

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

PNC BANK CORP

CIK: **713676** | IRS No.: **251435979** | State of Incorporation: **PA** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-09718** | Film No.: **94516576**
SIC: **6021** National commercial banks

Business Address
*ONE PNC PLAZA
FIFTH AVE & WOOD ST
PITTSBURGH PA 15265
4127622666*

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

(Mark One)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1993

OR

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

For the transition period from _____ to _____

Commission file number 1-9718

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

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

ONE PNC PLAZA
FIFTH AVENUE AND WOOD STREET
PITTSBURGH, PENNSYLVANIA 15265
(Address of principal executive offices)
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE - (412) 762-2666

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT

<TABLE>		
<CAPTION>		
	Title of Each Class -----	Name of Each Exchange on Which Registered -----
<S>		<C>
	Common Stock, par value \$5.00	New York Stock Exchange
	\$1.60 Cumulative Convertible Preferred Stock - Series C, par value \$1.00	New York Stock Exchange
	\$1.80 Cumulative Convertible Preferred Stock - Series D, par value \$1.00	New York Stock Exchange
</TABLE>		

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT

\$1.80 Cumulative Convertible Preferred Stock - Series A, par value \$1.00
\$1.80 Cumulative Convertible Preferred Stock - Series B, par value \$1.00
8.25% Convertible Subordinated Debentures Due 2008

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K. []

THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT AMOUNTED TO APPROXIMATELY \$6,412,000,000 AT FEBRUARY 28, 1994.

NUMBER OF OUTSTANDING SHARES OF REGISTRANT'S COMMON STOCK AS OF FEBRUARY 28, 1994: 234,871,944.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE PNC BANK CORP. ANNUAL REPORT TO SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 1993 ("ANNUAL REPORT TO SHAREHOLDERS") ARE INCORPORATED BY

REFERENCE INTO PARTS I AND II AND PORTIONS OF THE DEFINITIVE PROXY STATEMENT OF PNC BANK CORP. FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 26, 1994 ("PROXY STATEMENT") ARE INCORPORATED BY REFERENCE INTO PART III OF THIS FORM 10-K. THE INCORPORATION BY REFERENCE HEREIN OF PORTIONS OF THE PROXY STATEMENT SHALL NOT BE DEEMED TO SPECIFICALLY INCORPORATE BY REFERENCE THE INFORMATION REFERRED TO IN ITEM 402(A) (8) OF REGULATION S-K.

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*Not Applicable.

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PART I

ITEM 1--BUSINESS

INTRODUCTION

PNC Bank Corp. ("Corporation") is a bank holding company registered under the Bank Holding Company Act of 1956, as amended ("Act"). The Corporation was incorporated under Pennsylvania law in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, the Corporation has diversified its geographical presence and product capabilities through numerous strategic acquisitions and the formation of various non-banking subsidiaries. At December 31, 1993, the Corporation operated 9 banking subsidiaries ("Banks") in Pennsylvania, Kentucky, Ohio, Delaware, Massachusetts and Indiana and 78 non-banking subsidiaries. The Corporation's total assets and total shareholders' equity were \$62.1 billion and \$4.3 billion, respectively. Based on 1993 year-end assets, the Corporation was the 10th largest bank holding company in the nation as reported by the American Banker. The Corporation employs approximately 21,100 people on a full-time equivalent basis.

In 1993, the Corporation's strategic focus was on refining the line-of-business organizational structure; strategic growth through acquisitions and continued investment in targeted businesses; managing the revenue and expense relationship associated with the Corporation's mature businesses; and marketing the Corporation under a new unified identity with an

emphasis on customer satisfaction.

On November 30, 1993, the Corporation consummated its acquisition of the Sears Mortgage Banking Group, which consisted primarily of Sears Mortgage Corporation, Sears Mortgage Securities Corporation and Sears Savings Bank. Upon consummation, Sears Savings Bank was converted to a national banking association and renamed PNC Mortgage Bank, National Association ("PNC Mortgage"), and the other acquired entities became wholly-owned subsidiaries of PNC Mortgage. With this acquisition, the Corporation added consumer assets of \$7.6 billion; a mortgage servicing portfolio approximating \$27 billion, including \$21 billion serviced for others; and a national residential mortgage production network consisting of 117 locations in 33 states. Other acquisitions during the year are described under Item 7 of this Form 10-K.

The Corporation delivers a full range of banking products and services to its customers through four lines of business: Corporate Banking, Retail Banking, Investment Management and Trust, and Investment Banking. For the most part, these products and services are distributed through the Corporation's retail banking and mortgage origination office networks or its wholesale banking offices in certain major metropolitan areas located in the U.S.

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Corporate Banking provides financing, liquidity and cash management, and financial services to businesses and government entities. Corporate Banking's focus is on serving customers by developing and delivering products and services specific to their needs. Certain market studies indicate that this line of business has established one of the largest market shares among middle market companies in the Corporation's primary markets, which include Delaware, Indiana, Kentucky, New Jersey, Ohio and Pennsylvania. In addition, Corporate Banking maintains banking relationships with many of the largest companies in the U.S. and is a major provider of cash management services.

Retail Banking provides lending, deposit, investment, payment systems access, and other financial services to consumers and small businesses. Such services are primarily provided through the Corporation's 550 banking offices located in Pennsylvania, Kentucky, Ohio, Delaware and Indiana. Certain retail products, including residential mortgages, student loans and credit cards, are centrally managed to enhance the Corporation's ability to provide high quality, low cost products. The primary focus of Retail Banking is on enhancing sales and service levels by pursuing acquisitions and consolidating certain operations. Retail Banking serves more than two million households and more than 70,000 small businesses, operates one of the largest student lending businesses in the U.S. and maintains a mortgage origination network with offices in 33 states.

Investment Management and Trust provides investment advice, asset management, and administrative and custodial services to individuals, institutions and mutual funds. Additionally, economic and investment research services are sold to more than 230 institutions, including brokerage firms, insurance companies, pension funds and other banks. At December 31, 1993, the market value of trust assets under administration totaled \$193 billion, with discretionary authority over \$57 billion. According to published rankings, the Corporation ranks as the largest bank manager of mutual funds, one of the largest bank trustees for individuals, the fourth-largest institutional money fund manager and the seventh-largest bank money manager in the nation.

Investment Banking includes the asset/liability management function of the Corporation as well as underwriting, brokerage and direct investment services. Full-service retail brokerage services are provided in selected offices within the Retail Banking office network through PNC Brokerage Corp and PNC Securities Corp. In addition, securities underwriting services are provided by PNC Securities Corp which ranks as one of the largest bank underwriters of revenue bonds for the health care industry and colleges and universities. Private equity placements for middle market and smaller companies to finance growth or ownership transition are provided by PNC Capital Corp, PNC Venture Corp and PNC Equity Management Corp.

For additional line of business information, see pages 27 through 30 of the Annual Report to Shareholders, which are incorporated herein by reference.

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Subsidiary Banks

Information as of December 31, 1993 for the Corporation's five largest Banks is set forth below.

<TABLE>
<CAPTION>

Dollars in billions				
SUBSIDIARY BANK/LOCATION	TOTAL ASSETS	APPROXIMATE PERCENTAGE OF CONSOLIDATED TOTAL ASSETS	TOTAL DEPOSITS	NUMBER OF RETAIL OFFICES

<S>	<C>	<C>	<C>	<C>
PNC Bank, National Association Pittsburgh, PA	\$40.5	65 %	\$21.0	365
PNC Bank, Kentucky, Inc. Louisville, KY	5.7	9	3.4	68
PNC Mortgage Bank, National Association Pittsburgh, PA	5.1	8	3.0	117
PNC Bank, Ohio, National Association Cincinnati, OH	4.3	7	2.6	62
Bank of Delaware Wilmington, DE	2.9	5	1.7	40

</TABLE>

CREDIT RISK MANAGEMENT

For a description of the Corporation's credit risk management activities, information concerning the distribution of the loan portfolio and a discussion and analysis of risk elements in the loan portfolio see pages 31-35 of the Annual Report to Shareholders, incorporated herein by reference.

For additional information regarding the Corporation's business, see Items 7 and 8 of this Annual Report on Form 10-K.

SUPERVISION AND REGULATION

Bank Holding Companies

As a registered holding company, the Corporation is regulated under the Act and is subject to supervision and regular inspection by the Board of Governors of the Federal Reserve System ("Federal Reserve Board"). The Act requires, among other things, the prior approval of the Federal Reserve Board in any case where the Corporation proposes to (i) acquire all or substantially all of the assets of any bank, (ii) acquire direct or indirect ownership or control of more than 5 percent of the voting shares of any bank or (iii) merge or consolidate with any other bank holding company.

Bank holding companies and their subsidiary banks are also subject to the provisions of the Community Reinvestment Act of 1977, as amended ("CRA"). Under the terms of the CRA, each subsidiary bank's record in meeting the credit needs of the community served by that bank, including low- and moderate-income neighborhoods is annually assessed by that bank's primary regulatory

authority. When a bank holding company applies for approval to acquire a bank or other bank holding company, the Federal Reserve Board will review the assessment of each subsidiary bank of the applicant bank holding company, and such records may be the basis for denying the application. The federal banking agencies have issued a notice of proposed rulemaking that would replace the current CRA assessment system with a new evaluation system that would primarily rate institutions based on their actual lending activity in the community. Under the current proposal, each institution would be evaluated based on the degree to which it is providing loans, branches and other services and investments to low- and moderate-income areas.

The Act prohibits the Federal Reserve Board from approving a bank holding company's application to acquire a bank or bank holding company located outside the state in which the operations of its banking subsidiaries are principally conducted, unless such acquisition is specifically authorized by statute of the state in which the bank or bank holding company to be acquired

is located. Pennsylvania law permits bank holding companies located in any state to acquire Pennsylvania banks and bank holding companies, provided that the home state of the acquiring company has enacted "reciprocal" legislation. In this context, reciprocal legislation is generally defined as legislation that expressly authorizes Pennsylvania bank holding companies to acquire banks or bank holding companies located in another state on terms and conditions substantially no more restrictive than those applicable to such an acquisition in Pennsylvania by a bank holding company located in the other state.

Under the Act, the Corporation is prohibited, with certain exceptions, from acquiring direct or indirect ownership or control of more than 5% of any class of voting shares of any non-banking corporation. Further, the Corporation may not engage in any business other than managing and controlling banks or furnishing certain specified services to subsidiaries, and may not acquire voting control of non-banking corporations except those corporations engaged in businesses or furnishing services which the Federal Reserve Board deems to be so closely related to banking as "to be a proper incident thereto". The Federal Reserve Board has determined that a number of activities meet this standard and include: making and servicing loans; performing certain fiduciary functions; leasing real and personal property; underwriting and dealing in government obligations and certain money market instruments; underwriting and dealing, to a limited extent, in corporate debt obligations and other securities that banks may not deal in; providing foreign exchange advisory and transactional services; and owning, controlling or operating a savings association, if the savings association engages only in deposit-taking activities and lending and other activities that are permissible for bank holding companies. The Board, from time to time, may revise the list of permitted activities.

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

Subsidiary Banks

The Banks are subject to supervision and examination by applicable federal and state banking agencies, including the Office of the Comptroller of the Currency ("Comptroller") in the case of subsidiaries that are national banks. All of the Banks are insured by, and therefore subject to regulations of, the Federal Deposit Insurance Corporation ("FDIC"), and are also subject to requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged thereon, and limitations on the types of investments that may be made and the types of services that may be offered. Numerous consumer laws and regulations also affect the operations of the Banks including, among others, disclosure requirements, antidiscrimination provisions, and substantiative contractual limitations with respect to deposit accounts. The banking agencies, together with the Departments of Justice and Housing and Urban Development, have announced that they intend to enforce more rigorously compliance with community reinvestment, antidiscrimination and other fair lending laws and regulations. In addition to the impact of regulation, commercial banks are affected significantly by the actions of the Federal Reserve Board as it attempts to control the money supply and credit availability in order to influence the economy.

The parent company's principal assets are its loans and advances to, and investments in, its Banks and other subsidiaries. Dividends from the Corporation's Banks constitute the principal source of income to the parent company. The Banks are subject to various statutory restrictions on their ability to pay dividends to the Corporation. Under such restrictions, the amount available for payment of dividends to the Corporation by the Banks was \$942.8 million at December 31, 1993. In addition, the Comptroller and the FDIC, in the case of national bank subsidiaries, and the FDIC or the Federal Reserve Board, in the case of state bank subsidiaries, have authority to

prohibit any such Bank from engaging in an unsafe or unsound practice in conducting its business. The payment of dividends, depending upon the financial condition of the Bank in question, could be deemed to constitute such an unsafe or unsound practice, and the regulatory agencies have indicated their view that it generally would be an unsafe and unsound practice to pay dividends except out of current operating earnings. The ability of the Banks to pay dividends in the future is presently, and could be further, influenced, among other things, by applicable capital guidelines or by bank regulatory and supervisory policies.

The ability of the Banks to make funds available to the parent company is also subject to restrictions imposed by federal law. For a discussion of these restrictions see "Regulatory Matters" on pages 56-57 of the Annual Report to Shareholders, incorporated herein by reference.

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

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The amount of FDIC assessments paid by individual insured depository institutions is based on their relative risk as measured by regulatory capital ratios and certain other factors. Under this system, in establishing the insurance premium assessment for each bank, the FDIC will take into consideration the probability that the deposit insurance fund will incur a loss with respect to an institution, and will charge an institution with perceived higher inherent risks a higher insurance premium. The FDIC will also consider the different categories and concentrations of assets and liabilities of the institution, the revenue needs of the deposit insurance fund, and any other factors the FDIC deems relevant. Current regulations provide for a minimum assessment of 23 cents per \$100 of eligible deposits. A significant increase in the assessment rate or a special additional assessment with respect to insured deposits could have an adverse impact on the results of operations and capital levels of the Banks or the Corporation.

The federal banking agencies possess broad powers to take corrective action as deemed appropriate for an insured depository institution and its holding companies. The extent of these powers depends upon whether the institution in question is considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." At December 31, 1993, all of the Banks exceeded the required ratios for classification as well capitalized. Generally, as an institution is deemed to be less well capitalized, the scope and severity of the agencies' powers increase. The agencies' corrective powers can include, among other things, requiring an insured financial institution to adopt a capital restoration plan which cannot be approved unless guaranteed by the institution's parent holding company; placing limits on asset growth and restrictions on activities; placing restrictions on transactions with affiliates; restricting the interest rate the institution may pay on deposits; prohibiting the institution from accepting deposits from correspondent banks; prohibiting the payment of principal or interest on subordinated debt; prohibiting the holding company from making capital distributions without prior regulatory approval; and, ultimately, appointing a receiver for the institution. Business activities may also be influenced by an institution's capital classification. For instance, only a "well capitalized" depository institution may accept brokered deposits without prior regulatory approval and only an "adequately capitalized" depository institution may accept brokered deposits with prior regulatory approval. For a discussion of the current capital levels of the Corporation, see "Capital" on page 37 of the Annual Report to Shareholders, incorporated herein by reference.

Non-bank Subsidiaries

All of the non-bank subsidiaries of the Corporation are subject to regulatory restrictions imposed by the Federal Reserve Board and other federal or state regulatory agencies. For example, two subsidiaries of the Corporation are registered broker-dealers. The activities of these companies are monitored by the Comptroller in one instance and the Federal Reserve Board in the other instance and both are subject to rules and regulations promulgated by the

Securities and Exchange Commission, the National Association of Securities Dealers, Inc., the Municipal Securities Rulemaking Board, the Securities Investors Protection Corporation and various state securities commissions. Several other non-bank affiliates of the Corporation are registered investment advisors and are subject to the regulations of the Securities and Exchange Commission and may be subject to one or more state securities commissions. Additionally, certain of these investment advisors are subsidiaries of national banks and are subject to supervision by the Comptroller. Other non-bank subsidiaries of the Corporation are regulated under federal and/or state mortgage lending, insurance and consumer laws, among others.

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GOVERNMENTAL POLICIES

The operations of financial institutions may be affected by legislative changes. For example, Congress is presently considering various administration proposals, including proposals to consolidate the bank regulatory agencies, to authorize interstate branching and to amend various consumer protection laws. In addition, Congress is considering various issues relating to the separation of banking and commerce including, for example, banks' mutual fund activities. Financial institutions' operations also may be affected by the policies of various regulatory authorities. In particular, bank holding companies and their subsidiaries are affected by the credit policies of the Federal Reserve Board. An important function of the Federal Reserve Board is to regulate the national supply of bank credit. Among the instruments of monetary policy used by the Federal Reserve Board to implement its objectives are: open market operations in U.S. Government securities; changes in the discount rate on bank borrowings; and changes in reserve requirements on bank deposits.

These instruments of monetary policy are used in varying combinations to influence the overall level of bank loans, investments and deposits, the interest rates charged on loans and paid for deposits, the price of the dollar in foreign exchange markets, and the level of inflation. The monetary policies of the Federal Reserve Board have had a significant effect on the operating results of banking institutions in the past and are expected to continue to do so in the future. It is not possible to predict the nature of future changes in monetary and fiscal policies, or the effect that they may have on the Corporation's business and earnings.

COMPETITION

Bank holding companies and their subsidiaries are subject to intense competition from various financial institutions and other companies or firms that engage in similar activities. The Banks compete for deposits with other commercial banks, savings banks, savings and loan associations, insurance companies, credit unions and issuers of commercial paper and other securities, such as shares in money market funds. In making loans, the Banks compete with other commercial banks, savings banks, savings and loan associations, consumer finance companies, credit unions, leasing companies and other lenders. In addition, PNC Securities Corp, PNC Brokerage Corp, PNC Capital Corp, PNC Venture Corp and PNC Equity Management Corp compete with commercial banks, investment banking firms, insurance companies and venture capital firms. In providing trust and money management services, the Corporation competes with other large commercial banks, trust companies, brokerage houses, mutual fund managers and insurance companies. Many such competitors have substantial resources and operations which are national or international in scope.

The Corporation and its subsidiaries compete not only with financial institutions based in the states in which the Banks are located, but also with a number of large out-of-state and foreign banks, bank holding companies and other financial institutions which have an established market presence in each state. Some of the financial institutions operating in these markets are engaged in local, regional, national and international operations and have more assets and personnel than the Corporation.

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EXECUTIVE OFFICERS

Information concerning each executive officer of the Corporation as of

February 28, 1994 is set forth below. Each executive officer held the position indicated or another senior executive position with the same entity or one of its affiliates or a predecessor corporation for the past five years, except: Mr. Caldwell whose principal occupation prior to 1990 was Executive Vice President and Manager of the Trust Division of Harris Trust and Savings Bank, Chicago; Mr. Haunschild whose principal occupation prior to 1990 was Partner in the Pittsburgh Office of Ernst & Young; and Ms. Pudlin whose principal occupation prior to 1989 was Partner in the Philadelphia law firm of Ballard Spahr Andrews & Ingersoll.

<TABLE>

<CAPTION>

NAME	AGE	POSITION WITH PNC BANK CORP. - YEAR EMPLOYED
Thomas H. O'Brien	57	Chairman and Chief Executive Officer. Employed in 1962.
James E. Rohr	45	President. Employed in 1972.
Richard C. Caldwell	49	Executive Vice President, Investment Management and Trust. Employed in 1990.
Walter E. Gregg, Jr.	52	Executive Vice President, Finance and Administration. Employed in 1974.
Robert L. Haunschild	44	Senior Vice President, Planning/Finance. Employed in 1990.
Joe R. Irwin	58	Executive Vice President and Chief Investment Officer. Employed in 1963.
William J. Johns	46	Senior Vice President and Controller. Employed in 1974.
Edward P. Junker, III	57	Vice Chairman. Employed in 1964.
Thomas E. Paisley, III	46	Senior Vice President and Chairman, Corporate Credit Policy Committee. Employed in 1972.
Helen P. Pudlin	44	Senior Vice President and General Counsel. Employed in 1989.
Bruce E. Robbins	49	President and Chief Executive Officer PNC Bank, National Association - Pittsburgh. Employed in 1973.

</TABLE>

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<TABLE>

<CAPTION>

NAME	AGE	POSITION WITH PNC BANK CORP. - YEAR EMPLOYED
A. William Schenck, III	50	Executive Vice President, Retail Banking. Employed in 1969.
Richard L. Smoot	53	President and Chief Executive Officer, PNC Bank, National Association - Philadelphia. Employed in 1987.
Herbert G. Summerfield, Jr.	53	Executive Vice President, Real Estate. Employed in 1970.
Walter L. West	51	Treasurer. Employed in 1966.

</TABLE>

STATISTICAL DISCLOSURES BY BANK HOLDING COMPANIES

The statistical information contained on pages 63-72 of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 2--PROPERTIES

The executive and administrative offices of the Corporation and PNC Bank, National Association ("PNC Bank, N.A.") are located in One PNC Plaza, located at Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania. This thirty-story structure is owned by PNC Bank, N.A. The Corporation and PNC Bank, N.A. occupy the entire building. In January 1993, PNC Bank, N.A. purchased a thirty-four story structure adjacent to One PNC Plaza, now known as Two PNC Plaza, that contains additional office space. PNC Bank, N.A. also owns a recently-constructed data processing and telecommunications center located in a suburb of Pittsburgh.

The Corporation's subsidiaries own or lease numerous other premises for use in conducting banking and non-banking activities. The facilities owned or occupied under lease by the Corporation's subsidiaries are considered by management to be adequate. Neither the location of any particular office nor the unexpired term of any lease is deemed material to the business of the Corporation.

ITEM 3 - LEGAL PROCEEDINGS

On December 13, 1993, the United States District Court for the Western District of Pennsylvania dismissed with prejudice the previously reported consolidated federal securities law class action lawsuit commenced in April 1990 against the Corporation and certain present and former directors and executive officers and the previously reported shareholders' derivative suit against such individuals. The dismissal was entered pursuant to a settlement agreement approved by the court. The cost of settlement was covered by insurance and existing litigation reserves.

In January 1992, a lawsuit was filed against PNC National Bank ("PNCNB"), a national bank subsidiary of the Corporation located in Wilmington Delaware, alleging that PNCNB violated Pennsylvania statutes in connection with certain fees charged on credit cards issued by PNCNB. The lawsuit is brought on behalf of a purported class of resident individuals of Pennsylvania who have contracted for, been charged, had reserved, or have paid these fees, and seeks, among other things, unquantified compensatory and triple damages and injunctive relief. In March 1992, PNCNB filed an answer to the amended complaint, denying liability and raising several affirmative defenses, and in January 1993, PNCNB filed a motion for judgment on the pleadings seeking dismissal of the suit. The lawsuit was filed in the Court of Common Pleas of Allegheny County and has been removed to the United States District Court for the Western District of Pennsylvania. PNCNB is vigorously defending the lawsuit. The impact of the final disposition of this litigation on the Corporation cannot be assessed at the present time. The lawsuit is one of several brought against a number of banks, challenging whether a credit card issuing bank can impose various types of fees allowed by the state where the issuer is located on cardholders residing in other states that allegedly limit or prohibit those fees.

The Corporation, in the normal course of business, is subject to various other pending and threatened lawsuits in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate that the ultimate aggregate liability, if any, arising out of such other lawsuits will have a material adverse effect on the Corporation's financial position.

At the present time, management is not in a position to determine whether any pending or threatened litigation will have a material adverse effect on the Corporation's results of operations in any future reporting period.

PART II

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

The Corporation's common stock is listed on the New York Stock Exchange and is traded under the symbol "PNC". At the close of business on February 28, 1994, there were 43,456 shareholders of record.

Holders of common stock are entitled to receive dividends when declared by the Board of Directors out of funds legally available therefor. The Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock have been paid or declared and set apart for payment. The Board presently intends to continue the policy of paying quarterly cash dividends. However, the amount of any future dividends will depend upon earnings, the financial condition of the Corporation and other factors including applicable government regulations and policies. The ability to

maintain dividends at current levels is affected by the level of core earnings, economic conditions, credit quality, regulatory policies, capital needs, growth objectives, the ability of the Banks and non-bank subsidiaries to upstream dividends to the parent company and other relevant factors. See further discussion concerning dividend restrictions under Item 1 of this Form 10-K and in "Regulatory Matters" on pages 56-57 of the Annual Report to Shareholders, which is incorporated herein by reference.

Additional information relating to the common stock under the caption "Stock Prices/Dividends Declared" on page 80 of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 6 - SELECTED FINANCIAL DATA

"Selected Consolidated Financial Data" on page 61 of the Annual Report to Shareholders is incorporated herein by reference.

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

"Corporate Financial Review 1993 versus 1992" and "Management's Discussion and Analysis 1992 Versus 1991" on pages 24-37 and 73-76, respectively, of the Annual Report to Shareholders are incorporated herein by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The "Report of Independent Auditors," "Consolidated Financial Statements" and "Selected Quarterly Financial Data" on pages 38, 39-60 and 62, respectively, of the Annual Report to Shareholders are incorporated herein by reference.

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PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to the principal occupations of directors of the Corporation, their ages, directorships in other companies, and respective terms of office under the heading "Election of Directors - Information Concerning Nominees" in the definitive proxy statement of the Corporation for the annual meeting of shareholders to be held on April 26, 1994 ("Proxy Statement") is incorporated herein by reference. Information regarding timely filing of initial reports of ownership and reports of changes in ownership of any equity securities of the Corporation under the heading "Certain Reports" in the Proxy Statement is incorporated herein by reference.

Information regarding executive officers of the Corporation is included in Part I of this Form 10-K.

ITEM 11 - EXECUTIVE COMPENSATION

Information regarding compensation of directors and executive officers under the headings "Election of Directors - Compensation of Directors" and "Compensation of Executive Officers" in the Proxy Statement is incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding the beneficial ownership of the equity securities of the Corporation by each director and nominee for director, each of the five highest compensated executive officers and all directors and executive officers of the Corporation as a group under the heading "Security Ownership of Certain Beneficial Owners and Management - Security Ownership of Directors and Executive Officers" in the Proxy Statement is incorporated herein by reference. Information regarding ownership of the equity securities of the Corporation by certain other beneficial owners under the heading "Security Ownership of Certain Beneficial Owners and Management - Security Ownership of Certain Beneficial Owners" in the Proxy Statement is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding transactions and relationships with certain directors and executive officers of the Corporation and their associates under

the heading "Compensation of Executive Officers - Compensation Committee Interlocks and Insider Participation" in the Proxy Statement is incorporated herein by reference.

PART IV

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

The following consolidated financial statements and report of independent auditors of the Corporation, included in the Annual Report to Shareholders at the page indicated, are incorporated herein by reference.

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Consolidated Balance Sheet as of December 31, 1993 and 1992	39
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FINANCIAL STATEMENT SCHEDULES

Not applicable.

REPORTS ON FORM 8-K

A Current Report on Form 8-K ("Current Report") dated as of November 19, 1993 was filed on December 7, 1993 pursuant to Items 2 and 5 to report: (i) completion of the acquisition of Sears Mortgage Corporation, Sears Mortgage Securities Corporation and Sears Savings Bank, FSB, and (ii) completion of the acquisition of Gateway Fed Corporation.

Also, a Current Report dated as of January 19, 1994 was filed on January 26, 1994 pursuant to Item 5 to report: (i) the Corporation's consolidated financial results for the three months and twelve months ended December 31, 1993, and (ii) completion of the acquisition of United Federal Bancorp, Inc.

No pro forma financial statements were required to be filed with either such Current Report.

EXHIBITS

The exhibits listed on the Exhibit Index on pages 15-16 of this Form 10-K are filed herewith or are incorporated herein by reference.

SIGNATURES

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

PNC BANK CORP.

