PNC BANK CORP.

Quarterly Report on Form 10-Q
For the quarterly period ended September 30, 1997

Page 1 represents a portion of the third quarter 1997 Financial Review which is not required by the Form 10-Q report and is not "filed" as part of the Form 10-Q.

The Quarterly Report on Form 10-Q and cross reference index is on page 32.

Financial
HIGHLIGHTS

	Three months ended September 30		Nine months ended September 30	
	1997	1996	1997	1996
FINANCIAL PERFORMANCE (in thousands, except per share data)				
Revenue				
Net interest income (taxable-equivalent basis)	$627,431	$616,938	$1,885,295	$1,852,972
Noninterest income	445,650	348,374	1,304,173	1,006,521
Total revenue	1,073,081	965,312	3,189,468	2,859,493
Net income	261,595	233,953	786,979	720,323
Per common share				
Fully diluted earnings	.83	.68	2.43	2.08
Cash dividends declared	.37	.35	1.11	1.05
SELECTED RATIOS				
Return on				
Average common shareholders' equity	20.11%	16.16%	19.93%	16.71%
Average assets	1.47	1.34	1.49	1.35
Net interest margin	3.89	3.85	3.91	3.77
After-tax profit margin	24.38	24.24	24.67	25.19
Efficiency ratio	59.51	61.68	60.00	60.34
Net charge-offs to average loans	.54	.30	.49	.29

	September 30	June 30	December 31	September 30
	1997	1997	1996	1996
BALANCE SHEET DATA (in millions)				

Assets	$71,828	$71,973	$73,260	$69,662
Earning assets	64,208	64,297	65,439	62,533
Loans, net of unearned income	53,651	53,497	51,798	49,443
Securities	8,000	8,396	11,917	11,243
Deposits	44,788	45,216	45,676	45,430
Borrowed funds	19,052	19,066	19,604	16,650
Shareholders' equity	5,476	5,384	5,869	5,798
Common shareholders' equity	5,161	5,068	5,553	5,781
CAPITAL RATIOS				
Leverage	7.43%	7.35%	7.70%	7.18%
Risk-based				
Tier I	7.72	7.74	8.29	8.29
Total	11.46	10.98	11.65	11.79
Common shareholders' equity to assets	7.18	7.04	7.58	8.30
ASSET QUALITY RATIOS				
Nonperforming assets to loans and foreclosed assets	.73	.83	.88	1.01
Allowance for credit losses to loans	1.91	2.01	2.25	2.33
Allowance for credit losses to nonperforming loans	324.25	310.34	334.40	306.11
Book value per common share	$16.92	$16.51	$17.13	$17.23

</TABLE>

Financial REVIEW

This Financial Review should be read in conjunction with PNC Bank Corp. and subsidiaries' ("Corporation" or "PNC Bank") unaudited Consolidated Financial Statements included herein and the Corporate Financial Review and audited Consolidated Financial Statements included in the Corporation's 1996 Annual Report.

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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 markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky and nationally through retail distribution networks and alternative delivery channels.

SUMMARY FINANCIAL RESULTS Net income for the first nine months of 1997 was $787 million or $2.43 per fully diluted share compared with $720 million and $2.08, respectively, a year ago. Returns on average common shareholders' equity and average assets were 19.93% and 1.49% compared with 16.71% and 1.35%, respectively, a year ago.

Results for 1996 include a one-time special assessment to recapitalize the Savings Association Insurance Fund ("SAIF"). Excluding the SAIF assessment, earnings totaled $743 million or $2.15 per fully diluted share for the first nine months of 1996. On this basis, returns on average common shareholders' equity and average assets were 17.23% and 1.39%, respectively.

Total revenue for the first nine months of 1997 increased 11.5% compared with the same period in 1996 primarily due to noninterest income growth. Noninterest income increased to $1.3 billion for the first nine months of 1997, a 29.6% increase over the same period in 1996. The increase reflects growth in credit card, asset management, mutual fund servicing, corporate and consumer service fees and securitization income. Noninterest income represented 41% of total revenue compared with 35% in the first nine months of 1996. Taxable-equivalent net interest income increased $32 million for the first nine months of 1997 and the net interest margin widened 14 basis points to 3.91% compared with 3.77% in the prior-year period. These increases resulted from a higher-yielding earning asset mix which offset the impact of spread compression and lower deposit levels.

The provision for credit losses was $45 million for the first nine months of 1997. No provision was recorded in the prior-year period.

Operating expenses increased $189 million to $1.9 billion largely due to $123 million of incremental costs associated with AAA Financial Services and credit card-related initiatives. The efficiency ratio was 60.0% for the first nine months of 1997 compared with 60.3% a year ago.

Total assets were $71.8 billion at September 30, 1997. Average earning assets declined $1.2 billion in the period-to-period comparison to $64.0 billion, reflecting securities portfolio reduction partially offset by loan growth. Average securities declined $5.1 billion to $9.1 billion and represented 14.2% of average earning assets compared with 21.8% a year ago. Average loans increased $3.8 billion to $52.7 billion primarily due to higher credit card, residential mortgage and commercial loan outstandings. Loans represented 82.3% of average earning assets compared with 74.9% a year ago.

Asset quality and coverage ratios remained strong. The ratio of nonperforming assets to loans and foreclosed assets was .73% at September 30, 1997 compared with .88% at December 31, 1996 and 1.01% a year ago. The allowance for credit losses was 324% of nonperforming loans and 1.91% of total loans at September 30, 1997. Annualized net charge-offs for the first nine months of 1997 were .49% of average loans compared with .29% for the first nine months of 1996. The increase was primarily associated with higher credit card outstandings.

Shareholders' equity totaled $5.5 billion at September 30, 1997. The leverage ratio was 7.43% and Tier I and total risk-based capital ratios were 7.72% and 11.46%, respectively. As part of the Corporation's capital management initiatives, 23.8 million shares of common stock were repurchased during the first nine months of 1997.

BUSINESS STRATEGIES PNC Bank's strategies are focused on creating a more valuable earnings stream by reducing the reliance on wholesale investment activities and increasing earnings from banking activities with national distribution capability and more attractive growth characteristics.

Financial services providers today are challenged by intense competition, changing customer demands, increased pricing pressures and the ongoing impact of deregulation. Traditional loan and deposit activities face particularly challenging competitive pressures as both banks and nonbanks compete for customers with access to a broad array of banking, investment and capital markets products. Many of these traditional businesses have moderate growth expectations and require significant capital to support balance sheet leverage, which entails credit and interest rate risk.

PNC Bank is responding to these challenges by altering the business mix and investing in non-traditional businesses including Asset Management, Mutual Fund Servicing, Private Banking, Treasury Management and Capital Markets. These businesses are largely fee-based, less capital intensive and have superior growth outlooks on a national scale. More meaningful contributions from these businesses, coupled with disciplined management of traditional banking activities, have allowed PNC Bank to significantly alter the nature of the earnings stream.

CONSUMER BANKING contributed 47% of total line of business earnings in the first nine months of 1997. Consumer Banking is focused on expanding product distribution through cost efficient non-traditional delivery channels. Narrowing spreads on traditional products dictate employing cost efficient alternatives to deliver products to customers. Consumer preferences are changing as technological advances are transforming the delivery of products. Deposit activities are subject to pricing pressures and customer migration as banks and other financial services companies compete for consumer investment dollars. Through this transition, traditional retail branches are managed in conjunction with more automated distribution channels such as telebanking, automated teller machines and on-line banking through personal computers.

Through AAA Financial Services, the Corporation offers financial products and services to AAA's 34 million members nationwide. This initiative represents a unique opportunity to market and deliver consumer products and services largely through more efficient alternative distribution channels.

CORPORATE BANKING contributed 29% of total line of business earnings in the first nine months of 1997. 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 net interest spreads. In this environment, the focus is on aggressively managing capital to generate more appropriate returns and on expanding fee-based revenue by developing products and services as alternatives to spread-based businesses. These alternatives include syndication, treasury management, interest rate risk management and capital markets. Corporate Banking also offers a full range of leasing and commercial finance products.

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 improving financial returns 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, private debt placements and interest rate risk management services.

MORTGAGE BANKING remains a key national consumer business, with commodity-based pricing requiring an efficient infrastructure and increasingly higher origination and servicing volumes. A substantial portion of PNC Bank's origination activity is generated through the retail distribution network. Ongoing servicing and customer contact provide the opportunity to cross-sell other consumer products. The Mortgage Banking line of business is focused on geographically expanding the origination network and reducing costs by leveraging technology to enhance efficiency and service.

ASSET MANAGEMENT, with $127 billion in managed assets, is among the largest asset managers in the country. It is the second largest U.S. bank manager of mutual funds and the third largest mutual fund service provider. Asset Management's initiatives focus on expanding marketing and delivery channels for investment products and leveraging mutual fund servicing capabilities. PFPC Inc., the Corporation's mutual fund servicing business, specializes in providing institutional clients 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 $14 billion in assets, provides institutional and individual investors with a full range of equity, bond and money market investment options. The funds are offered to PNC Bank's retail customers and marketed nationally through agreements with over 75 brokerage firms.

FORWARD-LOOKING STATEMENTS

PNC Bank has made, and may continue to make, various forward-looking statements with respect to earnings per share, AAA Financial Services, 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 change over time. Actual results could differ materially from forward-looking statements.

In addition to factors previously disclosed by the Corporation and those identified elsewhere in this Financial Review, the following factors, among others, could cause actual results to differ materially from forward-looking statements: continued pricing pressures on loan and deposit products; success and timing of AAA and other business strategies; the 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.

