PNC BANK

Quarterly Report on Form 10-Q
For the quarterly period ended June 30, 1999

Page 1 represents a portion of the second quarter 1999 Financial Review which is not required by the Form 10-Q report and is not "filed" as part of the Form 10-Q.

The Quarterly Report on Form 10-Q and cross reference index is on page 35.

Consolidated Financial Highlights

<TABLE>
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	Three months ended June 30		Six months ended June 30	
Dollars in millions, except per share data	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
FINANCIAL PERFORMANCE				
Revenue				
Net interest income (taxable-equivalent basis)	$612	$637	$1,276	$1,281
Noninterest income	664	569	1,395	1,075
Total revenue	1,276	1,206	2,671	2,356
Net income	315	280	640	549
Per common share				
Basic earnings	1.04	.92	2.10	1.80
Diluted earnings	1.03	.90	2.08	1.77
Cash dividends declared	.41	.39	.82	.78
SELECTED RATIOS				
Return on				
Average common shareholders' equity	22.38%	21.42%	22.66%	21.26%
Average assets	1.68	1.53	1.70	1.52
Net interest margin	3.64	3.81	3.75	3.88
Noninterest income to total revenue	52.04	47.18	52.23	45.63
Efficiency *	54.60	56.27	54.01	56.65

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

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Dollars in millions, except per share data	June 30 1999	March 31 1999	December 31 1998	September 30 1998	June 30 1998
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA					
Assets	$75,558	$74,868	$77,207	$76,238	$75,873

Earning assets	66,889	66,710	69,027	68,638	68,353
Loans, net of unearned income	52,075	52,800	57,650	56,752	56,237
Securities available for sale	8,856	9,170	7,074	7,152	7,540
Deposits	47,685	45,799	47,496	46,875	47,096
Borrowed funds	18,464	19,935	20,946	19,972	20,488
Shareholders' equity	5,755	5,931	6,043	5,793	5,633
Common shareholders' equity	5,442	5,617	5,729	5,479	5,318
Book value per common share	18.40	18.78	18.86	18.21	17.64
CAPITAL RATIOS					
Leverage	7.47%	7.28%	7.22%	7.18%	7.18%
Common shareholders' equity to total assets	7.20	7.50	7.42	7.19	7.01
ASSET QUALITY RATIOS					
Nonperforming assets to total loans, loans held for sale and foreclosed assets	.59%	.58%	.55%	.54%	.55%
Allowance for credit losses to total loans	1.29	1.27	1.31	1.44	1.53
Allowance for credit losses to nonaccrual loans	224.33	230.93	255.25	289.36	315.81
Net charge-offs to average loans	.18	.56	1.24	.62	.64

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PNC BANK CORP.

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Financial Review

This Financial Review should be read in conjunction with the PNC Bank Corp. and subsidiaries' ("Corporation" or "PNC Bank") unaudited Consolidated Financial Statements included herein and the Financial Review and audited Consolidated Financial Statements included in the Corporation's 1998 Annual Report.

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 style of management provides the basis for differentiated businesses capable of competing in today's environment where banks and other financial service providers target the same customers. This business model also allows the Corporation to enhance consolidated value by leveraging technology, information, branding and marketing resources.

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, on July 20, 1999, the Corporation announced an agreement to acquire First Data Investor Services Group, Inc. ("ISG"), the mutual fund servicing subsidiary of First Data Corporation for $1.1 billion in cash. The transaction is expected to close in the fourth quarter of 1999, subject to regulatory approvals and satisfaction of customary closing conditions. Also, during the first quarter of 1999, the Corporation completed the sale of its credit card business and made the decision to exit certain out-of-footprint large corporate, national healthcare and other non-strategic institutional lending businesses.

Additionally, on May 13, 1999, BlackRock, Inc., a subsidiary of PNC Bank, filed a registration statement for an initial public offering of its common stock with PNC Bank retaining a majority ownership position. The transaction is expected to result in a gain for the Corporation.

SUMMARY FINANCIAL RESULTS Consolidated net income for the first six months of 1999 was $640 million or $2.08 per diluted share. Results for the first six months of 1999 included $331 million of pretax gains on the sales of PNC Bank's credit card business, and equity interests in Electronic Payment Services, Inc. ("EPS") and the Concord EFS, Inc. ("Concord") stock received in the EPS transaction. The first six months of 1999 also included $142 million of valuation adjustments associated with exiting certain institutional lending businesses, $98 million of costs related to efficiency initiatives and a $30 million contribution to the PNC Bank Foundation. Excluding these items, earnings for the first six months of 1999 were $592 million or $1.92 per diluted share, return on average common shareholders' equity was 20.92% and the return on average assets was 1.57%. Earnings for the first six months of 1998 were $549 million or $1.77 per diluted share. Excluding the credit card business and assuming the provision for credit losses was equal to net charge-offs in 1998, diluted earnings per share for the first six months of 1999 increased 15% compared with the prior-year period.

Taxable-equivalent net interest income was $1.276 billion in the first six months of 1999, a $5 million decrease compared with the first six months of 1998. The net interest margin was 3.75% in the first six months of 1999 compared with 3.88% in the prior-year period. These declines were primarily due to the sale of the credit card business in the first quarter of 1999. Excluding the credit card business, net interest income was $1.211 billion for the first six months of 1999, an increase of $83 million or 7% compared with the first six months of 1998, and the net interest margin was 3.63% in both periods.

Noninterest income was $1.395 billion for the first six months of 1999, a $320 million increase compared with the first six months of 1998. Excluding the gains and valuation adjustments from 1999 and $56 million of branch gains from 1998, noninterest income increased $187 million or 18% in the period-to-period comparison primarily due to growth in fee-based revenue.

The provision for credit losses was $103 million for the first six months of 1999 compared with $65 million a year ago. Net charge-offs were $102 million or .38% of average loans for the first six months of 1999 compared with $179 million or .66%, respectively, for the first six months of 1998. The decreases were due to the sale of the credit card business in the first quarter of 1999.

Noninterest expense was $1.590 billion for the first six months of 1999 compared with $1.447 billion for the first six months of 1998. Excluding $98 million of costs related to efficiency initiatives and a $30 million contribution to the PNC Bank Foundation from 1999 and $55 million of costs primarily for consumer delivery initiatives from 1998, noninterest expense increased $70 million or 5% compared with the prior-year period commensurate with revenue growth in fee-based businesses. The efficiency ratio improved to 54.01% for the first six months of 1999 compared with 56.65% in the prior year due to a continued focus on improving returns in traditional businesses.

Total assets were $75.6 billion at June 30, 1999, compared with $77.2 billion at December 31, 1998. The decline was primarily due to the sale of the credit card business in the first quarter of 1999. Shareholders' equity totaled $5.8 billion at June 30, 1999, compared with $6.0 billion at December 31, 1998. The leverage ratio was 7.47% and Tier I and total risk-based capital ratios were 8.16% and 11.72%, respectively, at June 30, 1999.

The ratio of nonperforming assets to total loans, loans held for sale and foreclosed assets was .59% at June 30, 1999 and .55% at December 31, 1998. The allowance for credit losses was 224% of nonaccrual loans and 1.29% of total loans at June 30, 1999, compared with 255% and 1.31%, respectively, at December 31, 1998.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements with respect to financial performance and other financial and business matters. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intend," "estimate," "may increase," "may fluctuate," and variations of such words and similar expressions, or future or conditional verbs such as "will," "should," "would," and "could." 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 herein, 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 and adequate fashion; continued pricing pressures on loan and deposit products; increased credit risk; the introduction, withdrawal, 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 financial 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.

REVIEW OF BUSINESSES

PNC Bank operates seven major businesses engaged in retail banking, asset management and wholesale banking activities: PNC Regional Bank, PNC Advisors, BlackRock, PFPC Worldwide, PNC Institutional Bank, PNC Secured Finance and PNC Mortgage.

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.

The presentation of business results was changed during the first quarter of 1999 to reflect the Corporation's operating strategy. PNC Regional Bank reflects the combination of PNC Regional Community Bank and PNC National Consumer Bank. Branch-based brokerage activities (previously included in PNC Advisors), the middle market customer segment (previously included in PNC Corporate Bank) and regional real estate lending and leasing activities in PNC Bank's geographic footprint (previously included in PNC Secured Finance) were also combined with PNC Regional Bank. Additionally, residential mortgages (that were previously included in PNC Mortgage) were realigned with PNC Regional Bank. Certain out-of-footprint large corporate, national healthcare and other non-strategic institutional lending businesses as well as venture capital activities (previously in PNC Corporate Bank) are included in Other. The remaining activities that were previously in PNC Corporate Bank, comprise PNC Institutional Bank. BlackRock reflects total legal entity results for BlackRock, Inc. Financial results for 1999 and 1998 are presented consistent with this structure.

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 and exited businesses, venture capital activities, sales of equity interests in subsidiaries, eliminations and unassigned items, the impact of which is reflected in Other.

The Corporation is managed as a portfolio of distinct businesses that are positioned to compete as stand-alone companies while enhancing PNC Bank's consolidated value by leveraging technology, information, branding and marketing resources. Total business earnings were $579 million for the first six months of 1999, a 16% increase compared with the prior-year period. The contribution from asset management businesses increased to 21% of total business results while the regional bank and wholesale businesses accounted for 56% and 23% of total business results, respectively.

RESULTS OF BUSINESSES

<TABLE>
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Six months ended June 30 - dollars in millions	Earnings		Revenue		Return on Assigned Capital		Average Assets *	
	1999	1998	1999	1998	1999	1998	1999	1998
PNC Regional Bank	$321	$296	$1,152	$1,159	22%	21%	$39,441	$38,806
Asset Management								
PNC Advisors	75	58	365	228	27	31	3,304	2,654
BlackRock	26	14	180	131	44	37	403	315
PFPC Worldwide	22	18	111	91	42	42	263	214
Total asset management	123	90	656	450	32	34	3,970	3,183
Wholesale								
PNC Institutional Bank	53	53	202	181	16	18	9,622	8,321
PNC Secured Finance	58	44	153	104	21	20	8,086	6,203
PNC Mortgage	24	15	217	159	11	11	7,050	4,166
Total wholesale	135	112	572	444	16	18	24,758	18,690
Total businesses	579	498	2,380	2,053	21	21	68,169	60,679
Other	13	51	102	303			7,834	12,212
	592	549	2,482	2,356	21	21	76,003	72,891
Gain on sale of credit card business	125		193					
Gain on sale of equity interest in EPS	63		97					
Gain on sale of Concord stock net of PNC Bank Foundation contribution	16		41					
Valuation adjustments	(92)		(142)					
Costs related to efficiency initiatives	(64)							
Total consolidated	$640	$549	$2,671	$2,356	23	21	$76,003	$72,891

</TABLE>

* BlackRock's assets are presented as of period end.

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PNC REGIONAL BANK

Six months ended June 30 - dollars in millions	1999	1998

<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$866	$845
Noninterest income	286	314
Total revenue	1,152	1,159
Provision for credit losses	22	30
Noninterest expense	608	640
Pretax earnings	522	489
Income taxes	201	193
Earnings	$321	$296
AVERAGE BALANCE SHEET		
Loans		
Consumer	$9,303	$9,852
Commercial	9,631	8,759
Residential mortgage	9,861	9,700
Other	3,022	2,863
Total loans	31,817	31,174
Assigned assets and other assets	7,624	7,632
Total assets	$39,441	$38,806
Deposits		
Noninterest-bearing demand	$6,409	$6,493
Interest-bearing demand	4,759	4,136
Money market	8,972	7,119
Savings	2,447	2,630
Certificates	13,498	15,172
Total net deposits	36,085	35,550
Other liabilities	399	347
Assigned capital	2,957	2,909
Total funds	$39,441	$38,806
PERFORMANCE RATIOS		
Return on assigned capital	22%	21%
Noninterest income to total revenue	25	27
Efficiency	51	53

</TABLE>

PNC Regional Bank provides credit, deposit, branch-based brokerage and electronic banking products and services to retail customers as well as credit, leasing, treasury management and capital markets products and services to mid-sized and small businesses primarily within PNC Bank's geographic footprint. PNC Regional Bank utilizes experienced relationship managers and sophisticated information technology to identify consumer preferences for products, services and delivery channels 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 Bank has focused on offering desired products and balancing resources between traditional branches and technologically advanced delivery channels.

