 billion in the comparison due to initiatives to reposition the balance sheet. The change in composition of these categories reflects actions to utilize the most cost-effective alternatives.

CAPITAL The access to and cost of funding new business initiatives including acquisitions, 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 through balance sheet size and composition, issuance of debt and equity instruments, treasury stock activities, dividend policies and retained earnings.

The board of directors authorized a 24 million common share repurchase plan in January 1995. All purchases under that plan were discontinued with the initiation of the Midlantic merger in July 1995 and during the second quarter of 1996, the board of directors formally rescinded the plan. In August 1996, the board of directors authorized the purchase of up to 10 million common shares before the end of 1996 in addition to purchases for employee benefit and dividend reinvestment plans. During the third quarter, the Corporation purchased 4.4 million shares under the 10 million share program. In October 1996, the Corporation issued $300 million of nonconvertible preferred stock, the proceeds of which are to be used to purchase additional common shares.

RISK-BASED CAPITAL

<TABLE>
<CAPTION>

Dollars in millions	September 30 1996	December 31 1995
<S>	<C>	<C>
Capital components		
Shareholders' equity	$5,798	$5,768
Goodwill and other intangibles	(976)	(980)
Net unrealized securities (gains) losses	115	(26)
Tier I risk-based capital	4,937	4,762
Subordinated debt	1,335	1,370
Eligible allowance for credit losses	750	750
Total risk-based capital	$7,022	$6,882
Assets		
Risk-weighted assets and off-balance-sheet instruments	$59,560	$59,539
Average tangible assets	68,724	74,756
Capital ratios		
Tier I risk-based	8.29%	8.00%
Total risk-based	11.79	11.56
Leverage	7.18	6.37

</TABLE>

The minimum regulatory capital ratios are 4% for Tier I, 8% for total risk-based and 3% 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% for Tier I, 10%

for total risk-based and 5% for leverage. At September 30, 1996, the Corporation and each of its bank affiliates were classified as well capitalized.

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

Dollars in millions	September 30 1996	December 31 1995
Nonaccrual loans		
Commercial	$176	$118
Commercial real estate		
Commercial mortgage	118	108
Real estate project	21	45
Consumer	5	10
Residential mortgage	54	54
Total nonaccrual loans	374	335
Restructured loans	3	23
Total nonperforming loans	377	358
Foreclosed assets		
Commercial real estate	79	105
Residential mortgage	22	24
Other	23	49
Total foreclosed assets	124	178
Total nonperforming assets	$501	$536
Nonperforming loans to loans	.76%	.74%
Nonperforming assets to loans and foreclosed assets	1.01	1.10
Nonperforming assets to assets	.72	.73

Nonperforming assets declined $35 million since year-end 1995 to $501 million at September 30, 1996. Lower foreclosed assets and restructured loans were partially offset by higher nonaccrual loans. Nonperforming assets and nonperforming loans are expected to decline in the fourth quarter of 1996.

At September 30, 1996, $94 million of nonperforming loans were current as to principal and interest compared with $89 million at December 31, 1995.

CHANGE IN NONPERFORMING ASSETS

In millions	1996	1995
January 1	$536	$757
Transferred from accrual	346	273
Acquisitions		14
Returned to performing	(36)	(56)
Principal reductions	(192)	(210)
Sales	(101)	(74)
Charge-offs and valuation adjustments	(52)	(73)
September 30	$501	$631

ACCRUING LOANS CONTRACTUALLY
PAST DUE 90 DAYS OR MORE

<TABLE>

<CAPTION>

Dollars in millions	Amount September 30 1996	Amount December 31 1995	Percent of Loans September 30 1996	Percent of Loans December 31 1995
<S>	<C>	<C>	<C>	<C>
Consumer				
Guaranteed student loans	$52	$44	2.95%	2.90%
Other	54	51	.48	.44
Total consumer	106	95	.82	.72
Residential mortgage	58	63	.45	.54
Commercial	32	22	.18	.13
Commercial real estate	35	45	.75	.92
Total	$231	$225	.47	.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.

ALLOWANCE FOR CREDIT LOSSES

<TABLE>
<CAPTION>

In millions	1996	1995
<S>	<C>	<C>
January 1	$1,259	$1,352
Charge-offs	(168)	(163)
Recoveries	61	84
Net charge-offs	(107)	(79)
Provision for credit losses		5
Acquisitions		7
September 30	$1,152	$1,285

</TABLE>

The allowance as a percent of nonperforming loans and period-end loans was 306% and 2.33%, respectively, at September 30, 1996. The comparable year-end 1995 amounts were 352% and 2.59%, respectively.

PROVISION FOR CREDIT LOSSES 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. Credit card growth and portfolio acquisitions are expected to increase consumer charge-offs and may effect the level of provision for credit losses.

CHARGE-OFFS AND RECOVERIES

<TABLE>
<CAPTION>

Nine months ended September 30 Dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
<S>	<C>	<C>	<C>	<C>
1996				
Consumer				
Credit card	$43	$5	$38	5.12%
Other	73	26	47	.52
Total consumer	116	31	85	.86
Residential mortgage	7	1	6	.07
Commercial	36	22	14	.11
Commercial real estate	9	7	2	.06
Total	$168	$61	$107	.29
1995				
Consumer				
Credit card	$21	$4	$17	2.70%
Other	52	28	24	.30
Total consumer	73	32	41	.47
Residential mortgage	7	1	6	.08
Commercial	55	41	14	.12

Commercial real estate	28	10	18	.48
Total	$163	$84	$79	.24

</TABLE>

Consumer net charge-offs increased $44 million in the comparison primarily due to acquisitions and an increase in credit card charge-offs.

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. The ability to raise funds in the capital markets depends on market conditions, capital considerations, credit ratings and investor demand, among other factors.

During the first nine months of 1996, cash and due from banks decreased $68 million to $3.6 billion compared with a decrease of $456 million during the year-earlier period. Net cash provided by operating activities decreased $114 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 increased to $4.7 billion compared with $2.8 billion provided a year ago. Net cash used by financing activities totaled $4.9 billion in the first nine months of 1996 compared with $3.5 billion used a year earlier.

Liquid assets consist of cash and due from banks, short-term investments, loans held for sale and securities available for sale. At September 30, 1996, such assets totaled $16.7 billion, of which $7.4 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 ("FHLB") system. At September 30, 1996, approximately $6.8 billion of residential mortgages were available as collateral for borrowings from the FHLB.

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. by all bank subsidiaries was $522 million at September 30, 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 September 30, 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.

In October 1996, PNCBank issued $300 million of preferred stock under the existing preferred stock shelf registration statement. The proceeds will be used to purchase shares of PNCBank common stock.

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 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 cannot 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 September 30, 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 September 30, 1996, the cumulative liability sensitivity of the one-year gap position was 4.0%.

FORWARD-LOOKING STATEMENTS

The Corporation has made, and may continue to make, various forward-looking statements with respect to earnings per share, costs savings related to the Midlantic acquisition, the AAA agreement, credit quality and other financial and business matters. The Corporation cautions that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, and that statements for periods subsequent to 1996 are subject to greater uncertainty because of the increased likelihood of changes in underlying factors and assumptions. Actual results could differ materially from forward-looking statements.

In addition to factors previously disclosed by the Corporation and factors identified elsewhere herein, the following factors, among others, could cause actual results to differ materially from such forward-looking statements: continued pricing pressures on loan and deposit products; success and timing of business strategies; extent and timing of capital management actions, competition; changes in economic conditions; the extent and timing of actions of the Federal Reserve Board; continued customer disintermediation; customers' acceptance of the Corporation's products and services; and the extent and timing of legislative and regulatory actions and reforms.

