PNC BANK CORP.

Quarterly Report on Form 10-Q
For the quarterly period ended June 30, 1998

Page 1 represents a portion of the second quarter 1998 Financial Review which is not required by the Form 10-Q report and is not "filed" as part of the Form 10-Q.

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

Financial Highlights

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	Three months ended June 30		Six months ended June 30	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
FINANCIAL PERFORMANCE (in thousands, except per share data)				
Revenue				
Net interest income (taxable-equivalent basis)	$636,986	$620,581	$1,281,216	$1,257,864
Noninterest income	611,203	444,367	1,150,118	877,670
Total revenue	1,248,189	1,064,948	2,431,334	2,135,534
Net income	280,411	259,075	549,671	525,384
Per common share				
Basic earnings	.92	.82	1.80	1.63
Diluted earnings	.90	.81	1.77	1.61
Cash dividends declared	.39	.37	.78	.74
SELECTED RATIOS				
Return on				
Average common shareholders' equity	21.42%	20.21%	21.26%	19.84%
Average assets	1.53	1.47	1.52	1.50
Net interest margin	3.81	3.84	3.88	3.92
Noninterest income to total revenue	48.97	41.73	47.30	41.10
After-tax profit margin	22.47	24.33	22.61	24.60
Efficiency ratio (excluding distributions on capital securities)	61.43	60.09	61.48	59.81
Net charge-offs to average loans	.64	.44	.66	.46

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	June 30 1998	March 31 1998	December 31 1997	September 30 1997	June 30 1997
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA (in millions)					
Assets	$75,873	$72,355	$75,120	$71,828	$71,973
Earning assets	68,353	65,210	66,688	64,208	64,297
Loans, net of unearned income	56,237	54,511	54,245	53,651	53,497
Securities available for sale	7,540	7,511	8,522	8,000	8,396
Deposits	47,096	46,068	47,649	44,788	45,216
Borrowed funds	20,488	18,375	19,622	19,052	

					19,066
Shareholders' equity	5,633	5,487	5,384	5,476	5,384
Common shareholders' equity	5,318	5,173	5,069	5,161	5,068
CAPITAL RATIOS					
Leverage	7.18%	7.36%	7.30%	7.43%	7.35%
Common shareholders' equity to assets	7.01	7.15	6.75	7.18	7.04
ASSET QUALITY RATIOS					
Nonperforming assets to loans and foreclosed assets	.57%	.61%	.61%	.73%	.83%
Allowance for credit losses to loans	1.53	1.67	1.79	1.91	2.01
Allowance for credit losses to nonperforming loans	315.09	320.96	351.79	324.25	310.34
Book value per common share	$17.64	$17.20	$16.87	$16.92	$16.51

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Financial Review

This Financial Review should be read in conjunction with the PNC Bank Corp. and subsidiaries' ("Corporation" or "PNC Bank") unaudited Consolidated Financial Statements and the Financial Review and audited Consolidated Financial Statements included in the Corporation's 1997 Annual Report.

OVERVIEW

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

SUMMARY FINANCIAL RESULTS Net income for the first six months of 1998 was $550 million compared with $525 million a year ago. Earnings per diluted share increased 10% to $1.77 for the first six months of 1998 from $1.61 in 1997. Returns on average common shareholders' equity and average assets were 21.26% and 1.52% for the first six months of 1998 compared with 19.84% and 1.50%, respectively, a year ago.

As a result of purchase acquisitions, earnings are reduced by goodwill and other intangible amortization. Excluding these charges, diluted earnings per share for the first six months of 1998 and 1997 were $1.90 and $1.72, respectively.

Total revenue increased $296 million or 14% in the first six months of 1998 driven by growth in noninterest income which represented 47% of total revenue compared with 41% in the prior-year period. Taxable-equivalent net interest income increased $23 million from the first six months of 1997. The net interest margin was 3.88% compared with 3.92% in the prior year. Noninterest income increased 31% to $1.2 billion in the first six months of 1998 reflecting significant growth in asset management, mutual fund servicing, consumer services, corporate finance and capital markets and mortgage banking revenue.

The provision for credit losses was $65 million for the first six months of 1998 compared with $25 million in the prior year.

Noninterest expense increased $228 million or 18% in the first six months of 1998 commensurate with revenue growth and the impact of investments in the consumer banking franchise. The efficiency ratio, computed excluding distributions on capital securities, was 61.5% for the first six months of 1998 compared with 59.8% a year ago.

Average earning assets increased $1.9 billion from the prior year to $65.9 billion as higher loans and loans held for sale more than offset reductions in the securities portfolio. Loans represented 83.0% of average earning assets compared with 81.8% a year ago.

Shareholders' equity totaled $5.6 billion at June 30, 1998. The leverage ratio was 7.18% and Tier I and total risk-based capital ratios were 7.24% and 10.79%, respectively.

The ratio of nonperforming assets to loans and foreclosed assets was .57% at June 30, 1998 and .61% at December 31, 1997. The allowance for credit losses was 315% of nonperforming loans and 1.53% of total loans at June 30, 1998 compared with 352% and 1.79%, respectively, at December 31, 1997. Net charge-offs were .66% of average loans for the first six months of 1998 compared with .46% for the first six months of 1997. The increase was primarily associated with higher credit card outstandings and lower collections.

ACQUISITIONS AND DIVESTITURES On April 3, 1998, PNC Bank completed the acquisition of Midland Loan Services, L.P. ("Midland"), one of the nation's largest servicers of commercial mortgages with a total servicing portfolio of approximately $28 billion. This transaction greatly expands PNC Bank's commercial real estate financial services capabilities, which now include origination, securitization, servicing, investment advisory and risk management.

On April 15, 1998, the Corporation completed the acquisition of the asset-based finance business of BTM Capital Corp. ("BTM"). The purchase included a $600 million portfolio of asset-based loans and loan commitments and regional sales offices. This transaction is consistent with the strategy of growing this business on a national basis.

On July 31, 1998, PNC Bank completed the acquisition of The Arcand Company, subsequently renamed the Columbia Housing Corporation ("Columbia"). Columbia is a leading tax credit syndicator, principally engaged in the origination and distribution of affordable housing limited partnerships. Investment funds syndicated and managed by Columbia include properties in 43 states comprising more than 22,000 units with a value in excess of $1 billion.

On August 4, 1998, the Corporation entered into a definitive agreement to sell its corporate trust and escrow business, which includes serving as indenture trustee for municipal and corporate debt and as agent for escrow arrangements, to Chase Manhattan Trust Company, N.A. The transaction is expected to close in the fourth quarter of 1998, subject to regulatory approvals.

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 distinct lines of business with highly focused customer segments. This approach provides the basis for 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 by investing in specialized financial services businesses including asset management, mutual fund servicing, private banking, mortgage 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 wholesale leverage activities have allowed PNC Bank to significantly improve the composition of the earnings stream.

REGIONAL COMMUNITY BANKING provides financial products and services to small business and retail customers within PNC Bank's geographic footprint. Regional Community Banking employs information and customer knowledge to identify and meet consumer preferences for traditional and technology-based products and services that are distributed through retail branches and alternative distribution channels.

CORPORATE BANKING provides credit, capital markets and treasury management products and services to large and mid-size businesses, institutions and government entities. Teams of specialists focus on specific industry segments, including communications, health care, public finance, large corporate, financial institutions, energy, metals and mining and emerging growth.

NATIONAL CONSUMER BANKING provides consumer products and services through technologically advanced cost efficient channels. National Consumer Banking focuses on nationwide distribution of products and services through affinity relationships.

PRIVATE BANKING offers personalized investment management, brokerage, personal trust, estate planning and traditional banking services for the affluent; investment management services for the ultra-affluent through Hawthorn; and PNC Bank's institutional trust businesses.

MORTGAGE BANKING originates and services residential mortgages. Mortgage Banking focuses on expanding retail distribution channels, increasing the mortgage servicing portfolio and expanding sales of related products including second mortgages, home equity lines of credit, credit cards and insurance.

SECURED LENDING is engaged in commercial real estate finance, including loan origination, securitization, and servicing through Midland, asset-based financing through PNC Business Credit and equipment leasing within PNC Bank's primary geographic markets and nationally.

ASSET MANAGEMENT offers fixed income, domestic and international equity and liquidity products. BlackRock, Inc. ("BlackRock") represents the recent combination of PNC Bank's investment advisory and asset management capabilities under a single organization and brand. This integration created one of the largest asset managers in the country, leveraging the BlackRock Financial Management reputation as an established fixed income manager. BlackRock is focused on expanding marketing and delivery channels for a wide range of institutional and retail investment products.

MUTUAL FUND SERVICING provides institutional money managers, brokerage firms, pension managers and insurance companies custom products, including accounting and administration, transfer agency, custody, securities lending and central asset account services. PFPC Inc. ("PFPC") is the second largest mutual fund accounting agent and the fourth largest mutual fund transfer agent in the United States. This business is focused on domestic, off-shore and alternative pooled investment servicing capabilities.

Financial Review

FORWARD-LOOKING STATEMENTS

PNC Bank has made, and may continue to make, various forward-looking statements with respect to financial performance 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, the following factors, among others, could cause actual results to differ materially from forward-looking statements: the inability of the Corporation or others to remediate Year 2000 concerns in a timely fashion; continued pricing pressures on loan and deposit products; increased credit risk; the success and timing of AAA and other business initiatives and strategies, several of which are in early stages and therefore susceptible to greater uncertainty than more mature businesses; competition; the ability to realize cost savings or revenues and implement integration plans associated with acquisitions and divestitures at the levels and within the time periods contemplated; changes in economic conditions; market volatility; customer borrowing, repayment, investment and deposit practices; continued customer disintermediation; customers' acceptance of PNC Bank's products and services; and the extent and timing of technological advancement, capital management activities, actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

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.

In the second quarter of 1998, Asset Management and Mutual Fund Servicing was segregated into two distinct lines of business and the institutional trust business and Hawthorn were realigned with Private Banking. Results for the first six months of 1998 and 1997 are presented consistent with this new structure. The benefit from the sale of an equity interest to BlackRock management is included in corporate administration and other unassigned.

The management accounting process uses various balance sheet and income statement assignments and transfers to measure business unit performance. Assignments 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.

Financial statements for the lines of business do not necessarily use the same classifications as the consolidated financial statements. The financial results presented herein reflect each line of business as if it 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 positions.

Total line of business financial results differ from consolidated financial results primarily due to eliminations, different provision for credit loss methodologies and corporate administration 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 includes holding company revenue, expenses and other items not assigned in the management accounting process.

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. As a result, total capital assigned will differ from consolidated shareholders' equity.