By /s/ Thomas H. O'Brien

Thomas H. O'Brien
Chairman and Chief Executive Officer

Date: March 16, 1994

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

<TABLE> <CAPTION>	SIGNATURE -----	TITLE -----	DATE ----
<S>	/s/Thomas H. O'Brien ----- Thomas H. O'Brien	<C> Chairman, Chief Executive Officer and Director (Principal Executive Officer)	March 16, 1994
	/s/Walter E. Gregg, Jr. ----- Walter E. Gregg, Jr.	Executive Vice President (Principal Financial Officer)	March 16, 1994
	/s/William J. Johns ----- William J. Johns	Senior Vice President and Controller (Principal Accounting Officer)	March 16, 1994

Patricia J. Clifford
William G. Copeland
George A. Davidson, Jr.
C.G. Grefenstette
Thomas Marshall
W. Craig McClelland
Donald I. Moritz
Jackson H. Randolph
James E. Rohr
Thomas J. Usher

A majority of the
Directors

By /s/Timothy C. Roach

Timothy C. Roach, Attorney-in-Fact

Date: March 16, 1994

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EXHIBIT INDEX

- 3.1 Articles of Incorporation of the Corporation as amended, filed herewith.
- 3.2 By-Laws of the Corporation, as amended, filed herewith.
- 4.1 Instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries are not filed as Exhibits because the amount of debt under each instrument is less than 10 percent of the consolidated assets of the Corporation. The Corporation undertakes to file these instruments with the Commission upon request.
- 4.2 Designation of Series: \$1.80 Cumulative Convertible Preferred Stock -- Series A, incorporated herein as part of Exhibit 3.1.
- 4.3 Designation of Series: \$1.80 Cumulative Convertible Preferred Stock -- Series B, incorporated herein as part of Exhibit 3.1.
- 4.4 Designation of Series: \$1.60 Cumulative Convertible Preferred Stock -- Series C, incorporated herein as part of Exhibit 3.1.
- 4.5 Designation of Series: \$1.80 Cumulative Convertible Preferred Stock -- Series D, incorporated herein as part of Exhibit 3.1.
- 10.1 Supplemental Executive Retirement Income and Disability Plan of the Corporation, incorporated herein by reference to Exhibit 10.2 of the Annual Report on Form 10-K for the year ended December 31, 1990 ("1990 Form 10-K").
- 10.2 Supplemental Executive Life Insurance and Spouse's Benefit Plan of the Corporation, incorporated herein by reference to Exhibit 10.3 of the 1990 Form 10-K.
- 10.3 Description of the Corporation's Senior Executive Compensation Plan,

incorporated herein by reference to Exhibit 10.4 of the Annual Report on Form 10-K for the year ended December 31, 1992 ("1992 Form 10-K").

- 10.4 1992 Long-Term Incentive Award Plan of the Corporation, incorporated herein by reference to Exhibit 4.3 of the Registration Statement on Form S-8 at File No. 33-54960.
- 10.5 1992 Director Share Incentive Plan, incorporated herein by reference to Exhibit 10.6 of the 1992 Form 10-K.
- 11 Calculation of Primary and Fully Diluted Earnings Per Share, filed herewith.

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- 12.1 Computation of Ratio of Earnings to Fixed Charges, filed herewith.
- 12.2 Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends, filed herewith.
- 13 Annual Report to Shareholders for the year ended December 31, 1993, filed herewith. Such Annual Report, except for those portions thereof that are expressly incorporated by reference herein, is furnished for information of the Securities and Exchange Commission only and is not deemed to be "filed" as part of this Form 10-K.
- 21 Major Subsidiaries of the Corporation, filed herewith.
- 23 Consent of Ernst & Young, independent auditors for the Corporation, filed herewith.
- 24 Power of Attorney of certain directors of the Corporation, filed herewith.

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ARTICLES OF INCORPORATION

OF

PNC FINANCIAL CORP

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

SECOND. The location and post office address of its initial registered office in this Commonwealth is Pittsburgh National Building, Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania 15222.

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

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

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

SIXTH. The aggregate number of shares of capital stock which the Corporation shall have authority to issue is 35,000,000 shares, divided into two classes consisting of 5,000,000 shares of preferred stock of the par value of \$1 each ("Preferred Stock") and 30,000,000 shares of common stock of the par value of \$5 each ("Common Stock").

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

PREFERRED STOCK

1. Issuance in series. The shares of Preferred Stock may be issued from time to time in series. Each series shall be so designated as to

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

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

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

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

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

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

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

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

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

(i) Such other preferences, qualifications, privileges, limitations, restrictions or special or relative rights of any series as are not fixed

hereby and as the Board of Directors may deem advisable and state in such resolutions.

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

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

4. Voting rights. (a) Except as otherwise required by law, holders of shares of Preferred Stock shall have only such voting rights, if any, as shall have been fixed and determined hereby or by the Board of Directors as

authorized hereby. Except as otherwise required by law or as otherwise provided hereby or by the Board of Directors as authorized hereby, holders of Preferred Stock having voting rights and holders of Common Stock shall vote together as one class.

(b) If the Corporation shall have failed to pay, or declare and set apart for payment, dividends on all outstanding shares of Preferred Stock in an amount equal to six quarterly dividends at the rates payable upon such shares (whether or not such dividends are cumulative), the number of directors of the Corporation shall be increased by two at the first annual meeting of the shareholders of the Corporation held thereafter, and at such meeting and at each subsequent annual meeting until cumulative dividends payable for all past dividend periods and continuous noncumulative dividends for at least one year on all outstanding shares of Preferred Stock entitled

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thereto shall have been paid, or declared and set apart for payment, in full, the holders of shares of Preferred Stock of all series shall have the right, voting as a class, to elect such two additional members of the Board of Directors to hold office for a term of one year. Upon such payment, or such declaration and setting apart for payment, in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors of the Corporation shall be reduced by two, and such voting right of the holders of shares of Preferred Stock shall cease, subject to increase in the number of directors as aforesaid and to reversion of such voting right in the event of each and every additional failure in the payment of dividends in an amount equal to six quarterly dividends as aforesaid.

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

6. Redemption and acquisition (a) Except as otherwise provided by the

Board of Directors as authorized hereby, the Corporation, at its option to be exercised by its Board of Directors, may redeem the whole or any part of the Preferred Stock or of any series thereof at such times and at the applicable amount for each share which shall have been fixed and determined hereby or by the Board of Directors as authorized hereby with respect thereto, plus, in case dividends shall have been determined hereby or by the Board of Directors as authorized hereby to be cumulative, an amount equal to the accrued and unpaid dividends thereon (to the extent cumulative) computed to the date fixed for redemption, whether or not earned or declared (hereinafter collectively called the "redemption price"). If at any time less than all of the Preferred Stock then outstanding is to be called for redemption, the Board may select one or more series to be redeemed, and if less than all the outstanding Preferred Stock of any series is to be called for redemption, the shares to be redeemed may be selected by lot or by such other equitable method as the board in its discretion may determine. Notice of every redemption, stating the redemption date, the redemption price, and the place of payment thereof, and, if less than all of the Preferred Stock then outstanding is called for redemption, identifying the shares to be redeemed, shall be published at least once in a newspaper printed in the English language and of general circulation in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, the first publication to be not less than 30 nor more than 60 days prior to the date fixed for redemption. Copies of such notice shall be mailed at least 30 days and not more than 60 days prior to the date fixed for redemption to the holders of record of the shares to be redeemed at their addresses as the same shall appear on the books of the Corporation, but failure to give such additional notice by mail or any defect therein or failure of any addressee to receive it shall not affect the validity of the proceedings for redemption. The Corporation, upon publication of the first notice of redemption as aforesaid or upon irrevocably authorizing the bank or trust company hereinafter mentioned to publish such notice as aforesaid, may deposit or cause to be deposited in trust with a bank or trust company in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York an amount equal to the redemption price of the shares to be redeemed, which amount shall be payable to the holders thereof upon surrender of certificates therefor on or after the date fixed for redemption or prior thereto if so directed by the Board of Directors. Upon such deposit, or if no such deposit is made then from and after the date fixed for redemption unless the Corporation shall default in making payment of the redemption price upon surrender of certificates as aforesaid, the shares called for redemption shall cease to be outstanding and the holders thereof shall cease to be shareholders with respect to such shares and shall have no interest in or claim against the Corporation with respect to such shares other than the right to receive the redemption price from such bank or trust company or from the Corporation, as the case may be, without interest thereon, upon surrender of certificates as aforesaid; provided that conversion rights of shares called for redemption shall terminate at the close of business on the date fixed for redemption or at such earlier time as shall have been fixed by the board of Directors as authorized hereby. Any funds so deposited which shall not be required for such redemption because of the exercise of conversion rights subsequent to the date of such deposit shall be returned to the Corporation. In case any holder of shares called for redemption shall not, within

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six years after the date of such deposit, have claimed the amount deposited with respect to the redemption thereof, such bank or trust company, upon demand, shall pay over to the Corporation such unclaimed amount and shall thereupon be relieved of all responsibility in respect thereof to such holder, and thereafter such holder shall look only to the Corporation for payment thereof. Any interest which may accrue on funds so deposited shall be paid to the Corporation from time to time.

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

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

\$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES A

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

8. Dividends. The dividend rate of shares of this series shall be \$1.80 per share per year, payable quarterly on the tenth day of each March, June, September and December. Dividends shall be cumulative from the March 10, June 10, September 10 or December 10 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between

the record date for the determination of holders of \$1.80 Cumulative Convertible Preferred Stock or Provident National Corporation, a predecessor of the Corporation (such stock having been converted into the Series A Preferred Stock), entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such quarterly dividend payment date.

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

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

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

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

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

names (with address) in which the certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "conversion date". As promptly as practicable thereafter the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and a check, cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in section 12(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion rate shall be that in effect on the conversion date.

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

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

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

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

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

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

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

listed on any stock exchange on any such day or days there shall be substituted the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(g) No adjustment of the conversion rate provided in section 12(a) shall be made by reason of the issuance of Common Stock for cash except as provided in section 12(f)(3), or by reason of the issuance of Common Stock for property or services. Whenever the conversion rate is adjusted pursuant to section 12(f) the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series A Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion rate after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation, and (2) cause a notice to be published at least once in a newspaper printed in the English language and of general circulation in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion rate.

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

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

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ately prior thereto, and (2) that there shall be subsequent adjustments of the conversion rate which shall be equivalent, as nearly as practicable, to the adjustment provided for inspection 12(f). The provisions of this section 12(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

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

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

\$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES B

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

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

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

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

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

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

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

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

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

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

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

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

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

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

action shall be proportionately increased in the case of a split or decreased in the case of a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

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

(g) No adjustment of the conversion rate provided in section 19(a) above shall be made by reason of the issuance of Common Stock for cash except as provided in section 19(f) (3) above, or by reason of the issuance of Common Stock for property or services. Whenever the conversion rate is adjusted pursuant to section 19(f) above the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series B Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion rate after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation, and (2)

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

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

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

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(j) Shares of Common Stock issued on conversion of shares of Series B Preferred Stock shall be issued as fully paid shares and shall be nonassessable by the Corporation. The Corporation shall at all times reserve and keep available for the propose of effecting the conversion of Series B Preferred

Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series B Preferred Stock.

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

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

COMMON STOCK

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

PROVISIONS APPLICABLE TO ALL CLASSES OF CAPITAL STOCK

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

23. No holder of any class of capital stock of the Corporation shall have preemptive rights, and the Corporation shall have the right to issue and to sell to any person or persons any shares of its capital stock or any option rights or any securities having conversion or option rights, without first offering such shares, rights or securities to any holders of any class of capital stock of the Corporation.

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

1. Designation. A series of Preferred Stock designated "\$1.60 Cumulative Convertible Preferred Stock, Series C" (herein called "Series C Preferred Stock") is hereby established, consisting of 1,417,149 shares subject to increase or decrease in the number of shares in accordance with law.

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

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

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

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

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

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

(b) The holder of a share or shares of Series C Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation, during regular business hours, at its principal office or at the office of any of its transfer agents for the Series C Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to

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

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

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

(c) The issuance of Common Stock on conversion of Series C Preferred

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

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

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

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

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion price in effect immediately prior to said record date shall be adjusted, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion price by a fraction the numerator of

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which is the number of shares of Common Stock of the corporation outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the

Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, then on the over-the-counter market) during the 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that day obtained from the market specialist assigned to the Corporation (or a market maker in the case of the over-the-counter market).

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

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

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

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

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

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

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shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series C Preferred Stock.

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

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

1. Designation. A series of Preferred Stock designated "\$1.80 Cumulative Convertible Preferred Stock, Series D" (herein called "Series D Preferred Stock") is hereby established, consisting of 1,775,302* shares subject to increase or decrease in the number of shares in accordance with law.

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

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

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

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

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

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

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

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* This number shall be the number of shares of Series D Preferred Stock to be issued in connection with the Merger of Northeastern Bancorp, Inc. with and into PNC Financial Corp pursuant to the terms of a Plan of Merger by and between Northeastern Bancorp, Inc. and PNC Financial Corp dated as of August 16, 1984.

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

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

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

sale on that day, the last reported salesprice on the first preceding day for which such price is available.

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

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

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

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

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion price in effect immediately prior to said record date shall be adjusted, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion price by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription

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

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

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

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness or any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder a record of a share or shares of Series D Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of

record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution or any vote thereon.

(i) In case of any reclassification or change in the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except an increase in the number of outstanding shares or a split or combination of shares) or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series D Preferred Stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series D Preferred Stock might have been converted immediately prior thereto, and (2) that there shall be subsequent adjustments of the conversion price which shall be equivalent, as nearly as practicable, to the adjustments provided for in section 7(f). The provisions of this section 7(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

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

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

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Microfilm Number _____ Filed with the Department of State on FEB 08 1993
Entity Number 754401 _____ /s/ Brenda K. Mitchell
Secretary of the Commonwealth

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION
DSCB: 15-1915 (Rev 90)

In compliance with the requirement of 15 Pa.C.S. Section 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1. The name of the corporation is: PNC Financial Corp
2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

Pittsburgh National Building

(a) Fifth Avenue and Wood Street Pittsburgh, Pennsylvania 15265 Allegheny

Number and Street City State Zip County

(b) c/o

Name of Commercial Registered Office Provider

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3. The statute by or under which it was incorporated is: Pennsylvania Business Corporation Law of 1933
4. The date of its incorporation is: January 19, 1983
5. (Check, and if appropriate complete, one of the following):

The amendment shall be effective upon filing these Articles of
---- Amendment in the Department of State.

X The amendment shall be effective on: February 8, 1993 at 12:01 am

Date Hour

6. (Check one of the following):
The amendment was adopted by the shareholders (or members) pursuant
---- to 15 Pa.C.S. Section 1914 (a) and (b).
X The amendment adopted by the board of directors pursuant to 15
---- Pa.C.S. Section 1914 (c).

7. (Check, and if appropriate complete, one of the following):
X The amendment adopted by the corporation, set forth in full, is
---- as follows:

RESOLVED, that Article 1 of the Articles of Consolidation of this Corporation which presently reads as follows:

"1. The name of the Corporation is:
PNC Financial Corp"

be and the same amended to read as follows:

"1. The name of the Corporation is:
PNC Bank Corp."

The amendment adopted by the corporation as set forth in full in
---- Exhibit A attached hereto and made a part hereof.

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DSCB:15-1915 (Rev. 90)-2

8. (Check if the amendment restates the Articles):
The restated Articles of Incorporation supersede the original
---- Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by duly authorized officer thereof this 21st day of January 1993.

PNC Financial Corp

(Name of Corporation)

By /s/ William F. Strome

TITLE: Managing General Counsel and Secretary

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Microfilm Number 9335-1354 Filed with the Department of State on MAY 10 1993

Entity Number 754401

/s/ Brenda K. Mitchell

Secretary of the Commonwealth

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION
DSCB: 15-1915 (Rev 90)

In compliance with the requirement of 15 Pa.C.S. Section 1915 (relating to articles of amendment), the undersigned business corporation, desiring to amend its Articles, hereby states that:

1. The name of the corporation is: PNC Bank Corp.
2. The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Fifth Avenue and Wood Street Pittsburgh, Pennsylvania 15265 Allegheny

Number and Street City State Zip County

(b) c/o

Name of Commercial Registered Office Provider

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

3. The statute by or under which it was incorporated is: Pennsylvania Business Corporation Law of 1933
4. The date of its incorporation is: January 19, 1983
5. (Check, and if appropriate complete, one of the following):

X The amendment shall be effective upon filing these Articles of
---- Amendment in the Department of State.

The amendment shall be effective on: _____ at _____

Date Hour

6. (Check one of the following):
- X The amendment was adopted by the shareholders (or members) pursuant
---- to 15 Pa.C.S. Section 1914 (a) and (b).
The amendment was adopted by the board of directors pursuant to
---- 15 Pa.C.S. Section 1914 (c).

7. (Check, and if appropriate complete, one of the following):
- X The amendment adopted by the corporation, set forth in full, is
---- as follows:

RESOLVED, that Article VI of the Articles of Incorporation be amended so as to read as follows:

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

each ("Common Stock").

The amendment adopted by the corporation as set forth in full
---- in Exhibit A attached hereto and made a part hereof.

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DSCB:15-1915 (Rev. 90)-2

8. (Check if the amendment restates the Articles):

The restated Articles of Incorporation supersede the original
---- Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these
Articles of Amendment to be signed by a duly authorized officer thereof this
4th day of May 1993.

PNC Bank Corp.

(Name of Corporation)

By /s/ William F. Strome

William F. Strome (Signature)

TITLE Senior Vice President, Managing

General Counsel and Secretary

BY-LAWS OF
PNC BANK CORP.

Article I. PRINCIPAL OFFICE

The principal office of the Corporation shall be located at One PNC Plaza, Pittsburgh, Pennsylvania.

Article II. SHAREHOLDERS

1. Annual Meeting

An annual meeting of the shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held at 11 a.m. on the fourth Tuesday in April of each year, or on such other date or hour as may be fixed by the Board of Directors.

2. Special Meetings

Special meetings of the shareholders may be called at any time by the Board of Directors, the Chairman of the Board, the President, a Vice Chairman of the Board, or when requested in writing by shareholders entitled to cast at least one-fifth of the votes which all shareholders are entitled to cast at the meeting.

3. Place of Meetings

Meetings of the shareholders shall be held at the principal office of the Corporation or at such other place as the Board of Directors may designate.

4. Notice of Meetings

Written notice of every meeting of the shareholders shall be given to each shareholder of record entitled to vote at the meeting at least five days prior to the day named for the meeting, unless a greater period of notice is required by law. The notice shall state the day, time and place of such meeting and the general nature of the business to be transacted. Notice of a meeting may be waived in writing and attendance at a meeting shall itself constitute a waiver of notice of the meeting.

5. Quorum

The presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast on the particular matter shall constitute a quorum for the purpose of considering such matter. At a duly organized meeting, except as may be otherwise specified in the Articles of Incorporation or provided by law, each matter shall be decided by a majority of the votes entitled to be cast on such matters by the shareholders present at the meeting in person or by proxy.

6. Record Date

The Board of Directors may fix a record date not more than ninety days prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights or the date when any change or conversion or exchange of shares will be made or go into effect. Only such shareholders as shall be shareholders of record at the close of business on the record date shall be entitled to notice of, or to vote at such meeting or to receive such allotment of rights or to exercise such rights, as the case may be.

Article III. DIRECTORS

1. Board of Directors

The business and offices of the Corporation shall be managed by the Board of Directors, which shall consist of not less than five nor more than thirty-six members as shall be established from time to time by the Board of Directors.

2. Term of Office

After elected by the shareholders, directors shall hold office until the next succeeding annual meeting and until their successors shall have been elected and qualified.

3. Vacancy

Vacancies in the Board of Directors, including vacancies resulting from an increase in the number of directors, may be filled by a majority of the remaining directors though less than a quorum, and any director so elected shall serve until the next annual meeting of the shareholders and until a successor shall have been elected and qualified.

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4. Organization

As soon as practicable after the annual meeting of shareholders at which they were elected, the Board of Directors shall meet for the purpose of electing officers and the transaction of such other business as may be properly brought before the meeting.

5. Regular Meetings

Regular meetings of the Board of Directors may be held without notice at such times and at such places as the Board of Directors, by resolution, shall establish. When a regular meeting falls on a business holiday, it shall be held on the preceding or next following business day, as the Chief Executive Officer shall select.

6. Special Meetings

Special meetings of the Board of Directors may be called by the Chairman of the Board, the President, a Vice Chairman, or at the written request of any three directors. Notice of special meetings shall be given to each director personally or in writing, or by telephone, not later than during the day immediately preceding the day of such meeting and shall include the general nature of the business to be transacted at the meeting.

7. Quorum

A majority of the directors shall constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. One or more directors may participate in a meeting of the Board of Directors, or in a meeting of a Committee of the Board of Directors by means of communication facilities enabling all persons participating in the meeting to hear each other.

8. Action Without a Meeting

Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent or consents setting forth the action so taken is signed by all the directors and filed with the Secretary of the Corporation.

9. Compensation of Directors

Directors shall be compensated for their services and reimbursed for their meeting attendance expenses, in such manner and at such time as the Board of Directors may determine.

1. Designation

The officers of the Corporation shall be a Chairman of the Board, a President, one or more Vice Chairmen, one or more Vice Presidents of whom one or more may be designated Executive Vice President or Senior Vice President, a Secretary, a Treasurer, a Controller, a General Auditor and such other officers, as the Board of Directors, the Chairman, the President, or the Vice Chairman may from time to time designate. The Board of Directors shall designate from among the Chairman of the Board, President, and Vice Chairmen, one of those officers to be the Chief Executive Officer. All officers having the rank of Vice President or higher shall be elected by the Board of Directors and shall hold office during the pleasure of the Board of Directors. All other officers shall be appointed by the Chief Executive Officer, or, in his absence, by such other officer or officers as may be designated by the Board of Directors, and such appointments shall be reported to the Board of Directors.

2. Responsibilities of the Senior Officers

2.1 Chief Executive Officer

The Chief Executive Officer of the Corporation shall preside at all meetings of the shareholders and the Board of Directors, and shall be ex officio a member of all Committees except the Audit Committee, the Nominating Committee, and the Personnel and Compensation Committee; subject to the direction of the Board of Directors, the Chief Executive Officer shall have the general supervision of the policies, business and operations of the Corporation, and of the other officers, agents and employees of the Corporation and, except as otherwise provided in these By-Laws or by the Board of Directors, shall have all the other powers and duties as are usually incident to the Chief Executive Officer of a corporation. In the absence of the Chief Executive Officer, his rights and duties shall be performed by such other officer or officers as shall be designated by the Board of Directors.

2.2 Chairman, President and Vice Chairman

The Chairman, the President and the Vice Chairman if not designated as the Chief Executive Officer shall have such duties and powers as may be assigned to them from time to time by the Board of Directors or the Chief Executive Officer.

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2.3 Vice Presidents

The Executive Vice Presidents, Senior Vice Presidents and the Vice Presidents, if such are elected, shall have the duties and powers as may from time to time be assigned to them by the Board of Directors, or by the Chief

Executive Officer in the absence of any assignment by the Board of Directors. Any reference in these By-Laws to a Vice President will apply equally to an Executive Vice President or a Senior Vice President unless the context requires otherwise.

2.4 Treasurer

Treasurer shall be responsible for the funding of the Corporation and for all moneys, funds, securities, fidelity and indemnity bonds and other valuables belonging to the Corporation; and shall perform such other duties as may be assigned to him from time to time by the Board of Directors or the Chief Executive Officer.

2.5 Secretary

The Secretary shall: attend the meetings of the shareholders, of the Board of Directors, of the Executive Committee, and of such other committees, and shall keep minutes thereof in suitable minute books; have charge of the corporate records, papers and the corporate seal; have charge of the stock and transfer records of the Corporation and shall keep a record of all shareholders and give notices of all meetings of shareholders, special meetings of the Board of Directors and of its Committees; and have such other duties as the Board of Directors or the Chief Executive Officer shall assign.

2.6 Controller

The Controller, if a Controller is elected, shall cause to be kept proper records of the transactions of the Corporation; shall be responsible for the preparation of financial and tax reports required of the Corporation; and shall perform such other duties as may be assigned to him from time to time by the Board of Directors or the Chief Executive Officer.

2.7 General Auditor

The General Auditor shall have charge of auditing the books, records and accounts and shall report directly to the Board of Directors or the Audit Committee thereof.

2.8 Assistant Officers

Each assistant officer as shall be elected shall assist in the performance of the duties of the officer to whom he is assistant and shall perform such duties in the

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absence of the officer. He shall perform such additional duties as the Board of Directors, the Chief Executive Officer, or the officer to whom he is assistant,

may from time to time assign to him.

3. Incumbency

Any officer elected by the Board of Directors may be removed by the Board of Directors whenever, in its best judgment, the best interest of the Corporation will be served thereby, without prejudice however to any contract rights the person so removed may have with the Corporation or any of its subsidiaries.

Article V. COMMITTEES

1. Standing Committees

The Standing Committees which shall be appointed from time to time by the Board of Directors shall be the Executive Committee, the Audit Committee, the Loan and Investment Committee, the Nominating Committee and the Personnel and Compensation Committee. The Board of Directors may appoint such other Committees as the Board of Directors shall deem advisable.

1.1 Executive Committee

The Executive Committee shall consist of its Chairman and Chief Executive Officer and such other directors, not less than five, all of whom shall from time to time be appointed by the Board of Directors or the Chief Executive Officer. The Committee shall meet at such time or times as may be fixed by the Board of Directors, or upon call of its Chairman or the Chief Executive Officer. In the absence of the Chairman of the Committee, the Chief Executive Officer shall act as Chairman of the Executive Committee, unless the Board of Directors shall appoint some other person. The Executive Committee shall have and exercise in the intervals between the meetings of the Board of Directors all the powers of the Board of Directors so far as may be permitted by law. All acts done and powers conferred by the Executive Committee from time to time shall be deemed to be, and may be certified as being, done and conferred under authority of the Board of Directors. Five directors shall constitute a quorum.

1.2 Audit Committee

The Board of Directors shall appoint annually the Audit Committee consisting of not less than five directors, nor more than eight, none of whom shall be an officer, or a former officer of the Corporation. The Committee shall select a chairman from its membership, and may appoint a secretary who need not be a director. The Committee shall meet on call of its Chairman. The duties and responsibilities of the Committee shall be established by the Board of Directors.

1.3 Nominating Committee

The Board of Directors shall appoint annually the Nominating Committee, consisting of not less than five directors, none of whom shall be an officer. The Committee shall select a chairman from its membership, and may appoint a secretary, who need not be a director. The Committee shall meet on the call of its Chairman or the Chief Executive Officer. The duties and responsibilities of the Committee shall be to select the persons to be candidates for nomination for election as directors of the Corporation and make recommendations with respect thereto to the Board of Directors.

1.4 Personnel and Compensation Committee

The Board of Directors shall appoint annually the Personnel and Compensation Committee consisting of not less than five directors, none of whom shall be an officer. The Committee shall select a chairman from its membership and may appoint a secretary who need not be a director. The Committee shall meet on call of its Chairman or the Chief Executive Officer. The duties and responsibilities of the Committee shall be 1) to receive reports on management succession from the Chief Executive Officer; 2) to approve the terms of employment and compensation of the Chairman of the Board, President and Vice Chairmen of the Corporation, and equivalent officers of all subsidiaries of the Corporation, and all other officers of the Corporation above the rank of Vice President; 3) to review and recommend to the Board of Directors for its approval, employee benefit, bonus, incentive compensation or similar plans relating to the attraction and retention of employees; 4) to administer, construe and interpret any such plans in accordance with their provisions, and to perform such other duties in connection with such plans as may from time to time be assigned to it by the Board of Directors or under the provisions of such plans; and 5) to review and recommend to the Board of Directors for its approval, persons to be elected as Chairman of the Board, President and Vice Chairmen of the Corporation and its Banking subsidiaries.

1.5 Loan and Investment Committee

The Board of Directors shall appoint annually the Loan and Investment Committee consisting of not less than six directors, including no more than three officer-directors. The Committee shall select a chairman from its membership, who shall not be an officer, and may appoint a secretary who need not be a director or a member of the Committee. The Committee shall meet on call of its Chairman or of the Chairman of the Board, or, without notice at such times as the Board of Directors, by resolution, shall stipulate. The duties and responsibilities of the Committee shall be 1) to review and approve (when appropriate) loan and asset and liability management policies and reports of compliance therewith; 2) review Credit Policy and Asset and

Liability Management Committee activities; 3) review reports on significant credit commitments, loan portfolio distribution, total credit commitment and usage, delinquent and nonperforming loans, loan loss reserves, investment portfolio and liability management activity, interest rate risk positions and liquidity positions; 4) review reports on significant activity of PNC Funding Corp and PNC Securities Corp; 5) review on behalf of the Board of Directors reports of Supervisory Activity directed to the Board by bank regulatory agencies; 6) approve the issuance of debt securities by the Corporation or its wholly-owned subsidiaries; and 7) to report to the Board of Directors its activities.

2. Other Committees

The Board of Directors may authorize the appointment of such other Committees as it shall deem advisable.

3. Minutes

The Executive Committee and the Audit Committee shall keep minutes of their meetings, and such minutes shall be submitted at a regular meeting of the Board of Directors, and any action taken by the Board of Directors with respect thereto shall be entered in the minutes of the Board of Directors. All other Committees shall keep minutes of their meetings which shall be accessible to inspection by the Board of Directors at all times.

4. Procedure

Except as otherwise expressly provided for herein, each Committee may appoint a secretary, adopt its own rules of procedure and, unless the Board of Directors has acted with respect thereto, determine the date, place and hour for its meetings. In the absence of any other provision herein to the contrary, a majority of the members of any Committee shall constitute a quorum, and the action of a majority of the members in attendance at a meeting shall constitute the action of the body. Notice of meetings shall be given to each member personally, or in writing addressed to the address of the director appearing on the books of the Corporation on or before the day preceding the meeting.

