SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998. COMMISSION FILE NUMBER 1-9718.

PNC BANK CORP.
(Exact name of registrant as specified in its charter)

<TABLE>
<S> <C>

PENNSYLVANIA	25-1435979
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
ONE PNC PLAZA 249 FIFTH AVENUE PITTSBURGH, PENNSYLVANIA	15222-2707
(Address of principal executive offices)	(Zip code)

</TABLE>

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

<TABLE>
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<S> <C>

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

</TABLE>

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

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

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

The aggregate market value of the voting common equity held by non-affiliates of the registrant amounted to approximately $15.1 billion at January 15, 1999. There is no non-voting common equity of the registrant outstanding.

Number of shares of registrant's common stock outstanding at February 26, 1999: 302,103,797

DOCUMENTS INCORPORATED BY REFERENCE

Portions of PNC Bank Corp.'s 1998 Annual Report ("Annual Report to Shareholders") are incorporated by reference into Parts I and II and portions of the definitive Proxy Statement of PNC Bank Corp. for the annual meeting of shareholders to be held on April 27, 1999 ("Proxy Statement") are incorporated by reference into Part III of this Form 10-K. The incorporation by reference herein of portions of the Proxy Statement shall not be deemed to specifically incorporate by reference the information referred to in Item 402(a)(8) of Regulation S-K.

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* Not applicable
</TABLE>

PART I

Forward-Looking Statements: From time to time the Corporation has made and may continue to make forward-looking statements about financial and business matters. As stated under the caption "Forward-Looking Statements" in the "Financial Review" on page 49 of the Annual Report to Shareholders, which is incorporated herein by reference, many factors could cause actual results for such matters to differ materially from such forward-looking statements. The Corporation assumes no duty to update forward-looking statements.

ITEM 1 - BUSINESS

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

The Corporation is one of the largest diversified financial services companies in the United States operating retail banking, asset management and wholesale businesses that provide products and services nationally and in PNC Bank's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky. At December 31, 1998, the Corporation's consolidated total assets, deposits and shareholders' equity were $77.2 billion, $47.5 billion and $6.0 billion, respectively.

REVIEW OF BUSINESSES Information relating to PNC Regional Community Bank, PNC National Consumer Bank, PNC Advisors, BlackRock, PFPC Worldwide, PNC Corporate Bank, PNC Secured Finance and PNC Mortgage is set forth under the captions "Overview" and "Review of Businesses" in the "Financial Review" included on pages 40 through 49 of the Annual Report to Shareholders, which is incorporated herein by reference.

SUBSIDIARIES The corporate legal structure currently consists of five subsidiary banks and over 100 active nonbank subsidiaries. PNC Bank, National Association ("PNC Bank, N.A."), headquartered in Pittsburgh, Pennsylvania, is the Corporation's principal bank subsidiary. At December 31, 1998, PNC Bank, N.A. had total consolidated assets of $71.2 billion, representing approximately 92% of the Corporation's consolidated assets. For additional information on subsidiaries, see Exhibit 21 to this Form 10-K, which is incorporated herein by reference.

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

RISK MANAGEMENT The Corporation's ordinary course of business involves varying degrees of risk taking, the most significant of which are credit, liquidity, interest rate and market risk. Although it cannot eliminate these risks, PNC Bank has risk management processes designed to provide for risk identification, measurement, monitoring and control. Information relating to credit, liquidity, interest rate and market risk and the Corporation's risk management processes is set forth under the section "Risk Management" in the "Financial Review" included on pages 54 through 57 of the Annual Report to Shareholders, which is incorporated herein by reference.

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

IMPACT OF INFLATION The assets and liabilities of the Corporation are primarily monetary in nature. Accordingly, future changes in prices do not affect the obligations to pay or receive fixed and determinable amounts of money. During periods of inflation, monetary assets lose value in terms of purchasing power, and monetary liabilities have corresponding purchasing power gains. The concept of purchasing power, however, is not an adequate indicator of the effect of inflation on banks, because it does not take into account changes in interest rates, which are an important determinant of the Corporation's earnings. A discussion of interest rate risk is set forth under the section "Interest Rate Risk" in the "Financial Review" included on page 56 of the Annual Report to Shareholders.

SUPERVISION AND REGULATION The Corporation and its subsidiaries are subject to numerous governmental regulations, some of which are highlighted below and in "Note 14 - Regulatory Matters" of the "Notes to Consolidated Financial Statements" included on pages 75 and 76 of the Annual Report to Shareholders ("Note 14 - Regulatory Matters"), which is incorporated herein by reference. The coverage of the regulations includes activity, investment and dividend limitations on the bank holding company and its subsidiaries and consumer-related protections for loan, deposit, brokerage, fiduciary and mutual fund customers.

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

Reserve Board considers, among other things, each subsidiary bank's record in meeting the credit needs of the communities it serves in accordance with the Community Reinvestment Act of 1977, as amended ("CRA"). At December 31, 1998, the Corporation's principal bank subsidiary, PNC Bank, N.A., was rated "Outstanding" with respect to CRA. Other bank subsidiaries were rated "Satisfactory."

The Corporation's subsidiary banks are subject to supervision and examination by applicable federal and state banking

agencies, including such federal agencies as the Office of the Comptroller of the Currency ("OCC") with respect to PNC Bank, National Association and PNC National Bank, the Federal Deposit Insurance Corporation ("FDIC") with respect to PNC Bank, Delaware and PNC Bank, New England, and the Office of Thrift Supervision with respect to PNC Bank, FSB. The Corporation's subsidiary banks are subject to various federal and state restrictions on their ability to pay dividends to the Corporation, which constitutes the principal source of income to the parent company as discussed under the caption "Liquidity Risk" in the "Financial Review" on page 55 of the Annual Report to Shareholders, which is incorporated herein by reference. The Corporation's subsidiary banks are also subject to federal laws limiting extensions of credit to their parent holding company and nonbank affiliates as discussed in "Note 14 - Regulatory Matters."

The federal banking agencies possess broad powers to take corrective action as deemed appropriate for an insured depository institution and its holding company. The extent of these powers depends upon whether the institution in question is considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Generally, as an institution is deemed to be less well capitalized, the scope and severity of the agencies' powers increase, ultimately permitting the agency to appoint a receiver for the institution. Business activities may also be influenced by an institution's capital classification. For instance, only a "well capitalized" depository institution may accept brokered deposits without prior regulatory approval and an "adequately capitalized" depository institution may accept brokered deposits only with prior regulatory approval. At December 31, 1998, all of the Corporation's subsidiary banks exceeded the required ratios for classification as "well capitalized."

Additional discussion of capital adequacy requirements is set forth under the caption "Capital" in the "Financial Review" on page 53 of the Annual Report to Shareholders, which is incorporated herein by reference.

All of the subsidiary banks are insured by the FDIC and subject to premium assessments. The amount of FDIC assessments is based on the institution's relative risk as measured by regulatory capital ratios and certain other factors. Under current regulations, the Corporation's subsidiary banks are not assessed a premium on deposits insured by either the Bank Insurance Fund or the Savings Association Insurance Fund. However, insured depository institutions continue to pay premiums based on deposit levels to service debt on bonds issued by a governmental entity. Under current law, these premiums are scheduled to increase in the year 2000.

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

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

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

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

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

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

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

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

EXECUTIVE OFFICERS OF THE REGISTRANT Information concerning each executive officer of the Corporation as of March 1, 1999 is set forth below. Each executive officer held the position indicated or another senior executive position with the same entity or one of its affiliates or a predecessor corporation for the past five years.

<TABLE>
<CAPTION>

Name	Age	Position with Corporation	Year Employed(1)
<S>	<C>		<C>
Thomas H. O'Brien (2)	62	Chairman, Chief Executive Officer and Director	1962
James E. Rohr (2)	50	President, Chief Operating Officer and Director	1972
Walter E. Gregg, Jr. (2)	57	Senior Executive Vice President, Finance and Administration and Director	1974
Joseph C. Guyaux	48	Executive Vice President and Chief Executive Officer, PNC Regional Community Bank	1972
Frederick J. Gronbacher	56	Executive Vice President, PNC National Consumer Bank	1976
Robert L. Haunschild	49	Senior Vice President and Chief Financial Officer	1990
Ralph S. Michael III	44	Executive Vice President and Chief Executive	1979

		Officer, PNC Corporate Bank	
Thomas E. Paisley III	51	Senior Vice President and Chairman, Corporate Credit Policy Committee	1972
Samuel R. Patterson	40	Senior Vice President and Controller	1986
Helen P. Pudlin	49	Senior Vice President and General Counsel	1989
Bruce E. Robbins	54	Executive Vice President and Chief Executive Officer, PNC Secured Finance	1973
Thomas K. Whitford	42	Executive Vice President and Chief Executive Officer, PNC Advisors	1983

</TABLE>
(1) Where applicable, refers to year first employed by predecessor company or acquired company.
(2) Office of the Chairman member.

ITEM 2 - PROPERTIES

The executive and administrative offices of the Corporation and PNC Bank, N.A. are located at One PNC Plaza, Pittsburgh, Pennsylvania. The thirty-story structure is owned by PNC Bank, N.A. The Corporation and PNC Bank, N.A. occupy all of the building. In addition, PNC Bank, N.A. owns a thirty-four story structure adjacent to One PNC Plaza, known as Two PNC Plaza, 620 Liberty Avenue, Pittsburgh, Pennsylvania, that houses

additional office space. PNC Bank, N.A. also owns a data processing and telecommunications center located in a suburb of Pittsburgh, Pennsylvania.

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

Additional information pertaining to the Corporation's properties is set forth in "Note 8 - Premises, Equipment and Leasehold Improvements" of the "Notes to Consolidated Financial Statements" included on page 74 of the Annual Report to Shareholders, which is incorporated herein by reference.

ITEM 3 - LEGAL PROCEEDINGS

The information set forth in "Note 22 - Litigation" of the "Notes to Consolidated Financial Statements" included on page 84 of the Annual Report to Shareholders is incorporated herein by reference.

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

The Corporation's common stock is listed on the New York Stock Exchange and is traded under the symbol "PNC". At the close of business on February 26, 1999, there were 63,542 common shareholders of record.

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

Additional information relating to the common stock is set forth under the caption "Common Stock Prices/Dividends Declared" on page 94 of the Annual Report to Shareholders, which is incorporated herein by reference.

ITEM 6 - SELECTED FINANCIAL DATA

"Selected Consolidated Financial Data" on page 39 of the Annual Report to Shareholders is incorporated herein by reference.

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

The discussion of the Corporation's financial position and results of operations set forth under the section "Financial Review" on pages 39 through 62 of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the sections "Interest Rate Risk", "Market Risk" and "Financial Derivatives" on pages 56 through 59 of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The "Report of Ernst & Young LLP, Independent Auditors," "Consolidated Financial Statements," "Notes to Consolidated Financial Statements" and "Selected Quarterly Financial Data" on pages 63, 64 through 67, 68 through 87, and 88, respectively, of the Annual Report to Shareholders are incorporated herein by reference.

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to the principal occupations of directors of the Corporation, their ages, directorships in other companies and respective terms of office is set forth under the heading "Election of Directors - Information Concerning Nominees" in the Proxy Statement and is incorporated herein by reference.

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

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

ITEM 11 - EXECUTIVE COMPENSATION

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

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

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

<TABLE>
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Financial Statements	Page of Annual Report
<S>	<C>
Report of Ernst & Young LLP, Independent Auditors	63

</TABLE>

No financial statement schedules are being filed.

REPORTS ON FORM 8-K The following reports on Form 8-K were filed during the quarter ended December 31, 1998, or thereafter:

Form 8-K dated as of October 15, 1998, reporting the Corporation's consolidated financial results for the three and nine months ended September 30, 1998, filed pursuant to Item 5.

Form 8-K dated as of December 23, 1998, reporting developments regarding the Corporation's credit card business, filed pursuant to Item 5.

Form 8-K dated as of January 19, 1999, reporting the Corporation's consolidated financial results for the three months and year ended December 31, 1998, filed pursuant to Item 5.

Form 8-K dated as of February 16, 1999, reporting the public offering of $250,000,000 of 6-1/8% subordinated notes due 2009, filed pursuant to Item 5.

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

SIGNATURES

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

PNC BANK CORP.
(Registrant)

By: /s/ Robert L. Haunschild
- ---
Robert L. Haunschild, Senior Vice President and Chief Financial Officer
March 25, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of PNC Bank Corp. and in the capacity indicated on March 25, 1999.

<TABLE>
<CAPTION>

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

</TABLE>

*By: /s/ Thomas R. Moore

Thomas R. Moore, Attorney-in-Fact,
pursuant to Power of Attorney filed
herewith

EXHIBIT INDEX

<TABLE>
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Exhibit No.	Description	Method of Filing +
3.1	Articles of Incorporation of the Corporation, as amended.	Filed herewith.
3.2	By-Laws of the Corporation, as amended.	Incorporated herein by reference to Exhibit 99.2 of the Current Report on Form 8-K dated January 15, 1998.
4.1	Instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries are not filed as Exhibits because the amount of debt under each instrument is less than 10 percent of the consolidated assets of the Corporation. The Corporation undertakes to file these instruments with the Commission on request.	
4.2	Designation of Series: $1.80 Cumulative Convertible Preferred Stock -- Series A.	Incorporated herein as part of Exhibit 3.1.
4.3	Designation of Series: $1.80 Cumulative Convertible Preferred Stock -- Series B.	Incorporated herein as part of Exhibit 3.1.
4.4	Designation of Series: $1.60 Cumulative Convertible Preferred Stock -- Series C.	Incorporated herein as part of Exhibit 3.1.
4.5	Designation of Series: $1.80 Cumulative Convertible Preferred Stock -- Series D.	Incorporated herein as part of Exhibit 3.1.
4.6	Designation of Series: Fixed/Adjustable Rate Noncumulative Preferred Stock - Series F.	Incorporated herein as part of Exhibit 3.1.
10.1	Supplemental Executive Retirement Income and Disability Plan of the Corporation.	Incorporated herein by reference to Exhibit 10.2 of the Annual Report on Form 10-K for the year ended December 31, 1990 ("1990 Form 10-K"). *
10.2	Amendments to Supplemental Executive Retirement Income and Disability Plan.	Incorporated herein by reference to Exhibit 10.2 of the Annual Report on Form 10-K for the year ended December 31, 1996 ("1996 Form 10-K). *
10.3	Amendment to Supplemental Executive Retirement Income and Disability Plan.	Filed herewith. *
10.4	Supplemental Executive Life Insurance and Spouse's Benefit Plan of the Corporation.	Incorporated herein by reference to Exhibit 10.3 of the 1990 Form 10-K. *
10.5	November 21, 1996 Amendment to Supplemental Executive Life Insurance and Spouse's Benefit Plan.	Incorporated herein by reference to Exhibit 10.4 of the 1996 Form 10-K. *
10.6	1997 Long-Term Incentive Award Plan of the Corporation ("1997 Award Plan").	Incorporated herein by reference to Exhibit 4.3 of the Corporation's Post-Effective Amendment No. 1 to Registration Statement on Form S-8 at File No. 33-54960. *
10.7	Form of Nonstatutory Stock Option Agreement under 1997 Award Plan.	Incorporated herein by reference to Exhibit 10.6 of the 1997 Form 10-K. *
10.8	Form of Nonstatutory Stock Option Agreement under 1997 Award Plan for options granted on or after February 17, 1999.	Filed herewith. *
10.9	Form of Incentive Share Agreement under 1992 Award Plan (June 1995), as amended November 21, 1996.	Incorporated herein by reference to Exhibit 10.7 of the 1996 Form 10-K. *
10.10	Form of Addendum to Nonstatutory Stock Option Agreement relating to Reload Nonstatutory Stock Options.	Incorporated herein by reference to Exhibit 10.8 of the 1997 Form 10-K. *
10.11	Form of Reload Nonstatutory Stock Option Agreement.	Incorporated herein by reference to Exhibit 10.9 of the 1997 Form 10-K. *
10.12	Form of Incentive Share Agreement - Share Price, RSR and ROCE Performance Goals.	Incorporated herein by reference to Exhibit 10.10 of the 1997 Form 10-K. *

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10.13	PNC Bank Corp. 1994 Annual Incentive Award Plan.	Incorporated by reference to Exhibit 10.6 of the Annual Report on Form 10-K for the year ended December 31, 1994 ("1994 Form 10-K"). *
10.14	PNC Bank Corp. 1996 Executive Incentive Award Plan.	Incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q for the quarter ended September 30, 1996 ("3Q 1996 Form 10-Q"). *
10.15	PNC Bank Corp. and Affiliates Deferred Compensation Plan.	Incorporated by reference to Exhibit 4.2 to the Corporation's Registration Statement on Form S-8 at File No. 333-18069. *
10.16	Amendment to PNC Bank Corp. and Affiliates Deferred Compensation Plan.	Filed herewith. *
10.17	PNC Bank Corp. Supplemental Incentive Savings Plan as amended.	Incorporated by reference to Exhibit 4.1 to the Corporation's Registration Statement on Form S-8 at File No. 333-18069. *
10.18	PNC Bank Corp. Supplemental Pension Plan, as amended.	Incorporated herein by reference to Exhibit 10.12 of the 1996 Form 10-K. *
10.19	1992 Director Share Incentive Plan.	Incorporated herein by reference to Exhibit 10.6 of the Annual Report on Form 10-K for the year ended December 31, 1992. *
10.20	PNC Bank Corp. Directors Retirement Plan.	Incorporated by reference to Exhibit 10.7 of the 1994 Form 10-K. *
10.21	PNC Bank Corp. Directors Deferred Compensation Plan.	Incorporated by reference to Exhibit 10.1 of the 3Q 1996 Form 10-Q. *
10.22	Form of Change in Control Severance Agreement.	Incorporated herein by reference to Exhibit 10.17 of the 1996 Form 10-K. *
10.23	Amended and Restated Trust Agreement between the Corporation, as Settlor, and NationsBank, N.A., as Trustee (which has been replaced by Hershey Trust Company, as successor Trustee).	Incorporated herein by reference to Exhibit 10.18 of the 1996 Form 10-K. *
12.1	Computation of Ratio of Earnings to Fixed Charges.	Filed herewith.
12.2	Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends.	Filed herewith.
13	Excerpts from the Annual Report to Shareholders for the year ended December 31, 1998. Such Annual Report, except for those portions thereof that are expressly incorporated by reference herein, is furnished for information of the SEC only and is not deemed to be "filed" as part of this Form 10-K.	Filed herewith.
21	Schedule of Certain Subsidiaries of the Corporation.	Filed herewith.
23	Consent of Ernst & Young LLP, independent auditors for the Corporation.	Filed herewith.
24	Power of Attorney of directors and officers of the Corporation.	Filed herewith.
27	Financial Data Schedule.	Filed herewith.

+ Except where otherwise expressly noted, incorporated document references are to Commission File No. 1-9718.
* Denotes management contract or compensatory plan.

Exhibit 3.1

ARTICLES OF INCORPORATION
OF
PNC BANK CORP.

[Composite, includes amendments through November 18, 1998.]

FIRST. The name of the Corporation is PNC BANK CORP.

SECOND. The location and post office address of its registered office in this Commonwealth is 249 Fifth Avenue, One PNC Plaza, Pittsburgh, Pennsylvania 15222-2707.

THIRD. The Corporation is incorporated under the provisions of the Business Corporation Law, the Act approved May 5, 1933, P. L. 364, as amended. The purpose of the Corporation is and it shall have unlimited power to engage in and to do any lawful act concerning any or all lawful business for which corporations may be incorporated under such Act.

FOURTH. The term of the Corporation's existence is perpetual.

FIFTH. The authority to make, amend and repeal the by-laws of the Corporation is hereby vested in the Board of Directors, subject to the power of the shareholders to change any such action.

SIXTH. The aggregate number of shares of capital stock which the Corporation shall have authority to issue is 470,000,000 shares divided into two classes consisting of 20,000,000 shares of preferred stock of the par value of $1 each ("Preferred Stock") and 450,000,000 shares of common stock of the par value of $5 each ("Common Stock").

SEVENTH. The following is a statement of certain of the designations, preferences, qualifications, privileges, limitations, restrictions, and special or relative rights in respect of the Preferred Stock and the Common Stock and a statement of the authority vested in the Board of Directors to fix by resolution any designations, preferences, privileges, qualifications, limitations, restrictions and special or relative rights of any series of Preferred Stock which are not fixed hereby:

PREFERRED STOCK

1. Issuance in series. The shares of Preferred Stock may be issued from time to time in series. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series. All shares of any particular series shall be identical except, if entitled to cumulative dividends, as to the date or dates from which dividends thereon shall be cumulative. The shares of any one series need not be identical or rank equally with the shares of any other series except as required by law or as provided hereby. The Board of Directors is expressly vested with authority to establish and designate any one or more series of Preferred Stock and to fix and determine by resolution any designations, preferences, qualifications, privileges, limitations, restrictions or special or relative rights of additional series which are not fixed hereby, including the following:

(a) The number of shares to constitute the series and the distinctive designation thereof.

(b) The dividend rate, the dates for payment of dividends, whether dividends shall be cumulative, and, if so, the date or dates from which and the extent to which dividends shall be cumulative.

(c) The amount or amounts payable upon voluntary or involuntary liquidation of the Corporation.

(d) The voting rights, if any, of the holders of shares of the series.

(e) The redemption price or prices, if any, and the terms and conditions on which shares may be redeemed.

(f) Whether the shares of the series shall be convertible into or exchangeable for shares of capital stock of the Corporation or other securities, and, if so, the conversion price or prices or the rate or rates of conversion or exchange, any adjustments thereof, and any other terms and conditions of conversion or exchange.

(g) Whether the shares of the series shall be entitled to the benefit of any retirement or sinking fund to be applied to the purchase or redemption of such shares, and, if so, the amount thereof and the terms and conditions relative to the operation thereof.

(h) The rank of the shares of the series, as to dividends and assets, in relation to the shares of any other class or series of capital stock of the Corporation.

(i) Such other preferences, qualifications, privileges, limitations, restrictions or special or relative rights of any series as are not fixed hereby and as the Board of Directors may deem advisable and state in such resolutions.

2. Dividends. The holders of shares of each series of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, dividends at the rate which shall have been fixed hereby or by the Board of Directors as authorized hereby with respect to such series, and no more except as shall have been determined by the Board of Directors as authorized hereby. If dividends on a particular series shall have been determined hereby or by the Board of Directors as authorized hereby to be cumulative, no dividends shall be paid or set apart for payment or declared on the Common Stock or on any class or series of stock of the Corporation ranking as to dividends subordinate to such series (other than dividends payable in Common Stock or in any class or series of stock of the Corporation ranking as to dividends and assets subordinate to such series) and no payment shall be made or set apart for the purchase, redemption or other acquisition for value of any shares of Common Stock or of any class or series of stock of the Corporation ranking as to dividends or assets subordinate to such series, until dividends (to the extent cumulative) for all past dividend periods on all outstanding shares of such series have been paid, or declared and set apart for payment, in full. In case dividends for any dividend period are not paid in full on all shares of Preferred Stock ranking equally as to dividends, all such shares shall participate ratably in the payment of dividends for such period in proportion to the full amounts of dividends to which they are respectively entitled.

3. Liquidation of the Corporation. In the event of voluntary or involuntary liquidation of the Corporation the holders of shares if each series of Preferred Stock shall be entitled to receive from the assets of the corporation (whether capital or surplus), prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to such series, the amount fixed hereby or by the Board of Directors as authorized hereby for such series, plus, in case dividends on such series shall have been determined hereby or by the Board of Directors as authorized hereby to be cumulative, an amount equal to the accrued and unpaid dividends thereon (to the extent cumulative) computed to the date on which payment thereof is made available, whether or not earned or declared. After such payment to the holders of shares of such series, any remaining balance shall be paid to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to such series, as they may be entitled. If, upon liquidation of the Corporation, its assets are not sufficient to pay in full the amounts so payable to the holders of shares of all series of Preferred Stock ranking equally as to assets, all such shares shall participate ratably in the distribution of assets in proportion to the full amounts to which they are respectively entitled. Neither a merger nor a consolidation of the Corporation into or with any other corporation nor a sale, transfer or lease of all or part of the assets of the Corporation shall be deemed a liquidation of the Corporation within the meaning of this paragraph.

4. Voting rights.

(a) Except as otherwise required by law, holders of shares of Preferred Stock shall have only such voting rights, if any, as shall have been fixed and determined hereby or by the Board of Directors as authorized hereby. Except as otherwise required by law or as otherwise provided hereby or by the Board of Directors as authorized hereby, holders of Preferred Stock having voting rights and holders of Common Stock shall vote together as one class.

(b) If the Corporation shall have failed to pay, or declare and set apart for payment, dividends on all outstanding shares of Preferred Stock in an amount equal to six quarterly dividends at the rates payable upon such shares (whether or not such dividends are cumulative), the number of directors of the Corporation shall be increased by two at the first annual meeting of the shareholders of the Corporation held thereafter, and at such meeting and at each subsequent annual meeting until cumulative dividends payable for all past dividend periods and continuous noncumulative dividends for at least one year on all outstanding shares of Preferred Stock entitled thereto shall have been paid, or declared and set apart for payment, in full, the holders of shares of Preferred Stock of all series shall have the right, voting as a class, to elect such two additional members of the Board of Directors to hold office for a term of one year. Upon such payment, or such declaration and setting apart for payment, in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors of the Corporation shall be reduced by two, and such voting right of the holders of shares of Preferred Stock shall cease, subject to increase in the number of directors as aforesaid and to revesting of such voting right in the event of each and every additional failure in the payment of dividends in an amount equal to six quarterly dividends as aforesaid.

5. Action by the Corporation requiring approval of Preferred Stock. The Corporation shall not, without the affirmative vote at a meeting, or at the written consent with or without a meeting, of the holders of at least two-thirds of the then outstanding shares of Preferred Stock of all series (a) create or increase the authorized number of shares of any class of stock ranking as to dividends or assets prior to the Preferred Stock; or (b) change the preferences, qualifications, privileges, limitations, restrictions or special or relative rights granted to or imposed upon the shares of Preferred Stock in any material respect adverse to the holders thereof, provided that if any such change will affect any particular series materially and adversely as contrasted with the effect thereof upon any other series, no such change may be made without, in addition, such vote or consent of the holders of at least two-thirds of the then outstanding shares of the particular series which would be so affected.

6. Redemption and acquisition.

(a) Except as otherwise provided by the Board of Directors as authorized hereby, the Corporation, at its option to be exercised by its Board of Directors, may redeem the whole or any part of the Preferred Stock or of any series thereof at such times and at the applicable amount for each share which shall have been fixed and determined hereby or by the Board of Directors as authorized hereby with respect thereto, plus, in case dividends shall have been determined hereby or by the Board of Directors as authorized hereby to be cumulative, an amount equal to the accrued and unpaid dividends thereon (to the extent cumulative) computed to the date fixed for redemption, whether or not earned or declared (hereinafter collectively called the "redemption price"). If at any time less than all of the Preferred Stock then outstanding is to be called for redemption, the Board may select one or more series to be redeemed, and if less than all the outstanding Preferred Stock of any series is to be called for redemption, the shares to be redeemed may be selected by lot or by such other equitable method as the Board in its discretion may determine. Notice of every redemption, stating the redemption date, the redemption price, and the place of payment thereof, and, if less than all of the Preferred Stock then outstanding is called for redemption, identifying the shares to be redeemed, shall be published at least once in a newspaper printed in the English language and of general circulation in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, the first publication to be not less than 30 nor more than 60 days prior to the date fixed for redemption. Copies of such notice shall be mailed at least 30 days and not more than 60 days prior to the date fixed for redemption to the holders of record of the shares to be redeemed at their addresses as the same shall appear on the books of the Corporation, but failure to give such additional notice by mail or any defect therein or failure of any addressee to receive it shall not affect the validity of the proceedings for redemption. The Corporation, upon publication of the first notice of redemption as aforesaid or upon irrevocably authorizing the bank or trust company hereinafter mentioned to publish such notice as aforesaid, may deposit or cause to be deposited in trust with a bank or trust company in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, an amount equal to the redemption price of the shares to be redeemed, which amount shall be payable to the holders thereof upon surrender of certificates therefor on or after

the date fixed for redemption or prior thereto if so directed by the Board of Directors. Upon such deposit, or if no such deposit is made then from and after the date fixed for redemption unless the Corporation shall default in making payment of the redemption price upon surrender of the certificates as aforesaid, the shares called for redemption shall cease to be outstanding and the holders thereof shall cease to be shareholders with respect to such shares and shall have no interest in or claim against the Corporation with respect to such shares other than the right to receive the redemption price from such bank or trust company or from the Corporation, as the case may be, without interest thereon, upon surrender of certificates as aforesaid; provided that conversion rights of shares called for redemption shall terminate at the close of business on the date fixed for redemption or at such earlier time as shall have been fixed by the Board of Directors as authorized hereby. Any funds so deposited which shall not be required for such redemption because of the exercise of conversion rights subsequent to the date of such deposit shall be returned to the Corporation. In case any holder of shares called for redemption shall not, within six years after the date of such deposit, have claimed the amount deposited with respect to the redemption thereof, such bank or trust company, upon demand, shall pay over to the Corporation such unclaimed amount and shall thereupon be relieved of all responsibility in respect thereof to such holder, and thereafter such holder shall look only to the Corporation for payment thereof. Any interest which may accrue on funds so deposited shall be paid to the Corporation from time to time.

