SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

(Mark One)

[X] Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1997

OR

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________ to ________

PNC BANK CORP.

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	25-1435979
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

Registrant's telephone number, including area code - (412) 762-1553

Securities registered pursuant to Section 12(b) of the Act:

<TABLE>
<CAPTION>

Title of Each Class	Name of Each Exchange on Which Registered
<S>	<C>
COMMON STOCK, PAR VALUE $5.00	New York Stock Exchange
$1.60 CUMULATIVE CONVERTIBLE PREFERRED STOCK-SERIES C, PAR VALUE $1.00	New York Stock Exchange
$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK-SERIES D, PAR VALUE $1.00	New York Stock Exchange

</TABLE>

Securities registered pursuant to Section 12(g) of the Act:
$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK - SERIES A, PAR VALUE $1.00
$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK - SERIES B, PAR VALUE $1.00
8.25% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2008
8 1/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2010
9.875% SUBORDINATED CAPITAL NOTES DUE 1999

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No ___

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

The aggregate market value of the voting common equity held by non-affiliates of the Registrant amounted to approximately $14.7 billion at January 30, 1998. There is no non-voting common equity of the Registrant outstanding.

Number of shares of Registrant's common stock outstanding at February 28, 1998: 300,777,025

DOCUMENTS INCORPORATED BY REFERENCE

Portions of PNC Bank Corp.'s Annual Report to Shareholders for the year ended December 31, 1997 ("Annual Report to Shareholders") are incorporated by reference into Parts I and II and portions of the definitive Proxy Statement of PNC Bank Corp. for the annual meeting of shareholders to be held on April 28, 1998 ("Proxy Statement") are incorporated by reference into Part III of this Form 10-K. The incorporation by reference herein of portions of the Proxy Statement shall not be deemed to specifically incorporate by reference the information referred to in Item 402(a)(8) of Regulation S-K.

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* Not applicable

PART I

Forward-Looking Statements: From time to time the Corporation has made and may continue to make forward-looking statements about financial and business matters. As stated under the caption "Forward-Looking Statements" in the "Financial Review" on page 39 of the Annual Report to Shareholders, which is incorporated herein by reference, many factors could cause actual results for such matters to differ materially from such forward-looking statements. The Corporation assumes no duty to update forward-looking statements.

ITEM 1 - BUSINESS

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

The Corporation is one of the largest diversified financial services companies in the United States and operates seven lines of business: National Consumer Banking; Regional Community Banking; Private Banking; Secured Lending; Asset Management and Servicing; Corporate Banking; and Mortgage Banking. Financial products and services are customized for specific customer segments and offered nationally and in PNC Bank's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio, Kentucky, Indiana, Massachusetts and Florida. At December 31, 1997, the Corporation's consolidated total assets, deposits and shareholders' equity were $75.1 billion, $47.6 billion and $5.4 billion, respectively.

LINES OF BUSINESS Information relating to National Consumer Banking, Regional Community Banking, Private Banking, Secured Lending, Asset Management and Servicing, Corporate Banking and Mortgage Banking is set forth under the captions "Business Strategies" and "Line of Business Review" in the "Financial Review" included on pages 30 through 31 and 32 through 38, respectively, of the Annual Report to Shareholders, which is incorporated herein by reference.

SUBSIDIARY BANKS While the Corporation manages seven lines of business, the corporate legal structure currently consists of five subsidiary banks and over 110 active nonbank subsidiaries. PNC Bank, National Association, headquartered in Pittsburgh, Pennsylvania is the Corporation's only bank subsidiary which is a significant subsidiary within the meaning of Rule 1-02(v) of Regulation S-X. At December 31, 1997, PNC Bank, National Association had total consolidated assets of $69.7 billion, representing 93% of the Corporation's consolidated assets. For additional information on subsidiaries, see Exhibit 21 to this Form 10-K, which is incorporated herein by reference.

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

	Page of Annual Report
Analysis of Year-to-Year Changes in Net Interest Income	77
Average Consolidated Balance Sheet and Net Interest Analysis	78-79
Book Values of Securities	51 and 61
Maturities and Weighted-Average Yield of Securities	61
Loan Types	62
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Nonaccrual, Past Due and Restructured Loans	63
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RISK MANAGEMENT The Corporation's ordinary course of business involves varying degrees of risk taking, the most significant of which are credit, liquidity and interest rate risk. Market risk is also inherent in the Corporation's business operations. Although it cannot eliminate these risks, PNC Bank has risk management processes designed to provide for risk identification, measurement, monitoring and control. Information relating to credit, liquidity, interest rate and market risk and the Corporation's risk management processes is set forth under the section "Risk Management" in the "Financial Review" included on pages 44 through 47 of the Annual Report to Shareholders, which is incorporated herein by reference.

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

IMPACT OF INFLATION The assets and liabilities of the Corporation are primarily monetary in nature. Accordingly, future changes in prices do not affect the obligations to pay or receive fixed and determinable amounts of money. During periods of inflation, monetary assets lose value in terms of purchasing power, and monetary liabilities have corresponding purchasing power gains. The concept of purchasing power, however, is not an adequate indicator of the effect of inflation on banks, because it does not take into account changes in interest rates, which are an important determinant of the Corporation's earnings. A discussion of interest rate risk is set forth under the section "Interest Rate Risk" in the "Financial Review" included on pages 46 and 47 of the Annual Report to Shareholders.

SUPERVISION AND REGULATION The Corporation and its subsidiaries are subject to numerous governmental regulations, some of which are highlighted below and in "Note 14 - Regulatory Matters" of the "Notes to Consolidated Financial Statements" included on pages 65 and 66 of the Annual Report to Shareholders ("Note 14 - Regulatory Matters"), which is incorporated herein by reference. The coverage of the regulations includes activity, investment and dividend limitations on the bank holding company and its subsidiaries and consumer-related protections for loan, deposit, brokerage, fiduciary and mutual fund customers.

As a bank holding company registered under the BHC Act, the Corporation is subject to the supervision and regular inspection by the Federal Reserve Board. Under the BHC Act, the Federal Reserve Board's prior approval is required in any case the Corporation proposes to acquire all or substantially all of the assets of any bank, acquire direct or indirect ownership or control of more than 5% of the voting shares of any bank, or merge or consolidate with any other bank holding company. The BHC Act also prohibits, with certain exceptions, the Corporation from acquiring direct or indirect ownership or control of more than 5% of any class of voting shares of any nonbanking corporation. Under the BHC Act, the Corporation may not engage in any business other than managing and controlling banks or furnishing certain specified services to subsidiaries and may not acquire voting control of nonbanking corporations unless the Federal Reserve Board determines such businesses and services to be closely related to banking. When reviewing bank acquisition applications for approval, the Federal Reserve Board considers, among other things, each subsidiary bank's record in meeting the credit needs of the communities it serves in accordance with the Community Reinvestment Act of 1977, as amended ("CRA"). At December 31, 1997, the Corporation's subsidiary banks were rated "Outstanding" or "Satisfactory" with respect to CRA.

The Corporation's subsidiary banks are subject to supervision and examination by applicable federal and state banking agencies, including such federal agencies as the Office of the Comptroller of the Currency ("OCC") with respect to PNC

Bank, National Association and PNC National Bank, the Federal Deposit Insurance Corporation ("FDIC") with respect to PNC Bank, Delaware and PNC Bank, New England, and the Office of Thrift Supervision with respect to PNC Bank, FSB. The Corporation's subsidiary banks are subject to various federal and state restrictions on their ability to pay dividends to the Corporation, which constitutes the principal source of income to the parent company as discussed under the caption "Liquidity Risk" in the "Financial Review" on page 46 of the Annual Report to Shareholders, which is incorporated herein by reference. The Corporation's subsidiary banks are also subject to federal laws limiting extensions of credit to their parent holding company and nonbank affiliates as discussed in "Note 14 - Regulatory Matters."

The federal banking agencies possess broad powers to take corrective action as deemed appropriate for an insured depository institution and its holding company. The extent of these powers depends upon whether the institution in question is considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Generally, as an institution is deemed to be less well capitalized, the scope and severity of the agencies' powers increase, ultimately permitting the agency to appoint a receiver for the institution. Business activities may also be influenced by an institution's capital classification. For instance, only a "well capitalized" depository institution may accept brokered deposits without prior regulatory approval and an "adequately capitalized" depository institution may accept brokered deposits only with prior regulatory approval. At December 31, 1997, all of the Corporation's subsidiary banks exceeded the required ratios for classification as "well capitalized."

Additional discussion of capital adequacy requirements is set forth under the caption "Capital" in the "Financial Review" on pages 43 and 44 of the Annual Report to Shareholders, which is incorporated herein by reference.

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

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

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

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

Over the past few years, the regulatory framework applicable to the Corporation and its subsidiaries has been subject to extensive Congressional and agency review, which has resulted in some liberalization and may result in further reforms. Current proposals include easing restrictions on insurance and investment banking activities and easing bank ownership requirements. There are also proposals to regulate further banking and financial services, some of which limit finance charges and other fees and charges earned by the Corporation. Management currently cannot predict the outcome of these proposals or the effect, if any, on the Corporation.

Since 1995, the BHC Act has permitted bank holding companies from any state to acquire banks and bank holding companies located in any other state, subject to certain conditions. Effective June 1, 1997, the Federal Deposit Insurance Act gave the Corporation's subsidiary banks the ability, subject to certain restrictions, to consolidate with one another or to acquire by acquisition or merger branches outside their home state. Pursuant to these provisions, the Corporation merged certain subsidiary banks during 1997. Competition may increase further as banks branch across state lines and enter new markets.

COMPETITION The Corporation and its subsidiaries are subject to vigorous and intense competition from various financial institutions and increasingly from "nonbank" entities that engage in similar activities without being subject to bank regulatory supervision and restrictions. This is particularly true as the Corporation expands nationally beyond its primary geographic footprint, where expansion requires significant investments to penetrate new markets and respond to competition.

In making loans, the subsidiary banks compete with traditional banking institutions as well as consumer finance companies, leasing companies and other nonbank lenders. Loan pricing and credit standards are under competitive pressure as lenders seek to deploy capital and a broader range of borrowers have access to capital markets. Traditional deposit activities are subject to pricing pressures and customer migration as the competition for consumer investment dollars intensifies among banks and other financial services companies. The Corporation's subsidiary banks compete for deposits not only with other commercial banks, savings banks, savings and loan associations and credit unions, but also insurance companies and issuers of commercial paper and other securities, including mutual funds. Various nonbank subsidiaries engaged in investment banking and venture capital activities compete with commercial banks, investment banking firms, insurance companies and venture capital firms. In providing asset management services, the Corporation's subsidiaries compete with many large banks, trust companies, brokerage houses, mutual fund managers, other registered investment advisers and insurance companies.

The ability to access and use technology is an increasingly important competitive factor in the financial services industry. Technology is not only important with respect to delivery of financial services, but in processing information. Each of the Corporation's lines of business consistently must make technological investments to remain competitive.

EXECUTIVE OFFICERS OF THE REGISTRANT Information concerning each executive officer of the Corporation as of March 1, 1998 is set forth below. Each executive officer held the position indicated or another senior executive position with the same entity or one of its affiliates or a predecessor corporation for the past five years.

Name	Age	Position with Corporation	Year Employed(1)
Thomas H. O'Brien (2)	61	Chairman and Chief Executive Officer and Director	1962
James E. Rohr (2)	49	President and Director	1972
Walter E. Gregg, Jr.	56	Senior Executive Vice	1974

(2)		President, Finance and Administration	
Richard C. Caldwell	53	Executive Vice President, Asset Management and Servicing	1990
Frederick J. Gronbacher	55	Executive Vice President, National Consumer Banking	1976
Robert L. Haunschild	48	Senior Vice President and Chief Financial Officer	1990
William J. Johns	50	Senior Vice President and Chief Accounting Officer	1974
Ralph S. Michael III	43	Executive Vice President and Chief Executive Officer, Corporate Banking	1979
Thomas E. Paisley III	50	Senior Vice President and Chairman, Corporate Credit Policy Committee	1972
Helen P. Pudlin	48	Senior Vice President and General Counsel	1989
Bruce E. Robbins	53	Executive Vice President and Chief Executive Officer, Secured Lending	1973

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

(2) Office of the Chairman member.

ITEM 2 - PROPERTIES

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

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

Additional information pertaining to the Corporation's properties is set forth in "Note 8 - Premises, Equipment and Leasehold Improvements" of the "Notes to Consolidated Financial Statements" included on pages 63 and 64 of the Annual Report to Shareholders, which is incorporated herein by reference.

ITEM 3 - LEGAL PROCEEDINGS

The Corporation's Annual Report on Form 10-K for the year ended December 31, 1996, included a description of a consolidated class action complaint against the Corporation, its Chairman and Chief Executive Officer and its Senior Vice President and Chief Financial Officer alleging violations of federal securities laws and related common law claims. The parties have reached an agreement in principle to settle this action, which is subject to documentation and court approval. Management believes that the final disposition will not be material to the Corporation's financial position or results of operations.

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

PART II

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

The Corporation's common stock is listed on the New York Stock Exchange and is traded under the symbol "PNC". At the close of business on February 28, 1998, there were 64,438 common shareholders of record.

Holders of common stock are entitled to receive dividends when declared by the Board of Directors out of funds legally available therefor. The Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock have been paid or declared and set apart for payment. The Board presently intends to continue the policy of paying quarterly cash dividends. However, the amount of any future dividends will depend on earnings, the financial condition of the Corporation and other factors, including contractual restrictions and applicable government regulations and policies (such as those relating to the ability of the subsidiary banks and nonbank subsidiaries to upstream dividends to the parent company). The Federal Reserve Board has the power to prohibit the Corporation from paying dividends without prior regulatory approval. Further discussion concerning dividend restrictions is set forth under the caption "Supervision and Regulation" in Part I, Item 1 of this Form 10-K and in "Note 14 - - Regulatory Matters," which sections are incorporated herein by reference.

Additional information relating to the common stock is set forth under the caption "Common Stock Prices/Dividends Declared" on page 82 of the Annual Report to Shareholders, which is incorporated herein by reference.

ITEM 6 - SELECTED FINANCIAL DATA

"Selected Consolidated Financial Data" on page 75 of the Annual Report to Shareholders is incorporated herein by reference.

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

The discussion of the Corporation's financial position and results of operations set forth under the section "Financial Review" on pages 30 through 52 of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the sections "Interest Rate Risk", "Market Risk" and "Financial Derivatives" on pages 46 through 49 of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The "Report of Ernst & Young LLP, Independent Auditors," "Consolidated Financial Statements," "Notes to Consolidated Financial Statements" and "Selected Quarterly Financial Data" on pages 53, 54 through 57, 58 through 74, and 76, respectively, of the Annual Report to Shareholders are incorporated herein by reference.

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to the principal occupations of directors of the Corporation, their ages, directorships in other companies, and respective terms of office, except for C.G. Grefenstette,

Thomas Marshall, Vincent A. Sarni and Garry J. Scheuring, who are not standing for reelection, is set forth under the heading "Election of Directors - Information Concerning Nominees" in the Proxy Statement and is incorporated herein by reference. Mr. Grefenstette, age 70, is the Chairman and Chief Executive Officer of The Hillman Company, a company engaged in diversified operations and investments, and a director of Owens & Minor, Inc. Mr. Marshall, age 69, is the Retired Chairman of Aristech Chemical Corporation, and a director of Arch Coal, Inc. Mr. Sarni, age 69, is the Retired Chairman and Chief Executive Officer of PPG Industries Inc., a manufacturer of glass, chemicals, coatings and resins. He is a director of PPG Industries, Inc., Hershey Foods Corporation and The LTV Corporation. Mr. Scheuring, age 58, is the Retired Vice Chairman of PNC Bank Corp., and became a director of the Corporation in connection with the Midlantic Corporation merger, effective December 31, 1995. Mr. Scheuring had been the Chairman, President and Chief Executive Officer of Midlantic Corporation. Each of Messrs. Grefenstette, Marshall and Sarni has been a director of the Corporation since 1989.

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

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

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

ITEM 11 - EXECUTIVE COMPENSATION

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

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

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

Financial Statements	Page of Annual Report
Report of Ernst & Young LLP, Independent Auditors	53
Consolidated Statement of Income for the three years ended December 31, 1997	54
Consolidated Balance Sheet as of December 31, 1997 and 1996	55
Consolidated Statement of Changes in Shareholders' Equity for the three years ended December 31, 1997	56
Consolidated Statement of Cash Flows for the three years ended December 31, 1997	57
Notes to Consolidated Financial Statements	58-74
Selected Quarterly Financial Data	76

No financial statement schedules are being filed.

REPORTS ON FORM 8-K The following reports on Form 8-K were filed during the quarter ended December 31, 1997, or thereafter:

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

Form 8-K dated as of January 15, 1998, reporting the Corporation's consolidated financial results for the three months and year ended December 31, 1997, filed pursuant to Item 5.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange

Act of 1934, the registrant, PNC Bank Corp., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PNC BANK CORP.

(Registrant)

By: /s/ Robert L. Haunschild

\- --

Robert L. Haunschild, Senior Vice President
and Chief Financial Officer
March 20, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of PNC Bank Corp. and in the capacity indicated on March 20, 1998.

<TABLE>
<CAPTION>

Signature	Capacities
<S>	<C>
/s/ Thomas H. O'Brien - -- Thomas H. O'Brien	Chairman, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Robert L. Haunschild - -- Robert L. Haunschild	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ William J. Johns - -- William J. Johns	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
* Paul W. Chellgren; Robert N. Clay; George A. Davidson, Jr.; David F. Girard-diCarlo; C. G. Grefenstette; William R. Johnson; Bruce C. Lindsay; W. Craig McClelland; Thomas Marshall; Jane G. Pepper; Jackson H. Randolph; Roderic H. Ross; Vincent A. Sarni; Garry J. Scheuring; Richard P. Simmons; Thomas J. Usher; Milton A. Washington; and Helge H. Wehmeier	A Majority of the Directors
* James E. Rohr	President and Director

</TABLE>

*By: /s/ Melanie S. Cibik

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Melanie S. Cibik, Attorney-in-Fact,
pursuant to Power of Attorney filed
herewith

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit No.	Description	Method of Filing +
<S>		<C>
3.1	Articles of Incorporation of the Corporation, as amended.	Incorporated herein by reference to Exhibit 99.1 and 99.2 of the Current Report on Form 8-K dated October 7, 1996.
3.2	By-Laws of the Corporation, as amended.	Incorporated herein by reference to Exhibit 99.2 of the Current Report on Form 8-K dated January 15, 1998.
4.1	Instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries are not filed as Exhibits because the amount of debt under each instrument is less than 10 percent of the consolidated assets of the Corporation. The Corporation undertakes to file these instruments with the Commission on request.	
4.2	Designation of Series: $1.80 Cumulative Convertible Preferred	Incorporated herein as part of Exhibit 3.1.

	Stock -- Series A.	
4.3	Designation of Series: $1.80 Cumulative Convertible Preferred Stock -- Series B.	Incorporated herein as part of Exhibit 3.1.
4.4	Designation of Series: $1.60 Cumulative Convertible Preferred Stock -- Series C.	Incorporated herein as part of Exhibit 3.1.
4.5	Designation of Series: $1.80 Cumulative Convertible Preferred Stock -- Series D.	Incorporated herein as part of Exhibit 3.1.
4.6	Designation of Series: Fixed/Adjustable Rate Noncumulative Preferred Stock -- Series F.	Incorporated herein as part of Exhibit 3.1.
10.1	Supplemental Executive Retirement Income and Disability Plan of the Corporation.	Incorporated herein by reference to Exhibit 10.2 of the Annual Report on Form 10-K for the year ended December 31, 1990 ("1990 Form 10-K"). *
10.2	Amendments to Supplemental Executive Retirement Income and Disability Plan.	Incorporated herein by reference to Exhibit 10.2 of the Annual Report on Form 10-K for the year ended December 31, 1996 ("1996 Form 10-K). *
10.3	Supplemental Executive Life Insurance and Spouse's Benefit Plan of the Corporation.	Incorporated herein by reference to Exhibit 10.3 of the 1990 Form 10-K. *
10.4	November 21, 1996 Amendment to Supplemental Executive Life Insurance and Spouse's Benefit Plan.	Incorporated herein by reference to Exhibit 10.4 of the 1996 Form 10-K. *
10.5	1997 Long-Term Incentive Award Plan of the Corporation ("1997 Award Plan").	Incorporated herein by reference to Exhibit 4.3 of the Corporation's Post-Effective Amendment No. 1 to Registration Statement on Form S-8 at File No. 33-54960. *
10.6	Form of Nonstatutory Stock Option Agreement under 1997 Award Plan.	Filed herewith. *
10.7	Form of Incentive Share Agreement under 1992 Award Plan (June 1995), as amended November 21, 1996.	Incorporated herein by reference to Exhibit 10.7 of the 1996 Form 10-K. *
10.8	Form of Addendum to Nonstatutory Stock Option Agreement relating to Reload Nonstatutory Stock Options.	Filed herewith. *
10.9	Form of Reload Nonstatutory Stock Option Agreement.	Filed herewith. *
10.10	Form of Incentive Share Agreement - Share Price, RSR and ROCE Performance Goals.	Filed herewith. *

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10.11	PNC Bank Corp. 1994 Annual Incentive Award Plan.	Incorporated by reference to Exhibit 10.6 of the Annual Report on Form 10-K for the year ended December 31, 1994 ("1994 Form 10-K"). *
10.12	PNC Bank Corp. 1996 Executive Incentive Award Plan.	Incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q for the quarter ended September 30, 1996 ("3Q 1996 Form 10-Q"). *
10.13	PNC Bank Corp. and Affiliates Deferred Compensation Plan.	Incorporated by reference to Exhibit 4.2 to the Corporation's Registration Statement on Form S-8 at File No. 333-18069. *
10.14	PNC Bank Corp. Supplemental Incentive Savings Plan as amended.	Incorporated by reference to Exhibit 4.1 to the Corporation's Registration Statement on Form S-8 at File No. 333-18069. *
10.15	PNC Bank Corp. Supplemental Pension Plan, as amended.	Incorporated herein by reference to Exhibit 10.12 of the 1996 Form 10-K. *
10.16	1992 Director Share Incentive Plan.	Incorporated herein by reference to Exhibit 10.6 of the Annual Report

		on Form 10-K for the year ended December 31, 1992. *
10.17	PNC Bank Corp. Directors Retirement Plan.	Incorporated by reference to Exhibit 10.7 of the 1994 Form 10-K. *
10.18	PNC Bank Corp. Directors Deferred Compensation Plan.	Incorporated by reference to Exhibit 10.1 of the 3Q 1996 Form 10-Q. *
10.19	Form of Change in Control Severance Agreement.	Incorporated herein by reference to Exhibit 10.17 of the 1996 Form 10-K. *
10.20	Amended and Restated Trust Agreement between the Corporation, as Settlor, and NationsBank, N.A., as Trustee (who has been replaced by Hershey Trust Company, as successor Trustee).	Incorporated herein by reference to Exhibit 10.18 of the 1996 Form 10-K. *
12.1	Computation of Ratio of Earnings to Fixed Charges.	Filed herewith.
12.2	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.	Filed herewith.
13	Excerpts from the Annual Report to Shareholders for the year ended December 31, 1997. Such Annual Report, except for those portions thereof that are expressly incorporated by reference herein, is furnished for information of the SEC only and is not deemed to be "filed" as part of this Form 10-K.	Filed herewith.
21	Schedule of Certain Subsidiaries of the Corporation.	Filed herewith.
23	Consent of Ernst & Young LLP, independent auditors for the Corporation.	Filed herewith.
24	Power of Attorney of directors and officers of the Corporation.	Filed herewith.
27.1	Financial Data Schedule.	Filed herewith.
27.2	Restated Financial Data Schedule.	Filed herewith.
27.3	Restated Financial Data Schedule.	Filed herewith.

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+ Except where otherwise expressly noted, incorporated document references are to Commission File No. 1-9718.

* Denotes management contract or compensatory plan.

EXHIBIT 10.6

PNC BANK CORP.
1997 LONG-TERM INCENTIVE AWARD PLAN
NONSTATUTORY STOCK OPTION AGREEMENT

OPTIONEE:

DATE OF GRANT:

OPTION PRICE PER SHARE:

COVERED SHARES:

Terms defined in the 1997 Long-Term Incentive Award Plan ("PLAN") of PNC Bank Corp. ("CORPORATION") are used in this Agreement as defined in the Plan unless otherwise defined in this Agreement. For certain definitions, see Annex C attached hereto and incorporated herein by reference.

1. GRANT OF OPTION. Pursuant to the Plan and subject to the terms of this Agreement, the Corporation hereby grants to the Optionee an Option to purchase from the Corporation that number of Shares specified above as the "Covered Shares," exercisable at the Option Price.

2. TERMS OF THE OPTION.

2.1 TYPE OF OPTION. The Option is intended to be a Nonstatutory Stock Option without Rights.

2.2 OPTION PERIOD. The Option is exercisable, in whole or in part, at any time and from time to time upon the earliest to occur of (i) the first anniversary of the Date of Grant, (ii) the date of termination of the Optionee's employment with the Corporation by reason of death or permanent and total disability, and (iii) the date of termination of the Optionee's employment during a Coverage Period either by the Corporation without Cause or by the Optionee with Good Reason, provided that in the case of clause (iii) that such termination is at least six months after the Date of Grant. The Option shall remain exercisable until the Date of Expiration.

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

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

4. EXERCISE OF OPTION.

4.1 NOTICE AND EFFECTIVE DATE. The Option may be exercised, in whole or in part, by delivering to the Corporation written notice of such exercise, in such form as the Committee may from time to time prescribe, accompanied by full payment of (a) the Option Price with respect to that portion of the Option being exercised and (b) any amounts required to be withheld pursuant to applicable tax laws in connection with such exercise. In addition, the Optionee may elect to use the cashless exercise procedure provided for pursuant to Section 4.2 hereof. The effective date of such exercise shall be the Date of Exercise. Until the Committee notifies the Optionee to the contrary, the form attached to this Agreement as Annex A shall be used to exercise the Option granted hereunder.