5. Attendance

In the absence or disqualification of any member of a Committee, the members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another director to act at the meeting in place of any absent or disqualified member.

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Article VI. STOCK CERTIFICATES

1. Signatures

Certificates of stock of the Corporation shall be signed by the Chairman of the Board, or the President, or any Vice Chairman, or any Vice President and countersigned by the Secretary or the Treasurer or by any Assistant Secretary or Assistant Treasurer, and sealed with the seal of the Corporation, which may be a facsimile. Where any such certificate is signed manually by a transfer agent or a registrar, the signatures of the officers may be facsimiles.

2. Transfers

The shares of stock of the Corporation shall be transferable only on its books upon surrender of the stock certificate for such shares properly endorsed. The Board of Directors shall have power to appoint one or more Transfer Agents and Registrars for the transfer and registration of certificates of stock of any class, and may require that stock certificates shall be countersigned and registered by one or more such Transfer Agents and Registrars.

3. Lost or Destroyed Certificates

If a stock certificate shall be lost, stolen or destroyed, the shareholder may file with the Corporation an affidavit stating the circumstances of the loss, theft or destruction and may request the issuance of a new certificate. He shall give to the Corporation a bond which shall be in such sum, contain such terms and provisions and have such surety or sureties as the Board of Directors may direct. The Corporation may thereupon issue a new certificate replacing the certificate lost, stolen or destroyed.

Article VII. DIRECTOR LIABILITY LIMITATION AND INDEMNIFICATION

1. Limitation of Director Liability

A director of the Corporation shall, to the maximum extent permitted by the laws of the Commonwealth of Pennsylvania, have no personal liability for monetary damages for any action taken, or any failure to take any action as a director, provided that this Section 1, Article VII shall not eliminate the liability of a director in any case where such elimination is not permitted by law.

2. Indemnification

Each person who at any time is or shall have been a director or officer of the Corporation, or is serving or shall have served at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, and his heirs, executors and administrators, shall be indemnified

by the Corporation in accordance with and to the full extent permitted by the laws of the Commonwealth of Pennsylvania as in effect at the time of such indemnification. The foregoing right of indemnification shall constitute a contract between the Corporation and each of its directors and officers and shall not be deemed exclusive of other rights to which any director, officer, employee, agent or other person may be entitled in any capacity as a matter of law or under any by-law, agreement, vote of shareholders or directors, or otherwise. If authorized by the Board of Directors, the Corporation may purchase and maintain insurance on behalf of any person to the full extent permitted by the laws of the Commonwealth of Pennsylvania.

Article VIII. APPLICATION OF STATUTORY ANTI-TAKEOVER PROVISIONS

The following provisions of Title 15 of the Pennsylvania consolidated statutes shall not be applicable to the Corporation: (1) Subsections (d) through (f) of Section 511; (2) Subsections (e) through (g) of Section 1721; (3) Subchapter G of Chapter 25; and (4) Subchapter H of Chapter 25.

Article IX. EXERCISE OF AUTHORITY DURING EMERGENCIES

The Board of Directors or the Executive Committee may from time to time adopt resolutions authorizing certain persons and entities to exercise authority on behalf of this Corporation in time of emergency, and in the time of emergency any such resolutions will be applicable, notwithstanding any provisions as to the contrary contained in these By-Laws.

Article X. CHARITABLE CONTRIBUTIONS

The Board of Directors may authorize contributions to community funds, or to charitable, philanthropic, or benevolent instrumentalities conducive to public welfare in such sums as the Board of Directors may deem expedient and in the interest of the Corporation.

Article XI. AMENDMENTS

These By-Laws may be altered, amended, added to or repealed by a vote of a majority of the Board of Directors at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for that purpose.

EXHIBIT 11

CALCULATION OF PRIMARY AND FULLY DILUTED EARNINGS PER SHARE
PNC BANK CORP. AND SUBSIDIARIES<TABLE>
<CAPTION>

In Thousands, except per share data	Year Ended December 31,				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
PRIMARY AVERAGE COMMON SHARES OUTSTANDING					
Weighted average shares of common stock outstanding	233,782	221,408	195,372	189,520	186,440
Weighted average common shares to be issued using average market price and assuming:					
Exercise of stock options	2,556	2,498	1,370	76	658
Exercise of warrants	48	117	130	118	172
Primary weighted average common shares	236,386	224,023	196,872	189,714	187,270
FULLY DILUTED AVERAGE COMMON SHARES OUTSTANDING					
Weighted average shares of common stock outstanding	233,782	221,408	195,372	189,520	186,440
Weighted average common shares to be issued using average market price or period-end market price, whichever is higher, and assuming:					
Conversion of preferred stock Series A & B	256	296	328	370	424
Conversion of preferred stock Series C	748	870	944		1,482
Conversion of preferred stock Series D	946	1,186	1,354		2,316
Conversion of debentures	85	206	478		1,402
Exercise of stock options	2,556	3,037	2,696	76	660
Exercise of warrants	48	122	152	118	172
Fully diluted weighted average common shares	238,421	227,125	201,324	190,084	192,896
PRIMARY EARNINGS PER COMMON SHARE					
Income before cumulative effect of changes in accounting principles	\$745,263	\$529,440	\$389,786	\$70,912	\$377,440
Cumulative effect of changes in accounting principles, net of tax benefit of \$5,343 and \$52,804	(19,393)	(102,501)			
Net income	\$725,870	\$426,939	\$389,786	\$70,912	\$377,440
Add: ESOP dividends tax benefit		2,680	1,985	2,195	
Less: Preferred dividends declared	1,832	3,056	3,295	3,458	4,794
Net income applicable to primary earnings per common share	\$724,038	\$426,563	\$388,476	\$69,649	\$372,646
Primary before cumulative effect of changes in accounting principles	\$3.14	\$2.36	\$1.97	\$.37	\$1.99
Cumulative effect of changes in accounting principles	(.08)	(.46)			
Primary earnings per common share	\$3.06	\$1.90	\$1.97	\$.37	\$1.99
FULLY DILUTED EARNINGS PER COMMON SHARE					
Income before cumulative effect of changes in accounting principles	\$745,263	\$529,440	\$389,786	\$70,912	\$377,440
Cumulative effect of changes in accounting principles, net of tax benefit of \$5,343 and \$52,804	(19,393)	(102,501)			
Net income	\$725,870	\$426,939	\$389,786	\$70,912	\$377,440
Add: Interest expense on convertible debentures (net of tax)	57	142	368		971
ESOP dividends tax benefit		2,680	1,985	2,195	
Less: Dividends declared on non-convertible preferred stock	34	879	879	879	879
Convertible preferred dividends				2,499	
Net income applicable to fully diluted earnings per common share	\$725,893	\$428,882	\$391,260	\$69,729	\$377,532
Fully diluted before cumulative effect of changes in accounting principles	\$3.13	\$2.34	\$1.94	\$.37	\$1.96
Cumulative effect of changes in accounting principles	(.09)	(.45)			

Fully diluted earnings per common share	\$3.04	\$1.89	\$1.94	\$.37	\$1.96
---	--------	--------	--------	--------	--------

</TABLE>

With respect to the 1990 fully diluted earnings per share calculation, preferred stock series C and D, and the convertible debentures were excluded since the conversion of these securities would have the effect of increasing the earnings per share amount for the year.

PNC BANK CORP.
 COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
 (In thousands)

	Year Ended December 31				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Earnings:					
Income before income taxes and cumulative effect of changes in accounting principles	\$1,116,612	\$ 778,122	\$ 548,201	\$ 29,425	\$ 485,264
Fixed charges excluding interest on deposits	649,897	517,423	513,370	918,698	867,083
Subtotal.....	1,766,509	1,295,545	1,061,571	948,123	1,352,347
Interest on deposits	742,772	1,063,422	1,727,765	1,973,087	1,907,769
Total.....	\$2,509,281	\$2,358,967	\$2,789,336	\$2,921,210	\$3,260,116
Fixed charges:					
Interest on notes and debentures.....	\$ 265,352	\$ 145,124	\$ 95,207	\$ 84,045	\$ 61,590
Interest on borrowed funds.....	362,995	352,162	398,779	816,448	788,520
Amortization of notes and debentures.....	967	970	584	538	506
Interest component of rentals	20,583	19,167	18,800	17,667	16,467
Subtotal.....	649,897	517,423	513,370	918,698	867,083
Interest on deposits.....	742,772	1,063,422	1,727,765	1,973,087	1,907,769
Total.....	\$1,392,669	\$1,580,845	\$2,241,135	\$2,891,785	\$2,774,852
Ratio of Earnings to Fixed Charges:					
Excluding interest on deposits	2.72x	2.50x	2.07x	1.03x	1.56x
Including interest on deposits.....	1.80	1.49	1.24	1.01	1.17

EXHIBIT 12.2

PNC BANK CORP.
 COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
 AND PREFERRED STOCK DIVIDENDS
 (In thousands)

<TABLE>

<CAPTION>

	Year Ended December 31,				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Earnings:					
Income before income taxes and cumulative effect of changes in accounting principles..	\$1,116,612	\$ 778,122	\$ 548,201	\$ 29,425	\$ 485,264
Fixed charges and preferred stock dividends excluding interest on deposits	652,432	521,907	518,005	922,156	873,248
Subtotal.....	1,769,044	1,300,029	1,066,206	951,581	1,358,512
Interest on deposits	742,772	1,063,422	1,727,765	1,973,087	1,907,769
Total	\$2,511,816	\$2,363,451	\$2,793,971	\$2,924,668	\$3,266,281
Fixed charges:					
Interest on notes and debentures.....	\$ 265,352	\$ 145,124	\$ 95,207	\$ 84,045	\$ 61,590
Interest on borrowed funds.....	362,995	352,162	398,779	816,448	788,520
Amortization of notes and debentures	967	970	584	538	506
Interest component of rentals	20,584	19,167	18,800	17,667	16,467
Preferred stock dividend requirements.....	2,534	4,484	4,634	3,458	6,165
Subtotal.....	652,432	521,907	518,005	922,156	873,248
Interest on deposits.....	742,772	1,063,422	1,727,765	1,973,087	1,907,769
Total.....	\$1,395,204	\$1,585,329	\$2,245,770	\$2,895,243	\$2,781,017
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends:					
Excluding interest on deposits	2.71x	2.49x	2.06x	1.03x	1.56x
Including interest on deposits.....	1.80	1.49	1.24	1.01	1.17

</TABLE>

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The Corporate Financial Review should be read in conjunction with the PNC Bank Corp. and subsidiaries ("Corporation") Consolidated Financial Statements beginning on page 39, the Statistical Information beginning on page 61 and Management's Discussion and Analysis beginning on page 73.

OVERVIEW

In 1993, the Corporation's strategic focus was on refining the line-of-business organizational structure; strategic growth through acquisitions and continued investment in targeted businesses; managing the revenue and expense relationship associated with the Corporation's mature businesses; and marketing the Corporation under a new unified identity with an emphasis on customer satisfaction.

The economy experienced strong growth during the fourth quarter of 1993, following moderate growth for the first nine months. One of the lowest inflation levels in nearly two decades was experienced in 1993 and contributed to continued low short-term interest rates and a decline in long-term interest rates.

Even though the economy did not gain significant momentum until the fourth quarter, the Corporation's financial performance continued to improve. Net interest income and noninterest income were higher, favorable asset quality trends continued and noninterest expenses remained relatively flat.

Net income for 1993 was \$725.9 million or \$3.04 per fully diluted common share, compared with \$426.9 million or \$1.89 per share in 1992. Return on assets and return on common shareholders' equity were 1.44 percent and 18.40 percent, respectively, in 1993. The corresponding 1992 returns were .95 percent and 12.47 percent, respectively.

Effective January 1, 1993, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," and changed its accounting method for certain intangible assets. Such assets are comprised primarily of purchased mortgage servicing rights. The cumulative effect of these changes reduced net income by \$9.0 million and \$10.4 million, respectively.

The results for 1992 include the cumulative effect of adopting SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which reduced net income by \$102.5 million.

Income before the cumulative effect of the changes in accounting principles was \$745.3 million, or \$3.13 per share in 1993 compared with \$529.4 million, or \$2.34 per share in 1992. Return on assets and return on common shareholders' equity before the accounting changes were 1.48 percent and 18.89 percent, respectively, in 1993 compared with 1.18 percent and 15.03 percent in 1992.

Management expects improved economic conditions in 1994 characterized by a modest increase in short-term interest rates and loan demand. Should economic conditions deteriorate or differ from management's expectations, the Corporation's financial performance may be adversely impacted.

MERGERS AND ACQUISITIONS

The Corporation continues to evaluate acquisition opportunities where management believes strategic growth potential exists. Key elements of the Corporation's acquisition process include a dedicated staff for evaluating and directing acquisitions, special management teams comprised of line-of-business managers to plan and execute due diligence activities and approval by a committee of senior executive officers, as well as the board of directors.

Various valuation and financial models are used to assess the impact of potential acquisitions. These models are utilized in structuring the transactions and in planning for post-merger market, operational and financial integration. The post-merger plan includes actions to preserve or enhance the underlying economics of the transaction and is refined as new information becomes available. Subsequent to consummation, post-merger integration is monitored to determine if objectives, both qualitative and quantitative, are being achieved.

On November 30, 1993, the Corporation consummated its acquisition of the Sears Mortgage Banking Group

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("Sears Mortgage"), which consisted of Sears Mortgage Corporation, Sears Mortgage Securities Corporation and Sears Savings Bank. The purchase price was \$328 million in cash and is subject to certain post-closing adjustments. Upon consummation, Sears Savings Bank was converted to a national banking association and renamed PNC Mortgage Bank, National Association ("PNC Mortgage"), and the other acquired entities became wholly-owned subsidiaries of PNC Mortgage.

With this acquisition, the Corporation added consumer assets of \$7.6 billion; a mortgage servicing portfolio approximating \$27 billion, including \$21 billion serviced for others; and a national residential mortgage production network consisting of 117 locations in 33 states. This acquisition will increase net interest income, noninterest income and the ratio of fee income to total revenue in 1994. The overhead ratio will increase due to higher relative operating expenses in the mortgage banking business. The net interest margin will narrow further in 1994 due to the full period impact of the acquisition and the maturity structure of the liabilities assumed relative to the assets acquired.

During 1993, the Corporation also acquired The Massachusetts Company, Boston, Massachusetts and Gateway Fed Corporation, Cincinnati, Ohio for cash. The aggregate purchase price was \$107 million and the combined assets of these companies totaled \$1.4 billion at closing.

On January 21, 1994, the Corporation consummated the acquisition of United Federal Bancorp, Inc. ("United"), State College, Pennsylvania for \$156 million in cash. United's assets totaled \$900 million at closing.

In addition, the Corporation has a pending agreement to acquire First Eastern Corp. ("First Eastern"), Wilkes-Barre, Pennsylvania, which had total assets of \$2.0 billion at December 31, 1993. The transaction has an indicated value of approximately \$330 million and is subject to the approval of certain regulatory agencies and First Eastern's shareholders. Closing is currently anticipated in the second quarter of 1994.

INCOME STATEMENT REVIEW

<TABLE>
<CAPTION>
INCOME STATEMENT HIGHLIGHTS

Year ended December 31 In millions	1993	1992	Change	
			Amount	Percent
<S>	<C>	<C>	<C>	<C>
Net interest income- taxable-equivalent basis	\$1,869	\$1,700	\$ 169	9.9%
Provision for credit losses	204	324	(120)	(37.0)
Noninterest income	945	887	58	6.5
Noninterest expenses	1,454	1,442	12	.8
Income before cumulative effect of changes in accounting principles	745	529	216	40.8
Net income	726	427	299	70.0

</TABLE>

NET INTEREST INCOME AND NET INTEREST MARGIN Net interest income is interest income, dividends and fees on earning assets, less interest expense incurred for funding sources used to support such assets. Earning assets primarily include loans and securities. Sources used to fund such assets include deposits, borrowed funds and capital. Net interest margin is net interest income on a fully taxable-equivalent basis as a percentage of average earning assets.

On a fully taxable-equivalent basis, net interest income for 1993 increased \$168.5 million, or 9.9 percent due to an increase in average earning assets.

<TABLE>
<CAPTION>
VOLUME/RATE ANALYSIS

1993 versus 1992 In millions	Increase/(Decrease) Due To Changes In:			
	Volume	Rate	Rate/Volume	Total
<S>	<C>	<C>	<C>	<C>
Interest income	\$398	\$(371)	\$(48)	\$(21)
Interest expense	184	(332)	(41)	(189)
Net interest income	207	(34)	(4)	169

</TABLE>

The net interest margin narrowed during the year due to the reduced benefit of noninterest-bearing funds in the lower interest rate environment; the sale of higher coupon mortgage-backed securities to reduce prepayment risk; the issuance of longer-term liabilities to provide stability to funding costs; and the impact of the Sears Mortgage acquisition. Partially offsetting these factors was the impact of interest rate swaps, which were used to reduce exposure to changes in interest rates.

<TABLE>
<CAPTION>
NET INTEREST MARGIN COMPARISON

Year ended December 31	1993	1992
Taxable-equivalent basis		
<S>	<C>	<C>
Book-basis yield on earning assets	6.51%	7.46%
Effect of loan fees	.14	.16
Taxable-equivalent adjustment	.08	.10
Taxable-equivalent yield on earning assets	6.73	7.72
Rate on interest-bearing liabilities	3.81	4.63
Interest rate spread	2.92	3.09

Net benefit of interest rate swaps	.43	.23
Net benefit of noninterest-bearing funds	.60	.71

Net interest margin	3.95%	4.03%

</TABLE>

PROVISION FOR CREDIT LOSSES The provision for credit losses for 1993 was \$203.9 million compared with \$323.5 million in 1992. Continued improvement in economic conditions combined with management's ongoing efforts to improve asset quality resulted in lower nonperforming asset and charge-off levels, and a higher reserve coverage of nonperforming loans. The continued improvement in asset quality experienced over the past several years is expected to result in a lower provision in 1994.

NONINTEREST INCOME Excluding net securities gains, total noninterest income increased \$64.3 million or 9.3 percent to \$757.6 million in 1993. Net securities gains totaled \$187.7 million in 1993 compared with \$193.5 million in 1992.

New business derived from strong investment performance and new product initiatives accounted for the increase in trust revenue. In 1992, gross revenue from an index-oriented investment advisory company was reported as trust income. In 1993, a portion of that company was sold and the Corporation's remaining share of the entity's net income is included in the other noninterest income category. Excluding the impact of this sale, trust revenue increased 7.9 percent. Trust assets totaled \$114 billion at December 31, 1993 compared with \$101 billion a year ago. The Corporation exercised discretionary investment authority over \$33 billion of trust assets at December 31, 1993 compared with \$31 billion a year ago.

Mutual fund accounting and administrative services fees increased \$12.6 million or 26.6 percent to \$60.0 million in 1993 as a result of new business. This increase was partially offset by a decline in advisory fees derived from the level of managed money market mutual fund assets. Various administrative services are provided for mutual funds which totaled \$79 billion at December 31, 1993, including \$24 billion over which the Corporation exercised discretionary investment authority. The comparable December 31, 1992 amounts were \$69 billion and \$27 billion, respectively.

Acquisitions, increased transaction volume related to new business and a change in fee structures accounted for the growth in deposit account and corporate services revenue. The Sears Mortgage acquisition accounted for the increase in loan servicing revenue.

Within other services revenue, mortgage origination, brokerage and loan syndication fees increased \$8.6 million, \$7.3 million and \$6.0 million, respectively. The Sears Mortgage acquisition accounted for 55 percent of the increase in mortgage origination fees.

NONINTEREST EXPENSES Staff expense increased 2.5 percent to \$685.4 million. Higher compensation expense resulted from adding employees in targeted businesses, completing acquisitions, and merit pay increases. Despite the significant employee additions related to acquisitions and targeted businesses, average full-time equivalent employees only increased 4.8 percent in the comparison to 18,000. This amount includes the one-month impact of the Sears Mortgage acquisition, which was consummated on November 30, 1993 and added approximately 3,300 employees.

The decline in employee benefits expense was primarily due to lower postretirement costs resulting from plan amendments. Pension and incentive savings plan costs were also lower. Pension expense is expected to significantly increase in 1994 due to a change in the discount rate used to compute the benefit obligation.

<TABLE>
<CAPTION>
NONINTEREST INCOME

Year ended December 31	Change			
	1993	1992	Amount	Percent
In thousands				
<S>	<C>	<C>	<C>	<C>
Investment management and trust				
Trust	\$ 184,286	\$ 174,161	\$ 10,125	5.8%
Mutual funds	89,563	85,952	3,611	4.2
Total investment management and trust	273,849	260,113	13,736	5.3
Service charges, fees and commissions				
Deposit account and corporate services	156,468	145,601	10,867	7.5
Credit card and merchant services	55,529	54,887	642	1.2
Letters of credit and acceptances	29,477	29,686	(209)	(.7)
Loan servicing	41,284	30,409	10,875	35.8
Other services	120,255	99,976	20,279	20.3

Total service charges, fees and commissions	403,013	360,559	42,454	11.8
Trading account profits	6,785	1,717	5,068	NM
Net securities gains	187,694	193,503	(5,809)	(3.0)
Other	73,908	70,884	3,024	4.3
Total	\$ 945,249	\$ 886,776	\$ 58,473	6.6%

NM-Not meaningful
</TABLE>

Acquisitions accounted for half of the increase in net occupancy and equipment expenses. The remainder of the increase was attributable to the full year impact of the consolidation of three data centers into a newly-constructed data processing and telecommunications center and the opening of full-service regional banking centers.

Other noninterest expense declined 5.6 percent in the comparison to \$473.5 million. A decline of \$76.6 million in net foreclosed asset expense was partially offset by an increase in expenses related to acquisitions and the amortization of purchased mortgage servicing rights resulting from higher prepayment experience.

<TABLE>
<CAPTION>
NONINTEREST EXPENSES

Year ended December 31			Change	
	1993	1992	Amount	Percent
In thousands				
<S>	<C>	<C>	<C>	<C>
Compensation	\$ 582,181	\$ 541,304	\$ 40,877	7.6%
Employee benefits	103,207	127,099	(23,892)	(18.8)
Total staff expense	685,388	668,403	16,985	2.5
Net occupancy	115,354	104,407	10,947	10.5
Equipment	113,954	102,153	11,801	11.6
Federal deposit insurance	65,488	65,629	(141)	(.2)
Other	473,542	501,823	(28,281)	(5.6)
Total	\$1,453,726	\$1,442,415	\$ 11,311	.8%

</TABLE>

Line of Business Results

The management accounting process uses various methods of balance sheet and income statement allocations, transfers and assignments to evaluate the performance of various business units. Unlike financial accounting, there is no comprehensive, authoritative body of guidance for management accounting equivalent to generally accepted accounting principles. The following information is based on management accounting practices which conform to and support the management structure of the Corporation and is not necessarily comparable with similar information for any other financial institution. Designations, assignments, and allocations may change from time to time as management accounting systems are enhanced or product lines change. During 1993, certain methodologies were changed and, accordingly, results for 1992 are presented on a consistent basis.

For management reporting purposes, the Corporation has designated four distinct lines of business: Corporate Banking, Retail Banking, Investment Management and Trust, and Investment Banking. Within these lines of business, management categorizes its businesses based on their mature or growth nature. The growth or targeted businesses include Cash Management, Mortgage Banking, Mutual

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<TABLE>
<CAPTION>
LINE OF BUSINESS RESULTS

Year ended December 31	Earnings		Average Assets		Profit Margin		Overhead		Return on Assigned Equity	
	1993	1992	1993	1992	1993	1992	1993	1992	1993	1992
Dollars in millions										
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Corporate Banking	\$290	\$162	\$12,886	\$12,646	42%	23%	34%	43%	17%	9%
Retail Banking	311	262	27,489	24,959	22	21	63	62	21	20
Investment Management and Trust	69	69	480	389	23	24	64	63	53	58
Investment Banking	208	190	8,880	6,201	55	56	16	16	64	82

Total Lines of Business	878	683
Cumulative effect of		
accounting changes	(19)	(102)
Unallocated provision	(96)	(55)
Unallocated expenses	(37)	(99)

Total	\$726	\$427

</TABLE>

Funds and Securities Brokerage and Underwriting. Management believes these targeted businesses have attractive growth potential and continues to make significant investments in them. For the more mature business units, such as Corporate Banking and Consumer Banking, the emphasis is on managing the revenue and expense relationship to enhance profitability.

The financial results presented in this section reflect each of these lines of business as if they operated on a stand-alone basis. Securities and borrowings have been assigned to the lines of business based on their net asset or liability position. The remaining securities and borrowings emanating from management of the Corporation's overall asset/liability position are included in Portfolio Management.

Net income contributed by the lines of business totaled \$878.0 million in 1993 compared with \$683.1 million in 1992. These results exceeded reported consolidated net income by \$152.2 million and \$256.1 million, respectively, due to the cumulative effect of changes in accounting principles, the provision for credit losses in excess of specific reserve allocations and certain unassigned corporate expenses.

Profit margin represents after-tax earnings expressed as a percentage of revenues. Revenues include net interest income on a fully-taxable equivalent basis and noninterest income. The overhead ratio is the percentage of noninterest expenses to revenues.

Capital is assigned to each business unit based on management's assessment of inherent risk. Equity levels at independent companies that provide products and services similar to those provided by the respective business unit are also considered. Capital assignments are not equivalent to risk-based capital guidelines.

CORPORATE BANKING Corporate Banking provides financing, liquidity and cash management, and financial services to businesses and government entities. Corporate Banking includes: Large Corporate--customers having annual sales of more than \$250 million; and Middle Market--annual sales of \$5 to \$250 million, including customers in certain specialized industries such as real estate, communications, healthcare, natural resources and leasing.

Average loan growth during 1993 was modest. However, lending activity increased substantially during the fourth

<TABLE>

<CAPTION>

CORPORATE BANKING

Year ended December 31	Earnings		Profit Margin		Overhead		Return on Assigned Equity	
Dollars in millions	1993	1992	1993	1992	1993	1992	1993	1992

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Large Corporate	\$ 67	\$ 61	47%	44%	38%	33%	19%	19%
Middle Market	223	101	40	18	33	46	16	7

Total	\$ 290	\$162	42	23	34	43	17	9

</TABLE>

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CORPORATE FINANCIAL REVIEW 1993 VERSUS 1992

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<TABLE>

<CAPTION>

RETAIL BANKING

Year ended December 31	Earnings		Profit Margin		Overhead		Return on Assigned Equity	
Dollars in millions	1993	1992	1993	1992	1993	1992	1993	1992

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Consumer Banking	\$ 277	\$215	22%	19%	62%	64%	22%	18%
Mortgage Banking	34	47	20	34	70	46	18	33

Total	\$ 311	\$262	22	21	63	62	21	20

</TABLE>

quarter as a result of stronger economic growth. The increase in year-end outstandings was primarily in money market and short-term working capital loans

that are typically repaid shortly after year end.

During 1993, Corporate Banking benefited from a reduced provision for credit losses, lower collection costs related to problem assets and increased revenue from non-credit activities. Operating expenses did not increase from the prior year.

Approximately 50 percent of the increase in Middle Market earnings was derived from real estate. This increase resulted from a reduction in the provision for credit losses, lower net foreclosed asset costs and higher gains on the disposition of real estate assets. Further reductions of nonperforming real estate assets are expected in 1994 which may require a reduction in overall reserve levels associated with problem real estate assets.

The cash management business continued to grow as investments in technology provided for expanded electronic processing capabilities and enhanced customer service.

RETAIL BANKING Retail Banking provides lending, deposit, investment, payment systems access, and other financial services to consumers and small businesses. Retail Banking includes: Consumer Banking--all lending and deposit gathering services provided to individuals and small businesses; and Mortgage Banking--residential mortgage loans held in portfolio, and loan origination, acquisition and servicing activities.

Increased loans and deposits contributed to higher earnings in 1993. The benefit provided to Consumer Banking for relatively low cost deposits also increased in the comparison. Consumer Banking's average loans increased by 6 percent during 1993, primarily due to acquisitions completed in the second half of 1992.

Asset quality improvement led to a decline in the provision for credit losses. Operating expenses increased in 1993 due to acquisitions and system conversion costs related to enhancing and standardizing the retail distribution systems throughout the Corporation's markets.

The decline in Mortgage Banking's earnings resulted from lower yields on loans and higher amortization of purchased mortgage servicing rights resulting from loan prepayments. Nonrecurring gains realized from sales of mortgages in 1992 also negatively impacted the comparison. These adverse impacts were partially offset by an increase in average loan outstandings.

The acquisition of Sears Mortgage significantly changes the magnitude and characteristics of this business unit. Mortgage originations were \$2.5 billion in 1993. On a combined basis, mortgage originations for 1993 would have been \$13 billion. At December 31, 1993, the mortgage servicing portfolio totaled \$36 billion, including \$27 billion serviced for others.