The Corporation's forward-looking statements are effective only on the date such statements are made. By making any forward-looking statements, the Corporation assumes no duty to update them to reflect new, changing or unanticipated events or circumstances.

FINANCIAL DERIVATIVES

The Corporation uses a variety of off-balance-sheet financial derivatives as part of its overall interest rate risk management process to manage the interest rate risk inherent in the Corporation's line of business activity. 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. 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.

At September 30, 1996, $20.0 million of deferred losses are being amortized as an adjustment to net interest income over remaining periods of up to 41 months. During the third quarter of 1996, gains of $6.6 million were recognized in connection with the sale of securities. The following table sets forth the changes in off-balance-sheet financial derivatives during the first nine months of 1996.

FINANCIAL DERIVATIVES ACTIVITY
<TABLE>
<CAPTION>

In millions	January 1 1996	Additions	Maturities	Terminations	September 30 1996
<S>	<C>	<C>	<C>	<C>	<C>
Interest rate risk management					
Interest rate swaps					
Receive fixed	$2,785	$7,202	$(1,276)	$(1,250)	$7,461
Receive-fixed index amortizing	3,211		(1,039)	(2,117)	55
Pay fixed	2,629	409	(1,264)	(1,148)	626
Basis swaps	765	310	(765)		310
Interest rate caps	5,510	175	(10)		5,675
Interest rate floors		2,500			2,500
Total interest rate risk management	14,900	10,596	(4,354)	(4,515)	16,627
Mortgage banking activities					
Forward contracts - commitments to purchase loans	431	2,982	(2,920)		493
Forward contracts - commitments to sell loans	751	4,351	(4,442)		660
Interest rate floors - MSR	500	1,350		(800)	1,050
Receive-fixed interest rate swaps - MSR	125			(125)	
Total mortgage banking activities	1,807	8,683	(7,362)	(925)	2,203
Total	$16,707	$19,279	$(11,716)	$(5,440)	$18,830

</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 are 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 September 30, 1996 based on the average outstanding notional amount.

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

			Weighted Average Rates			
	Notional Value		Expected Based on Implied Forward		At September 30, 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	$600	$7,127	5.67%	5.90%	5.53%	5.90%
1997	1,061	6,726	6.12	5.90	5.53	5.90
1998	4,600	2,349	6.53	6.37	5.50	6.37
1999 and beyond	1,200	884	6.86	6.71	5.50	6.71
Total	$7,461					
Receive-fixed index amortizing						
1996		$56	5.69%	5.05%	5.62%	5.05%
1997	$43	30	6.00	5.15	5.59	5.15
1998	12	9	6.52	5.45	5.50	5.45

Total	$55					
Pay fixed						
1996		$626	7.19%	5.71%	7.19%	5.58%
1997	$90	591	7.08	6.15	7.08	5.58
1998	80	498	7.12	6.62	7.12	5.61
1999 and beyond	456	337	7.08	6.91	7.08	5.61
Total	$626					
Basis swaps						
1996		$310	5.60%	5.60%	5.44%	5.51%
1997	$280	240	6.03	6.01	5.45	5.51
1998	30	13	6.48	6.49	5.49	5.59
Total	$310					
Interest rate caps (2)						
1996		$5,675	NM	NM	NM	NM
1997	$5,500	4,681	NM	NM	NM	NM
1998	93	133	NM	NM	NM	NM
1999 and beyond	82	40	NM	NM	NM	NM
Total	$5,675					
Interest rate floors (3)						
1996		$2,500	NM	NM	NM	NM
1997		2,500	NM	NM	NM	NM
1998	$1,000	1,648	NM	NM	NM	NM
1999 and beyond	1,500	559	NM	NM	NM	NM
Total	$2,500					

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 61% were based on 3-month LIBOR, 35% on 1-month LIBOR and the remainder on other short-term indices.

(2) Interest rate caps with notional values of $5.645 billion and $30 million require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over a weighted average strike of 6.50% and 1-month LIBOR over 6.75%, respectively. At September 30, 1996, 3-month LIBOR was 5.63% and 1-month LIBOR was 5.44%.

(3) Interest rate floors with notional values of $1 billion and $1.5 billion require the counterparty to pay the Corporation the excess, if any, of 4.80% and 5.00%, respectively, over 3-month LIBOR. At September 30, 1996, 3-month LIBOR was 5.63%.

NM - not meaningful

The following table sets forth by designated assets and liabilities, the notional value, weighted average interest rates exchanged, and the estimated fair value of financial derivatives used for interest rate risk management and mortgage banking activities. Weighted average interest rates on the variable portion of the contracts are based on implied forward rates.

FINANCIAL DERIVATIVES
<TABLE>
<CAPTION>

September 30, 1996	Notional	Weighted Average Rates		Estimated Fair
Dollars in millions	Value	Paid	Received	Value
<S>	<C>	<C>	<C>	<C>
Interest rate risk management				
Asset rate conversion				
Interest rate swaps (1)				
Receive fixed designated to loans	$6,570	6.10%	5.86%	$(8)
Pay fixed designated to loans	576	7.33	6.44	(12)
Interest rate caps designated to (2)				
Securities	5,500	NM	NM	3
Loans	175	NM	NM	1
Interest rate floors designated to loans (3)	2,500	NM	NM	3
Total asset rate conversion	15,321			(13)
Liability rate conversion				

Interest rate swaps (1)				
Receive fixed designated to				
Notes and debentures and borrowed funds	116	5.93	5.82	2
Interest-bearing deposits	775	6.15	6.23	4
Receive-fixed index amortizing designated to interest-bearing deposits	55	5.93	5.05	(1)
Pay fixed designated to notes and debentures	50	5.63	5.93	
Basis swaps designated to notes and debentures	310	5.92	5.91	
Total liability rate conversion	1,306			5
Total interest rate risk management	16,627			(8)
Mortgage banking activities				
Forward contracts - commitments to purchase loans	493	NM	NM	
Forward contracts - commitments to sell loans	660	NM	NM	(1)
Interest rate floors - MSR	1,050	NM	NM	8
Total mortgage banking activities	2,203			7
Total financial derivatives	$18,830			$ (1)

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 61% were based on 3-month LIBOR, 35% on 1-month LIBOR and the remainder on other short-term indices.

(2) Interest rate caps with notional values of $5.645 billion and $30 million require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over a weighted average strike of 6.50% and 1-month LIBOR over 6.75% , respectively. At September 30, 1996, 3-month LIBOR was 5.63% and 1-month LIBOR was 5.44%.

(3) Interest rate floors with notional values of $2.5 billion and $1.1 billion require the counterparty to pay the Corporation the excess, if any, weighted average strike of 4.92% over 3-month LIBOR and weighted average strike of 5.88% over 10-year CMT. At September 30, 1996, 3-month LIBOR was 5.63% and 10-year CMT was 6.65%.

NM - not meaningful

THIRD QUARTER 1996 VS. THIRD QUARTER 1995

Earnings for the third quarter of 1996 excluding the SAIF assessment totaled $256.3 million or $.75 per fully diluted share, compared with $210.7 million or $.62 per fully diluted share a year ago. On this basis, returns on average assets and average common shareholders' equity were 1.47% and 17.71%, respectively, in the third quarter of 1996 compared with 1.11% and 14.43% in the third quarter of 1995. The Corporation recorded a third quarter pre-tax charge of $35.1 million for the special one-time SAIF assessment. Including the SAIF assessment, net income totaled $234.0 million or $.68 per fully diluted share. Returns on average assets and average common shareholders' equity improved to 1.34% and 16.16%, respectively.