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

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

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

5. RESTRICTIONS ON EXERCISE AND UPON SHARES ISSUED UPON EXERCISE. Notwithstanding any other provision of this Agreement, the Optionee agrees, for himself (herself) and his (her) successors, that the Option may not be exercised at any time that the Corporation does not have in effect a registration statement under the Securities Act of 1933, as amended, relating to the offer of Shares under the Plan, unless the Corporation agrees to permit such exercise. The Optionee further agrees, for himself (herself) and his (her) successors, that, upon the issuance of any Shares pursuant to the exercise of the Option, he (she) will, upon the request of the Corporation, agree in writing that he (she) is acquiring such Shares for investment only and not with a view to resale, and that he (she) will not sell, pledge, or otherwise dispose of such Shares unless and until (a) the Corporation is furnished with an opinion of counsel to the effect

that registration of such Shares pursuant to the Securities Act of 1933, as amended, is not required by that Act or by rules and regulations promulgated thereunder; (b) the staff of the Securities and Exchange Commission has issued a "no-action" letter with respect to such disposition; or (c) such registration or notification as is, in the opinion of counsel for the Corporation, required for the lawful disposition of such Shares has been filed and has become effective; provided, however, that the Corporation is not obligated hereby to file any such registration or notification. The Optionee further agrees that the Corporation may place a legend embodying such restriction on the certificates evidencing such Shares.

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

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

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

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

PNC BANK CORP.

By: ________________________________
Chairman and Chief Executive Officer

ATTEST:

____
Secretary

ACCEPTED AND AGREED TO AS OF THE DATE OF GRANT.

Optionee

Annex A - Option Exercise Form (Intentionally omitted)
Annex B - Tax Payment Election From (Intentionally omitted)
Annex C - Certain Definitions

ANNEX C
TO PNC BANK CORP. 1997 LONG-TERM INCENTIVE AWARD PLAN
NONSTATUTORY STOCK OPTION AGREEMENT
CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply to the Nonstatutory Stock Option Agreement (the "AGREEMENT") to which this Annex C is attached:

C.1 "CAUSE" means: (a) the willful and continued failure of the Optionee to substantially perform the Optionee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Optionee by the Board or the Chief Executive Officer of the Corporation which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Optionee has not substantially performed the Optionee's duties; or

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

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

C.2 "CHANGE IN CONTROL" means a change of control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Corporation is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control shall be deemed to have occurred if:

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

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

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

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

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

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

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

C.3 "CIC FAILURE" means the following: (a) with respect to a CIC Triggering Event described in Section C.4(a), the Corporation's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section C.4(b), the proxy contest fails to replace or remove a majority of the members of the Board.

C.4 "CIC TRIGGERING EVENT" means the occurrence of either of the following: (a) the Board or the Corporation's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section C.2 hereof; or (b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

C.5 "COVERAGE PERIOD" means a period commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control, and ending on the date that is two years after the date of the Change in Control, provided, however, that in the event that a Coverage Period commences on the date of a CIC Triggering Event such Coverage Period shall terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is two years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period shall commence upon the earlier to occur of clauses (i) and (ii) in the preceding sentence.

C.6 "DATE OF EXERCISE" means the date on which the Corporation receives written notice of the exercise in such form as the Committee may from time to time prescribe, in whole or in part, of the Option pursuant to the terms of the Agreement.

C.7 "DATE OF EXPIRATION" means the date on which the Option shall expire, which shall be the earliest of the following times:

(a) upon retirement of the Optionee from employment with the Corporation prior to the date that the Option becomes exercisable pursuant to Section 2.2 of the Agreement;

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

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

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

(e) three years after the termination of the Optionee's employment with the Corporation by reason of (i) retirement on or after the date that the Option becomes exercisable pursuant to Section 2.2 of the Agreement, (ii) permanent and total disability, or (iii) termination during a Coverage Period by the Corporation without Cause or by the Optionee with Good Reason; and

(f) ten years after the Date of Grant.

C.8 "DATE OF GRANT" means the date set forth as the "Date of Grant" on page 1 of the Agreement.

C.9 "GOOD REASON" means: (a) the assignment to the Optionee of any duties inconsistent in any respect with the Optionee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by the Optionee;

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

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

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

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

C.10 "OPTION" means the Nonstatutory Stock Option granted to the Optionee in Section 1 of the Agreement pursuant to which the Optionee may purchase Shares as provided in the Agreement.

C.11 "OPTION PRICE" means the dollar amount per Share set forth as the "Option Price" on page 1 of the Agreement.

C.12 "OPTIONEE" means the person identified as the "Optionee" on page 1 of the Agreement.

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

EXHIBIT 10.8

PNC BANK CORP.
1997 LONG-TERM INCENTIVE AWARD PLAN

ADDENDUM TO
NONSTATUTORY STOCK OPTION AGREEMENT ("AGREEMENT")
DATED

OPTIONEE:
DATE OF GRANT:
OPTION PRICE PER SHARE:
COVERED SHARES:

THIS ADDENDUM to the Agreement is made and entered into by and between PNC Bank Corp. ("CORPORATION") and the Optionee identified above in order to provide for the grant of a certain additional option ("RELOAD OPTION") upon the terms and conditions set forth in this Addendum and a Reload Nonstatutory Stock Option Agreement subsequently signed by the parties.

1. DEFINITIONS. Terms defined in the Corporation's 1997 Long-Term Incentive Award Plan, as amended from time to time ("PLAN") or the Agreement are used in this Addendum as defined in the Plan or the Agreement, unless otherwise defined in this Addendum.

2. GRANT OF RELOAD OPTION. Provided that the Optionee exercises all or a portion of the original Option while a Senior Executive and in the manner specified in Section 3 below, the Optionee shall be granted a Reload Option upon the terms and conditions set forth in a Reload Nonstatutory Stock Option Agreement to be entered into by the Optionee and the Corporation following the exercise of the original Option; provided, however, that the Committee in its sole discretion may cancel the Optionee's right to receive a Reload Option at any time prior to the first anniversary of the Date of Grant shown above.

3. REQUIRED MANNER OF ORIGINAL OPTION EXERCISE. In order to receive a Reload Option, the Optionee must exercise all or a portion of the original Option, or satisfy any related tax withholding obligation, through the surrender (including by means of an attestation procedure) of whole shares of Common Stock which are not subject to any contractual restriction, pledge or other encumbrance and which have been owned by the Optionee for at least six months prior to the Date of Exercise ("ELIGIBLE SHARES"). The Optionee may also elect to satisfy any related tax withholding obligation by the use of shares of Common Stock acquired upon exercise of the Option, but shall be entitled to receive a Reload Option with respect to such shares only to the extent permitted in Section 4(b) below.

4. NATURE OF RELOAD OPTION. (a) A Reload Option will be to purchase, at Fair Market Value as of the original Option's Date of Exercise, a number of shares of Common Stock equal to the number of Eligible Shares surrendered (including by means of an attestation procedure) by the Optionee to exercise the original Option or to satisfy any related tax withholding obligation.

(b) If the Optionee elects to satisfy any related tax withholding obligation by the use of shares of Common Stock acquired upon exercise of the Option ("TAX SHARES"), the Optionee shall be granted a Reload Option with respect to those shares only if he or she has first attested to the ownership of a number of Eligible Shares at least equal to the number of Tax Shares for which a Reload Option is sought and in excess of the number of Eligible Shares surrendered (including by means of an attestation procedure) to exercise the original Option.

(c) Subject generally to the lapse of a one-year vesting period beginning upon the Reload Option's Date of Grant, a Reload Option will be exercisable only between its Date of Grant and the original Option's Date of Expiration, and only in accordance with the terms and conditions of the governing Reload Nonstatutory Stock Option Agreement.

5. NO ADDITIONAL RELOAD OPTION. No Reload Option will entitle the Optionee to receive a Reload Option upon its exercise.

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

PNC BANK CORP.

By: ________________________________
Chairman and Chief Executive Officer

ATTEST

____
Secretary

ACCEPTED AND AGREED TO AS OF THE DATE OF GRANT:

____
Optionee

EXHIBIT 10.9

PNC BANK CORP. 1997 LONG-TERM INCENTIVE AWARD PLAN
RELOAD NONSTATUTORY STOCK OPTION AGREEMENT

OPTIONEE:

DATE OF EXERCISED OPTION GRANT:

DATE OF RELOAD OPTION GRANT:

RELOAD OPTION PRICE PER SHARE:

COVERED SHARES:

The Optionee, having exercised all or a portion of the Nonstatutory Stock Option granted under that Nonstatutory Stock Option Agreement effective as of _________________, 19____ in a manner specified in the Addendum to that Agreement, is entitled to receive and is hereby granted (upon complete execution of this Agreement) a reload option, upon the terms and conditions set forth in this Reload Nonstatutory Stock Option Agreement. Terms defined in the 1997 Long-Term Incentive Award Plan ("PLAN") of PNC Bank Corp. ("CORPORATION") are used in this Agreement as defined in the Plan unless otherwise defined in this Agreement. For certain definitions, see Annex C attached hereto and incorporated herein by reference.

1. GRANT OF OPTION. Pursuant to the Plan and subject to the terms of this Agreement, the Corporation hereby grants to the Optionee an Option to purchase from the Corporation that number of Shares specified above as the "Covered Shares," exercisable at the Option Price.

2. TERMS OF THE OPTION.

2.1 TYPE OF OPTION. The Option is intended to be a Nonstatutory Stock Option without Rights.

2.2 OPTION PERIOD. The Option is exercisable, in whole or in part, at any time and from time to time upon the earliest to occur of (i) the first anniversary of the Date of Grant, (ii) the date of termination of the Optionee's employment with the Corporation by reason of death or permanent and total disability, and (iii) the date of termination of the Optionee's employment during a Coverage Period either by the Corporation without Cause or by the Optionee with Good Reason, provided in the case of clause (iii) that such termination is at least six months after the Date of Grant. The Option shall remain exercisable until the Date of Expiration.

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

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

4. EXERCISE OF OPTION.

4.1 NOTICE AND EFFECTIVE DATE. The Option may be exercised, in whole or in part, by delivering to the Corporation written notice of such exercise, in such form as the Committee may from time to time prescribe, accompanied by full payment of (a) the Option Price with respect to that portion of the Option being exercised and (b) any amounts required to be withheld pursuant to applicable tax laws in connection with such exercise. In addition, the Optionee may elect to use the cashless exercise procedure provided for pursuant to Section 4.2 hereof. The effective date of such exercise shall be the Date of Exercise. Until the Committee notifies the Optionee to the contrary, the form attached to this Agreement as Annex A shall be used to exercise the Option granted hereunder.

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

4.3 PAYMENT OF TAXES. The Optionee may elect to satisfy applicable tax withholding requirements by payment of cash or, subject to such terms and conditions as the Committee may from time to time establish to satisfy any or all federal, state, or local tax liabilities incurred upon such exercise, through retention by the Corporation of Shares otherwise issuable upon such exercise or by delivery to the Corporation (including through the use of an attestation procedure approved or ratified by the Committee) of previously acquired Shares. Until the Committee notifies the Optionee to the contrary, the form attached to this Agreement as Annex B shall be used to make such election.

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

4.5 NO ADDITIONAL RELOAD OPTION. The exercise of the Option shall not entitle the Optionee to receive an additional reload option, regardless of the manner in which the Option is exercised.

5. RESTRICTIONS ON EXERCISE AND UPON SHARES ISSUED UPON EXERCISE. Notwithstanding any other provision of this Agreement, the Optionee agrees, for himself (herself) and his (her) successors, that the Option may not be exercised at any time that the Corporation does not have in effect a registration statement under the Securities Act of 1933, as amended, relating to the offer of Shares under the Plan, unless the Corporation agrees to permit such exercise. The Optionee further agrees, for himself (herself) and his (her) successors, that, upon the issuance of any Shares pursuant to the exercise of the Option, he (she) will, upon the request of the Corporation, agree in writing that he (she) is acquiring such Shares for investment only and not with a view to resale, and that he (she) will not sell, pledge, or otherwise dispose of such Shares unless and until (a) the Corporation is furnished with an opinion of counsel to the effect that registration of such Shares pursuant to the Securities Act of 1933, as amended, is not required by that Act or by rules and regulations promulgated thereunder; (b) the staff of the Securities and Exchange Commission has issued a "no-action" letter with respect to such disposition; or (c) such registration or notification as is, in the opinion of counsel for the Corporation, required for the lawful disposition of such Shares has been filed and has become effective; provided, however, that the Corporation is not obligated hereby to file any such registration or notification. The Optionee further agrees that the Corporation may place a legend embodying such restriction on the certificates evidencing such Shares.

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

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

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

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

PNC BANK CORP.

By: ________________________________
Chairman and Chief Executive Officer

ATTEST:

____
Secretary

ACCEPTED AND AGREED TO AS OF THE DATE OF GRANT.

____
Optionee

Annex A - Option Exercise Form (Intentionally omitted)
Annex B - Tax Payment Election Form (Intentionally omitted)
Annex C - Certain Definitions

ANNEX C
TO PNC BANK CORP. 1997 LONG-TERM INCENTIVE AWARD PLAN
RELOAD NONSTATUTORY STOCK OPTION AGREEMENT
CERTAIN DEFINITIONS

Except where the context otherwise indicates, the following definitions apply to the Reload Nonstatutory Stock Option Agreement (the "AGREEMENT") to which this Annex C is attached:

C.1 "CAUSE" means: (a) the willful and continued failure of the Optionee to substantially perform the Optionee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Optionee by the Board or the Chief Executive Officer of the Corporation which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Optionee has not substantially performed the Optionee's duties; or

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

C.2 "CHANGE IN CONTROL" means a change of control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Corporation is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control shall be deemed to have occurred if: (a) any Person, excluding employee benefit plans of the Corporation, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of the Corporation representing twenty percent (20%) or more of the combined voting power of the Corporation's then outstanding securities, provided, however, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power shall not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

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

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

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

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

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

C.3 "CIC FAILURE" means the following: (a) with respect to a CIC Triggering Event described in Section C.4(a), the Corporation's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section C.4(b), the proxy contest fails to replace or remove a majority of the members of the Board.

C.4 "CIC TRIGGERING EVENT" means the occurrence of either of the following: (a) the Board or the Corporation's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section C.2 hereof; or (b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

C.5 "COVERAGE PERIOD" means a period commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control, and ending on the date that is two years after the date of the Change in Control, provided, however, that in the event that a Coverage Period commences on the date of a CIC Triggering Event such Coverage Period shall terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is two years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period shall commence upon the earlier to occur of clauses (i) and (ii) in the preceding sentence.

C.6 "DATE OF EXERCISE" means the date on which the Corporation receives written notice of the exercise in such form as the Committee may from time to time prescribe, in whole or in part, of the Option pursuant to the terms of the Agreement.

C.7 "DATE OF EXPIRATION" means the date on which the Option shall expire, which shall be the earliest of the following times: (a) upon retirement of the Optionee from employment with the Corporation prior to the date that the Option becomes exercisable pursuant to Section 2.2 of the Agreement;

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

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

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

(e) three years after the termination of the Optionee's employment with the Corporation by reason of (i) retirement on or after the date that the Option becomes exercisable pursuant to Section 2.2 of the Agreement, (ii) permanent and total disability, or (iii) termination during a Coverage Period by the Corporation without Cause or by the Optionee with Good Reason; and

(f) ten years after the Date of Exercised Option Grant set forth on page 1 of the Agreement.

C.8 "DATE OF GRANT" means the date set forth as the "Date of Reload Option Grant" on page 1 of the Agreement.

C.9 "GOOD REASON" means: (a) the assignment to the Optionee of any duties inconsistent in any respect with the Optionee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by the Optionee;

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

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

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

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

C.10 "OPTION" means the Reload Nonstatutory Stock Option granted to the Optionee in Section 1 of the Agreement pursuant to which the Optionee may purchase Shares as provided in the Agreement.

C.11 "OPTION PRICE" means the dollar amount per Share set forth as the "Reload Option Price Per Share" on page 1 of the Agreement.

C.12 "OPTIONEE" means the person identified as the "Optionee" on page 1 of the Agreement.

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

EXHIBIT 10.10

Share Price, RSR and ROCE Performance Goals

PNC BANK CORP.
1997 LONG-TERM INCENTIVE AWARD PLAN

* * *

INCENTIVE SHARE AGREEMENT

GRANTEE:

DATE OF GRANT:

INCENTIVE SHARES:

ADDITIONAL INCENTIVE SHARES (EQUALS 50% OF INCENTIVE SHARES):

1. DEFINITIONS. Terms defined in the 1997 Long-Term Incentive Award Plan ("Plan") of PNC Bank Corp. ("Corporation") are used in this Agreement as defined in the Plan unless otherwise defined in this Agreement. In addition, except where the context otherwise indicates, the following definitions apply:

1.1 "Award Date" means the first Business Day following the achievement of the Share Price Performance Goal, except as provided in Section 3.2. An Award Date shall in no event be a date later than the Termination Date.

1.2 "Awarded Shares" mean any and all Incentive Shares and Additional Incentive Shares issued to the Grantee pursuant to Section 3.1(a), Section 3.1(b) or Section 3.2 of this Agreement.

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

1.4 "Cause" means:

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

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

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

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

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

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

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

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

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

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

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

1.6 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section 1.7(a), the Corporation's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section 1.7(b), the proxy contest fails to replace or remove a majority of the members of the Board.

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

(a) the Board or the Corporation's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section 1.5 hereof; or

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

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

1.9 "Good Reason" means

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

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

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

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

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

1.10 "Grant" means the total number of Incentive Shares and Additional Incentive Shares granted pursuant to Section 2 of this Agreement.

1.11 "Median" means the position in the Peer Group below and above which there is an equal number of positions or if there is no one middle position, the two middle positions.

1.12 "Median Range" means within three (3) positions (either direction) of the Peer Group Median.

1.13 "Peer Group" means Banc One Corporation, BankAmerica Corporation, Bank of Boston Corporation, Bank of New York Company, Inc., Barnett Banks, Inc., Chase Manhattan Corporation, Corestates Financial Corp., First Chicago NBD Corporation, First Union Corporation, Fleet Financial Group, Inc., KeyCorp., Mellon Bank Corporation, National City Corporation, NationsBank Corporation, Norwest Corporation, SunTrust Banks, Inc., Wachovia Corporation, and Wells Fargo & Company. The Peer Group may be adjusted from time to time by the Committee to reflect mergers or consolidations or at any time at the discretion of the Committee.

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

1.15 "Restricted Period" means the period that begins on an Award Date and ends on the earlier to occur of (a) the second anniversary of the Award Date and (b) the day immediately preceding the date of termination of the Grantee's employment during a Coverage Period by the Corporation or a Subsidiary without Cause or by the Grantee for Good Reason.

1.16 "ROCE" or "Return on Common Equity" means, with respect to each of the Corporation and members of the Peer Group, the annualized cumulative return on common equity for the period commencing January 1, 1997 through the last day of the calendar quarter immediately preceding the last day on which the Share Price Performance Goal is met or, for the purpose of Section 3.2, through the Termination Date. The Return on Common Equity of any Peer Group member and the Corporation may be adjusted to reflect significant nonrecurring items, including without limitation, merger-related charges or gains/losses on a sale of a business unit, as approved by the Committee. ROCE shall be expressed as a percent rounded to the nearest one-hundredths (e.g., 0.00%, with 0.005% being rounded upward to 0.01%).

1.17 "ROCE Performance Goal" means the Corporation's ROCE is within the Median Range of the Peer Group or higher.

1.18 "RSR" or "Relative Shareholder Return" means the cumulative total shareholder return with respect to the Corporation on the Common Stock and with respect to the other members of the Peer Group on a class of common stock registered under Section 12 of the Exchange Act. For each of the Corporation and members of the Peer Group, cumulative total shareholder return shall be calculated by dividing: (a) the sum of: (i) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and (ii) the difference between the share price at the end and the beginning of the measurement period; by (b) the closing share price on December 31, 1996. The term "measurement period" shall be the period beginning at the "measurement point" established by the market close on December 31, 1996, and continuing through (and including) the market close on the last day on which the Share Price Performance Goal is met or, for the purpose of Section 3.2, the Termination Date. With respect to dividends, it should be assumed that dividends are reinvested into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable period. RSR shall be expressed as a percent rounded to the nearest one-hundredths (e.g., 0.00%, with 0.005% being rounded upward to 0.01%).

1.19 "RSR Performance Goal" means the Corporation's RSR is within the Median Range of the Peer Group or higher.

1.20 "Share Price Performance Goal" means the first consecutive 20 Business Day period that begins when the closing price of a share of Common Stock in the New York Stock Exchange composite transactions, as reported in The Wall Street Journal or other authoritative source, is $57.00 and during which period the cumulative average of the closing prices of a share of Common Stock in New York Stock Exchange composite transactions, as reported in The Wall Street Journal or other authoritative source, equals or exceeds $57.00.

1.21 "Termination Date" means (and includes) December 31, 1999.

2. GRANT OF INCENTIVE SHARES. Pursuant to Article 12 of the Plan and subject to the terms and conditions of this Agreement, the Corporation hereby grants to the Grantee named above that number of shares of Common Stock specified above as Incentive Shares and, subject to the proviso of Section 3.1(a) as well, that number of shares of Common Stock specified above as Additional Incentive Shares.

3. TERMS OF GRANT. The Grant shall be subject to the following terms and conditions:

3.1 On the Award Date,

(a) the Corporation shall issue to the Grantee one hundred percent (100%) of the Incentive Shares if (1) the Share Price Performance Goal is achieved, and (2) (i) the ROCE Performance Goal is achieved and (ii) the RSR Performance Goal is achieved; provided, however, that, if the goals referred to in the foregoing clauses (1) and (2) are all achieved, (x) the Corporation shall also issue to the Grantee fifty percent (50%) of the Additional Incentive Shares if the Corporation's RSR is within the top five of the Peer Group, and/or (y) the Corporation shall also issue to the Grantee fifty percent (50%) of the Additional Incentive Shares if the Corporation's ROCE is within the top five of the Peer Group; or

(b) the Corporation shall issue to the Grantee fifty percent (50%) of the Incentive Shares if the Share Price Performance Goal is achieved, but either or both of the ROCE Performance Goal and the RSR Performance Goal are not achieved.

3.2 In the event that the Share Price Performance Goal has not been achieved on or before the Termination Date, on the Termination Date, the Corporation shall issue to the Grantee fifty percent (50%) of the Incentive Shares if both the Corporation's RSR and the Corporation's ROCE are within the top third of the Peer Group. If Incentive Shares are issued on the Termination Date pursuant to this Section 3.2, such date shall be referred to as the "Award Date".

3.3 Except as provided in Section 10 as the result of the Committee's discretion in the event of the Grantee's retirement, death or total disability, Incentive Shares and Additional Incentive Shares shall not be issued unless the Grantee has been continuously employed by the Corporation or a Subsidiary for the period beginning on the Date of Grant through the Award Date.

3.4 Awarded Shares shall be deposited with the Corporation or its designee during the term of the Restricted Period, unless released and reissued sooner as provided in Section 6 below, and any certificates representing such Awarded Shares shall contain the following legend:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in the PNC Bank Corp. 1997 Long-Term Incentive Award Plan and an Agreement entered into between the registered owner and PNC Bank Corp. Release from such terms and conditions shall be made only in accordance with the provisions of the Plan and the Agreement, a copy of each of which is on file in the office of the Corporate Secretary of PNC Bank Corp."

If a book-entry system is used with respect to Awarded Shares, appropriate notation of such forfeiture possibility and transfer restriction shall be made on the system with respect to the account or accounts to which the Awarded Shares are credited.

3.5. If the Grantee has been continuously employed by the Corporation or a Subsidiary throughout the Restricted Period, the Awarded Shares deposited with the Corporation or its designee shall be released and reissued to the Grantee as soon as practicable following the end of the Restricted Period pursuant to Section 7 below.

3.6 If the conditions specified in Section 3.1(a), Section 3.1(b) or Section 3.2 are not met on or before the Termination Date, none of the Incentive Shares or Additional Incentive Shares shall be issued to the Grantee.

3.7 In the event the Corporation is unable to make the ROCE and RSR calculations for the Peer Group and the Corporation on the Award Date, such calculations and any issuances of Awarded Shares shall be made as soon thereafter as practicable.

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

5. PROHIBITIONS AGAINST SALE, ASSIGNMENT, ETC. The Grant, the Awarded Shares, the right to vote Awarded Shares and the right to receive dividends thereon may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered until (except with respect to the Grant) released by the Corporation to the Grantee pursuant to Section 7 below.

6. FORFEITURE. In the event the Grantee's employment with the Corporation or a Subsidiary terminates prior to the lapse of a Restricted Period, all Awarded Shares shall be forfeited by the Grantee to the Corporation without payment of any consideration by the Corporation, and neither the Grantee nor any successors, heirs, assigns or personal representatives of the Grantee shall thereafter have any further rights or interest in the Awarded Shares or the certificates representing the Awarded Shares. Notwithstanding the foregoing, in the event of the Grantee's death or total disability during a Restricted Period, all Awarded Shares will be released and reissued by the Corporation to the Grantee or his or her legal representative pursuant to Section 7 below. In the event of the Grantee's retirement during a Restricted Period, all Awarded Shares will be forfeited, unless the Committee determines that such Awarded Shares shall be released and reissued by the Corporation to the Grantee in light of the facts and circumstances applicable to the Grantee and the Corporation. When making such determination, the Committee may consider advice from its outside auditors that such termination of the Restricted Period would not prevent accounting for a business combination as a pooling of interests if such accounting treatment is desired by the Corporation.