PNC Regional Bank contributed 56% of total business earnings for the first six months of 1999 compared with 59% in the first six months of 1998. Earnings of $321 million for the first six months of 1999 increased $25 million or 8% in the period-to-period comparison and the return on assigned capital and efficiency ratios improved due to strategies designed to respond to changing customer preferences while improving the effectiveness and efficiency of the delivery system. Excluding the impact of $56 million of branch gains and $40 million of costs related to consumer delivery initiatives from 1998, earnings increased 12%.

Excluding the impact of the branch gains from 1998, revenue increased 4% to $1.152 billion in the first six months of 1999 compared with the prior-year period. The increase was primarily due to growth in loans, deposits and fee-based services. The provision for credit losses decreased in the period-to-period comparison due to improved credit quality primarily resulting from downsizing the indirect auto loan portfolio.

Excluding the impact of the costs related to consumer delivery initiatives from 1998, noninterest expense increased 1% in the first six months of 1999 compared with the prior-year period. The efficiency ratio improved to 51% for the first six months of 1999 compared with 53% for the prior year due to ongoing efficiency initiatives.

PNC Regional Bank engages in credit and deposit activities that are affected by economic and financial market conditions. Accordingly, changes in the economy could impact asset quality and results of operations.

<TABLE>
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PNC ADVISORS

Six months ended June 30 - dollars in millions	1999	1998
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$67	$59
Noninterest income		
Investment management and trust	188	153
Brokerage	73	10
Other	37	6
Total noninterest income	298	169
Total revenue	365	228
Provision for credit losses		(1)
Noninterest expense	243	134
Pretax earnings	122	95
Income taxes	47	37
Earnings	$75	$58
AVERAGE BALANCE SHEET		
Loans		
Residential mortgage	$1,002	$985
Consumer	948	926
Commercial	611	588
Other	318	28
Total loans	2,879	2,527
Other assets	425	127
Total assets	$3,304	$2,654
Deposits	$2,365	$2,262
Assigned funds and other liabilities	386	16
Assigned capital	553	376
Total funds	$3,304	$2,654
PERFORMANCE RATIOS		
Return on assigned capital	27%	31%
Noninterest income to total revenue	82	74
Efficiency	66	59

</TABLE>

PNC Advisors, the nation's fourth largest manager of trust and high net worth assets, offers personalized investment management, high-end brokerage, personal trust, estate planning and traditional banking services to affluent and wealthy individuals; and investment management, trust and administrative services to pensions, 401(k) plans and charitable organizations.

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 the fourth quarter of 1998, the Corporation acquired Hilliard-Lyons, Inc. ("Hilliard Lyons"), a firm primarily focused on delivering brokerage services and investment advice to affluent clients. PNC Advisors is expanding the Hilliard Lyons brand and organization throughout PNC Bank's footprint, which includes several of the nation's wealthiest metropolitan areas.

PNC Advisors contributed 13% of total business earnings for the first six months of 1999 compared with 12% in the prior-year period. Earnings of $75 million for the first six months of 1999 increased $17 million or 29% compared with the first six months of 1998 driven by strong revenue growth.

Revenue increased $137 million or 60% for the first six months of 1999 compared with the prior-year period. The increase was due to higher brokerage revenue primarily from the acquisition of Hilliard Lyons as well as higher assets under management resulting from market appreciation and new business. The period-to-period increase in noninterest expense and the efficiency ratio was attributable to Hilliard Lyons.

ASSETS UNDER MANAGEMENT*

June 30 - in billions	1999	1998
Personal investment management and trust	$54	$49
Institutional trust	10	6
Hilliard Lyons	4	
Total	$68	$55

* Assets under management do not include brokerage assets administered.

At June 30, 1999, PNC Advisors managed $68 billion of assets, a 24% increase compared with the prior-year period, due to market appreciation, new business and Hilliard Lyons. Brokerage assets administered by PNC Advisors increased $25 billion in the period-to-period comparison to $30 billion at June 30, 1999, primarily due to 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

Six months ended June 30 - dollars in millions	1999	1998
INCOME STATEMENT		
Advisory and administrative fees	$170	$110
Other income	10	21
Total revenue	180	131
Operating expense	124	93
Goodwill amortization	5	5
Operating income	51	33
Interest expense	6	7
Pretax earnings	45	26
Income taxes	19	12
Earnings	$26	$14
PERIOD-END BALANCE SHEET		
Goodwill	$199	$209
Other assets	204	106
Total assets	$403	$315
Borrowings	$153	$166
Other liabilities	118	67
Shareholders' equity	132	82
Total funds	$403	$315
PERFORMANCE RATIOS		
Return on average equity	44%	37%
Operating margin	28	25

Efficiency	69	71

</TABLE>

BlackRock offers fixed income, domestic and international equity and liquidity investment products and is focused on expanding marketing and delivery channels for a wide range of institutional and retail customers.

During the second quarter of 1999, BlackRock formed a joint venture with Nomura Asset Management Co., Ltd., the largest asset manager in Japan. The joint venture, Nomura BlackRock Asset Management Co., Ltd., serves Japanese institutional and investment trust investors and represents an expansion of BlackRock's international presence.

On May 13, 1999, BlackRock, Inc. filed a registration statement for an initial public offering of its common stock with PNC Bank retaining a majority ownership position. Management anticipates that this offering will assist BlackRock in attracting and retaining the highest quality professionals and support its long-term growth objectives. BlackRock contributed 4% of total business earnings for the first six months of 1999 compared with 3% a year ago. Earnings of $26 million for the first six months of 1999 increased 86% compared with the prior-year period primarily driven by revenue growth related to new business and market appreciation. Advisory and administration fees for the first six months of 1999 increased $60 million or 55% compared with the prior-year period. The increase was primarily due to a 21% increase in assets under management and higher performance fees. The $11 million decrease in other income reflected lower performance fees associated with the planned liquidation of a closed-end fund by the end of the third quarter. The increase in operating expense in the period-to-period comparison supported revenue growth.

At June 30, 1999, BlackRock managed $142 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.

<TABLE>
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ASSETS UNDER MANAGEMENT

June 30 - in billions	1999	1998
<S>	<C>	<C>
Fixed income	$82	$61
Liquidity	44	42
Equity and other	16	14
Total assets under management	$142	$117
Proprietary mutual funds		
BlackRock Funds	$25	$23
Provident Institutional Funds	22	20
Total proprietary mutual funds	$47	$43

</TABLE>

BlackRock's proprietary mutual fund family, with approximately $47 billion in assets, provides individual investors with a full range of equity, bond and money market investment products.

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.

<TABLE>
<CAPTION>
PFPC WORLDWIDE

Six months ended June 30 - dollars in millions	1999	1998
<S>	<C>	<C>
INCOME STATEMENT		
Revenue	$111	$91
Operating expense	76	62

	1999	1998
Pretax earnings	35	29
Income taxes	13	11
Earnings	$22	$18
AVERAGE BALANCE SHEET		
Total assets	$263	$214
Deposits	$140	$107
Other liabilities	18	20
Assigned capital	105	87
Total funds	$263	$214
PERFORMANCE RATIOS		
Return on assigned capital	42%	42%
Operating margin	32	32
Efficiency	68	68

</TABLE>

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 mutual funds, pension and money fund managers, partnerships, brokerage firms, insurance companies and banks. Continued growth of its Dublin, Ireland operation has expanded PFPC's international presence. PFPC will continue to leverage its technology platform, providing customized services for clients and promoting its full service capabilities to the global funds marketplace.

On July 20, 1999, the Corporation announced an agreement to acquire First Data Investor Services Group ("ISG"), the mutual fund servicing subsidiary of First Data Corp., for $1.1 billion in cash. ISG is one of the nation's leading providers of processing services for pooled investment products, a high-growth industry that includes mutual funds and retirement plans. The acquisition will make PFPC one of the nation's leading full-service mutual fund transfer agents, while significantly strengthening PFPC's position as a full-service provider of mutual fund accounting services. The transaction will also add key related businesses, including retirement plan servicing, to PFPC's growing operations. The transaction is expected to close in the fourth quarter of 1999, subject to regulatory approvals and satisfaction of customary closing conditions.

PFPC contributed 4% of total business earnings in the first six months of 1999 and 1998. Earnings of $22 million in the first six months of 1999 increased $4 million or 22% compared with the prior-year period. Revenue of $111 million in the first six months of 1999 increased $20 million or 22% compared with a year ago, driven by new business, existing client growth and market appreciation. Operating expense increased in the period-to-period comparison to support revenue and infrastructure growth associated with business expansion.

At June 30, 1999, PFPC provided custody and accounting/administration services for $349 billion and $244 billion, respectively, of mutual fund and other pooled assets. The comparable amounts were $281 billion and $226 billion, respectively, a year ago.

<TABLE>
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ASSETS SERVICED

June 30 - in billions	1999	1998
<S>	<C>	<C>
Custody	$349	$281
Accounting/administration	244	226

</TABLE>

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.

<TABLE>
<CAPTION>
PNC INSTITUTIONAL BANK

Six months ended June 30 - dollars in millions	1999	1998
<S>	<C>	<C>
INCOME STATEMENT		

Credit-related revenue	$89	$79
Noncredit revenue	113	102
Total revenue	202	181
Provision for credit losses	16	
Noninterest expense	106	99
Pretax earnings	80	82
Income taxes	27	29
Earnings	$53	$53
AVERAGE BALANCE SHEET		
Loans		
Specialized industries	$4,213	$3,465
Large corporate	3,285	3,003
Other	440	339
Total loans	7,938	6,807
Other assets	1,684	1,514
Total assets	$9,622	$8,321
Net deposits	$2,705	$2,503
Assigned funds and other liabilities	6,243	5,236
Assigned capital	674	582
Total funds	$9,622	$8,321
PERFORMANCE RATIOS		
Return on assigned capital	16%	18%
Noncredit revenue to total revenue	56	56
Efficiency	51	54

</TABLE>

PNC Institutional Bank provides specialized credit, capital markets and treasury management products and services to corporations, institutions and government entities nationwide.

Financial Review

The strategic focus for PNC Institutional Bank is to further enhance shareholder value in a business that historically has been capital intensive as a result of credit-related balance sheet activities. PNC Institutional Bank is emphasizing relationships that utilize higher margin noncredit products and services, especially treasury management and capital markets, and is exiting certain businesses and relationships with limited opportunity for satisfactory returns.

Consistent with this strategy, during the first quarter of 1999 PNC Institutional Bank made the decision to exit certain out-of-footprint large corporate, national healthcare and other non-strategic institutional lending pbusinesses. The operating results for these activities are excluded from business results in both periods.

PNC Institutional Bank contributed 9% of total business earnings in the first six months of 1999 compared with 10% in the prior-year period. Earnings of $53 million in 1999 were unchanged from the prior-year period as an increase in revenue was offset by a higher provision for credit losses and higher expenses commensurate with revenue growth. The increase in the provision for credit losses reflected loan growth and the comparative impact of no provision in the first half of the prior year.

Total revenue of $202 million for the first six months of 1999 increased $21 million or 12% compared with the first six months of 1998. Credit-related revenue primarily represents net interest income from loans and increased 13% in the period-to-period comparison. This growth was driven by higher loan outstandings to relationships that also utilize or have the potential to utilize noncredit services. Noncredit revenue, which includes noninterest income and the benefit of compensating balances in lieu of fees, increased $11 million or 11% compared with the prior year primarily driven by growth in treasury management.

Treasury management and capital markets products offered through PNC Institutional Bank are sold by several businesses across the Corporation and accordingly related revenue is included in the results of those businesses.

Total consolidated revenue from treasury management was $124 million for the first six months of 1999, an 11% increase compared with the first six months of 1998. Total consolidated revenue from capital markets was $51 million for the first six months of 1999, a 26% increase compared with the prior-year period.

PNC Institutional Bank engages in credit and capital markets activities, which are impacted by economic and financial market conditions. Accordingly, changes in the capital markets or the economy could impact asset quality and results of operations.