(b) Except as otherwise provided by the Board of Directors as authorized hereby, the Corporation shall have the right to acquire Preferred Stock from time to time at such price or prices as the Corporation may determine, provided that unless dividends (to the extent cumulative) payable for all past quarterly dividend periods on all outstanding shares of Preferred Stock entitled to cumulative dividends have been paid, or declared and set apart for payment, in full, the Corporation shall not acquire for value any shares of Preferred Stock except in accordance with an offer (which may vary as to terms offered with respect to shares of different series but not with respect to shares of the same series) made in writing or by publication (as determined by the Board of Directors) to all holders of record of shares of Preferred Stock.

(c) Except as otherwise provided by the Board of Directors as authorized hereby, Preferred Stock redeemed or acquired by the Corporation otherwise than by conversion shall not be canceled or retired except by action of the Board and shall have the status of authorized and unissued Preferred Stock which may be reissued by the Board as shares of the same or any other series until canceled and retired by action of the Board, but, at the option of the Board, Preferred Stock acquired otherwise than by redemption or conversion may be held as treasury shares which may be reissued by the Board until canceled and retired by action of the Board.

$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES A

7. Designation. A series of Preferred Stock designated $1.80 Cumulative Convertible Preferred Stock, Series A (Redeemable) (herein called "Series A Preferred Stock") is hereby established, consisting of 98,583 shares subject to increase or decrease in the number of shares in accordance with the law.

8. Dividends. The dividend rate of shares of this series shall be $1.80 per share per year, payable quarterly on the tenth day of each March, June, September and December. Dividends shall be cumulative from the March 10, June 10, September 10 or December 10 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between the record date for the determination of holders of $1.80 Cumulative Convertible Preferred Stock of Provident National Corporation, a predecessor of the Corporation (such stock having been converted into the Series A Preferred Stock), entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such quarterly dividend payment date.

9. Liquidation. The amount payable upon shares of Series A Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series A Preferred Stock, shall be $40.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

10. Redemption. Shares of Series A Preferred Stock shall be redeemable at any time at $40.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date fixed for redemption, whether or not earned or declared.

11. Voting rights. Each holder of record of Series A Preferred Stock shall have the right to a number of votes equal to the number of full shares of Common Stock into which the share or shares of Series A Preferred Stock standing in his name on the books of the Corporation are at the time convertible.

12. Conversion provisions.

(a) Shares of Series A Preferred Stock may, at the option of the holder, be converted into Common Stock of the Corporation (as such stock may be constituted on the conversion date) at the rate of two shares of Common Stock for each share of Series A Preferred Stock, subject to adjustment as provided herein; provided that, as to any shares of Series A Preferred Stock which shall have been called for redemption, the conversion right shall terminate at the close of business on the date fixed for redemption.

(b) The holder of a share or shares of Series A Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation, during regular business hours, at its principal office or at the office of any of its transfer agents for the Series A Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address) in which the certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "conversion date". As promptly as practicable thereafter the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and a check, cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in section 12(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion rate shall be that in effect on the conversion date.

(c) No payment or adjustment shall be made for dividends accrued on any shares of Series A Preferred Stock converted or for dividends on any shares of Common Stock issuable on conversion.

(d) The Corporation shall not be required to issue any fraction of a share upon conversion of any share or shares of Series A Preferred Stock. If more than one share of Series A Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the total number of shares of Series A Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would be deliverable upon conversion, the Corporation shall make an adjustment therefor in cash unless its Board of Directors shall have determined to adjust fractional interests by issuance of scrip certificates or in some other manner. Adjustment in cash shall be made on the basis of the current market value of one share of Common Stock, which shall be taken to be the last reported sale price of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed on the last business day before the conversion date or, if there was no reported sale on that day, the average of the closing bid and asked quotations on that exchange on that day or, if the Common Stock is not then listed on any stock exchange, the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(e) The issuance of Common Stock on conversion of Series A Preferred Stock shall be without charge to the converting holder of Series A Preferred Stock for any tax in respect of the issuance thereof, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares in any name other than that of the holder of record on the books of the Corporation of the shares of Series A Preferred Stock converted, and the Corporation shall not be required to issue or deliver any certificate for shares of Common Stock unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(f) The conversion rate provided the section 12(a) shall be subject to the following adjustments, which shall be made to the nearest one-hundredth of a share of Common Stock or, if none, to the next lower one-hundredth:

(1) If the Corporation shall pay to the holders of its Common Stock a dividend in the shares of Common Stock, the conversion rate in effect immediately prior to the record date fixed for the determination of the holders of Common Stock entitled to such dividend shall be proportionately increased, effective at the opening of business on the next following full business day.

(2) If the Corporation shall split the outstanding shares of its Common Stock into a greater number of shares or combine the outstanding shares into a smaller number, the conversion rate in effect immediately prior to such action shall be proportionately increased in the case of a split or decreased in the case of a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price of less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion rate in effect immediately prior to said record date shall be increased, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion rate by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed during the 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that exchange on that day, and provided further that if the Common Stock was not listed on any stock exchange on any such day or days there shall be substituted the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(g) No adjustment of the conversion rate provided in section 12(a) shall be made by reason of the issuance of Common Stock for cash except as provided in section 12(f) (3), or by reason of the issuance of Common Stock for property or services. Whenever the conversion rate is adjusted pursuant to section 12(f) the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series A Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion rate after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation, and (2) cause a notice

to be published at lease once in a newspaper printed in the English language and of general circulation in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion rate.

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness or any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder of record of a share or shares of Series A Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution or any vote thereon.

(i) In case of any reclassification or change in the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except a split or combination of shares) or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series A Preferred stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series A Preferred Stock might have been converted immediately prior thereto and (2) that there shall be subsequent adjustments of the conversion rate which shall be equivalent, as nearly as practicable, to the adjustments provided for in section 12(f). The provisions of this section 12(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

(j) Shares of Common Stock issued on conversion of shares of Series A Preferred Stock shall be issued as fully paid shares and shall be nonassessable by the Corporation. The Corporation shall at all times reserve and keep available for the purpose of effecting the conversion of Series A Preferred Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock.

(k) Shares of Series A Preferred Stock converted as provided herein shall not be reissued.

$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES B

13. Designation. A series of Preferred Stock designated $1.80 Cumulative Convertible Preferred Stock, Series B (Nonredeemable) (herein called "Series B Preferred Stock") is hereby established consisting of 38,542 shares subject to increase or decrease in the number of shares in accordance with law.

14. Dividends. The dividend rate of shares of Series B Preferred Stock shall be $1.80 per share per year, payable quarterly on the tenth day of each March, June, September and December. Dividends shall be cumulative from the March 10, June 10, September 10 or December 10 next preceding the date of issue of each share, unless the date if issue is a quarterly dividend payment date or a date between the record date for the determination of holders of $1.80 Cumulative Convertible Preferred Stock, 1971 Series, of Provident National Corporation, a predecessor of the Corporation (such stock having been converted in the Series B Preferred Stock), entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such quarterly dividend payment date.

15. Liquidation. The amount payable upon shares of Series B Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series B Preferred Stock, shall be $40.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

16. Rank. The Series B Preferred Stock shall rank, as to dividends and assets, equally with the series of Preferred Stock of the Corporation designated as $1.80 Cumulative Convertible Preferred Stock, Series A (Redeemable).

17. Redemption. Shares of Series B Preferred stock shall not be redeemable.

18. Voting rights. Each holder of record of Series B Preferred Stock shall have the right to a number of votes equal to the number of full shares of Common Stock into which the share or shares of Series B Preferred Stock standing in his name on the books of the Corporation are at the time convertible.

19. Conversion provisions.

(a) Shares of Series B Preferred Stock may, at the option of the holder, be converted into Common Stock of the Corporation (as such stock may be constituted on the conversion date) at the rate of two shares of Common Stock for each share of Series B Preferred Stock, subject to adjustment as provided herein.

(b) The holder of a share or shares of Series B Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation during regular business hours, at its principal office or at the office of any of its transfer agents for the Series B Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address) in which the certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "conversion date". As promptly as practicable thereafter the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and a check, cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in section 19(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion rate shall be that in effect on the conversion date.

(c) No payment or adjustment shall be made for dividends accrued on any shares of Series B Preferred Stock converted or for dividends on any shares of Common stock issuable on conversion.

(d) The Corporation shall not be required to issue any fraction of a share upon conversion of any share or shares of Series B Preferred Stock. If more than one share of Series B Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the total number of shares of Series B Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would be deliverable upon conversion, the Corporation shall make an adjustment therefor in cash unless its Board of Directors shall have determined to adjust fractional interests by issuance of scrip certificates or in some other manner. Adjustment in cash shall be made on the basis of the current market value of one share of Common Stock, which shall be taken to be the last reported sale price of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed on the last business day before the conversion date or, if there was no reported sale on that day, the average of the closing bid and asked quotations on that exchange on that day or, if the Common Stock is not then listed on any stock exchange, the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(e) The issuance of Common Stock on conversion of Series B Preferred Stock shall be without charge to the converting holder of Series B Preferred Stock for any tax in respect of the issuance thereof, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares in any name other than that of the holder or record on the books of the Corporation of the shares of Series B Preferred Stock converted, and the Corporation shall not be required to issue or deliver any certificate for shares of Common Stock unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(f) The conversion rate provided the section 19(a) above shall be subject to the following adjustments, which shall be made to the nearest one-hundredth of a share of Common Stock or, if none, to the next lower one-hundredth:

(1) If the Corporation shall pay to the holders of its Common Stock a dividend in the shares of Common Stock, the conversion rate in effect immediately prior to the record date fixed for the determination of the holders of Common Stock entitled to such dividend shall be proportionately increased, effective at the opening of business on the next following full business day.

(2) If the Corporation shall split the outstanding shares of its Common stock into a greater number of shares of combine the outstanding shares into a smaller number, the conversion rate in effect immediately prior to such action shall be proportionately increased in the case of a split or

decreased in the case of a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price of less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion rate in effect immediately prior to said record date shall be increased, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion rate by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed during the 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that exchange on that day, and provided further that if the Common Stock was not listed on any stock exchange on any such day or days there shall be substituted the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(g) No adjustment of the conversion rate provided in section 19(a) above shall be made by reason of the issuance of Common Stock for cash except as provided in section 19(f)(3) above, or by reason of the issuance of Common Stock for property or services. Whenever the conversion rate is adjusted pursuant to section 19(f) above the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series B Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion rate after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation,

and (2) cause a notice to be published at least once in a newspaper printed in the English language and of general circulation in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion rate.

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness of any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder of record of a share or shares of Series B Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution of any vote thereon.

(i) In case of any reclassification or change of the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except a split or combination of shares) or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series B Preferred Stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series B Preferred Stock might have been converted immediately prior thereto, and (2) that there shall be subsequent adjustments of the conversion rate which shall be equivalent, as nearly as practicable, to the adjustments provided for in section 19(f) above. The provisions of this section 19(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

(j) Shares of Common Stock issued on conversion of shares of Series B Preferred Stock shall be issued as fully paid shares and shall be nonassessable by the Corporation. The Corporation shall at all times reserve and keep available for the purpose of effecting the conversion of Series B Preferred Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series B Preferred Stock.

(k) Shares of Series B Preferred Stock converted as provided herein shall not be reissued.

20. Retirement or sinking fund. The shares of Series B Preferred Stock shall not be entitled to the benefit of any retirement or sinking fund to be applied to the purchase or redemption of such shares.

COMMON STOCK

21. Each holder of record of Common Stock shall have the right to one vote for each share of Common Stock standing in his name on the books of the Corporation.

PROVISIONS APPLICABLE TO ALL CLASSES OF CAPITAL STOCK

22. No holder of any class of capital stock of the Corporation shall be entitled to cumulate his votes for the election of directors.

23. No holder of any class of capital stock of the Corporation shall have preemptive rights, and the Corporation shall have the right to issue and to sell to any person or persons any shares of its capital stock or any option rights or

any securities having conversion or option rights, without first offering such shares, rights or securities to any holders of any class of capital stock of the Corporation.

[The following text contains resolutions of the Corporation's Board of Directors relating to additional authorized and outstanding series of Preferred Stock.]

RESOLVED, that a third series of Preferred Stock, par value $1.00 of the Corporation is hereby established and that the shares of said series shall have, in addition to the preferences, qualifications, privileges, limitations, restrictions and special or relative rights in respect of Preferred Stock granted or created by law and by the Corporation's Articles of Incorporation, the following preferences, qualifications, privileges, limitations, restrictions and special or relative rights which are hereby fixed and determined:

1. Designation. A series of Preferred Stock designated "$1.60 Cumulative Convertible Preferred Stock, Series C" (herein called "Series C Preferred Stock") is hereby established, consisting of 1,433,935 shares subject to increase or decrease in the number of shares in accordance with the law.

2. Rank. Series C Preferred Stock shall rank, as to dividends and assets, equally with the Series A Preferred Stock and the Series B Preferred Stock and every other share of capital stock from time to time outstanding which is not Common Stock of the Corporation and which is not specifically made senior or subordinate to the Series C Preferred Stock as to dividends or assets.

3. Dividends. The dividend rate of shares of this series shall be $1.60 per share per year, payable in equal quarterly installments on the first day of each January, April, July and October. Dividends shall be cumulative from the January 1, April 1, July 1 and October 1 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between the record date for the determination of holders of record of Series C Preferred Stock entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such dividend payment date.

4. Liquidation. The amount payable upon shares of Series C Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series C Preferred Stock, shall be $20.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

5. Redemption. Shares of Series C Preferred Stock shall be redeemable at any time after [insert the first day of the month following the fifth anniversary of the Effective Date of the Merger] at $20.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date fixed for redemption, whether or not earned or declared.

6. Voting rights. Each holder of record of Series C Preferred Stock shall have the right to a number of votes equal to the number of full shares of Common Stock into which the share or shares of Series C Preferred Stock standing in his name on the books of the Corporation are at the time convertible.

7. Conversion provisions.

(a) Shares of Series C Preferred Stock may, at the option of the holder, be converted into Common Stock of the Corporation (as such stock may be constituted on the conversion date) at the conversion price, determined as hereinafter provided, in effect at the time of conversion, subject to adjustment as provided herein; provided that, as to any shares of Series C Preferred Stock which shall have been called for redemption, the conversion right shall terminate at the close of business on the date fixed for redemption. The value of each share on Series C Preferred Stock for the purpose of such conversion shall be $20.00. The price at which shares of Common Stock of the Corporation shall be delivered upon conversion (herein called the "conversion price") shall initially be $48.00 per share of Common Stock of the Corporation.

(b) The holder of a share or shares of Series C Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation, during regular business hours, at its principal office or at the office of any of its transfer agents for the Series C Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address) in which the certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "conversion date". As promptly as is practicable thereafter the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in section 7(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion price shall be that in effect on the conversion date.

(c) No payment or adjustment shall be made for dividends accrued on any shares of Series C Preferred Stock converted or for dividends on any shares of Common Stock issuable on conversion.

(d) The Corporation shall not be required to issue any fraction of a share upon conversion of any share or shares of Series C Preferred Stock. If more than one share of Series C Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the total number of shares of Series C Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would be deliverable upon conversion, the Corporation shall make an adjustment therefor in cash unless its Board of Directors shall have determined to adjust fractional interests by issuance of scrip certificates or in some other manner. Adjustment in cash shall be made on the basis of the current market value of one share of Common Stock, which shall be taken to be the last reported sale price of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, on the over-the-counter market) for the last business day before the conversion date or, if there was no reported sale on that day, the last reported sales price on the first preceding day for which such price is available.

(e) The issuance of Common Stock on conversion of Series C Preferred Stock shall be without charge to the converting holder of Series C Preferred Stock for any tax in respect of the issuance thereof, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares in any name other than that of the holder of record on the books of the Corporation of the shares of Series C Preferred Stock converted, and the Corporation shall not be required to issue or deliver any certificate for shares of Common Stock unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(f) The conversion price provided in section 7(a) shall be subject to the following adjustments, which shall be made to the nearest cent:

(1) If the Corporation shall pay to the holders of its Common Stock a dividend in the shares of Common Stock, the conversion rate in effect immediately prior to the record date fixed for the determination of the holders of Common Stock entitled to such dividend shall be proportionately decreased, effective at the opening of business on the next following full business day.

(2) If the Corporation shall split the outstanding shares of its Common stock into a greater number of shares or combine the outstanding shares into a smaller number, the conversion price in effect immediately prior to such action shall be proportionately decreased in the case of a split or increased in the case of

a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price of less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion price in effect immediately prior to said record date shall be adjusted, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion rate by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, then on the over-the-counter market) during 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that day obtained from the market specialist assigned to the Corporation (or a market maker in the case of the over-the-counter market).

(4) The Corporation may make such reductions in the conversion price, in addition to those required by the foregoing provisions, as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients.

(g) No adjustment of the conversion rate provided in section 7(a) shall be made by reason of the issuance of Common Stock for cash except as provided in section 7(f)(3), or by reason of the issuance of Common Stock for property or services. Whenever the conversion rate is adjusted pursuant to section 7(f) the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series C Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion price after such adjustment, and shall make such statement available for inspection by shareholders on the Corporation, and (2) cause a notice to be published at least once in a newspaper printed in the English language and of general circulation in the City of Erie, Pennsylvania, and in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion price.

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness of any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder of record of a share or shares of Series C Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution of any vote thereon.

(i) In case of any reclassification or change of the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except an increase in the number of outstanding shares or a split or combination of shares) or in case of

any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series C Preferred Stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series C Preferred Stock might have been converted immediately prior thereto, and (2) that there shall be subsequent adjustments of the conversion price which shall be equivalent, as nearly as practicable, to the adjustments provided for in section 7(f). The provisions of this section 7(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

(j) Shares of Common Stock issued on conversion of shares of Series C Preferred Stock shall be issued as fully paid shares and shall be nonassessable by the Corporation. The Corporation shall at all times reserve and keep available for the purpose of effecting the conversion of Series C Preferred Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series C Preferred Stock.

(k) Shares of Series C Preferred Stock converted as provided herein shall not be reissued.

RESOLVED, that a fourth series of Preferred Stock, par value $1.00 of the Corporation is hereby established and that the shares of said series shall have, in addition to the preferences, qualifications, privileges, limitations, restrictions and special or relative rights in respect of Preferred Stock granted or created by law and by the Corporation's Articles of Incorporation, the following preferences, qualifications, privileges, limitations, restrictions and special or relative rights which are hereby fixed and determined.

1. Designation. A series of Preferred Stock designated "$1.80 Cumulative Convertible Preferred Stock, Series D" (herein called "Series D Preferred Stock") is hereby established, consisting of 1,766,140 shares subject to increase or decrease in the number of shares in accordance with the law.

2. Rank. Series D Preferred Stock shall rank, as to dividends and assets, equally with the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock and every other share of capital stock from time to time outstanding which is not Common Stock of the Corporation and which is not specifically made senior or subordinate to the Series D Preferred Stock as to dividends or assets.

3. Dividends. The dividend rate of shares of this series shall be $1.80 per share per year, payable in equal quarterly installments on the first day of each January, April, July and October. Dividends shall be cumulative from the January 1, April 1, July 1 and October 1 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between the record date for the determination of holders of record of the Series D Preferred Stock entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such dividend payment date.

4. Liquidation. The amount payable upon shares of Series D Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series D Preferred Stock, shall be $20.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

5. Redemption. Shares of Series D Preferred Stock shall be redeemable at any time after [insert the first day of the month following the fifth anniversary of the Effective Date of the Merger] at $20.00 per share plus an amount equal to the accrued and unpaid dividends thereon computed to the date fixed for redemption, whether or not earned or declared.

6. Voting rights. Each holder of record of Series D Preferred Stock shall have the right to a number of votes equal to the number of full shares of Common Stock into which the share or shares of Series D Preferred Stock standing in his name on the books of the Corporation are at the time convertible.

7. Conversion provisions.

(a) Shares of Series D Preferred Stock may, at the option of the holder, be converted into Common Stock of the Corporation (as such stock may be constituted on the conversion date) at the conversion price, determined as hereinafter provided, in effect at the time of conversion, subject to adjustment as provided herein; provided that, as to any shares of Series D Preferred Stock which shall have been called for redemption, the conversion right shall terminate at the close of business on the date fixed for redemption. The value of each share on Series D Preferred Stock for the purpose of such conversion shall be $20.00. The price at which shares of Common Stock of the Corporation shall be delivered upon conversion (herein called the "conversion price") shall initially be $48.00 per share of Common Stock of the Corporation.

(b) The holder of a share or shares of Series D Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation, during regular business hours, at its principal office or at the office of any of its transfer agents for the Series D Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address) in which the

certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "conversion date". As promptly as practicable thereafter the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in section 7(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the

Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion price shall be that in effect on the conversion date.

(c) No payment or adjustment shall be made for dividends accrued on any shares of Series D Preferred Stock converted or for dividends on any shares of Common Stock issuable on conversion.

(d) The Corporation shall not be required to issue any fraction of a share upon conversion of any share or shares of Series D Preferred Stock. If more than one share of Series D Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the total number of shares of Series D Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would be deliverable upon conversion, the Corporation shall make an adjustment therefor in cash unless its Board of Directors shall have determined to adjust fractional interests by issuance of scrip certificates or in some other manner. Adjustment in cash shall be made on the basis of the current market value of one share of Common Stock, which shall be taken to be the last reported sale price of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, on the over-the-counter market) for the last business day before the conversion date or, if there was no reported sale on that day, the last reported sales price on the first preceding day for which such price is available.

(e) The issuance of Common Stock on conversion of Series D Preferred Stock shall be without charge to the converting holder of Series D Preferred Stock for any tax in respect of the issuance thereof, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares in any name other than that of the holder of record on the books of the Corporation of the shares of Series D Preferred Stock converted, and the Corporation shall not be required to issue or deliver any certificate for shares of Common Stock unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(f) The conversion price provided the section 7(a) shall be subject to the following adjustments, which shall be made to the cent:

(1) If the Corporation shall pay to the holders of its Common Stock a dividend in shares of Common Stock, the conversion price in effect immediately prior to the record date fixed for the determination of the holders of Common Stock entitled to such dividend shall be proportionately decreased, effective at the opening of business on the next following full business day.

(2) If the Corporation shall split the outstanding shares of its Common stock into a greater number of shares or combine the outstanding shares into a smaller number, the conversion price in effect immediately prior to such action shall be proportionately decreased in the case of a split or increased in the case of a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price of less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the

determination of the holders of Common Stock entitled to such rights or warrants, the conversion price in effect immediately prior to said record date shall be adjusted, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion price by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, then on the over-the-counter market) during 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that day obtained from the market specialist assigned to the Corporation (or a market maker in the case of the over-the-counter market).

(4) The Corporation may make such reductions in the conversion price, in addition to those required by the foregoing provisions, as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients.

(g) No adjustment of the conversion price provided in section 7(a) shall be made by reason of the issuance of Common Stock for cash except as provided in section 7(f)(3), or by reason of the issuance of Common Stock for property or services. Whenever the conversion price is adjusted pursuant to section 7(f) the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series D Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion price after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation, and (2) cause a notice to be published at least once in a newspaper printed in the English language and of general circulation in the City of Scranton, Pennsylvania, and in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion price.

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness of any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder of record of a share or shares of Series D Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution of any vote thereon.

(i) In case of any reclassification or change of the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except an increase in the number of outstanding shares or a split or combination of shares) or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series D Preferred Stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series D Preferred

Stock might have been converted immediately prior thereto, and (2) that there shall be subsequent adjustments of the conversion price which shall be equivalent, as nearly as practicable, to the adjustments provided for in section 7(f). The provisions of this section 7(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

(j) Shares of Common Stock issued on conversion of shares of Series D Preferred Stock shall be issued as fully paid shares and shall be nonassessable by the Corporation. The Corporation shall at all times reserve and keep available for the purpose of effecting the conversion of Series D Preferred Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series D Preferred Stock.

(k) Shares of Series D Preferred Stock converted as provided herein shall not be reissued.

[References to a former series of Preferred Stock, designated as $2.60 Cumulative Non-Voting Preferred Stock, Series E have been deleted, since all such shares have been redeemed and restored to the status of authorized but unissued Preferred Stock.]

RESOLVED, that another series of Preferred Stock, par value $1.00 per share, of PNC Bank Corp. (the "Corporation") is hereby established and that the shares of said series shall have, in addition to the preferences, qualifications, privileges, limitations, restrictions and special or relative rights in respect of Preferred Stock granted or created by law and by the Corporation's Articles of Incorporation, the following preferences, qualifications, privileges, limitations, restrictions and special or relative rights which are hereby fixed and determined:

1. Designation. A series of Preferred Stock designated "Fixed/Adjustable Rate Noncumulative Preferred Stock, Series F" (herein called "Series F Preferred Stock") is hereby established, consisting of 6,000,000 shares subject to increase or decrease in the number of shares in accordance with law.

2. Rank. Series F Preferred Stock shall rank, as to dividends and assets, equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock and every other share of capital stock from time to time outstanding which is not Common Stock of the Corporation and which is not specifically made senior to or subordinate to the Series F Preferred Stock as to dividends or assets.

3. Dividends. (a) Through September 29, 2001, the dividend rate per share of Series F Preferred Stock shall be 6.05% or $3.025 per annum, payable quarterly on March 31, June 30, September 30 and December 31 of each year (each a "Dividend Payment Date"), commencing December 31, 1996. The initial dividend for the dividend period commencing on October 9, 1996 to (but not including) December 31, 1996, shall be $.6806 per share and shall be payable on December 31, 1996. On and after September 30, 2001, dividends on the Series F Preferred Stock shall be payable quarterly on each Dividend Payment Date at the Applicable Rate (as defined in subsection (c) of this Section 3) per share from time to time in effect. If a Dividend Payment Date is not a business day, dividends (if declared) on the Series F Preferred Stock shall be paid on the immediately preceding business day. A dividend period with respect to a Dividend Payment Date is the period commencing on the immediately preceding Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date. Each such dividend shall be payable to holders of record as they appear on the stock books of the Corporation on such record dates, not more than 30 nor less than 15 days preceding the payment dates thereof, as will be fixed by the Corporation's Board of Directors or a duly authorized committee thereof.

(b) Dividends on the Series F Preferred Stock shall not be cumulative and no rights shall accrue to the holders of the Series F Preferred Stock by reason of the fact that the Corporation may fail to declare or pay dividends on the Series F Preferred Stock in any amount in any year, whether or not the earnings of the Corporation in any year were sufficient to pay such dividends in whole or in part. (c) Except as provided below in this subsection (c) of this Section 3, the "Applicable Rate" per annum for any dividend period beginning on or after September 30, 2001 shall be equal to .35% plus

the Effective Rate (as hereinafter defined), but not less than 6.55% nor greater than 12.55% (without taking into account any adjustments as described in subsection (d) of this Section 3). The "Effective Rate" for any dividend period beginning on or after September 30, 2001 shall be equal to the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate (each as hereinafter defined) for such dividend period. In the event that the Corporation determines in good faith that for any reason: (i) any one of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate cannot be determined for any dividend period, then the Effective Rate for such dividend period shall be equal to the higher of whichever two of such rates can be so determined; (ii) only one of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate can be determined for any dividend period, then the Effective Rate for such dividend period shall be equal to whichever such rate can be so determined; or (iii) none of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate can be determined for any dividend period, then the Effective Rate for the preceding dividend period shall be continued for such dividend period.

Except as described in this subsection (c) of this Section 3, the "Treasury Bill Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period (as hereinafter defined)) for three-month U.S. Treasury bills, as published weekly by the Federal Reserve Board (as hereinafter defined) during the Calendar Period immediately preceding the last 10 calendar days preceding the dividend period for which the dividend rate on the Series F Preferred Stock is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum market discount rate during any such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period) for three-month U.S. Treasury bills, as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum market discount rate for three-month U.S. Treasury bills is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period) for all of the U.S. Treasury bills then having remaining maturities of not less than 80 nor more than 100 days, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such rates, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason no such U.S. Treasury bill rates are published as provided above during such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable non-interest-bearing U.S. Treasury securities with a remaining maturity of not less than 80 nor more than 100 days from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Treasury Bill Rate for any dividend period as provided in this paragraph, the Treasury Bill Rate for such dividend period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable interest-bearing U.S. Treasury securities with a remaining maturity of not less than 80 or more than 100 days, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

Except as described in this subsection (c) of this Section 3, the "Ten Year Constant Maturity Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (as hereinafter defined) (or the one weekly per annum Ten Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately preceding the last 10 calendar days preceding the dividend period for which the dividend rate on the Series F Preferred Stock is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Ten Year Average Yield during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (or the one weekly per annum Ten Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Ten Year Average Yield is not published by the Federal Reserve Board or by any Federal

Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly per annum average yield to maturity, if only one such yield is published during the relevant Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities (as hereinafter defined)) then having remaining maturities of not less than eight nor more than 12 years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Ten Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eight nor more than 12 years from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

Except as described in this subsection (c) of this Section 3, the "Thirty Year Constant Maturity Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum Thirty Year Average Yields (as hereinafter defined) (or the one weekly per annum Thirty Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately preceding the last 10 calendar days preceding the dividend period for which the dividend rate on the Series F Preferred Stock is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Thirty Year Average Yield during such Calendar Period, then the Thirty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum Thirty Year Average Yields (or the one weekly per annum Thirty Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Thirty Year Average Yield is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Thirty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly per annum average yield to maturity, if only one such yield is published during the relevant Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) then having remaining maturities of not less than 28 nor more than 30 years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Thirty Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Thirty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than 28 nor more than 30 years from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

The Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate shall each be rounded to the nearest five hundredths of a percent, with .025% being rounded upward.

