

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

(Mark One)

Annual report pursuant to section 13 or 15(d) of the
Securities Exchange Act of 1934
For the fiscal year ended December 31, 1996

OR

Transition report pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
For the transition period from _____ to _____

PNC BANK CORP.

(Exact name of registrant as specified in its charter)

<TABLE>
<CAPTION>

PENNSYLVANIA

25-1435979

<S>
(State or other jurisdiction of incorporation or organization)
</TABLE>

<C>
(I.R.S. Employer Identification No.)

ONE PNC PLAZA
249 FIFTH AVENUE
PITTSBURGH, PENNSYLVANIA 15222-2707
(Address of principal executive offices)

Registrant's telephone number, including area code - (412) 762-1553
Securities registered pursuant to Section 12(b) of the Act:

<TABLE>
<CAPTION>

Title of Each Class

Name of Each Exchange
on Which Registered

<S>
COMMON STOCK, PAR VALUE \$5.00
\$1.60 CUMULATIVE CONVERTIBLE PREFERRED STOCK-SERIES C, PAR VALUE \$1.00
\$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK-SERIES D, PAR VALUE \$1.00
</TABLE>

<C>
New York Stock Exchange
New York Stock Exchange
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
\$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK - SERIES A, PAR VALUE \$1.00
\$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK - SERIES B, PAR VALUE \$1.00

8.25% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2008
8 1/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2010
9.875% SUBORDINATED CAPITAL NOTES DUE 1999

Indicate by check mark whether the registrant (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 (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No

Indicate by check mark if the disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to
the best of registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the
registrant amounted to approximately \$12.9 billion at February 28, 1997.

Number of shares of Registrant's common stock outstanding at February 28, 1997:
321,728,962

DOCUMENTS INCORPORATED BY REFERENCE

Portions of PNC Bank Corp.'s Annual Report to Shareholders for the year ended
December 31, 1996 ("Annual Report to Shareholders") are incorporated by
reference into Parts I and II and portions of the definitive Proxy Statement of
PNC Bank Corp. for the annual meeting of shareholders to be held on April 22,
1997 ("Proxy Statement") are incorporated by reference into Part III of this
Form 10-K. The incorporation by reference herein of portions of the Proxy
Statement shall not be deemed to specifically incorporate by reference the
information referred to in Item 402(a) (8) of Regulation S-K.

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* Not applicable

PART I

ITEM 1 - BUSINESS

BUSINESS OVERVIEW PNC Bank Corp. ("PNC Bank" or "Corporation") is a bank holding company registered under the Bank Holding Company Act of 1956, as amended ("BHC Act"). PNC Bank was incorporated under the laws of the Commonwealth of Pennsylvania in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, PNC Bank has diversified its geographical presence and product capabilities through strategic bank and nonbank acquisitions and the formation of various nonbanking subsidiaries.

The Corporation is one of the largest diversified financial services companies in the United States and 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 in PNC Bank's primary geographic locations in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky and nationally through retail distribution networks and alternative delivery channels. At December 31, 1996, the Corporation's consolidated total assets, deposits and shareholders' equity were \$73.3 billion, \$45.7 billion and \$5.9 billion, respectively.

LINE OF BUSINESS Information relating to Consumer Banking, Corporate Banking, Real Estate Banking, Mortgage Banking and Asset Management is set forth under the captions "Business Strategies" and "Line of Business Results" in the "Corporate Financial Review" included on pages 27 through 28 and 29 through 34, respectively, of the Annual Report to Shareholders, which is incorporated herein by reference.

SUBSIDIARY BANKS While the Corporation manages five lines of business, the corporate legal structure currently consists of 10 subsidiary banks and over 140 active nonbank subsidiaries. PNC Bank, National Association, headquartered in Pittsburgh, Pennsylvania is the Corporation's only bank subsidiary which is a significant subsidiary within the meaning of Rule 1-02(v) of Regulation S-X. At December 31, 1996, PNC Bank, N. A. had total assets of \$58 billion, representing 79% of the Corporation's consolidated assets. For additional information on subsidiaries, see Exhibit 21 to this Form 10-K which is incorporated herein by reference.

STATISTICAL DISCLOSURES BY BANK HOLDING COMPANIES The following statistical information is included on the indicated pages of the Annual Report to Shareholders and is incorporated herein by reference:

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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. Although it cannot eliminate these risks, PNC Bank has risk management processes designed to provide for risk identification, measurement, monitoring and control. Information relating to credit, liquidity and interest rate risk and the Corporation's risk management processes is set forth under the section "Risk Management" in the "Corporate Financial Review" included on pages 39 through 42 of the Annual Report to Shareholders, which is incorporated herein by reference.

EFFECT OF GOVERNMENTAL MONETARY POLICIES The earnings and operations of bank holding companies and their subsidiaries are affected by the monetary and fiscal policies of the United States government and its agencies, including the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). An important function of the Federal Reserve Board is to regulate the national supply of bank credit. The Federal Reserve Board employs open market operations in U.S. Government securities, changes in the discount rate on bank borrowings and changes in reserve requirements on bank deposits to implement its monetary policy objectives. These instruments of monetary policy are used in varying combinations to influence the overall level of bank loans, investments and deposits, the interest rates charged on loans and paid for deposits, the price of the dollar in foreign exchange markets and the level of inflation. The monetary policies of the Federal Reserve Board have had a significant effect on the operating results of banking institutions in the past and are expected to continue to do so in the future. It is not possible to predict the nature or timing of future changes in monetary and fiscal policies or the effect that they may have on the Corporation's business and earnings.

SUPERVISION AND REGULATION The Corporation and its subsidiaries are subject to numerous governmental regulations, some of which are highlighted below and in "Note 19 - Regulatory Matters" of the "Notes to Consolidated Financial Statements" included on page 64 of the Annual Report to Shareholders ("Note 19 - - Regulatory Matters"), which is incorporated herein by reference. The coverage of the regulations range from activity, investment and dividend limitations on the bank holding company and its subsidiaries to consumer-related protections for loan, deposit, brokerage and mutual fund customers.

As a bank holding company registered under the BHC Act, the Corporation is subject to the supervision and regular inspection by the Federal Reserve Board. Under the BHC Act, the Federal Reserve Board's prior approval is required in any case the Corporation proposes to acquire all or substantially all of the assets of any bank, acquire direct or indirect ownership or control of more than 5% of the voting shares of any bank, or merge or consolidate with any other bank holding company. The BHC Act also prohibits, with certain exceptions, the Corporation from acquiring direct or indirect ownership or control of more than 5% of any class of voting shares of any nonbanking corporation. Under the BHC Act, the Corporation may not engage in any business other than managing and controlling banks or furnishing certain specified services to subsidiaries, and may not acquire voting control of nonbanking

corporations, unless the Federal Reserve Board determines such businesses and services to be closely related to banking. When reviewing bank acquisition applications for approval, the Federal Reserve Board considers, among other things, each subsidiary bank's record in meeting credit needs of the communities it serves in accordance with the Community Reinvestment Act of 1977, as amended ("CRA"). At December 31, 1996, the Corporation's subsidiary banks were rated "Outstanding" or "Satisfactory" with respect to CRA.

The Corporation's subsidiary banks are subject to supervision and examination by applicable federal and state banking agencies, including such federal agencies as the Office of the Comptroller of the Currency ("OCC") with respect to its national banks, the Federal Reserve Board with respect to PNC Bank, Kentucky, Inc., the Federal Deposit Insurance Corporation ("FDIC") with respect to PNC Bank, Delaware and PNC Bank, New England, and the Office of Thrift Supervision with respect to PNC Bank, FSB. The Corporation's subsidiary banks are subject to various federal and state restrictions on their ability to pay dividends to the Corporation, which constitutes the principal source of income to the parent company as discussed under the caption "Liquidity" in the "Corporate Financial Review" on page 41 of the Annual Report to Shareholders, which is incorporated herein by reference. The Corporation's subsidiary banks are also subject to federal laws limiting extension of credit to their parent holding company and nonbank affiliates as discussed in "Note 19 - Regulatory Matters."

The federal banking agencies possess broad powers to take corrective action as deemed appropriate for an insured depository institution and its holding company. The extent of these powers depends upon whether the institution in question is considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Generally, as an institution is deemed to be less well capitalized, the scope and severity of the agencies' powers increase, ultimately permitting the agency to appoint a receiver for the institution. Business activities may also be influenced by an institution's capital classification. For instance, only a "well capitalized" depository institution may accept brokered deposits without prior regulatory approval and only an "adequately capitalized" depository institution may accept brokered deposits with prior regulatory approval. At December 31, 1996, all of the Corporation's subsidiary banks exceeded the required ratios for classification as "well capitalized."

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Additional discussion of capital adequacy requirements is set forth under the caption "Capital" in the "Corporate Financial Review" on page 39 of the Annual Report to Shareholders, which is incorporated herein by reference.

All of the subsidiary banks are insured by the FDIC and subject to premium assessments. The amount of FDIC assessments is based on the institution's relative risk as measured by regulatory capital ratios and certain other factors. Under current regulations, the Corporation's subsidiary banks are not assessed a premium on deposits insured by either the Bank Insurance Fund or the Savings Association Insurance Fund. However, insured depository institutions will continue to pay premiums based on deposit levels to service debt on Financing Corporation bonds.

The Corporation's subsidiary banks are subject to "cross-guarantee" provisions under federal law that provide if one FDIC-insured depository institution of a multi-bank holding company fails or requires FDIC assistance, the FDIC may assess a "commonly controlled" depository institution for the estimated losses suffered by the FDIC. Such liability could have a material adverse effect on the financial condition of any assessed bank and the Corporation. While the FDIC's claim is junior to the claims of depositors, holders of secured liabilities, general creditors and subordinated creditors, it is superior to the claims of shareholders and affiliates.

Under Federal Reserve Board policy, a bank holding company is expected to act as a source of financial strength to each of its subsidiary banks and to commit resources to support each such bank. Consistent with the "source of strength" policy for subsidiary banks, the Federal Reserve Board has stated that, as a matter of prudent banking, a bank holding company generally should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fund fully the dividends, and the prospective rate of earnings retention appears to be consistent with the corporation's capital needs, asset quality and overall financial condition.

The Corporation's nonbank subsidiaries are subject to regulatory restrictions imposed by the Federal Reserve Board and other federal and state agencies as well. The Corporation's four registered broker-dealer subsidiaries are regulated by the Securities and Exchange Commission ("SEC") and monitored by the OCC in three instances and the Federal Reserve Board in the other instance. They are also subject to rules and regulations promulgated by the National Association of Securities Dealers, Inc., among others. Several nonbank subsidiaries which are registered investment advisers are subject to the regulations of the SEC and other agencies. Investment advisers which are

national bank subsidiaries are also subject to OCC supervision.

Over the past few years, the regulatory framework applicable to the Corporation and its subsidiaries has been subject to extensive Congressional and agency review, which has resulted in some liberalization and may result in further reforms. Current proposals range from easing restrictions on a bank's insurance and investment banking activities to easing bank ownership requirements. Management currently cannot predict the outcome of these proposals or the effect, if any, on the Corporation.

Since 1995, the BHC Act has permitted bank holding companies from any state to acquire banks and bank holding companies located in any other state, subject to certain conditions. Effective June 1, 1997, the Corporation's subsidiary banks will have the ability, subject to certain restrictions, including state opt-out provisions, to consolidate with one another or to acquire by acquisition or merger branches outside their home state. Some states, including Delaware, Kentucky, New Jersey, Ohio and Pennsylvania, have affirmatively opted to permit such transactions earlier. Pursuant to these provisions, the Corporation merged certain subsidiary banks during 1996 and may do so in the future. Competition may increase further as banks branch across state lines and enter new markets.

COMPETITION The Corporation and subsidiaries are subject to vigorous and intense competition from various financial institutions and increasingly from "nonbank" entities that engage in similar activities without being subject to bank regulatory supervision and restrictions. In making loans, the subsidiary banks compete with traditional banking institutions as well as consumer finance companies, leasing companies and other nonbank lenders. Loan pricing and credit standards are under competitive pressure as lenders seek to deploy capital and a broader range of borrowers have access to capital markets. 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. The Corporation's subsidiary banks compete for deposits not only with other commercial banks, savings banks, savings and loan associations and credit unions, but also insurance companies, issuers of commercial paper and other securities, including mutual funds. Various non-bank subsidiaries engaged in investment banking and venture capital activities compete with commercial banks, investment banking firms, insurance companies and venture capital firms. In providing asset management services, the Corporation's subsidiaries compete with many large banks, trust companies, brokerage houses, mutual fund managers, other registered investment advisers and insurance companies.

The Corporation and its subsidiaries compete not only with financial institutions headquartered in states in which the subsidiary banks are located, but also a number of large out-of-state and foreign banks, bank holding companies and other financial and nonbank institutions. Some of the financial and other institutions operating in the same markets are engaged in national and international operations and have more assets and personnel than the Corporation.

EXECUTIVE OFFICERS OF THE REGISTRANT Information concerning each executive officer of the Corporation as of March 1, 1997 is set forth below. Each executive officer held the position indicated or another senior executive position with the same entity or one of its affiliates or a predecessor corporation for the past five years.

<TABLE>
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Name	Age	Position with Corporation	Year Employed(1)
Thomas H. O'Brien (2)	60	Chairman and Chief Executive Officer	1962
James E. Rohr (2)	48	President and Director	1972
Walter E. Gregg, Jr. (2)	55	Senior Executive Vice President	1974
Susan B. Bohn	52	Executive Vice President, Corporate Development and Communications	1986
Richard C. Caldwell	52	Executive Vice President, Asset Management	1990
Frederick J. Gronbacher	54	Executive Vice President, Consumer Banking	1976
Robert L. Haunschild	47	Senior Vice President and Chief Financial Officer	1990

William J. Johns	49	Senior Vice President and Chief Accounting Officer	1974
Ralph S. Michael III	42	Executive Vice President, Corporate Banking	1979
Thomas E. Paisley III	49	Senior Vice President and Chairman, Corporate Credit Policy Committee	1972
Helen P. Pudlin	47	Senior Vice President and General Counsel	1989
Bruce E. Robbins	52	Executive Vice President, Real Estate Banking	1973

</TABLE>

(1) Where applicable, refers to year first employed by predecessor company or acquired company.

(2) Office of the Chairman member.

ITEM 2 - PROPERTIES

The executive and administrative offices of the Corporation and PNC Bank, National Association ("PNC Bank, N.A."), are located at One PNC Plaza, Pittsburgh, Pennsylvania. The thirty-story structure is owned by PNC Bank, N.A. The Corporation and PNC Bank, N.A. occupy substantially all of the building. In addition, PNC Bank, N.A. owns a thirty-four story structure adjacent to One PNC Plaza, known as Two PNC Plaza, 620 Liberty Avenue, Pittsburgh, Pennsylvania, that houses additional office space. PNC Bank, N.A. also owns a data processing and telecommunications center located in a suburb of Pittsburgh, Pennsylvania.

The Corporation's subsidiaries also own or lease numerous other premises for use in conducting business activities. The facilities owned or occupied under lease by the Corporation's subsidiaries are considered by management to be adequate.

Additional information pertaining to the Corporation's properties is set forth in "Note 8 - Premises, Equipment and Leasehold Improvements" of the "Notes to Consolidated Financial Statements" included on pages 57 and 58 of the Annual Report to Shareholders, which is incorporated herein by reference.

ITEM 3 - LEGAL PROCEEDINGS

A consolidated class action complaint was filed in March 1995 in the United States District Court for the Western District of Pennsylvania against the Corporation, its Chairman and Chief Executive Officer and its Senior Vice President and Chief Financial Officer. The lawsuit was consolidated from four lawsuits filed in November and December 1994. The consolidated complaint alleges violations of federal securities laws and common law relating to disclosures regarding the Corporation's net interest income, interest rate risk, future prospects, and related matters, and seeks, among other things, unquantified damages. On August 7, 1996, the district court denied defendants' motion to dismiss as to all claims except the negligent misrepresentation claim, which was dismissed. On the same date, the district court certified the case as a class action consisting of all persons who purchased the Corporation's common stock from April 18, 1994 through November 15, 1994. Management believes there are meritorious defenses to this consolidated lawsuit and intends to defend it vigorously. Management believes that the final disposition will not be material to the Corporation's financial position.

The Corporation, in the normal course of business, is subject to various other pending and threatened lawsuits in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate that the ultimate aggregate liability, if any, arising out of such other lawsuits will have a material effect on the Corporation's financial position.

At the present time, management is not in a position to determine whether any pending or threatened litigation will have a material adverse effect on the Corporation's results of operations in any future reporting period.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Corporation's common stock is listed on the New York Stock Exchange and is traded under the symbol "PNC". At the close of business on February 28, 1997, there were 65,642 common shareholders of record.

Holders of common stock are entitled to receive dividends when declared by the Board of Directors out of funds legally available therefor. The Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock have been paid or declared and set apart for payment. The Board presently intends to continue the policy of paying quarterly cash dividends. However, the amount of any future dividends will depend on earnings, the financial condition of the Corporation and other factors including applicable government regulations and policies (such as those relating to the ability of the subsidiary banks and nonbank subsidiaries to upstream dividends to the parent company). The Federal Reserve Board has the power to prohibit the Corporation from paying dividends without prior regulatory approval. Further discussion concerning dividend restrictions is set forth under the caption "Supervision and Regulation" in Part I, Item 1 of this Form 10-K and in "Note 19 - Regulatory Matters," which sections are incorporated herein by reference.

Additional information relating to the common stock is set forth under the caption "Common Stock Prices/Dividends Declared" on page 76 of the Annual Report to Shareholders, which is incorporated herein by reference.

ITEM 6 - SELECTED FINANCIAL DATA

"Selected Consolidated Financial Data" on page 69 of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion of the Corporation's financial position and results of operations set forth under the section "Corporate Financial Review" on pages 26 through 46 of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The "Report of Ernst & Young LLP, Independent Auditors," "Consolidated Financial Statements" and "Selected Quarterly Financial Data" on pages 47, 48 through 51, and 70, respectively, of the Annual Report to Shareholders are incorporated herein by reference.

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to the principal occupations of directors of the Corporation, their ages, directorships in other companies, and respective terms of office, except for Donald L. Moritz and Arthur J. Kania who are not standing for reelection, is set forth under the heading "Election of Directors - Information Concerning Nominees" in the Proxy Statement and is incorporated herein by reference. Mr. Moritz, age 69, has been a director of the Corporation since 1985. He is a director and chairman of the Executive Committee of Equitable Resources, Inc., an energy, gas and utility company. Mr. Kania, age 65, is a principal with Trikan Associates, a real estate management investment firm, and became a director of the Corporation in connection with the Midlantic Corporation merger effective December 31, 1995. Mr. Kania is also a partner with Kania, Lindner, Lasak & Feeney, a law firm.

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 set forth under the heading Section 16(a) Beneficial Ownership Reporting Compliance in the Proxy Statement is incorporated herein by reference.

Information regarding executive officers of the Corporation is included in Part I of this Form 10-K under the caption "Executive Officers of the Registrant".

Information regarding the involvement of the Corporation's Chairman and Chief Executive Officer and Senior Vice President and Chief Financial Officer in a certain legal proceeding set forth under the heading "Legal Proceedings" in the Proxy Statement is incorporated herein by reference.

ITEM 11 - EXECUTIVE COMPENSATION

Information regarding compensation of directors and executive officers under the captions "Election of Directors - Compensation of Directors," "Election of Directors Common Stock Purchase Guideline" and "Compensation of Executive Officers," excluding the "Personnel and Compensation Committee Report on Executive Compensation," in the Proxy Statement is incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding the beneficial ownership of the equity securities of the Corporation by all directors, each of the five highest compensated executive officers, all directors and executive officers of the Corporation as a group and certain other beneficial owners under the heading "Security Ownership of Directors and Executive Officers and Certain Beneficial Owners" in the Proxy Statement is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding transactions and relationships with certain directors and executive officers of the Corporation and their associates under the heading "Compensation of Executive Officers-Compensation Committee Interlocks and Insider Participation" in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

FINANCIAL STATEMENTS The following report of independent auditors and consolidated financial statements of the Corporation included in the Annual Report to Shareholders are incorporated herein by reference.

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</TABLE>

No financial statement schedules are being filed.

REPORTS ON FORM 8-K The following reports on Form 8-K were filed during the quarter ended December 31, 1996, or thereafter:

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.

Form 8-K dated as of January 15, 1997, reporting the Corporation's consolidated financial results for the three months and year ended December 31, 1996, filed pursuant to Item 5.

EXHIBITS The exhibits listed on the Exhibit Index on pages E-1 and E-2 of this Form 10-K are filed herewith or are incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant, PNC Bank Corp., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PNC BANK CORP.
(Registrant)

By: /s/ ROBERT L. HAUNSCHILD

Robert L. Haunschild, Senior Vice President
and Chief Financial Officer
March 21, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of PNC Bank Corp. and in the capacity indicated on March 21, 1997.

/s/ THOMAS H. O'BRIEN

Thomas H. O'Brien, Chairman, Chief Executive
Officer and Director

/s/ ROBERT L. HAUNSCHILD

Robert L. Haunschild, Senior Vice President and
Chief Financial Officer

/s/ WILLIAM J. JOHNS

William J. Johns, Senior Vice President and
Chief Accounting Officer

*

Paul W. Chellgren, Director

*

Robert N. Clay, Director

*

George A. Davidson, Director

*

David F. Girard-diCarlo, Director

*

Dianna L. Green, Director

*

C. G. Grefenstette, Director

*

Arthur J. Kania, Director

*

Bruce C. Lindsay, Director

*

Thomas Marshall, Director

*

W. Craig McClelland, Director

*

Donald I. Moritz, Director

*

Jackson H. Randolph, Director

*

James E. Rohr, President and Director

*

Roderic H. Ross, Director

*

Vincent A. Sarni, Director

*

Garry J. Scheuring, Director

*

Richard P. Simmons, Director

*

Thomas J. Usher, Director

*

Milton A. Washington, Director

*

Helge H. Wehmeier, Director

*By: /s/ MELANIE S. CIBIK

Melanie S. Cibik, Attorney-in-fact,
pursuant to Powers of Attorney
filed herewith

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EXHIBIT INDEX

- 3.1 Articles of Incorporation of the Corporation, as amended, incorporated herein by reference to Exhibit 99.1 and 99.2 of the Current Report on Form 8-K dated October 7, 1996.
- 3.2 By-Laws of the Corporation, as amended, incorporated herein by reference to Exhibit 4.2 of the Corporation's Registration Statement on Form S-8 at File No. 33-62311.
- 4.1 Instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries are not filed as Exhibits because the amount of debt under each instrument is less than 10 percent of the consolidated assets of the Corporation. The Corporation undertakes to file these instruments with the Commission on request.
- 4.2 Designation of Series: \$1.80 Cumulative Convertible Preferred Stock -- Series A, incorporated herein as part of Exhibit 3.1.
- 4.3 Designation of Series: \$1.80 Cumulative Convertible Preferred Stock -- Series B, incorporated herein as part of Exhibit 3.1.
- 4.4 Designation of Series: \$1.60 Cumulative Convertible Preferred Stock -- Series C, incorporated herein as part of Exhibit 3.1.
- 4.5 Designation of Series: \$1.80 Cumulative Convertible Preferred Stock -- Series D, incorporated herein as part of Exhibit 3.1.
- 4.6 Designation of Series: Fixed/Adjustable Rate Noncumulative Preferred Stock - Series F, incorporated herein as part of Exhibit 3.1.
- 10.1 Supplemental Executive Retirement Income and Disability Plan of the Corporation, incorporated herein by reference to Exhibit 10.2 of the Annual Report on Form 10-K for the year ended December 31, 1990 ("1990 Form 10-K").*
- 10.2 Amendments to Supplemental Executive Retirement Income and Disability Plan, filed herewith.*
- 10.3 Supplemental Executive Life Insurance and Spouse's Benefit Plan of the Corporation, incorporated herein by reference to Exhibit 10.3 of the 1990 Form 10-K.*
- 10.4 November 21, 1996 Amendment to Supplemental Executive Life Insurance and Spouse's Benefit Plan, filed herewith.*
- 10.5 1992 Long-Term Incentive Award Plan of the Corporation ("1992 Award Plan"), incorporated herein by reference to Exhibit 4.3 of the Corporation's Registration Statement on Form S-8 at File No. 33-54960.*
- 10.6 Form of Nonstatutory Stock Option Agreement under 1992 Award Plan, filed herewith.*
- 10.7 Form of Incentive Share Agreement under 1992 Award Plan (June 1995), as amended November 21, 1996, filed herewith.*
- 10.8 PNC Bank Corp. 1994 Annual Incentive Award Plan, incorporated by reference to Exhibit 10.6 of the Annual Report on Form 10-K for the year ended December 31, 1994 ("1994 Form 10-K").*
- 10.9 PNC Bank Corp. 1996 Executive Incentive Award Plan, incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q for the

quarter ended September 30, 1996 ("3Q 1996 Form 10-Q").*

- 10.10 PNC Bank Corp. and Affiliates Deferred Compensation Plan, incorporated by reference to Exhibit 4.2 to the Corporation's Registration Statement on Form S-8 at File No. 333-18069.*
- 10.11 PNC Bank Corp. Supplemental Incentive Savings Plan, as amended, incorporated by reference to Exhibit 4.1 to the Corporation's Registration Statement on Form S-8 at File No. 333-18069.*
- E-1
- 10.12 PNC Bank Corp. Supplemental Pension Plan, as amended, filed herewith.*
- 10.13 1992 Director Share Incentive Plan, incorporated herein by reference to Exhibit 10.6 of the Annual Report on Form 10-K for the year ended December 31, 1992.*
- 10.14 PNC Bank Corp. Directors Retirement Plan, incorporated by reference to Exhibit 10.7 of the 1994 Form 10-K.*
- 10.15 PNC Bank Corp. Directors Deferred Compensation Plan, incorporated by reference to Exhibit 10.1 of the 3Q 1996 Form 10-Q.*
- 10.16 Employment Agreement dated as of December 29, 1995, between the Corporation and Garry J. Scheuring, incorporated by reference to Exhibit 10.7 of the 1995 Form 10-K.*
- 10.17 Form of Change in Control Severance Agreement, filed herewith.*
- 10.18 Amended and Restated Trust Agreement between the Corporation, as Settlor, and NationsBank, N.A., as Trustee, filed herewith.*
- 11 Calculation of Primary and Fully Diluted Earnings Per Share, filed herewith.
- 12.1 Computation of Ratio of Earnings to Fixed Charges, filed herewith.
- 12.2 Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends, filed herewith.
- 13 Excerpts from the Annual Report to Shareholders for the year ended December 31, 1996, filed herewith. Such Annual Report, except for those portions thereof that are expressly incorporated by reference herein, is furnished for information of the SEC only and is not deemed to be "filed" as part of this Form 10-K.
- 21 Schedule of Certain Subsidiaries of the Corporation, filed herewith.
- 23 Consent of Ernst & Young LLP, independent auditors for the Corporation, filed herewith.
- 24.1 Power of Attorney of certain directors and officers of the Corporation, filed herewith.
- 24.2 Power of Attorney of Robert N. Clay, filed herewith.
- 24.3 Power of Attorney of Jackson H. Randolph, filed herewith.
- 24.4 Power of Attorney of Vincent A. Sarni, filed herewith.
- 27 Financial Data Schedule, filed herewith.

* Denotes management contract or compensatory plan.

AMENDMENT NO. 1 TO THE
PNC BANK CORP. SUPPLEMENTAL
EXECUTIVE RETIREMENT INCOME AND DISABILITY PLAN

WHEREAS, PNC Bank Corp. adopted the PNC Bank Corp. Supplemental Executive Retirement Income and Disability Plan effective September 1, 1985 (the "Plan"); and

WHEREAS, the Corporation desires to amend the Plan to add a provision concerning payment of benefits to participants who cease to be employees as a result of assignment to an entity partially owned (directly or indirectly) by the Corporation; and

WHEREAS, Section 6 of the Plan authorizes the Corporation, acting through its Board of Directors, to amend the Plan; and

WHEREAS, the Board of Directors of the Corporation has authorized certain officers of the Corporation to amend the Plan.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Existing Sections 4 through 8 shall be renumbered as Sections 5 through 9, respectively.

2. Effective July 1, 1993, a new Section 4 shall be added to read as follows:

4. Certain Transfers of Employment. If a Participant is transferred from the employment of the Corporation or a Subsidiary to an entity the equity of which (directly or indirectly) is owned 10% or more (but 50% or less) by the Corporation (a "Minority-Owned Entity"), the benefits earned while a Participant will be frozen and will be paid in the event that the Participant subsequently becomes disabled while employed by the Minority-Owned Entity or retires from the employment of the Minority-Owned Entity.

IN WITNESS WHEREOF, PNC Bank Corp. has caused this Amendment No. 1 to be executed by its duly authorized officers and attested this 10th day of March, 1994.

ATTEST: PNC BANK CORP.

/s/ MARY LYNN FITZPATRICK

Mary Lynn Fitzpatrick
Corporate Seal

By: /s/ WILLIAM F. STROME

William F. Strome
Secretary

AMENDMENT NO. 2 TO THE
PNC BANK CORP. SUPPLEMENTAL
EXECUTIVE RETIREMENT INCOME AND DISABILITY PLAN

WHEREAS, PNC Bank Corp. (the "Corporation") adopted the PNC Bank Corp. Supplemental Executive Retirement Income and Disability Plan effective September 1, 1985 (the "Plan") and has since amended the Plan on one occasion; and

WHEREAS, the Corporation desires to amend the Plan to provide that persons who are eligible to actively participate in the PNC Retirement Savings Plan shall not be eligible to participate in the Plan and to the extent such individuals have previously participated in the Plan, any Plan benefit shall be frozen and may be available to such individual in the future if any other conditions for receipt of such benefit are met; and

WHEREAS, Section 6 of the Plan authorizes the Corporation, acting through its Board of Directors to amend the Plan; and

WHEREAS, the Board of Directors of the Corporation has authorized certain officers of the Corporation to amend the Plan.

NOW, THEREFORE, effective June 30, 1996, the Plan is hereby amended as follows:

1. Section 2.1 of the Plan is hereby deleted and a new Section 2.1 is inserted to read as follows:

2.1 Participant - On the Effective Date, all persons who have been granted a stock option under the Corporation's Executive Bonus Plan shall be Participants in this Plan. All other persons employed by the Corporation and its Subsidiaries who have received on stock option grant under the Corporation's Executive Bonus Plan are

eligible to participate at the discretion of the Board of Directors.

All persons who have been granted a stock option under the Corporation's Executive Stock Bonus Plan and who are eligible to actively Participate in the PNC Retirement Savings Plan are not eligible to participate in this Plan. Any person who was a Participant in this Plan shall cease participation on the date such person is eligible to be an active participant in the PNC Retirement Savings Plan.

2. Section 3 of the Plan is hereby amended by inserting Section 3.4 to read as follows:

3.4 Frozen Benefit - Any Participant who is eligible to actively participate in the PNC Retirement Savings Plan shall have the value of his or her benefit frozen as of the first day of the month following the date he or she is eligible to actively participate in the PNC Retirement Savings Plan. Such frozen benefit otherwise payable under the Plan, provided that any future benefit eligibility requirements are met.

IN WITNESS WHEREOF, PNC Bank Corp. has caused this Amendment No. 1 to be executed by its duly authorized officers and attested this 29th day of May, 1996, effective as of June 30, 1996.

ATTEST: PNC BANK CORP.

By: /s/ WILLIAM F. STROME

William F. Strome
Secretary

/s/ JOANNE BLEHI

Joanne Blehi
Vice President

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NOVEMBER 21, 1996
AMENDMENT TO THE PNC FINANCIAL CORP
SUPPLEMENTAL EXECUTIVE RETIREMENT
INCOME AND DISABILITY PLAN

WHEREAS, PNC Bank Corp. ("PNC") maintains the PNC Financial Corp Supplemental Executive Retirement Income and Disability Plan (the "Plan"); and

WHEREAS, Section 7 of the Plan authorizes PNC to amend the Plan at any time; and

WHEREAS, it has been determined that it is in the best interest of PNC to amend the Plan to (a) reflect the change in name of PNC Financial Corp to PNC Bank Corp., (b) protect the rights of Plan participants to retirement and disability benefits hereunder after a Change in Control, and (c) make certain other changes;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. The Plan is hereby renamed the "PNC Bank Corp. Supplemental Executive Retirement Income and Disability Plan" and all references in the Plan to "PNC Financial Corp" are hereby changed to "PNC Bank Corp."

2. Section 2.5 of the Plan is hereby amended to add the following sentence at the end thereof:

Notwithstanding the foregoing, after a Change in Control, in no event shall a Participant's Annual Base Salary for purposes of determining disability benefits and retirement benefits hereunder be less than his annual pay rate as of the last payday of the January preceding the date of the Change in Control.

3. Section 2.6 of the Plan is hereby amended to read as follows:

Compensation - The Annual Base Salary established by the Corporation for services rendered by a Participant for a particular year, plus the amount of cash, if any, whether deferred or not, awarded to a Participant under any Executive Bonus Plan paid during that same year.

4. The Plan is hereby amended to replace the term "Annual Compensation" with the word "Compensation" in each place such term appears.

5. Section 2.8 is hereby amended to read as follows:

Executive Bonus Plan - The PNC Bank Corp. 1994 Annual Incentive Award Plan, the PNC Bank Corp. 1996 Executive Incentive Award Plan, or any successor or predecessor plans thereto (hereinafter be referred to as "Existing Plans") or any other annual bonus plan (an "Other Bonus Plan"); provided, however, that with respect to any Other Bonus Plan, the annual bonus amount used in the calculation of Compensation

hereunder shall be the lower of the amount awarded under such Other Bonus Plan or the amount that such Participant would have been awarded under an Existing Plan had his annual bonus been awarded pursuant to the same grade or level that is used for calculating his recommended stock option grant under the 1992 Long-Term Incentive Award Plan (except for Gary J. Zentner who shall have the amount of his annual bonus amount used in the calculation of Compensation hereunder calculated in accordance with the applicable Other Bonus Plan subject to an annual limit of 200% of Annual Base Salary).

6. Section 2.9 is hereby deleted in its entirety and Sections 2.10 and 2.11 are hereby redesignated as Sections 2.9 and 2.10.

7. Section 2.10 is hereby amended to add the following at the end thereof: "or any successor plan thereto."

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8. Section 2 of the Plan is hereby amended to add new Sections 2.11 through 2.18 to read as follows:

2.12 Board - the Board of Directors of PNC.

2.13 Cause - (a) the willful and continued failure of a Participant to substantially perform the Participant's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Board, the Chief Executive Officer of PNC, or the Participant's superior, which specifically identifies the manner in which the Board, Chief Executive Officer, or superior believes that the Participant has not substantially performed the Participant's duties; or

(b) the willful engaging by the Participant in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Corporation.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of a Participant, shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith and without reasonable belief that the Participant's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, Chief Executive Officer of PNC or the Participant's superior, or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Corporation. The cessation of employment of the Participant shall not be deemed to be for Cause unless and until there shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board or the Committee at a Board or Committee meeting called and held for the purpose of considering such termination finding that, in the good faith opinion of the Board or Committee, the Participant is guilty of the conduct described in clause (a) or (b) above, and specifying the particulars thereof in detail. Such resolution shall be adopted only after reasonable notice of such meeting is provided to the Participant and the Participant is given an opportunity, together with counsel, to be heard before the Board or the Committee.

2.14 Change in Control - a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act, whether or not PNC is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control shall be deemed to have occurred if:

(a) any person, excluding employee benefit plans of PNC, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities, provided, however, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3) of the directors then still in

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office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

"Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a Subsidiary or division of PNC shall not by itself constitute a "Change in Control."

2.15 Credited Service - means "Credited Service" as defined in the Pension Plan as of the date hereof or as defined from time to time after the date hereof if such definition results in a longer period of Credited Service for the applicable Participant.

2.16 Good Reason - means: (a) the assignment to a Participant of any duties inconsistent in any respect with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by the Participant;

(b) a reduction by the Corporation in the Participant's annual base salary as in effect on the date hereof; as the same may be increased from time to time;

(c) the Corporation's requiring the Participant to be based at any office or location that is more than fifty (50) miles from the Participant's office or location immediately prior to the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan in which the Participant participates immediately prior to the Change in Control that is material to the Participant's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or (ii) to continue the Participant's participation in such plan (or in such substitute or alternative plan) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of the Participant's participation relative to other participants, as existed immediately prior to the Change in Control; or

(e) the failure by the Corporation to continue to provide the Participant with benefits substantially similar to those received by the Participant under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans in which the Participant was participating, at costs substantially similar to those paid by the Participant, immediately prior to the Change in Control.

2.17 PNC - PNC Bank Corp. and any successors thereto.

2.18 Retirement - A Participant's termination of employment with the Corporation (a) for any reason after completing a period of Credited Service of at least 5 years and attaining age 55 (or age 50 in the case of any Participant listed in Schedule A hereto), or (b) by the Participant for Good Reason after a Change in Control or by the Corporation without Cause after a

9. Section 3.1 is hereby amended to replace the word "retirement" with the word "Retirement" in the first two places such term appears, to replace the words "year of service" with "year of Credited Service (including fractions thereof)", and to add the words "(assuming that the Participant elected a single life annuity under the Pension Plan and commenced receiving benefits at age 62)" after the word "respectively".

10. Section 3.1.1 is hereby amended in its entirety to read as follows:

The amount produced by 3.1(b) above will be reduced by the annual amount of any benefit the Participant is entitled to receive under the Pension Plan and the PNC Bank Corp. Supplemental Pension Plan, assuming the Participant commenced receiving benefit payments in the form of a single life annuity under such plans at age 62. Unless instructed otherwise in writing by the Participant, the annual amount payable pursuant to Section 3.1(a) or 3.1(b) and the preceding sentence shall be paid in monthly installments, commencing on the first day of the month coincident or next following the Retirement of the Participant and continuing for fifteen years. Any benefit payment made pursuant to Section 3.1(a) or 3.1(b) that commences prior to a Participant's attainment of age 62 shall be actuarially reduced in accordance with reduction factors used in the Pension Plan. A Participant may, at any time at least one year before his Retirement, elect in writing to receive, in lieu of the monthly retirement benefit to which he is entitled hereunder, a lump-sum cash payment equal to the present value of such monthly benefit, calculated using the mortality rates and interest rate used under the Pension Plan as of the date the payment is to be made. Notwithstanding the foregoing sentence, a Participant who attains Retirement during the period commencing on November 21, 1996 and ending on November 21, 1997 may elect such lump sum payment in writing within thirty (30) days of being notified of the foregoing election requirement.