<TABLE>
<CAPTION>
PNC SECURED FINANCE

Six months ended June 30 - dollars in millions	1999	1998
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$98	$78
Noninterest income		
Net commercial mortgage banking	33	8
Corporate finance	13	6
Other	9	12
Total noninterest income	55	26
Total revenue	153	104
Provision for credit losses	(2)	(6)
Noninterest expense	73	47
Pretax earnings	82	63
Income taxes	24	19
Earnings	$58	$44
AVERAGE BALANCE SHEET		
Loans		
Commercial - real estate related	$2,779	$1,981
Commercial real estate	1,005	1,199
Business credit	1,625	1,170
Leasing	1,058	801
Midland	604	309
Affordable housing	141	184
Total loans	7,212	5,644
Commercial mortgages held for sale	116	79
Other assets	758	480
Total assets	$8,086	$6,203
Deposits	$1,111	$1,098
Assigned funds and other liabilities	6,409	4,671
Assigned capital	566	434
Total funds	$8,086	$6,203
PERFORMANCE RATIOS		
Return on assigned capital	21%	20%
Noninterest income to total revenue	36	25
Efficiency	39	40

</TABLE>

PNC Secured Finance is engaged in commercial real estate finance, including loan origination, securitization and servicing; asset-based financing, including lending, syndication and treasury management services; and equipment lease financing to corporate clients nationwide.

During the second quarter of 1998, PNC Secured Finance acquired Midland Loan Services, L.P. ("Midland"), one of the nation's largest servicers of commercial mortgages. This acquisition, along with several other investments made by PNC Secured Finance in 1998, reflects its continuing strategy to increase noninterest income and expand nationally. PNC Secured Finance contributed 10% of total business earnings in the first six months of 1999 compared with 9% in the prior-year period. Earnings of $58 million in the first six months of 1999 increased 32% compared with the first six months of 1998.

Net interest income increased $20 million or 26% to $98 million for the first six months of 1999 compared with the prior-year period driven by higher average loans resulting from the strategic expansion of asset-based and equipment lease financing as well as an increase in outstandings to existing customers.

Noninterest income as a percentage of total revenue increased to 36% for the first six months of 1999 compared with 25% in the first six months of 1998, mainly due to $31 million of commercial mortgage banking revenue from Midland.

COMMERCIAL MORTGAGE SERVICING PORTFOLIO

In billions	1999	1998
January 1	$39	
Acquisitions/additions	8	$30
Repayments/transfers	(6)	(2)
June 30	$41	$28

At June 30, 1999, the commercial mortgage servicing portfolio totaled $41 billion.

PNC Secured Finance engages in credit and capital markets activities, which are impacted by economic and financial market conditions. Accordingly, changes in the capital markets or the economy could impact asset quality and results of operations.

PNC MORTGAGE

Six months ended June 30 - dollars in millions	1999	1998
INCOME STATEMENT		
Net mortgage banking revenue		
Residential mortgage servicing	$160	$86
Origination and securitization	115	80
Sales of servicing and other		7
MSR amortization	(16)	(71)
Hedging activities	(98)	18
Net mortgage banking revenue	161	120
Net interest income	56	39
Total revenue	217	159
Operating expense	176	135
Pretax earnings	41	24
Income taxes	17	9
Earnings	$24	$15
AVERAGE BALANCE SHEET		
Residential mortgages held for sale	$2,721	$2,446
Securities available for sale	2,806	770
Mortgage servicing rights and other assets	1,523	950
Total assets	$7,050	$4,166
Escrow deposits	$1,238	$879
Assigned funds and other liabilities	5,354	3,016
Assigned capital	458	271
Total funds	$7,050	$4,166
PERFORMANCE RATIOS		
Return on assigned capital	11%	11%
Net mortgage banking revenue to total revenue	74	75
Efficiency	53	64

PNC Mortgage originates, purchases and services residential mortgages and related products. PNC Mortgage also acquires and securitizes residential mortgages as private-label mortgage-backed securities and performs the master servicing of those securities for investors. At June 30, 1999, PNC Mortgage was the nation's twelfth largest servicer and originator of residential mortgages.

Financial Review

PNC Mortgage contributed 4% of total business earnings in the first six months of 1999 compared with 3% in the first six months of 1998. Earnings of $24 million in the first six months of 1999 increased $9 million or 60% compared with the prior-year period primarily due to higher origination and servicing volumes. Net mortgage banking revenue and operating expense increased accordingly in the comparison as a result of the larger servicing portfolio and higher loan origination volume. The efficiency ratio improved significantly as PNC Mortgage continued to leverage its technology platform and servicing capabilities.

During 1999, PNC Mortgage funded $12 billion of residential mortgages, with 38% consisting of retail originations. The comparable amounts were $8 billion and 45%, respectively, in the first six months of 1998. Production volume in the first six months of 1999 consisted of $5 billion of originated loans and $7 billion of mortgages acquired through correspondent and contractual flow agreements. The corresponding amounts for the first six months of 1998 were $3 billion and $5 billion, respectively. The period-to-period increase reflected the impact of initiatives to expand retail and correspondent origination capabilities.

<TABLE>
<CAPTION>
RESIDENTIAL MORTGAGE SERVICING PORTFOLIO

In billions	1999	1998
January 1	$62	$41
Production volume	12	8
Acquisitions	6	6
Repayments	(9)	(7)
Sales		(1)
June 30	$71	$47

</TABLE>

At June 30, 1999, the residential mortgage servicing portfolio totaled $71 billion, including $64 billion of loans serviced for others, and had a weighted-average coupon of 7.50%. In addition, the master servicing portfolio grew 88% in the comparison to $32 billion at June 30, 1999. Capitalized MSR totaled $1.3 billion at June 30, 1999 and had an estimated fair value of $1.5 billion.

Securities available for sale increased $2 billion in the first six months of 1999 compared with the prior-year period and are utilized as part of PNC Mortgage's risk management strategies.

PNC Mortgage securitized $8 billion of loans in the first six months of 1999, a 29% increase from the first six months of 1998.

The value of MSR and related amortization are affected by changes in interest rates. If interest rates decline and the rate of prepayments increases, the underlying servicing fees and related MSR value also would decline. In a period of rising interest rates, a converse relationship would exist. PNC Mortgage seeks to manage this risk by using financial instruments as hedges designed to move in the opposite direction of MSR value changes. Changes in interest rates also can affect the level of mortgage originations that generally decline as interest rates increase and increase as interest rates decline.

CONSOLIDATED INCOME STATEMENT REVIEW

<TABLE>

<CAPTION>

NET INTEREST INCOME ANALYSIS

Taxable-equivalent basis

Six months ended June 30 - dollars in millions	Average Balances 1999	Average Balances 1998	Average Balances Change	Interest Income/Expense 1999	Interest Income/Expense 1998	Interest Income/Expense Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-earning assets						
Loans held for sale	$3,555	$2,657	$898	$123	$94	$29
Securities available for sale	8,601	7,552	1,049	238	224	14
Loans, net of unearned income						
Consumer (excluding credit card)	10,841	11,090	(249)	440	471	(31)
Credit card	1,355	3,899	(2,544)	100	266	(166)
Residential mortgage	12,341	12,671	(330)	433	462	(29)
Commercial	23,705	21,550	2,155	900	852	48
Commercial real estate	3,397	3,414	(17)	132	145	(13)
Other	2,937	2,095	842	104	72	32
Total loans, net of unearned income	54,576	54,719	(143)	2,109	2,268	(159)
Other	1,121	1,015	106	35	32	3
Total interest-earning assets/ interest income	67,853	65,943	1,910	2,505	2,618	(113)
Noninterest-earning assets	8,150	6,948	1,202			
Total assets	$76,003	$72,891	$3,112			
Interest-bearing liabilities						
Deposits						
Demand and money market	$17,258	$14,249	$3,009	231	209	22
Savings	2,503	2,661	(158)	20	26	(6)
Other time	16,600	17,046	(446)	416	461	(45)
Deposits in foreign offices	721	995	(274)	17	28	(11)
Total interest-bearing deposits	37,082	34,951	2,131	684	724	(40)
Borrowed funds	21,061	20,922	139	545	613	(68)
Total interest-bearing liabilities/ interest expense	58,143	55,873	2,270	1,229	1,337	(108)
Noninterest-bearing liabilities, capital securities and shareholders' equity	17,860	17,018	842			
Total liabilities, capital securities and shareholders' equity	$76,003	$72,891	$3,112			
Interest rate spread						
Impact of noninterest-bearing sources						
Net interest income/margin				$1,276	$1,281	$(5)

</TABLE>

<TABLE>

<CAPTION>

NET INTEREST INCOME ANALYSIS

Taxable-equivalent basis

Six months ended June 30 - dollars in millions	Average Yields/Rates 1999	Average Yields/Rates 1998	Average Yields/Rates Change
<S>	<C>	<C>	<C>
Interest-earning assets			
Loans held for sale	6.88%	7.08%	(20)bp
Securities available for sale	5.56	5.94	(38)
Loans, net of unearned income			
Consumer (excluding credit card)	8.19	8.56	(37)
Credit card	14.90	13.75	115
Residential mortgage	7.02	7.29	(27)
Commercial	7.55	7.86	(31)
Commercial real estate	7.71	8.46	(75)
Other	7.11	7.00	11
Total loans, net of unearned income	7.73	8.29	(56)
Other	6.29	6.32	(3)
Total interest-earning assets/ interest income	7.38	7.94	(56)
Noninterest-earning assets			
Total assets			
Interest-bearing liabilities			
Deposits			
Demand and money market	2.69	2.96	(27)

Savings	1.62	1.99	(37)
Other time	5.05	5.44	(39)
Deposits in foreign offices	4.80	5.59	(79)
Total interest-bearing deposits	3.72	4.17	(45)
Borrowed funds	5.15	5.83	(68)
Total interest-bearing liabilities/ interest expense	4.23	4.79	(56)
Noninterest-bearing liabilities, capital securities and shareholders' equity			
Total liabilities, capital securities and shareholders' equity			
Interest rate spread	3.15	3.15	
Impact of noninterest-bearing sources	.60	.73	(13)
Net interest income/margin	3.75%	3.88%	(13)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 was $1.276 billion in the first six months of 1999, a $5 million decrease compared with the first six months of 1998. The net interest margin was 3.75% in the first six months of 1999 compared with 3.88% in the prior-year period. These declines were primarily due to the sale of the credit card business in the first quarter of 1999. Excluding the credit card business, net interest income was $1.211 billion for the first six months of 1999, an increase of $83 million or 7% compared with the first six months of 1998, and the net interest margin was 3.63% in both periods.

Average loans for the first six months of 1999 were relatively consistent with the prior-year period as growth in commercial and other loans substantially offset lower credit card and residential mortgage loans. Loans represented 80% of average earning assets for the first six months of 1999 compared to 83% for the prior-year period. Average loans held for sale increased $0.9 billion in the period-to-period comparison, reflecting the decision in the first quarter of 1999 to exit certain institutional lending businesses. These exited portfolios declined approximately 25% during the second quarter of 1999.

Average securities available for sale increased to $8.6 billion compared with $7.6 billion in the prior-year period and represented 13% of average earning assets in the first six months of 1999 compared with 11% a year ago.

Funding cost is affected by the composition of funding sources as well as related rates paid thereon. Average deposits comprised 60% and 61% of total sources of funds in the first six months of 1999 and 1998, respectively, with the remainder primarily comprised of wholesale funding obtained at prevailing market rates.

PROVISION FOR CREDIT LOSSES The provision for credit losses was $103 million in the first six months of 1999 compared with $65 million in the prior-year period. Net charge-offs were $102 million or .38% of average loans for the first six months of 1999 compared with $179 million or .66%, respectively, for the first six months of 1998. The decrease was due to the sale of the credit card business in the first quarter of 1999.

<TABLE>
<CAPTION>
DETAILS OF NONINTEREST INCOME

Six months ended June 30 - dollars in millions	1999	1998	Change
<S>	<C>	<C>	<C>
Asset management	$330	$278	$52
Mutual fund servicing	104	87	17
Service charges on deposits	101	98	3
Consumer services			

Credit card	29	58	(29)
Brokerage	91	32	59
Insurance	36	21	15
Other	79	64	15
Total	235	175	60
Corporate services			
Capital markets	38	23	15
Net commercial mortgage banking	33	8	25
Other	(43)	82	(125)
Total	28	113	(85)
Net residential mortgage banking			
Mortgage servicing	130	69	61
Origination and securitization	114	92	22
MSR amortization	(16)	(71)	55
Hedging activities	(98)	18	(116)
Total	130	108	22
Net securities gains	42	13	29
Other	425	203	222
Total	$1,395	$1,075	$320

</TABLE>

NONINTEREST INCOME Noninterest income was $1.395 billion for the first six months of 1999, a $320 million increase compared with the first six months of 1998. On a comparable basis, noninterest income increased $187 million or 18%; excluding $331 million of gains on the sale of the credit card business, equity interests in EPS and Concord, and $142 million of valuation adjustments associated with exiting certain institutional lending businesses from 1999, and $56 million of branch gains from 1998. The increase was primarily due to growth in fee-based revenue. Consumer services, mutual fund servicing, mortgage banking and asset management revenues each grew 19% or more compared with the first six months of 1998.