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Six months ended June 30 - dollars in millions	Revenue		Earnings (Loss)		Return on Assigned Capital		Average Assets	
	1998	1997	1998	1997	1998	1997	1998	1997
Regional Community Banking	$855	$809	$222	$205	31%	29%	$35,020	$35,265
Corporate Banking	371	311	119	100	22	18	14,926	14,799
National Consumer Banking	346	354	(35)	29	(10)	9	11,468	11,228
Private Banking	252	222	61	46	31	27	2,724	2,443
Mortgage Banking	209	142	32	12	18	7	11,809	10,145
Secured Lending	141	135	62	67	22	26	7,986	6,176
Asset Management	114	74	18	10	23	17	267	258
Mutual Fund Servicing	91	72	19	16	46	45	198	156
Total lines of business	2,379	2,119	498	485	21	22	84,398	80,470
Eliminations	(71)	(86)	(51)	(55)			(15,103)	(13,812)
Provision for credit losses			68	46				
Corporate administration and other unassigned	123	103	35	49			3,596	3,904
Total consolidated	$2,431	$2,136	$550	$525	21%	20%	$72,891	$70,562

</TABLE>

REGIONAL COMMUNITY BANKING

Six months ended June 30 - dollars in millions	1998	1997
INCOME STATEMENT		

Net interest income	$657	$670
Noninterest income	198	139
Total revenue	855	809
Provision for credit losses	16	13
Noninterest expense	471	461
Pretax earnings	368	335
Income taxes	146	130
Earnings	$222	$205
AVERAGE BALANCE SHEET		
Loans		
Consumer	$5,098	$4,924
Commercial	2,597	2,014
Residential mortgage	1,255	1,250
Other	184	404
Total loans	9,134	8,592
Assigned assets and other assets	25,886	26,673
Total assets	$35,020	$35,265
Net deposits		
Certificates	$15,070	$15,738
Money market	6,993	6,186
Noninterest-bearing demand	4,845	4,818
Interest-bearing demand	3,957	4,024
Savings	2,598	2,931
Total net deposits	33,463	33,697
Other liabilities	132	149
Assigned capital	1,425	1,419
Total funds	$35,020	$35,265
PERFORMANCE RATIOS		
Return on assigned capital	31%	29%
Noninterest income to total revenue	23	17
After-tax profit margin	26	25
Efficiency	55	57

Regional Community Banking contributed 45% of total line of business earnings in the first six months of 1998 compared with 42% for the first six months of 1997. Earnings of $222 million included gains on the sales of 16 branches in Western Pennsylvania that offset one-time costs primarily related to consumer delivery initiatives. Excluding these items, earnings increased $8 million or 4% and performance ratios improved due to strategies designed to respond to customer behavior while improving the effectiveness and efficiency of the delivery system. As a result of these strategies, noninterest expense before the one-time costs in 1998 declined $30 million or 7% compared with the prior year. Net interest income declined in the current period due to loan spread compression and the impact of consumer migration to higher cost deposit products.

Regional Community Banking seeks to grow revenue through targeted marketing efforts and will continue initiatives designed to leverage technology and reduce the cost of the delivery system.

CORPORATE BANKING

Six months ended June 30 - dollars in millions	1998	1997
INCOME STATEMENT		
Credit-related revenue	$159	$157
Noncredit revenue		
Treasury management	103	97
Venture capital	54	22
Capital markets	46	32
Other	9	3
Total noncredit revenue	212	154
Total revenue	371	311
Provision for credit losses	10	(18)
Noninterest expense	175	173
Pretax earnings	186	156
Income taxes	67	56
Earnings	$119	$100
AVERAGE BALANCE SHEET		
Loans		
Middle market	$4,982	$4,996

Specialized	4,402	4,029
Large corporate	4,184	4,539
Other	392	311
Total loans	13,960	13,875
Other assets	966	924
Total assets	$14,926	$14,799
Net deposits	$2,475	$2,097
Assigned funds and other liabilities	11,348	11,606
Assigned capital	1,103	1,096
Total funds	$14,926	$14,799
PERFORMANCE RATIOS		
Return on assigned capital	22%	18%
Noncredit revenue to total revenue	57	50
After-tax profit margin	32	32
Efficiency	47	56

Corporate Banking contributed 24% of total line of business earnings in the first six months of 1998 compared with 21% in the same period last year. Earnings increased 19% in the first six months of 1998 and return on assigned capital improved to 22% driven by strategies designed to expand revenue from fee-based services while reducing reliance on balance sheet leverage.

Credit-related revenue primarily represents net interest income from loans and remained flat in the comparison. Noncredit revenue which includes noninterest income and the benefit of compensating balances in lieu of fees increased $58 million or 38% in the first six months of 1998 reflecting growth in treasury management, capital markets and venture capital income. Expenses were stable reflecting the continued focus on operating overhead as the efficiency ratio declined to 47% in the first six months of 1998. The increase in the provision for credit losses reflects the impact of net recoveries in the first six months of 1997.

NATIONAL CONSUMER BANKING

Six months ended June 30 - dollars in millions	1998	1997
INCOME STATEMENT		
Net interest income	$234	$197
Noninterest income	112	157
Total revenue	346	354
Provision for credit losses	157	109
Noninterest expense	244	199
Pretax earnings (loss)	(55)	46
Income taxes (benefit)	(20)	17
Earnings (loss)	$(35)	$29
AVERAGE BALANCE SHEET		
Loans		
Dealer finance	$4,985	$5,394
Credit card	3,899	3,272
Education	1,197	1,481
Other	664	352
Total loans	10,745	10,499
Other assets	723	729
Total assets	$11,468	$11,228
Net deposits	$141	$86
Assigned funds and other liabilities	10,630	10,480
Assigned capital	697	662
Total funds	$11,468	$11,228
PERFORMANCE RATIOS		
Return on assigned capital	(10)%	9%

Noninterest income to total revenue	32	44
After-tax profit margin	(10)	8
Efficiency	71	56

National Consumer Banking incurred a loss of $35 million in the first six months of 1998 resulting from credit card and AAA which have been unfavorably impacted primarily by intense competition and changing consumer credit conditions. Earnings for 1997 included $61 million of nonrecurring gains. Excluding these gains, earnings declined $26 million in the year-to-year comparison reflecting higher credit costs.

The provision for credit losses increased $48 million as a result of higher credit card outstandings and lower collections. Management has undertaken enhanced collection efforts and a more focused marketing strategy directed at PNC Bank's geographic footprint and affinity relationships. As a result, the growth rate in credit card outstandings has declined and net charge-offs are expected to remain relatively stable during the remainder of 1998.

The challenge in National Consumer Banking is to improve returns to appropriate levels within a reasonable timeframe. Management is aggressively pursuing actions designed to enhance returns on the capital invested in this line of business.

PRIVATE BANKING

Six months ended June 30 - dollars in millions	1998	1997
INCOME STATEMENT		
Net interest income	$62	$56
Noninterest income		
Investment management and trust	150	133
Brokerage	33	30
Other	7	3
Total noninterest income	190	166
Total revenue	252	222
Provision for credit losses	1	2
Noninterest expense	152	145
Pretax earnings	99	75
Income taxes	38	29
Earnings	$61	$46
AVERAGE BALANCE SHEET		
Loans		
Residential mortgage	$985	$1,036
Consumer	926	801
Commercial	588	470
Other	28	74
Total loans	2,527	2,381
Other assets	197	62
Total assets	$2,724	$2,443
Net deposits	$2,176	$1,864
Assigned funds and other liabilities	146	239
Assigned capital	402	340
Total funds	$2,724	$2,443
PERFORMANCE RATIOS		
Return on assigned capital	31%	27%
Noninterest income to total revenue	75	75
After-tax profit margin	24	21
Efficiency	60	65

Private Banking contributed 12% of total line of business earnings in the first six months of 1998 compared with 10% a year ago. Earnings increased $15 million or 33% in the first six months of 1998 driven by revenue growth.

Net interest income increased 11% in the first six months of 1998 due to loan and deposit growth. Noninterest income increased $24 million or 14% from the prior year due to an increase in assets under management resulting from new business and market value appreciation, and an increase in brokerage accounts. Noninterest expense increased $7 million supporting revenue growth and continuing investments in technology.

ASSETS UNDER MANAGEMENT

June 30 - In billions	1998	1997
Personal trust	$37	$34
Institutional trust	6	6
Hawthorn	12	9
Total	$55	$49

Private Banking revenue is primarily affected by the volume of new business, the value of assets managed, 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.

MORTGAGE BANKING

Six months ended June 30 - dollars in millions	1998	1997
INCOME STATEMENT		
Servicing	$86	$77
Origination and securitization	93	27
Sales of servicing and other	8	5
MSR amortization	(71)	(24)
Hedging activities	18	(4)
Net mortgage banking revenue	134	81
Net interest income	75	61
Total revenue	209	142
Operating expense	156	123
Pretax earnings	53	19
Income taxes	21	7
Earnings	$32	$12
AVERAGE BALANCE SHEET		
Residential mortgage loans	$7,237	$7,584
Mortgages held for sale	2,446	1,181
Other assets	2,126	1,380
Total assets	$11,809	$10,145
Escrow deposits	$802	$581
Assigned funds and other liabilities	10,655	9,230
Assigned capital	352	334
Total funds	$11,809	$10,145
PERFORMANCE RATIOS		
Return on assigned capital	18%	7%
Net mortgage banking revenue to total revenue	64	57
After-tax profit margin	15	8
Efficiency	72	85

Mortgage Banking contributed 6% of total line of business earnings in the first six months of 1998 compared with 2% for the first six months of 1997. Earnings increased $20 million to $32 million in the first six months of 1998 primarily due to higher business volumes.

Revenue and expense growth in the first six months of 1998 resulted from higher loan origination volume, reflecting significant mortgage refinance activity, new business from an expanded national distribution network, and a larger servicing portfolio.

During the first six months of 1998 Mortgage Banking funded $5.3 billion of residential mortgages with 66% representing retail originations. The comparable amounts were $2.4 billion and 71%, respectively, in the first six months of 1997. The year-to-year increase reflects the combination of higher refinance activity and initiatives to expand retail origination capabilities.

MORTGAGE SERVICING PORTFOLIO

In millions	1998	1997
January 1	$40,701	$39,543
Originations	5,278	2,398
Purchases	8,016	1,312
Repayments	(6,303)	(2,750)
Sales	(1,064)	(81)
June 30	$46,628	$40,422

At June 30, 1998 the mortgage servicing portfolio totaled $46.6 billion, including $37.9 billion of loans serviced for others, with a weighted-average coupon of 7.84% and an estimated fair value of $592 million. Capitalized mortgage servicing rights ("MSR") totaled $509 million at June 30, 1998.