The Applicable Rate with respect to each dividend period beginning on or after September 30, 2001 shall be calculated as promptly as practicable by the Corporation according to the appropriate method described in this subsection (c) of this Section 3. The Corporation shall cause notice of each Applicable Rate to be enclosed with the dividend payment checks next mailed to the holders of Series F Preferred Stock.

For the purposes of this subsection (c) of this Section 3, the following terms shall have the following meanings : (i) "Calendar Period" means a period of 14 calendar days; (ii) "Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any successor agency; (iii) "Special Securities" means securities which can, at the option of the holder, be surrendered at face value in payment of any Federal estate tax or which provide tax benefits to the holder and are priced to reflect such tax benefits or which were originally issued at a deep or substantial discount; (iv) the term "Ten Year Average Yield" means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of 10 years); and (v) "Thirty Year Average Yield" means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of 30 years).

(d) If one or more amendments to the Internal Revenue Code of 1986, as amended (the "Code"), are enacted that change the percentage of the dividends received deduction (70% as of October 4, 1996) as specified in Section 243(a)(1) of the Code or any successor provision (the "Dividends Received Percentage"), as applicable to the Series F Preferred Stock, the amount of each dividend payable per share of the Series F Preferred Stock for dividend payments made on or after the later of the date of enactment or the effective date of such change shall be adjusted by multiplying the amount of the dividend payable determined as described under subsection (a) of this Section 3 (before adjustment) by a factor, which shall be the number determined in accordance with the following formula (the "DRD Formula"), and rounding the result to the nearest cent:

$$\frac{1 - [.35\ (1 - .70)]}{1 - [.35\ (1 - DRP)]}$$

For purposes of the DRD Formula, "DRP" means the Dividends Received Percentage applicable to the dividend in question. No amendment to the Code, other than a change in the percentage of the dividends received deduction set forth in Section 243(a)(1) of the Code or any successor provision, as applicable to the Series F Preferred Stock, shall give rise to an adjustment. Notwithstanding the foregoing provisions of this subsection (d) of this Section 3, in the event that, with respect to any such amendment, the Corporation shall receive an unqualified opinion of nationally recognized independent tax counsel selected by the Corporation and approved by Cravath, Swaine & Moore (which approval shall not be unreasonably withheld) or a private letter ruling or similar form of authorization from the Internal Revenue Service to the effect that such an amendment would not apply to dividends payable on the Series F Preferred Stock, then any such amendment shall not result in the adjustment provided for pursuant to the DRD Formula. The opinion referenced in the previous sentence shall be based upon a specific provision in the legislation or upon a published pronouncement of the Internal Revenue Service addressing such legislation. The Corporation's calculation of the dividends payable as so adjusted and as certified accurate as to calculation and reasonable as to method by the independent certified public accountants then regularly engaged by the Corporation, shall be final and not subject to review.

If any amendment to the Code which reduces the Dividends Received Percentage, as applicable to the Series F Preferred Stock, is enacted and becomes effective after a dividend payable on a Dividend Payment Date has been declared, the amount of dividend payable on such Dividend Payment Date shall not be increased; but instead, an amount, equal to the excess of (x) the product of the dividends paid by the Corporation on such Dividend Payment Date and the DRD Formula (where the DRP used in the DRD Formula would be equal to the reduced Dividends Received Percentage) and (y) the dividends paid by the Corporation on such Dividend Payment Date, shall be payable to holders of record on the next succeeding Dividend Payment Date in addition to any other amounts payable on such date.

If prior to April 1, 1997, an amendment to the Code is enacted that reduces the Dividends Received Percentage, as applicable to the Series F Preferred Stock, and such reduction retroactively applies to a Dividend Payment Date as to which the Corporation previously paid dividends on the Series F Preferred Stock (each an "Affected Dividend Payment Date"), the Corporation shall pay (if declared) additional dividends (the "Additional Dividends") on the next succeeding Dividend Payment Date (or if such amendment is enacted after the dividend payable on such Dividend Payment Date has been declared, on the second succeeding Dividend Payment Date following the date of enactment) to holders of record on such succeeding Dividend Payment Date in an amount equal to the excess of (x) the product of the dividends paid by the Corporation on each Affected Dividend Payment Date and the DRD Formula (where the DRP used in the DRD Formula would be equal to the Dividends Received Percentage applicable to each Affected Dividend Payment Date) over (y) the dividends paid by the Corporation on each Affected Dividend Payment Date.

Additional Dividends shall not be paid in respect of the enactment of any amendment to the Code on or after April 1, 1997 which retroactively reduces the Dividends Received Percentage, or if prior to April 1, 1997, such amendment would not result in an adjustment due to the Corporation having received either an opinion of counsel or tax ruling referred to in the third preceding paragraph. The Corporation shall only make one payment of Additional Dividends.

In the event that the amount of dividend payable per share of the Series F Preferred Stock shall be adjusted pursuant to the DRD Formula and/or Additional Dividends are to be paid, the Corporation will cause notice of each such adjustment and, if applicable, any Additional Dividends, to be sent to the holders of the Series F Preferred Stock.

In the event that the Dividends Received Percentage, applicable to the Series F Preferred Stock, is reduced to 40% or less, the Corporation may at its option, redeem the Series F Preferred Stock as a whole, but not in part, as described in

Section 5 below.

4. Liquidation. The amount payable upon shares of Series F Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinated to the Series F Preferred Stock, shall be $50.00 per share plus an amount equal to accrued and unpaid dividends, whether or not earned or declared, computed thereon from the immediately preceding Dividend Payment Date (but without cumulation for unpaid dividends for prior dividend periods on the Series F Preferred Stock) to the date on which payment thereof is made available.

5. Redemption. (a) Prior to September 30, 2001, shares of Series F Preferred Stock shall not be redeemable, except under the circumstances described in subsection (b) of this Section 5. Shares of Series F Preferred Stock shall be redeemable by the Corporation, in whole or in part, at any time and from time to time on and after September 30, 2001 at $50.00 per share plus an amount equal to accrued and unpaid dividends, whether or not earned or declared, computed thereon from the immediately preceding Dividend Payment Date (but without cumulation for unpaid dividends for prior dividend periods on the Series F Preferred Stock) to the date fixed for redemption, including any changes in dividends payable due to changes in the Dividends Received Percentage and Additional Dividends, if any (each as defined in subsection (d) of Section 3).

(b) Notwithstanding anything to the contrary in subsection (a) of this Section 5, if the Dividends Received Percentage is equal to or less than 40% and, as a result, the amount of dividends on the Series F Preferred Stock on any Dividend Payment Date will be or is adjusted upwards as described in subsection (d) of Section 3 above, the Corporation, at its option, may redeem all, but not less than all, of the outstanding shares of Series F Preferred Stock; provided, however, that within 60 days of the date on which an amendment to the Code is enacted which reduces the Dividends Received Percentage to 40 percent or less, the Corporation sends notice to the holders of the Series F Preferred Stock of such redemption. Any redemption of Series F Preferred Stock in accordance with this Section 5(b) shall take place on the date specified in the notice, which shall not be less than 30 days nor more than 60 days from the date such notice is sent to holders of Series F Preferred Stock. Any redemption of Series F Preferred Stock in accordance with this Section 5(b) shall be on notice as aforesaid at the applicable redemption price set forth in the following table, in each case plus accrued and unpaid dividends computed thereon from the immediately preceding Dividend Payment Date (but without any cumulation for unpaid dividends for prior dividend periods on Series F Preferred Stock) to the date fixed for redemption, including any changes in dividends payable due to changes in the Dividends Received Percentage and Additional Dividends, if any, whether or not earned or declared.

<TABLE>
<CAPTION>

REDEMPTION PERIOD	REDEMPTION PRICE PER SHARE
<S>	<C>
October 9, 1996 through September 29, 1997	$52.50
September 30, 1997 through September 29, 1998	52.00
September 30, 1998 through September 29, 1999	51.50
September 30, 1999 through September 29, 2000	51.00
September 30, 2000 through September 29, 2001	50.50
On or after September 30, 2001	50.00

</TABLE>

(c) Holders of Series F Preferred Stock shall have no right to require the redemption of shares of Series F Preferred Stock.

6. Voting rights. Holders of shares of Series F Preferred Stock shall have no voting rights except as set forth in Section 4 and Section 5 of ARTICLE SEVENTH of the Corporation's Articles of Incorporation or as otherwise required from time to time by law.

7. Conversion Rights. Shares of Series F Preferred Stock shall not be convertible into shares of Common Stock or any other security of the Corporation.

EXHIBIT 10.3

AMENDMENT TO
PNC BANK CORP.
SUPPLEMENTAL EXECUTIVE RETIREMENT
INCOME AND DISABILITY PLAN

This Amendment is made this 23rd day of January, 1998.

W I T N E S S E T H :

WHEREAS, PNC Bank Corp. (the "Corporation") previously adopted and presently maintains the PNC Bank Corp. Supplemental Executive Retirement Income and Disability Plan (the "Plan"); and

WHEREAS, the Corporation has decided to implement a Voluntary Retirement Program ("VRP") which will provide enhanced retirement benefits to certain eligible participants under the PNC Bank Corp. Pension Plan; and

WHEREAS, the Corporation desires to amend the Plan to ensure that Plan benefits shall be payable to Participants who elect to retire under the VRP.

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended, effective January 1, 1998, as follows:

1. Section 2.17 of the Plan is hereby modified to add the following provisions to the end thereof:

> Notwithstanding anything contained in this Section 2.17 to the contrary, the term "Retirement" shall also apply to any Participant who is eligible for and retires under the terms of the Voluntary Retirement Program provisions of Article XIII of the PNC Bank Corp. Pension Plan even if the Participant has not yet attained age 55.

2. Section 3.1.1 of the Plan is hereby amended by adding the following to the end thereof:

> Notwithstanding any provisions in this Section 3.1.1 to the contrary, any Participant who is eligible for and retires under the terms of the Voluntary Retirement Program provisions of Article XIII of the PNC Bank Corp. Pension Plan may elect to receive a lump sum payment in writing at the same time he elects to retire under the Voluntary Retirement Program.

3. A new Section 3.1.2 is hereby added to the Plan, as follows:

> 3.1.2 Temporary Voluntary Retirement Program. Any Participant who is eligible for and retires under the terms of the Voluntary Retirement Program ("VRP") provisions of Article XIII of the Pension Plan shall have his Retirement Income Supplement calculated as if the Participant was two years older than the Participant's actual age on the effective date of his retirement under the VRP. In addition, the term "Credited Service" shall mean the Participant's actual Credited Service earned under the Pension Plan (without regard to Article XIII thereof), as of the effective date of his retirement under the VRP, increased by two additional years of Credited Service.

4. Except as amended herein, the Plan shall remain in full force and effect.

Executed this 23rd day of January, 1998.

PNC BANK CORP.

By: /s/ William E. Rosner

Title: Senior Vice President

EXHIBIT 10.8

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

OPTIONEE:

DATE OF GRANT:

OPTION PRICE PER SHARE: $

COVERED SHARES:

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

1. GRANT OF OPTION. Pursuant to the Plan and subject to the terms of this Agreement, the Corporation hereby grants to the Optionee an Option to purchase from the Corporation that number of Shares specified above as the "Covered Shares," exercisable at the Option Price; provided, that the Committee in its sole discretion may cancel the Option hereby granted at any time prior to the first anniversary of the Date of Grant shown above.

2. TERMS OF THE OPTION.

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

2.2 OPTION PERIOD. The Option is exercisable, in whole (with respect to the final Applicable Anniversary, or each date specified in clauses (ii) and (iii) regardless of the attainment of each Applicable Anniversary) or in part (subject to the attainment of each Applicable Anniversary in all other circumstances), at any time and from time to time on or after the earliest to occur of (i) the Applicable Anniversary of the Date of Grant, (ii) the date of termination of the Optionee's employment with the Corporation by reason of death or permanent and total disability, and (iii) the date of termination of the Optionee's employment during a Coverage Period either by the Corporation without Cause or by the Optionee with Good Reason; provided, that in the case of clause (iii) that such termination is at least six months after the Date of Grant. "Applicable Anniversary" means: (a) with respect to one-third of the Covered Shares, exclusive of fractional shares, the first anniversary of the Date of Grant;

(b) with respect to one-half of the remaining Covered Shares, exclusive of fractional shares, the second anniversary of the Date of Grant; and

(c) with respect to all remaining Covered Shares, the third anniversary of the Date of Grant; provided, that if the Optionee retires from employment with the Corporation prior to the third anniversary of the Date of Grant, the Optionee will be deemed to have attained the initial or the next pending Applicable Anniversary if the Optionee's date of retirement occurs within the six-month period immediately preceding that Applicable Anniversary. The option shall remain exercisable until the Date of Expiration.

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

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

4. EXERCISE OF OPTION.

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

4.2 PAYMENT OF THE OPTION PRICE. Upon exercise of the Option, in whole or in part, the Optionee may pay the aggregate Option Price in cash, by delivering duly endorsed certificates representing whole Shares having aggregate Fair Market Value on the Date of Exercise not exceeding that portion of the Option Price being paid by delivery of such Shares, or through a combination of cash and Shares; provided, however, that no Shares may be used to pay any portion of the Option Price that have not been held for at least six months prior to the Date of Exercise or such other period as may be specified by the Committee. Notwithstanding the foregoing, the

Optionee may elect to complete his or her option exercise through a brokerage service/margin account pursuant to the cashless option exercise procedure under Regulation T of the Board of Governors of the Federal Reserve System and in such manner as may be permitted by the Committee from time to time, consistent with said Regulation.

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

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

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

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

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

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

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

PNC BANK CORP.

By: ____
Chairman and Chief Executive Officer

ATTEST:

____
Secretary

ACCEPTED AND AGREED TO AS OF THE DATE OF GRANT.

____
Optionee

Annex A - Option Exercise Form
Annex B - Tax Payment Election From
Annex C - Certain Definitions

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

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

C.1 "APPLICABLE ANNIVERSARY" means: (a) with respect to one-third of the Covered Shares, exclusive of fractional shares, the first anniversary of the Date of Grant;

(b) with respect to one-half of the remaining Covered Shares, exclusive of fractional shares, the second anniversary of the Date of Grant; and

(c) with respect to all remaining Covered Shares, the third anniversary of the Date of Grant; provided, that if the Optionee retires from employment with the Corporation prior to the third anniversary of the Date of Grant, the Optionee will be deemed to have attained the initial or the next pending Applicable Anniversary if the Optionee's date of retirement occurs within the six-month period immediately preceding that Applicable Anniversary.

C.2 "CAUSE" means: (a) the willful and continued failure of the Optionee to substantially perform the Optionee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Optionee by the Board or the Chief Executive Officer of the Corporation which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Optionee has not substantially performed the Optionee's duties; or

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

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

C.3 "CHANGE IN CONTROL" means a change of control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Corporation is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control shall be deemed to have occurred if:

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

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

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

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

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

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

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

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

C.5 "CIC TRIGGERING EVENT" means the occurrence of either of the following: (a) the Board or the Corporation's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section C.2 hereof; or

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

C.6 "CORPORATION" shall mean PNC Bank Corp. and each Subsidiary of the Corporation.

C.7 "COVERAGE PERIOD" means a period commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control, and ending on the date that is two years after the date of the Change in Control, provided, however, that in the event that a Coverage Period commences on the date of a CIC Triggering Event such Coverage Period shall terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is two years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any Coverage Period, another Coverage Period shall commence upon the earlier to occur of clauses (i) and (ii) in the preceding sentence.

C.8 "DATE OF EXERCISE" means the date on which the Corporation receives written notice of the exercise in such form as the Committee may from time to time prescribe, in whole or in part, of the Option pursuant to the terms of the Agreement.

C.9 "DATE OF EXPIRATION" means the date on which the Option shall expire, which shall be the earliest of the following times: (a) upon retirement of the Optionee from employment with the Corporation prior to the date that the Option becomes exercisable pursuant to Section 2.2 of the Agreement;

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

(c) upon termination of the Optionee's employment with the Corporation for any reason other than (i) Cause, (ii) retirement, (iii) death, (iv) permanent and total disability, (v) termination during a Coverage Period by the Corporation without Cause or by the Optionee with Good Reason, unless the Committee determines otherwise, or (vi) termination effected under the standard Waiver and Release Agreement and not revoked by the Optionee pursuant to the applicable Displaced Employee Assistance Plan or any successor plan, by whatever name known ("DEAP"), or under any agreement or arrangement entered into in lieu of the applicable DEAP and not revoked by the Optionee;

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

(e) ninety days after the Optionee's "last day of employment," as defined in a standard Waiver and Release Agreement executed and not revoked by the Optionee pursuant to the applicable DEAP, or in any agreement, release, or other document executed by the Optionee in lieu of the standard DEAP Waiver and Release Agreement and not revoked by the Optionee;

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

(g) ten years after the Date of Grant; and

(h) during any of the periods described in clauses (e), (f) and (g), immediately above, the date upon which the Optionee first engages in any conduct or activity which is in competition with the Corporation's businesses or business opportunities, or which is in any way inimical, contrary, or harmful to the Corporation's interests, including solely by way of illustration and not limitation: (i) conduct related to the Optionee's employment for which either criminal, civil, or administrative penalties or sanctions against the Optionee may be sought; (ii) any material violation of the Corporation's policies, including but not limited to its Code of Ethics; (iii) accepting employment with or serving as a consultant, advisor, or in any other capacity to an employer that is in competition with or acting against the interests of the Corporation, including but not limited to employing or recruiting any present,

former or future employee of the Corporation; provided, that this subclause (h)(iii) shall not apply if the Optionee: (x) accepts such employment or provides such services during the three-year period described in clause (f)(iii), above, and (y) does not employ or recruit any present, former or future employee of the Corporation during the first year of said three-year period; (iv) improperly disclosing, misappropriating, or misusing any confidential or proprietary information or material concerning the Corporation or its employees, officers, or directors. The Committee (or an officer of the Corporation duly authorized by the Committee to act on its behalf with respect to such matters) shall have the sole discretion to determine or confirm that the Optionee's conduct or activity is within the scope of this clause.

C.10 "DATE OF GRANT" means the date set forth as the "Date of Grant" on page 1 of the Agreement.

C.11 "GOOD REASON" means: (a) the assignment to the Optionee of any duties inconsistent in any respect with the Optionee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by the Optionee;

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

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

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

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

C.12 "OPTION" means the Nonstatutory Stock Option granted to the Optionee in Section 1 of the Agreement pursuant to which the Optionee may purchase Shares as provided in the Agreement.

C.13 "OPTION PRICE" means the dollar amount per Share set forth as the "Option Price" on page 1 of the Agreement.

C.14 "OPTIONEE" means the person identified as the "Optionee" on page 1 of the Agreement.

C.15 "PERSON" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act.

EXHIBIT 10.16

FIRST AMENDMENT TO THE PNC BANK CORP. AND AFFILIATES DEFERRED COMPENSATION PLAN

This Amendment is made this 23rd day of January, 1998.

W I T N E S S E T H :

WHEREAS, PNC Bank Corp. (the "Corporation") previously adopted and presently maintains the PNC Bank Corp. and Affiliates Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Corporation has decided to implement a Voluntary Retirement Program ("VRP") which will provide enhanced retirement benefits to certain eligible participants under the PNC Bank Corp. Pension Plan; and

WHEREAS, the Corporation desires to amend the Plan to ensure that Plan benefits shall be payable to Participants who elect to retire under the VRP.

NOW, THEREFORE, in accordance with the foregoing, the Plan is hereby amended as follows:

1. Section 1.u. is hereby amended, effective January 1, 1998, by adding the following provisions to the end thereof:

> Notwithstanding anything contained in this Section 1.u. to the contrary, the term "Retirement" shall also apply to any Participant who is eligible for and retires under the terms of the Voluntary Retirement Program provisions of Article XIII of the PNC Bank Corp. Pension Plan, even if the Participant has not yet attained age 55.

2. The remaining provisions of the Plan shall remain in full force and effect.

Executed this 23rd day of January, 1998.

PNC BANK CORP.

By: /s/ William E. Rosner

Title: Senior Vice President

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

EXHIBIT 12.1

Year ended December 31 Dollars in thousands	1998	1997	1996	1995	1994
EARNINGS					
Income before taxes and cumulative effect of changes in accounting principles	$1,709,778	$1,618,599	$1,527,551	$627,012	$1,209,916
Fixed charges excluding interest on deposits	1,365,605	1,171,648	1,096,893	1,487,279	1,104,573
Subtotal	3,075,383	2,790,247	2,624,444	2,114,291	2,314,489
Interest on deposits	1,471,108	1,456,587	1,428,771	1,551,816	1,159,242
Total	$4,546,491	$4,246,834	$4,053,215	$3,666,107	$3,473,731
FIXED CHARGES					
Interest on borrowed funds	$1,266,968	$1,098,365	$1,064,847	$1,455,069	$1,070,565
Interest component of rentals	37,374	29,312	29,839	31,283	32,247
Amortization of notes and debentures	1,394	833	816	927	1,761
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trusts	59,869	43,138	1,391		
Subtotal	1,365,605	1,171,648	1,096,893	1,487,279	1,104,573
Interest on deposits	1,471,108	1,456,587	1,428,771	1,551,816	1,159,242
Total	$2,836,713	$2,628,235	$2,525,664	$3,039,095	$2,263,815
RATIO OF EARNINGS TO FIXED CHARGES					
Excluding interest on deposits	2.25x	2.38x	2.39x	1.42x	2.10x
Including interest on deposits	1.60	1.62	1.60	1.21	1.53

PNC BANK CORP. AND SUBSIDIARIES

EXHIBIT 12.2

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

Year ended December 31 Dollars in thousands	1998	1997	1996	1995	1994
EARNINGS					
Income before taxes and cumulative effect of changes in accounting principles	$1,709,778	$1,618,599	$1,527,551	$627,012	$1,209,916
Fixed charges and preferred stock dividends excluding interest on deposits	1,395,395	1,201,582	1,105,324	1,492,391	1,112,564
Subtotal	3,105,173	2,820,181	2,632,875	2,119,403	2,322,480
Interest on deposits	1,471,108	1,456,587	1,428,771	1,551,816	1,159,242
Total	$4,576,281	$4,276,768	$4,061,646	$3,671,219	$3,481,722
FIXED CHARGES					
Interest on borrowed funds	$1,266,968	$1,098,365	$1,064,847	$1,455,069	$1,070,565
Interest component of rentals	37,374	29,312	29,839	31,283	32,247
Amortization of notes and debentures	1,394	833	816	927	1,761
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trusts	59,869	43,138	1,391		
Preferred stock dividend requirements	29,790	29,934	8,431	5,112	7,991
Subtotal	1,395,395	1,201,582	1,105,324	1,492,391	1,112,564
Interest on deposits	1,471,108	1,456,587	1,428,771	1,551,816	1,159,242
Total	$2,866,503	$2,658,169	$2,534,095	$3,044,207	$2,271,806
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS					
Excluding interest on deposits	2.23x	2.35x	2.38x	1.42x	2.09x
Including interest on deposits	1.60	1.61	1.60	1.21	1.53

Exhibit 13

FINANCIAL REVIEW

SELECTED CONSOLIDATED FINANCIAL DATA

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions, except per share data	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS					
Interest income	$5,313	$5,051	$4,938	$5,149	$4,724
Interest expense	2,740	2,556	2,494	3,007	2,232
Net interest income	2,573	2,495	2,444	2,142	2,492
Provision for credit losses	225	70		6	84
Noninterest income before net securities gains (losses)	2,503	1,806	1,409	1,269	1,218
Net securities gains (losses)	120	49	22	(280)	(142)
Noninterest expense	3,261	2,662	2,348	2,498	2,275
Income before income taxes	1,710	1,618	1,527	627	1,209
Income taxes	595	566	535	219	318
Net income	$1,115	$1,052	$992	$408	$891
PER COMMON SHARE DATA					
Earnings					
Basic	$3.64	$3.33	$2.91	$1.20	$2.58
Diluted	3.60	3.28	2.88	1.19	2.54
Book value	18.86	16.87	17.13	16.87	16.59
Cash dividends declared	1.58	1.50	1.42	1.40	1.31
BALANCE SHEET HIGHLIGHTS (At December 31)					
Total assets	$77,207	$75,120	$73,260	$73,404	$77,461
Earning assets	69,027	66,688	65,439	66,772	69,751
Loans, net of unearned income	57,650	54,245	51,798	48,653	44,043
Securities available for sale	7,074	8,522	11,917	15,839	23,670
Deposits	47,496	47,649	45,676	46,899	45,818
Borrowed funds	20,946	19,622	19,604	19,063	24,320
Shareholders' equity	6,043	5,384	5,869	5,768	5,727
Common shareholders' equity	5,729	5,069	5,553	5,751	5,658
SELECTED RATIOS					
Return on					
Average common shareholders' equity	20.81%	20.01%	17.18%	7.05%	16.09%
Average assets	1.49	1.49	1.40	.54	1.19
Net interest margin	3.85	3.94	3.83	3.15	3.64
Noninterest income to total revenue	50.23	42.36	36.60	31.12	29.84
After-tax profit margin	21.35	24.02	25.37	12.84	24.71
Efficiency*	54.76	56.07	56.95	75.24	60.70
Leverage	7.28	7.30	7.70	6.37	7.10
Common shareholders' equity to assets	7.42	6.75	7.58	7.83	7.30
Dividend payout	43.43	45.39	48.89	94.76	37.42

</TABLE>

1994 net income and earnings per share exclude the negative impact of changes in accounting principles of $7 million or $.02 per share.

*Excluding amortization, distributions on capital securities and mortgage banking hedging activities

FINANCIAL REVIEW 1998 VERSUS 1997

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

OVERVIEW

PNC BANK CORP.

The Corporation is one of the largest diversified financial services companies in the United States operating retail banking, asset management and wholesale businesses that provide products and services nationally and in PNC Bank's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky.

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.

PNC Bank has responded to these challenges by transitioning to an organization managed as separate businesses 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 altered its business mix by investing in specialized financial services businesses, including asset management, mutual fund servicing, investment advisory, mortgage banking and corporate services. These businesses are largely fee-based, less capital intensive and provide growth opportunities on a national scale. More meaningful contributions from these businesses, coupled with disciplined management of traditional banking activities, have allowed PNC Bank to significantly improve the composition of its revenue stream.

Pursuant to this strategy, the Corporation completed a number of acquisitions and divestitures in 1998. Acquisitions included Midland Loan Services, L.P. ("Midland"), a commercial mortgage servicer; the asset-based finance business of BTM Capital Corp., including a $600 million portfolio of asset-based loans and loan commitments; Hilliard-Lyons, Inc. ("Hilliard Lyons"), a retail brokerage and investment management firm; and $26 billion of residential mortgage servicing. The Corporation sold its corporate trust and escrow business and $821 million of non-affinity, non-relationship credit card accounts.

Also, in the fourth quarter the Corporation agreed to sell its remaining credit card business, which previously was a significant component of PNC National Consumer Bank. This transaction is expected to close in the first quarter of 1999, subject to regulatory approval, and to result in a substantial gain. Upon completion of the credit card divestiture, the balance of the activities comprising PNC National Consumer Bank will be combined with PNC Regional Community Bank.

SUMMARY FINANCIAL RESULTS

Consolidated net income for 1998 was $1.115 billion compared with $1.052 billion a year ago. Diluted earnings per share increased 10% to $3.60 for 1998 from $3.28 in 1997. Earnings from PNC Advisors, PNC Mortgage, BlackRock and PFPC Worldwide each grew in excess of 21% compared with the prior year. Returns on average common shareholders' equity and average assets were 20.81% and 1.49% compared with 20.01% and 1.49%, respectively, a year ago.

Total revenue for 1998 increased $843 million or 19% compared with the prior year primarily due to noninterest income growth. Noninterest income increased $768 million to $2.623 billion for 1998 driven by 32% growth in fee-based revenue. Noninterest income represented 50% of total revenue in 1998 compared with 42% in 1997. Taxable-equivalent net interest income increased $75 million in 1998 primarily due to a $3.4 billion increase in average earning assets. The net interest margin narrowed to 3.85% compared with 3.94% in the prior year primarily due to a change in balance sheet composition.

The provision for credit losses was $225 million in 1998 compared with $70 million in the prior year. Net charge-offs were .80% of average loans in 1998 compared with .51% a year ago. The increase in the net charge-off ratio was primarily associated with credit cards and a single credit in the health care industry.

Noninterest expense increased $599 million to $3.261 billion in 1998 primarily due to higher amortization of residential mortgage servicing rights ("MSR"), incentive compensation commensurate with revenue growth, the impact of acquisitions and consumer banking initiatives. The efficiency ratio, which excludes amortization, distributions on capital securities and mortgage banking hedging activities, improved to 54.8% in 1998 from 56.1% a year ago.

Total assets were $77.2 billion at December 31, 1998, compared with $75.1 billion at December 31, 1997. Shareholders' equity totaled $6.0 billion at December 31, 1998, compared with $5.4 billion at December 31, 1997. The leverage ratio was 7.28% and Tier I and total risk-based capital ratios were 7.80% and 11.16%, respectively, at December 31, 1998.

The ratio of nonperforming assets to total loans and foreclosed assets was .58% at December 31, 1998, and .61% at December 31, 1997. The allowance for credit losses was 255% of nonperforming loans and 1.31% of total loans at December 31, 1998, compared with 352% and 1.79%, respectively, at December 31, 1997.

