PNC BANK

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

Page 1 represents a portion of the third 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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Dollars in millions, except per share data	Three months ended September 30 1999	Three months ended September 30 1998	Nine months ended September 30 1999	Nine months ended September 30 1998
<S>	<C>	<C>	<C>	<C>
FINANCIAL PERFORMANCE				
Revenue				
Net interest income (taxable-equivalent basis)	$ 599	$ 653	$ 1,875	$ 1,934
Noninterest income	651	529	2,046	1,604
Total revenue	1,250	1,182	3,921	3,538
Net income	320	281	960	830
Per common share				
Basic earnings	1.07	.92	3.17	2.71
Diluted earnings	1.06	.91	3.14	2.68
Cash dividends declared	.41	.39	1.23	1.17
SELECTED RATIOS				
Return on				
Average common shareholders' equity	23.07%	20.52%	22.81%	21.00%
Average assets	1.72	1.48	1.71	1.51
Net interest margin	3.59	3.81	3.70	3.86
Noninterest income to total revenue	52.08	44.75	52.18	45.34
Efficiency *	53.34	53.28	53.78	55.50

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

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Dollars in millions, except per share data	September 30 1999	December 31 1998	September 30 1998
<S>	<C>	<C>	<C>
PERIOD-END BALANCE SHEET DATA			
Assets	$73,003	$77,207	

			$76,238
Earning assets	64,782	69,027	68,638
Loans, net of unearned income	51,398	57,650	56,752
Securities available for sale	8,096	7,074	7,152
Deposits	45,146	47,496	46,875
Borrowed funds	18,898	20,946	19,972
Shareholders' equity	5,871	6,043	5,793
Common shareholders' equity	5,558	5,729	5,479
Book value per common share	18.90	18.86	18.21
CAPITAL RATIOS			
Leverage	7.74%	7.28%	7.18%
Common shareholders' equity to total assets	7.61	7.42	7.19
ASSET QUALITY RATIOS			
Nonperforming assets to total loans, loans held for sale and foreclosed assets	.65%	.55%	.54%
Allowance for credit losses to total loans	1.31	1.31	1.44
Allowance for credit losses to nonaccrual loans	214.65	255.25	289.36
Quarterly net charge-offs to average loans	.22	1.24	.62

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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 banking 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. Recently enacted financial services reform legislation will allow banks and insurance companies to further expand the range of products and services offered to customers.

PNC Bank has responded to these challenges by transitioning to an organization managed as separate businesses with highly focused customer segments. This management structure enables PNC's businesses to operate with an entrepreneurial focus on the valuation dynamics and competitive opportunities unique to their industry segments. This business model also allows the Corporation to enhance consolidated value by leveraging technology, information, branding, marketing, and financial resources across all businesses.

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, in July 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 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, in October, 1999, BlackRock, Inc., PNC Bank's investment management subsidiary, issued 9 million shares of class A common stock at $14.00 per share in an initial public offering. PNC Bank will continue to own approximately 70% of BlackRock's stock and expects to record an after-tax gain of approximately $60 million during the fourth quarter of 1999 as a result of this offering.

SUMMARY FINANCIAL RESULTS Consolidated net income for the first nine months of 1999 was $960 million or $3.14 per diluted share. Results for the first nine months of 1999 included $358 million of pretax gains on the sales of PNC Bank's credit card business, an equity interest in Electronic Payment Services, Inc. ("EPS"), Concord EFS, Inc. ("Concord") stock and twelve branches in western Pennsylvania. The first nine 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 nine months of 1999 were $895 million or $2.92 per diluted share, return on average common shareholders' equity was 21.24% and return on average assets was 1.59%. Earnings for the first nine months of 1998 were $830 million or $2.68 per diluted share.

Taxable-equivalent net interest income was $1.875 billion for the first nine months of 1999, a $59 million decrease compared with the first nine months of 1998. The net interest margin was 3.70% for the first nine months of 1999 compared with 3.86% 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 $1.809 billion for the first nine months of 1999, an increase of $113 million or 7% compared with the first nine months of 1998, and the net interest margin was 3.62% and 3.60% in 1999 and 1998, respectively.

Noninterest income was $2.046 billion for the first nine months of 1999, a $442 million increase compared with the first nine months of 1998. Excluding the gains and valuation adjustments from 1999 and $86 million of branch gains and $30 million of valuation adjustments from 1998, noninterest income increased $282 million or 18% in the period-to-period comparison primarily due to growth in fee-based revenue.

The provision for credit losses was $133 million for the first nine months of 1999 compared with $110 million a year ago. Net charge-offs were $131 million or .33% of average loans for the first nine months of 1999 compared with $267 million or .65%, respectively, for the first nine months of 1998. The decreases were due to the sale of the credit card business in the first quarter of 1999.

Noninterest expense was $2.314 billion for the first nine months of 1999, an 8% increase compared with the first nine months of 1998. Noninterest expense increased 5% compared with the prior-year period excluding $98 million of costs related to efficiency initiatives and a $30 million contribution to the PNC Bank Foundation in 1999 and $55 million of costs primarily for consumer delivery initiatives in 1998. The increase supported revenue growth in fee-based businesses. The efficiency ratio improved to 53.78% for the first nine months of 1999 compared with 55.50% in the prior year due to a continued focus on improving returns in traditional businesses.

Total assets were $73.0 billion at September 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 $5.9 billion at September 30, 1999, compared with $6.0 billion at December 31, 1998. The leverage ratio was 7.74% and Tier I and total risk-based capital ratios were 8.47% and 11.95%, respectively, at September 30, 1999.

Overall asset quality characteristics remained relatively stable during the first nine months of 1999. The ratio of nonperforming assets to total loans, loans held for sale and foreclosed assets was .65% at September 30, 1999 and .55% at December 31, 1998. Nonperforming assets were $361 million at September 30, 1999, compared with $332 million at December 31, 1998. The allowance for credit losses was $674 million and represented 215% of nonaccrual loans and 1.31% of period-end loans at September 30, 1999. The comparable ratios were 255% and 1.31%, respectively, at December 31, 1998.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act 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," "would," and "could" or similar expressions. 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; intensified 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 primary geographic markets in which the Corporation conducts business; changes in interest rates and financial and capital markets; inflation; customer borrowing, repayment, investment and deposit practices; 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 following changes were made in the first quarter of 1999 to the presentation of business results: 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 (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 included in PNC Corporate Bank) are included in Other. PNC Institutional Bank is comprised of the remaining activities that were previously in PNC Corporate Bank. BlackRock reflects 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, minority 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, marketing and financial resources across all businesses. Total business earnings were $885 million for the first nine months of 1999, a 22% 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 55% and 24% of total business results, respectively.

RESULTS OF BUSINESSES

Nine months ended September 30 - dollars in millions	Earnings		Revenue		Return on Assigned Capital		Average Assets *	
	1999	1998	1999	1998	1999	1998	1999	1998
PNC Regional Bank	$ 490	$ 451	$1,734	$1,746	22%	21%	$39,485	$38,741
Asset Management								
PNC Advisors	111	87	551	348	27	31	3,299	2,646
BlackRock	42	23	280	210	44	38	443	302
PFPC Worldwide	34	29	170	141	42	43	257	229
Total asset management	187	139	1,001	699	32	34	3,999	3,177
Wholesale								
PNC Institutional Bank	84	58	313	280	17	13	9,660	8,459
PNC Secured Finance	79	52	224	147	19	15	8,038	6,766
PNC Mortgage	45	23	327	243	13	10	7,092	4,634
Total wholesale	208	133	864	670	16	13	24,790	19,859
Total businesses	885	723	3,599	3,115	22	20	68,274	61,777
Other	10	107	106	423			6,974	11,922
	895	830	3,705	3,538	21	21	75,248	73,699
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)							
Gain on sale of branches	17		27					
Total consolidated	$ 960	$ 830	$3,921	$3,538	23	21	$75,248	$73,699

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

FINANCIAL REVIEW

PNC REGIONAL BANK

Nine months ended September 30 - dollars in millions	1999	1998
INCOME STATEMENT		
Net interest income	$ 1,305	$ 1,271
Noninterest income	429	475
Total revenue	1,734	1,746
Provision for credit losses	33	41
Noninterest expense	908	961
Pretax earnings	793	744
Income taxes	303	293
Earnings	$ 490	$ 451
AVERAGE BALANCE SHEET		
Loans		
Consumer	$ 9,072	$ 9,786
Commercial	9,523	8,904
Residential mortgage	9,873	9,684
Other	3,047	2,840
Total loans	31,515	31,214
Assigned assets and other assets	7,970	7,527
Total assets	$39,485	$38,741
Deposits		
Noninterest-bearing demand	$ 6,310	$ 6,510
Interest-bearing demand	4,872	4,168
Money market	8,980	7,235
Savings	2,577	2,613
Certificates	13,412	14,957
Total net deposits	36,151	35,483
Other liabilities	374	353
Assigned capital	2,960	2,905
Total funds	$39,485	$38,741
PERFORMANCE RATIOS		
Return on assigned capital	22%	21%
Noninterest income to total revenue	25	27
Efficiency	51	53

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 products and services. As consumer preferences have changed, PNC Regional Bank has focused on offering desired products and balancing resources between traditional branches and technology-driven alternative delivery channels.

PNC Regional Bank contributed 55% of total business earnings for the first nine months of 1999 compared with 63% in the first nine months of 1998. Earnings increased $39 million or 9% to $490 million for the first nine months of 1999 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. These strategies resulted in revenue growth and a reduction in operating costs in the period-to-period comparison. Excluding the impact of $86 million of branch gains and $40 million of costs related to consumer delivery initiatives in 1998, earnings increased 16%.

Excluding the impact of the branch gains in 1998, revenue increased 4% to $1.734

billion for the first nine months of 1999 compared with the prior-year period. The increase was primarily due to growth in deposits and fee-based services. The decrease in the provision for credit losses as well as consumer loans was primarily due to the downsizing of the indirect auto loan portfolio.

Excluding the impact of costs related to consumer delivery initiatives in 1998, noninterest expense decreased 1% for the first nine months of 1999 compared with the prior-year period.