Taxable-equivalent net interest income for the third quarter of 1996 increased $78.1 million to $616.9 million and net interest margin widened to 3.85% compared with $538.8 million and 3.09%, respectively, in the year-earlier period. The increase in net interest income was due to loan growth, the Chemical acquisition and the balance sheet repositioning. The improvement in net interest margin is primarily due to a higher proportion of loans to earning assets and an increase in lower-cost consumer deposits relative to total sources of funds.

Noninterest income totaled $348.4 million in the third quarter of 1996 compared with $338.3 million in the prior-year period. Noninterest income increased $38.2 million or 12.3%, excluding gains from the sale of 12 branches in Dayton, Ohio in the prior year. Asset management and trust revenue increased $13.2 million or 12.1%, to $122.3 million due to growth in mutual fund and personal trust services and an increase in the value of assets under administration. Discretionary assets totaled $104.5 billion at September 30, 1996 compared with $91.3 billion a year ago.

Service fees increased 17.2% to $144.4 million in the third quarter of 1996. Deposit fees increased $13.4 million primarily due to growth in treasury management revenue and acquisitions. Brokerage and corporate finance fees increased 22.9% and 49.6%, respectively. Credit card and merchant services declined $4.0 million in the quarter-to-quarter comparison as a result of alliances with third parties for these businesses. Excluding this impact service fees increased 22.1%.

Mortgage banking revenue declined in the comparison primarily due to lower servicing sales and the impact of an increasingly competitive market for mortgage originations. Other noninterest income decreased $14.8 million to $39.5 million, as higher venture capital income partially offset the impact of gains from branch sales in 1995.

Noninterest expense totaled $595.4 million in the third quarter of 1996 compared with $547.4 million in the same period of 1995. Excluding the SAIF assessment and the Chemical acquisition, noninterest expense declined 2.5% in the comparison. The efficiency ratio improved to 58.1% for the third quarter of 1996 compared with 62.4% a year ago, excluding the impact of the SAIF assessment in the current period.

Average earning assets declined $5.9 billion to $63.5 billion compared to the third quarter of 1995 due to initiatives to downsize the securities portfolio and reduce associated wholesale funding. Average securities declined $8.9 billion to $13.1 billion which represents 20.6% of average earning assets compared with 31.7% a year ago. Average loans increased $3.1 billion to $48.7 billion, representing 76.7% of average earning assets compared with 65.7% a year ago. Excluding acquisitions, average loans increased 0.7% in the comparison reflecting declining demand and the Corporation's continued commitment to generating loans with acceptable yield and risk characteristics.

Average deposits declined $361 million to $44.7 billion for the third quarter of 1996. Higher levels of retail deposits from acquisitions were partially offset by lower wholesale liabilities. Excluding acquisitions and wholesale deposits, average deposits decreased 2.0% in the comparison. Average deposits represented 64.3% of total sources of funds in the third quarter of 1996 compared with 59.9% a year ago.

CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

	Three months ended September 30		Nine months ended September 30	
In thousands, except per share data	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Loans and fees on loans	$979,050	$944,819	$2,931,715	$2,759,610
Securities	207,729	316,227	677,422	999,226
Other	29,851	32,463	105,973	90,593
Total interest income	1,216,630	1,293,509	3,715,110	3,849,429
INTEREST EXPENSE				
Deposits	350,912	402,379	1,073,786	1,150,854
Borrowed funds	80,133	220,005	300,292	657,251
Notes and debentures	176,655	144,106	514,465	452,203
Total interest expense	607,700	766,490	1,888,543	2,260,308
Net interest income	608,930	527,019	1,826,567	1,589,121
Provision for credit losses		1,500		4,500
Net interest income less provision for credit losses	608,930	525,519	1,826,567	1,584,621
NONINTEREST INCOME				
Asset management and trust	122,299	109,117	367,691	308,636
Service fees	144,446	123,283	408,313	363,846
Mortgage banking	34,400	51,609	106,140	147,190
Net securities gains	7,722	44	14,569	9,264
Other	39,507	54,273	109,808	108,197
Total noninterest income	348,374	338,326	1,006,521	937,133
NONINTEREST EXPENSE				
Staff expense	277,761	269,279	840,699	798,095
Net occupancy and equipment	90,229	86,730	275,694	258,001
Intangible asset and MSR amortization	29,012	26,094	80,738	73,284
Federal deposit insurance	38,324	1,470	44,949	50,007
Other	160,066	163,862	483,280	464,062
Total noninterest expense	595,392	547,435	1,725,360	1,643,449

Income before income taxes	361,912	316,410	1,107,728	878,305
Applicable income taxes	127,959	105,673	387,405	294,068
Net income	$233,953	$210,737	$720,323	$584,237
EARNINGS PER COMMON SHARE				
Primary	$.69	$.62	$2.10	$1.71
Fully diluted	.68	.62	2.08	1.70
CASH DIVIDENDS DECLARED PER COMMON SHARE	.35	.35	1.05	1.05
AVERAGE COMMON SHARES OUTSTANDING				
Primary	340,535	338,983	342,143	339,220
Fully diluted	345,173	344,145	346,958	345,165

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

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

Dollars in millions, except par values	September 30 1996	December 31 1995
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$3,611	$3,679
Short-term investments	920	1,611
Loans held for sale	915	659
Securities available for sale	11,243	15,839
Loans, net of unearned income of $347 and $403	49,443	48,653
Allowance for credit losses	(1,152)	(1,259)
Net loans	48,291	47,394
Goodwill and other intangibles	999	997
Mortgage servicing rights	322	268
Other	3,361	2,957
Total assets	$69,662	$73,404
LIABILITIES		
Deposits		
Noninterest-bearing	$10,900	$10,707
Interest-bearing	34,530	36,192
Total deposits	45,430	46,899
Borrowed funds		
Federal funds purchased	1,523	3,817
Repurchase agreements	909	2,851
Commercial paper	400	753
Other	2,505	1,244
Total borrowed funds	5,337	8,665
Notes and debentures	11,313	10,398
Other	1,784	1,674
Total liabilities	63,864	67,636
SHAREHOLDERS' EQUITY		
Preferred stock - $1 par value		
Authorized: 17,471,629 and 17,529,342 shares		
Issued and outstanding: 808,829 and 848,784 shares		
Aggregate liquidation value: $17 and $17	1	1
Common stock - $5 par value		
Authorized: 450,000,000 shares		
Issued: 343,316,174 and 340,863,348 shares	1,717	1,704
Capital surplus	590	545
Retained earnings	3,931	3,571
Deferred benefit expense	(77)	(79)
Net unrealized securities gains (losses)	(115)	26
Common stock held in treasury at cost: 7,831,321 shares	(249)	
Total shareholders' equity	5,798	5,768
Total liabilities and shareholders' equity	$69,662	$73,404

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

CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Nine months ended September 30 In millions	1996	1995
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$720	$584
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses		5
Depreciation, amortization and accretion	211	187
Deferred income taxes	92	122
Net securities gains	(15)	(9)
Net gain on sales of assets	(71)	(74)
Valuation adjustments	(12)	(1)
Net change in		
Loans held for sale	(256)	(414)
Other	(450)	(67)
Net cash provided by operating activities	219	333
INVESTING ACTIVITIES		
Net change in loans	(526)	(1,574)
Repayment		
Securities available for sale	3,676	864
Investment securities		1,554
Sales		
Securities available for sale	5,326	1,763
Loans	218	153
Foreclosed assets	116	81
Purchases		
Securities available for sale	(4,630)	(1,646)
Investment securities		(149)
Loans	(722)	(520)
Net cash received in acquisitions	460	8
Other	744	2,219
Net cash provided by investing activities	4,662	2,753
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing deposits	184	(664)
Interest-bearing deposits	(2,133)	(1,532)
Federal funds purchased	(2,294)	1,239
Sale/issuance		
Repurchase agreements	54,438	60,734
Commercial paper	1,872	3,234
Other borrowed funds	64,085	80,973
Notes and debentures	9,567	8,506
Common stock	58	48
Redemption/maturity		
Repurchase agreements	(56,380)	(58,686)
Commercial paper	(2,225)	(3,969)
Other borrowed funds	(62,874)	(82,030)
Notes and debentures	(8,638)	(10,829)
Preferred stock		(50)
Acquisition of treasury stock	(249)	(225)
Cash dividends paid to shareholders	(360)	(291)
Net cash used by financing activities	(4,949)	(3,542)
INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	(68)	(456)
Cash and due from banks at beginning of year	3,679	3,412
Cash and due from banks at end of period	$3,611	$2,956
CASH ITEMS		
Interest paid	$2,009	$2,266
Income taxes paid	147	93
NONCASH ITEMS		
Transfers from loans to foreclosed assets	54	72

</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 financial services through its subsidiaries. PNC Bank Corp. 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 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.