<TABLE>
<CAPTION>
INVESTMENT MANAGEMENT & TRUST

Year ended December 31	Earnings		Profit Margin		Overhead		Return on Assigned Equity	
	1993	1992	1993	1992	1993	1992	1993	1992
Dollars in millions								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Trust	\$ 45	\$ 41	22%	22%	66%	67%	52%	52%
Mutual Funds	24	28	25	30	61	54	54	71
Total	\$ 69	\$ 69	23	24	64	63	53	58

</TABLE>

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<TABLE>
<CAPTION>
INVESTMENT BANKING

Year ended December 31	Earnings		Profit Margin		Overhead		Return on Assigned Equity	
	1993	1992	1993	1992	1993	1992	1993	1992
Dollars in Millions								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Portfolio Management	\$ 176	\$169	60%	60%	7%	10%	69%	96%
Brokerage and Underwriting	32	21	37	35	43	47	48	37
TOTAL	\$ 208	\$190	55	56	16	16	64	82

</TABLE>

INVESTMENT MANAGEMENT AND TRUST INVESTMENT Management and Trust ("IM&T") provides investment advice, asset management, and administrative and custodial services to individuals, institutions and mutual funds. IM&T includes: Trust--investment management and fiduciary services provided to individuals and non-profit institutions, pension and employee benefit plans, and corporations and Mutual Funds--products and services in support of mutual funds for other banks, brokerage houses, insurance companies and mutual fund complexes, including the PNC Family of Funds.

Trust earnings increased 9.8 percent in the year-to-year comparison as a

result of new business driven by strong investment performance and new product initiatives.

Mutual Funds earnings declined by \$4 million in 1993. Increased revenues from higher levels of accounting and administrative services were offset by a decline in advisory fees as the level of managed money market mutual fund assets declined year to year. Management also continued to invest heavily in this targeted business.

INVESTMENT BANKING Investment Banking includes the asset/liability management function, as well as underwriting, brokerage and direct investment services. Investment Banking includes: Portfolio Management--management of on- and off-balance sheet positions; and Brokerage and Underwriting--equity investments, corporate and public finance and brokerage services.

Portfolio Management's earnings include the impact of securities gains and the interest rate spread on the securities portfolio not assigned to other lines of business. Net securities gains were \$188 million in 1993 and \$194 million in 1992. During the last two years, gains have been significantly higher than historical averages as certain mortgage-backed securities were sold in the higher prepayment environment. The year-to-year comparison benefited from higher asset levels resulting from leveraging the Corporation's capital position and a 24 percent reduction in operating expenses due to the continued centralization of the asset/liability management function.

Fees from Brokerage and Underwriting increased 27 percent over the prior year. This increase was offset by additional expenses for personnel and marketing costs related to product distribution initiatives, as management continued to aggressively invest in this targeted business.

Earnings for 1993 from the Corporation's private equity investment activities increased to \$21 million compared with \$9 million in 1992. At December 31, 1993, the private equity investment portfolio totaled \$160 million.

BALANCE SHEET REVIEW

Total assets increased approximately \$10.7 billion in the year-to-year comparison primarily as a result of acquisitions.

During 1993, proceeds from sales, maturities and prepayments of securities were reinvested in shorter-term securities which management believes are less susceptible to prepayment risk. As a result, the weighted-average expected maturity of all securities was reduced to two years and 10 months at December 31, 1993 compared with three years and three months at December 31, 1992. In a rising interest rate environment, management currently does not anticipate that the expected maturity will increase significantly.

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<TABLE>
<CAPTION>
BALANCE SHEET HIGHLIGHTS

December 31	Change			
	1993	1992	Amount	Percent
In millions				
<S>	<C>	<C>	<C>	<C>
Assets				
Loans held for sale	\$ 1,392	\$ 220	\$ 1,172	532.7%
Securities				
available for sale	11,388	7,414	3,974	53.6
Investment securities	11,672	13,327	(1,655)	(12.4)
Loans, net of				
unearned income	33,308	25,817	7,491	29.0
Other	4,320	4,602	(282)	(6.1)
Total Assets	\$62,080	\$51,380	\$ 10,700	20.8%
Liabilities				
Deposits	\$33,115	\$29,470	\$ 3,645	12.4%
Borrowed funds	11,662	11,811	(149)	(1.3)
Notes and debentures	9,585	4,297	5,288	123.1
Other	3,393	2,056	1,337	65.0
Total liabilities	57,755	47,634	10,121	21.2
Shareholders' Equity	4,325	3,746	579	15.5
Total liabilities and shareholders' equity	\$62,080	\$51,380	\$ 10,700	20.8%

</TABLE>

Effective December 31, 1993, the Corporation adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." As a result, \$7.2 billion of investment securities were reclassified as available for sale. SFAS No. 115 requires that the after-tax net unrealized gain or loss on securities available for sale be reflected in shareholders' equity. At

December 31, 1993, such net unrealized gains totaled \$88 million.

Deposits increased primarily as a result of acquisitions. Notes and debentures were higher in the comparison reflecting the Corporation's increased use of bank notes.

RISK MANAGEMENT

In the normal course of business, the Corporation is subject to credit, interest rate and liquidity risk. The Corporation's objective is to maximize profitability while maintaining acceptable levels of risk.

Credit risk represents the possibility that a customer may not perform in accordance with contractual terms. Credit risk results from extending credit to customers as well as entering into certain financial instrument transactions.

Interest rate risk represents the impact of repricing frequencies for assets, liabilities and off-balance-sheet positions. This risk includes prepayment risk associated with certain assets (e.g., mortgage-backed securities and consumer loans) and withdrawal characteristics of certain funding sources (e.g., demand, money market and savings deposits). Prepayment risk is defined as the receipt of assets in advance of expected repayments. Liquidity risk represents the inability to generate cash or otherwise obtain funds at reasonable rates to satisfy commitments to borrowers, as well as the demands of depositors and debtholders.

CREDIT RISK MANAGEMENT AND ADMINISTRATION CREDIT risk is inherent in the lending business. The Corporation seeks to manage credit risk through diversification, utilizing exposure limits to any single industry or customer, requiring collateral and selling participations to third parties. A certain amount of diversification occurs as a result of the distinct customer segments served by the Corporate Banking and Retail Banking lines of business.

Credit Administration, which includes credit policy, loan review and loan workout, manages and monitors credit risk by promulgating and enforcing uniform credit policies and exercising centralized oversight, review and approval procedures. Credit Policy, at the direction of the board of directors, establishes uniform underwriting standards that set forth the criteria that must be met in extending credit.

To assist in the consistent application of underwriting standards, credit officers work with lending officers in

<TABLE>
<CAPTION>
LOANS

December 31	1993		1992	
	Outstandings	Unfunded Commitments	Outstandings	Unfunded Commitments
In millions				
<S>	<C>	<C>	<C>	<C>
Commercial				
Manufacturing	\$ 2,765	\$ 4,351	\$ 2,757	\$ 3,784
Retail/Wholesale	1,789	1,570	1,668	1,362
Services	1,586	1,599	1,406	877
Financial services	872	1,666	523	1,270
Communications	1,337	732	1,274	771
Real estate related	557	177	538	125
Investment/Holding Co.	454	264	671	635
Other	3,103	3,089	2,148	2,272
Total commercial	12,463	13,448	10,985	11,096
Consumer				
Automobile	2,428		2,282	
Home equity	2,238	1,360	1,926	1,044
Student	1,103	27	990	18
Credit card	725	3,065	727	2,763
Other	2,031	214	2,025	242
Total consumer	8,525	4,666	7,950	4,067
Real estate mortgage				
Residential	8,036	1,521	3,235	150
Commercial	905	6	879	5
Total real estate mortgage	8,941	1,527	4,114	155
Real estate project				
Residential construction and development	70	72	68	57
Commercial construction and development	280	221	277	195
Medium-term financings				
Standing	875	142	883	124
Other	505	68	727	106
Total real estate project	1,730	503	1,955	482

Other	1,871	400	1,105	556
Unearned income	(222)		(292)	
Total, net of unearned income	\$33,308	\$ 20,544	\$25,817	\$ 16,356

</TABLE>

evaluating the creditworthiness of borrowers and structuring transactions. Credit decisions are made at the specific affiliate or market level. However, credit requests that are above certain limits or that involve exceptions to credit policies require additional corporate approvals.

The Corporation uses a lender-initiated system of rating credits to provide timely credit quality information to management. Lenders assign risk ratings at inception with periodic updates thereafter. Loan review performs periodic reviews to determine adherence with credit policies, the propriety of risk ratings assigned to individual credits and the effectiveness of the credit management process. Adversely rated credits are included on a watchlist and reviewed monthly.

Total commercial outstandings and unfunded commitments increased \$3.8 billion to \$25.9 billion at December 31, 1993, reflecting the higher level of lending activity during the fourth quarter which resulted primarily from stronger economic growth. The increase in year-end outstandings was primarily in money market and short-term working capital loans that are typically repaid shortly after year-end.

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CORPORATE FINANCIAL REVIEW 1993 VERSUS 1992

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Total consumer outstandings increased \$575 million and residential mortgages increased \$4.8 billion as a result of the Sears Mortgage acquisition.

Residential construction and development loans rely upon unit sales of residential properties as the primary source of repayment. Medium-term financings have remaining terms up to five years. This category includes completed construction projects which are in the leasing phase, and tenant-occupied commercial and residential real estate which are dependent upon sale or permanent take-out for ultimate repayment of the loan. Medium-term financings collateralized by projects where rental income exceeds debt service and operating costs are classified as standing loans.

Retail and office projects accounted for 32 percent and 25 percent, respectively, of total real estate project exposure at December 31, 1993. Multi-family and hotel/motel projects each accounted for 9 percent. No other project type accounted for more than 7 percent. Projects in the Corporation's primary markets, which include Delaware, Indiana, Kentucky, New Jersey, Ohio and Pennsylvania, accounted for 68 percent of the total outstandings. The southeast region of the United States accounted for 17 percent and no other geographic region accounted for more than 5 percent.

Highly leveraged transactions (HLTs) are included in various commercial loan categories. Consistent with the federal bank regulators' uniform definition, HLTs include financing transactions involving the buyout, acquisition or recapitalization of an existing business and credits extended to highly leveraged industries.

At December 31, 1993, HLT outstandings and unfunded commitments totaled \$953 million and \$186 million, respectively. The comparable December 31, 1992 amounts were \$1.1 billion and \$202 million, respectively. The communications, manufacturing and retail/wholesale industries accounted for 73 percent, 13 percent and 12 percent, respectively, of total HLT exposure at December 31, 1993. HLT outstandings represented 2.9 percent of total loans at December 31, 1993 compared with 4.3 percent at December 31, 1992. During 1993, \$117 million of loans and \$35 million of unfunded commitments were no longer classified as HLTs.

At December 31, 1993, the Corporation had 60 customers with loans designated as HLT. The ten largest HLT outstandings and unfunded commitments totaled \$485 million and \$56 million, respectively, none of which were classified as nonperforming. During 1993, the Corporation originated and/or participated in \$166 million of commitments to new HLT customers compared with \$155 million in 1992. HLT loan fees recognized in income during 1993 totaled \$4.4 million and deferred HLT loan fees totaled \$4.9 million at December 31, 1993. The yield on the HLT portfolio, including loans classified as nonperforming, was 6.1 percent during 1993.

RISK ELEMENTS During 1993, asset quality continued to improve. Assuming modest economic growth and excluding the impact of acquisitions, management anticipates the favorable trends will continue during 1994.

At December 31, 1993, \$102 million of nonperforming loans were current as to principal and interest compared with \$144 million at December 31, 1992. Nonperforming HLT loans totaled \$25 million at December 31, 1993, compared with \$41 million a year ago.

CHANGE IN NONPERFORMING ASSETS

<TABLE>

<CAPTION>

In millions	1993	1992
-------------	------	------

<S>	<C>	<C>
Balance at January 1	\$ 820	\$ 1,084

Transferred from accrual	296	529
Acquisitions	104	57
Returned to performing	(59)	(45)
Principal reductions	(306)	(370)
Sales	(131)	(124)
Charge-offs and valuation adjustments	(170)	(311)

Balance at December 31	\$ 554	\$ 820

</TABLE>

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<TABLE>
<CAPTION>
NONPERFORMING ASSETS

December 31	1993	1992
In millions		
<S>	<C>	<C>

Nonaccrual loans		
Commercial	\$ 181	\$ 316
Real estate project	91	185
Real estate mortgage	84	28

Total nonaccrual loans	356	529

Restructured loans		
Commercial	6	11
Real estate project	17	13
Real estate mortgage	5	1

Total restructured loans	28	25

Total nonperforming loans	384	554

Foreclosed assets		
Real estate project	108	223
Other	62	43

Total foreclosed assets	170	266

Total nonperforming assets	\$ 554	\$ 820

Nonperforming loans to total loans	1.15%	2.14%
Nonperforming assets to total loans and foreclosed assets	1.65	3.14
Nonperforming assets to total assets	.89	1.60

</TABLE>

At December 31, 1993, office, retail, land and multi-family projects accounted for 70 percent of total nonperforming real estate project assets. The Corporation's primary markets accounted for 57 percent and the southeast region of the United States 31 percent of the total.

Accruing loans contractually past due 90 days or more as to the payment of principal or interest totaled \$135 million at December 31, 1993, compared with \$192 million at December 31, 1992. Residential mortgage and other consumer loans of \$116 million were included in the total at December 31, 1993, compared with \$123 million at the prior year end.

Loans not included in the past due, nonaccrual or restructured categories, but where known information about possible credit problems causes management to be uncertain as to the ability of the borrowers to comply with the present loan repayment terms over the next six months totaled \$121 million at December 31, 1993, all of which were current as to principal and interest payments.

ALLOWANCE FOR CREDIT LOSSES In determining the adequacy of the allowance for credit losses, the Corporation allocates reserves to specific problem loans based on a collectibility review and pools of watchlist and non-watchlist loans for various credit risk factors. The allocations to pools of loans are developed by risk rating and industry classification and are based on management's judgment concerning historical loss trends and other relevant factors. These factors may include, among others, local, regional, and national economic conditions; portfolio concentrations; the level of industry competition and consolidation; the impact of government regulation; and the possibility of technological obsolescence.

Residential mortgage and consumer loan allocations are based on historical loss experience adjusted for portfolio activity and current trends.

The allowance for credit losses was \$972 million at December 31, 1993, representing 2.92 percent of total loans compared with \$897 million and 3.47

percent a year ago. As a percentage of period-end nonperforming loans, the allowance for credit losses was 253 percent at December 31, 1993 compared with 162 percent at December 31, 1992.

<TABLE>
<CAPTION>
CHARGE-OFFS AND RECOVERIES

Year ended December 31	1993		1992			
	Charge-offs	Recoveries	Net Charge-offs	Charge-offs	Recoveries	Net Charge-offs
In millions						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial	\$ 101	\$ 41	\$ 60	\$ 213	\$ 37	\$ 176
Real estate project	60	4	56	39	1	38
Real estate mortgage	2		2	2		2
Consumer	82	29	53	82	22	60
Other	1		1	7	2	5
Total	\$ 246	\$ 74	\$ 172	\$ 343	\$ 62	\$ 281
Net charge-offs as a percentage of average loans			.66%			1.15%

</TABLE>

During 1993, \$7 million of HLT credits were charged-off and \$3 million of previously charged-off HLT loans were recovered. The comparable 1992 amounts were \$46 million and \$9 million, respectively.

ASSET/LIABILITY MANAGEMENT The primary objective of asset/liability management is to provide maximum levels of net interest income while maintaining acceptable levels of interest rate and liquidity risk and facilitating the Corporation's funding needs. To achieve this objective, asset/liability management uses a variety of investment alternatives, funding sources and off-balance-sheet instruments in managing the overall interest rate risk profile of the Corporation. ALCO policies include limits on the amounts of various financial instruments and types of funding, and the level of interest rate sensitivity. Asset/Liability management seeks to minimize the credit risk associated with its activities. This is primarily accomplished by entering into transactions with only a selected number of high quality institutions, establishing credit limits with counterparties and, where applicable, requiring segregated collateral.

Interest rate sensitivity refers to the impact of changes in interest rates on net interest income. A dynamic income simulation model is used as the primary mechanism in assessing that impact. Various assumptions related to interest rates, mortgage prepayments, and loan and deposit growth are used in the model.

The simulation model projects an increase in net interest income in management's most likely interest rate scenario over the next twelve months. At December 31, 1993, this scenario assumes a gradual increase in interest rates accompanied by a modest narrowing of the spread between the prime and federal funds rates. In addition, management develops interest rate scenarios with rates higher and lower than the most likely case based on rate movements that could occur given current and projected economic conditions. As of December 31, 1993, the model projected net interest income would decrease 2.0 percent if the Federal Funds rate and longer-term rates fell gradually by 100 and 150 basis points, respectively, over the next year. Similarly, it projected a 1.8 percent decrease if the Federal Funds rate and longer-term rates rose gradually by 250 and 230 basis points, respectively. These net interest income fluctuations from the most likely scenario are well within management's policy limits. These projections are based on current on- and off-balance-sheet positions and do not reflect actions management could take to mitigate the impact of changes in interest rates.

<TABLE>
<CAPTION>
INTEREST RATE SENSITIVITY

December 31, 1993	Rate Sensitive					Total
	1 to 90 Days	91 to 180 Days	181 to 365 Days	1 to 5 Years	Beyond 5 Years	
In millions						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Loans	\$ 17,956	\$ 2,439	\$ 3,049	\$ 6,406	\$ 3,456	\$ 33,308
Securities	3,642	1,815	3,232	11,325	3,046	23,060
Other earning assets	2,250					2,250
Other assets	234				3,228	3,462
Total assets	\$ 24,082	\$ 4,254	\$ 6,281	\$ 17,733	\$ 9,730	\$ 62,080
Noninterest-bearing deposits	\$ 547				\$ 6,510	\$ 7,057

Interest-bearing deposits	6,599	2,037	2,411	5,894	9,117	26,058
Borrowings	9,390	3,004	7,150	637	1,066	21,247
Other liabilities	2,062				1,331	3,393
Shareholders' equity					4,325	4,325
Total liabilities and shareholders' equity	\$ 18,598	\$ 5,041	\$ 9,561	\$ 6,531	\$ 22,349	\$ 62,080
Off-balance sheet items	\$ (8,221)	\$ 18	\$ 1,791	\$ 6,555	\$ (143)	
Interest rate sensitivity	\$ (2,737)	\$ (769)	\$ (1,489)	\$ 17,757	\$ (12,762)	
Cumulative gap	\$ (2,737)	\$ (3,506)	\$ (4,995)	\$ 12,762		

</TABLE>

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An interest rate sensitivity ("gap") analysis represents a point-in-time net position of assets, liabilities and off-balance-sheet instruments subject to repricing in specified time periods. The liability sensitivity of the cumulative one-year gap position was 8.6 percent of total earning assets at December 31, 1993. Gap analysis alone does not accurately measure the magnitude of changes in net interest income since changes in interest rates do not affect all categories of assets, liabilities, and off-balance-sheet positions equally or simultaneously.

The distribution in the Interest Rate Sensitivity table is based on a combination of maturities, call provisions, repricing frequencies, prepayment patterns and historical experience. Variable rate assets and liabilities are distributed based on the repricing frequency of the instrument.

The Corporation enters into interest rate swaps to alter the maturity and repricing structure of the balance sheet ("hedge swaps") and as an intermediary for customers ("customer swaps"). At December 31, 1993 hedge swaps and customer swaps accounted for 83 percent and 3 percent, respectively, of the total notional amount of all interest rate swap, futures, forward and written option contracts.

The notional amount of hedge and customer swaps totaled \$11.8 billion and \$490 million, respectively, at December 31, 1993. The corresponding December 31, 1992 amounts were \$7.7 billion and \$520 million, respectively. At December 31, 1993, credit risk related to all swaps totaled approximately \$109 million with 92 percent collateralized by U.S. Government and agency securities.

The majority of hedge swaps are indexed amortizing interest rate swaps where the Corporation receives payments based on fixed interest rates and makes payments based on a floating money market rate. Index swaps have remaining expected maturities that range from six months to two and one half years. If interest rates rise above a contractually specified level, the maturities of the index swaps will be extended. However, in management's current most likely interest rate scenario, these maturities will not extend significantly.

During 1993, hedge swaps benefited net interest income by \$203.3 million compared with \$98.6 million in the corresponding 1992 period. At December 31, 1993, net deferred gains on terminated interest rate swaps totaled \$22 million, which is being amortized over various remaining periods up to two years.

Because the Corporation has an aggregate receive-fixed/pay-variable interest rate swap position, an increase in interest rates would reduce the benefit provided by such swaps. However, management would expect several factors to partially or entirely mitigate a decline in the benefit provided by such swaps. As interest rates increase, the Corporation will derive a greater benefit from existing long-term liabilities and noninterest-bearing sources of funds. Also, an increase in interest rates would likely be associated with higher levels of economic activity, providing opportunities for loan growth and higher fee income.

LIQUIDITY MANAGEMENT Liquidity represents an institution's ability to generate cash or otherwise obtain funds at reasonable rates to satisfy commitments to borrowers as well as the demands of depositors and debtholders. Liquidity is managed through the coordination of the relative maturities of assets, liabilities and off-balance-sheet positions and is enhanced by the ability to raise funds in capital markets.

Liquid assets consist of cash and due from banks, federal funds sold and resale agreements, interest-earning deposits with banks, trading account securities and securities available for sale. At December 31, 1993, such assets totaled \$14.1 billion. Liquidity is also provided by securities that may be sold under agreements to repurchase, which totaled \$8.2 billion at December 31, 1993. In addition, certain bank affiliates joined the Federal Home Loan Bank System in 1993.

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<TABLE>

<CAPTION>

FUNDING SOURCES

December 31	1993	1992
In millions		

<S>

<C>

<C>

Deposits		
Demand, savings and money market	\$ 18,621	\$ 17,157
Time	14,494	12,313

Total deposits	33,115	29,470
Borrowed funds		
Repurchase agreements	4,995	6,452
Treasury, tax and loan	3,414	1,661
Federal funds purchased	2,066	2,037
Commercial paper	514	980
Other	673	681

Total borrowed funds	11,662	11,811
Notes and debentures	9,585	4,297

Total	\$ 54,362	\$ 45,578

</TABLE>

Brokered deposits are included in the certificates of deposit of \$100,000 or more and other time categories. Such amounts totaled \$4.1 billion at December 31, 1993 compared with \$2.3 billion at December 31, 1992. Retail brokered deposits are issued or participated-out by brokers in denominations of \$100,000 or less and are fully insured. Such deposits represented 63.7 percent of the total at December 31, 1993 and 13.1 percent a year ago. The increase relates entirely to retail brokered deposits assumed in the Sears Mortgage acquisition. These deposits are expected to decline in future periods as they mature and alternative funding sources are employed.

Liquidity for the parent company and its nonbank affiliates is generated through the issuance of securities in public or private markets, lines of credit and dividends from subsidiaries. Under effective shelf registration statements at December 31, 1993, the Corporation has available \$250 million of debt, \$300 million of preferred stock and \$550 million of securities that may be issued as either debt or preferred stock. Additionally, the Corporation has a \$150 million unused committed line of credit. Funds obtained from any of these sources can be used for both bank and nonbank activities. In addition to current parent company funds, the funding for pending acquisitions may include the issuance of instruments that qualify as regulatory capital such as preferred stock or subordinated debt.

CAPITAL

The current economic and regulatory environment has placed an increased emphasis on capital strength. Acquisition capability, funding alternatives, new business activities, deposit insurance costs and the level and nature of expanded regulatory oversight depend in part on capital adequacy.

<TABLE>

<CAPTION>

RISK-BASED CAPITAL AND LEVERAGE RATIOS

December 31	1993	1992
Dollar amounts in millions		

<S>	<C>	<C>
CAPITAL COMPONENTS		
Shareholders' equity	\$ 4,325	\$ 3,746
Goodwill	(85)	(62)
Net unrealized securities gains	(88)	

Total Tier I risk-based capital	4,152	3,684
Subordinated debt	554	235
Eligible allowance for credit losses	547	458

Total risk-based capital	\$ 5,253	\$ 4,377

ASSETS		
Risk-weighted assets and off-		
balance-sheet instruments	\$ 43,380	\$36,210
Average tangible assets	52,923	48,374

CAPITAL RATIOS		
Tier I risk-based capital	9.57%	10.17%
Total risk-based capital	12.11	12.09
Leverage	7.85	7.62

</TABLE>

The minimum regulatory capital ratios are 4.00 percent for Tier I, 8.00 percent for total risk-based and 3.00 percent for leverage. However, regulators may require higher capital levels when a bank's particular circumstances warrant.

Capital ratios are expected to decline somewhat in 1994 as a result of

including the Sears Mortgage assets for a full reporting period and consummating pending acquisitions.

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MANAGEMENT'S REPORT ON THE FINANCIAL
REPORTING INTERNAL CONTROL STRUCTURE

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

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

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

Management assessed PNC Bank Corp.'s internal control structure over financial reporting as of December 31, 1993. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control- Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that PNC Bank Corp. maintained an effective internal control system over financial reporting as of December 31, 1993.

/s/ THOMAS H. O'BRIEN
Thomas H. O'Brien
Chairman and
Chief Executive Officer

/s/ WALTER E. GREGG, JR.
Walter E. Gregg, Jr.
Executive Vice President

REPORT OF ERNST & YOUNG,
INDEPENDENT AUDITORS

Shareholders and Board of Directors

PNC Bank Corp.

We have audited the accompanying consolidated balance sheet of PNC Bank Corp. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of PNC Bank Corp.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PNC Bank Corp. and subsidiaries at December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in the Notes to Consolidated Financial Statements, in 1993 PNC Bank Corp. changed its method of accounting for certain investments in debt and equity securities, income taxes, and intangible assets, and in 1992 changed its method of accounting for postretirement benefits.

/s/ ERNST & YOUNG

<TABLE>
<CAPTION>

December 31			
Dollars in millions, except par values			
	1993	1992	
<S>	<C>	<C>	
ASSETS			
Cash and due from banks	\$ 1,817	\$ 2,117	
Short-term investments	856	1,165	
Loans held for sale	1,392	220	
Securities available for sale, fair value of \$7,552 in 1992	11,388	7,414	
Investment securities, fair value of \$11,716 and \$13,430	11,672	13,327	
Loans, net of unearned income of \$222 and \$292	33,308	25,817	
Allowance for credit losses	(972)	(897)	
Net loans	32,336	24,920	
Other	2,619	2,217	
Total assets	\$ 62,080	\$ 51,380	
LIABILITIES			
Deposits			
Noninterest-bearing	\$ 7,057	\$ 5,890	
Interest-bearing	26,058	23,580	
Total deposits	33,115	29,470	
Borrowed funds			
Federal funds purchased	2,066	2,037	
Repurchase agreements	4,995	6,452	
Commercial paper	514	980	
Other	4,087	2,342	
Total borrowed funds	11,662	11,811	
Notes and debentures	9,585	4,297	
Accrued expenses and other liabilities	3,393	2,056	
Total liabilities	57,755	47,634	
SHAREHOLDERS' EQUITY			
Preferred stock--\$1 par value			
Authorized: 17,663,791 and 17,854,291 shares			
Issued and outstanding: 983,233 and 1,498,041 shares	1	1	
Aggregate liquidation value: \$20 and \$33			
Common stock--\$5 par value			
Authorized: 450,000,000 shares			
Issued: 234,994,196 and 232,574,794 shares	1,175	1,163	
Capital surplus	450	425	
Retained earnings	2,715	2,263	
Deferred ESOP benefit expense	(95)	(106)	
Net unrealized securities gains	88		
Common stock held in treasury at cost: 288,959 and 1,541 shares	(9)		
Total shareholders' equity	4,325	3,746	
Total liabilities and shareholders' equity	\$ 62,080	\$ 51,380	

See accompanying Notes to Consolidated Financial Statements.