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

<TABLE>
<CAPTION>
PNC ADVISORS

Nine months ended September 30 - dollars in millions	1999	1998
<S>	<C>	<C>
INCOME STATEMENT		
Net interest income	$ 98	$ 88
Noninterest income		
Investment management and trust	292	237
Brokerage	108	16
Other	53	7
Total noninterest income	453	260
Total revenue	551	348
Provision for credit losses	5	(1)
Noninterest expense	366	209
Pretax earnings	180	140
Income taxes	69	53
Earnings	$ 111	$ 87
AVERAGE BALANCE SHEET		
Loans		
Residential mortgage	$ 958	$ 968
Consumer	937	932
Commercial	615	595
Other	357	28
Total loans	2,867	2,523
Other assets	432	123
Total assets	$3,299	$ 2,646
Deposits	$2,223	$ 2,261
Assigned funds and other liabilities	528	5
Assigned capital	548	380
Total funds	$3,299	$ 2,646
PERFORMANCE RATIOS		
Return on assigned capital	27%	31%
Noninterest income to total revenue	82	75
Efficiency	66	60

</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 geographic footprint, which includes several of the nation's wealthiest metropolitan areas.

PNC Advisors contributed 13% of total business earnings for the first nine months of 1999 compared with 12% in the prior-year period. Earnings of $111 million for the first nine months of 1999 increased $24 million or 28% compared with the first nine months of 1998 driven by strong revenue growth.

Revenue increased $203 million or 58% for the first nine months of 1999 compared with the prior-year period. The increase was due to higher brokerage revenue primarily from the Hilliard Lyons acquisition and higher investment management and trust revenue primarily resulting from new business. The period-to-period increase in noninterest expense and the efficiency ratio as well as the lower return on assigned capital was attributable to the Hilliard Lyons acquisition.

ASSETS UNDER MANAGEMENT*

September 30 - in billions	1999	1998
Personal investment management and trust	$57	$47
Institutional trust	9	6
Total	$66	$53

* Assets under management do not include brokerage assets administered.

At September 30, 1999, PNC Advisors managed $66 billion of assets, a 25% increase compared with the prior-year period due to new business and the Hilliard Lyons acquisition. Brokerage assets administered by PNC Advisors increased $24 billion in the period-to-period comparison to $29 billion at September 30, 1999, primarily due to the Hilliard Lyons acquisition.

PNC Advisors' revenue is 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

Nine months ended September 30 - dollars in millions	1999	1998
INCOME STATEMENT		
Advisory and administrative fees	$265	$201
Other income	15	9
Total revenue	280	210
Operating expense	192	150
Goodwill amortization	7	7
Operating income	81	53
Interest expense	8	9
Pretax earnings	73	44
Income taxes	31	21
Earnings	$ 42	$ 23
PERIOD-END BALANCE SHEET		
Goodwill	$197	$206
Other assets	246	96
Total assets	$443	$302
Borrowings	$153	$130
Other liabilities	142	81
Shareholders' equity	148	91
Total funds	$443	$302

PERFORMANCE RATIOS		
Return on average equity	44%	38%
Operating margin	29	25
Efficiency	69	71

BlackRock, one of the largest publicly traded investment management firms in the United States, 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.

In October 1999, BlackRock, Inc. issued 9 million shares of class A common stock at $14.00 per share in an initial public offering with PNC Bank retaining approximately 70% of BlackRock's stock. The proceeds from the offering were used to retire a portion of BlackRock's revolving line of credit with the Corporation. 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 5% of total business earnings for the first nine months of 1999 compared with 3% a year ago. Earnings of $42 million for the first nine months of 1999 nearly doubled compared with the prior-year period primarily due to revenue growth resulting from new business. Advisory and administration fees for the first nine months of 1999 increased $64 million or 32% compared with the prior-year period primarily due to a 23% increase in assets under management and higher performance fees. The increase in operating expense in the period-to-period comparison supported revenue growth.

At September 30, 1999, BlackRock managed $148 billion of assets for individual and institutional investors. Approximately 90% were invested in fixed income and liquidity funds that historically have been less volatile than equity funds.

ASSETS UNDER MANAGEMENT

September 30 - in billions	1999	1998
Fixed income	$83	$63
Liquidity	50	45
Equity and other	15	12
Total assets under management	$148	$120
Proprietary mutual funds		
BlackRock Funds	$25	$22
Provident Institutional Funds	22	22
Total proprietary mutual funds	$47	$44

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

BlackRock's revenue is affected by the volume of new business, the value of assets managed, investment performance and financial market conditions. Revenue may be positively affected by strong investment performance or improving financial markets. Conversely, declining performance or deteriorating financial markets may have an adverse effect on results of operations.

PFPC WORLDWIDE

Nine months ended September 30 - dollars in millions	1999	1998
INCOME STATEMENT		
Revenue	$170	$141
Operating expense	116	95

Pretax earnings	54	46
Income taxes	20	17
Earnings	$ 34	$ 29
AVERAGE BALANCE SHEET		
Total assets	$257	$229
Deposits	$130	$119
Other liabilities	18	19
Assigned capital	109	91
Total funds	$257	$229
PERFORMANCE RATIOS		
Return on assigned capital	42%	43%
Operating margin	32	33
Efficiency	67	66

</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.

In July 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. ISG's integration with PFPC is expected to create one of the nation's leading full-service transfer agents, while significantly strengthening PFPC's position as a full-service provider of 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 customary closing conditions.

PFPC contributed 4% of total business earnings for the first nine months of 1999 and 1998. Earnings increased $5 million or 17% to $34 million for the first nine months of 1999 primarily due to revenue growth. Revenue increased $29 million or 21% to $170 million for the first nine months of 1999 driven by new business, existing client growth and market appreciation. Operating expense increased in the period-to-period comparison to support revenue growth and infrastructure costs associated with business expansion.

At September 30, 1999, PFPC provided custody and accounting/administration services for $353 billion and $246 billion, respectively, of mutual fund and other pooled assets. The comparable amounts were $287 billion and $228 billion, respectively, a year ago. The increase in custody and accounting/administration assets serviced in the period-to-period comparison was 23% and 8%, respectively.

<TABLE>
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ASSETS SERVICED

September 30 - in billions	1999	1998
<S>	<C>	<C>
Custody	$353	$287
Accounting/administration	246	228

</TABLE>

PFPC's revenue is 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

Nine months ended September 30 - dollars in millions	1999	1998
<S>	<C>	<C>
INCOME STATEMENT		
Credit-related revenue	$ 137	$ 126
Noncredit revenue	176	154
Total revenue	313	280
Provision for credit losses	19	42
Noninterest expense	166	150
Pretax earnings	128	88
Income taxes	44	30
Earnings	$ 84	$ 58
AVERAGE BALANCE SHEET		
Loans		
Specialized industries	$4,144	$3,628
Large corporate	3,370	2,988
Other	464	356
Total loans	7,978	6,972
Other assets	1,682	1,487
Total assets	$9,660	$8,459
Net deposits	$2,766	$2,503
Assigned funds and other liabilities	6,218	5,364
Assigned capital	676	592
Total funds	$9,660	$8,459
PERFORMANCE RATIOS		
Return on assigned capital	17%	13%
Noncredit revenue to total revenue	56	55
Efficiency	52	53

</TABLE>

PNC Institutional Bank provides specialized credit, capital markets and treasury management products and services to corporations, institutions and government entities nationwide. 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 businesses. The operating results for these activities are excluded from business results in both periods.

PNC Institutional Bank contributed 9% of total business earnings for the first nine months of 1999 compared with 8% in the prior-year period. Earnings of $84 million for the first nine months of 1999 increased $26 million or 45% compared with the prior-year period due to higher revenue and a lower provision for credit losses.

Total revenue of $313 million for the first nine months of 1999 increased $33 million or 12% compared with the first nine months of 1998. Credit-related revenue primarily represents net interest income from loans and increased 9% in the period-to-period comparison driven by higher loan outstandings. Noncredit revenue, which includes noninterest income and the benefit of compensating balances in lieu of fees, increased $22 million or 14% compared with the prior year primarily driven by growth in treasury management. The higher provision for credit losses in 1998 related to exposure to a single healthcare relationship.

Treasury management and capital markets products offered through PNC Institutional Bank are sold by several businesses across the Corporation and related revenue is included in the results of those businesses. Total consolidated revenue from treasury management was $194 million for the first nine months of 1999, a 13% increase compared with the first nine months of 1998. Total consolidated revenue from capital markets was $75 million for the first nine months of 1999, a 16% 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 economy or financial markets could impact asset quality and results of operations.

PNC SECURED FINANCE

Nine months ended September 30 - dollars in millions	1999	1998
INCOME STATEMENT		
Net interest income	$ 146	$ 120
Noninterest income		
Net commercial mortgage banking	45	4
Corporate finance	16	12
Other	17	11
Total noninterest income	78	27
Total revenue	224	147
Provision for credit losses	9	(5)
Noninterest expense	112	80
Pretax earnings	103	72
Income taxes	24	20
Earnings	$ 79	$ 52
AVERAGE BALANCE SHEET		
Loans		
Commercial - real estate related	$2,670	$ 2,203
Commercial real estate	1,602	1,443
Business credit	1,667	1,275
Leasing	1,058	809
Affordable housing	152	185
Total loans	7,149	5,915
Commercial mortgages held for sale	136	238
Other assets	753	613
Total assets	$8,038	$ 6,766
Deposits	$1,157	$ 1,153
Assigned funds and other liabilities	6,318	5,139
Assigned capital	563	474
Total funds	$8,038	$ 6,766
PERFORMANCE RATIOS		
Return on assigned capital	19%	15%
Noninterest income to total revenue	35	18
Efficiency	41	46

PNC Secured Finance, serving corporate clients nationwide, 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.

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 9% of total business earnings for the first nine months of 1999 compared with 7% in the prior-year period. Earnings increased 52% to $79 million for the first nine months of 1999 driven by higher revenue.

Net interest income increased $26 million or 22% to $146 million for the first nine 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 increased $51 million to $78 million for the first nine months of 1999 primarily due to commercial mortgage banking revenue from Midland and the comparative impact of valuation adjustments recorded in 1998.

The increase in the provision for credit losses was primarily due to the comparative impact of net recoveries in 1998.