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. Higher prepayment activity resulted in higher amortization in 1998. In a period of rising interest rates, a converse relationship would exist. The Corporation seeks to manage this risk by using financial instruments with values that move in the opposite direction of MSR value changes.

SECURED LENDING

Six months ended June 30 - dollars in millions	1998	1997
INCOME STATEMENT		
Net interest income	$108	$102
Noninterest income	33	33
Total revenue	141	135
Provision for credit losses	(12)	(7)
Noninterest expense	61	36
Pretax earnings	92	106
Income taxes	30	39
Earnings	$62	$67
AVERAGE BALANCE SHEET		
Loans		
Real estate	$4,923	$4,243
Business credit	1,170	940
Leasing	1,072	857
Total loans	7,165	6,040
Other assets	821	136
Total assets	$7,986	$6,176
Net deposits	$962	$706
Assigned funds and other liabilities	6,456	4,947
Assigned capital	568	523
Total funds	$7,986	$6,176
PERFORMANCE RATIOS		
Return on assigned capital	22%	26%
Noninterest income to total revenue	23	24
After-tax profit margin	44	50
Efficiency	43	27

Secured Lending contributed 12% of total line of business earnings in the first six months of 1998 compared with 14% in the prior-year period. Excluding the impact of the Midland integration and $11 million of nonrecurring gains in 1997, earnings increased 14% driven by growth in loans and noninterest income. Noninterest expense grew $25 million in the year-to-year comparison primarily due to Midland. Continued improvement in credit quality also contributed to the increase in earnings in the first six months of 1998.

The Corporation expects the acquisitions of Midland, BTM and Columbia to provide additional revenue growth opportunities and be accretive to earnings in 1998.

These acquisitions reflect the strategy to reduce balance sheet leverage, increase noninterest income and expand nationally.

ASSET MANAGEMENT

Six months ended June 30 - dollars in millions	1998	1997
INCOME STATEMENT		
Revenue	$114	$74
Operating expense	80	55
Pretax earnings	34	19
Income taxes	16	9
Earnings	$18	$10
AVERAGE BALANCE SHEET		
Total assets	$267	$258
Liabilities	$112	$136
Assigned capital	155	122
Total funds	$267	$258
PERFORMANCE RATIOS		
Return on assigned capital	23%	17%
After-tax profit margin	16	14
Efficiency	70	74

Asset Management contributed 4% of total line of business earnings in the first six months of 1998 compared with 2% for the first six months of 1997. Earnings increased 80% in the first six months of 1998 driven by higher assets under management reflecting new business generated by BlackRock as a result of strong investment performance and technology-based risk management capabilities.

During the first six months of 1998 PNC Bank's fixed income, equity and liquidity businesses were consolidated under BlackRock. This combination created one of the largest asset managers in the United States focused on expanding marketing and delivery channels for a wide range of institutional and retail investment products.

ASSETS UNDER MANAGEMENT

June 30 - in billions	1998	1997
Fixed income	$62	$50
Liquidity	42	33
Equity and other	14	12
Total assets under management	$118	$95
Proprietary mutual funds		
BlackRock Funds	$23	$13
Other	20	18
Total proprietary mutual funds	$43	$31

Asset Management revenue is primarily affected by the volume of new business, the value of assets managed, 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.

MUTUAL FUND SERVICING

Six months ended June 30 - dollars in millions	1998	1997

INCOME STATEMENT		
Revenue	$91	$72
Operating expense	60	46
Pretax earnings	31	26
Income taxes	12	10
Earnings	$19	$16
AVERAGE BALANCE SHEET		
Total assets	$198	$156
Net deposits	$96	$68
Other liabilities	19	16
Assigned capital	83	72
Total funds	$198	$156
PERFORMANCE RATIOS		
Return on assigned capital	46%	45%
After-tax profit margin	21	22
Efficiency	66	64

Mutual Fund Servicing contributed 4% of total line of business earnings in the first six months of 1998 compared with 3% in the year-earlier period. Earnings increased $3 million or 19% in the year-to-year comparison as revenue grew 26% driven by new business as PFPC capitalized on its strong capabilities as a provider of customized products and services.

Assets and accounts serviced by PFPC were as follows:

June 30	1998	1997
Assets (billions)		
Custody	$281	$208
Accounting/administration	226	148
Accounts (millions)		
Shareholder	4.7	4.0
Checking and credit/debit card	2.1	1.9

CONSOLIDATED INCOME STATEMENT REVIEW

INCOME STATEMENT HIGHLIGHTS

Six months ended June 30 - in millions	1998	1997	Change
Net interest income (taxable-equivalent basis)	$1,281	$1,258	$23
Provision for credit losses	65	25	40
Noninterest income before net securities gains	1,124	848	276
Net securities gains	26	30	(4)
Noninterest expense	1,522	1,294	228
Income taxes	281	276	5
Net income	550	525	25

NET INTEREST INCOME Taxable-equivalent net interest income increased $23 million from the first six months of 1997. The net interest margin was 3.88% compared with 3.92% in the prior-year period. 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 and rates paid can have a significant impact on net interest income and margin.

The increase in net interest income was due to a $1.9 billion increase in average earning assets which more than offset a narrower net interest margin. Average loans grew 4.5% to $54.7 billion, a $2.3 billion increase from the prior year. Growth in commercial loans and credit cards more than offset the impact of loan securitizations and the downsizing of the indirect automobile lending portfolio. The increase in average loans held for sale was $1.4 billion reflecting higher residential mortgage originations and the commercial mortgage inventory of Midland.

<TABLE>
<CAPTION>
NET INTEREST INCOME ANALYSIS

Taxable-equivalent basis Six months ended June 30 - dollars in millions	Average Balances 1998	Average Balances 1997	Average Balances Change	Interest Income/Expense 1998	Interest Income/Expense 1997	Interest Income/Expense Change	Average Yields/Rates 1998	Average Yields/Rates 1997	Average Yields/Rates Change
Interest-earning assets									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans held for sale	$2,657	$1,215	$1,442	$94	$44	$50	7.08%	7.22%	(14) bp
Securities available for sale	7,552	9,569	(2,017)	224	298	(74)	5.94	6.25	(31)
Loans, net of unearned income									
Consumer (excluding credit card)	11,090	11,531	(441)	470	483	(13)	8.56	8.45	11
Credit card	3,899	3,274	625	266	207	59	13.75	12.75	100
Residential mortgage	12,671	12,974	(303)	462	482	(20)	7.29	7.44	(15)
Commercial	21,550	18,686	2,864	852	733	119	7.86	7.81	5
Commercial real estate	3,414	4,080	(666)	145	178	(33)	8.46	8.66	(20)
Other	2,095	1,825	270	73	63	10	7.00	6.88	12
Total loans, net of unearned income	54,719	52,370	2,349	2,268	2,146	122	8.29	8.20	9
Other	1,015	860	155	32	26	6	6.32	6.02	30
Total interest-earning assets/ interest income	65,943	64,014	1,929	2,618	2,514	104	7.94	7.86	8
Noninterest-earning assets	6,948	6,548	400						
Total assets	$72,891	$70,562	$2,329						
Interest-bearing liabilities									
Deposits									
Demand and money market	$14,249	$13,116	$1,133	209	182	27	2.96	2.80	16
Savings	2,661	2,993	(332)	26	29	(3)	1.99	1.97	2
Other time	17,046	17,689	(643)	461	472	(11)	5.44	5.38	6
Deposits in foreign offices	995	1,127	(132)	28	31	(3)	5.59	5.42	17
Total interest-bearing deposits	34,951	34,925	26	724	714	10	4.17	4.12	5
Borrowed funds	20,922	18,635	2,287	613	542	71	5.83	5.82	1
Total interest-bearing liabilities/ interest expense	55,873	53,560	2,313	1,337	1,256	81	4.79	4.71	8
Noninterest-bearing liabilities, capital securities and shareholders' equity	17,018	17,002	16						
Total liabilities and shareholders' equity	$72,891	$70,562	$2,329						
Interest rate spread							3.15	3.15	
Impact of noninterest-bearing sources							.73	.77	(4)
Net interest income/margin				$1,281	$1,258	$23	3.88%	3.92%	(4) bp

</TABLE>

The narrowing of the net interest margin was primarily due to an increase in commercial loans and loans held for sale as well as declining spreads resulting from competitive pressures on certain loan and deposit products. Partially offsetting these unfavorable factors was a decrease of $2.0 billion in average securities available for sale which represented 11% of average earning assets compared with 15% a year ago.

Funding cost is affected by the composition of and rates paid on various funding sources. Average deposits comprised 60.9% and 63.0% of PNC Bank's total sources of funding for the six months ended June 30, 1998 and 1997, respectively, with the remainder primarily comprised of wholesale funding obtained at prevailing market rates.

Management anticipates modest balance sheet growth and continued competitive pressure on the net interest margin throughout the remainder of 1998.

PROVISION FOR CREDIT LOSSES The provision for credit losses was $65 million in the first six months of 1998 compared with $25 million in the prior-year period. Management anticipates the Corporation will record higher provisions for credit losses throughout the remainder of 1998.

NONINTEREST INCOME

Six months ended June 30 - dollars in millions	1998	1997	Change Amount	Change Percent
Asset management	$278	$218	$60	27.5%
Mutual fund servicing	87	68	19	27.9
Service charges on deposits	98	101	(3)	(3.0)
Consumer services				
Credit card	58	41	17	41.5
Brokerage	32	26	6	23.1
Insurance	21	19	2	10.5
Other	64	60	4	6.7
Total consumer services	175	146	29	19.9
Corporate finance and capital markets				
Capital markets	24	21	3	14.3
Commercial mortgage servicing	12		12	NM
Other	81	76	5	6.6
Total corporate finance and capital markets	117	97	20	20.6
Mortgage banking				
Residential mortgage servicing	62	56	6	10.7
Origination	37	19	18	94.7
Marketing	55	7	48	NM
Sales of servicing	7	2	5	NM
Total mortgage banking	161	84	77	91.7
Net securities gains	26	30	(4)	(13.3)
Other	208	134	74	55.2
Total	$1,150	$878	$272	31.0%

NM - not meaningful

NONINTEREST INCOME Noninterest income increased $272 million or 31% in the first six months of 1998. Noninterest income in the current period included $56 million of gains from the sales of 16 branches in Western Pennsylvania that offset one-time costs related to consumer delivery initiatives and improvements in credit card operations. Excluding these gains, noninterest income increased 25% in the year-to-year comparison.

Asset management fees increased 28% primarily due to new business. Assets under management increased 24% to $151 billion at June 30, 1998 compared with $122 billion a year ago. Mutual fund servicing fees also grew 24% resulting from an increase in assets and accounts serviced.