LINE OF BUSINESS REVIEW

<TABLE>
<CAPTION>

Nine months ended September 30 - dollars in millions	Average Assets		Revenue		Earnings		Return on Assigned Capital	
	1997	1996	1997	1996	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Consumer Banking	$38,437	$39,108	$1,904	$1,727	$361	$403	21%	24%
Corporate Banking	17,502	17,041	630	563	222	193	14	13
Real Estate Banking	4,032	4,074	127	119	71	59	16	13
Mortgage Banking	15,057	13,596	340	277	65	35	13	8
Asset Management	687	568	299	242	56	45	37	36
Total lines of business	75,715	74,387	3,300	2,928	775	735	18	18
Asset/liability management activities	(8,581)	(6,468)	(52)	(37)	(59)	(32)		
Provision for credit losses					83	40		
SAIF assessment						(22)		
Other	3,434	3,315	(59)	(32)	(12)	(1)		
Total consolidated	$70,568	$71,234	$3,189	$2,859	$787	$720	19%	17%

</TABLE>

Financial results for PNC Bank's lines of business are derived from the Corporation's management accounting system.

The management accounting process uses various balance sheet and income statement allocations and transfers to evaluate business unit performance. There is no comprehensive, authoritative body of guidance for management accounting equivalent to generally accepted accounting principles. Line of business 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 change from time to time as the management accounting system is enhanced and business or product lines change.

The financial results presented herein reflect each line of business as if operated on a stand-alone basis. Securities or borrowings, and related interest rate spreads, 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 providing similar products and services. Capital assignments are not equivalent to regulatory capital guidelines and the total capital assigned will differ from consolidated shareholders' equity.

Total line of business financial results differ from consolidated financial results primarily due to asset/liability management activities, different provision for credit loss methodologies and certain other unallocated items.

Asset/liability management activities reflect the residual of the assignment of wholesale assets and liabilities to the lines of business. These activities also include gains and losses on securities transactions and the impact of financial derivatives used for interest rate risk management. Provisions for credit losses are reflected as charges or credits to earnings to maintain line of business reserves.

CONSUMER BANKING

<TABLE>
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Nine months ended September 30 - dollars in millions	Community Banking 1997	Community Banking 1996	Private Banking 1997	Private Banking 1996	Total 1997	Total 1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT						
Net interest income	$1,213	$1,226	$81	$57	$1,294	$1,283
Noninterest income	398	254	212	190	610	444
Total revenue	1,611	1,480	293	247	1,904	1,727
Provision for credit losses	188	70	3		191	70
Noninterest expense	945	826	184	175	1,129	1,001
Pretax earnings	478	584	106	72	584	656
Income taxes	182	222	41	31	223	253
Earnings	$296	$362	$65	$41	$361	$403
AVERAGE BALANCE SHEET						
Loans	$17,111	$15,011	$2,437	$2,305	$19,548	$17,316
Assigned assets and other	18,831	21,736	58	56	18,889	21,792
Total assets	$35,942	$36,747	$2,495	$2,361	$38,437	$39,108
Net deposits	$33,655	$34,557	$1,646	$1,495	$35,301	$36,052
Assigned funds and other	257	221	593	608	850	829
Assigned capital	2,030	1,969	256	258	2,286	2,227

Total funds	$35,942	$36,747	$2,495	$2,361	$38,437	$39,108
PERFORMANCE RATIOS						
After-tax profit margin	18%	24%	22%	17%	19%	23%
Efficiency	59	56	63	71	59	58
Return on assigned capital	20	25	34	21	21	24

</TABLE>

The Consumer Banking line of business includes Community Banking which serves small business customers and consumers who use traditional branch and direct banking services, and Private Banking which provides affluent customers with competitive investment products as well as traditional trust, brokerage and retail financial services.

Consumer Banking management is focused on enhancing longer-term returns on assigned capital by employing more efficient alternative delivery systems across a broader geographic marketplace. These efforts are reflected in the aggressive pursuit of the AAA initiative.

Consumer Banking earnings contributed 47% of total line of business earnings in the first nine months of 1997 compared with 55% a year ago. Earnings for the first nine months of 1997 decreased $42 million or 10% due to lower Community Banking earnings, which declined $66 million or 18% to $296 million. The decline in Community Banking earnings was primarily due to costs associated with the AAA and credit card initiatives and lower deposit levels. Private Banking earnings increased 59% to $65 million for the first nine months of 1997 due to higher annuity and trust income and an increase in loans.

The initial phase of the AAA alliance requires significant investments to market products and services and acquire portfolios. In addition, credit card growth is accomplished, in part, by offering product incentives such as lower introductory interest rates. Net interest income and margin are adversely affected until the introductory period expires and the yields earned are reset to market rates. The AAA alliance resulted in a net loss of $44 million for the first nine months of 1997.

With respect to the AAA initiative, provisions for credit losses in connection with credit card growth as well as increased marketing and operating expenses are expected to exceed revenue growth during the start-up period. Overall, the AAA alliance is expected to result in a net loss in 1997 between $50 million and $60 million and current projections indicate the initiative will become profitable in the fourth quarter of 1998.

CORPORATE BANKING

<TABLE>
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Nine months ended September 30 - dollars in millions	Commercial Banking 1997	Commercial Banking 1996	Equity Management 1997	Equity Management 1996	Total 1997	Total 1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT						
Net interest income	$414	$378		$(2)	$414	$376
Noninterest income	158	127	$58	60	216	187
Total revenue	572	505	58	58	630	563
Provision for credit losses	2	(11)			2	(11)

Noninterest expense	272	256	6	6	278	262
Pretax earnings	298	260	52	52	350	312
Income taxes	109	99	19	20	128	119
Earnings	$189	$161	$33	$32	$222	$193
AVERAGE BALANCE SHEET						
Loans	$16,511	$16,154	$65	$46	$16,576	$16,200
Other assets	707	663	219	178	926	841
Total assets	$17,218	$16,817	$284	$224	$17,502	$17,041
Net deposits	$2,155	$1,908			$2,155	$1,908
Assigned funds and other	12,976	12,938	$199	$157	13,175	13,095
Assigned capital	2,087	1,971	85	67	2,172	2,038
Total funds	$17,218	$16,817	$284	$224	$17,502	$17,041
PERFORMANCE RATIOS						
After-tax profit margin	33%	32%	56%	56%	35%	34%
Efficiency	48	51	10	10	44	47
Return on assigned capital	12	11	52	64	14	13

</TABLE>

The Corporate Banking line of business includes Commercial Banking, which serves large and middle market commercial customers with a specific focus on customers in certain specialized industries, and Equity Management, which makes venture capital investments.

Corporate Banking contributed 29% of total line of business earnings in the first nine months of 1997 compared with 26% in the same period of 1996. Earnings for the first nine months of 1997 increased $29 million or 15%.

The challenge in Corporate Banking is to improve returns on investment capital. This business 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. In this environment, PNC Bank is focused on generating appropriate returns for the level of balance sheet leverage employed and expanding fee-based revenue by developing products and services as alternatives to spread-based lending.

Commercial Banking earnings increased in the comparison primarily due to higher fee-based revenue driven by growth initiatives in treasury management and capital markets. Through the first nine months of 1997, 28% of total revenue was derived from fee-based sources compared with 25% last year. In addition, deposit balances, maintained as compensation for non-credit services, increased by 13% in the comparison. The benefit of these balances coupled with higher yielding loan growth contributed to the 10% increase in net interest income.

Management expects Commercial Banking revenue to be generated increasingly from fee-based sources such as treasury management, capital markets and corporate finance. Capital markets capabilities continue to be expanded to meet the changing needs of customers, including merger and acquisition advisory, private placement, interest rate risk management and leasing products and services. To enhance its product capability PNC Bank entered into a strategic alliance with Friedman, Billings, Ramsey Group, Inc., an institutional investment banking firm.

Financial
REVIEW

REAL ESTATE BANKING

<TABLE>
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Nine months ended September 30 - dollars in millions	1997	1996
INCOME STATEMENT		
Net interest income	$112	$110
Noninterest income	15	9
Total revenue	127	119
Provision for credit losses	(23)	(5)
Noninterest expense	35	29
Pretax earnings	115	95
Income taxes	44	36
Earnings	$71	$59
AVERAGE BALANCE SHEET		
Loans	$3,941	$3,906
Other assets	91	168
Total assets	$4,032	$4,074
Net deposits	$182	$167
Assigned funds and other	3,264	3,321
Assigned capital	586	586
Total funds	$4,032	$4,074
PERFORMANCE RATIOS		
After-tax profit margin	56%	49%
Efficiency	27	25
Return on assigned capital	16	13

</TABLE>

Real Estate Banking serves national, regional and local real estate developers, owners, property managers and mortgage bankers by providing credit products, capital markets financing and treasury management and other operational services.

Real Estate Banking contributed 9% of total line of business earnings in the first nine months of 1997 compared with 8% in the year-earlier period. Earnings increased $12 million or 20% in the comparison as a result of improved credit quality and a 7% increase in revenue driven primarily by commercial mortgage securitization fees.

Real Estate Banking traditionally relies on balance sheet leverage and requires significant levels of assigned capital. Key strategies in this line of business focus on expanding fee-based services such as treasury management, loan syndication, commercial mortgage-backed securitizations, private debt placements and interest rate risk management.

MORTGAGE BANKING

<TABLE>
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Nine months ended September 30 - dollars in millions	1997	1996
INCOME STATEMENT		
Net interest income	$174	$147
Noninterest income	166	130
Total revenue	340	277
Provision for credit losses	8	11
Noninterest expense	226	210
Pretax earnings	106	56
Income taxes	41	21

Earnings	$65	$35
AVERAGE BALANCE SHEET		
Loans	$12,497	$11,411
Other assets	2,560	2,185
Total assets	$15,057	$13,596
Net deposits	$2,080	$2,327
Assigned funds and other	12,294	10,670
Assigned capital	683	599
Total funds	$15,057	$13,596
PERFORMANCE RATIOS		
After-tax profit margin	19%	13%
Efficiency	67	76
Return on assigned capital	13	8

</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 8% of total line of business earnings in the first nine months of 1997 compared with 5% a year ago. Earnings increased $30 million or 86% primarily due to higher income from securitization activities and increased net interest income from growth in the residential mortgage portfolio.

The increase in noninterest expense reflects higher mortgage servicing rights ("MSR") amortization partially offset by benefits of technology-related efficiencies in the loan origination and servicing functions. Excluding the effect of significant noncash expense items, particularly MSR amortization, cash returns currently exceed the Corporation's required return for this line of business.