7. TERMINATION OF PROHIBITIONS. At the end of the Restricted Period and in the event of the Grantee's death, total disability or retirement during the

periods described in Section 6 above (and subject to the Committee's discretion, if any, as described in such Section), the Corporation shall release and reissue the certificate representing such Awarded Shares without the legend referred to in Section 3.4 above and shall deliver such certificate to the Grantee or his or her legal representative.

8. PAYMENT OF WITHHOLDING. The Grantee may satisfy any applicable federal, state or local income tax withholding requirements arising from the vesting (and, hence, reissuance) of Awarded Shares pursuant to this Agreement by payment of cash or through retention by the Corporation of Awarded Shares then to be reissued to the Grantee hereunder or by delivery to the Corporation of previously acquired shares of Common Stock. However, payment of any applicable federal, state or local income tax withholding requirements arising from a Code Section 83(b) election shall be satisfied by payment of cash or by delivery to the Corporation of previously acquired shares of Common Stock.

9. EMPLOYMENT. Neither the granting of the Incentive Shares or Additional Incentive Shares evidenced by this Agreement nor any term or provision of this Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of the Corporation or any Subsidiary to employ the Grantee for

any period or in any way alter the Grantee's status as an employee at will.

10. TERMINATION. The Grant shall terminate upon the earlier to occur of the following: (a) the Termination Date; or (b) the termination of the Grantee's employment with the Corporation or a Subsidiary, unless such termination is due to Grantee's retirement, death or total disability and the Committee determines that such Grant shall continue to a date no later than the Termination Date in light of the facts and circumstances applicable to the Grantee.

11. SUBJECT TO THE PLAN AND THE COMMITTEE. The Grant and this Agreement are subject to the terms and conditions of the Plan, which are incorporated herein by reference and made a part hereof, but the terms of the Plan shall not be considered an enlargement of any benefits under this Agreement. If the Plan is not approved by the Corporation's shareholders at the Corporation's 1997 Annual Meeting, all references to the Plan shall mean the 1992 Long-Term Incentive Award Plan. In addition, the Grant and this Agreement are subject to any interpretations of or any rules and regulations issued by the Committee.

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

ATTEST: PNC BANK CORP.

_____________________________ By ___________________________

Accepted and agreed to as of the Date of Grant set forth above.

____
Grantee

PNC BANK CORP. AND SUBSIDIARIES EXHIBIT 12.1
COMPUTATION OF RATIO OF EARNINGS
TO COMBINED FIXED CHARGES

<TABLE>
<CAPTION>

Year ended December 31 Dollars in thousands	1997	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
EARNINGS					
Income before taxes and cumulative effect of changes in accounting principles	$1,618,599	$1,527,551	$627,012	$1,209,916	$1,140,487
Fixed charges excluding interest on deposits	1,171,648	1,096,893	1,487,279	1,104,573	704,228
Subtotal	2,790,247	2,624,444	2,114,291	2,314,489	1,844,715
Interest on deposits	1,456,587	1,428,771	1,551,816	1,159,242	1,005,658
Total	$4,246,834	$4,053,215	$3,666,107	$3,473,731	$2,850,373
FIXED CHARGES					
Interest on borrowed funds	$1,098,365	$1,064,847	$1,455,069	$1,070,565	$676,319
Interest component of rentals	29,312	29,839	31,283	32,247	26,491
Amortization of notes and debentures	833	816	927	1,761	1,418
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trust	43,138	1,391			
Subtotal	1,171,648	1,096,893	1,487,279	1,104,573	704,228
Interest on deposits	1,456,587	1,428,771	1,551,816	1,159,242	1,005,658
Total	$2,628,235	$2,525,664	$3,039,095	$2,263,815	$1,709,886
RATIO OF EARNINGS TO FIXED CHARGES					
Excluding interest on deposits	2.38x	2.39x	1.42x	2.10x	2.62x
Including interest on deposits	1.62	1.60	1.21	1.53	1.67

</TABLE>

PNC BANK CORP. AND SUBSIDIARIES EXHIBIT 12.2

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

<TABLE>
<CAPTION>

Year ended December 31 Dollars in thousands	1997	1996	1995	1994	1993
EARNINGS					
Income before taxes and cumulative effect of changes in accounting principles	$1,618,599	$1,527,551	$627,012	$1,209,916	$1,140,487
Fixed charges and preferred stock dividends excluding interest on deposits	1,201,582	1,105,324	1,492,391	1,112,564	712,339
Subtotal	2,820,181	2,632,875	2,119,403	2,322,480	1,852,826
Interest on deposits	1,456,587	1,428,771	1,551,816	1,159,242	1,005,658
Total	$4,276,768	$4,061,646	$3,671,219	$3,481,722	$2,858,484
FIXED CHARGES					
Interest on borrowed funds	$1,098,365	$1,064,847	$1,455,069	$1,070,565	$676,319
Interest component of rentals	29,312	29,839	31,283	32,247	26,491
Amortization of notes and debentures	833	816	927	1,761	1,418
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trust	43,138	1,391			
Preferred stock dividend requirements	29,934	8,431	5,112	7,991	8,111
Subtotal	1,201,582	1,105,324	1,492,391	1,112,564	712,339
Interest on deposits	1,456,587	1,428,771	1,551,816	1,159,242	1,005,658
Total	$2,658,169	$2,534,095	$3,044,207	$2,271,806	$1,717,997
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS					
Excluding interest on deposits	2.35x	2.38x	1.42x	2.09x	2.60x
Including interest on deposits	1.61	1.60	1.21	1.53	1.66

</TABLE>

FINANCIAL REVIEW 1997 VERSUS 1996

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

OVERVIEW

PNC BANK CORP. The Corporation is one of the largest diversified financial services companies in the United States and operates seven lines of business: National Consumer Banking, Regional Community Banking, Private Banking, Secured Lending, Asset Management and Servicing, Corporate Banking and Mortgage Banking. Financial products and services are customized for specific customer segments and offered nationally and in PNC Bank's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio, Kentucky, Indiana, Massachusetts and Florida.

SUMMARY FINANCIAL RESULTS Net income for 1997 was $1.052 billion or $3.28 per diluted share compared with $992 million and $2.88, respectively, a year ago. Returns on average common shareholders' equity and average assets were 20.01% and 1.49% compared with 17.18% and 1.40%, respectively, in 1996. Results for 1996 include a $22 million after-tax charge to recapitalize the Savings Association Insurance Fund ("SAIF"). Excluding the SAIF assessment, earnings for 1996 totaled $1.015 billion or $2.94 per diluted share. On this basis, returns on average common shareholders' equity and average assets were 17.58% and 1.43%, respectively.

Earnings are impacted by noncash expenses associated with purchase acquisitions. Excluding the impact of goodwill and other amortization related to purchase transactions, diluted earnings per share for 1997 and 1996 were $3.51 and $3.04, respectively.

Total revenue for 1997 increased 11.8% compared with the same period in 1996 primarily due to noninterest income growth. Noninterest income increased to $1.808 billion for 1997, a 29.6% increase over 1996 reflecting significant growth in nearly all categories of noninterest revenue. Noninterest income represented 42% of total revenue compared with 36% in 1996. Taxable-equivalent net interest income increased $45 million for 1997 and the net interest margin widened 11 basis points to 3.94% compared with 3.83% in the prior year. These increases resulted from a higher-yielding earning asset mix which offset the impact of spread compression, change in deposit mix and lower average deposit levels.

The provision for credit losses was $70 million for 1997. No provision was recorded in the prior year.

Operating expenses increased $303 million to $2.615 billion largely due to $187 million of incremental costs associated with AAA Financial Services and credit card-related initiatives. The efficiency ratio, computed excluding distributions on capital securities from expense, was 59.4% for 1997 compared with 59.6% a year ago.

Total assets were $75.1 billion at December 31, 1997 compared to $73.3 billion at December 31, 1996. Average earning assets declined $708 million in the year-to-year comparison to $64.0 billion as loan growth was more than offset by securities portfolio reductions. Average loans grew 7.7% to $52.9 billion, a $3.8 billion increase from the prior year. Loans represented 82.6% of average earning assets compared with 75.9% a year ago. Growth in credit cards, residential mortgages and middle market commercial loans more than offset downsizing of the indirect automobile lending portfolio and the impact of loan securitizations. Average securities declined $4.8 billion to $8.8 billion or 13.7% of average earning assets. Asset quality and coverage ratios remained strong. The ratio of nonperforming assets to loans and foreclosed assets was .61% at December 31, 1997 compared with .88% at December 31, 1996. The allowance for credit losses was 352% of nonperforming loans and 1.79% of total loans at December 31, 1997 compared to 334% and 2.25%, respectively, a year ago. Net charge-offs were .51% of average loans in 1997 compared with .33% in 1996. The increase in net charge-offs was primarily associated with higher credit card outstandings. Shareholders' equity totaled $5.4 billion at December 31, 1997. The leverage ratio was 7.30% and Tier I and total risk-based capital ratios were 7.43% and 11.11%, respectively. As part of the Corporation's capital management initiatives, 29.3 million shares of common stock were repurchased during 1997.

BUSINESS STRATEGIES 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 that entails credit and interest rate risk.

PNC Bank has responded to these challenges by transitioning to an organization comprised of autonomous lines of business with highly focused customer segments. This approach provides the basis for developing differentiated businesses capable of competing in today's environment where banks and other financial service providers seek the same customers.

The Corporation has focused on altering the business mix and investing in specialized financial services 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, expansion of national distribution capabilities and reduction of our wholesale leverage activities have allowed PNC Bank to significantly improve the composition of the earnings stream.

NATIONAL CONSUMER BANKING offers a full range of consumer products and services through technologically advanced cost efficient channels. National Consumer Banking's focus is on delivering convenient value-added financial services nationally by expanding direct marketing and through establishing affinity relationships such as those with AAA and mall owners nationwide.

REGIONAL COMMUNITY BANKING offers a full range of products and services to small business and retail customers within PNC Bank's geographic footprint. Regional Community Banking's focus is on employing information and customer knowledge to identify and meet consumer preferences for traditional and automated products and services through retail branches and automated distribution channels.

PRIVATE BANKING offers personalized investment management, brokerage, personal trust, estate planning and traditional banking services to the affluent. Services are provided by teams of highly qualified specialists working together to provide trusted advice and creative financial solutions.

SECURED LENDING is engaged in commercial real estate banking, business credit and equipment leasing activities.

Real estate banking provides comprehensive credit and noncredit services to a broad base of clients including commercial and residential developers, investors, mortgage bankers and property management companies. On January 28, 1998, PNC Bank announced a definitive agreement to acquire the assets of Midland Loan Services, L.P. ("Midland"), one of the largest commercial loan servicers in the nation.

Business credit offers asset-based lending, syndication and treasury management services within the PNC Bank primary geographic markets and nationally. Leasing provides equipment lease financing for a wide range of customers and is focused on growth from the existing PNC Bank corporate customer base and national markets. ASSET MANAGEMENT AND SERVICING includes the BlackRock organization which offers a full range of fixed income, domestic and international equity and liquidity products; PFPC Inc., the Corporation's mutual fund servicing business; HAWTHORN, a PNC Company, which serves the ultra-affluent market, and PNC Bank's institutional trust business. BlackRock represents the recent integration of PNC Bank's investment advisory and asset management capabilities under a single organization and brand. This integration provides the opportunity to grow into one of the largest asset managers in the country, leveraging the BlackRock Financial Management reputation as an established world-class fixed income manager. BlackRock's initiatives focus on expanding marketing and delivery channels for a full range of institutional and retail investment products. PFPC Inc., the Corporation's mutual fund servicing business, specializes in providing institutional money managers, brokerage firms, pension managers and insurance companies with custom designed products including accounting and administration, transfer agent and custody services. PFPC is the second largest mutual fund accounting agent and the third largest full-service transfer agent in the United States and is focused on domestic and international expansion. CORPORATE BANKING provides a full range of credit, capital markets and treasury management products and services to large and mid-size businesses, institutions and government entities. Client relationship teams possessing specific expertise focus on the individual customer needs to provide customized service. Teams of specialists also focus on specific industry segments, including communications, dealer finance, health care and public finance, large corporate, financial institutions, energy, metals and mining and emerging growth. MORTGAGE BANKING is focused on efficiently delivering high quality mortgage originations and servicing, and expanding nonmortgage product offerings including second mortgages, home equity lines of credit, credit cards and insurance products.

LINE OF BUSINESS REVIEW

Financial results for PNC Bank's lines of business are derived from the Corporation's management accounting system. Line of business information is based on management accounting practices which conform to and support PNC Bank's current management structure and is not necessarily comparable with similar information for any other financial services institution.

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

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 the lines of business based on their net asset or liability position.

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 eliminations, different provision for credit loss methodologies and corporate and other unassigned items. Eliminations offset transactions between the lines of business which primarily relate to assigned

securities or borrowings. Corporate administration and other unassigned include net securities gains, certain holding company expenses and other items not allocated in the management accounting process.
<TABLE>
<CAPTION>

	Average Assets		Revenue		Earnings		Return on Assigned Capital	
Year ended December 31 - dollars in millions	1997	1996	1997	1996	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
National Consumer Banking	$10,311	$8,219	$650	$380	$25	$54	4%	10%
Regional Community Banking	35,188	35,839	1,627	1,667	416	425	28	28
Private Banking	2,527	2,396	398	352	89	71	27	23
Secured Lending	5,937	5,864	247	210	134	95	30	21
Asset Management and Servicing	749	616	421	332	84	61	35	30
Corporate Banking	16,120	15,298	737	673	229	218	18	18
Mortgage Banking	10,388	9,289	421	340	54	29	15	9
Total lines of business	81,220	77,521	4,501	3,954	1,031	953	21	21
Eliminations	(14,237)	(10,782)	(222)	(217)	(112)	(79)		
Provision for credit losses					105	66		
Corporate administration and other unassigned	3,661	4,068	53	137	28	52		
Total consolidated	$70,644	$70,807	$4,332	$3,874	$1,052	$992	19	17

</TABLE>

NATIONAL CONSUMER BANKING
<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1997	1996
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$385	$261
Noninterest income	265	119
Total revenue	650	380
Provision for credit losses	227	92
Noninterest expense	383	201
Pretax earnings	40	87
Income taxes	15	33
Earnings	$25	$54
AVERAGE BALANCE SHEET		
Loans	$9,581	$7,877
Other assets	730	342
Total assets	$10,311	$8,219
Net deposits	$36	$24
Assigned funds and other liabilities	9,610	7,648
Assigned capital	665	547
Total funds	$10,311	$8,219
PERFORMANCE RATIOS		
After-tax profit margin	4%	14%
Efficiency	59	53
Return on assigned capital	4	10

</TABLE>
National Consumer Banking is strategically positioned to capitalize on consumer acceptance of mass marketed financial services and electronic delivery. Management's objective is to improve longer-term returns on assigned capital by emphasizing revenue growth in higher yielding products such as credit cards and education loans and mass marketing a full range of products and services through the most technologically advanced cost efficient channels. Credit card, automobile, student, home equity and residential mortgage loans, as well as deposit accounts and money market mutual funds will be marketed in conjunction with AAA and other national initiatives.

The Corporation's exclusive marketing agreement with AAA, entered in 1996, marked the first major step in building a national consumer business. Continuing to build national scale during 1997, the Mall V.I.P.SM Visa(R) card was introduced in conjunction with top mall owners in the country. These alliances provide unique opportunities to access customers nationwide. The education lending business has grown through innovative affinity relationships with groups such as the Association of Independent California Colleges and Universities. National Consumer Banking has also focused on expansion of electronic delivery employing debit cards, offsite ATMs and online banking. Through affinity relationships and technology, PNC Bank delivers products in locations across the country providing convenient customer access.

Significant start-up investments in long-term initiatives produced positive momentum during 1997. Total revenue grew 71% and noninterest income increased to 41% of total revenue compared with 31% in 1996. Noninterest income grew 123% or

$146 million principally due to loan securitization income, increased credit card fees and higher electronic banking income.

Net interest income increased 48% or $124 million over 1996 driven by higher loan outstandings and a change in loan portfolio mix. Average loans increased 22% as growth in wider spread credit card loans exceeded declines in lower yielding indirect auto loans and education loans. Credit card loans increased $2.4 billion due to AAA and other marketing initiatives. Indirect auto loans declined consistent with the strategic decision to reduce loans with unattractive returns. Education loans declined as a result of $1 billion of student loan securitizations.

National Consumer Banking accounted for 3% of line of business earnings in 1997 compared with 6% in 1996. Earnings declined $29 million or 54% due to costs associated with national business expansion. Noninterest expense increased $182 million largely driven by higher marketing and credit card processing costs, acquired portfolio premium amortization and interchange fees. In addition to the impact on earnings from marketing and other expansion costs, net interest income is adversely affected until credit card rate incentives offered during introductory periods expire and yields earned are reset to market rates. The AAA initiative reduced earnings by $57 million in 1997.

The provision for credit losses increased $135 million and was directly related to a larger proportion of credit card loans which have inherently higher charge-offs.

REGIONAL COMMUNITY BANKING

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1997	1996
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$1,348	$1,387
Noninterest income	279	280
Total revenue	1,627	1,667
Provision for credit losses	26	21
Noninterest expense	930	960
Pretax earnings	671	686
Income taxes	255	261
Earnings	$416	$425
AVERAGE BALANCE SHEET		
Loans	$9,078	$8,637
Assigned assets and other assets	26,110	27,202
Total assets	$35,188	$35,839
Net deposits	$33,570	$34,188
Other liabilities	134	151
Assigned capital	1,484	1,500
Total funds	$35,188	$35,839
PERFORMANCE RATIOS		
After-tax profit margin	26%	26%
Efficiency	57	58
Return on assigned capital	28	28

</TABLE>

Regional Community Banking is focused on efficiently employing the traditional branch delivery system while expanding less capital intensive, technologically advanced alternative delivery systems. Many Community Banking customers still prefer more traditional delivery channels but increasingly demand convenience and choice among products and services. To address this transition, the Regional Community Bank was reorganized along specific customer segments.

Consumers' demands for convenient high value products and services coupled with intense competitive pressures continue to shrink net interest spreads. Consumers are migrating from traditional deposit accounts toward higher return products such as money market accounts. In addition, niche competitors exert pricing pressure. As consumer preferences change, the challenge is to offer the proper products and maintain the appropriate balance of resources between the traditional branch structure and technologically advanced delivery channels.

Regional Community Banking earned $416 million accounting for 40% of line of business earnings in 1997 compared with 45% a year ago. Earnings declined $9 million primarily due to a $39 million or 3% reduction in net interest income attributable to a modest decline in deposit levels and customer migration to higher cost money market deposit products. Noninterest income was essentially flat as a 9% increase in deposit service fees offset the impact of branch consolidation.

Noninterest expense declined $30 million due to expense reduction associated with consolidating branch locations and the transfer of activity from traditional branches to alternative delivery channels. The increase in the provision for credit losses was due to higher outstandings.

PRIVATE BANKING

Year ended December 31 - dollars in millions	1997	1996
INCOME STATEMENT		
Net interest income	$113	$97
Noninterest income	285	255
Total revenue	398	352
Provision for credit losses	4	1
Noninterest expense	251	237
Pretax earnings	143	114
Income taxes	54	43
Earnings	$89	$71
AVERAGE BALANCE SHEET		
Loans	$2,468	$2,340
Other assets	59	56
Total assets	$2,527	$2,396
Net deposits	$1,661	$1,501
Assigned funds and other liabilities	542	592
Assigned capital	324	303
Total funds	$2,527	$2,396
PERFORMANCE RATIOS		
After-tax profit margin	22%	20%
Efficiency	63	67
Return on assigned capital	27	23

Private Banking offers investment management, full service brokerage, financial planning and traditional trust and banking services. Private Banking's objective is to be the financial "advisor of choice" in the growing affluent market, providing a full range of high quality customized predominantly fee-based investment products and services.

Private Banking earned $89 million in 1997 accounting for 9% of total line of business earnings and representing a 25% increase over 1996.

Total revenue grew $46 million reflecting double digit growth in noninterest and net interest income. Noninterest income increased $30 million in 1997 due to increased investment management, trust, and brokerage assets under administration driven by new business and market value appreciation. Assets under administration increased $9 billion to $59 billion at December 31, 1997. Net interest income increased due to loan and deposit growth.

Noninterest expense increased due to the addition of sales and service personnel, higher incentive compensation commensurate with revenue growth and infrastructure development and technology investment costs.

SECURED LENDING

Year ended December 31 - dollars in millions	1997	1996
INCOME STATEMENT		
Net interest income	$195	$181
Noninterest income	52	29
Total revenue	247	210
Provision for credit losses	(38)	
Noninterest expense	82	62
Pretax earnings	203	148
Income taxes	69	53
Earnings	$134	$95
AVERAGE BALANCE SHEET		
Loans	$5,853	$5,667
Other assets	84	197
Total assets	$5,937	$5,864
Net deposits	$787	$637
Assigned funds and other liabilities	4,698	4,766
Assigned capital	452	461
Total funds	$5,937	$5,864

PERFORMANCE RATIOS		
After-tax profit margin	54%	45%
Efficiency	33	30
Return on assigned capital	30	21

</TABLE>

Secured Lending includes PNC Bank's activities in commercial real estate, business credit and equipment leasing. Secured Lending's objective is to establish a significant national presence in each of these businesses providing product and advisory services focused on expanding fee-based revenues.

Real estate banking is a relationship-driven, full service provider of financial products including capital markets financing and operational services. Real estate banking serves regional and national customers including commercial and residential developers, investors, mortgage bankers and property management companies. PNC Bank's real estate experience extends across all major property types throughout the U.S.

Targeted strategic growth areas include commercial mortgage origination, securitization and servicing, loan syndications, private debt placements and treasury management. Consistent with this strategy, on January 28, 1998, PNC Bank announced a definitive agreement to acquire the assets of Midland, one of the largest commercial real estate loan servicers in the nation. Midland is a technology-based firm specializing in the origination, securitization and servicing of commercial real estate assets.

This transaction provides important competitive advantages for PNC Bank as more real estate customers demand sophisticated, technology-driven services and increased access to capital markets. The Corporation anticipates this transaction will close in the second quarter of 1998.

Business credit provides asset-based lending, syndication and treasury management services. In 1997 several commercial finance groups were combined to provide the platform to streamline operations and pursue national expansion opportunities.

Leasing provides equipment lease financing to a wide range of businesses, industries and institutions and also provides product support for PNC Bank's capital markets activities.

Secured Lending contributed 13% of total line of business earnings in 1997 compared with 10% in 1996. Earnings increased $39 million or 41% in the comparison as a result of higher revenue and continued improvement in credit quality.

Consistent with Secured Lending's objectives, noninterest income increased 79% in 1997 and represented 21% of total revenue compared to 14% in 1996. Noninterest income grew $23 million in 1997 primarily due to capital markets distribution activities and treasury management fees.

Noninterest expense increased $20 million in 1997 primarily due to increased personnel and delivery costs associated with expanding capital markets capabilities.

ASSET MANAGEMENT AND SERVICING

<TABLE>
<CAPTION>

	Asset Management		Mutual Fund Servicing		Total	
Year ended December 31 - dollars in millions	1997	1996	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT						
Advisory, processing and other fee income	$265	$203	$143	$121	$408	$324
Net interest income	6	(1)	7	9	13	8
Total revenue	271	202	150	130	421	332
Operating expenses	190	154	95	80	285	234
Pretax earnings	81	48	55	50	136	98
Income taxes	31	18	21	19	52	37
Earnings	$50	$30	$34	$31	$84	$61
AVERAGE BALANCE SHEET						
Loans	$52	$31	$61	$58	$113	$89
Assigned assets and other assets	536	421	100	106	636	527
Total assets	$588	$452	$161	$164	$749	$616
Net deposits	$388	$295	$63	$82	$451	$377
Other liabilities	37	26	17	14	54	40
Assigned capital	163	131	81	68	244	199
Total funds	$588	$452	$161	$164	$749	$616
PERFORMANCE RATIOS						
After-tax profit margin	19%	15%	22%	23%	20%	18%
Efficiency	70	76	64	62	68	71
Return on assigned capital	31	23	41	44	35	30

</TABLE>

Asset Management and Mutual Fund Servicing comprise the Asset Management and Servicing line of business which contributed 8% of total line of business earnings in 1997 compared with 6% in 1996. Earnings increased $23 million or 38% in the comparison. Fee income increased 26% due to an increase in managed assets and 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.

Assets under administration by PFPC Inc., the Corporation's mutual fund servicing operation, increased $76 billion or 23% in the year-to-year comparison to $406 billion at December 31, 1997. Managed assets totaled $137 billion at December 31, 1997, a 26% increase compared with a year ago.

COMPOSITION OF MANAGED ASSETS

<TABLE>
<CAPTION>

December 31	1997	1996
<S>	<C>	<C>
Fixed income	43%	45%
Equity	28	27
Liquidity management	29	28

</TABLE>

Asset Management includes BlackRock, HAWTHORN and PNC Bank's institutional trust business and provides a full range of high quality investment advisory and asset management services to individuals and institutions.

BlackRock manages in excess of $108 billion of assets for individual and institutional investors. Domestic and international equities, global fixed income, money markets and risk management advisory services are included in the product base. BlackRock is also pursuing growth of technology-related businesses, through which institutional clients are offered BlackRock's risk management capabilities.

BlackRock is currently the second largest U.S. bank manager of mutual funds. BlackRock's proprietary mutual fund family, with approximately $35 billion in assets, provides institutional and individual investors with a full range of equity, bond and money market investment options.

HAWTHORN, created in 1997 through the combination of PNC Bank's family wealth management unit and Stolper & Co., provides institutional investment-level advisory services to the ultra-affluent. HAWTHORN has $10.6 billion in assets under management and an additional $6.3 billion under administration and custody.