</TABLE>

<TABLE>
<CAPTION>

Year ended December 31				
In thousands, except per share data				
	1993	1992	1991	
<S>	<C>	<C>	<C>	
INTEREST INCOME				
Loans and fees on loans	\$ 1,950,937	\$ 1,964,248	\$ 2,537,128	
Short-term investments	22,379	31,960	58,087	
Securities	1,203,151	1,203,643	1,038,899	
Other	24,653	19,120	23,419	

Total interest income	3,201,120	3,218,971	3,657,533
INTEREST EXPENSE			
Deposits	742,772	1,063,422	1,727,765
Borrowed funds	362,995	352,162	398,779
Notes and debentures	266,320	146,095	95,791
Total interest expense	1,372,087	1,561,679	2,222,335
Net interest income	1,829,033	1,657,292	1,435,198
Provision for credit losses	203,944	323,531	428,038
Net interest income less provision for credit losses	1,625,089	1,333,761	1,007,160
NONINTEREST INCOME			
Investment management and trust	273,849	260,113	237,794
Service charges, fees and commissions	403,013	360,559	359,578
Trading account profits	6,785	1,717	9,172
Net securities gains	187,694	193,503	63,454
Gains on sale of certain operations			92,666
Other	73,908	70,884	49,361
Total noninterest income	945,249	886,776	812,025
NONINTEREST EXPENSES			
Compensation	582,181	541,304	494,837
Employee benefits	103,207	127,099	103,870
Net occupancy	115,354	104,407	100,067
Equipment	113,954	102,153	91,525
Federal deposit insurance	65,488	65,629	64,825
Other	473,542	501,823	415,860
Total noninterest expenses	1,453,726	1,442,415	1,270,984
Income before income taxes and cumulative effect of changes in accounting principles	1,116,612	778,122	548,201
Applicable income taxes	371,349	248,682	158,415
Income before cumulative effect of changes in accounting principles	745,263	529,440	389,786
Cumulative effect of changes in accounting principles, net of tax benefit of \$5,343 and \$52,804	(19,393)	(102,501)	
Net income	\$ 725,870	\$ 426,939	\$ 389,786
EARNINGS PER COMMON SHARE			
Primary before cumulative effect of changes in accounting principles	\$ 3.14	\$ 2.36	\$ 1.97
Cumulative effect of changes in accounting principles	(.08)	(.46)	
Primary	\$ 3.06	\$ 1.90	\$ 1.97
Fully diluted before cumulative effect of changes in accounting principles	\$ 3.13	\$ 2.34	\$ 1.94
Cumulative effect of changes in accounting principles	(.09)	(.45)	
Fully diluted	\$ 3.04	\$ 1.89	\$ 1.94
CASH DIVIDENDS DECLARED PER COMMON SHARE			
AVERAGE COMMON SHARES OUTSTANDING	\$ 1.175	\$ 1.08	\$.795
Primary	236,386	224,023	196,872
Fully diluted	238,421	227,125	201,324

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

<CAPTION>

Dollars in millions, except per share data	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings
<S>	<C>	<C>	<C>	<C>
Balance at January 1, 1991	\$ 1	\$ 478	\$ 473	\$ 1,778
Net income				390
Cash dividends declared				
Preferred stock				(3)
Common stock				(153)
Deferred ESOP benefit expense				
Purchase of stock (common 181,407)				
Stock issued (common 11,861,295)				
Common stock		52	377	
Dividend reinvestment and employee benefit plans		7	29	
Conversion of preferred stock and debentures			2	
Marketable equity securities valuation adjustment				5
ESOP dividends tax benefit				2
Net foreign currency translation adjustment				(3)
Balance at December 31, 1991	1	537	881	2,016
Net income				427
Cash dividends declared				
Preferred stock				(3)
Common stock				(235)
Deferred ESOP benefit expense				
Purchase of stock (common 515,152)				
Stock issued (common 9,479,414)				
Dividend reinvestment and employee benefit plans		12	49	
Conversion of preferred stock and debentures		2	2	
Acquisitions		33	72	55
Transfer to reflect two-for-one stock split		579	(579)	
ESOP dividends tax benefit				3
Balance at December 31, 1992	1	1,163	425	2,263
Net income				726
Cash dividends declared				
Preferred stock				(2)
Common stock				(275)
Deferred ESOP benefit expense				
Purchase of stock (common 810,416)				
Stock issued (common 2,419,402)				
Dividend reinvestment and employee benefit plans		10	36	
Conversion of preferred stock and debentures		2	(2)	
Redemption of preferred stock			(9)	
ESOP dividends tax benefit				3
Net unrealized securities gains				
Balance at December 31, 1993	\$ 1	\$ 1,175	\$ 450	\$ 2,715

See accompanying Notes to Consolidated Financial Statements.

</TABLE>

<TABLE>

<CAPTION>

Dollars in millions, except per share data	Deferred ESOP Benefit Expense	Net Unrealized Securities Gains	Treasury Stock
<S>	<C>	<C>	<C>
Balance at January 1, 1991	\$ (130)		
Net income			
Cash dividends declared			
Preferred stock			
Common stock			
Deferred ESOP benefit expense	11		
Purchase of stock (common 181,407)			\$ (7)
Stock issued (common 11,861,295)			
Common stock			
Dividend reinvestment and employee benefit plans			7
Conversion of preferred stock and debentures			
Marketable equity securities valuation adjustment			
ESOP dividends tax benefit			
Net foreign currency translation adjustment			
Balance at December 31, 1991	(119)		
Net income			
Cash dividends declared			
Preferred stock			
Common stock			

Deferred ESOP benefit expense	13		
Purchase of stock (common 515,152)		(13)	
Stock issued (common 9,479,414)			
Dividend reinvestment and employee benefit plans		13	
Conversion of preferred stock and debentures			
Acquisitions			
Transfer to reflect two-for-one stock split			
ESOP dividends tax benefit			

Balance at December 31, 1992	(106)		

Net income			
Cash dividends declared			
Preferred stock			
Common stock			
Deferred ESOP benefit expense	11		
Purchase of stock (common 810,416)		(19)	
Stock issued (common 2,419,402)			
Dividend reinvestment and employee benefit plans		10	
Conversion of preferred stock and debentures			
Redemption of preferred stock			
ESOP dividends tax benefit			
Net unrealized securities gains		\$88	

Balance at December 31, 1993	\$ (95)	\$88	\$ (9)

See accompanying Notes to Consolidated Financial Statements.			

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CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

Year ended December 31 In millions	1993	1992	1991

<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	\$ 726	\$ 427	\$ 390
Adjustments to reconcile net income to net cash provided by operating activities			
Cumulative effect of changes in accounting principles	19	103	
Provision for credit losses	204	324	428
Depreciation, amortization and accretion	148	137	72
Deferred income taxes	(61)	(36)	21
Net securities gains	(188)	(214)	(70)
Net gain on sales of assets	(16)	(23)	(118)
Valuation adjustments on foreclosed assets, net of gains on sales	(22)	50	40
Changes in			
Loans held for sale	(42)	117	(204)
Trading account securities	20	202	(224)
Interest receivable	(3)	12	77
Interest payable	108		(114)
Other	68	(189)	575

Net cash provided by operating activities	961	910	873

INVESTING ACTIVITIES			
Net change in			
Interest-earning deposits with banks	283	(447)	350
Federal funds sold and resale agreements	241	951	(164)
Loans	(3,081)	945	1,670
Repayment			
Securities available for sale	1,196	575	
Investment securities	7,773	5,712	2,117
Sales			
Securities available for sale	16,659	7,976	
Investment securities	11	278	5,345
Loans	81	191	606
Foreclosed assets	144	96	69
Purchases			
Securities available for sale	(13,620)	(5,868)	
Investment securities	(11,839)	(13,101)	(9,447)
Loans	(433)	(213)	(19)
Net cash acquired (paid) in acquisitions/divestitures	(190)	(26)	181
Other	(255)	(328)	(181)

Net cash provided (used) by investing activities	(3,030)	(3,259)	527

FINANCING ACTIVITIES			

Net change in			
Noninterest-bearing deposits	1,137	529	(284)
Interest-bearing deposits	(1,536)	(3,324)	(2,748)
Federal funds purchased	(2,082)	457	(384)
Sale/issuance			
Repurchase agreements	163,675	165,563	175,353
Commercial paper	5,221	10,253	12,697
Other borrowed funds	48,310	35,391	34,925
Notes and debentures	9,015	424	782
Common stock	53	74	471
Redemption/maturity			
Repurchase agreements	(165,133)	(162,994)	(176,468)
Commercial paper	(5,687)	(9,831)	(12,569)
Other borrowed funds	(46,565)	(33,588)	(33,107)
Notes and debentures	(4,344)	(337)	(314)
Acquisition of treasury stock	(19)	(13)	(7)
Cash dividends paid to shareholders	(276)	(239)	(207)

Net cash provided (used) by financing activities	1,769	2,365	(1,860)

INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	(300)	16	(460)
Cash and due from banks at beginning of year	2,117	2,101	2,561

Cash and due from banks at end of year	\$ 1,817	\$ 2,117	\$ 2,101

See accompanying Notes to Consolidated Financial Statements.

</TABLE>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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ACCOUNTING POLICIES

BUSINESS PNC Bank Corp. provides a full range of banking and related services through its subsidiaries to individual and corporate customers and is subject to intense competition from other financial services companies with respect to these services and customers. PNC Bank Corp. is also subject to the regulations of certain federal and state agencies and undergoes periodic examinations by such regulatory authorities.

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

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from such estimates.

RECLASSIFICATIONS Certain prior period amounts have been reclassified to conform to reporting classifications utilized for the current reporting period. These reclassifications did not impact the Corporation's financial condition or results of operations.

SECURITIES Effective December 31, 1993, the Corporation adopted Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Securities are classified as investments and carried at amortized cost if management has the positive intent and ability to hold the securities to maturity. Securities purchased with the intention of recognizing short-term profits are placed in the trading account and are carried at market value. Securities not classified as investment or trading are designated securities available for sale and carried at fair value with unrealized gains and losses reflected in shareholders' equity. Prior to the adoption of SFAS No. 115, securities available for sale were carried at the lower of cost or fair value.

Gains and losses on sales of securities are generally computed on a specific security basis.

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

INTEREST RATE SWAPS, FINANCIAL FUTURES, FORWARDS AND OPTIONS Interest rate swaps, financial futures, forwards and options, except those designated as hedges, are valued at market, with realized and unrealized gains and losses included in trading account profits. Fees related to interest rate swap agreements entered into for customers are recognized in income over the term of the swap.

To qualify for hedge accounting treatment, the hedging instrument must be associated with specific interest-bearing assets or liabilities, be designated and effective as a hedge and reduce exposure to interest rate risk. Interest accruals on interest rate swaps designated as hedges are recognized as adjustments to interest income or interest expense related to the hedged asset or liability. Gains and losses on financial futures, forwards and options designated as hedges are deferred and amortized over the remaining life of the

hedged transaction.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NONPERFORMING ASSETS Nonperforming assets are comprised of nonaccrual and restructured loans and foreclosed assets. Generally, a loan is classified as nonaccrual and the accrual of interest on such loan is discontinued when it is determined that the collection of interest or principal is doubtful, or when a default of interest or principal has existed for 90 days or more, unless such loan is well secured and in the process of collection. When the accrual of interest is discontinued, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for credit losses. A loan is categorized as restructured if the original interest rate on such loan, repayment terms, or both, are restructured due to a deterioration in the financial condition of the borrower and it was not previously classified as nonaccrual. Nonperforming loans are generally not returned to performing status until the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectibility of the total contractual principal and interest is no longer in doubt.

Foreclosed assets are comprised of property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure and loans classified as in-substance foreclosure. A loan is classified as in-substance foreclosure when the borrower is perceived to have little or no equity in the collateral and the Corporation can reasonably anticipate proceeds for repayment only from the operation or sale of the collateral. Foreclosed assets are recorded at the lower of the related loan balance or market value of the collateral less estimated disposition costs at the date acquired. Subsequently, foreclosed assets are valued at the lower of the amount recorded at the date acquired or the then current market value less estimated disposition costs. Any gains or losses realized upon disposition of the property are reflected in income. Market values are estimated primarily based upon appraisals.

ALLOWANCE FOR CREDIT LOSSES The allowance for credit losses is established through provisions for credit losses charged against income. Loans deemed to be uncollectible are charged against the allowance account. Subsequent recoveries, if any, are credited to the allowance account.

The allowance is maintained at a level believed adequate by management to absorb estimated potential credit losses. Management's determination of the adequacy of the allowance is based on periodic evaluations of the credit portfolio considering past experience, current economic conditions, composition of the credit portfolio and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change.

DEPRECIATION AND AMORTIZATION Depreciation and amortization of premises and equipment are principally computed by the straight-line method over their estimated useful lives for financial reporting purposes and by accelerated methods for federal income tax purposes. Leasehold improvements are amortized over their estimated useful lives or their respective lease terms, whichever is shorter.

INTANGIBLE ASSETS Effective January 1, 1993, the Corporation changed its method of accounting for certain intangible assets, consisting primarily of purchased mortgage servicing rights. Such assets are accounted for at the lower of amortized cost or the estimated value of the discounted future net revenues on a disaggregated basis. Previously, future net revenues were not discounted for this purpose. The cumulative effect of the change decreased net income by \$10.4 million.

Intangible assets, which are included in other assets, are amortized using accelerated and straight-line methods over their respective estimated useful lives. Goodwill is amortized on a straight-line basis over periods ranging from 15 to 25 years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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INCOME TAXES Effective January 1, 1993, the Corporation adopted SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires the use of the liability method to account for deferred income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Previously, deferred income taxes were accounted for using the deferred method.

As permitted by SFAS No. 109, the Corporation elected not to restate the financial statements of any prior periods. The cumulative effect of the change decreased net income by \$9.0 million.

TREASURY STOCK The purchase of the Corporation's common stock is recorded at

cost. At the date of subsequent reissue, the treasury stock account is reduced by the cost of such stock on the first-in-first-out basis.

EARNINGS PER COMMON SHARE Primary earnings per common share is calculated by dividing net income adjusted for preferred stock dividends declared by the sum of the weighted average number of shares of common stock outstanding and the number of shares of common stock which would be issued assuming the exercise of stock options during each period.

Fully diluted earnings per common share is based on net income adjusted for interest expense, net of tax, on outstanding convertible debentures and dividends declared on nonconvertible preferred stock. The weighted average number of shares of common stock outstanding is increased by the assumed conversion of outstanding convertible preferred stock and convertible debentures from the beginning of the year or date of issuance, if later, and the number of shares of common stock which would be issued assuming the exercise of stock options. Such adjustments to net income and the weighted average number of shares of common stock outstanding are made only when such adjustments dilute earnings per common share.

MERGER AGREEMENT

During 1993, the Corporation entered into an agreement to acquire for cash First Eastern Corp. ("First Eastern"), Wilkes-Barre, Pennsylvania, which reported total assets of \$2.0 billion at December 31, 1993. The transaction has an indicated value of \$330 million and is subject to the approval of certain regulatory agencies and First Eastern's shareholders. Closing is currently anticipated in the second quarter of 1994.

SEARS MORTGAGE ACQUISITION

On November 30, 1993, the Corporation consummated its acquisition of the Sears Mortgage Banking Group ("Sears Mortgage"), which consisted of Sears Mortgage Corporation, Sears Mortgage Securities Corporation and Sears Savings Bank. The transaction was recorded under the purchase method of accounting and the total assets of Sears Mortgage were \$7.6 billion at closing. The purchase price was \$328 million in cash and is subject to certain post-closing adjustments. Upon consummation, Sears Savings Bank was converted to a national banking association and renamed PNC Mortgage Bank, National Association ("PNC Mortgage"), and the other acquired entities became wholly-owned subsidiaries of PNC Mortgage.

The following table presents unaudited pro forma financial information for the Corporation and Sears Mortgage for the years ended December 31, 1993 and 1992, as if the acquisition had been effective on January 1, 1993, and January 1, 1992, respectively.

<TABLE>
<CAPTION>

Year ended December 31 (Unaudited) (In millions, except per share data)	1993	1992
<S>	<C>	<C>
Net interest income	\$1,935	\$ 1,823
Provision for credit losses	204	338
Noninterest income	1,143	1,075
Noninterest expenses	1,710	1,694
Income before cumulative effect of changes in accounting principles	774	590
Earnings per common share before cumulative effect of changes in accounting principles		
Primary	\$ 3.26	\$ 2.63
Fully diluted	3.25	2.61

</TABLE>

The 1993 information includes the Corporation's historical amounts for the year ended December 31, 1993, and Sears Mortgage's unaudited historical amounts for the eleven-months ended November 30, 1993. The 1992 information includes both entities' historical amounts for the year ended December 31, 1992. These historical amounts have been adjusted for the amortization of purchase accounting adjustments. The pro forma financial information may not be indicative of the results of operations that actually would have occurred, or that may be attained in the future, had the Corporation completed its acquisition of Sears Mortgage on the dates indicated. The purchase price paid at closing is subject to certain post-closing adjustments, which are not expected to have a material impact on the pro forma financial information.

OTHER ACQUISITIONS AND DIVESTITURES

During 1993, the Corporation acquired for cash the Massachusetts Company, Boston, Massachusetts and Gateway Fed Corporation, Cincinnati, Ohio. The aggregate purchase price was \$107 million and the combined assets of these

companies totaled \$1.4 billion at closing. These transactions were recorded under the purchase method of accounting.

On January 21, 1994, the Corporation consummated the acquisition of United Federal Bancorp, Inc. ("United"), State College, Pennsylvania, for \$156 million in cash. The transaction was recorded under the purchase method of accounting and United's assets totaled \$900 million at closing.

During 1992, the Corporation completed the acquisitions of Pro Group, Inc., Bradford, Pennsylvania, The First National Pennsylvania Corporation ("FNP") in Erie, Pennsylvania, Sunrise Bancorp, Inc. ("Sunrise"), Fort Mitchell, Kentucky, CCNB Corporation ("CCNB"), Camp Hill, Pennsylvania, and Flagship Financial Corp. ("Flagship"), Jenkintown, Pennsylvania. These institutions contributed approximately \$2.6 billion in assets on a net basis. Under the terms of the various agreements, the Corporation issued approximately 13.3 million shares of common stock and paid cash of approximately \$45 million. The Sunrise and Flagship acquisitions were recorded under the purchase method of accounting. The Pro Group, Inc., FNP and CCNB acquisitions were accounted for on a pooling-of-interests basis, however, due to immateriality, prior period financial information has not been restated.

During 1991, the Corporation acquired approximately \$2.7 billion of selected assets and deposit liabilities of First Federal Savings and Loan Association of Pittsburgh and Future Federal Savings Bank of Louisville, Kentucky from the Resolution Trust Corporation. Additionally, the Corporation entered into a credit card processing agreement in which a substantial portion of the merchant processing portfolio and servicing rights were sold. This transaction resulted in a pre-tax gain of \$13.3 million. During 1991, the Corporation completed the sale of four Ohio bank affiliates which resulted in a pre-tax gain of \$79.3 million. The banks had total assets and deposits of \$2.0 billion and \$1.6 billion, respectively.

CASH FLOWS

For purposes of the statement of cash flows, the Corporation defines cash and due from banks as cash and cash equivalents. During 1993, 1992 and 1991, interest paid on deposits and other contractual debt obligations was \$1.3 billion, \$1.6 billion and \$2.3 billion, respectively, and income taxes paid were \$396.0 million, \$257.3 million and \$113.4 million, respectively. During both 1993 and 1992, \$7.2 billion, of investment securities were transferred to available for sale. Loans transferred to foreclosed assets aggregated \$24.5 million in 1993, \$89.2 million in 1992 and \$207.3 million in 1991.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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SECURITIES

Effective December 31, 1993, the Corporation adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Under the new standard, investment securities are carried at amortized cost and securities available for sale are carried at fair value with the after-tax net unrealized gain or loss recorded in shareholders' equity. As a result of adopting SFAS No. 115, \$7.2 billion of investment securities were reclassified as available for sale. At December 31, 1993, after-tax net unrealized gains totaled \$88 million.

<TABLE>
<CAPTION>

December 31, 1993 In millions	Amortized Cost	Unrealized		Fair Value
		Gains	Losses	
<S>	<C>	<C>	<C>	<C>
Investment securities				
Debt securities				
U.S. Treasury	\$ 1			\$ 1
U.S. Government agencies and corporations	10,227	\$ 39	\$ 32	10,234
State and municipal	389	38		427
Other	810	3	4	809
Corporate stocks	245			245
Total	\$ 11,672	\$ 80	\$ 36	\$ 11,716
Securities available for sale				
Debt securities				
U.S. Treasury	\$ 2,402	\$ 2	\$ 2	\$ 2,402
U.S. Government agencies and corporations	8,023	114	16	8,121
State and municipal	2			2
Other	788	18	4	802
Corporate stocks	36	25		61
Total	\$ 11,251	\$ 159	\$ 22	\$ 11,388

</TABLE>

The carrying value of securities pledged to secure public and trust deposits, repurchase agreements and for other purposes was \$12.2 billion.

The following tables present the amortized cost and fair value of debt securities at December 31, 1993, by remaining contractual maturities. Based on the Corporation's current rate projections and historical experience, the weighted-average expected maturity of all collateralized mortgage obligations and mortgage-backed and asset-backed securities was two years and 11 months at December 31, 1993.

December 31, 1993 In millions	Amortized Cost	Fair Value
Investment securities		
One year or less	\$ 54	\$ 54
After one year through five years	117	125
After five years through ten years	64	69
After ten years	195	219
Collateralized mortgage obligations	10,738	10,741
Asset-backed securities	259	263
Total	\$ 11,427	\$11,471
Securities available for sale		
One year or less	\$ 538	\$ 538
After one year through five years	1,872	1,871
After five years through ten years	17	18
After ten years	53	61
Collateralized mortgage obligations	2,949	2,935
Mortgage-backed securities	5,739	5,857
Asset-backed securities	47	47
Total	\$ 11,215	\$11,327

Proceeds from the sale of securities available for sale were \$16.7 billion in 1993 resulting in gross gains of \$186.6 million and gross losses of \$4.5 million.

Proceeds from the sale of debt securities during 1992 and 1991 were \$8.2 billion and \$5.2 billion, respectively. As a result of such sales, gross gains of \$198.1 million and \$83.2 million, respectively, and gross losses of \$0.7 million and \$4.9 million, respectively, were realized.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1992 In millions	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Investment securities				
Debt securities				
U.S. Treasury	\$ 37	\$ 1		\$ 38
U.S. Government agencies and corporations	11,413	101	\$ 47	11,467
State and municipal	558	26	1	583
Other	1,246	7	6	1,247
Corporate stocks	73	22		95
Total	\$ 13,327	\$ 157	\$ 54	\$ 13,430
Securities available for sale				
U.S. Treasury	\$ 2,768	\$ 18	\$ 1	\$ 2,785
U.S. Government agencies and corporations	4,011	120		4,131
Other	635	1		636
Total	\$ 7,414	\$ 139	\$ 1	\$ 7,552

Loans

Loans are comprised of the following categories:

<TABLE>
<CAPTION>

December 31			
In millions	1993		1992

<S>	<C>		<C>
Commercial	\$	12,463	\$ 10,985
Real estate project		1,730	1,955
Real estate mortgage			
Residential		8,036	3,235
Commercial		905	879
Consumer		8,525	7,950
Other		1,871	1,105
Unearned income		(222)	(292)

Total, net of unearned income	\$	33,308	\$ 25,817

</TABLE>

At December 31, 1993, \$1.5 billion of loans were pledged to secure borrowings and for other purposes.

Certain directors and executive officers of the Corporation and its significant subsidiaries as well as certain affiliates of these directors and officers were customers of and had loans with subsidiary banks in the ordinary course of business. All such loans were on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other customers and did not involve more than a normal risk of collectibility. The aggregate dollar amount of these loans was \$313 million at December 31, 1993, and \$216 million at December 31, 1992. During 1993, new loans of \$262 million were funded and repayments totaled \$165 million.

NONPERFORMING ASSETS

Nonaccrual loans, restructured loans and foreclosed assets were as follows:

<TABLE>
<CAPTION>

December 31			
In millions	1993		1992

<S>	<C>		<C>
Nonaccrual loans	\$	356	\$ 529
Restructured loans		28	25

Total nonperforming loans		384	554
Foreclosed assets		170	266

Total nonperforming assets	\$	554	\$ 820

</TABLE>

At December 31, 1993 and 1992, unfunded commitments to lend additional funds with respect to nonperforming assets totaled \$41 million and \$99 million, respectively. At December 31, 1993 and 1992, foreclosed assets are reported net of valuation allowances of \$69 million and \$99 million, respectively. In-substance foreclosures totaled \$36 million at December 31, 1993 and \$149 million at December 31, 1992. Gains on sales of foreclosed assets resulted in net foreclosed asset income of \$27 million in 1993, which is included in other noninterest expenses. Net foreclosed asset expense totaled \$50 million in 1992 and \$39 million in 1991.

Related interest on nonperforming loans was as follows:

<TABLE>
<CAPTION>

December 31				
In thousands	1993		1992	

<S>	<C>		<C>	<C>
Interest computed				
on original terms	\$	33,891	\$ 53,362	\$ 85,563
Interest recognized		6,296	6,136	20,663

</TABLE>

ALLOWANCE FOR CREDIT LOSSES

The following table presents changes in the allowance for credit losses:

<TABLE>

<CAPTION>

December 31	1993	1992	1991
In millions			
<S>	<C>	<C>	<C>
Balance at January 1	\$ 897	\$ 797	\$ 784
Charge-offs	(246)	(343)	(446)
Recoveries	74	62	48
Net charge-offs	(172)	(281)	(398)
Provision for credit losses	204	324	428
Acquisitions/divestitures	43	57	(17)
Balance at December 31	\$ 972	\$ 897	\$ 797

</TABLE>

In May 1993, SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," was issued with adoption required in 1995. Management does not expect the adoption of this standard to have a material impact on the Corporation's financial position or results of operations.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET
RISK AND CONCENTRATIONS OF CREDIT RISK

In the normal course of business the Corporation is party to financial instrument transactions with off-balance-sheet risk. These transactions enable customers to meet their financing needs and enable the Corporation to reduce exposure to market risk. Financial instruments with off-balance-sheet risk involve, to varying degrees, credit and market risk in excess of the amount recognized in the balance sheet. Such instruments are subject to the Corporation's credit policies and procedures. The Corporation attempts to limit the potential exposure of off-balance-sheet transactions through diversification, utilizing exposure limits to any single industry or customer and selling participations to third parties. Collateral requirements and covenants, if necessary, are established based on management's credit assessment of the customer.

OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS

<TABLE>

<CAPTION>

December 31	1993	1992
In millions		
<S>	<C>	<C>
Contract amount represents credit risk		
Commitments to extend credit	\$ 22,334	\$ 17,445
Standby letters of credit	3,808	3,760
Commercial letters of credit	97	146
Contract or notional amount exceeds the amount of credit risk		
Interest rate swaps	12,302	8,206
Foreign currency exchange contracts		
Commitments to purchase	387	235
Commitments to sell	392	255
Futures and forward contracts		
Commitments to purchase		50
Option contracts		
Written	555	227
Purchased	605	167

</TABLE>

COMMITMENTS TO EXTEND CREDIT AND LOANS Commitments to extend credit represent contractual obligations to lend funds. Funding of approximately 34 percent of such commitments at December 31, 1993 is subject to the financial condition of the customer. Commitments to extend credit generally require payment of a fee by the customer and contain fixed expiration dates or other termination clauses and specified interest rates. At December 31, 1993 and 1992, commitments to extend credit included \$1.8 billion and \$1.9 billion, respectively, of participations and syndications which are primarily to financial institutions.

The Corporation has purchased participations and originated loans in connection with highly leveraged transactions ("HLT") which are included in the commercial portfolio. HLT loans and unfunded commitments at December 31, 1993 and 1992, totaled \$1.1 billion and

\$1.3 billion, respectively. Communications was the largest category within total HLT credit facilities at both year ends.

Loan outstandings and related unfunded commitments are primarily concentrated within affiliate markets which encompass Delaware, Indiana, Kentucky, New Jersey, Ohio and Pennsylvania. No specific industry concentration exceeded 10 percent of total outstandings and unfunded commitments.

LETTERS OF CREDIT STANDBY letters of credit commit the Corporation to make payments on behalf of customers when certain specified future events occur. Such instruments are typically issued to support obligations such as industrial revenue bonds, commercial paper, and bid or performance related contracts. Commercial letters of credit are used to facilitate customer trade transactions. At year-end 1993, the largest industry concentration within standby letters of credit was healthcare, which accounted for approximately 18 percent of the total. At December 31, 1993, maturities for standby letters of credit ranged from 1994 to 2003. At December 31, 1993 and 1992, standby letters of credit included \$758 million and \$748 million, respectively, of participations and syndications to others, and \$3.2 billion and \$2.9 billion, respectively, were issued to support medium- and long-term debt.

INTEREST RATE SWAPS Interest rate swaps are agreements between two parties to exchange periodic interest payments that are calculated on a notional principal amount. The Corporation enters into interest rate swaps to alter the maturity and repricing structure of the balance sheet ("hedge swaps") and as an intermediary for customers ("customer swaps"). Only the interest payments are exchanged, therefore, cash requirements and exposure to credit risk are significantly less than the notional principal amount.

The Corporation seeks to minimize the credit risk associated with its interest rate swap activities. This is primarily accomplished by entering into transactions with only a selected number of high quality institutions, establishing credit limits with counterparties and, where applicable, requiring segregated collateral in the form of U.S. Government and agency securities. At December 31, 1993, credit exposure related to all swaps totaled \$109 million and was 92 percent collateralized.