<TABLE>
<CAPTION>
COMMERCIAL MORTGAGE SERVICING PORTFOLIO

In billions	1999	1998
January 1	$39	
Acquisitions/additions	13	$36
Repayments/transfers	(9)	(4)
September 30	$43	$32

</TABLE>

At September 30, 1999, the commercial mortgage servicing portfolio totaled $43 billion compared with $32 billion at September 30, 1998, substantially all of which is serviced for others.

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

<TABLE>
<CAPTION>
PNC MORTGAGE

Nine months ended September 30 - dollars in millions	1999	1998
INCOME STATEMENT		
Net mortgage banking revenue		
Residential mortgage servicing	$ 252	$ 144
Origination and securitization	145	124
Sales of servicing and other		7
MSR amortization, net of servicing hedge	(147)	(92)
Net mortgage banking revenue	250	183
Net interest income	77	60
Total revenue	327	243
Operating expense	253	205
Pretax earnings	74	38
Income taxes	29	15
Earnings	$ 45	$ 23
AVERAGE BALANCE SHEET		
Residential mortgages held for sale	$ 2,720	$ 2,608
Securities available for sale	2,675	945
Mortgage servicing rights and other assets	1,697	1,081
Total assets	$ 7,092	$ 4,634
Escrow deposits	$ 1,192	$ 917
Assigned funds and other liabilities	5,439	3,416
Assigned capital	461	301
Total funds	$ 7,092	$ 4,634
PERFORMANCE RATIOS		
Return on assigned capital	13%	10%
Net mortgage banking revenue to total revenue	76	75
Efficiency	53	61

</TABLE>

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 September 30, 1999, PNC Mortgage was the nation's twelfth largest servicer and fourteenth largest originator of residential mortgages.

PNC Mortgage contributed 5% of total business earnings for the first nine months of 1999 compared with 3% in the first nine months of 1998. Earnings nearly doubled to $45 million for the first nine months of 1999 primarily due to higher servicing volumes. Net mortgage banking revenue and operating expense increased in the comparison as a result of a larger servicing portfolio. The efficiency ratio improved significantly as PNC Mortgage continued to leverage its technology platform and servicing capabilities.

During 1999, PNC Mortgage funded $16 billion of residential mortgages, with 37% consisting of retail originations. The comparable amounts were $15 billion and 36%, respectively, in the first nine months of 1998. Production volume for the first nine months of 1999 consisted of $6 billion of originated loans and $10 billion of mortgages acquired through correspondent and contractual flow agreements. The corresponding amounts for the first nine months of 1998 were $5 billion and $10 billion, respectively.

<TABLE>
<CAPTION>
RESIDENTIAL MORTGAGE SERVICING PORTFOLIO

In billions	1999	1998
<S>	<C>	<C>
January 1	$ 62	$ 41
Production volume	16	15
Acquisitions	7	16
Repayments	(12)	(11)
Sales		(1)
September 30	$73	$60

</TABLE>

At September 30, 1999, the residential mortgage servicing portfolio totaled $73 billion and had a weighted-average coupon of 7.50%. In addition, the master servicing portfolio grew 77% in the comparison to $34 billion at September 30, 1999. Capitalized residential MSR totaled $1.5 billion at September 30, 1999 and had an estimated fair value of $1.7 billion.

Securities available for sale increased $1.7 billion for the first nine months of 1999 compared with the prior-year period and are utilized as part of PNC Mortgage's risk management strategies.

For the first nine months of 1999 PNC Mortgage securitized $9 billion of loans and was the nation's fourth largest private mortgage conduit.

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 Nine months ended September 30 - dollars in millions	Average Balances 1999	1998	Change	Interest Income/Expense 1999	1998	Change	Average Yields/Rates 1999	1998	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>		

<C> <C>

Interest-earning assets									
Loans held for sale	$ 3,838	$ 3,059	$ 779	$ 205	$ 162	$ 43	7.11%	7.03%	8bp
Securities available for sale	8,669	7,391	1,278	366	327	39	5.64	5.91	(27)
Loans, net of unearned income									
Consumer	10,615	11,073	(458)	647	706	(59)	8.15	8.53	(38)
Credit card	899	3,942	(3,043)	100	407	(307)	14.90	13.81	109
Residential mortgage	12,378	12,598	(220)	650	687	(37)	6.99	7.26	(27)
Commercial	23,343	22,159	1,184	1,344	1,320	24	7.59	7.85	(26)
Commercial real estate	3,394	3,224	170	198	208	(10)	7.70	8.52	(82)
Other	2,993	2,133	860	159	112	47	7.11	7.01	10
Total loans, net of unearned income	53,622	55,129	(1,507)	3,098	3,440	(342)	7.67	8.29	(62)
Other	1,112	1,042	70	53	50	3	6.29	6.35	(6)
Total interest-earning assets/ interest income	67,241	66,621	620	3,722	3,979	(257)	7.35	7.94	(59)
Noninterest-earning assets	8,007	7,078	929						
Total assets	$75,248	$73,699	$ 1,549						
Interest-bearing liabilities									
Deposits									
Demand and money market	$17,519	$14,430	$ 3,089	358	322	36	2.73	2.99	(26)
Savings	2,450	2,644	(194)	30	39	(9)	1.61	1.98	(37)
Other time	16,107	16,995	(888)	605	691	(86)	5.02	5.43	(41)
Deposits in foreign offices	837	1,017	(180)	31	43	(12)	4.96	5.57	(61)
Total interest-bearing deposits	36,913	35,086	1,827	1,024	1,095	(71)	3.71	4.17	(46)
Borrowed funds	20,785	21,501	(716)	823	950	(127)	5.23	5.83	(60)
Total interest-bearing liabilities/ interest expense	57,698	56,587	1,111	1,847	2,045	(198)	4.25	4.80	(55)
Noninterest-bearing liabilities, capital securities and shareholders' equity	17,550	17,112	438						
Total liabilities, capital securities and shareholders' equity	$75,248	$73,699	$ 1,549						
Interest rate spread							3.10	3.14	(4)
Impact of noninterest-bearing sources							.60	.72	(12)
Net interest income/margin				$1,875	$1,934	$ (59)	3.70%	3.86%	(16)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 $1.875 billion for the first nine months of 1999, a $59 million decrease compared with the first nine months of 1998. The net interest margin was 3.70% for the first nine months of 1999 compared with 3.86% 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 $1.809 billion for the first nine months of 1999, an increase of $113 million or 7% compared with the first nine months of 1998, and the net interest margin was 3.62% and 3.60% in 1999 and 1998, respectively.

Average loans for the first nine months of 1999 were $1.5 billion lower than the prior-year period as growth in commercial and other loans were more than offset by lower credit card and indirect auto loans. Loans represented 80% of average earning assets for the first nine months of 1999 compared with 83% for the prior-year period. Average loans held for sale increased $0.8 billion in the period-to-period comparison, reflecting the decision in the first quarter of 1999 to exit certain institutional lending businesses.

Average securities available for sale increased to $8.7 billion compared with $7.4 billion in the prior-year period and represented 13% of average earning assets for the first nine months of 1999 compared with 11% a year ago. The increase was primarily due to securities purchased as part of PNC Mortgage's risk management strategies.

Funding cost is affected by the composition of funding sources as well as related rates paid thereon. Average deposits comprised 61% and 60% of total sources of funds for the first nine months of 1999 and 1998, respectively, with the remainder primarily comprised of wholesale funding obtained at prevailing market rates. Average demand and money market deposits increased $3.1 billion or 21% to $17.5 billion for the first nine months of 1999 primarily reflecting a shift from certificates and savings accounts as well as overall deposit growth.

PROVISION FOR CREDIT LOSSES The provision for credit losses was $133 million in the first nine months of 1999 compared with $110 million in the prior-year period. Net charge-offs were $131 million or .33% of average loans for the first nine months of 1999 compared with $267 million or .65%, respectively, for the first nine months of 1998. The decreases were due to the sale of the credit card business in the first quarter of 1999.

<TABLE>
<CAPTION>
DETAILS OF NONINTEREST INCOME

Nine months ended September 30 - Dollars in millions	1999	1998	Change
<S>	<C>	<C>	<C>
Asset management	$ 505	$ 421	$ 84
Mutual fund servicing	159	134	25
Service charges on deposits	154	151	3
Consumer services			
Credit card	32	93	(61)
Brokerage	138	48	90
Insurance	49	33	16
Other	121	99	22
Total	340	273	67
Corporate services			
Capital markets	60	36	24
Net commercial mortgage banking	45	4	41
Other	7	127	(120)
Total	112	167	(55)
Net residential mortgage banking			
Mortgage servicing	207	113	94
Origination and securitization	145	134	11
MSR amortization, net of servicing hedge	(147)	(92)	(55)
Total	205	155	50
Net securities gains	44	14	30
Other	527	289	238
Total	$ 2,046	$ 1,604	$ 442

</TABLE>

NONINTEREST INCOME Noninterest income was $2.046 billion for the first nine months of 1999, a 28% increase compared with the first nine months of 1998. Excluding gains and valuation adjustments in both years, noninterest income increased 18% in the period-to-period comparison primarily due to growth in fee-based revenue. Noninterest income for the first nine months of 1999 included $358 million of gains on the sales of PNC Bank's credit card business, an equity interest in EPS, Concord stock and twelve branches in western Pennsylvania. The first nine months of 1999 also included $142 million of valuation adjustments associated with exiting certain institutional lending businesses. Noninterest income for the first nine months of 1998 included $86 million of branch gains and $30 million of valuation adjustments.

Asset management fees grew 20%, primarily reflecting new business. Assets under management increased to approximately $193 billion at September 30, 1999, compared with $152 billion at September 30, 1998. Mutual fund servicing fees grew 19% compared with the first nine months of 1998 due to new business, existing client growth and market appreciation. At September 30, 1999, PFPC Worldwide provided custody and accounting/administration services for $353 billion and $246 billion, respectively, of mutual fund and other pooled assets. The comparable amounts were $287 billion and $228 billion, respectively, a year ago.

Consumer services revenue increased $67 million or 25% compared with the first nine 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 in 1999 associated with the exited portfolios. Excluding valuation adjustments in both periods, corporate services revenue increased 29% compared with the prior-year period primarily due to growth in commercial mortgage banking, capital markets and treasury management fees.