Asset management fees grew 19%, primarily reflecting new business and market appreciation. Assets under management increased to approximately $189 billion at June 30, 1999, compared with $151 billion at June 30, 1998. Mutual fund servicing fees grew 20% compared with the first six months of 1998 due to an increase in assets serviced. At June 30, 1999, PFPC Worldwide provided custody and accounting/administration services for $349 billion and $244 billion of mutual fund and other pooled assets, respectively. The comparable amounts were $281 billion and $226 billion, respectively, a year ago.

Consumer services revenue increased $60 million or 34% compared with the first six months of 1998 primarily due to an increase in brokerage accounts associated with the Hilliard Lyons acquisition. The decrease in corporate services revenue primarily reflected the impact of the valuation adjustments associated with the exited portfolios. Excluding these adjustments, corporate services revenue increased 50% compared with the prior-year period primarily due to strong commercial mortgage banking, capital markets and treasury management fees.

Net residential mortgage banking revenue grew $22 million or 20% compared with the prior-year period primarily due to higher servicing income reflecting the larger servicing portfolio. Residential mortgage production volume, including both retail and correspondent activity, totaled $12 billion compared with $8 billion in the prior-year period. At June 30, 1999, approximately $71 billion of residential mortgages were serviced, including $64 billion serviced for others.

Net securities gains were $42 million in the first six months of 1999, substantially all relating to the gain from the sale of Concord stock.

Other noninterest income increased $222 million in the period-to-period comparison primarily due to the credit card and EPS gains in the first six months of 1999 partially offset by the impact of $56 million of branch gains recorded in the first six months of 1998.

<TABLE>
<CAPTION>
DETAILS OF NONINTEREST EXPENSE

Six months ended June 30 - dollars in millions	1999	1998	Change
<S>	<C>	<C>	<C>
Staff expense			
Compensation	$670	$576	$94
Employee benefits	106	112	(6)
Total	776	688	88
Net occupancy and equipment			
Net occupancy	139	103	36
Equipment	139	97	42

Total	278	200	78
Amortization			
Goodwill	39	31	8
Other	10	22	(12)
Total	49	53	(4)
Marketing	32	64	(32)
Distributions on capital securities	32	27	5
Other	423	415	8
Total	$1,590	$1,447	$143

</TABLE>

NONINTEREST EXPENSE Noninterest expense was $1.590 billion for the first six months of 1999 compared with $1.447 billion for the first six months of 1998. On a comparable basis, noninterest expense increased $70 million or 5%; excluding $98 million of costs related to efficiency initiatives (compensation - $22 million, net occupancy - $35 million, equipment - $38 million and other - $3 million) and a $30 million contribution to the PNC Bank Foundation from 1999, and $55 million of costs primarily for consumer delivery initiatives from 1998. The increase was commensurate with revenue growth in fee-based businesses. The efficiency ratio improved to 54.01% compared with 56.65% in the prior year due to a continued focus on improving returns in traditional businesses. Average full-time equivalent employees totaled approximately 26,200 in the first six months of 1999 compared with 25,100 a year ago, an increase of 4% mainly due to acquisitions.

CONSOLIDATED BALANCE SHEET REVIEW

LOANS Loans outstanding decreased $5.6 billion from year-end 1998 to $52.1 billion at June 30, 1999. Credit card loans decreased as a result of the sale of the credit card business in the first quarter of 1999. The decrease in commercial loans was the result of the decision in the first quarter of 1999 to exit certain institutional lending businesses. Total exposure and outstandings for these businesses were $4.8 billion and $1.4 billion, respectively, at June 30, 1999.

<TABLE>
<CAPTION>
DETAILS OF LOANS

In millions	June 30 1999	December 31 1998
<S>	<C>	<C>
Consumer (excluding credit card)		
Home equity	$5,952	$5,731
Automobile	2,038	2,444
Education	707	1,196
Other	1,509	1,609
Total consumer	10,206	10,980
Credit card		2,958
Residential mortgage	12,657	12,265
Commercial		
Manufacturing	4,851	5,336
Retail/wholesale	4,882	4,452
Service providers	3,123	3,263
Real estate related	2,868	3,093
Communications	1,397	1,529
Health care	821	1,136
Financial services	2,021	2,928
Other	2,768	3,445
Total commercial	22,731	25,182
Commercial real estate		
Mortgage	1,376	1,398
Real estate project	2,092	2,051
Total commercial real estate	3,468	3,449
Lease financing and other	3,541	3,370
Unearned income	(528)	(554)
Total, net of unearned income	$52,075	$57,650

</TABLE>

Loan portfolio composition continued to be geographically diversified among numerous industries and types of businesses.

<TABLE>
<CAPTION>
NET UNFUNDED COMMITMENTS

In millions	June 30 1999	December 31 1998
<S>	<C>	<C>
Consumer (excluding credit card)	$3,747	$3,695
Credit card		14,794
Residential mortgage	1,860	2,756
Commercial	29,359	32,923
Commercial real estate	1,102	1,078
Other	2,121	652
Total	$38,189	$55,898

</TABLE>

Commitments to extend credit represent arrangements to lend funds provided there is no violation of specified contractual conditions. The decrease in commitments to extend credit was the result of the sale of the credit card business and the decision to exit certain institutional lending businesses. Commercial commitments are reported net of participations, assignments and syndications, primarily to financial institutions, totaling $5.9 billion at June 30, 1999 and December 31, 1998.

Net outstanding letters of credit totaled $4.6 billion and $4.7 billion at June 30, 1999 and December 31, 1998, respectively, and consisted primarily of standby letters of credit that commit the Corporation to make payments on behalf of customers when certain specified future events occur.

SECURITIES AVAILABLE FOR SALE The securities portfolio increased $1.8 billion from December 31, 1998 to $8.9 billion at June 30, 1999 primarily due to an increase in mortgage-backed securities and U.S. Treasury securities utilized as part of residential mortgage banking risk management strategies. The expected weighted-average life of the securities portfolio increased to 5 years and 7 months at June 30, 1999 compared with 5 years and 3 months at year-end 1998.

<TABLE>
<CAPTION>
DETAILS OF SECURITIES AVAILABLE FOR SALE

	June 30, 1999		December 31, 1998	
In millions	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<S>	<C>	<C>	<C>	<C>
Debt securities				
U.S. Treasury and government agencies	$3,182	$2,946	$2,781	$2,754
Mortgage-backed	4,320	4,213	2,942	2,936
Asset-backed	984	970	709	708
State and municipal	138	139	122	128
Other debt	37	35	33	31
Corporate stocks and other	563	553	542	517
Total	$9,224	$8,856	$7,129	$7,074

</TABLE>

Securities available for sale may be sold as part of the overall asset and liability management process. Realized gains and losses are reflected in results of operations. Unrealized gains and losses are reflected in other comprehensive income. No

financial derivatives were designated to securities available for sale at June 30, 1999 or December 31, 1998.

FUNDING SOURCES Total funding sources were $66.1 billion at June 30, 1999, a decrease of $2.3 billion compared with December 31, 1998, primarily resulting from reduced funding related to the credit card business that was sold in the first quarter of 1999. The decrease in the first six months of 1999 was primarily in time deposits, bank notes and senior debt and other borrowed funds, partially offset by an increase in short-term foreign deposits.

DETAILS OF FUNDING SOURCES

In millions	June 30 1999	December 31 1998
Deposits		
Demand, savings and money market	$29,344	$29,359
Time	15,740	17,774
Foreign	2,601	363
Total deposits	47,685	47,496
Borrowed funds		
Federal funds purchased	320	390
Repurchase agreements	2,038	1,669
Bank notes and senior debt	8,479	10,384
Other borrowed funds	5,597	6,722
Subordinated debt	2,030	1,781
Total borrowed funds	18,464	20,946
Total	$66,149	$68,442

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 June 30, 1999, the Corporation and each bank subsidiary were considered well capitalized based on regulatory capital ratio requirements.

RISK-BASED CAPITAL

Dollars in millions	June 30 1999	December 31 1998
Capital components		
Shareholders' equity		
Common	$5,442	$5,729
Preferred	313	314
Trust preferred capital securities	848	848
Goodwill and other	(1,321)	(1,381)
Net unrealized securities losses	241	36
Tier I risk-based capital	5,523	5,546
Subordinated debt	1,740	1,641
Eligible allowance for credit losses	673	753
Total risk-based capital	$7,936	$7,940
Assets		
Risk-weighted assets and off-balance-sheet instruments	$67,689	$71,146
Average tangible assets	73,910	76,135
Capital ratios		
Tier I risk-based	8.16%	7.80%
Total risk-based	11.72	11.16
Leverage	7.47	7.28

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 February 1999, the Corporation issued $250 million of 6 1/8% subordinated notes due 2009 that qualify as Tier II risk-based capital.

During the first six months of 1999, PNC Bank repurchased 9.2 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 29, 2000. Approximately 8.7 million shares remain under this authorization.

RISK MANAGEMENT

In the normal course of business, the Corporation assumes various types of risk, the most significant of which are credit, liquidity, 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 counter party 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

Dollars in millions	June 30 1999	December 31 1998
Nonaccrual loans		
Commercial	$197	$188
Residential mortgage	57	51
Commercial real estate		
Real estate project	28	28
Mortgage	14	22
Consumer	4	6
Total nonaccrual loans	300	295
Foreclosed and other assets		
Residential mortgage	12	17
Commercial real estate	12	15
Other	9	5
Total foreclosed and other assets	33	37
Total nonperforming assets	$333	$332
Nonaccrual loans to total loans	.58%	.51%
Nonperforming assets to total loans, loans held for sale and foreclosed assets	.59	.55
Nonperforming assets to total assets	.44	.43

Nonperforming assets include nonaccrual loans and foreclosed and other assets and totaled $333 million at June 30, 1999, compared with $332 million at December 31, 1998.

CHANGE IN NONPERFORMING ASSETS

In millions	1999	1998
January 1	$332	$333
Transferred from accrual	160	133
Returned to performing	(2)	(2)
Principal reductions	(103)	(94)
Sales	(21)	(28)
Charge-offs and other	(33)	(19)
June 30	$333	$323

The amount of nonperforming loans that were current as to principal and interest was $91 million at June 30, 1999 and $28 million at December 31, 1998. There were no troubled debt restructured loans outstanding as of either period end presented.

<TABLE>
<CAPTION>
ACCRUING LOANS PAST DUE 90 DAYS OR MORE

	Amount		Percent of Loans	
Dollars in millions	June 30 1999	December 31 1998	June 30 1999	December 31 1998
<S>	<C>	<C>	<C>	<C>
Consumer (excluding credit card)				
Guaranteed education	$ 18	$ 23	2.55%	1.92%
Other	22	38	.23	.39
Total consumer	40	61	.39	.56
Credit card		63		2.13
Commercial	112	56	.49	.22
Residential mortgage	42	55	.33	.45
Commercial real estate	7	32	.20	.93
Other	1	1	.03	.04
Total	$202	$268	.39	.46

</TABLE>

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. 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, commercial real estate and consumer pool reserve methodologies strive to reflect all risk factors, there continues to be a certain element of risk associated with, but not limited to, potential estimation or judgmental errors. 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 the first six months of 1999 and the evaluation of the allowance for credit losses as of June 30, 1999 reflected changes in loan portfolio composition, changes in asset quality, the impact of selling the credit card business and the decision to exit certain institutional lending businesses. The unallocated portion of the allowance for credit losses represented 21% of the total allowance and .27% of total loans at June 30, 1999, compared with 22% and .29%, respectively, at December 31, 1998.

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

In millions	1999	1998
<S>	<C>	<C>
January 1	$753	$972
Charge-offs	(134)	(214)
Recoveries	32	35
Net charge-offs	(102)	(179)
Provision for credit losses	103	65
Sale of credit card business	(81)	
Acquisitions		1
June 30	$673	$859

</TABLE>

The allowance as a percent of nonaccrual loans and total loans was 224% and 1.29%, respectively, at June 30, 1999. The comparable year-end 1998 amounts were 255% and 1.31%, respectively.