INTEREST RATE SWAPS

<TABLE>

<CAPTION>

December 31, 1993 In millions	Gain Position		Loss Position		Total
	Notional Value	Fair Value	Notional Value	Fair Value	Notional Value
<S>	<C>	<C>	<C>	<C>	<C>
Hedge swaps					
Receive fixed	\$ 7,904	\$ 153	\$ 2,715	\$ (26)	\$ 10,619
Pay fixed			1,193	(86)	1,193
	7,904	153	3,908	(112)	11,812
Customer swaps	245	3	245	(3)	490
Total	\$ 8,149	\$ 156	\$ 4,153	\$ (115)	\$ 12,302

</TABLE>

<TABLE>

<CAPTION>

December 31, 1992 In millions	Gain Position		Loss Position		Total
	Notional Value	Fair Value	Notional Value	Fair Value	Notional Value
<S>	<C>	<C>	<C>	<C>	<C>
Hedge swaps					
Receive fixed	\$ 4,066	\$ 154	\$ 2,150	\$ (35)	\$ 6,216
Pay fixed	589		881	(13)	1,470
	4,655	154	3,031	(48)	7,686
Customer swaps	260	7	260	(7)	520
Total	\$ 4,915	\$ 161	\$ 3,291	\$ (55)	\$ 8,206

</TABLE>

The majority of hedge swaps are indexed amortizing interest rate swaps where the Corporation receives payments based on fixed interest rates and makes payments based on a floating money market rate. Index swaps have remaining expected maturities that range from six months to two and one half years. If interest rates rise above a contractually specified level, the maturities of the index swaps will be extended.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOREIGN CURRENCY EXCHANGE CONTRACTS Foreign currency exchange contracts involve the trading of one currency for another at specified rates and dates and are used to facilitate the management of fluctuations in foreign exchange rates. Such contracts are entered into on behalf of customers and are utilized by the Corporation to hedge against risk positions associated with asset/liability management and trading activities.

FUTURES AND FORWARDS CONTRACTS Futures contracts represent commitments to purchase or sell securities and other money market instruments at a specified date and price. Futures contract terms are standardized and are traded on organized exchanges. The exchange assumes the risk that a counterparty will not honor the contract and, therefore, generally requires margin payments to minimize such risk. Forward contracts are traded in over-the-counter markets and do not have standardized terms. Futures and forward contracts are utilized by the Corporation to hedge against risk positions associated with asset/liability management and trading activities. Counterparties to the Corporation's futures and forward contracts are primarily U.S. Government agencies and brokers and dealers in securities.

OPTION CONTRACTS Option contracts represent rights to purchase or sell securities or other money market instruments at a specified date and price at the option of the holder. The writer of the option contract receives a fee that conveys to the holder the right to put or call the underlying financial instrument. Option contracts are traded on organized exchanges or customized to meet the specialized needs of the counterparty.

**PREMISES, EQUIPMENT AND
LEASEHOLD IMPROVEMENTS**

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

<TABLE>

<CAPTION>

December 31	1993	1992
In millions		
<S>	<C>	<C>
Land	\$ 62	\$ 51
Buildings	364	291
Equipment	662	563
Leasehold improvements	127	117
	1,215	1,022
Accumulated depreciation and amortization	(561)	(476)
	\$ 654	\$ 546

</TABLE>

Depreciation and amortization expense on premises, equipment and leasehold improvements totaled \$91.8 million in 1993, \$76.9 million in 1992 and \$69.7 million in 1991.

Certain facilities and equipment are leased under agreements expiring at various dates until the year 2022. Substantially all such leases are accounted for as operating leases. Rental expense on such leases amounted to \$61.8 million in 1993, \$57.5 million in 1992 and \$56.4 million in 1991.

At December 31, 1993, required minimum annual rentals due on noncancelable leases having terms in excess of one year aggregated \$307.1 million. Minimum annual rentals for each of the years 1994 through 1998 are \$56.3 million, \$46.6 million, \$39.8 million, \$30.8 million and \$21.1 million, respectively.

MORTGAGE BANKING

At December 31, 1993, purchased mortgage servicing rights totaled \$268 million compared with \$44 million at December 31, 1992. Amortization expense during 1993 and 1992 totaled \$17.1 million and \$9.0 million, respectively.

REPURCHASE AGREEMENTS

Certain securities are sold under agreements to repurchase and are treated as financings. The obligation to repurchase such securities is reflected as a liability on the consolidated

balance sheet. The dollar amounts of securities underlying the agreements remain in the respective asset accounts.

Repurchase agreement data, including accrued interest for securities sold, are presented below. All collateral is in the form of U.S. Treasury or U.S. Government agency securities.

<TABLE>

<CAPTION>

December 31, 1993				
Remaining Maturity	Securities Sold		Repurchase Liability	
Type of Security	Carrying	Market	Amount	Interest
In millions	Amount	Value		Rate
<S>	<C>	<C>	<C>	<C>
Next business day				
Treasury	\$ 144	\$ 144	\$ 143	2.63%
Agency	353	355	220	2.44
4 to 30 days				
Treasury	47	47	47	2.76
Agency	442	447	368	3.48
31 to 90 days				
Agency	1,042	1,053	972	3.52
Over 91 days to one year				
Agency	2,821	2,838	2,763	3.72
Over one year				
Treasury	67	67	57	7.82
Agency	443	446	425	3.89
Total	\$ 5,359	\$ 5,397	\$ 4,995	3.63%

</TABLE>

NOTES AND DEBENTURES

<TABLE>

<CAPTION>

December 31		
In millions	1993	1992
<S>	<C>	<C>
BANKING SUBSIDIARIES		
Bank notes	\$ 7,000	\$ 2,925
Federal Home Loan Bank	1,045	
Student Loan Marketing Association	520	615
Total Banking Subsidiaries	8,565	3,540
OTHER SUBSIDIARIES		
Senior notes	150	150
Subordinated notes	550	100
ESOP borrowing	110	131
Other	210	376
Total Other Subsidiaries	1,020	757
Total	\$ 9,585	\$ 4,297

</TABLE>

During 1993, \$200 million of 8.25% Notes Due 1996 were redeemed.

Bank notes mature in 1994 and have various interest rates that range from 3.20 percent to 3.90 percent. The Federal Home Loan Bank advances have various maturities ranging from 1994 to 2002 and interest rates that range from 3.37 percent to 8.76 percent. The Student Loan Marketing Association obligations mature in 1994 and have various interest rates that range from 3.25 percent to 3.55 percent.

The senior and subordinated notes were issued by PNC Funding Corp. and are not redeemable prior to maturity. Interest on the notes is payable semiannually, and the payment of principal and interest is unconditionally guaranteed by the parent company. The senior and subordinated notes have various maturities ranging from 1995 to 2003 and interest rates that range from 4.875 percent to 9.875 percent.

The ESOP borrowing is unconditionally guaranteed by the parent company. During 1993, the ESOP borrowing was refinanced with a series of medium-term, fixed-rate notes with maturities that range from 1994 to 1999 and interest rates ranging from 4.76 percent to 5.48 percent. Interest expense on the borrowing was \$4.9 million in 1993, \$5.8 million in 1992 and \$9.7 million in 1991.

The other category includes convertible subordinated debentures, floating rate notes, capital notes, mortgage notes and various other borrowings, with rates ranging from 3.50 percent to 11.09 percent and various maturities extending through 2004.

Notes and debentures have scheduled repayments for the years 1994 through 1998 of \$7.7 billion, \$716 million, \$39 million, \$22 million and \$51 million, respectively.

SHAREHOLDERS' EQUITY

The Corporation has four outstanding series of preferred stock. During 1993, the Series E preferred stock was redeemed. The redemption/liquidation value and number of shares outstanding by series are as follows:

<TABLE>

<CAPTION>

December 31	Redemption/ Liquidation Value Per Share	Shares Outstanding	
		1993	1992
<S>	<C>	<C>	<C>
\$ 1.80 Series A	\$ 40	21,495	23,666
1.80 Series B	40	9,297	10,457
1.60 Series C	20	425,813	478,448
1.80 Series D	20	526,628	647,370
2.60 Series E	27.75		338,100
Total		983,233	1,498,041

</TABLE>

Series A through D are cumulative and except for Series B, are redeemable at the option of the Corporation.

Holders of preferred stock are entitled to a number of votes equal to the number of full shares of common stock into which such preferred stock is convertible. Preferred stockholders are entitled to the following conversion privileges: (i) one share of Series A or Series B is convertible into eight shares of common stock; and (ii) 2.4 shares of Series C or Series D are convertible into four shares of common stock.

The Corporation has a dividend reinvestment and stock purchase plan. Shareholders of preferred stock and common stock may participate in the plan which provides that additional shares of common stock may be purchased with reinvested dividends and voluntary cash payments at market value. The following number of shares of common stock were purchased pursuant to such plan: 591,785 shares in 1993, 670,309 shares in 1992 and 565,127 shares in 1991.

The Corporation had reserved approximately 19.0 million shares of common stock to be issued in connection with employee stock options and the conversion of certain debt and equity securities.

EMPLOYEE BENEFIT PLANS

The Corporation has an incentive savings plan ("ISP") in which employee contributions of up to 6 percent of base pay are matched. Additionally, the Corporation has an ESOP which covers all eligible participants of the ISP. The aggregate benefit expense of these plans was \$4.9 million for 1993, \$9.7 million for 1992 and \$12.7 million for 1991.

The shares purchased by the ESOP are used to match a portion of employee contributions to the ISP. Dividends received on shares held by the ESOP are used to service a portion of the principal and interest payments of the ESOP borrowing. During 1993, 1992 and 1991, dividends used for debt service totaled \$8.5 million, \$7.9 million and \$5.8 million, respectively. The Corporation contributed \$8.8 million in 1993, \$9.5 million in 1992 and \$9.4 million in 1991 to satisfy the additional debt service cost. Benefit expense is recognized based on a percentage of total debt service for the current year to total debt service over the life of the borrowing. This percentage is applied to the original principal balance to calculate the benefit expense, which totaled \$2.5 million in 1993, \$8.0 million in 1992 and \$11.4 million in 1991.

The Corporation sponsors a funded defined benefit pension plan covering substantially all employees. The plan provides pension benefits that are based on the average base salary for specified years of service prior to retirement. Pension contributions are made to the extent deductible under existing federal tax regulations. The Corporation also has an unfunded non-qualified supplemental defined benefit retirement plan covering certain employees, as defined in the plan.

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

<TABLE>

<CAPTION>

December 31	1993	1992
In millions		
<S>	<C>	<C>
Actuarial present value of accumulated benefit obligation, including vested		

benefits of \$280 and \$203	\$ 298	\$ 218
Actuarial present value of projected benefit obligation for service rendered to date	\$ 402	\$ 338
Less plan assets at fair value--primarily listed common stocks, U.S. Government and agency securities, and collective funds	(289)	(288)
Unfunded projected benefit obligation in excess of projected plan assets	113	50
Unrecognized net loss from past experience different from that assumed and effects of changes in assumptions	(108)	(52)
Unrecognized net asset	15	18
Unrecognized prior service cost	(6)	(7)
Accrued pension cost included in other liabilities	\$ 14	\$ 9

</TABLE>

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54 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net defined benefit plan costs include the following components:

<TABLE>

<CAPTION>

Year ended December 31 In thousands	1993	1992	1991
Service cost--benefits earned during the period	\$ 16,887	\$ 16,883	\$ 14,567
Interest cost on projected benefit obligation	19,611	24,577	19,338
Actual return on plan assets	(34,837)	(18,204)	(54,487)
Net amortization and deferral	6,000	(8,823)	30,728
Net periodic pension costs	\$ 7,661	\$ 14,433	\$ 10,146

</TABLE>

Assumptions used in accounting for the plans were:

<TABLE>

<CAPTION>

December 31	1993	1992	1991
Discount rate	7.25%	6.00%-8.50%	8.50%
Rate of increase in compensation levels	5.18	5.68	5.68
Expected long-term rate of return on assets	10.00	10.00	10.00

</TABLE>

The Corporation has an employee stock purchase plan which covers a maximum of five million shares of common stock of which 1,871,697 were available to be issued. Persons who have been continuously employed for at least one year are eligible to participate. Offering periods cover six months beginning June 1 and December 1 of each year. Common stock is purchased by participants at 85 percent of the lesser of fair market value on the first or last day of each offering period. During 1993, 276,517 shares were issued to participants at prices of \$24.12 and \$25.18 per share; 291,580 shares were issued in 1992 at prices of \$17.80 and \$21.68 per share; and 416,548 shares were issued in 1991 at prices of \$9.41 and \$15.62 per share. No charge to earnings is required with respect to such plan.

In addition to providing pension benefits, the Corporation provides certain health care and life insurance benefits for retired employees. Effective January 1, 1992, the Corporation adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires the accrual of the expected cost of providing postretirement benefits to employees during the years that employees render service. The adoption of SFAS No. 106 resulted in a charge of \$102.5 million.

A reconciliation of the accrued postretirement benefit obligation is as follows:

<TABLE>

<CAPTION>

December 31	1993	1992
In millions		
<S>	<C>	<C>
Accumulated postretirement benefit		
Retirees	\$ 75	\$ 75
Active employees	3	29
Other active plan participants	39	65
Total accumulated postretirement obligation	117	169
Unrecognized prior service cost	66	
Unrecognized net loss	(14)	
Accrued postretirement benefit obligation	\$ 169	\$ 169

</TABLE>

Net periodic postretirement benefit costs include the following components:

Year ended December 31	1993	1992
In thousands		
<S>	<C>	<C>
Service cost-benefits earned during the period	\$ 1,467	\$ 5,483
Interest cost on accrued benefit obligation	6,330	13,440
Amortization of prior service cost	(4,306)	
Net periodic postretirement benefit costs	\$ 3,491	\$ 18,923

</TABLE>

Assumptions used in accounting for the plans were:

December 31	1993	1992
<S>	<C>	<C>
Discount rate	7.25%	6.00-8.50%
Expected health care cost trend rate:		
Medical	10.70	13.30
Dental	7.80	9.20

</TABLE>

The health care cost trend rate declines until it stabilizes at 5.0 percent beginning 2001. A 1 percent increase in the health care trend rate would result in an increase of \$113,000 and \$470,000 in the service cost and interest cost components, respectively, and a \$7.7 million increase in the accumulated postretirement benefit obligation.

Prior to the adoption of SFAS No. 106, the Corporation recognized benefit expense related to postretirement benefits on a cash basis. The expense of providing such benefits was \$4.1 million in 1991.

Effective January 1, 1993, the Corporation's postretirement benefit plan was amended to provide benefits limited to a fixed amount based on the employee's age and years of service. The plan amendments resulted in a \$63.8 million reduction to the accrued postretirement benefit obligation. In accordance with SFAS No. 106, this reduction is amortized over the average service life of covered employees, which is currently 15 years.

In November 1992, SFAS No. 112, "Employers' Accounting for Postemployment Benefits," was issued with adoption required in 1994. The impact of this standard is not material to the Corporation's financial position or results of operations.

In November 1993, Statement of Position No. 93-6, "Employers' Accounting for Employee Stock Option Plans," was issued with adoption required in 1994. Management does not expect the adoption of this statement to have a material impact on the Corporation's financial position or results of operations.

STOCK OPTION PLANS

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

Options are granted at exercise prices not less than the fair market value of common stock on the date of grant. Such options may not be exercised for twelve months after the date of grant. Payment of the option price may be in cash or shares of common stock valued at fair market value on the exercise date.

The following table presents share data related to the Incentive Plan, a similar predecessor plan and other plans assumed in certain mergers. In accordance with the terms of plans assumed in certain mergers, option holders receive upon exercise, common stock in accordance with the relevant exchange ratio.

<TABLE>

<CAPTION>

	Option Price Per Common Share	Shares
<S>	<C>	<C>
January 1, 1991	\$6.47-\$23.00	8,605,276
Granted	11.38- 21.63	2,266,800
SARs exercised		(9,400)
Options exercised	6.47- 21.11	(752,714)
Terminated		(206,260)
December 31, 1991	6.47- 23.00	9,903,702
Granted	12.31- 27.56	2,177,640
SARs exercised		(52,800)
Options exercised	6.47- 21.63	(3,095,230)
Terminated		(48,300)
December 31, 1992	6.47- 27.56	8,885,012
Granted	29.50- 30.13	1,924,350
SARs exercised		(10,000)
Options exercised	6.47- 27.56	(1,384,022)
Terminated		(68,609)
December 31, 1993	\$6.47-\$30.13	9,346,731

</TABLE>

At December 31, 1993, options for 7,411,803 shares of common stock were exercisable. Shares of common stock available for the granting of options under the Incentive Plan and the predecessor plan were as follows: 6,259,203 at December 31, 1993, 4,658,641 at December 31, 1992, and 703,500 at December 31, 1991.

INCOME TAXES

Effective January 1, 1993, the Corporation adopted SFAS No. 109, "Accounting for Income Taxes," which requires the use of the liability method to account for deferred income taxes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income taxes related to operations, the tax effect of securities transactions, and the current and deferred portions of income taxes were as follows:

<TABLE>

<CAPTION>

Year ended December 31	1993	1992	1991
In thousands			
<S>	<C>	<C>	<C>
Operations	\$ 305,656	\$ 175,887	\$ 134,602
Securities transactions			
Equity and other	(133)	5,680	(2,826)
Debt	65,826	67,115	26,639
Total	\$ 371,349	\$ 248,682	\$ 158,415

</TABLE>

<TABLE>

<CAPTION>

Year ended December 31	1993	1992	1991
In thousands			
<S>	<C>	<C>	<C>
Current			
Federal	\$ 419,986	\$ 276,156	\$ 131,418
State	11,914	8,433	6,388

Total current	431,900	284,589	137,806
Deferred			
Federal	(58,044)	(36,777)	16,388
State	(2,507)	870	4,221
Total deferred	(60,551)	(35,907)	20,609
Total	\$ 371,349	\$ 248,682	\$ 158,415

</TABLE>

Significant components of the Corporation's deferred tax assets and liabilities are as follows:

<TABLE>

<CAPTION>

In millions	December 31, 1993	January 1, 1993
Deferred tax assets		
Allowance for credit losses	\$ 321	\$ 300
Compensation and benefits	81	73
Foreclosed assets	21	21
Purchase accounting--deposits and other borrowings	72	
Purchase accounting--other	35	
Other	63	53
Total deferred tax assets	593	447
Deferred tax liabilities		
Leasing operations	179	205
Depreciation	18	23
Net unrealized securities gains	48	
Purchase accounting loans	97	
Other	24	13
Total deferred tax liabilities	366	241
Net deferred tax asset	\$ 227	\$ 206

</TABLE>

The components of deferred income taxes that result from timing differences in the recognition of revenues and expenses for tax and financial reporting purposes were as follows:

<TABLE>

<CAPTION>

Year ended December 31	1992	1991
In thousands		
Lease financing	\$ 5,145	\$ 13,729
Provision for credit losses	(17,294)	(10,896)
Investment tax credit	(106)	(167)
Alternative minimum tax	6,040	36,918
Other--net	(29,692)	(18,975)
Total deferred taxes (benefits)	\$ (35,907)	\$ 20,609

</TABLE>

A reconciliation between the statutory and effective tax rates follows:

<TABLE>

<CAPTION>

Year ended December 31	1993	1992	1991
Statutory tax rate	35.0%	34.0%	34.0%
Tax-exempt interest	(2.4)	(3.8)	(7.3)
State tax	.5	.8	1.3
Other--net	.2	1.0	.9
Effective tax rate	33.3%	32.0%	28.9%

</TABLE>

REGULATORY MATTERS

The Corporation is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by such regulatory authorities. At any time, various bank and nonbank examinations are ongoing. Management promptly responds to all findings of regulators. None of the Corporation's bank and nonbank subsidiaries are subject to written regulatory agreements.

The dividends that may be paid by subsidiary banks to the parent company are subject to certain legal limitations. Without regulatory approval, the amount available for payment of dividends by all subsidiary banks was \$943 million at December 31, 1993. Dividends also may be impacted by capital needs, regulatory requirements and policies, and other factors as management deems relevant.

Under federal law, generally no bank subsidiary may extend credit to the parent company or its nonbank subsidiaries on terms and under circumstances which are not substantially the same as comparable extensions of credit to nonaffiliates. No extension of credit may be made to the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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parent company or a nonbank subsidiary which is in excess of 10 percent of the capital stock and surplus of such bank subsidiary or in excess of 20 percent of the capital and surplus of such bank subsidiary as to aggregate extensions of credit to the parent company and its subsidiaries. In certain circumstances, federal regulatory authorities may impose more restrictive limitations. Such extensions of credit, with limited exceptions, must be fully collateralized. The maximum amount available under statutory limitations for transfer from subsidiary banks to the parent company in the form of loans and dividends approximated 32 percent of consolidated net assets at December 31, 1993.

Federal Reserve Board regulations require depository institutions to maintain cash reserves with the Federal Reserve Bank. During 1993, subsidiary banks maintained reserves which averaged \$814 million.

LITIGATION

During 1993, the parties reached an agreement to settle a consolidated class action against the Corporation and certain present and former officer-directors, alleging purported violations of federal securities laws, and a shareholders' derivative suit against such officer-directors, alleging breach of fiduciary duty and waste of corporate assets. The settlement was approved by the court and both actions were dismissed with prejudice. The cost of settlement was covered by insurance and existing litigation reserves.

In January 1992, a purported class action lawsuit was filed against PNC National Bank ("PNCNB"), a national bank subsidiary of the Corporation located in Wilmington, Delaware, alleging that PNCNB violated Pennsylvania statutes in connection with certain fees charged on credit cards issued by PNCNB and seeking, among other things, unquantified compensatory and triple damages and injunctive relief. PNCNB has filed a motion for judgment on the pleadings, seeking dismissal of the suit. This case is one of several brought against a number of banks, challenging whether a credit card issuing bank can impose various types of fees allowed by the state where the issuer is located on cardholders residing in other states that allegedly limit or prohibit those fees.

PNCNB is vigorously defending the lawsuit. The impact of the final disposition of this case cannot be assessed at the present time.

The Corporation, in the normal course of business, is subject to various other pending and threatened lawsuits in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate that the ultimate aggregate liability, if any, arising out of such other lawsuits will have a material adverse effect on the Corporation's financial position.

At the present time, management is not in a position to determine whether any pending or threatened litigation will have a material adverse effect on the Corporation's results of operations in any future reporting period.

PARENT COMPANY FINANCIAL STATEMENTS

<TABLE>
<CAPTION>
BALANCE SHEET

December 31		
In millions	1993	1992
<S>	<C>	<C>
ASSETS		
Cash and due from banks	\$ 1	\$ 3
Securities available for sale	261	165
Investments in		
Bank subsidiaries	4,268	3,543
Nonbank subsidiaries	320	293
Advances to subsidiary banks	4	1
Goodwill	19	24
Other assets	103	34

Total assets	\$ 4,976	\$ 4,063
LIABILITIES		
Dividends payable		\$ 1
Notes and debentures	\$ 1	1
Nonbank affiliate borrowings	360	130
Accrued expenses and other liabilities	290	185
Total liabilities	651	317
SHAREHOLDERS' EQUITY		
Total liabilities and shareholders' equity	\$ 4,976	\$ 4,063

</TABLE>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>

<CAPTION>

STATEMENT OF INCOME

Year ended December 31	1993	1992	1991
In thousands			
<S>			
OPERATING REVENUE			
Dividends from			
Bank subsidiaries	\$ 335,125	\$ 265,875	\$ 351,264
Nonbank subsidiaries	10,750	6,050	96,364
Interest income	10,436	15,409	11,001
Other income	781	240	1,434
Total operating revenue	357,092	287,574	460,063
OPERATING EXPENSES			
Interest expense	4,924	4,135	7,802
Other expenses	55,989	84,006	22,096
Total operating expenses	60,913	88,141	29,898
Income before income taxes and equity in undistributed net income of subsidiaries	296,179	199,433	430,165
Applicable income taxes (benefits)	1,895	(18,818)	(2,924)
Income before equity in undistributed net income of subsidiaries	294,284	218,251	433,089
Net equity in undistributed net income (excess dividends) *			
Bank subsidiaries	400,877	335,638	62,512
Nonbank subsidiaries	33,174	(24,449)	(105,815)
Income before cumulative effect of changes in accounting principles	728,335	529,440	389,786
Cumulative effect of changes in accounting principles, net of tax benefit of \$52,804 in 1992	(2,465)	(102,501)	
Net income	\$ 725,870	\$ 426,939	\$ 389,786

</TABLE>

* Amounts for 1993 include the cumulative effect of changes in accounting principles at the respective subsidiaries.

<TABLE>

<CAPTION>

STATEMENT OF CASH FLOWS

Year ended December 31	1993	1992	1991
In millions			
<S>			
OPERATING ACTIVITIES			
Net Income	\$ 726	\$ 427	\$ 390

Adjustments to reconcile net income to net cash provided by operating activities			
Cumulative effect of changes in accounting principles	2	103	
Equity in undistributed net earnings of subsidiaries	(434)	(311)	43
Other	110	47	(29)

Net cash provided by operating activities	404	266	404

INVESTING ACTIVITIES			
Net change in interest-earning deposits with subsidiary bank	(4)	4	(5)
Net capital returned/ (contributed) to subsidiaries	173	1	(535)
Sales of securities available for sale	2,674	2,956	
Purchases of securities available for sale	(2,770)	(2,874)	
Cash paid in acquisitions	(383)	(45)	
Other	(87)	(22)	(107)

Net cash provided (used) by investing activities	(397)	20	(647)

FINANCING ACTIVITIES			
Borrowings from nonbank subsidiary	250		72
Matured borrowings from nonbank subsidiary	(9)	(5)	(86)
Acquisition of treasury stock	(19)	(14)	(7)
Cash dividends paid to shareholders	(277)	(239)	(207)
Issuance of stock	46	74	471
Redemption of notes and debentures		(100)	

Net cash provided (used) by financing activities	(9)	(284)	243

Increase (decrease) in cash and due from banks	(2)	2	
Cash and due from banks at beginning of year	3	1	1

Cash and due from banks at end of year	\$ 1	\$ 3	\$ 1

</TABLE>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Commercial paper issued by PNC Funding Corp. is guaranteed by the parent company. During 1993, 1992 and 1991, the parent company received income tax refunds of \$2.7 million, \$16.8 million and \$7.1 million, respectively. Such refunds represent the parent company's portion of consolidated income taxes. During 1993, 1992 and 1991, the parent company paid interest on contractual debt obligations of \$4.9 million, \$4.4 million and \$7.9 million, respectively.

UNUSED LINES OF CREDIT

At December 31, 1993, the Corporation maintained a line of credit in the amount of \$150 million, none of which was drawn. This line is available for general corporate purposes. The annual fee paid for the unused line is .25 percent.

FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," requires disclosure of fair value information for financial instruments. SFAS No. 107 excludes certain assets such as real and personal property, leases, loan customer relationships, deposit customer intangibles, retail branch networks, fee-based businesses, trademarks and brand names. Accordingly, the aggregate of fair value amounts presented does not attempt to capture and does not represent the underlying value of the Corporation.

SFAS No. 107 defines fair value as the estimated amount at which the financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. However, it is not

management's intention to immediately dispose of a significant portion of such financial instruments, and the unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows.

The fair value of securities is based primarily on quoted market prices. For substantially all other financial instruments, fair values have been estimated using discounted cash flow analyses, pricing models and other valuation techniques. These derived fair values are subjective in nature, involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly impact the derived fair value estimates.

The following table represents the estimates of fair value of financial instruments:

<TABLE>
<CAPTION>
FAIR VALUE OF FINANCIAL INSTRUMENTS

December 31	1993		1992	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
In millions				
<S>	<C>	<C>	<C>	<C>
ASSETS				
Cash and short-term assets	\$ 3,119	\$ 3,119	\$ 3,745	\$ 3,745
Loans held for sale	1,392	1,392	220	220
Securities	23,060	23,104	20,741	20,982
Net loans (excludes leases)	31,679	32,185	24,290	25,067
LIABILITIES				
Demand deposits	18,621	18,621	17,156	17,156
Time deposits	14,494	14,790	12,314	12,646
Short-term borrowings	12,212	12,211	12,274	12,263
Notes and debentures	9,585	9,598	4,297	4,330
OFF-BALANCE-SHEET				
Commitments to extend credit	(23)	(23)	(13)	(13)
Letters of credit	(30)	(30)	(49)	(49)
Interest rate swaps	31	41	44	106

</TABLE>

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CASH AND SHORT-TERM ASSETS The carrying amounts reported in the consolidated balance sheet for cash and short-term assets approximate those assets' fair values primarily due to their short-term nature. For purposes of this disclosure only, short-term assets include due from banks, interest-earning deposits with banks, federal funds sold and resale agreements, trading account securities, customers' acceptance liability and accrued interest receivable. Trading account securities are recorded at market value, therefore, the carrying amount is equal to fair value.