Net residential mortgage banking revenue grew $50 million or 32% compared with the prior-year period primarily due to a larger servicing portfolio. Residential mortgage production volume, including both retail and correspondent activity, totaled $16 billion for the first nine months of 1999 compared with $15 billion in the prior-year period. At September 30, 1999, approximately $73 billion of residential mortgages were serviced compared with $60 billion at September 30, 1998.

Net securities gains were $44 million in the first nine months of 1999, primarily relating to the gain from the sale of Concord stock.

Other noninterest income increased $238 million in the period-to-period comparison primarily due to the credit card, EPS and branch gains in the first nine months of 1999, partially offset by the impact of $86 million of branch gains recorded in the first nine months of 1998.

<TABLE>
<CAPTION>
DETAILS OF NONINTEREST EXPENSE
Nine months ended September 30 -
dollars in millions

	1999	1998	Change
<S>	<C>	<C>	<C>
Staff expense			
Compensation	$ 987	$ 867	$ 120
Employee benefits	151	156	(5)
Total	1,138	1,023	115
Net occupancy and equipment			
Net occupancy	191	152	39
Equipment	190	149	41
Total	381	301	80
Amortization			
Goodwill	58	49	9
Other	12	32	(20)
Total	70	81	(11)
Marketing	50	78	(28)
Distributions on capital securities	48	43	5
Other	627	617	10
Total	$2,314	$2,143	$ 171

</TABLE>

NONINTEREST EXPENSE Noninterest expense was $2.314 billion for the first nine months of 1999, an 8% increase compared with the first nine months of 1998. On a comparable basis, noninterest expense increased 5%, excluding costs related to efficiency initiatives in both years and a contribution to the PNC Bank Foundation in 1999. The increase was commensurate with revenue growth in fee-based businesses. The efficiency ratio improved to 53.78% compared with 55.50% in the prior year due to a continued focus on improving returns in traditional businesses. Average full-time equivalent employees totaled approximately 25,700 in the first nine months of 1999 compared with 25,300 a year ago, an increase of 2% mainly due to acquisitions.

CONSOLIDATED BALANCE SHEET REVIEW

LOANS Loans outstanding decreased $6.3 billion from year-end 1998 to $51.4 billion at September 30, 1999 primarily due to the impact of strategies designed to downsize certain portfolios. During 1999, the Corporation sold the credit card business, exited certain institutional lending businesses, decided to sell education loans in repayment and downsize the indirect auto portfolio. Total exposure and outstandings related to the exited institutional lending businesses were $4.2 billion and $1.2 billion, respectively, at September 30, 1999. Total outstandings in exited portfolios decreased approximately 40% since March 31, 1999.

DETAILS OF LOANS

In millions	September 30 1999	December 31 1998
Consumer		
Home equity	$ 6,001	$ 5,731
Automobile	1,864	2,444
Education	144	1,196
Other	1,513	1,609
Total consumer	9,522	10,980
Credit card		2,958
Residential mortgage	12,567	12,265
Commercial		
Manufacturing	4,911	5,336
Retail/wholesale	4,170	4,452
Service providers	3,147	3,263
Real estate related	2,915	3,093
Communications	1,431	1,529
Health care	792	1,136
Financial services	2,011	2,928
Other	3,282	3,445
Total commercial	22,659	25,182
Commercial real estate		
Mortgage	1,361	1,398
Real estate project	2,008	2,051
Total commercial real estate	3,369	3,449
Lease financing and other	3,882	3,370
Unearned income	(601)	(554)
Total, net of unearned income	$ 51,398	$ 57,650

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

NET UNFUNDED COMMITMENTS

In millions	September 30 1999	December 31 1998
Consumer	$ 4,687	$ 3,695
Credit card		14,794
Residential mortgage	1,903	2,756
Commercial	30,291	32,923
Commercial real estate	929	1,078
Other	1,913	652
Total	$ 39,723	$ 55,898

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 totaling $6.1 billion at September 30, 1999 and $5.9 billion at December 31, 1998.

Net outstanding letters of credit totaled $4.4 billion and $4.7 billion at September 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 $1.0 billion from December 31, 1998 to $8.1 billion at September 30, 1999 primarily due to securities purchased as part of PNC Mortgage's risk management strategies. The expected weighted-average life of the securities portfolio increased to 5 years and 7 months at September 30, 1999 compared with 5 years and 3 months at year-end 1998.

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

	September 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	$2,199	$2,023	$2,781	$2,754
Mortgage-backed	4,133	4,004	2,942	2,936
Asset-backed	1,192	1,176	709	708
State and municipal	143	142	122	128
Other debt	37	35	33	31
Corporate stocks and other	741	716	542	517
Total	$8,445	$8,096	$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 accumulated other comprehensive loss.

The notional value of financial derivatives designated to securities available for sale was $222 million at September 30, 1999. The negative fair value of such derivatives was $200 thousand at September 30, 1999. There were no derivatives designated to securities available for sale at December 31, 1998.

FUNDING SOURCES Total funding sources were $64.0 billion at September 30, 1999, a decrease of $4.4 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 nine months of 1999 was primarily in time deposits and bank notes and senior debt partially offset by an increase in foreign deposits. Through September 30, 1999, the Corporation issued $250 million of 6 1/8% subordinated notes, $300 million of 6.95% notes and $300 million of 7.00% notes. In October 1999, the Corporation issued $400 million of 7.50% subordinated notes.

<TABLE>
<CAPTION>
DETAILS OF FUNDING SOURCES

In millions	September 30 1999	December 31 1998
<S>	<C>	<C>
Deposits		
Demand, savings and money market	$ 28,823	$ 29,359
Time	14,601	17,774
Foreign	1,722	363
Total deposits	45,146	47,496
Borrowed funds		
Federal funds purchased	472	390
Repurchase agreements	857	1,669
Bank notes and senior debt	7,975	10,384
Other borrowed funds	7,563	6,722
Subordinated debt	2,031	1,781

Total borrowed funds	18,898	20,946
Total	$ 64,044	$ 68,442

</TABLE>

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

<TABLE>
<CAPTION>
RISK-BASED CAPITAL

Dollars in millions	September 30 1999	December 31 1998
<S>	<C>	<C>
Capital components		
Shareholders' equity		
Common	$ 5,558	$ 5,729
Preferred	313	314
Trust preferred capital securities	848	848
Goodwill and other	(1,305)	(1,381)
Net unrealized securities losses	228	36
Tier I risk-based capital	5,642	5,546
Subordinated debt	1,641	1,641
Eligible allowance for credit losses	674	753
Total risk-based capital	$ 7,957	$ 7,940
Assets		
Risk-weighted assets and off-balance-sheet instruments	$ 66,580	$ 71,146
Average tangible assets	72,929	76,135
Capital ratios		
Tier I risk-based	8.47%	7.80%
Total risk-based	11.95	11.16
Leverage	7.74	7.28

</TABLE>

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

The $250 million of 6 1/8% subordinated notes and $400 million of 7.50% subordinated notes both qualify as Tier II risk-based capital.

During the first nine months of 1999, PNC Bank repurchased 11.1 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 7.8 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 others, diversification, limiting exposure to any single industry or customer, requiring collateral or selling participations to third parties and purchasing credit-related derivatives.

<TABLE>
<CAPTION>
NONPERFORMING ASSETS

Dollars in millions	September 30 1999	December 31 1998
Nonaccrual loans		
Commercial	$222	$188
Residential mortgage	57	51
Commercial real estate		
Real estate project	20	28
Mortgage	12	22
Consumer	3	6
Total nonaccrual loans	314	295
Foreclosed and other assets		
Residential mortgage	14	17
Commercial real estate	10	15
Other	23	5
Total foreclosed and other assets	47	37
Total nonperforming assets	$361	$332
Nonaccrual loans to total loans	.61%	.51%
Nonperforming assets to total loans, loans held for sale and foreclosed assets	.65	.55
Nonperforming assets to total assets	.49	.43

</TABLE>

The amount of nonperforming loans that were current as to principal and interest was $37 million at September 30, 1999 and $28 million at December 31, 1998. There were no troubled debt restructured loans outstanding as of either period end.

<TABLE>
<CAPTION>
CHANGE IN NONPERFORMING ASSETS

In millions	1999	1998
January 1	$ 332	$ 333
Transferred from accrual	307	216
Returned to performing	(4)	(11)
Principal reductions	(184)	(139)
Sales	(33)	(40)
Charge-offs and other	(57)	(30)
September 30	$ 361	$ 329

</TABLE>

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

	Amount		Percent of Loans	
Dollars in millions	September 30 1999	December 31 1998	September 30 1999	December 31 1998
Consumer				
Education		$ 23		1.92%
Other	$ 24	38	.26%	.39
Total consumer	24	61	.25	.56
Credit card		63		2.13
Commercial	65	56	.29	.22
Residential mortgage	47	55	.37	.45
Commercial real estate	24	32	.71	.93
Other	4	1	.12	.04
Total	$164	$268	.32	.46

</TABLE>

At September 30, 1999, education loans in repayment were reclassified to loans held for sale.

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. Those 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 are designed to 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 nine months of 1999 and the evaluation of the allowance for credit losses as of September 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 19% of the total allowance and .25% of total loans at September 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	(173)	(321)
Recoveries	42	54
Net charge-offs	(131)	(267)
Provision for credit losses	133	110
Sale of credit card business	(81)	
Acquisitions		1
September 30	$ 674	$ 816

</TABLE>

The allowance as a percent of nonaccrual loans and period-end loans was 215% and 1.31%, respectively, at September 30, 1999. The comparable year-end 1998 amounts were 255% and 1.31%, respectively.

<TABLE>
<CAPTION>
CHARGE-OFFS AND RECOVERIES

Nine months ended September 30 - dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
<S>	<C>	<C>	<C>	<C>
1999				
Consumer	$ 49	$20	$ 29	.37%
Credit card	60	2	58	8.63
Residential mortgage	7	1	6	.06
Commercial	48	17	31	.18
Commercial real estate	4	1	3	.12
Other	5	1	4	.18
Total	$173	$42	$131	.33
1998				
Consumer	$ 62	$26	$ 36	.43%

Credit card	220	12	208	7.05
Residential mortgage	6	1	5	.05
Commercial	21	12	9	.05
Commercial real estate	7	2	5	.21
Other	5	1	4	.25
Total	$321	$54	$267	.65

</TABLE>

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 the Corporation's ability to obtain cost-effective funding to meet the needs of customers, as well as the Corporation's financial obligations. Liquidity is centrally managed by Asset and Liability Management, with oversight provided by the Corporate Asset and Liability Committee and the Finance Committee of the Board of Directors.