REVIEW OF BUSINESSES

Business results are based on PNC Bank's management accounting practices. There is no comprehensive, authoritative body of guidance for management accounting equivalent to generally accepted accounting principles; therefore, PNC Bank's results are not necessarily comparable with similar information for any other financial services institution. Financial results are presented as if each business operated on a stand-alone basis, in accordance with the Corporation's current management structure.

Several organizational and business changes were made during 1998 as part of the Corporation's operating strategy. In the second quarter of 1998, the Asset Management and Mutual Fund Servicing business was divided into two distinct businesses (BlackRock and PFPC Worldwide) and the institutional trust business and Hawthorn were realigned with PNC Advisors (previously Private Banking). Financial results for 1998 and 1997 are presented consistent with this structure.

In December 1998, management made the decision to exit the credit card business by entering into an agreement to sell the Corporation's credit card subsidiary, including remaining credit card receivables. This transaction is expected to close in the first quarter of 1999, subject to regulatory approval, and to result in a substantial gain. Also, in December the Corporation sold its non-affinity, non-relationship credit card accounts and its corporate trust and escrow business resulting in net gains of $76 million. The impact of these divested businesses as well as the benefit from the sale of an 18% equity interest in BlackRock to its management in 1998 is included in Other.

The management accounting process uses various balance sheet and income statement assignments and transfers to measure performance of the businesses. Methodologies change from time to time as management accounting practices are enhanced and businesses change. Securities or borrowings and related net interest income are assigned based on the net asset or liability position of each business. Capital is assigned based on management's assessment of inherent risks and equity levels at independent companies providing similar products and services. Support areas not directly aligned with the businesses are allocated primarily based on the utilization of these services.

Total business financial results differ from consolidated financial results primarily due to differences between management accounting practices and generally accepted accounting principles, divested businesses, eliminations and unassigned items, the impact of which is reflected in Other.

RESULTS OF BUSINESSES

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	EARNINGS 1998	EARNINGS 1997	REVENUE 1998	REVENUE 1997	RETURN ON ASSIGNED CAPITAL 1998	RETURN ON ASSIGNED CAPITAL 1997	AVERAGE ASSETS 1998	AVERAGE ASSETS 1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PNC Regional Bank								
PNC Regional Community Bank	$428	$372	$1,680	$1,599	30%	26%	$35,060	$35,134
PNC National Consumer Bank	27	54	284	325	6	12	7,131	7,351
Asset Management								
PNC Advisors	124	96	537	456	29	27	2,690	2,537
BlackRock	44	28	288	166	27	23	272	256
PFPC Worldwide	40	33	191	148	45	46	213	152
Wholesale								
PNC Corporate Bank	177	213	737	692	15	19	15,557	14,754
PNC Secured Finance	112	140	306	263	18	26	9,356	6,635
PNC Mortgage	57	34	405	311	17	10	12,127	10,240
Total businesses	1,009	970	4,428	3,960	22	22	82,406	77,059
Other	106	82	794	419			(7,780)	

(6,415)

Total consolidated	$1,115	$1,052	$5,222	$4,379	21	20	$74,626	$70,644

</TABLE>

FINANCIAL REVIEW 1998 VERSUS 1997

PNC REGIONAL COMMUNITY BANK

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1998	1997
INCOME STATEMENT		
Net interest income	$1,299	$1,318
Noninterest income	381	281
Total revenue	1,680	1,599
Provision for credit losses	40	33
Noninterest expense	931	945
Pretax earnings	709	621
Income taxes	281	249
Earnings	$428	$372
AVERAGE BALANCE SHEET		
Loans		
Consumer	$5,239	$4,949
Commercial	2,648	2,079
Residential mortgage	1,279	1,249
Other	175	386
Total loans	9,341	8,663
Assigned assets and other assets	25,719	26,471
Total assets	$35,060	$35,134
Net deposits		
Noninterest-bearing demand	$4,895	$4,805
Interest-bearing demand	4,057	3,985
Money market	7,295	6,452
Savings	2,557	2,791
Certificates	14,684	15,541
Total net deposits	33,488	33,574
Other liabilities	134	140
Assigned capital	1,438	1,420
Total funds	$35,060	$35,134
PERFORMANCE RATIOS		
Return on assigned capital	30%	26%
Noninterest income to total revenue	23	18
After-tax profit margin	25	23
Efficiency	53	57

</TABLE>

PNC Regional Community Bank provides financial products and services to small business and retail customers within PNC Bank's geographic footprint. PNC Regional Community Bank utilizes a sophisticated information database to identify consumer preferences for products and services and the delivery channel of choice.

Consumers are increasingly demanding the convenience of multiple delivery channels and choice among high-value products and services. As consumer preferences have changed, PNC Regional Community Bank has focused on offering desired products and balancing resources between traditional branches and technologically-advanced delivery channels.

PNC REGIONAL COMMUNITY BANK
<TABLE>

<S>	<C>
97	57%

	98	53%
EFFICIENCY RATIO		

PNC Regional Community Bank contributed 42% of total business earnings in 1998 compared with 38% in 1997. Earnings of $428 million in 1998 included $86 million of pretax gains on the sales of branches in Western Pennsylvania, Kentucky and Indiana that were partially offset by one-time costs related to consumer delivery initiatives. Excluding these items, earnings increased $29 million or 8% and performance ratios improved due to strategies designed to respond to changing customer preferences 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 $54 million or 6% compared with the prior year. Net interest income declined in the current year due to the impact of branch sales and the lower interest rate environment.

PNC Regional Community Bank engages in lending activities that are affected by economic and financial market conditions. An economic slowdown could have an adverse impact on results of operations.

PNC NATIONAL CONSUMER BANK

Year ended December 31 - dollars in millions	1998	1997
INCOME STATEMENT		
Net interest income	$164	$160
Noninterest income	120	165
Total revenue	284	325
Provision for credit losses	36	44
Noninterest expense	205	195
Pretax earnings	43	86
Income taxes	16	32
Earnings	$27	$54
AVERAGE BALANCE SHEET		
Loans		
Dealer finance	$4,770	$5,257
Education	1,149	1,252
Other	792	432
Total loans	6,711	6,941
Other assets	420	410
Total assets	$7,131	$7,351
Net deposits	$313	$83
Assigned funds and other liabilities	6,392	6,835
Assigned capital	426	433
Total funds	$7,131	$7,351
PERFORMANCE RATIOS		
Return on assigned capital	6%	12%
Noninterest income to total revenue	42	51
After-tax profit margin	10	17
Efficiency	71	59

PNC National Consumer Bank provides consumer products and services nationwide through affinity relationships.

In prior periods PNC Bank's credit card business was a significant component of PNC National Consumer Bank. In the fourth quarter of 1998, the Corporation agreed to sell its credit card business, and accordingly its results have been excluded from PNC National Consumer Bank in both periods presented. Upon completion of this transaction, which is expected to close in the first quarter of 1999, subject to regulatory approval, PNC National Consumer Bank will be combined with PNC Regional Community Bank. The combined business will continue to leverage the alternative consumer delivery capabilities and distribute consumer products through affinity relationships developed by PNC National Consumer Bank.

PNC National Consumer Bank contributed 3% of total business earnings in 1998 and 6% in the prior year. Earnings decreased in the year-to-year comparison due to $64 million pretax of securitization and other gains recorded in 1997.

In 1998, PNC National Consumer Bank continued to invest in marketing, infrastructure and technology to support the distribution of non-credit card products through AAA Financial Services. During 1999, infrastructure development will be completed and management will continue to pursue actions designed to improve the results of the AAA initiative.

The Corporation owns approximately 20% of Electronic Payment Services, Inc. ("EPS"), a privately-held company specializing in account access services. On March 1, 1999, Concord EFS, Inc. and EPS merged resulting in a substantial gain for the Corporation.

PNC ADVISORS

Year ended December 31 - dollars in millions	1998	1997
INCOME STATEMENT		
Net interest income	$125	$115
Noninterest income		
Investment management and trust	319	273
Brokerage	78	61
Other	15	7
Total noninterest income	412	341
Total revenue	537	456
Provision for credit losses	3	3
Noninterest expense	333	297
Pretax earnings	201	156
Income taxes	77	60
Earnings	$124	$96
AVERAGE BALANCE SHEET		
Loans		
Residential mortgage	$999	$1,054
Consumer	936	850
Commercial	614	498
Other	45	70
Total loans	2,594	2,472
Other assets	96	65
Total assets	$2,690	$2,537
Net deposits	$2,218	$1,953
Assigned funds and other liabilities	51	230
Assigned capital	421	354
Total funds	$2,690	$2,537
PERFORMANCE RATIOS		
Return on assigned capital	29%	27%
Noninterest income to total revenue	77	75
After-tax profit margin	23	21
Efficiency	62	65

PNC Advisors offers personalized investment management, brokerage, personal trust, estate planning and traditional banking services to affluent individuals; investment management services to wealthy individuals through Hawthorn; and investment management, trust and administrative services to pensions, 401(k) plans and charitable organizations through its institutional trust group.

PNC Advisors strives to be the financial "advisor of choice" in the growing affluent market, providing a full range of high quality, customized and predominantly fee-based investment products and services.

Consistent with this objective, in December 1998, the Corporation completed the acquisition of Hilliard Lyons, a retail brokerage and investment management firm with 90 offices in 13 Midwestern and Southeastern states. Hilliard Lyons has focused on delivering brokerage services and investment management expertise to affluent clients. The acquisition of Hilliard Lyons will enable PNC Advisors to expand the retail distribution of capital markets products and provide customers with a wider range of highly-regarded investment products.

PNC Advisors contributed 12% of total business earnings in 1998 compared with 10% in 1997. Earnings of $124 million in 1998 increased $28 million or 29%

from the prior year driven by revenue growth.

PNC ADVISORS

<TABLE>

<S>	<C>
97	$456
98	$537

TOTAL REVENUE (in millions)

</TABLE>

Revenue growth was primarily driven by noninterest income that increased $71 million or 21% from the prior year. The increase was due to higher assets under management resulting from new business and market appreciation as well as higher brokerage income primarily from Hilliard Lyons. The year-to-year increase in noninterest expense of $36 million resulted from the acquisition of Hilliard Lyons as well as expenditures made to support revenue growth and continuing investments in asset management technology.

ASSETS UNDER MANAGEMENT*

<TABLE>
<CAPTION>

December 31 - in billions	1998	1997
<S>	<C>	<C>
Personal trust	$39	$35
Hawthorn	13	11
Institutional trust	7	6
Hilliard Lyons	5	
Total	$64	$52

</TABLE>

*Assets under management do not include brokerage assets administered.

Assets under management increased to $64 billion at December 31, 1998, due to new business, market appreciation and Hilliard Lyons.

Brokerage assets administered by PNC Advisors increased $26 billion to $34 billion at December 31, 1998, primarily due to the acquisition of Hilliard Lyons.

PNC Advisors' 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 results of operations.

BLACKROCK

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1998	1997
<S>	<C>	<C>
INCOME STATEMENT		
Revenue	$288	$166
Operating expense	209	117
Pretax earnings	79	49
Income taxes	35	21
Earnings	$44	$28
AVERAGE BALANCE SHEET		
Total assets	$272	$256
Liabilities	$110	$134
Assigned capital	162	122
Total funds	$272	$256
PERFORMANCE RATIOS		
Return on assigned capital	27%	23%
After-tax profit margin	15	17
Efficiency	69	64

</TABLE>

BlackRock, one of the largest asset managers in the country, offers fixed income, domestic and international equity and liquidity investment products. The Corporation has leveraged BlackRock's technology-based risk management capabilities and financial management reputation as an established fixed income manager by combining PNC Bank's investment advisory and asset management capabilities under a single organization and brand. BlackRock is focused on expanding marketing and delivery channels for a wide range of institutional and retail investment products.

BlackRock contributed 4% of total business earnings in 1998 compared with 3% a year ago. Earnings of $44 million in 1998 increased 57% from the prior year primarily driven by revenue growth related to new business and market appreciation. Revenue increased $122 million or 73% due to a 26% increase in assets under management and higher performance fees. The increase in operating expense in the year-to-year comparison supported revenue growth.

At December 31, 1998, BlackRock managed $132 billion of assets for individual and institutional investors, of which 89% were invested in fixed income and liquidity funds that historically have been less volatile than equity funds.

ASSETS UNDER MANAGEMENT

<TABLE>
<CAPTION>

December 31 - in billions	1998	1997
<S>	<C>	<C>
Fixed income	$68	$53
Liquidity	50	40
Equity and other	14	12
Total assets under management	$132	$105
Proprietary mutual funds		
BlackRock Funds	$24	$15
Provident Institutional Funds	26	20
Total proprietary mutual funds	$50	$35

</TABLE>

BlackRock's proprietary mutual fund family, with approximately $50 billion in assets, provides individual investors with a full range of equity, bond and money market investment products. At December 31, 1998, BlackRock was the fifth-largest bank manager of mutual funds in the United States.

BLACKROCK
<TABLE>

<S>	<C>
97	$105
98	$132

ASSETS UNDER MANAGEMENT (in billions)
</TABLE>

BlackRock's 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 results of operations.

PFPC WORLDWIDE

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1998	1997
<S>	<C>	<C>
INCOME STATEMENT		
Revenue	$191	$148
Operating expense	127	95
Pretax earnings	64	53
Income taxes	24	20
Earnings	$40	$33
AVERAGE BALANCE SHEET		
Total assets	$213	$152
Net deposits	$106	$63
Other liabilities	18	17
Assigned capital	89	72

Total funds	$213	$152
PERFORMANCE RATIOS		
Return on assigned capital	45%	46%
After-tax profit margin	21	22
Efficiency	66	64

PFPC Worldwide ("PFPC"), the Corporation's global fund servicing operation, provides a wide range of accounting, administration, transfer agency, custody, securities lending and integrated banking transaction services to pension and money fund managers, mutual funds, partnerships, brokerage firms, insurance companies and banks. PFPC is the second-largest full service accounting agent and the fourth-largest transfer agent to mutual funds in the United States. Continued growth of the Dublin, Ireland operation has expanded PFPC's global presence.

PFPC WORLDWIDE

97	$148
98	$191

REVENUE (in millions)

PFPC contributed 4% of total business earnings in 1998 and 3% in 1997. Earnings of $40 million in 1998 increased $7 million or 21% in the year-to-year comparison, driven by new business and existing client growth. Revenue of $191 million in 1998 increased $43 million or 29% from the prior year due to the higher level of assets serviced by PFPC. Accounting/administration assets serviced increased $70 billion or 38% in 1998 to $252 billion at year end, while custody assets increased 36% to $315 billion at December 31, 1998. Operating expense increased in the year-to-year comparison to support revenue growth and investments in technology and infrastructure associated with business expansion.

ASSETS SERVICED

December 31 - in billions	1998	1997
Custody	$315	$232
Accounting/administration	252	182

PFPC's revenue is primarily affected by the number and value of customer accounts serviced and financial market conditions. Revenue may be positively affected by increasing customer account values or improving financial markets. Conversely, declining customer account values or deteriorating financial markets may have an adverse effect on results of operations.

PNC CORPORATE BANK

Year ended December 31 - dollars in millions	1998	1997
INCOME STATEMENT		
Credit-related revenue	$337	$311
Noncredit revenue		
Treasury management	207	202
Venture capital	93	100
Capital markets	76	63
Other	24	16
Total noncredit revenue	400	381
Total revenue	737	692
Provision for credit losses	102	4
Noninterest expense	359	357

Pretax earnings	276	331
Income taxes	99	118
Earnings	$177	$213
AVERAGE BALANCE SHEET		
Loans		
Middle market	$5,191	$5,028
Specialized industries	4,742	4,125
Large corporate	4,181	4,371
Other	426	333
Total loans	14,540	13,857
Other assets	1,017	897
Total assets	$15,557	$14,754
Net deposits	$2,533	$2,173
Assigned funds and other liabilities	11,877	11,474
Assigned capital	1,147	1,107
Total funds	$15,557	$14,754
PERFORMANCE RATIOS		
Return on assigned capital	15%	19%
Noncredit revenue to total revenue	54	55
After-tax profit margin	24	31
Efficiency	48	51

</TABLE>

PNC Corporate Bank provides credit, treasury management and capital markets products and services to large and mid-sized businesses, institutions and government entities. Teams of specialists focus on specific segments, including large corporate, middle market, communications, health care, public finance, energy, metals and mining and emerging growth.

The ongoing pressure on credit-related product margins has led to more emphasis on altering the revenue composition through growth of noncredit revenue such as treasury management and capital markets. The strategic focus for PNC Corporate Bank is on developing and delivering a comprehensive range of higher margin, fee-based products and services and improving the returns on credit-related products.

PNC Corporate Bank contributed 18% of total business earnings in 1998 compared with 22% a year ago. Earnings of $177 million in 1998 declined $36 million from the prior year due to a higher provision for credit losses that was partially offset by higher credit-related and capital markets revenue. The increase in the provision primarily related to credit exposure to certain bankrupt affiliates of the Allegheny Health, Education and Research Foundation ("AHERF") that was substantially charged off. Management anticipates a lower provision for credit losses in 1999.

PNC CORPORATE BANK
<TABLE>

<S>	<C>
97	$692
98	$737

TOTAL REVENUE (in millions)
</TABLE>

Total revenue of $737 million in 1998 increased $45 million or 7% from the prior year. Credit-related revenue primarily represents net interest income from loans and increased 8% in the year-to-year comparison. Noncredit revenue, which includes noninterest income and the benefit of compensating balances in lieu of fees, increased $19 million or 5% compared with 1997 driven by growth in treasury management, capital markets and other income. The increase in noncredit revenue reflected strategies designed to expand fee-based services. In the fourth quarter of 1998, PNC Corporate Bank obtained regulatory approval for Tier II powers that will enable PNC Bank to participate in corporate debt and limited equity underwriting, thereby offering capital markets customers a more complete range of financing and investment products.

PNC Corporate Bank engages in lending, venture capital and capital markets activities, all of which are impacted by economic and financial market conditions. Accordingly, a decline in the capital markets or an economic slowdown could adversely impact asset quality and results of operations.

PNC SECURED FINANCE

Year ended December 31 - dollars in millions	1998	1997
INCOME STATEMENT		
Net interest income	$224	$209
Noninterest income		
Commercial mortgage servicing	40	
Origination and securitization	(4)	
Commercial mortgage banking	36	
Corporate services	21	17
Other	25	37
Total noninterest income	82	54
Total revenue	306	263
Provision for credit losses	(15)	(37)
Noninterest expense	156	86
Pretax earnings	165	214
Income taxes	53	74
Earnings	$112	$140
AVERAGE BALANCE SHEET		
Loans		
Commercial -- real estate related	$3,149	$1,619
Commercial real estate	2,986	3,064
Business credit	1,339	967
Leasing	1,108	889
Total loans	8,582	6,539
Commercial mortgages held for sale	181	
Other assets	593	96
Total assets	$9,356	$6,635
Net deposits	$1,019	$803
Assigned funds and other liabilities	7,709	5,284
Assigned capital	628	548
Total funds	$9,356	$6,635
PERFORMANCE RATIOS		
Return on assigned capital	18%	26%
Noninterest income to total revenue	27	21
After-tax profit margin	37	53
Efficiency	42	32

PNC Secured Finance 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.

The commercial real estate finance group provides comprehensive services to a broad base of clients including commercial and residential developers, investors, mortgage bankers and property management companies. PNC Business Credit is among the top ten firms in the United States in asset-based financing, providing asset-based lending, syndication and treasury management services. Leasing provides equipment lease financing to a wide range of customers and is focused on growth from PNC Bank's existing corporate customer base and in national markets.

PNC Secured Finance made several investments in 1998 to provide additional revenue growth opportunities, reflecting its strategy to increase noninterest income and expand nationally.

In April 1998, PNC Bank acquired Midland, one of the nation's largest servicers of commercial mortgages. The acquisition of Midland provides important competitive advantages as more real estate customers demand sophisticated, technology-driven services and increased access to capital markets. Midland greatly expanded PNC Bank's real estate financial services capabilities, which now include origination, securitization, servicing, investment advisory and risk management.

Also, in April the Corporation acquired the asset-based finance business of BTM Capital Corp. The purchase included a $600 million portfolio of asset-based loans and loan commitments and regional sales offices furthering PNC Bank's strategy of becoming a national provider of these services.

In July 1998, PNC Bank acquired The Arcand Company, subsequently renamed Columbia Housing Partners ("Columbia"). Columbia is a leading tax credit syndicator, principally engaged in the origination and distribution of affordable housing limited partnerships.

PNC Secured Finance contributed 11% of total business earnings in 1998 compared with 14% in the prior year. Earnings of $112 million in 1998 decreased $28 million from the prior year primarily due to a lower benefit from improving asset quality and the impact of the Midland acquisition.

Noninterest income as a percentage of total revenue increased to 27% in 1998 from 21% in 1997, mainly due to $40 million of commercial mortgage servicing revenue from Midland, reflecting the strategy to invest in fee-based businesses.

PNC SECURED FINANCE

97	21%
98	27%

NONINTEREST INCOME TO TOTAL REVENUE

COMMERCIAL MORTGAGE SERVICING PORTFOLIO

In billions	1998
January 1	$--
Acquisition	26
Additions	13
Purchases	7
Repayments	(7)
December 31	$39

At December 31, 1998, the commercial mortgage servicing portfolio totaled $39 billion, substantially all of which was serviced for others.

PNC MORTGAGE

Year ended December 31 - dollars in millions	1998	1997
INCOME STATEMENT		
Net mortgage banking revenue		
Residential mortgage servicing	$209	$159
Origination and securitization	192	97
Sales of servicing and other	9	7
MSR amortization	(309)	(81)
Hedging activities	165	18
Net mortgage banking revenue	266	200
Net interest income	139	111
Total revenue	405	311
Operating expense	309	255
Pretax earnings	96	56
Income taxes	39	22
Earnings	$57	$34
AVERAGE BALANCE SHEET		
Residential mortgage loans	$6,872	$7,680
Residential mortgages held for sale	2,935	1,393
Securities available for sale	1,250	458
Mortgage servicing rights and other assets	1,070	709
Total assets	$12,127	$10,240
Escrow deposits	$905	$603
Assigned funds and other liabilities	10,884	9,304
Assigned capital	338	333
Total funds	$12,127	$10,240

PERFORMANCE RATIOS

Return on assigned capital	17%	10%
Net mortgage banking revenue to total revenue	66	64
After-tax profit margin	14	11
Efficiency	55	66

</TABLE>

PNC Mortgage originates, purchases and services residential mortgages. PNC Mortgage focuses on expanding retail and correspondent distribution channels, increasing the residential mortgage servicing portfolio and expanding sales of related products, including second mortgages, home equity lines of credit and insurance. In addition, PNC Mortgage securitizes and sells residential mortgages as private-label, mortgage-backed securities and performs master servicing of those securities for investors through PNC Mortgage Securities Corp.

PNC Mortgage contributed 6% of total business earnings in 1998 compared with 4% in 1997. Earnings of $57 million in 1998 increased $23 million from the prior year primarily due to higher business volumes.

Revenue and expense growth during 1998 resulted from higher loan origination volume and a larger servicing portfolio. MSR amortization increased $228 million in the year-to-year comparison, reflecting significant refinance activity and the larger servicing portfolio. Hedging activities largely offset the impact of refinance activity on MSR amortization.

PNC MORTGAGE

<TABLE>

<S>	<C>
97	$41
98	$62

RESIDENTIAL MORTGAGES SERVICED (in billions)

</TABLE>

During 1998, PNC Mortgage funded $12 billion of residential mortgages, with 63% representing retail originations. The comparable amounts were $6 billion and 70%, respectively, in 1997. The year-to-year increase in originations reflected the combination of higher refinance activity and initiatives to expand retail and correspondent origination capabilities. Purchases in 1998 included $16 billion of servicing portfolio acquisitions and $10 billion of contractual flow purchases. With these purchases, PNC Mortgage became the nation's 11th-largest servicer of residential mortgages.

RESIDENTIAL MORTGAGE SERVICING PORTFOLIO

<TABLE>
<CAPTION>

In billions	1998	1997
<S>	<C>	<C>
January 1	$41	$40
Originations	12	6
Purchases	26	2
Repayments	(16)	(7)
Sales	(1)	
December 31	$62	$41

</TABLE>

At December 31, 1998, the residential mortgage servicing portfolio totaled $62 billion, including $54 billion of loans serviced for others, with a weighted-average coupon of 7.67%. In addition, the master servicing portfolio grew 106% to $26 billion at December 31, 1998. Capitalized MSR totaled $768 million at December 31, 1998, and had an estimated fair value of $840 million.

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 also would decline. In a period of rising interest rates, a converse relationship would exist. The Corporation seeks to manage this risk by using financial instruments as hedges designed to move in the opposite direction of MSR value changes.

FORWARD-LOOKING STATEMENTS

PNC Bank has made, and may continue to make, various written and oral 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 those anticipated in these forward-looking statements.

In addition to factors previously disclosed by the Corporation and those identified elsewhere in this Financial Review and in the Corporation's Annual Report, the following factors, among others, could cause actual results to differ materially from forward-looking statements: 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 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; changes in global and domestic economic conditions generally and in local markets in which the Corporation conducts business; changes in interest rates and capital markets; inflation; customer borrowing, repayment, investment and deposit practices; continued customer disintermediation; customers' acceptance of PNC Bank's products and services; and the impact, extent and timing of technological changes, capital management activities, actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

FINANCIAL REVIEW 1998 VERSUS 1997

CONSOLIDATED INCOME STATEMENT REVIEW

NET INTEREST INCOME ANALYSIS

<TABLE>
<CAPTION>

Taxable-equivalent basis	AVERAGE BALANCES			INTEREST INCOME/EXPENSE			AVERAGE YIELDS/RATES		
Year ended December 31 - dollars in millions	1998	1997	Change	1998	1997	Change	1998	1997	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-earning assets									
Loans held for sale	$3,371	$1,417	$1,954	$233	$104	$129	6.91%	7.31%	(40)bp
Securities available for sale	7,374	8,774	(1,400)	430	546	(116)	5.83	6.22	(39)
Loans, net of unearned income									
Consumer (excluding credit card)	11,073	11,291	(218)	940	958	(18)	8.49	8.48	1
Credit card	3,849	3,558	291	538	459	79	13.98	12.92	106
Residential mortgage	12,496	13,105	(609)	905	976	(71)	7.24	7.45	(21)
Commercial	22,773	19,014	3,759	1,794	1,494	300	7.88	7.86	2
Commercial real estate	3,279	4,068	(789)	277	359	(82)	8.45	8.82	(37)
Other	2,223	1,871	352	157	130	27	7.06	6.94	12
Total loans, net of unearned income	55,693	52,907	2,786	4,611	4,376	235	8.28	8.27	1
Other	1,001	919	82	65	54	11	6.49	5.88	61
Total interest-earning assets/ interest income	67,439	64,017	3,422	5,339	5,080	259	7.92	7.93	(1)
Noninterest-earning assets	7,187	6,627	560						
Total assets	$74,626	$70,644	$3,982						
Interest-bearing liabilities									
Deposits									
Demand and money market	$14,820	$13,477	$1,343	439	391	48	2.96	2.90	6
Savings	2,620	2,852	(232)	51	57	(6)	1.95	1.97	(2)
Other time	17,206	17,441	(235)	929	948	(19)	5.40	5.44	(4)
Deposits in foreign offices	935	1,094	(159)	52	61	(9)	5.56	5.58	(2)
Total interest-bearing deposits	35,581	34,864	717	1,471	1,457	14	4.13	4.18	(5)

Borrowed funds	21,809	18,594	3,215	1,269	1,099	170	5.82	5.91	(9)
Total interest-bearing liabilities/ interest expense	57,390	53,458	3,932	2,740	2,556	184	4.77	4.78	(1)
Noninterest-bearing liabilities, capital securities and shareholders' equity	17,236	17,186	50						
Total liabilities, capital securities and shareholders' equity	$74,626	$70,644	$3,982						
Interest rate spread							3.15	3.15	
Impact of noninterest-bearing sources							.70	.79	(9)
Net interest income/margin				$2,599	$2,524	$75	3.85%	3.94%	(9)bp

</TABLE>

NET INTEREST INCOME

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 funding costs can have a significant impact on net interest income and margin.

Taxable-equivalent net interest income increased $75 million to $2.599 billion in 1998 compared with $2.524 billion in 1997. The net interest margin narrowed to 3.85% in 1998 compared with 3.94% in the prior year.

The increase in net interest income was due to a $3.4 billion increase in average earning assets which more than offset a narrower net interest margin resulting from a change in balance sheet composition. Average loans grew 5.3% to $55.7 billion in 1998, a $2.8 billion increase from the prior year. Growth in commercial and home equity loans more than offset a decline in commercial and residential mortgages and credit card and automobile loans. Loans represented 83% of average earning assets in 1998 and 1997. Average loans held for sale increased $2.0 billion in the year-to-year comparison, reflecting higher residential and commercial mortgage originations and acquisitions.

Average securities available for sale decreased $1.4 billion and represented 11% of average earning assets in 1998 compared with 14% a year ago.

Average deposits comprised 60% and 63% of PNC Bank's total sources of funding in 1998 and 1997, respectively, with the remainder primarily comprised of wholesale funding obtained at prevailing market rates.