Consumer services revenue increased 20% primarily due to higher credit card fees related to growth in accounts. Corporate finance and capital markets fees increased $20 million including $12 million of commercial mortgage servicing revenue from Midland.

Mortgage banking revenue grew primarily due to higher marketing gains and origination volume reflecting significant mortgage refinance activity and new business in the first six months of 1998.

Net securities gains were $26 million in the first six months of 1998 including $12 million resulting from MSR hedging activities. Other noninterest income increased primarily due to the branch gains and higher venture capital income.

NONINTEREST EXPENSE

Six months ended June 30 - dollars in millions	1998	1997	Change Amount	Change Percent
Staff expense				
Compensation	$576	$502	$74	14.7%
Employee benefits	112	108	4	3.7
Total staff expense	688	610	78	12.8
Net occupancy and equipment				
Net occupancy	101	93	8	8.6
Equipment	97	88	9	10.2
Total net occupancy and equipment	198	181	17	9.4
Amortization				
Goodwill	31	26	5	19.2
Mortgage servicing rights	76	24	52	NM
Other	21	19	2	10.5
Total amortization	128	69	59	85.5
Marketing	64	48	16	33.3
Distributions on capital securities	27	17	10	58.8
Other	417	369	48	13.0
Total	$1,522	$1,294	$228	17.6%

NM - not meaningful

NONINTEREST EXPENSE Noninterest expense increased $228 million or 18% in the first six months of 1998. Approximately $55 million of the increase related to one-time costs for consumer delivery initiatives, employee displacements and the streamlining of credit card operations. The remaining increase in noninterest expense was primarily due to higher MSR amortization, incentive compensation commensurate with growth in fee-based revenue, the impact of Midland and higher marketing costs associated with National Consumer Banking initiatives. Average full-time equivalent employees totaled approximately 25,100 in the first six months of 1998 compared with 24,600 in the prior-year period.

CONSOLIDATED BALANCE SHEET REVIEW

PERIOD-END BALANCE SHEET HIGHLIGHTS

In millions	June 30 1998	December 31 1997	Change
Assets	$75,873	$75,120	$753
Earning assets	68,353	66,688	1,665
Loans, net of unearned income	56,237	54,245	1,992
Securities available for sale	7,540	8,522	(982)
Deposits	47,096	47,649	(553)
Borrowed funds	20,488	19,622	866
Shareholders' equity	5,633	5,384	249

LOANS Loans outstanding increased $2.0 billion from year-end 1997 to $56.2 billion at June 30, 1998 primarily in Corporate Banking and Secured Lending. Certain reclassifications of loan balances were made for the current reporting period; however, prior period amounts were not restated.

LOANS

In millions	June 30 1998	December 31 1997
Consumer		
Home equity	$5,309	$4,848
Credit card	4,150	3,830
Automobile	2,921	3,221

Education	1,006	1,223
Other	1,799	1,913
Total consumer	15,185	15,035
Residential mortgage	12,698	12,785
Commercial		
Manufacturing	4,621	3,838
Retail/wholesale	4,084	3,575
Service providers	2,807	2,497
Real estate related	2,467	2,047
Communications	1,601	1,154
Health care	1,337	1,504
Financial services	1,742	1,027
Other	4,700	4,347
Total commercial	23,359	19,989
Commercial real estate		
Mortgage	901	1,848
Real estate project	1,971	2,126
Total commercial real estate	2,872	3,974
Lease financing and other	2,516	2,874
Unearned income	(393)	(412)
Total, net of unearned income	$56,237	$54,245

Loan portfolio composition continues to be geographically diversified among numerous industries and types of businesses and remained relatively consistent in the comparison. As the Corporation's businesses evolve, the loan portfolio is expected to remain diversified. Management anticipates modest loan portfolio growth throughout the remainder of 1998.

NET UNFUNDED COMMITMENTS

In millions	June 30 1998	December 31 1997
Consumer (excluding credit card)	$3,593	$3,363
Credit card	17,150	16,385
Residential mortgage	2,766	2,144
Commercial	32,376	29,707
Commercial real estate	1,160	1,167
Other	525	1,082
Total	$57,570	$53,848

Commitments to extend credit represent arrangements to lend funds provided there is no violation of specified contractual conditions. Commercial commitments are reported net of $4.9 billion and $5.9 billion of participations, assignments and syndications, primarily to financial institutions, at June 30, 1998 and December 31, 1997, respectively.

Net outstanding letters of credit totaled $4.6 billion and $4.7 billion at June 30, 1998 and December 31, 1997, respectively, and consisted primarily of standby letters of credit which commit the Corporation to make payments on behalf of customers when certain specified future events occur.

SECURITIES AVAILABLE FOR SALE The securities portfolio declined $1.0 billion from year-end 1997 to $7.5 billion at June 30, 1998. The expected weighted-average life of the securities portfolio was 3 years and 1 month at June 30, 1998 compared with 2 years and 9 months at year-end 1997.

SECURITIES AVAILABLE FOR SALE

	June 30, 1998		December 31, 1997	
In millions	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt securities				
U.S. Treasury and government agencies	$2,250	$2,248	$1,102	$1,105
Mortgage-backed	3,653	3,630	4,672	4,623
Asset-backed	1,057	1,059	2,079	2,083
State and municipal	138	143	170	177
Other debt	33	32	34	33
Corporate stocks and other	433	428	501	501
Total	$7,564	$7,540	$8,558	$8,522

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. Unrealized gains and losses are reflected in other comprehensive income. No financial derivatives were designated to securities available for sale at June 30, 1998 and December 31, 1997.

FUNDING SOURCES Deposits were $47.1 billion at June 30, 1998, a decline of $553 million from December 31, 1997. An $866 million increase in borrowed funds from $19.6 billion at year-end 1997 was primarily the result of increases in bank notes and senior debt, repurchase agreements and other borrowed funds partially offset by a decline in federal funds purchased. During the first six months of 1998, the Corporation issued $500 million of bank notes under the Euro medium-term bank note program. Subsequent to quarter end, an additional $300 million of bank notes were issued under this program.

FUNDING SOURCES

In millions	June 30 1998	December 31 1997
Deposits		
Demand, savings and money market	$26,808	$27,475
Time	16,206	17,125
Foreign	4,082	3,049
Total deposits	47,096	47,649
Borrowed funds		
Bank notes and senior debt	11,788	9,826
Federal funds purchased	897	3,632
Repurchase agreements	1,658	714
Other borrowed funds	4,302	3,753
Subordinated debt	1,843	1,697
Total borrowed funds	20,488	19,622
Total	$67,584	$67,271

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 June 30, 1998, the Corporation and each bank subsidiary met the well capitalized capital ratio requirements.

RISK-BASED CAPITAL

Dollars in millions	June 30 1998	December 31 1997
Capital components		
Shareholders' equity		
Common	$5,318	$5,069
Preferred	314	315
Trust preferred capital securities	848	650
Goodwill and other	(1,304)	(949)
Net unrealized securities losses	16	23
Tier I risk-based capital	5,192	5,108
Subordinated debt	1,690	1,666
Eligible allowance for credit losses	859	861
Total risk-based capital	$7,741	$7,635
Assets		
Risk-weighted assets and off-balance-sheet instruments	$71,726	$68,756
Average tangible assets	72,344	69,948
Capital ratios		
Tier I risk-based	7.24%	7.43%
Total risk-based	10.79	11.11
Leverage	7.18	7.30

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 April 1998, the Corporation issued $140 million of 6.5% subordinated notes that qualify as Tier II risk-based capital. In June 1998, the Corporation issued $200 million of floating rate mandatorily redeemable capital securities bearing interest at a rate per annum equal to 3-month LIBOR plus 57 basis points. The rate in effect at June 30, 1998 was 6.2575%. These mandatorily redeemable capital securities qualify as Tier I risk-based capital.

In May 1998, the Corporation called $39 million of 8.25% convertible subordinated debentures at par redeemable in June. Prior to the redemption date, these debentures were converted into common stock at a conversion price of $23.41. The conversion of these debentures resulted in a corresponding increase in shareholders' equity.

During the first six months of 1998, PNC Bank repurchased 3.7 million shares of common stock. The Corporation's board of directors authorized in April 1998 the repurchase of up to 10 million shares of common stock through April 30, 1999. Approximately 9.3 million shares remain under this authorization.

YEAR 2000

The Corporation has been working since 1995 to prepare its computer systems and applications to meet the year 2000 issues. This process involves reviewing, modifying and replacing existing hardware, software and non-information technology systems, as necessary, and communicating with external service providers and customers to determine whether they are addressing their year 2000 issues. The Corporation is also assessing the potential for computer systems of third parties such as vendors, customers, governmental entities and others to impact the Corporation's business operations. The Corporation has not identified any material third party problems to date, but continues to assess the situation.

Given the Corporation's common technology infrastructure and the progress made to date, management estimates the review and modification of its computer systems, applications and non-information technology systems will be substantially completed by December 31, 1998. Currently, approximately 56% of the Corporation's mainframe, mid-range and PC client-server systems have been tested and returned to production as year 2000 ready. The Corporation is also taking steps designed to appraise the year 2000 preparedness of its mission critical service providers and has plans to run tests with some of its service providers during 1999.

The estimated total cost to become year 2000 compliant, which is being expensed as incurred, is approximately $30 million. Through June 30, 1998 the Corporation has expensed approximately $14 million related to the year 2000 effort and anticipates that approximately 50% of the remaining costs will be incurred during the second half of 1998.

Failure of the Corporation or third parties to correct year 2000 issues could cause disruption of operations resulting in increased operating costs and other adverse effects. In addition, to the extent customers' financial positions are weakened as a result of year 2000 issues, credit quality could be affected. It is not possible to predict with certainty all of the adverse effects that may result from a failure of the Corporation or third parties to become fully year 2000 compliant or whether such effects could have a material impact on the Corporation.

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.

NONPERFORMING ASSETS

Dollars in millions	June 30 1998	December 31 1997
Nonperforming loans		
Commercial	$129	$128
Commercial real estate		
Mortgage	47	84
Real estate project	33	10
Residential mortgage	56	44
Consumer	7	10
Total nonperforming loans	272	276
Foreclosed assets		
Commercial real estate	22	27
Residential mortgage	20	21
Other	9	9
Total foreclosed assets	51	57
Total nonperforming assets	$323	$333
Nonperforming loans to loans	.48%	.51%
Nonperforming assets to loans and foreclosed assets	.57	.61
Nonperforming assets to assets	.43	.44

The amount of nonperforming loans that were current as to principal and interest was $47 million at June 30, 1998 and $34 million at December 31, 1997. There were no restructured loans outstanding as of either period end presented.