Financial Review

CHARGE-OFFS AND RECOVERIES

Six months ended June 30 - dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
1999				
Consumer (excluding credit card)	$ 34	$ 14	$ 20	.37%
Credit card	60	2	58	8.63
Residential mortgage	6	1	5	.08
Commercial	30	13	17	.14
Commercial real estate	1	1		
Other	3	1	2	.14
Total	$134	$ 32	$102	.38
1998				
Consumer (excluding credit card)	$ 43	$ 18	$ 25	.45%
Credit card	147	8	139	7.19
Residential mortgage	5	1	4	.06
Commercial	13	6	7	.07
Commercial real estate	3	1	2	.12
Other	3	1	2	.19
Total	$214	$ 35	$179	.66

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 debt holders 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 expected maturities of assets, liabilities and off-balance-sheet positions. Access to a variety of funding markets and customers in the retail and wholesale sectors is vital both to liquidity management and to cost minimization. A large retail customer deposit base is one of the significant strengths of the Corporation's liquidity position. Funding is obtained by raising deposits, issuing liabilities 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 June 30, 1999, such assets totaled $15 billion, with $7.1 billion pledged as collateral for borrowing, trust and other commitments. Liquidity is also provided by residential mortgages that may be used as collateral for funds obtained through the Federal Home Loan Bank ("FHLB") system. At June 30, 1999, approximately $4.1 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 June 30, 1999, the Corporation had unused capacity under effective shelf registration statements of approximately $1.0 billion of debt and equity securities and $400 million of trust preferred capital securities. During the first six months of 1999, the Corporation issued $250 million of subordinated debt. In addition, the Corporation has an unused line of credit of $500 million.

The principal source of parent company revenue and cash flow is dividends from subsidiary banks. PNC Bancorp, Inc. is a wholly-owned subsidiary of the parent company and is the holding company for all bank subsidiaries. There are legal limitations on the ability of bank subsidiaries to pay dividends and make other distributions to PNC Bancorp, Inc. and in turn the parent company. Without regulatory approval, the amount available for dividend payments to PNC Bancorp, Inc. by all bank subsidiaries was $587 million at June 30, 1999. Dividends may also be impacted by capital needs, regulatory requirements, corporate policies, contractual restrictions and other factors.

Management believes the Corporation has sufficient liquidity to meet current obligations to borrowers, depositors, debt holders and others. The impact of replacing maturing liabilities is reflected in the income simulation model in the overall asset and liability management process.

INTEREST RATE RISK Interest rate risk arises primarily through the Corporation's traditional 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. An income simulation model is used to measure the sensitivity of net interest income to changing interest rates over the next twenty-four month period. 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. At June 30, 1999, 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 0.8%. 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 0.9%.

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 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 June 30, 1999, 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 0.9% 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 increase by 0.4% of assets.

MARKET RISK Most of PNC Bank's trading activities are designed to provide capital markets services for customers of PNC Institutional 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 period-end value-at-risk of all trading operations was $1 million at June 30, 1999.

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.

During the first six months of 1999, financial derivatives used in interest rate risk management increased net interest income by $32 million compared with a $6 million increase in the prior-year period.

The following table sets forth changes in the notional value of off-balance-sheet financial derivatives used for risk management during the first six months of 1999.

<TABLE>
<CAPTION>
FINANCIAL DERIVATIVES ACTIVITY

1999 - dollars in millions	January 1	Additions	Maturities	Terminations	June 30	Weighted-Average Maturity
Interest rate risk management						
Interest rate swaps						
Receive fixed	$7,163	$750	$(650)	$(250)	$7,013	2 yr. 7 mo.
Pay fixed	13	4	(6)		11	10 mo.
Basis swaps	2,274		(67)		2,207	3 yr. 1 mo.
Interest rate caps	722		(128)		594	4 yr. 1 mo.
Interest rate floors	1,939	3,000	(1,559)		3,380	2 yr. 11 mo.
Total interest rate risk management	12,111	3,754	(2,410)	(250)	13,205	
Mortgage banking activities						
Residential						
Forward contracts						
Commitments to purchase loans	1,286	15,705	(15,204)		1,787	2 mo.
Commitments to sell loans	3,248	20,335	(20,554)		3,029	2 mo.
Options	207	615	(597)		225	2 mo.
Interest rate floors - MSR	4,875	2,800	(525)	(700)	6,450	4 yr. 6 mo.
Total residential	9,616	39,455	(36,880)	(700)	11,491	
Commercial	657	496	(2)	(469)	682	8 yr. 8 mo.
Total mortgage banking activities	10,273	39,951	(36,882)	(1,169)	12,173	
Credit-related activities						
Credit default swaps	4,255				4,255	2 yr. 2 mo.
Total	$26,639	$43,705	$(39,292)	$(1,419)	$29,633	

</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 June 30, 1999.

<TABLE>
<CAPTION>
FINANCIAL DERIVATIVES

	Notional	Estimated	Weighted-Average Interest Rates	
June 30, 1999 - dollars in millions	Value	Fair Value	Paid	Received
Interest rate risk management				
Asset rate conversion				
Interest rate swaps (1)				
Receive fixed designated to loans	$5,550	$(3)	5.91%	5.49%
Basis swaps designated to other earning assets	263	2	5.88	

				6.21
Interest rate caps designated to loans (2)	594	10	NM	NM
Interest rate floors designated to loans (3)	3,380		NM	NM
Total asset rate conversion	9,787	9		
Liability rate conversion				
Interest rate swaps (1)				
Receive fixed designated to:				
Interest-bearing deposits	150	2	6.27	6.65
Borrowed funds	1,313	5	6.15	5.97
Pay fixed designated to borrowed funds	11	3	6.86	6.23
Basis swaps designated to borrowed funds	1,944	8	5.91	5.99
Total liability rate conversion	3,418	18		
Total interest rate risk management	13,205	27		
Mortgage banking activities				
Residential				
Forward contracts				
Commitments to purchase loans	1,787	31	NM	NM
Commitments to sell loans	3,029		NM	NM
Options	225	2	NM	NM
Interest rate floors - MSR (3)	6,450	25	NM	NM
Total residential	11,491	58		
Commercial				
Pay fixed interest rate swaps designated to loans	682	42	5.57	6.43
Total mortgage banking activities	12,173	100		
Credit-related activities				
Credit default swaps	4,255	(7)	NM	NM
Total financial derivatives	$29,633	$120		

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 31% were based on 1-month LIBOR, 66% on 3-month LIBOR and the remainder on other short-term indices.
(2) Interest rate caps with notional values of $188 million, $179 million and $223 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 5.80% and Prime over a weighted-average strike of 8.75%, respectively. At June 30, 1999, 3-month LIBOR was 5.37%, 1-month LIBOR was 5.24% and Prime was 7.75%.
(3) Interest rate floors with notional values of $3.0 billion, $3.3 billion and $3.2 billion require the counterparty to pay the Corporation the excess, if any, of the weighted-average strike of 4.63% over 3-month LIBOR, the weighted-average strike of 5.01% over 10-year CMT and the weighted-average strike of 4.99% over 10-year CMS, respectively. At June 30, 1999, 3-month LIBOR was 5.37%, 10-year CMT was 5.81% and 10-year CMS was 6.83%.
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 derivative transactions for risk management purposes. These positions are recorded at estimated fair value and changes in value are included in results of operations.

<TABLE>
<CAPTION>
OTHER DERIVATIVES

June 30, 1999 - in millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)

<S>	<C>	<C>	<C>	<C>
Customer-related				
Interest rate				
Swaps	$14,715	$55	$(69)	$(14)
Caps/floors				
Sold	2,412		(20)	(20)
Purchased	2,313	17		17
Foreign exchange	2,658	33	(28)	5
Other	928	5	(5)	
Total customer-related	23,026	110	(122)	(12)
Other	2,417	1	(2)	(1)
Mortgage banking activities	270	12		12
Total other derivatives	$25,713	$123	$(124)	$(1)

</TABLE>

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. The Corporation is also assessing the year 2000 preparedness of third parties such as vendors, customers, governmental entities and others.

As of June 30, 1999, virtually all of the Corporation's MIS-supported mainframe, mid-range and PC client-server systems have been tested and returned to use as year 2000 ready. In addition, virtually all of the Corporation's non-PC related hardware and systems have been tested and determined to be year 2000 ready.

At June 30, 1999, the Corporation had completed its organization-wide assessment of year 2000 issues relating to its identified mission critical embedded chip systems and continues to review and monitor these systems as necessary. No significant problems have been identified to date with respect to these 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. However, the Corporation can make no guarantee as to the year 2000 readiness of any such service provider or other third party.

The year 2000 issue may 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 on an assessment of the 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 adverse 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.

PNC Bank has conducted fully integrated testing to determine whether its mission critical application systems will perform in coordination with one another. The Corporation is also conducting testing with certain mission critical vendors that provide systems-related services. Such testing has not identified any significant problem that would have a material adverse impact on the Corporation.

The estimated total cumulative cost to become year 2000 ready, which is being expensed as incurred, is approximately $30 million. Through June 30, 1999, on a cumulative basis, the Corporation had expensed approximately $23 million related to the year 2000 effort. Expenses incurred for year 2000 readiness efforts 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 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 for year 2000 issues have been and will continue to be developed and the Corporation will continue to review contingency plans during 1999 and modify them when necessary or appropriate. Certain critical service provider and systems contingency plans will be tested during 1999. The Corporation's business continuity plans continue to be reviewed and strengthened to address year 2000 implications.

PNC Bank's year 2000 remediation 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 ready or whether such effects could have a material adverse impact on the Corporation. However, if the Corporation were to fail to correct internal year 2000 problems, if one or more third parties are unable due to year 2000 issues to provide services required by the Corporation, or if the Corporation's contingency plans fail to mitigate any such problems, a disruption of operations could occur, resulting in increased operating costs, loss of revenues and other material adverse effects. Such disruptions could include a temporary inability to process transactions and delays in providing services. The Corporation could also be subject to liquidity risk in the event of deposit withdrawals due to year 2000 concerns, or if its lenders cannot provide funds due to year 2000 issues. In addition, to the extent that customers' financial positions are weakened due to year 2000 issues, credit quality could be adversely affected.

SECOND QUARTER 1999 VS. SECOND QUARTER 1998

Net income for the second quarter of 1999 totaled $315 million or $1.03 per diluted share. Results included a $16 million net after-tax gain or $.05 per diluted share resulting from the sale of Concord EFS, Inc. stock partially offset by a $30 million pretax contribution to the PNC Bank Foundation. Excluding these items, earnings for the quarter were $299 million or $0.98 per diluted share and, on that basis, return on average common shareholders' equity was 21.21% and return on average assets was 1.60%. Earnings for the second quarter of 1998 were $280 million or $0.90 per diluted share. Return on average common shareholders' equity was 21.42% and return on average assets was 1.53% in the second quarter of 1998.

Taxable-equivalent net interest income was $612 million in the second quarter of 1999, a $25 million decrease compared with the prior-year quarter. The net interest margin was 3.64% for the second quarter of 1999 compared with 3.81% in the second quarter of 1998 and 3.86% in the first quarter of 1999. These declines were primarily due to the sale of the credit card business in the first quarter of 1999. Excluding the credit card business, second quarter 1998 net interest income was $563 million and the net interest margin was 3.59%.

The provision for credit losses was $25 million in the second quarter of 1999 and net charge-offs were $24 million.

Noninterest income increased 17% compared with the second quarter of 1998 to $664 million in the second quarter of 1999 and included a $41 million gain related to the sale of PNC Bank's investment in Concord. Excluding this gain from the current year and $56 million of branch gains recorded in the second quarter of 1998, noninterest income increased $110 million or 21% compared with the prior-year quarter driven by higher fee income. Asset management, mutual fund servicing, consumer services, mortgage banking and corporate services revenues all grew in excess of 13%.

Asset management and mutual fund servicing fees grew 23% and 15%, respectively, compared with the second quarter of 1998 reflecting new business and market appreciation.

Consumer services revenue increased $12 million or 13% compared with the second quarter of 1998 primarily due to an increase in brokerage and other fees associated with the Hilliard Lyons acquisition, partially offset by lower credit card fees.

Corporate services revenue increased 42% compared with the prior-year quarter to $88 million in the second quarter of 1999 primarily due to growth in commercial mortgage, capital markets and treasury management fees.