RECENT ACCOUNTING PRONOUNCEMENT In June 1996, Statement of Financial Accounting Standards No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" ("SFAS No. 125") was issued, effective for transactions entered into after December 31, 1996. SFAS No. 125 establishes rules distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. Management does not expect this standard to have a material impact on the Corporation's financial position or results of operations.

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>

Nine months ended September 30 In millions	1996	1995
<S>	<C>	<C>
Assets acquired	$538	$694
Liabilities assumed	501	485
Cash paid	37	168
Cash and due from banks received	497	176

</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. 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 September 30, 1996 and December 31, 1995, $5.5 billion and $6.1 billion, respectively, notional value of financial derivatives were associated with securities available for sale.

<TABLE>
<CAPTION>

SECURITIES AVAILABLE FOR SALE	September 30, 1996				December 31, 1995			
	Amortized	Unrealized		Fair	Amortized	Unrealized		Fair
In millions	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Debt securities								
U.S. Treasury	$2,460	$16	$16	$2,460	$3,211	$69		$3,280
U.S. Government agencies and corporations								
Mortgage-related	5,725	5	174	5,556	7,510	18	$75	7,453
Other	421		12	409	1,030	5	1	1,034
Asset-backed								
Private placement	250			250	1,597	7		1,604
Other	1,105	2	1	1,106	426	2		428
State and municipal	223	10		233	343	25	1	367
Other debt								
Mortgage-related	776	2	13	765	1,121	2	10	1,113
Other	101	7	2	106	99	1	3	97
Corporate stocks and other	356	2		358	455	4	2	457
Associated derivatives						6		6
Total securities available for sale	$11,417	$44	$218	$11,243	$15,792	$139	$92	$15,839

</TABLE>

NONPERFORMING ASSETS

Nonperforming assets were as follows:

<TABLE>
<CAPTION>

In millions	September 30 1996	December 30 1995
<S>	<C>	<C>
Nonaccrual loans	$374	$335
Restructured loans	3	23
Total nonperforming loans	377	358
Foreclosed assets	124	178
Total nonperforming assets	$501	$536

</TABLE>

ALLOWANCE FOR CREDIT LOSSES

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

<TABLE>
<CAPTION>

In millions	1996	1995
<S>	<C>	<C>
January 1	$1,259	$1,352
Charge-offs	(168)	(163)
Recoveries	61	84
Net charge-offs	(107)	(79)
Provision for credit losses		5
Acquisitions		7
September 30	$1,152	$1,285

</TABLE>

SHAREHOLDERS' EQUITY

On October 9, 1996, the Corporation issued 6 million shares of nonconvertible Series F preferred stock totaling $300 million. Noncumulative dividends are payable quarterly commencing December 31, 1996, at 6.05%, to September 30, 2001. Thereafter, the dividend rate will be .35% plus the highest of the three-month Treasury Bill rate, 10-year Constant Maturity rate or the 30-year Constant Maturity rate. However, the dividend rate after September 30, 2001 will not be less than 6.55% or greater than 12.55%. The Series F preferred stock is redeemable in whole between October 9, 1996 and September 29, 2001 in the event of certain amendments to the Internal Revenue Code relating to the dividend received deduction at a declining redemption price from $52.50 to $50.50 per share. After September 29, 2001 the Series F preferred stock may be redeemed, in whole or in part, at $50 per share.

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
<S>	<C>	<C>	<C>	<C>
SEPTEMBER 30, 1996				
Interest rate swaps	$4,871	$41	$3,581	$(56)
Interest rate caps	5,675	4		
Interest rate floors	2,500	3		
Mortgage banking activities	1,543	8	660	(1)
Total	$14,589	$56	$4,241	$(57)
DECEMBER 31, 1995				
Interest rate swaps	$4,249	$77	$5,141	$(48)
Interest rate caps	5,510	6		
Mortgage banking activities	769	16	1,038	(4)
Total	$10,528	$99	$6,179	$(52)

</TABLE>

SPECIAL CHARGES

In connection with the Midlantic merger, the Corporation recorded special charges totaling $260 million in 1995. 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:

1996 In millions	Balance at January 1	Incurred	Balance at September 30
Staff related	$42	$20	$22
Net occupancy	72	35	37
Equipment	17	10	7
Professional services	31	29	2
Other	18	15	3
Interest rate cap termination	80	80	
Total	$260	$189	$71

OTHER FINANCIAL INFORMATION

In connection with the Midlantic merger, notes and debentures of Midlantic with a remaining aggregate principal amount of $363 million have been jointly and severally assumed by the parent company and its wholly-owned subsidiary, PNC Bancorp, Inc. Summarized financial information for PNC Bancorp, Inc. and subsidiaries is as follows:

PNC BANCORP. INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

In millions	September 30 1996	December 30 1995
ASSETS		
Cash and due from banks	$3,616	$3,678
Securities	11,059	15,683
Loans, net of unearned income	49,397	48,583
Allowance for credit losses	(1,152)	(1,259)
Net loans	48,245	47,324
Other assets	5,737	6,053
Total assets	$68,657	$72,738
LIABILITIES		
Deposits	$45,525	$47,024
Borrowed funds	4,970	8,093
Notes and debentures	10,644	9,726
Other liabilities	1,182	1,167
Total liabilities	62,321	66,010
SHAREHOLDER'S EQUITY	6,336	6,728
Total liabilities and shareholder's equity	$68,657	$72,738

PNC BANCORP. INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
Nine months ended September 30

In millions	1996	1995
Interest income	$3,688	$3,825
Interest expense	1,827	2,212
Net interest income	1,861	1,613
Provision for credit losses		19
Net interest income less provision for credit losses	1,861	1,594
Noninterest income	895	873
Noninterest expense	1,657	1,592
Income before income taxes	1,099	875
Applicable income taxes	390	293
Net income	$709	$582

</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 $522 million at September 30, 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>