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

NET LOANS AND LOANS HELD FOR SALE For demand and variable rate commercial and certain consumer loans that reprice quarterly, fair values are estimated by reducing carrying amounts by estimated credit loss factors. For other commercial loans, including nonaccrual loans, fair values are estimated using discounted cash flow analyses, with cash flows reduced by estimated credit loss factors and discount rates equal to rates currently charged by the Corporation for similar loans. In the case of nonaccrual loans, scheduled cash flows do not include interest payments.

For automobile, home equity, student and credit card loans, fair values are determined by using internal pricing models. The models derive fair value by incorporating assumptions about prepayments, credit losses and servicing fees and costs and discounting the future net revenues at an appropriate risk rate of return. For credit cards and revolving home equity loans, this fair value does not include any amount for new loans or the related fees that will be generated from the existing customer relationships. The fair value of residential mortgages is estimated based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Due to their short-term nature, the

carrying amount of loans held for sale approximates fair value.

DEPOSITS The carrying amounts for noninterest-bearing demand and interest-bearing, money market and savings deposits approximate fair values. For time deposits, fair values are based on the discounted value of scheduled cash flows. The discount rates used vary by instrument and are based on dealer quotes or rates currently offered for deposits with similar maturities.

SHORT-TERM BORROWINGS The carrying amounts of federal funds purchased, commercial paper, acceptances outstanding and accrued interest payable are considered fair value because of their short-term nature. Repurchase agreements and term federal funds purchased are valued using discounted cash flow analyses.

NOTES AND DEBENTURES The fair value of variable-rate notes and debentures is equivalent to carrying value. For fixed-rate notes and debentures, scheduled cash flows are discounted using rates for similar debt with the same maturities.

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

FOREIGN CURRENCY EXCHANGE, FINANCIAL FUTURES, FORWARDS AND OPTION CONTRACTS These off-balance-sheet financial instruments are marked to market, therefore, the carrying amount approximates fair value. Such amounts are immaterial at December 31, 1993.

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

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STATISTICAL INFORMATION

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<TABLE>
<CAPTION>
SELECTED CONSOLIDATED FINANCIAL DATA

Year ended December 31	1993	1992	1991	1990	1989
SUMMARY OF OPERATIONS (In thousands)					
Interest income	\$3,201,120	\$3,218,971	\$3,657,533	\$4,223,375	\$4,064,440
Interest expense	1,372,087	1,561,679	2,222,335	2,874,118	2,758,385
Net interest income	1,829,033	1,657,292	1,435,198	1,349,257	1,306,055
Provision for credit losses	203,944	323,531	428,038	760,507	331,724
Noninterest income excluding net securities gains	757,555	693,273	748,571	634,108	547,093
Net securities gains	187,694	193,503	63,454	22,425	33,545
Noninterest expenses	1,453,726	1,442,415	1,270,984	1,215,858	1,069,705
Applicable income taxes (benefits)	371,349	248,682	158,415	(41,487)	107,824
Income before cumulative effect of changes in accounting principles	745,263	529,440	389,786	70,912	377,440
Cumulative effect of changes in accounting principles, net of tax benefit of \$5,343 and \$52,804	(19,393)	(102,501)			
Net income	725,870	426,939	389,786	70,912	377,440
PER COMMON SHARE DATA					
Book value at year end	\$18.34	\$15.96	\$15.27	\$13.40	\$14.83
Cash dividends declared	1.175	1.080	.795	1.060	1.030
Earnings					
Primary before cumulative effect of changes in accounting principles	\$ 3.14	\$ 2.36	\$ 1.97	\$.37	\$ 1.99
Cumulative effect of changes in accounting principles	(.08)	(.46)			
Primary	\$ 3.06	\$ 1.90	\$ 1.97	\$.37	\$ 1.99
Fully diluted before cumulative effect of changes in accounting principles					
Fully diluted before cumulative effect of changes in accounting principles	\$ 3.13	\$ 2.34	\$ 1.94	\$.37	\$ 1.96
Cumulative effect of changes in accounting principles	(.09)	(.45)			
Fully diluted	\$ 3.04	\$ 1.89	\$ 1.94	\$.37	\$ 1.96
BALANCE SHEET HIGHLIGHTS					
At December 31 (In millions)					
Total assets	\$ 62,080	\$ 51,380	\$ 44,892	\$ 45,533	\$ 45,661
Securities	23,060	20,741	14,173	12,189	12,867
Loans, net of unearned income	33,308	25,817	25,443	27,633	28,107
Deposits	33,115	29,470	30,019	32,043	30,120
Borrowed funds	11,662	11,811	9,486	8,735	10,728
Notes and debentures	9,585	4,297	1,287	1,319	715
Shareholders equity	4,325	3,745	3,317	2,601	2,830
SELECTED RATIOS					
Return on average total assets	1.44%	.95%	.91%	.16%	.90%
Return on average common shareholders equity	18.40	12.47	14.02	2.46	13.60

Average shareholders equity to average total assets	7.86	7.68	6.53	6.08	6.65
Dividend payout	37.98	55.54	39.60	298.03	51.42
Overhead	51.66	55.76	55.11	57.84	53.63

</TABLE>

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STATISTICAL INFORMATION

<TABLE>

<CAPTION>

SELECTED QUARTERLY FINANCIAL DATA

	1993			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<S>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS (In thousands)				
Interest income	\$ 815,201	\$ 791,890	\$ 800,476	\$ 793,553
Interest expense	353,487	333,908	344,830	339,862
Net interest income	461,714	457,982	455,646	453,691
Provision for credit losses	38,692	50,021	53,814	61,417
Noninterest income				
excluding net securities gains	202,926	191,691	187,818	175,120
Net securities gains	3,404	72,513	6,616	105,161
Noninterest expenses	375,649	345,914	345,148	387,015
Income before cumulative effect				
of changes in accounting principles	171,434	217,676	169,142	187,011
Cumulative effect of changes				
in accounting principles,				
net of tax benefit of \$5,343 and \$52,804				(19,393)
Net income	171,434	217,676	169,142	167,618
PER COMMON SHARE DATA				
Book value at quarter end	\$ 18.34	\$ 17.50	\$ 16.84	\$ 16.42
Earnings				
Primary before cumulative effect				
of changes in accounting principles	\$.72	\$.92	\$.71	\$.79
Cumulative effect of changes				
in accounting principles				(.08)
Primary	\$.72	\$.92	\$.71	\$.71
Fully diluted before cumulative effect				
of changes in accounting principles	\$.72	\$.91	\$.71	\$.78
Cumulative effect of changes				
in accounting principles				(.08)
Fully diluted	\$.72	\$.91	\$.71	\$.70

AVERAGE BALANCE SHEET

HIGHLIGHTS (In millions)

Total assets	\$ 53,010	\$ 50,270	\$ 50,152	\$ 47,794
Securities	20,430	21,011	21,184	18,980
Loans, net of unearned income	27,883	25,528	25,184	25,214
Deposits	29,762	27,813	28,091	28,090
Borrowed funds	9,453	10,437	11,485	10,149
Notes and debentures	8,548	7,000	5,578	4,744
Shareholders equity	4,128	4,013	3,869	3,814

</TABLE>

<TABLE>

<CAPTION>

SELECTED QUARTERLY FINANCIAL DATA

	1992			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<S>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS (In thousands)				
Interest income	\$ 821,900	\$ 796,441	\$ 780,757	\$ 819,873
Interest expense	367,735	374,700	385,659	433,585
Net interest income	454,165	421,741	395,098	386,288
Provision for credit losses	63,060	69,865	100,186	90,420
Noninterest income				
excluding net securities gains	173,769	184,704	175,157	159,643
Net securities gains	49,187	18,515	46,580	79,221
Noninterest expenses	402,685	362,300	330,875	346,555
Income before cumulative effect				
of changes in accounting principles	143,542	132,845	127,578	125,475

Cumulative effect of changes in accounting principles, net of tax benefit of \$5,343 and \$52,804				(102,501)
Net income	143,542	132,845	127,578	22,974
PER COMMON SHARE DATA				
Book value at quarter end	\$ 15.96	\$ 15.76	\$ 15.45	\$ 15.12
Earnings				
Primary before cumulative effect of changes in accounting principles	\$.61	\$.59	\$.58	\$.57
Cumulative effect of changes in accounting principles				(.47)
Primary	\$.61	\$.59	\$.58	\$.10
Fully diluted before cumulative effect of changes in accounting principles	\$.61	\$.59	\$.58	\$.57
Cumulative effect of changes in accounting principles				(.47)
Fully diluted	\$.61	\$.59	\$.58	\$.10
AVERAGE BALANCE SHEET HIGHLIGHTS (In millions)				
Total assets	\$ 48,436	\$ 45,087	\$ 42,683	\$ 42,727
Securities	19,595	17,533	15,062	14,381
Loans, net of unearned income	25,048	24,158	24,234	24,636
Deposits	28,556	27,753	28,332	29,269
Borrowed funds	10,648	9,232	8,248	8,122
Notes and debentures	4,630	3,862	1,960	1,313
Shareholders' equity	3,644	3,472	3,343	3,282

</TABLE>

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

<TABLE>
<CAPTION>

In thousands	1993/1992			
	Increase/(Decrease) In Income/Expense Due To Changes In:			
Taxable-equivalent basis	Volume	Rate	Rate/ Volume	Total
<S>	<C>	<C>	<C>	<C>
INTEREST-EARNING ASSETS				
Loans, net of unearned income				
Commercial	\$ 30,928	\$ (20,864)	\$ (1,149)	\$ 8,915
Real estate project	(10,904)	(800)	40	(11,664)
Real estate mortgage	73,363	(50,332)	(10,554)	12,477
Consumer	41,908	(54,223)	(2,498)	(14,813)
Other	(4,427)	(6,358)	406	(10,379)
Total loans	116,703	(125,052)	(7,115)	(15,464)
Short-term investments	(7,801)	(2,428)	629	(9,600)
Securities				
U.S. Treasury	60,982	(15,011)	(12,596)	33,375
U.S. Government agencies and corporations	212,412	(175,861)	(35,590)	961
State and municipal	(8,998)	1,188	(164)	(7,974)
Corporate stocks	2,912	328	267	3,507
Other	(7,106)	(27,691)	3,337	(31,460)
Total securities	274,875	(224,815)	(51,651)	(1,591)
Other interest-earning assets	10,511	(3,205)	(1,773)	5,533
Total interest-earning assets	\$ 397,940	\$ (371,290)	\$ (47,773)	\$ (21,122)
INTEREST-BEARING SOURCES OF FUNDS				
Interest-bearing deposits				
Demand	\$ 9,064	\$ (29,969)	\$ (5,653)	\$ (26,558)
Savings	6,412	(27,536)	(3,483)	(24,607)
Money market deposit accounts	19,268	(69,551)	(8,322)	(58,605)
Certificates of deposit				
of \$100,000 or more	(93,425)	(6,098)	2,633	(96,890)
Other time	2,881	(94,597)	(1,092)	(92,808)
In foreign offices	(18,758)	(7,492)	5,068	(21,182)
Total interest-bearing deposits	(28,018)	(300,939)	8,307	(320,650)

Borrowed funds				
Federal funds purchased and repurchase agreements	(7,568)	(9,810)	1,140	(16,264)
Repurchase agreements	66,211	(15,071)	(5,012)	46,128
Commercial paper	4,163	(1,843)	(338)	1,982
Other	(16,306)	(6,205)	1,498	(21,013)
Total borrowed funds	50,673	(34,455)	(5,385)	10,833
Notes and debentures	175,485	(25,058)	(30,202)	120,225
Total sources on which interest is paid	\$ 184,414	\$ (332,112)	\$ (41,894)	\$ (189,592)
Change in net interest income	\$ 207,464	\$ (33,754)	\$ (5,240)	\$ 168,470

</TABLE>

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

<TABLE>
<CAPTION>

In thousands	1992/1991			
	Increase/(Decrease) In Income/Expense Due To Changes In:			
	Volume	Rate	Rate/ Volume	Total
<S>	<C>	<C>	<C>	<C>
INTEREST-EARNING ASSETS				
Loans, net of unearned income				
Commercial	\$ (185,085)	\$ (239,151)	\$ 39,817	\$ (384,419)
Real estate project	812	(22,498)	(25)	(21,711)
Real estate mortgage	(76,071)	(18,851)	3,448	(91,474)
Consumer	50,596	(117,462)	(7,759)	(74,625)
Other	(3,816)	(9,624)	442	(12,998)
Total loans	(232,447)	(388,138)	35,358	(585,227)
Short-term investments	(9,452)	(19,841)	3,210	(26,083)
Securities				
U.S. Treasury	11,006	(19,413)	(2,561)	(10,968)
U.S. Government agencies and corporations	405,810	(145,985)	(70,745)	189,080
State and municipal	(8,105)	(3,096)	292	(10,909)
Corporate stocks	(1,141)	639	(113)	(615)
Other	12,966	(15,587)	(3,131)	(5,752)
Total securities	417,715	(185,210)	(71,669)	160,836
Other interest-earning assets	(2,203)	(2,325)	230	(4,298)
Total interest-earning assets	\$ 194,299	\$ (617,478)	\$ (31,593)	\$ (454,772)
INTEREST-BEARING SOURCES OF FUNDS				
Interest-bearing deposits				
Demand	\$ 14,663	\$ (58,390)	\$ (8,493)	\$ (52,220)
Savings	(7,361)	(52,094)	3,585	(55,870)
Money market deposit accounts	58,944	(79,928)	(22,250)	(43,234)
Certificates of deposit				
of \$100,000 or more	(230,922)	(99,857)	45,476	(285,303)
Other time	(106,416)	(143,141)	19,991	(229,566)
In foreign offices	13,850	(7,844)	(4,156)	1,850
Total interest-bearing deposits	(199,241)	(524,986)	59,884	(664,343)
Borrowed funds				
Federal funds purchased and repurchase agreements	(6,418)	(41,440)	2,022	(45,836)
Repurchase agreements	122,067	(67,553)	(44,407)	10,107
Commercial paper	11,860	(8,822)	(4,682)	(1,644)
Other	3,660	(12,264)	(640)	(9,244)
Total borrowed funds	128,169	(132,417)	(42,369)	(46,617)
Notes and debentures	115,885	(29,615)	(35,966)	50,304
Total sources on which interest is paid	\$ 46,419	\$ (692,604)	\$ (14,471)	\$ (660,656)
Change in net interest income	\$ 78,181	\$ 120,288	\$ 7,415	\$ 205,884

STATISTICAL INFORMATION

<TABLE>

<CAPTION>

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS

Year ended December 31	1993			1992		
Taxable-equivalent basis Average balance in millions, interest in thousands	Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-earning assets						
Loans, net of unearned income						
Commercial	\$ 10,877	\$ 733,727	6.75%	\$ 10,432	\$ 724,812	6.95%
Real estate project	1,845	128,252	6.95	2,001	139,916	6.99
Real estate mortgage	4,390	357,911	8.15	3,621	345,434	9.54
Consumer	7,974	697,261	8.74	7,531	712,074	9.46
Other	873	56,355	6.46	935	66,734	7.14
Total loans	25,959	1,973,506	7.60	24,520	1,988,970	8.11
Short-term investments	575	22,551	3.92	759	32,151	4.24
Securities						
U.S. Treasury	2,294	106,147	4.63	1,248	72,772	5.83
U.S. Government agencies and corporations	16,722	1,032,049	6.17	13,867	1,031,088	7.44
State and municipal	474	47,352	9.99	566	55,326	9.78
Corporate stocks	118	7,332	6.20	67	3,825	5.71
Other	795	27,032	3.40	905	58,492	6.46
Total securities	20,403	1,219,912	5.98	16,653	1,221,503	7.33
Other interest-earning assets	403	24,653	6.12	260	19,120	7.35
Total interest-earning assets/interest income	47,340	\$ 3,240,622	6.85%	42,192	\$ 3,261,744	7.73%
Noninterest-earning assets						
Allowance for credit losses	(932)			(852)		
Cash and due from banks	1,967			1,748		
Other assets	1,946			1,656		
Total assets	\$ 50,321			\$ 44,744		
LIABILITIES AND SHAREHOLDERS EQUITY						
Interest-bearing sources						
Interest-bearing deposits						
Demand	\$ 3,104	\$ 20,853	.67%	\$ 2,606	\$ 47,411	1.82%
Savings	2,255	21,691	.95	1,981	46,298	2.34
Money market deposit accounts	5,873	109,669	1.87	5,269	168,274	3.19
Certificates of deposit of \$100,000 or more	2,214	125,877	5.69	3,811	222,767	5.85
Other time	9,415	458,320	4.87	9,366	551,128	5.88
In foreign offices	211	6,362	3.02	663	27,544	4.15
Total interest-bearing deposits	23,072	742,772	3.22	23,696	1,063,422	4.49
Borrowed funds						
Federal funds purchased	1,639	49,890	3.04	1,851	66,154	3.57
Repurchase agreements	6,944	242,916	3.50	5,197	196,788	3.79
Commercial paper	691	22,830	3.30	576	20,848	3.62
Other	1,099	47,359	4.31	1,443	68,372	4.74
Total borrowed funds	10,373	362,995	3.50	9,067	352,162	3.88
Notes and debentures	6,486	266,320	4.11	2,948	146,095	4.96
Total interest-bearing sources/interest expense	39,931	\$ 1,372,087	3.44%	35,711	\$ 1,561,679	4.37%
Noninterest-bearing sources						
Demand and other noninterest-bearing deposits	5,370			4,780		
Accrued expenses and other liabilities	1,063			817		
Shareholders' equity	3,957			3,436		
Total liabilities and shareholders equity	\$ 50,321			\$ 44,744		
Net interest rate spread						
Impact of noninterest-bearing sources			3.41%			3.36%
			.54			.67
Net interest income/margin on earning assets		\$ 1,868,535	3.95%		\$ 1,700,065	4.03%

</TABLE>

Nonaccrual loans are included in loans, net of unearned income. The impact of interest rate swaps is included in the interest income/expense and average yields/rates for commercial loans, U.S. Government agencies and corporation securities, all interest-bearing deposits, other borrowed funds and notes and debentures.

<TABLE>
<CAPTION>

1991			1990		
Average Balances	Interest	Average Yields/Rates	Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>
\$ 12,521	\$1,109,231	8.86%	\$ 14,327	\$1,488,192	10.39%
1,991	161,627	8.12	2,620	263,046	10.04
4,384	436,908	9.97	2,824	294,813	10.44
7,076	786,699	11.12	6,612	782,387	11.83
982	79,732	8.12	1,484	142,578	9.61
26,954	2,574,197	9.55	27,867	2,971,016	10.66
906	58,234	6.43	1,145	97,353	8.50
1,103	83,740	7.59	1,024	84,428	8.25
9,358	842,008	9.00	9,894	919,990	9.30
645	66,235	10.26	933	95,276	10.21
90	4,440	4.96	181	15,057	8.30
753	64,244	8.53	1,400	125,654	8.97
11,949	1,060,667	8.88	13,432	1,240,405	9.23
287	23,418	8.16	100	10,753	10.65
40,096	\$3,716,516	9.27%	42,544	\$4,319,527	10.15%
(823)			(584)		
1,822			1,965		
1,698			1,791		
\$ 42,793			\$ 45,716		
\$ 2,272	\$ 99,631	4.39%	\$ 1,983	\$92,890	4.68%
2,135	102,168	4.78	1,753	89,574	5.11
4,120	211,508	5.13	3,558	209,440	5.89
6,983	508,070	7.28	9,863	815,102	8.26
10,844	780,694	7.20	8,947	728,811	8.15
431	25,694	5.97	317	37,270	11.77
26,785	1,727,765	6.45	26,421	1,973,087	7.47
1,964	111,990	5.68	2,343	194,227	8.29
3,142	186,681	5.94	4,930	389,598	7.90
377	22,492	5.96	1,101	89,165	8.10
1,378	77,616	5.63	1,743	143,458	8.23
6,861	398,779	5.81	10,117	816,448	8.07
1,334	95,791	7.18	991	84,583	8.52
34,980	\$2,222,335	6.35%	37,529	\$2,874,118	7.66%
4,417			4,370		
601			1,037		
2,795			2,780		
\$ 42,793			\$ 45,716		
		2.92%			2.49%
		.81			.91
\$1,494,181		3.73%	\$1,445,409		3.40%

</TABLE>

<TABLE>
<CAPTION>

1989		
Average Balances	Interest	Average Yields/Rates
<S>	<C>	<C>
13,928	\$1,578,864	11.34%
2,922	340,262	11.65
2,163	230,278	10.65
5,786	698,961	12.08
1,740	175,642	10.09
26,539	3,024,007	11.39
1,622	169,618	10.46
2,165	177,781	8.21
5,438	501,789	9.23
1,108	111,375	10.05
164	13,745	8.37
1,722	167,421	9.72
10,597	972,111	9.17
64	6,740	10.53
38,822	\$4,172,476	10.75%
(528)		
1,991		
1,798		
42,083		
1,893	\$ 90,624	4.79%
1,664	83,375	5.01
3,688	219,740	5.96
8,641	758,382	8.78
7,700	648,763	8.43
862	106,885	12.41
24,448	1,907,769	7.80
2,891	271,398	9.39
3,840	344,659	8.98
1,161	104,169	8.97
740	68,294	9.23
8,632	788,520	9.14
654	62,096	9.50
33,734	\$2,758,385	8.18%
4,353		
1,198		
2,798		
42,083		
		2.57%
		1.07

\$1,414,091 3.64%

</TABLE>

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STATISTICAL INFORMATION

SECURITIES

<TABLE>

<CAPTION>

CARRYING VALUE OF SECURITIES

December 31 In millions	1993	1992	1991
<S>	<C>	<C>	<C>
Investment securities			
Debt securities			
U.S. Treasury	\$ 1	\$ 37	\$ 304
U.S. Government agencies and corporations	10,227	11,413	10,958
State and municipal	389	558	581
Other	810	1,246	717
Corporate stocks	245	73	57
Total investment securities	\$ 11,672	\$ 13,327	\$ 12,617
Securities available for sale			
Debt securities			
U.S. Treasury	\$ 2,402	\$ 2,768	\$ 1,462
U.S. Government agencies and corporations	8,121	4,011	79
State and municipal	2		13
Other	802	635	
Corporate stocks	61		1
Total securities available for sale	\$ 11,388	\$ 7,414	\$ 1,555

</TABLE>

At December 31, 1993, securities available for sale are carried at fair value.

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<TABLE>

<CAPTION>

MATURITY DISTRIBUTION OF SECURITIES

December 31, 1993 In millions	One Year or Less	After One Year Through Five Years	After Five Years Through Ten Years	After Ten Years	No Fixed Maturity	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Investment securities (Amortized Cost)						
Debt securities						
U.S. Treasury	\$ 1					\$ 1
U.S. Government agencies and corporations		\$ 1			\$10,226	10,227
State and municipal	22	110	\$ 62	\$ 195		389
Other	31	6	2		771	810
Corporate stocks					245	245
Total investment securities	\$ 54	\$ 117	\$ 64	\$ 195	\$11,242	\$ 11,672
Percent of total investment securities	.46%	1.00%	.55%	1.68%	96.31%	100.00%
Weighted average yield	6.57	10.23	10.31	11.01	5.97	6.12
Securities available for sale (Fair Value)						
Debt securities						
U.S. Treasury	\$ 537	\$1,845	\$ 16	\$ 4		\$ 2,402
U.S. Government agencies and corporations		24	1		\$ 8,095	8,120
State and municipal		1	1	1		3
Other	1	1		56	744	802
Corporate stock					61	61
Total securities available for sale	\$ 538	\$1,871	\$ 18	\$ 61	\$ 8,900	\$ 11,388
Percent of total securities available for sale	4.72%	16.43%	.16%	.54%	78.15%	100.00%
Weighted average yield	3.19	4.33	6.41	18.29	6.23	5.82

</TABLE>

Collateralized mortgage obligations and mortgage-backed and asset-backed securities are included in the No Fixed Maturity Category. Based on the Corporation's current rate projections and historical experience, the weighted-average expected maturity of all collateralized mortgage obligations and mortgage-backed and asset-backed securities was two years and 11 months at December 31, 1993. Weighted average yields are based on book value with effective yields weighted for the contractual maturity of each security. Tax-exempt securities have been adjusted to a taxable-equivalent basis using a federal income tax rate of 35 percent.

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STATISTICAL INFORMATION

LOAN PORTFOLIO

At December 31, 1990, approximately \$1.2 billion of loans to individuals were reclassified from commercial loans to the consumer category. Balances at December 31, 1989, were not restated.

<TABLE>
<CAPTION>
LOAN OUTSTANDINGS

December 31 In millions	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Commercial	\$ 12,463	\$10,985	\$11,245	\$12,713	\$14,877
Real estate project	1,730	1,955	2,047	2,194	2,893
Real estate mortgage	8,941	4,114	3,763	3,041	2,562
Consumer	8,525	7,950	7,458	8,933	6,686
Other	1,871	1,105	1,349	1,476	1,799
Total loans	33,530	26,109	25,862	28,357	28,817
Less unearned income	222	292	419	724	710
Total loans, net of unearned income	\$ 33,308	\$25,817	\$25,443	\$27,633	\$28,107

</TABLE>

The following table presents the maturity distribution and interest sensitivity of selected loan categories based on contractual terms.

<TABLE>
<CAPTION>
LOAN MATURITIES AND INTEREST SENSITIVITY

December 31, 1993 In millions	One Year or Less	One Through Five Years	After Five Years	Gross Loans
<S>	<C>	<C>	<C>	<C>
Commercial	\$5,035	\$4,664	\$2,764	\$12,463
Real estate project	751	754	225	1,730
Total	\$5,786	\$5,418	\$2,989	\$14,193
Loans with predetermined rate	\$1,052	\$1,054	\$ 561	\$ 2,667
Loans with floating rate	4,734	4,364	2,428	11,526
Total	\$5,786	\$5,418	\$2,989	\$14,193

</TABLE>

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STATISTICAL INFORMATION

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NONPERFORMING ASSETS

Generally, a loan is classified as "nonaccrual" when it is determined that the collection of interest or principal is doubtful, or when a default of interest or principal has existed for 90 days or more, unless such loan is well secured and in the process of collection. When interest accrual is discontinued, unpaid interest credited to income in the current year is reversed, and unpaid interest accrued in prior years is charged to the allowance for credit losses.

A loan is categorized as "restructured" if the original interest rate on

such loan, repayment terms, or both were restructured due to a deterioration in the financial condition of the borrower.

<TABLE>
<CAPTION>

December 31

Assets in millions, interest in thousands	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Nonaccrual loans	\$ 356	\$ 529	\$ 740	\$ 986	\$ 466
Restructured loans	28	25	21	33	23
Total nonperforming loans	384	554	761	1,019	489
Foreclosed assets	170	266	322	286	92
Total nonperforming assets	\$ 554	\$ 820	\$1,083	\$1,305	\$ 581
Nonperforming loans to period-end loans	1.15%	2.14%	2.99%	3.69%	1.74%
Nonperforming assets to period-end loans and foreclosed assets	1.65	3.14	4.21	4.67	2.06
Nonperforming assets to total assets	.89	1.60	2.41	2.87	1.27
Interest computed on original terms	\$ 33,891	\$ 53,362	\$ 85,563	\$ 111,074	\$ 70,947
Interest recognized	6,296	6,136	20,663	52,908	18,223

</TABLE>

PAST DUE LOANS

The following table presents information concerning accruing loans which are contractually past due 90 days or more as to principal or interest payments and excludes loans reported as either nonaccrual or restructured.

<TABLE>
<CAPTION>

December 31

In millions	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Past due loans	\$ 135	\$ 192	\$ 139	\$ 111	\$ 115
Past due loans as a percentage of total loans	.41%	.74%	.55%	.40%	.41%

</TABLE>

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STATISTICAL INFORMATION

ALLOWANCE FOR CREDIT LOSSES

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

During 1993 and 1992, economic conditions improved, resulting in lower charge-offs and provision for credit losses. During 1991 and 1990, weaker economic conditions adversely impacted collateral valuations and affected some borrowers ability to repay loans. These adverse conditions resulted in higher provisions for credit losses. During 1989, additional provisions for credit losses were taken LDC loans.