11. Section 5 of the Plan is hereby amended to add the words "on the date of a Participant's Retirement" at the end of the first sentence thereof and to add the following sentence at the end thereof:

Notwithstanding the foregoing, in the sole discretion of the PNC and its Subsidiaries, PNC and/or its Subsidiaries may establish a nonqualified grantor trust and make contributions thereto for the purpose of providing a source of funds to pay benefits as they become due and payable hereunder; provided, however, that no such trust shall result in a Participant being required to include in gross income for Federal income tax purposes any benefits payable hereunder prior to the date of actual payment. Notwithstanding the establishment of any such trust, a Participant's rights hereunder shall be solely those of a general unsecured creditor of PNC and its Subsidiaries. It is the intention of PNC and its Subsidiaries and Participants hereunder that the Plan be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

12. Section 7 of the Plan is hereby amended to read as follows:

The Plan may be amended or terminated by the Board at any time, and any Subsidiary of PNC that has adopted the Plan may withdraw from further participation in the Plan at any time; provided, however, that no such amendment, termination or withdrawal (each, a "Plan Change") shall reduce or in any way adversely affect (a) the retirement or disability benefits payable hereunder with respect to a Participant who is entitled to benefits under 3.2 hereof by reason of having become disabled prior to the date of the Plan Change or who has terminated employment with the Corporation prior to the date of such Plan Change, or (b) the amount of, or payment of, the Accrued Benefit (as hereinafter defined) of any other Participant as of the date of such Plan Change. For purposes of this Section 7, the term "Accrued Benefit" means the amount of the retirement benefit that would be payable to the Participant hereunder assuming that (a) the Participant terminated employment immediately prior to the Plan Change, and (b) solely for the purpose of determining the Participant's eligibility for Retirement under this Plan and not for purposes of determining the amount of his retirement benefit under 3.1 hereof, that the Participant had attained age 55 and completed 5 years of Credited Service (to the extent that the Participant had not yet attained such age and completed such years of Credited Service immediately prior to the Plan Change). After a Change in Control, the provisions of this Section 7 and Section 10 hereof may not be amended with respect to a Participant without the written consent of the Participant; provided, however, that the failure of a Participant to consent to any such amendment shall not impair the ability of the Board to amend the Plan

with respect to any other Participant who has consented to such amendment.

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13. Section 9 of the Plan is hereby amended to delete the words "of Directors of the Corporation".

14. A new Section 10 is hereby added to the Plan to read as follows:

10. Successors. In addition to any obligations imposed by law upon any successor(s) to PNC and its Subsidiaries, PNC and its Subsidiaries shall be obligated to require any successor(s) (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of PNC and its Subsidiaries to expressly assume and agree to perform under this Plan in the same manner and to the same extent that PNC and its Subsidiaries would be required to perform under it if no such succession had taken place; in the event of such a succession, references to "PNC," "PNC Bank Corp.," "Corporation" and "Subsidiary" herein shall thereafter be deemed to include such successor(s).

15. A new Schedule A is hereby added to the Plan to read as attached hereto.

IN WITNESS WHEREOF, PNC Bank Corp. has caused this Amendment to the PNC Financial Corp Supplemental Executive Retirement Income and Disability Plan to be duly adopted as of this 21st day of November, 1996.

PNC BANK CORP.

By: /s/ WILLIAM E. ROSNER

William E. Rosner
Senior Vice President

WITNESS:

/s/ THOMAS R. MOORE

Thomas R. Moore
Assistant Corporate Secretary

SCHEDULE A - LIST OF PARTICIPANTS

Intentionally omitted.

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NOVEMBER 21, 1996
AMENDMENT TO THE PNC FINANCIAL CORP
SUPPLEMENTAL EXECUTIVE LIFE INSURANCE
AND SPOUSE'S BENEFIT PLAN

WHEREAS, PNC Bank Corp. ("PNC") maintains the PNC Financial Corp Supplemental Executive Life Insurance and Spouse's Benefit Plan (the "Plan"); and

WHEREAS, Section 7 of the Plan authorizes PNC to amend the Plan at any time; and

WHEREAS, it has been determined that it is in the best interest of PNC and its subsidiaries to amend the Plan to (a) provide for the transfer to participants of the split dollar life insurance policies maintained under the Plan if, after a Change in Control, the Plan is terminated and not replaced by an equivalent plan or premium payments on such policies cease, and (b) make certain other changes;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. The Plan is hereby renamed the "PNC Bank Corp. Supplemental Executive Life Insurance and Spouse's Benefit Plan" and all references in the Plan to "PNC Financial Corp" are hereby changed to "PNC Bank Corp."

2. Section 7 of the Plan is hereby amended to replace the words "the Corporation" with "PNC Bank Corp. ("PNC")."

3. The Plan is hereby amended to redesignate Sections 8 and 9 as Sections 10 and 11 and to add new Sections 8 and 9 to read as follows:

8. Certain Required Policy Transfers. If, after a Change in Control, either (a) the Plan is terminated and is not replaced by a plan that provides substantially equivalent benefits to Participants in this Plan, or (b) the Corporation ceases making premium payments on one or more of the Key Executive Equity Plan split dollar life insurance policies (the "Split Dollar Policies") that cover Participants hereunder, then (x) in the case of a termination described in the preceding clause (a), all of the Split Dollar Policies shall be promptly transferred to the respective Participants on whose lives the policies were issued, and (y) in the case of a cessation of premium payments described in the preceding clause (b), the Split Dollar Policies on which premiums have ceased shall be promptly transferred to the respective Participants on whose lives the policies were issued. Such transfers shall be made without the payment of any consideration by the affected Participants. For purposes of this Section 8, the term "Change in Control" shall have the meaning assigned to such term under the PNC Bank Corp. Supplemental Executive Retirement Income and Disability Plan. The provisions of this Section 8 and Section 9 may not be amended after a Change in Control with respect to a Participant without the written consent of the Participant; provided, however, that the failure of a Participant to consent to any such amendment shall not impair the ability of the Board of Directors of PNC to amend the Plan with respect to any other Participant who has consented to such amendment.

9. Successors

In addition to any obligations imposed by law upon any successor(s) to PNC and its Subsidiaries, PNC and its Subsidiaries shall be obligated to require any successor(s) (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of PNC and its Subsidiaries to expressly assume and agree to perform this Plan in the same manner and to the same extent that the PNC and its Subsidiaries would be required to perform it if no such succession had taken place; in the event of such a succession, references to "PNC Bank Corp.", "PNC", "Corporation" and "Subsidiary" herein shall thereafter be deemed to include such successor(s).

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IN WITNESS WHEREOF, PNC Bank Corp. has caused this Amendment to the PNC Financial Corp Supplemental Executive Life Insurance and Spouse's Benefit Plan to be duly adopted as of this 21st day of November, 1996.

PNC BANK CORP.

By: /s/ WILLIAM E. ROSNER

William E. Rosner
Senior Vice President

WITNESS:

/s/ THOMAS R. MOORE

Thomas R. Moore
Assistant Corporate Secretary

OPTIONEE: _____

DATE OF GRANT: _____

OPTION PRICE: _____

COVERED SHARES: _____

PNC BANK CORP.

1992 LONG-TERM INCENTIVE AWARD PLAN

* * *

NONSTATUTORY STOCK OPTION AGREEMENT

1. Definitions. Terms defined in the 1992 Long-Term Incentive Award Plan ("Plan") of PNC Bank Corp. ("Corporation") are used in this Agreement as defined in the Plan unless otherwise defined in this Agreement. In addition, except where the context otherwise indicates, the following definitions apply:

1.1 "Cause" means:

(a) the willful and continued failure of the Optionee to substantially perform the Optionee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Optionee by the Board or the Chief Executive Officer of the Corporation which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Optionee has not substantially performed the Optionee's duties; or

(b) the willful engaging by the Optionee in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Corporation.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of the Optionee, shall be considered "willful" unless it is done, or omitted to be done, by the Optionee in bad faith and without reasonable belief that the Optionee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the Chief Executive Officer or the Optionee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by the Optionee in good faith and in the best interests of the Corporation. The cessation of employment of the Optionee shall not be deemed to be for Cause unless and until there shall have been delivered to the Optionee, as part of the notice of the Optionee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding that, in the good faith opinion of the Board, the Optionee is guilty of the conduct described in clause (a) or (b) above and specifying the particulars thereof in detail. Such resolution shall be adopted only after reasonable notice of such Board meeting is provided to the Optionee and the Optionee is given an opportunity, together with counsel, to be heard before the Board.

1.2 "Change in Control" means a change of control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Corporation is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control shall be deemed to have occurred if:

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(a) any Person, excluding employee benefit plans of the Corporation, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of the Corporation representing twenty percent (20%) or more of the combined voting power of the Corporation's then outstanding securities, provided, however, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) the Corporation consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Corporation (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the

Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) the Corporation's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of the Corporation approve a plan of complete liquidation or winding-up of the Corporation or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Corporation's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of the Corporation shall not by itself constitute a "Change in Control."

1.3 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section 1.4(a), the Corporation's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section 1.4(b), the proxy contest fails to replace or remove a majority of the members of the Board.

1.4 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or the Corporation's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section 1.2 hereof; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

1.5 "Coverage Period" means a period commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control, and ending on the date that is two years after the date of the Change in Control,

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provided, however, that in the event that a Coverage Period commences on the date of a CIC Triggering Event such Coverage Period shall terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is two years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period shall commence upon the earlier to occur of clauses (i) and (ii) in the preceding sentence.

1.6 "Date of Exercise" means the date on which the Corporation receives written notice of the exercise in such form as the Committee may from time to time prescribe, in whole or in part, of the Option pursuant to the terms of this Agreement.

1.7 "Date of Expiration" means the date on which the Option shall expire, which shall be the earliest of the following times:

(a) upon retirement of the Optionee from employment with the Corporation prior to the date that the Option becomes exercisable pursuant to Section 3.2 hereof;

(b) upon termination of the Optionee's employment with the Corporation for Cause;

(c) upon termination of the Optionee's employment with the Corporation for any reason other than (i) Cause, (ii) retirement, (iii) death, (iv) permanent and total disability or (v) termination during a Coverage Period by the Corporation without Cause or by the Optionee with Good Reason, unless the Committee determines otherwise;

(d) one year after termination of the Optionee's employment with the Corporation by reason of death;

(e) three years after the termination of the Optionee's employment with the Corporation by reason of (i) retirement on or after the date that the Option becomes exercisable pursuant to Section 3.2 hereof, (ii) permanent and total disability, or (iii) termination during a Coverage Period by the Corporation without Cause or by the Optionee with Good Reason; and

(f) ten years after the Date of Grant.

1.8 "Date of Grant" means the date set forth as the "Date of Grant" on page 1 of this Agreement.

1.9 "Good Reason" means

(a) the assignment to the Optionee of any duties inconsistent in any respect with the Optionee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by the Optionee;

(b) a reduction by the Corporation in the Optionee's annual base salary as in effect on the Date of Grant, as the same may be increased from time to time;

(c) the Corporation's requiring the Optionee to be based at any office or location that is more than fifty (50) miles from the Optionee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan in which the Optionee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to the Optionee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or (ii) to continue the Optionee's participation in such plan (or in such substitute or alternative plan) on a basis at least as favorable, both in terms of the amount of benefits

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provided and the level of the Optionee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide the Optionee with benefits substantially similar to those received by the Optionee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans in which the Optionee was participating, at costs substantially similar to those paid by the Optionee, immediately prior to the CIC Triggering Event or the Change in Control.

1.10 "Option" means the Nonstatutory Stock Option granted to the Optionee in Section 2 of this Agreement pursuant to which the Optionee may purchase Shares as provided in this Agreement.

1.11 "Option Price" means the dollar amount per Share set forth as the "Option Price" on page 1 of this Agreement.

1.12 "Optionee" means the person identified as the "Optionee" on page 1 of this Agreement.

1.13 "Person" has the meaning given in Section 3(a) (9) of the Exchange Act and also includes any syndicate or group deemed to be a "person" under Section 13(d) (3) of the Exchange Act.

2. Grant of Option. Pursuant to the Plan and subject to the terms of this Agreement, the Corporation hereby grants to the Optionee an Option to purchase from the Corporation that number of Shares specified on page 1 of this

Agreement as the "Covered Shares," exercisable at the Option Price.

3. Terms of the Option.

3.1 Type of Option. The Option is intended to be a Nonstatutory Stock Option without Rights.

3.2 Option Period. The Option is exercisable, in whole or in part, at any time and from time to time upon the earliest to occur of (i) the first anniversary of the Date of Grant, (ii) the date of termination of the Optionee's employment with the Corporation by reason of death or permanent and total disability, and (iii) the date of termination of the Optionee's employment during a Coverage Period either by the Corporation without Cause or by the Optionee with Good Reason, provided in the case of clause (iii) that such termination is at least six months after the Date of Grant and, if such termination is prior to November 22, 1998, that the Corporation receives advice from its outside auditors that such acceleration of exercisability would not prevent accounting for a business combination as a pooling of interests if such accounting treatment is desired by the Corporation. The Option shall remain exercisable until the Date of Expiration.

3.3 Nontransferability. The Option is not transferable by the Optionee other than by will or by the laws of descent and distribution, and is exercisable, during the Optionee's lifetime, only by the Optionee or, in the event of the Optionee's legal disability, by the Optionee's legal representative.

4. Capital Adjustments. The number and class of unexercised Covered Shares and the Option Price shall be subject to such adjustment, if any, as the Committee in its sole discretion deems appropriate to reflect such events as stock dividends, stock splits, recapitalizations, mergers, consolidations or reorganizations.

5. Exercise of Option.

5.1 Notice and Effective Date. The Option may be exercised, in whole or in part, by delivering to the Corporation written notice of such exercise, in such form as the Committee may from time to time prescribe, accompanied by full payment of (a) the Option Price with respect to that portion of the Option being exercised and (b) any amounts required to be withheld pursuant to applicable tax laws in connection with such exercise. In addition, the Optionee may elect to use the cashless exercise procedure provided for pursuant to Section 5.2 hereof. The effective date of such exercise shall be the Date

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of Exercise. Until the Committee notifies the Optionee to the contrary, the form attached to this Agreement as Annex A shall be used to exercise the Option granted hereunder.

5.2 Payment of the Option Price. Upon exercise of the Option, in whole or in part, the Optionee may pay the aggregate Option Price in cash, by delivering duly endorsed certificates representing whole Shares having aggregate Fair Market Value on the Date of Exercise not exceeding that portion of the Option Price being paid by delivery of such Shares, or through a combination of cash and Shares; provided, however, that no Shares may be used to pay any portion of the Option Price that have not been held for at least six months prior to the Date of Exercise or such other period as may be specified by the Committee. Notwithstanding the foregoing, the Optionee may elect to complete his or her option exercise through a brokerage service/margin account pursuant to the cashless option exercise procedure under Regulation T of the Board of Governors of the Federal Reserve System and in such manner as may be permitted by the Committee from time to time, consistent with said Regulation.

5.3 Payment of Taxes. The Optionee may elect to satisfy applicable tax withholding requirements by payment of cash or, subject to such terms and conditions as the Committee may from time to time establish to satisfy any or all federal, state, or local tax liabilities incurred upon such exercise, through retention by the Corporation of Shares otherwise issuable upon such exercise or by delivery to the Corporation of previously acquired Shares. Until the Committee notifies the Optionee to the contrary, the form attached to this Agreement as Annex B shall be used to make such election.

5.4 Effect. The exercise, in whole or in part, of the Option shall cause a reduction in the number of unexercised Covered Shares equal to the number of Shares with respect to which the Option is exercised.

6. Restrictions on Exercise and Upon Shares Issued Upon Exercise. Notwithstanding any other provision of this Agreement, the Optionee agrees, for himself (herself) and his (her) successors, that the Option may not be exercised at any time that the Corporation does not have in effect a registration statement under the Securities Act of 1933, as amended, relating to the offer of Shares under the Plan, unless the Corporation agrees to permit such exercise. The Optionee further agrees, for himself (herself) and his (her) successors, that, upon the issuance of any Shares pursuant to the

exercise of the Option, he (she) will, upon the request of the Corporation, agree in writing that he (she) is acquiring such Shares for investment only and not with a view to resale, and that he (she) will not sell, pledge, or otherwise dispose of such Shares unless and until (a) the Corporation is furnished with an opinion of counsel to the effect that registration of such Shares pursuant to the Securities Act of 1933, as amended, is not required by that Act or by rules and regulations promulgated thereunder; (b) the staff of the Securities and Exchange Commission has issued a "no-action" letter with respect to such disposition; or (c) such registration or notification as is, in the opinion of counsel for the Corporation, required for the lawful disposition of such Shares has been filed and has become effective; provided, however, that the Corporation is not obligated hereby to file any such registration or notification. The Optionee further agrees that the Corporation may place a legend embodying such restriction on the certificates evidencing such Shares.

7. Rights as Shareholder. The Optionee shall have no rights as a Shareholder with respect to any Covered Shares until such time as the Option is exercised and then only with respect to those Shares issued upon such exercise.

8. Employment. Neither the granting of the Option evidenced by this Agreement nor any term or provision of this Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of the Corporation or any of its subsidiaries to employ the Optionee for any period. References in this Agreement to the employment of the Optionee with the Corporation shall include employment with any subsidiary of the Corporation.

9. Subject to the Plan. The Option evidenced by this Agreement and the exercise thereof are subject to the terms and conditions of the Plan, which is incorporated by reference herein and made a part hereof, but the terms of the Plan shall not be considered an enlargement of any benefits under this Agreement. In addition, the Option is subject to any rules and regulations promulgated by the Committee.

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IN WITNESS WHEREOF, the Corporation has caused this Agreement to be signed on its behalf effective as of the Date of Grant.

ATTEST:

PNC BANK CORP.

Secretary

By: _____
Chairman and
Chief Executive Officer

Accepted and agreed to as of the Date of Grant.

Optionee

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PNC BANK CORP.

1996 LONG-TERM INCENTIVE AWARD PLAN

* * *

INCENTIVE SHARE AGREEMENT

GRANTEE:

DATE OF GRANT: June 22, 1995

INCENTIVE SHARES:

1. Definitions. Terms defined in the 1992 Long-Term Incentive Award Plan ("Plan") of PNC Bank Corp. ("Corporation") are used in this Agreement as defined in the Plan unless otherwise defined in this Agreement. In addition, except where the context otherwise indicates, the following definitions apply:

1.1 "Award Date" means the first Business Day following the achievement of a Performance Goal.

1.21 "Awarded Shares" has the meaning set forth in Section 3.1.

1.3 "Business Day" means any day when the New York Stock Exchange is open for this Agreement.

1.4 "Grant" means the total number of Incentive Shares granted pursuant to Section 2 of this agreement.

1.5 "Performance Goal" means any consecutive twenty Business Day period during which the average of the closing prices of a share of Common Stock in New York Stock Exchange composite transactions, as reported in The Wall Street Journal or other authoritative source, equals or exceeds \$32.00 (for fifty percent (50%) of the Grant) and \$35.00 (for the remaining fifty percent (50%) of the Grant) and the closing price of a share of Common Stock on the first Business Day of each such period as reported in the foregoing manner is at least \$32.00 and \$35.00, respectively.

1.6 "Restricted Period" means the period that begins on an Award Date and ends two years after the Award Date.

1.7 "Termination Date" means the twentieth (20th) Business Day in January, 1999.

2. Grant of Incentive Shares. Pursuant to Article 12 of the Plan and subject to the terms and conditions of this Agreement, the Corporation hereby grants to the Grantee named above that number of shares of Common Stock specified above as Incentive Shares.

3. Terms of Grant. The Grant shall be subject to the following terms and conditions.

3.1 Upon the achievement of a Performance Goal prior to the Termination Date and provided the Grantee has been continuously employed by the Corporation or a Subsidiary for the period beginning on the Date of Grant through to the applicable Award Date, the Corporation shall issue to the Grantee on such Award Date fifty percent (50%) of the Incentive Shares (or one hundred percent (100%) of the Incentive Shares if the Award Date is the same for both Goals), which Shares shall be deposited with the Corporation or its designee during the term of the applicable Restricted Period (such Incentive Shares issued on the

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Award Date shall hereinafter be referred to as "Awarded Shares"), unless issued sooner as provided in Section 6 below, and the certificates representing such Shares shall contain the following legend:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in the PNC Bank Corp. 1992 Long-Term Incentive Award Plan and an Agreement entered into between the registered owner and PNC Bank Corp. Release from such terms and conditions shall be made only in accordance with the provisions of the Plan and the Agreement, a copy of each of which is on file in the office of the Corporate Secretary of PNC Bank Corp."

3.2 If the Grantee has been continuously employed by the Corporation or a Subsidiary throughout the Restricted Period, the Awarded Shares deposited with the Corporation or its designee shall be reissued to the Grantee as soon as

practicable following the end of the Restricted Period pursuant to Section 7 below.

3.3 If a Performance Goal is not achieved prior to the Termination Date, none of the Incentive Shares relating to that Performance Goal (i.e., fifty percent (50%) of the Grant) shall be issued to the Grantee and that portion of the Grant relating to that Performance Goal shall be terminated.

4. Rights as Shareholder. Except as provided in Section 5 below, the Grantee shall have all the rights and privileges of a shareholder with respect to the Awarded Shares including, but not limited to, the right to vote the Awarded Shares and the right to receive dividends thereon. All such rights and privileges shall cease upon forfeiture of the Awarded Shares.

5. Prohibitions Against Sale, Assignment, etc. The Grant, Awarded Shares, the right to vote Awarded Shares and the right to receive dividends thereon may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered until (except with respect to the Grant) reissued by the Corporation to the Grantee pursuant to Section 7 below.

6. Forfeiture. In the event the Grantee's employment with the Corporation or a Subsidiary terminated prior to the lapse of a Restricted Period. All Awarded Shares shall be forfeited by the Grantee to the Corporation without payment of any consideration by the Corporation, and neither the Grantee nor any successor, heirs, assigns or personal representatives of the Grantee shall thereafter have any further rights or interest in the Awarded Shares or the certificates representing the Awarded Shares. Notwithstanding the foregoing, in the event of the Grantee's death or substantial disability during a Restricted Period, all Awarded Shares will be reissued by the Corporation to the Grantee or his or her legal representative pursuant to Section 7 below. In the event of the Grantee's retirement during a Restricted Period, all Awarded Shares will be forfeited, unless the Committee determines that such Awarded Shares shall be reissued by the Corporation to the Grantee in light of the facts and circumstances applicable to the Grantee.

7. Termination of Prohibitions. In the event of the Grantee's death, disability or retirement during the periods described in Section 6 (and subject to the Committee's discretion, if any, as described in such Section), the Corporation shall reissue, the certificate representing such Awarded Shares without the legend referred to in Subsection 3.1 above and shall deliver such certificate to the Grantee or his or her legal representative.

8. Payment of Withholding. The Grantee may satisfy any applicable federal, state or local income tax withholding requirements arising from the vesting (and, hence, reissuance) of Awarded Shares pursuant to this Agreement by payment of cash or through retention by the Corporation of Awarded Shares then to be reissued to the Grantee hereunder or by delivery to the Corporation of previously acquired shares of Common Stock.

9. Employment. Neither the granting of the Incentive Shares evidenced by this Agreement nor any term or provision of this Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of the Corporation or any Subsidiary to employ the Grantee for any period or in any way alter the Grantee's status as an employee at will.

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10. Termination. The Grant and this Agreement shall terminate upon the occurrence of the following events (whichever occurs first): the Grantee's employment with the Corporation or a Subsidiary terminates, the Termination Date (if no Restricted Periods are in existence on such Date) or the issuance of all Awarded Shares.

11. Subject to the Plan and the Committee. The Grant and this Agreement are subject to the terms and conditions of the Plan, which are incorporated herein by reference and made a part hereof, but the terms of the Plan shall not be considered an enlargement of any benefits under this Agreement. In addition, the Grant and this Agreement are subject to any interpretations of or any rules and regulations issued by the Committee.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be signed on its behalf as of the 22nd day of June, 1995.

ATTEST:

PNC BANK CORP.

William F. Strome

By: _____
Thomas H. O'Brien

Accepted and agreed to as of the ____ day of _____, 1995.

Grantee

PNC BANK CORP.

AMENDMENT TO INCENTIVE SHARE AGREEMENT

PNC Bank Corp. (the "Corporation") and the undersigned officer of the Corporation hereby amend Section 1.6 of the Incentive Share Agreement between the undersigned and the Corporation granted as of June 22, 1995 pursuant to the Company's 1992 Long-Term Incentive Award Plan with respect to _____ shares of the Corporation's common stock to read in its entirety as follows:

1.6 "Restricted Period" means the period that begins on an Award Date and ends on the earlier to occur of (i) the second anniversary of the Award Date and (ii) the day immediately preceding the date of a termination of the Grantee's employment that entitles the Grantee, pursuant to the agreement between the Corporation and the Grantee dated as of November 21, 1996, and relating to change in control events, to "Severance Benefits," as such term is defined in such agreement. Notwithstanding the preceding sentence, the Restricted Period shall not end, as a result of clause (ii) of the preceding sentence, prior to November 5, 1998, unless the Corporation receives advice from its outside auditors that such termination of the Restricted Period would not prevent accounting for a business combination as a pooling of interests if such accounting treatment is desired by the Corporation.

IN WITNESS WHEREOF, the parties have executed this amendment as of the 21st day of November, 1996.

PNC BANK CORP.

By: _____
William E. Rosner
Senior Vice President

Name: _____
[Grantee]

PNC FINANCIAL CORP
SUPPLEMENTAL PENSION PLAN

A. Plan Provisions as of January 1, 1990

Section 1. Purpose of Plan

The purpose of this Supplemental Pension Plan (the "Plan") is to provide a means of equalizing the benefits of those employees participating in the PNC Financial Corp Pension Plan (the "Pension Plan") whose funded benefits under the Pension Plan are or will be limited by application of the Employee Retirement Income Security Act of 1974 (the "Act") or the regulations promulgated thereunder as the Act or such regulations may be amended from time to time. The Plan is to be operated as an exempt excess benefit plan as defined in the Act.

Section 2. Administration of the Plan

The Pension Committee (the "Committee") under the Pension Plan shall administer the Plan. The Committee shall have full authority to determine all questions arising in connection with the Plan, including its interpretation, may adopt procedural rules, and may employ and rely on such legal counsel, such actuaries, such accountants and such agents as it may deem advisable to assist in the administration of the Plan. Decisions of the Committee shall be conclusive and binding on all persons.

Section 3. Participation in the Plan

All Participants of the Pension Plan (as defined in Pension Plan) shall be eligible to participate in this Plan whenever their benefits under the Pension Plan computed without taking into consideration the limitations on benefits contained in Section 4.7 of the Pension Plan exceed the maximum benefits to which they are entitled by reason of such limitations and such Participant's Employer (as defined in the Pension Plan) shall have adopted the Plan. The amount of such excess shall hereinafter be referred to as the "Excess Benefits".

Section 4. Excess Benefits Related to the Retirement Plan

Each Employer that, with the approval of PNC Financial Corp (the "Corporation") shall have adopted the Plan, shall pay in respect of each Participant of the Pension Plan who is eligible to participate in this Plan a supplemental retirement benefit equal to the Excess Benefit as defined in Section III of this Plan. Such supplemental retirement benefit under this Plan shall be payable in accordance with all the terms and conditions applicable to the Participant's benefits under the Pension Plan, including whatever optional benefits he may have elected. However, a Participant may elect to receive his benefits under this Plan on a basis provided for in the Pension Plan which is different from the basis upon which he receives benefits under the Pension Plan, if he files an election in writing to that effect with the Committee at least twelve months before his retirement date as provided under the Pension Plan or, if this is impracticable, prior to some other date selected by the Committee.

Section 5. Miscellaneous

This Plan may be terminated at any time by the Board of Directors of the Corporation and any Employer that shall have adopted the Plan may at any time, withdraw from further participation in the Plan, in either or both of which events payments to Participants and beneficiaries of supplemental retirement benefits accrued hereunder in respect of years (including fractional years) prior to the date of such termination or withdrawal shall be made at the same times and in the same amounts as would have been provided for under this Plan if it had not been terminated or if such withdrawal had not occurred. This Plan may also be amended at any time by the Board of Directors of the Corporation except that no such amendment shall deprive any Participant or beneficiary of his supplemental retirement benefit accrued at the time of such amendment.

Benefits payable under this Plan shall not be funded and their payment shall be made by or for the account of the Participant's Employer under the Pension Plan, and the Corporation and the other Employers may make such arrangements for payment out of the general funds of the Corporation or the other Employers as they may deem appropriate with respect thereto.

This Plan shall be construed, administered and enforced according to the laws of the Commonwealth of Pennsylvania.

This Plan shall become effective as of December 1, 1984.

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NOVEMBER 21, 1996

AMENDMENT TO THE PNC FINANCIAL CORP
SUPPLEMENTAL PENSION PLAN

WHEREAS, PNC Bank Corp. (the "Corporation") maintains the PNC Financial Corp Supplemental Pension Plan (the "Plan"); and

WHEREAS, Section 5 of the Plan authorizes the Corporation to amend the Plan; and

WHEREAS, it has been determined that it is in the best interest of the Corporation to amend the Plan to (a) clarify the Plan's prohibition against the reduction of participants' accrued benefits as the result of a Plan amendment, termination of the Plan, or the withdrawal of an affiliate from participation in the Plan, (b) clarify that the Corporation may, in its discretion, establish a trust to provide a source of funds for the payment of benefits under the Plan, and (c) make certain other changes;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. The Plan is hereby renamed the "PNC Bank Corp. Supplemental Pension Plan" and all references in the Plan to "PNC Financial Corp" are hereby changed to "PNC Bank Corp."

2. Section 1 of the Plan is hereby amended to read as follows:

The purpose of this Supplemental Pension Plan (the "Plan") is to provide a means of equalizing the benefits of those employees participating in the PNC Bank Corp. Pension Plan (the "Pension Plan") whose funded benefits under the Pension Plan are or will be limited by application of Section 415 of the Internal Revenue Code of 1986, as amended. The Plan is to be operated as an "excess benefit plan" as defined in Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended.

1. Section 2 of the Plan is hereby amended to add the following at the end of the last sentence thereof:

";provided, however, that this sentence shall not apply after the occurrence of a Change in Control (as defined in the PNC Bank Corp. Supplemental Executive Retirement Income and Disability Plan as of the date hereof)."

2. Section 3 of the Plan is hereby amended to add "(or any successor provision)" after the words "Section 4.7 of the Pension Plan".

3. Section 5 of the Plan is hereby amended in its entirety to read as follows:

The Plan may be amended or terminated by the Board of Directors of the Corporation at any time, and any Employer that has adopted the Plan may withdraw from further participation in the Plan at any time; provided, however, that no such amendment, termination or withdrawal (each, a "Plan Change") shall, without the consent of each affected Participant, reduce or in any way adversely affect (a) the supplemental retirement benefits payable hereunder with respect to a Participant who has terminated employment with the Corporation or an Employer (as applicable) prior to the date of such Plan Change, or (b) the amount of, or payment of, the Accrued Benefit (as hereinafter defined) of any other Participant as of the date of such Plan Change. For purposes of this Section 5, the term "Accrued Benefit" means an amount equal to the product of (1) and (2), where (1) is the supplemental retirement benefit that would be payable to a Participant or his beneficiary under the terms of this Plan as in effect immediately prior to the Plan Change, calculated as of the date (the Participant's "Retirement Date") that retirement benefit payments to the Participant or beneficiary commence under the Pension Plan, and (2) is a fraction, the numerator of which is the number of years of service credited to the Participant under the Pension Plan for benefit accrual purposes ("Benefit Accrual Service") as of the date of the Plan Change, and the denominator of which is the Participant's total Benefit Accrual Service under the Pension Plan as of his Retirement Date. After a Change in Control, the foregoing

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provisions of this Section 5 and Section 8 hereof may not be amended with respect to a Participant without the written consent of the Participant; provided, however, that the failure of a Participant to consent to any such amendment shall not impair the ability of the Board of Directors of the Corporation to amend the Plan with respect to any other Participant who has consented to such amendment.

4. Section 6 of the Plan is hereby redesignated as Section 9 and new Sections 6, 7, and 8 are hereby added to the Plan to read as follows:

6. Funding of Benefits. In the sole discretion of the Corporation, the Corporation may establish a nonqualified grantor trust and make contributions thereto for the purpose of providing a source of funds to pay benefits as they become due and payable hereunder; provided, however, that no such trust shall result in a Participant being required to include in gross income for Federal income tax purposes any benefits payable hereunder prior to the date of actual payment. Notwithstanding the establishment of any such trust, a Participant's rights hereunder shall be solely those of a general unsecured creditor of the Corporation and the Employers. It is the intention of the Corporation, the Employers, and Participants hereunder that the Plan be unfunded for tax purposes and for purposes of Title I of ERISA.

7. Governing Law. This Plan shall be construed, administered, and enforced according to the laws of the Commonwealth of Pennsylvania to the extent not preempted by Federal law.

8. Successors. In addition to any obligations imposed by law upon any successor(s) to the Corporation and the Employers, the Corporation and the Employers shall be obligated to require any successor(s) (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Corporation and the Employers to expressly assume and agree to perform under this Plan in the same manner and to the same extent that the Corporation and the Employers would be required to perform under it if no such succession had taken place; in the event of such a succession, references to "Corporation" and "Employers" herein shall thereafter be deemed to include such successor(s).

IN WITNESS WHEREOF, PNC Bank Corp. has caused this Amendment to the PNC Financial Corp Supplemental Pension Plan to be duly adopted as of this 21st day of November, 1996.

PNC BANK CORP.

By: /s/ WILLIAM E. ROSNER

William E. Rosner
Senior Vice President

WITNESS:

/s/ THOMAS R. MOORE

Thomas R. Moore
Assistant Corporate Secretary

CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement") dated as of November 21, 1996 is made by and between PNC Bank Corp., a Pennsylvania corporation (the "Company"), and _____ (the "Executive").

WHEREAS the Board of Directors of the Company (the "Board") has determined that it is in the best interest of the Company and its shareholders to enter into agreements with the Company's senior executives regarding change in control severance benefits and the Executive is a Company senior executive;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained and intending to be legally bound hereby, the Company and the Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section and elsewhere in this Agreement.

2. Term of Agreement. This Agreement shall commence on the date hereof and shall remain in effect until the Executive attains age sixty-five (65); provided, however, that (a) the Company may terminate this Agreement, at any time other than during a Coverage Period, if the Company gives the Executive at least one (1) year advance written notice of termination (which notice shall have no effect if the proposed date of termination falls within a Coverage Period) and the Company terminates this Agreement simultaneously with all similar agreements with other Company executives and (b) unless the Committee determines otherwise, this Agreement shall terminate if at any time after the date hereof, other than during a Coverage Period, the Executive is classified below SEG 6. Notwithstanding the foregoing, any outstanding obligations of the Company and the Executive hereunder arising from a termination of the Executive's employment shall survive the termination of this Agreement until such obligations have been fulfilled.

3. Company's Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Section 4 hereof, the Company agrees, under the terms and conditions set forth herein, that, in the event the Executive's employment with the Company is terminated during a Coverage Period, the Company shall provide the Executive the benefits and pay the Executive the amounts specified in Section 5 hereof.

4. The Executive's Covenants.

4.1 No-Raid. The Executive agrees that, in the event the Executive's employment with the Company is terminated for any reason whatsoever, and as a result of such termination the Executive is entitled to receive the Severance Benefits, the Executive shall not, for a period of one (1) year after the Date of Termination, employ or offer to employ, solicit, actively interfere with the Company's or any Company affiliate's relationship with, or attempt to divert or entice away, any officer of the Company or any Company affiliate.

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4.2 Nondisclosure. During the Executive's employment with the Company and thereafter, the Executive shall not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, other than (i) information that is generally known in the Company's industry or acquired from public sources, (ii) as required in the course of such employment, (iii) as required by any court, supervisory authority, administrative agency or applicable law, or (iv) with the prior written consent of the Company.

5. Benefits and Rights upon Termination of Employment.

5.1. General Termination Rights and Benefits. If the Executive's employment by the Company is terminated for any reason (whether by the Company or the Executive) during a Coverage Period, the Company shall pay to the Executive the payments described in Subsections (a) and (b) below.

(a) Pre-Termination Benefits. The Company shall pay the Executive's base salary to the Executive through the Date of Termination in accordance with the Company's normal payment practices at the highest rate in effect during the sixty (60) day period preceding the date the Notice of Termination is given, together with all other compensation and benefits payable to the Executive through the Date of Termination under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period.

(b) Post-Termination Benefits. The Company shall pay the Executive's normal post-termination compensation and benefits to the Executive as such

payments become due. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance, pension, welfare and other compensation or benefit plans, programs and arrangements.

5.2. Severance Benefits. In addition to the payments provided for by Section 5.1 hereof, but subject to Section 7.16 hereof, the Company shall pay to the Executive the payments described in Subsections (a) through (e) below (the "Severance Benefits") upon termination of the Executive's employment with the Company during a Coverage Period, unless such termination is (i) by the Company for Cause, (ii) by reason of the Executive's death or Disability or after the Executive attains age sixty-five (65) or (iii) by the Executive without Good Reason.

(a) Lump-Sum Severance Payment. In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to the Classification Factor (or, if less, the Retirement Factor) times the sum of (i) the Executive's Annual Base Salary and (ii) the Executive's Annual Bonus; provided, however, that a portion of such lump-sum severance payment equal to 6% of the product of (x) the Classification Factor (or, if less, the Retirement Factor) and (y) the Executive's Annual Base Salary shall be credited, together with a matching contribution from the Company equal to 100% of such amount, to the Executive's account under the Supplemental Savings Plan. Such amount that is credited to the Executive's account under the Supplemental Savings Plan shall be administered in the same manner as other amounts credited to the Executive under such plan and shall be distributed to the Executive at the time and in the manner that the Executive's account under such plan is distributed.

(b) Bonus.

(i) Termination Year Bonus. The Company shall pay to the Executive a lump sum cash payment at a minimum equal to the product of (x) the Executive's highest annual base salary in effect during the one (1) year period preceding the Executive's Date of Termination and (y) the Executive's highest Target Percentage in effect during the fiscal year preceding the Termination Year.

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(ii) Preceding Fiscal Year Bonus. To the extent that as of the Date of Termination the Company has not yet determined and paid to the Executive any incentive award to which the Executive is entitled under any Company incentive plan with respect to the fiscal year preceding the Termination Year, the Company shall also pay to the Executive a lump sum cash payment at a minimum equal to the product of (x) the Executive's highest annual base salary in effect during such fiscal year and (y) the Executive's highest Target Percentage in effect during such fiscal year.

(iii) General. Any payment made to the Executive under this Section 5.2(b) shall be deemed to be a payment made in fulfillment of the Company's then existing or future cash bonus obligations, if any, to the Executive under any Company cash bonus incentive compensation plan with respect to such fiscal years.

(iv) Deferral Option. If the Executive so elects by notifying the Company in writing at least one year prior to the Date of Termination, (x) all or a portion, as specified by the Executive in such election notice, of the payment provided for by the foregoing provisions of this Section 5.2(b), and (y) a portion of the lump-sum severance payment provided for by Section 5.2(a) hereof, as specified by the Executive in the election notice, up to the product of the Classification Factor (or, if less, the Retirement Factor) and the Executive's Annual Bonus, shall not be paid to the Executive, but instead shall be credited to an account established for the Executive under the Deferred Compensation Plan. Such credited amount shall be administered in the same manner as amounts otherwise deferred under the Deferred Compensation Plan and shall be distributed to the Executive at the time and in the manner specified in the Executive's election notice.