	Nine months ended September 30					
	1996			1995		
Taxable-equivalent basis Average balance in millions, interest in thousands	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-earning assets						
Short-term investments	$1,020	$46,648	6.11%	$1,062	$53,013	6.68%
Loans held for sale	1,127	58,895	6.97	644	37,043	7.68
Securities						
U.S. Treasury	2,652	131,196	6.61	4,333	166,164	5.13
U.S. Government agencies and corporations	8,123	372,169	6.11	14,183	603,397	5.67
State and municipal	276	20,796	10.03	366	27,730	10.09
Other debt	2,820	143,810	6.76	3,853	198,090	6.82
Corporate stocks and other	343	16,225	6.32	313	16,071	6.86
Total securities	14,214	684,196	6.41	23,048	1,011,452	5.85
Loans, net of unearned income						
Consumer	13,222	873,152	8.82	11,649	784,678	9.01
Residential mortgage	11,944	668,784	7.47	10,590	594,304	7.48
Commercial	16,997	994,873	7.69	15,559	955,103	8.09
Commercial real estate	4,809	322,329	8.88	5,048	353,376	9.29
Other	1,853	92,039	6.63	1,867	95,362	6.82
Total loans, net of unearned income	48,825	2,951,177	8.02	44,713	2,782,823	8.27
Other interest-earning assets	10	599	7.76	12	663	7.18
Total interest-earning assets/interest income	65,196	3,741,515	7.62	69,479	3,884,994	7.44
Noninterest-earning assets						
Allowance for credit losses	(1,216)			(1,325)		
Cash and due from banks	3,169			3,028		
Other assets	4,085			3,967		
Total assets	$71,234			$75,149		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Demand and money market	$12,588	246,662	2.62	$12,073	263,105	2.91
Savings	3,522	53,852	2.04	3,768	68,074	2.42
Other time	18,410	739,428	5.36	17,443	719,430	5.51
Deposits in foreign offices	828	33,844	5.37	2,155	100,245	6.13

Total interest-bearing deposits	35,348	1,073,786	4.06	35,439	1,150,854	4.34
Borrowed funds						
Federal funds purchased	2,784	112,015	5.37	2,838	127,857	6.02
Repurchase agreements	2,448	98,885	5.31	7,083	325,596	6.06
Commercial paper	467	19,272	5.51	728	32,459	5.96
Other	1,345	70,120	6.95	3,368	171,339	6.75
Total borrowed funds	7,044	300,292	5.66	14,017	657,251	6.21
Notes and debentures	11,675	514,465	5.83	9,504	452,203	6.32
Total interest-bearing liabilities/interest expense	54,067	1,888,543	4.64	58,960	2,260,308	5.10
Noninterest-bearing liabilities and shareholders' equity						
Demand and other noninterest-bearing deposits	9,866			8,935		
Accrued expenses and other liabilities	1,535			1,507		
Shareholders' equity	5,766			5,747		
Total liabilities and shareholders' equity	$71,234			$75,149		
Interest rate spread			2.98			2.34
Impact of noninterest-bearing liabilities			.79			.77
Net interest income/margin on earning assets		$1,852,972	3.77%		$1,624,686	3.11%

</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>

1996						1995		
Third Quarter			Second Quarter			Third Quarter		
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>
$807	$12,241	6.04%	$1,155	$17,196	5.99%	$815	$14,623	7.12%
918	17,442	7.60	1,260	21,725	6.90	939	17,667	7.52
2,875	47,066	6.51	2,821	46,571	6.64	4,276	54,689	5.07
7,427	114,011	6.14	8,385	126,314	6.03	13,415	186,608	5.56
216	5,397	10.01	285	7,261	10.21	361	8,978	9.94
2,249	37,681	6.67	2,906	48,960	6.71	3,678	64,575	6.95
330	5,371	6.47	343	5,512	6.46	315	5,454	6.87
13,097	209,526	6.39	14,740	234,618	6.37	22,045	320,304	5.79
13,054	290,456	8.85	13,243	289,072	8.78	11,822	266,234	8.93
12,325	231,271	7.51	11,883	219,395	7.40	11,066	211,464	7.64
17,049	332,167	7.62	17,190	331,768	7.64	15,914	323,724	7.96
4,712	105,338	8.85	4,831	104,582	8.62	5,096	120,759	9.39
1,573	26,003	6.60	2,044	33,711	6.48	1,748	30,292	6.90
48,713	985,235	8.01	49,191	978,528	7.94	45,646	952,473	8.25
10	194	7.24	10	221	8.69	13	232	7.39
63,545	1,224,638	7.64	66,356	1,252,288	7.53	69,458	1,305,299	7.45
(1,179)			(1,216)			(1,306)		
3,216			3,196			2,996		
3,964			4,104			4,118		
$69,546			$72,440			$75,266		
$12,520	81,321	2.58	$12,635	80,422	2.56	$11,899	86,404	2.88

3,407	16,931	1.98	3,582	17,796	2.00	3,635	21,484	2.35
18,172	243,340	5.33	18,407	243,554	5.32	17,974	255,883	5.65
695	9,320	5.25	759	10,119	5.27	2,437	38,608	6.20
34,794	350,912	4.01	35,383	351,891	4.00	35,945	402,379	4.44
1,930	26,041	5.37	2,892	37,586	5.23	3,637	54,227	5.91
1,551	21,461	5.41	3,063	40,465	5.23	6,426	99,360	6.05
423	5,878	5.53	431	5,686	5.31	492	7,396	5.96
1,606	26,753	6.62	1,430	23,965	6.71	3,461	59,022	6.71
5,510	80,133	5.76	7,816	107,702	5.50	14,016	220,005	6.18
12,048	176,655	5.77	11,904	172,769	5.78	8,829	144,106	6.44
52,352	607,700	4.60	55,103	632,362	4.59	58,790	766,490	5.15
9,922			9,996			9,132		
1,506			1,574			1,542		
5,766			5,767			5,802		
$69,546			$72,440			$75,266		
		3.04			2.94			2.30
		.81			.78			.79
	$616,938	3.85%		$619,926	3.72%		$538,809	3.09%

</TABLE>

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 September 30, 1996.

Commission File Number 1-9718

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

As of October 31, 1996, PNC Bank Corp. had 334,024,799 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>

</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:

<TABLE>

<S>	<C>
10.1	Directors Deferred Compensation Plan.*
10.2	1996 Executive Incentive Award Plan.*
11	Calculation of primary and fully diluted earnings per common share.
12.1	Computation of Earnings to Fixed Charges.
12.2	Computation of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
27	Financial Data Schedule.

</TABLE>

* Denotes management contract or compensatory plan.

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 to gdavies@usaor.net on the Internet.

Since June 30, 1996, the Corporation filed the following current reports on Form 8-K:

Form 8-K dated as of July 15, 1996, reporting the Corporation's consolidated financial results for the three months and six months ended June 30, 1996, filed pursuant to Item 5.

Form 8-K dated as of October 7, 1996, reporting a public offering of 6,000,000 shares by the Corporation of a newly authorized series of Preferred Stock, filed pursuant to Item 5.

Form 8-K dated as of October 10, 1996, reporting the Corporation's consolidated financial results for the three and nine months ended September 30, 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 November 14, 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 thereto, 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 to gdavies@usaor.net on the Internet.

STOCK LISTING

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

COMMON STOCK PRICES/DIVIDENDS DECLARED

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

1996 Quarter	High	Low	Close	Cash Dividends Declared
First	$32.625	$28.375	$30.750	$.35
Second	31.500	28.375	29.750	.35
Third	33.875	27.500	33.375	.35
Total				$1.05
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

On October 3, 1996, the board of directors of PNC Bank Corp. approved an increase in the quarterly cash dividend on common stock to a new rate of $.37 per common share. This increased dividend was paid on October 24, 1996 to shareholders of record at the close of business on October 15, 1996.

REGISTRAR AND TRANSFER AGENT

The Chase Manhattan Bank
P.O. Box 590
Ridgefield Park, NJ 07660
800-982-7652

TO EXCHANGE MIDLANTIC STOCK CERTIFICATES

The Chase Manhattan Bank
P.O. Box 396
Bowling Green Station
New York, NY 10274
Attn: Reorganization Department

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 INDEX

10.1	Directors Deferred Compensation Plan.*
10.2	1996 Executive Incentive Award Plan.*
11	Calculation of primary and fully diluted earnings per common share for the three months and nine months ended September 30, 1996 and 1995.
12.1	Computation of Earnings to Fixed Charges for the nine months ended September 30, 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 nine months ended September 30, 1996, and for each of the five years in the period ended December 31, 1995.
27	Financial Data Schedule.