MORTGAGE SERVICING PORTFOLIO

<TABLE>
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In millions	1997	1996
<S>	<C>	<C>
January 1	$39,543	$37,299
Originations	4,068	4,245
Purchases	1,917	3,737
Repayments	(4,437)	(4,717)
Sales	(122)	(133)
September 30	$40,969	$40,431

</TABLE>

During the first nine months of 1997, the Corporation funded $4.1 billion of residential mortgages with 69% representing new financings. The comparable amounts were $4.2 billion and 69%, respectively, in the first nine months of 1996. At September 30, 1997, the mortgage servicing portfolio totaled $41.0 billion, including $31.3 billion of loans serviced for others, had a weighted-average coupon of 7.96% and an estimated fair value of $455 million. Capitalized MSR totaled $359 million at September 30, 1997 compared with $322 million a year ago.

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 value would also decline. 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>

	Investment Management		Mutual Fund Servicing		Total	
Nine months ended September 30 - dollars in millions	1997	1996	1997	1996	1997	1996

<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT						
Advisory, processing and other fee income	$187	$150	$104	$88	$291	$238
Net interest income	3	(2)	5	6	8	4
Total revenue	190	148	109	94	299	242
Operating expenses	136	111	70	58	206	169
Pretax earnings	54	37	39	36	93	73
Income taxes	22	14	15	14	37	28
Earnings	$32	$23	$24	$22	$56	$45
PERFORMANCE RATIOS						
After-tax profit margin	17%	16%	22%	24%	19%	19%
Efficiency	71	75	64	61	69	69
Return on assigned capital	32	28	47	54	37	36

</TABLE>

The Asset Management line of business includes Investment Management, which provides liquidity, fixed income, and equity advisory services to institutional, family wealth and retail clients, and Mutual Fund Servicing, which provides accounting, administration, transfer and custody services to financial institutions and integrated banking services to the brokerage community.

Asset Management contributed 7% of total line of business earnings in the first nine months of 1997 compared with 6% in the year-earlier period. Earnings increased $11 million or 24% in the comparison. Fee income increased 22% due to an increase in assets under administration driven by new business and market appreciation. Operating expenses increased primarily due to incremental costs associated with servicing new business and higher compensation commensurate with revenue growth.

Revenue from Investment Management and Mutual Fund Servicing is included in Asset Management. Revenue from marketing asset management products and services to consumers is included in the Consumer Banking line of business, primarily Private Banking. The following table sets forth revenue and earnings included in each line of business.

ASSET MANAGEMENT REVENUE AND EARNINGS
<TABLE>
<CAPTION>

Nine months ended September 30 - in millions	Revenue	Earnings
<S>	<C>	<C>
1997		
Asset Management	$299	$56
Consumer Banking	166	41
Total	$465	$97
1996		
Asset Management	$242	$45
Consumer Banking	149	37
Total	$391	$82

</TABLE>

Asset Management revenue is primarily affected by the volume of new business, the value of assets managed and 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 have an adverse effect on revenue.

Assets under administration increased $75 billion in the year-to-year comparison to $386 billion at September 30, 1997. Managed assets totaled $127 billion at September 30, 1997 compared with $105 billion a year ago.

COMPOSITION OF MANAGED ASSETS

<TABLE>
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September 30	1997	1996
Fixed income	44%	46%
Equity	29	26
Liquidity management	27	28

</TABLE>

PFPC Inc., the Corporation's mutual fund servicing operation, specializes in providing institutional customers with custom designed products and custody, transfer agent, accounting and administrative services. Information with respect to assets and accounts serviced follows.

<TABLE>
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September 30	1997	1996
Assets (billions)		
Custody	$212	$187
Accounting/administration	175	121
Accounts (millions)		
Shareholder	4.2	4.2
Checking and credit/debit card	2.0	1.6

</TABLE>

CONSOLIDATED INCOME STATEMENT REVIEW

Highlights of the consolidated results of operations for the first nine months of 1997 and 1996 were as follows:

INCOME STATEMENT HIGHLIGHTS

<TABLE>
<CAPTION>

Nine months ended September 30 - in millions	1997	1996	Change
Net interest income (taxable-equivalent basis)	$1,885	$1,853	$32
Provision for credit losses	45		45
Noninterest income before net securities gains	1,277	992	285
Net securities gains	27	15	12
Noninterest expense	1,914	1,725	189
Income taxes	422	387	35
Net income	787	720	67

</TABLE>

Taxable-equivalent net interest income increased $32 million for the first nine months of 1997 and the net interest margin widened 14 basis points to 3.91% compared with 3.77% in the prior-year period. These increases resulted from a higher-yielding earning asset mix which offset the impact of spread compression and lower deposit levels. Average securities declined $5.1 billion to $9.1 billion for the first nine months of 1997 while average loans increased $3.8 billion to $52.7 billion.

NET INTEREST INCOME ANALYSIS

<TABLE>
<CAPTION>

Taxable-equivalent basis Nine months ended September 30 - dollars in millions	Average Balances			Interest Income/Expense			Average Yields/Rates		
	1997	1996	Change	1997	1996	Change	1997	1996	Change
Interest-earning assets									

Securities	$9,113	$14,214	$(5,101)	$426	$684	$(258)	6.23%	6.41%	(18) bp
Loans, net of unearned income									
Consumer									
Credit card	3,475	991	2,484	329	102	227	12.68	13.79	(111)
Other consumer	11,352	12,231	(879)	719	771	(52)	8.47	8.42	5
Total consumer	14,827	13,222	1,605	1,048	873	175	9.45	8.82	63
Residential mortgage	13,152	11,944	1,208	735	669	66	7.45	7.47	(2)
Commercial	18,268	16,997	1,271	1,077	995	82	7.77	7.69	8
Commercial real estate	4,536	4,809	(273)	297	322	(25)	8.63	8.88	(25)
Other	1,868	1,853	15	96	92	4	6.90	6.63	27
Total loans, net of unearned income	52,651	48,825	3,826	3,253	2,951	302	8.21	8.02	19
Other interest-earning assets	2,229	2,157	72	113	106	7	6.75	6.54	21
Total interest-earning assets/ interest income	63,993	65,196	(1,203)	3,792	3,741	51	7.87	7.62	25
Noninterest-earning assets	6,575	6,038	537						
Total assets	$70,568	$71,234	$(666)						
Interest-bearing liabilities									
Deposits									
Demand and money market	$13,318	$12,588	$730	286	247	39	2.87	2.62	25
Savings	2,919	3,522	(603)	43	54	(11)	1.97	2.04	(7)
Other time	17,570	18,410	(840)	711	739	(28)	5.41	5.36	5
Deposits in foreign offices	1,127	828	299	47	34	13	5.49	5.37	12
Total interest-bearing deposits	34,934	35,348	(414)	1,087	1,074	13	4.16	4.06	10
Borrowed funds	18,584	18,719	(135)	820	814	6	5.84	5.74	10
Total interest-bearing liabilities/ interest expense	53,518	54,067	(549)	1,907	1,888	19	4.74	4.64	10
Noninterest-bearing liabilities, capital securities and shareholders' equity	17,050	17,167	(117)						
Total liabilities and shareholders' equity	$70,568	$71,234	$(666)						
Interest rate spread							3.13	2.98	15
Impact of noninterest-bearing sources							.78	.79	(1)
Net interest income/margin				$1,885	$1,853	$32	3.91%	3.77%	14 bp

</TABLE>

Changes in net interest income and margin result from the interaction between the volume and composition of earning assets, related yields and associated funding costs. Portfolio size, composition and related yields earned have a significant impact on net interest income and margin. In the first nine months of 1997, average loans comprised 82.3% of average earning assets compared to 74.9% for the same period last year. A higher percentage of loans in the earning asset base coupled with growth in higher yielding asset categories, predominantly credit card, positively impacted net interest income and margin. These positive impacts were partially offset by declining spreads primarily attributable to competitive pressures on certain loan and deposit products. Funding cost is affected by the composition of and rates paid on various funding sources. Average deposits comprised 63.1% and 63.5% of PNC Bank's total sources of funding for the nine months ended September 30, 1997 and 1996, respectively, with the remainder primarily comprised of wholesale funding obtained at prevailing market rates.

PROVISION FOR CREDIT LOSSES The provision for credit losses was $45 million in the first nine months of 1997. No provision was recorded in the prior-year period. PNC Bank's loan portfolio is comprised of an increasingly larger proportion of consumer loans, primarily credit cards, which have inherently higher charge-offs. Accordingly, the Corporation anticipates it will continue to record higher provisions for credit losses.

NONINTEREST INCOME

<TABLE>
<CAPTION>

Nine months ended September 30 - dollars in millions	1997	1996	Change Amount	Change Percent
<S>	<C>	<C>	<C>	<C>
Asset management				
Asset management and trust	$332	$280	$52	18.6%
Mutual fund servicing	104	88	16	18.2
Total asset management	436	368	68	18.5
Service fees				
Deposit	239	212	27	12.7
Credit card and merchant services	65	15	50	NM
Corporate finance and capital markets	56	49	7	14.3
Consumer services	55	45	10	22.2
Brokerage	40	41	(1)	(2.4)
Insurance	29	21	8	38.1
Other	36	25	11	44.0
Total service fees	520	408	112	27.5
Mortgage banking				
Servicing	86	89	(3)	(3.4)
Marketing	23	15	8	53.3
Sale of servicing	2	2		
Total mortgage banking	111	106	5	4.7
Other	210	110	100	90.9
Total noninterest income before net securities gains	1,277	992	285	28.7
Net securities gains	27	15	12	80.0
Total	$1,304	$1,007	$297	29.5%

</TABLE>

Noninterest income before net securities gains totaled $1.3 billion in the first nine months of 1997, a 28.7% increase compared with the same period a year ago.

Strong asset management and service fee growth reflects the strategic emphasis on expanding fee-based revenue. Asset management benefited from new business and market appreciation. Service fees exhibited strong growth in nearly all categories. Deposit fees increased $27 million due to a revised fee structure and higher treasury management revenue. Credit card and merchant services fees increased $50 million, reflecting credit card portfolio growth and the July 1996 termination of a third party alliance.