Asset Management earnings increased $20 million or 67% over the prior year led by strong revenue growth. Revenue increased $69 million or 34% due to new business and market appreciation while operating expenses increased $36 million or 23%.

PFPC Inc., the Corporation's mutual fund servicing operation, specializes in providing mutual fund complexes with tailored services including accounting and administration, transfer agent and custody services.

PFPC Inc. had double digit growth in assets and accounts serviced during 1997 leading to 15% revenue growth. Operating expenses increased $15 million due to higher compensation expense commensurate with revenue growth and increased investments in technology and facilities associated with business expansion.

PFPC's assets and accounts serviced were as follows:

<TABLE>
<CAPTION>

December 31	1997	1996
<S>	<C>	<C>
Assets (billions)		
Custody	$223	$200
Accounting/administration	182	130
Accounts (millions)		
Shareholder	4.6	4.3
Checking and credit/debit card	2.1	1.6

</TABLE>

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

<TABLE>
<CAPTION>

Year ended December 31 - in millions	Revenue	Earnings
1997		
<S>	<C>	<C>
Asset Management and Servicing	$421	$84
Private Banking	224	55

Total	$645	$139
1996		
Asset Management and Servicing	$332	$61
Private Banking	200	47
Total	$532	$108

Asset Management and Servicing 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.

Corporate Banking

Year ended December 31 - dollars in millions	1997	1996
INCOME STATEMENT		
Net interest income	$450	$444
Noninterest income	287	229
Total revenue	737	673
Provision for credit losses	5	(17)
Noninterest expense	363	339
Pretax earnings	369	351
Income taxes	140	133
Earnings	$229	$218
AVERAGE BALANCE SHEET		
Loans	$15,201	$14,487
Other assets	919	811
Total assets	$16,120	$15,298
Net deposits	$2,211	$2,230
Assigned funds and other liabilities	12,643	11,864
Assigned capital	1,266	1,204
Total funds	$16,120	$15,298
PERFORMANCE RATIOS		
After-tax profit margin	31%	32%
Efficiency	49	50
Return on assigned capital	18	18

Corporate Banking provides specialized credit, capital markets and treasury management products and services and includes PNC Bank's equity management business which makes venture capital investments.

The ongoing pressure on leverage related products has led to significantly more emphasis on altering the revenue composition through growth of noncredit revenue such as treasury management and capital markets. The strategic focus for Corporate Banking is on developing and delivering a comprehensive range of higher margin fee-based products and services.

Corporate Banking contributed $229 million or 22% of total 1997 line of business earnings representing an $11 million or 5% increase over 1996 earnings. Total revenue increased 10% or $64 million to $737 million reflecting noninterest income growth of 25%. Noninterest income represented 39% of 1997 revenue compared to 34% in 1996.

Net interest income increased $6 million or 1% to $450 million in 1997 as the impact of higher loan volumes exceeded the impact of lower net interest spreads resulting from continued competitive pricing pressure. Average loans increased $714 million or 5% over the prior year with the most significant increase occurring in the middle market portfolios.

Noninterest income was $287 million for 1997, a $58 million increase over the prior year primarily due to a $27 million increase in venture capital income and a $22 million increase

in capital markets fees. Noninterest income for 1997 includes capital markets fees of $71 million, venture capital revenue of $98 million and treasury management fees and other income of $118 million. Treasury management revenue does not reflect the total compensation for these services due to the acceptance of compensating balances in lieu of cash payments.

Noninterest expense in 1997 was $363 million, a $24 million or 7% increase over 1996. This increase reflects a 6% increase in full-time equivalent personnel and increased incentive compensation, primarily related to increased noncredit revenue.

MORTGAGE BANKING
<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1997	1996
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$137	$119
Noninterest income	284	221
Total revenue	421	340
Provision for credit losses	5	5
Noninterest expense	329	289
Pretax earnings	87	46
Income taxes	33	17
Earnings	$54	$29
AVERAGE BALANCE SHEET		
Loans	$7,836	$7,289
Other assets	2,552	2,000
Total assets	$10,388	$9,289
Net deposits	$621	$618
Assigned funds and other liabilities	9,402	8,343
Assigned capital	365	328
Total funds	$10,388	$9,289
PERFORMANCE RATIOS		
After-tax profit margin	13%	8%
Efficiency	78	85
Return on assigned capital	15	9

</TABLE>

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

Mortgage Banking contributed 5% of total line of business earnings in 1997 compared with 3% in 1996. Earnings increased $25 million to $54 million for 1997 primarily due to higher origination and securitization activity. Net interest income increased $18 million or 15% in 1997 as a result of higher loan portfolio volume offsetting lower spreads.

Noninterest expense increased $40 million in 1997 reflecting a $15 million increase in volume-related expenses and a $25 million increase in mortgage servicing rights ("MSR") amortization expense.

MSR value and amortization are affected 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.

Mortgage Banking's results include servicing revenue and the impact from securities and interest rate floors used to hedge the value of MSR in noninterest income, while MSR amortization is reflected in noninterest expense. The following table reflects the components of net mortgage banking revenue.

MORTGAGE BANKING REVENUE
<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1997	1996
<S>	<C>	<C>
Servicing	$160	$155
MSR amortization	(81)	(56)
Hedging activities	18	(6)
Net servicing revenue	97	93
Origination and securitization	98	60
Other	8	12
Net mortgage banking revenue	$203	$165

</TABLE>

During 1997, Mortgage Banking funded $6.1 billion of residential mortgages with 70% representing retail originations. The comparable amounts were $5.6 billion and 64%, respectively, in 1996. At December 31, 1997, the mortgage servicing portfolio totaled $40.7 billion, including $31.7 billion of loans serviced for others, had a weighted-average coupon of 7.94% and an estimated fair value of $474 million. Capitalized MSR totaled $377 million at December 31, 1997 compared with $313 million a year ago.

MORTGAGE SERVICING PORTFOLIO

<TABLE>
<CAPTION>

In millions	1997	1996
January 1	$39,543	$37,299
Originations	6,136	5,614
Purchases	1,917	3,737
Repayments	(6,734)	(6,075)
Sales	(161)	(1,032)
December 31	$40,701	$39,543

</TABLE>

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, interest rate and market risk, corporate objectives, revenue composition and growth, Year 2000, BlackRock, Midland 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, and the Corporation assumes no duty to update forward-looking statements. 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 and in the Corporation's Annual Report, 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 initiatives and strategies; competition; changes in economic conditions; continued customer disintermediation; customers' acceptance of PNC Bank's products and services; and the extent and timing of technological advancement, capital management actions, actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

CONSOLIDATED INCOME STATEMENT REVIEW

INCOME STATEMENT HIGHLIGHTS
<TABLE>
<CAPTION>

Year ended December 31 - in millions	1997	1996	Change
Net interest income (taxable-equivalent basis)	$2,524	$2,479	$45
Provision for credit losses	70		70
Noninterest income before net securities gains	1,759	1,373	386
Net securities gains	49	22	27
Noninterest expense	2,615	2,312	303
Income taxes	566	535	31
Net income	1,052	992	60

</TABLE>

Taxable-equivalent net interest income increased to $2.524 billion for 1997, a $45 million increase over 1996. The net interest margin widened 11 basis points to 3.94% compared with 3.83% in the prior year. These increases resulted from a higher-yielding earning asset mix which offset the impact of spread compression, change in deposit mix and lower average deposit levels. Average securities declined $4.8 billion to $8.8 billion for 1997 while average loans increased $3.8 billion to $52.9 billion.

<TABLE>
<CAPTION>

NET INTEREST INCOME ANALYSIS

Taxable-equivalent basis Year ended December 31 - dollars in millions	Average Balances			Interest Income/Expense			Average Yields/Rates		
	1997	1996	Change	1997	1996	Change	1997	1996	Change
Interest-earning assets									
Securities	$8,774	$13,550	$(4,776)	$546	$867	$(321)	6.22%	6.40%	(18)bp
Loans, net of unearned income									
Consumer	11,224	12,192	(968)	953	1,028	(75)	8.49	8.43	6
Credit card	3,558	1,165	2,393	459	163	296	12.92	13.94	(102)
Residential mortgage	13,105	12,049	1,056	976	898	78	7.45	7.45	
Commercial	19,089	17,727	1,362	1,500	1,388	112	7.86	7.83	3
Commercial real estate	4,060	4,186	(126)	358	373	(15)	8.82	8.92	(10)

Other	1,871	1,797	74	130	119	11	6.94	6.63	31
Total loans, net of unearned income	52,907	49,116	3,791	4,376	3,969	407	8.27	8.08	19
Other interest-earning assets	2,336	2,059	277	158	137	21	6.75	6.64	11
Total interest-earning assets/ interest income	64,017	64,725	(708)	5,080	4,973	107	7.93	7.68	25
Noninterest-earning assets	6,627	6,082	545						
Total assets	$70,644	$70,807	$(163)						
Interest-bearing liabilities									
Deposits									
Demand and money market	$13,477	$12,619	$858	391	332	59	2.90	2.63	27
Savings	2,852	3,445	(593)	57	69	(12)	1.97	2.02	(5)
Other time	17,441	18,307	(866)	948	981	(33)	5.44	5.36	8
Deposits in foreign offices	1,094	846	248	61	46	15	5.58	5.44	14
Total interest-bearing deposits	34,864	35,217	(353)	1,457	1,428	29	4.18	4.06	12
Borrowed funds	18,594	18,314	280	1,099	1,066	33	5.91	5.82	9
Total interest-bearing liabilities/ interest expense	53,458	53,531	(73)	2,556	2,494	62	4.78	4.66	12
Noninterest-bearing liabilities, capital securities and shareholders' equity	17,186	17,276	(90)						
Total liabilities and shareholders' equity	$70,644	$70,807	$(163)						
Interest rate spread							3.15	3.02	13
Impact of noninterest-bearing sources							.79	.81	(2)
Net interest income/margin				$2,524	$2,479	$45	3.94%	3.83%	11 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. Accordingly, portfolio size, composition and related yields earned can have a significant impact on net interest income and margin.

In 1997, average loans comprised 82.6% of average earning assets compared to 75.9% for 1996. A higher percentage of loans in the earning asset base coupled with growth in higher yielding asset categories, predominantly credit card, contributed positively to 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 63.0% and 63.7% of PNC Bank's total sources of funding for the years ended December 31, 1997 and 1996, respectively, with the remainder primarily comprised of wholesale funding obtained at prevailing market rates.

Management anticipates modest balance sheet growth and continuation of the challenging competitive environment through 1998.

PROVISION FOR CREDIT LOSSES   The provision for credit losses was $70 million in 1997. No provision was recorded in the prior year. 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, management anticipates the Corporation will continue to record higher provisions for credit losses in 1998.

NONINTEREST INCOME

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1997	1996	Change Amount	Change Percent
<S>	<C>	<C>	<C>	<C>
Asset management				
Asset management and trust	$462	$378	$84	22.2%
Mutual fund servicing	141	119	22	18.5
Total asset management	603	497	106	21.3
Service fees				
Deposit	317	289	28	9.7
Credit card and merchant services	93	30	63	NM
Corporate finance and capital markets	83	65	18	27.7
Consumer services	75	64	11	17.2
Brokerage	54	54		
Insurance	40	30	10	33.3
Other	50	34	16	47.1

Total service fees	712	566	146	25.8
Mortgage banking	156	154	2	1.3
Other	288	156	132	84.6
Total noninterest income before net securities gains	1,759	1,373	386	28.1
Net securities gains	49	22	27	NM
Total	$1,808	$1,395	$413	29.6%

NM - not meaningful
</TABLE>

Noninterest income before net securities gains totaled $1.759 billion in 1997, a $386 million or 28.1% increase compared with 1996. Net securities gains were $49 million in 1997 including $17 million associated with mortgage banking activities.

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 $28 million due to a revised fee structure implemented during 1996 and higher treasury management revenue. Credit card and merchant services fees increased $63 million, reflecting credit card portfolio growth largely due to acquisitions to build scale in National Consumer Banking and the July 1996 termination of a third party alliance.

Mortgage banking revenue grew primarily due to higher income from origination and securitization activities exceeding an $8 million decline in gains from the sale of servicing. Mortgage originations were $6.1 billion in 1997 compared with $5.6 billion in 1996.

Other noninterest income increased in the comparison primarily due to a $27 million increase in venture capital income and asset securitization income of $55 million.

NONINTEREST EXPENSE
<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1997	1996	Change Amount	Change Percent
<S>	<C>	<C>	<C>	<C>
Staff expense				
Compensation	$1,016	$930	$86	9.2%
Employee benefits	192	180	12	6.7
Total staff expense	1,208	1,110	98	8.8
Net occupancy	189	197	(8)	(4.1)
Equipment	180	172	8	4.7
Goodwill amortization	53	54	(1)	(1.9)
Other amortization	121	63	58	92.1
Taxes other than income	57	53	4	7.5
Distributions on capital securities	43	1	42	NM
Other	764	662	102	15.4
Total	$2,615	$2,312	$303	13.1%

NM - not meaningful
</TABLE>

Noninterest expense increased $303 million to $2.615 billion in 1997 primarily due to $187 million of incremental costs associated with AAA and credit card-related national consumer initiatives. Higher incentive compensation commensurate with revenue growth and the cost of trust preferred capital securities also contributed to the increase. Excluding AAA and credit card-related national consumer initiatives and the cost of trust preferred capital securities, noninterest expense increased $74 million or 3%. Average full-time equivalent employees totaled 24,639 in 1997 compared with 25,020 in 1996. The efficiency ratio was 59.4% compared with 59.6% a year ago.

YEAR 2000 The Corporation has been working to prepare its computer systems and applications for the year 2000. This process involves reviewing, modifying and replacing existing hardware and software as necessary and communicating with external service providers and customers to assure they are addressing their year 2000 issues. The Corporation is also assessing the potential for systems of third parties such as vendors, customers, governmental entities and others to impact the Corporation's business operations.

Given the Corporation's common technology infrastructure, management estimates the review and modification of its computer systems and applications will be substantially completed by December 31, 1998. The expected total cost to become year 2000 compliant is approximately $30 million which is being expensed as incurred. Failure of the Corporation or third parties to correct year 2000 issues could cause disruption of operations resulting in increased operating costs. In addition, to the extent customers' financial positions are weakened as a result of year 2000 issues, credit quality could be affected.

BALANCE SHEET REVIEW

Total assets increased $1.9 billion since year-end 1996 primarily due to increases in loans, loans held for sale and short-term investments partially offset by a reduction in the securities portfolio.

YEAR-END BALANCE SHEET HIGHLIGHTS

December 31 - in millions	1997	1996	Change
Assets	$75,120	$73,260	$1,860
Earning assets	66,688	65,439	1,249
Loans, net of unearned income	54,245	51,798	2,447
Securities	8,522	11,917	(3,395)
Deposits	47,649	45,676	1,973
Borrowed funds	19,622	19,604	18
Shareholders' equity	5,384	5,869	(485)

LOANS   Loans outstanding increased $2.4 billion from year-end 1996 to $54.2 billion at December 31, 1997. Loan portfolio composition continues to be geographically diversified among numerous industries and types of businesses and reflects growth in the Corporation's core businesses, national consumer initiatives and the impact of acquisitions. As the Corporation's businesses evolve, the loan portfolio is expected to remain diversified. The credit card portfolio increased 38.0% due to AAA and other marketing initiatives. Growth in residential mortgages and commercial loans was partially offset by reductions in indirect automobile lending and $1.0 billion of student loan securitizations. Management anticipates modest loan portfolio growth in 1998.

LOANS

December 31 - in millions	1997	1996
Consumer		
Home equity	$4,848	$4,569
Automobile	3,221	3,731
Credit card	3,830	2,776
Student	1,223	1,725
Other	1,913	2,067
Total consumer	15,035	14,868
Residential mortgage	12,785	12,703
Commercial		
Manufacturing	3,838	3,770
Retail/Wholesale	3,575	3,369
Service providers	2,497	2,464
Real estate related	2,047	1,527
Communications	1,154	1,239
Health care	1,504	1,277
Financial services	1,027	717
Other	4,347	4,225
Total commercial	19,989	18,588
Commercial real estate		
Mortgage	1,848	1,941
Real estate project	2,126	2,157
Total commercial real estate	3,974	4,098
Lease financing and other	2,874	1,926
Unearned income	(412)	(385)
Total, net of unearned income	$54,245	$51,798

Unfunded commercial commitments, net of participations and syndications, totaled $29.7 billion and $27.1 billion at December 31, 1997 and 1996, respectively. Unfunded credit card commitments increased $2.9 billion to $16.4 billion. Commercial commitments generally have fixed expiration dates, may require payment of a fee, and contain termination clauses in the event the customer's credit quality deteriorates. Based on the Corporation's historical experience, most commitments expire unfunded and therefore cash requirements are substantially less than the total commitment.

SECURITIES   The securities portfolio declined $3.4 billion from year-end 1996 to $8.5 billion at December 31, 1997. The expected weighted-average life of the securities portfolio was 2 years and 9 months at December 31, 1997 compared with 2 years and 11 months at year-end 1996.

SECURITIES AVAILABLE FOR SALE

December 31 - in millions	1997 Amortized Cost	1997 Fair Value	1996 Amortized Cost	1996 Fair Value
Debt securities				
U.S. Treasury and government agencies	$1,102	$1,105	$3,238	$3,237
Mortgage-backed	4,672	4,623	6,301	6,176
Asset-backed	2,079	2,083	1,609	1,615
State and municipal	170	177	218	227
Other debt	34	33	100	105
Corporate stocks and other	501	501	554	557
Total	$8,558	$8,522	$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 1997, $10.2 billion of securities were sold at a $49 million net gain.

The securities portfolio includes collateralized mortgage obligations and other mortgage-backed securities. These securities are marketable and generally guaranteed, primarily by U.S. government agencies. Expected lives of such securities can vary as interest rates change. In a rising interest rate environment, prepayments on the underlying mortgage securities may slow and lengthen the expected lives. Conversely, expected lives would shorten in a declining interest rate environment. The Corporation monitors the impact of this risk through the use of an income simulation model as part of the asset/liability management process.

The notional value of financial derivatives designated to securities available for sale was $5.5 billion at December 31, 1996. The net fair value of such financial derivatives, which is reflected in the preceding table, was less than $1 million. These contracts matured during 1997 and no financial derivatives were designated to securities available for sale at December 31, 1997.

FUNDING SOURCES   Deposits increased 4.3% to $47.6 billion at December 31, 1997 compared with $45.7 billion at year-end 1996 while borrowed funds remained relatively unchanged. Deposits increased primarily due to an increase in short-term foreign deposits. During 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.

FUNDING SOURCES
<TABLE>
<CAPTION>

December 31 - in millions	1997	1996
Deposits		
Demand, savings and money market	$27,475	$27,027
Time	17,125	17,803
Foreign	3,049	846
Total deposits	47,649	45,676
Borrowed funds		
Bank notes and senior debt	9,826	8,093
Federal funds purchased	3,632	3,933
Repurchase agreements	714	645
Other borrowed funds	3,753	5,576
Subordinated debt	1,697	1,357
Total borrowed funds	19,622	19,604
Total	$67,271	$65,280

</TABLE>

CAPITAL   The access to and cost of funding new business initiatives including acquisitions, deposit insurance costs, ability to pay dividends 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, 10% for total risk-based and 5% for leverage.

At December 31, 1997, the Corporation and each bank subsidiary met the well capitalized capital ratio requirements.

RISK-BASED CAPITAL

<TABLE>
<CAPTION>

December 31 - dollars in millions	1997	1996
<S>	<C>	<C>
Capital components		
Shareholders' equity		
Common	$5,069	$5,553
Preferred	315	316
Trust preferred capital securities	650	350
Goodwill and other	(949)	(1,003)
Net unrealized securities losses	23	67
Tier I risk-based capital	5,108	5,283
Subordinated debt	1,666	1,343
Eligible allowance for credit losses	861	801
Total risk-based capital	$7,635	$7,427
Assets		
Risk-weighted assets and off-balance-sheet instruments	$68,756	$63,761
Average tangible assets	69,948	68,597
Capital ratios		
Tier I risk-based	7.43%	8.29%
Total risk-based	11.11	11.65
Leverage	7.30	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. In July 1997, the Corporation issued $350 million of 6 7/8% subordinated notes that qualify as Tier II capital.

In the fourth quarter of 1996, the Corporation issued $300 million of nonconvertible preferred stock and $350 million of 7.95% mandatorily redeemable capital securities. These issuances qualify as Tier I capital.

During 1997, PNC Bank repurchased 29.3 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. At December 31, 1997 approximately 3.6 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. Market risk is also inherent in the Corporation's business operations. Market risk is the risk of loss associated with adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates and equity prices. 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.

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

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

NONPERFORMING ASSETS
<TABLE>
<CAPTION>

December 31 - dollars in millions	1997	1996
<S>	<C>	<C>
Nonaccrual loans		
Commercial	$128	$156
Commercial real estate		
Mortgage	84	109
Real estate project	10	25
Consumer	10	6
Residential mortgage	44	51
Total nonaccrual loans	276	347

Restructured loans		2
Total nonperforming loans	276	349
Foreclosed assets		
Commercial real estate	27	71
Residential mortgage	21	22
Other	9	17
Total foreclosed assets	57	110
Total nonperforming assets	$333	$459
Nonperforming loans to loans	.51%	.67%
Nonperforming assets to loans and foreclosed assets	.61	.88
Nonperforming assets to asset	.44	.63

</TABLE>

At December 31, 1997, $34 million of nonperforming loans were current as to principal and interest compared with $80 million at December 31, 1996.

CHANGE IN NONPERFORMING ASSETS

<TABLE>
<CAPTION>

In millions	1997	1996
<S>	<C>	<C>
January 1	$459	$536
Transferred from accrual	308	447
Returned to performing	(26)	(40)
Principal reductions	(230)	(277)
Sales	(99)	(134)
Charge-offs and valuation adjustments	(79)	(73)
December 31	$333	$459

</TABLE>

ACCRUING LOANS
PAST DUE 90 DAYS OR MORE

<TABLE>
<CAPTION>

December 31 - dollars in millions	Amount 1997	Amount 1996	Percent of Loans 1997	Percent of Loans 1996
<S>	<C>	<C>	<C>	<C>
Consumer				
Guaranteed student	$26	$51	2.32%	2.95%
Credit card	69	43	1.80	1.56
Other	32	46	.33	.45
Total consumer	127	140	.87	.96
Residential mortgage	60	58	.47	.46
Commercial	78	34	.39	.19
Commercial real estate	23	12	.59	.29
Total	$288	$244	.53	.47

</TABLE>

Loans not included in past due, nonaccrual or restructured categories, but where known information about possible credit problems causes management to be uncertain of the borrower's ability to comply with existing repayment terms over the next six months totaled $41 million at December 31, 1997.

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

ALLOWANCE FOR CREDIT LOSSES

<TABLE>
<CAPTION>

In millions	1997	1996
January 1	$1,166	$1,259
Charge-offs	(385)	(247)
Recoveries	113	83
Net charge-offs	(272)	(164)
Provision for credit losses	70	
Acquisitions	8	71
December 31	$972	$1,166

</TABLE>

The allowance as a percent of nonperforming loans and period-end loans was 352% and 1.79%, respectively, at December 31, 1997. The comparable 1996 amounts were 334% and 2.25%.

CHARGE-OFFS AND RECOVERIES

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
1997				
Consumer	$107	$37	$70	.62%
Credit card	208	25	183	5.14
Residential mortgage	9	1	8	.06
Commercial	49	38	11	.06
Commercial real estate	12	12		
Total	$385	$113	$272	.51
1996				
Consumer	$101	$35	$66	.54%
Credit card	66	7	59	5.06
Residential mortgage	9	2	7	.06
Commercial	53	29	24	.14
Commercial real estate	18	10	8	.19
Total	$247	$83	$164	.33

</TABLE>

Credit card net charge-offs increased $124 million in the comparison primarily due to higher outstandings associated with purchased 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 December 31, 1997, such assets totaled $16.7 billion, with $4.5 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 December 31, 1997, approximately $5.9 billion of residential mortgages were available as collateral for borrowings from the FHLB.

During 1997, cash and due from banks increased $287 million to $4.3 billion compared with an increase of $337 million in 1996. Net cash used by operating activities totaled $41 million in 1997 compared with $210 million provided a year earlier. The funding of loan originations resulted in a $48 million use of cash by investing activities in 1997. Investing activities provided cash of $1.6

billion in 1996. Net cash provided by financing activities totaled $376 million compared with $1.4 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 $237 million at December 31, 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 used in the overall asset/liability management process.

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

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

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

The income simulation model is the primary tool used to measure the direction and magnitude of changes in net interest income resulting from changes in interest rates. Forecasting net interest income and its sensitivity to changes in interest rates requires that the Corporation make assumptions about the volume and characteristics of new business and the behavior of existing positions. These business assumptions are based on the Corporation's experience, line of business plans and published industry experience with input by key line of business managers. Any significant changes in major assumptions are reviewed by Corporate ALCO. This review includes an assessment of the motivation for the change and its effect on the simulated results. Key assumptions employed in the model include prepayment speeds on mortgage-related assets and consumer loans, loan

volumes and pricing, deposit volumes and pricing, the expected life and repricing characteristics of nonmaturity loans and deposits and management's financial and capital plans.

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

The Corporation's interest rate risk management policies provide that net interest income should not decrease by more than 3% if interest rates gradually increase or decrease from current rates by 100 basis points over a twelve-month period. Over the course of 1997, the Corporation's interest rate risk exposures were consistently within policy limits. At December 31, 1997, if interest rates were to increase by 100 basis points over the next twelve months, net interest income would decline by 0.8%. If interest rates were to decrease by 100 basis points over the next twelve months there would be no effect on net interest income.