* Denotes management contract or compensatory plan.

EXHIBIT 10.1

PNC BANK CORP.

DIRECTORS DEFERRED COMPENSATION PLAN

Purpose and Eligibility

The purpose of the PNC Bank Corp. ("PNC") Directors Deferred Compensation Plan ("Plan") is to provide a vehicle for each non-officer member of the PNC's Board of Directors (collectively the "Board") to defer receipt of retainer and meeting fees (such fees shall hereinafter be collectively referred to as "Compensation") to be earned for services to be performed as a member of the Board (a "Director"). For purposes of this Plan, the plan year shall commence on January 1 and end on December 31 ("Plan Year").

Deferral of Compensation

Deferral of Compensation shall be effected by completing the then current Plan agreement ("Agreement"), which must be signed and dated by the Director and delivered to the Secretary or an assistant thereto ("Delivered" or "Delivery"). Compensation shall not be deferred until the next subsequent Plan Year after Delivery, or, in the case of a newly elected or appointed Director or the initial offer to defer compensation upon adoption of this Plan by the Board, Compensation shall be immediately deferred provided his or her Agreement is Delivered within 30 days after election, appointment or Plan adoption, respectively. Once an Agreement has been Delivered, the deferral election shall become irrevocable for the next succeeding calendar year and, unless revoked in writing or superseded by a new election effective for calendar years after the year in which such revocation or new election is Delivered, shall continue in effect for each calendar year thereafter. Each Director whose Agreement is Delivered shall hereinafter be referred to as a "Participant".

Deferral Accounts

Upon Delivery, PNC shall establish on its books an unfunded deferred Compensation account in the name of the Participant ("Account"). Compensation shall be credited to the Account on the date that it would otherwise be payable to the Participant had he or she not elected to defer all or a portion of the Compensation ("Payment Date").

Elections

The Agreement form shall provide each Participant with the ability to elect or designate (i) a percentage of Compensation or absolute dollar amount, in an amount not less than ten thousand dollars ($10,000.00), to be deferred (the Plan does not enable a Participant to elect a different deferral percentage for each of the retainer and meeting fees) ("Fee Election"), (ii) an investment vehicle for the balance in the Account ("Investment Election"), (iii) the event or date when Compensation and any investment amounts credit thereon shall be paid out and whether the payout shall be in a lump sum or in a designated number of annual installments (not to exceed ten annual installments) ("Payment Election"), and (iv) a beneficiary to receive unpaid amounts in the Participant's Account ("Beneficiary Designation"). In the event that a Participant designates his or her spouse as the beneficiary to receive such unpaid amounts and the spouse dies before the payment of all amounts in the Participant's Account, the spouse's estate shall be entitled to receive such unpaid amounts, absent an amended beneficiary designation submitted by the Participant.

Investment Options

The amount credited to a Participant's Account shall be based on one of the following two investment options:

PNC Stock Investment Option	the value of which on any given date will be the then market value of (i) the number of shares (including fractional shares) of PNC Common Stock ("Common Stock") which could have been purchased at market value with deferred Compensation on the Payment Date, (ii) plus the number of shares (including fractional shares) of Common Stock which could have been purchased had all dividends that would have been paid on shares of Common Stock described in clause (i) and this clause (ii) been used to purchase additional shares at market value on each dividend payment date. Market value on all dates means the closing price of the Common Stock on the New York Stock Exchange Composite transactions tape on the applicable date.

PNC Interest Rate Option	the value of which will be determined by the deferred Compensation which would have been paid to the Participant, plus an amount equal to the interest which would have been earned thereon had the amounts been invested in PNC Incentive Savings Plan Fund B and compounded in accordance with the provisions of said Fund B (or similar interest rate investment option available to employees of PNC generally if Fund B or the Incentive Savings Plan is terminated).

Default Elections

Failure to complete the Agreement shall not void a Participant's election to defer all or a portion of his or her Compensation provided that the Agreement is Delivered. However, in the event that one or more of the four categories is not chosen by the Participant, then the following "default" elections or designation for such incomplete category or categories shall be deemed to have been made:

Fee Election	100% deferral of Compensation;
Investment Election	PNC Stock Investment Option;
Payment Election	Lump-sum payment upon retirement from the Board; and
Beneficiary Election	The Participant's surviving spouse, or if none, his or her legal representative.

Amendment/Termination By Participant

A Participant may amend or terminate his or her elections or designation at any time upon completing the appropriate provisions of the Agreement, signing and dating it and submitting it to the Secretary or assistant thereto. Such amendment or termination is subject to the following:

Fee Election	Amendments to the percentage level of Compensation to be deferred or termination of deferral shall not be effective until January 1 of the next subsequent Plan Year.
Investment Election	Amendments shall not be effective until the next subsequent Valuation Date (as defined below), which will also be the date that the balance(s) in the Account will be calculated. A Participant who retires from the Board and who has a balance in his or her Account may amend (or his or her designated beneficiary may amend) his or her investment election once per year.
Payment Election	Amendments shall be effective on the next subsequent Payment Date. Except as provided below, such amendment shall only apply to Compensation earned and credited (plus the amount that would have been earned had such Compensation been invested in accordance with the related investment election) to the Participant's Account after the effective date of the amendment. The balance in the Account immediately prior to the effective date of the Payment Election shall be paid in accordance with the prior Payment Election or Elections.
Beneficiary Designation	Effective upon receipt of a properly amended Agreement by the Secretary or an assistant thereto.

Account Statements

No later than January 31, April 30, July 31 and October 31 of each year, a statement of account shall be sent to each Participant with a balance in his or her Account listing the aggregate amount of Compensation in the Account plus the aggregate investment amount credited thereto as of December 31, March 31, June 30 and September 30 ("Valuation Date"), respectively. If any such Valuation Date is not a date on which the New York Stock Exchange is open for business, then the next preceding date on which the Exchange is open for business shall serve as the Valuation Date.

Payment of Deferred Amounts

All payments from an Account shall be made solely in cash. Payment shall commence on or before thirty days after the Valuation Date immediately following the designated date or the date that the designated event occurs and the amount to be paid shall be based on the Account balance on such Valuation Date. If a Participant elects the equal annual installment payment option, the amount of each installment to be paid shall be determined by dividing the balance in the Account by the number of installments remaining to be paid. The balance in an Account subject to installment payouts shall continue to be credited with additional investment amounts in accordance with the applicable Investment Election or Elections. In the event of the death or disability of a Participant, the Committee on Corporate Governance of the Board may accelerate the payment of any installment or lump sum payment because of hardship or other circumstances deemed in the sole discretion of such Committee to warrant such acceleration.

Notwithstanding the foregoing, (i) at any time earlier than 12 months prior to the date on which a payment of all or a portion of an Account would be payable, a Participant may elect to extend the deferral of all or his or her Account, or of such portion of his or her Account as would otherwise be paid; and (ii) at any time earlier than 12 months prior to the date on which a payment of all or a portion of an Account would be payable, a Participant may modify his or her prior payment election for the Account; provided that such modified payment date is on or after the earlier of the date that he or she expects to retire from the Board or reaches the age of seventy.

A Participant may at any time elect the payment, as soon as administratively practicable, of all of the balance of the Participant's Account; provided, however, that, in each such instance, a six percent early withdrawal penalty shall apply to the amount of the requested early withdrawal. A Participant who makes such an election shall not be eligible to defer Compensation for two years after the date of the payment election.