(c) Continued Welfare Benefits. Commencing on the Date of Termination and continuing thereafter for the number of months equal to the product of twelve (12) and the Classification Factor (or, if less, the Retirement Factor) (such period is referred to herein as the "Benefits Period"), the Company shall provide the Executive with life insurance (including group term and supplemental executive life insurance), health insurance and long-term disability insurance benefits ("Welfare Benefits") substantially similar in all respects to those which the Executive was receiving immediately prior to the Notice of Termination. The receipt of such Welfare Benefits shall be conditioned upon the Executive continuing to pay the premiums for such Welfare Benefits that the Executive paid immediately prior to the Notice of Termination. Benefits otherwise receivable by an Executive pursuant to this Section 5.2(c) (and the corresponding premium payments made by the Executive therefor) shall be reduced to the extent substantially similar benefits are actually received by or made available to the Executive by any other employer

during the Benefits Period at a cost to the Executive that is commensurate with the cost incurred by the Executive immediately prior to the Notice of Termination; provided, however, that if the Executive becomes employed by a new employer that maintains a medical plan that either (i) does not cover the Executive or a family member or dependent with respect to a preexisting condition that was covered under the applicable Company medical plan, or (ii) does not cover the Executive or a family member or dependent for a designated waiting period, the Executive's coverage under the applicable Company medical plan shall continue (but shall be limited in the event of noncoverage due to a preexisting condition, to such preexisting condition) until the earlier of (x) the end of the applicable period of noncoverage under the new employer's plan and (y) the end of the Benefits Period. The Executive agrees to report to the Company any coverage and benefits actually received by or made available to the Executive from such other employer(s). During the Benefits Period, the Executive shall be entitled to elect to change the Executive's level of coverage and/or choice of coverage options (such as Executive only or family medical coverage) with respect to the Welfare Benefits to be provided by the Company to the Executive to the same extent that actively employed senior executives of the Company are permitted to make such changes; provided, however, that in the event of any such changes the premiums paid by the Executive for such Welfare Benefits shall reflect any cost increase or decrease that would actually be paid or received by an actively employed senior executive of the Company who made the same changes. For purposes of this Section 5.2(c), any measurement of Welfare Benefits, premium payments, or costs that is based on the Welfare Benefits, premium payments or costs that the Executive was receiving, paying or incurring immediately prior to the Notice of Termination shall be determined without giving effect to any change thereto during the

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Coverage Period which constituted Good Reason pursuant to Section 8.21(e). To the extent that the Company is unable to provide the Executive with any of the Welfare Benefits required by this Section 5.2(c) under the Company's benefit plans, the Company shall either purchase such Welfare Benefits for the Executive or pay to the Executive a cash payment equal to the value thereof.

(d) Other Benefits. The Company shall pay to the Executive a lump sum cash payment equal to the product of (i) the Classification Factor (or, if less, the Retirement Factor) and (ii) the average annual amount of club membership fees (excluding any one-time initiation fees) and automobile expenses paid by the Company to or on behalf of the Executive during the three fiscal years (or such shorter period during which the Executive has been employed by the Company or receiving these perquisites) immediately preceding the Termination Year. Any club membership bond or certificate held by the Company on behalf of the Executive shall be transferred to the Executive as appropriate to enable the Executive to retain such club membership. In addition, during the Benefits Period, the Company shall continue to pay for and provide the Executive with access to personal financial consulting services that are substantially similar to that which the Company provided the Executive with during the fiscal year immediately preceding the Termination Year.

(e) Pension Benefits.

(i) Pension Plan Benefits. The pension benefits accrued by the Executive under the Pension Plan shall be paid to the Executive in accordance with the terms of such plan.

(ii) Certain Previously Accrued Pension Benefits. If the Executive so elects by notifying the Company in writing at least one year prior to the Date of Termination, in lieu of the pension benefits to which the Executive would be entitled under the Excess Plan and the SERP, the Company shall pay to the Executive a lump sum amount, in cash, equal to the actuarial equivalent present value of the pension benefits that the Executive accrued under such plans as of the Date of Termination, calculated in accordance with Section 5.2(e)(iv) hereof. If the Executive does not elect to receive the lump sum payment provided for by this Section 5.2(e)(ii), the pension benefits accrued by the Executive under the Excess Plan and the SERP shall be paid to the Executive in accordance with the terms of such plans.

(iii) Certain Benefits Period Pension Accruals. In addition to amounts payable to the Executive pursuant to Section 5.2(e)(ii) hereof and/or the Pension Plan, the Excess Plan and the SERP (the "Company Pension Plans"), the Company shall pay to the Executive a lump sum amount, in cash, equal to the actuarial equivalent present value of the additional pension benefits that the Executive would have accrued under the Company Pension Plans assuming the Executive remained employed (after the Date of Termination) for the Benefits Period, was compensated during such period at the Executive's Annual Base Salary and Annual Bonus, and was fully vested under the Company Pension Plans. Such actuarial equivalent present value amount shall be calculated in accordance with Section 5.2(e)(iv) hereof.

(iv) Calculation of Lump Sum Amounts. The actuarial equivalent present value lump sum amounts provided for by Sections 5.2(e)(ii) and

5.2(e)(iii) shall be determined: (1) based on the pension benefits that would be payable to the Executive as a straight life annuity commencing as of the later of (A) the Executive's attainment of age fifty-five (55) and (B) the Date of Termination (in the case of the lump sum amount provided for by Section 5.2(e)(ii) hereof) or the last day of the Benefits Period (in the case of the lump sum amount provided for by Section 5.2(e)(iii) hereof); (2) using the same methods and assumptions utilized under the Pension Plan in determining lump sum payments immediately prior to the Date of Termination; and (3) without giving effect to any amendments to the Company Pension Plans during the Coverage Period that adversely affect in any manner the amount of pension benefits payable to the Executive under the Company Pension Plans.

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5.3. Gross-Up Payment; Certain Limitations on Payments and Benefits.

(a) In the event that (i) the Executive becomes entitled to the Severance Benefits or any other benefits or payments in connection with a Change in Control or the termination of the Executive's employment, whether pursuant to the terms of this Agreement or otherwise (collectively, the "Total Benefits"), and (ii) any of the Total Benefits will be subject to the Excise Tax, the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive from the Gross-Up Payment, after deduction of any federal, state and local income taxes, Excise Tax, and FICA and Medicare withholding taxes upon the Gross-Up Payment, shall be equal to the Excise Tax on the Total Benefits. For purposes of determining the amount of such Excise Tax, the amount of the Total Benefits that shall be treated as subject to the Excise Tax shall be equal to (i) the Total Benefits, minus (ii) the amount of such Total Benefits that, in the opinion of tax counsel selected by the Company and reasonably acceptable to the Executive ("Tax Counsel"), are not excess parachute payments (within the meaning of Section 280G(b)(1) of the Code).

(b) For purposes of this Section 5.3, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Excise Tax is (or would be) payable and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination, net of the reduction in federal income taxes which could be obtained from deduction of such state and local taxes (calculated by assuming that any reduction under Section 68 of the Code in the amount of itemized deductions allowable to the Executive applies first to reduce the amount of such state and local income taxes that would otherwise be deductible by the Executive). Except as otherwise provided herein, all determinations required to be made under this Section 5.3 shall be made by Tax Counsel, which determinations shall be conclusive and binding on the Executive and the Company absent manifest error.

(c) In the event that the Excise Tax on the Total Benefits is subsequently determined to be less than the amount taken into account hereunder at the time of termination of the Executive's employment, the Executive shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax, federal, state and local income taxes and FICA and Medicare withholding taxes imposed on the Gross-Up Payment being repaid by the Executive to the extent that such repayment results in a reduction in any such taxes and/or a federal, state or local income tax deduction) plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax on the Total Benefits is determined to exceed the amount taken into account hereunder at the time of the termination of the Executive's employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment (which shall be calculated by Tax Counsel in the same manner and using the same assumptions as set forth in Sections 5.3(a) and 5.3(b) hereof) to the Executive in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess to the Internal Revenue Service or any other federal, state, local or foreign taxing authority) at the time that the amount of such excess is finally determined.

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5.4. Timing of Payments. The payments provided for in Sections 5.1 through 5.3 (other than Section 5.1(b), Section 5.2(c) and the last sentence of Section 5.2(d) and other than payments (and related gross-up payments) that are deferred in accordance with Section 5.2) shall be made on the Date of Termination, provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments. The Company shall pay the remainder of such payments (together with interest at the rate provided in Section

1274(b)(2)(B) of the Code from the Date of Termination to the payment of such remainder) as soon as the amount thereof can be determined, but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after written demand by the Company to the Executive (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code from the Date of Termination to the repayment of such excess).

5.5. Reimbursement of Legal Costs. The Company shall pay to the Executive all reasonable legal fees and expenses incurred by the Executive as a result of a bona fide dispute regarding the application of any provision of this Agreement including all such fees and expenses, if any, incurred (i) in disputing any Notice of Termination under Section 6.2 hereof, (ii) in seeking to obtain or enforce any right or benefit provided by this Agreement or (iii) in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of the Executive's respective written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

6. Termination Procedures.

6.1 Notice of Termination. During a Coverage Period or pursuant to Section 7.2 or Section 7.3 hereof, any termination of the Executive's employment (other than by reason of death) must be preceded by a written Notice of Termination from one party hereto to the other party hereto in accordance with Section 7.6 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice that shall (i) specify the Executive's date of termination (the "Date of Termination") which shall not be more than sixty (60) days from the date such Notice of Termination is given, (ii) indicate the notifying party's opinion regarding the specific provisions of this Agreement that will apply upon such termination and (iii) set forth in reasonable detail the facts and circumstances claimed to provide a basis for the application of the provisions indicated. Termination of the Executive's employment shall occur on the specified Date of Termination even if there is a dispute between the parties pursuant to Section 6.2 hereof relating to the provisions of this Agreement applicable to such termination.

6.2 Dispute Concerning Applicable Termination Provisions. If within thirty (30) days of receiving the Notice of Termination the party receiving such notice notifies the other party that a dispute exists concerning the provisions of this Agreement that apply to such termination, the dispute shall be resolved either (i) by mutual written agreement of the parties or (ii) by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected). The parties shall pursue the resolution of such dispute with reasonable diligence. Within five (5) business days of such a resolution, any party owing any payments pursuant to the provisions of this Agreement shall make all such payments together with interest accrued thereon at the rate provided in Section 1274(b)(2)(B) of the Code.

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7. Miscellaneous.

7.1 No Mitigation. The Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. The amount of any payment or benefit provided for under this Agreement (other than to the extent provided in Section 5.2(c) and Section 7.16) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

7.2 Successors. In addition to any obligations imposed by law upon any successor to the Company, the Company shall be obligated to require any successor (whether direct or indirect and whether by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business, property and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; in the event of such a succession, references to the "Company" herein shall thereafter be deemed to include such successor. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement. Such breach shall entitle the Executive to terminate the Executive's employment at any time within six months of such succession and thereafter to receive compensation and benefits from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's

employment for Good Reason during a Coverage Period. Failure of the Executive to exercise any right to terminate the Executive's employment pursuant to this Section 7.2 shall not affect any other right of the Executive under this Agreement.

7.3 Terminations in Anticipation of Change in Control. The Executive's employment shall be deemed to have been terminated by the Company without Cause during a Coverage Period if the Executive's employment is terminated by the Company without Cause not during a Coverage Period and such termination of employment (a) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control, or (b) otherwise arose in anticipation of a Change in Control. The Executive's employment shall be deemed to have been terminated by the Executive for Good Reason during a Coverage Period if the Executive terminates his or her employment with Good Reason not during a Coverage Period and the circumstance or event that constitutes Good Reason (a) occurs at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (b) otherwise arose in anticipation of a Change in Control. In the event of a termination of employment described in this Section 7.3, the Executive shall be entitled to all payments and other benefits to which the Executive would have been entitled had such termination occurred during a Coverage Period, provided that the Executive shall only be entitled to salary and other compensation and benefits pursuant to Section 5.1(a) hereof until the Executive's actual date of termination. Notwithstanding the preceding sentences of this Section 7.3 or any other provision of this Agreement, the Executive shall not be entitled to receive, and the Company shall have no obligation to pay or provide to the Executive, any Severance Benefits as a result of a termination of the Executive's employment described in this Section 7.3, unless and until a Coverage Period commences within three (3) months of such termination. Notwithstanding the provisions of Section 7.15 hereof, for purposes of this Section 7.3 only, the burden of proving that the requirements of clauses (a) and (b) of the first and second sentences of this Section 7.3 have been met shall be on the Executive and the standard of proof to be met by the Executive shall be clear and convincing evidence. For purposes of this Section 7.3 only, the definition of "Change in Control" shall exclude the provision in Section 8.7(a).

7.4 Incompetency. Any benefit payable to or for the benefit of the Executive, if legally incompetent, or incapable of giving a receipt therefor, shall be deemed paid when paid to the Executive's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company.

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7.5 Death. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder if the Executive had continued to live (other than amounts which, by their terms, terminate upon the death of the Executive), such amount, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

7.6 Notices. In any case where any notice or other communication is required or permitted to be given hereunder, such notice or communication shall be in writing and shall be deemed to have been duly given and delivered, (a) if delivered in person, on the date of such delivery or (b) if sent by a recognized overnight courier service or registered U.S. mail (with postage prepaid and return receipt requested), on the date of receipt of such mail, and shall be sent or delivered to the following address (or such other address as a party may designate from time to time in a written notice to the other party hereto):

To the Company:

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

Attention: William E. Rosner,
Senior Vice President and Director of
Human Resources

With a copy (which shall not be deemed notice) to:

Helen P. Pudlin
Senior Vice President and General Counsel
PNC Bank Corp.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222

To the Executive:

7.7 Modification; Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach of, or failure to comply with, any condition or provision of this Agreement that is to be satisfied or performed by the other party hereto shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

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7.8 Entire Agreement. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

7.9 Governing Law and Venue. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania applicable to agreements made and entirely to be performed within such jurisdiction. The party bringing any action under this Agreement shall only be entitled to choose the federal or state courts in the Commonwealth of Pennsylvania as the venue for such action, and each party consents to the jurisdiction of the court chosen in such manner for such action.

7.10 Changes to Statutes, Employee Benefit Plans and Employee Classification Systems. All references to sections of, or regulations promulgated under, the Exchange Act, the Code or other statutes shall be deemed also to refer to such sections or regulations as amended from time to time and to any successor provisions to such sections or regulations. All references to employee benefit plans and employee classification systems of the Company shall be deemed also to refer to such plans and classification systems as amended from time to time and to any successor plans or classification systems thereto.

7.11 Withholding. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed.

7.12 Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

7.13 No Right to Continued Employment. Nothing in this Agreement shall be deemed to give the Executive the right to be retained in the employ of the Company, or to interfere with the right of the Company to discharge the Executive at any time, subject in all cases to the terms of this Agreement.

7.14 No Assignment of Benefits. Except as otherwise provided herein or by law, no right or interest of the Executive under this Agreement shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment or pledge; no attempted assignment or transfer thereof shall be effective.

7.15 Burden and Standard of Proof. Except as otherwise expressly provided in Section 7.3 hereof, in any proceeding (regardless of who initiates such proceeding) in which the payment of Severance Benefits or other benefits under this Agreement is at issue, the burden of proof as to whether any termination of the Executive's employment has been for Cause or without Good Reason for purposes of this Agreement shall be upon the Company or its successor, and the standard of proof to be met with respect thereto shall be clear and convincing evidence.

7.16 Reduction of Agreement Benefits by Other Required Benefits. Notwithstanding any other provision of this Agreement to the contrary, if in connection with the termination of the Executive's employment for any reason the Company is obligated by law or by contract (including any employment or severance agreement other than this Agreement) or by Company plan or policy to (i) pay the Executive with respect to any notice period prior to termination, (ii) pay the Executive severance pay (including any payments based upon unpaid or contingent awards pursuant to any incentive compensation plan or based upon added years of service credit or any other credit or addition under any pension or savings plan), a termination indemnity, notice pay, or the like, or (iii) provide the Executive with life, disability, accident or health insurance or other welfare benefits after the Executive's termination (or a cash payment in

lieu thereof), then any Severance Benefits hereunder shall be reduced by the amount of any payments and similar benefits described in clauses (i), (ii) and (iii), as applicable.

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7.17 Headings. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Agreement, and shall not be employed in the construction of this Agreement.

8. Definitions.

8.1 "Annual Base Salary" means the greater of (a) the Executive's highest annual base salary in effect during the one (1) year period preceding the commencement of the applicable Coverage Period and (b) the Executive's highest annual base salary in effect during the one (1) year period preceding the Executive's Date of Termination.

8.2 "Annual Bonus" means the product of (a) the greater of (i) the Executive's average Bonus Percent for the three fiscal years (or such shorter period during which the Executive has been employed by the Company) immediately preceding the fiscal year during which the applicable Coverage Period commences and (ii) the Executive's average Bonus Percent for the three fiscal years (or such shorter period during which the Executive has been employed by the Company) immediately preceding the Termination Year, and (b) the Annual Base Salary.

8.3 "Benefits Period" has the meaning assigned to such term in Section 5.2(c) hereof.

8.4 "Board" means the Board of Directors of the Company.

8.5 "Bonus Percent" means the bonus amount paid or payable to the Executive with respect to a particular fiscal year divided by the aggregate base salary paid or payable to the Executive for such fiscal year; provided, however, that with respect to the fiscal year preceding the Termination Year the Bonus Percent shall not be less than the Executive's highest Target Percentage that was in effect during such fiscal year.

8.6 "Cause" means:

(a) the willful and continued failure of the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties; or

(b) the willful engaging by the Executive in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith and without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon the instructions or prior approval of the Board, the Chief Executive Officer or the Executive's superior or based upon the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive, as part of the Notice of Termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in clause (a) or (b) above and specifying the particulars thereof in detail. Such resolution shall be adopted only after reasonable notice of such Board meeting is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board.

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8.7 A "Change in Control" means a change of control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control shall be deemed to have occurred if:

(a) any Person, excluding employee benefit plans of the Company, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities, provided, however, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) the Company consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Company (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) the Company's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of the Company approve a plan of complete liquidation or winding-up of the Company or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred. Notwithstanding anything to the contrary herein, a divestiture or spin-off of a Subsidiary or division of the Company shall not by itself constitute a "Change in Control."

8.8 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section 8.9(a), the Company's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section 8.9(b), the proxy contest fails to replace or remove a majority of the members of the Board.

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8.9 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or the Company's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section 8.7 hereof; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

8.10 "Classification Factor" shall mean 'three (3)' if the Executive is classified by the Company at SEG 14 or above and 'two (2)' if the Executive is classified by the Company at SEG 13 or below. For each Coverage Period, the Classification Factor shall be determined as of the day prior to the commencement of such Coverage Period. Notwithstanding the foregoing, in the event that the Executive was previously classified at SEG 14 or above and has subsequently been reclassified below SEG 14, the Committee may, within sixty (60) days of such reclassification, determine that the "Classification Factor" shall remain 'three (3)' for the Executive.

8.11 "Code" means the Internal Revenue Code of 1986.

8.12 "Committee" means the Personnel and Compensation Committee of the Board.

8.13 "Company" means PNC Bank Corp., a Pennsylvania corporation. References herein to employment with the Company shall include employment with a Subsidiary. In addition, if the Executive becomes employed by a Subsidiary, references to payments, benefits, privileges or other rights to be accorded by the "Company" shall be deemed to include such payments, benefits, privileges or other rights to be provided by such Subsidiary.

8.14 "Coverage Period" means a period commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control, and ending on the date that is the Classification Factor years after the date of the Change in Control, provided, however, that in the event that a Coverage Period commences on the date of a CIC Triggering Event such Coverage Period shall terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is the Classification Factor years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, this Agreement shall continue in effect and another Coverage Period shall commence upon the earlier to occur of clauses (i) and (ii) in the preceding sentence.

8.15 "Date of Termination" has the meaning assigned to such term in Section 6.1 hereof.

8.16 "Deferred Compensation Plan" means the PNC Bank Corp. and Affiliates Deferred Compensation Plan, provided, however, that no amendment or termination of the Plan, during a Coverage Period or after the Date of Termination, that adversely affects the administration or payment of the Executive's benefits shall be given effect for purposes of this Agreement without the written consent of the Executive.

8.17 "Disability" means the Executive's absence from the full-time performance of the Executive's duties with the Company as a result of the Executive's incapacity due to physical or mental illness, which is determined to be total and permanent under the Company's long-term disability plan(s) that cover the Executive.

8.18 "Excess Plan" means the PNC Bank Corp. Supplemental Pension Plan.

8.19 "Exchange Act" means the Securities Exchange Act of 1934.

8.20 "Excise Tax" means any excise tax imposed under Section 4999 of the Code.

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8.21 "Good Reason" means:

(a) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Company which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(b) a reduction by the Company in the Executive's annual base salary as in effect on the date hereof, as the same may be increased from time to time;

(c) the Company's requiring the Executive to be based at any office or location that is more than fifty (50) miles from the Executive's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Company (i) to continue in effect any bonus, stock option, or other cash or equity-based incentive plan in which the Executive participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to the Executive's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or (ii) to continue the Executive's participation in such plan (or in such substitute or alternative plan) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Company to continue to provide the Executive with benefits substantially similar to those received by the Executive under

any of the Company's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans in which the Executive was participating, at costs substantially similar to those paid by the Executive, immediately prior to the CIC Triggering Event or the Change in Control.

8.22 "Notice of Termination" has the meaning assigned to such term in Section 6.1 hereof.

8.23 "Pension Plan" means the PNC Bank Corp. Pension Plan.

8.24 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act.

8.25 "Retirement Factor" means the number of years, including fractions, from the Date of Termination until the Executive will reach age sixty-five (65).

8.26 "SERP" means the PNC Bank Corp. Supplemental Executive Retirement Income and Disability Plan.

8.27 "Severance Benefits" has the meaning assigned to such term in Section 5.2 hereof.

8.28 "Subsidiary" means any corporation controlled by the Company, directly or indirectly.

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8.29 "Supplemental Savings Plan" means the PNC Bank Corp. Supplemental Incentive Savings Plan, provided, however, that no amendment or termination of such plan, during a Coverage Period or after the Date of Termination, that adversely affects the administration or payment of the Executive's benefits thereunder shall be given effect for purposes of this Agreement without the written consent of the Executive.

8.30 "Target Percentage" means the percentage of the Executive's annual base salary on which the Executive's target cash incentive award pursuant to the 1994 Plan, the 1996 Plan or any other Company incentive compensation plan then in effect is based for a particular fiscal year. Such percentage is established annually by the Committee in administering the applicable plan.

8.31 "Termination Year" means the Company's fiscal year during which the Executive's Date of Termination occurs.

8.32 "1994 Plan" means the PNC Bank Corp. 1994 Annual Incentive Award Plan.

8.33 "1996 Plan" means the PNC Bank Corp. 1996 Executive Incentive Award Plan.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officer, thereunto duly authorized, and the Executive has executed this Agreement, all as of the day and year first above written.

PNC BANK CORP.

By: _____
Name:
Title:

By: _____
[Name of Executive]

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TRUST AGREEMENT

Between

PNC BANK CORP.,
as Settlor

-and-

NATIONSBANK N.A.,
as Trustee

As Amended and Restated Effective December 31, 1996

TRUST AGREEMENT

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ATTACHMENT A: PLANS

TRUST AGREEMENT

This amended and restated Agreement, made as of the 31st day of December 1996, by and between PNC BANK CORP., a corporation duly established and existing under the laws of the Commonwealth of Pennsylvania (the "Company") and NationsBank N.A., a national bank organized under the laws of the United States, with an office in Charlotte, North Carolina (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Company and its subsidiaries and affiliates are or may become obligated under the employee benefit plans and agreements listed on Attachment A hereto (the "Plans") to make payments to certain of its former, present and future employees and directors (collectively, the "Participants"); and

WHEREAS, for purposes of ensuring that such payments will not be improperly withheld in the event of a Change in Control of the Company, the Company has heretofore established a grantor trust (the "Trust") pursuant to a Trust Agreement, dated as of January 12, 1991, between the Company and NationsBank N.A., as Trustee, that provides for the funding of benefit obligations under the Plans; and

WHEREAS, the Company and the Trustee have determined that it is desirable to amend and restate the Trust Agreement as set forth herein;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein and intending to be legally bound hereby, the Company and the Trustee hereby covenant and agree as follows:

SECTION I

TRUST FUND

1.1 Name of Trust

The trust fund referred to herein shall be known as the PNC BANK CORP. BENEFIT FUNDING TRUST.

1.2 Establishment of Trust Fund

A trust fund (the "Trust Fund") is hereby established with the Trustee consisting of such sums of money and such other property (including insurance policies) as may be acceptable to the Trustee as from time to time shall be paid or delivered to the Trustee in accordance with the terms hereof and for

the purposes hereof. All cash or other property so received, together with the income therefrom, shall be held, managed and administered by the Trustee pursuant to the terms of this Agreement without distinction between principal and income.

The Trust is intended to be a "grantor trust", within the meaning of Section 671 of the Code, and the assets thereof at all times shall be subject to the claims of the Company's creditors in the event of the insolvency of the Company. The Company has not and shall not create a security interest in the Trust Fund in favor of any Participant or any of the Plans or any creditor.

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For accounting purposes only, separate accounts may be established for individual Participants in the Plans. Monies allocated to any such individual accounts shall be distributable only to the Participants for whom the accounts are established (or to the beneficiaries of such Participants) pursuant to the provisions of the applicable Plan.

The Trust Fund shall be held separate and apart from other funds of the Company and shall be used exclusively for the purpose of assuring payment by the Company and its subsidiaries and affiliates of future obligations of the Company and its subsidiaries and affiliates arising under the Plans, except to the extent otherwise set forth herein.

1.3 Description of Trust

The Company represents and agrees that the Trust established under this Agreement is intended to fund only the Plans. The Trust is, and is intended to be, a depository arrangement with the Trustee for the setting aside of cash and other assets of the Company as and when it so determines in its sole discretion and as required by the terms of Section 3.1 hereof, for the purpose of satisfying future obligations under the Plans. The Company represents that each Plan is an excess benefit plan (within the meaning of Section 3(36) of ERISA), a benefit arrangement for a select group of management or highly compensated active and/or former employees (within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA) or is not covered by ERISA. The Company further represents that the Plans are not qualified under Section 401 of the Code and, therefore, are not subject to the Code's requirements applicable to tax-qualified plans.

1.4 Revocability

The Trust shall be revocable by the Company, and Participants shall have no right to any part of the Trust Fund; provided, however, that the Trust may not be revoked during a Change in Control Period or after a Change in Control.

1.5 Acceptance by the Trustee

The Trustee accepts the Trust established under this Trust Agreement on the terms and subject to the provisions set forth herein, and agrees to discharge and perform fully and faithfully all of the duties and obligations imposed upon it under this Trust Agreement.

SECTION II

AUTHORITY

A designated "Representative" appointed by the Company shall have the authority to act on behalf of the Company, subject to the terms hereof. In its sole discretion, the Representative may designate one or more individuals to act on its behalf. The Trustee shall be entitled to deal with the Representative until notified otherwise by the Company. The Company shall provide the Trustee with a certified list of the names and specimen signatures of its Representative, or any individuals designated by the Representative to act on its behalf, and shall also notify the Trustee in writing, from time to time, of any changes to the names so provided.

2.1 Distributions from Trust Fund

The Trustee shall make payments (including the payment of Trust expenses) and other disbursements from the Trust Fund only upon the express written instructions of the Representative or as expressly authorized by the terms of this Agreement. Such payments may be made either directly to the person or persons specified in such written instructions, or deposited in a checking account maintained on behalf of the Trust Fund for the purpose of making payments or disbursements in accordance with the provisions of the Plans.

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2.2 Indemnification

To the extent permitted by law, the Company shall fully indemnify and hold the Trustee harmless from any liability and expense incident to any act or omission by reason of the Trustee's reliance upon, and compliance with, written instructions issued by the Representative not in contravention of the terms of the Plans.

2.3 Trustee Responsibility for Payments When Company Is (or Is Deemed To Be) Insolvent

(a) If at any time the Trustee has actual knowledge, or has determined in accordance with Section 2.3(c) below, that the Company is insolvent under the standards set forth in Section 2.3(b) below, the Trustee shall hold for the benefit of, or deliver upon the order of a court of competent jurisdiction, any undistributed portion of the Trust Fund to satisfy the claims of the Company's general creditors.

(b) The Company shall be considered insolvent for purposes of this Agreement if (i) it is unable to pay its debts as they become due; or (ii) it is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(c) The Company agrees that its Chief Executive Officer or General Counsel, as from time to time acting, shall have the duty to inform the Trustee of the Company's insolvency. The Chief Executive Officer or General Counsel may discharge such obligation through a Representative. If the Company or a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become insolvent, the Trustee shall independently determine, within thirty (30) days after receipt of such notice, whether the Company is insolvent in accordance with the standards therefor established in this Agreement, and pending such determination, shall discontinue all payments from the Trust Fund. The Company shall cooperate with the Trustee in its investigation. The Trustee may refuse any request for an analysis of insolvency if such request is received within 90 days of its concluding a prior analysis. The Trustee shall resume payments in accordance with the terms of this Agreement only after the Trustee has determined that the Company is not insolvent (or is no longer insolvent, if the Trustee initially determined the Company to be insolvent). Nothing in this Agreement shall in any way diminish any rights of any Participant to pursue his or her rights as a general creditor of the Company with respect to benefits under the terms of the Plans.

(d) Unless the Trustee has received notice or otherwise has actual knowledge of the Company's insolvency or alleged insolvency, the Trustee shall have no duty to inquire as to whether the Company is insolvent.

(e) If the Trustee discontinues payments to a person from the Trust Fund pursuant to Section 2.3(b) above and subsequently resumes such payments, the first payment to such person following the discontinuance shall include the aggregate amount of all payments which would have been made to such person in accordance with the terms of the Plan during such period, less the aggregate amount of such payments to each person made by or on behalf of the Company during such period, as certified in writing to the Trustee by the Representative.

SECTION III

EFFECT OF A CIC TRIGGER EVENT OR A CHANGE IN CONTROL

3.1 Contributions to the Trust

(a) Upon the occurrence of a CIC Trigger Event or a Change in Control (if no CIC Trigger Event precedes the Change in Control), the Company shall deliver to the Trustee to be held in trust hereunder an amount of cash, marketable securities (valued at fair market value), insurance policies or a combination thereof (the "Required Contribution") equal to the amount, that together with any amounts already held by the Trust Fund, will be sufficient to provide for the obligations of the Company and its subsidiaries and affiliates under the Plans.

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Such amount shall be determined by the Company in its discretion, but shall not be less than such amount as would be determined (i) using an annual interest rate assumption of 6%, (ii) using the UP-84 mortality table for benefits payable under the Plans three or more years after the date of the Required Contribution and no mortality assumption for benefits payable less than three years from the date of the Required Contribution, (iii) assuming that, for purposes of determining the amount to be transferred to the Trust with respect to those Plans that are agreements (the "CIC Agreements") providing for the payment of benefits in the event of certain terminations of employment following a Change in Control, that all Participants who are covered by such agreements are terminated without "Cause" (as defined in such agreements) by the Company as of the first day of the applicable "Coverage Period" (as defined in the agreements) and (d) assuming that, for purposes of determining the

amount to be transferred to the Trust with respect to each Plan that is not a CIC Agreement, that each Participant terminates employment with the Company and its subsidiaries and affiliates as of the earliest date as of which the Participant is entitled to begin receiving benefits under each such Plan (assuming the Participant terminated employment as of such date). If such Required Contribution is made as the result of a CIC Trigger Event, such Required Contribution, as adjusted for income and losses, shall be returned to the Company upon the written request of the Company; provided, however, that the Required Contribution may not be returned to the Company during the existence of a Change in Control Period or after a Change in Control.

(b) At twelve-month intervals commencing twelve (12) months after the date a Required Contribution is made pursuant to Section 3.1(a) hereof, unless a Change in Control Period has ceased to exist and no Change in Control has occurred, the Company shall recalculate the Required Contribution that would be required to be delivered pursuant to Section 3.1(a) hereof assuming a CIC Trigger Event occurred as of the end of the month immediately preceding such twelve-month interval date. If the amount so calculated exceeds the fair market value of the Trust Fund's assets, the Company shall promptly (and in no event later than seven (7) days from the date of such twelve-month interval date) pay to the Trustee an amount in cash (or marketable securities or any combination thereof) equal to such excess.

(c) The Chief Executive Officer or the General Counsel of the Company (or one of their Representatives) shall promptly notify the Trustee in writing of the occurrence of any of the following: a CIC Trigger Event, a Change in Control, or the cessation of a Change in Control Period. After a Change in Control and during the existence of a Change in Control Period: (i) this Trust shall be irrevocable, as provided in Section 3.2; (ii) all payments due in accordance with the provisions of the Plans, as determined by the Trustee in its reasonable judgment, shall be made directly by the Trustee to Participants; and (iii) the Trustee shall not act upon any direction from the Company or the Representative that is contrary to the foregoing provisions.

(d) The Trustee shall be fully protected in making such payments from time to time in accordance with the provisions of this Section 3.1 and shall be charged with no responsibility whatsoever respecting the application of such monies, except as otherwise required by law.

(e) The Company shall provide the Trustee with copies of all of the Plan documents, including any amendments thereto.

3.2 Payments to the Company

(a) Prior to a Change in Control and other than during the existence of a Change in Control Period, the Company or the Representative may direct the Trustee to pay all or a portion of the Trust Fund to the Company. After a Change in Control and during the existence of a Change in Control Period, neither the Company, nor the Representative shall have any power to direct the Trustee to return to the Company or to pay to others (other than Participants, their beneficiaries or the Company's general creditors) any portion of the Trust Fund prior to the complete satisfaction of the Company's obligations to Participants and their beneficiaries under the terms of the Plans.

(b) Notwithstanding the provisions of Section 3.2(a), if after a Change in Control or during a Change in Control Period, the Company determines that a portion of the Trust Fund will never be required to satisfy such obligations assuming that the Trust Fund earns a zero rate of return, such portion may be returned to the Company if (a) the Trustee is directed to make such payment by the Company or the Representative and (b)

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the Trustee has satisfied itself that the amount remaining in the Trust Fund will be sufficient to pay or provide for all future benefits under the Plans using such assumptions as it deems appropriate in its sole discretion; provided, however, that no amounts may be returned to the Company pursuant to this Section 3.2 prior to the third anniversary of the date of a Change in Control.

(c) Notwithstanding the foregoing provisions of Section 3.2, the Representative may, at any time within sixty days of the date of any payment made by the Company to Participants in satisfaction of the Company's obligations under the Plans, direct the Trustee to reimburse the Company for such payments; provided, however, that such reimbursement shall be made to the Company only to the extent that (i) all amounts due and payable under the Plans have been paid in full and (ii) the Trustee determines that the reimbursement of such amounts will not impair the ability of the Trust to fully fund future benefit payments under the Plans using such assumptions as it deems appropriate in its sole discretion.

3.3 Disputes Between Participant and Trustee

It is recognized that a Participant may dispute the amount of benefit paid

by the Trustee under one or more Plans, or may assert a right to receive a benefit payment when the Trustee determines that no payment is due to the Participant under one or more Plans. In either such event, the Trustee shall gather information from all sources it may deem appropriate (including the Company) and shall permit the Participant to make a written submission. After consideration of all such materials, the Trustee shall provide the Participant with its decision as rendered in its reasonable judgment. If such decision is adverse to the Participant's claim, the decision shall be accompanied by a written explanation of the basis for the Trustee's decision. The Trustee's decision shall be final and binding. During the period that the Trustee is considering the claim, the Trustee shall make payment of only the amount of benefits (if any) as to which there is no dispute. If the Trustee then reaches a decision that the Participant's benefits should have been increased, it shall make a single sum payment equal to the excess of the revised benefit amount over the amount actually paid together with simple interest at a rate of 9% per annum from each benefit payment date to the date of the lump sum payment.

3.4 Insufficiency of Trust Fund

If, as of the date of any payment of Plan benefits from the Trust Fund, the Trustee determines that the Trust Fund is insufficient to provide for the payment to Participants of the full amount of their Plan benefits to be paid as of such date, the amount of Plan benefits paid to each Participant from the Trust Fund as of such date shall be reduced in proportion to the ratio which the aggregate fair market value of the Trust Fund bears to the aggregate amount otherwise payable at that time to each such Participant. At all times the Company and its subsidiaries and affiliates shall continue to be fully liable for the payment of all Plan benefits notwithstanding any insufficiency of the Trust Fund.

SECTION IV

INVESTMENT OF THE TRUST FUND

4.1 General

Except as otherwise provided herein, the Trustee shall invest and reinvest the assets of the Trust Fund in accordance with the written directions of the Representative or its designate.

4.2 Appointment of Investment Managers by the Company

Before a Change in Control and other than during a Change in Control Period, the Company or the Representative, in their sole discretion, may appoint one or more Investment Managers (including the Trustee) to manage and control the assets of the Trust Fund. Any Investment Manager so appointed shall be either: (a) an investment adviser registered as such under the Investment Advisers Act of 1940, as amended; (b) a bank, as defined in that Act; (c) an insurance company qualified to perform investment management services under the

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laws of more than one state; or (d) a subsidiary or affiliate of the Company authorized to perform investment management services. Any Investment Manager shall certify in writing that it is qualified to act in such capacity, and acknowledge that it assumes the fiduciary duties established by this Agreement.

4.3 Allocation of Assets by the Company for Investment

Before a Change in Control and other than during a Change in Control Period, the Company or the Representative shall direct the manner of allocation among Investment Managers of assets of the Trust Fund, and may direct the transfer of assets between its managers on reasonable notice to the Trustee and any affected Investment Manager. An Investment Manager designated to manage assets allocated to it shall have exclusive authority to manage, acquire and dispose of such assets subject to any investment policy that may, from time to time, be established by the Representative or the Company.

Unless the Trustee participates knowingly in, or knowingly undertakes to conceal, an act or omission of an Investment Manager, where such act or omission would be a breach of the fiduciary responsibility of such Investment Manager, the Trustee shall be under no liability for any loss of any kind which may result by reason of any action taken by it in accordance with any direction of such Investment Manager or by reason of its failure to exercise any power or authority with respect to allocated assets because of the failure of the Investment Manager to issue proper and timely directions to the Trustee.

4.4 Investment Responsibility of the Trustee

After a Change in Control and during any Change in Control Period, the Trustee shall have responsibility for the management and control of the assets of the Trust Fund, subject to any investment policy (a "Pre-CIC Investment Policy") established by the Company or the Representative prior to the commencement of the Change in Control Period or the Change in Control (if no

Change in Control Period precedes the Change in Control). After a Change in Control and during any Change in Control Period, the Trustee may continue to retain or terminate the services of any Investment Manager previously appointed by the Company or the Representative, and in its sole discretion, exercise the powers described in Sections 4.2 and 4.3 hereof (without regard to the limitation on the exercise all of such powers by the Company or the Representative to periods prior to a Change in Control and other than during a Change in Control Period) subject to the terms of any Pre-CIC Investment Policy.