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

The Corporation measures the sensitivity of the value of its balance sheet and off-balance sheet positions to movements in interest rates using an economic value of equity sensitivity model. The model computes the value of all current on- and off-balance sheet positions under a range of instantaneous interest rate changes. The resulting change in the value of equity is the measure of overall long-term interest rate risk inherent in the Corporation's existing on- and off-balance sheet positions. The Corporation uses the economic value of equity model to complement the income simulation modeling process.

Economic value of equity sensitivities are periodically reported to Corporate ALCO and the Finance Committee of the Board of Directors. Based on the results of the economic value of equity model at December 31, 1997, if interest rates were to increase by 100 basis points, the economic value of existing on- and off-balance sheet positions would increase by 0.02% of assets. If interest rates were to decrease by 100 basis points, the economic value of existing on- and off-balance sheet positions would decline by 0.16% of assets.

MARKET RISK   PNC Bank's market risk is predominantly related to interest rate risk associated with normal loan and deposit taking. Market risk associated with trading, capital markets and foreign exchange activities is managed using a value-at-risk approach that combines interest rate risk, foreign exchange rate risk, spread risk and volatility risk. Exposure is measured as the maximum loss due to a two standard deviation one day move. The combined year-end value-at-risk of all trading operations was less than $300 thousand.

Most of PNC Bank's trading activities are designed to provide capital markets services for Corporate Banking and Private Banking customers. While some market risk exposure is a necessary outgrowth of providing services to customers, the performance of PNC Bank's trading operations is predominantly based on providing value-added services to our customers and not on positioning the Corporation's portfolio for gains from market movements.

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 1997.

FINANCIAL DERIVATIVES ACTIVITY

<TABLE>
<CAPTION>

1997 - dollars in millions	January 1	Additions	Maturities	Terminations	December 31	Weighted-Average Maturity
Interest rate risk management						
Interest rate swaps						
<S>	<C>	<C>	<C>	<C>	<C>	<C> <C>
Receive fixed	$7,003	$2,304	$(1,357)	$(3,630)	$4,320	2 yr. 0 mo.
Pay fixed	602		(154)		448	2 yr. 3 mo.
Basis swaps	335	981	(305)		1,011	5 yr. 3 mo.
Interest rate caps	5,813	372	(5,643)		542	3 yr. 8 mo.
Interest rate floors	2,500	1,146	(1)		3,645	1 yr. 6 mo.

Total interest rate risk management	16,253	4,803	(7,460)	(3,630)	9,966	2 yr. 3 mo.
Mortgage banking activities						
Forward contracts						
Commitments to purchase loans	395	10,171	(8,914)		1,652	2 mo.
Commitments to sell loans	894	10,115	(9,674)		1,335	2 mo.
Interest rate floors - MSR	1,050	670		(250)	1,470	4 yr. 2 mo.
Total mortgage banking activities	2,339	20,956	(18,588)	(250)	4,457	
Total	$18,592	$25,759	$(26,048)	$(3,880)	$14,423	

</TABLE>

During 1997, financial derivatives used in interest rate risk management reduced net interest income by $14 million compared with an $11 million reduction in the prior year.

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>

December 31, 1997 - dollars in millions	Notional Value	Estimated Fair Value	Forward Yield Curve Paid	Forward Yield Curve Received
<S>	<C>	<C>	<C>	<C>
Interest rate risk management				
Asset rate conversion				
Interest rate swaps(1)				
Receive fixed designated to loans	$3,170	$64	5.79%	6.45%
Pay fixed designated to loans	427	(10)	7.30	5.89
Basis swaps designated to other earning assets	336	2	5.77	5.99
Interest rate caps designated to loans(2)	542	4	NM	NM
Interest rate floors designated to loans(3)	3,645	4	NM	NM
Total asset rate conversion	8,120	64		
Liability rate conversion				
Interest rate swaps(1)				
Receive fixed designated to interest-bearing liabilities	1,150	37	5.88	6.31
Pay fixed designated to borrowed funds	21	3	5.47	6.38
Basis swaps designated to borrowed funds	675	1	5.96	5.99
Total liability rate conversion	1,846	41		
Total interest rate risk management	9,966	105		
Mortgage banking activities				
Forward contracts				
Commitments to purchase loans	1,652	(1)	NM	NM
Commitments to sell loans	1,335	(5)	NM	NM
Interest rate floors - MSR(3)	1,470	26	NM	NM
Total mortgage banking activities	4,457	20		
Total financial derivatives	$14,423	$125		

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 67% were based on 1-month LIBOR, 28% 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 6.32%.
(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 December 31, 1997, 3-month LIBOR was 5.81% and 10-year CMT was 5.75%.
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 opposing schedule sets forth information relating to positions associated with customer derivatives.

<TABLE>
<CAPTION>

December 31, 1997 - in millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)
<S>	<C>	<C>	<C>	<C>
Interest rate				
Swaps	$3,518	$ 15	$ (14)	$ 1
Caps/floors				
Sold	1,340		(4)	(4)
Purchased	1,215	4		4
Foreign exchange	1,700	23	(23)	
Other	734	1	(1)	
Total	$8,507	$ 43	$ (42)	$ 1

</TABLE>

FINANCIAL REVIEW 1996 VERSUS 1995

OVERVIEW

Net income for 1996 totaled $992 million or $2.88 per diluted share compared with $408 million or $1.19, respectively, in 1995. Returns on average common shareholders' equity and average assets for 1996 were 17.18% and 1.40%, respectively, compared with 7.05% and 0.54%, respectively, in 1995. The 1996 results include a $22 million after-tax charge to recapitalize the SAIF. Excluding the SAIF assessment, earnings for 1996 totaled $1.015 billion or $2.94 per diluted share. On this basis, returns on average common shareholders' equity and average assets were 17.58% and 1.43%, respectively. The 1995 results include $380 million of after-tax charges recorded in connection with the Midlantic Corporation ("Midlantic") merger and actions taken to reposition the Corporation's balance sheet. Excluding these charges, 1995 earnings were $788 million or $2.30 per diluted share.

INCOME STATEMENT REVIEW

INCOME STATEMENT HIGHLIGHTS

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1996	1995	Change
<S>	<C>	<C>	<C>
Net interest income (taxable-equivalent basis)	$2,479	$2,189	$290
Provision for credit losses		6	(6)
Noninterest income before net securities gains (losses)	1,373	1,240	133
Net securities gains (losses)	22	(280)	302
Noninterest expense before special charges	2,312	2,209	103
Special charges		260	(260)
Income taxes	535	219	316
Net income	992	408	584

</TABLE>

NET INTEREST INCOME Taxable-equivalent net interest income totaled $2.479 billion in 1996 compared with $2.189 billion for 1995. The net interest margin widened to 3.83% in 1996 compared with 3.15% in 1995. These increases were primarily due to loan growth, the October 1995 Chemical Bank, New Jersey acquisition and changes in balance sheet composition.

PROVISION FOR CREDIT LOSSES Favorable economic conditions during 1996 and 1995, combined with management's ongoing attention to asset quality, resulted in lower nonperforming assets and strong coverage ratios. The Corporation did not record a provision for credit losses in 1996 compared with a provision of $6 million in 1995.

NONINTEREST INCOME Noninterest income before securities transactions increased $133 million to $1.373 billion in 1996. Asset management and trust revenue increased $77 million or 18.3% due to new business and an increase in the value of assets under administration.

Service fees increased $71 million in 1996 to $566 million, primarily reflecting growth in deposit services, treasury management, brokerage and corporate finance. During 1996, mortgage banking revenue decreased $33 million to $154 million primarily due to lower servicing sales.

Other noninterest income increased $18 million to $156 million in 1996 primarily due to higher venture capital income.

Net securities gains totaled $22 million in 1996 compared with losses of $280 million in 1995. During 1995, securities were sold and related financial derivatives were terminated in connection with initiatives to downsize the securities portfolio and to reduce interest rate sensitivity.

NONINTEREST EXPENSE   Noninterest expense before special charges increased $103 million or 4.7% in 1996 primarily due to purchase acquisitions consummated during 1995, incentive compensation and the one-time assessment to recapitalize the SAIF. Compensation expense increased primarily due to acquisitions and incentive compensation in fee-based businesses including asset management and brokerage.

In connection with the Midlantic merger, the Corporation recorded special charges of $260 million in 1995 for elimination of duplicate operations and facilities, employee severance, professional services, termination of an interest rate cap position and various other costs.

BALANCE SHEET REVIEW

Total assets and earning assets were $73.3 billion and $65.4 billion, respectively, at December 31, 1996 compared with $73.4 billion and $66.8 billion at year-end 1995. The decline was primarily due to a reduced securities portfolio offset by loan growth.

LOANS   Loans outstanding increased $3.1 billion from year-end 1995 to $51.8 billion at December 31, 1996. Loan portfolio composition remained relatively consistent in the comparison except for an increase in the credit card portfolio attributable to AAA-related initiatives.

SECURITIES   The securities portfolio declined $3.9 billion from year-end 1995 to $11.9 billion at December 31, 1996, reflecting the impact of management's actions to reduce reliance on investment activities and related wholesale funding.

The following table presents the amortized cost and fair value of securities available for sale at year-end 1996 and 1995.

SECURITIES AVAILABLE FOR SALE

<TABLE>
<CAPTION>

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

</TABLE>

FUNDING SOURCES   Deposits decreased $1.2 billion to $45.7 billion compared with $46.9 billion at year-end 1995. Time deposits declined $858 million as consumers sought more attractive yields from alternative investments. Borrowed funds totaled $19.6 billion at December 31, 1996 compared with $19.1 billion at the end of 1995.

ASSET QUALITY   The allowance for credit losses totaled $1.2 billion at December 31, 1996 compared with $1.3 billion at December 31, 1995.

ASSET QUALITY

<TABLE>
<CAPTION>

December 31 - in millions	1996	1995

- ---

<S>	<C>	<C>
Nonperforming assets	$459	$536
Accruing loans past due 90 days or more		
Consumer	97	87
Credit card	43	8
Residential mortgage	58	63
Commercial	34	22
Commercial real estate	12	45
Total	$244	$225
Allowance as a percent of period-end		
Loans	2.25%	2.59%
Nonperforming loans	334.40	351.68

- ---
</TABLE>

CAPITAL Shareholders' equity totaled $5.9 billion and $5.8 billion at December 31, 1996 and 1995, respectively, and the leverage ratio was 7.70% and 6.37% in the comparison. Tier I and total risk-based capital ratios were 8.29% and 11.65%, respectively, at December 31, 1996. The comparable December 31, 1995 ratios were 8.00% and 11.56%, respectively.

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 at December 31, 1996.

FINANCIAL DERIVATIVES

<TABLE>
<CAPTION>

			Forward Yield Curve	
December 31, 1996 - dollars in millions	Notional Value	Estimated Fair Value	Paid	Received
<S>	<C>	<C>	<C>	<C>
Interest rate risk management				
Asset rate conversion				
Interest rate swaps(1)				
Receive fixed designated to loans	$6,020	$100	5.88%	5.94%
Pay fixed designated to loans	552	(15)	7.36	6.17
Interest rate caps designated to(2)				
Securities	5,500		NM	NM
Loans	313	2	NM	NM
Interest rate floors designated to loans(3)	2,500	3	NM	NM
Total asset rate conversion	14,885	90		
Liability rate conversion				
Interest rate swaps(1)				
Receive fixed designated to interest-bearing liabilities	983	9	5.88	6.12
Pay fixed designated to borrowed funds	50		5.63	5.68
Basis swaps designated to borrowed funds	335	3	5.67	5.66
Total liability rate conversion	1,368	12		
Total interest rate risk management	16,253	102		
Mortgage banking activities				
Forward contracts				
Commitments to purchase loans	395	(1)	NM	NM
Commitments to sell loans	894		NM	NM
Interest rate floors - MSR(3)	1,050	10	NM	NM
Total mortgage banking activities	2,339	9		
Total financial derivatives	$18,592	$111		

- ---
</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 51% were based on 3-month LIBOR, 45% on 1-month LIBOR and the remainder on other short-term indices.
(2) Interest rate caps with notional values of $5.783 billion and $30 million require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over a weighted-average strike of 6.49% and 1-month LIBOR over 6.75%, respectively.
(3) Interest rate floors with notional values of $2.5 billion and $1.05 billion

require the counterparty to pay the Corporation the excess, if any, of the weighted-average strike of 4.92% over 3-month LIBOR and the weighted-average strike of 5.88% over 10-year CMT.

At December 31, 1996, 1-month LIBOR was 5.50%, 3-month LIBOR was 5.56% and 10-year CMT was 6.43%.

NM - not meaningful

REPORTS ON CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

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

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

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

Management assessed PNC Bank Corp.'s internal control over financial reporting as of December 31, 1997. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that PNC Bank Corp. maintained an effective internal control system over financial reporting as of December 31, 1997.

/s/ Thomas H. O'Brien	/s/ Robert L. Haunschild
Thomas H. O'Brien	Robert L. Haunschild
Chairman and	Senior Vice President and
Chief Executive Officer	Chief Financial Officer

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

SHAREHOLDERS AND BOARD OF DIRECTORS
PNC BANK CORP.

We have audited the accompanying consolidated balance sheet of PNC Bank Corp. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of PNC Bank Corp.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PNC Bank Corp. and subsidiaries at December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
January 23, 1998

CONSOLIDATED
STATEMENT OF INCOME

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions, except per share data	1997	1996	1995
<S>	<C>	<C>	<C>
INTEREST INCOME			
Loans and fees on loans	$4,354	$3,943	$3,743
Securities	540	859	1,283
Other	157	136	123
Total interest income	5,051	4,938	5,149
INTEREST EXPENSE			
Deposits	1,457	1,428	1,552
Borrowed funds	1,099	1,066	1,455
Total interest expense	2,556	2,494	3,007
Net interest income	2,495	2,444	2,142
Provision for credit losses	70		6
Net interest income less provision for credit losses	2,425	2,444	2,136
NONINTEREST INCOME			
Asset management and trust	603	497	420
Service fees	712	566	495
Mortgage banking	156	154	187
Net securities gains (losses)	49	22	(280)
Other	288	156	138
Total noninterest income	1,808	1,395	960
NONINTEREST EXPENSE			
Staff expense	1,208	1,110	1,065
Net occupancy and equipment	369	369	346
Amortization	174	117	115
Other	821	715	683
Distributions on capital securities	43	1	
Special charges			260
Total noninterest expense	2,615	2,312	2,469
Income before income taxes	1,618	1,527	627
Income taxes	566	535	219
Net income	$1,052	$992	$408
EARNINGS PER COMMON SHARE			
Basic	$3.33	$2.91	$1.20
Diluted	3.28	2.88	1.19
CASH DIVIDENDS DECLARED PER COMMON SHARE	1.50	1.42	1.40
AVERAGE COMMON SHARES OUTSTANDING (in thousands)			
Basic	310,147	338,568	336,455
Diluted	316,221	344,576	343,868

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED
BALANCE SHEET
<TABLE>
<CAPTION>

December 31 - dollars in millions, except par value	1997	1996
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$4,303	$4,016
Short-term investments	1,526	774
Loans held for sale	2,324	941
Securities available for sale	8,522	11,917
Loans, net of unearned income of $412 and $385	54,245	51,798
Allowance for credit losses	(972)	(1,166)

Net loans	53,273	50,632
Other	5,172	4,980
Total assets	$75,120	$73,260
LIABILITIES		
Deposits		
Noninterest-bearing	$10,158	$10,937
Interest-bearing	37,491	34,739
Total deposits	47,649	45,676
Borrowed funds		
Bank notes and senior debt	9,826	8,093
Federal funds purchased	3,632	3,933
Repurchase agreements	714	645
Other borrowed funds	3,753	5,576
Subordinated debt	1,697	1,357
Total borrowed funds	19,622	19,604
Other	1,815	1,761
Total liabilities	69,086	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: 348,447,600 and 345,154,238 shares	1,742	1,726
Capital surplus	1,042	939
Retained earnings	4,641	4,075
Deferred benefit expense	(41)	(60)
Net unrealized securities losses	(23)	(67)
Common stock held in treasury at cost: 48,017,641 and 21,036,195 shares	(1,984)	(751)
Total shareholders' equity	5,384	5,869
Total liabilities, capital securities and shareholders' equity	$75,120	$73,260

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

Dollars in millions, except per share data	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1995	$51	$1,719	$692	$3,535	$(270)	$5,727
Net income				408		408
Cash dividends declared						
Common (PNC - $1.40, Midlantic - $.96 per share)				(383)		(383)
Preferred				(3)		(3)
Common stock issued (4,532,108 shares)		23	(8)			15
Preferred stock redeemed	(50)					(50)
Treasury stock activity			5		(119)	(114)
Midlantic merger - treasury stock issued		(38)	(146)		184	
Tax benefit of ESOP and stock option plans			2	14		16
Deferred benefit expense					4	4
Net unrealized securities gains					148	148
Balance at December 31, 1995	1	1,704	545	3,571	(53)	5,768
Net income				992		992
Cash dividends declared						
Common				(482)		(482)
Preferred				(6)		(6)
Common stock issued (4,290,890 shares)		22	74			96
Preferred stock issued (6,000,000 shares)	6		290			296
Treasury stock activity			1	(1)	(751)	(751)
Tax benefit of ESOP and stock option plans			29	1		30
Deferred benefit expense					19	19
Net unrealized securities losses					(93)	(93)
Balance at December 31, 1996	7	1,726	939	4,075	(878)	5,869

Net income				1,052		1,052
Cash dividends declared						
Common				(469)		(469)
Preferred				(19)		(19)
Common stock issued (3,293,362 shares)		16	57			73
Treasury stock activity			19		(1,233)	(1,214)
Tax benefit of ESOP and stock option plans			27	2		29
Deferred benefit expense					19	19
Net unrealized securities gains					44	44
Balance at December 31, 1997	$7	$1,742	$1,042	$4,641	$(2,048)	$5,384

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED
STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1997	1996	1995
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$1,052	$992	$408
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Provision for credit losses	70		6
Depreciation, amortization and accretion	346	290	296
Deferred income taxes	133	190	128
Net securities (gains) losses	(49)	(22)	280
Net gain on sales of assets	(179)	(89)	(77)
Valuation adjustments	(3)	(9)	(15)
Change in			
Loans held for sale	(1,383)	(282)	(172)
Other	(28)	(860)	266
Net cash provided (used) by operating activities	(41)	210	1,120
INVESTING ACTIVITIES			
Net change in loans	(5,182)	(1,657)	(2,021)
Repayment			
Securities available for sale	2,014	6,045	1,791
Investment securities			1,944
Purchases			
Securities available for sale	(8,725)	(9,063)	(3,409)
Investment securities			(161)
Credit card portfolios	(202)	(1,822)	
Other loans	(332)	(683)	(702)
Sales			
Securities available for sale	10,223	6,789	7,983
Loans	2,863	671	160
Foreclosed assets	116	151	125
Net cash received for acquisitions/divestitures		460	49
Other	(823)	664	1,276
Net cash provided (used) by investing activities	(48)	1,555	7,035
FINANCING ACTIVITIES			
Net change in			
Noninterest-bearing deposits	(779)	221	272
Interest-bearing deposits	2,766	(1,919)	(2,134)
Federal funds purchased	(301)	(541)	(125)
Sale/issuance			
Repurchase agreements	84,315	70,626	74,102
Bank notes and senior debt	9,125	8,197	7,946
Other borrowed funds	99,469	88,663	98,786
Subordinated debt	350		344
Capital securities	300	350	
Preferred stock		296	
Common stock	155	120	88
Repayment/maturity			
Repurchase agreements	(84,246)	(72,832)	(75,553)
Bank notes and senior debt	(7,390)	(6,561)	(10,686)
Other borrowed funds	(101,368)	(86,991)	(100,250)
Subordinated debt			(5)
Redemption of preferred stock			(50)
Acquisition of treasury stock	(1,532)	(569)	(236)
Cash dividends paid	(488)	(488)	(387)
Net cash provided (used) by financing activities	376	(1,428)	(7,888)

INCREASE IN CASH AND DUE FROM BANKS	287	337	267
Cash and due from banks at beginning of year	4,016	3,679	3,412
Cash and due from banks at end of year	$4,303	$4,016	$3,679
CASH PAID FOR			
Interest	$2,569	$2,636	$3,102
Income taxes	418	193	122
NONCASH ITEMS			
Increase in securities available for sale			18,078
Decrease in investment securities			(18,078)
Transfers from loans to other assets	71	76	99

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS PNC Bank Corp. ("Corporation" or "PNC Bank") is one of the largest diversified financial services organizations in the United States. The Corporation's major businesses include National Consumer Banking, Regional Community Banking, Private Banking, Secured Lending, Asset Management and Servicing, Corporate Banking and Mortgage Banking. Financial products and services are customized for specific customer segments and offered nationally and in PNC Bank's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio, Kentucky, Indiana, Massachusetts and Florida. PNC Bank is subject to intense competition from other financial services companies with respect to these businesses and is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by certain regulatory authorities.

NOTE 1 ACCOUNTING POLICIES

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

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

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

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

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

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

A loan is categorized as restructured if the original interest rate or repayment terms are restructured due to a deterioration in the financial condition of the borrower.

Nonperforming loans are generally not returned to performing status until the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and collection of the contractual principal and interest is no longer doubtful.

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

Impaired loans consist of nonaccrual and restructured commercial and commercial real estate loans. Interest collected on these loans is recognized on the cash basis or cost recovery method.

ALLOWANCE FOR CREDIT LOSSES The allowance for credit losses is a reserve for estimated credit losses established through provisions charged against income. Loans deemed to be uncollectible are charged against the allowance and recoveries of previously charged-off loans are credited to the allowance.

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. Impaired loans are generally evaluated based on the present value of expected future cash flows or the fair value of the underlying collateral if principal repayment is expected to come from the sale or operation of such collateral.

SERVICING OF FINANCIAL ASSETS Originated servicing rights for loans sold are recognized by allocating total costs incurred between the loan and the servicing rights based on their relative fair values. Purchased servicing rights are recorded at cost. Servicing rights are amortized in proportion to estimated net servicing income. To determine the fair value of servicing rights, the Corporation estimates the present value of future cash flows incorporating numerous assumptions including servicing income, cost of servicing, discount rates, prepayment speeds and default rates.

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

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

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

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

FINANCIAL DERIVATIVES The Corporation uses off-balance-sheet financial derivatives as part of the overall asset/liability management process, in mortgage banking activities and in providing risk management services to customers. 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, forward contracts and foreign exchange contracts.

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

Interest rate swaps, caps and floors that modify the interest rate characteristics (such as from fixed to variable, variable to fixed, or one variable index to another) of designated interest-bearing assets or liabilities are accounted for under the accrual method. The net amount payable or receivable from the derivative contract is accrued as an adjustment to interest income or interest expense of the designated instrument. Premiums on contracts are deferred and amortized over the life of the agreement as an adjustment to interest income or interest expense of the designated instruments. Unamortized premiums are included in other assets. Changes in fair value of financial derivatives accounted for under the accrual method are not reflected in the financial results. Realized gains and losses, except losses on terminated interest rate caps and floors, are deferred as an adjustment to the carrying amount of the designated instruments and amortized over the shorter of the remaining original life of the agreements or the designated instruments. Losses on terminated interest rate caps and floors are recognized immediately in the results of operations. If the designated instruments are disposed of, the fair value of the associated derivative contract and any unamortized deferred gains or losses are included in the determination of gain or loss on the disposition of such instruments. Contracts not qualifying for accrual accounting are marked to market.

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

To accommodate customer needs, PNC Bank also enters into financial derivative 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 other income.

FOREIGN CURRENCY TRANSLATION The Corporation has foreign currency exposures for loans and deposits denominated in foreign currencies. These exposures are managed by entering into currency swaps and currency forward contracts. Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the balance sheet date exchange rate. Resulting gains or losses are included in the results of operations. Derivatives designated as hedges are accounted for using the deferral method of accounting. Derivatives not qualifying for deferral accounting are marked to market.

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

STOCK OPTIONS For stock options granted at exercise prices not less than the fair market value of common stock on the date of grant, no compensation expense is recognized.

EARNINGS PER COMMON SHARE Effective December 31, 1997, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share." The provisions of SFAS No. 128 required replacement of the previously reported primary and fully diluted earnings per share amounts with basic and diluted earnings per share for all periods presented.

Basic earnings per common share is calculated by dividing net income adjusted for preferred stock dividends declared by the weighted-average number of shares of common stock outstanding.

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 In December 1996, SFAS No. 127 "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125" was issued. This statement defers certain provision of SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," related to repurchase agreements, securities lending and other similar transactions until January 1, 1998.

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.

These standards, when implemented, are not expected to materially impact the reported financial position or results of operations of the Corporation.

NOTE 2 MERGERS AND ACQUISITIONS

On December 31, 1995, Midlantic Corporation ("Midlantic") merged with the

Corporation. Each share of Midlantic common stock outstanding was converted into 2.05 shares of the Corporation's common stock. The Corporation issued approximately 112 million shares of common stock and cash in lieu of fractional shares in connection with the merger. In connection with the merger, PNC Bank recorded $260 million of special charges for integration and consolidation and to realign the interest rate risk profile of the combined companies. The transaction was accounted for as a pooling of interests.

NOTE 3 CASH FLOWS

For the statement of cash flows, cash and cash equivalents are defined as cash and due from banks.

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

<TABLE>
<CAPTION>

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

</TABLE>
The Corporation did not have acquisition or divestiture activity which affected 1997 cash flows.