Unsecured Creditor

No assets of PNC shall be segregated or earmarked with respect to Compensation and investment amounts (i.e. stock price appreciation, dividend equivalents and/or interest payments) credited to the Accounts and the balances in such Accounts shall constitute unsecured contractual obligations of PNC.

No Assignments

Unless otherwise required by law, balances in Participants' Accounts may not be assigned, sold, transferred, alienated, pledged or encumbered nor may such balances be attached or otherwise subjected to legal process from Participants' debts or other obligations.

Amendment of Plan

The Board or The Committee on Corporate Governance may amend or terminate the Plan without the consent of any Participant (or beneficiary); provided, however, that any amendment or termination shall be of general application to all Participants (and beneficiaries and shall not, without the consent of the Participant (or beneficiary) adversely affect (i) any amount theretofore deferred or credited to the Participant's (or beneficiary's Account), or (ii) the right of the Participant (or beneficiary) to receive all amounts credited to his or her Account.

General

The Committee on Corporate Governance, or any successor committees as determined by the Board, shall be the Plan Administrator.

The provisions of the Plan shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

EXHIBIT 10.2

PNC BANK CORP.
1996 EXECUTIVE INCENTIVE AWARD PLAN

1. General Purposes of Plan

The PNC Bank Corp. 1996 Executive Incentive Award Plan is designed to (i) assist PNC Bank Corp. and its Subsidiaries in attracting, motivating, and retaining the senior executive officers most critical to the long-term success of the Corporation and its Subsidiaries, (ii) promote the identification of their interests with those of the Corporation's shareholders, and (iii) enable the Corporation to pay annual bonuses which are based upon the achievement of specified levels of performance and deductible for purposes of federal income taxation.

2. Definitions

Terms not otherwise defined herein shall have the following meanings:

2.1 "Award Period" means the Corporation's fiscal year, except to the extent the Committee determines otherwise, provided that the last day of an Award Period must be the last day of the Corporation's fiscal year.

2.2 "Board" means the Board of Directors of the Corporation.

2.3 "Code" means the Internal Revenue Code of 1986, as amended.

2.4 "Committee" means the committee appointed by the Board to establish and administer the Plan as provided herein; provided, that the Committee shall have two or more members and each member of the Committee shall be an "outside director" as defined for purposes of Section 162(m) of the Code. Unless otherwise determined by the Board, the Personnel and Compensation Committee of the Board shall be the Committee.

2.5 "Compensation Pool" means, with respect to each Award Period, an amount equal to the sum of: (i) one-half of one percent of Net Income for the Award Period, plus (ii) any amounts not paid out of a Compensation Pool for the immediately preceding Award Period and added to the existing Compensation Pool, as determined in the Committee's sole discretion; provided, that component (ii) of a Compensation Pool shall not exceed an aggregate amount of $3 million during any given Award Period and shall be available for the payment of Incentive Awards only upon the achievement of one or more Performance Conditions.

2.6 "Corporation" means PNC Bank Corp. and its successors and assigns and any corporation which shall acquire substantially all of its assets.

2.7 "Incentive Award" means the share of the Compensation Pool paid to a Participant for an Award Period, as determined by the Committee in the manner described in Sections 3 and 5 hereof.

2.8 "Incentive Award Amount" means, with respect to each Participant, the amount, expressed as a percentage, of a Compensation Pool which he or she may be paid as an Incentive Award, as established by the Committee pursuant to Section 5.1.

2.9 "Net Income" means the consolidated pre-tax net income of the Corporation as determined in accordance with generally accepted accounting principles, after adjustment to exclude or include unusual, infrequently occurring or extraordinary items or cumulative effects of changes in accounting principles.

2.10 "Participant" means a "covered employee" within the meaning of Section 162(m) of the Code who is eligible to receive an Incentive Award, subject to the terms of the Plan.

2.11 "Performance Conditions" means any objective performance factors the Committee may deem relevant in determining the availability of amounts carried forward from the immediately preceding Award Period as described in Sections 5.2 and 5.4 hereof, including, but not limited to, the Corporation's return on average assets, return on average equity, earnings per share, or other financial measure or ratio, whether on an absolute basis or in comparison to a predetermined peer group.

2.12 "Plan" means the PNC Bank Corp. 1996 Executive Incentive Award Plan.

2.13 "Subsidiary" means a corporation of which at least 50% of the total combined voting power of all classes of stock is owned by the Corporation either directly or through one or more other subsidiaries.

3. Administration

3.1 Subject to the express provisions of the Plan, the Committee shall have plenary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan, including, but not limited to, determinations regarding whether to make Incentive Awards, the terms of all Incentive Awards, the Participants who receive Incentive Awards, the time or times at which Incentive Award Amounts are established, the Award Period to which each Incentive Award shall relate, and the actual dollar amount of any Incentive Award. The determinations of the Committee pursuant to this authority shall be conclusive and binding. The Committee may, in its discretion, authorize the Chief Executive Officer of the Corporation to act on its behalf, except with respect to matters relating to such Chief Executive Officer or which are required to be certified by the Committee under the Plan, or by Code Section 162(m) or the regulations promulgated thereunder.

4. Eligibility

Incentive Awards may be made only to a Participant who is not paid an incentive award pursuant to the Corporation's 1994 Annual Incentive Award Plan or any successor plan, with respect to that Award Period.

5. Incentive Awards; Terms of Awards; Payment

5.1 No later than 90 days after the commencement of an Award Period, the Committee shall, in its sole discretion, establish in writing an Incentive Award Amount for each Participant for that Award Period. For this purpose, each Participant may be identified in terms of position or title held, or base salary paid, during that Award Period, or by such other means as the Committee may deem appropriate. No Participant shall be assigned an Incentive Award Amount greater than 35% of the Compensation Pool and the sum of all Incentive Award Amounts for an Award Period shall not exceed 100% of the Compensation Pool under any circumstances.

5.2 As soon as practicable following the end of an Award Period, but in all events prior to making any Incentive Awards, the Committee shall compute and certify in writing the size of the Compensation Pool for that Award Period, and shall determine whether any Performance Conditions established for that Award Period were satisfied. In performing such computation, the Committee may rely upon financial statements supplied by the Corporation's officers, provided that the Committee believes such statements to have been prepared in accordance with generally accepted accounting principles.

5.3 As soon as practicable following the Committee's completion of the actions specified in Section 5.2, the Committee shall certify in writing the Incentive Award, if any, to be made to each Participant for that Award Period and shall authorize the Corporation to make such Incentive Award to each Participant in accordance with the terms and conditions of the Plan.

5.4 In the event that the Committee does not exhaust the full amount of the Compensation Pool through the payment of Incentive Awards, the Committee may, in its sole discretion and no later than 90 days after the commencement of an Award Period, certify in writing that all or a portion of the remaining Compensation Pool shall be added to the Compensation Pool for the Award Period then commenced; provided, that the Committee shall not be authorized to direct any such carryover if the amount in question would exceed $3 million; and, provided further, that the Committee establishes one or more Performance Conditions that must be achieved during the Award Period in order for such carryover amount to be available for the payment of Incentive Awards for that Award Period.

5.5 The Committee may, in its sole discretion, determine not to make an Incentive Award or reduce an Incentive Award below the applicable Incentive Award Amount, without the consent of a Participant. Unless otherwise determined by the Committee, no Incentive Award shall be made to a Participant unless the Participant is employed by the Corporation or a Subsidiary as of the date of payment.

5.6 Incentive Awards shall be subject to applicable federal, state and local withholding taxes and other applicable withholding in accordance with the Corporation's payroll practices as in effect from time to time.