Mortgage banking revenue grew primarily due to higher income from securitization activities. Mortgage originations were $4.1 billion in the first nine months of 1997 compared with $4.2 billion in the same period of 1996.

Other noninterest income increased in the comparison primarily due to asset securitization income of $55 million.

NONINTEREST EXPENSE

<TABLE>
<CAPTION>

Nine months ended September 30 - dollars in millions	1997	1996	Change Amount	Change Percent
Staff expense				
Compensation	$739	$695	$44	6.3%
Employee benefits	157	146	11	7.5
Total staff expense	896	841	55	6.5
Net occupancy	140	147	(7)	(4.8)
Equipment	132	128	4	3.1
Goodwill amortization	40	39	1	2.6
Other amortization	78	42	36	85.7
Taxes other than income	43	41	2	4.9
Distributions on capital securities	30		30	100.0
Other	555	487	68	14.0
Total	$1,914	$1,725	$189	11.0%

Noninterest expense increased $189 million to $1.9 billion in the first nine months of 1997 primarily due to $123 million of incremental costs associated with AAA and credit card-related initiatives. Higher incentive compensation commensurate with revenue growth and the cost of trust preferred capital securities also contributed to the increase. Average full-time equivalent employees totaled 24,640 in the first nine months of 1997 compared with 25,200 in the year-earlier period. The efficiency ratio was 60.0% compared with 60.3% a year ago.

The Corporation has been working to ensure its computer systems will function properly in the year 2000. Given the Corporation's common technology infrastructure, the total cost expected from 1997 through 1999 to become year 2000 compliant is approximately $30 million.

BALANCE SHEET REVIEW

AVERAGE BALANCE SHEET Average assets and average earning assets were $70.6 billion and $64.0 billion, respectively, for the nine months ended September 30, 1997 compared with $71.2 billion and $65.2 billion, respectively, in the year-earlier period. Average securities declined to 14.2% of average earning assets from 21.8% in the prior-year period. Average loans increased to 82.3% of average earning assets from 74.9% in the year-earlier period. Average deposits declined 1.5% reflecting continued customer migration to higher-yielding investment products. The decline in shareholders' equity is due to common share repurchases.

AVERAGE BALANCE SHEET HIGHLIGHTS

Nine months ended September 30 - dollars in millions	1997	1996	Change Amount	Change Percent
Assets	$70,568	$71,234	$(666)	(0.9)%
Earning assets	63,993	65,196	(1,203)	(1.8)
Loans, net of unearned income	52,651	48,825	3,826	7.8
Securities	9,113	14,214	(5,101)	(35.9)
Deposits	44,519	45,214	(695)	(1.5)
Borrowed funds	18,584	18,719	(135)	(0.7)
Shareholders' equity	5,498	5,766	(268)	(4.6)

PERIOD-END BALANCE SHEET Total assets declined $1.4 billion since year-end 1996 primarily due to securities portfolio reduction that was partially offset by loan growth.

PERIOD-END BALANCE SHEET HIGHLIGHTS

In millions	September 30 1997	December 31 1996	Change
Assets	$71,828	$73,260	$(1,432)

Loans, net of unearned income	53,651	51,798	1,853
Securities	8,000	11,917	(3,917)
Deposits	44,788	45,676	(888)
Borrowed funds	19,052	19,604	(552)
Shareholders' equity	5,476	5,869	(393)

LOANS Loans outstanding increased $1.9 billion from year-end 1996 to $53.7 billion at September 30, 1997. Loan portfolio composition continues to be geographically diversified among numerous industries and types of businesses. The credit card portfolio increased 39.1% due to AAA and other marketing initiatives. Growth in residential mortgages and commercial loans were partially offset by reductions in indirect automobile lending and $1.0 billion of student loan securitizations.

LOANS

In millions	September 30 1997	December 31 1996
Consumer		
Home equity	$4,805	$4,569
Automobile	3,400	3,731
Credit card	3,861	2,776
Student	1,088	1,725
Other	1,913	2,067
Total consumer	15,067	14,868
Residential mortgage	13,064	12,703
Commercial		
Manufacturing	4,228	3,718
Retail/Wholesale	3,290	3,243
Service providers	2,417	2,359
Real estate related	1,614	1,452
Communications	1,156	1,239
Health care	1,385	1,207
Financial services	904	708
Other	4,094	4,136
Total commercial	19,088	18,062
Commercial real estate		
Mortgage	2,374	2,467
Medium-term financing	1,027	1,312
Construction and development	1,132	845
Total commercial real estate	4,533	4,624
Lease financing and other	2,281	1,926
Unearned income	(382)	(385)
Total, net of unearned income	$53,651	$51,798

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 $4.2 billion and $4.4 billion at September 30, 1997 and December 31, 1996, respectively.

NET UNFUNDED COMMITMENTS

In millions	September 30 1997	December 31 1996
Credit card	$15,793	$13,505
Other consumer	3,330	3,741
Residential mortgage	1,774	511
Commercial	29,448	27,087
Commercial real estate	1,098	764

Other	722	849
Total	$52,165	$46,457

</TABLE>

Net outstanding letters of credit totaled $4.9 billion and $4.5 billion at September 30, 1997 and December 31, 1996, 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.

SECURITIES The securities portfolio declined $3.9 billion from year-end 1996 to $8.0 billion at September 30, 1997. The expected weighted-average life of the securities portfolio was 2 years and 9 months at September 30, 1997 compared with 2 years and 11 months at year-end 1996.

SECURITIES AVAILABLE FOR SALE

<TABLE>
<CAPTION>

	September 30, 1997		December 31, 1996	
In millions	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<S>	<C>	<C>	<C>	<C>
Debt securities				
U.S. Treasury and government agencies	$1,658	$1,662	$3,238	$3,237
Mortgage backed	4,744	4,673	6,301	6,176
Asset backed	1,002	1,006	1,609	1,615
State and municipal	180	187	218	227
Other debt	32	32	100	105
Corporate stocks and other	436	440	554	557
Total	$8,052	$8,000	$12,020	$11,917

</TABLE>

Securities available for sale may be sold as part of the overall asset/liability management process. Realized gains and losses are reflected in the results of operations and include gains or losses on associated financial derivatives. During the first nine months of 1997, $7.3 billion of securities were sold at a $27 million net gain.

The notional values of financial derivatives designated to securities available for sale were $2.4 billion and $5.5 billion at September 30, 1997 and December 31, 1996, respectively. The net fair values of such financial derivatives, which are reflected in the preceding table, were less than $1 million in both periods.

FUNDING SOURCES Deposits decreased 1.9% to $44.8 billion at September 30, 1997 compared with $45.7 billion at year-end 1996. Borrowed funds declined $552 million in the comparison reflecting reduced wholesale funding related to the downsized securities portfolio. During the third quarter of 1997, the Corporation diversified its funding base by initiating a $2.5 billion Euro medium-term bank note program. The Corporation issued approximately $514 million of bank notes under this program subsequent to quarter end.

FUNDING SOURCES

<TABLE>
<CAPTION>

In millions	September 30 1997	December 31 1996
<S>	<C>	<C>
Deposits		
Demand, savings and money market	$26,321	$27,027
Time	17,098	17,803
Foreign	1,369	846
Total deposits	44,788	45,676
Borrowed funds		
Bank notes and senior debt	10,469	8,093
Federal funds purchased	1,739	3,933
Repurchase agreements	889	645
Other borrowed funds	4,257	5,576
Subordinated debt	1,698	1,357
Total borrowed funds	19,052	19,604
Total	$63,840	$65,280

</TABLE>

CAPITAL The access to and cost of funding new business initiatives including acquisitions, deposit insurance costs, and the level and nature of regulatory oversight depend, in large part, on a financial institution's capital strength. The minimum regulatory capital ratios are 4% for Tier I risk-based, 8% for total risk-based and 3% for leverage. However, regulators may require higher capital levels when particular circumstances warrant. To qualify as well capitalized, regulators require banks to maintain capital ratios of at least 6% for Tier I risk-based, 10% for total risk-based and 5% for leverage.

At September 30, 1997, the capital ratios of the Corporation and each bank subsidiary met the well capitalized capital ratio requirements.

RISK-BASED CAPITAL
<TABLE>
<CAPTION>

Dollars in millions	September 30 1997	December 31 1996
<S>	<C>	<C>
Capital components		
Shareholders' equity		
Common	$5,161	$5,553
Preferred	315	316
Trust preferred capital securities	650	350
Goodwill and other	(984)	(1,003)
Net unrealized securities losses	35	67
Tier I risk-based capital	5,177	5,283
Subordinated debt	1,668	1,343
Eligible allowance for credit losses	840	801
Total risk-based capital	$7,685	$7,427
Assets		
Risk-weighted assets and off-balance-sheet instruments	$67,087	$63,761
Average tangible assets	69,656	68,597
Capital ratios		
Tier I risk-based	7.72%	8.29%
Total risk-based	11.46	11.65
Leverage	7.43	7.70

</TABLE>

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

In May 1997, the Corporation issued $300 million of 8.315% mandatorily redeemable capital securities which qualify as Tier I capital. During the third quarter of 1997, the Corporation issued $350 million of 6 7/8% subordinated notes that qualify as Tier II capital.

During the first nine months of 1997, PNC Bank repurchased 23.8 million shares of common stock. In April 1997, the Corporation's board of directors authorized the repurchase of up to 15 million shares of common stock through March 31, 1998. Approximately 7.5 million shares remain under this authorization.

RISK MANAGEMENT

In the normal course of business, the Corporation assumes various types of risk, the most significant of which are credit, 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 Credit risk represents the possibility that a customer or counterparty may not perform in accordance with contractual terms. Credit risk is inherent in the financial services business and results from extending credit to customers, purchasing securities and entering into off-balance-sheet financial derivative transactions. The Corporation seeks to manage credit risk through diversification, limiting exposure to any single industry or customer, and requiring collateral or selling participations to third parties.