Management anticipates a decline in balance sheet outstandings and a narrowing of net interest margin due to the pending credit card sale and continued downsizing of certain loan portfolios in 1999.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was $225 million in 1998 compared with $70 million in the prior year. Management anticipates the Corporation will cover net charge-offs beginning in the first quarter of 1999.

DETAILS OF NONINTEREST INCOME

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1998	1997	CHANGE AMOUNT	CHANGE PERCENT
<S>	<C>	<C>	<C>	<C>
Asset management	$626	$462	$164	35.5%
Mutual fund servicing	182	141	41	29.1
Service charges on deposits	203	203		
Consumer services				
Credit card	129	93	36	38.7
Brokerage	75	54	21	38.9
Insurance	49	40	9	22.5
Other	137	125	12	9.6
Total	390	312	78	25.0

Corporate services				
Capital markets	52	48	4	8.3
Commercial mortgage servicing	38		38	NM
Other	167	150	17	11.3
Total	257	198	59	29.8
Mortgage banking				
Residential mortgage servicing	160	116	44	37.9
Origination	79	47	32	68.1
Marketing	111	47	64	136.2
Sales of servicing	7	3	4	133.3
Total	357	213	144	67.6
Net securities gains	120	49	71	144.9
Other	488	277	211	76.2
Total	$2,623	$1,855	$768	41.4

</TABLE>
NM - Not meaningful

NONINTEREST INCOME

Noninterest income was $2.623 billion in 1998 compared with $1.855 billion in 1997. Asset management, mutual fund servicing, consumer services, corporate services and mortgage banking revenues each grew 25% or more compared with the prior year. Noninterest income for 1998 included $162 million of net gains from the sale of the corporate trust and escrow business, branch sales and the sale of non-affinity, non-relationship credit cards. These items were primarily offset by a higher than anticipated provision for credit losses, one-time costs related to consumer banking initiatives and valuation adjustments on certain market-sensitive asset positions. Mortgage banking hedging activities resulted in $104 million of net securities gains and $61 million of other gains in 1998 that largely offset an increase in residential MSR amortization.

Asset management fees increased 36% from 1997 primarily due to new business, market appreciation and performance fees. Assets under management increased 27% to $174 billion at December 31, 1998, compared with $137 billion a year ago. Mutual fund servicing fees grew 29% in 1998 resulting from an increase in assets serviced. At December 31, 1998, custody and accounting/administration services were provided for $315 billion and $252 billion of mutual fund assets, respectively. The comparable amounts were $232 billion and $182 billion, respectively, a year ago.

Consumer services revenue increased $78 million or 25% in 1998 compared with 1997 primarily due to an increase in credit card and brokerage accounts. In 1999, Hilliard Lyons is expected to add approximately $135 million to brokerage revenue while credit card fees will decrease approximately $95 million due to the pending sale of the credit card business. Fees for corporate services, which include treasury management, capital markets and commercial mortgage servicing, increased 30% to $257 million in 1998 resulting from the Midland acquisition and higher treasury management and capital markets fees.

Mortgage banking revenue grew $144 million or 68% in 1998 from the prior year primarily due to significant mortgage refinance activity and higher servicing income resulting from servicing portfolio acquisitions. Residential mortgage originations totaled $12 billion in 1998 compared with $6 billion in 1997.

Net securities gains were $120 million in 1998, including $104 million resulting from MSR hedging activities, compared with $49 million in 1997. The year-to-year increase in other noninterest income was primarily due to the net gains from divestitures and other gains from MSR hedging activities.

DETAILS OF NONINTEREST EXPENSE

<TABLE>
<CAPTION>

Year ended December 31 - dollars in millions	1998	1997	CHANGE AMOUNT	CHANGE PERCENT
<S>	<C>	<C>	<C>	<C>
Staff expense				
Compensation	$1,220	$1,049	$171	16.3%
Employee benefits	196	192	4	2.1
Total	1,416	1,241	175	14.1
Net occupancy and equipment				
Net occupancy	204	189	15	7.9
Equipment	205	180	25	13.9
Total	409	369	40	10.8
Amortization				
Mortgage servicing rights	321	81	240	296.3

Goodwill	68	53	15	28.3
Other	43	40	3	7.5
Total	432	174	258	148.3
Marketing	96	70	26	37.1
Distributions on capital securities	60	43	17	39.5
Other	848	765	83	10.8
Total	$3,261	$2,662	$599	22.5

</TABLE>

FINANCIAL REVIEW 1998 VERSUS 1997

NONINTEREST EXPENSE

Noninterest expense of $3.261 billion in 1998 increased $599 million from the prior year primarily due to higher MSR amortization of $240 million, incentive compensation commensurate with revenue growth in fee-based businesses, the impact of acquisitions and consumer banking initiatives. Average full-time equivalent employees totaled approximately 25,500 in 1998 compared with 24,600 in the prior year, an increase of 3.7% mainly due to acquisitions.

CONSOLIDATED BALANCE SHEET REVIEW

LOANS

Loans outstanding increased $3.4 billion from year-end 1997 to $57.7 billion at December 31, 1998. Growth in commercial and home equity loans more than offset a decline in commercial and residential mortgages and credit card and automobile loans. The increase in commercial loans was primarily in real estate related, specialized lending and middle market. Management anticipates a decline in the loan portfolio in 1999 primarily due to the pending sale of credit cards and continued downsizing of certain portfolios.

DETAILS OF LOANS

<TABLE>
<CAPTION>

December 31 - in millions	1998	1997
<S>	<C>	<C>
Consumer (excluding credit card)		
Home equity	$5,731	$4,848
Automobile	2,444	3,221
Education	1,196	1,223
Other	1,609	1,913
Total consumer	10,980	11,205
Credit card	2,958	3,830
Residential mortgage	12,265	12,785
Commercial		
Manufacturing	5,336	3,838
Retail/wholesale	4,452	3,575
Service providers	3,263	2,497
Real estate related	3,093	2,047
Communications	1,529	1,154
Health care	1,136	1,504
Financial services	2,928	1,027
Other	3,445	4,347
Total commercial	25,182	19,989
Commercial real estate		
Mortgage	1,398	1,848
Real estate project	2,051	2,126
Total commercial real estate	3,449	3,974
Lease financing and other	3,370	2,874
Unearned income	(554)	(412)
Total, net of unearned income	$57,650	$54,245

</TABLE>

The loan portfolio remained relatively consistent in the comparison and the composition continued to be geographically diversified among numerous industries and types of businesses.

SECURITIES AVAILABLE FOR SALE

The securities portfolio declined $1.4 billion from year-end 1997 to $7.1 billion at December 31, 1998. The expected weighted-average life of the securities portfolio increased to 5 years and 3 months at December 31, 1998, compared with 2 years and 9 months a year ago due to the purchase of U.S.

Treasury and government agency securities with maturities of 10 years or more used to economically hedge MSR.

DETAILS OF SECURITIES AVAILABLE FOR SALE

December 31 - in millions	1998 AMORTIZED COST	1998 FAIR VALUE	1997 AMORTIZED COST	1997 FAIR VALUE
Debt securities				
U.S. Treasury and government agencies	$2,781	$2,754	$1,102	$1,105
Mortgage-backed	2,942	2,936	4,672	4,623
Asset-backed	709	708	2,079	2,083
State and municipal	122	128	170	177
Other debt	33	31	34	33
Corporate stocks and other	542	517	501	501
Total	$7,129	$7,074	$8,558	$8,522

Securities available for sale may be sold as part of the overall asset and 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 December 31, 1998 or December 31, 1997.

FUNDING SOURCES

Total funding sources increased $1.2 billion to $68.4 billion at December 31, 1998. Increases in transaction deposit accounts and other borrowed funds were mostly offset by decreases in foreign deposits and federal funds purchased. This change in funding composition resulted in a strengthening of liquidity as 48% of wholesale liabilities had a maturity beyond one year at December 31, 1998, compared with 29% at December 31, 1997. During 1998, the Corporation continued to expand funding sources by issuing approximately $800 million of bank notes under the Euro medium-term bank note program.

DETAILS OF FUNDING SOURCES

December 31 - in millions	1998	1997
Deposits		
Demand, savings and money market	$29,359	$27,475
Time	17,774	17,125
Foreign	363	3,049
Total deposits	47,496	47,649
Borrowed funds		
Federal funds purchased	390	3,632
Repurchase agreements	1,669	714
Bank notes and senior debt	10,384	9,826
Other borrowed funds	6,722	3,753
Subordinated debt	1,781	1,697
Total borrowed funds	20,946	19,622
Total	$68,442	$67,271

CAPITAL

The access to and cost of funding new business initiatives including acquisitions, ability to pay dividends, deposit insurance costs, and the level and nature of regulatory oversight depend, in large part, on a financial institution's capital strength. At December 31, 1998, the Corporation and each bank subsidiary were considered well capitalized based on regulatory capital ratio requirements.

RISK-BASED CAPITAL

<TABLE>
<CAPTION>

December 31 - dollars in millions	1998	1997
<S>	<C>	<C>
Capital components		
Shareholders' equity		
Common	$ 5,729	$5,069
Preferred	314	315
Trust preferred capital securities	850	650
Goodwill and other	(1,383)	(949)
Net unrealized securities losses	36	23
Tier I risk-based capital	5,546	5,108
Subordinated debt	1,641	1,666
Eligible allowance for credit losses	753	861
Total risk-based capital	$7,940	$7,635
Assets		
Risk-weighted assets and off-balance-sheet instruments	$71,146	$68,756
Average tangible assets	76,135	69,948
Capital ratios		
Tier I risk-based	7.80%	7.43%
Total risk-based	11.16	11.11
Leverage	7.28	7.30

</TABLE>

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

In 1998, the Corporation issued $200 million of trust preferred capital securities that qualify as Tier I risk-based capital and $140 million of subordinated debt that qualifies as Tier II risk-based capital. The Corporation also called $39 million of convertible subordinated debentures at par that were converted into common stock.

During 1998, PNC Bank repurchased 6.5 million shares of common stock. On February 18, 1999, the Board of Directors authorized the Corporation to purchase up to 15 million shares of common stock through February 28, 2000. This new program replaces the prior program that was rescinded.

RISK MANAGEMENT

In the normal course of business, the Corporation assumes various types of risk, the most significant of which are credit, liquidity, interest rate and market risk. To manage these risks, PNC Bank has risk management processes designed to provide for risk identification, measurement, monitoring and control.

CREDIT RISK

Credit risk represents the possibility that a borrower 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, among other things, diversification, limiting exposure to any single industry or customer, requiring collateral or selling participations to third parties and purchasing credit-related derivatives.

NONPERFORMING ASSETS

<TABLE>
<CAPTION>

December 31 - dollars in millions	1998	1997
<S>	<C>	<C>
Nonaccrual loans		
Commercial	$188	$128
Residential mortgage	51	44
Commercial real estate		
Mortgage	22	84
Real estate project	28	10
Consumer	6	10
Total nonaccrual loans	295	276

Foreclosed assets		
Residential mortgage	17	21
Commercial real estate	15	27
Other	5	9
Total foreclosed assets	37	57
Total nonperforming assets	$332	$333
Nonperforming loans to total loans	.51%	.51%
Nonperforming assets to total loans and foreclosed assets	.58	.61
Nonperforming assets to total assets	.43	.44

</TABLE>

Nonperforming assets include nonaccrual loans and foreclosed assets and totaled $332 million at December 31, 1998, compared with $333 million at December 31, 1997.

CHANGE IN NONPERFORMING ASSETS

<TABLE>
<CAPTION>

In millions	1998	1997
<S>	<C>	<C>
January 1	$333	$459
Transferred from accrual	377	308
Returned to performing	(12)	(26)
Principal reductions	(175)	(230)
Sales	(58)	(99)
Charge-offs and valuation adjustments	(133)	(79)
December 31	$332	$333

</TABLE>

The amount of nonperforming loans that were current as to principal and interest was $28 million at December 31, 1998, and $34 million at December 31, 1997. There were no troubled debt restructured loans outstanding as of either year end.

ACCRUING LOANS PAST DUE 90 DAYS OR MORE

<TABLE>
<CAPTION>

December 31-	AMOUNT		PERCENT OF LOANS	
dollars in millions	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Consumer (excluding credit card)				
Guaranteed education	$23	$26	1.92%	2.32%
Other	38	32	.39	.32
Total consumer	61	58	.56	.52
Credit card	63	69	2.13	1.80
Residential mortgage	55	60	.45	.47
Commercial	56	77	.22	.39
Commercial real estate	32	23	.93	.58
Other	1	1	.04	.04
Total	$268	$288	.46	.53

</TABLE>

Loans not included in nonaccrual or past due categories, but where known information about possible credit problems causes management to be uncertain of the borrower's ability to comply with existing repayment terms over the next six months, totaled $77 million at December 31, 1998.

ALLOWANCE FOR CREDIT LOSSES

In determining the adequacy of the allowance for credit losses, the Corporation makes allocations to specific problem commercial, commercial real estate and other 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 business segment and risk rating and are based on historical loss trends and management's judgment concerning those trends and other relevant factors. These factors may include, among others, actual versus estimated losses, current regional and national economic conditions, business segment and portfolio concentrations, industry competition and consolidation and the impact of government regulations.

Credit card, other consumer and residential mortgage loan allocations are made at a total portfolio level based on historical loss experience adjusted for portfolio activity and current economic conditions.

While PNC Bank's commercial and consumer pool reserve methodologies strive to reflect all risk factors, there continues to be a certain element of risk arising in part from, but not limited to, potential for estimation or judgmental errors, charge-off volatility, rapid declines in the credit quality of assets arising from such factors as fraud,

portfolio management risks, or sudden economic shifts. Unallocated reserves provide coverage for such risks. While allocations are made to specific loans and pools of loans, the total reserve is available for all credit losses.

Senior management's Reserve Adequacy Committee provides oversight for the allowance evaluation process including quarterly evaluations, and methodology and estimation changes. The results of the evaluations are reported to the Credit Committee of the Board of Directors.

The increase in the provision for credit losses in 1998 and the evaluation of the allowance for credit losses as of December 31, 1998, reflect changes in loan portfolio composition, changes in asset quality and the impact of actions taken to exit the credit card business. The unallocated portion of the allowance for credit losses represented 22% of the total allowance and .29% of total loans at December 31, 1998, compared with 15% and .27%, respectively, at December 31, 1997.

ROLLFORWARD OF ALLOWANCE FOR CREDIT LOSSES

In millions	1998	1997
January 1	$972	$1,166
Charge-offs	(524)	(385)
Recoveries	77	113
Net charge-offs	(447)	(272)
Provision for credit losses	225	70
Acquisitions	3	8
December 31	$753	$972

The allowance as a percent of nonperforming loans and total loans was 255% and 1.31%, respectively, at December 31, 1998. The comparable year-end 1997 amounts were 352% and 1.79%, respectively.

CHARGE-OFFS AND RECOVERIES

Year ended December 31 - dollars in millions	CHARGE-OFFS	RECOVERIES	NET CHARGE-OFFS	PERCENT OF AVERAGE LOANS
1998				
Consumer (excluding credit card)	$83	$34	$49	.44%
Credit card	297	17	280	7.27
Residential mortgage	7	1	6	.05
Commercial	122	20	102	.45
Commercial real estate	8	3	5	.15
Other	7	2	5	.22
Total	$524	$77	$447	.80
1997				
Consumer (excluding credit card)	$104	$36	$68	.60%
Credit card	208	25	183	5.14
Residential mortgage	9	1	8	.06
Commercial	48	38	10	.05
Commercial real estate	12	12		
Other	4	1	3	.16
Total	$385	$113	$272	.51

The increase in net charge-offs and net charge-offs as a percent of average loans in the year-to-year comparison was primarily associated with credit cards and AHERF. Net charge-offs from credit cards will be eliminated following the pending sale of this business. The actual level of net charge-offs and the provision for credit losses in future periods can be affected by many business and economic factors and may differ from current or historical experience.

LIQUIDITY RISK

Liquidity represents an institution's ability to obtain funds at reasonable rates to satisfy commitments to borrowers, demands of depositors and debtholders and to invest in strategic initiatives. Liquidity risk is centrally managed by Asset and Liability Management.

Key factors affecting the Corporation's liquidity include the availability and distribution of funding by type and maturity, asset quality, current and future earnings expectations, market factors, and management and business outlooks and strategies.

Liquidity risk management includes consideration of the Corporation's ability to raise funds in the capital markets through asset securitizations or sales. The ability to raise funds in the capital markets depends on credit ratings, market conditions, capital considerations, investor demand and other factors.

Liquid assets consist of short-term investments, loans held for sale and securities available for sale. At December 31, 1998, such assets totaled $11 billion, with $4.3 billion pledged as collateral for borrowing, trust and other commitments. Liquidity is also provided by residential mortgages which may be used as collateral for funds obtained through the Federal Home Loan Bank ("FHLB") system. At December 31, 1998, approximately $3.3 billion of residential mortgages were available as collateral for borrowings from the FHLB.

Liquidity for the parent company and subsidiaries is also generated through the issuance of securities in public or private markets and lines of credit and through asset securitizations and sales. At December 31, 1998, the Corporation had 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.

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 and 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, financial derivatives and other capital markets instruments.

Interest rate risk is centrally managed by Asset and Liability Management. The Corporation actively measures and monitors 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 and Liability Committee provides strategic direction to Asset and Liability 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, business plans and published industry experience. 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 the timing, magnitude and frequency of interest rate changes, the difference between actual experience and the assumed volume and characteristics of new business and behavior of existing positions, and changes in market conditions and management strategies, among other factors.

The Corporation's interest rate risk management policies provide that net interest income should not decrease by more than 3% if interest rates gradually increase or decrease from current rates by 100 basis points over a twelve-month period. Over the course of 1998, the Corporation's interest rate risk exposures were within policy limits. At December 31, 1998, if interest rates were to gradually increase by 100 basis points over the next twelve months, the model indicates that net interest income would decrease by 0.7%. If interest rates were to gradually decrease by 100 basis points over the next twelve months, the model indicates that net interest income would increase by 0.4%.

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 net interest 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 on-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 net interest 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% of the book value of assets for a 200 basis point instantaneous increase or decrease in interest rates.

Based on the results of the economic value of equity model at December 31, 1998, if interest rates were to instantaneously increase by 200 basis points, the economic value of existing on-balance-sheet and off-balance-sheet positions would decline by 0.4% of assets. If interest rates were to instantaneously decrease by 200 basis points, the economic value of existing on-balance-sheet and off-balance-sheet positions would decline by 0.24% of assets.

MARKET RISK

Most of PNC Bank's trading activities are designed to provide capital markets services for customers of PNC Corporate Bank, PNC Secured Finance and PNC Advisors. 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.

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 potential loss due to a two standard deviation, one-day move. The combined year-end 1998 value-at-risk of all trading operations was less than $600 thousand.

FINANCIAL DERIVATIVES

A variety of off-balance-sheet financial derivatives are used as part of the overall risk management process to manage interest rate, market and credit risk inherent in the Corporation's business activities. Interest rate swaps and purchased interest rate caps and floors are the primary instruments used for interest rate risk management. 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.

Credit-related derivatives provide, for a fee, an assumption of a portion of the credit risk associated with the underlying financial instruments. Such contracts are primarily used to manage credit risk and regulatory capital associated with commercial lending activities.

Financial derivatives involve, to varying degrees, interest rate, market and credit risk in excess of the amount on 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.

In 1998, financial derivatives used in interest rate risk management increased net interest income by $18 million compared with a $14 million decrease in the prior year.

The following table sets forth changes in the notional value of off-balance-sheet financial derivatives used for risk management during 1998.

FINANCIAL DERIVATIVES ACTIVITY

<TABLE>
<CAPTION>

1998 - dollars in millions	JANUARY 1	ADDITIONS	MATURITIES	TERMINATIONS	DECEMBER 31	WEIGHTED-AVERAGE MATURITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest rate risk management						
Interest rate swaps						
Receive fixed	$4,320	$7,805	$(2,047)	$(2,915)	$7,163	2 yr. 9 mo.
Pay fixed	448	301	(100)	(636)	13	1 yr.
Basis swaps	1,011	1,330	(67)		2,274	3 yr. 7 mo.
Interest rate caps	542	314	(129)	(5)	722	4 yr. 5 mo.
Interest rate floors	3,645	3,494	(2,100)	(3,100)	1,939	1 yr. 7 mo.
Total interest rate risk management	9,966	13,244	(4,443)	(6,656)	12,111	
Mortgage banking activities						
Residential						
Forward contracts						
Commitments to purchase loans	1,652	20,055	(20,421)		1,286	2 mo.
Commitments to sell loans	1,335	29,655	(27,742)		3,248	2 mo.
Options	58	866	(717)		207	2 mo.
Interest rate floors - MSR	1,470	5,225		(1,820)	4,875	4 yr. 1 mo.
Total residential	4,515	55,801	(48,880)	(1,820)	9,616	
Commercial		909		(252)	657	9 yr. 1 mo.
Total mortgage banking activities	4,515	56,710	(48,880)	(2,072)	10,273	
Credit-related activities						
Credit default swaps		4,305	(50)		4,255	2 yr. 9 mo.
Total	$14,481	$74,259	$(53,373)	$(8,728)	$26,639	

</TABLE>

The following table sets forth by designated assets and liabilities the notional value and the estimated fair value of financial derivatives used for risk management. Weighted-average interest rates presented are those expected to be in effect based on the implied forward yield curve at December 31, 1998.

FINANCIAL DERIVATIVES
<TABLE>
<CAPTION>

WEIGHTED-AVERAGE

INTEREST RATES

December 31, 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	$5,550	$83	5.06%	5.49%
Pay fixed designated to loans	5		6.23	4.98
Basis swaps designated to other earning assets	300	4	4.78	5.17
Interest rate caps designated to loans(2)	722	6	NM	NM
Interest rate floors designated to loans(3)	1,939	(9)	NM	NM
Total asset rate conversion	8,516	84		
Liability rate conversion				
Interest rate swaps(1)				
Receive fixed designated to:				
Interest-bearing deposits	150	10	5.23	6.65
Borrowed funds	1,463	60	5.12	5.83
Pay fixed designated to borrowed funds	8	1	7.22	5.58
Basis swaps designated to borrowed funds	1,974	9	5.09	5.09
Total liability rate conversion	3,595	80		
Total interest rate risk management	12,111	164		
Mortgage banking activities				
Residential				
Forward contracts				
Commitments to purchase loans	1,286	4	NM	NM
Commitments to sell loans	3,248	4	NM	NM
Options	207	5	NM	NM
Interest rate floors - MSR(3)	4,875	53	NM	NM
Total residential	9,616	66		
Commercial				
Pay fixed swaps	657	(2)	5.42	5.34
Total mortgage banking activities	10,273	64		
Credit-related activities				
Credit default swaps	4,255	(2)	NM	NM
Total financial derivatives	$26,639	$226		

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 33% were based on 1-month LIBOR, 63% on 3-month LIBOR and the remainder on other short-term indices.
(2) Interest rate caps with notional values of $248 million, $209 million and $257 million require the counterparty to pay the excess, if any, of 3-month LIBOR over a weighted-average strike of 6.19%, 1-month LIBOR over a weighted-average strike of 5.85% and Prime over a weighted-average strike of 8.77%, respectively. At December 31, 1998, 3-month LIBOR was 5.07%, 1-month LIBOR was 5.06% and Prime was 7.8%.
(3) Interest rate floors with notional values of $1.5 billion, $1.7 billion and $3.2 billion require the counterparty to pay the Corporation the excess, if any, of the weighted-average strike of 5.01% over 3-month LIBOR, the weighted-average strike of 5.19% over 10-year CMT and the weighted-average strike of 4.99% over 10-year CMS, respectively. At December 31, 1998, 3-month LIBOR was 5.07%, 10-year CMT was 4.65% and 10-year CMS was 5.47%.
NM - Not meaningful

OTHER DERIVATIVES

To accommodate customer needs, PNC Bank enters into customer-related financial derivative 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

<TABLE>
<CAPTION>

December 31, 1998 - in millions	NOTIONAL VALUE	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NET ASSET (LIABILITY)
<S>	<C>	<C>	<C>	<C>
Customer-related				
Interest rate				
Swaps	$11,040	$ 69	$ (89)	$(20)
Caps/floors				
Sold	2,844		(19)	(19)
Purchased	2,589	20		20
Foreign exchange	2,108	33	(27)	6
Other	457	7	(8)	(1)
Total customer-related	19,038	129	(143)	(14)
Other	709	1		1
Total other derivatives	$19,747	$130	$(143)	$(13)

</TABLE>

The following table sets forth by designated assets and liabilities the notional value and the estimated fair value of financial derivatives used for risk management. Weighted-average interest rates presented are those expected to be in effect based on the implied forward yield curve at December 31, 1997.

FINANCIAL DERIVATIVES

<TABLE>
<CAPTION>

			WEIGHTED-AVERAGE INTEREST RATES	
December 31, 1997 - 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	$3,170	$64	5.79%	6.45%
Pay fixed designated to loans	427	(10)	7.30	5.89
Basis swaps designated to other earning assets	336	2	5.77	5.99
Interest rate caps designated to loans(2)	542	4	NM	NM
Interest rate floors designated to loans(3)	3,645	4	NM	NM
Total asset rate conversion	8,120	64		
Liability rate conversion				
Interest rate swaps(1)				
Receive fixed designated to interest-bearing liabilities	1,150	37	5.88	6.31
Pay fixed designated to borrowed funds	21	3	5.47	6.38
Basis swaps designated to borrowed funds	675	1	5.96	5.99
Total liability rate conversion	1,846	41		
Total interest rate risk management	9,966	105		
Mortgage banking activities				
Forward contracts				
Commitments to purchase loans	1,652	(1)	NM	NM
Commitments to sell loans	1,335	(5)	NM	NM
Options	58	2	NM	NM

Interest rate floors - MSR(3)	1,470	26	NM	NM
Total mortgage banking activities	4,515	22		
Total financial derivatives	$14,481	$127		

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 67% were based on 1-month LIBOR, 28% on 3-month LIBOR and the remainder on other short-term indices.
(2) Substantially all interest rate caps require the counterparty to pay the Corporation the excess, if any, of 3-month LIBOR over a weighted-average strike of 6.32%.
(3) Interest rate floors with notional values of $3.5 billion and $1.5 billion require the counterparty to pay the Corporation the excess, if any, of the weighted-average strike of 5.16% over 3-month LIBOR and the weighted-average strike of 5.91% over 10-year CMT, respectively. At December 31, 1997, 3-month LIBOR was 5.81% and 10-year CMT was 5.75%.
NM - Not meaningful

YEAR 2000 READINESS

The Corporation has been working since 1995 to prepare its computer systems and applications to meet the year 2000 challenge. This process involves reviewing, modifying and replacing existing hardware, software and embedded chip technology systems, as necessary, and communicating with external service providers and customers regarding their addressing of year 2000 issues. The Corporation is also assessing the year 2000 preparedness of third parties such as vendors, customers, governmental entities and others.

As of December 31, 1998, approximately 96% of the Corporation's MIS-supported mainframe, mid-range and PC client-server systems had been tested and returned to production as year 2000 ready. Approximately 96% of the Corporation's non-PC related hardware and systems software had also been tested and determined to be year 2000 ready as of that date. At year-end 1998, the Corporation had also substantially completed an organization-wide assessment of year 2000 issues relating to its mission critical systems which utilize embedded chip technologies. No significant problems have been identified to date with respect to embedded chip technology systems.

The Corporation has substantially completed its assessment of the year 2000 preparedness of its identified mission critical service providers. The Corporation has not to date identified any material problems associated with its mission critical service providers.

The year 2000 issue may also have an adverse impact on the operations and financial condition of the Corporation's borrowers. PNC Bank periodically compiles and updates year 2000 profiles for certain of its largest lending relationships for the purpose of assessing their overall risks. Determination of these risks is based upon an assessment of such borrowers' vulnerability to year 2000 issues, resources and capacity, adequacy of year 2000 readiness plans, remediation costs and state of remediation. This information is compiled and analyzed periodically to determine the possible year 2000 impact on the loan portfolio and allowance for credit losses. Based on the Corporation's current assessment of the information it has received to date, management believes the year 2000 issue will not have a material impact on the quality of the loan portfolio. The Corporation will continue to review and assess the year 2000 preparedness of its borrowers during 1999.

During the spring of 1999, PNC Bank plans to conduct fully integrated testing of its systems and applications to determine whether its mission critical application systems will perform in coordination with one another. The mission critical applications systems will be tested on year 2000-ready hardware and software using dates of December 31, 1999, January 3, 2000, February 29, 2000, and additional dates, if determined to be appropriate. The Corporation also intends to conduct testing during 1999 with those mission critical vendors that provide systems-related services.

The estimated total cost to become year 2000 compliant, which is being expensed as incurred, is approximately $30 million. Through December 31, 1998, the Corporation had expensed approximately $21 million related to the year 2000 effort. Expenses incurred for year 2000 readiness efforts comprised less than 5% of the Corporation's total technology-related costs in 1998 and are not expected to exceed 2% of technology-related expenses in 1999. No significant outlays have been made to replace existing systems solely for year 2000 compliance reasons. The costs and the timetable in which the Corporation plans to complete its year 2000 readiness activities are based on management's best estimates, which were derived using numerous assumptions of future events including the continued availability of certain resources, third party preparedness and other factors. The Corporation can make no guarantee that these estimates will be achieved, and actual results could differ from such plans.