Net residential mortgage banking revenue grew $14 million or 25% compared with the prior-year quarter primarily due to growth in the servicing portfolio. Residential mortgage originations, including both retail and correspondent activity, totaled $6 billion compared with $5 billion in the prior-year period.

Net securities gains were $42 million in the second quarter of 1999 substantially all relating to the gain from the sale of Concord stock. Other noninterest income decreased $39 million compared with the second quarter of 1998 primarily due to $56 million of gains on sales of branches in the prior-year quarter.

Noninterest expense of $767 million increased 4% compared with the second quarter of 1998 commensurate with revenue growth in fee-based businesses. The efficiency ratio improved to 54.6% compared with 56.3% in the prior year quarter due to a continued focus on improving returns in traditional businesses.

Total assets were $75.6 billion at June 30, 1999. Average earning assets were relatively consistent with the prior-year quarter at $66.9 billion. Average loans decreased $2.8 billion to $52.5 billion, primarily due to the impact of the sale of the credit card business. Loans represented 78% of average earning assets in the second quarter of 1999 compared with 83% a year ago. Average loans held for sale increased to $3.7 billion in the second quarter of 1999 compared with $2.9 billion in the prior-year quarter primarily as a result of the decision in the first quarter of 1999 to exit certain institutional lending businesses. Average securities available for sale increased $2.1 billion to $9.4 billion or 14% of average earning assets. This increase was attributable to securities utilized as part of residential mortgage banking risk management strategies.

Average deposits increased $1.3 billion to $45.5 billion in the second quarter of 1999 representing 61% of total sources of funds. The increase in average deposits was primarily in consumer deposits.

The ratio of nonperforming assets to total loans, loans held for sale and foreclosed assets was .59% at June 30, 1999 compared with .55% at June 30, 1998. Nonperforming assets were $333 million at June 30, 1999 compared with $323 million at June 30, 1998. The allowance for credit losses was $673 million at June 30, 1999, and represented 224% of nonaccrual loans compared with 316% at June 30, 1998. Net charge-offs were $24 million or .18% of average loans in the second quarter of 1999 compared with $89 million or .64% in the second quarter of 1998. The decrease was due to the sale of the credit card business in the first quarter of 1999.

Consolidated Statement of Income

<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
In millions, except per share data	1999	1998	1999	1998
INTEREST INCOME				
Loans and fees on loans	$989	$1,139	$2,101	$2,258
Securities available for sale	130	106	236	221
Other	85	69	157	126
Total interest income	1,204	1,314	2,494	2,605
INTEREST EXPENSE				
Deposits	333	363	684	724
Borrowed funds	264	320	545	613
Total interest expense	597	683	1,229	1,337

Net interest income	607	631	1,265	1,268
Provision for credit losses	25	35	103	65
Net interest income less provision for credit losses	582	596	1,162	1,203
NONINTEREST INCOME				
Asset management	169	137	330	278
Mutual fund servicing	53	46	104	87
Service charges on deposits	51	50	101	98
Consumer services	105	93	235	175
Corporate services	88	62	28	113
Net residential mortgage banking	70	56	130	108
Net securities gains	42		42	13
Other	86	125	425	203
Total noninterest income	664	569	1,395	1,075
NONINTEREST EXPENSE				
Staff expense	364	334	776	688
Net occupancy and equipment	103	104	278	200
Amortization	21	29	49	53
Marketing	17	27	32	64
Distributions on capital securities	16	14	32	27
Other	246	231	423	415
Total noninterest expense	767	739	1,590	1,447
Income before income taxes	479	426	967	831
Income taxes	164	146	327	282
Net income	$315	$280	$640	$549
Net income applicable to common shareholders	$311	$276	$631	$541
EARNINGS PER COMMON SHARE				
Basic	$1.04	$.92	$2.10	$1.80
Diluted	1.03	.90	2.08	1.77
CASH DIVIDENDS DECLARED PER COMMON SHARE	.41	.39	.82	.78
AVERAGE COMMON SHARES OUTSTANDING				
Basic	297.4	300.4	299.9	300.5
Diluted	300.9	305.7	303.2	305.9

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

<TABLE>
<CAPTION>

In millions, except par value	June 30 1999	December 31 1998
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$2,188	$2,534
Short-term investments	1,380	1,014
Loans held for sale	4,507	3,226
Securities available for sale	8,856	7,074
Loans, net of unearned income of $528 and $554	52,075	57,650
Allowance for credit losses	(673)	(753)
Net loans	51,402	56,897
Goodwill and other amortizable assets	2,769	2,548
Other	4,456	3,914
Total assets	$75,558	$77,207
LIABILITIES		
Deposits		
Noninterest-bearing	$9,088	$9,943
Interest-bearing	38,597	37,553
Total deposits	47,685	47,496
Borrowed funds		
Federal funds purchased	320	390
Repurchase agreements	2,038	1,669
Bank notes and senior debt	8,479	10,384
Other borrowed funds	5,597	6,722
Subordinated debt	2,030	1,781
Total borrowed funds	18,464	20,946
Other	2,806	1,874
Total liabilities	68,955	70,316
Mandatorily redeemable capital securities of subsidiary trusts	848	

848

SHAREHOLDERS' EQUITY		
Preferred stock	7	7
Common stock - $5 par value		
Authorized 450 shares		
Issued 353 shares	1,764	1,764
Capital surplus	1,260	1,250
Retained earnings	5,646	5,262
Deferred benefit expense	(34)	(36)
Accumulated other comprehensive loss	(248)	(43)
Common stock held in treasury at cost: 57 and 49 shares	(2,640)	(2,161)
Total shareholders' equity	5,755	6,043
Total liabilities, capital securities and shareholders' equity	$75,558	$77,207

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

<TABLE>
<CAPTION>

Six months ended June 30 - in millions	1999	1998
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$640	$549
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for credit losses	103	65
Depreciation, amortization and accretion	217	211
Deferred income taxes	98	57
Net securities losses (gains)	14	(26)
Net gain on sales of businesses and assets	(353)	(167)
Valuation adjustments	142	
Change in		
Loans held for sale	85	(631)
Other	(543)	(664)
Net cash provided (used) by operating activities	403	(606)
INVESTING ACTIVITIES		
Net change in loans	340	(3,339)
Repayment of securities available for sale	750	1,027

Sales		
Securities available for sale	5,687	5,154
Loans	312	1,403
Foreclosed assets	21	34
Purchases		
Securities available for sale	(7,676)	(5,171)
Loans	(363)	(79)
Net cash received (paid) for acquisitions/divestitures	3,261	(969)
Other	(27)	(219)
Net cash provided (used) by investing activities	2,305	(2,159)
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing deposits	(855)	(186)
Interest-bearing deposits	1,044	22
Federal funds purchased	(70)	(2,735)
Sale/issuance		
Repurchase agreements	71,290	53,796
Bank notes and senior debt	1,320	6,409
Other borrowed funds	17,040	52,470
Subordinated debt	254	140
Capital securities		198
Common stock	67	94
Repayment/maturity		
Repurchase agreements	(70,921)	(52,852)
Bank notes and senior debt	(3,226)	(4,447)
Other borrowed funds	(18,193)	(51,895)
Subordinated debt	(5)	(2)
Acquisition of treasury stock	(543)	(212)
Cash dividends paid	(256)	(244)
Net cash (used) provided by financing activities	(3,054)	556
(DECREASE) IN CASH AND DUE FROM BANKS	(346)	(2,209)
Cash and due from banks at beginning of year	2,534	4,303
Cash and due from banks at end of period	$2,188	$2,094
CASH PAID FOR		
Interest	$1,286	$1,331
Income taxes	108	199
NONCASH ITEMS		
Transfer from loans to loans held for sale	1,489	
Transfers from loans to other assets	20	25
Conversion of debt to equity		55

=========
</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 companies 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.

ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENT PRESENTATION The unaudited consolidated interim 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 the opinion of management, the financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair statement of results for the interim periods presented. Certain prior-period amounts have been reclassified to conform to reporting classifications utilized for the current reporting period. These classifications did not impact the Corporation's financial condition or results of operations.

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.

The notes included herein should be read in conjunction with the audited consolidated financial statements included in PNC Bank's 1998 Annual Report.

MORTGAGE-BACKED SECURITIES RETAINED DURING THE SECURITIZATION PROCESS Effective January 1, 1999, the Corporation adopted Statement of Financial Accounting Standards ("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). SFAS No. 134 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. Restatement of prior year financial statements was not required. The adoption of SFAS No. 134 did not have a material impact on the Corporation's financial position or results of operations.

RECENT ACCOUNTING PRONOUNCEMENTS SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133" (an amendment of SFAS No. 133), issued in June 1999, defers the effective date of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," until fiscal years beginning after June 15, 2000. The Corporation expects to adopt SFAS No. 133, as amended by SFAS No. 137, effective January 1, 2001. Management has not yet determined what effect this statement will have on the financial position and results of operations of the Corporation.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was originally required to be adopted in years beginning after June 15, 1999, although early adoption is permitted. 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.

CASH FLOWS During the first six months of 1999, divestiture activity which affected cash flows consisted of $3.1 billion of divested assets and receipt of $3.3 billion in cash and due from banks. Acquisition and divestiture activity for the first six months of 1998 consisted of $670 million of acquired assets, $299 million of divested liabilities, cash payments totaling $998 million and receipt of $29 million in cash and due from banks.

SECURITIES AVAILABLE FOR SALE

<TABLE>
<CAPTION>

	June 30, 1999				December 31, 1998			
	Amortized	Unrealized		Fair	Amortized	Unrealized		Fair
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	$ 3,182	$ 2	$ (238)	$ 2,946	$ 2,781	$ 10	$ (37)	$ 2,754
Mortgage-backed	4,320	1	(108)	4,213	2,942	5	(11)	2,936
Asset-backed	984		(14)	970	709	1	(2)	708
State and municipal	138	3	(2)	139	122	6		128
Other debt	37		(2)	35	33		(2)	31
Total debt securities	8,661	6	(364)	8,303	6,587	22	(52)	6,557
Corporate stocks and other	563	13	(23)	553	542	10	(35)	517
Total securities available for sale	$ 9,224	$ 19	$ (387)	$ 8,856	$ 7,129	$ 32	$ (87)	$ 7,074

</TABLE>

Net securities gains were $42 million in the first six months of 1999, substantially all relating to the gain from the sale of Concord EFS, Inc. ("Concord") stock. Gross securities losses related to residential mortgage banking risk management strategies of $56 million were included in net residential mortgage banking revenue.

During the first six months of 1998, net securities gains totaled $26 million, of which $13 million were included in net residential mortgage banking revenue.

ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows:

<TABLE>
<CAPTION>

In millions	1999	1998
<S>	<C>	<C>
Allowance at January 1	$ 753	$ 972
Charge-offs		
Consumer (excluding credit card)	(34)	(43)
Credit card	(60)	(147)
Residential mortgage	(6)	(5)
Commercial	(30)	(13)
Commercial real estate	(1)	(3)

Other	(3)	(3)
Total charge-offs	(134)	(214)
Recoveries		
Consumer (excluding credit card)	14	18
Credit card	2	8
Residential mortgage	1	1
Commercial	13	6
Commercial real estate	1	1
Other	1	1
Total recoveries	32	35
Net charge-offs		
Consumer (excluding credit card)	(20)	(25)
Credit card	(58)	(139)
Residential mortgage	(5)	(4)
Commercial	(17)	(7)
Commercial real estate		(2)
Other	(2)	(2)
Total net charge-offs	(102)	(179)
Provision for credit losses	103	65
Sale of credit card business	(81)	
Acquisitions		1
Allowance at June 30	$ 673	$ 859

</TABLE>

NONPERFORMING ASSETS

Nonperforming assets were as follows:

<TABLE>
<CAPTION>

In millions	June 30 1999	December 31 1998
Nonaccrual loans	$300	$295
Foreclosed and other assets	33	37
Total nonperforming assets	$333	$332

</TABLE>

FINANCIAL DERIVATIVES

FAIR VALUE OF FINANCIAL DERIVATIVES The notional and fair values of financial derivatives used for risk management and mortgage banking activities were as follows:

<TABLE>
<CAPTION>

In millions	Notional Value	Positive Fair Value	Notional Value	Negative Fair Value
JUNE 30, 1999				
Interest rate				
Swaps	$ 5,802	$ 76	$ 3,429	$ (59)
Caps	594	10		
Floors	3,000	3	380	(3)
Total interest rate risk management	9,396	89	3,809	(62)
Mortgage banking activities	9,406	102	2,767	(2)
Credit default swaps			4,255	(7)
Total	$ 18,802	$ 191	$ 10,831	$ (71)