NONPERFORMING ASSETS
<TABLE>
<CAPTION>

Dollars in millions	September 30 1997	December 31 1996
<S>	<C>	<C>
Nonaccrual loans		
Commercial	$142	$156
Commercial real estate		
Mortgage	94	109
Project	28	25
Consumer	6	6
Residential mortgage	45	51
Total nonaccrual loans	315	347
Restructured loans	2	2
Total nonperforming loans	317	349
Foreclosed assets		
Commercial real estate	37	71
Residential mortgage	23	22
Other	17	17
Total foreclosed assets	77	110
Total nonperforming assets	$394	$459
Nonperforming loans to loans	.59%	.67%
Nonperforming assets to loans and foreclosed assets	.73	.88
Nonperforming assets to assets	.55	.63

</TABLE>

At September 30, 1997, $78 million of nonperforming loans were current as to principal and interest compared with $80 million at December 31, 1996.

<TABLE>
<CAPTION>

CHANGE IN NONPERFORMING ASSETS

In millions	1997	1996
<S>	<C>	<C>
January 1	$459	$536
Transferred from accrual	232	346
Returned to performing	(20)	(36)
Principal reductions	(154)	(192)
Sales	(73)	(101)
Charge-offs and valuation adjustments	(50)	(52)
September 30	$394	$501

</TABLE>

ACCRUING LOANS
PAST DUE 90 DAYS OR MORE

<TABLE>
<CAPTION>

	Amount		Percent of Loans	
Dollars in millions	September 30 1997	December 31 1996	September 30 1997	December 31 1996
<S>	<C>	<C>	<C>	<C>
Consumer				
Guaranteed student	$30	$51	2.73%	2.95%
Credit cards	57	43	1.46	1.56
Other	33	46	.34	.45
Total consumer	120	140	.81	.96
Residential mortgage	62	58	.47	.46
Commercial	69	34	.36	.19
Commercial real estate	38	12	.85	.26
Total	$289	$244	.54	.47

</TABLE>

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

In millions	1997	1996
January 1	$1,166	$1,259
Charge-offs	(280)	(168)
Recoveries	88	61
Net charge-offs	(192)	(107)
Provision for credit losses	45	
Acquisitions	8	
September 30	$1,027	$1,152

The allowance as a percent of nonperforming loans and period-end loans was 324% and 1.91%, respectively, at September 30, 1997. The comparable year-end 1996 amounts were 334% and 2.25%, respectively.

CHARGE-OFFS AND RECOVERIES

Nine months ended September 30 - dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
1997				
Consumer				
Credit card	$154	$20	$134	5.16%
Other	80	27	53	.62
Total consumer	234	47	187	1.69
Residential mortgage	8	1	7	.07
Commercial	31	34	(3)	(.02)
Commercial real estate	7	6	1	.03
Total	$280	$88	$192	.49
1996				
Consumer				
Credit card	$43	$5	$38	5.12%
Other	73	26	47	.52
Total consumer	116	31	85	.86
Residential mortgage	7	1	6	.07
Commercial	36	22	14	.11
Commercial real estate	9	7	2	.06
Total	$168	$61	$107	.29

Consumer net charge-offs increased $102 million in the comparison primarily due to higher outstandings associated with purchased credit card portfolios.

LIQUIDITY RISK Liquidity represents an institution's ability to generate cash or otherwise obtain funds at reasonable rates to satisfy commitments to borrowers and demands of depositors and debtholders, and to invest in strategic initiatives. Liquidity risk represents the possibility the Corporation would be unable to generate cash or otherwise obtain funds at reasonable rates to satisfy such obligations or investments in strategic initiatives.

Liquidity risk is managed through the coordination of the expected 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 asset securitizations. The ability to raise funds in the capital markets depends, among other factors, on credit ratings, market conditions, capital considerations, and investor demand.

Liquid assets consist of cash and due from banks, short-term investments, loans held for sale and securities available for sale. At September 30, 1997, such assets totaled $13.9 billion, with $5.2 billion pledged as collateral for borrowing, trust and other commitments. Liquidity is also provided by residential mortgages which may be used as collateral for funds obtained through the Federal Home Loan Bank ("FHLB") system. At September 30, 1997, approximately $5.4 billion of residential mortgages were available as collateral for borrowings from the FHLB.

During the first nine months of 1997, cash and due from banks decreased $556 million to $3.5 billion compared with a decrease of $68 million during the year-earlier period. Net cash provided by operating activities increased $419 million in the comparison. Net cash provided by investing activities decreased $3.2 billion to $1.5 billion primarily due to funding loan originations. Net cash used by financing activities totaled $2.7 billion in the first nine months of 1997 compared with $4.9 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 $268 million at September 30, 1997. Dividends may also be impacted by capital needs, regulatory requirements, corporate policies, contractual restrictions 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. In July 1997, PNC Bank issued $350 million of subordinated notes. The Corporation also has unused capacity under effective shelf registration statements of approximately $1.4 billion of debt and equity securities. In addition, the Corporation had a $500 million unused line of credit.

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 results 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 interest rate movements, economic and financial conditions, 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 September 30, 1997.

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% of earning assets. At September 30, 1997, the cumulative liability sensitivity of the one-year gap position was 1.0%.

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 primarily 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 the first nine months of 1997.

FINANCIAL DERIVATIVES ACTIVITY
<TABLE>
<CAPTION>

Weighted

Average

1997 - dollars in millions	January 1	Additions	Maturities	Terminations	September 30

Maturity

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest rate risk management						
Interest rate swaps						
Receive fixed	$7,003	$1,578	$(373)	$(3,630)	$4,578	1 yr. 9 mo.
Pay fixed	602		(79)		523	2 yr. 3 mo.
Basis swaps	335	466			801	3 yr. 8 mo.
Interest rate caps	5,813	299	(3,221)		2,891	8 mo.
Interest rate floors	2,500	1,084	(1)		3,583	1 yr. 8 mo.
Total interest rate risk management	16,253	3,427	(3,674)	(3,630)	12,376	1 yr. 8 mo.
Mortgage banking activities						
Forward contracts						
Commitments to purchase loans	395	6,657	(5,237)		1,815	2 mo.
Commitments to sell loans	894	6,775	(5,874)		1,795	2 mo.
Interest rate floors - MSR	1,050	670		(250)	1,470	4 yr. 5 mo.
Total mortgage banking activities	2,339	14,102	(11,111)	(250)	5,080	
Total	$18,592	$17,529	$(14,785)	$(3,880)	$17,456	

</TABLE>

During the first nine months of 1997, financial derivatives used in interest rate risk management reduced net interest income by $8 million compared with $11 million in the year-earlier period.

At September 30, 1997, $12 million of net deferred losses on terminated derivative contracts are being amortized over a remaining period of approximately 7 months.

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 those expected to be in effect based on the implied forward yield curve.

FINANCIAL DERIVATIVES
<TABLE>
<CAPTION>

September 30, 1997 - dollars in millions	Notional Value	Estimated Fair Value	Forward Yield Curve Paid	Received
<S>	<C>	<C>	<C>	<C>
Interest rate risk management				
Asset rate conversion				
Interest rate swaps (1)				
Receive fixed designated to loans	$2,720	$38	5.76%	6.52%
Pay fixed designated to loans	473	(4)	7.15	5.93
Basis swaps designated to other earning assets	336	3	5.87	6.10
Interest rate caps designated to (2)				
Securities	2,400		NM	NM

Loans	491	4	NM	NM
Interest rate floors designated to loans (3)	3,583	4	NM	NM
Total asset rate conversion	10,003	45		
Liability rate conversion				
Interest rate swaps (1)				
Receive fixed designated to interest-bearing liabilities	1,858	25	5.80	6.23
Pay fixed designated to borrowed funds	50	(1)	5.63	5.65
Basis swaps designated to borrowed funds	465	1	5.75	5.83
Total liability rate conversion	2,373	25		
Total interest rate risk management	12,376	70		
Mortgage banking activities				
Forward contracts				
Commitments to purchase loans	1,815		NM	NM
Commitments to sell loans	1,795	(7)	NM	NM
Interest rate floors - MSR (3)	1,470	16	NM	NM
Total mortgage banking activities	5,080	9		
Total financial derivatives	$17,456	$79		

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 66% were based on 1-month LIBOR, 24% on 3-month LIBOR and the remainder on other short-term indices.

(2) Substantially all interest rate caps require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over a weighted-average strike of 6.48%. At September 30, 1997, 3-month LIBOR was 5.77%.

(3) Interest rate floors with notional values of $3.5 billion and $1.5 billion require the counterparty to pay the Corporation the excess, if any, of the weighted-average strike of 5.16% over 3-month LIBOR and the weighted-average strike of 5.91% over 10-year CMT, respectively. At September 30, 1997, 3-month LIBOR was 5.77% and 10-year CMT was 6.10%.

NM - not meaningful

CUSTOMER-RELATED DERIVATIVES To accommodate customer needs, PNC Bank enters into financial derivatives transactions primarily consisting of interest rate swaps, caps, floors and foreign exchange contracts. Risk exposure from customer positions is managed through transactions with other dealers. These positions are recorded at estimated fair value and changes in value are included in the results of operations. The following schedule sets forth information relating to positions associated with customer derivatives.

<TABLE>
<CAPTION>

September 30, 1997 - in millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)
Interest rate				
Swaps	$3,102	$10	$(9)	$1
Caps/floors				
Sold	1,615		(4)	(4)
Purchased	1,404	3		3
Foreign exchange	1,634	18	(18)	
Other	1,517	8	(8)	
Total	$9,272	$39	$(39)	

</TABLE>

THIRD QUARTER 1997 VS.

THIRD QUARTER 1996

Net income for the third quarter of 1997 totaled $262 million or $.83 per fully diluted share compared with $234 million or $.68 per fully diluted share a year ago. Returns on average common shareholders' equity and average assets improved to 20.11% and 1.47%, respectively, in the third quarter of 1997 compared with 16.16% and 1.34% in the prior-year quarter. Excluding the one-time SAIF assessment, earnings totaled $256 million or $.75 per fully diluted share for the third quarter of 1996.