NOTE 4 SECURITIES AVAILABLE FOR SALE

<TABLE>
<CAPTION>

	1997				1996			
	Amortized	Unrealized		Fair	Amortized	Unrealized		Fair
December 31 - in millions	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Debt securities								
U.S. Treasury and government agencies	$1,102	$4	$1	$1,105	$3,238	$20	$21	$3,237
Mortgage-backed	4,672	4	53	4,623	6,301	13	138	6,176
Asset-backed	2,079	5	1	2,083	1,609	7	1	1,615
State and municipal	170	7		177	218	9		227
Other debt	34		1	33	100	7	2	105
Total debt securities	8,057	20	56	8,021	11,466	56	162	11,360
Corporate stocks and other	501	3	3	501	554	3		557
Total securities available for sale	$8,558	$23	$59	$8,522	$12,020	$59	$162	$11,917

</TABLE>

At December 31, 1996, $5.5 billion notional value of interest rate caps were designated to securities available for sale. These contracts matured during 1997 and no financial derivatives were designated to securities available for sale at December 31, 1997.

The following table presents the amortized cost, fair value and weighted-average yield of debt securities at December 31, 1997 by remaining contractual maturity.

CONTRACTUAL MATURITY OF DEBT SECURITIES

<TABLE>
<CAPTION>

December 31, 1997 - dollars in millions	Within 1 Year	1 to 5 Years	5 to 10 Years	After 10 Years	Total
<S>	<C>	<C>	<C>	<C>	<C>
U.S. Treasury and government agencies	$96	$536	$467	$3	$1,102
Mortgage-backed		1	155	4,516	4,672
Asset-backed		125	80	1,874	2,079
State and municipal	30	25	59	56	170
Other debt	2	7	10	15	34
Total	$128	$694	$771	$6,464	$8,057
Fair value	$128	$695	$774	$6,424	$8,021
Weighted-average yield	6.52%	6.19%	6.37%	6.19%	6.22%

==
</TABLE>

Based on current interest rates and expected prepayment speeds, the weighted-average expected maturity of mortgage-backed and asset-backed securities was approximately 2 years and 6 months at December 31, 1997.

Weighted-average yields are based on historical cost with effective yields weighted for the contractual maturity of each security.

The carrying value of securities pledged to secure public and trust deposits, repurchase agreements and for other purposes at December 31, 1997 was $4.5 billion.

Information relating to security sales, including the effects of related financial derivatives, is set forth in the following table:

<TABLE>
<CAPTION>

Year ended December 31 - in millions	Proceeds	Gross Gains	Gross Losses
1997	$10,223	$59	$10
1996	6,789	39	17
1995	8,125	12	292

</TABLE>

NOTE 5 LOANS AND COMMITMENTS TO EXTEND CREDIT

Loans outstanding were as follows:

<TABLE>
<CAPTION>

December 31 - in millions	1997	1996	1995	1994	1993
Consumer	$11,205	$12,092	$12,535	$11,013	$10,214
Credit card	3,830	2,776	1,004	838	726
Residential mortgage	12,785	12,703	11,689	9,746	8,611
Commercial	19,989	18,588	17,446	16,347	16,163
Commercial real estate	3,974	4,098	4,280	4,261	4,527
Other	2,874	1,926	2,102	2,223	2,231
Total loans	54,657	52,183	49,056	44,428	42,472
Unearned income	(412)	(385)	(403)	(385)	(359)
Total loans, net of unearned income	$54,245	$51,798	$48,653	$44,043	$42,113

</TABLE>

In connection with the Corporation's alliance with AAA, credit card portfolios totaling $1.6 billion and $178 million were purchased during 1996 and 1997, respectively.

Loan outstandings and unfunded commitments are concentrated in PNC Bank's primary geographic markets. At December 31, 1997, no specific industry concentration exceeded 4% of total outstandings and unfunded commitments.

NET UNFUNDED COMMITMENTS

<TABLE>
<CAPTION>

December 31 - in millions	1997	1996
Consumer	$3,363	$3,741
Credit card	16,385	13,505
Residential mortgage	2,144	511
Commercial	29,707	27,087
Commercial real estate	1,167	764
Other	1,019	849
Total	$53,785	$46,457

</TABLE>

Commitments to extend credit represent arrangements to lend funds provided there is no violation of specified contractual conditions. Commercial commitments are reported net of participations, assignments and syndications, primarily to financial institutions, totaling $5.9 billion and $4.4 billion at December 31, 1997 and 1996, respectively. Commitments generally have fixed expiration dates, may require payment of a fee, and contain termination clauses in the event the customer's credit quality deteriorates. Based on the Corporation's historical experience, most commitments expire unfunded and therefore cash requirements are substantially less than the total commitment.

Net outstanding letters of credit totaled $4.7 billion and $4.5 billion at December 31, 1997 and 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. Such instruments are typically issued to support industrial revenue bonds, commercial paper, and bid or performance related contracts. At year-end 1997, the largest industry concentration within standby letters of credit was health care, which accounted for approximately 16% of the total. Maturities for standby letters of credit ranged from 1998 to 2020.

At December 31, 1997, $1.8 billion of loans were pledged to secure borrowings and for other purposes.

Certain directors and executive officers of the Corporation and its subsidiaries, as well as certain affiliated companies of these directors and officers, were customers of and had loans with subsidiary banks in the ordinary course of business. All such loans were on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other customers and did not involve more than a normal risk of collectibility. The aggregate dollar amounts of these loans were $95 million and $265 million at December 31, 1997 and 1996, respectively.

NOTE 6 NONPERFORMING ASSETS

The following table sets forth nonperforming assets and related information:

<TABLE>
<CAPTION>

December 31 - in millions	1997	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Nonaccrual loans	$276	$347	$335	$496	$656
Restructured loans		2	23	69	200
Total nonperforming loans	276	349	358	565	856
Foreclosed assets	57	110	178	192	268
Assets held for accelerated disposition				10	158
Total nonperforming assets	$333	$459	$536	$767	$1,282
Nonperforming loans to period-end loans	.51%	.67%	.74%	1.28%	2.03%
Nonperforming assets to period-end loans, foreclosed assets and assets held for accelerated disposition	.61	.88	1.10	1.73	3.01
Nonperforming assets to total assets	.44	.63	.73	.99	1.69
Interest on nonperforming loans					
Computed on original terms	$31	$35	$36	$54	$74
Recognized	6	10	10	14	19
Past due loans					
Accruing loans past due 90 days and more	$288	$244	$225	$175	$171
As a percentage of total loans, net of unearned income	.53%	.47%	.46%	.40%	.41%

</TABLE>

The Corporation had no material commitments as of December 31, 1997 to extend credit to customers whose outstanding loans are nonperforming.

At December 31, 1997 and 1996, foreclosed assets are reported net of valuation allowances of $13 million and $19 million, respectively. Gains on sales of foreclosed assets resulted in net foreclosed asset income of $160 thousand, $9 million and $11 million in 1997, 1996 and 1995, respectively. Net foreclosed asset income or expense is included in other noninterest expense.

NOTE 7 ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows:

<TABLE>
<CAPTION>

In millions	1997	1996	1995
<S>	<C>	<C>	<C>
January 1	$1,166	$1,259	$1,352
Charge-offs	(385)	(247)	(240)
Recoveries	113	83	107
Net charge-offs	(272)	(164)	(133)

Provision for credit losses	70		6
Acquisitions	8	71	34
December 31	$972	$1,166	$1,259

</TABLE>

Impaired loans totaled $228 million and $292 million at December 31, 1997 and 1996, respectively. Impaired loans totaling $151 million and $190 million at the end of 1997 and 1996, respectively, had a corresponding specific allowance for credit losses of $38 million and $53 million. The average balance of impaired loans was $271 million in 1997, $313 million in 1996 and $365 million in 1995. Interest income recognized on impaired loans totaled $2 million, $5 million and $6 million in 1997, 1996 and 1995, respectively.

NOTE 8 PREMISES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Premises, equipment and leasehold improvements, stated at cost less accumulated depreciation and amortization, were as follows:

<TABLE>
<CAPTION>

December 31 - in millions	1997	1996
<S>	<C>	<C>
Land	$95	$95
Buildings	504	518
Equipment	1,133	996
Leasehold improvements	172	172
	1,904	1,781
Accumulated depreciation and amortization	(1,010)	(916)
Net book value	$894	$865

</TABLE>

Depreciation and amortization expense on premises, equipment and leasehold improvements totaled $148 million in 1997, $143 million in 1996 and $135 million in 1995.

Certain facilities and equipment are leased under agreements expiring at various dates until the year 2025. Substantially all such leases are accounted for as operating leases. Rental expense on such leases amounted to $88 million in 1997, $90 million in 1996 and $95 million in 1995.

At December 31, 1997 and 1996, required minimum annual rentals due on noncancelable leases having terms in excess of one year aggregated $629 million and $436 million, respectively. Minimum annual rentals for each of the years 1998 through 2002 are $70 million, $74 million, $67 million, $60 million and $55 million, respectively.

NOTE 9 GOODWILL AND OTHER

Goodwill and other amortizable assets, net of amortization, consisted of the following:

<TABLE>
<CAPTION>

December 31 - in millions	1997	1996
<S>	<C>	<C>
Goodwill	$898	$953
Mortgage servicing rights	377	313
Purchased credit cards	320	322
Other	37	34
Total	$1,632	$1,622

</TABLE>

At December 31, 1997, the fair value of capitalized mortgage servicing rights ("MSR") was $389 million.

Amortization of goodwill and other amortizable assets was as follows:

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1997	1996	1995
<S>	<C>	<C>	<C>
Goodwill	$53	$54	$39

Mortgage servicing rights	81	56	71
Purchased credit cards	34	3	
Other	6	4	5
Total	$174	$117	$115

</TABLE>

NOTE 10 DEPOSITS

The aggregate amount of time deposits with a denomination greater than $100,000 was $7.0 billion and $4.9 billion at December 31, 1997 and 1996, respectively. Remaining contractual maturities of time deposits are $14.3 billion, $3.3 billion, $835 million, $351 million and $1.4 billion for the years 1998 through 2002 and thereafter, respectively.

NOTE 11 BORROWED FUNDS

Most bank notes mature in 1998 and have interest rates that range from 5.22% to 6.50%. Obligations to the Federal Home Loan Bank have maturities ranging from 1998 to 2017 and interest rates that range from 1.25% to 7.91%. Subordinated notes totaling $55 million are convertible into common stock at a conversion price of $23.41 per share. Senior and subordinated notes consisted of the following:

<TABLE>
<CAPTION>

December 31, 1997 - dollars in millions	Stated Rate	Maturity	Outstanding
<S>	<C> <C>	<C> <C>	<C>
Senior	4.93% to 9.25%	1998 to 2000	$170
Subordinated			
Nonconvertible	6.125% to 10.55%	1998 to 2007	1,642
Convertible	8.25%	2008 to 2010	55
Total			$1,867

</TABLE>

Borrowed funds have scheduled repayments for the years 1998 through 2002 and thereafter of $14.5 billion, $683 million, $60 million, $206 million and $4.2 billion, respectively.

NOTE 12 CAPITAL SECURITIES OF SUBSIDIARY TRUSTS

Mandatorily Redeemable Capital Securities of Subsidiary Trusts ("Capital Securities") include preferred beneficial interests in the assets of PNC Institutional Capital Trust A ("Trust A") and PNC Institutional Capital Trust B ("Trust B"). Trust A, formed in December 1996, holds $350 million aggregate principal amount of certain 7.95% junior subordinated debentures, issued by PNC Bank, N.A., a subsidiary of the Corporation, due December 15, 2026. Trust B, formed in May 1997, holds $300 million aggregate principal amount of certain 8.315% junior subordinated debentures due May 15, 2027, issued by the Corporation. Cash distributions on the Capital Securities are made to the extent interest on the debentures is received by the Trusts. In the event of certain changes or amendments to regulatory requirements or federal tax rules, the Capital Securities are redeemable in whole. Otherwise, Trust A Capital Securities are generally redeemable in whole or in part after December 15, 2006 at a declining redemption price ranging from 103.975% to 100% of par on or after December 15, 2016. Trust B Capital Securities are generally redeemable in whole or in part after May 15, 2017 at a declining redemption price ranging from 104.175% to 100% of par on or after May 15, 2017.

NOTE 13 SHAREHOLDERS' EQUITY

Information related to preferred stock is as follows:

<TABLE>
<CAPTION>

December 31	Liquidation Value per Share	Shares Outstanding 1997	1996
<S>	<C>	<C>	<C>
Authorized			
$1 par value		17,393,707	17,452,764
Issued and outstanding			
Series A	$40	15,364	16,479

Series B	40	4,384	4,667
Series C	20	304,939	327,013
Series D	20	406,220	441,805
Series F	50	6,000,000	6,000,000
Total		6,730,907	6,789,964

Series A through D are cumulative and, except for Series B, are redeemable at the option of the Corporation. Annual dividends on Series A, B and D preferred stock total $1.80 per share and Series C preferred stock total $1.60 per share. Holders of Series A through D preferred stock are entitled to a number of votes equal to the number of full shares of common stock into which such preferred stock is convertible. Series A through D preferred stock have the following conversion privileges: (i) one share of Series A or Series B is convertible into eight shares of common stock; and (ii) 2.4 shares of Series C or Series D are convertible into four shares of common stock.

The Series F preferred stock is nonconvertible and nonvoting. Noncumulative dividends are payable quarterly through September 30, 2001 at a rate of 6.05%. Thereafter, the dividend rate will be indexed to certain market indices; however, the rate paid will not be less than 6.55% or greater than 12.55%. The Series F preferred stock is redeemable in whole until September 29, 2001 in the event of certain amendments to the Internal Revenue Code relating to the dividend received deduction at a declining redemption price from $52.50 to $50.50 per share. After September 29, 2001, the Series F preferred stock may be redeemed, in whole or in part, at $50 per share.

PNC Bank has a dividend reinvestment and stock purchase plan. Holders of preferred stock and common stock may participate in the plan which provides that additional shares of common stock may be purchased at market value with reinvested dividends and voluntary cash payments. Common shares purchased pursuant to this plan were: 765,760 shares in 1997; 1,097,597 shares in 1996; and 1,177,481 shares in 1995.

The Corporation had reserved approximately 26.6 million common shares to be issued in connection with certain stock plans and the conversion of certain debt and equity securities.

The following table sets forth purchases and issuances of common stock held in treasury.

TREASURY STOCK ACTIVITY

Shares in thousands, dollars in millions	Shares	Amount
January 1, 1995	2,815	$65
Shares purchased	10,252	236
Shares issued	(5,578)	(117)
Midlantic merger	(7,489)	(184)
December 31, 1995	--	--
Shares purchased	22,731	802
Shares issued	(1,695)	(51)
December 31, 1996	21,036	751
Shares purchased	29,323	1,303
Shares issued	(2,341)	(70)
December 31, 1997	48,018	$1,984

NOTE 14 REGULATORY MATTERS

The Corporation is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by such regulatory authorities. Neither the Corporation nor any of its subsidiaries is subject to written regulatory agreements.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on PNC Bank's financial position. The Corporation's capital amounts and classification are also subject to qualitative judgments by regulatory agencies about components, risk weightings, and other factors.

The following table sets forth regulatory capital ratios for PNC Bank and the Corporation's only significant bank subsidiary, PNC Bank, N.A.

REGULATORY CAPITAL

December 31 - dollars in millions	Amount 1997	Amount 1996	Ratios 1997	Ratios 1996
Risk-based capital				
Tier I				
PNC Bank Corp.	$5,108	$5,283	7.43%	8.29%
PNC Bank, N.A.	4,865	3,848	7.53	7.52
Total				
PNC Bank Corp.	7,635	7,427	11.11	11.65
PNC Bank, N.A.	6,786	5,343	10.50	10.44
Leverage				
PNC Bank Corp.	5,108	5,283	7.30	7.70
PNC Bank, N.A.	4,865	3,848	7.45	7.09

Regulatory quantitative measures to ensure capital adequacy require the Corporation to maintain minimum ratios of Tier I and total capital to risk-weighted assets of 4% and 8%, respectively, and Tier I capital to average assets (leverage) of 3%. To qualify as well capitalized, regulators require capital ratios of 6% for Tier I, 10% for total risk-based and 5% for leverage. As of the most recent notification from federal regulators, the Corporation and each of its bank subsidiaries met the well capitalized ratio requirements under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes would change the Corporation's category.

Dividends that may be paid by subsidiary banks to the parent company are subject to certain legal limitations and also may be impacted by capital needs, regulatory requirements, corporate policies, contractual restrictions and other factors. Without regulatory approval, the amount available for payment of dividends by all subsidiary banks was $237 million at December 31, 1997.

Under federal law, generally no bank subsidiary may extend credit to the parent company or its nonbank subsidiaries on terms and under circumstances which are not substantially the same as comparable extensions of credit to nonaffiliates. No extension of credit may be made to the parent company or a nonbank subsidiary which is in excess of 10% of the capital stock and surplus of such bank subsidiary or in excess of 20% of the capital and surplus of such bank subsidiary as to aggregate extensions of credit to the parent company and its subsidiaries. In certain circumstances, federal regulatory authorities may impose more restrictive limitations. Such extensions of credit, with limited exceptions, must be fully collateralized. The maximum amount available under statutory limitations for transfer from subsidiary banks to the parent company in the form of loans and dividends approximated 17% of consolidated net assets at December 31, 1997.

Federal Reserve Board regulations require depository institutions to maintain cash reserves with the Federal Reserve Bank. During 1997, subsidiary banks maintained reserves which averaged $208 million.

NOTE 15 FINANCIAL DERIVATIVES

FAIR VALUE OF FINANCIAL DERIVATIVES

December 31 - in millions	Notional Value	Positive Fair Value	Notional Value	Negative Fair Value	Total Notional Value
1997					
Interest rate swaps	$4,849	$106	$930	$(10)	$5,779
Interest rate caps	542	4			542
Interest rate floors	3,500	6	145	(1)	3,645
Mortgage banking activities	1,470	26	2,987	(6)	4,457
Total	$10,361	$142	$4,062	$(17)	$14,423
1996					
Interest rate swaps	$7,290	$112	$650	$(15)	$ 7,940
Interest rate caps	5,813	2			5,813
Interest rate floors	2,500	3			2,500
Mortgage banking activities	1,853	10	486	(1)	2,339
Total	$17,456	$127	$1,136	$(16)	$18,592

The Corporation uses a variety of off-balance-sheet financial derivatives as part of its overall interest rate risk management process and to manage risk associated with mortgage banking activities. Financial derivatives involve, to varying degrees, interest rate and credit risk in excess of the amount recognized in the balance sheet but less than the notional amount of the contract. For interest rate swaps and purchased interest rate caps and floors, only periodic cash payments and, with respect to such caps and floors, premiums, are exchanged. Therefore, cash requirements and exposure to credit risk are significantly less than the notional value. The Corporation manages these risks as part of its asset/liability management process and through credit policies and procedures. The Corporation seeks to minimize the credit risk by entering into transactions with only a select number of high-quality institutions, establishing credit limits, requiring bilateral-netting agreements, and, in certain instances, segregated collateral.

The Corporation uses interest rate swaps and purchased caps and floors to modify the interest rate characteristics of designated interest-bearing assets or liabilities from fixed to variable, variable to fixed, or one variable index to another. At December 31, 1997, $7.8 billion of interest rate swaps, caps and floors were designated to loans. No financial derivatives were designated to securities available for sale at December 31, 1997. During 1997, derivative contracts modified the average effective yield on interest-earning assets from 7.96% to 7.93%. At December 31, 1997, $1.8 billion of interest rate swaps were designated to interest-bearing liabilities. During 1997, derivative contracts modified the average rate on interest-bearing liabilities from 4.79% to 4.78%.

PNC Bank uses a combination of on-balance-sheet instruments and financial derivatives to manage risk associated with its mortgage banking activities. The inherent risk affecting the value of MSR is the potential for the related mortgages to prepay, thereby eliminating the underlying servicing fee income stream. Generally, derivatives used to hedge the value of MSR have been marked to market and included in trading gains or losses.

Forward contracts are used to manage risk positions associated with mortgage origination activities. Substantially all forward contracts mature within 90 days of origination. Forward contracts are traded in over-the-counter markets and do not have standardized terms. Counterparties to the Corporation's forward contracts are primarily U.S. government agencies and brokers and dealers in mortgage-backed securities. In the event the counterparty is unable to meet its contractual obligations, the Corporation may be exposed to selling or purchasing mortgage loans at prevailing market prices.

At December 31, 1997 and 1996, the Corporation's exposure to credit losses with respect to financial derivatives was not material.

CUSTOMER-RELATED DERIVATIVES The following schedule sets forth information relating to positions associated with customer-related derivatives.

<TABLE>
<CAPTION>

December 31, 1997 - in millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)
<S>	<C>	<C>	<C>	<C>
Interest rate				
Swaps	$3,518	$15	$(14)	$1
Caps/floors				
Sold	1,340		(4)	(4)
Purchased	1,215	4		4
Foreign exchange	1,700	23	(23)	
Other	734	1	(1)	
Total	$8,507	$43	$(42)	$1

</TABLE>

NOTE 16 EMPLOYEE BENEFIT PLANS

INCENTIVE SAVINGS PLANS The Corporation sponsors incentive savings plans covering substantially all employees. Under the plans, employee contributions up to 6% of bi-weekly compensation, as defined in the plans, subject to Internal Revenue Code limitations, are matched with cash or shares of PNC Bank common stock. Contributions to the plans are matched primarily by shares of PNC Bank common stock held by the Corporation's ESOP.

The Corporation makes annual contributions to the ESOP equal to the debt service requirements on the ESOP borrowing less dividends received by the ESOP. All dividends received by the ESOP are used to pay debt service. Dividends used for debt service totaled $10 million in each of the years 1997, 1996 and 1995. To satisfy additional debt service requirements, PNC Bank contributed $13 million in 1997, $11 million in 1996 and $9 million in 1995.

As the ESOP borrowing is repaid, shares are allocated to employees who made contributions during the year based on the proportion of annual debt service to total debt service. The Corporation includes all ESOP shares as common shares outstanding in the earnings per share computation. Components of ESOP shares are:

<TABLE>
<CAPTION>

As of or for the year ended December 31 - in thousands	1997	1996
Shares		
Unallocated	2,237	3,184
Allocated	3,413	3,057
Released for allocation	947	851
Retired	(458)	(495)
Total	6,139	6,597

</TABLE>

Compensation expense related to the portion of contributions matched with ESOP shares is determined based on the number of ESOP shares allocated. Compensation expense related to these plans was $11 million for 1997, $9 million for 1996 and $18 million for 1995.

PENSION PLANS The Corporation has a noncontributory, defined benefit pension plan covering substantially all employees. Retirement benefits are based on salary levels and length of service. Pension contributions are based on an actuarially determined amount necessary to fund total benefits payable to plan participants.

The following table sets forth the estimated status of the defined benefit plan:

December 31 - in millions	1997	1996
Benefit obligation		
Vested	$618	$545
Nonvested	18	19
Accumulated benefit obligation	636	564
Effect of future compensation levels	118	113
Projected benefit obligation for services rendered to date	754	677
Plan assets at fair value, primarily listed common stocks, U.S. government and agency securities, and collective funds	773	713
Plan assets in excess of projected benefit obligation	(19)	(36)
Unrecognized net gain due to experience different from assumptions and the effects of changes in assumptions	25	26
Unrecognized net asset	16	23
Unrecognized prior service cost	(6)	(8)
Accrued pension cost	$16	$5

The components of net periodic pension cost were as follows:

Year ended December 31 - in millions	1997	1996	1995
Service cost for benefits earned during the period	$29	$30	$23
Interest cost on projected benefit obligations	53	46	45
Actual return on plan assets	(117)	(93)	(112)
Net amortization and deferral	46	27	58
Net periodic pension costs	$11	$10	$14

Assumptions used to measure the projected benefit obligation and the expected return on assets included in net periodic pension costs are set forth in the following table.

Year ended December 31	1997	1996	1995
Discount rate	7.20%	7.70%	7.15%
Increase in compensation levels	4.50	4.75	4.75
Expected long-term return on assets	9.50	9.50	9.50

The Corporation also maintains nonqualified supplemental retirement plans for certain employees. All retirement benefits provided under these plans are unfunded and any payments to plan participants are made by the Corporation. At December 31, 1997 and 1996 approximately $32 million and $27 million, respectively, were included in other liabilities. Benefit expense related to these plans was $8 million for 1997, $8 million for 1996 and $6 million for 1995.

POSTRETIREMENT BENEFIT PLANS The Corporation also provides certain health care and life insurance benefits for retired employees ("postretirement benefits") through various plans. A reconciliation of the accrued postretirement benefit obligation is as follows:

December 31 - in millions	1997	1996
Accumulated postretirement benefit		
Retirees	$162	$160
Active employees	6	6
Other active plan participants	45	45
Total accumulated postretirement obligation	213	211
Unrecognized prior service cost credit	49	56
Unrecognized net loss	(12)	(16)
Accrued postretirement benefit obligation	$250	$251

The components of postretirement benefit expense are as follows:

Year ended December 31 - in millions	1997	1996	1995
Service cost for benefits earned during the period	$2	$3	$3
Interest cost on projected benefit obligations	16	14	15
Amortization of prior service cost	(4)	(4)	(4)
Net postretirement benefit expense	$14	$13	$14

Assumptions used in accounting for the postretirement benefit plans were:

December 31	1997	1996	1995
Discount rate	7.20%	7.70%	7.15%
Expected health care cost trend rate			
Medical	6.50	7.00	7.50
Dental	6.20	6.60	7.00

The health care cost trend rate declines until it stabilizes at 4.7% beginning in 2001. A one percent increase in the health care cost trend rate from that assumed would not have a material impact on projected service and interest costs or the accumulated postretirement obligation.

NOTE 17 STOCK-BASED COMPENSATION PLANS

The Corporation has a senior executive long-term incentive award plan ("Incentive Plan") that provides for the granting of incentive stock options, nonqualified options, stock appreciation rights ("SAR"), performance units and incentive shares. In any given year, the number of shares of common stock available for grant under the Incentive Plan may range from 1.5% to 3% of total issued shares of common stock determined at the end of the preceding calendar year.