DECEMBER 31, 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)

</TABLE>

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

<TABLE>
<CAPTION>

In millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)
<S>	<C>	<C>	<C>	<C>
JUNE 30, 1999				
Customer-related				
Interest rate				
Swaps	$14,715	$ 55	$ (69)	$ (14)
Caps/floors				
Sold	2,412		(20)	(20)
Purchased	2,313	17		17
Foreign exchange	2,658	33	(28)	5
Other	928	5	(5)	
Total customer-related	23,026	110	(122)	(12)
Other	2,417	1	(2)	(1)
Mortgage banking activities	270	12		12
Total	$25,713	$ 123	$ (124)	$ (1)
DECEMBER 31, 1998				
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)

</TABLE>

SEGMENT REPORTING
PNC Bank operates seven major businesses engaged in retail banking, asset management and wholesale banking activities: PNC Regional Bank, PNC Advisors, BlackRock, PFPC Worldwide, PNC Institutional 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 presentation of business results was changed during the first quarter of 1999 as part of the Corporation's operating strategy. PNC Regional Bank reflects the combination of PNC Regional Community Bank and PNC National Consumer Bank. Branch-based brokerage activities (previously included in PNC Advisors), the middle market customer segment (previously part of PNC Corporate Bank) and regional real estate lending and leasing activities in PNC Bank's geographic footprint (previously included in PNC Secured Finance) were also combined with PNC Regional Bank. Additionally, residential mortgages (previously included in PNC Mortgage) were realigned with PNC Regional Bank. Certain out-of-footprint large corporate, national healthcare and other non-strategic institutional lending businesses as well as venture capital activities (previously in PNC Corporate Bank) are included in Other. The remaining activities, which were previously in PNC Corporate Bank, comprise PNC Institutional Bank. BlackRock reflects total legal entity results for BlackRock, Inc. Financial results for 1999 and 1998 are presented consistent with this structure.

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 and exited businesses, venture capital activities, sales of equity interests in subsidiaries, eliminations and unassigned items; the impact of which is reflected in Other.

Additionally, Other for the first six months of 1999 included gains on the sales of the credit card business and equity interests in EPS and Concord stock; valuation adjustments associated with exiting certain institutional lending businesses, costs related to efficiency initiatives and a contribution to the PNC Bank Foundation.

BUSINESS SEGMENT PRODUCTS AND SERVICES

PNC Regional Bank provides credit, deposit, branch-based brokerage and electronic banking products and services to retail customers as well as credit, leasing, treasury management and capital markets products and services to mid-sized and small businesses primarily within PNC Bank's geographic footprint.

PNC Advisors offers personalized investment management, high-end brokerage services, personal trust, estate planning and traditional banking services to affluent and wealthy individuals; and investment management, trust and administrative services to pensions, 401(k) plans and charitable organizations.

BlackRock offers fixed income, domestic and international equity and liquidity investment products, and utilizes technology-based risk management capabilities to provide investment advisory and asset management capabilities for a wide range of institutional and retail customers.

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

PNC Institutional Bank provides specialized credit, capital markets and treasury management products and services to corporations, institutions and government entities nationwide.

PNC Secured Finance is engaged in commercial real estate finance, including loan origination, securitization and servicing; asset-based financing, including lending, syndication and treasury management services; and equipment lease financing to corporate clients nationwide.

PNC Mortgage originates, purchases and services residential mortgages and related products. PNC Mortgage also acquires and securitizes residential mortgages as private-label mortgage-backed securities and performs the master servicing of those securities for investors.

RESULTS OF BUSINESSES

<TABLE>
<CAPTION>

	PNC		PNC

Three months ended June 30 - in millions	Regional Bank	PNC Advisors	BlackRock	PFPC Worldwide	Institutional Bank
<S>	<C>	<C>	<C>	<C>	<C>
1999					
INCOME STATEMENT					
Net interest income*	$ 434	$ 33	$ (2)	$ 2	$ 60
Noninterest income	160	150	92	55	41
Total revenue	594	183	90	57	101
Provision for credit losses	11	(1)			12
Noninterest expense	306	120	65	40	52
Pretax earnings	277	64	25	17	37
Income taxes	106	25	11	6	12
Earnings	$ 171	$ 39	$ 14	$ 11	$ 25
Inter-segment revenue	$ 9	$ 4	$ 20		$ (13)
Average assets **	$ 39,498	$ 3,358	$ 403	$ 258	$ 9,606
1998					
INCOME STATEMENT					
Net interest income*	$ 425	$ 30	$ (3)	$ 2	$ 53
Noninterest income	191	89	61	46	41
Total revenue	616	119	58	48	94
Provision for credit losses	15	(1)			
Noninterest expense	335	65	47	33	47
Pretax earnings	266	55	11	15	47
Income taxes	105	22	5	6	17
Earnings	$ 161	$ 33	$ 6	$ 9	$ 30
Inter-segment revenue	$ 5	$ 1			$ (6)
Average assets **	$ 38,812	$ 2,653	$ 315	$ 210	$ 8,308

</TABLE>

<TABLE>
<CAPTION>

Three months ended June 30 - in millions	PNC Secured Finance	PNC Mortgage	Other	Total Consolidated
<S>	<C>	<C>	<C>	<C>
1999				
INCOME STATEMENT				
Net interest income*	$ 48	$ 31	$ 6	$ 612
Noninterest income	34	85	47	664
Total revenue	82	116	53	1,276
Provision for credit losses			3	25
Noninterest expense	38	93	53	767
Pretax earnings	44	23	(3)	484
Income taxes	13	10	(14)	169
Earnings	$ 31	$ 13	$ 11	$ 315
Inter-segment revenue	$ 4	$ 9	$ (33)	
Average assets **	$ 7,971	$ 7,016	$ 6,950	$ 75,060
1998				
INCOME STATEMENT				
Net interest income*	$ 37	$ 20	$ 73	$ 637
Noninterest income	17	65	59	569
Total revenue	54	85	132	1,206
Provision for credit losses	(3)		24	35
Noninterest expense	29	71	112	739
Pretax earnings	28	14	(4)	432
Income taxes	9	5	(17)	152
Earnings	$ 19	$ 9	$ 13	$ 280
Inter-segment revenue	$ 2	$ 8	$ (10)	

Average assets **	$ 7,102	$ 4,502	$ 11,730	$ 73,632

<CAPTION>

Six months ended June 30 - in millions	PNC Regional Bank	PNC Advisors	BlackRock	PFPC Worldwide	PNC Institutional Bank
<S>	<C>	<C>	<C>	<C>	<C>
1999					
INCOME STATEMENT					
Net interest income*	$ 866	$ 67	$ (6)	$ 5	$ 118
Noninterest income	286	298	180	106	84
Total revenue	1,152	365	174	111	202
Provision for credit losses	22				16
Noninterest expense	608	243	129	76	106
Pretax earnings	522	122	45	35	80
Income taxes	201	47	19	13	27
Earnings	$ 321	$ 75	$ 26	$ 22	$ 53
Inter-segment revenue	$ 17	$ 4	$ 39		$ (22)
Average assets **	$ 39,441	$ 3,304	$ 403	$ 263	$ 9,622
1998					
INCOME STATEMENT					
Net interest income*	$ 845	$ 59	$ (7)	$ 4	$ 106
Noninterest income	314	169	131	87	75
Total revenue	1,159	228	124	91	181
Provision for credit losses	30	(1)			
Noninterest expense	640	134	98	62	99
Pretax earnings	489	95	26	29	82
Income taxes	193	37	12	11	29
Earnings	$ 296	$ 58	$ 14	$ 18	$ 53
Inter-segment revenue	$ 9	$ 1	$ 1		$ (12)
Average assets **	$ 38,806	$ 2,654	$ 315	$ 214	$ 8,321

<CAPTION>

Six months ended June 30 - in millions	PNC Secured Finance	PNC Mortgage	Other	Total Consolidated
<S>	<C>	<C>	<C>	<C>
1999				
INCOME STATEMENT				
Net interest income*	$ 98	$ 56	$ 72	$ 1,276
Noninterest income	55	161	225	1,395
Total revenue	153	217	297	2,671
Provision for credit losses	(2)		67	103
Noninterest expense	73	176	179	1,590
Pretax earnings	82	41	51	978
Income taxes	24	17	(10)	338
Earnings	$ 58	$ 24	$ 61	$ 640
Inter-segment revenue	$ 6	$ 18	$ (62)	
Average assets **	$ 8,086	$ 7,050	$ 7,834	$ 76,003
1998				
INCOME STATEMENT				
Net interest income*	$ 78	$ 39	$ 157	$ 1,281
Noninterest income	26	120	153	1,075
Total revenue	104	159	310	2,356
Provision for credit losses	(6)		42	65
Noninterest expense	47	135	232	1,447
Pretax earnings	63	24	36	844

Income taxes	19	9	(15)	295
Earnings	$ 44	$ 15	$ 51	$ 549
Inter-segment revenue	$ 4	$ 17	$ (20)	
Average assets **	$ 6,203	$ 4,166	$ 12,212	$ 72,891

</TABLE>

* Taxable-equivalent basis
** BlackRock's assets are presented as of period end.

Notes to Consolidated Financial Statements

EARNINGS PER SHARE

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

<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
In thousands, except per share data	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
CALCULATION OF BASIC EARNINGS PER COMMON SHARE				
Net income	$315,173	$280,411	$640,413	$549,671
Less: Preferred dividends declared	4,821	4,842	9,648	9,691
Net income applicable to basic earnings per common share	$310,352	$275,569	$630,765	$539,980
Basic weighted-average common shares outstanding	297,427	300,354	299,851	300,460
BASIC EARNINGS PER COMMON SHARE	$1.04	$.92	$2.10	$1.80
CALCULATION OF DILUTED EARNINGS PER COMMON SHARE				
Net income	$315,173	$280,411	$640,413	$549,671
Add: Interest expense on convertible debentures (net of tax)	4	346	7	872
Less: Dividends declared on nonconvertible preferred stock	4,538	4,538	9,075	9,075
Net income applicable to diluted earnings per common share	$310,639	$276,219	$631,345	$541,468
Basic weighted-average common shares outstanding	297,427	300,354	299,851	300,460
Weighted-average common shares to be issued using average market price and assuming:				
Conversion of preferred stock Series A and B	133	149	136	153
Conversion of preferred stock Series C and D	1,077	1,151	1,087	1,163
Conversion of debentures	24	1,301	24	1,509

Exercise of stock options	1,866	2,203	1,674	2,204
Incentive share awards	380	544	380	431
Diluted weighted-average common shares outstanding	300,907	305,702	303,152	305,920
DILUTED EARNINGS PER COMMON SHARE	$1.03	$.90	$2.08	$1.77

</TABLE>

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.

COMPREHENSIVE INCOME

Total comprehensive income was $156 million in the second quarter and $435 million in the first six months of 1999 compared with $296 million and $557 million, respectively, in 1998.

OTHER FINANCIAL INFORMATION

In connection with the 1995 Midlantic Corporation ("Midlantic") merger, the parent company and its wholly-owned subsidiary, PNC Bancorp, Inc., jointly and severally assumed borrowed funds of Midlantic in the aggregate principal amount of $300 million at June 30, 1999.

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

<TABLE>
<CAPTION>
PNC BANCORP, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

In millions	June 30 1999	December 31 1998
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$2,180	$2,527
Securities available for sale	8,428	6,868
Loans, net of unearned income	51,708	57,282
Allowance for credit losses	(673)	(753)
Net loans	51,035	56,529
Other assets	11,182	9,261
Total assets	$72,825	$75,185
LIABILITIES		
Deposits	$47,801	$47,578
Borrowed funds	16,847	19,402
Other liabilities	1,627	1,130
Total liabilities	66,275	68,110
Mandatorily redeemable capital securities of subsidiary trust	350	350
SHAREHOLDERS' EQUITY	6,200	6,725
Total liabilities, capital securities		

and shareholders' equity	$72,825	$75,185

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

Six months ended June 30 - in millions	1999	1998
Interest income	$2,458	$2,582
Interest expense	1,170	1,287
Net interest income	1,288	1,295
Provision for credit losses	103	65
Net interest income less provision for credit losses	1,185	1,230
Noninterest income	960	1,042
Noninterest expense	1,307	1,467
Income before income taxes	838	805
Income taxes	304	281
Net income	$534	$524

SUBSEQUENT EVENT
On July 20, 1999, the Corporation announced an agreement to acquire First Data Investor Services Group, Inc., the mutual fund servicing subsidiary of First Data Corporation for $1.1 billion in cash. The transaction is expected to close in the fourth quarter of 1999, subject to regulatory approvals and satisfaction of customary closing conditions.