Taxable-equivalent net interest income increased $10 million to $627 million for the third quarter of 1997 and the net interest margin widened to 3.89% compared with 3.85% in the year-earlier period. These increases primarily resulted from a higher-yielding earning asset mix that more than offset the cost of common share repurchases.

The provision for credit losses was $20 million for the third quarter of 1997. No provision was recorded in the prior-year quarter.

Noninterest income increased $97 million to $446 million in the third quarter of 1997 compared with $348 million in the year-earlier period. Growth in investment advisory, private banking and mutual fund servicing contributed to a $29 million or 23% increase in asset management fees. Managed assets totaled $127 billion at September 30, 1997 compared with $105 billion a year ago. Service fees increased $31 million or 21% primarily from growth in credit card, treasury management and consumer services.

Mortgage banking revenue grew $12 million primarily due to higher income from securitization activities. Mortgage originations totaled $1.7 billion in the third quarter of 1997 compared with $1.3 billion in the year-earlier period. Other noninterest income increased $36 million in the comparison primarily due to higher venture capital and asset securitization income.

Noninterest expense increased $43 million to $639 million in the third quarter of 1997 largely due to $28 million of incremental costs associated with AAA and credit card-related initiatives. The remaining increase was attributable to higher incentive compensation commensurate with revenue growth and the cost of trust preferred capital securities. The efficiency ratio improved to 59.5% for the third quarter of 1997 compared with 61.7% a year ago.

Average earning assets were substantially unchanged at $64.0 billion as loan growth was offset by securities portfolio reduction. Average securities declined $4.9 billion to $8.2 billion and represented 12.8% of average earning assets compared with 20.6% a year ago. Average loans grew to $53.2 billion, a $4.5 billion increase from the prior-year quarter. Growth in credit cards, residential mortgages and commercial loans were partially offset by reductions in indirect lending and the impact of loan securitizations. Loans represented 83.2% of average earning assets compared with 76.7% a year ago.

Average interest-bearing funding increased $1.1 billion to $53.4 billion in the third quarter of 1997. Deposits represented 63.2% of total sources of funds for the third quarter of 1997 compared with 64.3% a year ago.

Consolidated
STATEMENT OF INCOME

<TABLE>
<CAPTION>

In thousands, except per share data	Three months ended September 30 1997	1996	Nine months ended September 30 1997	1996
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Loans and fees on loans	$1,101,508	$979,050	$3,236,193	$2,931,715
Securities	125,347	207,729	420,587	677,422
Other	43,489	29,851	112,880	105,973
Total interest income	1,270,344	1,216,630	3,769,660	3,715,110
INTEREST EXPENSE				
Deposits	372,860	350,912	1,087,015	1,073,786
Borrowed funds	277,567	256,788	819,628	814,757
Total interest expense	650,427	607,700	1,906,643	1,888,543
Net interest income	619,917	608,930	1,863,017	1,826,567
Provision for credit losses	20,000		45,000	

Net interest income less provision for credit losses	599,917	608,930	1,818,017	1,826,567
NONINTEREST INCOME				
Asset management	150,805	122,299	436,395	367,691
Service fees	175,146	144,446	519,664	408,313
Mortgage banking	46,551	34,400	110,745	106,140
Net securities gains (losses)	(2,657)	7,722	27,139	14,569
Other	75,805	39,507	210,230	109,808
Total noninterest income	445,650	348,374	1,304,173	1,006,521
NONINTEREST EXPENSE				
Staff expense	298,974	277,761	895,836	840,699
Net occupancy and equipment	90,704	90,229	271,769	275,694
Amortization	48,459	29,012	117,817	80,738
Other	187,229	198,390	598,157	528,229
Distributions on capital securities	13,192		30,015	
Total noninterest expense	638,558	595,392	1,913,594	1,725,360
Income before income taxes	407,009	361,912	1,208,596	1,107,728
Applicable income taxes	145,414	127,959	421,617	387,405
Net income	$261,595	$233,953	$786,979	$720,323
EARNINGS PER COMMON SHARE				
Primary	$.83	$.69	$2.46	$2.10
Fully diluted	.83	.68	2.43	2.08
CASH DIVIDENDS DECLARED PER COMMON SHARE	.37	.35	1.11	1.05
AVERAGE COMMON SHARES OUTSTANDING				
Primary	308,049	340,535	314,603	342,143
Fully diluted	312,253	345,173	319,040	346,958

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

Consolidated
BALANCE SHEET

<TABLE>
<CAPTION>

Dollars in millions, except share data	September 30 1997	December 31 1996
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$3,460	$4,016
Short-term investments	1,084	774
Loans held for sale	1,398	941
Securities available for sale	8,000	11,917
Loans, net of unearned income of $382 and $385	53,651	51,798
Allowance for credit losses	(1,027)	(1,166)
Net loans	52,624	50,632
Other	5,262	4,980
Total assets	$71,828	$73,260
LIABILITIES		
Deposits		
Noninterest-bearing	$9,914	$10,937
Interest-bearing	34,874	34,739
Total deposits	44,788	45,676
Borrowed funds		
Bank notes and senior debt	10,469	8,093
Federal funds purchased	1,739	3,933
Repurchase agreements	889	645
Other borrowed funds	4,257	5,576
Subordinated debt	1,698	1,357
Total borrowed funds	19,052	19,604
Other	1,862	1,761

Total liabilities	65,702	67,041
Mandatorily redeemable capital securities of subsidiary trusts	650	350
SHAREHOLDERS' EQUITY		
Preferred stock	7	7
Common stock - $5 par value		
Authorized: 450,000,000 shares		
Issued: 347,914,081 and 345,154,238 shares	1,740	1,726
Capital surplus	1,024	939
Retained earnings	4,499	4,075
Deferred benefit expense	(61)	(60)
Net unrealized securities losses	(35)	(67)
Common stock held in treasury at cost: 42,887,837 and 21,036,195 shares	(1,698)	(751)
Total shareholders' equity	5,476	5,869
Total liabilities, capital securities and shareholders' equity	$71,828	$73,260

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

Consolidated
STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Nine months ended September 30 - in millions	1997	1996
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$787	$720
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	45	
Depreciation, amortization and accretion	256	211
Deferred income taxes	93	92
Net securities gains	(27)	(15)
Net gain on sales of assets	(136)	(71)
Valuation adjustments	(5)	(12)
Changes in		
Loans held for sale	(457)	(256)
Other	82	(450)
Net cash provided by operating activities	638	219
INVESTING ACTIVITIES		
Net change in loans	(3,862)	(526)
Repayment of securities available for sale	1,344	3,676
Sales		
Securities available for sale	7,307	5,326
Loans	2,144	218
Foreclosed assets	85	116
Purchases		
Securities available for sale	(4,698)	(4,630)
Loans	(421)	(722)
Net cash received in acquisitions		460
Other	(408)	744
Net cash provided by investing activities	1,491	4,662
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing deposits	(1,023)	184
Interest-bearing deposits	147	(2,133)
Federal funds purchased	(2,194)	(2,681)
Sale/issuance		
Repurchase agreements	60,301	54,438
Bank notes and senior debt	7,288	6,317
Other borrowed funds	74,026	64,510
Capital securities	300	
Subordinated debt	350	
Common stock	131	58
Repayment/maturity		
Repurchase agreements	(60,057)	(56,380)
Bank notes and senior debt	(4,910)	(4,871)
Other borrowed funds	(75,451)	(63,782)
Acquisition of treasury stock	(1,228)	(249)
Cash dividends paid	(365)	(360)

Net cash used by financing activities	(2,685)	(4,949)
DECREASE IN CASH AND DUE FROM BANKS	(556)	(68)
Cash and due from banks at beginning of year	4,016	3,679
Cash and due from banks at end of period	$3,460	$3,611
CASH ITEMS		
Interest paid	$1,929	$2,009
Income taxes paid	303	147
NONCASH ITEMS		
Transfers from loans to foreclosed assets	57	54

</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 operating 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.

ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENT PRESENTATION The unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles and include the accounts of PNC Bank Corp. and its subsidiaries ("Corporation" or "PNC Bank"), substantially all of which are wholly owned. In the opinion of management, the financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair statement of the results for the interim periods presented. Certain prior period amounts have been reclassified to conform to reporting classifications utilized for the current reporting period. These reclassifications did not impact the Corporation's financial condition or results of operations.

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

The notes included herein should be read in conjunction with the audited consolidated financial statements included in PNC Bank's 1996 Annual Report.

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 timing 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.

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.

To accommodate customer needs, PNC Bank also enters into financial derivatives transactions primarily consisting of interest rate swaps, caps, floors and foreign exchange contracts. Interest rate risk exposure from customer positions is managed through transactions with other dealers. These positions are recorded at estimated fair value and changes in value are included in the results of operations.

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

RECENT ACCOUNTING PRONOUNCEMENTS During the first nine months of 1997, the Financial Accounting Standards Board issued several Statements of Financial Accounting Standards ("SFAS").

SFAS No. 128, "Earnings per Share," is effective for periods ending after December 15, 1997 with retroactive restatement required for all periods presented. Under the provisions of SFAS No. 128, primary and fully diluted earnings per share will be replaced with basic and diluted earnings per share amounts.

SFAS No. 129, "Disclosure of Information About Capital Structure," is effective for financial statements for periods ending after December 15, 1997. This Statement requires disclosure of rights and privileges of various securities outstanding.

SFAS No. 130, "Reporting Comprehensive Income," is effective for fiscal years beginning after December 15, 1997. This Statement establishes standards for reporting and display of comprehensive income and its components. Comprehensive income includes net income and all other changes in shareholders' equity except those resulting from investments and distributions to owners.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," is effective for financial statements for periods beginning after December 15, 1997. This Statement requires financial and descriptive information about an entity's operating segments to be included in the annual financial statements.

None of these standards when implemented are expected to materially impact the reported financial position or results of operations of the Corporation.