4.5 Investment Powers of Trustee

In addition to any power granted under any statute or laws pertaining to the investment of trust assets, the Trustee's investment powers shall include, but shall not be limited to, the investment of trust assets in the following:

(a) bonds or other obligations of the United States of America, and any agencies thereof, or any bonds or other obligations which are directly or indirectly guaranteed by the United States, or any agency thereof;

(b) open-end or closed-end investment companies that offer investment funds, the assets of which correspond to those described under (a) above with at least \$10 billion under management;

(c) savings accounts, certificates of deposit and other types of time deposits with any financial institution or quasi-financial institution whose combined capital and surplus is not less than \$1 billion, including the Trustee's banking department; and

(d) to the extent permitted by applicable law, any collective, common or pooled trust fund operated by the Trustee, the assets of which primarily correspond to those described under (a) above, but which also may include bonds or obligations of non-governmental issuers which are rated among the top three ratings categories of any nationally recognized rating agency. The provisions of any such collective, common or pooled investment trust shall be incorporated herein by reference during, but only during the period that any portion of this Trust Fund is a part of such trust.

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Prior to a Change in Control and other than during any Change in Control Period, the Trustee shall exercise the powers set forth in this Section 4.5 only in accordance with the directions of the Representative or its designee. After a Change in Control and during any Change in Control Period the Trustee shall have full discretion to exercise the powers set forth in this Section 5, subject to the terms of any Pre-CIC Investment Policy.

4.6 Administrative Powers of the Trustee

The Trustee is authorized and empowered to:

(a) sell, exchange, convey, transfer or otherwise dispose of, any property, real or personal, held in the Trust Fund and to make any sale by private contract or public auction, and for cash or credit, or partly for cash and partly for credit, and no person dealing therewith shall be bound to see the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or disposition;

(b) vote in person or by proxy any stocks, bonds or other securities held in the Trust Fund, without any obligation to inquire as to or follow the wishes of the Company or the Representative with respect to such voting;

(c) exercise any rights appurtenant to any such stocks, bonds or other securities for the conversion thereof into other stocks, bonds or securities, or to exercise rights or options to subscribe for or purchase additional stocks, bonds or other securities, and to make any and all necessary payments with respect to such conversion or exercise;

(d) join in, dissent from or oppose the reorganization, recapitalization, consolidation, sale or merger of corporations or properties of which the Trust Fund may hold stocks, bonds or other securities or in which it may be interested, upon such terms and conditions as may be deemed advisable, to pay any expenses, assessments or subscriptions in connection therewith, and to accept any securities or property, whether or not trustees would be authorized to invest in such securities or property, which may be issued upon any such reorganization, recapitalization, consolidation, sale or merger and thereafter to hold the same without any duty to sell;

(e) borrow or raise monies from any lender, excluding the Trustee in its corporate capacity, if permitted by law, for the benefit of the Trust Fund and in conjunction with its duties under this Agreement, in such amount and upon such terms and conditions as may be deemed advisable; and for any sums so

borrowed to issue promissory notes and to secure the repayments thereof by mortgaging or pledging all or any part of the Trust Fund except any common, collective or pooled trust units which may be held in the Trust Fund; and no person lending money to the Trust Fund shall be bound to see to the application of the money loaned or to inquire into the validity, expediency or propriety of any such borrowing;

(f) cause any investment of the Trust Fund to be registered in, or transferred into, the Trustee's name or the names of a nominee or nominees, or to retain such investment unregistered or in a form permitting transfer by delivery, provided that the books and records of the Trustee shall at all times show that all such investments are part of the Trust Fund;

(g) purchase or otherwise acquire and make payment therefor from the Trust Fund any bond or other form of guarantee or surety required by any authority having jurisdiction over this Trust Fund and its operation, or believed to be in the best interests of the Trust Fund, except the Trustee or Investment Manager may not obtain any insurance whose premium obligation extends to the Trust Fund which would protect the Trustee or Investment Manager against their liability for breach of fiduciary duty;

(h) defend against or participate in any legal actions involving the Trust Fund in the manner and to the extent it deems advisable, the costs of any such defense or participation to be borne by the Trust Fund unless paid by the Company; provided, however, that the Trustee or Investment Manager shall not be entitled to costs if either shall have committed a breach of fiduciary duty;

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(i) compromise, compound and settle any debt or obligation due to the Trust Fund and to reduce the rate of interest on, to extend or otherwise modify, or to foreclose upon default or otherwise enforce any such obligation; or

(j) enforce any right, obligation or claim in its absolute discretion and in general to protect in any way the interest of the Trust Fund, either before or after default with respect to any such right, obligation or claim, and in case it shall consider such action in the best interest of the Trust Fund, in its absolute discretion to abstain from the enforcement of any right, obligation or claim and to abandon any property, whether real or personal, which at any time may be held by it.

The Trustee shall at all times be authorized and empowered to exercise all of the powers listed in this Section 4.6; provided that, prior to a Change in Control and other than during the existence of a Change in Control Period the Trustee shall exercise the powers described in clauses (b), (d), (e), (h), (i) and (j) of this Section 4.6 only if it has not received direction from the Representative, otherwise it shall be obligated to follow the direction of the Representative.

SECTION V

DIVERSIFICATION

Prior to a Change in Control and other than during the existence of a Change in Control Period, the Company or its Representative shall be solely responsible for the manner in which investments of the Trust Fund are prudently diversified. After a Change in Control and during the existence of a Change in Control Period, the Trustee shall be responsible for the manner in which Trust Fund investments are prudently diversified, subject to any Pre-CIC Investment Policy.

The Trustee shall have no liability or responsibility for the diversification of the investments of the Trust Fund: (a) held in any account under the direction of an Investment Manager, or (b) when the Trust Fund is managed in accordance with the written directions of the Representative or its designee.

SECTION VI

FIDUCIARY RESPONSIBILITY

The Representative, the Trustee, and any designated Investment Manager shall, under those circumstances where each or any of them are charged with the responsibility for the investment management of assets of the Trust Fund, discharge their duties as provided in this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with the like aims and by diversifying the investments held hereunder so as to minimize the risk of large losses, unless under the circumstances, it would clearly not be prudent to do so; provided, however, that the Representative, the Trustee, or any designated Investment Manager does not guarantee (a) the Trust Fund in any manner against investment loss or depreciation in asset value, or (b) the adequacy of the

Trust Fund to meet and discharge all or any liabilities of the Plans.

The Representative, the Trustee, or any designated Investment Manager may, in its discretion, keep such portion of the Trust Fund in cash or cash balances as it may deem reasonably necessary from time to time, and shall keep such portion of the Trust Fund in cash or cash balances as may be required to meet contemplated payments from the Trust Fund. No liability shall accrue for any interest on any cash balances so maintained.

The Representative, or the Trustee is specifically authorized to appoint ministerial agents as to part or all of the Trust Fund and functions incident thereto where, in its sole discretion, such delegation is necessary, appropriate or desirable to facilitate the operations of the Trust Fund and consistent with the purposes of the Trust Fund.

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SECTION VII

TAXES AND TRUSTEE'S COMPENSATION

7.1 Trustee's Compensation

The Trustee shall be entitled to such reasonable compensation for services rendered as mutually agreed upon in writing with the Company, and shall be reimbursed for all reasonable expenses (except those arising from a breach of fiduciary duty) incurred by the Trustee as a result of the performance of its duties hereunder, including, but not limited to, legal and accounting expenses incurred as a result of disbursements and payments made by the Trustee, and reasonable compensation for agents, counsel or other services rendered to the Trustee by third parties, and expenses incident thereto. Any such compensation, and reimbursement for any such expenses shall be paid by the Trust Fund to the Trustee, unless paid by the Company.

7.2 Taxes

The Trustee shall notify the Representative of any tax assessments that it receives on any property held in the Trust Fund, and, unless notified to the contrary by the Representative within ninety (90) days, shall either pay or pay over to the Company funds sufficient to cover such assessments if so directed by the Representative. If the Representative notifies the Trustee within said period that such assessments are invalid or that they should be contested, the Trustee shall take whatever action is indicated in the notice received from the Representative, including contesting the assessment or litigating any claims.

Notwithstanding anything herein to the contrary, the Company shall at all times be responsible for the payment and reporting of taxes due on the income and gains of the Trust Fund, and for the withholding, payment, and reporting of any and all taxes withheld from payments from the Trust Fund to Participants under the Plans (or to their designated beneficiaries). The Trustee shall notify the Company or its Representative of the income and gains of the Trust Fund in order to facilitate the Company's responsibilities in regard to such payment and reporting of taxable income of the Trust Fund. The Trustee shall pay over to the Company such sums as may be required for payment of withholding tax obligations with respect to benefit payments under the Plans made by the Trustee from the Trust Fund; provided, however, that no amounts shall be paid from the Trust Fund with respect to withholding tax obligations other than those that arise as of the date of actual payment of benefits from the Trust Fund to a Participant. The Company shall notify the Trustee of any and all amounts to be withheld from any payments to be made to individual Participants (or to their designated beneficiaries) and issue directions to the Trustee regarding payment over to the Company of such sums so withheld. The Trustee shall have no duty or obligation to determine the actual taxable income to be paid by the Company on the income and gains of the Trust Fund, or of any amount of federal, state, or local income taxes to be withheld, reported, or paid by, or on behalf, of any Participant or their designated beneficiaries. However, it shall be the duty of the Trustee to file, or cause to be filed, any Fiduciary Tax Return that may be required under Section 671 of the Code.

SECTION VIII

BOOKS, RECORDS AND ACCOUNTS

The Trustee shall keep accurate and detailed accounts of all investments, receipts and disbursements and other transactions hereunder (including those transactions related to accounts under the management of a designated Investment Manager) and all such accounts, books and records relating thereto shall be open at all reasonable times to inspection and audit by any person designated by the Representative.

Within a reasonable time period following the close of each fiscal year of the Trust Fund, and within one hundred twenty (120) days, or such other agreed upon time, following the removal or resignation of the Trustee or the termination of the Trust, the Trustee shall file with the Representative a

certified written report setting forth all investments, receipts and disbursements, and other transactions effected during the fiscal year, or other period from the close of the preceding report to the date of such removal, resignation or termination,

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including a description of all securities and investments then held in the Trust Fund, and such other information customarily provided by the Trustee.

Upon the expiration of one hundred eighty (180) days following the close of a fiscal year of the Trust Fund for which an annual accounting is filed, or ninety (90) days from the date of filing of any interim accounting, the Trustee shall, to the extent permitted by law, be forever released and discharged from any liability or accountability to anyone for clerical errors apparent on the face of such accounting.

No participant or beneficiary under the Plans, shall have the right to demand or be entitled to any accounting by the Trustee, other than those to which they may be entitled under the law.

Notwithstanding any other provision hereof or of the Plans, the Trustee shall not be subject to any liability for any act or omission, regardless of its nature, after three (3) years following the date on which a plaintiff had actual knowledge of such act or omission; provided, however, that in the case of fraud or concealment the Trustee may be held liable at any time within six (6) years after the date of discovery of such error or omission.

The Trustee shall determine the fair market value of the Trust Fund in its customary manner at such times as may be required by the Representative, or in order to carry out the provisions of the Plans.

All records and accounts maintained by the Trustee with respect to the Trust Fund shall be preserved for such period as may be required under any applicable law. Upon the expiration of any such retention period, the Trustee shall have the right to destroy such records and accounts after first notifying the Company or the Representative in writing of its intention, and transferring to the Company or to the Representative any such books, records, and accounts as requested. The Trustee shall have the right to preserve all books, records, or accounts in original form, or on microfilm, magnetic tape, or any other similar process.

SECTION IX

RESIGNATION AND REMOVAL OF TRUSTEE

The Trustee may be removed by the Company at any time upon written notice to the Trustee to that effect; provided, however, that after a Change in Control or during the existence of a Change in Control Period the Trustee may not be removed by the Company without the written consent of at least seventy-five percent (75%) of the Participants as of the date of removal who were Participants as of the day preceding the Change in Control or the commencement of the Change in Control Period (if removal or the Trustee is to occur during a Change in Control Period). The Trustee may resign as Trustee of the Trust Fund upon written notice to that effect delivered to the Company.

Such removal or resignation shall become effective as of the last day of the month which coincides with or next follows the expiration of ninety (90) days from the date of the delivery of such written notice, unless an earlier or later date is agreed upon by the Company and the Trustee.

In the event of removal or resignation, a successor trustee shall be appointed by the Company to become Trustee as of the time such removal or resignation becomes effective; provided, however, that after a Change in Control and during the existence of a Change in Control Period any appointment of a successor trustee must be approved in writing by at least seventy-five percent (75%) of the Participants as of the date of appointment who were Participants as of the day preceding the Change in Control or the commencement of the Change in Control Period (if the appointment is to occur during the Change in Control Period). No successor trustee appointed hereunder shall be held responsible or liable for the acts or omissions of its predecessor trustee.

Upon the appointment of a successor trustee, the retiring Trustee shall endorse, transfer, assign, convey and deliver to the successor trustee all of the funds, securities and other property then held by it in the Trust Fund, except such amounts as it may consider necessary to cover its compensation and its expenses in

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connection with the settlement of its accounts and the delivery of the Trust Fund to the successor trustee. The balance remaining of any amount so reserved

shall be transferred and paid over to the successor trustee promptly upon settlement of its accounts, subject to the right of the retiring Trustee to retain any property deemed unsuitable by it for transfer until such time as transfer can be made.

Nothing herein shall be construed to deny the Trustee the right to a settlement of its accounts either by: (a) a receipt and release executed by the Company; or (b) settlement by order of a court of competent jurisdiction.

SECTION X

AMENDMENT AND TERMINATION

10.1 Prior to a Change in Control and Other Than During a Change in Control Period. Prior to a Change in Control and other than during a Change in Control Period, the Company may from time to time amend, in whole or in part, any or all of the provisions of this Trust Agreement without the consent of any Participant; provided, however, that (a) no amendment shall be made to this Trust Agreement or the Plans that will cause this Trust Agreement, the Plans or the assets of the Trust Fund to be governed by or subject to Part 2, 3 or 4 of Title I of ERISA, (b) no amendment will be made that will cause the assets of the Trust Fund to be taxable to Participants prior to the distribution of benefits therefrom, and (c) no amendment shall increase the duties or responsibilities of the Trustee, unless the Trustee consents thereto in writing.

10.2 Following a Change in Control or During a Change in Control Period. Following a Change in Control and during the existence of a Change in Control Period, this Trust Agreement may be amended (subject to the restrictions set forth in the provisos Section 10.1) only with the prior written consent of seventy-five percent (75%) of the Participants as of the date of the amendment who were Participants immediately preceding the Change in Control or the Change in Control Period (if the amendment occurs during a Change in Control Period). Upon receipt of a request from the Company for an amendment, the Trustee shall be responsible for attempting to secure such consents in a timely fashion, and unless ordered by a court of competent jurisdiction, shall not reveal to the Company or to any other person any information concerning such consents, except whether the required majority has been achieved.

10.3 Compliance with ERISA and the Code. Notwithstanding anything in this Section X to the contrary, this Trust Agreement and the Plans shall be amended from time to time (without the consent of any Participant) to (a) maintain the "unfunded" status of the Plans for purposes of ERISA and the Code, (b) maintain the Trust as a "grantor trust" for purposes of the Code, (c) ensure that contributions to the Trust by the Company will not result in the recognition of income by Participants and that income and gains of the Trust Fund will not constitute taxable income to the Trust or Participants, and (d) ensure that benefits paid to Participants from the Trust Fund will be deductible by the Company in the year of payment (but only to the extent that any such amendment does not result in a material detriment to Participants).

10.4 Execution of Amendments. The Company and the Trustee shall execute such amendments to this Trust Agreement as shall be necessary to give effect to any amendment made pursuant to this Article X.

10.5 Winding Up. The Trust Fund shall remain in existence until the Plans are terminated and all benefits payable thereunder are paid to Participants or their designated beneficiaries. Upon payment of or provision for all such benefits pursuant to the terms of the Plans, this Trust Fund shall be terminated and any assets remaining in the Trust Fund shall be distributed to the Company, pursuant to the directions of the Representative.

In making such distribution, the Trustee shall presume that such distribution is in full compliance with, and is not in violation of, any applicable law regulating the termination of the Plans, and the Trustee may require the Company or the Representative to furnish it with evidence that such distribution does not violate any applicable law. The Company shall assume all liability of any kind whatsoever arising from any such distribution

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made by the Trustee to the Company or at the direction of the Representative as a result of the termination of the Plans, and shall indemnify and save harmless from any attempt to impose any liability on the Trustee with respect to such distributions.

In no event shall this Trust continue for a period longer than twenty-one years following the date of death of the last surviving individual who is a Participant in any of the Plans on the date of execution of this Trust Agreement.

SECTION XI

CONSOLIDATION OR MERGER

Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee is a party, or any corporation succeeding to the trust business of the Trustee, shall become the successor of the Trustee hereunder, without the execution or filing of any instrument or the performance of any further act on the part of the parties thereto.

SECTION XII

SPENDTHRIFT TRUST

The rights, benefits, and payments of any Participant or designated beneficiary payable under the Plans and the assets of the Trust Fund shall not be subject in any manner to anticipation, sale, assignment, alienation, transfer, pledge, encumbrance, or charge, voluntary or involuntary, by any Participant or beneficiary. Any attempt by a Participant or beneficiary to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void. The assets of the Trust Fund shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any Participant or beneficiary entitled to benefits under the Plans and such benefits shall not be considered an asset of a Participant or a beneficiary in the event of his or her insolvency or bankruptcy.

SECTION XIII

PARTICIPATING EMPLOYERS

13.1 Adoption of Trust by Affiliated Employers. The Company may from time to time consent to the participation in this Trust by any of its subsidiaries or affiliates. The Company may require, as a condition of the joining of the Trust by any such entity, that such entity take such action as is necessary to establish that any plan arrangement or agreement which such entity maintains (or is a party to) meets the criteria described in Section 1.3, and may adopt a supplement or supplements to this Trust setting forth the identity of the plan, arrangement or agreement involved and special rules, if any, as to the interests of persons covered by such other plan.

13.2 Actions by Affiliates. Any subsidiary or affiliate participating hereunder shall become a party to the Trust and become an "Employer" hereunder when its Board of Directors delivers a resolution to the Company approving such action along with an adoption agreement, in the form prescribed by the Representative, executed by its officers. A copy thereof shall be filed with the Trustee. Any such Employer shall contribute its allocable share to the cost of maintaining and administering the Trust so long as it remains a party to the Trust.

13.3 Company Amends on Behalf of All Employers. The Company shall have the right to amend the Trust Agreement on behalf of all Employers. However, all of the other provisions of this Trust Agreement (specifically including, but not limited to, Sections 1.3, 2.3 and 3.3) shall apply to the separate share of the Trust Fund attributable to an Employer, mutatis mutandis.

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13.4 Any Employer May Terminate. The right is reserved by each Employer to terminate the Trust with respect to Participants who are employed by it; provided, however, that after a Change in Control and during the existence of a Change in Control Period, an Employer may not terminate the Trust with respect to Participants who were Participants immediately prior to the CIC Trigger Event or the Change in Control (if no CIC Trigger Event precedes the Change in Control). In the event that any subsidiary or affiliate of the Company shall withdraw or shall be deemed to have withdrawn from participation in the Plan, the Representative shall instruct the Trustee in writing as to the disposition to be made pursuant to the Plan of that portion of the Trust Fund held for employees of such withdrawing subsidiary or affiliate. Any corporation into which an Employer may merge, or with which it may be consolidated, or any corporation resulting from such merger or consolidation or which otherwise succeeds to substantially all of the assets of such entity shall be and shall continue as that entity for all purposes of this Trust Agreement without the execution or filing of any additional instrument or the performance of any further act; provided, that it continues to meet the definition of "Employer" as set forth in this Trust Agreement.

SECTION XIV

CHOICE OF LAW

This Trust Agreement shall be construed and enforced, to the extent possible, according to the laws of the State of North Carolina, and all provisions hereof shall be administered according to the laws of said State and any federal laws, regulations or rules which may from time to time be applicable.

SECTION XV

NECESSARY PARTIES; THIRD PARTY BENEFICIARIES

(a) To the extent permitted by law, prior to a Change in Control and other than during the existence of a Change in Control Period, only the Trustee and the Company shall be necessary parties in any application to the courts for an interpretation of this Trust Agreement or for an accounting by the Trustee, and no Participant or designated beneficiary under the Plans, or other person having an interest in the Trust Fund, shall be entitled to any notice or service of process. Any final judgment entered in such an action or proceedings shall, to the extent permitted by law, be conclusive upon all persons claiming under this Trust Agreement or the Plans.

(b) Participants in the Plans are intended to be third-party beneficiaries of this Agreement and shall be entitled to enforce the terms of this Agreement to the same extent as a party hereto.

SECTION XVI

SUCCESSORS TO THE COMPANY AND ITS AFFILIATES

In addition to any obligations imposed by law upon any successor(s) to the Company and the Employers, the Company and the Employers shall be obligated to require any successor(s) (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Company and the Employers to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company and the Employers would be required to perform it if no such succession had taken place; in the event of such a succession, references to "Company" and "Employers" herein shall thereafter be deemed to include such successor(s).

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SECTION XVII

DEFINITIONS

17.1 A "Change in Control" means: a change of control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control shall be deemed to have occurred if:

(a) any Person, excluding employee benefit plans of the Company, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities, provided, however, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board of Directors of the Company (the "Board") approves such acquisition either prior to or immediately after its occurrence;

(b) the Company consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Company (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) the Company's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of the Company approve a plan of complete liquidation or winding-up of the Company or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four consecutive months, individuals who at the beginning of such period constituted the Board (including for this

purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of the Company shall not by itself constitute a "Change in Control."

17.2 "CIC Failure" means the following:

(a) with respect to a CIC Trigger Event described in Section 17.4(a), the Company's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Trigger Event described in Section 17.4(b), the proxy contest fails to replace or remove a majority of the members of the Board.

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17.3 "Change in Control Period" means the period beginning on the date of a CIC Trigger Event and ending on the earlier of the date of a CIC Failure or the occurrence of a Change in Control; provided, however, that a Change in Control Period shall not terminate if subsequent to the commencement of the Change in Control Period another CIC Trigger Event occurs and a CIC Failure has not occurred with respect to that CIC Trigger Event.

17.4 "CIC Trigger Event" means the occurrence of either of the following:

(a) the Board or the Company's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section 17.1 hereof; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

17.5 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

17.6 "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act and shall also include any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act.

PNC BANK CORP

By: /s/ WILLIAM E. ROSNER

Senior Vice President

ATTEST:

/s/ THOMAS R. MOORE

Assistant Corporate Secretary

NationsBank N.A.

By: /s/ SCOTT SLOCUM

Vice President

ATTEST:

/s/ CATHY DYER

Vice President

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ATTACHMENT "A"

PLANS

PNC BANK CORP. SUPPLEMENTAL INCENTIVE
SAVINGS PLAN

PNC BANK CORP. SUPPLEMENTAL EXECUTIVE
RETIREMENT INCOME AND DISABILITY PLAN

PNC BANK CORP. SUPPLEMENTAL PENSION PLAN

PNC BANK CORP. SUPPLEMENTAL EXECUTIVE LIFE
INSURANCE AND SPOUSE'S BENEFIT PLAN

PNC BANK CORP. DIRECTOR'S DEFERRED
COMPENSATION PLAN

PITTSBURGH NATIONAL BANK DEFERRED DIRECTOR'S FEES

PNC BANK CORP. AND AFFILIATES DEFERRED
COMPENSATION PLAN

ALL CHANGE IN CONTROL SEVERANCE AGREEMENTS
ENTERED INTO BETWEEN PNC BANK CORP.
AND EXECUTIVES OF PNC BANK CORP. AND
ITS SUBSIDIARIES AND AFFILIATES

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

In thousands, except per share data 1994	1996	1995

<S>	<C>	<C>
<C>		
CALCULATION OF PRIMARY EARNINGS PER COMMON SHARE		
Income before cumulative effect of change in accounting principle	\$992,226	\$408,060
\$891,456		
Cumulative effect of change in accounting principle, net of tax benefits of \$4,598 (7,528)		

Net income	992,226	408,060
883,928		
Less: Preferred dividends declared	5,480	3,327
6,163		

Net income applicable to primary earnings per common share	\$986,746	\$404,733
\$877,765		

Weighted average common shares outstanding	338,636	336,455
342,308		
Weighted average common shares to be issued using average market price and assuming:		
Exercise of stock options	1,610	2,679
2,906		

Primary weighted average common shares outstanding	340,246	339,134
345,214		
=====		
PRIMARY EARNINGS PER COMMON SHARE		
Primary before cumulative effect of change in accounting principle	\$2.90	\$1.19
\$2.56		
Cumulative effect of change in accounting principle (.02)		

Primary earnings per common share	\$2.90	\$1.19
\$2.54		
=====		
CALCULATION OF FULLY DILUTED EARNINGS PER COMMON SHARE		
Income before cumulative effect of change in accounting principle	\$992,226	\$408,060
\$891,456		
Cumulative effect of change in accounting principle, net of tax benefit of \$4,598 (7,528)		

Net income	992,226	408,060
883,928		
Add: Interest expense on convertible debentures (net of tax)	3,416	3,842
4,012		
Less: Dividends declared on non-convertible preferred stock	4,084	1,813
4,531		

Net income applicable to fully diluted earnings per common share	\$991,558	\$410,089
\$883,409		

Weighted average shares of common stock outstanding	338,636	336,455
342,308		
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	173	198
225		
Conversion of preferred stock Series C	562	616
681		
Conversion of preferred stock Series D	759	815
859		
Conversion of debentures	2,790	3,105

3,228		
Exercise of stock options	2,434	3,733
2,917		
-----	-----	-----
Fully diluted weighted average common shares outstanding	345,354	344,922
350,218		
-----	-----	-----
FULLY DILUTED EARNINGS PER COMMON SHARE		
Fully diluted before cumulative effect of change in accounting principle	\$2.87	\$1.19
\$2.54		
Cumulative effect of change in accounting principle		
(.02)		
-----	-----	-----
Fully diluted earnings per common share	\$2.87	\$1.19
\$2.52		
=====	=====	=====
</TABLE>		

EXHIBIT 12.1

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

Year ended December 31 Dollars in thousands 1992	1996	1995	1994	1993

<S>	<C>	<C>	<C>	<C>
EARNINGS				
Income before taxes and cumulative effect of changes in accounting principles \$787,994	\$1,527,551	\$627,012	\$1,209,916	\$1,140,487
Fixed charges excluding interest on deposits 582,854	1,096,893	1,487,279	1,104,573	704,228

Subtotal 1,370,848	2,624,444	2,114,291	2,314,489	1,844,715
Interest on deposits 1,546,576	1,428,771	1,551,816	1,159,242	1,005,658

Total \$2,917,424	\$4,053,215	\$3,666,107	\$3,473,731	\$2,850,373
=====				
FIXED CHARGES				
Interest on notes and debentures \$201,977	\$683,744	\$620,415	\$556,432	\$316,031
Interest on borrowed funds 353,633	381,103	834,654	514,133	360,288
Amortization of notes and debentures 1,505	816	927	1,761	1,418
Interest component of rentals 25,739	29,839	31,283	32,247	26,491
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trust	1,391			

Subtotal 582,854	1,096,893	1,487,279	1,104,573	704,228
Interest on deposits 1,546,576	1,428,771	1,551,816	1,159,242	1,005,658

Total \$2,129,430	\$2,525,664	\$3,039,095	\$2,263,815	\$1,709,886
=====				
RATIO OF EARNINGS TO FIXED CHARGES				
Excluding interest on deposits 2.35x	2.39x	1.42x	2.10x	2.62x
Including interest on deposits 1.37	1.60	1.21	1.53	1.67
=====				
</TABLE>				

EXHIBIT 12.2

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

Year ended December 31 Dollars in thousands 1992	1996	1995	1994	1993

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

EARNINGS				
Income before taxes and cumulative effect of changes in accounting principles \$787,994	\$1,527,551	\$627,012	\$1,209,916	\$1,140,487
Fixed charges and preferred stock dividends excluding interest on deposits 592,902	1,105,324	1,492,391	1,112,564	712,339

Subtotal 1,380,896	2,632,875	2,119,403	2,322,480	1,852,826
Interest on deposits 1,546,576	1,428,771	1,551,816	1,159,242	1,005,658

Total \$2,927,472	\$4,061,646	\$3,671,219	\$3,481,722	\$2,858,484
=====				
FIXED CHARGES				
Interest on notes and debentures \$201,977	\$683,744	\$620,415	\$556,432	\$316,031
Interest on borrowed funds 353,633	381,103	834,654	514,133	360,288
Amortization of notes and debentures 1,505	816	927	1,761	1,418
Interest component of rentals 25,739	29,839	31,283	32,247	26,491
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trust	1,391			
Preferred stock dividend requirements 10,048	8,431	5,112	7,991	8,111

Subtotal 592,902	1,105,324	1,492,391	1,112,564	712,339
Interest on deposits 1,546,576	1,428,771	1,551,816	1,159,242	1,005,658

Total \$2,139,478	\$2,534,095	\$3,044,207	\$2,271,806	\$1,717,997
=====				
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS				
Excluding interest on deposits 2.33x	2.38x	1.42x	2.09x	2.60x
Including interest on deposits 1.37	1.60	1.21	1.53	1.66
=====				

</TABLE>

Excerpts From 1996 Annual Report to Shareholders

Corporate

FINANCIAL REVIEW 1996 versus 1995

This Corporate Financial Review should be read in conjunction with the PNC Bank Corp. and subsidiaries ("Corporation" or "PNC Bank") Consolidated Financial Statements and Statistical Information included herein.

OVERVIEW

PNC BANK CORP. The Corporation is one of the largest diversified financial services companies in the United States and 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 in PNC Bank's primary geographic locations in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky and nationally through retail distribution networks and alternative delivery channels.

On December 31, 1995, Midlantic Corporation ("Midlantic"), a bank holding company with \$13.6 billion in assets, merged with the Corporation. Each outstanding share of Midlantic common stock was converted into 2.05 shares of PNC Bank's common stock. Approximately 112 million shares were issued in connection with the merger. The transaction was accounted for as a pooling of interests and accordingly all financial data prior to January 1, 1996 has been restated as if the entities were combined for all such prior periods.

SUMMARY FINANCIAL RESULTS Net income for 1996 was \$992 million or \$2.87 per fully diluted share compared with \$408 million and \$1.19 per fully diluted share in 1995. These results reflect continued progress in implementing strategic initiatives including: completion of the balance sheet repositioning to reduce wholesale leverage; solid growth from fee-based businesses; successful integration of the Midlantic acquisition; and the initiation of share repurchases in the second half of 1996.

The 1996 results include a \$22 million after-tax charge for a special one-time deposit insurance assessment mandated by Congress to recapitalize the Savings Association Insurance Fund ("SAIF"). In 1995, \$380 million of after-tax charges were recorded in connection with the Midlantic merger and actions taken to reposition the balance sheet. The following table sets forth a summary of financial results for 1996 and 1995 showing the impact of these charges.

<TABLE>

<CAPTION>

Year ended December 31	1996	1995

	<C>	<C>

<S>		
AS REPORTED		
Net income (in millions)	\$992	\$408
Fully diluted earnings per common share	2.87	1.19
Return on		
Average common shareholders' equity	17.18%	7.05%
Average assets	1.40	.54
EXCLUDING NONRECURRING CHARGES		
Earnings (in millions)	\$1,015	\$788
Fully diluted earnings per common share	2.94	2.29
Return on		
Average common shareholders' equity	17.58%	13.67%
Average assets	1.43	1.05

</TABLE>

Taxable-equivalent net interest income increased 13.2% to \$2.5 billion and net interest margin widened 68 basis points to 3.83% for 1996. These increases were primarily due to loan growth, the October 1995 Chemical Bank, New Jersey ("Chemical") acquisition and changes in balance sheet composition.

Noninterest income before securities transactions increased 10.7% to \$1.4 billion for 1996. The increase was broad-based, led by strong growth in asset management, mutual fund processing, deposit services, treasury management, brokerage and corporate finance.

Operating expenses totaled \$2.3 billion in 1996 compared with \$2.5 billion in 1995. Excluding the SAIF assessment in 1996 and one-time charges taken in 1995, the efficiency ratio improved to 58.8% for 1996 compared with 64.3% a year ago. This improvement reflects cost savings associated with the Midlantic integration, cost control strategies and lower Bank Insurance Fund premiums.

At December 31, 1996, total assets were \$73.3 billion. Average earning assets declined \$4.8 billion during 1996 to \$64.7 billion primarily due to reductions in securities partially offset by the Chemical acquisition, loan growth and credit card portfolio purchases. Average loans increased \$3.5 billion in 1996 to \$49.1 billion, representing 75.9% of average earning assets compared with

65.6% a year ago. Excluding the Chemical acquisition and purchased credit card portfolios, average loans increased 3.7%.

Asset quality and coverage ratios remained strong. Net charge-offs for 1996 were .33% of average loans compared with .29% for 1995. The allowance for credit losses as a percent of nonperforming loans and total loans was 334% and 2.25%, respectively, at December 31, 1996 compared with 352% and 2.59% a year ago.

PNC Bank aggressively pursued capital management initiatives in the second half of 1996. The Corporation repurchased 22.7 million shares of common stock and the common stock dividend was increased 5.7%. The Corporation also issued \$300 million of preferred stock and \$350 million of trust preferred capital securities to reduce the overall cost of equity. The proceeds from these issuances are being used for share repurchases.

The Midlantic acquisition was the largest merger transaction executed by PNC Bank and, at the time of the merger announcement, was the sixth largest in banking history. This transaction, along with the Chemical acquisition, created a unique opportunity to accelerate the balance sheet realignment, increase the base of stable core deposits and significantly expand PNC Bank's position in the strategically important Philadelphia and New Jersey markets. The major goal for 1996 was to successfully integrate these acquisitions and achieve the financial objectives stated at the time of the Midlantic merger announcement. These objectives included increasing earnings per share to \$2.87 in 1996, improving net interest margin and balance sheet composition, and generating cost savings through merger integration of \$81 million in 1996. These objectives were all accomplished. Earnings per share were \$2.87 in 1996, and \$2.94, excluding the SAIF charge. Net interest margin widened 68 basis points to 3.83% and cost savings of approximately \$110 million were generated through aggressive execution of the integration plan. These accomplishments positioned PNC Bank to accelerate AAA-related initiatives as cost savings and excess capital are available for reinvestment in this growth opportunity.

Management believes the Corporation is well positioned to achieve continued increases in earnings per share in 1997. Revenue growth is anticipated from consumer initiatives, primarily AAA-related, and continued expansion of fee-based businesses. Expenses are expected to increase primarily due to investments associated with the nationwide rollout of services to AAA members. Management expects modest loan loss provisions for 1997 and anticipates earnings per share will continue to benefit from additional common share repurchases.

BUSINESS STRATEGIES Financial services providers are challenged by intense competition. Loan pricing and credit standards are under competitive pressure as lenders seek to deploy capital and a broader range of borrowers have access to capital markets. 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, PNC Bank's strategies are focused on investing in businesses with growth opportunities, aggressively managing capital and generating appropriate returns from traditional spread businesses by managing leverage and reducing delivery costs.

In Consumer Banking, which contributed 49% of total line of business earnings in 1996, changes in consumer preferences and technological advancements are transforming the way consumer products and services are delivered. Traditional delivery channels, such as retail branches, are being reduced and replaced with more technologically-advanced, cost-efficient means such as telebanking, automated teller machines ("ATM") and on-line banking through personal computers. Investments in alternative delivery channels allow PNC Bank to reduce costs and expand the geographic scope of the Corporation's markets.

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Corporate

FINANCIAL REVIEW 1996 versus 1995

The AAA agreement gives PNC Bank the exclusive right to offer a wide range of financial products and services to the organization's 34 million members nationwide. Substantially all of the products will be offered through alternative delivery channels thereby leveraging the existing technology infrastructure.

In Corporate Banking, PNC Bank is focused on developing fee-based products and services as alternatives to traditional balance sheet leverage. These include syndication, treasury management, interest rate risk management and capital markets. Fee-based products and services are targeted to industries such as health care, communications, energy, metals and mining and financial institutions. Total fee-based revenues in Corporate Banking increased 27.9% in 1996 reflecting these targeted initiatives. Corporate Banking also provides a full range of leasing and commercial finance products as alternatives to traditional financings.

PNC Bank is a recognized 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.

PNC Bank's Asset Management business, with \$109 billion in assets under management, is among the largest in the country. It is the second largest U.S.

bank manager of mutual funds and one of the largest mutual fund service providers. Asset Management's initiatives focus on expanding product marketing and distribution channels and leveraging mutual fund processing capabilities. The mutual fund processing business specializes in providing institutional customers with custom designed products and custody, transfer agent, accounting and administrative services.

Compass Capital Funds (SM) ("Compass"), PNC Bank's proprietary mutual fund family, with approximately \$11 billion in assets, provide institutional and individual investors with a full range of equity, bond and money market investment options. The funds are offered throughout the Corporation's retail branch network and marketed nationally through agreements with over 70 brokerage firms. Growth in Compass assets benefited from strong performance relative to respective benchmarks. Of the sixteen funds currently ranked by Morningstar, nine have received a four or five star rating.

Real Estate Banking has consistently been a leading provider of credit services to the real estate industry. This line of business is challenged by competitive lending pressures and disintermediation as nonbank competitors increasingly enter the market. In this environment, Real Estate Banking is focused on enhancing financial performance through business cycles by reducing reliance on balance sheet leverage, expanding fee-based revenue and enhancing distribution capabilities. Targeted growth areas include treasury management, loan syndication, commercial mortgage-backed securitizations and private debt placements.

Mortgage banking remains a highly-fragmented, commodity-based business requiring an efficient infrastructure and increasingly higher volumes. To remain competitive and produce appropriate returns, the Mortgage Banking line of business is focused on reducing costs by consolidating back office operations and utilizing technology to enhance origination and operating platform efficiencies. Mortgage Banking continues to expand origination capabilities by leveraging the Corporation's distribution network and private banking capabilities and by expanding the retail distribution network in certain geographic regions.

FORWARD-LOOKING STATEMENTS PNC Bank 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, corporate objectives and other financial and business matters. The Corporation cautions that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, all of which may change over time. 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 PNC Bank's products and services; and the extent and timing of legislative and regulatory actions and reforms.

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LINE OF BUSINESS REVIEW

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

The Corporation operates five lines of business: Consumer Banking, Corporate Banking, Real Estate Banking, Mortgage Banking and Asset Management. 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 the 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.

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.

Total line of business results differ from consolidated results primarily due to asset/liability management activities, the provision for credit losses and certain nonrecurring and unallocated items.

Asset/liability management activities reflect the residual of the assignment of

wholesale assets and liabilities to the lines of business. In addition, securities transactions and the impact of financial derivatives used for interest rate risk management are included in this adjustment. The line of business provision for credit losses is a charge or credit to earnings to reflect current loss experience. Nonrecurring and other items primarily consist of the one-time SAIF assessment in 1996 and merger related special charges in 1995.