Access to capital markets funding sources is a key factor affecting liquidity management. Access to such markets is in part based on the Corporation's credit ratings, which are influenced by a number of factors including capital ratios, credit quality, and earnings. Additional factors that impact liquidity include the maturity structure of existing assets and liabilities, the level of liquid investment securities and loans available for sale and the Corporation's ability to securitize various types of loans.

Liquidity risk management includes consideration of the Corporation's contractual asset and liability maturities, as well as off-balance sheet positions. This is complemented by an assessment of additional anticipated funding requirements. Based upon these factors, the Corporation seeks to manage its deposits and wholesale funding sources to provide a diversified mix of products and maturities designed to produce the desired level of liquidity.

Liquidity can also be provided through sale of liquid assets and alternative forms of borrowing. Liquid assets consist of short term investments, loans held for sale and securities available for sale. At September 30, 1999, such assets totaled $13 billion with $3.9 billion pledged as collateral for borrowing, trust and other commitments. Funding can also be obtained through secured advances from the Federal Home Loan Bank ("FHLB") system, of which PNC Bank is a member. These borrowings are generally secured by residential mortgages. At September 30, 1999, approximately $4.9 billion of residential mortgages were available as collateral for borrowings from the FHLB.

In order to prepare for potential liquidity needs related to the century change event, Asset and Liability Management has implemented a plan designed to provide the Corporation with a greater degree of liquidity flexibility in the fourth quarter of 1999. Key aspects of this plan include a reduced amount of wholesale debt maturing in the fourth quarter of 1999, as well as a significant increase in the amount of collateral identified and available to support securitized alternative borrowings. At September 30, 1999, the Corporation had over $13 billion of loans available to support borrowings from the FHLB system or the Federal Reserve's special liquidity facility ("SLF"). The SLF was put into place by the Federal Reserve in August, 1999 to provide member banks with an additional funding source to meet year-end 1999 liquidity requirements.

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. During the first nine months of 1999, the Corporation issued $850 million of senior and subordinated debt. In October 1999, the Corporation issued $400 million of subordinated debt reducing the unused capacity under effective shelf registration statements to approximately $1.5 billion of debt and equity securities and $400 million of trust preferred capital securities. 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 $586 million at September 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 September 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 0.9%. 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 1.2%.

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 September 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 1.02% 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 .24% 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 using this measurement was less than $700 thousand at September 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 nine months of 1999, financial derivatives used in interest rate risk management increased net interest income by $44 million compared with a $9 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 nine months of 1999.

<TABLE>
<CAPTION>
FINANCIAL DERIVATIVES ACTIVITY

1999 - dollars in millions	January 1	Additions	Maturities	Terminations	September 30	Weighted-Average Maturity

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

Interest rate risk management							
Interest rate swaps							
Receive fixed	$ 7,163	$ 750	$ (650)	$ (250)	$ 7,013	2 yr.	4 mo.
Pay fixed	13	4	(11)		6	1 yr.	3 mo.
Basis swaps	2,274		(87)		2,187	2 yr.	11 mo.
Interest rate caps	722		(183)		539	4 yr.	
Interest rate floors	1,939	3,000	(1,588)		3,351	2 yr.	8 mo.
Total interest rate risk management	12,111	3,754	(2,519)	(250)	13,096		
Mortgage banking activities							
Residential							
Forward contracts							
Commitments to purchase loans	1,286	23,941	(24,060)		1,167	2 mo.	
Commitments to sell loans	3,248	29,637	(31,406)		1,479	2 mo.	
Options	207	734	(867)		74	2 mo.	
Interest rate floors - MSR	4,875	2,800	(525)	(700)	6,450	4 yr.	3 mo.
Option on swaps - MSR		725			725	13 yr.	
Total residential	9,616	57,837	(56,858)	(700)	9,895		
Commercial	657	1,084	(88)	(759)	894	7 yr.	11 mo.
Total mortgage banking activities	10,273	58,921	(56,946)	(1,459)	10,789		
Credit-related activities							
Credit default swaps	4,255	60			4,315	1 yr.	11 mo.
Total	$26,639	$ 62,735	$(59,465)	$(1,709)	$28,200		

</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 September 30, 1999.

<TABLE>
<CAPTION>
FINANCIAL DERIVATIVES

			Weighted-Average Interest Rates	
September 30, 1999 - dollars in millions	Notional Value	Estimated Fair Value	Paid	Received
<S>	<C>	<C>	<C>	<C>
Interest rate risk management				
Asset rate conversion				
Interest rate swaps (1)				
Receive fixed designated to loans	$ 5,550	$(26)	6.09%	5.49%
Basis swaps designated to other earning assets	243	4	5.88	6.40
Interest rate caps designated to loans (2)	539	11	NM	NM
Interest rate floors designated to loans (3)	3,351		NM	NM
Total asset rate conversion	9,683	(11)		
Liability rate conversion				
Interest rate swaps (1)				

Receive fixed designated to:				
Interest-bearing deposits	150	2	6.45	6.65
Borrowed funds	1,313	(10)	6.35	5.97
Pay fixed designated to borrowed funds	6	1	6.09	7.33
Basis swaps designated to borrowed funds	1,944	9	6.12	6.22
Total liability rate conversion	3,413	2		
Total interest rate risk management	13,096	(9)		
Mortgage banking activities				
Residential				
Forward contracts				
Commitments to purchase loans	1,167		NM	NM
Commitments to sell loans	1,479	(9)	NM	NM
Options	74	2	NM	NM
Interest rate floors - MSR (3)	6,450	15	NM	NM
Option on swaps - MSR	725	9	NM	NM
Total residential	9,895	17		
Commercial				
Pay fixed interest rate swaps designated to securities (1)	222		6.78	6.18
Pay fixed interest rate swaps designated to loans (1)	672	43	5.60	6.70
Total commercial	894	43		
Total mortgage banking activities	10,789	60		
Credit-related activities				
Credit default swaps	4,315	(2)	NM	NM
Total financial derivatives	$28,200	$ 49		

</TABLE>

(1) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional value, 29% were based on 1-month LIBOR, 68% on 3-month LIBOR and the remainder on other short-term indices.
(2) Interest rate caps with notional values of $166 million, $156 million and $213 million require the counterparty to pay the excess, if any, of 3-month LIBOR over a weighted-average strike of 6.18%, 1-month LIBOR over a weighted-average strike of 5.74% and Prime over a weighted-average strike of 8.76%, respectively. At September 30, 1999, 3-month LIBOR was 6.08%, 1-month LIBOR was 5.40% and Prime was 8.25%.
(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 September 30, 1999, 3-month LIBOR was 6.08%, 10-year CMT was 5.90% and 10-year CMS was 6.90%.
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

September 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	$17,076	$ 68	$ (81)	$(13)

Caps/floors				
Sold	2,907		(20)	(20)
Purchased	2,778	17		17
Foreign exchange	2,968	38	(28)	10
Other	684	3	(3)	
Total customer-related	26,413	126	(132)	(6)
Other	2,270		(1)	(1)
Total other derivatives	$28,683	$ 126	$(133)	$ (7)

</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 September 30, 1999, the Corporation's MIS-supported mainframe, mid-range and PC client-server systems have been tested and returned to use as year 2000 ready and non-PC related hardware and systems have been tested and determined to be year 2000 ready.

The Corporation has 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 completed its assessment of the year 2000 preparedness of its identified mission critical service providers and continues to review and monitor them. 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 integrated testing to determine whether its mission critical application systems will perform in coordination with one another. The Corporation has also conducted 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 $25 million. Through September 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 were unable to provide services required by the Corporation due to year 2000 issues, 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.

FINANCIAL REVIEW

THIRD QUARTER 1999 VS. THIRD QUARTER 1998

Net income for the third quarter of 1999 totaled $320 million or $1.06 per diluted share. Results included a $17 million net after-tax gain or $.06 per diluted share resulting from the sale of twelve branches in western Pennsylvania. Core earnings for the quarter were $303 million or $1.00 per diluted share and, on that basis, return on average common shareholders' equity was 21.81% and return on average assets was 1.63%. Earnings for the third quarter of 1998 were $281 million or $0.91 per diluted share. Return on average common shareholders' equity was 20.52% and return on average assets was 1.48% in the third quarter of 1998.

Taxable-equivalent net interest income was $599 million in the third quarter of 1999, a $54 million decrease compared with the prior-year quarter. The net interest margin was 3.59% for the third quarter of 1999 compared with 3.81% in the third quarter of 1998. These declines were primarily due to the sale of the credit card business in the first quarter of 1999. Excluding the credit card business from the third quarter of 1998, net interest income for the third quarter of 1999 increased 5% and the net interest margin widened six basis points compared with the prior-year period.

The provision for credit losses was $30 million in the third quarter of 1999 and net charge-offs were $29 million compared with $45 million and $88 million, respectively, in the prior-year period.

Noninterest income was $651 million in the third quarter of 1999, a 23% increase compared with the third quarter of 1998. Excluding branch gains in both years and valuation adjustments in 1998, noninterest income for the third quarter of 1999 increased 18% compared with the prior-year quarter driven by growth in fee-based revenue. Noninterest income in the third quarter of 1999 included $27 million of pretax gains from branch sales. Noninterest income in the third quarter of 1998 included $30 million of pretax gains from branch sales that were offset by valuation adjustments.

Asset management fees grew 22% compared with the third quarter of 1998 primarily reflecting new business. Mutual fund servicing fees grew 17% compared with the prior-year quarter due to new business, existing client growth and market appreciation.

Consumer services revenue of $105 million for the third quarter of 1999 increased 7% compared with the third quarter of 1998 primarily due to an increase in brokerage fees associated with the Hilliard Lyons acquisition that was substantially offset by lower credit card fees.