CASH FLOWS

For the statement of cash flows, cash and cash equivalents are defined as cash and due from banks. During the first nine months of 1996, acquisition activity which affected cash flows consisted of $538 million in assets, $501 million in liabilities, cash payments totaling $37 million and receipt of $497 million in cash and due from banks. The Corporation did not have any acquisition activity which affected cash flows in the first nine months of 1997.

SECURITIES AVAILABLE FOR SALE

The following table sets forth the amortized cost and fair value of the Corporation's securities portfolio, all of which is available for sale. The notional values of financial derivatives designated to securities available for sale were $2.4 billion and $5.5 billion at September 30, 1997 and December 31, 1996, respectively.

<TABLE>
<CAPTION>

	September 30, 1997				December 31, 1996			
	Amortized	Unrealized		Fair	Amortized	Unrealized		Fair
In millions	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Debt securities								
U.S. Treasury, government agencies and corporations	$1,658	$9	$5	$1,662	$3,238	$20	$21	$3,237
Mortgage backed	4,744	5	76	4,673	6,301	13	138	6,176
Asset backed	1,002	4		1,006	1,609	7	1	1,615
State and municipal	180	7		187	218	9		227
Other debt	32			32	100	7	2	105
Total debt securities	7,616	25	81	7,560	11,466	56	162	11,360
Corporate stocks and other	436	4		440	554	3		557
Total securities available for sale	$8,052	$29	$81	$8,000	$12,020	$59	$162	$11,917

</TABLE>

LOANS

At September 30, 1997, $2.1 billion of loans were pledged to secure borrowings and for other purposes.

NONPERFORMING ASSETS

Nonperforming assets were as follows:

<TABLE>
<CAPTION>

In millions	September 30 1997	December 31 1996
Nonaccrual loans	$315	$347
Restructured loans	2	2
Total nonperforming loans	317	349
Foreclosed assets	77	110
Total nonperforming assets	$394	$459

</TABLE>

ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows:

<TABLE>
<CAPTION>

In millions	1997	1996
Allowance at January 1	$1,166	$1,259
Charge-offs		
Consumer		
Credit card	(154)	(43)
Other	(80)	(73)
Residential mortgage	(8)	(7)
Commercial	(31)	(36)
Commercial real estate	(7)	(9)
Total charge-offs	(280)	(168)

Recoveries		
Consumer		
Credit card	20	5
Other	27	26
Residential mortgage	1	1
Commercial	34	22
Commercial real estate	6	7
Total recoveries	88	61
Net charge-offs	(192)	(107)
Provision for credit losses	45	
Acquisitions	8	
Allowance at September 30	$1,027	$1,152

</TABLE>

Notes to
CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL DERIVATIVES

The notional and fair values of financial derivatives used for interest rate risk management and for mortgage banking activities were as follows:

<TABLE>
<CAPTION>

In millions	Notional Value	Positive Fair Value	Notional Value	Negative Fair Value
<S>	<C>	<C>	<C>	<C>
SEPTEMBER 30, 1997				
Interest rate swaps	$5,381	$72	$521	$(11)
Interest rate caps	2,891	4		
Interest rate floors	3,500	5	83	(1)
Mortgage banking activities	1,470	16	3,610	(8)
Total	$13,242	$97	$4,214	$(20)
DECEMBER 31, 1996				
Interest rate swaps	$7,290	$112	$650	$(15)
Interest rate caps	5,813	2		
Interest rate floors	2,500	3		
Mortgage banking activities	1,853	10	486	(1)
Total	$17,456	$127	$1,136	$(16)

</TABLE>

Customer-related derivatives were as follows:
<TABLE>
<CAPTION>

September 30, 1997 - in millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)
<S>	<C>	<C>	<C>	<C>
Interest rate				
Swaps	$3,102	$10	$(9)	$1
Caps/floors				
Sold	1,615		(4)	(4)
Purchased	1,404	3		3
Foreign exchange	1,634	18	(18)	
Other	1,517	8	(8)	
Total	$9,272	$39	$(39)	

</TABLE>

CAPITAL SECURITIES

Mandatorily Redeemable Capital Securities of Subsidiary Trust ("Capital Securities") include preferred beneficial interests in the assets of PNC Institutional Capital Trust B ("Trust B"), which was formed in May, 1997. Trust

B holds $300 million aggregate principal amount of certain 8.315% junior subordinated debentures due May 15, 2027 issued by the Corporation. Distributions on the Capital Securities will be payable at an annual rate of 8.315% 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 Trust B. 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 May 15, 2007, at a declining redemption price ranging from 104.1575% to 100% of par on or after May 15, 2017.

OTHER FINANCIAL INFORMATION

PNC Bancorp, Inc. has assumed joint and several liability with the parent company for certain long-term debt instruments. Accordingly, the following provides summary financial information for PNC Bancorp, Inc.

PNC BANCORP, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

In millions	September 30 1997	December 31 1996
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$3,466	$4,022
Securities	7,585	11,210
Loans, net of unearned income	53,510	51,736
Allowance for credit losses	(1,027)	(1,166)
Net loans	52,483	50,570
Other assets	6,660	5,988
Total assets	$70,194	$71,790
LIABILITIES		
Deposits	$45,039	$46,290
Borrowed funds	17,669	18,077
Other liabilities	975	1,014
Total liabilities	63,683	65,381
Mandatorily redeemable capital securities of subsidiary trust	350	350
SHAREHOLDER'S EQUITY	6,161	6,059
Total liabilities, capital securities and shareholder's equity	$70,194	$71,790

</TABLE>

PNC BANCORP, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

Nine months ended September 30 - in millions	1997	1996
<S>	<C>	<C>
Interest income	$3,735	$3,688
Interest expense	1,840	1,827
Net interest income	1,895	1,861
Provision for credit losses	45	
Net interest income less provision for credit losses	1,850	1,861
Noninterest income	1,174	895
Noninterest expense	1,851	1,657
Income before income taxes	1,173	1,099
Applicable income taxes	416	390
Net income	$757	$709

</TABLE>

The amount of dividends that may be paid by bank subsidiaries to PNC Bancorp, Inc., a first-tier holding company, and in turn to the parent company, are subject to certain legal limitations. Without regulatory approval, the amount available for payment of dividends by all subsidiary banks to PNC Bancorp, Inc. was $268 million at September 30, 1997. Dividends may also be impacted by capital needs, regulatory requirements, corporate policies, contractual restrictions and other factors.

Statistical
INFORMATION

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS

<TABLE>
<CAPTION>

	Nine months ended September 30					
	1997			1996		
Average balances in millions, interest in thousands Taxable-equivalent basis	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-earning assets						
Loans held for sale	$1,329	$72,910	7.32%	$1,127	$58,895	6.97%
Securities						
U.S. Treasury, government agencies and corporations	6,389	286,726	5.99	10,775	503,365	6.23
Other debt	2,143	106,048	6.60	2,820	143,810	6.76
Other	581	32,767	7.53	619	37,021	7.98
Total securities	9,113	425,541	6.23	14,214	684,196	6.41
Loans, net of unearned income						
Consumer						
Credit card	3,475	329,478	12.68	991	102,302	13.79
Other consumer	11,352	718,838	8.47	12,231	770,850	8.42
Total consumer	14,827	1,048,316	9.45	13,222	873,152	8.82
Residential mortgage	13,152	734,829	7.45	11,944	668,784	7.47
Commercial	18,268	1,076,867	7.77	16,997	994,873	7.69
Commercial real estate	4,536	296,730	8.63	4,809	322,329	8.88
Other	1,868	96,575	6.90	1,853	92,039	6.63
Total loans, net of unearned income	52,651	3,253,317	8.21	48,825	2,951,177	8.02
Other interest-earning assets	900	40,170	5.92	1,030	47,247	6.06
Total interest-earning assets/interest income	63,993	3,791,938	7.87	65,196	3,741,515	7.62
Noninterest-earning assets						
Allowance for credit losses	(1,100)			(1,216)		
Cash and due from banks	2,896			3,169		
Other assets	4,779			4,085		
Total assets	$70,568			$71,234		

LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Demand and money market	$13,318	285,676	2.87	$12,588	246,662	2.62
Savings	2,919	43,030	1.97	3,522	53,852	2.04
Other time	17,570	711,423	5.41	18,410	739,428	5.36
Deposits in foreign offices	1,127	46,886	5.49	828	33,844	5.37
Total interest-bearing deposits	34,934	1,087,015	4.16	35,348	1,073,786	4.06
Borrowed funds						
Bank notes and senior debt	8,732	372,032	5.62	8,179	342,757	5.51
Federal funds purchased	2,959	122,821	5.47	3,340	134,755	5.30
Repurchase agreements	819	33,129	5.33	2,448	98,885	5.31
Other borrowed funds	4,622	205,573	5.93	3,394	157,028	6.17
Subordinated debt	1,452	86,073	7.91	1,358	81,332	7.99
Total borrowed funds	18,584	819,628	5.84	18,719	814,757	5.74
Total interest-bearing liabilities/interest expense	53,518	1,906,643	4.74	54,067	1,888,543	4.64
Noninterest-bearing liabilities, capital securities and shareholders' equity						
Demand and other noninterest-bearing deposits	9,585			9,866		
Accrued expenses and other liabilities	1,469			1,535		
Mandatorily redeemable capital securities of subsidiary trusts	498					
Shareholders' equity	5,498			5,766		
Total liabilities, capital securities and shareholders' equity	$70,568			$71,234		
Interest rate spread			3.13			2.98
Impact of noninterest-bearing liabilities			.78			.79
Net interest income/margin		$1,885,295	3.91%		$1,852,972	3.77%