Contingency plans have been completed for those systems that were not tested and returned to production by October 31, 1998, and for those critical service providers who either are not expected to be year 2000 ready by March 31, 1999, or did not respond to requests for year 2000 readiness information. Contingency plans are being developed for mission critical end-user computing applications that were not tested by December 15, 1998. In addition, business continuity plans are being reviewed and strengthened to address year 2000 implications. This effort is expected to be completed by March 31, 1999. The Corporation will continue to review all contingency plans during 1999 and modify them when necessary or appropriate. Certain critical service provider and systems contingency plans will be tested during 1999.

PNC Bank's year 2000 remedial efforts and contingency plans are also subject to oversight and regulation by certain federal bank regulatory authorities.

It is not possible to predict with certainty all of the adverse effects that could result from a failure of the Corporation or of third parties to become fully year 2000 compliant or whether such effects could have a material impact on the Corporation. However, if the Corporation were to fail to correct internal year 2000 problems, or if one or more of its third party providers are unable due to year 2000 issues to provide services required by the Corporation, a disruption of operations, resulting in increased operating costs and other adverse effects, could result. Such disruptions could include a temporary inability to process transactions and delays in providing services. In addition, to the extent customers' financial positions are weakened due to year 2000 issues, credit quality could be adversely affected.

OVERVIEW

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

CONSOLIDATED INCOME STATEMENT REVIEW

NET INTEREST INCOME

Taxable-equivalent net interest income was $2.524 billion in 1997, a $45 million increase over 1996. The net interest margin widened 11 basis points to 3.94% compared with 3.83% in 1996. These increases resulted from a higher-yielding earning asset mix which offset the impact of spread compression, change in deposit mix and lower average deposit levels.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was $70 million in 1997. No provision was recorded in the prior year. During 1997, PNC Bank's loan portfolio was comprised of a larger proportion of consumer loans, primarily credit cards, which had inherently higher charge-offs.

NONINTEREST INCOME

Noninterest income before net securities gains totaled $1.806 billion in 1997, a $397 million or 28% increase compared with 1996. Net securities gains were $49 million in 1997 including $17 million associated with mortgage banking hedging activities.

Strong asset management and consumer services growth reflected the strategic emphasis on expanding fee-based revenue. Asset management and mutual fund servicing benefited from new business and market appreciation. Service charges on deposits increased $16 million due to a revised fee structure implemented during 1996. Consumer services revenue exhibited strong growth in nearly all categories. Fees for corporate services increased due to higher treasury management fees. Credit card fees increased $63 million, reflecting credit card portfolio growth largely due to acquisitions.

Mortgage banking revenue grew primarily due to higher income from origination and securitization activities which were partially offset by an $8 million decline in gains from sales of servicing. Other noninterest income increased over 1996 levels primarily due to asset securitization income of $55 million and a $27 million increase in venture capital income.

NONINTEREST EXPENSE

Noninterest expense increased $314 million to $2.662 billion in 1997 primarily due to $187 million of incremental costs associated with AAA and credit card-related national consumer banking initiatives. Higher incentive compensation commensurate with revenue growth and the cost of trust preferred capital securities also contributed to the increase. Excluding AAA and credit card-related national consumer banking initiatives and the cost of trust preferred capital securities, noninterest expense increased $74 million or 3%. Average full-time equivalent employees totaled 24,600 in 1997 compared with 25,000 in 1996. The efficiency ratio was 56.1% compared with 57.0% in the prior year.

CONSOLIDATED BALANCE SHEET REVIEW

Total assets were $75.1 billion at December 31, 1997, compared with $73.3 billion at December 31, 1996. The increase was primarily due to increases in loans, loans held for sale and short-term investments partially offset by a reduction in securities available for sale.

LOANS

Loans outstanding increased $2.4 billion from year-end 1996 to $54.2 billion at December 31, 1997. Loan portfolio composition continued to be geographically diversified among industries and types of businesses and reflected growth in the Corporation's core businesses, credit cards and the impact of acquisitions. Growth in residential mortgages and commercial loans was partially offset by reductions in indirect automobile lending and $1 billion of student loan securitizations.

SECURITIES AVAILABLE FOR SALE

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

FUNDING SOURCES

Deposits increased 4.3% to $47.6 billion at December 31, 1997, compared with $45.7 billion at year-end 1996 while borrowed funds remained relatively unchanged. Deposits increased primarily due to an increase in short-term foreign deposits. During 1997, the Corporation diversified its funding base by initiating a $2.5 billion Euro medium-term bank note program. The Corporation had issued approximately $514 million of bank notes under this program at December 31, 1997.

ASSET QUALITY

The ratio of nonperforming assets to total loans and foreclosed assets was .61% and .88% at December 31, 1997 and 1996, respectively. The allowance for credit losses was 352% of nonperforming loans and 1.79% of total loans at December 31, 1997, compared with 334% and 2.25% at December 31, 1996, respectively. Net charge-offs were .51% of average loans in 1997 compared with .33% in 1996. The increase was primarily associated with higher credit card outstandings.

CAPITAL

Shareholders' equity totaled $5.4 billion and $5.9 billion at December 31, 1997 and 1996, respectively, and the leverage ratio was 7.30% and 7.70% in the comparison. Tier I and total risk-based capital ratios were 7.43% and 11.11%, respectively, at December 31, 1997. The comparable December 31, 1996 ratios were 8.29% and 11.65%, respectively.

REPORTS ON CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

Management assessed PNC Bank Corp.'s internal control over financial reporting as of December 31, 1998. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that PNC Bank Corp. maintained an effective internal control system over financial reporting as of December 31, 1998.

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

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

SHAREHOLDERS AND BOARD OF DIRECTORS
PNC BANK CORP.

We have audited the accompanying consolidated balance sheet of PNC Bank Corp. and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of PNC Bank Corp.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PNC Bank Corp. and subsidiaries at December 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Pittsburgh, Pennsylvania
January 22, 1999

CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

Year ended December 31 - in millions, except per share data	1998	1997	1996
<S>	<C>	<C>	<C>
INTEREST INCOME			
Loans and fees on loans	$4,590	$4,354	$3,943

Securities available for sale	425	540	859
Other	298	157	136
Total interest income	5,313	5,051	4,938
INTEREST EXPENSE			
Deposits	1,471	1,457	1,428
Borrowed funds	1,269	1,099	1,066
Total interest expense	2,740	2,556	2,494
Net interest income	2,573	2,495	2,444
Provision for credit losses	225	70	
Net interest income less provision for credit losses	2,348	2,425	2,444
NONINTEREST INCOME			
Asset management	626	462	378
Mutual fund servicing	182	141	119
Service charges on deposits	203	203	187
Consumer services	390	312	211
Corporate services	257	198	168
Mortgage banking	357	213	189
Net securities gains	120	49	22
Other	488	277	157
Total noninterest income	2,623	1,855	1,431
NONINTEREST EXPENSE			
Staff expense	1,416	1,241	1,135
Net occupancy and equipment	409	369	369
Amortization	432	174	117
Marketing	96	70	63
Distributions on capital securities	60	43	1
Other	848	765	663
Total noninterest expense	3,261	2,662	2,348
Income before income taxes	1,710	1,618	1,527
Income taxes	595	566	535
Net income	$1,115	$1,052	$992
EARNINGS PER COMMON SHARE			
Basic	$3.64	$3.33	$2.91
Diluted	3.60	3.28	2.88
CASH DIVIDENDS DECLARED PER COMMON SHARE	1.58	1.50	1.42
AVERAGE COMMON SHARES OUTSTANDING			
Basic	300.8	310.1	338.6
Diluted	305.1	316.2	344.6

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

December 31 - in millions, except par value	1998	1997
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$2,534	$4,303
Short-term investments	1,014	1,526
Loans held for sale	3,226	2,324

Securities available for sale	7,074	8,522
Loans, net of unearned income of $554 and $412	57,650	54,245
Allowance for credit losses	(753)	(972)
Net loans	56,897	53,273
Goodwill and other amortizable assets	2,548	1,632
Other	3,914	3,540
Total assets	$77,207	$75,120
LIABILITIES		
Deposits		
Noninterest-bearing	$9,943	$10,158
Interest-bearing	37,553	37,491
Total deposits	47,496	47,649
Borrowed funds		
Federal funds purchased	390	3,632
Repurchase agreements	1,669	714
Bank notes and senior debt	10,384	9,826
Other borrowed funds	6,722	3,753
Subordinated debt	1,781	1,697
Total borrowed funds	20,946	19,622
Other	1,874	1,815
Total liabilities	70,316	69,086
Mandatorily redeemable capital securities of subsidiary trusts	848	650
SHAREHOLDERS' EQUITY		
Preferred stock	7	7
Common stock - $5 par value		
Authorized: 450.0 shares		
Issued: 352.8 and 348.4 shares	1,764	1,742
Capital surplus	1,250	1,042
Retained earnings	5,262	4,641
Deferred benefit expense	(36)	(41)
Accumulated other comprehensive loss	(43)	(23)
Common stock held in treasury at cost: 49.1 and 48.0 shares	(2,161)	(1,984)
Total shareholders' equity	6,043	5,384
Total liabilities, capital securities and shareholders' equity	$77,207	$75,120

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

In millions	PREFERRED STOCK	COMMON STOCK	CAPITAL SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1996	$1	$1,704	$545	$3,571	$26	$(79)	$5,768
Net income				992			992
Net unrealized securities losses					(93)		(93)
Comprehensive income							899
Cash dividends declared							
Common				(482)			

							(482)
Preferred				(6)			(6)
Common stock issued (4.3 shares)		22	74				96
Preferred stock issued (6.0 shares)	6		290				296
Treasury stock activity							
(21.0 net shares purchased)			1	(1)		(751)	(751)
Tax benefit of ESOP and							
stock option plans			29	1			30
Deferred benefit expense						19	19
Balance at December 31, 1996	7	1,726	939	4,075	(67)	(811)	5,869
Net income				1,052			1,052
Net unrealized securities gains					44		44
Comprehensive income							1,096
Cash dividends declared							
Common				(469)			(469)
Preferred				(19)			(19)
Common stock issued (3.3 shares)		16	57				73
Treasury stock activity							
(27.0 net shares purchased)			19			(1,233)	(1,214)
Tax benefit of ESOP and							
stock option plans			27	2			29
Deferred benefit expense						19	19
Balance at December 31, 1997	7	1,742	1,042	4,641	(23)	(2,025)	5,384
Net income				1,115			1,115
Net unrealized securities losses					(13)		(13)
Minimum pension liability adjustment					(7)		(7)
Comprehensive income							1,095
Cash dividends declared							
Common				(476)			(476)
Preferred				(19)			(19)
Common stock issued (4.4 shares)		22	99				121
Treasury stock activity							
(1.1 net shares purchased)			90			(177)	(87)
Tax benefit of ESOP and							
stock option plans			19	1			20
Deferred benefit expense						5	5
BALANCE AT DECEMBER 31, 1998	$7	$1,764	$1,250	$5,262	$(43)	$(2,197)	$6,043

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1998	1997	1996
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$1,115	$1,052	$992
Adjustments to reconcile net income to net cash (used) provided by operating activities			
Provision for credit losses	225	70	
Depreciation, amortization and accretion	632	346	290
Deferred income taxes	170	133	190
Net securities gains	(120)	(49)	(22)

Net gains on sales of assets	(328)	(179)	(89)
Change in			
Loans held for sale	(1,331)	(1,383)	(282)
Other	(649)	(31)	(869)
Net cash (used) provided by operating activities	(286)	(41)	210
INVESTING ACTIVITIES			
Net change in loans	(6,031)	(5,182)	(1,657)
Repayment of securities available for sale	2,120	2,014	6,045
Sales			
Securities available for sale	12,779	10,223	6,789
Loans	3,030	2,863	671
Foreclosed assets	69	116	151
Purchases			
Securities available for sale	(13,342)	(8,725)	(9,063)
Loans	(129)	(534)	(2,505)
Net cash (paid) received for acquisitions/divestitures	(1,031)		460
Other	(241)	(823)	664
Net cash (used) provided by investing activities	(2,776)	(48)	1,555
FINANCING ACTIVITIES			
Net change in			
Noninterest-bearing deposits	(215)	(779)	221
Interest-bearing deposits	696	2,766	(1,919)
Federal funds purchased	(3,242)	(301)	(541)
Sale/issuance			
Repurchase agreements	112,108	84,315	70,626
Bank notes and senior debt	9,229	9,125	8,197
Other borrowed funds	98,534	99,469	88,663
Subordinated debt	140	350	
Capital securities	198	300	350
Preferred stock			296
Common stock	123	155	120
Repayment/maturity			
Repurchase agreements	(111,153)	(84,246)	(72,832)
Bank notes and senior debt	(8,672)	(7,390)	(6,561)
Other borrowed funds	(95,616)	(101,368)	(86,991)
Acquisition of treasury stock	(342)	(1,532)	(569)
Cash dividends paid	(495)	(488)	(488)
Net cash provided (used) by financing activities	1,293	376	(1,428)
(Decrease) increase in cash and due from banks	(1,769)	287	337
Cash and due from banks at beginning of year	4,303	4,016	3,679
Cash and due from banks at end of year	$2,534	$4,303	$4,016
CASH PAID FOR			
Interest	$2,727	$2,569	$2,636
Income taxes	397	418	193
NONCASH ITEMS			
Transfers from loans held for sale to loans	429		
Transfers from loans to other assets	44	71	76
Conversion of debt to equity	55	7	

</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 operating retail banking, asset management and wholesale businesses that provide financial products and services 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 those authorities.

NOTE 1 ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENT PRESENTATION

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

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

LOANS HELD FOR SALE

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

SECURITIES

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

LOANS

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

LOAN SECURITIZATIONS

The Corporation sells mortgage and other loans through secondary market securitizations. The Corporation receives a fee for servicing the securitized loans. Securitized loans are removed from the balance sheet and the Corporation records a servicing asset and a corresponding gain or loss on sale. Certain estimates are inherent in determining the fair value of servicing assets and are subject to change.

NONPERFORMING ASSETS

Nonperforming assets are comprised of nonaccrual loans, troubled debt restructurings and foreclosed assets. Generally, loans other than credit card and other consumer are classified as nonaccrual when it is determined that the collection of interest or principal is doubtful or when a default of interest or principal has existed for 90 days or more, unless the loans are well secured and in the process of collection. When interest accrual is discontinued, accrued but uncollected interest credited to income in the current year is reversed and unpaid interest accrued in the prior year, if any, is charged against the allowance for credit losses. Consumer loans are generally charged off when payments are past due 120 days and credit cards are charged off when payments are past due 180 days.

A loan is categorized as a troubled debt restructuring in the year of restructuring if a concession is granted to the borrower due to a deterioration in the financial condition of the borrower.

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

Foreclosed assets are comprised of property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure. These assets are recorded on the date

acquired at the lower of the related loan balance or market value of the collateral less estimated disposition costs. Market values are estimated primarily based on appraisals. Subsequently, foreclosed assets are valued at the lower of the amount recorded at acquisition date or the current market value less estimated disposition costs. Gains or losses realized from disposition of such property are reflected in noninterest expense.

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

ALLOWANCE FOR CREDIT LOSSES

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

The allowance is maintained at a level believed by management to be sufficient to absorb estimated potential credit losses. Management's determination of the adequacy of the allowance is based on periodic evaluations of the credit portfolio and other relevant factors. This evaluation is inherently subjective as it requires material estimates, including, among others, the amounts and timing of expected future cash flows on impaired loans, estimated losses on credit card and other 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. In determining the adequacy of the allowance for credit losses, the Corporation makes allocations to specific problem commercial, commercial real estate and other 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 business segment and risk rating and are based on historical loss trends and management's judgment concerning those trends and other relevant factors. These factors may include, among others, actual versus estimated losses, current regional and national economic conditions, business segment portfolio concentrations, industry competition and consolidation and the impact of government regulations. Credit card, other consumer and residential mortgage loan allocations are made at a total portfolio level based on historical loss experience adjusted for portfolio activity and current economic conditions.

While PNC Bank's commercial and consumer loan pool reserve methodologies strive to reflect all risk factors, there continues to be a certain element of risk arising in part from, but not limited to, potential for estimation or judgmental errors, charge-off volatility, rapid declines in the credit quality of assets arising from such factors as fraud, portfolio management risks, or sudden economic shifts. Unallocated reserves provide coverage for such risks. While allocations are made to specific loans and pools of loans, the reserve is available for all credit losses.

SERVICING OF FINANCIAL ASSETS

Servicing rights retained in a sale or securitization of loans are recorded by allocating the previous carrying amount of the loans sold or securitized to the relative fair values of the assets retained and sold. Purchased servicing rights are recorded at cost. Servicing rights are amortized in proportion to estimated net servicing income. To determine the fair value of servicing rights, the Corporation estimates the present value of future cash flows incorporating numerous assumptions including cost of servicing, discount rates, prepayment speeds and default rates.

A valuation allowance is maintained for the excess, if any, of the carrying amount of capitalized servicing rights over estimated fair value.

GOODWILL AND OTHER AMORTIZABLE ASSETS

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

DEPRECIATION AND AMORTIZATION

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

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 permitted. The adoption of SOP 98-1 did not have a material impact on the Corporation's financial position or results of operations.

TREASURY STOCK

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

FINANCIAL DERIVATIVES

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

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

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

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

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

Additionally, the Corporation enters into other derivative transactions for risk management purposes that do not qualify for accrual accounting. These transactions are recorded at estimated fair value and changes in value are included in noninterest income.

Credit-related derivatives are entered into to manage credit risk and regulatory capital associated with commercial lending activities. If the credit-related derivative qualifies for hedge accounting treatment, the premium paid to enter the credit-related derivative is recorded in other assets and is deferred and amortized to noninterest expense over the life of the agreement. Changes in the fair value of credit-related derivatives qualifying for hedge accounting treatment are not reflected in the Corporation's financial position and have no impact on results of operations.

If the credit-related derivative does not qualify for hedge accounting treatment or if the Corporation is the seller of credit protection, the credit-related derivative is marked to market with gains or losses included in noninterest income.

FOREIGN CURRENCY TRANSLATION

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

INCOME TAXES

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

STOCK OPTIONS

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

EARNINGS PER COMMON SHARE

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

Statement of Financial Accounting Standards ("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 financial derivatives on the balance sheet at fair value. Derivatives that do not qualify as hedges must be adjusted to fair value through results of operations. If the derivative is a hedge as defined by the statement, changes in the fair value of derivatives will be either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through results of operations or recognized in other comprehensive income until the hedged item is recognized in results of operations 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 the financial position and results of operations of the Corporation.

SFAS No. 134, "Accounting for Mortgage-Backed Securities Retained After the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise" (an amendment of SFAS No. 65), is effective January 1, 1999, although early application is permitted. This statement requires the Corporation to classify all mortgage-backed securities or other interests in the form of a security retained after a securitization of mortgage loans held for sale based on its ability and intent to sell or hold those investments. Any retained mortgage-backed securities that the Corporation commits to sell before or during the securitization process must be classified as trading securities. At the time of implementation, this standard permits a one-time reclassification of mortgage-backed securities and other beneficial interests retained after the securitization of mortgage loans held for sale from the trading category. Management does not believe that this statement will have a material impact on the financial position and results of operations of the Corporation.

NOTE 2 ACQUISITIONS AND DIVESTITURES

In April 1998, the Corporation completed the acquisitions of Midland Loan Services, L.P., one of the nation's largest servicers of commercial mortgages, and the asset-based finance business of BTM Capital Corp., including a $600 million portfolio of asset-based loans and loan commitments. In July 1998, the Corporation completed the acquisition of The Arcand Company, subsequently renamed Columbia Housing Partners, a leading tax credit syndicator principally engaged in the origination and distribution of affordable housing limited partnerships. In December 1998, the Corporation acquired Hilliard-Lyons, Inc. ("Hilliard Lyons"), a retail brokerage firm with 90 offices in 13 Midwestern and Southeastern states.

In December, PNC Bank sold its corporate trust and escrow business to Chase Manhattan Trust Company, N.A. and $821 million of non-affinity, non-relationship credit card accounts to a subsidiary of Metris Companies, Inc. The Corporation also entered into a definitive agreement to sell its remaining credit card business of approximately $2.9 billion of outstanding receivables and 3.3 million accounts, including PNC National Bank, Wilmington, Delaware, to MBNA Corporation. This transaction, expected to close in the first quarter of 1999 subject to regulatory approvals, is anticipated to result in a substantial gain.

NOTE 3 CASH FLOWS

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

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

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1998	1996
<S>	<C>	<C>
Assets acquired	$1,007	$538
Liabilities assumed (divested)	(322)	501
Cash paid	1,184	37
Cash and due from banks received	153	497

</TABLE>

The Corporation did not have acquisition or divestiture activity which affected 1997 cash flows.

NOTE 4 SECURITIES AVAILABLE FOR SALE

<TABLE>
<CAPTION>

	1998				1997			
	AMORTIZED	UNREALIZED		FAIR	AMORTIZED	UNREALIZED		FAIR
December 31 - in millions	COST	GAINS	LOSSES	VALUE	COST	GAINS	LOSSES	VALUE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Debt securities								
U.S. Treasury and government agencies	$2,781	$10	$(37)	$2,754	$1,102	$ 4	$ (1)	$1,105
Mortgage-backed	2,942	5	(11)	2,936	4,672	4	(53)	4,623
Asset-backed	709	1	(2)	708	2,079	5	(1)	2,083
State and municipal	122	6		128	170	7		177
Other debt	33		(2)	31	34		(1)	33
Total debt securities	6,587	22	(52)	6,557	8,057	20	(56)	8,021
Corporate stocks and other	542	10	(35)	517	501	3	(3)	501
Total securities available for sale	$7,129	$32	$(87)	$7,074	$8,558	$23	$(59)	$8,522

</TABLE>

No financial derivatives were designated to securities available for sale at December 31, 1998 and 1997.

The following table presents the amortized cost, fair value and weighted-average yield of debt securities at December 31, 1998 by remaining contractual maturity.

CONTRACTUAL MATURITY OF DEBT SECURITIES

<TABLE>
<CAPTION>

December 31, 1998 - dollars in millions	WITHIN 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	AFTER 10 YEARS	TOTAL
U.S. Treasury and government agencies	$40	$299	$2,440	$ 2	$2,781
Mortgage-backed	2	8	197	2,735	2,942
Asset-backed		10	20	679	709
State and municipal	9	22	35	56	122
Other debt	1	8	9	15	33
Total	$52	$347	$2,701	$3,487	$6,587
Fair value	$52	$346	$2,677	$3,482	$6,557
Weighted-average yield	5.20%	5.10%	5.45%	6.11%	5.78%

</TABLE>

Based on current interest rates and expected prepayment speeds, the weighted-average expected maturity of mortgage-backed and asset-backed securities was 2 years and 6 months and 2 years and 4 months, respectively, at December 31, 1998.

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

The carrying value of securities pledged to secure public and trust deposits, repurchase agreements and for other purposes was $4.3 billion at December 31, 1998.

Information relating to security sales is set forth in the following table:

<TABLE>
<CAPTION>

Year ended December 31 - in millions	PROCEEDS	GROSS GAINS	GROSS LOSSES
1998	$12,779	$124	$ 4
1997	10,223	59	10
1996	6,789	39	17

</TABLE>

NOTE 5 LOANS AND COMMITMENTS TO EXTEND CREDIT

Loans outstanding were as follows:

<TABLE>
<CAPTION>

December 31 - in millions	1998	1997	1996	1995	1994
Consumer (excluding credit card)	$10,980	$11,205	$12,092	$12,535	$11,013
Credit card	2,958	3,830	2,776	1,004	838
Residential mortgage	12,265	12,785	12,703	11,689	9,746
Commercial	25,182	19,989	18,588	17,446	16,347
Commercial real estate	3,449	3,974	4,098	4,280	4,261
Other	3,370	2,874	1,926	2,102	2,223
Total loans	58,204	54,657	52,183	49,056	44,428
Unearned income	(554)	(412)	(385)	(403)	(385)
Total loans, net of unearned income	$57,650	$54,245	$51,798	$48,653	$44,043

</TABLE>

Loan outstandings and unfunded commitments are concentrated in PNC Bank's primary geographic markets. At December 31, 1998, no specific industry concentration exceeded 4% of total outstandings and unfunded commitments.

NET UNFUNDED COMMITMENTS

<TABLE>
<CAPTION>

December 31 - in millions	1998	1997
<S>	<C>	<C>

Consumer (excluding credit card)	$ 3,695	$ 3,363
Credit card	14,794	16,385
Residential mortgage	2,756	2,144
Commercial	32,923	29,707
Commercial real estate	1,078	1,167
Other	652	1,019
Total	$55,898	$53,785

</TABLE>

Commitments to extend credit represent arrangements to lend funds provided there is no violation of specified contractual conditions. Commercial commitments are reported net of participations, assignments and syndications, primarily to financial institutions, totaling $5.9 billion at December 31, 1998 and 1997. Commitments generally have fixed expiration dates, may require payment of a fee, and contain termination clauses in the event the customer's credit quality deteriorates. Based on the Corporation's historical experience, most commitments expire unfunded, and therefore cash requirements are substantially less than the total commitment.

Net outstanding letters of credit totaled $4.7 billion at December 31, 1998 and 1997, and consist primarily of standby letters of credit which commit the Corporation to make payments on behalf of customers when certain specified future events occur. Such instruments are typically issued to support industrial revenue bonds, commercial paper, and bid- or performance-related contracts. At year-end 1998, the largest industry concentration within standby letters of credit was health care, which accounted for approximately 14% of the total. Maturities for standby letters of credit ranged from 1999 to 2020.

At December 31, 1998, $2.5 billion of loans were pledged to secure borrowings and for other purposes.

Certain directors and executive officers of the Corporation and its subsidiaries, as well as certain affiliated companies of these directors and officers, were customers of and had loans with subsidiary banks in the ordinary course of business. All such loans were on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other customers and did not involve more than a normal risk of collectibility. The aggregate dollar amounts of these loans were $28 million and $95 million at December 31, 1998 and 1997, respectively.

NOTE 6 NONPERFORMING ASSETS

The following table sets forth nonperforming assets and related information:

<TABLE>
<CAPTION>

December 31 - dollars in millions	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Nonaccrual loans	$295	$276	$347	$335	$496
Troubled debt restructured loans			2	23	69
Total nonperforming loans	295	276	349	358	565
Foreclosed assets	37	57	110	178	192
Assets held for accelerated disposition					10
Total non performing assets	$332	$333	$459	$536	$767
Nonperforming loans to total loans	.51%	.51%	.67%	.74%	1.28%
Nonperforming assets to total loans, foreclosed assets and assets held for accelerated disposition	.58	.61	.88	1.10	1.73
Nonperforming assets to total assets	.43	.44	.63	.73	.99
Interest on nonperforming loans					
Computed on original terms	$25	$31	$35	$36	$54
Recognized	6	6	10	10	14
Past due loans					
Accruing loans past due 90 days or more	$268	$288	$244	$225	$175
As a percentage of total loans, net of unearned income	.46%	.53%	.47%	.46%	.40%

</TABLE>

The Corporation had no material commitments as of December 31, 1998 to extend credit to customers whose outstanding loans are nonperforming.

At December 31, 1998 and 1997, foreclosed assets are reported net of valuation allowances of $10 million and $13 million, respectively. Gains on sales of foreclosed assets resulted in net foreclosed asset income of $3 million, $160 thousand, and $9 million in 1998, 1997 and 1996, respectively.

NOTE 7 ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows:

In millions	1998	1997	1996
January 1	$972	$1,166	$1,259
Charge-offs	(524)	(385)	(247)
Recoveries	77	113	83
Net charge-offs	(447)	(272)	(164)
Provision for credit losses	225	70	
Acquisitions	3	8	71
December 31	$753	$972	$1,166

Impaired loans totaled $238 million and $228 million at December 31, 1998 and 1997, respectively. Impaired loans totaling $141 million and $151 million at the end of 1998 and 1997, respectively, had a corresponding specific allowance for credit losses of $35 million and $38 million. The average balance of impaired loans was $223 million in 1998, $271 million in 1997 and $313 million in 1996. Interest income recognized on impaired loans totaled $1 million, $2 million and $5 million in 1998, 1997 and 1996, respectively.

NOTE 8 PREMISES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

December 31 - in millions	1998	1997
Land	$90	$95
Buildings	498	504
Equipment	1,168	1,133
Leasehold improvements	198	172
	1,954	1,904
Accumulated depreciation and amortization	(1,030)	(1,010)
Net book value	$924	$894

Depreciation and amortization expense on premises, equipment and leasehold improvements totaled $159 million in 1998, $148 million in 1997 and $143 million in 1996.

Certain facilities and equipment are leased under agreements expiring at various dates until the year 2071. Substantially all such leases are accounted for as operating leases. Rental expense on such leases amounted to $112 million in 1998, $88 million in 1997 and $90 million in 1996.

At December 31, 1998 and 1997, required minimum annual rentals due on noncancelable leases having terms in excess of one year aggregated $685 million and $629 million, respectively. Minimum annual rentals for each of the years 1999 through 2003 are $99 million, $92 million, $83 million, $71 million and $53 million, respectively.