Subsequent to June 30, 1998, affiliates of the Allegheny Health, Education and Research Foundation filed for protection under Chapter 11 of the United States Bankruptcy Code. PNC Bank has net credit exposure to these bankrupt affiliates of approximately $80 million which is expected to become a nonperforming asset in the third quarter of 1998. Management does not anticipate that this matter will have a material impact on the Corporation's financial position or results of operations.

CHANGE IN NONPERFORMING ASSETS

In millions	1998	1997
January 1	$333	$459
Transferred from accrual	133	169
Returned to performing	(2)	(19)
Principal reductions	(94)	(94)
Sales	(28)	(41)
Charge-offs and valuation adjustments	(19)	(32)
June 30	$323	$442

ACCRUING LOANS PAST DUE 90 DAYS OR MORE

	Amount		Percent of Loans	
Dollars in millions	June 30 1998	December 31 1997	June 30 1998	December 31 1997
Consumer				
Guaranteed education	$22	$26	2.16%	2.32%
Credit card	69	69	1.66	1.80
Other	32	32	.32	.33
Total consumer	123	127	.81	.87
Residential mortgage	55	60	.43	.47
Commercial	50	78	.20	.39
Commercial real estate	16	23	.57	.59
Total	$244	$288	.43	.53

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

ALLOWANCE FOR CREDIT LOSSES

In millions	1998	1997

January 1	$972	$1,166
Charge-offs	(214)	(185)
Recoveries	35	66
Net charge-offs	(179)	(119)
Provision for credit losses	65	25
Acquisitions	1	3
June 30	$859	$1,075

The allowance as a percent of nonperforming loans and period-end loans was 315% and 1.53%, respectively, at June 30, 1998. The comparable year-end 1997 amounts were 352% and 1.79%.

CHARGE-OFFS AND RECOVERIES

Six months ended June 30- dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
1998				
Consumer (excluding credit card)	$46	$19	$27	.49%
Credit card	147	8	139	7.19
Residential mortgage	5	1	4	.06
Commercial	13	6	7	.06
Commercial real estate	3	1	2	.12
Total	$214	$35	$179	.66
1997				
Consumer (excluding credit card)	$55	$18	$37	.65%
Credit card	101	16	85	5.24
Residential mortgage	5	1	4	.06
Commercial	20	27	(7)	(.07)
Commercial real estate	4	4		
Total	$185	$66	$119	.46

Credit card net charge-offs increased $54 million in the comparison, primarily due to higher credit card outstandings and lower collections.

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 June 30, 1998, such assets totaled $14.1 billion, with $4.8 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 June 30, 1998, approximately $4.3 billion of residential mortgages were available as collateral for borrowings from the FHLB. In addition, bank affiliates have access to funds as issuers of unsecured notes in domestic and foreign markets.

During the first six months of 1998, cash and due from banks decreased $2.2 billion to $2.1 billion compared with a decrease of $340 million during the year-earlier period. Net cash used by operating activities totaled $606 million in the first six months of 1998 compared with $386 million provided a year earlier. Investing activities used net cash of $2.2 billion in the first six months of 1998 compared with $1.2 billion provided in the first six months of 1997. Net cash provided by financing activities totaled $556 million in the first six months of 1998 compared with $1.9 billion used a year earlier.

The principal source of parent company revenue and cash flow is dividends from subsidiary banks. PNC Bancorp, Inc. is a wholly-owned subsidiary of the parent company and is the holding company for all bank subsidiaries. There are legal limitations on the ability of bank subsidiaries to pay dividends and make other distributions to PNC Bancorp, Inc. and in turn the parent company. Without regulatory approval, the amount available for dividend payments to PNC Bancorp, Inc. by all bank subsidiaries was $785 million at June 30, 1998. 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. The Corporation has unused capacity under effective shelf registration statements of approximately $1.3 billion of debt and equity securities and $400 million of trust preferred capital securities. During the first six months of 1998, the Corporation issued $140 million of subordinated debt and $200 million of trust preferred capital 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 accepting 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 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-balance-sheet 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 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. Through the first six months of 1998, the Corporation's interest rate risk exposures were consistently within policy limits. At June 30, 1998, if interest rates were to increase by 100 basis points over the next twelve months, net interest income would decline by 0.7%. If interest rates were to decrease by 100 basis points over the next twelve months, net interest income would increase by 0.1%.

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- balance-sheet 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-balance-sheet and off-balance-sheet positions. The Corporation uses the economic value of equity model to complement the income simulation modeling process.

The Corporation's risk management policies provide that the change in economic value of equity should not decline by more than 1.5% as a percentage of the book value of assets for a 200 basis point instantaneous increase or decrease in interest rates.

Economic value of equity sensitivities are periodically reported to ALCO and the Finance Committee of the Board of Directors. Based on the results of the economic value of equity model at June 30, 1998, if interest rates were to increase by 200 basis points, the economic value of existing on-balance-sheet and off-balance-sheet positions would decline by 0.48% of assets. If interest rates were to decrease by 200 basis points, the economic value of existing on-balance-sheet and off-balance-sheet positions would decline by 0.16% of assets.

MARKET RISK 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 services to customers and not on positioning the Corporation's portfolio for gains from market movements.

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 period-end value-at-risk of all trading operations was less than $300 thousand.

FINANCIAL DERIVATIVES

A variety of off-balance-sheet financial derivatives are used as part of the overall interest rate risk management process to manage interest rate risk inherent in the Corporation's line of business activities. Interest rate swaps and purchased interest rate caps and floors are the primary instruments used for these purposes. Interest rate swaps are agreements to exchange fixed and floating interest rate payments calculated on a notional principal amount. The floating rate is based on a money market index, primarily short-term LIBOR indices. Purchased interest rate caps and floors are agreements where, for a fee, the counterparty agrees to pay the Corporation the amount, if any, by which a specified market interest rate exceeds or is less than a defined rate applied to a notional amount, respectively.

Forward contracts provide for the delivery of financial instruments at a specified future date and at a specified price or yield. Such contracts are primarily used to manage risk positions associated with certain mortgage banking activities.

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

The following table sets forth changes in off-balance-sheet financial derivatives used for interest rate risk management and mortgage banking activities during the first six months of 1998.

<TABLE>
<CAPTION>
FINANCIAL DERIVATIVES ACTIVITY

1998 - dollars in millions	January 1	Additions	Maturities	Terminations	June 30	Weighted-Average Maturity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest rate risk management						
Interest rate swaps						
Receive fixed	$4,320	$2,205	$(927)	$(1,040)	$4,558	2 yr. 2 mo.
Pay fixed	448	301	(81)	(608)	60	1 yr. 7 mo.
Basis swaps	1,011	740	(30)		1,721	5 yr. 1 mo.
Interest rate caps	542	179	(87)		634	4 yr. 3 mo.
Interest rate floors	3,645	3,263	(2,100)		4,808	1 yr. 10 mo.
Total interest rate risk management	9,966	6,688	(3,225)	(1,648)	11,781	2 yr. 7 mo.
Mortgage banking activities						
Residential						
Forward contracts						
Commitments to purchase loans	1,652	7,920	(7,782)		1,790	2 mo.
Commitments to sell loans	1,335	12,184	(10,962)		2,557	2 mo.
Options	58	385	(297)		146	2 mo.
Interest rate floors - MSR	1,470	1,375			2,845	4 yr. 4 mo.
Total residential	4,515	21,864	(19,041)		7,338	
Commercial		401			401	3 mo.
Total mortgage banking activities	4,515	22,265	(19,041)		7,739	
Total	$14,481	$28,953	$(22,266)	$(1,648)	$19,520	

</TABLE>

During the first six months of 1998, financial derivatives used in interest rate risk management increased net interest income by $6 million compared with a $2 million decrease in the prior-year period.

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.

<TABLE>
<CAPTION>
FINANCIAL DERIVATIVES

			Forward Yield Curve	
June 30, 1998 - 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	$3,420	$68	5.67%	6.16%
Pay fixed designated to loans	46		6.71	5.74
Basis swaps designated to other earning assets	337	3	5.51	5.77
Interest rate caps designated to loans (2)	634	5	NM	NM
Interest rate floors designated to loans (3)	4,808	(1)	NM	NM
Total asset rate conversion	9,245	75		
Liability rate conversion				
Interest rate swaps (1)				
Receive fixed designated to:				
Interest-bearing deposits	325	8	5.74	6.32
Borrowed funds	813	31	5.79	6.30
Pay fixed designated to borrowed funds	14	3	5.62	6.23
Basis swaps designated to borrowed funds	1,384	6	5.77	5.80
Total liability rate conversion	2,536	48		
Total interest rate risk management	11,781	123		
Mortgage banking activities				
Residential				
Forward contracts				
Commitments to purchase loans	1,790		NM	NM
Commitments to sell loans	2,557	(8)	NM	NM
Options	146	3	NM	NM
Interest rate floors - MSR (3)	2,845	44	NM	NM
Total residential	7,338	39		
Commercial	401	(2)	NM	NM
Total mortgage banking activities	7,739	37		
Total financial derivatives	$19,520	$160		

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 69% were based on 1-month LIBOR, 25% on 3-month LIBOR and the remainder on other short-term indices.

(2) Interest rate caps with notional values of $261 million, $166 million and $202 million require the counterparty to pay the excess, if any, of 3-month LIBOR over a weighted-average strike of 6.32%, 1-month LIBOR over a weighted-average strike of 5.92% and Prime over a weighted-average strike of 8.83%, respectively.

(3) Interest rate floors with notional values of $4.6 billion and $2.8 billion require the counterparty to pay the Corporation the excess, if any, of the weighted-average strike of 4.99% over 3-month LIBOR and the weighted-average strike of 5.57% over 10-year CMT, respectively.

At June 30, 1998, 1-month LIBOR was 5.66%, 3-month LIBOR was 5.72%, Prime was 8.5% and 10-year CMT was 5.44%.
NM - not meaningful

OTHER DERIVATIVES To accommodate customer needs, PNC Bank enters into customer-related 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.

Additionally, the Corporation enters into other derivatives transactions for risk management purposes. These positions are recorded at estimated fair value and changes in value are included in results of operations.

OTHER DERIVATIVES

June 30, 1998 - in millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)
Customer-related				
Interest rate				
Swaps	$7,408	$32	$(33)	$(1)

Caps/floors				
Sold	2,236		(6)	(6)
Purchased	1,957	5		5
Foreign exchange	1,398	18	(18)	
Other	709	1	(1)	
Total customer-related	13,708	56	(58)	(2)
Other	1,056	1		1
Total other derivatives	$14,764	$57	$(58)	$(1)

SECOND QUARTER 1998 VS. SECOND QUARTER 1997

Net income for the second quarter of 1998 totaled $280 million or $.90 per diluted share compared with $259 million or $.81 per diluted share a year ago. Returns on average common shareholders' equity and average assets were 21.42% and 1.53%, respectively, in the second quarter of 1998 compared with 20.21% and 1.47% in the prior-year quarter.