LINE OF BUSINESS

<TABLE>
<CAPTION>

on Capital	Average Assets		Revenue		Earnings		Return Assigned
	1996	1995	1996	1995	1996	1995	1996
Year ended December 31- dollars in 1995 millions	1996	1995	1996	1995	1996	1995	1996
<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Consumer Banking 21%	\$39,197	\$37,213	\$2,217	\$2,021	\$462	\$431	21%
Corporate Banking 13	16,930	16,182	769	731	266	237	13
Real Estate Banking 14	3,802	3,886	181	192	89	88	15
Mortgage Banking 9	13,387	12,385	401	401	63	48	10
Asset Management 33	587	449	314	255	58	43	34
Total line of business 16	73,903	70,115	3,882	3,600	938	847	17
Asset/liability management activities	(3,492)	4,213	(41)	(464)	(35)	(341)	
Unallocated provision					89	64	
Nonrecurring and other items	396	803	33	13		(162)	
Total consolidated 7	\$70,807	\$75,131	\$3,874	\$3,149	\$992	\$408	17

</TABLE>

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Corporate
FINANCIAL REVIEW 1996 versus 1995

CONSUMER BANKING

<TABLE>
<CAPTION>

Year ended December 31- dollars in millions	Community Banking		Private Banking		Total	
	1996	1995	1996	1995	1996	1995
<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT						
Net interest income	\$1,503	\$1,403	\$93	\$78	\$1,596	\$1,481
Noninterest income	365	322	256	218	621	540
Total revenue	1,868	1,725	349	296	2,217	2,021
Provision for credit losses	121	65	1	1	122	66
Noninterest expense	1,145	1,069	242	212	1,387	1,281
Pretax earnings	602	591	106	83	708	674
Income taxes	207	213	39	30	246	243
Earnings	\$395	\$378	\$67	\$53	\$462	\$431
AVERAGE BALANCE SHEET						
Loans	\$15,214	\$13,479	\$2,340	\$1,903	\$17,554	\$15,382
Assigned assets	20,324	20,742			20,324	20,742
Other assets	912	664	407	425	1,319	1,089

Total assets	\$36,450	\$34,885	\$2,747	\$2,328	\$39,197	\$37,213
Net deposits	\$34,299	\$32,783	\$1,621	\$1,456	\$35,920	\$34,239
Assigned funds			175	143	175	143
Other funds	231	326	678	495	909	821
Assigned capital	1,920	1,776	273	234	2,193	2,010
Total funds	\$36,450	\$34,885	\$2,747	\$2,328	\$39,197	\$37,213
PERFORMANCE RATIOS						
After-tax profit margin	21%	22%	19%	18%	21%	21%
Efficiency	62	62	69	72	63	63
Return on assigned capital	21	21	24	22	21	21

</TABLE>

The Consumer Banking line of business 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.

Consumer Banking earnings accounted for 49% of total line of business earnings in 1996 compared with 51% a year ago. Earnings increased \$31 million or 7% reflecting 10% growth in revenue offset by a higher allocated provision for credit losses and an 8% increase in expenses. The provision for credit losses increased \$56 million primarily due to credit card portfolio growth and the impact of the Chemical acquisition. Noninterest expense increased primarily due to the Chemical acquisition and investments in AAA-related initiatives. Average loans in the Consumer Bank increased 14% in the comparison. Excluding the Chemical acquisition average loans increased 6%. Consumer loan growth primarily consisted of credit cards including purchased AAA-affinity portfolios, higher education lending and mortgages in the Private Bank.

Earnings from Community Banking increased 4% in the comparison to \$395 million in 1996 due to revenue growth driven by an increase in average earning assets and growth in deposit service fees. Higher revenue levels offset higher expenses associated with the Chemical acquisition and AAA-related initiatives. Private Banking earnings increased 26% primarily due to new trust business and higher brokerage revenue. Return on assigned capital increased to 24% compared with 22% a year ago.

In January 1996, an agreement was reached with AAA to exclusively offer financial products and services to the organization's 34 million members nationwide. 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 and will be delivered primarily through the Corporation's direct banking channels. In connection with this agreement, the Corporation acquired five AAA-affinity credit card portfolios totaling \$1.6 billion at a premium of \$249 million and assumed the operation of an affinity card service center. In 1997, the Corporation expects to aggressively market products and services to AAA members, primarily credit card related. Due to the incentives and costs associated with these initiatives, expenses are expected to exceed related revenues in 1997.

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CORPORATE BANKING

<TABLE>
<CAPTION>

Year ended December 31- dollars in millions	Middle Market		Large Corporate		Equity Management		Total	
	1996	1995	1996	1995	1996	1995	1996	1995
	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT								
Net interest income	\$416	\$438	\$113	\$107	\$(3)	\$(4)	\$526	\$541
Noninterest income	119	105	52	51	72	34	243	190
Total revenue	535	543	165	158	69	30	769	731
Provision for credit losses	(4)	35	4	(2)				33
Noninterest expense	251	255	91	76	7	4	349	335
Pretax earnings	288	253	70	84	62	26	420	363
Income taxes	113	91	19	26	22	9	154	126
Earnings	\$175	\$162	\$51	\$58	\$40	\$17	\$266	\$237

AVERAGE BALANCE SHEET

Loans	\$11,571	\$11,336	\$4,401	\$4,202	\$49	\$31	\$16,021	\$15,569
Other assets	557	361	168	95	184	157	909	613
Total assets	\$12,128	\$11,697	\$4,569	\$4,297	\$233	\$188	\$16,930	\$16,182
Net deposits	\$1,555	\$1,557	\$490	\$453			\$2,045	\$2,010
Assigned funds	8,568	8,332	3,565	3,360	\$139	\$115	12,272	11,807
Other funds	566	444		20	26	17	592	481
Assigned capital	1,439	1,364	514	464	68	56	2,021	1,884
Total funds	\$12,128	\$11,697	\$4,569	\$4,297	\$233	\$188	\$16,930	\$16,182

PERFORMANCE RATIOS

After-tax profit margin	33%	30%	31%	37%	58%	57%	35%	32%
Efficiency	47	47	55	48	11	12	45	46
Return on assigned capital	12	12	10	13	59	30	13	13

</TABLE>

The Corporate Banking line of business includes: Middle Market which serves customers with annual sales of \$5 million to \$250 million and those in certain specialized industries; Large Corporate which serves customers with annual sales of more than \$250 million; and Equity Management which makes venture capital investments.

Corporate Banking contributed 28% of total line of business earnings in both 1996 and 1995. Earnings increased \$29 million or 12% primarily due to higher venture capital gains and a lower allocated provision. Net interest income declined in the comparison as narrower lending spreads more than offset the impact from a \$452 million increase in average loans. Excluding venture capital gains, Corporate Banking fee-based revenue increased 10% due to expanded treasury management and corporate finance activities. Treasury management continues to produce revenue growth exceeding national averages. Revenues increased 18% over 1995.

Middle Market earnings increased 8% in the comparison as a lower allocated provision resulting from improved asset quality more than offset a decline in revenue driven by narrower lending spreads. Fee-based revenue increased primarily due to treasury management services. Large Corporate earnings declined primarily due to operating expenses reflecting investments in expanded treasury management and capital markets initiatives. Equity Management earnings increased \$23 million due to higher venture capital gains.

Corporate Banking traditionally relies on balance sheet leverage to generate returns. Traditional spread-based lending requires high capital levels and is under intense competition from banks and nonbanks seeking opportunities to extend credit in a market with narrowing spreads. In this environment, PNC Bank aggressively manages capital to generate more appropriate returns employing various techniques such as measuring risk-adjusted customer profitability and using off-balance-sheet financing alternatives. This line of business is also focused on expanding fee-based revenue by developing products and services as alternatives to spread-based lending.

Management expects revenue in this line of business to be generated increasingly from fee-based sources such as treasury management, corporate finance and capital markets. Corporate Banking's capital markets capabilities continue to be expanded to meet the changing needs of customers. The Corporation has also expanded product capabilities in the merger and acquisition advisory, private placement, interest rate risk management and leasing product areas. Investments in syndication capabilities contributed to a 28% increase in the number, nearly doubling the par value, of agented transactions underwritten. This resulted in a 56% increase in related fee revenue.

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Corporate

FINANCIAL REVIEW 1996 versus 1995

REAL ESTATE BANKING

<TABLE>
<CAPTION>

Year ended December 31-	1996	1995
dollars in millions		
INCOME STATEMENT		
Net interest income	\$167	\$174
Noninterest income	14	18
Total revenue	181	192
Provision for credit losses	2	
Noninterest expense	39	60
Pretax earnings	140	132

Income taxes	51	44
Earnings	\$89	\$88
AVERAGE BALANCE SHEET		
Loans	\$3,901	\$3,957
Other assets	(99)	(71)
Total assets	\$3,802	\$3,886
Net deposits		
Assigned funds	\$167	\$159
Other funds	3,013	3,122
Assigned capital	18	(6)
Total funds	604	611
Total funds	\$3,802	\$3,886

PERFORMANCE RATIOS		
After-tax profit margin	49%	46%
Efficiency	22	31
Return on assigned capital	15	14

</TABLE>

Real Estate Banking serves national, regional and local real estate developers, owners, property managers and mortgage bankers by providing credit and non-credit services, mortgage securitization, private debt placements and treasury management services.

Real Estate Banking contributed 10% of total line of business earnings in 1996 and 1995. Earnings were consistent in the comparison as a decline in revenue, attributable to narrower lending spreads, was mitigated by gains from disposition of foreclosed assets and a decline in workout expenses related to lower levels of nonperforming assets.

Real Estate Banking has traditionally 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 leverage and improve returns by expanding fee-based services such as treasury management, interest rate risk management and debt placement activities. PNC Bank is one of the largest real estate loan syndicators in the U.S., having a leading role in over \$1.5 billion of syndication volume in 1996.

MORTGAGE BANKING

<TABLE>
<CAPTION>

Year ended December 31-		
dollars in millions	1996	1995
	<C>	<C>
INCOME STATEMENT		
Net interest income	\$211	\$161
Noninterest income	190	240
Total revenue	401	401
Provision for credit losses	12	6
Noninterest expense	288	319
Pretax earnings	101	76
Income taxes	38	28
Earnings	\$63	\$48

AVERAGE BALANCE SHEET		
Loans	\$11,169	\$10,632
Other assets	2,218	1,753
Total assets	\$13,387	\$12,385
Net deposits		
Assigned funds	\$2,277	\$2,637
Other funds	8,898	8,135
Assigned capital	1,563	1,053
Total funds	649	560
Total funds	\$13,387	\$12,385

PERFORMANCE RATIOS		
After-tax profit margin	16%	12%
Efficiency	72	80
Return on assigned capital	10	9

</TABLE>

Mortgage Banking activities include acquisition, origination, securitization and servicing of residential mortgages, as well as retention of selected loans

in the portfolio.

Mortgage Banking contributed 7% of total line of business earnings in 1996 compared with 6% in 1995. Earnings increased \$15 million or 31% due to a reduction in operating expenses. Net interest income increased 31% to \$211 million in 1996 primarily due to a \$537 million increase in portfolio loans and wider spreads. Noninterest income from mortgage origination and servicing activities declined \$50 million primarily due to lower sales of servicing rights. Noninterest expense declined \$31 million or 10% reflecting benefits from consolidating back office operations, and utilizing technology to enhance loan origination and servicing and lower amortization of mortgage servicing rights ("MSR"). Mortgage Banking results reflect the impact of significant noncash expense items such as MSR amortization. Excluding the effect of these items, cash returns currently exceed the Corporation's required return for this line of business.

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The Mortgage Banking business continues to be affected by intense competition. In this environment, PNC Bank 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.

MORTGAGE SERVICING PORTFOLIO

<TABLE>
<CAPTION>

In millions	1996	1995
January 1	\$37,299	\$40,389
Originations	5,614	5,423
Purchases	3,737	364
Repayments	(6,075)	(4,751)
Sales	(1,032)	(4,126)
December 31	\$39,543	\$37,299

</TABLE>

During 1996, the Corporation funded \$5.6 billion of residential mortgages with 70% representing new financings. The comparable amounts were \$5.4 billion and 81%, respectively, in 1995.

At December 31, 1996, PNC Bank's mortgage servicing portfolio totaled \$39.5 billion, had a weighted-average coupon of 7.93% and an estimated fair value of \$449 million. The servicing portfolio included \$27.3 billion of loans serviced for others. Capitalized MSR totaled \$313 million at December 31, 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 fees 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.

ASSET MANAGEMENT

<TABLE>
<CAPTION>

Year ended December 31- dollars in millions	Investment Management		Mutual Fund Processing		Total	
	1996	1995	1996	1995	1996	1995
INCOME STATEMENT	<C>	<C>	<C>	<C>	<C>	<C>
Advisory and processing fee income	\$188	\$156	\$119	\$94	\$307	\$250
Net interest income	(1)	(2)	8	7	7	5
Total revenue	187	154	127	101	314	255
Operating expenses	141	122	80	64	221	186
Pretax earnings	46	32	47	37	93	69
Income taxes	17	12	18	14	35	26
Earnings	\$29	\$20	\$29	\$23	\$58	\$43

PERFORMANCE RATIOS

After-tax profit margin	16%	13%	23%	22%	19%	17%
Efficiency	75	79	63	64	70	73
Return on assigned capital	26	24	50	47	34	33

</TABLE>

The Asset Management line of business includes: Investment Management and Mutual Fund Processing. Investment Management provides liquidity, fixed income, and equity advisory services to institutional, family wealth and retail clients. It also performs wholesale marketing activities for Compas Capital Funds(SM), PNC Bank's proprietary mutual funds. Mutual Fund Processing provides accounting, administration, transfer and custody services to financial institutions and integrated banking services to the brokerage community.

Asset Management contributed 6% of total line of business earnings in 1996 compared with 5% in 1995. Earnings increased \$15 million or 35% due to significant fee income growth. Advisory and processing fee income increased 23% due to an increase in assets under administration driven by new business, appreciation in value and the acquisition of BlackRock Financial Management, L.P. ("BlackRock"). Noninterest expense increased primarily due to the BlackRock acquisition and incremental costs associated with servicing new business.

Assets under administration increased \$48 billion in the comparison to \$330 billion at December 31, 1996. Managed assets totaled \$109 billion at December 31, 1996 compared with \$96 billion a year ago. At December 31, 1996, the composition of managed assets under administration was 45% fixed income, 28% liquidity management and 27% equity.

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Corporate

FINANCIAL REVIEW 1996 versus 1995

At December 31, 1996, PFPC, Inc., the Corporation's mutual fund processing operation, provided third party services for \$130 billion in accounting/administration assets, \$200 billion in custody assets, 4.3 million shareholder accounts and 1.6 million checking and credit/debit card accounts. The comparable amounts a year ago were \$96 billion, \$162 billion, 3.6 million and 1.2 million, respectively. Mutual fund services revenue increased 26% despite a consolidating market reflecting responsiveness to the existing client base, product innovation, and a new business development.

The generation of new managed asset business resulted, in part, from the strong performance of investment products relative to respective benchmarks. During 1996, BlackRock's marketing of institutional management capabilities resulted in the addition of over \$11 billion in new business. CastleInternational, the Corporation's recently created international equity manager in Edinburgh, Scotland, manages over \$1.6 billion of assets.

Revenue from investment management and mutual fund processing is included in Asset Management. Revenue from marketing asset management products and services to consumers is included in the Consumer Banking line of business. The following table sets forth revenue and earnings included in each line of business.

<TABLE>

<CAPTION>

ASSET MANAGEMENT REVENUE AND EARNINGS

Year ended December 31 -	Revenue			Earnings
	Fees	Other	Total	
in millions				
<S>	<C>	<C>	<C>	<C>
1996				
Asset Management	\$302	\$12	\$314	\$58
Consumer Banking	195	11	206	42
Total	\$497	\$23	\$520	\$100
1995				
Asset Management	\$245	\$10	\$255	\$43
Consumer Banking	175	12	187	38
Total	\$420	\$22	\$442	\$81

</TABLE>

Asset Management revenue is primarily affected by the volume of new business, 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

INCOME STATEMENT HIGHLIGHTS

<TABLE>

<CAPTION>

Year ended December 31 - in millions	1996	1995	Change
<S>	<C>	<C>	<C>
Net interest income (taxable-equivalent basis)	\$2,479	\$2,189	\$290

Provision for credit losses		6	(6)
Noninterest income before			
net securities gains/losses	1,373	1,240	133
Net securities gains (losses)	22	(280)	302
Noninterest expense before			
special charges	2,312	2,209	103
Special charges		260	(260)
Income taxes	535	219	316
Net income	992	408	584

</TABLE>

NET INTEREST INCOME Net interest income is the difference between interest income and interest expense. The level and volatility of interest rates affect interest received or paid on assets, liabilities and off-balance-sheet financial instruments and, as a result, impact net interest income.

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NET INTEREST INCOME ANALYSIS

<TABLE>
<CAPTION>

Taxable-equivalent basis Year ended December 31 - dollars in millions	Average Balances			Interest Income/Expense			Average Yields/Rates		
	1996	1995	Change	1996	1995	Change	1996	1995	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-earning assets									
Securities	\$13,550	\$22,140	\$ (8,590)	\$864	\$1,409	\$(545)	6.38%	6.36%	2 bp
Loans, net of unearned income	49,116	45,624	3,492	3,985	3,822	163	8.11	8.38	(27)
Other interest-earning assets	2,059	1,771	288	135	122	13	6.54	6.89	(35)
Total interest-earning assets/ interest income	64,725	69,535	(4,810)	4,984	5,353	(369)	7.69	7.70	(1)
Noninterest-earning assets	6,082	5,596	486						
Total assets	\$70,807	\$75,131	\$(4,324)						
Interest-bearing liabilities									
Interest-bearing deposits	\$35,217	\$35,718	\$(501)	1,428	1,528	(100)	4.05	4.28	(23)
Borrowed funds	6,654	13,386	(6,732)	381	834	(453)	5.73	6.23	(50)
Notes and debentures	11,660	9,790	1,870	685	617	68	5.88	6.31	(43)
Total interest-bearing liabilities/ interest expense	53,531	58,894	(5,363)	2,494	2,979	(485)	4.66	5.06	(40)
Noninterest-bearing liabilities and shareholders' equity	17,276	16,237	1,039						
Total liabilities and shareholders' equity	\$70,807	\$75,131	\$(4,324)						
Interest rate spread				2,490	2,374	116	3.03	2.64	39
Impact of noninterest-bearing sources							.81	.78	3
Net interest margin before financial derivatives							3.84	3.42	42
Effect of financial derivatives on									
Interest income				(11)	(157)	146	(.01)	(.23)	22
Interest expense					28	(28)		.04	(4)
Total effect of financial derivatives				(11)	(185)	174	(.01)	(.27)	26
Net interest income				\$2,479	\$2,189	\$290	3.83%	3.15%	68 bp

</TABLE>

Taxable-equivalent net interest income increased \$290 million or 13.2%. The net interest margin widened 68 basis points to 3.83% for 1996 compared with 3.15% in the prior year. Net interest income and margin increases reflect the benefits of the Chemical acquisition and changes in balance sheet composition including a lower cost of financial derivatives used for interest rate risk management. Total interest income declined \$369 million primarily due to the decline in securities and lower yields on loans, partially offset by a \$3.5 billion increase in average loans. The cost of interest-bearing liabilities declined \$485 million due to a reduction in higher-cost wholesale funds, an increase in the proportion of retail deposits to total sources of funds and lower rates in the comparison. The cost of financial derivatives used in interest rate risk management declined \$174 million.

Net interest income and margin depend on a number of factors including the volume and composition of earning assets and related yields as well as associated funding costs. In 1996, loans comprised 75.9% of average earning assets. Accordingly, loan growth and the related yields earned have a significant impact on net interest income. During 1996, loan growth was modest and yields declined reflecting competitive pricing pressure. Management expects

these conditions to continue. Funding cost is affected by the composition of and rates paid on various funding sources. During 1996, average deposits comprised 63.7% of the Corporation's total sources of funding with the remainder 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.

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Corporate

FINANCIAL REVIEW 1996 versus 1995

NONINTEREST INCOME

<TABLE>

<CAPTION>

Year ended December 31 - dollars in millions	Change			
	1996	1995	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Asset management and trust				
Asset management	\$104	\$73	\$31	42.5%
Mutual fund	179	154	25	16.2
Trust	214	193	21	10.9
Total asset management and trust	497	420	77	18.3
Service fees				
Deposit	289	240	49	20.4
Corporate finance	65	53	12	22.6
Consumer services	64	52	12	23.1
Brokerage	54	42	12	28.6
Credit card and merchant services	30	47	(17)	(36.2)
Insurance	30	25	5	20.0
Other	34	36	(2)	(5.6)
Total service fees	566	495	71	14.3
Mortgage banking				
Servicing	119	120	(1)	(.8)
Marketing	24	33	(9)	(27.3)
Sale of servicing	11	34	(23)	(67.6)
Total mortgage banking	154	187	(33)	(17.6)
Other	156	138	18	13.0
Total noninterest income before securities gains/losses	1,373	1,240	133	10.7
Net securities gains (losses)	22	(280)	302	NM
Total	\$1,395	\$960	\$435	45.3%

</TABLE>

NM - not meaningful

Noninterest income before securities transactions totaled \$1.4 billion in 1996, an increase of 10.7% compared with the prior year. This growth reflects the Corporation's continuing emphasis on expanding fee-based revenue led by significant increases in asset management, mutual fund processing, deposit services, treasury management, brokerage and corporate finance.

The decline in credit card and merchant services reflects the impact of alliances entered in 1995 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 services provided under that agreement are reflected in the results of operations after the termination date.

NONINTEREST EXPENSE

<TABLE>

<CAPTION>

Year ended December 31 - dollars in millions	Change			
	1996	1995	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Compensation	\$930	\$863	\$67	7.8%
Employee benefits	180	202	(22)	(10.9)
Total staff expense	1,110	1,065	45	4.2
Net occupancy	197	180	17	9.4
Equipment	172	166	6	3.6
Intangible asset and MSR amortization	117	115	2	1.7
Taxes other than income	53	53		

Federal deposit insurance	41	58	(17)	(29.3)
SAIF assessment	35		35	NM
Other	587	572	15	2.6

Total noninterest expense before special charges	2,312	2,209	103	4.7
Special charges		260	(260)	NM

Total	\$2,312	\$2,469	\$(157)	(6.4)%

</TABLE>

NM - not meaningful

Noninterest expense before special charges increased \$103 million or 4.7% primarily due to the Chemical acquisition, incentive compensation and the one-time SAIF assessment. Excluding the SAIF assessment and one-time charges, the efficiency ratio improved to 58.8% compared with 64.3% a year ago.

Compensation expense increased primarily due to acquisitions and incentive compensation in fee-based businesses including asset management and brokerage. Average FTEs totaled 25,020 in 1996 compared with 25,450 a year ago. Lower staff levels from the integration of Midlantic and Chemical and from reductions in the branch network were partially offset by additions to support initiatives in telebanking and Asset Management.

Conversion of Midlantic's products and systems were completed in 1996 with cost savings ahead of expectations. Management continues to believe annual cost savings from the consolidation or elimination of overlapping facilities and operations will exceed the original estimate of \$150 million beginning in 1997. However, these savings are expected to be offset by investments in AAA and related credit card initiatives.

The Corporation recorded a pre-tax charge in 1996 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.

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BALANCE SHEET REVIEW

AVERAGE BALANCE SHEET HIGHLIGHTS

<TABLE>

<CAPTION>

Year ended December 31 - dollars in millions	Change			
	1996	1995	Amount	Percent

<S>	<C>	<C>	<C>	<C>
Assets	\$70,807	\$75,131	\$(4,324)	(5.8)%
Earning assets	64,725	69,535	(4,810)	(6.9)
Loans, net of unearned income	49,116	45,624	3,492	7.7
Securities	13,550	22,140	(8,590)	(38.8)
Deposits	45,117	44,830	287	.6
Borrowed funds	6,654	13,386	(6,732)	(50.3)
Notes and debentures	11,660	9,790	1,870	19.1
Shareholders' equity	5,828	5,784	44	.8

</TABLE>

Average assets and earning assets were \$70.8 billion and \$64.7 billion, respectively, in 1996 compared with \$75.1 billion and \$69.5 billion, respectively, a year ago. The decline was due to the planned securities portfolio reduction partially offset by loan growth and the Chemical acquisition. Securities to earning assets declined to 20.9% from 31.8% in the prior year.

Average loans increased \$3.5 billion or 7.7% to \$49.1 billion for the year ended December 31, 1996 and represented 75.9% of earning assets in 1996 compared with 65.6% a year ago. Excluding the Chemical acquisition, loans increased 4.0% in the comparison.

AVERAGE LOANS

<TABLE>

<CAPTION>

ended December 31 - dollars in millions	1996	1995	Change

<S>	<C>	<C>	<C>
Consumer	\$13,357	\$12,013	11.2%
Residential mortgage	12,049	10,812	11.4
Commercial	17,150	15,852	8.2
Commercial real estate	4,763	5,014	(5.0)
Other	1,797	1,933	(7.0)

Total, net of unearned income	\$49,116	\$45,624	7.7

</TABLE>

Average deposits increased slightly to \$45.1 billion in 1996 compared with a year ago. The Chemical acquisition added \$2.7 billion of retail core deposits. The ratio of deposits to sources of funds increased to 63.7% compared with 59.7% a year ago. During 1996, the ratio of wholesale funding to total sources of funds decreased to 27.5% compared with 34.1% a year ago.

YEAR-END BALANCE SHEET HIGHLIGHTS

<TABLE>

<CAPTION>

December 31 - dollars in millions	Change			
	1996	1995	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Assets	\$73,260	\$73,404	\$(144)	(.2)%
Loans, net of				
unearned income	51,798	48,653	3,145	6.5
Securities	11,917	15,839	(3,922)	(24.8)
Deposits	45,676	46,899	(1,223)	(2.6)
Borrowed funds	7,860	8,665	(805)	(9.3)
Notes and debentures	11,744	10,398	1,346	12.9
Shareholders' equity	5,869	5,768	101	1.8

</TABLE>

Total assets were \$73.3 billion at December 31, 1996 compared with \$73.4 billion at year-end 1995. The decline was primarily due to a reduced securities portfolio offset by loan growth.

LOANS

<TABLE>

<CAPTION>

December 31 - in millions	1996	1995
<S>	<C>	<C>
Consumer		
Home equity	\$4,569	\$4,541
Automobile	3,731	4,236
Credit card	2,776	1,004
Student	1,725	1,512
Other	2,067	2,246
Total consumer	14,868	13,539
Residential mortgage	12,703	11,689
Commercial		
Manufacturing	3,718	3,363
Retail/Wholesale	3,243	3,148
Service providers	2,359	2,402
Real estate related	1,452	1,291
Communications	1,239	1,083
Financial services	708	1,082
Health care	1,207	1,028
Other	4,136	3,415
Total commercial	18,062	16,812
Commercial real estate		
Mortgage	2,467	2,775
Medium-term financing	1,312	1,250
Construction and development	845	889
Total commercial real estate	4,624	4,914
Lease financing and other	1,926	2,102
Unearned income	(385)	(403)
Total, net of unearned income	\$51,798	\$48,653

</TABLE>

Loans outstanding increased \$3.1 billion from year-end 1995 to \$51.8 billion at December 31, 1996. Loan portfolio composition remained relatively consistent in the comparison except for an increase in the credit card portfolio attributable to AAA-related initiatives. The portfolio is geographically diversified among numerous industries and types of businesses.

Corporate

FINANCIAL REVIEW 1996 versus 1995

Unfunded commercial commitments, net of participations and syndications, totaled \$27.1 billion and \$24.3 billion at December 31, 1996 and 1995. Unfunded consumer commitments increased \$14.7 billion to \$22.0 billion primarily due to home equity and credit card lines. Commercial commitments generally have fixed expiration dates, may require payment of a fee, and contain termination clauses in the event the customer's credit quality deteriorates. Based on the Corporation's historical experience, approximately 50% to 75% of consumer and most commercial commitments expire unfunded, and therefore cash requirements

are substantially less than the total commitment.

SECURITIES

<TABLE>
<CAPTION>

December 31 - in millions	1996		1995	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<S>	<C>	<C>	<C>	<C>
Debt securities				
U.S. Treasury and government agencies	\$3,238	\$3,237	\$4,241	\$4,314
Mortgage-backed	6,301	6,176	8,631	8,566
Asset-backed	1,609	1,615	2,023	2,032
State and municipal	218	227	343	367
Other debt	100	105	99	97
Corporate stocks and other	554	557	455	457
Associated derivatives				6
Total	\$12,020	\$11,917	\$15,792	\$15,839

</TABLE>

The securities portfolio declined \$3.9 billion from year-end 1995 to \$11.9 billion at December 31, 1996, reflecting the impact of management's actions to reduce reliance on investment activities and related wholesale funding. The expected weighted-average life of the securities portfolio was 2 years and 11 months at December 31, 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. During 1996, \$6.8 billion of securities were sold, primarily U.S. Treasury, mortgage-backed and asset-backed private placement securities. Including the effect of terminated associated financial derivatives, the transactions resulted in a net gain of \$22 million. In 1995, \$8.0 billion of securities were sold and associated financial derivatives were terminated at a combined net loss of \$280 million.

The securities portfolio included collateralized mortgage obligations and mortgage-backed securities with a fair value of \$5.0 billion and \$1.2 billion, respectively, at December 31, 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 rising interest rate environment, prepayments on the underlying mortgage securities may slow and lengthen the expected lives. Conversely, expected lives would shorten in a declining 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 December 31, 1996 and 1995, \$5.5 billion and \$6.1 billion, respectively, notional value of financial derivatives were associated with securities available for sale.

FUNDING SOURCES

<TABLE>
<CAPTION>

December 31 - in millions	1996	1995
<S>	<C>	<C>
Deposits		
Demand, savings and money market	\$27,027	\$27,145
Time	17,803	18,661
Foreign	846	1,093
Total deposits	45,676	46,899
Borrowed funds		
Federal funds purchased	2,797	3,817
Treasury, tax and loan	2,288	567
Commercial paper	976	753
Repurchase agreements	645	2,851
Other	1,154	677
Total borrowed funds	7,860	8,665
Notes and debentures		
Bank notes	7,905	6,256
Federal Home Loan Bank	2,192	2,393
Other	1,647	1,749
Total notes and debentures	11,744	10,398
Total	\$65,280	\$65,962

</TABLE>

Total deposits decreased 2.6% to \$45.7 billion at December 31, 1996 compared with \$46.9 billion at year-end 1995. Time deposits declined \$858 million as

consumers sought more attractive yields from alternative investments.

Total borrowed funds declined \$805 million while notes and debentures increased \$1.3 billion in the comparison reflecting initiatives to reposition the balance sheet. The change in composition of these categories reflects actions to utilize the most cost-effective alternatives.

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CAPITAL
RISK-BASED CAPITAL
<TABLE>
<CAPTION>

December 31 - dollars in millions	1996	1995
<S>	<C>	<C>
Capital components		
Shareholders' equity		
Common	\$5,553	\$5,751
Preferred	316	17
Trust preferred securities	350	
Goodwill and other	(1,003)	(980)
Net unrealized securities (gains) losses	67	(26)
Tier I risk-based capital	5,283	4,762
Subordinated debt	1,343	1,370
Eligible allowance for credit losses	801	750
Total risk-based capital	\$7,427	\$6,882
Assets		
Risk-weighted assets and off-balance-sheet instruments	\$63,761	\$59,539
Average tangible assets	68,597	74,756
Capital ratios		
Tier I risk-based	8.29%	8.00%
Total risk-based	11.65	11.56
Leverage	7.70	6.37

</TABLE>

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 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 December 31, 1996, the Corporation and each bank subsidiary were classified as well capitalized.

The Corporation manages the capital position through balance sheet size and composition, issuance of debt and equity instruments, treasury stock activities, dividend policies and retained earnings. During 1996, the capital position of the Corporation was aggressively managed to redeploy excess capital generated from business operations and reduce the cost of regulatory capital.

PNC Bank repurchased 22.7 million shares of common stock during 1996. In August 1996, the board of directors authorized the purchase of up to 10 million common shares before the end of 1996. That program was completed. In October 1996 and December 1996, the Corporation issued \$300 million of nonconvertible preferred stock and \$350 million of 7.95% mandatorily redeemable capital securities, respectively. These issuances qualify as Tier I capital and reduce the overall cost of equity. The proceeds of these issuances are being used for additional common stock purchases.

All purchases under the January 1995 board authorized 24 million share repurchase program were discontinued with the initiation of the Midlantic merger in July 1995. During the second quarter of 1996, the board of directors formally rescinded that plan.

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, PNC Bank has risk management processes designed to provide for risk identification, measurement, monitoring and control.

CREDIT RISK MANAGEMENT Credit risk represents the possibility 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, limiting exposure to any single industry or customer, requiring collateral and selling participations to third parties.

Credit Administration, which includes credit policy, loan review and loan

workout, manages and monitors credit risk by establishing and enforcing uniform credit policies and exercising centralized oversight, review and approval procedures. Credit Policy, at the direction of the board of directors, establishes uniform underwriting standards that set forth the criteria used in extending credit.

To support consistent application of underwriting standards, credit officers work with lending officers in evaluating the creditworthiness of borrowers and structuring transactions. Credit decisions are made at the specific affiliate or market level. However, credit requests above certain limits or that involve exceptions to credit policies require additional corporate approvals.

NONPERFORMING ASSETS

<TABLE>

<CAPTION>

December 31 - dollars in millions	1996	1995
<S>	<C>	<C>
Nonaccrual loans		
Commercial	\$156	\$118
Commercial real estate		
Mortgage	109	108
Project	25	45
Consumer	6	10
Residential mortgage	51	54
Total nonaccrual loans	347	335
Restructured loans	2	23
Total nonperforming loans	349	358
Foreclosed assets		
Commercial real estate	71	105
Residential mortgage	22	24
Other	17	49
Total foreclosed assets	110	178
Total nonperforming assets	\$459	\$536
Nonperforming loans to loans	.67%	.74%
Nonperforming assets to loans and foreclosed assets	.88	1.10
Nonperforming assets to assets	.63	.73

</TABLE>

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Corporate

FINANCIAL REVIEW 1996 versus 1995

Nonperforming assets declined \$77 million since year-end 1995 to \$459 million at December 31, 1996. Lower foreclosed assets and restructured loans were partially offset by an increase in nonaccrual loans. At December 31, 1996, \$80 million of nonperforming loans were current as to principal and interest compared with \$89 million at December 31, 1995.

CHANGE IN NONPERFORMING ASSETS

<TABLE>

<CAPTION>

In millions	1996	1995
<S>	<C>	<C>
January 1	\$536	\$757
Transferred from accrual	447	399
Acquisitions		14
Returned to performing	(40)	(97)
Principal reductions	(277)	(315)
Sales	(134)	(111)
Charge-offs and valuation adjustments	(73)	(111)
December 31	\$459	\$536

</TABLE>

ACCRUING LOANS PAST DUE 90 DAYS OR MORE

<TABLE>

<CAPTION>

December 31 - dollars in millions	Amount		Percent of Loans	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Consumer				
Guaranteed student	\$51	\$44	2.95%	2.90%
Credit cards	43	8	1.56	.83
Other	46	43	.45	.40

Total consumer	140	95	.96	.72
Residential mortgage	58	63	.46	.54
Commercial	34	22	.19	.13
Commercial real estate	12	45	.26	.92

Total	\$244	\$225	.47	.46

</TABLE>

Loans not included in past due, nonaccrual or restructured categories, but where known information about possible credit problems causes management to be uncertain of the borrower's ability to comply with existing repayment terms over the next six months totaled \$151 million at December 31, 1996.

ALLOWANCE FOR CREDIT LOSSES In determining the adequacy of the allowance for credit losses, the Corporation makes allocations to specific problem loans based on discounted cash flow analyses or collateral valuations for impaired loans and to pools of watchlist and nonwatchlist loans for various credit risk factors. Allocations to loan pools are developed by risk rating and industry classifications and based on management's judgment concerning historical loss trends and other relevant factors. These factors may include, among others, local, regional and national economic conditions, portfolio concentrations, industry competition and consolidation, and the impact of government regulation. Consumer and residential mortgage loan allocations are based on historical loss experience adjusted for portfolio activity and current economic conditions.

ALLOWANCE FOR CREDIT LOSSES

<TABLE>

<CAPTION>

In millions	1996	1995

<S>	<C>	<C>
January 1	\$1,259	\$1,352
Charge-offs	(247)	(240)
Recoveries	83	107

Net charge-offs	(164)	(133)
Provision for credit losses		6
Acquisitions	71	34

December 31	\$1,166	\$1,259

</TABLE>

The 1996 allowance added from acquisitions relates to AAA-affinity credit card portfolio purchases. The allowance as a percent of nonperforming loans and period-end loans was 334% and 2.25%, respectively, at December 31, 1996. The comparable 1995 amounts were 352% and 2.59%, respectively.

CHARGE-OFFS AND RECOVERIES

<TABLE>

<CAPTION>

Year ended December 31- dollars in millions	Charge- offs	Recoveries	Net Charge- offs	Percent of Average Loans

<S>	<C>	<C>	<C>	<C>
1996				
Consumer				
Credit card	\$66	\$7	\$59	5.06%
Other	101	35	66	.54

Total consumer	167	42	125	.94
Residential mortgage	9	2	7	.06
Commercial	53	29	24	.14
Commercial real estate	18	10	8	.17

Total	\$247	\$83	\$164	.33

1995

Consumer				
Credit card	\$31	\$6	\$25	2.87%
Other	78	35	43	.39

Total consumer	109	41	68	.57
Residential mortgage	10	2	8	.07
Commercial	84	49	35	.22
Commercial real estate	37	15	22	.44

Total	\$240	\$107	\$133	.29

</TABLE>

Consumer net charge-offs increased \$57 million in the comparison primarily due to an increase in credit card charge-offs and the Chemical acquisition. The credit card portfolio increased \$1.8 billion during the year to \$2.8 billion at December 31, 1996 in connection with AAA-related and other Consumer Banking initiatives.

PROVISION FOR CREDIT LOSSES Favorable economic conditions during 1996 and 1995, combined with management's ongoing attention to asset quality, resulted in lower nonperforming assets and strong coverage ratios. The Corporation did not record a provision for credit losses in 1996. Credit card growth and portfolio acquisitions are expected to increase consumer charge-offs and are likely to result in provisions for credit losses in 1997.

LIQUIDITY Liquidity represents an institution's ability to generate cash or otherwise obtain funds at reasonable rates to satisfy commitments to borrowers, demands of depositors and debtholders, and invest in 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 or 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 mortgage, 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.

Liquid assets consist of cash and due from banks, short-term investments, loans held for sale and securities available for sale. At December 31, 1996, such assets totaled \$17.6 billion, of which \$7.5 billion was pledged as collateral. Liquidity is also provided by residential mortgages which may be used as collateral for funds obtained through the Federal Home Loan Bank ("FHLB") system. At December 31, 1996, approximately \$6.5 billion of residential mortgages were available as collateral for borrowings from the FHLB.

During 1996, cash and due from banks increased \$337 million to \$4.0 billion compared with an increase of \$267 million during 1995. Net cash provided by operating activities decreased \$910 million in the comparison. Cash provided by investing activities decreased to \$1.6 billion compared with \$7.0 billion provided a year ago. Net cash used by financing activities totaled \$1.4 billion in 1996 compared with \$7.9 billion used a year earlier.

The principal source of parent company revenue and cash flow is dividends from subsidiary banks. PNC Bancorp, Inc. is a wholly-owned subsidiary of the parent company and is the holding company for all bank subsidiaries. There are legal limitations on the ability of bank subsidiaries to pay dividends and make other distributions to PNC Bancorp, Inc. and in turn the parent company. Without regulatory approval, the amount available for dividend payments to PNC Bancorp, Inc. by all bank subsidiaries was \$512 million at December 31, 1996. Dividends may also be impacted by capital needs, regulatory requirements and policies, and other factors.