NOTE 9 GOODWILL AND OTHER AMORTIZABLE ASSETS

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

<TABLE>

<CAPTION>

December 31 - in millions	1998	1997
Goodwill	$1,347	$898
Mortgage servicing rights		
Residential	768	377
Commercial	117	
Purchased credit cards	292	320
Other	24	37
Total	$2,548	$1,632

</TABLE>

Amortization of goodwill and other amortizable assets was as follows:

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1998	1997	1996
Goodwill	$68	$53	$54
Mortgage servicing rights			
Residential	309	81	56
Commercial	12		
Purchased credit cards	36	34	3
Other	7	6	4
Total	$432	$174	$117

</TABLE>

NOTE 10 DEPOSITS

The aggregate amount of time deposits with a denomination greater than $100,000 was $6.0 billion and $7.0 billion at December 31, 1998 and 1997, respectively. Remaining contractual maturities of time deposits for the years 1999 through 2003 and thereafter are $14.8 billion, $1.4 billion, $464 million, $362 million and $1.1 billion respectively.

NOTE 11 BORROWED FUNDS

Over 50% of bank notes mature in 1999 and have interest rates that range from 4.79% to 6.50%. Obligations to the Federal Home Loan Bank have maturities ranging from 1999 to 2018 and interest rates that range from 1.00% to 7.91%. In May 1998, the Corporation called $39 million of 8.25% convertible subordinated debentures at par. Prior to the redemption date, these debentures were converted into common stock at a conversion price of $23.41. Senior and subordinated notes consisted of the following:

<TABLE>
<CAPTION>

December 31, 1998 - dollars in millions	OUTSTANDING	STATED RATE	MATURITY
Senior	$150	5.18-9.25%	1999-2000
Subordinated			
Nonconvertible	1,781	6.13-10.55%	1999-2008
Total	$1,931		

</TABLE>

Borrowed funds have scheduled repayments for the years 1999 through 2003 and thereafter of $10.8 billion, $3.0 billion, $.7 billion, $2.6 billion and $3.8 billion, respectively.

NOTE 12 CAPITAL SECURITIES OF SUBSIDIARY TRUSTS

Mandatorily Redeemable Capital Securities of Subsidiary Trusts ("Capital Securities") include preferred beneficial interests in the assets of PNC Institutional Capital Trust A, Trust B and Trust C. Trust A, formed in December 1996, holds $350 million of 7.95% junior subordinated debentures, due December 15, 2026, and redeemable after December 15, 2006, at a declining redemption price ranging from 103.975% to par on or after December 15, 2016. Trust B, formed in May 1997, holds $300 million of 8.315% junior subordinated debentures due May 15, 2027, and redeemable after May 15, 2007, at a declining redemption price ranging from 104.1575% to par on or after May 15, 2017. Trust C, formed in June 1998, holds $200 million of junior subordinated debentures due June 1, 2028, bearing interest at a floating rate per annum equal to 3-month LIBOR plus 57 basis points. The rate in effect at December 31, 1998, was 5.831%. Trust C Capital Securities are redeemable on or after June 1, 2008, at par. Cash distributions on the Capital Securities are made to the extent interest on the debentures is received by the Trusts. In the event of certain changes or amendments to regulatory requirements or federal tax rules, the Capital Securities are redeemable in whole.

NOTE 13 SHAREHOLDERS' EQUITY

Information related to preferred stock is as follows:

December 31 - Shares in thousands	LIQUIDATION VALUE PER SHARE	SHARES OUTSTANDING 1998	1997
Authorized			
$1 par value		17,352	17,394
Issued and outstanding			
Series A	$40	13	15
Series B	40	5	5
Series C	20	284	305
Series D	20	388	406
Series F	50	6,000	6,000
Total		6,690	6,731

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

The Series F preferred stock is nonconvertible and nonvoting. Noncumulative dividends are payable quarterly through September 30, 2001, at a rate of 6.05% and, thereafter, indexed to certain market indices at rates not less than 6.55% or greater than 12.55%. The Series F preferred stock is redeemable until September 29, 2001, in the event of certain amendments to the Internal Revenue Code at a declining redemption price from $51.50 to $50.50 per share. After September 29, 2001, the Series F preferred stock may be redeemed at $50 per share.

PNC Bank has a dividend reinvestment and stock purchase plan. Holders of preferred stock and common stock may participate in the plan which provides that additional shares of common stock may be purchased at market value with reinvested dividends and voluntary cash payments. Common shares purchased pursuant to this plan were 596,179 shares in 1998, 765,760 shares in 1997, and 1,097,597 shares in 1996.

At December 31, 1998, the Corporation had reserved approximately 20.1 million common shares to be issued in connection with certain stock plans and the conversion of certain debt and equity securities.

NOTE 14 REGULATORY MATTERS

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

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

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

REGULATORY CAPITAL

December 31 - dollars in millions	AMOUNT 1998	AMOUNT 1997	RATIOS 1998	RATIOS 1997
Risk-based capital				
Tier I				
PNC Bank Corp.	$5,546	$5,108	7.80%	7.43%
PNC Bank, N.A.	5,102	4,865	7.73	7.53
Total				
PNC Bank Corp.	7,940	7,635	11.16	11.11
PNC Bank, N.A.	7,038	6,786	10.66	10.50
Leverage				
PNC Bank Corp.	5,546	5,108	7.28	7.30
PNC Bank, N.A.	5,102	4,865	7.21	7.45

The access to and cost of funding new business initiatives including acquisitions, ability to pay dividends, deposit insurance costs, and the level and nature of regulatory oversight depend, in large part, on a financial institution's capital strength. The minimum regulatory capital ratios are 4% for Tier I risk-based, 8% for total risk-based and 3% for leverage. However, regulators may require higher capital levels when particular circumstances warrant. To qualify as well capitalized, regulators require banks to maintain capital ratios of at least 6% for Tier I, 10% for total risk-based and 5% for leverage. At December 31, 1998, the Corporation and each bank subsidiary met the well capitalized capital ratio requirements.

Dividends that may be paid by subsidiary banks to the parent company are subject to certain legal limitations and also may be impacted by capital needs, regulatory requirements, corporate policies, contractual restrictions and other factors. Without regulatory approval, the amount available for payment of dividends by all subsidiary banks was $952 million at December 31, 1998.

Under federal law, generally no bank subsidiary may extend credit to the parent company or its nonbank subsidiaries on terms and under circumstances which are not substantially the same as comparable extensions of credit to nonaffiliates. No extension of credit may be made to the parent company or a nonbank subsidiary which is in excess of 10% of the capital stock and surplus of such bank subsidiary or in excess of 20% of the capital and surplus of such bank subsidiary as to aggregate extensions of credit to the parent company and its subsidiaries. In certain circumstances, federal regulatory authorities may impose more restrictive limitations. Such extensions of credit, with limited exceptions, must be fully collateralized. The maximum amount available under statutory limitations for transfer from subsidiary banks to the parent company in the form of loans and dividends approximated 27% of consolidated net assets at December 31, 1998.

Federal Reserve Board regulations require depository institutions to maintain cash reserves with the Federal Reserve Bank. During 1998, subsidiary banks maintained reserves which averaged $186 million.

NOTE 15 FINANCIAL DERIVATIVES

FAIR VALUE OF FINANCIAL DERIVATIVES

December 31 - in millions	NOTIONAL VALUE	POSITIVE FAIR VALUE	NOTIONAL VALUE	NEGATIVE FAIR VALUE
1998				
Interest rate				
Swaps	$6,915	$177	$2,535	$(10)
Caps	722	6		
Floors	1,500		439	(9)
Total interest rate risk management	9,137	183	2,974	(19)
Mortgage banking activities	9,367	74	906	(10)
Credit default swaps			4,255	(2)
Total	$18,504	$257	$8,135	$(31)
1997				

Interest rate				
Swaps	$4,849	$106	$930	$(10)
Caps	542	4		
Floors	3,500	6	145	(1)
Total interest rate risk management	8,891	116	1,075	(11)
Mortgage banking activities	1,528	28	2,987	(6)
Total	$10,419	$144	$4,062	$(17)

</TABLE>

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

The Corporation uses interest rate swaps and purchased caps and floors to modify the interest rate characteristics of designated interest-bearing assets or liabilities from fixed to variable, variable to fixed, or one variable index to another. At December 31, 1998, $8.2 billion of interest rate swaps, caps and floors were designated to loans. No financial derivatives were designated to securities available for sale at December 31, 1998. During 1998, derivative contracts modified the average effective yield on interest-earning assets from 7.90% to 7.92%. At December 31, 1998, $3.6 billion of interest rate swaps were designated to interest-bearing liabilities. During 1998, derivative contracts modified the average rate on interest-bearing liabilities from 4.78% to 4.77%.

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

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

During 1998, the Corporation entered into a credit default swap to manage credit risk and regulatory capital associated with commercial lending activities.

At December 31, 1998 and 1997, the Corporation's exposure to credit losses with respect to financial derivatives was not material.

OTHER DERIVATIVES

The following schedule sets forth information relating to positions associated with customer-related and other derivatives.

<TABLE>
<CAPTION>

December 31 - in millions	NOTIONAL VALUE	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE	NET ASSET (LIABILITY)
1998				
<S>	<C>	<C>	<C>	<C>
Customer-related				
Interest rate				
Swaps	$11,040	$69	$(89)	$(20)
Caps/floors				
Sold	2,844		(19)	(19)
Purchased	2,589	20		20
Foreign exchange	2,108	33	(27)	6

Other	457	7	(8)	(1)
Total customer-related	19,038	129	(143)	(14)
Other	709	1		1
Total	$19,747	$130	$(143)	$(13)
1997				
Customer-related				
Interest rate				
Swaps	$3,518	$15	$(14)	$1
Caps/floors				
Sold	1,340		(4)	(4)
Purchased	1,215	4		4
Foreign exchange	1,700	23	(23)	
Other	734	1	(1)	
Total	$8,507	$43	$(42)	$1

</TABLE>

NOTE 16 EMPLOYEE BENEFIT PLANS

INCENTIVE SAVINGS PLANS

The Corporation sponsors incentive savings plans covering substantially all employees. Under the plans, employee contributions up to 6% of biweekly compensation, as defined in the plans, subject to Internal Revenue Code limitations, are matched. Contributions to the plans are matched primarily by shares of PNC Bank common stock held by the Corporation's employee stock ownership plan ("ESOP").

The Corporation makes annual contributions to the ESOP equal to the debt service requirements on the ESOP borrowing less dividends received by the ESOP. All dividends received by the ESOP are used to pay debt service. Dividends used for debt service totaled $9 million in 1998 and $10 million in 1997 and 1996. To satisfy additional debt service requirements, PNC Bank contributed $7 million in 1998, $13 million in 1997 and $11 million in 1996.

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

<TABLE>
<CAPTION>

As of or for the year ended December 31 - in thousands	1998	1997
<S>	<C>	<C>
Shares		
Unallocated	1,353	2,237
Allocated	3,772	3,413
Released for allocation	1,014	947
Retired	(536)	(458)
Total	5,603	6,139

</TABLE>

Compensation expense related to the portion of contributions matched with ESOP shares is determined based on the number of ESOP shares allocated. Compensation expense related to these plans was $9 million for 1998, $11 million for 1997 and $9 million for 1996.

PENSION PLANS

The Corporation has a noncontributory, defined benefit pension plan covering most employees. Retirement benefits are based on certain compensation levels, age and length of service. Pension contributions are based on an actuarially determined amount necessary to fund total benefits payable to plan participants. The Corporation also maintains nonqualified supplemental retirement plans for certain employees. All retirement benefits provided under these plans are unfunded and any payments to plan participants are made by the Corporation.

Plan amendments encompassing covered compensation, determination of benefits, eligibility and interest rates used to calculate certain distributions from the plans were implemented during 1998. The Corporation also offered an enhanced voluntary retirement program to certain employees in the defined benefit plan meeting specific age and service requirements. These special termination benefits increased pension cost by $10 million in 1998.

A reconciliation of the changes in benefit obligation and plan assets for the defined benefit and supplemental plans is as follows:

<TABLE>
<CAPTION>

In millions	1998	1997
<S>	<C>	<C>
Benefit obligation at beginning of year	$812	$728
Service cost	28	29
Interest cost	58	58
Plan amendments	(16)	
Special termination benefits	10	
Actuarial loss	82	57
Benefits paid	(108)	(60)
Benefit obligation at end of year	$866	$812
Fair value of plan assets at beginning of year	$773	$713
Actual return on plan assets	88	117
Employer contribution	5	3
Benefits paid	(108)	(60)
Fair value of plan assets at end of year	$758	$773
Funded status	$108	$39
Unrecognized net actuarial (loss) gain	(51)	5
Unrecognized prior service cost	6	(11)
Unrecognized net transition asset	10	15
Net amount recognized	$73	$48
Accrued pension cost	$73	$48
Additional minimum liability	15	
Intangible asset	(4)	
Accumulated other comprehensive loss	(11)	
Net amount recognized on the balance sheet	$73	$48

</TABLE>

At December 31, 1998, the defined benefit plan's accumulated benefit obligation of $765 million exceeded the fair value of plan assets of $758 million. The nonqualified supplemental retirement plans had an accumulated benefit obligation of $67 million and $48 million as of December 31, 1998 and 1997, respectively.

Plan assets consist primarily of listed common stocks, U.S. government and agency securities and collective funds. Plan assets are managed by BlackRock and include no common stock of the Corporation.

The components of net periodic pension cost were as follows:

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Service cost	$28	$29	$32
Interest cost	58	58	53
Expected return on plan assets	(71)	(66)	(62)
Transition amount amortization	(5)	(5)	(6)
Special termination benefits	10		
Amortization of prior service cost	1	2	2
Recognized net actuarial loss	1	1	1
Curtailment gain			(3)
Net periodic pension cost	$22	$19	$17

</TABLE>

Weighted-average assumptions were as follows:

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Discount rate	6.75%	7.20%	7.70%
Rate of compensation increase	4.50	4.50	4.75
Expected return on plan assets	9.50	9.50	9.50

</TABLE>

POSTRETIREMENT BENEFIT PLANS

The Corporation also provides certain health care and life insurance benefits for retired employees ("postretirement benefits") through various plans. During 1998, additional health care options were offered to certain of the Corporation's retirees aged 65 years and over. A reconciliation of the accrued postretirement benefit obligation is as follows:

<TABLE>
<CAPTION>

In millions	1998	1997
<S>	<C>	<C>
Benefit obligation at beginning of year	$213	$211
Service cost	2	2
Interest cost	14	16
Plan amendments	(31)	
Actuarial loss (gain)	6	(1)
Participant contributions	3	3
Benefits paid	(20)	(18)
Benefit obligation at end of year	$187	$213
Funded status	$187	$213
Unrecognized actuarial loss	(17)	(12)
Unrecognized prior service cost	75	49
Net amount recognized on the balance sheet	$245	$250

</TABLE>

The components of postretirement benefit cost were as follows:

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1998	1997	1996
<S>	<C>	<C>	<C>
Service cost	$2	$2	$3
Interest cost	14	16	14
Amortization of prior service cost	(6)	(4)	(4)
Recognized net actuarial loss			1
Curtailment gain			(1)
Net postretirement benefit cost	$10	$14	$13

</TABLE>

Weighted-average assumptions were as follows:

<TABLE>
<CAPTION>

December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Discount rate	6.75%	7.20%	7.70%
Expected health care cost trend rate			
Medical	5.45	6.50	7.00
Dental	5.25	6.20	6.60

</TABLE>

The health care cost trend rate declines until it stabilizes at 4.25% beginning in 2001. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

<TABLE>
<CAPTION>

Year ended December 31, 1998 - in millions	INCREASE	DECREASE
<S>	<C>	<C>
Effect on total of service and interest cost	$1	$(1)
Effect on postretirement benefit obligation	10	(12)

</TABLE>

NOTE 17 STOCK-BASED COMPENSATION PLANS

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

STOCK OPTIONS

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

	PER OPTION		
Shares in thousands	EXERCISE PRICE	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES
January 1, 1996	$11.38-$29.88	$23.00	9,840
Granted	31.13-37.31	31.23	2,697
Exercised	11.38-29.25	21.05	(3,258)
SAR exercised		19.13	(7)
Terminated	21.75-31.13	27.75	(242)
December 31, 1996	11.38-37.31	26.03	9,030
Granted	43.31-43.75	43.75	2,912
Exercised	11.38-31.13	24.10	(2,969)
SAR exercised		17.13	(4)
Terminated	21.75-43.75	41.32	(178)
December 31, 1997	11.38-43.75	32.25	8,791
Granted	43.66-66.00	55.17	3,449
Exercised	11.38-43.75	31.26	(2,449)
Terminated	43.75-54.72	52.35	(225)
December 31, 1998	11.38-66.00	40.30	9,566

At December 31, 1998, the weighted-average remaining contractual life of outstanding options was 7 years and 4 months and options for 6,293,092 shares of common stock were exercisable at a weighted-average price of $32.55 per share. The grant-date fair value of options granted in 1998 was $8.74 per option. During 1998, options for 118,000 shares of common stock were granted with an exercise price in excess of the market value on the date of grant. Shares of

common stock available for the granting of options under the Incentive Plan and the predecessor plans were 10,584,683 at December 31, 1998, 9,012,899 at December 31, 1997, and 9,723,541 at December 31, 1996.

INCENTIVE SHARE AWARDS

In 1998 and 1997, 241,500 and 313,000 incentive shares of common stock, respectively, were granted to certain senior executives pursuant to the Incentive Plan. Issuance of such incentive shares is subject to the market price of PNC Bank's common stock equaling or exceeding specified levels for defined periods. The restricted period ends two years after the issue date. During the restricted period, the recipient receives dividends and can vote the shares. If the recipient leaves the Corporation within the restricted period, the shares will be forfeited. During 1998, forfeitures totaled 8,000 shares. At December 31, 1998, the shares granted in 1998 had not met the specified levels required for issuance. The requirements for the shares granted in 1997 were met on April 6, 1998. As a result of exceeding performance targets, 112.5% of the remaining 1997 shares, or 343,125 shares of restricted common stock were issued. Compensation expense recognized for incentive share awards was $15 million, $6 million and $3 million in 1998, 1997 and 1996, respectively.

EMPLOYEE STOCK PURCHASE PLAN

The Corporation's employee stock purchase plan ("ESPP") has approximately 3.9 million shares available for issuance. Persons who have been continuously employed for at least one year are eligible to participate. Participants purchase the Corporation's common stock at 85% of the lesser of fair market value on the first or last day of each offering period. No charge to earnings is recorded with respect to the ESPP. Shares issued pursuant to the ESPP were as follows:

Year ended December 31	SHARES	PRICE PER SHARE
1998	315,097	$43.83 and $48.34
1997	367,494	33.15 and 35.49
1996	389,738	25.29 and 25.82

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

PRO FORMA NET INCOME AND DILUTED EPS

Year ended December 31	REPORTED	PRO FORMA
Net income (in millions)		
1998	$1,115	$1,099
1997	1,052	1,035
1996	992	980
Diluted earnings per share		
1998	$3.60	$3.54
1997	3.28	3.23
1996	2.88	2.84

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

Year ended December 31	1998	1997	1996
Risk-free interest rate	5.5%	6.2%	5.3%
Dividend yield	4.4	4.9	4.7
Volatility	19.9	27.6	32.1
Expected life	6 yrs.	6 yrs.	6 yrs.

NOTE 18 INCOME TAXES

The components of income taxes were as follows:

Year ended December 31 - in millions	1998	1997	1996
Current			
Federal	$368	$380	$297
State	57	53	48
Total current	425	433	345
Deferred			
Federal	167	126	172
State	3	7	18
Total deferred	170	133	190
Total	$595	$566	$535

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

December 31 - in millions	1998	1997
Deferred tax assets		
Allowance for credit losses	$269	$336
Compensation and benefits	163	134
Net unrealized securities losses	5	12
Other	75	28
Total deferred tax assets	512	510
Deferred tax liabilities		
Leasing	418	284
Depreciation	39	37
Other	130	112
Total deferred tax liabilities	587	433
Net deferred tax (liability) asset	$(75)	$77

A reconciliation between the statutory and effective tax rates follows:

Year ended December 31	1998	1997	1996
Statutory tax rate	35.0%	35.0%	35.0%
Increases (decreases) resulting from			
State taxes	2.3	2.4	2.8
Tax-exempt interest	(1.0)	(1.1)	(1.7)
Goodwill	.8	.8	.9
Other	(2.3)	(2.1)	(2.0)
Effective tax rate	34.8%	35.0%	35.0%

NOTE 19 EARNINGS PER SHARE

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

Year ended December 31 - in thousands,except per share data	1998	1997	1996
CALCULATION OF BASIC EARNINGS PER COMMON SHARE			
Net income	$1,115,178	$1,052,468	$992,226
Less: Preferred dividends declared	19,363	19,457	5,480
Net income applicable to basic earnings per common share	$1,095,815	$1,033,011	$986,746
Basic weighted-average common shares outstanding	300,761	310,147	338,568
Basic earnings per common share	$3.64	$3.33	$2.91
CALCULATION OF DILUTED EARNINGS PER COMMON SHARE			
Net income	$1,115,178	$1,052,468	$992,226
Add: Interest expense on convertible debentures (net of tax)	880	3,006	3,416
Less: Dividends declared on nonconvertible preferred stock	18,150	18,150	4,084

Net income applicable to diluted earnings per common share	$1,097,908	$1,037,324	$991,558
Basic weighted-average common shares outstanding	300,761	310,147	338,568
Weighted-average common shares to be issued using average market price and assuming:			
Conversion of preferred stock Series A and B	148	163	173
Conversion of preferred stock Series C and D	1,145	1,237	1,321
Conversion of debentures	761	2,449	2,790
Exercise of stock options	1,846	1,914	1,610
Incentive share awards	486	311	114
Diluted weighted-average common shares outstanding	305,147	316,221	344,576
Diluted earnings per common share	$3.60	$3.28	$2.88

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 SEGMENT REPORTING

PNC Bank operates eight major businesses engaged in retail banking, asset management and wholesale banking activities: PNC Regional Community Bank, PNC National Consumer Bank, PNC Advisors, BlackRock, PFPC Worldwide, PNC Corporate Bank, PNC Secured Finance and PNC Mortgage.

Business results presented are based on PNC Bank's management accounting practices and the Corporation's current management structure.

The management accounting process uses various balance sheet and income statement assignments and transfers to measure performance of the businesses. Securities or borrowings and related net interest income are assigned based on the net asset or liability position of each business. Capital is assigned based on management's assessment of inherent risks and equity levels at independent companies providing similar products and services. Support areas not directly aligned with the businesses are allocated primarily based on utilization of these services.

Total business financial results differ from consolidated financial results primarily due to differences between management accounting practices and generally accepted accounting principles, divested businesses, eliminations and unassigned items, the impact of which is reflected in Other.

BUSINESS SEGMENT PRODUCTS AND SERVICES

PNC Regional Community Bank offers a wide range of deposit and credit products to consumers and small business owners through traditional branches, supermarket sales offices, on-line banking, telephone banking, automated teller machines and small business banking operations.

PNC National Consumer Bank's products include automobile, student, home equity and residential mortgage loans, as well as deposit accounts and money market mutual funds.

PNC Advisors offers personalized investment management, brokerage services, personal trust, estate planning and traditional banking services for the affluent; investment management services for the ultra-affluent and institutional trust services.

BlackRock offers fixed income, domestic and international equity and liquidity investment products.

PFPC Worldwide provides a wide range of accounting, administration, transfer agency, custody, securities lending and integrated banking transaction services to pension and money fund managers, mutual funds, partnerships, brokerage firms, insurance companies and banks.

PNC Corporate Bank provides specialized credit, capital markets and treasury management products and services to large and mid-sized businesses, institutions and government agencies and includes the equity management business which makes private equity investments.

PNC Secured Finance is engaged in commercial real estate finance, including loan origination, securitization and servicing, asset-based financing and equipment leasing.

PNC Mortgage activities primarily include origination and servicing of residential mortgages. In addition, PNC Mortgage securitizes and sells residential mortgages as private-label, mortgage-backed securities and performs master servicing of those securities for investors.

RESULTS OF BUSINESS

<TABLE>
<CAPTION>

Year ended December 31 - in millions	PNC REGIONAL COMMUNITY BANK	PNC NATIONAL CONSUMER BANK	PNC ADVISORS	BLACKROCK	PFPC WORLDWIDE	PNC CORPORATE BANK	PNC SECURED FINANCE	PNC MORTGAGE	OTHER	TOTAL CONSOLIDATED
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1998										
INCOME STATEMENT										
Net interest income	$1,299	$164	$125	$(3)	$8	$429	$224	$139	$214	$2,599
Noninterest income	381	120	412	291	183	308	82	266	580	2,623
Total revenue	1,680	284	537	288	191	737	306	405	794	5,222
Provision for credit losses	40	36	3			102	(15)	3	56	225
Noninterest expense	931	205	333	209	127	359	156	306	635	3,261
Pretax earnings	709	43	201	79	64	276	165	96	103	1,736
Income taxes	281	16	77	35	24	99	53	39	(3)	621
Earnings	$428	$27	$124	$44	$40	$177	$112	$57	$106	$1,115
Inter-segment revenue	$4			$6		$(13)	$11	$33	$(41)	
Average assets	$35,060	$7,131	$2,690	$272	$213	$15,557	$9,356	$12,127	$(7,780)	$74,626
1997										
INCOME STATEMENT										
Net interest income	$1,318	$160	$115	$(7)	$6	$404	$209	$111	$208	$2,524
Noninterest income	281	165	341	173	142	288	54	200	211	1,855
Total revenue	1,599	325	456	166	148	692	263	311	419	4,379
Provision for credit losses	33	44	3			4	(37)	5	18	70
Noninterest expense	945	195	297	117	95	357	86	250	320	2,662
Pretax earnings	621	86	156	49	53	331	214	56	81	1,647
Income taxes	249	32	60	21	20	118	74	22	(1)	595
Earnings	$372	$54	$96	$28	$33	$213	$140	$34	$82	$1,052

	REGIONAL COMMUNITY BANKING	NATIONAL CONSUMER BANKING	PRIVATE BANKING	ASSET MANAGEMENT	MUTUAL FUND SERVICING	CORPORATE BANKING	SECURED LENDING	MORTGAGE BANKING	OTHER	TOTAL CONSOLIDATED
Inter-segment revenue	$1	$2	$(2)	$3		$(12)	$10	$34	$(36)	
Average assets	$35,134	$7,351	$2,537	$256	$152	$14,754	$6,635	$10,240	$(6,415)	$70,644

</TABLE>

<TABLE>
<CAPTION>

Year ended December 31 - in millions	REGIONAL COMMUNITY BANKING	NATIONAL CONSUMER BANKING	PRIVATE BANKING	ASSET MANAGEMENT	MUTUAL FUND SERVICING	CORPORATE BANKING	SECURED LENDING	MORTGAGE BANKING	OTHER	TOTAL CONSOLIDATED
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1996										
INCOME STATEMENT										
Net interest income	$1,387	$261	$97	$(1)	$9	$444	$181	$119	$(18)	$2,479
Noninterest income	280	119	255	203	121	229	29	221	(62)	1,395
Total revenue	1,667	380	352	202	130	673	210	340	(80)	3,874
Provision for credit losses	21	92	1			(17)		5	(102)	
Noninterest expense	960	201	237	154	80	339	62	289	(10)	2,312
Pretax earnings	686	87	114	48	50	351	148	46	32	1,562
Income taxes	261	33	43	18	19	133	53	17	(7)	570
Earnings	$425	$54	$71	$30	$31	$218	$95	$29	$39	$992
Inter-segment revenue	$1			$3		$(3)	$3	$26	$(30)	
Average assets	$35,839	$8,219	$2,396	$452	$164	$15,298	$5,864	$9,289	$(6,714)	$70,807

</TABLE>

The results of the credit card business, which is being divested, and the corporate trust and escrow business, which was sold in 1998 as well as the benefit from the sale of an 18% equity interest to BlackRock management in 1998 are included in Other in 1998 and 1997. The remainder of Other represents the impact of asset and liability management, eliminations, reclassifications and unassigned items.

PNC Bank's credit card business was previously a significant component of PNC National Consumer Bank. In the first quarter of 1999, upon the anticipated completion of the credit card divestiture, PNC National Consumer Bank will be combined with PNC Regional Community Bank.

The amounts presented for 1996 represent a previous organization structure and are not comparable with 1998 and 1997 results. The restatement of 1996 business results is not practicable due to limitations in the management accounting system and process.