Taxable-equivalent net interest income increased $16 million to $637 million in the second quarter of 1998. The net interest margin was 3.81% compared with 3.84% in the year-earlier period and 3.96% in the first quarter of 1998. The decrease from the first quarter was primarily due to an increase in commercial loans, growth in credit cards at introductory rates and the financing of the Midland acquisition.

The provision for credit losses was $35 million in the second quarter of 1998 compared with $15 million last year.

Noninterest income was $611 million in the second quarter of 1998, an increase of 38% compared with the second quarter of 1997. Asset management, mutual fund servicing, consumer services, corporate finance and capital markets, and mortgage banking revenues all grew in excess of 20%. In addition, noninterest income included $56 million of gains from the sales of 16 branches in Western Pennsylvania that offset one-time costs related to consumer delivery initiatives and improvements in credit card operations. Excluding these gains, noninterest income increased $110 million or 25% from the prior-year quarter.

Asset management and mutual fund servicing fees grew 24% and 30%, respectively, from the second quarter of 1997 reflecting significant new business and strong financial markets.

Consumer services revenue increased $17 million or 23% compared with the second quarter of 1997 primarily due to higher credit card and brokerage fees related to growth in accounts.

Corporate finance and capital markets fees increased 33% to $67 million in the second quarter of 1998 including $12 million of commercial mortgage servicing revenue from Midland.

Mortgage banking revenue grew $40 million from the prior-year quarter primarily due to higher marketing gains and origination volumes reflecting significant mortgage refinance activity and new business from an expanded national distribution network. Residential mortgage originations totaled $3.0 billion compared with $1.3 billion in the year-earlier period.

The increase in other income was primarily due to the branch gains and higher venture capital income.

Noninterest expense of $781 million increased $131 million compared with the second quarter of 1997. Approximately $55 million of the increase related to one-time costs for consumer delivery initiatives, employee displacements and the streamlining of credit card operations. The remaining increase in noninterest expense was primarily due to higher amortization of residential MSR, the impact of the Midland acquisition and incentive compensation commensurate with revenue growth.

Total assets were $75.9 billion at June 30, 1998. Average earning assets increased $2.5 billion from the prior-year quarter to $66.7 billion as higher loans and loans held for sale more than offset reductions in the securities portfolio. Average loans grew $2.5 billion to $55.3 billion, a 4.8% increase from the prior year. Growth in commercial loans and credit cards more than offset the impact of loan securitizations and the downsizing of the indirect automobile lending portfolio. The increase in commercial loans was primarily in middle market and secured lending. Loans represented 83.0% of average earning assets in the second quarter of 1998 compared with 82.3% a year ago. Average loans held for sale increased $1.5 billion reflecting higher residential mortgage originations and the commercial mortgage inventory of Midland. Average securities available for sale decreased $1.7 billion to $7.3 billion or 11.0% of average earning assets.

Average deposits declined $645 million to $44.2 billion in the second quarter of 1998 representing 60.0% of total sources of funds. The ratio of wholesale funds to total sources of funds was 30.1% for the second quarter of 1998 compared with 28.9% a year ago.

Consolidated Statement of Income

<TABLE>
<CAPTION>

In thousands, except per share data	Three months ended June 30 1998	Three months ended June 30 1997	Six months ended June 30 1998	Six months ended June 30 1997
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Loans and fees on loans	$1,138,814	$1,078,776	$2,257,458	$2,134,685
Securities available for sale	105,994	139,036	221,247	295,240
Other	68,159	39,348	125,769	69,391
Total interest income	1,312,967	1,257,160	2,604,474	2,499,316
INTEREST EXPENSE				
Deposits	362,324	368,000	723,846	714,155
Borrowed funds	320,193	275,985	612,774	542,061
Total interest expense	682,517	643,985	1,336,620	1,256,216
Net interest income	630,450	613,175	1,267,854	1,243,100
Provision for credit losses	35,000	15,000	65,000	25,000
Net interest income less provision for credit losses	595,450	598,175	1,202,854	1,218,100
NONINTEREST INCOME				
Asset management	136,886	110,500	277,951	217,399
Mutual fund servicing	46,006	35,518	86,527	68,191
Service charges on deposits	49,928	50,757	97,709	101,332
Consumer services	93,467	76,190	175,672	146,161
Corporate finance and capital markets	66,686	50,150	117,319	97,025
Mortgage banking	83,191	43,265	160,885	83,497
Net securities gains	2,890	13,370	25,732	29,796
Other	132,149	64,617	208,323	134,269
Total noninterest income	611,203	444,367	1,150,118	877,670
NONINTEREST EXPENSE				
Staff expense	333,686	301,833	687,970	610,265
Net occupancy and equipment	102,427	91,781	198,236	181,065
Amortization	71,103	39,527	128,282	69,358
Marketing	26,728	25,436	64,124	48,277
Distributions on capital securities	13,914	9,867	27,107	16,823
Other	232,801	181,348	416,180	368,395
Total noninterest expense	780,659	649,792	1,521,899	1,294,183
Income before income taxes	425,994	392,750	831,073	801,587
Income taxes	145,583	133,675	281,402	276,203
Net income	$280,411	$259,075	$549,671	$525,384
EARNINGS PER COMMON SHARE				
Basic	$.92	$.82	$1.80	$1.63
Diluted	.90	.81	1.77	1.61
CASH DIVIDENDS DECLARED PER COMMON SHARE	.39	.37	.78	.74
AVERAGE COMMON SHARES OUTSTANDING				
Basic	300,354	309,962	300,460	315,824
Diluted	305,702	315,818	305,920	321,836

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

<TABLE>
<CAPTION>

Dollars in millions, except par value	June 30 1998	December 31 1997
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$2,094	$4,303
Short-term investments	1,551	1,526
Loans held for sale	2,955	2,324
Securities available for sale	7,540	8,522
Loans, net of unearned income of $393 and $412	56,237	54,245
Allowance for credit losses	(859)	(972)
Net loans	55,378	53,273
Other	6,355	5,172
Total assets	$75,873	$75,120
LIABILITIES		
Deposits		
Noninterest-bearing	$9,972	$10,158
Interest-bearing	37,124	37,491
Total deposits	47,096	47,649
Borrowed funds		
Bank notes and senior debt	11,788	9,826
Federal funds purchased	897	3,632
Repurchase agreements	1,658	714
Other borrowed funds	4,302	3,753
Subordinated debt	1,843	1,697
Total borrowed funds	20,488	19,622
Other	1,808	1,815
Total liabilities	69,392	69,086
Mandatorily redeemable capital securities of subsidiary trusts	848	650
SHAREHOLDERS' EQUITY		
Preferred stock	7	7
Common stock - $5 par value		
Authorized: 450,000,000 shares		
Issued: 352,684,081 and 348,447,600 shares	1,763	1,742
Capital surplus	1,164	1,042
Retained earnings	4,947	4,641
Deferred benefit expense	(55)	(41)
Accumulated other comprehensive income	(16)	(23)
Common stock held in treasury at cost: 51,146,435 and 48,017,641 shares	(2,177)	(1,984)
Total shareholders' equity	5,633	5,384
Total liabilities, capital securities and shareholders' equity	$75,873	$75,120

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

Consolidated Statement of Cash Flows

<TABLE>
<CAPTION>

Six months ended June 30 - in millions	1998	1997

<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$550	$525
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for credit losses	65	25
Depreciation, amortization and accretion	211	160
Deferred income taxes	57	76
Net securities gains	(26)	(30)
Net gain on sales of assets	(167)	(81)
Changes in		
Loans held for sale	(631)	(294)
Other	(665)	5
Net cash (used) provided by operating activities	(606)	386
INVESTING ACTIVITIES		
Net change in loans	(3,339)	(2,924)
Repayment of securities available for sale	1,027	894
Sales		
Securities available for sale	5,154	5,385
Loans	1,403	1,190
Foreclosed assets	34	49
Purchases		
Securities available for sale	(5,171)	(2,761)
Loans	(79)	(150)
Net cash paid for acquisitions/divestitures	(969)	
Other	(219)	(484)
Net cash (used) provided by investing activities	(2,159)	1,199
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing deposits	(186)	(275)
Interest-bearing deposits	22	(177)
Federal funds purchased	(2,735)	(1,417)
Sale/issuance		
Bank notes and senior debt	6,409	4,710
Repurchase agreements	53,796	38,112
Other borrowed funds	52,470	51,455
Subordinated debt	140	
Capital securities	198	300
Common stock	94	88
Repayment/maturity		
Bank notes and senior debt	(4,447)	(3,610)
Repurchase agreements	(52,852)	(38,000)
Other borrowed funds	(51,895)	(51,778)
Subordinated debt	(2)	
Acquisition of treasury stock	(212)	(1,087)
Cash dividends paid	(244)	(246)
Net cash provided (used) by financing activities	556	(1,925)
DECREASE IN CASH AND DUE FROM BANKS	(2,209)	(340)
Cash and due from banks at beginning of year	4,303	4,016
Cash and due from banks at end of period	$2,094	$3,676

CASH PAID FOR		
Interest	$1,331	$1,292
Income taxes	199	206
NONCASH ITEMS		
Transfers from loans to other assets	25	38
Conversion of debt to equity	55	6

</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 Regional Community Banking, Corporate Banking, National Consumer Banking, Private Banking, Mortgage Banking, Secured Lending, Asset Management and Mutual Fund Servicing. Financial products and services are tailored to specific customer segments and offered nationally and in PNC Bank's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky. 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.

ACCOUNTING POLICIES

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

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

The notes included herein should be read in conjunction with the audited consolidated financial statements included in PNC Bank's 1997 Annual Report.

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

SOFTWARE COSTS Effective January 1, 1998, the Corporation adopted Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 requires the capitalization of certain costs incurred in connection with developing or obtaining software for internal use. Qualifying software costs are capitalized and amortized over the estimated useful life of the software. Prior to the adoption of SOP 98-1, software costs were expensed as incurred. Restatement of prior year financial statements was not required. The adoption of SOP 98-1 did not have a material impact on the Corporation's financial position or results of operations.

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

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.

Additionally, the Corporation enters into other derivatives transactions for risk management purposes that are recorded at estimated fair value and changes in value are included in results of operations.