STOCK OPTIONS Options are granted at exercise prices not less than the market value of common stock on the date of grant and are exercisable twelve months after the grant date. Payment of the option price may be in cash or shares of common stock at market value on the exercise date. The following table presents stock option data related to the Incentive Plan, a similar predecessor plan and other plans assumed in certain mergers.

<TABLE>
<CAPTION>

	Per Option		
Shares in thousands	Exercise Price	Weighted-Average Exercise Price	Shares
<S>	<C>	<C>	<C>
January 1, 1995	$1.59 - $30.13	$ 18.14	16,586
Granted	16.46 - 29.06	25.25	127
Exercised	1.59 - 29.25	13.20	(2,996)
Terminated	6.10 - 30.13	20.97	(420)
Options exchanged for stock - Midlantic merger		8.33	(3,457)
December 31, 1995	11.38 - 29.88	23.00	9,840
Granted	31.13 - 37.31	31.23	2,697
Exercised	11.38 - 29.25	21.05	(3,258)
SAR exercised		19.13	(7)
Terminated	21.75 - 31.13	27.75	(242)
December 31, 1996	11.38 - 37.31	26.03	9,030
Granted	43.31 - 43.75	43.75	2,912
Exercised	11.38 - 31.13	24.10	(2,969)
SAR exercised		17.13	(4)
Terminated	21.75 - 43.75	41.32	(178)
December 31, 1997	11.38 - 43.75	32.25	8,791

</TABLE>

At December 31, 1997, the weighted-average remaining contractual life of outstanding options was 7 years, 3 months and options for 6,023,474 shares of common stock were exercisable at a weighted-average price of $26.97 per share. The grant-date fair value of options granted in 1997 was $9.24 per option. Shares of common stock available for the granting of options under the Incentive Plan and the predecessor plans were: 9,012,899 at December 31, 1997, 9,723,541 at December 31, 1996, and 10,314,610 at December 31, 1995.

INCENTIVE SHARE AWARDS In 1997 and 1995, 313,000 and 323,000 incentive shares of common stock, respectively, were granted to certain senior executives pursuant to the Incentive Plan. Issuance of such incentive shares is subject to the market price of PNC Bank's common stock equaling or exceeding specified levels for defined periods. At December 31, 1997 the shares granted in 1997 had not met the specified levels required for issuance. The requirements for the shares granted in 1995 were met on September 16, 1996 and November 4, 1996, and 302,700 shares of restricted common stock were issued. The restricted period ends two years after the issue date. During the restricted period the recipient receives dividends and can vote the shares. If the recipient leaves the Corporation within the restricted period, the shares will be forfeited. Forfeitures totaled 20,300 shares through December 31, 1997. Compensation expense recognized for incentive share awards was $6 million, $3 million and $1 million in 1997, 1996 and 1995, respectively.

EMPLOYEE STOCK PURCHASE PLAN The Corporation's employee stock purchase plan ("ESPP") has approximately 4.2 million shares available for issuance. Persons who have been continuously employed for at least one year are eligible to participate. Participants purchase the Corporation's common stock at 85% of the lesser of fair market value on the first or last day of each offering period. No charge to earnings is recorded with respect to the ESPP. Shares issued pursuant to the ESPP were as follows:

<TABLE>
<CAPTION>

Year ended December 31	Shares	Price Per Share
<S>	<C>	<C>
1997	367,494	$33.15 and $35.49
1996	389,738	25.29 and 25.82
1995	463,907	17.32 and 22.95

</TABLE>

The following table sets forth pro forma net income and earnings per share as if compensation expense was recognized for stock options and the ESPP.

PRO FORMA NET INCOME AND EPS

<TABLE>
<CAPTION>

Pro

Year ended December 31	Reported	forma
Net income (in millions)		
1997	$1,052	$1,035
1996	992	980
1995	408	407
Diluted earnings per share		
1997	$3.28	$3.23
1996	2.88	2.84
1995	1.19	1.19

</TABLE>

For purposes of computing pro forma results PNC Bank estimated the fair value of stock options and ESPP shares using the Black-Scholes option pricing model. Black-Scholes is predominantly used to value traded options which differ from PNC Bank's options. The model requires the use of numerous assumptions, many of which are highly subjective in nature. Therefore, the pro forma results are estimates of results of operations as if compensation expense had been recognized for all stock-based compensation plans and are not indicative of the impact on future periods. The following assumptions were used in the option pricing model for purposes of estimating pro forma results. The dividend yield represents average yields over the previous three-year period.

<TABLE>
<CAPTION>

Year ended December 31	1997	1996	1995
Risk-free interest rate	6.2%	5.3%	6.4%
Dividend yield	4.9	4.7	4.3
Volatility	27.6	32.1	32.3
Expected life	6 yrs.	6 yrs.	6 yrs.

</TABLE>

NOTE 18 INCOME TAXES

The components of income taxes were as follows:

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1997	1996	1995
Current			
Federal	$380	$297	$ 77
State	53	48	14
Total current	433	345	91
Deferred			
Federal	126	172	84
State	7	18	44
Total deferred	133	190	128
Total	$566	$535	$219

</TABLE>

Significant components of deferred tax assets and liabilities are as follows:

<TABLE>
<CAPTION>

December 31 - in millions	1997	1996
Deferred tax assets		
Allowance for credit losses	$336	$382
Compensation and benefits	134	120
Net unrealized securities losses	12	38
Other	28	88
Total deferred tax assets	510	628
Deferred tax liabilities		
Leasing	284	247
Depreciation	37	45
Other	112	100
Total deferred tax liabilities	433	392
Net deferred tax asset	$77	$236

</TABLE>

A reconciliation between the statutory and effective tax rates follows:

<TABLE>
<CAPTION>

Year ended December 31	1997	1996	1995

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

Statutory tax rate	35.0%	35.0%	35.0%
Increases (decreases) resulting from			
State taxes	2.4	2.8	6.0
Tax-exempt interest	(1.1)	(1.7)	(4.5)
Goodwill	.8	.9	1.7
Other	(2.1)	(2.0)	(3.3)
Effective tax rate	35.0%	35.0%	34.9%

</TABLE>

NOTE 19 EARNINGS PER SHARE

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

<TABLE>
<CAPTION>

Year ended December 31 - in thousands, except per share data	1997	1996	1995
<S>	<C>	<C>	<C>
CALCULATION OF BASIC EARNINGS PER COMMON SHARE			
Net income	$1,052,468	$992,226	$408,060
Less: Preferred dividends declared	19,457	5,480	3,327
Net income applicable to basic earnings per common share	$1,033,011	$986,746	$404,733
Basic weighted-average common shares outstanding	310,147	338,568	336,455
Basic Earnings Per Common Share	$3.33	$2.91	$1.20
CALCULATION OF DILUTED EARNINGS PER COMMON SHARE			
Net income	$1,052,468	$992,226	$408,060
Add: Interest expense on convertible debentures (net of tax)	3,006	3,416	3,842
Less: Dividends declared on nonconvertible preferred stock	18,150	4,084	1,813
Net income applicable to diluted earnings per common share	$1,037,324	$991,558	$410,089
Basic weighted-average common shares outstanding	310,147	338,568	336,455
Weighted-average common shares to be issued using average market price and assuming:			
Conversion of preferred stock Series A and B	163	173	198
Conversion of preferred stock Series C and D	1,237	1,321	1,431
Conversion of debentures	2,449	2,790	3,105
Exercise of stock options	1,914	1,610	2,679
Incentive share awards	311	114	
Diluted weighted-average common shares outstanding	316,221	344,576	343,868
Diluted Earnings Per Common Share	$3.28	$2.88	$1.19

</TABLE>

NOTE 20 LITIGATION

A consolidated class action complaint is pending against the Corporation and certain officers, alleging violations of federal securities laws and common law relating to disclosures and seeking, among other things, unquantified damages on behalf of purchasers of the Corporation's securities during specified portions of 1994. The parties have reached an agreement in principle to settle this action, which is subject to documentation and court approval. The proposed settlement will not have a material impact on the Corporation's financial position or results of operations.

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

NOTE 21 OTHER FINANCIAL INFORMATION

Summarized financial information of the parent company is as follows:

PARENT COMPANY ONLY
BALANCE SHEET

<TABLE>
<CAPTION>

December 31 - in millions	1997	1996

<S> <C> <C>

ASSETS		
Cash and due from banks	$1	$4
Securities available for sale	68	602
Investments in		
Bank subsidiaries	6,192	6,078
Nonbank subsidiaries	386	276
Advances to subsidiary banks	8	9
Other assets	133	118
Total assets	$6,788	$7,087
LIABILITIES		
Borrowed funds	$355	$363
Nonbank affiliate borrowings	738	332
Accrued expenses and other liabilities	311	523
Total liabilities	1,404	1,218
SHAREHOLDERS' EQUITY	5,384	5,869
Total liabilities and shareholders' equity	$6,788	$7,087

</TABLE>

Borrowed funds have scheduled repayments of $200 million in 1999, $100 million in 2001 and $55 million thereafter.

Commercial paper and all other debt issued by PNC Funding Corp., a wholly-owned subsidiary, is guaranteed by the parent company. In addition, in connection with certain affiliates' mortgage servicing operations, the parent company has committed to maintain such affiliates' net worth above minimum requirements.

PARENT COMPANY ONLY
STATEMENT OF INCOME

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1997	1996	1995
<S>	<C>	<C>	<C>
OPERATING REVENUE			
Dividends from			
Bank subsidiaries	$852	$924	$447
Nonbank subsidiaries	9	32	25
Interest income	14	7	4
Other income	2	1	
Total operating revenue	877	964	476
OPERATING EXPENSE			
Interest expense	76	56	73
Other expense	11	38	33
Total operating expense	87	94	106
Income before income taxes and equity in undistributed net income of subsidiaries	790	870	370
Income tax benefits	(32)	(30)	(35)
Income before equity in undistributed net income of subsidiaries	822	900	405
Net equity in undistributed net income (excess dividends)			
Bank subsidiaries	144	63	(19)
Nonbank subsidiaries	86	29	22
Net income	$1,052	$992	$408

</TABLE>

PARENT COMPANY ONLY
STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1997	1996	1995
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$1,052	$992	$408

Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed net earnings of subsidiaries	(230)	(92)	(3)
Other	19	(6)	10
Net cash provided by operating activities	841	894	415
INVESTING ACTIVITIES			
Net change in interest-earning deposits with subsidiary bank	1	(1)	4
Net capital returned from subsidiaries	57	657	594
Securities available for sale			
Sales	3,321	1,296	646
Purchases	(2,787)	(1,850)	(586)
Cash paid in acquisitions			(527)
Other	(8)		(2)
Net cash provided by investing activities	584	102	129
FINANCING ACTIVITIES			
Borrowings from nonbank subsidiary	656		275
Repayments on borrowings from nonbank subsidiary	(222)	(353)	(239)
Redemption of preferred stock			(50)
Acquisition of treasury stock	(1,532)	(569)	(236)
Cash dividends paid to shareholders	(488)	(488)	(387)
Issuance of stock	155	416	88
Other	3		
Net cash used by financing activities	(1,428)	(994)	(549)
Increase (decrease) in cash and due from banks	(3)	2	(5)
Cash and due from banks at beginning of year	4	2	7
Cash and due from banks at end of year	$1	$4	$2

</TABLE>

During 1997, 1996 and 1995, the parent company received income tax refunds of $35 million, $39 million and $20 million, respectively. Such refunds represent the parent company's portion of consolidated income taxes. During 1997, 1996 and 1995, the parent company paid interest expense of $65 million, $60 million and $68 million, respectively.

In connection with the Midlantic merger, borrowed funds of Midlantic in the aggregate principal amount of $355 million at December 31, 1997 were jointly and severally assumed by the parent company and its wholly-owned subsidiary, PNC Bancorp, Inc.

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

PNC BANCORP, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

December 31 - in millions	1997	1996
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$4,302	$4,022
Securities	8,276	11,210
Loans, net of unearned income	54,126	51,736
Allowance for credit losses	(971)	(1,166)
Net loans	53,155	50,570
Other assets	8,144	5,988
Total assets	$73,877	$71,790
LIABILITIES		
Deposits	$47,766	$46,290
Borrowed funds	18,437	18,077
Other liabilities	1,145	1,014
Total liabilities	67,348	65,381
Mandatorily redeemable capital securities of subsidiary trust	350	350
SHAREHOLDERS' EQUITY	6,179	6,059
Total liabilities, capital securities and shareholders' equity	$73,877	$71,790

</TABLE>

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

Year ended December 31 - in millions	1997	1996	1995
Interest income	$5,005	$4,903	$5,117
Interest expense	2,466	2,404	2,941
Provision for credit losses	70		20
Net interest income less provision for credit losses	2,469	2,499	2,156
Noninterest income	1,596	1,249	871
Noninterest expense	2,520	2,230	2,409
Income before income taxes	1,545	1,518	618
Income taxes	556	539	217
Net income	$989	$979	$401

NOTE 22 UNUSED LINE OF CREDIT

At December 31, 1997, the Corporation maintained a line of credit in the amount of $500 million, none of which was drawn. This line is available for general corporate purposes and expires in 2000.

NOTE 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

	1997		1996	
December 31 - in millions	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS				
Cash and short-term assets	$6,346	$6,346	$ 5,412	$ 5,412
Securities available for sale	8,522	8,522	11,917	11,917
Loans held for sale	2,324	2,324	941	941
Net loans (excludes leases)	51,409	52,983	49,281	50,212
LIABILITIES				
Demand deposits	27,478	27,478	27,030	27,030
Time deposits	20,171	20,236	18,646	18,654
Borrowed funds	19,913	20,061	19,912	19,970
OFF-BALANCE-SHEET				
Commitments to extend credit	(14)	(14)	(14)	(14)
Letters of credit	(9)	(9)	(4)	(4)
Financial derivatives used for				
Interest rate risk management	59	105	81	102
Mortgage banking activities	26	20	11	9
Customer-related derivatives	1	1		

</TABLE>

Real and personal property, lease financings, loan customer relationships, deposit customer intangibles, retail branch networks, fee-based businesses, such as asset management, mortgage banking and brokerage, trademarks and brand names are excluded from the amounts set forth above. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Corporation.

Fair value is defined as the estimated amount at which a financial instrument could be exchanged in a current transaction between willing parties, or other than in a forced or liquidation sale. However, it is not management's intention to immediately dispose of a significant portion of such financial instruments, and unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows. The derived fair values are subjective in nature, involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly impact the derived fair value estimates.

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS

The following methods and assumptions were used in estimating fair value amounts for financial instruments.

GENERAL For short-term financial instruments realizable in three months or less, the carrying amount reported in the consolidated balance sheet approximates fair value. Unless otherwise stated, the rates used in discounted cash flow analyses are based on market yield curves.

CASH AND SHORT-TERM ASSETS The carrying amounts reported in the consolidated balance sheet for cash and short-term investments approximate those assets' fair values primarily due to their short-term nature. For purposes of this disclosure only, short-term assets include due from banks, interest-earning deposits with banks, federal funds sold and resale agreements, trading securities, customer's acceptance liability and accrued interest receivable.

SECURITIES The fair value of securities available for sale are based on quoted market prices, where available. If quoted market prices are not available, fair value is estimated using the quoted market prices of comparable instruments.

NET LOANS AND LOANS HELD FOR SALE Fair values are estimated based on the discounted value of expected net cash flows incorporating assumptions about prepayment rates, credit losses and servicing fees and costs. For credit cards and revolving home equity loans, this fair value does not include any amount for new loans or the related fees that will be generated from the existing customer relationships. In the case of nonaccrual loans, scheduled cash flows exclude interest payments. For purposes of this disclosure only, the carrying value of loans held for sale approximates fair value.

DEPOSITS The carrying amounts of noninterest-bearing demand and interest-bearing, money market and savings deposits approximate fair values. For time deposits, fair values are estimated based on the discounted value of expected net cash flows taking into account current interest rates.

BORROWED FUNDS The carrying amounts of federal funds purchased, commercial paper, acceptances outstanding and accrued interest payable are considered fair value because of their short-term nature. For all other borrowed funds, fair values are estimated based on the discounted value of expected net cash flows taking into account current interest rates.

UNFUNDED LOAN COMMITMENTS AND LETTERS OF CREDIT Fair values for commitments to extend credit and letters of credit are estimated based upon the amount of deferred fees and the creditworthiness of the counterparties.

FINANCIAL DERIVATIVES The fair value of interest rate swaps are estimated based on the discounted value of the expected net cash flows. The fair value of other derivative instruments is based on dealer quotes. These fair values represent the estimated amounts the Corporation would receive or pay to terminate the contracts, taking into account current interest rates.

STATISTICAL
INFORMATION

SELECTED CONSOLIDATED FINANCIAL DATA
<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions, except per share data	1997	1996	1995	1994	1993
SUMMARY OF OPERATIONS					
<S>	<C>	<C>	<C>	<C>	<C>
Interest income	$5,051	$4,938	$5,149	$4,724	$4,023
Interest expense	2,556	2,494	3,007	2,232	1,683
Net interest income	2,495	2,444	2,142	2,492	2,340
Provision for credit losses	70		6	84	350
Noninterest income before net securities gains (losses)	1,759	1,373	1,240	1,181	941
Net securities gains (losses)	49	22	(280)	(142)	195
Noninterest expense	2,615	2,312	2,469	2,238	1,985
Income before income taxes and cumulative effect of changes in accounting principles	1,618	1,527	627	1,209	1,141
Income taxes	566	535	219	318	262
Income before cumulative effect of changes in accounting principles	1,052	992	408	891	879
Cumulative effect of changes in accounting principles, net of tax benefits of $5 in 1994 and $5 in 1993				(7)	20
Net income	$1,052	$992	$408	$884	$899

PER COMMON SHARE DATA					
Book value	$16.87	$17.13	$16.87	$16.59	$15.61
Cash dividends declared	1.50	1.42	1.40	1.31	1.175
Earnings					
Basic before cumulative effect of changes in accounting principles	$3.33	$2.91	$1.20	$2.58	$2.59
Cumulative effect of changes in accounting principles				(.02)	.06
Basic	$3.33	$2.91	$1.20	$2.56	$2.65
Diluted before cumulative effect of changes in accounting principles	$3.28	$2.88	$1.19	$2.54	$2.54
Cumulative effect of changes in accounting principles				(.02)	.06
Diluted	$3.28	$2.88	$1.19	$2.52	$2.60
BALANCE SHEET HIGHLIGHTS (At December 31)					
Total assets	$75,120	$73,260	$73,404	$77,461	$76,012
Securities	8,522	11,917	15,839	23,670	25,496
Loans, net of unearned income	54,245	51,798	48,653	44,043	42,113
Deposits	47,649	45,676	46,899	45,818	44,703
Borrowed funds	19,622	19,604	19,063	24,320	22,308
Shareholders' equity	5,384	5,869	5,768	5,727	5,404
SELECTED RATIOS					
Return on					
Average common shareholders' equity	20.01%	17.18%	7.05%	16.09%	18.55%
Average assets	1.49	1.40	.54	1.19	1.40
Average common shareholders' equity to average assets	7.31	8.11	7.64	7.34	7.52
Dividend payout	45.39	48.89	94.76	37.42	30.79
Efficiency (excludes distributions on capital securities)	59.36	59.64	78.42	62.69	56.28

</TABLE>

STATISTICAL INFORMATION

SELECTED QUARTERLY FINANCIAL DATA

<TABLE>
<CAPTION>

Quarter - dollars in millions,	1997				1996			
except per share data	Fourth	Third	Second	First	Fourth	Third	Second	First
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS								
Interest income	$1,281	$1,271	$1,257	$1,242	$1,223	$1,217	$1,243	$1,255
Interest expense	649	651	644	612	605	608	633	648
Net interest income	632	620	613	630	618	609	610	607
Provision for credit losses	25	20	15	10				
Noninterest income before net securities gains (losses)	482	448	420	409	381	341	333	318
Net securities gains (losses)	22	(2)	13	16	7	8	4	3
Noninterest expense	701	639	639	636	586	596	564	566
Income before income taxes	410	407	392	409	420	362	383	362
Income taxes	145	145	133	143	148	128	135	124
Net income	$265	$262	$259	$266	$272	$234	$248	$238
PER COMMON SHARE DATA								
Book value	$16.87	$16.92	$16.51	$16.45	$17.13	$17.23	$17.07	$16.88
Earnings								
Basic	.86	.84	.82	.81	.80	.69	.73	.70
Diluted	.85	.83	.81	.80	.79	.68	.72	.69
AVERAGE BALANCE SHEET								
Total assets	$70,869	$70,581	$70,821	$70,301	$69,536	$69,546	$72,440	$71,733
Securities	7,769	8,216	9,055	10,089	11,569	13,097	14,740	14,818
Loans, net of unearned income	53,663	53,202	52,813	51,922	49,973	48,713	49,191	48,625
Deposits	44,580	44,606	44,814	44,133	44,832	44,716	45,379	45,553
Borrowed funds	18,624	18,484	18,675	18,594	17,110	17,558	19,720	18,891
Shareholders' equity	5,414	5,381	5,360	5,758	6,017	5,766	5,767	5,764

</TABLE>

ANALYSIS OF YEAR-TO-YEAR CHANGES IN NET INTEREST INCOME

<TABLE>
<CAPTION>

Taxable-equivalent basis - in millions	1997/1996 Increase/(Decrease) in Income/ Expense Due to Changes in: Volume	Rate	Total	1996/1995 Increase/(Decrease) in Income/ Expense Due to Changes in: Volume	Rate	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INTEREST-EARNING ASSETS						
Loans held for sale	$23	$3	$26	$27	$(3)	$24
Securities						
U.S. Treasury, government agencies and corporations	(247)	(24)	(271)	(453)	106	(347)
Other debt	(41)	(4)	(45)	(70)	(5)	(75)
Other	(2)	(3)	(5)	(6)	(4)	(10)
Total securities	(297)	(24)	(321)	(541)	109	(432)
Loans, net of unearned income						
Consumer	(82)	7	(75)	89	(19)	70
Credit card	309	(13)	296	41	2	43
Residential mortgage	78		78	92	(2)	90
Commercial	107	5	112	92	(51)	41
Commercial real estate	(11)	(4)	(15)	(11)	(26)	(37)
Other	5	6	11	(9)	(2)	(11)
Total loans, net of unearned income	312	95	407	284	(88)	196
Other interest-earning assets	(3)	(2)	(5)	(6)	(5)	(11)
Total interest-earning assets	$(54)	$161	$107	$(366)	$143	$(223)
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits						
Demand and money market	$23	$36	$59	$10	$(35)	$(25)
Savings	(11)	(1)	(12)	(7)	(14)	(21)
Other time	(47)	14	(33)	30	(33)	(3)
Deposits in foreign offices	14	1	15	(63)	(12)	(75)
Total interest-bearing deposits	(14)	43	29	(22)	(102)	(124)
Borrowed funds						
Bank notes and senior debt	56	13	69	103	(33)	70
Federal funds purchased	(18)	5	(13)	(113)	(31)	(144)
Repurchase agreements	(66)	(1)	(67)	(247)	(41)	(288)
Other borrowed funds	40	(7)	33	(33)	(26)	(59)
Subordinated debt	12	(1)	11	29	3	32
Total borrowed funds	16	17	33	(289)	(100)	(389)
Total interest-bearing liabilities	(3)	65	62	(263)	(250)	(513)
Change in net interest income	$(27)	$72	$45	$(159)	$449	$290

</TABLE>

Changes attributable to rate/volume are prorated into rate and volume components.