</TABLE>

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

<TABLE>
<CAPTION>

Third Quarter 1997			Second Quarter 1997			Third Quarter 1996		
Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$1,555	$29,046	7.47%	$1,408	$25,894	7.36%	$918	$17,442	7.60%
5,823	85,530	5.86	6,375	95,834	6.02	10,302	161,077	6.24
1,824	30,155	6.61	2,083	34,051	6.54	2,249	37,681	6.67
569	11,368	7.95	597	10,733	7.20	546	10,768	7.87
----------	----------	----------	----------	----------	----------	----------	----------	----------
8,216	127,053	6.17	9,055	140,618	6.21	13,097	209,526	6.39
3,871	122,537	12.56	3,502	106,348	12.18	1,007	35,408	14.06
10,996	235,885	8.51	11,239	237,784	8.49	12,047	255,048	8.42
----------	----------	----------	----------	----------	----------	----------	----------	----------
14,867	358,422	9.56	14,741	344,132	9.36	13,054	290,456	8.85
13,503	252,315	7.47	13,164	245,127	7.45	12,325	231,271	7.51
18,394	363,812	7.74	18,494	363,388	7.77	17,049	332,167	7.62
4,486	98,817	8.62	4,530	98,558	8.66	4,712	105,338	8.85
1,952	33,884	6.94	1,884	33,327	7.08	1,573	26,003	6.60
----------	----------	----------	----------	----------	----------	----------	----------	----------
53,202	1,107,250	8.23	52,813	1,084,532	8.19	48,713	985,235	8.01
981	14,509	5.82	925	13,522	5.86	817	12,435	6.06
----------	----------	----------	----------	----------	----------	----------	----------	----------
63,954	1,277,858	7.92	64,201	1,264,566	7.85	63,545	1,224,638	7.64
(1,059)			(1,094)			(1,179)		
2,878			2,877			3,216		
4,808			4,837			3,964		
----------			----------			----------		
$70,581			$70,821			$69,546		
----------			----------			----------		
$13,715	103,872	3.00	$13,270	94,394	2.85	$12,520	81,321	2.58
2,773	13,850	1.98	2,924	14,377	1.97	3,407	16,931	1.98
17,336	238,948	5.47	17,656	238,928	5.43	18,172	243,340	5.33
1,128	16,190	5.62	1,463	20,301	5.49	695	9,320	5.25
----------	----------	----------	----------	----------	----------	----------	----------	----------
34,952	372,860	4.23	35,313	368,000	4.18	34,794	350,912	4.01
9,337	135,910	5.70	8,284	118,950	5.68	8,829	123,006	5.57
2,342	33,220	5.55	3,474	48,693	5.62	2,239	30,325	5.39
935	12,600	5.27	786	10,773	5.43	1,551	21,461	5.41
4,221	63,686	6.03	4,780	70,615	5.91	3,582	54,895	6.10
1,649	32,151	7.80	1,351	26,954	7.98	1,357	27,101	7.99
----------	----------	----------	----------	----------	----------	----------	----------	----------
18,484	277,567	5.92	18,675	275,985	5.88	17,558	256,788	5.83
----------	----------	----------	----------	----------	----------	----------	----------	----------
53,436	650,427	4.82	53,988	643,985	4.77	52,352	607,700	4.60
----------	----------	----------	----------	----------	----------	----------	----------	----------

9,654		9,501		9,922	
1,460		1,480		1,506	
650		492			
5,381		5,360		5,766	
$70,581		$70,821		$69,546	
	3.10		3.08		3.04
	.79		.76		.81
$627,431	3.89%	$620,581	3.84%	$616,938	3.85%

</TABLE>

Quarterly Report on
FORM 10-Q

Securities and Exchange Commission
Washington, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 1997.

Commission File Number 1-9718

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

As of October 31, 1997, PNC Bank Corp. had 304,691,310 shares of common stock ($5 par value) outstanding.

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

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

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

11	Calculation of Primary and Fully Diluted Earnings Per Common Share
12.1	Computation of Ratio of Earnings to Fixed Charges
12.2	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
27	Financial Data Schedule

Copies of these Exhibits may be accessed electronically at the Securities and Exchange Commission's home page at www.sec.gov. Exhibits will also be furnished without charge by writing to Michelle Sentner, Assistant Vice President, Financial Reporting, at corporate headquarters. Requests may also be directed to (412) 762-1553 or to financial.reporting@pncbank.com.

Since June 30, 1997, the Corporation filed the following Current Reports on Form 8-K:

Form 8-K dated as of July 9, 1997, reporting the public offering of $350 million of 6 7/8% subordinated notes due 2007, filed pursuant to Item 5.

Form 8-K dated as of July 16, 1997, reporting the Corporation's consolidated financial results for the three months and six months ended June 30, 1997, filed pursuant to Item 5.

Form 8-K dated as of October 15, 1997, reporting the Corporation's consolidated financial results for the three months and nine months ended September 30, 1997, filed pursuant to Item 5.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on November 14, 1997, on its behalf by the undersigned thereunto duly authorized.

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

PNC BANK CORP. AND SUBSIDIARIES EXHIBIT 11

CALCULATION OF PRIMARY AND FULLY DILUTED EARNINGS PER COMMON SHARE

	Three months ended September 30		Nine months ended September 30	
In thousands, except per share data	1997	1996	1997	1996
CALCULATION OF PRIMARY EARNINGS PER COMMON SHARE				
Net income	$261,595	$233,953	$786,979	$720,323
Less: Preferred dividends declared	4,860	347	14,604	1,055
Net income applicable to primary earnings per common share	$256,735	$233,606	$772,375	$719,268
Weighted average shares of common stock outstanding	306,264	339,074	312,816	340,692
Weighted average common shares to be issued using average market price and assuming:				
Exercise of stock options	1,785	1,461	1,787	1,450
Primary weighted average common shares outstanding	308,049	340,535	314,603	342,142
PRIMARY EARNINGS PER COMMON SHARE	$.83	$.69	$2.46	$2.10
CALCULATION OF FULLY DILUTED EARNINGS PER COMMON SHARE				
Net income	$261,595	$233,953	$786,979	$720,323
Add: Interest expense on convertible debentures (net of tax)	755	850	2,282	2,574
Less: Dividends declared on non-convertible preferred stock	4,537		13,612	
Net income applicable to fully diluted earnings per common share	$257,813	$234,803	$775,649	$722,897
Weighted average shares of common stock outstanding	306,264	339,074	312,816	340,692
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	162	170	164	175
Conversion of preferred stock Series C	525	559	534	566
Conversion of preferred stock Series D	702	756	718	764
Conversion of debentures	2,444	2,748	2,471	2,811
Exercise of stock options	2,156	1,866	2,337	1,950
Fully diluted weighted average common shares outstanding	312,253	345,173	319,040	346,958

==

FULLY DILUTED EARNINGS PER COMMON SHARE	$.83	$.68	$2.43	$2.08

==

</TABLE>

PNC BANK CORP. AND SUBSIDIARIES EXHIBIT 12.1

COMPUTATION OF RATIO OF EARNINGS
TO FIXED CHARGES

<TABLE>
<CAPTION>

		Year ended December 31				
Dollars in thousands	Nine months ended September 30, 1997	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$1,208,596	$1,527,551	$627,012	$1,209,916	$1,140,487	$787,994
Fixed charges excluding interest on deposits	871,382	1,096,893	1,487,279	1,104,573	704,228	582,854
Subtotal	2,079,978	2,624,444	2,114,291	2,314,489	1,844,715	1,370,848
Interest on deposits	1,087,015	1,428,771	1,551,816	1,159,242	1,005,658	1,546,576
Total	$3,166,993	$4,053,215	$3,666,107	$3,473,731	$2,850,373	$2,917,424
FIXED CHARGES						
Interest on borrowed funds	$819,022	$1,064,847	$1,455,069	$1,070,565	$676,319	$555,610
Interest component of rentals	21,739	29,839	31,283	32,247	26,491	25,739
Amortization of borrowed funds	606	816	927	1,761	1,418	1,505
Distributions on capital securities	30,015	1,391				
Subtotal	871,382	1,096,893	1,487,279	1,104,573	704,228	582,854
Interest on deposits	1,087,015	1,428,771	1,551,816	1,159,242	1,005,658	1,546,576
Total	$1,958,397	$2,525,664	$3,039,095	$2,263,815	$1,709,886	$2,129,430
RATIO OF EARNINGS TO FIXED CHARGES						
Excluding interest on deposits	2.39x	2.39x	1.42x	2.10x	2.62x	2.35x
Including interest on deposits	1.62	1.60	1.21	1.53	1.67	1.37

</TABLE>

PNC BANK CORP. AND SUBSIDIARIES EXHIBIT 12.2

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

<TABLE>
<CAPTION>

Dollars in thousands	Nine months ended September 30, 1997	Year ended December 31 1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$1,208,596	$1,527,551	$627,012	$1,209,916	$1,140,487	$787,994
Fixed charges and preferred stock dividends excluding interest on deposits	893,850	1,105,324	1,492,391	1,112,564	712,339	592,902
Subtotal	2,102,446	2,632,875	2,119,403	2,322,480	1,852,826	1,380,896
Interest on deposits	1,087,015	1,428,771	1,551,816	1,159,242	1,005,658	1,546,576
Total	$3,189,461	$4,061,646	$3,671,219	$3,481,722	$2,858,484	$2,927,472
FIXED CHARGES						
Interest on borrowed funds	$819,022	$1,064,847	$1,455,069	$1,070,565	$676,319	$555,610
Interest component of rentals	21,739	29,839	31,283	32,247	26,491	25,739
Amortization of borrowed funds	606	816	927	1,761	1,418	1,505
Distributions on capital securities	30,015	1,391				
Preferred stock dividends	22,468	8,431	5,112	7,991	8,111	10,048
Subtotal	893,850	1,105,324	1,492,391	1,112,564	712,339	592,902
Interest on deposits	1,087,015	1,428,771	1,551,816	1,159,242	1,005,658	1,546,576
Total	$1,980,865	$2,534,095	$3,044,207	$2,271,806	$1,717,997	$2,139,478
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS						
Excluding interest on deposits	2.35x	2.38x	1.42x	2.09x	2.60x	2.33x
Including interest on deposits	1.61	1.60	1.21	1.53	1.66	1.37

</TABLE>

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This schedule contains summary financial information extracted from the
consolidated financial information incorporated by reference to the 1997 Third
Quarter Financial Review and is qualified in its entirety by reference to such
financial information.
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