COMPREHENSIVE INCOME Effective January 1, 1998, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." SFAS No. 130 established new rules for the reporting and display of comprehensive income and its components. SFAS No. 130 requires unrealized gains or losses on securities available for sale to be included in other comprehensive income. Prior to the adoption of SFAS No. 130, unrealized gains or losses were reported separately in shareholders' equity. Prior year financial statements have been reclassified to conform to the requirements of SFAS No. 130. The adoption of SFAS No. 130 had no impact on net income or shareholders' equity. Comprehensive income was $296 million in the second quarter and $557 million in the first six

months of 1998 compared with $313 million and $509 million, respectively, in 1997.

EARNINGS PER COMMON SHARE 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 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. This standard, when implemented, will impact financial statement footnote disclosure only and will not impact the reported financial position or results of operations of the Corporation.

SFAS No. 132 "Employer's Disclosures About Pensions and Other Postretirement Benefits," is effective for fiscal years beginning after December 15, 1997. This statement standardizes and combines the disclosure requirements for pension and other postretirement benefits to the extent practicable, requires additional information on changes in the benefit obligations and fair values of plan assets, and eliminates certain disclosures previously considered useful under previous accounting standards. This standard, when implemented, will impact financial statement footnote disclosure only and will not impact the reported financial position or results of operations of the Corporation.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," is required to be adopted in years beginning after June 15, 1999, although early adoption is permitted. The Corporation expects to adopt the new statement effective January 1, 2000. This statement requires the Corporation to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge as defined by the statement, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings based on the nature of the hedge. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. Management has not yet determined what effect this statement will have on earnings and the financial position of the Corporation.

CASH FLOWS

During the first six months of 1998, net acquisition and divestiture activity which affected cash flows consisted of $670 million in acquired assets, $299 million in divested liabilities, cash payments totaling $998 million and receipt of $29 million in cash and due from banks. The Corporation did not have any acquisition or divestiture activity which affected cash flows during the first six months of 1997.

SECURITIES AVAILABLE FOR SALE

The following table sets forth the amortized cost and fair value of the Corporation's securities portfolio, all of which is available for sale.

<TABLE>
<CAPTION>

	June 30, 1998				December 31, 1997			
		Unrealized				Unrealized		
In millions	Amortized Cost	Gains	Losses	Fair Value	Amortized Cost	Gains	Losses	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Debt securities								
U.S. Treasury and government agencies	$2,250	$6	$8	$2,248	$1,102	$4	$1	$1,105
Mortgage backed	3,653	2	25	3,630	4,672	4	53	4,623
Asset backed	1,057	3	1	1,059	2,079	5	1	2,083
State and municipal	138	5		143	170	7		177
Other debt	33		1	32	34		1	33
Total debt securities	7,131	16	35	7,112	8,057	20	56	8,021
Corporate stocks and other	433	7	12	428	501	3	3	501
Total securities available for sale	$7,564	$23	$47	$7,540	$8,558	$23	$59	$8,522

</TABLE>

NONPERFORMING ASSETS

Nonperforming assets were as follows:

In millions	June 30 1998	December 31 1997
Nonperforming loans	$272	$276
Foreclosed assets	51	57
Total nonperforming assets	$323	$333

ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows:

In millions	1998	1997
Allowance at January 1	$972	$1,166
Charge-offs		
Consumer (excluding credit card)	(46)	(55)
Credit card	(147)	(101)
Residential mortgage	(5)	(5)
Commercial	(13)	(20)
Commercial real estate	(3)	(4)

Total charge-offs	(214)	(185)
Recoveries		
Consumer (excluding credit card)	19	18
Credit card	8	16
Residential mortgage	1	1
Commercial	6	27
Commercial real estate	1	4
Total recoveries	35	66
Net charge-offs	(179)	(119)
Provision for credit losses	65	25
Acquisitions	1	3
Allowance at June 30	$859	$1,075

FINANCIAL DERIVATIVES

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

In millions	Notional Value	Positive Fair Value	Notional Value	Negative Fair Value
JUNE 30, 1998				
Interest rate swaps	$5,609	$119	$730	
Interest rate caps	634	5		
Interest rate floors	4,500	2	308	$(3)
Total interest rate risk management	10,743	126	1,038	(3)
Mortgage banking activities	2,991	47	4,748	(10)
Total	$13,734	$173	$5,786	$(13)
DECEMBER 31, 1997				
Interest rate swaps	$4,849	$106	$930	$(10)
Interest rate caps	542	4		
Interest rate floors	3,500	6	145	(1)
Total interest rate risk management	8,891	116	1,075	(11)
Mortgage banking activities	1,470	26	2,987	(6)
Total	$10,361	$142	$4,062	$(17)

Other derivatives were as follows:

June 30, 1998 - in millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)
Customer-related				
Interest rate				
Swaps	$7,408	$32	$(33)	$(1)
Caps/floors				
Sold	2,236		(6)	(6)
Purchased	1,957	5		5
Foreign exchange	1,398	18	(18)	
Other	709	1	(1)	
Total customer-related	13,708	56	(58)	(2)
Other	1,056	1		1
Total other derivatives	$14,764	$57	$(58)	$(1)

CAPITAL SECURITIES OF SUBSIDIARY TRUSTS

Mandatorily Redeemable Capital Securities of Subsidiary Trusts ("Capital Securities") include preferred beneficial interests in the assets of PNC Capital Trust C ("Trust C"). Trust C holds $200 million aggregate principal amount of certain junior subordinated debentures due June 1, 2028 issued by the Corporation bearing interest at a floating rate per annum equal to 3-Month LIBOR plus 57 basis points. The rate in effect at June 30, 1998 was 6.2575%. Cash distributions on the Capital Securities are made to the extent interest on the debentures is received by Trust C. In the event of certain changes or amendments to regulatory requirements or federal tax rules, the Capital Securities are redeemable in whole. Otherwise, the Capital Securities are generally redeemable in whole or in part on or after June 1, 2008, at 100% of par.

EARNINGS PER COMMON SHARE

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

	Three months ended June 30		Six months ended June 30	
In thousands, except per share data	1998	1997	1998	1997
CALCULATION OF BASIC EARNINGS PER COMMON SHARE				
Net income	$280,411	$259,075	$549,671	$525,384
Less: Preferred dividends declared	4,842	4,870	9,691	9,744
Net income applicable to basic earnings per common share	$275,569	$254,205	$539,980	$515,640
Basic weighted-average common shares outstanding	300,354	309,962	300,460	315,824
BASIC EARNINGS PER COMMON SHARE	$.92	$.82	$1.80	$1.63
CALCULATION OF DILUTED EARNINGS PER COMMON SHARE				
Net income	$280,411	$259,075	$549,671	$525,384
Add: Interest expense on convertible debentures (net of tax)	346	758	872	1,527
Less: Dividends declared on nonconvertible preferred stock	4,538	4,538	9,075	9,075
Net income applicable to diluted earnings per common share	$276,219	$255,295	$541,468	$517,836
Basic weighted-average common shares outstanding	300,354	309,962	300,460	315,824
Weighted-average common shares to be issued using average market price and assuming:				
Conversion of preferred stock Series A and B	149	164	153	166
Conversion of preferred stock Series C and D	1,151	1,256	1,163	1,265
Conversion of debentures	1,301	2,466	1,509	2,485
Exercise of stock options	2,203	1,665	2,204	1,792
Incentive share awards	544	305	431	304
Diluted weighted-average common shares outstanding	305,702	315,818	305,920	321,836
DILUTED EARNINGS PER COMMON SHARE	$.90	$.81	$1.77	$1.61

== ============ ============ ============
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</TABLE>

LITIGATION

The Corporation's Annual Report on Form 10-K for the year ended December 31, 1997 included a description of a consolidated class action complaint against the Corporation and certain officers, alleging violations of federal securities laws and related common law claims. The parties have entered into a settlement agreement which has been preliminarily approved by the court. The settlement, which remains subject to final court approval, will not have a material impact on the Corporation's financial position or results of operations.

OTHER FINANCIAL INFORMATION

In connection with the Midlantic Corporation ("Midlantic") merger, borrowed funds of Midlantic in the aggregate principal amount of $300 million at June 30, 1998 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

In millions	June 30 1998	December 31 1997
ASSETS		
Cash and due from banks	$2,093	$4,302
Securities available for sale	7,141	8,276
Loans, net of unearned income	56,100	54,126
Allowance for credit losses	(859)	(971)
Net loans	55,241	53,155
Other assets	9,605	8,144
Total assets	$74,080	$73,877
LIABILITIES		
Deposits	$47,151	$47,766
Borrowed funds	18,985	18,437
Other liabilities	1,050	1,145
Total liabilities	67,186	67,348
Mandatorily redeemable capital securities of subsidiary trust	350	350
SHAREHOLDERS' EQUITY	6,544	6,179
Total liabilities, capital securities and shareholders' equity	$74,080	$73,877

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

Six months ended June 30 - in millions	1998	1997
Interest income	$2,582	$2,476
Interest expense	1,287	1,212
Net interest income	1,295	1,264
Provision for credit losses	65	25
Net interest income less provision for credit losses	1,230	1,239
Noninterest income	1,042	785
Noninterest expense	1,467	1,235
Income before income taxes	805	789
Income taxes	281	276

Net income	$524	$513

The amount of dividends that may be paid by bank subsidiaries to PNC Bancorp, Inc., a first-tier holding company, and in turn to the parent company, are subject to certain legal limitations. Without regulatory approval, the amount available for payment of dividends by all subsidiary banks to PNC Bancorp, Inc. was $785 million at June 30, 1998. Dividends may also be impacted by capital needs, regulatory requirements, corporate policies, contractual restrictions and other factors.