Corporate services revenue increased $30 million compared with the prior-year due to higher capital markets and treasury management fees and the comparative impact of valuation adjustments recorded in 1998.

Net residential mortgage banking revenue grew $28 million or 60% compared with the prior-year quarter primarily due to growth in the servicing portfolio. Residential mortgage originations, including both retail and correspondent activity, totaled $4 billion compared with $7 billion in the prior-year period.

Net securities gains were $2 million in the third quarter of 1999. Excluding the branch gains in both periods, other noninterest income increased $19 million compared with the third quarter of 1998 due to various operating items.

Noninterest expense of $724 million increased 4% compared with the third quarter of 1998 primarily to support growth in fee-based businesses. The efficiency ratio of 53.3% for the third quarter of 1999 remained consistent with the prior-year quarter reflecting a continued focus on improving returns in traditional businesses.

Total assets were $73.0 billion at September 30, 1999. Average earning assets decreased $2 billion to $66 billion for the third quarter of 1999 compared with the prior-year quarter at $68 billion. The decrease was primarily due to a $4.2 billion decrease in average loans in the period-to-period comparison that resulted from the sale of the credit card business and the decision to exit certain institutional lending businesses. Loans represented 78% of average earning assets in the third quarter of 1999 compared with 82% a year ago. Partially offsetting the decrease in average loans was a $1.7 billion increase in average securities available for sale that was attributable to securities held to hedge residential mortgage servicing rights. Average securities available for sale represented 13% and 10% of average earning assets in the third quarter of 1999 and 1998, respectively.

Average deposits were $44.9 billion and represented 61% of total sources of funds for the third quarter of 1999 compared with $44.5 billion and 59%, respectively, in the third quarter of 1998. The increase in average deposits was primarily in consumer deposits. Average borrowed funds decreased $2.4 billion to $20.2 billion compared with the third quarter of 1998.

Overall asset quality characteristics remained relatively stable during the third quarter of 1999. The ratio of nonperforming assets to total loans, loans held for sale and foreclosed assets was .65% at September 30, 1999 compared with .54% at September 30, 1998. Nonperforming assets were $361 million at September 30, 1999 compared with $329 million at September 30, 1998.

The allowance for credit losses was $674 million and represented 1.31% of period-end loans and 215% of nonaccrual loans at September 30, 1999. The comparable amounts were 1.44% and 289%, respectively, at September 30, 1998. Net charge-offs were $29 million or .22% of average loans for the third quarter of 1999 compared with $88 million or .62% in the third 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 September 30		Nine months ended September 30	
In millions, except per share data	1999	1998	1999	1998
INTEREST INCOME				
Loans and fees on loans	$ 985	$1,166	$3,086	$3,424
Securities available for sale	127	103	363	324
Other	100	85	257	211
Total interest income	1,212	1,354	3,706	3,959
INTEREST EXPENSE				
Deposits	340	371	1,024	1,095
Borrowed funds	278	337	823	950

Total interest expense	618	708	1,847	2,045
Net interest income	594	646	1,859	1,914
Provision for credit losses	30	45	133	110
Net interest income less provision for credit losses	564	601	1,726	1,804
NONINTEREST INCOME				
Asset management	175	143	505	421
Mutual fund servicing	55	47	159	134
Service charges on deposits	53	53	154	151
Consumer services	105	98	340	273
Corporate services	84	54	112	167
Net residential mortgage banking	75	47	205	155
Net securities gains	2	1	44	14
Other	102	86	527	289
Total noninterest income	651	529	2,046	1,604
NONINTEREST EXPENSE				
Staff expense	362	335	1,138	1,023
Net occupancy and equipment	103	101	381	301
Amortization	21	28	70	81
Marketing	18	14	50	78
Distributions on capital securities	16	16	48	43
Other	204	202	627	617
Total noninterest expense	724	696	2,314	2,143
Income before income taxes	491	434	1,458	1,265
Income taxes	171	153	498	435
Net income	$ 320	$ 281	$ 960	$ 830
Net income applicable to diluted earnings	$ 315	$ 276	$ 946	$ 817
EARNINGS PER COMMON SHARE				
Basic	$ 1.07	$ .92	$ 3.17	$ 2.71
Diluted	1.06	.91	3.14	2.68
CASH DIVIDENDS DECLARED PER COMMON SHARE	.41	.39	1.23	1.17
AVERAGE COMMON SHARES OUTSTANDING				
Basic	294.5	300.6	298.0	300.5
Diluted	297.6	304.2	301.3	

305.3
==
</TABLE>

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

<TABLE>
<CAPTION>

In millions, except par value	September 30 1999	December 31 1998
ASSETS		
Cash and due from banks	$ 2,194	$ 2,534
Short-term investments	1,102	1,014
Loans held for sale	4,117	3,226
Securities available for sale	8,096	7,074
Loans, net of unearned income of $601 and $554	51,398	57,650
Allowance for credit losses	(674)	(753)
Net loans	50,724	56,897
Goodwill and other amortizable assets	2,943	2,548
Other	3,827	3,914
Total assets	$73,003	$77,207
LIABILITIES		
Deposits		
Noninterest-bearing	$ 8,660	$ 9,943
Interest-bearing	36,486	37,553
Total deposits	45,146	47,496
Borrowed funds		
Federal funds purchased	472	390
Repurchase agreements	857	1,669
Bank notes and senior debt	7,975	10,384
Other borrowed funds	7,563	6,722
Subordinated debt	2,031	1,781
Total borrowed funds	18,898	20,946
Other	2,240	1,874
Total liabilities	66,284	

		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	1,270	1,250
Retained earnings	5,839	5,262
Deferred benefit expense	(33)	(36)
Accumulated other comprehensive loss	(236)	(43)
Common stock held in treasury at cost: 59 and 49 shares	(2,740)	(2,161)
Total shareholders' equity	5,871	6,043
Total liabilities, capital securities and shareholders' equity	$73,003	$77,207

</TABLE>

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

<TABLE>
<CAPTION>

Nine months ended September 30 - in millions	1999	1998
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$ 960	$ 830
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for credit losses	133	110
Depreciation, amortization and accretion	256	431
Deferred income taxes	172	73
Net securities losses (gains)	73	(76)
Net gain on sales of businesses and assets	(412)	(235)
Valuation adjustments	177	7
Change in		
Loans held for sale	1,127	(1,509)
Other	(431)	(628)
Net cash provided (used) by operating activities	2,055	(997)
INVESTING ACTIVITIES		
Net change in loans	99	(4,070)
Repayment of securities available for sale	1,045	1,599
Sales		
Securities available for sale	8,454	9,786
Loans	463	1,503
Foreclosed assets	28	47
Purchases		

Securities available for sale	(10,018)	(9,243)
Loans	(363)	(79)
Net cash received (paid) for acquisitions/divestitures	2,975	(1,074)
Other	(69)	203
Net cash provided (used) by investing activities	2,614	(1,328)
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing deposits	(1,259)	(1,022)
Interest-bearing deposits	(704)	890
Federal funds purchased	82	(2,861)
Sale/issuance		
Repurchase agreements	107,107	84,509
Bank notes and senior debt	2,416	8,228
Other borrowed funds	27,689	76,483
Subordinated debt	254	140
Capital securities		198
Common stock	84	114
Repayment/maturity		
Repurchase agreements	(107,919)	(84,182)
Bank notes and senior debt	(4,826)	(7,496)
Other borrowed funds	(26,876)	(74,358)
Subordinated debt	(4)	(2)
Acquisition of treasury stock	(670)	(270)
Cash dividends paid	(383)	(367)
Net cash (used) provided by financing activities	(5,009)	4
DECREASE IN CASH AND DUE FROM BANKS	(340)	(2,321)
Cash and due from banks at beginning of year	2,534	4,303
Cash and due from banks at end of period	$ 2,194	$ 1,982
CASH PAID FOR		
Interest	$ 1,898	$ 2,047
Income taxes	208	262
NONCASH ITEMS		
Transfer from loans to loans held for sale	2,142	
Transfers from loans to other assets	32	33
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 banking 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 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.

RECENT ACCOUNTING PRONOUNCEMENTS Statement of Financial Accounting Standards ("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.

CASH FLOWS During the first nine months of 1999, divestiture activity which affected cash flows consisted of $3.2 billion of divested assets and receipt of $3.0 billion in cash and due from banks. Acquisition and divestiture activity for the first nine months of 1998 consisted of $539 million of acquired assets, $535 million of divested liabilities, cash payments totaling $1.1 million and receipt of $30 million in cash and due from banks.

SECURITIES AVAILABLE FOR SALE

<TABLE>
<CAPTION>

	September 30, 1999				December 31, 1998			
	Amortized	Unrealized		Fair	Amortized	Unrealized		Fair
In millions	Cost	Gains	Losses	Value	Cost	Gains	Losses	Value
Debt securities								
U.S. Treasury and government agencies	$ 2,199		$ (176)	$ 2,023	$ 2,781	$ 10	$ (37)	$2,754
Mortgage-backed	4,133	$ 2	(131)	4,004	2,942	5	(11)	2,936
Asset-backed	1,192		(16)	1,176	709	1	(2)	708
State and municipal	143	3	(4)	142	122	6		128
Other debt	37		(2)	35	33		(2)	31
Total debt securities	7,704	5	(329)	7,380	6,587	22	(52)	6,557
Corporate stocks and other	741	9	(34)	716	542	10	(35)	517
Total securities available for sale	$ 8,445	$ 14	$ (363)	$ 8,096	$ 7,129	$ 32	$	

(87) $7,074

</TABLE>

Net securities gains were $44 million for the first nine months of 1999, substantially all relating to the gain from the sale of Concord EFS, Inc. ("Concord") stock. Net securities losses related to residential mortgage banking risk management strategies of $117 million were reported in net residential mortgage banking revenue.

Net securities gains of $76 million for the first nine months of 1998 included $62 million that were reported in net residential mortgage banking revenue.

ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses were as follows:

In millions	1999	1998
Allowance at January 1	$ 753	$ 972
Charge-offs		
Consumer	(49)	(62)
Credit card	(60)	(220)
Residential mortgage	(7)	(6)
Commercial	(48)	(21)
Commercial real estate	(4)	(7)
Other	(5)	(5)
Total charge-offs	(173)	(321)
Recoveries		
Consumer	20	26
Credit card	2	12
Residential mortgage	1	1
Commercial	17	12
Commercial real estate	1	2
Other	1	1
Total recoveries	42	54
Net charge-offs		
Consumer	(29)	(36)
Credit card	(58)	(208)
Residential mortgage	(6)	(5)
Commercial	(31)	(9)
Commercial real estate	(3)	(5)
Other	(4)	(4)
Total net charge-offs	(131)	(267)
Provision for credit losses	133	110
Sale of credit card business	(81)	
Acquisitions		1
Allowance at September 30	$ 674	$ 816

NONPERFORMING ASSETS

Nonperforming assets were as follows:

In millions	September 30 1999	December 31 1998
Nonaccrual loans	$314	$295
Foreclosed and other assets	47	37
Total nonperforming assets	$361	$332

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:

Positive Negative

In millions	Notional Value	Fair Value	Notional Value	Fair Value
SEPTEMBER 30, 1999				
Interest rate				
Swaps	$ 4,052	$ 35	$ 5,154	$(55)
Caps	539	11		
Floors	3,000	2	351	(2)
Total interest rate risk management	7,591	48	5,505	(57)
Mortgage banking activities	8,092	71	2,697	(11)
Credit default swaps			4,315	(2)
Total	$15,683	$119	$12,517	$(70)
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)

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

In millions	Notional Value	Positive Fair Value	Negative Fair Value	Net Asset (Liability)
SEPTEMBER 30, 1999				
Customer-related				
Interest rate				
Swaps	$17,076	$ 68	$ (81)	$(13)
Caps/floors				
Sold	2,907		(20)	(20)
Purchased	2,778	17		17
Foreign exchange	2,968	38	(28)	10
Other	684	3	(3)	
Total customer-related	26,413	126	(132)	(6)
Other	2,270		(1)	(1)
Total	$28,683	$126	$(133)	$ (7)
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)

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 following changes were made in the first quarter of 1999 to the presentation of business results: 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 (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 included in PNC Corporate Bank) are included in Other. PNC Institutional Bank is comprised of the remaining activities that were previously in PNC Corporate Bank. BlackRock reflects 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, minority interests in subsidiaries, eliminations and unassigned items; the impact of which is reflected in Other.

Additionally, Other for the first nine months of 1999 included gains on the sales of the credit card business an equity interest in EPS, Concord stock and twelve branches in Western Pennsylvania. The first nine months of 1999 also included 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, serving corporate clients nationwide, 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.

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>

Three months ended September 30 - in millions	PNC Regional Bank	PNC Advisors	BlackRock	PFPC Worldwide	PNC Institutional Bank	PNC Secured Finance	PNC Mortgage	Other	Total PNC Bank Corp.
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1999									
INCOME STATEMENT									
Net interest income*	$ 439	$ 31	$ (2)	$ 3	$ 62	$ 48	$ 21	$ (3)	$ 599
Noninterest income	143	155	100	56	49	23	89	36	651
Total revenue	582	186	98	59	111	71	110	33	1,250
Provision for credit losses	11	5			3	11			30
Noninterest expense	300	123	70	40	60	39	77	15	724
Pretax earnings	271	58	28	19	48	21	33	18	496
Income taxes	102	22	12	7	17		12	4	176
Earnings	$ 169	$ 36	$ 16	$ 12	$ 31	$ 21	$ 21	$ 14	$ 320
Inter-segment revenue	$ 7	$ 2	$ 25		$ (8)	$ 2	$ 9	$ (37)	
Average assets **	$39,572	$3,289	$403	$245	$9,735	$7,944	$7,175	$ 5,400	$73,763
1998									
INCOME STATEMENT									
Net interest income*	$ 426	$ 29	$ (2)	$ 2	$ 61	$ 42	$ 21	$ 74	$ 653
Noninterest income	161	91	79	48	38	1	63	48	529
Total revenue	587	120	77	50	99	43	84	122	1,182
Provision for credit losses	11				42	1		(9)	45
Noninterest expense	321	75	59	33	51	33	70	54	696
Pretax earnings	255	45	18	17	6	9	14	77	441

Income taxes	100	16	9	6	1	1	6	21	160
Earnings	$ 155	$ 29	$ 9	$ 11	$ 5	$ 8	$ 8	$ 56	$ 281
Inter-segment revenue	$ 4		$ 2		$ (7)	$ 4	$ 8	$ (11)	
Average assets **	$38,613	$2,630	$315	$259	$8,731	$7,874	$5,555	$11,313	$75,290

Nine months ended
September 30
in millions

1999									
INCOME STATEMENT									
Net interest income*	$ 1,305	$ 98	$ (8)	$ 8	$ 180	$ 146	$ 77	$ 69	$ 1,875
Noninterest income	429	453	280	162	133	78	250	261	2,046
Total revenue	1,734	551	272	170	313	224	327	330	3,921
Provision for credit losses	33	5			19	9		67	133
Noninterest expense	908	366	199	116	166	112	253	194	2,314
Pretax earnings	793	180	73	54	128	103	74	69	1,474
Income taxes	303	69	31	20	44	24	29	(6)	514
Earnings	$ 490	$ 111	$ 42	$ 34	$ 84	$ 79	$ 45	$ 75	$ 960
Inter-segment revenue	$ 24	$ 6	$ 63		$ (30)	$ 8	$ 27	$ (98)	
Average assets **	$39,485	$3,299	$443	$257	$9,660	$8,038	$ 7,092	$ 6,974	$75,248
1998									
INCOME STATEMENT									
Net interest income*	$ 1,271	$ 88	$ (9)	$ 6	$ 167	$ 120	$ 60	$ 231	$ 1,934
Noninterest income	475	260	210	135	113	27	183	201	1,604
Total revenue	1,746	348	201	141	280	147	243	432	3,538
Provision for credit losses	41	(1)			42	(5)		33	110
Noninterest expense	961	209	157	95	150	80	205	286	2,143
Pretax earnings	744	140	44	46	88	72	38	113	1,285
Income taxes	293	53	21	17	30	20	15	6	455
Earnings	$ 451	$ 87	$ 23	$ 29	$ 58	$ 52	$ 23	$ 107	$ 830
Inter-segment revenue	$ 13	$ 1	$ 4		$ (19)	$ 7	$ 25	$ (31)	

Average assets **	$38,741	$2,646	$302	$229	$8,459	$6,766	$ 4,634	$ 11,922	$73,699

</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>

In millions, except share and per share data	Three months ended September 30 1999	1998	Nine months ended September 30 1999	1998
CALCULATION OF BASIC EARNINGS PER COMMON SHARE				
Net income	$ 320	$ 281	$ 960	$ 830
Less: Preferred dividends declared	5	5	15	14
Net income applicable to basic earnings per common share	$ 315	$ 276	$ 945	$ 816
Basic weighted-average common shares outstanding (in thousands)	294,497	300,640	298,047	300,521
BASIC EARNINGS PER COMMON SHARE	$ 1.07	$ .92	$ 3.17	$ 2.71
CALCULATION OF DILUTED EARNINGS PER COMMON SHARE				
Net income	$ 320	$ 281	$ 960	$ 830
Add: Interest expense on convertible debentures (net of tax)				1
Less: Dividends declared on nonconvertible preferred stock	5	5	14	14
Net income applicable to diluted earnings per common share	$ 315	$ 276	$ 946	$ 817
Basic weighted-average common shares outstanding (in thousands)	294,497	300,640	298,047	300,521
Weighted-average common shares to be issued using average market price and assuming:				
Conversion of preferred stock Series A and B	132	147	134	151
Conversion of preferred stock Series C and D	1,064	1,134	1,080	1,153
Conversion of debentures	24	26	24	1,009

Exercise of stock options	1,472	1,606	1,602	1,966
Incentive share awards	379	633	381	502
Diluted weighted-average common shares outstanding (in thousands)	297,568	304,186	301,268	305,302
DILUTED EARNINGS PER COMMON SHARE	$ 1.06	$ .91	$ 3.14	$ 2.68

</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 $332 million for the third quarter of 1999 and $767 million for the first nine months of 1999 compared with $313 million and $870 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 $200 million at September 30, 1999.

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

PNC BANCORP, INC., AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

In millions	September 30 1999	December 31 1998
ASSETS		
Cash and due from banks	$ 2,187	$ 2,527
Securities available for sale	7,897	6,868
Loans, net of unearned income	50,976	57,282
Allowance for credit losses	(674)	(753)
Net loans	50,302	56,529
Other assets	10,320	9,261
Total assets	$70,706	$75,185
LIABILITIES		
Deposits	$45,915	$47,578
Borrowed funds	16,752	19,402
Other liabilities	1,470	1,130
Total liabilities	64,137	68,110
Mandatorily redeemable capital securities of subsidiary trust	350	350
SHAREHOLDERS' EQUITY	6,219	6,725
Total liabilities, capital		

securities and shareholders' equity	$70,706	$75,185

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

Nine months ended September 30 - in millions	1999	1998
Interest income	$3,647	$3,923
Interest expense	1,759	1,970
Net interest income	1,888	1,953
Provision for credit losses	133	110
Net interest income less provision for credit losses	1,755	1,843
Noninterest income	1,450	1,671
Noninterest expense	1,903	2,273
Income before income taxes	1,302	1,241
Income taxes	466	438
Net income	$ 836	$ 803

BORROWED FUNDS

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

In August 1999, the Corporation issued $300 million of 6.95% notes due 2002 and $300 million of 7.00% notes due 2004. In October 1999, the Corporation, issued $400 million of 7.50% subordinated notes due 2009 that qualify as Tier II risk-based capital. The net proceeds from the sale of the notes are expected to be used to fund the acquisition of ISG.

SUBSEQUENT EVENTS

In October 1999 BlackRock, Inc., PNC Bank's investment management subsidiary, issued 9 million shares of class A common stock at $14.00 per share in an initial public offering. PNC Bank will continue to own approximately 70% of BlackRock's stock and will record an after tax gain of approximately $60 million during the fourth quarter as a result of this offering.