STATISTICAL
INFORMATION

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS

<TABLE>
<CAPTION>

Year ended December 31 - Taxable-equivalent basis Dollars in millions	1997 Average Balances	Interest	Average Yields/Rates	1996 Average Balances	Interest	Average Yields/Rates
ASSETS						
Interest-earning assets						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Loans held for sale	$1,417	$104	7.31%	$1,095	$78	7.09%
Securities						
U.S. Treasury, government agencies and corporations	6,101	364	5.97	10,225	635	6.21
Other debt	2,094	139	6.62	2,719	184	6.78
Other	579	43	7.45	606	48	7.91
Total securities	8,774	546	6.22	13,550	867	6.40
Loans, net of unearned income						
Consumer	11,224	953	8.49	12,192	1,028	8.43
Credit card	3,558	459	12.92	1,165	163	13.94
Residential mortgage	13,105	976	7.45	12,049	898	7.45
Commercial	19,089	1,500	7.86	17,727	1,388	7.83
Commercial real estate	4,060	358	8.82	4,186	373	8.92

Other	1,871	130	6.94	1,797	119	6.63
Total loans, net of unearned income	52,907	4,376	8.27	49,116	3,969	8.08
Other interest-earning assets	919	54	5.88	964	59	6.12
Total interest-earning assets/interest income	64,017	5,080	7.93	64,725	4,973	7.68
Noninterest-earning assets						
Allowance for credit losses	(1,077)			(1,197)		
Cash and due from banks	2,920			3,163		
Other assets	4,784			4,116		
Total assets	$70,644			$70,807		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Demand and money market	$13,477	391	2.90	$12,619	332	2.63
Savings	2,852	57	1.97	3,445	69	2.02
Other time	17,441	948	5.44	18,307	981	5.36
Deposits in foreign offices	1,094	61	5.58	846	46	5.44
Total interest-bearing deposits	34,864	1,457	4.18	35,217	1,428	4.06
Borrowed funds						
Bank notes and senior debt	9,130	523	5.72	8,139	454	5.57
Federal funds purchased	2,834	158	5.57	3,157	171	5.41
Repurchase agreements	812	43	5.36	2,030	110	5.41
Other borrowed funds	4,304	256	5.96	3,630	223	6.14
Subordinated debt	1,514	119	7.87	1,358	108	7.98
Total borrowed funds	18,594	1,099	5.91	18,314	1,066	5.82
Total interest-bearing liabilities/interest expense	53,458	2,556	4.78	53,531	2,494	4.66
Noninterest-bearing liabilities and shareholders' equity						
Demand and other noninterest-bearing deposits	9,670			9,900		
Accrued expenses and other liabilities	1,501			1,529		
Mandatorily redeemable capital securities of subsidiary trusts	537			19		
Shareholders' equity	5,478			5,828		
Total liabilities, capital securities and shareholders' equity	$70,644			$70,807		
Interest rate spread			3.15			3.02
Impact of noninterest-bearing liabilities			.79			.81
Net interest income/margin on earning assets		$2,524	3.94%		$2,479	3.83%

</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>

Year ended December 31 -	1995			1994		
Taxable-equivalent basis Dollars in millions	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
ASSETS						
Interest-earning assets						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Loans held for sale	$725	$54	7.50%	$749	$52	6.84%
Securities						
U.S. Treasury, government agencies and corporations	17,706	982	5.55	20,915	1,200	5.74
Other debt	3,757	259	6.90	2,742	163	5.94
Other	677	58	8.46	698	58	8.30

Total securities	22,140	1,299	5.87	24,355	1,421	5.83
Loans, net of unearned income						
Consumer	11,142	958	8.60	10,472	833	7.95
Credit card	871	120	13.76	720	97	13.50
Residential mortgage	10,812	808	7.47	8,806	603	6.85
Commercial	16,562	1,347	8.13	15,926	1,183	7.43
Commercial real estate	4,304	410	9.54	4,430	373	8.41
Other	1,933	130	6.70	2,245	124	5.52
Total loans, net of unearned income	45,624	3,773	8.27	42,599	3,213	7.54
Other interest-earning assets	1,046	70	6.64	1,724	76	4.42
Total interest-earning assets/interest income	69,535	5,196	7.47	69,427	4,762	6.86
Noninterest-earning assets						
Allowance for credit losses	(1,319)			(1,391)		
Cash and due from banks	3,044			2,951		
Other assets	3,871			3,375		
Total assets	$75,131			$74,362		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Demand and money market	$12,254	357	2.91	$13,481	281	2.08
Savings	3,732	90	2.40	4,081	71	1.75
Other time	17,758	984	5.54	16,353	757	4.63
Deposits in foreign offices	1,974	121	6.13	1,083	51	4.69
Total interest-bearing deposits	35,718	1,552	4.34	34,998	1,160	3.31
Borrowed funds						
Bank notes and senior debt	6,326	384	6.07	8,513	376	4.42
Federal funds purchased	5,200	315	6.06	3,573	162	4.53
Repurchase agreements	6,514	398	6.11	5,576	228	4.09
Other borrowed funds	4,138	282	6.81	5,021	231	4.59
Subordinated debt	998	76	7.64	939	75	8.02
Total borrowed funds	23,176	1,455	6.28	23,622	1,072	4.54
Total interest-bearing liabilities/interest expense	58,894	3,007	5.10	58,620	2,232	3.81
Noninterest-bearing liabilities and shareholders' equity						
Demand and other noninterest-bearing deposits	9,112			8,939		
Accrued expenses and other liabilities	1,341			1,272		
Mandatorily redeemable capital securities of subsidiary trusts						
Shareholders' equity	5,784			5,531		
Total liabilities, capital securities and shareholders' equity	$75,131			$74,362		
Interest rate spread			2.37			3.05
Impact of noninterest-bearing liabilities			.78			.59
Net interest income/margin on earning assets		$2,189	3.15%		$2,530	3.64%

<CAPTION>

Year ended December 31 -	1993		
Taxable-equivalent basis Dollars in millions	Average Balances	Interest	Average Yields/Rates
ASSETS			
INTEREST-EARNING ASSETS			
<S>	<C>	<C>	<C>
Loans held for sale	$402	$25	6.10%
Securities			
U.S. Treasury, government agencies and corporations	19,885	1,165	5.86
Other debt	1,818	90	4.93
Other	631	58	9.14

Total securities	22,334	1,313	5.88
Loans, net of unearned income			
Consumer	9,242	765	8.28
Credit card	682	94	13.74
Residential mortgage	3,834	309	8.07
Commercial	14,781	1,041	7.05
Commercial real estate	5,314	382	7.18
Other	1,688	84	4.97
Total loans, net of unearned income	35,541	2,675	7.53
Other interest-earning assets	1,710	61	3.59
Total interest-earning assets/interest income	59,987	4,074	6.79
Noninterest-earning assets			
Allowance for credit losses	(1,510)		
Cash and due from banks	2,757		
Other assets	2,819		
Total assets	$64,053		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY			
Interest-bearing liabilities			
Interest-bearing deposits			
Demand and money market	$12,685	213	1.68
Savings	3,760	56	1.49
Other time	15,571	730	4.69
Deposits in foreign offices	222	7	3.03
Total interest-bearing deposits	32,238	1,006	3.12
Borrowed funds			
Bank notes and senior debt	5,177	209	4.03
Federal funds purchased	1,844	57	3.09
Repurchase agreements	7,263	252	3.47
Other borrowed funds	2,696	102	3.79
Subordinated debt	670	57	8.50
Total borrowed funds	17,650	677	3.84
Total interest-bearing liabilities/interest expense	49,888	1,683	3.37
Noninterest-bearing liabilities and shareholders' equity			
Demand and other noninterest-bearing deposits	7,986		
Accrued expenses and other liabilities	1,293		
Mandatorily redeemable capital securities of subsidiary trusts			
Shareholders' equity	4,886		
Total liabilities, capital securities and shareholders' equity	$64,053		
Interest rate spread			3.42
Impact of noninterest-bearing liabilities			.57
Net interest income/margin on earning assets		$2,391	3.99%

</TABLE>

LOAN MATURITIES AND INTEREST SENSITIVITY

<TABLE>
<CAPTION>

December 31, 1997 - in millions	1 Year or Less	1 Through 5 Years	After 5 Years	Gross Loans
<S>	<C>	<C>	<C>	<C>
Commercial	$7,264	$8,524	$4,201	$19,989
Real estate project	947	894	285	2,126
Total	$8,211	$9,418	$4,486	$22,115
Loans with predetermined rate	$1,155	$1,705	$789	$3,649
Loans with floating rate	7,056	7,713	3,697	18,466
Total	$8,211	$9,418	$4,486	$22,115

</TABLE>

At December 31, 1997, $7.8 billion of interest rate swaps, caps and floors designated to commercial and commercial real estate loans altered the interest rate characteristics of such loans. The impact of the interest rate swaps is not reflected in the previous table.

ALLOWANCE FOR CREDIT LOSSES The allowance for credit losses is based on periodic evaluations of the credit portfolio by management. These evaluations consider, among other factors, historic losses within specific industries, current economic conditions, loan portfolio trends, specific credit reviews and estimates based on subjective factors. During 1997, 1996 and 1995, stronger economic conditions combined with management's ongoing efforts to improve asset quality resulted in lower nonperforming assets and a higher reserve coverage of nonperforming loans.

<TABLE>
<CAPTION>
SUMMARY OF LOAN LOSS EXPERIENCE

Year ended December 31 - dollars in millions	1997	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Allowance at beginning of year	$1,166	$1,259	$1,352	$1,372	$1,568
Charge-offs					
Consumer	104	100	76	72	80
Credit card	208	66	31	20	22
Residential mortgage	9	9	10	16	8
Commercial	48	52	84	116	168
Commercial real estate					
Commercial mortgage	8	10	23	15	49
Real estate project	4	8	14	37	186
Other	4	2	2	1	1
Total charge-offs	385	247	240	277	514
Recoveries					
Consumer	36	34	33	34	30
Credit card	25	7	6	6	6
Residential mortgage	1	2	2	1	1
Commercial	38	28	49	59	56
Commercial real estate					
Commercial mortgage	10	6	9	5	4
Real estate project	2	4	6	10	8
Other	1	2	2	1	3
Total recoveries	113	83	107	116	108
Net charge-offs	272	164	133	161	406
Net charge-offs on bulk loan sales and assets held for accelerated disposition				(8)	(182)
Provision for credit losses	70		6	84	350
Acquisitions/divestitures	8	71	34	65	42
Allowance at end of year	$972	$1,166	$1,259	$1,352	$1,372
Allowance as a percent of period-end					
Loans	1.79%	2.25%	2.59%	3.07%	3.26%
Nonperforming loans	351.79	334.40	351.68	239.29	160.28
As a percent of average loans					
Net charge-offs including bulk loan sales and assets held for accelerated disposition	.51	.33	.29	.40	1.65
Net charge-offs excluding bulk loan sales and assets held for accelerated disposition	.51	.33	.29	.38	1.14
Provision for credit losses	.13		.01	.20	.99
Allowance for credit losses	1.84	2.37	2.76	3.17	3.86
Allowance as a multiple of net charge-offs including bulk loan sales and assets held for accelerated disposition	3.57x	7.11x	9.47x	8.00x	2.33x
Allowance as a multiple of net charge-offs excluding bulk loan sales and assets held for accelerated disposition	3.57	7.11	9.47	8.40	3.38

</TABLE>

ALLOCATION OF ALLOWANCE FOR CREDIT LOSSES

The following table presents the allocation of allowance for credit losses and the categories of loans as a percentage of total loans.

ALLOCATION OF ALLOWANCE FOR CREDIT LOSSES*

<TABLE>
<CAPTION>

	1997		1996		1995	
December 31 - dollars in millions	ALLOWANCE	LOANS TO TOTAL LOANS	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial	$406	36.9%	$606	35.9%	$585	34.5%

Commercial real estate	141	7.3	173	7.9	332	10.1
Consumer	107	20.7	139	23.3	158	25.8
Credit card	258	7.0	141	5.4	45	2.1
Residential mortgage	42	23.6	80	24.5	112	24.0
Other	18	4.5	27	3.0	27	3.5
Total	$972	100.0%	$1,166	100.0%	$1,259	100.0%

</TABLE>

<TABLE>
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December 31 - dollars in millions	1994 Allowance	1994 Loans to Total Loans	1993 Allowance	1993 Loans to Total Loans
<S>	<C>	<C>	<C>	<C>
Commercial	$603	35.3%	$572	36.9%
Commercial real estate	419	11.5	498	12.3
Consumer	157	25.0	175	24.2
Credit card	27	1.9	27	1.7
Residential mortgage	116	22.1	86	20.5
Other	30	4.2	14	4.4
Total	$1,352	100.0%	$1,372	100.0%

</TABLE>

* For purposes of this presentation, unallocated reserves have been assigned to loan categories based on the relative specific allocation amounts.

TIME DEPOSITS OF $100,000 OR MORE

Time deposits in foreign offices totaled $3.0 billion, substantially all of which are in denominations of $100,000 or more. The following table sets forth remaining maturities of domestic time deposits of $100,000 or more.

DOMESTIC TIME DEPOSITS OF $100,000 OR MORE

December 31, 1997 - in millions	Certificates of Deposit	Other Time Deposits	Total
Three months or less	$1,488	$5	$1,493
Over three through six months	433	2	435
Over six through twelve months	616		616
Over twelve months	1,351	33	1,384
Total	$3,888	$40	$3,928

SHORT-TERM BORROWINGS

Most bank notes mature in 1998. Federal funds purchased include overnight borrowings and term federal funds, which are payable on demand. Repurchase agreements generally have maturities of 18 months or less. Other short-term borrowings consist primarily of U.S. Treasury, tax and loan borrowings which are payable on demand and commercial paper which is issued in maturities not to exceed nine months. At December 31, 1997 and 1996, $997 million and $487 million, respectively, notional value of interest rate swaps were designated to borrowed funds. The effect of these swaps is not included in the rates set forth in the table.

SHORT-TERM BORROWINGS

<TABLE>
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Dollars in millions	1997 Amount	1997 Rate	1996 Amount	1996 Rate	1995 Amount	1995 Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Bank notes						
Year-end balance	$9,656	5.75%	$7,905	5.46%	$6,256	5.86%

Average during year	8,959	5.68	7,947	5.52	6,091	6.01
Maximum month-end balance during year	10,391		9,041		7,075	
Federal funds purchased						
Year-end balance	3,632	6.30	3,933	6.00	4,474	5.39
Average during year	2,834	5.57	3,157	5.41	5,200	6.06
Maximum month-end balance during year	4,459		4,837		7,413	
Repurchase agreements						
Year-end balance	714	6.03	645	5.54	2,851	5.89
Average during year	812	5.36	2,030	5.41	6,514	6.11
Maximum month-end balance during year	946		3,363		7,981	
Other						
Year-end balance	946	5.81	3,282	5.19	1,340	5.53
Average during year	1,671	6.57	1,466	6.79	1,671	7.20
Maximum month-end balance during year	2,574		3,395		3,057	

</TABLE>

CORPORATE INFORMATION

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

INTERNET INFORMATION
Information on PNC Bank Corp.'s financial results and its products and services is available on the Internet at www.pncbank.com.

STOCK LISTING
PNC Bank Corp. common stock is traded on the New York Stock Exchange ("NYSE") under the symbol PNC. At the close of business on February 1, 1998, there were 64,247 common shareholders of record.

FINANCIAL INFORMATION
The Annual Report on Form 10-K is filed with the Securities and Exchange Commission ("SEC"). Copies of this document and other filings, including Exhibits thereto, may be obtained:

Electronically at the SEC's home page at www.sec.gov.

By writing to Michelle Sentner, Assistant Vice President, Financial Reporting, at corporate headquarters.

By calling 412-762-1553 or via e-mail to financial.reporting@pncbank.com.

INQUIRIES
For Financial Services call 1-800-4-BANKER. Individual shareholders should contact: Shareholder Relations at 800-843-2206 or the PNC Bank Hotline at 800-982-7652.

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

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

TRUST PROXY VOTING
Reports of 1997 nonroutine proxy voting by the trust divisions of PNC Bank Corp. are available by writing to Thomas R. Moore, Vice President and Assistant Corporate Secretary, at corporate headquarters.

ANNUAL SHAREHOLDERS MEETING
All shareholders are invited to attend the PNC Bank Corp. annual meeting on Tuesday, April 28, 1998, at 11 a.m., Eastern Standard Time, on the 15th floor of One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania.

COMMON STOCK PRICES/DIVIDENDS DECLARED
The table below sets forth by quarter the range of high, low and quarter-end closing sale prices for PNC Bank Corp. common stock and the cash dividends declared per common share.

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1997 QUARTER	High	Low	Close	Cash Dividends Declared
<S>	<C>	<C>	<C>	<C>
First	$45.000	$36.500	$40.000	$.37

Second	44.750	37.375	41.750	.37
Third	49.750	41.125	48.813	.37
Fourth	58.750	42.875	56.938	.39
Total				$1.50
1996 Quarter				
First	$32.625	$28.375	$30.750	$.35
Second	31.500	28.375	29.750	.35
Third	33.875	27.500	33.375	.35
Fourth	39.750	33.125	37.625	.37
Total				$1.42

</TABLE>

REGISTRAR AND TRANSFER AGENT
The Chase Manhattan Bank
P.O. Box 590
Ridgefield Park, New Jersey 07660
800-982-7652

DIVIDEND POLICY

Holders of PNC Bank Corp. common stock are entitled to receive dividends when declared by the board of directors out of funds legally available. The board presently intends to continue the policy of paying quarterly cash dividends. However, future dividends will depend upon earnings, the financial condition of PNC Bank Corp. and other factors including applicable government regulations and policies and contractual restrictions.

DIVIDEND REINVESTMENT AND
STOCK PURCHASE PLAN

The PNC Bank Corp. dividend reinvestment and stock purchase plan enables holders of common and preferred stock to purchase additional shares of common stock conveniently and without paying brokerage commissions or service charges. A prospectus and enrollment card may be obtained by writing to Shareholder Relations at corporate headquarters.

EXHIBIT 21

PNC BANK CORP.
SCHEDULE OF CERTAIN SUBSIDIARIES
(AS OF FEBRUARY 28, 1998)

NAME (1)	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
PNC Bancorp, Inc.	Delaware
PNC Bank, Delaware (2)	Delaware
PNC Bank, FSB (2)	United States
PNC Bank, National Association (2)	United States
PNC Bank, New England (2)	Massachusetts
PNC Holding Corp.	Delaware
Alpine Indemnity Limited	Grand Cayman, B.W.I.
CastleInternational Asset Management Limited	United Kingdom
CastleInternational Asset Management, Inc.	Delaware
Parkway Management Inc.	New Jersey
PFPC International (Cayman) Ltd	Grand Cayman, B.W.I.
PFPC International Ltd	Dublin, Ireland
PFPC Trustee and Custodial Services Limited	Dublin, Ireland
PNC Alliance Inc.	Delaware
PNC Capital Corp.	Delaware
PNC Capital Markets, Inc.	Pennsylvania
PNC Capital Recovery Corp.	Pennsylvania
PNC Commercial Corp	Florida
PNC Equities Corp.	Delaware
PNC Equity Management Corp (2)	Pennsylvania
PNC ESOP Funding Corporation	Delaware
PNC Funding Corp	Pennsylvania
PNC GPI, Inc.	Delaware
PNC Insurance Corp.	Arizona
PNC Investment Corp. (2)	Delaware
PNC Management Services Corp	Delaware
PNC Network Holdings Corp. (2)	Delaware
PNC Realty Company, Ohio	Ohio
PNC Realty Holding Corp (2)	Pennsylvania
PNC Venture Corp	Delaware

(1) All active first tier subsidiaries of the Corporation's two primary subsidiary holding companies, PNC Bancorp, Inc. and PNC Holding Corp., have been listed. Not all of such subsidiaries are "significant subsidiaries" within the meaning of Rule 1-02(v) of Regulation S-X.

(2) The names of the subsidiaries of the indicated entities are omitted because such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference, in the Registration Statements listed below, of our report dated January 23, 1998, with respect to the consolidated financial statements of PNC Bank Corp. and subsidiaries incorporated by reference in this Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1997.

Form S-3 relating to the Dividend Reinvestment and Stock Purchase Plan (No. 333-19003)

Form S-8 relating to the PNC Bank Corp. Supplemental Incentive Savings Plan and PNC Bank Corp. and Affiliates Deferred Compensation Plan (No. 333-18069)

Form S-8 relating to the PNC Retirement Savings Plan (No. 333-03901)

Form S-8 relating the PNC Bank Corp. Employee Stock Purchase Plan (No. 33-62311)

Form S-3 relating to the Dividend Reinvestment and Stock Purchase Plan of PNC Bank Corp. (No. 33-61083)

Post-Effective Amendment No. 1 to Form S-8 relating to the PNC Bank Corp. 1997 Long-Term Incentive Award Plan (No. 33-54960)

Post-Effective Amendment No. 1 on Form S-3 relating to the shelf registration of $500 million of debt securities of PNC Funding Corp., unconditionally guaranteed by PNC Bank Corp. (No. 33-42803)

Form S-8 relating to the 1987 Senior Executive Long-Term Award Plan of PNC Bank Corp. (now known as the PNC Bank Corp. 1992 Long-Term Incentive Award Plan) (No. 33-28828)

Post-Effective Amendment No. 1 (on Form S-8) to Form S-4 relating to the exercise of stock options assumed by PNC Bank Corp. in connection with the merger of a wholly-owned subsidiary of PNC Bank Corp. with and into Bank of Delaware Corporation (No. 33-25642)

Post-Effective Amendment No. 1 to Form S-8 relating to the PNC Bank Corp. Incentive Savings Plan (No. 33-25140)

Post-Effective Amendment No. 1 on Form S-8 relating to the Stock Option Plan of PNC Bank Corp. (No. 2-92181)

Post-Effective Amendment No. 2 on Form S-8 relating to the PNC Bank Corp. Employee Stock Purchase Plan (No. 2-83510)

Form S-8 relating to PNC Bank Corp. Employee Stock Purchase Plan (No. 333-25867)

Form S-3 relating to the shelf registration of $1.3 billion of debt securities of PNC Funding Corp., unconditionally guaranteed by PNC Bank Corp., and/or common stock and/or preferred stock of PNC Bank Corp. (No. 333-34709 and No. 333-34709-01)

/s/ ERNST & YOUNG LLP

Pittsburgh, Pennsylvania
March 20, 1998

EXHIBIT 24

POWER OF ATTORNEY

PNC BANK CORP.
ANNUAL REPORT ON FORM 10-K FOR YEAR ENDED DECEMBER 31, 1997

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned Directors and/or Officers of PNC Bank Corp. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Walter E. Gregg, Jr., John F. Fulgoney and Melanie S. Cibik, or each of them, with full power of substitution, such person's true and lawful attorney-in-fact and agent to execute in such person's name, place and stead, in any and all capacities, the Corporation's Annual Report on Form 10-K for the year ended December 31, 1997.

And such persons hereby ratify and confirm all that any said attorney or attorney-in-fact, or any substitute, shall lawfully do or cause to be done by virtue hereof.

Witness the due execution hereof by the following persons in the capacities indicated as of this February 19, 1998.

<TABLE>
<CAPTION>

Name/Signature	Capacity
<S>	<C>
/s/ THOMAS H. O'BRIEN Thomas H. O'Brien	Chairman, Chief Executive Officer and Director
/s/ PAUL W. CHELLGREN Paul W. Chellgren	Director
/s/ ROBERT N. CLAY Robert N. Clay	Director
/s/ GEORGE A. DAVIDSON, JR. George A. Davidson, Jr.	Director
/s/ DAVID F. GIRARD-DICARLO David F. Girard-diCarlo	Director
/s/ C. G. GREFENSTETTE C. G. Grefenstette	Director
/s/ WILLIAM R. JOHNSON William R. Johnson	Director
/s/ BRUCE LINDSAY Bruce Lindsay	Director
/s/ THOMAS MARSHALL Thomas Marshall	Director
/s/ CRAIG MCCLELLAND W. Craig McClelland	Director
/s/ JANE G. PEPPER Jane G. Pepper	Director
/s/ JACKSON H. RANDOLPH	Director

Jackson H. Randolph
</TABLE>

<TABLE>
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/s/ JAMES E. ROHR ------------------------------------ James E. Rohr	President and Director
/s/ RODERIC H. ROSS ------------------------------------ Roderic H. Ross	Director
/s/ VINCENT A. SARNI ------------------------------------ Vincent A. Sarni	Director
/s/ GARRY J. SCHEURING ------------------------------------ Garry J. Scheuring	Director
/s/ RICHARD P. SIMMONS ------------------------------------ Richard P. Simmons	Director
/s/ THOMAS J. USHER ------------------------------------ Thomas J. Usher	Director
/s/ MILTON A. WASHINGTON ------------------------------------ Milton A. Washington	Director
/s/ HELGE H. WEHMEIER ------------------------------------ Helge H. Wehmeier	Director

</TABLE>

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<ARTICLE> 9
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This schedule contains summary financial information extracted from the consolidated financial information incorporated by reference to the 1997 Annual Report on Form 10-K and is qualified in its entirety by reference to such financial information.
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<ARTICLE> 9
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This schedule restates previously filed data relating to the adoption of SFAS No. 128 "Earnings Per Share." The provisions of SFAS No. 128 required replacement of primary and fully diluted earnings per share amounts with basic and diluted earnings per share. This schedule also restates previously filed data for short-term and long-term borrowings.
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<ALLOWANCE>	(1,166)	(1,152)	(1,189)	(1,225)	(1,259)
<TOTAL-ASSETS>	73,260	69,662	71,961	72,668	73,404
<DEPOSITS>	45,676	45,430	44,852	45,621	46,899
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<INTEREST-OTHER>	136	106	76	37	124
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<LOANS-PAST>	244	231	191	209	225
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<LOANS-PROBLEM>	151	0	0	0	176
<ALLOWANCE-OPEN>	1,259	1,259	1,259	1,259	1,352
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<RECOVERIES>	83	61	43	21	107
<ALLOWANCE-CLOSE>	1,166	1,152	1,189	1,225	1,259
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This schedule restates previously filed data relating to the adoption of
SFAS No. 128 "Earnings Per Share." The provisions of SFAS No. 128 required
replacement of primary and fully diluted earnings per share amounts with basic
and diluted earnings per share. This schedule also restates previously filed
data for short-term and long-term borrowings.
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<INTEREST-INVEST>                                  421                     295                     156
<INTEREST-OTHER>                                   113                      69                      30
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<INTEREST-DEPOSIT>                               1,087                     714                     346
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<INTEREST-INCOME-NET>                            1,863                   1,243                     630
<LOAN-LOSSES>                                       45                      25                      10
<SECURITIES-GAINS>                                  27                      30                      16
<EXPENSE-OTHER>                                  1,914                   1,275                     636
<INCOME-PRETAX>                                  1,209                     802                     409
<INCOME-PRE-EXTRAORDINARY>                         787                     525                     266
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<NET-INCOME>                                       787                     525                     266
<EPS-PRIMARY>                                     2.47                    1.63                     .81
<EPS-DILUTED>                                     2.44                    1.61                     .80
<YIELD-ACTUAL>                                    3.91                    3.92                    3.98
<LOANS-NON>                                        315                     345                     322
<LOANS-PAST>                                       289                     230                     251
<LOANS-TROUBLED>                                     2                       1                       1
<LOANS-PROBLEM>                                      0                       0                       0
<ALLOWANCE-OPEN>                                 1,166                   1,166                   1,166
<CHARGE-OFFS>                                    (280)                   (185)                    (89)
<RECOVERIES>                                        88                      66                      29
<ALLOWANCE-CLOSE>                                1,027                   1,075                   1,119
<ALLOWANCE-DOMESTIC>                             1,027                   1,075                   1,119
<ALLOWANCE-FOREIGN>                                  0                       0                       0
<ALLOWANCE-UNALLOCATED>                              0                       0                       0


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