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

Management believes the Corporation has sufficient liquidity to meet current obligations to borrowers, depositors, 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 and purchased interest rate caps and floors, are used to alter the interest rate characteristics of assets and liabilities. For example, receive-fixed interest rate swaps effectively convert variable-rate assets to fixed-rate assets.

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

A number of measures are used to monitor and manage interest rate risk, including income simulation and interest sensitivity (gap) analyses. In addition, the Corporation supplements these models with longer-term measures of interest rate sensitivity including duration of equity and equity at risk. Such models are designed to estimate the impact on the value of equity resulting from changes in interest rates and supplement the simulation model and gap analyses.

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. 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'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. Based on the results of the simulation model, the Corporation was within these guidelines at December 31, 1996.

Additional interest rate scenarios are modeled to address a wider range of rate movement, yield curve, term structure and basis risk exposures. Depending on market conditions and other inherent risks, these scenarios may be modeled more or less frequently. Such analyses are used as supplemental measurements only and limits have not been established.

A gap analysis represents a point-in-time net position of assets, liabilities and off-balance-sheet financial derivatives used for interest rate risk management subject to repricing in specified time periods. Gap analysis 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. 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. The Corporation's limit for the cumulative one-year gap position is 10%. At December 31, 1996, the cumulative liability sensitivity of the one-year gap position was 2.1%.

INTEREST RATE SENSITIVITY (GAP) ANALYSIS

<TABLE>

<CAPTION>

December 31, 1996 - in millions	3 Months or Less	4 to 12 Months	1 to 2 Years	2 to 5 Years	After 5 Years
<S>	<C>	<C>	<C>	<C>	<C>
Loans	\$25,083	\$6,968	\$5,188	\$8,628	\$5,931
Securities	1,862	1,921	2,780	3,656	1,698
Other earning assets	1,714	3	2	4	1
Other assets	1,719	100	132	395	5,475
Total assets	\$30,378	\$8,992	\$8,102	\$12,683	\$13,105
Noninterest-bearing deposits	\$1,752				\$9,185
Interest-bearing deposits	11,924	\$7,567	\$2,378	\$1,939	10,931
Borrowings	17,058	518	93	658	1,277
Other liabilities	469				1,292
Trust preferred securities					350
Equity					5,869
Total liabilities and equity	\$31,203	\$8,085	\$2,471	\$2,597	\$28,904
Off-balance-sheet items	(978)	(467)	(1,011)	2,331	125
Interest rate sensitivity	\$(1,803)	\$440	\$4,620	\$12,417	\$(15,674)
Cumulative gap	\$(1,803)	\$(1,363)	\$3,257	\$15,674	

</TABLE>

FINANCIAL DERIVATIVES

A variety of off-balance-sheet financial derivatives are used as part of the overall interest rate risk management process to manage interest rate risk inherent in the Corporation's line of business activities. Interest rate swaps and purchased interest rate caps and floors are the primary instruments used for these purposes. 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. Purchased interest rate caps and floors are agreements where, for a fee, the counterparty agrees to pay the Corporation the amount, if any, by which a specified market interest rate exceeds or is less than a defined rate applied to a notional amount, respectively. Forward contracts provide for the delivery of financial instruments at a specified future date and at a specified price or yield. Such contracts are used to manage risk positions associated with certain mortgage banking activities.

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

The following table sets forth changes in off-balance-sheet financial derivatives used for interest rate risk management and mortgage banking activities during 1996. Weighted-average maturity is based on contractual terms.

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<TABLE>
<CAPTION>
FINANCIAL DERIVATIVES ACTIVITY

1996-dollars in millions	January 1	Additions	Maturities	Terminations	December 31	Weighted-Avg. Maturity
-						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest rate risk management						
Interest rate swaps						
Receive fixed	\$2,785	\$7,802	\$(1,890)	\$(1,750)	\$6,947	1 yr., 7 mo.
Receive-fixed index amortizing	3,211		(1,038)	(2,117)	56	1 yr., 10 mo.
Pay fixed	2,629	409	(1,288)	(1,148)	602	2 yr., 11 mo.
Basis swaps	765	335	(765)		335	10 mo.
Interest rate caps	5,510	315	(12)		5,813	11 mo.
Interest rate floors		2,500			2,500	1 yr., 11 mo.
Total interest rate risk management	14,900	11,361	(4,993)	(5,015)	16,253	1 yr., 5 mo.
Mortgage banking activities						
Forward contracts						
Commitments to purchase loans	431	3,944	(3,980)		395	2 mo.
Commitments to sell loans	751	5,959	(5,816)		894	2 mo.
Interest rate floors - MSR	500	1,350		(800)	1,050	4 yr., 9 mo.
Receive-fixed interest rate swaps - MSR	125			(125)		
Total mortgage banking activities	1,807	11,253	(9,796)	(925)	2,339	
Total	\$16,707	\$22,614	\$(14,789)	\$(5,940)	\$18,592	

The following table sets forth by designated assets and liabilities the notional value and the estimated fair value of financial derivatives used for interest rate risk management and mortgage banking activities. Weighted-average interest rates presented are based on contractual rates at year-end 1996 and rates expected to be in effect based on the implied forward yield curve.

FINANCIAL DERIVATIVES

<TABLE>
<CAPTION>

December 31, 1996 - dollars in millions	Notional	Estimated	Contractual Rate		Forward Yield Curve	
	Value	Fair Value	Paid	Received	Paid	Received
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest rate risk management						
Asset rate conversion						
Interest rate swaps (1)						
Receive fixed designated to loans	\$6,020	\$100	5.56%	5.94%	5.88%	5.94%
Pay fixed designated to loans	552	(15)	7.36	5.54	7.36	6.17
Interest rate caps designated to (2)						
Securities	5,500		NM	NM	NM	NM
Loans	313	2	NM	NM	NM	NM
Interest rate floors designated to loans (3)	2,500	3	NM	NM	NM	NM
Total asset rate conversion	14,885	90				
Liability rate conversion						
Interest rate swaps (1)						
Receive fixed designated to interest-bearing liabilities	983	9	5.56	6.12	5.88	6.12
Pay fixed designated to notes and debentures	50		5.63	5.67	5.63	5.68
Basis swaps designated to notes and debentures	335	3	5.56	5.49	5.67	5.66
Total liability rate conversion	1,368	12				
Total interest rate risk management	16,253	102				
Mortgage banking activities						
Forward contracts						
Commitments to purchase loans	395	(1)	NM	NM	NM	NM
Commitments to sell loans	894		NM	NM	NM	NM
Interest rate floors - MSR	1,050	10	NM	NM	NM	NM

Total mortgage banking activities	2,339	9
Total financial derivatives	\$18,592	\$111

</TABLE>

- (1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 51% were based on 3-month LIBOR, 45% on 1-month LIBOR and the remainder on other short-term indices.
- (2) Interest rate caps with notional values of \$5.783 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 6.49% and 1-month LIBOR over 6.75% , respectively. At December 31, 1996, 3-month LIBOR was 5.56% and 1-month LIBOR was 5.50%.
- (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 December 31, 1996, 3-month LIBOR was 5.56% and 10-year CMT was 6.43%.

NM - not meaningful

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Corporate
FINANCIAL REVIEW 1995 versus 1994

OVERVIEW

Net income for 1995 totaled \$408 million, or \$1.19 per fully diluted share, compared with \$884 million, or \$2.52 per fully diluted share for 1994. Returns on average common shareholders' equity and average assets for 1995 were 7.05% and .54%, respectively, compared with 1.19% and 16.09%, respectively, in 1994. The 1995 results include \$380 million of after-tax charges recorded in connection with the Midlantic merger and actions taken to reposition the Corporation's balance sheet. Excluding these charges, 1995 earnings were \$788 million, or \$2.29 per fully diluted share. On this basis, returns on average common shareholders' equity and average assets were 13.67% and 1.05%, respectively.

On October 6, 1995, the Corporation acquired Chemical's franchise in southern and central New Jersey 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, a New York-based, fixed-income investment management firm with approximately \$25 billion in assets under management at closing. The Corporation paid \$71 million in cash and issued \$169 million of unsecured notes. The transaction was accounted for under the purchase method.

INCOME STATEMENT REVIEW

<TABLE>
<CAPTION>
INCOME STATEMENT HIGHLIGHTS

Year ended December 31 - in millions	1995	1994	Change
<S>	<C>	<C>	<C>
Net interest income (taxable-equivalent basis)	\$2,189	\$2,530	\$(341)
Provision for credit losses	6	84	(78)
Noninterest income before net securities losses	1,240	1,181	59
Net securities losses	(280)	(142)	(138)
Noninterest expense before special charges	2,209	2,190	19
Special charges	260	48	212
Income taxes	219	318	(99)
Net income	408	884	(476)

</TABLE>

NET INTEREST INCOME Taxable-equivalent net interest income totaled \$2.2 billion in 1995 compared with \$2.5 billion for 1994. The net interest margin narrowed to 3.15% in 1995 compared with 3.64% in 1994. Interest income increased due to higher loan volume and yields, partially offset by a reduction in the securities portfolio. The growth in interest income was offset by higher expense on deposits and borrowings in the comparison, which was primarily due to higher interest rates. During 1995, net interest income and margin were adversely impacted by interest rate swaps and caps.

PROVISION FOR CREDIT LOSSES The provision for credit losses was \$6 million and \$84 million in 1995 and 1994, respectively. Continued improvement in economic conditions, combined with management's ongoing efforts to improve asset

quality, resulted in lower nonperforming asset and charge-off levels, and a higher reserve coverage of nonperforming loans in the year-to-year comparison.

NONINTEREST INCOME Noninterest income before securities transactions increased \$59 million to \$1.2 billion in 1995. Asset management and trust revenue increased \$85 million or 25.4% due to the BlackRock acquisition, new business and an increase in the value of administered assets.

Service fees increased \$5 million in 1995 to \$495 million, primarily reflecting higher corporate finance fees and consumer fees partially offset by a decline in credit card and merchant service fees. During 1995, mortgage banking revenue decreased \$12 million to \$187 million primarily due to lower gains from servicing sales.

Other noninterest income decreased \$19 million to \$138 million in 1995. Nonrecurring gains in 1994 from Midlantic's sale of assets held for accelerated disposition were partially offset in the comparison by a gain from instruments used to hedge the economic value of MSR in 1995.

Net securities losses totaled \$280 million in 1995 compared with \$142 million in 1994. Securities were sold and related financial derivatives were terminated in connection with initiatives to downsize the securities portfolio and to reduce interest rate sensitivity.

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NONINTEREST EXPENSE Noninterest expense before special charges increased less than 1% in 1995 reflecting lower deposit insurance premiums, successful acquisition integration and emphasis on developing alternative lower-cost delivery systems and continued rationalization of the traditional branch delivery system. Staff expense totaled \$1.1 billion in 1995 compared with \$1.0 billion in 1994. Amortization of intangible assets and MSR increased \$29 million due to the BlackRock and Chemical acquisitions and MSR impairment. The decline in federal deposit insurance reflects a reduction in the Bank Insurance Fund premium.

In connection with the Midlantic merger, the Corporation recorded special charges of \$260 million in 1995 for elimination of duplicate operations and facilities, employee severance, professional services, termination of an interest rate cap position and various other costs. In 1994, the Corporation recorded special charges totaling \$48 million in connection with the consolidation of seven telebanking centers and rationalization of retail delivery systems.

INCOME TAX EXPENSE Income tax expense totaled \$219 million in 1995 compared with \$318 million in 1994. The effective tax rates were 34.9% and 26.3% in 1995 and 1994, respectively. The lower effective tax rate in 1994 was primarily due to a \$107 million benefit from the realization of Midlantic's previously unrecognized deferred tax assets. Income tax expense for 1995 included a \$15 million write-down of state deferred tax assets related to the Midlantic merger.

BALANCE SHEET REVIEW

Total assets and earning assets were \$73.4 billion and \$66.8 billion, respectively, at December 31, 1995 compared with \$77.5 billion and \$69.8 billion at year-end 1994. In 1995, the Corporation substantially reduced the securities portfolio and reliance on related wholesale funding and, with the Midlantic and Chemical acquisitions, significantly increased retail core deposit liabilities.

LOANS During 1995, loans increased \$4.6 billion or 10.5% and the ratio of loans to earning assets increased to 72.9% at year-end 1995 compared with 63.1% at December 31, 1994. Excluding purchase acquisitions, average loans increased 4.8% primarily due to consumer and residential mortgage loan growth. Consumer loan outstandings increased 14.2% due to initiatives to increase the Corporation's credit card business and the impact of acquisitions. Residential mortgages increased 19.9% during 1995 as the Corporation retained for portfolio certain originated mortgages, generally adjustable rate mortgages with fixed initial terms of three, five, seven or ten years. Commercial loans outstanding were \$16.8 billion at December 31, 1995 and \$15.5 billion at December 31, 1994. Total commercial real estate loans were \$4.9 billion and \$5.1 billion at December 31, 1995 and 1994, respectively.

SECURITIES During 1995, the Corporation reduced the size of the securities portfolio relative to earning assets. The securities portfolio was reduced by \$7.8 billion to \$15.8 billion at December 31, 1995 and represented 23.7% of earning assets compared with 33.9% at the prior year-end.

The following table presents carrying values of securities at year-end 1995 and 1994. Securities available for sale are presented at fair value and investment securities are reported at amortized cost.

SECURITIES

<TABLE>
<CAPTION>

December 31 - in millions	Available Investment		Total
	for Sale	Securities	
<S>	<C>	<C>	<C>

1995		
U.S. Treasury and government agencies	\$4,314	\$4,314
Mortgage-backed securities	8,566	8,566
Asset-backed securities	2,032	2,032
State and municipal	367	367
Other debt	97	97
Corporate stocks and other	457	457
Associated derivatives	6	6
Total	\$15,839	\$15,839

1994			
U.S. Treasury and government agencies	\$684	\$4,317	\$5,001
Mortgage-backed securities	2,824	12,521	15,345
Asset-backed securities		1,597	1,597
State and municipal	7	360	367
Other debt	146	775	921
Corporate stocks and other	129	310	439
Total	\$3,790	\$19,880	\$23,670

</TABLE>

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Corporate
FINANCIAL REVIEW 1995 versus 1994

The following table sets forth by designated assets and liabilities the notional value and the estimated fair value of financial derivatives used for interest rate risk management and mortgage banking activities. Weighted-average interest rates presented are based on contractual rates at year-end 1995.

FINANCIAL DERIVATIVES

<TABLE>
<CAPTION>

December 31, 1995 - dollars in millions	Notional	Estimated	Contractual Rates	
	Value	Fair Value	Paid	Received
	<C>	<C>	<C>	<C>
Interest rate risk management				
Asset rate conversion				
Interest rate swaps				
Receive-fixed index amortizing designated to commercial loans	\$2,471	\$(14)	5.90%	5.23%
Receive fixed designated to commercial loans and short-term investments	1,175	28	5.88	6.47
Pay fixed designated to securities and commercial loans	889	(18)	5.77	5.87
Basis swaps designated to commercial loans	300		5.96	5.85
Interest rate caps designated to securities and mortgage loans	5,510	6	NM	NM
Total asset rate conversion	10,345	2		
Liability rate conversion				
Interest rate swaps				
Pay fixed designated to interest-bearing liabilities	1,740	(5)	5.58	5.67
Receive fixed designated to interest-bearing liabilities	1,610	34	5.88	5.95
Receive-fixed index amortizing designated to deposits	740	(4)	5.93	5.32
Basis swaps designated to bank notes	465	8	5.76	5.49
Total liability rate conversion	4,555	33		
Total interest rate risk management	14,900	35		
Mortgage banking activities				
Forward contracts				
Commitments to purchase loans	431		NM	NM
Commitments to sell loans	751	(4)	NM	NM
Interest rate floors - MSR	500	9	NM	NM
Receive-fixed interest rate swaps - MSR	125	7	NM	NM
Total mortgage banking	1,807	12		
Total financial derivatives	\$16,707	\$47		

</TABLE>
NM - not meaningful

FUNDING SOURCES Deposits increased \$1.1 billion to \$46.9 billion in the year-to-year comparison as an increase in time deposits was partially offset by a decrease in foreign deposits. Borrowed funds totaled \$8.7 billion at December 31, 1995 compared with \$12.2 billion at the end of 1994 reflecting the balance sheet repositioning.

ASSET QUALITY During 1995, asset quality continued to improve. Nonperforming assets totaled \$536 million at December 31, 1995 compared with \$767 million at year-end 1994. Accruing loans contractually past due 90 days or more as to the payment of principal or interest totaled \$225 million at December 31, 1995

compared with \$175 million at December 31, 1994. Other consumer loans, residential mortgage and commercial real estate of \$51 million, \$63 million and \$45 million, respectively, were included in the total at December 31, 1995 compared with \$31 million, \$52 million and \$34 million, respectively, at year-end 1994.

The allowance for credit losses totaled \$1.3 billion at December 31, 1995 compared with \$1.4 billion at December 31, 1994. The allowance as a percentage of period-end loans and nonperforming loans was 2.59% and 352%, respectively, at the end of 1995. The comparable year-end 1994 amounts were 3.07% and 239%, respectively.

CAPITAL Shareholders' equity totaled \$5.8 billion and \$5.7 billion at December 31, 1995 and 1994, respectively, and the leverage ratio was 6.37% and 7.10% in the comparison. Tier I and total risk-based capital ratios were 8.00% and 11.56%, respectively, at December 31, 1995. The comparable December 31, 1994 ratios were 9.36% and 12.41%.

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Reports on

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT ON THE FINANCIAL
REPORTING INTERNAL CONTROL STRUCTURE

PNC Bank Corp. is responsible for the preparation, integrity and fair presentation of its published financial statements. The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles and, as such, include judgments and estimates of management. PNC Bank Corp. also prepared the other information included in the annual report and is responsible for its accuracy and consistency with the consolidated financial statements.

Management is responsible for establishing and maintaining an effective internal control structure over financial reporting. The internal control system is augmented by written policies and procedures and by audits performed by an internal audit staff which reports to the Audit Committee of the Board of Directors. Internal auditors monitor the operation of the internal control system and report findings to management and the Audit Committee, and corrective actions are taken to address identified control deficiencies and other opportunities for improving the system. The Audit Committee, composed solely of outside directors, provides oversight to the financial reporting process.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of an internal control system may vary over time.

Management assessed PNC Bank Corp.'s internal control structure over financial reporting as of December 31, 1996. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that PNC Bank Corp. maintained an effective internal control system over financial reporting as of December 31, 1996.

/s/ THOMAS H. O'BRIEN

/s/ ROBERT L. HAUNSCHILD

Thomas H. O'Brien
Chairman and
Chief Executive Officer

Robert L. Haunschild
Senior Vice President and
Chief Financial Officer

REPORT OF ERNST & YOUNG LLP,
INDEPENDENT AUDITORS

Shareholders and Board of Directors
PNC Bank Corp.

We have audited the accompanying consolidated balance sheet of PNC Bank Corp. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of PNC Bank Corp.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in

all material respects, the consolidated financial position of PNC Bank Corp. and subsidiaries at December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

As discussed in Notes to Consolidated Financial Statements, PNC Bank Corp. changed its method of accounting for mortgage servicing rights in 1995 and postemployment benefits in 1994.

/s/ ERNST & YOUNG LLP

Pittsburgh, Pennsylvania
January 24, 1997

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Consolidated

STATEMENT OF INCOME

Year ended December 31-	1996	1995	1994

Year ended December 31- dollars in millions, except per share data			

<S>	<C>	<C>	<C>
INTEREST INCOME			
Loans and fees on loans	\$3,943	\$3,743	\$3,189
Securities	859	1,283	1,407
Other	136	123	128

Total interest income	4,938	5,149	4,724

INTEREST EXPENSE			
Deposits	1,428	1,552	1,160
Borrowed funds	381	834	514
Notes and debentures	685	621	558

Total interest expense	2,494	3,007	2,232

Net interest income	2,444	2,142	2,492
Provision for credit losses		6	84

Net interest income less provision for credit losses	2,444	2,136	2,408

NONINTEREST INCOME			
Asset management and trust	497	420	335
Service fees	566	495	490
Mortgage banking	154	187	199
Net securities gains (losses)	22	(280)	(142)
Other	156	138	157

Total noninterest income	1,395	960	1,039

NONINTEREST EXPENSE			
Staff expense	1,110	1,065	1,041
Net occupancy and equipment	369	346	334
Intangible asset and MSR amortization	117	115	86
Federal deposit insurance	41	58	102
Other	675	625	627
Special charges		260	48

Total noninterest expense	2,312	2,469	2,238

Income before income taxes and cumulative effect of change in accounting principle	1,527	627	1,209
Applicable income taxes	535	219	318

Income before cumulative effect of change in accounting principle	992	408	891
Cumulative effect of change in accounting principle, net of tax benefits of \$5 (7)			

Net income	\$992	\$408	\$884

EARNINGS PER COMMON SHARE

Primary before cumulative effect of change in accounting principle	\$2.90	\$1.19	\$2.56
Cumulative effect of change in accounting principle			(.02)

Primary	\$2.90	\$1.19	\$2.54

Fully diluted before cumulative effect of change in accounting principle	\$2.87	\$1.19	\$2.54
Cumulative effect of change in accounting principle			(.02)

Fully diluted	\$2.87	\$1.19	\$2.52

CASH DIVIDENDS DECLARED PER COMMON SHARE	\$1.42	\$1.40	\$1.31

AVERAGE COMMON SHARES OUTSTANDING			
Primary	340,245,928	339,134,028	345,214,539
Fully diluted	345,354,469	344,921,810	350,218,169

See accompanying Notes to Consolidated Financial Statements.

</TABLE>

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Consolidated
BALANCE SHEET

<TABLE>
<CAPTION>

December 31 - dollars in millions, except par values	1996	1995
-----	-----	-----
<S>	<C>	<C>
ASSETS		
Cash and due from banks	\$4,016	
\$3,679		
Short-term investments	774	
1,611		
Loans held for sale	941	
659		
Securities available for sale	11,917	
15,839		
Loans, net of unearned income of \$385 and \$403	51,798	48,653
Allowance for credit losses	(1,166)	
(1,259)		

Net loans	50,632	
47,394		
Other	4,980	
4,222		

Total assets	\$73,260	
\$73,404		

LIABILITIES		
Deposits		
Noninterest-bearing	\$10,937	
\$10,707		
Interest-bearing	34,739	
36,192		

Total deposits	45,676	
46,899		
Borrowed funds		
Federal funds purchased	2,797	
3,817		
Repurchase agreements	645	
2,851		
Commercial paper	976	
753		
Other	3,442	
1,244		

Total borrowed funds	7,860	
8,665		
Notes and debentures	11,744	
10,398		
Other	1,761	

1,674		

Total liabilities	67,041	
67,636		

Mandatorily redeemable capital securities of subsidiary trust	350	
SHAREHOLDERS' EQUITY		
Preferred stock	7	
1		
Common stock - \$5 par value		
Authorized: 450,000,000 shares		
Issued: 345,154,238 and 340,863,348 shares	1,726	1,704
Capital surplus	939	
545		
Retained earnings	4,075	
3,571		
Deferred benefit expense	(60)	
(79)		
Net unrealized securities gains (losses)	(67)	26
Common stock held in treasury at cost: 21,036,195 shares	(751)	

Total shareholders' equity	5,869	
5,768		

Total liabilities and shareholders' equity	\$73,260	\$73,404

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

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Consolidated
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Dollars in million, except per share data	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Other
Total					

<S>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1994	\$51	\$1,710	\$676	\$2,983	\$(16)
\$5,404					
Net income				884	
884					
Cash dividends declared					
Common (PNC-\$1.31, Midlantic-\$0.62 per share)				(327)	
(327)					
Preferred				(6)	
(6)					
Common stock issued (1,796,092 shares)		9	12		
21					
Common stock issued for preferred stock dividends					
(73,341 shares)			1	(1)	
5					
Tax benefit of ESOP and stock option plans			3	2	
5					
Deferred benefit expense					12
12					
Treasury stock activity					(56)
(56)					
Net unrealized securities losses					(210)
(210)					

Balance at December 31, 1994	51	1,719	692	3,535	(270)
5,727					
Net income				408	
408					
Cash dividends declared					
Common (PNC-\$1.40, Midlantic-\$0.96 per share)				(383)	
(383)					
Preferred				(3)	
(3)					
Common stock issued (4,532,108 shares)		23	(8)		
15					
Preferred stock redeemed	(50)				
(50)					
Treasury stock activity			5		(119)
(114)					

Midlantic merger - treasury stock issued		(38)	(146)		184
Tax benefit of ESOP and stock option plans			2	14	
16					
Deferred benefit expense					4
4					
Net unrealized securities gains					148
148					

Balance at December 31, 1995	1	1,704	545	3,571	(53)
5,768					
Net income				992	
992					
Cash dividends declared					
Common (\$1.42 per share)				(482)	
(482)					
Preferred				(6)	
(6)					
Common stock issued (4,290,890 shares)		22	74		
96					
Preferred stock issued (6,000,000 shares)	6		290		
296					
Treasury stock activity			1	(1)	(751)
(751)					
Tax benefit of ESOP and stock option plans			29	1	
30					
Deferred benefit expense					19
19					
Net unrealized securities losses					(93)
(93)					

Balance at December 31, 1996	\$7	\$1,726	\$939	\$4,075	\$(878)
\$5,869					

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

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Consolidated
STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Year ended December 31- in millions	1996	1995
1994		

	<C>	<C>
OPERATING ACTIVITIES		
Net income	\$992	\$408
\$884		
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses		6
84		
Net securities (gains) losses	(22)	280
142		
Depreciation, amortization and accretion	290	296
252		
Net gain on sales of assets	(89)	(77)
(104)		
Valuation adjustments	(9)	(15)
(13)		
Deferred income taxes	190	128
6		
Cumulative effect of change in accounting principle		
7		
Change in		
Loans held for sale	(282)	(172)
957		
Other	(860)	266
(377)		

Net cash provided by operating activities	210	1,120
1,838		
INVESTING ACTIVITIES		
Purchases of securities available for sale	(9,063)	(3,409)
(11,116)		
Sales of securities available for sale	6,789	7,983
12,318		
Repayment of securities available for sale	6,045	1,791
2,746		
Purchases of investment securities		(161)

(8,754)		
Repayment of investment securities		1,944
3,478		
Net change in loans	(1,657)	(2,021)
(1,279)		
Purchases of		
Credit card portfolios	(1,822)	
Other loans	(683)	(702)
(29)		
Sales of		
Loans	671	160
575		
Foreclosed assets	151	125
178		
Bulk sales of loans and OREO		6
235		
Net cash received (paid) for acquisitions/divestitures	460	49
(475)		
Other	664	1,270
856		

Net cash provided (used) by investing activities	1,555	7,035
(1,267)		
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing deposits	221	272
(385)		
Interest-bearing deposits	(1,919)	(2,134)
(851)		
Federal funds purchased	(1,020)	1,595
114		
Issuance (repayment) of		
Repurchase agreements	70,626	74,102
125,322		
Repurchase agreements	(72,832)	(75,553)
(126,624)		
Commercial paper	3,439	4,376
5,621		
Commercial paper	(3,216)	(4,849)
(4,909)		
Other borrowed funds	88,842	99,245
110,292		
Other borrowed funds	(86,644)	(102,446)
(109,957)		
Notes and debentures	12,180	11,990
9,627		
Notes and debentures	(10,814)	(13,901)
(7,569)		
Issuance of		
Capital securities	350	
Preferred stock	296	
Common stock	120	88
53		
Redemption of preferred stock		(50)
Acquisition of treasury stock	(569)	(236)
(90)		
Cash dividends paid	(488)	(387)
(333)		

Net cash provided (used) by financing activities	(1,428)	(7,888)
311		

INCREASE IN CASH AND DUE FROM BANKS	337	267
882		
Cash and due from banks at beginning of year	3,679	3,412
2,530		

Cash and due from banks at end of year	\$4,016	\$3,679
\$3,412		

CASH PAID FOR		
Interest	\$2,636	\$3,102
\$2,201		
Income taxes	193	122
403		
NONCASH ITEMS		
Increase (decrease) in securities available for sale		18,078
(2,745)		
Increase (decrease) in investment securities		(18,078)
2,745		
Transfers from loans to other assets	76	99
151		

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

Notes to
CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS PNC Bank Corp. is one of the largest financial services organizations in the United States with banking subsidiaries in Pennsylvania, New Jersey, Delaware, Ohio, Kentucky, Indiana, Massachusetts and Florida. The Corporation's major businesses include consumer banking, corporate banking, mortgage banking, real estate banking and asset management. PNC Bank Corp. is subject to intense competition from other financial services companies with respect to these businesses and is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by certain regulatory authorities.

NOTE 1 ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENT PRESENTATION The consolidated financial statements include the accounts of PNC Bank Corp. and its subsidiaries ("Corporation" or "PNC Bank"), substantially all of which are wholly owned. Such statements have been prepared in accordance with generally accepted accounting principles. All significant intercompany accounts and transactions have been eliminated.

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

LOANS HELD FOR SALE Loans held for sale primarily consist of residential mortgages and are carried at the lower of cost or aggregate market value. Gains and losses on sales of loans held for sale are included in the results of operations.

SECURITIES Securities are classified as investments and carried at amortized cost if management has the positive intent and ability to hold the securities to maturity. Securities purchased with the intention of recognizing short-term profits are placed in the trading account, carried at market value and classified as short-term investments. Gains and losses on trading securities are included in other income. Securities not classified as investments or trading are designated as securities available for sale and carried at fair value with unrealized gains and losses, net of income taxes, reflected in shareholders' equity. Gains and losses on sales of securities available for sale are computed on a specific security basis and recognized in the results of operations.

LOANS Loans are stated at the principal amounts outstanding, net of unearned income. Interest income with respect to loans is accrued on the principal amount outstanding, except for lease financing income and interest on certain consumer loans which are recognized over their respective terms using methods which approximate the level yield method. Significant loan fees are deferred and accreted to interest income over the respective lives of the loans.

NONPERFORMING ASSETS Nonperforming assets are comprised of nonaccrual and restructured loans and foreclosed assets. Generally, loans other than consumer are classified as nonaccrual and the accrual of interest is discontinued when it is determined the collection of interest or principal is doubtful or when a default of interest or principal has existed for 90 days or more, unless the loan is well secured and in the process of collection. When interest accrual is discontinued, accrued but uncollected interest credited to income in the current year is reversed and unpaid interest accrued in the prior year, if any, is charged against the allowance for credit losses. Consumer loans are generally charged off when payments are past due 180 days.

A loan is categorized as restructured if the original interest rate, repayment terms, or both, are restructured due to a deterioration in the financial condition of the borrower and the loan was not previously classified as nonaccrual. Nonperforming loans are generally not returned to performing status until the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and ultimate collection of the total contractual principal and interest is no longer in doubt.

Foreclosed assets are comprised of property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure. These assets are recorded at the lower of the related loan balance or market value of the collateral less estimated disposition costs at the date acquired. Market values are estimated primarily based upon appraisals. Subsequently, foreclosed assets are valued at the lower of the amount recorded at acquisition date or the then current market value less estimated disposition costs. Gains or losses realized upon disposition of such property are reflected in the results of operations.

Interest collected on impaired loans is recognized on the cash basis or cost recovery method.

ALLOWANCE FOR CREDIT LOSSES The allowance for credit losses is a reserve for estimated credit losses established through provisions charged against income. Loans deemed to be uncollectible are charged against the allowance account.

The allowance 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, among others, the amounts and

of expected future cash flows on impaired loans, estimated losses on consumer loans and residential mortgages, and general amounts for historical loss experience, economic conditions, uncertainties in estimating losses and inherent risks in the various credit portfolios, all of which may be susceptible to significant change. Pursuant to Statement of Financial Accounting Standard ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan," as amended, impaired loans, consisting of nonaccrual and restructured commercial and commercial real estate loans, are considered in the methodology for determining the allowance for credit losses. Impaired loans are generally evaluated based on the present value of expected future cash flows or the fair value of the underlying collateral if principal repayment is expected to come from the sale or operation of such collateral.

ASSET TRANSFERS AND SERVICING OF FINANCIAL ASSETS In 1995, the Corporation adopted SFAS No. 122, "Accounting for Mortgage Servicing Rights," on a prospective basis as required by the Standard. SFAS No. 122 provides for the recognition of originated mortgage servicing rights ("OMSR") for loans sold by allocating total costs incurred between the loan and the servicing rights based on their relative fair values. Previously, the value of OMSR was not recognized as an asset when the related loan was sold. Mortgage servicing rights ("MSR") are amortized in proportion to estimated net servicing income. To determine the fair value of MSR, the Corporation estimates the present value of future cash flows incorporating numerous assumptions including servicing income, cost of servicing, discount rates, prepayment speeds and default rates.

A valuation allowance is maintained for the excess, if any, of the carrying amount of capitalized MSR over estimated fair value. For purposes of measuring impairment, MSR are disaggregated and stratified on predominant risk characteristics, primarily loan type, interest rate and investor type.

In June 1996, SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," was issued, effective for transactions entered into after December 31, 1996. This Standard establishes rules distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. SFAS No. 125 expands the treatment of MSR to all servicing assets. Management does not expect this Standard to have a material impact on the Corporation's financial position or results of operations.

GOODWILL AND OTHER INTANGIBLE ASSETS Goodwill is amortized on a straight-line basis over periods ranging from 15 to 25 years. Other intangible assets are amortized using accelerated and straight-line methods over their respective estimated useful lives. On a periodic basis, management reviews goodwill and other intangible assets and evaluates events or changes in circumstances that may indicate impairment in the carrying amount of such assets. In such instances, the Corporation measures impairment on a discounted future cash flow basis.

DEPRECIATION AND AMORTIZATION For financial reporting purposes, premises and equipment are depreciated principally using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. Accelerated methods are used for federal income tax purposes. Leasehold improvements are amortized over their estimated useful lives or their respective lease terms, whichever is shorter.

FINANCIAL DERIVATIVES The Corporation uses off-balance-sheet financial derivatives as part of the overall asset/liability management process and in mortgage banking activities. Substantially all such instruments are used to manage risk related to changes in interest rates. Financial derivatives primarily consist of interest rate swaps, purchased interest rate caps and floors, and forward contracts.

Interest rate swaps are agreements with a counterparty to exchange periodic interest payments calculated on a notional principal amount. Purchased interest rate caps and floors are agreements where, for a fee, the counterparty agrees to pay the Corporation the amount, if any, by which a specified market interest rate is higher or lower than a defined rate applied to a notional amount, respectively.

Interest rate swaps, caps and floors that modify the interest rate characteristics (such as from fixed to variable, variable to fixed, or one variable index to another) of designated interest-bearing assets or liabilities are accounted for under the accrual method. Under this method, the net amount payable or receivable from the derivative contract is accrued as an adjustment to interest income or expense of the designated instrument. Premiums on contracts are deferred and amortized over the life of the agreement as an adjustment to interest income or interest expense of the designated instruments. Unamortized premiums are included in other assets.

Changes in fair value of financial derivatives accounted for under the accrual method are not reflected in the financial results. Realized gains and losses, except losses on terminated interest rate caps and floors, are deferred as an adjustment to the carrying amount of the designated instruments and amortized over the shorter of the remaining original life of the agreements or the designated instruments. Losses on terminated interest rate caps and floors are recognized immediately in the results of operations. If the designated instruments are disposed of, the fair value of the associated derivative

Notes to
CONSOLIDATED FINANCIAL STATEMENTS

included in the determination of gain or loss on the disposition of such instruments. Contracts not qualifying for accrual accounting are marked to market in the financial statements.

Forward contracts provide for the delivery of financial instruments at a specified future date and at a specified price or yield. The Corporation uses forward contracts primarily to manage risk associated with its mortgage banking activities. Realized gains and losses on mandatory and optional delivery forward commitments are recorded in mortgage banking income in the period settlement occurs. Unrealized gains or losses are considered in the lower of cost or market valuation of loans held for sale.

PNC Bank also enters into financial derivative transactions to facilitate customer needs primarily consisting of interest rate swaps, caps and foreign exchange contracts. The Corporation mitigates the interest rate risk of customer derivatives by entering into offsetting positions with third parties. Customer derivative positions and offsetting positions with third parties are recorded at their estimated fair values, and adjustments to fair values are included in the results of operations.

INCOME TAXES Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

POSTEMPLOYMENT BENEFITS Effective January 1, 1994, the Corporation adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," which requires accrual of a liability for benefits to be paid to former or inactive employees after employment, but before retirement. The cumulative effect of the change in accounting decreased net income by \$7 million, or \$.02 per fully diluted share. Prior to 1994, the Corporation accounted for postemployment benefits on a cash basis.

STOCK-BASED COMPENSATION SFAS No. 123 "Accounting for Stock Based Compensation," effective January 1, 1996, requires the Corporation to either record compensation expense or provide additional disclosures with respect to stock awards and stock option grants made after December 31, 1994. The accompanying Notes to Consolidated Financial Statements include the disclosures required by SFAS No. 123. No compensation expense is recognized pursuant to the Corporation's stock option plans under SFAS No. 123 which is consistent with prior treatment under APB No. 25.

TREASURY STOCK The Corporation records common stock purchased for treasury at cost. At the date of subsequent reissue, the treasury stock account is reduced by the cost of such stock on the first-in, first-out basis.

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.

NOTE 2 MERGERS AND ACQUISITIONS

On December 31, 1995, Midlantic Corporation ("Midlantic") merged with the Corporation. Each share of Midlantic common stock outstanding was converted into 2.05 shares of the Corporation's common stock. The Corporation issued approximately 112 million shares of common stock and cash in lieu of fractional shares in connection with the merger. The transaction was accounted for as a pooling of interests and, accordingly, all financial data prior to January 1, 1996 has been restated as if the entities were combined for all such prior periods.

On October 6, 1995, the Corporation acquired Chemical New Jersey Holdings, Inc., and its wholly-owned subsidiary, Chemical Bank New Jersey, N.A. ("Chemical") consisting of 81 branches in southern and central New Jersey 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 New York-based, fixed-income investment management firm with approximately

\$25 billion in assets under management at closing. The Corporation paid \$71 million in cash and issued \$169 million of unsecured notes. The transaction was accounted for under the purchase method.