Statistical Information

CONSOLIDATED AVERAGE BALANCE SHEET AND NET INTEREST ANALYSIS

<TABLE>
<CAPTION>

	Nine months ended September 30					
	1999			1998		
Dollars in millions Taxable-equivalent basis	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-earning assets						
Loans held for sale	$ 3,838	$ 205	7.11%	$ 3,059	$ 162	7.03%
Securities available for sale						
U.S. Treasury and government agencies and corporations	4,640	178	5.14	5,179	220	5.67
Other debt	3,361	157	6.21	1,672		

					81	6.46
Other	668	31	6.16	540	26	6.49
Total securities available for sale	8,669	366	5.64	7,391	327	5.91
Loans, net of unearned income						
Consumer	10,615	647	8.15	11,073	706	8.53
Credit card	899	100	14.90	3,942	407	13.81
Residential mortgage	12,378	650	6.99	12,598	687	7.26
Commercial	23,343	1,344	7.59	22,159	1,320	7.85
Commercial real estate	3,394	198	7.70	3,224	208	8.52
Other	2,993	159	7.11	2,133	112	7.01
Total loans, net of unearned income	53,622	3,098	7.67	55,129	3,440	8.29
Other	1,112	53	6.29	1,042	50	6.35
Total interest-earning assets/interest income	67,241	3,722	7.35	66,621	3,979	7.94
Noninterest-earning assets						
Allowance for credit losses	(699)			(887)		
Cash and due from banks	2,020			2,274		
Other assets	6,686			5,691		
Total assets	$75,248			$73,699		
LIABILITIES, CAPITAL SECURITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
Demand and money market	$17,519	358	2.73	$14,430	322	2.99
Savings	2,450	30	1.61	2,644	39	1.98
Other time	16,107	605	5.02	16,995	691	5.43
Deposits in foreign offices	837	31	4.96	1,017	43	5.57
Total interest-bearing deposits	36,913	1,024	3.71	35,086	1,095	4.17
Borrowed funds						
Bank notes and senior debt	8,899	345	5.13	10,827	467	5.68
Federal funds purchased	1,574	59	4.90	2,663	112	5.55
Repurchase agreements	2,121	61	3.77	1,624	59	4.81
Other borrowed funds	6,164	243	5.19	4,603	209	5.99
Subordinated debt	2,027	115	7.51	1,784	103	7.67
Total borrowed funds	20,785	823	5.23	21,501	950	5.83
Total interest-bearing liabilities/interest expense	57,698	1,847	4.25	56,587	2,045	4.80
Noninterest-bearing liabilities and shareholders' equity						
Demand and other noninterest-bearing deposits	8,676			9,353		
Accrued expenses and other liabilities	2,167			1,518		
Mandatorily redeemable capital securities of subsidiary trusts	848			733		
Shareholders' equity	5,859			5,508		
Total liabilities, capital securities and shareholders' equity	$75,248			$73,699		
Interest rate spread			3.10			3.14
Impact of noninterest-bearing sources			.60			

.72

Net interest income/margin	$ 1,875	3.70%	$1,934	3.86%

</TABLE>

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

<TABLE>
<CAPTION>

Third Quarter 1999			Second Quarter 1999			Third Quarter 1998		
Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 4,385	$ 82	7.51%	$ 3,727	$ 67	7.07%	$ 3,850	$ 67	7.00%
4,484	58	5.20	5,187	66	5.12	4,714	66	5.58
3,705	59	6.33	3,521	55	6.19	1,842	29	6.35
614	11	6.89	729	10	5.70	517	9	6.43
8,803	128	5.79	9,437	131	5.56	7,073	104	5.85
10,171	207	8.08	10,729	218	8.16	11,038	235	8.47
						4,029	142	13.94
12,451	216	6.94	12,496	218	6.97	12,455	225	7.21
22,631	444	7.68	22,846	438	7.58	23,359	468	7.84
3,389	67	7.67	3,396	66	7.66	2,850	63	8.65
3,104	55	7.12	3,012	52	6.98	2,207	39	7.06
51,746	989	7.55	52,479	992	7.53	55,938	1,172	8.28
1,102	18	6.26	1,236	19	6.37	1,097	18	6.41
66,036	1,217	7.29	66,879	1,209	7.20	67,958	1,361	7.92

(677)			(678)			(830)		
1,959			2,038			2,022		
6,445			6,821			6,140		
$73,763			$75,060			$75,290		
$18,034	127	2.80	$17,686	118	2.66	$14,787	113	3.04
2,345	10	1.59	2,472	10	1.60	2,610	13	1.97
15,136	189	4.97	15,946	197	4.97	16,896	230	5.41
1,066	14	5.16	682	8	4.83	1,060	15	5.54
36,581	340	3.69	36,786	333	3.63	35,353	371	4.17
7,823	103	5.28	9,214	117	5.03	11,845	172	5.67
1,828	24	5.07	1,230	15	4.77	2,496	36	5.60
1,892	20	4.17	2,629	25	3.62	1,587	19	4.79
6,668	90	5.27	5,441	69	5.05	4,871	75	6.01
2,031	41	7.48	2,030	38	7.50	1,843	35	7.63
20,242	278	5.40	20,544	264	5.08	22,642	337	5.83
56,823	618	4.30	57,330	597	4.15	57,995	708	4.82
8,318			8,684			9,169		
2,042			2,325			1,632		
848			848			848		
5,732			5,873			5,646		
$73,763			$75,060			$75,290		
		2.99			3.05			3.10
		.60			.59			.71
	$ 599	3.59%		$ 612	3.64%		$ 653	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 September 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 October 31, 1999, PNC Bank Corp. had 294,292,472 shares of common stock ($5 par value) outstanding.

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

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

	Cross-Reference	Page(s)
PART I	FINANCIAL INFORMATION	
Item 1	Consolidated Statement of Income for the three and nine months ended September 30, 1999 and 1998	25
	Consolidated Balance Sheet as of September 30, 1999 and December 31, 1998	26
	Consolidated Statement of Cash Flows for the nine months ended September 30, 1999 and 1998	27
	Notes to Consolidated Financial Statements	28 - 34
	Consolidated Average Balance Sheet and Net Interest Analysis	35 - 36
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	2 - 24
Item 3	Quantitative and Qualitative Disclosures About Market Risk	17 - 19

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. Copies may also be obtained without charge by writing to Lynn Fox Evans, Director of Financial Reporting, at corporate headquarters, by calling (412) 762-1553 or via e-mail at financial.reporting@pncbank.com.

Since June 30, 1999, the Corporation filed the following Current Reports on Form 8-K:

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 financial information about 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.

Form 8-K dated as of August 27, 1999, reporting the public offering of $300,000,000 of 6.95% Notes due 2002 and $300,000,000 of 7.00% Notes due 2004, filed pursuant to Item 5.

Form 8-K dated as of October 20, 1999, reporting the Corporation's consolidated financial results for the three and nine months ended September 30, 1999 and financial information about the Corporation's businesses for the nine months ended September 30, 1999 and 1998, filed pursuant to Item 5.

Form 8-K dated as of October 26, 1999, reporting the public offering of $400,000,000 of 7.50% Subordinated Notes due 2009, filed pursuant to Item 5.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

Registrant has duly caused this report to be signed on November 15, 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 about 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 without charge by writing to Lynn Fox Evans, Director of Financial Reporting, at corporate headquarters, 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 Jeep Bryant, Director of Corporate Communications, at (412) 762-8221 or via e-mail at public.relations@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.

1999 QUARTER	High	Low	Close	Cash Dividends Declared
First	$59.750	$47.000	$55.563	$ .41
Second	60.125	54.375	57.625	.41
Third	58.063	49.688	52.688	.41
Total				$1.23

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

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

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

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Dollars in millions	Nine months ended September 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	$ 1,458	$ 1,710	$ 1,618	$ 1,527	$ 627	$ 1,209
Fixed charges excluding interest on deposits	909	1,366	1,171	1,098	1,487	1,104
Subtotal	2,367	3,076	2,789	2,625	2,114	2,313
Interest on deposits	1,024	1,471	1,457	1,428	1,552	1,160
Total	$ 3,391	$ 4,547	$ 4,246	$ 4,053	$ 3,666	$ 3,473
FIXED CHARGES						
Interest on borrowed funds	$ 823	$ 1,267	$ 1,098	$ 1,065	$ 1,454	$ 1,071
Interest component of rentals	38	37	29	31	32	32
Amortization of notes and debentures		2	1	1	1	1
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trusts	48	60	43	1		
Subtotal	909	1,366	1,171	1,098	1,487	1,104
Interest on deposits	1,024	1,471	1,457	1,428	1,552	1,160
Total	$ 1,933	$ 2,837	$ 2,628	$ 2,526	$ 3,039	$ 2,264
RATIO OF EARNINGS TO FIXED CHARGES						
Excluding interest on deposits	2.60 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

</TABLE>

PNC BANK CORP. EXHIBIT 12.2

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

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Dollars in millions	Nine months ended September 30, 1999	Year ended December 31 1998	1997	1996	1995	1994
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EARNINGS						
Income before taxes and cumulative effect of changes in accounting principles	$ 1,458	$ 1,710	$ 1,618	$ 1,527	$ 627	$ 1,209
Fixed charges and preferred stock dividends excluding interest on deposits	931	1,395	1,201	1,106	1,492	1,112
Subtotal	2,389	3,105	2,819	2,633	2,119	2,321
Interest on deposits	1,024	1,471	1,457	1,428	1,552	1,160
Total	$ 3,413	$ 4,576	$ 4,276	$ 4,061	$ 3,671	$ 3,481
FIXED CHARGES						
Interest on borrowed funds	$ 823	$ 1,267	$ 1,098	$ 1,065	$ 1,454	$ 1,071
Interest component of rentals	38	37	29	31	32	32
Amortization of notes and debentures		2	1	1	1	1
Distributions on Mandatorily Redeemable Capital Securities of Subsidiary Trusts	48	60	43	1		
Preferred stock dividend requirements	22	29	30	8	5	8
Subtotal	931	1,395	1,201	1,106	1,492	1,112
Interest on deposits	1,024	1,471	1,457	1,428	1,552	1,160
Total	$ 1,955	$ 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	1.75	1.60	1.61	1.60	1.21	1.53

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL INFORMATION INCORPORATED BY REFERENCE TO THE 1999 THIRD QUARTER FINANCIAL REVIEW AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL INFORMATION.
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