Statistical Information

CONSOLIDATED AVERAGE BALANCE SHEET AND NET INTEREST ANALYSIS

	Six months ended June 30		
	1999		
Dollars in millions Taxable-equivalent basis	Average Balances	Interest	Average Yields/Rates
ASSETS			
Interest-earning assets			
Loans held for sale	$ 3,555	$ 123	6.88%
Securities available for sale			
U.S. Treasury and government agencies and corporations	4,720	120	5.11
Other debt	3,186	98	6.15
Other	695	20	5.83
Total securities available for sale	8,601	238	5.56
Loans, net of unearned income			
Consumer (excluding credit card)	10,841	440	8.19
Credit card	1,355	100	14.90
Residential mortgage	12,341	433	7.02
Commercial	23,705	900	7.55
Commercial real estate	3,397	132	7.71
Other	2,937	104	7.11
Total loans, net of unearned income	54,576	2,109	7.73
Other	1,121	35	6.29

Total interest-earning assets/interest income	67,853	2,505	7.38
Noninterest-earning assets			
Allowance for credit losses	(711)		
Cash and due from banks	2,052		
Other assets	6,809		
Total assets	$ 76,003		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY			
Interest-bearing liabilities			
Interest-bearing deposits			
Demand and money market	$ 17,258	231	2.69
Savings	2,503	20	1.62
Other time	16,600	416	5.05
Deposits in foreign offices	721	17	4.80
Total interest-bearing deposits	37,082	684	3.72
Borrowed funds			
Bank notes and senior debt	9,512	242	5.07
Federal funds purchased	1,445	35	4.79
Repurchase agreements	2,237	41	3.60
Other borrowed funds	5,908	153	5.15
Subordinated debt	1,959	74	7.54
Total borrowed funds	21,061	545	5.15
Total interest-bearing liabilities/interest expense	58,143	1,229	4.23
Noninterest-bearing liabilities and shareholders' equity			
Demand and other noninterest-bearing deposits	8,858		
Accrued expenses and other liabilities	2,231		
Mandatorily redeemable capital securities of subsidiary trusts	848		
Shareholders' equity	5,923		
Total liabilities, capital securities and shareholders' equity	$ 76,003		
Interest rate spread			3.15
Impact of noninterest-bearing sources			.60
Net interest income/margin		$ 1,276	3.75%

</TABLE>

<TABLE>
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	Six months ended June 30		
	1998		
Dollars in millions Taxable-equivalent basis	Average Balances	Interest	Average Yields/Rates
ASSETS			
<S>	<C>	<C>	<C>
Interest-earning assets			
Loans held for sale	$ 2,657	$ 94	7.08%
Securities available for sale			
U.S. Treasury and government agencies and corporations	5,415	154	5.70
Other debt	1,585	52	6.53
Other	552	18	6.51
Total securities available for sale	7,552	224	5.94
Loans, net of unearned income			
Consumer (excluding credit card)	11,090	471	8.56
Credit card	3,899	266	13.75
Residential mortgage	12,671	462	7.29
Commercial	21,550	852	7.86
Commercial real estate	3,414	145	8.46
Other	2,095	72	7.00
Total loans, net of unearned income	54,719	2,268	8.29
Other	1,015	32	6.32
Total interest-earning assets/interest income	65,943	2,618	7.94
Noninterest-earning assets			
Allowance for credit losses	(916)		
Cash and due from banks	2,401		
Other assets	5,463		

Total assets	$ 72,891		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY			
Interest-bearing liabilities			
Interest-bearing deposits			
Demand and money market	$ 14,249	209	2.96
Savings	2,661	26	1.99
Other time	17,046	461	5.44
Deposits in foreign offices	995	28	5.59
Total interest-bearing deposits	34,951	724	4.17
Borrowed funds			
Bank notes and senior debt	10,309	295	5.69
Federal funds purchased	2,749	76	5.53
Repurchase agreements	1,643	40	4.81
Other borrowed funds	4,467	134	5.98
Subordinated debt	1,754	68	7.70
Total borrowed funds	20,922	613	5.83
Total interest-bearing liabilities/interest expense	55,873	1,337	4.79
Noninterest-bearing liabilities and shareholders' equity			
Demand and other noninterest-bearing deposits	9,448		
Accrued expenses and other liabilities	1,459		
Mandatorily redeemable capital securities of subsidiary trusts	674		
Shareholders' equity	5,437		
Total liabilities, capital securities and shareholders' equity	$ 72,891		
Interest rate spread			3.15
Impact of noninterest-bearing sources			.73
Net interest income/margin		$ 1,281	3.88%

</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>
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Second Quarter 1999			First Quarter 1999		
Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>
$ 3,727	$ 67	7.07%	$ 3,383	$ 56	6.68%
5,187	66	5.12	4,248	54	5.10
3,521	55	6.19	2,848	43	6.11
729	10	5.70	659	10	5.98
9,437	131	5.56	7,755	107	5.55
10,729	218	8.16	10,955	222	8.21
			2,724	100	14.91
12,496	218	6.97	12,184	216	7.09
22,846	438	7.58	24,574	462	7.52
3,396	66	7.66	3,398	65	7.70
3,012	52	6.98	2,860	52	7.24
52,479	992	7.53	56,695	1,117	7.91
1,236	19	6.37	1,005	16	6.19
66,879	1,209	7.20	68,838	1,296	7.56

(678)			(744)		
2,038			2,066		
6,821			6,798		
$ 75,060			$ 76,958		
$ 17,686	118	2.66	$ 16,825	113	2.73
2,472	10	1.60	2,535	10	1.63
15,946	197	4.97	17,262	219	5.12
682	8	4.83	759	9	4.78
36,786	333	3.63	37,381	351	3.80
9,214	117	5.03	9,814	125	5.10
1,230	15	4.77	1,663	20	4.81
2,629	25	3.62	1,841	16	3.57
5,441	69	5.05	6,380	84	5.24
2,030	38	7.50	1,886	36	7.58
20,544	264	5.08	21,584	281	5.21
57,330	597	4.15	58,965	632	4.31
8,684			9,035		
2,325			2,135		
848			848		
5,873			5,975		
$ 75,060			$ 76,958		
		3.05			3.25
		.59			.61
	$ 612	3.64%		$ 664	3.86%

</TABLE>

<TABLE>
<CAPTION>

Second Quarter 1998		
Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>
$ 2,948	$ 52	7.02%
5,252	74	5.62
1,531	25	6.46
540	8	6.44
7,323	107	5.86
10,995	235	8.56
4,048	133	13.17
12,560	228	7.26
22,425	445	7.85
3,206	66	8.22
2,114	37	7.01
55,348	1,144	8.23
1,069	17	6.18
66,688	1,320	7.89
(885)		
2,020		
5,809		
$ 73,632		
$ 14,344	106	2.95

2,675	13	1.98
16,749	227	5.43
1,188	17	5.53
34,956	363	4.15
10,643	153	5.68
3,089	43	5.51
1,762	21	4.75
4,524	68	5.97
1,826	35	7.64
21,844	320	5.81
56,800	683	4.79
9,213		
1,445		
698		
5,476		
$ 73,632		
		3.10
		.71
	$ 637	3.81%

</TABLE>

Quarterly Report on Form 10-Q

Securities and Exchange Commission
Washington, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 1999.

Commission File Number 1-9718

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

As of July 30, 1999, PNC Bank Corp. had 295,337,200 shares of common stock ($5 par value) outstanding.

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

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

<TABLE>
<CAPTION>

</TABLE>

PART II   OTHER INFORMATION

Item 6   Exhibits and Reports on Form 8-K

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

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

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

Since March 31, 1999, the Corporation filed the following Current Reports on Form 8-K:

Form 8-K dated as of March 29, 1999, reporting developments regarding the Corporation's credit card business, filed pursuant to Item 5.

Form 8-K dated as of April 22, 1999, reporting the Corporation's consolidated financial results for the three months ended March 31, 1999 and information on the Corporation's businesses for the three months ended March 31, 1999 and 1998, filed pursuant to Item 5.

Form 8-K dated as of July 15, 1999, reporting the Corporation's consolidated financial results for the three and six months ended June 30, 1999 and information on the Corporation's businesses for the six months ended June 30, 1999 and 1998, filed pursuant to Item 5.

Form 8-K dated as of July 20, 1999, with respect to the announcement of an agreement to acquire First Data Investor Services Group, Inc., filed pursuant to Item 5.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on August 16, 1999, on its behalf by the undersigned thereunto duly authorized.

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

Corporate Information

CORPORATE HEADQUARTERS

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

STOCK LISTING

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

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 may also 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 at 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 Brian E. Goerke, Director of Public Relations, at (412) 762-4304 or via e-mail at brian.goerke@pncbank.com.

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.

<TABLE>
<CAPTION>

1999 QUARTER	High	Low	Close	Cash Dividends Declared
<S>	<C>	<C>	<C>	<C>
First	$59.750	$47.000	$55.563	$.41
Second	60.125	54.375	57.625	.41
Total				$.82

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

</TABLE>

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 12.1

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

Dollars in millions	Six months ended June 30, 1999	1998	1997	1996	1995	1994
		Year ended December 31				
EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$ 967	$ 1,710	$ 1,618	$ 1,527	$ 627	$ 1,209
Fixed charges excluding interest on deposits	602	1,366	1,171	1,098	1,487	1,104
Subtotal	1,569	3,076	2,789	2,625	2,114	2,313
Interest on deposits	684	1,471	1,457	1,428	1,552	1,160
Total	$ 2,253	$ 4,547	$ 4,246	$ 4,053	$ 3,666	$ 3,473
FIXED CHARGES						
Interest on borrowed funds	$ 545	$ 1,267	$ 1,098	$ 1,065	$ 1,454	$ 1,071
Interest component of rentals	25	37	29	31	32	32
Amortization of notes and debentures		2	1	1	1	1
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trusts	32	60	43	1		
Subtotal	602	1,366	1,171	1,098	1,487	1,104
Interest on deposits	684	1,471	1,457	1,428	1,552	1,160
Total	$ 1,286	$ 2,837	$ 2,628	$ 2,526	$ 3,039	$ 2,264
RATIO OF EARNINGS TO FIXED CHARGES						
Excluding interest on deposits	2.61 x	2.25 x	2.38 x	2.39 x	1.42 x	2.10 x
Including interest on deposits	1.75	1.60	1.62	1.60	1.21	1.53

EXHIBIT 12.2

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

<TABLE>
<CAPTION>

Dollars in millions	Six months ended June 30, 1999	Year ended December 31 1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$ 967	$ 1,710	$ 1,618	$ 1,527	$ 627	$ 1,209
Fixed charges and preferred stock dividends excluding interest on deposits	617	1,395	1,201	1,106	1,492	1,112
Subtotal	1,584	3,105	2,819	2,633	2,119	2,321
Interest on deposits	684	1,471	1,457	1,428	1,552	1,160
Total	$ 2,268	$ 4,576	$ 4,276	$ 4,061	$ 3,671	$ 3,481
FIXED CHARGES						
Interest on borrowed funds	$ 545	$ 1,267	$ 1,098	$ 1,065	$ 1,454	$ 1,071
Interest component of rentals	25	37	29	31	32	32
Amortization of notes and debentures		2	1	1	1	1
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trusts	32	60	43	1		
Preferred stock dividend requirements	15	29	30	8	5	8
Subtotal	617	1,395	1,201	1,106	1,492	1,112
Interest on deposits	684	1,471	1,457	1,428	1,552	1,160
Total	$ 1,301	$ 2,866	$ 2,658	$ 2,534	$ 3,044	$ 2,272
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS						
Excluding interest on deposits	2.57 x	2.23 x	2.35 x	2.38 x	1.42 x	2.09 x
Including interest on deposits	1.74	1.60	1.61	1.60	1.21	1.53

</TABLE>

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This schedule contains summary financial information extracted from the consolidated financial information incorporated by reference to the 1999 Second Quarter Financial Review and is qualified in its entirety by reference to such financial information.
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