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NOTE 3 CASH FLOWS

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

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

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1996	1995	1994
<S>	<C>	<C>	<C>
Assets acquired	\$538	\$3,932	\$3,197
Liabilities assumed	501	3,230	2,594
Cash paid	37	661	603
Cash and due from banks received	497	710	128

</TABLE>

NOTE 4 SECURITIES

The following table sets forth information pertaining to the securities portfolio:

<TABLE>
<CAPTION>

Fair December 31 - in millions Value	1996				1995			
	Amortized		Unrealized		Amortized		Unrealized	
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
<C>								
Securities available for sale								
Debt securities								
U.S. Treasury, government agencies and corporations	\$3,238	\$20	\$21	\$3,237	\$4,241	\$74	\$1	
\$4,314								
Mortgage-backed	6,301	13	138	6,176	8,631	20	85	
8,566								
Asset-backed	1,609	7	1	1,615	2,023	9		
2,032								
State and municipal	218	9		227	343	25	1	
367								
Other debt	100	7	2	105	99	1	3	
97								
Associated derivatives						6		
6								
Total debt securities	11,466	56	162	11,360	15,337	135	90	
15,382								
Corporate stocks and other	554	3		557	455	4	2	
457								
Total securities available for sale	\$12,020	\$59	\$162	\$11,917	\$15,792	\$139	\$92	
\$15,839								

</TABLE>

At December 31, 1996 and 1995, \$5.5 billion and \$6.1 billion, respectively, notional value of interest rate swaps and caps were associated with securities available for sale. In connection with implementing accounting guidance issued in November 1995, the Corporation reassessed its investment securities' classifications. All securities previously classified as held to maturity were reclassified to the available-for-sale portfolio. The reclassifications were accounted for at fair value and included the fair value of associated financial derivatives. Subsequently, the Corporation sold \$1.9 billion of U.S. Treasury securities and \$4.1 billion of collateralized mortgage obligations and terminated associated pay-fixed interest rate swaps totaling \$5.1 billion notional value at a \$289 million loss.

The following table presents the amortized cost, fair value and weighted-average yield of debt securities at December 31, 1996 by remaining contractual maturity.

CONTRACTUAL MATURITY OF DEBT SECURITIES

December 31, 1996 - dollars in millions	Within 1 Year	1 to 5 Years	5 to 10 Years	After 10 Years	Total
U.S. Treasury and government agencies	\$835	\$2,214	\$186	\$3	\$3,238
Mortgage-backed	6	1	119	6,175	6,301
Asset-backed		78	293	1,238	1,609
State and municipal	25	44	74	75	218
Other debt	1	7	7	85	100
Total	\$867	\$2,344	\$679	\$7,576	\$11,466
Fair value	\$865	\$2,355	\$675	\$7,465	\$11,360
Weighted-average yield	5.14%	5.70%	7.00%	6.63%	6.35%

</TABLE>

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Notes to
CONSOLIDATED FINANCIAL STATEMENTS

Based on current interest rates and expected prepayment speeds, the weighted-average expected maturity of mortgage-backed and asset-backed securities was approximately 3 years and 3 months at December 31, 1996.

Weighted-average yields are based on historical cost with effective yields weighted for the contractual maturity of each security. At December 31, 1996, \$5.5 billion notional value of interest rate caps designated to the securities portfolio altered the contractual weighted-average yield from 6.35% to 6.32%.

The carrying value of securities pledged to secure public and trust deposits, repurchase agreements and for other purposes at December 31, 1996 was \$7.5 billion.

Information relating to security sales, including the effects of related financial derivatives, is set forth in the following table:

Year ended December 31 - in millions	Proceeds	Gross Gains	Gross Losses
1996	\$6,789	\$39	\$17
1995	8,125	12	292
1994	14,147	65	207

</TABLE>

NOTE 5 LOANS AND COMMITMENTS TO EXTEND CREDIT

Loans outstanding were as follows:

December 31 - in millions 1992	1996	1995	1994	1993
Consumer \$9,585	\$14,868	\$13,539	\$11,851	\$10,940
Residential mortgage 3,577	12,703	11,689	9,746	8,611
Commercial 14,766	18,062	16,812	15,545	15,521
Commercial real estate 6,503	4,624	4,914	5,063	5,169
Other 1,900	1,926	2,102	2,223	2,231
Total loans 36,331	52,183	49,056	44,428	42,472
Unearned income (388)	(385)	(403)	(385)	(359)
Total loans, net of unearned income	\$51,798	\$48,653	\$44,043	\$42,113

</TABLE>

During the fourth quarter of 1996, the Corporation acquired AAA-affinity credit card portfolios totaling \$1.6 billion for a premium of \$249 million. Loan outstandings and unfunded commitments are concentrated in PNC Bank's primary geographic markets, which include Pennsylvania, New Jersey, Delaware, Ohio, Kentucky, Indiana, Massachusetts and Florida. At December 31, 1996, no specific industry concentration exceeded 3% of total outstandings and unfunded commitments.

NET UNFUNDED COMMITMENTS

<TABLE>
<CAPTION>

December 31 - in millions	1996	1995
Consumer	\$22,045	\$7,335
Residential mortgage	511	554
Commercial	27,087	24,282
Commercial real estate		
Commercial mortgage	11	9
Real estate project	753	742
Other	849	892
Total	\$51,256	\$33,814

</TABLE>

Commitments to extend credit represent arrangements to lend funds provided there is no violation of specified contractual conditions. Commitments are reported net of participations, assignments and syndications, primarily to financial institutions, totaling \$4.4 billion and \$4.2 billion at December 31, 1996 and 1995, respectively. Consumer commitments are primarily for home equity and credit card lines. Commercial commitments generally have fixed expiration dates, may require payment of a fee, and contain termination clauses in the event the customer's credit quality deteriorates. Based on the Corporation's historical experience, approximately 50% to 75% of consumer and most commercial commitments expire unfunded, and therefore cash requirements are substantially less than the total commitment.

Net outstanding letters of credit totaled \$4.5 billion and \$4.0 billion at December 31, 1996 and 1995, respectively, and consist primarily of standby letters of credit which commit the Corporation to make payments on behalf of customers when certain specified future events occur. Such instruments are typically issued to support industrial revenue bonds, commercial paper, and bid or performance related contracts. At year-end 1996, the largest industry concentration within standby letters of credit was health care, which accounted for approximately 15% of the total. Maturities for standby letters of credit ranged from 1997 to 2011.

At December 31, 1996, \$421 million of loans were pledged to secure borrowings and for other purposes.

Certain directors and executive officers of the Corporation and its significant subsidiaries, as well as certain affiliated companies of these directors and officers, were customers of and had loans with subsidiary banks in the ordinary course of business. All such loans were on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other customers and did not involve more than a normal risk of collectibility. The aggregate dollar amounts of these loans were \$265 million and \$379 million at December 31, 1996 and 1995, respectively. During 1996, new loans of \$144 million were funded, and repayments totaled \$258 million.

NOTE 6 NONPERFORMING ASSETS

The following table sets forth nonperforming assets and related information:

<TABLE>
<CAPTION>

December 31 - dollars in millions	1996	1995	1994	1993
Nonaccrual loans	\$347	\$335	\$496	\$656
\$1,620				
Restructured loans	2	23	69	200
185				

----- Total nonperforming loans 1,805	349	358	565	856
----- Foreclosed assets 436	110	178	192	268
Assets held for accelerated disposition			10	158
----- Total nonperforming assets \$2,241	\$459	\$536	\$767	\$1,282
----- Nonperforming loans to period-end loans 5.02%	.67%	.74%	1.28%	2.03%
Nonperforming assets to period-end loans, foreclosed assets and assets held for accelerated disposition 6.16	.88	1.10	1.73	3.01
Nonperforming assets to total assets 3.41	.63	.73	.99	1.69
----- Interest on nonperforming loans Computed on original terms \$150	\$35	\$36	\$54	\$74
Recognized 19	10	10	14	19
----- Past due loans Accruing loans past due 90 days and more \$237	\$244	\$225	\$175	\$171
As a percentage of total loans, net of unearned income .66%	.47%	.46%	.40%	.41%

</TABLE>

The Corporation has no material commitments as of December 31, 1996 to extend credit to customers whose outstanding loans are nonperforming.

At December 31, 1996 and 1995, foreclosed assets are reported net of valuation allowances of \$19 million and \$37 million, respectively. Gains on sales of foreclosed assets resulted in net foreclosed asset income of \$9 million, \$11 million and \$15 million in 1996, 1995 and 1994, respectively. Net foreclosed asset income or expense is included in other noninterest expense.

NOTE 7 ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows:

In millions	1996	1995	1994
<S>	<C>	<C>	<C>
January 1	\$1,259	\$1,352	\$1,372
Charge-offs	(247)	(240)	(289)
Recoveries	83	107	120
Net charge-offs	(164)	(133)	(169)
Provision for credit losses		6	84
Acquisitions	71	34	65
December 31	\$1,166	\$1,259	\$1,352

</TABLE>

Impaired loans totaled \$292 million and \$297 million at December 31, 1996 and 1995, respectively. Impaired loans totaling \$190 million and \$154 million at the end of 1996 and 1995, respectively, had a corresponding specific allowance for credit losses of \$53 million and \$29 million. The average balance of impaired loans was \$313 million in 1996 and \$365 million in 1995. Interest income recognized on impaired loans totaled \$5 million and \$6 million in 1996 and 1995, respectively.

NOTE 8 PREMISES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Premises, equipment and leasehold improvements, stated at cost less accumulated depreciation and amortization, were as follows:

December 31 - in millions	1996	1995
<TABLE> <CAPTION>		

<S>	<C>	<C>
Land	\$95	\$101
Buildings	518	553
Equipment	996	1,069
Leasehold improvements	172	186
	-----	-----
Accumulated depreciation and amortization	1,781 (916)	1,909 (1,002)
	-----	-----
Net book value	\$865	\$907

</TABLE>

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CONSOLIDATED FINANCIAL STATEMENTS

Depreciation and amortization expense on premises, equipment and leasehold improvements totaled \$143 million in 1996, \$135 million in 1995 and \$124 million in 1994.

Certain facilities and equipment are leased under agreements expiring at various dates until the year 2025. Substantially all such leases are accounted for as operating leases. Rental expense on such leases amounted to \$90 million in 1996, \$95 million in 1995 and \$97 million in 1994.

At December 31, 1996 and 1995, required minimum annual rentals due on noncancelable leases having terms in excess of one year aggregated \$436 million and \$478 million, respectively. Minimum annual rentals for each of the years 1997 through 2001 are \$69 million, \$57 million, \$49 million, \$39 million and \$35 million, respectively.

NOTE 9 GOODWILL AND OTHER

Goodwill and other amortizable assets consisted of the following:

<TABLE> <CAPTION>	-----	
December 31 - in millions	1996	1995
<S>	<C>	<C>
Goodwill	\$953	\$960
Mortgage servicing rights	313	268
Purchased credit cards	322	
Other	34	37
	-----	-----
Total	\$1,622	\$1,265

</TABLE>

At December 31, 1996, the fair value of capitalized MSR was \$398 million.

Amortization of goodwill and other assets was as follows:

<TABLE> <CAPTION>	-----		
Year ended December 31 - in millions	1996	1995	1994
<S>	<C>	<C>	<C>
Goodwill	\$54	\$39	\$21
Mortgage servicing rights	56	71	63
Purchased credit cards	3		
Other	4	5	2
	-----	-----	-----
Total	\$117	\$115	\$86

</TABLE>

NOTE 10 DEPOSITS

The aggregate amount of time deposits with a denomination greater than \$100,000 was \$4.9 billion and \$3.9 billion at December 31, 1996 and 1995, respectively. Remaining contractual maturities of time deposits are \$13.3 billion, \$2.3 billion, \$1.0 billion, \$1.0 billion and \$1.0 billion for the years 1997 through 2001 and thereafter, respectively.

NOTE 11 NOTES AND DEBENTURES

Notes and debentures consisted of the following:

<TABLE> <CAPTION>	-----	
December 31 - in millions	1996	1995
<S>	<C>	<C>
Bank notes	\$7,905	\$6,256

Federal Home Loan Bank	2,192	2,393
Senior notes	100	100
Subordinated notes	1,357	1,361
ESOP	88	101
Other	102	187

Total	\$11,744	\$10,398

</TABLE>

Substantially all bank notes mature in 1997 and have various interest rates that range from 4.88% to 5.90%. Obligations to the Federal Home Loan Bank have various maturities ranging from 1997 to 2002 and interest rates that range from 1.25% to 8.76%. Senior and subordinated notes consisted of the following:

<TABLE>
<CAPTION>
December 31, 1996 -
dollars in millions

	Stated Rate	Maturity	Outstanding

<S>	<C>	<C>	<C>
Senior	9.25% to 10.50%	1997 to 1999	\$100
Subordinated			
Nonconvertible	6.125% to 10.55%	1998 to 2005	1,294
Convertible	8.25% to 8.50%	2005 to 2010	63

Total			\$1,357

</TABLE>

Notes and debentures have scheduled repayments for the years 1997 through 2001 and thereafter of \$8.0 billion, \$1.7 billion, \$292 million, \$59 million and \$1.7 billion, respectively.

NOTE 12 CAPITAL SECURITIES OF SUBSIDIARY TRUST

Mandatorily Redeemable Capital Securities of Subsidiary Trust ("Capital Securities") represent preferred beneficial interests in the assets of PNC Institutional Capital Trust A ("Trust"). The Trust holds certain 7.95% junior subordinated debentures due December 15, 2026 issued by a bank subsidiary of the Corporation. Distributions on the Capital Securities will be payable at an annual rate of 7.95% of the stated liquidation amount of \$1,000 per Capital Security, payable semiannually. Cash distributions on the Capital Securities are made to the extent interest on the debentures is received by the Trust. In the event of certain changes or amendments to regulatory requirements or federal tax rules, the Capital Securities are redeemable in whole. Otherwise, the Capital Securities are generally redeemable in whole or in part on or after December 15, 2006, at a declining redemption price ranging from 103.975% to 100% of the liquidation amount. On or after December 15, 2016, the Capital Securities may be redeemed at 100% of the liquidation amount.

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NOTE 13 SHAREHOLDERS' EQUITY

Information related to preferred stock is as follows:

<TABLE>
<CAPTION>

	Liquidation Value per Share	Shares Outstanding	
		1996	1995

December 31			

<S>	<C>	<C>	<C>
Authorized			
\$1 par value		17,452,764	17,529,342
Issued and outstanding			
Series A	\$40	16,479	17,846
Series B	40	4,667	4,752
Series C	20	327,013	356,347
Series D	20	441,805	469,839
Series F	50	6,000,000	

Total		6,789,964	848,784

</TABLE>

Series A through D are cumulative and, except for Series B, are redeemable at the option of the Corporation. Annual dividends on Series A, B and D preferred stock total \$1.80 per share and Series C total \$1.60 per share. Holders of Series A through D preferred stock are entitled to a number of votes equal to the number of full shares of common stock into which such preferred stock is convertible. Series A through D preferred stock have the following conversion privileges: (i) one share of Series A or Series B is convertible into eight shares of common stock; and (ii) 2.4 shares of Series C or Series D are convertible into four shares of common stock.

On October 9, 1996, the Corporation issued 6 million shares of nonconvertible,

nonvoting Series F preferred stock totaling \$300 million. Noncumulative dividends are payable quarterly commencing December 31, 1996 through September 30, 2001 at 6.05%. Thereafter, the dividend rate will be indexed to certain market indices; however, the rate paid will not be less than 6.55% or greater than 12.55%. The Series F preferred stock is redeemable in whole until 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.

The Corporation has a dividend reinvestment and stock purchase plan. Holders of preferred stock and common stock may participate in the plan which provides that additional shares of common stock may be purchased at market value with reinvested dividends and voluntary cash payments. Common stock purchased pursuant to such plan were: 1,097,597 shares in 1996; 1,177,481 shares in 1995; and 877,639 shares in 1994.

The Corporation had reserved approximately 28.7 million common shares to be issued in connection with certain stock plans and the conversion of certain debt and equity securities.

The following table sets forth purchases and issuances of common stock held in treasury.

TREASURY STOCK ACTIVITY

<TABLE>

<CAPTION>

Shares in thousands, dollars in millions	Shares	Amount
<S>	<C>	<C>
January 1, 1994	289	\$9
Shares purchased	3,684	89
Shares issued	(1,158)	(33)
December 31, 1994	2,815	65
Shares purchased	10,252	236
Shares issued	(5,578)	(117)
Midlantic merger	(7,489)	(184)
December 31, 1995	---	---
Shares purchased	22,731	802
Shares issued	(1,695)	(51)
December 31, 1996	21,036	\$751

</TABLE>

NOTE 14 FINANCIAL DERIVATIVES
FAIR VALUE OF FINANCIAL DERIVATIVES

<TABLE>

<CAPTION>

Total	Positive		Negative	
	Notional Value	Fair Value	Notional Value	Fair Value
Notional Value				
December 31 - in millions				
<S>	<C>	<C>	<C>	<C>
1996				
Interest rate swaps	\$7,290	\$112	\$650	\$(15)
\$7,940				
Interest rate caps	5,813	2		
5,813				
Interest rate floors	2,500	3		
2,500				
Mortgage banking activities	1,853	10	486	(1)
2,339				
Total	\$17,456	\$127	\$1,136	\$(16)
\$18,592				
1995				
Interest rate swaps	\$4,249	\$77	\$5,141	\$(48)
\$9,390				
Interest rate caps	5,510	6		
5,510				
Mortgage banking activities	769	16	1,038	(4)
1,807				
Total	\$10,528	\$99	\$6,179	\$(52)
\$16,707				

</TABLE>

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The Corporation uses a variety of off-balance-sheet financial derivatives as part of its overall interest rate risk management process and to manage risk associated with mortgage banking activities. Financial derivatives involve, to varying degrees, interest rate and credit risk in excess of the amount recognized in the balance sheet but less than the notional amount of the contract. For interest rate swaps and purchased interest rate caps and floors, only periodic cash payments and, with respect to such caps and floors, premiums, are exchanged. Therefore, cash requirements and exposure to credit risk are significantly less than the notional value. The Corporation manages these risks as part of its asset/liability management process and through credit policies and procedures. The Corporation seeks to minimize the credit risk by entering into transactions with only a select number of high-quality institutions, establishing credit limits, requiring bilateral-netting agreements, and, in certain instances, segregated collateral.

The Corporation uses interest rate swaps and purchased caps and floors to modify the interest rate characteristics of designated interest-bearing assets or liabilities from fixed to variable, variable to fixed, or one variable index to another. At December 31, 1996, \$9.4 billion of interest rate swaps, caps and floors were designated to loans and \$5.5 billion of interest rate caps were designated to securities. During 1996, derivative contracts modified the average effective yield on interest-earning assets from 7.69% to 7.68%. At December 31, 1996, \$1.4 billion of interest rate swaps were designated to interest-bearing liabilities. The average rate on interest-bearing liabilities was not effected by financial derivative contracts during 1996.

PNC Bank uses a combination of on-balance-sheet instruments and financial derivatives to manage risk associated with its mortgage banking activities. The inherent risk affecting the value of MSR is the potential for the related mortgages to prepay, thereby eliminating the underlying servicing fee income stream.

Forward contracts are used to manage risk positions associated with mortgage origination activities. Substantially all forward contracts mature within 90 days of origination. Forward contracts are traded in over-the-counter markets and do not have standardized terms. Counterparties to the Corporation's forward contracts are primarily U.S. Government agencies and brokers and dealers in mortgage-backed securities. In the event the counterparty is unable to meet its contractual obligations, the Corporation may be exposed to selling or purchasing mortgage loans at prevailing market prices.

At December 31, 1996, \$19 million of net deferred losses on terminated derivative contracts are being amortized as an adjustment to net interest income over a weighted-average remaining period of 17 months. During 1996, gains on terminated derivative contracts of \$7 million were recognized in connection with the sale of securities.

In connection with the Midlantic merger, \$5.5 billion notional value of interest rate caps that reduced exposure to higher interest rates within a specified range were terminated at a loss of \$80 million. The termination was part of the realignment of the combined asset and liability position of the Corporation taking into account the interest rate risk profile of Midlantic. The loss is included as a component of special charges. Concurrently, the Corporation purchased \$5.5 billion notional value interest rate caps that require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over a specified cap rate without limitation, currently 6.50%, computed quarterly based on the notional value of the contracts. At December 31, 1996, 3-month LIBOR was 5.56%. The contracts expire during the third and fourth quarters of 1997.

At December 31, 1996 and 1995, the Corporation's exposure to credit losses with respect to financial derivatives was not material.

NOTE 15 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 as part of realigning the interest rate risk profile of the combined companies.

<TABLE>
<CAPTION>

1996 - in millions	Balance at January 1	Incurred	Balance at December 31
<S>	<C>	<C>	<C>
Staff related	\$42	\$40	\$2
Net occupancy	72	63	9
Equipment	17	17	
Professional services	31	31	
Other	18	18	
Interest rate cap termination	80	80	

Total	\$260	\$249	\$11
-------	-------	-------	------

Special charges in 1994 were for costs to consolidate the Corporation's telebanking centers and rationalization of the retail branch networks.

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NOTE 16 EMPLOYEE BENEFIT PLANS

INCENTIVE SAVINGS PLANS The Corporation sponsors incentive saving plans covering substantially all employees. Under the plans, employee contributions up to 3% or 6% of base pay, subject to Internal Revenue Code limitations, are matched with cash or shares of PNC Bank common stock. Contributions for one of the plans are matched primarily by shares of PNC Bank common stock held by the Corporation's ESOP.

The Corporation makes annual contributions to the ESOP equal to the debt service requirements on the ESOP borrowing less dividends received by the ESOP. All dividends received by the ESOP are used to pay debt service. Dividends used for debt service totaled \$10 million in each of the years 1996, 1995 and 1994. To satisfy additional debt service requirements, PNC Bank contributed \$11 million in 1996, \$9 million in 1995 and \$8 million in 1994.

As the ESOP borrowing is repaid, shares are allocated to employees who made contributions during the year based on the proportion of annual debt service to total debt service. The Corporation includes all ESOP shares as common shares outstanding in the earnings per share computation. Components of ESOP shares are:

As of or for the year ended December 31 - in thousands	1996	1995
Shares		
Unallocated	3,184	3,825
Allocated shares	3,057	2,503
Shares released for allocation	851	792
Shares retired	(495)	(238)
Total	6,597	6,882

Compensation expense related to the portion of contributions matched with ESOP shares is determined based on the number of ESOP shares allocated. Compensation expense related to these plans was \$9 million for 1996, \$18 million for 1995 and \$13 million for 1994.

PENSION PLANS The Corporation sponsors defined benefit pension plans covering substantially all employees. The plans provide pension benefits that are based on the average base salary for specified years of service prior to retirement. Pension contributions are made to the extent deductible under existing federal tax rules. The Corporation also has unfunded nonqualified supplemental defined benefit retirement plans covering certain employees as defined in the plans.

The following table sets forth the estimated status of defined benefit plans:

December 31 - in millions	1996	1995
Benefit obligation		
Vested	\$580	\$550
Nonvested	25	35
Accumulated benefit obligation	605	585
Effect of future compensation levels	123	149
Projected benefit obligation for services rendered to date	728	734
Plan assets at fair value, primarily listed common stocks, U.S. Government and agency securities, and collective funds	713	644
Plan assets less than projected benefit obligation	15	90
Unrecognized net gain (loss) due to experience different from assumptions and the effects of changes in assumptions	10	(62)
Unrecognized net asset	20	26
Unrecognized prior service cost	(12)	(19)
Accrued pension cost	\$33	\$35

</TABLE>

The components of pension expense were as follows:

<TABLE>

<CAPTION>

Year ended December 31 - in millions	1996	1995	1994
Service cost for benefits earned during the period	\$32	\$24	\$29
Interest cost on projected benefit obligations	50	49	44
Actual return on plan assets	(93)	(112)	(9)
Net amortization and deferral	29	60	(42)
Net periodic pension costs	\$18	\$21	\$22

</TABLE>

Assumptions used to measure the projected benefit obligation and the expected return on assets included in net periodic pension costs are set forth in the following table.

<TABLE>

<CAPTION>

December 31	1996	1995	1994
Discount rate	7.70%	7.15%	8.75/8.50%
Increase in compensation levels	4.75	4.75	5.00/5.00
Expected long-term return on assets	9.50	9.50	10.00/8.50

</TABLE>

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POSTRETIREMENT BENEFIT PLANS PNC Bank also provides certain health care and life insurance benefits for retired employees ("postretirement benefits") through various plans. A reconciliation of the accrued postretirement benefit obligation is as follows:

<TABLE>

<CAPTION>

December 31 - in millions	1996	1995
Accumulated postretirement benefit		
Retirees	\$160	\$156
Active employees	6	8
Other active plan participants	45	59
Total accumulated postretirement obligation	211	223
Unrecognized prior service cost credit	56	56
Unrecognized net loss	(16)	(27)
Accrued postretirement benefit obligation	\$251	\$252

</TABLE>

The components of postretirement benefit expense are as follows:

<TABLE>

<CAPTION>

Year ended December 31 - in millions	1996	1995	1994
Service cost for benefits earned during the period	\$3	\$3	\$3
Interest cost on projected benefit obligations	14	15	15
Amortization of prior service cost	(4)	(4)	(3)
Net postretirement benefit expense	\$13	\$14	\$15

</TABLE>

Assumptions used in accounting for the plans were:

<TABLE>

<CAPTION>

December 31	1996	1995	1994
<S>	<C>	<C>	<C>
Discount rate	7.70%	7.15%	8.75/8.00%
Expected health care cost trend rate			
Medical	7.00	7.50	9.10/5.00
Dental	6.60	7.00	7.40

</TABLE>

The health care cost trend rate declines until it stabilizes at 5.2% beginning in 2001. A one percent increase in the health care cost trend rate from that assumed would not have a material impact on projected service and interest rate costs or the accumulated postretirement obligation.

NOTE 17 STOCK-BASED COMPENSATION PLANS

The Corporation has a senior executive long-term incentive award plan ("Incentive Plan") that provides for the granting of incentive stock options, nonqualified options, stock appreciation rights ("SAR"), performance units and incentive shares. In any given year, the number of shares of common stock available for grant under the Incentive Plan may range from 1.5% to 3% of total issued shares of common stock determined at the end of the preceding calendar year.

STOCK OPTIONS Options are granted at exercise prices not less than the market value of common stock on the date of grant and are exercisable twelve months after the grant date. Payment of the option price may be in cash or shares of common stock at market value on the exercise date. The following table presents stock option data related to the Incentive Plan, a similar predecessor plan and other plans assumed in certain mergers.

<TABLE>
<CAPTION>

Shares in thousands	Per Option		
	Exercise Price	Weighted-Average Exercise Price	Shares
<S>	<C>	<C>	<C>
January 1, 1994	\$1.59 - \$30.13	\$17.96	13,504
Granted	13.81 - 29.75	17.79	4,454
SAR exercised		13.57	(73)
Options exercised	1.59 - 27.56	14.39	(1,127)
Terminated	8.70 - 24.24	21.60	(172)
December 31, 1994	1.59 - 30.13	18.14	16,586
Granted	16.46 - 29.06	25.25	127
Options exercised	1.59 - 29.25	13.20	(2,996)
Terminated	6.10 - 30.13	20.97	(420)
Options exchanged for PNC stock in connection with Midlantic merger		8.33	(3,457)
December 31, 1995	11.38 - 29.88	23.00	9,840
Granted	31.13 - 37.31	31.23	2,697
SAR exercised		19.13	(7)
Options exercised	11.38 - 29.25	21.05	(3,258)
Terminated	21.75 - 31.13	27.75	(242)
December 31, 1996	\$11.38 - \$37.31	\$26.03	9,030

</TABLE>

At December 31, 1996, the weighted-average remaining contractual life of outstanding options was 6 years, 11 months and options for 6,393,402 shares of common stock were exercisable at a weighted-average price of \$23.90 per share. The grant-date fair value of options granted in 1996 was \$7.32 per option. Shares of common stock available for the granting of options under the Incentive Plan and the predecessor plans were: 10,225,900 at December 31, 1996, 10,314,610 at December 31, 1995, and 13,094,887 at December 31, 1994.

INCENTIVE SHARE AWARDS In 1995, 323,000 incentive shares of common stock were awarded to certain senior executives pursuant to the Incentive Plan. Issuance of such incentive shares was subject to the market price of PNC Bank's common stock equaling or exceeding specified levels for defined periods. These requirements

were met on September 16, 1996 and November 1, 1996, and 151,350 shares of restricted common stock were issued on both dates. The restricted period ends two years after the issue date. During the restricted period the recipient receives dividends and can vote the shares. If the recipient leaves the Corporation's employ within the restricted period, the shares will be forfeited. Net forfeitures totaled 20,300 shares. Compensation expense recognized for

incentive share awards was \$3 million and \$1 million in 1996 and 1995, respectively.

EMPLOYEE STOCK PURCHASE PLAN The Corporation's employee stock purchase plan ("ESPP") covers a maximum of 5.2 million shares of common stock, of which 614 thousand shares were available to be issued. Persons who have been continuously employed for at least one year are eligible to participate. Participants purchase the Corporation's common stock at 85% of the lesser of fair market value on the first or last day of each offering period. No charge to earnings is recorded with respect to the ESPP. Shares issued pursuant to the ESPP were as follows:

Year ended December 31	Shares	Price Per Share
1996	389,738	\$25.29 and \$25.82
1995	463,907	17.32 and 22.95
1994	403,692	17.64 and 24.76

The following table sets forth pro forma net income and earnings per share as if compensation expense was recognized for stock options and the ESPP in accordance with SFAS No. 123.

PRO FORMA NET INCOME AND EPS

	Reported	Pro forma
Net income (in millions)		
1996	\$992	\$980
1995	408	407
Fully diluted earnings per share		
1996	\$2.87	\$2.84
1995	1.19	1.19

For purposes of computing pro forma results PNC Bank estimated the fair value of stock options and ESPP using the Black-Scholes option pricing model. Black-Scholes is predominantly used to value traded options which differ from PNC Bank's options. The model requires the use of numerous assumptions, many of which are highly subjective in nature. Therefore, the pro forma results are, of a necessity, estimates of results of operations as if compensation expense had been recognized for all stock-based compensation plans and are not indicative of the impact on future periods. The following assumptions were used in the option pricing model for purposes of estimating pro forma results. The dividend yield represents average yields over the previous three-year period.

Year ended December 31	1996	1995
Risk free interest rate	5.3%	6.4%
Dividend yield	4.7	4.3
Volatility	32.1	32.3
Expected life	6 yrs.	6 yrs.

NOTE 18 INCOME TAXES

The components of income taxes were as follows:

Year ended December 31 - in millions	1996	1995	1994
Current			
Federal	\$297	\$77	\$293
State	48	14	19
Total current	345	91	312
Deferred			
Federal	172	84	44
State	18	44	(38)
Total deferred	190	128	6

Total	\$535	\$219	\$318
-------	-------	-------	-------

</TABLE>

Significant components of deferred tax assets and liabilities are as follows:

<TABLE>

<CAPTION>

December 31 - in millions	1996	1995
Deferred tax assets		
Allowance for credit losses	\$382	\$413
Compensation and benefits	120	113
Net unrealized securities losses	38	
Net operating loss and AMT carryforwards		23
Purchase accounting - deposits and other borrowings	27	32
Purchase accounting - other		27
Foreclosed assets	10	12
Other	51	120
Total deferred tax assets	628	740
Deferred tax liabilities		
Leasing	247	218
Depreciation	45	37
Purchase accounting - loans and leases	28	45
Net unrealized securities gains		19
Other	72	47
Total deferred tax liabilities	392	366
Net deferred tax asset	\$236	\$374

</TABLE>

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A reconciliation between the statutory and effective tax rates follows:

<TABLE>

<CAPTION>

Year ended December 31	1996	1995	1994
Statutory tax rate	35.0%	35.0%	35.0%
Increases (decreases) resulting from			
State taxes	2.8	6.0	2.2
Tax-exempt interest	(1.7)	(4.5)	(2.2)
Goodwill	.9	1.7	1.8
Valuation allowance reduction			(8.8)
Other, net	(2.0)	(3.3)	(1.7)
Effective tax rate	35.0%	34.9%	26.3%

</TABLE>

NOTE 19 REGULATORY MATTERS

The Corporation is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by such regulatory authorities. Neither the Corporation nor any of its subsidiaries is subject to written regulatory agreements.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on PNC Bank's financial statements. The Corporation's capital amounts and classification are also subject to qualitative judgments by regulatory agencies about components, risk weightings, and other factors.

The following table sets forth regulatory capital ratios for the Corporation and PNC Bank, N.A., an indirect wholly-owned subsidiary.

REGULATORY CAPITAL

<TABLE>

<CAPTION>

As of December 31 -	Amount	Ratios
---------------------	--------	--------

dollars in millions	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Risk-based capital				
Tier I				
PNC Bank Corp.	\$5,283	\$4,762	8.29%	8.00%
PNC Bank, N.A.	3,848	3,899	7.52	8.60
Total				
PNC Bank Corp.	7,427	6,882	11.65	11.56
PNC Bank, N.A.	5,343	4,966	10.44	10.94
Leverage				
PNC Bank Corp.	5,283	4,762	7.70	6.37
PNC Bank, N.A.	3,848	3,899	7.09	6.88

</TABLE>

Regulatory quantitative measures to ensure capital adequacy require the Corporation to maintain minimum ratios of Tier I and total capital to risk-weighted assets of 4% and 8%, respectively, and Tier I capital to average assets (leverage) of 3%. To be classified as well capitalized, regulators require capital ratios of 6% for Tier I, 10% for total risk-based and 5% for leverage. As of the most recent notification from federal regulators, the Corporation and each of its subsidiaries were categorized as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes would change the Corporation's category.

Dividends that may be paid by subsidiary banks to the parent company are subject to certain legal limitations and also may be impacted by capital needs, regulatory requirements and policies, and other factors deemed relevant. Without regulatory approval, the amount available for payment of dividends by all subsidiary banks was \$512 million at December 31, 1996.

Under federal law, generally no bank subsidiary may extend credit to the parent company or its nonbank subsidiaries on terms and under circumstances which are not substantially the same as comparable extensions of credit to nonaffiliates. No extension of credit may be made to the parent company or a nonbank subsidiary which is in excess of 10% of the capital stock and surplus of such bank subsidiary or in excess of 20% of the capital and surplus of such bank subsidiary as to aggregate extensions of credit to the parent company and its subsidiaries. In certain circumstances, federal regulatory authorities may impose more restrictive limitations. Such extensions of credit, with limited exceptions, must be fully collateralized. The maximum amount available under statutory limitations for transfer from subsidiary banks to the parent company in the form of loans and dividends approximated 20% of consolidated net assets at December 31, 1996.

Federal Reserve Board regulations require depository institutions to maintain cash reserves with the Federal Reserve Bank. During 1996, subsidiary banks maintained reserves which averaged \$741 million.

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NOTE 20 LITIGATION

A consolidated class action complaint is pending against the Corporation and certain officers, alleging violations of federal securities laws and common law relating to disclosures and seeking, among other things, unquantified damages on behalf of purchasers of the Corporation's securities during specified portions of 1994. Management believes that there are meritorious defenses to this consolidated lawsuit and intends to defend it vigorously. Management believes that the final disposition will not be material to the Corporation's financial position.

The Corporation, in the normal course of business, is subject to various other pending and threatened lawsuits in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate the ultimate aggregate liability, if any, arising out of such other lawsuits will have a material adverse effect on the Corporation's financial position.

At the present time, management is not in a position to determine whether any pending or threatened litigation will have a material adverse effect on the Corporation's results of operations in any future reporting period.

NOTE 21 OTHER FINANCIAL INFORMATION

Summarized financial information of the parent company is as follows:

PARENT COMPANY ONLY

BALANCE SHEET

<TABLE>

<CAPTION>

December 31 - in millions	1996	1995
<S>	<C>	<C>
ASSETS		
Cash and due from banks	\$4	\$2
Securities available for sale	602	48
Investments in		

Bank subsidiaries	6,078	6,735
Nonbank subsidiaries	276	240
Advances to subsidiary banks	9	8
Other assets	118	115
	-----	-----
Total assets	\$7,087	\$7,148
	-----	-----
LIABILITIES		
Notes and debentures	\$363	\$368
Nonbank affiliate borrowings	332	701
Accrued expenses and other liabilities	523	311
	-----	-----
Total liabilities	1,218	1,380
	-----	-----
SHAREHOLDERS' EQUITY		
	5,869	5,768
	-----	-----
Total liabilities and shareholders' equity	\$7,087	\$7,148
	-----	-----

</TABLE>

Notes and debentures have scheduled repayments of \$200 million in 1999, \$100 million in 2001 and \$63 million thereafter.

Commercial paper and all other debt issued by PNC Funding Corp., a wholly-owned subsidiary, is guaranteed by the parent company. In addition, in connection with certain affiliates' mortgage servicing operations, the parent company has committed to maintain such affiliates' net worth above minimum requirements.

PARENT COMPANY ONLY
STATEMENT OF INCOME

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
OPERATING REVENUE			
Dividends from			
Bank subsidiaries	\$924	\$447	\$379
Nonbank subsidiaries	32	25	55
Interest income	7	4	9
Other income	1		1
	-----	-----	-----
Total operating revenue	964	476	444
OPERATING EXPENSE			
Interest expense	56	73	65
Other expense	38	33	28
	-----	-----	-----
Total operating expense	94	106	93
Income before income taxes and equity in undistributed net income of subsidiaries	870	370	351
Applicable income tax benefits	(30)	(35)	(48)
	-----	-----	-----
Income before equity in undistributed net income of subsidiaries	900	405	399
Net equity in undistributed net income (excess dividends)*			
Bank subsidiaries	63	(19)	479
Nonbank subsidiaries	29	22	6
	-----	-----	-----
Net income	\$992	\$408	\$884

</TABLE>

* Amounts for 1994 include the cumulative effect of changes in accounting principles at the respective subsidiaries.

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Notes to
CONSOLIDATED FINANCIAL STATEMENTS

PARENT COMPANY ONLY
STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	\$992	\$408	\$884
Adjustments to reconcile net income to net cash provided by operating activities			

Equity in undistributed net earnings of subsidiaries	(92)	(3)	(485)
Other	(6)	10	(4)

Net cash provided by operating activities	894	415	395
INVESTING ACTIVITIES			
Net change in interest-earning deposits with subsidiary bank	(1)	4	(8)
Net capital returned from subsidiaries	657	594	25
Securities available for sale			
Sales	1,296	646	2,158
Purchases	(1,850)	(586)	(2,005)
Cash paid in acquisitions		(527)	(503)
Other		(2)	(2)

Net cash provided (used) by investing activities	102	129	(335)
FINANCING ACTIVITIES			
Borrowings from nonbank subsidiary		275	330
Repayments on borrowings from nonbank subsidiary	(353)	(239)	
Redemption of preferred stock		(50)	
Acquisition of treasury stock	(569)	(236)	(90)
Cash dividends paid to shareholders	(488)	(387)	(333)
Issuance of stock	416	88	53
Repayment of notes and debentures			(14)

Net cash used by financing activities	(994)	(549)	(54)

Increase (decrease) in cash and due from banks	2	(5)	6
Cash and due from banks at beginning of year	2	7	1

Cash and due from banks at end of year	\$4	\$2	\$7

</TABLE>

During 1996, 1995 and 1994, the parent company received income tax refunds of \$3 million, \$20 million and \$23 million, respectively. Such refunds represent the parent company's portion of consolidated income taxes. During 1996, 1995 and 1994, the parent company paid interest expense of \$60 million, \$68 million and \$63 million, respectively.