Statistical Information

CONSOLIDATED AVERAGE BALANCE SHEET AND NET INTEREST ANALYSIS

<TABLE>
<CAPTION>

	Six months ended June 30					
	1998			1997		
Average balances in millions, interest in thousands Taxable-equivalent basis	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-earning assets						
Loans held for sale	$2,657	$93,999	7.08%	$1,215	$43,864	7.22%
Securities available for sale						
U.S. Treasury and government agencies	5,415	154,024	5.70	6,677	201,197	6.04
Other debt	1,585	51,723	6.53	2,305	75,892	6.58
Other	552	17,884	6.51	587	21,399	7.32
Total securities available for sale	7,552	223,631	5.94	9,569	298,488	6.25
Loans, net of unearned income						
Consumer (excluding credit card)	11,090	470,647	8.56	11,531	482,953	8.45
Credit card	3,899	265,773	13.75	3,274	206,941	12.75
Residential mortgage	12,671	461,677	7.29	12,974	482,514	7.44
Commercial	21,550	851,554	7.86	18,686	733,346	7.81
Commercial real estate	3,414	145,271	8.46	4,080	177,622	8.66
Other	2,095	73,274	7.00	1,825	62,691	6.88
Total loans, net of unearned income	54,719	2,268,196	8.29	52,370	2,146,067	8.20
Other interest-earning assets	1,015	32,010	6.32	860	25,661	6.02
Total interest-earning assets/interest income	65,943	2,617,836	7.94	64,014	2,514,080	7.86
Noninterest-earning assets						
Allowance for credit losses	(916)			(1,121)		
Cash and due from banks	2,401			2,906		
Other assets	5,463			4,763		
Total assets	$72,891			$70,562		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Demand and money market	$14,249	209,196	2.96	$13,116	181,803	2.80
Savings	2,661	26,205	1.99	2,993	29,181	1.97

Other time	17,046	460,452	5.44	17,689	472,475	5.38
Deposits in foreign offices	995	27,993	5.59	1,127	30,696	5.42
Total interest-bearing deposits	34,951	723,846	4.17	34,925	714,155	4.12
Borrowed funds						
Bank notes and senior debt	10,309	294,808	5.69	8,425	236,122	5.57
Federal funds purchased	2,749	76,405	5.53	3,272	89,601	5.52
Repurchase agreements	1,643	39,780	4.81	760	20,529	5.37
Other borrowed funds	4,467	134,258	5.98	4,827	141,887	5.88
Subordinated debt	1,754	67,523	7.70	1,351	53,922	7.98
Total borrowed funds	20,922	612,774	5.83	18,635	542,061	5.82
Total interest-bearing liabilities/interest expense	55,873	1,336,620	4.79	53,560	1,256,216	4.71
Noninterest-bearing liabilities, capital securities and shareholders' equity						
Demand and other noninterest-bearing deposits	9,448			9,550		
Accrued expenses and other liabilities	1,459			1,473		
Mandatorily redeemable capital securities of subsidiary trusts	674			421		
Shareholders' equity	5,437			5,558		
Total liabilities, capital securities and shareholders' equity	$72,891			$70,562		
Interest rate spread			3.15			3.15
Impact of noninterest-bearing liabilities			.73			.77
Net interest income/margin		$1,281,216	3.88%		$1,257,864	3.92%

</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 and average yields/rates of the related assets and liabilities. Average balances of securities available for sale are based on amortized historical cost (excluding SFAS No. 115 adjustments to fair value).

<TABLE>
<CAPTION>

Second Quarter 1998			First Quarter 1998			Second Quarter 1997		
Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$2,948	$51,719	7.02%	$2,363	$42,280	7.16%	$1,408	$25,894	7.36%
5,252	73,741	5.62	5,580	80,283	5.78	6,375	95,834	6.02
1,531	24,710	6.46	1,639	27,013	6.59	2,083	34,051	6.54
540	8,673	6.44	565	9,211	6.57	597	10,733	7.20
7,323	107,124	5.86	7,784	116,507	6.01	9,055	140,618	6.21
10,995	234,621	8.56	11,186	236,026	8.56	11,239	237,784	8.49
4,048	132,887	13.17	3,748	132,886	14.38	3,502	106,348	12.18
12,560	228,036	7.26	12,784	233,641	7.31	13,164	244,829	7.44
22,425	444,909	7.85	20,665	406,645	7.87	18,964	373,561	7.79
3,206	66,593	8.22	3,624	78,678	8.68	4,060	88,683	8.64
2,114	37,038	7.01	2,076	36,236	6.99	1,884	33,327	7.08
55,348	1,144,084	8.23	54,083	1,124,112	8.36	52,813	1,084,532	8.19
1,069	16,576	6.18	959	15,434	6.48	925	13,522	5.86
66,688	1,319,503	7.89	65,189	1,298,333	8.00	64,201	1,264,566	7.85
(885)			(947)			(1,094)		
2,020			2,787			2,877		
5,809			5,112			4,837		
$73,632			$72,141			$70,821		
$14,344	105,649	2.95	$14,153	103,547	2.97	$13,270	94,394	2.85
2,675	13,227	1.98	2,646	12,978	1.99	2,924	14,377	1.97
16,749	226,830	5.43	17,346	233,622	5.46	17,656	238,928	5.43
1,188	16,618	5.53	800	11,375	5.68	1,463	20,301	5.49
34,956	362,324	4.15	34,945	361,522	4.19	35,313	368,000	4.18
10,643	152,880	5.68	9,972	141,928	5.69	8,284	118,950	5.68
3,089	43,055	5.51	2,404	33,350	5.55	3,474	48,693	5.62
1,762	21,177	4.75	1,523	18,603	4.89	786	10,773	5.43
4,524	68,227	5.97	4,408	66,031	5.99	4,780	70,615	5.91
1,826	34,854	7.64	1,682	32,669	7.77	1,351	26,954	7.98
21,844	320,193	5.81	19,989	292,581	5.85	18,675	275,985	5.88
56,800	682,517	4.79	54,934	654,103	4.79	53,988	643,985	4.77
9,213			9,685			9,501		
1,445			1,474			1,480		
698			650			492		
5,476			5,398			5,360		
$73,632			$72,141			$70,821		
		3.10			3.21			3.08
		.71			.75			.76

$636,986	3.81%	$644,230	3.96%	$620,581	3.84%

</TABLE>

Quarterly Report on Form 10-Q

Securities and Exchange Commission
Washington, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 1998.

Commission File Number 1-9718

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

As of July 31, 1998, PNC Bank Corp. had 301,563,813 shares of common stock ($5 par value) outstanding.

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

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

	Cross-Reference	Page(s)
PART I	FINANCIAL INFORMATION	
Item 1	Consolidated Statement of Income for the three months and six months ended June 30, 1998 and 1997	22
	Consolidated Balance Sheet as of June 30, 1998 and December 31, 1997	23
	Consolidated Statement of Cash Flows for the six months ended June 30, 1998 and 1997	24
	Notes to Consolidated Financial Statements	25-29
	Consolidated Average Balance Sheet and Net Interest Analysis	30-31
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	2-21
Item 3	Quantitative and Qualitative Disclosures About Market Risk	17-18

PART II OTHER INFORMATION

Item 6 Exhibits and Reports on Form 8-K

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

12.1	Computation of Ratio of Earnings to Fixed Charges
12.2	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
27	Financial Data Schedule

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

Since March 31, 1998, the Corporation filed the following Current Reports on Form 8-K:

Form 8-K dated as of April 14, 1998, reporting the Corporation's consolidated financial results for the three months ended March 31, 1998, filed pursuant to Item 5.

Form 8-K dated as of June 8, 1998, including a tax opinion pertaining to trust preferred securities, filed pursuant to Item 5.

Form 8-K dated as of July 16, 1998, reporting the Corporation's consolidated financial results for the three months and six months ended June 30, 1998, filed pursuant to Item 5.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on August 14, 1998, on its behalf by the undersigned thereunto duly authorized.

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

Corporate Information

CORPORATE HEADQUARTERS

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

INTERNET INFORMATION

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

STOCK LISTING

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

FINANCIAL INFORMATION

Copies of the Corporation's filings with the Securities and Exchange Commission ("SEC"), including Exhibits thereto, may be obtained:

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

By writing to Lynn F. Evans, Director of Financial Reporting, at corporate headquarters.

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

INQUIRIES

Individual shareholders should contact: Shareholder Relations at 800-843-2206.

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

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

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.

1998 Quarter	High	Low	Close	Cash Dividends Declared
First	$61.625	$49.500	$59.938	$.39
Second	66.750	53.813	53.875	.39
Total				$.78

Cash
Dividends

1997 Quarter	High	Low	Close	Declared
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

REGISTRAR AND TRANSFER AGENT

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

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 12.1

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

<TABLE>
<CAPTION>

Dollars in thousands	Six months ended June 30, 1998	Year ended December 31 1997	1996	1995	1994	1993
EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$831,073	$1,618,599	$1,527,551	$627,012	$1,209,916	$1,140,487
Fixed charges excluding interest on deposits	657,104	1,171,648	1,096,893	1,487,279	1,104,573	704,228
Subtotal	1,488,177	2,790,247	2,624,444	2,114,291	2,314,489	1,844,715
Interest on deposits	723,846	1,456,587	1,428,771	1,551,816	1,159,242	1,005,658
Total	$2,212,023	$4,246,834	$4,053,215	$3,666,107	$3,473,731	$2,850,373
FIXED CHARGES						
Interest on borrowed funds	$612,336	$1,098,365	$1,064,847	$1,455,069	$1,070,565	$676,319
Interest component of rentals	17,223	29,312	29,839	31,283	32,247	26,491
Amortization of borrowed funds	438	833	816	927	1,761	1,418
Distributions on capital securities	27,107	43,138	1,391			
Subtotal	657,104	1,171,648	1,096,893	1,487,279	1,104,573	704,228
Interest on deposits	723,846	1,456,587	1,428,771	1,551,816	1,159,242	1,005,658
Total	$1,380,950	$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	2.26x	2.38x	2.39x	1.42x	2.10x	2.62x
Including interest on deposits	1.60	1.62	1.60	1.21	1.53	1.67

</TABLE>

EXHIBIT 12.2

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

<TABLE>
<CAPTION>

	Six months ended	Year ended December 31				
Dollars in thousands	June 30, 1998	1997	1996	1995	1994	1993
EARNINGS						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income before taxes and cumulative effect of changes in accounting principles	$831,073	$1,618,599	$1,527,551	$627,012	$1,209,916	$1,140,487
Fixed charges and preferred stock dividends excluding interest on deposits	672,014	1,201,582	1,105,324	1,492,391	1,112,564	712,339
Subtotal	1,503,087	2,820,181	2,632,875	2,119,403	2,322,480	1,852,826
Interest on deposits	723,846	1,456,587	1,428,771	1,551,816	1,159,242	1,005,658
Total	$2,226,933	$4,276,768	$4,061,646	$3,671,219	$3,481,722	$2,858,484
FIXED CHARGES						
Interest on borrowed funds	$612,336	$1,098,365	$1,064,847	$1,455,069	$1,070,565	$676,319
Interest component of rentals	17,223	29,312	29,839	31,283	32,247	26,491
Amortization of borrowed funds	438	833	816	927	1,761	1,418
Distributions on capital securities	27,107	43,138	1,391			
Preferred stock dividends	14,910	29,934	8,431	5,112	7,991	8,111
Subtotal	672,014	1,201,582	1,105,324	1,492,391	1,112,564	712,339
Interest on deposits	723,846	1,456,587	1,428,771	1,551,816	1,159,242	1,005,658
Total	$1,395,860	$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	2.24x	2.35x	2.38x	1.42x	2.09x	2.60x
Including interest on deposits	1.60	1.61	1.60	1.21	1.53	1.66

</TABLE>

<TABLE> <S> <C>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED FINANCIAL INFORMATION INCORPORATED BY REFERENCE TO THE 1998 SECOND
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