5.7 The Committee, subject to such terms and conditions as it may determine, and a Participant pursuant to any deferred compensation plan of the Corporation, shall have the right to defer the payment of an Incentive Award, provided, in either case, that

any additional amounts credited to such deferred payment will be based either on a reasonable rate of interest or the actual rate of return of one or more predetermined investments.

6. Transferability

Until paid to a Participant, Incentive Awards shall not be subject to the claims of creditors and may not be assigned, alienated, transferred or encumbered in any way other than by will or pursuant to the laws of descent and distribution.

7. Termination or Amendment

The Board may amend, modify or terminate the Plan in any respect at any time without the consent of the Participants.

8. Effectiveness of Plan and Awards

The Plan shall be void ab initio unless the Plan is approved by a vote of the Corporation's shareholders at the first meeting of the Corporation's shareholders following adoption of the Plan by the Board.

9. Effective Date; Term of the Plan

Subject to shareholder approval pursuant to Section 8, the Plan shall be effective as of January 1, 1996 and the first Award Period shall be fiscal year 1996. The Plan shall remain in effect until terminated by the Board pursuant to Section 7. No Incentive Awards may be made under the Plan after its termination, provided that termination of the Plan shall not affect any Incentive Awards payable on or after the date of termination and such awards shall continue to be subject to the terms of the Plan notwithstanding its termination.

10. Indemnification of Committee

In addition to such other rights of indemnification as they may have as Directors or as members of the Committee, each of the members of the Committee shall be indemnified by the Corporation against the reasonable expenses, including attorneys' fees, actually and reasonably incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Incentive Award made hereunder, and against all amounts reasonably paid by them in settlement thereof or paid by them in satisfaction of a judgment in any such action, suit or proceeding to the maximum extent permitted by law.

11. General Provisions

11.1 The establishment of the Plan shall not confer upon any Participant any legal or equitable right against the Corporation or any Subsidiary, except as expressly provided in the Plan.

11.2 The Plan does not constitute an inducement or consideration for the employment of any Participant, nor is it a contract between the Corporation, or any Subsidiary, and any Participant. Participation in the Plan shall not give a Participant any right to be retained in the employ of the Corporation or any Subsidiary.

11.3 Nothing contained in this Plan shall prevent the Board or Committee from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases.

11.4 The Plan shall be governed, construed and administered in accordance with the laws of the Commonwealth of Pennsylvania.

PNC BANK CORP. AND SUBSIDIARIES EXHIBIT 11

CALCULATION OF PRIMARY AND FULLY DILUTED EARNINGS PER COMMON SHARE

<TABLE>
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	Three months ended September 30		Nine months ended September 30	
In thousands, except per share data	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
CALCULATION OF PRIMARY EARNINGS PER COMMON SHARE				
Net income	$233,953	$210,737	$720,323	$584,237
Less: Preferred dividends declared	347	373	1,055	2,960
Net income applicable to primary earnings per common share	$233,606	$210,364	$719,268	$581,277
Weighted average shares of common stock outstanding	339,074	335,451	340,692	336,284
Weighted average common shares to be issued using average market price and assuming:				
Exercise of stock options	1,461	3,532	1,450	2,936
Primary weighted average common shares outstanding	340,535	338,983	342,142	339,220
PRIMARY EARNINGS PER COMMON SHARE	$.69	$.62	$2.10	$1.71
CALCULATION OF FULLY DILUTED EARNINGS PER COMMON SHARE				
Net income	$233,953	$210,737	$720,323	$584,237
Add: Interest expense on convertible debentures (net of tax)	850	938	2,574	2,916
Less: Dividends declared on non-convertible preferred stock				1,813
Net income applicable to fully diluted earnings per common share	$234,803	$211,675	$722,897	$585,340
Weighted average shares of common stock outstanding	339,074	335,451	340,692	336,284
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	170	196	175	201
Conversion of preferred stock Series C	559	606	566	623
Conversion of preferred stock Series D	756	808	764	822
Conversion of debentures	2,748	3,074	2,811	3,147
Exercise of stock options	1,866	4,010	1,950	4,088
Fully diluted weighted average common shares outstanding	345,173	344,145	346,958	345,165

FULLY DILUTED EARNINGS PER COMMON SHARE	$.68	$.62	$2.08	$1.70

</TABLE>

PNC BANK CORP. AND SUBSIDIARIES EXHIBIT 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

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Dollars in thousands	Nine months ended September 30, 1996	Year ended December 31 1995	1994	1993	1992	1991
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EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$1,107,728	$627,012	$1,209,916	$1,140,487	$787,994	$(38,578)
Fixed charges excluding interest on deposits	837,884	1,487,279	1,104,573	704,228	582,854	613,590
Subtotal	1,945,612	2,114,291	2,314,489	1,844,715	1,370,848	575,012
Interest on deposits	1,073,786	1,551,816	1,159,242	1,005,658	1,546,576	2,739,565
Total	$3,019,398	$3,666,107	$3,473,731	$2,850,373	$2,917,424	$3,314,577
FIXED CHARGES						
Interest on notes and debentures	$513,853	$620,415	$556,432	$316,031	$201,977	$137,323
Interest on borrowed funds	300,292	834,654	514,133	360,288	353,633	449,107
Amortization of notes and debentures	612	927	1,761	1,418	1,505	1,119
Interest component of rentals	23,127	31,283	32,247	26,491	25,739	26,041
Subtotal	837,884	1,487,279	1,104,573	704,228	582,854	613,590
Interest on deposits	1,073,786	1,551,816	1,159,242	1,005,658	1,546,576	2,739,565
Total	$1,911,670	$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	2.32x	1.42x	2.10x	2.62x	2.35x	.94x
Including interest on deposits	1.58	1.21	1.53	1.67	1.37	.99

</TABLE>

PNC BANK CORP. AND SUBSIDIARIES   EXHIBIT 12.2

COMPUTATION OF RATIO OF EARNINGS
TO COMBINED FIXED CHARGES AND
PREFERRED STOCK DIVIDENDS

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	Nine months ended	Year ended December 31				
Dollars in thousands	September 30, 1996	1995	1994	1993	1992	1991
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EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$1,107,728	$627,012	$1,209,916	$1,140,487	$787,994	$(38,578)
Fixed charges and preferred stock dividends excluding interest on deposits	839,507	1,492,391	1,112,564	712,339	592,902	624,000
Subtotal	1,947,235	2,119,403	2,322,480	1,852,826	1,380,896	585,422
Interest on deposits	1,073,786	1,551,816	1,159,242	1,005,658	1,546,576	2,739,565
Total	$3,021,021	$3,671,219	$3,481,722	$2,858,484	$2,927,472	$3,324,987
FIXED CHARGES						
Interest on notes and debentures	$513,853	$620,415	$556,432	$316,031	$201,977	$137,323
Interest on borrowed funds	300,292	834,654	514,133	360,288	353,633	449,107
Amortization of notes and debentures	612	927	1,761	1,418	1,505	1,119
Interest component of rentals	23,127	31,283	32,247	26,491	25,739	26,041
Preferred stock dividend requirements	1,623	5,112	7,991	8,111	10,048	10,410
Subtotal	839,507	1,492,391	1,112,564	712,339	592,902	624,000
Interest on deposits	1,073,786	1,551,816	1,159,242	1,005,658	1,546,576	2,739,565
Total	$1,913,293	$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	2.32x	1.42x	2.09x	2.60x	2.33x	.94x
Including interest on deposits	1.58	1.21	1.53	1.66	1.37	.99

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This schedule contains summary financial information extracted from the consolidated financial information incorporated by reference to the 1996 Third quarter Corporate Financial Review and is qualified in its entirety by reference to such financial information.
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