In connection with the Midlantic merger, notes and debentures of Midlantic in the aggregate principal amount of \$362 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

<TABLE>

<CAPTION>

December 31 - in millions	1996	1995
-----	-----	-----
<S>	<C>	<C>
ASSETS		
Cash and due from banks	\$4,022	\$3,678
Securities	11,210	15,683
Loans, net of unearned income	51,736	48,583
Allowance for credit losses	(1,166)	(1,259)
	-----	-----
Net loans	50,570	47,324
Other assets	5,988	6,053
	-----	-----
Total assets	\$71,790	\$72,738

LIABILITIES		
Deposits	\$46,290	\$47,024
Borrowed funds	6,951	8,093
Notes and debentures	11,126	9,726
Other liabilities	1,364	1,167
	-----	-----
Total liabilities	65,731	66,010

SHAREHOLDER'S EQUITY	6,059	6,728

Total liabilities and shareholder's equity	\$71,790	\$72,738
--	----------	----------

</TABLE>

PNC BANCORP, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1996	1995	1994
<S>	<C>	<C>	<C>
Interest income	\$4,903	\$5,117	\$4,687
Interest expense	2,404	2,941	2,173
Net interest income	2,499	2,176	2,514
Provision for credit losses		20	84
Net interest income less provision for credit losses	2,499	2,156	2,430
Noninterest income	1,249	871	921
Noninterest expense	2,230	2,409	2,184
Income before income taxes and cumulative effect of change in accounting principle	1,518	618	1,167
Applicable income taxes	539	217	320
Income before cumulative effect of change in accounting principle	979	401	847
Cumulative effect of change in accounting principle			(7)
Net income	\$979	\$401	\$840

</TABLE>

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NOTE 22 UNUSED LINE OF CREDIT

At December 31, 1996, the Corporation maintained a line of credit in the amount of \$500 million, none of which was drawn. This line is available for general corporate purposes and expires in 2000.

NOTE 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

<TABLE>
<CAPTION>

In millions	1996		1995	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<S>	<C>	<C>	<C>	<C>
ASSETS				
Cash and short-term assets	\$5,412	\$5,412	\$5,826	\$5,826
Securities	11,917	11,917	15,839	15,839
Loans held for sale	941	941	659	659
Net loans (excludes leases)	49,281	50,212	46,372	46,384
LIABILITIES				
Demand deposits	27,030	27,030	27,145	27,145
Time deposits	18,646	18,654	19,754	20,025
Borrowed funds	8,168	8,168	9,125	9,133
Notes and debentures	11,744	11,802	10,398	10,574
OFF-BALANCE-SHEET				
Commitments to extend credit	(14)	(14)	(32)	(48)
Letters of credit	(4)	(4)	(12)	(14)
Financial derivatives used for				
Interest rate risk management	81	102	(6)	35
Mortgage banking activities	11	9	16	12

</TABLE>

Real and personal property, lease financings, loan customer relationships, deposit customer intangibles, retail branch networks, fee-based businesses, such as asset management, mortgage banking and brokerage, trademarks and brand names are excluded from the amounts set forth above. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Corporation.

Fair value is defined as the estimated amount at which the financial instrument could be exchanged in a current transaction between willing parties, or other than in a forced or liquidation sale. However, it is not management's intention to immediately dispose of a significant portion of such financial instruments, and unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows.

The fair value of securities is based primarily on quoted market prices. For substantially all other financial instruments, fair values were estimated using discounted cash flow analyses, pricing models and other valuation techniques. These derived fair values are subjective in nature, involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly impact the derived fair value estimates.

The following methods and assumptions were used in estimating fair value amounts for financial instruments.

GENERAL For short-term financial instruments realizable in three months or less, the carrying amount reported in the consolidated balance sheet approximates fair value. Unless otherwise stated, the rates used in discounted cash flow analyses are based on market yield curves.

CASH AND SHORT-TERM ASSETS The carrying amounts reported in the consolidated balance sheet for cash and short-term investments approximate those assets' fair values primarily due to their short-term nature. For purposes of this disclosure only, short-term assets include due from banks, interest-earning deposits with banks, federal funds sold and resale agreements, trading securities, customer's acceptance liability and accrued interest receivable.

SECURITIES The fair value of investment securities and securities available for sale are based on quoted market prices, where available. If quoted market prices are not available, fair value is estimated using the quoted market prices of comparable instruments.

NET LOANS AND LOANS HELD FOR SALE For demand and variable-rate commercial and certain consumer loans that reprice at least quarterly, fair values are estimated by reducing carrying amounts by estimated credit loss factors. For other commercial loans, including nonaccrual loans, fair values are estimated using discounted cash flow analyses, with cash flows reduced by estimated credit loss factors and discount rates equal to rates currently charged by the Corporation for similar loans. In the case of nonaccrual loans, scheduled cash flows exclude interest payments.

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Notes to
CONSOLIDATED FINANCIAL STATEMENTS

For automobile, home equity, student and credit card loans, fair values are determined by using internal pricing models incorporating assumptions about prepayment rates, credit losses and servicing fees and costs and discounting the future net revenues at an appropriate risk-weighted rate of return. For credit cards and revolving home equity loans, this fair value does not include any amount for new loans or the related fees that will be generated from the existing customer relationships. The fair value of residential mortgages was estimated based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Loans held for sale are reported at the lower of cost or market value in the consolidated balance sheet. For purposes of this disclosure only, the carrying value approximates fair value.

DEPOSITS The carrying amounts of noninterest-bearing demand and interest-bearing, money market and savings deposits approximate fair values. For time deposits, fair values are based on the discounted value of scheduled cash flows. The discount rates used vary by instrument and are based on dealer quotes or rates currently offered for deposits with similar maturities.

BORROWED FUNDS The carrying amounts of federal funds purchased, commercial paper, acceptances outstanding and accrued interest payable are considered fair value because of their short-term nature. Repurchase agreements and term federal funds purchased are valued using discounted cash flow analyses.

NOTES AND DEBENTURES The fair value of variable-rate notes and debentures is equivalent to carrying value. For fixed-rate notes and debentures, scheduled cash flows are discounted using rates for similar debt with the same maturities.

UNFUNDED LOAN COMMITMENTS AND LETTERS OF CREDIT Fair values for commitments to extend credit and letters of credit are estimated based upon the amount of deferred fees and the creditworthiness of the counterparties.

FINANCIAL DERIVATIVES The fair value of interest rate swaps are estimated based on the discounted value of the expected net cash flows. The fair value of other derivative instruments is based on dealer quotes. These fair values represent the estimated amounts the Corporation would receive or pay to terminate the contracts, taking into account current interest rates.

Statistical
INFORMATION

SELECTED CONSOLIDATED FINANCIAL DATA

	1996	1995	1994	1993

Year ended December 31 - dollars in millions, except per share data				
1992				

<S>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS				
Interest income	\$4,938	\$5,149	\$4,724	\$4,023
\$4,281				
Interest expense	2,494	3,007	2,232	1,683
2,103				

Net interest income	2,444	2,142	2,492	2,340
2,178				
Provision for credit losses		6	84	350
494				
Noninterest income before net securities gains/losses	1,373	1,240	1,181	941
931				
Net securities gains (losses)	22	(280)	(142)	195
246				
Noninterest expense	2,312	2,469	2,238	1,985
2,073				

Income before income taxes and cumulative effect of changes in accounting principles	1,527	627	1,209	1,141
788				
Applicable income taxes	535	219	318	262
252				

Income before cumulative effect of changes in accounting principles	992	408	891	879
536				
Cumulative effect of changes in accounting principles, net of tax benefits of \$5, \$5 and \$77			(7)	20
(148)				

Net income	\$992	\$408	\$884	\$899
\$388				

PER COMMON SHARE DATA				
Book value				
As reported	\$17.13	\$16.87	\$16.59	\$15.61
\$13.63				
Excluding net unrealized securities gains/losses	17.34	16.79	16.95	15.35
13.63				
Cash dividends declared	1.42	1.40	1.31	1.175
1.08				
Earnings				
Primary before cumulative effect of changes in accounting principles	\$2.90	\$1.19	\$2.56	\$2.56
\$1.72				
Cumulative effect of changes in accounting principles			(.02)	.06
(.48)				

Primary	\$2.90	\$1.19	\$2.54	\$2.62
\$1.24				

Fully diluted before cumulative effect of changes in accounting principles	\$2.87	\$1.19	\$2.54	\$2.54
\$1.70				
Cumulative effect of changes in accounting principles			(.02)	.06
(.47)				

Fully diluted	\$2.87	\$1.19	\$2.52	\$2.60
\$1.23				

BALANCE SHEET HIGHLIGHTS (At December 31)				
Total assets	\$73,260	\$73,404	\$77,461	\$76,012
\$65,802				
Securities	11,917	15,839	23,670	25,496
22,849				

Loans, net of unearned income 35,943	51,798	48,653	44,043	42,113
Deposits 42,030	45,676	46,899	45,818	44,703
Borrowed funds 12,182	7,860	8,665	12,193	12,336
Notes and debentures 4,734	11,744	10,398	12,127	9,972
Shareholders' equity 4,543	5,869	5,768	5,727	5,404

SELECTED RATIOS

Return on				
Average common shareholders' equity 9.38%	17.18%	7.05%	16.09%	18.55%
Average assets .64	1.40	.54	1.19	1.40
Average common shareholders' equity to average assets 6.67	8.11	7.64	7.34	7.52
Dividend payout 61.72	48.89	94.76	37.42	30.79
Efficiency 60.66	59.68	78.42	62.69	56.28

</TABLE>

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Statistical
INFORMATION

SELECTED QUARTERLY FINANCIAL DATA

<TABLE> <CAPTION>	-----							
	1996				1995			

Quarter - dollars in millions, First except per share data	Fourth	Third	Second	First	Fourth	Third	Second	

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS								
Interest income \$1,261	\$1,223	\$1,217	\$1,243	\$1,255	\$1,300	\$1,293	\$1,295	
Interest expense 722	605	608	633	648	747	766	772	

Net interest income 539	618	609	610	607	553	527	523	
Provision for credit losses 2					1	2	1	
Noninterest income before net securities gains/losses 285	381	341	333	318	312	338	305	
Net securities gains (losses) 1	7	8	4	3	(289)		8	
Noninterest expense 553	586	596	564	566	826	547	543	

Income (loss) before income taxes 270	420	362	383	362	(251)	316	292	
Applicable income taxes 91	148	128	135	124	(75)	105	98	

Net income (loss) \$179	\$272	\$234	\$248	\$238	\$(176)	\$211	\$194	

PER COMMON SHARE DATA

Book value							
As reported \$16.90	\$17.13	\$17.23	\$17.07	\$16.88	\$16.87	\$17.55	\$17.24
Excluding net unrealized securities gains/losses 17.10	17.34	17.58	17.49	17.16	16.79	17.67	17.35
Earnings (losses)							
Primary .52	.80	.69	.72	.69	(.52)	.62	.57
Fully diluted .52	.79	.68	.72	.69	(.52)	.62	.56

AVERAGE BALANCE SHEET

HIGHLIGHTS

Total assets	\$69,536	\$69,546	\$72,440	\$71,733	\$75,707	\$75,266	\$75,343
\$74,841							
Securities	11,569	13,097	14,740	14,818	19,450	22,045	23,137
23,984							
Loans, net of unearned income	49,973	48,713	49,191	48,625	48,304	45,646	44,765
43,710							
Deposits	44,832	44,716	45,379	45,553	46,216	45,077	44,365
43,667							
Borrowed funds	5,493	5,510	7,816	7,823	11,511	14,016	14,140
13,902							
Notes and debentures	11,617	12,048	11,904	11,068	10,637	8,829	9,586
10,109							
Shareholders' equity	6,017	5,766	5,767	5,764	5,893	5,802	5,727
5,710							

</TABLE>

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ANALYSIS OF YEAR-TO-YEAR CHANGES IN NET INTEREST INCOME

<TABLE>

<CAPTION>

Income/Expense	1996/1995			1995/1994	
	Increase/(Decrease) in Income/Expense			Increase/(Decrease) in	
	Due to Changes in:			Due to Changes in:	
	Volume	Rate	Total	Volume	Rate
Taxable-equivalent basis - in millions					
Total					
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
INTEREST-EARNING ASSETS					
Loans held for sale	\$27	\$(3)	\$24	\$(2)	\$4
\$2					
Securities					
U.S. Treasury, government agencies and corporations	(453)	106	(347)	(179)	(39)
(218)					
Other debt	(70)	(5)	(75)	67	29
96					
Other	(6)	(4)	(10)	(1)	1
Total securities	(541)	109	(432)	(131)	9
(122)					
Loans, net of unearned income					
Credit card	41	2	43	21	2
23					
Other consumer	89	(19)	70	55	70
125					
Total consumer	121	(8)	113	70	78
148					
Residential mortgage	92	(2)	90	147	58
205					
Commercial	103	(50)	53	51	109
160					
Commercial real estate	(23)	(26)	(49)	(14)	55
41					
Other	(9)	(2)	(11)	(18)	24
6					
Total loans, net of unearned income	284	(88)	196	237	323
560					
Other interest-earning assets	(6)	(5)	(11)	(36)	30
(6)					
Total interest-earning assets	\$(366)	\$143	\$(223)	\$7	\$427
\$434					
INTEREST-BEARING LIABILITIES					
Interest-bearing deposits					
Demand and money market	\$10	\$(35)	\$(25)	\$(27)	\$103
\$76					
Savings	(7)	(14)	(21)	(6)	25

19	Other time	30	(33)	(3)	69	158
227	Deposits in foreign offices	(63)	(12)	(75)	51	19
70						

	Total interest-bearing deposits	(22)	(102)	(124)	24	368
392	Borrowed funds					
	Federal funds purchased	(34)	(18)	(52)	14	50
64	Repurchase agreements	(247)	(41)	(288)	43	127
170	Commercial paper	(11)	(3)	(14)	(17)	12
(5)	Other	(98)	(1)	(99)	27	64
91						

	Total borrowed funds	(390)	(63)	(453)	67	253
320	Notes and debentures	112	(48)	64	(99)	162
63						

	Total interest-bearing liabilities	(263)	(250)	(513)	10	765
775						

	Change in net interest income	\$ (159)	\$449	\$290	\$4	\$ (345)
\$ (341)						

</TABLE>
Changes attributable to rate/volume are prorated into rate and volume components.

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Statistical
INFORMATION

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS

<TABLE>					
<CAPTION>					

Year ended December 31 -		1996		1995	

Taxable-equivalent basis	Average		Average	Average	
Average	Balances	Interest	Yields/Rates	Balances	Interest
Dollars in millions					
Yields/Rates					

<S>	<C>	<C>	<C>	<C>	<C>
<C>					
ASSETS					
Interest-earning assets					
Loans held for sale	\$1,095	\$78	7.09%	\$725	\$54
7.50%					
Securities					
U.S. Treasury, government agencies and corporations	10,225	635	6.21	17,706	982
5.55					
Other debt	2,719	184	6.78	3,757	259
6.90					
Other	606	48	7.91	677	58
8.46					

Total securities	13,550	867	6.40	22,140	1,299
5.87					
Loans, net of unearned income					
Consumer					
Credit card	1,165	163	13.94	871	120
13.76					
Other consumer	12,192	1,028	8.43	11,142	958
8.60					

Total consumer	13,357	1,191	8.91	12,013	1,078
8.98					
Residential mortgage					
	12,049	898	7.45	10,812	808
7.47					
Commercial					
	17,150	1,338	7.80	15,852	1,285
8.11					
Commercial real estate					
	4,763	423	8.88	5,014	472
9.42					
Other					
	1,797	119	6.63	1,933	130
6.70					

	Total loans, net of unearned income	49,116	3,969	8.08	45,624	3,773
8.27	Other interest-earning assets	964	59	6.12	1,046	70
6.64						
	Total interest-earning assets/interest income	64,725	4,973	7.68	69,535	5,196
7.47	Noninterest-earning assets					
	Allowance for credit losses	(1,197)			(1,319)	
	Cash and due from banks	3,163			3,044	
	Other assets	4,116			3,871	
	Total assets	\$70,807			\$75,131	
	LIABILITIES AND SHAREHOLDERS' EQUITY					
	Interest-bearing liabilities					
	Interest-bearing deposits					
	Demand and money market	\$12,619	332	2.63	\$12,254	357
2.91	Savings	3,445	69	2.02	3,732	90
2.40	Other time	18,307	981	5.36	17,758	984
5.54	Deposits in foreign offices	846	46	5.44	1,974	121
6.13						
	Total interest-bearing deposits	35,217	1,428	4.06	35,718	1,552
4.34	Borrowed funds					
	Federal funds purchased	2,530	136	5.40	3,142	188
5.99	Repurchase agreements	2,030	110	5.41	6,514	398
6.11	Commercial paper	550	30	5.49	737	44
5.94	Other	1,544	105	6.77	2,993	204
6.84						
	Total borrowed funds	6,654	381	5.73	13,386	834
6.24	Notes and debentures	11,660	685	5.87	9,790	621
6.34						
	Total interest-bearing liabilities/interest expense	53,531	2,494	4.66	58,894	3,007
5.10	Noninterest-bearing liabilities and shareholders' equity					
	Demand and other noninterest-bearing deposits	9,900			9,112	
	Accrued expenses and other liabilities	1,529			1,341	
	Minority interest-capital securities of subsidiary	19				
	Shareholders' equity	5,828			5,784	
	Total liabilities and shareholders' equity	\$70,807			\$75,131	
	Interest rate spread			3.02		
2.37	Impact of noninterest-bearing liabilities			.81		
.78						
	Net interest income/margin on earning assets		\$2,479	3.83%		\$2,189
3.15%						

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

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<TABLE>
 <CAPTION>

	1994		1993			1992			
	Average	Average	Average	Average	Average	Average			
	Balances	Interest	Yields/Rates	Balances	Interest	Yields/Rates	Balances	Interest	
	Yields/Rates								
<S>	\$749	<C> \$52	<C> 6.84%	<C> \$402	<C> \$25	<C> 6.10%	<C> \$258	<C> \$19	<C>

7.33%							
20,915	1,200	5.74	19,885	1,165	5.86	17,595	1,270
7.22							
2,742	163	5.94	1,818	90	4.93	976	62
6.31							
698	58	8.30	631	58	9.14	824	76
9.27							
-----	-----		-----	-----		-----	-----
24,355	1,421	5.83	22,334	1,313	5.88	19,395	1,408
7.26							
720	97	13.50	682	94	13.74	670	115
17.21							
10,472	833	7.95	9,242	765	8.28	8,916	792
8.88							
-----	-----		-----	-----		-----	-----
11,192	930	8.31	9,924	859	8.66	9,586	907
9.46							
8,806	603	6.85	3,834	309	8.07	3,182	311
9.78							
15,185	1,125	7.41	14,257	1,000	7.02	15,035	1,054
7.01							
5,171	431	8.33	5,838	423	7.24	7,263	509
7.01							
2,245	124	5.52	1,688	84	4.97	1,207	76
6.34							
-----	-----		-----	-----		-----	-----
42,599	3,213	7.54	35,541	2,675	7.53	36,273	2,857
7.88							
1,724	76	4.42	1,710	61	3.59	1,500	59
3.94							
-----	-----		-----	-----		-----	-----
69,427	4,762	6.86	59,987	4,074	6.79	57,426	4,343
7.56							
(1,391)			(1,510)			(1,663)	
2,951			2,757			2,637	
3,375			2,819			2,613	
-----	-----		-----	-----		-----	-----
\$74,362			\$64,053			\$61,013	
-----	-----		-----	-----		-----	-----
\$13,481	281	2.08	\$12,685	213	1.68	\$12,545	371
2.96							
4,081	71	1.75	3,760	56	1.49	3,434	96
2.80							
16,353	757	4.63	15,571	730	4.69	18,578	1,051
5.66							
1,083	51	4.69	222	7	3.03	676	28
4.15							
-----	-----		-----	-----		-----	-----
34,998	1,160	3.31	32,238	1,006	3.12	35,233	1,546
4.39							
2,850	124	4.35	1,686	51	3.04	1,917	68
3.57							
5,576	228	4.09	7,263	252	3.47	5,606	210
3.74							
1,072	49	4.61	691	23	3.30	576	21
3.62							
2,462	113	4.57	1,128	34	3.01	1,494	55
3.68							
-----	-----		-----	-----		-----	-----
11,960	514	4.30	10,768	360	3.35	9,593	354
3.69							
11,662	558	4.78	6,882	317	4.61	3,391	203
5.98							
-----	-----		-----	-----		-----	-----
58,620	2,232	3.81	49,888	1,683	3.37	48,217	2,103
4.36							
8,939			7,986			7,539	
1,272			1,293			1,104	
-----	-----		-----	-----		-----	-----
5,531			4,886			4,153	
-----	-----		-----	-----		-----	-----
\$74,362			\$64,053			\$61,013	
-----	-----		-----	-----		-----	-----
-----		3.05			3.42		
3.20							
.70		.59			.57		
-----	-----		-----	-----		-----	-----
-----	\$2,530	3.64%	-----	\$2,391	3.99%	-----	\$2,240
3.90%							
-----	-----		-----	-----		-----	-----

Statistical
INFORMATION

LOANS

LOAN MATURITIES AND INTEREST SENSITIVITY

<TABLE>
<CAPTION>

December 31, 1996 - in millions	1 Year or Less	1 Through 5 Years	After 5 Years	Gross Loans
<S>	<C>	<C>	<C>	<C>
Commercial	\$7,216	\$7,280	\$3,566	\$18,062
Real estate project	953	858	346	2,157
Total	\$8,169	\$8,138	\$3,912	\$20,219
Loans with predetermined rate	\$1,804	\$1,922	\$785	\$4,511
Loans with floating rate	6,365	6,216	3,127	15,708
Total	\$8,169	\$8,138	\$3,912	\$20,219

</TABLE>

At December 31, 1996, \$9.4 billion of interest rate swaps, caps and floors designated to commercial and commercial real estate loans altered the interest rate characteristics of such loans. The impact of the interest rate swaps is not reflected in the table above.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is based on periodic evaluations of the credit portfolio by management. These evaluations consider, among other factors, historic losses within specific industries, current economic conditions, loan portfolio trends, specific credit reviews and estimates based on subjective factors. During 1996, 1995 and 1994, stronger economic conditions combined with management's ongoing efforts to improve asset quality resulted in lower nonperforming assets and a higher reserve coverage of nonperforming loans.

SUMMARY OF LOAN LOSS EXPERIENCE

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions 1992	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>
Allowance at beginning of year \$1,645	\$1,259	\$1,352	\$1,372	\$1,568
Charge-offs				
Consumer	166	107	92	102
Residential mortgage	9	10	16	8
Commercial	52	84	116	168
Commercial real estate				
Commercial mortgage	10	23	15	49
Real estate project	8	14	37	186
Other	2	2	1	1
Total loans charged off	247	240	277	514
Recoveries				
Consumer	41	39	40	36
Residential mortgage	2	2	1	1
Commercial	28	49	59	56
Commercial real estate				
Commercial mortgage	6	9	5	4
Real estate project	4	6	10	8
Other	2	2	1	3

107	Total recoveries	83	107	116	108

588	Net charge-offs	164	133	161	406
	Net charge-offs on bulk loan sales and assets held for accelerated disposition			(8)	(182)
495	Provision for credit losses		6	84	350
16	Acquisitions/divestitures	71	34	65	42

\$1,568	Allowance at end of year	\$1,166	\$1,259	\$1,352	\$1,372

4.36%	Allowance as a percent of period-end				
86.87	Loans	2.25%	2.59%	3.07%	3.26%
	Nonperforming loans	334.40	351.68	239.29	160.28
1.62	As a percent of average loans				
1.62	Net charge-offs including bulk loan sales and assets held for accelerated disposition	.33	.29	.40	1.65
1.36	Net charge-offs excluding bulk loan sales and assets held for accelerated disposition	.33	.29	.38	1.14
4.32	Provision for credit losses		.01	.20	.99
2.67x	Allowance for credit losses	2.37	2.76	3.17	3.86
2.67	Allowance as a multiple of net charge-offs including bulk loan sales and assets held for accelerated disposition	7.11x	9.47x	8.00x	2.33x

2.67	Allowance as a multiple of net charge-offs excluding bulk loan sales and assets held for accelerated disposition	7.11	9.47	8.40	3.38

</TABLE>

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ALLOCATION OF ALLOWANCE FOR CREDIT LOSSES *

<TABLE>
<CAPTION>

December 31 -	1996		1995		1994		1993		1992
dollars in millions	Allowance	Loans	Allowance	Loans	Allowance	Loans	Allowance	Loans	Allowance
Loans									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial	\$606	34.9%	\$585	34.3%	\$603	35.0%	\$572	36.5%	\$643
40.7%									
Commercial real estate	173	8.9	332	10.0	419	11.4	498	12.2	746
17.9									
Consumer	280	28.7	203	27.6	184	26.7	202	25.7	153
26.4									
Residential mortgage	80	24.5	112	23.8	116	21.9	86	20.3	8
9.8									
Other	27	3.0	27	4.3	30	5.0	14	5.3	18
5.2									

100.0%	\$1,166	100.0%	\$1,259	100.0%	\$1,352	100.0%	\$1,372	100.0%	\$1,568

</TABLE>

* For purposes of this presentation, unallocated reserves have been assigned to loan categories based on the relative specific allocation amounts.

TIME DEPOSITS OF \$100,000 OR MORE

Time deposits in foreign offices totaled \$843 million, substantially all of which are in denominations of \$100,000 or more. The following table sets forth remaining maturities of domestic time deposits of \$100,000 or more.

DOMESTIC TIME DEPOSITS OF \$100,000 OR MORE

<TABLE>
<CAPTION>

December 31, 1996 - in millions	Certificates of Deposit	Other Time Deposits	Total
<S>	<C>	<C>	<C>
Three months or less	\$1,473	\$1	\$1,474
Over three through six months	491		491
Over six through twelve months	617	1	618
Over twelve months	1,427	66	1,493
Total	\$4,008	\$68	\$4,076

</TABLE>

BORROWED FUNDS

Federal funds purchased represent overnight borrowings. Repurchase agreements generally have maturities of 18 months or less. At December 31, 1996, 1995, and 1994, \$58 million, \$361 million and \$51 million, respectively, of repurchase agreements had original maturities which exceeded one year. Commercial paper is issued in maturities not to exceed nine months and is stated net of discount. Other borrowed funds consist primarily of term federal funds purchased and U.S. Treasury, tax and loan borrowings which are payable on demand. At December 31, 1996 and 1995, \$11 million and \$1.5 billion, respectively, notional value of interest rate swaps were designated to borrowed funds. The effect of these swaps is not included in the rates set forth in the table.

BORROWED FUNDS

<TABLE>
<CAPTION>

Dollars in millions Rate	1996		1995		1994
	Amount	Rate	Amount	Rate	Amount
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Federal funds purchased					
Year-end balance	\$2,797	6.25%	\$3,817	5.29%	\$2,219
5.88%					
Average during year	2,530	5.36	3,142	5.96	2,850
4.35					
Maximum month-end balance during year	4,468		6,446		4,706
Repurchase agreements					
Year-end balance	645	5.54	2,851	5.89	4,302
5.59					
Average during year	2,030	5.44	6,514	6.12	5,576
4.09					
Maximum month-end balance during year	3,363		7,981		6,971
Commercial paper					
Year-end balance	976	5.34	753	5.74	1,226
5.71					
Average during year	550	5.49	737	5.94	1,072
4.61					
Maximum month-end balance during year	976		1,207		1,861
Other					
Year-end balance	3,442	5.21	1,244	5.63	4,446
5.46					
Average during year	1,544	6.77	2,993	6.83	2,462
4.57					
Maximum month-end balance during year	3,558		4,134		5,601

</TABLE>

Corporate INFORMATION

CORPORATE HEADQUARTERS

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

STOCK LISTING

PNC Bank Corp. common stock is traded on the New York Stock Exchange ("NYSE") under the symbol PNC. At the close of business on February 10, 1997, there were 65,857 common shareholders of record.

INQUIRIES

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.

FORM 10-K

The Annual Report on Form 10-K is filed with the Securities and Exchange Commission. Copies, excluding certain exhibits, may be obtained without charge by writing to Glenn Davies, Vice President, Financial Reporting, at corporate headquarters or to gdavies@usaor.net on the Internet. Requests may also be directed to (412) 762-1553.

TRUST PROXY VOTING

Reports of 1996 nonroutine proxy voting by the trust divisions of PNC Bank Corp. are available by writing to Thomas R. Moore, Vice President and Assistant Corporate Secretary, at corporate headquarters.

ANNUAL SHAREHOLDERS MEETING

All shareholders are invited to attend the PNC Bank Corp. annual meeting on Tuesday, April 22, 1997, at 11 a.m., Eastern Standard Time, on the 15th floor of One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania.

COMMON STOCK PRICES/DIVIDENDS DECLARED

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

<TABLE>
<CAPTION>

1996 Quarter	High	Low	Close	Cash Dividends Declared
<S>	<C>	<C>	<C>	<C>
First	\$32.625	\$28.375	\$30.750	\$.35
Second	31.500	28.375	29.750	.35
Third	33.875	27.500	33.375	.35
Fourth	39.750	33.125	37.625	.37
Total				\$1.42

1995 Quarter	High	Low	Close	Cash Dividends Declared
First	\$25.750	\$21.125	\$24.375	\$.35
Second	28.125	24.250	26.375	.35
Third	28.625	23.625	27.875	.35
Fourth	32.375	26.125	32.250	.35
Total				\$1.40

</TABLE>

REGISTRAR AND TRANSFER AGENT

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

DIVIDEND POLICY

Holders of PNC Bank Corp. common stock are entitled to receive dividends when declared by the board of directors out of funds legally available. The board presently intends to continue the policy of paying quarterly cash dividends. However, future dividends will depend upon earnings, the financial condition of PNC Bank Corp. and other factors including applicable government regulations and policies.

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.

PNC BANK CORP.
 SCHEDULE OF CERTAIN SUBSIDIARIES
 (AS OF FEBRUARY 28, 1997)

<TABLE>
 <CAPTION>

NAME (1)	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
----------	---

<S>	<C>
PNC Bancorp, Inc.	Delaware
PNC Bank, Delaware (2)	Delaware
PNC Bank, FSB (2)	United States
PNC Bank, Indiana, Inc. (2)	Indiana
PNC Bank, Kentucky, Inc. (2)	Kentucky
PNC Bank, National Association (2)	United States
PNC Bank, New England (2)	Massachusetts
PNC Bank, Ohio, National Association (2)	United States
PNC Mortgage Bank, National Association (2)	United States
PNC National Bank of Delaware (2)	United States
PNC Holding Corp.	Delaware
Alpine Indemnity Limited	Grand Cayman, B.W.I.
CastleInternational Asset Management Limited	United Kingdom
Midlantic Commercial Leasing Corp.	New York
Midlantic Funding Corp.	New Jersey
Parkway Management Inc.	New Jersey
PFPC International (Cayman) Ltd	Grand Cayman, B.W.I.
PFPC International Ltd	Dublin, Ireland
PFPC Trustee and Custodial Services Ltd	Dublin, Ireland
PNC Alliance Inc.	Delaware
PNC Capital Corp.	Delaware
PNC Capital Markets, Inc.	Pennsylvania
PNC Capital Recovery Corp.	Pennsylvania
PNC Commercial Corp	Florida
PNC Equity Management Corp	Pennsylvania
PNC ESOP Funding Corporation	Delaware
PNC Financial Services, Inc.	Kentucky
PNC Funding Corp	Pennsylvania
PNC Insurance Corp.	Arizona
PNC Investment Corp. (2)	Delaware
PNC Management Services Corp	Delaware
PNC Network Holdings Corp. (2)	Delaware
PNC Realty Company, Ohio	Ohio
PNC Realty Holding Corp (2)	Pennsylvania
PNC Trust Company of New York	New York
PNC Venture Corp	Delaware

</TABLE>

- (1) All active first tier subsidiaries of the Corporation's two primary subsidiary holding companies, PNC Bancorp, Inc. and PNC Holding Corp., have been listed. Not all of such subsidiaries are "significant subsidiaries" within the meaning of Rule 1-02(v) of Regulation S-X.
- (2) The names of the subsidiaries of the indicated entities are omitted because such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference, in the Registration Statements listed below, of our report dated January 24, 1997, with respect to the consolidated financial statements of PNC Bank Corp. and subsidiaries incorporated by reference in this Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1996.

Form S-3 relating to the Dividend Reinvestment and Stock Purchase Plan (No. 333-19003)

Form S-8 relating to the PNC Bank Corp. Supplemental Incentive Savings Plan and PNC Bank Corp. and Affiliates Deferred Compensation Plan (No. 333-18069)

Form S-8 relating to the PNC Retirement Savings Plan (No. 333-03901)

Form S-8 relating the PNC Bank Corp. Employee Stock Purchase Plan (No. 33-62311)

Form S-3 relating to the Dividend Reinvestment and Stock Purchase Plan of PNC Bank Corp. (No. 33-61083)

Form S-3 relating to the shelf registration of \$1 billion of debt securities of PNC Funding Corp., unconditionally guaranteed by PNC Bank Corp., and/or preferred stock of PNC Bank Corp. (No. 33-55114)

Form S-8 relating to the PNC Bank Corp. 1992 Long-Term Incentive Award Plan (No. 33-54960)

Post-Effective Amendment No. 1 on Form S-3 relating to the shelf registration of \$500 million of debt securities of PNC Funding Corp., unconditionally guaranteed by PNC Bank Corp. (No. 33-42803)

Form S-8 relating to the 1987 Senior Executive Long-Term Award Plan of PNC Bank Corp. (now known as the PNC Bank Corp. 1992 Long-Term Incentive Award Plan) (No. 33-28828)

Post-Effective Amendment No. 1 (on Form S-8) to Form S-4 relating to the exercise of stock options assumed by PNC Bank Corp. in connection with the merger of a wholly-owned subsidiary of PNC Bank Corp. with and into Bank of Delaware Corporation (No. 33-25642)

Post-Effective Amendment No. 1 to Form S-8 relating to the PNC Bank Corp. Incentive Savings Plan (No. 33-25140)

Post-Effective Amendment No. 1 (on Form S-3) to Form S-4 relating to the conversion of outstanding debentures assumed in connection with the merger of PNC Bank Corp., Kentucky, Inc., with and into a wholly-owned subsidiary of PNC Bank Corp. (No. 33-10016)

Post-Effective Amendment No. 1 on Form S-8 relating to the Stock Option Plan of PNC Bank Corp. (No. 2-92181)

Post-Effective Amendment No. 2 on Form S-8 relating to the PNC Bank Corp. Employee Stock Purchase Plan (No. 2-83510)

Pittsburgh, Pennsylvania
March 21, 1997

ERNST & YOUNG LLP

POWER OF ATTORNEY

PNC BANK CORP.
 ANNUAL REPORT ON FORM 10-K FOR YEAR ENDED DECEMBER 31, 1996

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned Directors and/or Officers of PNC Bank Corp. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Walter E. Gregg, Jr., Melanie S. Cibik and Steven L. Kaplan, or any of them, with full power of substitution, such person's true and lawful attorney-in-fact and agent to execute in such person's name, place and stead, in any and all capacities, the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

And such persons hereby ratify and confirm all that said attorneys or attorney, or any substitute, shall lawfully do or cause to be done by virtue hereof.

Witness the due execution hereof by the following persons in the capacities indicated as of this February 20, 1997.

<TABLE>
 <CAPTION>
 Name/Signature

----- <S> /s/ THOMAS H. O'BRIEN ----- Thomas H. O'Brien, Chairman, Chief Executive Officer and Director	----- <C> /s/ CRAIG MCCLELLAND ----- W. Craig McClelland, Director
----- /s/ PAUL W. CHELLGREN ----- Paul W. Chellgren, Director	----- /s/ DONALD I. MORITZ ----- Donald I. Moritz, Director
----- Robert N. Clay, Director	----- Jackson H. Randolph, Director
----- /s/ GEORGE A. DAVIDSON, JR. ----- George A. Davidson, Jr., Director	----- /s/ JAMES E. ROHR ----- James E. Rohr, President and Director
----- /s/ DAVID F. GIRARD-DICARLO ----- David F. Girard-diCarlo, Director	----- /s/ RODERIC H. ROSS ----- Roderic H. Ross, Director
----- /s/ DIANNA L. GREEN ----- Dianna L. Green, Director	----- Vincent A. Sarni, Director
----- /s/ C. G. GREFENSTETTE ----- C. G. Grefenstette, Director	----- /s/ GARRY J. SCHEURING ----- Garry J. Scheuring, Director
----- /s/ ARTHUR J. KANIA ----- Arthur Kania, Director	----- /s/ RICHARD P. SIMMONS ----- Richard P. Simmons, Director
----- /s/ BRUCE LINDSAY ----- Bruce Lindsay, Director	----- /s/ THOMAS J. USHER ----- Thomas J. Usher, Director
----- /s/ THOMAS MARSHALL ----- Thomas Marshall, Director	----- /s/ MILTON A. WASHINGTON ----- Milton A. Washington, Director
	----- /s/ HELGE H. WEHMEIER ----- Helge H. Wehmeier, Director

</TABLE>

POWER OF ATTORNEY

PNC BANK CORP.
ANNUAL REPORT ON FORM 10-K FOR YEAR ENDED DECEMBER 31, 1996

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of PNC Bank Corp. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Walter E. Gregg, Jr., Melanie S. Cibik and Steven L. Kaplan, or each of them, with full power of substitution, such person's true and lawful attorney-in-fact and agent to execute in such person's name, place and stead, in the undersigned capacity as a Director, the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

And the undersigned Director hereby ratifies and confirms all that said attorney or attorney-in-fact, or any substitute, shall lawfully do or cause to be done by virtue hereof.

Witness the due execution hereof by the undersigned Director as of this March 20, 1997.

/s/ ROBERT N. CLAY

Robert N. Clay

POWER OF ATTORNEY

PNC BANK CORP.
ANNUAL REPORT ON FORM 10-K FOR YEAR ENDED DECEMBER 31, 1996

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of PNC Bank Corp. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Walter E. Gregg, Jr., Melanie S. Cibik and Steven L. Kaplan, or each of them, with full power of substitution, such person's true and lawful attorney-in-fact and agent to execute in such person's name, place and stead, in the undersigned capacity as a Director, the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

And the undersigned Director hereby ratifies and confirms all that said attorney or attorney-in-fact, or any substitute, shall lawfully do or cause to be done by virtue hereof.

Witness the due execution hereof by the undersigned Director as of this March 21, 1997.

/s/ JACKSON H. RANDOLPH

Jackson H. Randolph

POWER OF ATTORNEY

PNC BANK CORP.
ANNUAL REPORT ON FORM 10-K FOR YEAR ENDED DECEMBER 31, 1996

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of PNC Bank Corp. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Walter E. Gregg, Jr., Melanie S. Cibik and Steven L. Kaplan, or each of them, with full power of substitution, such person's true and lawful attorney-in-fact and agent to execute in such person's name, place and stead, in the undersigned capacity as a Director, the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996.

And the undersigned Director hereby ratifies and confirms all that said attorney or attorney-in-fact, or any substitute, shall lawfully do or cause to be done by virtue hereof.

Witness the due execution hereof by the undersigned Director as of this March 20, 1997.

/s/ VINCENT A. SARNI

- -----
Vincent A. Sarni

<TABLE> <S> <C>

<ARTICLE> 9

<LEGEND>

This schedule contains summary financial information extracted from the consolidated financial information incorporated by reference to the 1996 Annual Report on Form 10-K and is qualified in its entirety by reference to such financial information.

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<RECOVERIES>	83
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