NOTE 21 COMPREHENSIVE INCOME

Effective January 1, 1998, the Corporation adopted 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 and minimum pension liability adjustments 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 income tax effects allocated to each component of other comprehensive income (loss) are as follows:

December 31 - in millions	BEFORE-TAX AMOUNT	TAX BENEFIT (EXPENSE)	NET-OF-TAX AMOUNT
1998			
Unrealized securities losses	$(42)	$15	$(27)
Less: Reclassification adjustment for losses realized in net income	(22)	8	(14)
Net unrealized securities losses	(20)	7	(13)
Minimum pension liability adjustment	(11)	4	(7)
Other comprehensive loss	$(31)	$11	$(20)
1997			
Net unrealized securities gains	$68	$(24)	$44
Other comprehensive income	$68	$(24)	$44
1996			
Net unrealized securities losses	$(124)	$31	$(93)
Other comprehensive loss	$(124)	$31	$(93)

The accumulated balances related to each component of other comprehensive loss are as follows:

December 31 - in millions	1998	1997
Net unrealized securities losses	$(36)	$(23)
Minimum pension liability adjustment	(7)	
Accumulated other comprehensive loss	$(43)	$(23)

NOTE 22 LITIGATION

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

NOTE 23 OTHER FINANCIAL INFORMATION

Summarized financial information of the parent company is as follows:

PARENT COMPANY ONLY
BALANCE SHEET

December 31 - in millions	1998	1997
ASSETS		
Cash and due from banks	$1	$1
Interest-earning deposits with subsidiary bank	9	8
Securities available for sale	27	68
Investments in:		
Bank subsidiaries	6,737	6,192
Nonbank subsidiaries	740	386
Other assets	164	133
Total assets	$7,678	$6,788
LIABILITIES		
Borrowed funds	$300	$355
Nonbank affiliate borrowings	1,006	738

Accrued expenses and other liabilities	329	311
Total liabilities	1,635	1,404
SHAREHOLDERS' EQUITY	6,043	5,384
Total liabilities and shareholders' equity	$7,678	$6,788

</TABLE>

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

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

PARENT COMPANY ONLY
STATEMENT OF INCOME

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1998	1997	1996
<S>	<C>	<C>	<C>
OPERATING REVENUE			
Dividends from:			
Bank subsidiaries	$774	$852	$924
Nonbank subsidiaries	21	9	32
Interest income	5	14	7
Noninterest income	1	2	1
Total operating revenue	801	877	964
OPERATING EXPENSE			
Interest expense	92	76	56
Other expense	7	11	38
Total operating expense	99	87	94
Income before income tax benefits and equity in undistributed net income of subsidiaries	702	790	870
Income tax benefits	(35)	(32)	(30)
Income before equity in undistributed net income of subsidiaries	737	822	900
Net equity in undistributed net income (excess dividends):			
Bank subsidiaries	312	144	63
Nonbank subsidiaries	66	86	29
Net income	$1,115	$1,052	$992

</TABLE>

PARENT COMPANY ONLY
STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1998	1997	1996
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$1,115	$1,052	$992
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net earnings of subsidiaries	(378)	(230)	(92)
Other	14	19	(6)
Net cash provided by operating activities	751	841	894

INVESTING ACTIVITIES			
Net change in interest-earning deposits with subsidiary bank		1	(1)
Net capital (contributed to) returned from subsidiaries	(261)	57	657
Securities available for sale			
Sales	1,170	3,321	1,296
Purchases	(1,129)	(2,787)	(1,850)
Cash paid in acquisitions	(83)		
Other	(17)	(8)	
Net cash (used) provided by investing activities	(320)	584	102
FINANCING ACTIVITIES			
Borrowings from nonbank subsidiary	297	656	
Repayments on borrowings from nonbank subsidiary	(14)	(222)	(353)
Acquisition of treasury stock	(342)	(1,532)	(569)
Cash dividends paid to shareholders	(495)	(488)	(488)
Issuance of stock	123	155	416
Other		3	
Net cash used by financing activities	(431)	(1,428)	(994)
(Decrease) increase in cash and due from banks		(3)	2
Cash and due from banks at beginning of year	1	4	2
Cash and due from banks at end of year	$1	$1	$4

</TABLE>

During 1998, 1997 and 1996, the parent company received net income tax refunds of $42 million, $35 million and $39 million, respectively. Such refunds represent the parent company's portion of consolidated income taxes. During 1998, 1997 and 1996, the parent company paid interest of $95 million, $65 million and $60 million, respectively.

In connection with the 1995 Midlantic merger, borrowed funds of Midlantic in the aggregate principal amount of $300 million at December 31, 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

<TABLE>
<CAPTION>

December 31 - in millions	1998	1997
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$2,527	$4,302
Securities	6,868	8,276
Loans, net of unearned income	57,282	54,126
Allowance for credit losses	(753)	(971)
Net loans	56,529	53,155
Other assets	9,261	8,144
Total assets	$75,185	$73,877
LIABILITIES		
Deposits	$47,578	$47,766
Borrowed funds	19,402	18,437
Other liabilities	1,130	1,145
Total liabilities	68,110	67,348
Mandatorily redeemable capital securities of subsidiary trust	350	350
SHAREHOLDERS' EQUITY	6,725	6,179
Total liabilities, capital securities and shareholders' equity	$75,185	$73,877

</TABLE>

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

<TABLE>
<CAPTION>

Year ended December 31 - in millions	1998	1997	1996
<S>	<C>	<C>	<C>
Interest income	$5,261	$5,005	$4,903
Interest expense	2,638	2,466	2,404
Net interest income	2,623	2,539	2,499
Provision for credit losses	225	70	
Net interest income less provision for credit losses	2,398	2,469	2,499
Noninterest income	2,405	1,596	1,249
Noninterest expense	3,127	2,520	2,230
Income before income taxes	1,676	1,545	1,518
Income taxes	597	556	539
Net income	$1,079	$989	$979

</TABLE>

NOTE 24 UNUSED LINE OF CREDIT

At December 31, 1998, the Corporation maintained a line of credit in the amount of $500 million, none of which was drawn. This line is available for general corporate purposes and expires in 2002.

NOTE 25 FAIR VALUE OF FINANCIAL INSTRUMENTS

<TABLE>
<CAPTION>

	1998		1997	
December 31 - in millions	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
<S>	<C>	<C>	<C>	<C>
ASSETS				
Cash and short-term assets	$3,946	$3,946	$6,346	$6,346
Securities available for sale	7,074	7,074	8,522	8,522
Loans held for sale	3,226	3,226	2,324	2,324
Net loans (excludes leases)	54,442	56,535	51,409	52,983
Mortgage servicing rights	885	982	377	389
LIABILITIES				
Demand deposits	29,359	29,359	27,478	27,478
Time deposits	18,137	18,291	20,171	20,236
Borrowed funds	21,094	21,362	19,913	20,061
OFF-BALANCE-SHEET				
Commitments to extend credit	(17)	(17)	(14)	(14)
Letters of credit	(15)	(15)	(9)	(9)
Financial derivatives used for				
Interest rate risk management	76	164	59	105
Mortgage banking activities	51	64	26	22
Credit-related activities	(1)	(2)		
Other derivatives	(13)	(13)	1	1

</TABLE>

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

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

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

GENERAL

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

CASH AND SHORT-TERM ASSETS

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

SECURITIES AVAILABLE FOR SALE

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

NET LOANS AND LOANS HELD FOR SALE

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

MORTGAGE SERVICING RIGHTS

The fair value of mortgage servicing rights is estimated based on the present value of future cash flows.

DEPOSITS

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

BORROWED FUNDS

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

UNFUNDED LOAN COMMITMENTS AND LETTERS OF CREDIT

Fair values for commitments to extend credit and letters of credit are estimated based on the amount of deferred fees and the creditworthiness of the counterparties.

FINANCIAL AND OTHER DERIVATIVES

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

NOTE 26 SUBSEQUENT EVENT (UNAUDITED)

The Corporation owns approximately 20% of Electronic Payment Services, Inc. ("EPS"), a privately-held company specializing in account access services. On March 1, 1999, Concord EFS, Inc. and EPS merged resulting in a substantial gain for the Corporation.

STATISTICAL INFORMATION

SELECTED QUARTERLY FINANCIAL DATA

<TABLE>
<CAPTION>

Quarter - dollars in millions, except per share data	1998 FOURTH	1998 THIRD	1998 SECOND	1998 FIRST	1997 FOURTH	1997 THIRD	1997 SECOND	1997 FIRST
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS								
Interest income	$1,354	$1,354	$1,314	$1,291	$1,281	$1,271	$1,257	$1,242
Interest expense	695	708	683	654	649	651	644	612
Net interest income	659	646	631	637	632	620	613	630
Provision for credit losses	115	45	35	30	25	20	15	10
Noninterest income before net securities gains (losses)	754	625	608	516	497	461	431	417
Net securities gains (losses)	43	51	3	23	22	(2)	13	16
Noninterest expense	896	843	781	741	716	652	650	644
Income before income taxes	445	434	426	405	410	407	392	409
Income taxes	160	153	146	136	145	145	133	143
Net income	$285	$281	$280	$269	$265	$262	$259	$266
PER COMMON SHARE DATA								
Book value	$18.86	$18.21	$17.64	$17.20	$16.87	$16.92	$16.51	$16.45
Earnings								
Basic	.93	.92	.92	.88	.86	.84	.82	.81
Diluted	.92	.91	.90	.87	.85	.83	.81	.80
AVERAGE BALANCE SHEET								
Total assets	$77,377	$75,290	$73,632	$72,141	$70,869	$70,581	$70,821	$70,301
Securities available for sale	7,323	7,073	7,323	7,784	7,769	8,216	9,055	10,089
Loans, net of unearned income	57,366	55,938	55,348	54,083	53,663	53,202	52,813	51,922
Deposits	46,250	44,522	44,169	44,630	44,580	44,606	44,814	44,133
Borrowed funds	22,723	22,642	21,844	19,989	18,624	18,484	18,675	18,594
Shareholders' equity	5,800	5,646	5,476	5,398	5,414	5,381	5,360	5,758

</TABLE>

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

<TABLE>
<CAPTION>

	1998/1997			1997/1996		
	INCREASE/(DECREASE) IN INCOME/EXPENSE DUE TO CHANGES IN:			INCREASE/(DECREASE) IN INCOME/EXPENSE DUE TO CHANGES IN:		
Taxable-equivalent basis - in millions	VOLUME	RATE	TOTAL	VOLUME	RATE	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INTEREST-EARNING ASSETS						

Loans held for sale	$135	$(6)	$129	$23	$3	$26
Securities available for sale						
U.S. Treasury, government agencies and corporations	(67)	(25)	(92)	(247)	(24)	(271)
Other debt	(12)	(5)	(17)	(41)	(4)	(45)
Other	(2)	(5)	(7)	(2)	(3)	(5)
Total securities available for sale	(83)	(33)	(116)	(297)	(24)	(321)
Loans, net of unearned income						
Consumer (excluding credit card)	(19)	1	(18)	(76)	6	(70)
Credit card	40	39	79	309	(13)	296
Residential mortgage	(44)	(27)	(71)	78		78
Commercial	296	4	300	101	5	106
Commercial real estate	(68)	(14)	(82)	(10)	(4)	(14)
Other	25	2	27	5	6	11
Total loans, net of unearned income	230	5	235	312	95	407
Other	5	6	11	(3)	(2)	(5)
Total interest-earning assets	$265	$(6)	$259	$(54)	$161	$107
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits						
Demand and money market	$40	$8	$48	$23	$36	$59
Savings	(5)	(1)	(6)	(11)	(1)	(12)
Other time	(12)	(7)	(19)	(47)	14	(33)
Deposits in foreign offices	(9)		(9)	14	1	15
Total interest-bearing deposits	31	(17)	14	(14)	43	29
Borrowed funds						
Federal funds purchased	(17)	(2)	(19)	(18)	5	(13)
Repurchase agreements	38	(6)	32	(66)	(1)	(67)
Bank notes and senior debt	86	(4)	82	56	13	69
Other borrowed funds	56	(2)	54	40	(7)	33
Subordinated debt	22	(1)	21	12	(1)	11
Total borrowed funds	187	(17)	170	16	17	33
Total interest-bearing liabilities	$189	$(5)	$184	$(3)	$65	$62
Change in net interest income	$134	$(59)	$75	$(27)	$72	$45

</TABLE>

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

STATISTICAL INFORMATION

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS

<TABLE>
<CAPTION>

Year ended December 31 - Taxable-equivalent basis Dollars in millions	1998 AVERAGE BALANCES	1998 INTEREST	1998 AVERAGE YIELDS/RATES	1997 AVERAGE BALANCES	1997 INTEREST	1997 AVERAGE YIELDS/RATES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-earning assets						
Loans held for sale	$3,371	$233	6.91%	$1,417	$104	7.31%
Securities available for sale						
U.S. Treasury, government agencies and corporations	4,910	272	5.54	6,101	364	5.97
Other debt	1,913	122	6.38	2,094	139	6.62
Other	551	36	6.53	579	43	7.45
Total securities available for sale	7,374	430	5.83	8,774	546	6.22
Loans, net of unearned income						
Consumer (excluding credit card)	11,073	940	8.49	11,291	958	8.48
Credit card	3,849	538	13.98	3,558	459	12.92
Residential mortgage	12,496	905	7.24	13,105	976	7.45
Commercial	22,773	1,794	7.88	19,014	1,494	7.86
Commercial real estate	3,279	277	8.45	4,068	359	8.82
Other	2,223	157	7.06	1,871	130	6.94
Total loans, net of unearned income	55,693	4,611	8.28	52,907	4,376	8.27
Other	1,001	65	6.49	919	54	5.88
Total interest-earning assets/interest income	67,439	5,339	7.92	64,017	5,080	7.93
Noninterest-earning assets						
Allowance for credit losses	(863)			(1,077)		
Cash and due from banks	2,227			2,920		
Other assets	5,823			4,784		
Total assets	$74,626			$70,644		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Demand and money market	$14,820	439	2.96	$13,477	391	2.90
Savings	2,620	51	1.95	2,852	57	1.97
Other time	17,206	929	5.40	17,441	948	5.44
Deposits in foreign offices	935	52	5.56	1,094	61	5.58
Total interest-bearing deposits	35,581	1,471	4.13	34,864	1,457	4.18
Borrowed funds						
Federal funds purchased	2,526	139	5.50	2,834	158	5.57
Repurchase agreements	1,592	75	4.71	812	43	5.36
Bank notes and senior debt	10,657	605	5.68	9,130	523	5.72
Other borrowed funds	5,235	310	5.92	4,304	256	5.96
Subordinated debt	1,799	140	7.78	1,514	119	7.87
Total borrowed funds	21,809	1,269	5.82	18,594	1,099	5.91
Total interest-bearing liabilities/						

interest expense	57,390	2,740	4.77	53,458	2,556	4.78
Noninterest-bearing liabilities and shareholders' equity						
Demand and other noninterest-bearing deposits	9,315			9,670		
Accrued expenses and other liabilities	1,578			1,501		
Mandatorily redeemable capital securities of subsidiary trusts	762			537		
Shareholders' equity	5,581			5,478		
Total liabilities, capital securities and shareholders' equity	$74,626			$70,644		
Interest rate spread			3.15			3.15
Impact of noninterest-bearing sources			.70			.79
Net interest income/margin		$2,599	3.85%		$2,524	3.94%

</TABLE>

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

<TABLE>
<CAPTION>

1996			1995			1994		
Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$1,095	$78	7.09%	$725	$54	7.50%	$749	$52	6.84%
10,225	635	6.21	17,706	982	5.55	20,915	1,200	5.74
2,719	184	6.78	3,757	259	6.90	2,742	163	5.94
606	48	7.91	677	58	8.46	698	58	8.30
13,550	867	6.40	22,140	1,299	5.87	24,355	1,421	5.83
12,192	1,028	8.43	11,142	958	8.60	10,472	833	7.95
1,165	163	13.94	871	120	13.76	720	97	13.50
12,049	898	7.45	10,812	808	7.47	8,806	603	6.85
17,727	1,388	7.83	16,562	1,347	8.13	15,926	1,183	7.43
4,186	373	8.92	4,304	410	9.54	4,430	373	8.41
1,797	119	6.63	1,933	130	6.70	2,245	124	5.52
49,116	3,969	8.08	45,624	3,773	8.27	42,599	3,213	7.54
964	59	6.12	1,046	70	6.64	1,724	76	4.42
64,725	4,973	7.68	69,535	5,196	7.47	69,427	4,762	6.86
(1,197)			(1,319)			(1,391)		
3,163			3,044			2,951		
4,116			3,871			3,375		
$70,807			$75,131			$74,362		
$12,619	332	2.63	$12,254	357	2.91	$13,481	281	2.08
3,445	69	2.02	3,732	90	2.40	4,081	71	1.75
18,307	981	5.36	17,758	984	5.54	16,353	757	4.63
846	46	5.44	1,974	121	6.13	1,083	51	4.69
35,217	1,428	4.06	35,718	1,552	4.34	34,998	1,160	3.31
3,157	171	5.41	5,200	315	6.06	3,573	162	4.53
2,030	110	5.41	6,514	398	6.11	5,576	228	4.09

8,139	454	5.57	6,326	384	6.07	8,513	376	4.42
3,630	223	6.14	4,138	282	6.81	5,021	231	4.59
1,358	108	7.98	998	76	7.64	939	75	8.02
18,314	1,066	5.82	23,176	1,455	6.28	23,622	1,072	4.54
53,531	2,494	4.66	58,894	3,007	5.10	58,620	2,232	3.81
9,900			9,112			8,939		
1,529			1,341			1,272		
19								
5,828			5,784			5,531		
$70,807			$75,131			$74,362		
		3.02			2.37			3.05
		.81			.78			.59
	$2,479	3.83%		$2,189	3.15%		$2,530	3.64%

</TABLE>

STATISTICAL INFORMATION

LOAN MATURITIES AND INTEREST SENSITIVITY

December 31, 1998 - in millions	1 YEAR OR LESS	1 THROUGH 5 YEARS	AFTER 5 YEARS	GROSS LOANS
Commercial	$9,750	$11,949	$3,483	$25,182
Real estate project	1,169	723	159	2,051
Total	$10,919	$12,672	$3,642	$27,233
Loans with				
Predetermined rate	$634	$1,671	$860	$3,165
Floating rate	10,285	11,001	2,782	24,068
Total	$10,919	$12,672	$3,642	$27,233

At December 31, 1998, $8.0 billion of interest rate swaps, caps and floors designated to commercial and commercial real estate loans altered the interest rate characteristics of such loans, the impact of which is not reflected in the previous table.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is based on periodic evaluations of the credit portfolio by management. These evaluations consider, among other factors, historic losses within specific industries, current economic conditions, loan portfolio trends, specific credit reviews and estimates based on subjective factors.

<TABLE>
<CAPTION>
SUMMARY OF LOAN LOSS EXPERIENCE

Year ended December 31 - dollars in millions	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Allowance at beginning of year	$972	$1,166	$1,259	$1,352	$1,372
Charge-offs					
Consumer (excluding credit card)	83	104	100	76	72
Credit card	297	208	66	31	20
Residential mortgage	7	9	9	10	16
Commercial	122	48	52	84	116
Commercial real estate					
Commercial mortgage	6	8	10	23	15
Real estate project	2	4	8	14	37
Other	7	4	2	2	1
Total charge-offs	524	385	247	240	277
Recoveries					
Consumer (excluding credit card)	34	36	34	33	34
Credit card	17	25	7	6	6
Residential mortgage	1	1	2	2	1
Commercial	20	38	28	49	59

Commercial real estate					
Commercial mortgage	2	10	6	9	5
Real estate project	1	2	4	6	10
Other	2	1	2	2	1
Total recoveries	77	113	83	107	116
Net charge-offs	447	272	164	133	161
Net charge-offs on bulk loan sales and assets held for accelerated disposition					(8)
Provision for credit losses	225	70		6	84
Acquisitions/divestitures	3	8	71	34	65
Allowance at end of year	$753	$972	$1,166	$1,259	$1,352
Allowance as a percent of period-end					
Loans	1.31%	1.79%	2.25%	2.59%	3.07%
Nonperforming loans	255.25	351.79	334.40	351.68	239.29
As a percent of average loans					
Net charge-offs	.80	.51	.33	.29	.40
Provision for credit losses	.40	.13		.01	.20
Allowance for credit losses	1.35	1.84	2.37	2.76	3.17
Allowance as a multiple of net charge-offs	1.68x	3.57x	7.11x	9.47x	8.00x

</TABLE>

The following table presents the allocation of allowance for credit losses and the categories of loans as a percent of total loans. For purposes of this presentation, the unallocated portion of the allowance for credit losses has been assigned to loan categories based on the relative specific and pool allocation amounts. At December 31, 1998, an assignment of unallocated allowance was not made to credit cards as a result of the pending sale of this business.

<TABLE>
<CAPTION>
ALLOCATION OF ALLOWANCE FOR CREDIT LOSSES

	1998		1997		1996		1995		1994	
December 31 - dollars in millions	ALLOWANCE	LOANS TO TOTAL LOANS	ALLOWANCE	LOANS TO TOTAL LOANS	ALLOWANCE	LOANS TO TOTAL LOANS	ALLOWANCE	LOANS TO TOTAL LOANS	ALLOWANCE	LOANS TO TOTAL LOANS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Consumer (excluding credit card)	$74	19.0%	$107	20.7%	$139	23.3%	$158	25.8%	$157	25.0%
Credit card	136	5.1	258	7.0	141	5.4	45	2.1	27	1.9
Residential mortgage	8	21.3	42	23.6	80	24.5	112	24.0	116	22.1
Commercial	446	43.7	406	36.9	606	35.9	585	34.5	603	35.3
Commercial real estate	59	6.0	141	7.3	173	7.9	332	10.1	419	11.5
Other	30	4.9	18	4.5	27	3.0	27	3.5	30	4.2
Total	$753	100.0%	$972	100.0%	$1,166	100.0%	$1,259	100.0%	$1,352	100.0%

</TABLE>

TIME DEPOSITS OF $100,000 OR MORE

Time deposits in foreign offices totaled $363 million, substantially all of which are in denominations of $100,000 or more. The following table sets forth remaining maturities of domestic time deposits of $100,000 or more.

CERTIFICATES   OTHER TIME

December 31, 1998 - in millions	OF DEPOSIT	DEPOSITS	TOTAL
Three months or less	$2,331	$4	$2,335
Over three through six months	808		808
Over six through twelve months	1,488	29	1,517
Over twelve months	970		970
Total	$5,597	$33	$5,630

SHORT-TERM BORROWINGS

Over 50% of bank notes mature in 1999. Federal funds purchased include overnight borrowings and term federal funds, which are payable on demand. Repurchase agreements generally have maturities of 18 months or less. Other short-term borrowings consist primarily of U.S. Treasury, tax and loan borrowings which are payable on demand and commercial paper which is issued in maturities not to exceed nine months. At December 31, 1998 and 1997, $3.4 billion and $997 million, respectively, notional value of interest rate swaps were designated to borrowed funds. The effect of these swaps is included in the rates set forth in the table.

<TABLE>
<CAPTION>

SHORT-TERM BORROWINGS

	1998		1997		1996	
Dollars in millions	Amount	Rate	Amount	Rate	Amount	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Federal funds purchased						
Year-end balance	$390	5.17%	$3,632	6.30%	$3,933	6.00%
Average during year	2,526	5.50	2,834	5.57	3,157	5.41
Maximum month-end balance during year	3,139		4,459		4,837	
Repurchase agreements						
Year-end balance	1,669	3.47	714	6.03	645	5.54
Average during year	1,592	4.71	812	5.36	2,030	5.41
Maximum month-end balance during year	2,015		946		3,363	
Bank notes						
Year-end balance	8,924	5.29	9,656	5.75	7,905	5.46
Average during year	9,485	5.63	8,959	5.68	7,947	5.52
Maximum month-end balance during year	10,698		10,391		9,041	
Other						
Year-end balance	513	4.16	946	5.81	3,282	5.19
Average during year	1,047	5.84	1,671	5.65	1,466	5.21
Maximum month-end balance during year	2,069		2,574		3,395	

</TABLE>

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

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

STOCK LISTING

PNC Bank Corp. common stock is traded on the New York Stock Exchange ("NYSE") under the symbol PNC. At the close of business on February 1, 1999, there were 64,045 common shareholders of record.

INTERNET INFORMATION

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

FINANCIAL INFORMATION

The Annual Report on Form 10-K is filed with the Securities and Exchange Commission ("SEC"). Copies of this document and other filings, including Exhibits thereto, may be obtained electronically at the SEC's home page at www.sec.gov. Copies also may be obtained by writing to Lynn F. Evans, Director of Financial Reporting, at corporate headquarters, or by calling (412) 762-1553 or via e-mail to financial.reporting@pncbank.com.

INQUIRIES

For financial services call 1-800-4-BANKER. Individual shareholders should contact Shareholder Relations at (800) 843-2206 or the PNC Bank Hotline at (800)

982-7652.

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

News media representatives and others seeking general information should contact Jonathan Williams, Vice President, Media Relations, at (412) 762-4550 or via e-mail at jonathan.williams@pncbank.com.

TRUST PROXY VOTING

Reports of 1998 nonroutine proxy voting by the trust divisions of PNC Bank Corp. are available by writing to Thomas R. Moore, Vice President and Corporate Secretary, at corporate headquarters.

ANNUAL SHAREHOLDERS MEETING

All shareholders are invited to attend the PNC Bank Corp. annual meeting on Tuesday, April 27, 1999, at 11 a.m., Eastern Standard Time, on the 15th floor of One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania.

COMMON STOCK PRICES/DIVIDENDS DECLARED

The table below sets forth by quarter the range of high and low sale and quarter-end closing 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
Third	60.000	41.625	45.000	.39
Fourth	54.625	38.750	54.000	.41
Total				$1.58

1997 Quarter	HIGH	LOW	CLOSE	CASH DIVIDENDS 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

DIVIDEND POLICY

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

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

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

REGISTRAR AND TRANSFER AGENT

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

EXHIBIT 21

PNC BANK CORP.
SCHEDULE OF CERTAIN SUBSIDIARIES
(AS OF FEBRUARY 28, 1999)

NAME (1)	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
PNC Bancorp, Inc.	Delaware
PNC Bank, Delaware (2)	Delaware
PNC Bank, FSB (2)	United States
PNC Bank, National Association (2)	United States
PNC Bank, New England (2)	Massachusetts
PNC Holding Corp.	Delaware
Alpine Indemnity Limited	Grand Cayman, B.W.I.
PFPC Worldwide Inc. (2)	Delaware
PNC Alliance, Inc.	Delaware
PNC Capital Corp.	Delaware
PNC Capital Markets, Inc.	Pennsylvania
PNC Capital Recovery Corp.	Pennsylvania
PNC Commercial Corp	Florida
PNC Equities Corp.	Delaware
PNC Equity Management Corp (2)	Pennsylvania
PNC Equity Securities Corp.	Delaware
PNC ESOP Funding Corporation	Delaware
PNC Funding Corp	Pennsylvania
PNC GPI, Inc.	Delaware
PNC Insurance Corp.	Arizona
PNC Investment Corp. (2)	Delaware
PNC Management Services Corp	Delaware
PNC Network Holdings Corp. (2)	Delaware
PNC Realty Company, Ohio	Ohio
PNC Realty Holding Corp (2)	Pennsylvania
PNC Venture Corp	Delaware
J.J.B. Hilliard, W.L. Lyons, Inc. (3)	Kentucky

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

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

(3) The names of the related companies and subsidiaries of this company are omitted because such companies, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference, in the Registration Statements listed below, of our report dated January 22, 1999, with respect to the consolidated financial statements of PNC Bank Corp. and subsidiaries incorporated by reference in this Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1998.

Form S-8 relating to the Dividend Reinvestment and Stock Purchase Plan (No. 333-19003)

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

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

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

Form S-8 relating to the Dividend Reinvestment and Stock Purchase Plan of PNC Bank Corp. (No. 33-61083)

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

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

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

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

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

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

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

Form S-3 relating to the shelf registration of $600 million of capital securities of PNC Capital Trust C, PNC Capital Trust D, PNC Capital Trust E and PNC Capital Trust F, unconditionally guaranteed, to the extent described therein, by PNC Bank Corp. (No. 333-50651, 333-50651-01, 333-50651-02, 333-50651-03, and 333-50651-04)

/s/ ERNST & YOUNG LLP

Pittsburgh, Pennsylvania
March 24, 1999

EXHIBIT 24

POWER OF ATTORNEY

PNC BANK CORP.
ANNUAL REPORT ON FORM 10-K FOR YEAR ENDED DECEMBER 31, 1998

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned Directors and/or Officers of PNC Bank Corp. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Walter E. Gregg, Jr., Thomas R. Moore and Kathleen Clover, or each of them, with full power of substitution, such person's true and lawful attorney-in-fact and agent to execute in such person's name, place and stead, in any and all capacities, the Corporation's Annual Report on Form 10-K for the year ended December 31, 1998.

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

Witness the due execution hereof by the following persons in the capacities indicated as of this 18th day of February, 1999.

<TABLE>
<CAPTION>

Name/Signature	Capacity
<S>	<C>
/s/ Thomas H. O'Brien Thomas H. O'Brien	Chairman, Chief Executive Officer and Director
/s/ Paul W. Chellgren Paul W. Chellgren	Director
/s/ Robert N. Clay Robert N. Clay	Director
/s/ George A. Davidson, Jr. George A. Davidson, Jr.	Director
/s/ David F. Girard-diCarlo David F. Girard-diCarlo	Director
/s/ Walter E. Gregg, Jr. Walter E. Gregg, Jr.	Senior Executive Vice President, Finance and Administration and Director
/s/ William R. Johnson William R. Johnson	Director
/s/ Bruce C. Lindsay Bruce C. Lindsay	Director
/s/ W. Craig McClelland W. Craig McClelland	Director
/s/ Jane G. Pepper Jane G. Pepper	Director
/s/ Jackson H. Randolph Jackson H. Randolph	Director

</TABLE>

<TABLE>

<S>	<C>
/s/ James E. Rohr	President, Chief Operating Officer and Director

James E. Rohr

/s/ Roderic H. Ross --------------------------------------- Roderic H. Ross	Director
/s/ Richard P. Simmons --------------------------------------- Richard P. Simmons	Director
/s/ Thomas J. Usher --------------------------------------- Thomas J. Usher	Director
/s/ Milton A. Washington --------------------------------------- Milton A. Washington	Director
/s/ Helge H. Wehmeier --------------------------------------- Helge H. Wehmeier	Director

</TABLE>

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This schedule contains summary financial information extracted from the consolidated financial information incorporated by reference to the 1998 Annual Report on Form 10-K and is qualified in its entirety by reference to such financial information.
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