<TABLE>
<CAPTION>
SUMMARY OF LOAN LOSS EXPERIENCE

Year Ended December 31

In Millions	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Balance at beginning of year	\$ 897	\$ 797	\$ 784	\$ 616	\$ 543
Acquisitions/divestitures	43	57	(17)		
Amounts charged off					
Commercial	101	213	243	216	104
Real estate project	60	39	90	177	45
Real estate mortgage	2	2	4	5	3
Consumer	82	82	99	79	60
Other	1	7	10	151	75

Total loans charged off	246	343	446	628	287
Recoveries on amounts previously charged off					
Commercial	41	37	20	11	10
Real estate project	4	1	8	8	1
Consumer	29	22	18	14	12
Other		2	2	3	5
Total recoveries	74	62	48	36	28
Net charge-offs	172	281	398	592	259
Provision for credit losses	204	324	428	760	332
Balance at end of year	\$ 972	\$ 897	\$ 797	\$ 784	\$ 616
Total loans, net of unearned income					
Average	\$ 25,959	\$ 24,520	\$ 26,954	\$ 27,867	\$ 26,539
At December 31	33,308	25,817	25,443	27,633	28,107
As a percent of average loans					
Net charge-offs	.66%	1.15%	1.48%	2.12%	.98%
Provision for credit losses	.79	1.32	1.59	2.73	1.25
Allowance for credit losses	3.74	3.66	2.96	2.82	2.32
Allowance as a percent of period-end					
Loans	2.92	3.47	3.13	2.84	2.19
Nonperforming loans	253.12	162.08	104.71	76.99	125.96
Allowance as a multiple of net charge-offs	5.65x	3.19x	2.00x	1.32x	2.38x

</TABLE>

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STATISTICAL INFORMATION

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During 1993, management revised its methodology for allocating the allowance for credit losses. The revisions had the effect of reclassifying certain previously unallocated reserves to loan categories. For purposes of this presentation, remaining unallocated reserves have been assigned to loan categories based on the relative specific allocation amounts. Prior year unallocated reserve amounts have been similarly assigned to loan categories.

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

December 31 In millions	1993	1992	1991	1990	1989
Commercial	\$ 467	\$ 448	\$432	\$477	\$164
Real estate project	216	285	230	171	58
Real estate mortgage	103	17	13	14	4
Consumer	175	134	106	103	79
Other	11	13	16	19	311
Total	\$ 972	\$ 897	\$797	\$784	\$616

</TABLE>

<TABLE>
<CAPTION>
PERCENTAGE DISTRIBUTION OF ALLOWANCE ALLOCATION AND CATEGORIES OF LOANS AS A PERCENTAGE OF GROSS LOANS

December 31	1993		1992		1991		1990		1989	
	Allowance	Loans	Allowance	Loans	Allowance	Loans	Allowance	Loans	Allowance	Loans
Commercial	48.1%	37.2%	50.0%	42.1%	54.2%	43.5%	60.8%	44.8%	26.6%	51.6%
Real estate project	22.2	5.2	31.8	7.5	28.9	7.9	21.8	7.7	9.4	10.0
Real estate mortgage	10.6	26.7	1.9	15.8	1.6	14.6	1.8	10.7	.7	8.9
Consumer	18.0	25.4	14.9	30.5	13.3	28.8	13.1	31.5	12.8	23.2
Other	1.1	5.5	1.4	4.1	2.0	5.2	2.5	5.3	50.5	6.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

</TABLE>

MATURITY OF TIME DEPOSITS OF \$100,000 OR MORE

A majority of foreign deposits were in denominations of \$100,000 or more. The table below provides maturities of domestic time deposits of \$100,000 or more.

<TABLE>
<CAPTION>

December 31, 1993 In millions	Certificates of Deposit	Other Time Deposits	Total
<S>	<C>	<C>	<C>
Three months or less	\$ 663,097	\$ 43,041	\$ 706,138
Over three through six months	577,294	27,592	604,886
Over six through twelve months	574,136	38,577	612,713
Over twelve months	2,412,170	279,789	2,691,959
Total	\$ 4,226,697	\$ 388,999	\$4,615,696

</TABLE>

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STATISTICAL INFORMATION

BORROWED FUNDS

Federal funds purchased represent overnight borrowings. Repurchase agreements generally have maturities of 18 months or less. At December 31, 1993, 1992 and 1991, \$2.7 billion, \$3.4 billion and \$495 million, respectively, of repurchase agreements had original maturities which exceeded one year. Commercial paper is issued in maturities not to exceed nine months and is stated net of discount. Other borrowed funds consist primarily of term federal funds purchased and U.S. Treasury, tax and loan borrowings which are payable on demand.

<TABLE>
<CAPTION>

Dollars in millions	1993		1992		1991	
	Amount	Rate	Amount	Rate	Amount	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Federal funds purchased						
Year-end balance	\$2,066	3.06%	\$2,037	3.12%	\$1,580	4.03%
Average during year	1,639	3.04	1,851	3.57	1,964	5.68
Maximum month-end balance during year	3,662		2,833		2,592	
Repurchase agreements						
Year-end balance	4,995	3.61	6,452	3.46	3,884	4.20
Average during year	6,944	3.50	5,197	3.79	3,142	5.94
Maximum month-end balance during year	8,917		7,356		4,520	
Commercial paper						
Year-end balance	514	3.24	980	3.57	558	4.68
Average during year	691	3.30	576	3.62	377	5.96
Maximum month-end balance during year	1,117		980		567	
Other						
Year-end balance	4,087	3.11	2,342	3.49	3,465	4.61
Average during year	1,099	4.31	1,443	4.74	1,378	5.63
Maximum month-end balance during year	4,088		3,377		3,465	

</TABLE>

TAXABLE-EQUIVALENT ADJUSTMENT

Interest income earned on certain loans, and obligations of states, municipalities and other public entities is not subject to federal income tax. In addition, certain interest expense incurred to fund these assets is not deductible for federal income tax purposes.

In order to make pre-tax income and resultant yields comparable to taxable loans and investments, a taxable-equivalent adjustment, less the effect of disallowed interest expense, is added equally to interest income and to income tax expense, with no effect on after-tax income.

The taxable-equivalent adjustment is shown in the table below based on a federal income tax rate of 35 percent for 1993 and 34 percent for all other years.

<TABLE>
<CAPTION>

Year ended December 31 In thousands	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Interest income book basis	\$ 3,201,120	\$ 3,218,971	\$ 3,657,533	\$ 4,223,375	\$4,064,440
Taxable-equivalent adjustment	39,502	42,773	58,983	96,152	108,036

Interest income taxable-equivalent basis	3,240,622	3,261,744	3,716,516	4,319,527	4,172,476
Interest expense	1,372,087	1,561,679	2,222,335	2,874,118	2,758,385
Net interest income taxable-equivalent basis	\$ 1,868,535	\$ 1,700,065	\$ 1,494,181	\$ 1,445,409	\$1,414,091

</TABLE>

MERGERS AND ACQUISITIONS

During 1992, PNC Bank Corp. completed the acquisitions of Pro Group, Inc., Bradford, Pennsylvania; The First National Pennsylvania Corporation, Erie, Pennsylvania; Sunrise Bancorp, Inc., Fort Mitchell, Kentucky; CCNB Corporation, Camp Hill, Pennsylvania; and Flagship Financial Corp., Jenkintown, Pennsylvania. These institutions added approximately \$2.6 billion in assets. Under the terms of the various agreements, PNC Bank issued approximately 13.3 million shares of common stock and paid cash of approximately \$45 million.

In December of 1992, PNC Bank Corp. entered into a joint venture in automated teller machine ("ATM") and point-of-sale ("POS") transaction processing services with three other financial institutions. The new company, Electronic Payment Services, Inc. ("EPS"), is one of the largest processors of ATM and POS transactions in the United States. PNC Bank contributed its ATM and POS processing businesses and invested approximately \$49 million in cash for 31 percent of EPS common stock.

COMMON STOCK SPLIT

On October 1, 1992, the Board of Directors approved a two-for-one split of the common stock which was effected in the form of a 100 percent stock dividend. Financial data has been restated for the impact of the two-for-one split of the common stock.

INCOME STATEMENT REVIEW

Net income for 1992 was \$426.9 million or \$1.89 per common share on a fully diluted basis, compared with \$389.8 million or \$1.94 in 1991. Return on assets and return on common shareholders' equity were .95 percent and 12.47 percent, respectively. This compares with .91 percent and 14.02 percent in 1991.

The Corporation adopted SFAS No. 106 related to postretirement benefits in 1992. The adoption of SFAS No. 106 resulted in additional after-tax expense of \$111.3 million or \$.49 per common share on a fully diluted basis, consisting of a first quarter one-time charge of \$102.5 million or \$.45 per share and \$2.2 million of additional operating expense in each quarter. Income before the cumulative effect of the change in accounting principle was \$529.4 million, or \$2.34 per common share on a fully diluted basis. On this basis, return on assets and return on common shareholders' equity were 1.18 percent and 15.03 percent, respectively.

NET INTEREST INCOME AND NET INTEREST MARGIN On a fully taxable-equivalent basis, net interest income for 1992 was \$1.7 billion, an increase of \$205.9 million, or 13.8 percent, from 1991. Total average earning assets increased \$2.1 billion to \$42.2 billion. A \$4.7 billion increase in average securities was partially offset by a \$2.4 billion decline in loans. In the declining rate environment, net interest income benefited from liabilities repricing more rapidly than earning assets. Additionally, funding costs were favorably impacted by interest rate swap hedging activity. The yield on interest-earning assets declined 154 basis points to 7.73 percent and the rate paid on interest-bearing sources of funds decreased 198 basis points to 4.37 percent. The net interest margin increased 30 basis points to 4.03 percent in 1992.

Net average noninterest-bearing sources increased \$1.4 billion in the comparison, in part as a result of the issuance of common stock and retention of earnings. Although these sources increased, lower average rates in 1992 reduced the favorable impact on net interest income provided by such funds.

PROVISION FOR CREDIT LOSSES The provision for credit losses was \$323.5 million compared with \$428.0 million in 1991. Consistent with the national trend, economic conditions in the markets served by the Corporation improved modestly in 1992. This factor combined with management's efforts to improve asset quality resulted in lower nonperforming asset and charge-off levels, and higher reserve coverage of nonperforming loans.

NONINTEREST INCOME Total noninterest income increased \$74.8 million to \$886.8 million in 1992. Noninterest

income for 1992 included net security gains of \$214.1 million. Noninterest income for 1991 included \$70.0 million in net security gains and \$92.7 million in gains on the sale of four Ohio banks ("Ohio Banks") and a substantial portion of the merchant services processing portfolio.

Investment management and trust income increased 9.4 percent to \$260.1 million in 1992. The most significant growth occurred in mutual fund income, which increased 18.5 percent to \$86.0 million and resulted from growth in asset volume. Trust revenue increased 5.3 percent to \$174.2 million primarily from new business.

Service charges, fees and commissions revenue totaled \$360.6 million in 1992 and remained relatively level compared with 1991. An increase in deposit account and corporate service and loan servicing income was offset by a decline in credit card and merchant services revenue. The decline resulted from the sale of the merchant services processing portfolio. In addition, the comparison was negatively impacted by the sale of the Ohio Banks.

NONINTEREST EXPENSES Noninterest expenses increased \$171.4 million to \$1.4 billion. Despite the significant employee additions related to acquisitions and targeted businesses, overall staff levels were reduced through various cost savings initiatives, which involved consolidating, centralizing and outsourcing certain operational and support functions. Average full-time equivalent employees declined 3.3 percent in 1992. Compensation expense totaled \$541.3 million in 1992, an increase of 9.4 percent, which resulted from accruals for displaced employees related to consolidations and acquisitions, staff additions in growth businesses and merit pay and incentive compensation.

Employee benefit expense increased \$23.2 million to \$127.1 million in 1992. The change in accounting for postretirement benefits increased employee benefits expense by \$14.8 million compared with the cash basis method of accounting used in 1991. Additionally, pension expense increased \$6.5 million primarily due to a change in the discount rate reflecting the current interest rate environment.

Net occupancy and equipment expenses increased 7.8 percent to \$206.6 million in 1992 as a result of the consolidation of three data centers into a newly-constructed data processing and telecommunications center. Equipment and software purchased for this new facility resulted in higher levels of depreciation and software expenses. These increases were partially offset by a decline in equipment rentals and maintenance costs that resulted from closing the old data centers.

The other category of noninterest expenses increased \$86.0 million to \$501.8 million. Significant components of this increase include a \$20.0 million accrual for developing and implementing a common corporate identity and consolidating the Corporation's six Pennsylvania banks; \$15.1 million of valuation adjustments and legal fees related to foreclosed asset and problem loan workout activities; and \$14.7 million for outside services related to consolidation or outsourcing of certain operational and support functions. In addition, contributions and donations increased \$10.4 million. The remainder of the increase reflects the net impact of acquisition and divestiture activities as well as various cost increases.

BALANCE SHEET REVIEW

Total assets at December 31, 1992, were \$51.4 billion, a \$6.5 billion increase from December 31, 1991. Total assets averaged \$44.7 billion in 1992, compared with \$42.8 billion in 1991.

In part, the changes in the composition of the Corporation's balance sheet during 1992 reflected continued weakness in overall loan demand and the shifting of funding sources to longer-term liabilities with attractive rates.

LOANS Total loans were \$25.8 billion at December 31, 1992, compared with \$25.4 billion at December 31, 1991. Total loans averaged \$24.5 billion in 1992, a decline of \$2.4 billion from 1991. During 1992, the Corporation added approximately \$1.7 billion in loans as a result of bank acquisitions, of which \$1.2 billion were acquired in the fourth quarter. The increase in loan outstandings related to bank

acquisitions was mitigated by paydowns of loans resulting from the continuing reduction of debt throughout most sectors of the economy.

Commercial loans declined 2.3 percent to \$11.0 billion at December 31, 1992, as a result of weak demand in the current economic environment and from the Corporation's efforts to reduce exposure in certain segments of the portfolio. The addition of approximately \$290 million of commercial loans obtained in acquisitions partially offset these declines.

HLTs are included in various commercial loan categories. During 1992, the federal bank regulators revised their HLT delisting criteria and the December 31, 1992, amounts reflect such revisions. HLT outstandings represented 4.3 percent of total loans at December 31, 1992, compared with 6.6 percent at December 31, 1991. During 1992, \$328 million of loans and \$189 million of unfunded commitments were no longer classified as HLTs. Of such amounts, the revised HLT delisting criteria resulted in \$131 million of loans and \$89 million of commitments no longer being classified as HLTs.

At December 31, 1992, the Corporation had 76 customers with loans

designated as HLT. The 10 largest HLT outstandings and unfunded commitments totaled \$417 million and \$73 million, respectively, none of which were classified as nonperforming. During 1992, the Corporation originated and/or participated in \$155 million of commitments to new HLT customers compared with \$10 million in 1991. HLT loan fees recognized in income during 1992 totaled \$10.9 million and deferred HLT loan fees totaled \$3.7 million at December 31, 1992. The yield on the HLT portfolio, including loans classified as nonperforming, was 7.19 percent in 1992.

At December 31, 1992, real estate project outstandings and unfunded commitments totaled \$2.0 billion and \$482 million, respectively. The comparable December 31, 1991, amounts were \$2.0 billion and \$477 million, respectively.

Commercial mortgages totaled \$879 million at December 31, 1992, compared with \$783 million at December 31, 1991. Acquisitions added approximately \$170 million to this category.

Residential mortgages totaled \$3.2 billion at December 31, 1992, compared with \$2.9 billion at December 31, 1991. During 1992, the Corporation originated approximately \$1.9 billion of residential mortgages, of which \$1.4 billion were securitized and sold with servicing retained. Additionally, approximately \$800 million of residential mortgages were obtained in acquisitions. These increases were partially offset by prepayment and refinancing activity.

Consumer loans totaled \$7.8 billion at December 31, 1992, an increase of 7.2 percent from December 31, 1991. The purchase of approximately \$190 million of home equity loans primarily accounted for the increase.

RISK ELEMENTS Nonperforming assets totaled \$820 million at December 31, 1992, compared with \$1.1 billion at December 31, 1991. At December 31, 1992, nonperforming assets were comprised of \$554 million of loans and \$266 million of foreclosed assets. The comparable December 31, 1991, amounts were \$761 million and \$322 million, respectively.

At December 31, 1992, \$144 million of nonperforming loans were current as to principal and interest compared with \$149 million at December 31, 1991. Nonperforming HLT loans totaled \$41 million at December 31, 1992, compared with \$82 million at December 31, 1991.

Nonperforming real estate project assets totaled \$421 million at December 31, 1992, and were comprised of \$198 million of loans and \$223 million of foreclosed real estate. The comparable December 31, 1991, amounts were \$555 million, \$270 million and \$285 million, respectively.

Accruing loans contractually past due 90 days or more as to the payment of principal or interest totaled \$192 million at December 31, 1992, compared with \$139 million at December 31, 1991. Residential mortgage and other consumer loans in the amount of \$123 million were included in the total at December 31, 1992, compared with \$83 million at December 31, 1991. Acquisitions completed in 1992 primarily contributed to the increase. Within the consumer category, student loans totaled \$61 million at December 31, 1992, and \$58 million at December 31, 1991.

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MANAGEMENT'S DISCUSSION AND ANALYSIS 1992 VERSUS 1991

ALLOWANCE FOR CREDIT LOSSES The allowance for credit losses totaled \$897 million at December 31, 1992, compared with \$797 million a year ago. The allowance as a percentage of period-end loans was 3.47 percent at December 31, 1992, compared with 3.13 percent at December 31, 1991. The allowance as a percentage of nonperforming loans was 162.1 percent and 104.7 percent at December 31, 1992 and 1991, respectively.

Net charge-offs were \$281 million in 1992 compared with \$398 million in 1991. As a percentage of average loans, net charge-offs were 1.15 percent and 1.48 percent in 1992 and 1991, respectively.

During 1992 and 1991, HLT credits in the amount of \$46 million and \$49 million, respectively, were charged-off. Such charge-offs primarily related to credits in the communications and retail/wholesale categories. Recoveries in 1992 of previously charged-off HLT credits totaled \$9 million compared with \$8 million in 1991.

ASSET/LIABILITY MANAGEMENT In response to the declining interest rate environment in 1992, the Corporation reduced the overall interest rate and prepayment risk profile of the securities portfolio by selling high coupon fixed-rate mortgage-backed securities ("MBS") and reinvesting the proceeds primarily in shorter-term U.S. Treasury and adjustable rate MBS. The MBS acquired were primarily U.S. Government agency securities. As a result of this repositioning, the average expected life of the MBS portfolio was reduced to three years and one month at December 31, 1992 from five years and one month at the prior year end. Although yields on U.S. Treasury and shorter-term adjustable rate MBS are generally lower than longer-term fixed-rate MBS, prepayment risk is reduced.

During 1992, the Corporation increased its use of interest rate swaps to manage overall interest rate sensitivity. The total notional amount of interest rate swaps increased to \$7.7 billion at December 31, 1992, from \$2.7 billion at December 31, 1991. The increase was primarily in index interest rate swaps in which the Corporation receives payments based on fixed interest rates. During 1992, swaps benefited net interest income by \$98.6 million.

SECURITIES At December 31, 1992, securities totaled \$20.7 billion and were comprised of \$7.4 billion of securities available for sale and \$13.3 billion of investment securities. The comparable December 31, 1991, amounts were \$14.2

billion, \$1.6 billion and \$12.6 billion, respectively.

DEPOSITS Average deposits declined \$2.7 billion in 1992 to \$28.5 billion. Certificates of deposit of \$100,000 or more declined \$3.2 billion to \$3.8 billion during 1992. This decline reflects management's use of lower cost funding sources such as unsecured bank notes and repurchase agreements.

Brokered deposits are included in certificates of deposit of \$100,000 or more and other time categories. Such amounts totaled \$2.3 billion compared with \$3.7 billion at December 31, 1991. Retail brokered deposits represented 13.1 percent of the total at December 31, 1992, and 8.9 percent at year-end 1991. Retail brokered deposits are issued or participated-out by brokers in denominations of \$100,000 or less and are fully insured.

BORROWINGS Borrowed funds totaled \$11.8 billion at December 31, 1992, an increase of \$2.3 billion. Repurchase agreements increased \$2.6 billion during 1992.

Notes and debentures increased \$3.0 million to \$4.3 billion at December 31, 1992, primarily as a result of the issuance of bank notes.

CAPITAL Shareholders' equity totaled \$3.7 billion at December 31, 1992, compared with \$3.3 billion at December 31, 1991. Tier I and total risk-based capital ratios were 10.17 percent and 12.09 percent, respectively at December 31, 1992. The comparable December 31, 1991, amounts were 9.69 percent and 12.13 percent, respectively.

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BANKS AND COMPANIES

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FULL-SERVICE BANKS

PNC Bank, N.A. (Pittsburgh, Philadelphia, Central PA, Northeast PA,
Northwest PA, Southcentral PA)
PNC Bank, Indiana, Inc.
PNC Bank, Kentucky, Inc.
PNC Bank, Northern Kentucky, N.A.
PNC Bank, Ohio, N.A.
The Massachusetts Company, Inc.

The following bank will adopt the PNC Bank name during early 1994:
Bank of Delaware, Wilmington, DE

SPECIALIZED COMPANIES

BROKERAGE SERVICES AND SECURITIES UNDERWRITING

For Securities Underwriting,
Full-Service and Low-Cost Brokerage Services, Investment Banking and
Advisory Services:
PNC Securities Corp
Pittsburgh, PA

CREDIT CARD SERVICES

PNC National Bank
Wilmington, DE

DIRECT INVESTMENT SERVICE

For Private Equity Investments:
PNC Equity Management Corp
Pittsburgh, PA

INTERNATIONAL BANKING SERVICES

PNC Bank International, New York
New York, NY

INVESTMENT MANAGEMENT SERVICES

For Investment Management:
PNC Investment Management & Research
Philadelphia, PA

For Value Oriented Institutional Investment Management:

PCM
Philadelphia, PA

For Institutional
Liquidity Management:

PIMC
Wilmington, DE

For Mutual Fund, Administration, Accounting and Shareholder Services:
PFPC Inc.

Wilmington, DE

For Investment Research for Financial Institutions:

PNC IIS
Philadelphia, PA

LEASING
PNC Leasing Corp
Pittsburgh, PA

PNC Leasing Corp., Kentucky
Louisville, KY

MORTGAGE SERVICES
PNC Mortgage Bank, N.A.
Pittsburgh, PA

PNC Mortgage Corp. of America
Vernon Hills, IL

PNC Mortgage Securities Corp.
Vernon Hills, IL

PNC Mortgage Company
Louisville, KY

TRUST SERVICES
In Florida:
PNC Trust Company of Florida, N.A.
Vero Beach and Tampa, FL

In New Jersey:
PNC Bank, New Jersey, N.A.
Cherry Hill, NJ

For Securities Clearing:
PNC Trust Company of New York
New York, NY

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BOARD OF DIRECTORS

ROBERT N. CLAY, 47 (1,2,5)
President, Clay Holding Company
(thoroughbred breeding)
Director since 1987

PATRICIA J. CLIFFORD,* 70 (1,4)
Volunteer Civic Leader
Director since 1979

WILLIAM G. COPELAND, 68 (1,4,5)
Chairman of the Board
Providentmutual Holding Company
(life insurance and financial services)
Director since 1989

GEORGE A. DAVIDSON, JR., 55 (1,4)
Chairman and Chief Executive Officer,
Consolidated Natural Gas Company
(public utility holding company)
Chairman, Nominating Committee
Director since 1988

C.G. GREFENSTETTE, 66 (1,2)
Chairman and Chief Executive Officer,
The Hillman Company
(diversified operations and investments)
Chairman, Audit Committee
Director since 1989

W. CRAIG McCLELLAND, 59 (2,3,4)
President and Chief Operating Officer,
Union Camp Corporation
(pulp and paper manufacturing)
Chairman, Loan and Investment Committee
Director since 1985

THOMAS MARSHALL, 65 (2,3,5)
Chairman and Chief Executive Officer,
Aristech Chemical Corporation
(chemicals)
Chairman, Personnel and
Compensation Committee
Director since 1989

DONALD I. MORITZ, 66 (1,2,5)
Chairman and Chief Executive Officer,
Equitable Resources, Inc.
(energy company - gas utility)
Director since 1985

THOMAS H. O'BRIEN, 57 (2)
Chairman and Chief Executive Officer
Director since 1983

JACKSON H. RANDOLPH, 63 (2,3,4)
Chairman, President and Chief Executive Officer,
The Cincinnati Gas & Electric Company
(public utility - gas and electric)
Director since 1988

JAMES E. ROHR, 45 (3)
President
Director since 1989

RODERIC H. ROSS, 63 (2,5)
Chairman, President and Chief Executive Officer,
Keystone State Life Insurance Company
(insurance company)
Director since 1979

VINCENT A. SARNI, 65 (3,4)
Chairman of the Executive Committee
Pittsburgh Baseball Associates
(professional baseball team)
Director since 1989

RICHARD P. SIMMONS, 62 (2,3,4)
Chairman and Chairman of the Executive Committee,
Allegheny Ludlum Corporation
(specialty metals)
Chairman, Executive Committee
Director since 1976

THOMAS J. USHER, 51 (1,5)
President, U.S. Steel Group
(steel industry)
Director since 1992

HELGE H. WEHMEIER, 51 (1,4)
President and Chief Executive Officer,
Miles Inc.
(healthcare, chemicals and imaging technologies)
Director since 1992

- 1 Audit Committee
- 2 Executive Committee
- 3 Loan & Investment Committee
- 4 Nominating Committee
- 5 Personnel & Compensation Committee

* not standing for re-election in 1994

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EXECUTIVE MANAGEMENT

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THOMAS H. O'BRIEN, 57 (1,2)
Chairman and Chief Executive Officer
31 years of service

JAMES E. ROHR, 45 (1,2)
President
21 years of service

JOHN E. ALDEN, 52 (2)
Senior Vice President,
Marketing
10 years of service

SUSAN B. BOHN, 49 (2)
Senior Vice President,
Public Relations
8 years of service

RICHARD C. CALDWELL, 49 (1,2)
Executive Vice President,

Investment Management and Trust
3 years of service

DANIEL F. GILLIS, 53 (2)
Senior Vice President,
Human Resources
26 years of service

WALTER E. GREGG, JR., 52 (1,2)
Executive Vice President,
Finance and Administration
19 years of service

FREDERICK J. GRONBACHER, 51 (2)
Executive Vice President and Deputy Manager
Retail Banking
17 years of service

MICHAEL N. HARRELD, 49 (2)
President and Chief Executive Officer,
PNC Bank, Kentucky, Inc.
25 years of service

ROBERT L. HAUNSCHILD, 44 (1)
Senior Vice President,
Planning/Finance
3 years of service

JOE R. IRWIN, 58 (1,2)
Executive Vice President and
Chief Investment Officer
30 years of service

WILLIAM J. JOHNS, 46 (1)
Senior Vice President and Controller
19 years of service

EDWARD P. JUNKER III, 57 (1,2)
Vice Chairman
29 years of service

WALTER C. KLEIN, JR., 50 (2)
Executive Vice President,
PNC Mortgage Bank, N.A.
1 year of service

RALPH S. MICHAEL III, 39 (2)
President and Chief Executive Officer,
PNC Bank, Ohio, N.A.
14 years of service

CALVERT A. MORGAN, JR., 46 (2)
Chairman, President and Chief
Executive Officer, Bank of Delaware
23 years of service

LOUIS J. MYERS, 41 (2)
President and Chief Executive Officer,
PNC Bank, N.A., Northeast PA
11 years of service

THOMAS E. PAISLEY III, 46 (1,2)
Senior Vice President and Chairman,
Corporate Credit Policy Committee
22 years of service

CHARLES C. PEARSON, JR., 54 (2)
President and Chief Executive Officer,
PNC Bank, N.A., Central PA
1 year of service

JOHN V. PETRYCKI, 53 (2)
President and Chief Executive Officer,
PNC Bank, N.A., Southcentral PA
2 years of service

HELEN P. PUDLIN, 44 (1,2)
Senior Vice President,
General Counsel
4 years of service

BRUCE E. ROBBINS, 49 (1,2)
President and Chief Executive Officer,
PNC Bank, N.A., Pittsburgh
20 years of service

A. WILLIAM SCHENCK III, 50 (1,2)
Executive Vice President,
Retail Banking
24 years of service

TIMOTHY G. SHACK, 43 (2)
Senior Vice President
Operations and Data Processing
17 years of service

RICHARD L. SMOOT, 53 (1,2)
President and Chief Executive Officer,
PNC Bank, N.A., Philadelphia
7 years of service

HERBERT G. SUMMERFIELD, JR., 53 (1,2)
Executive Vice President,
Real Estate
23 years of service

WALTER L. WEST, 51 (1)
Treasurer
27 years of service

DAVID E. ZUERN, 44 (2)
President and Chief Executive Officer,
PNC Bank, N.A., Northwest PA
22 years of service

1 Executive Officer
2 Management Committee

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SHAREHOLDER INFORMATION

STOCK PRICES/DIVIDENDS DECLARED The table below sets forth the range of high and low daily last sale prices for PNC Bank Corp. common stock and the respective dividends declared per common share by quarter.

<TABLE>
<CAPTION>

	Daily Sale Prices		Cash Dividends
	High	Low	Declared
<S>	<C>	<C>	<C>

1993 Quarter			
First	\$35.000	\$27.000	\$.285
Second	36.125	29.750	.285
Third	32.750	28.500	.285
Fourth	31.125	27.625	.320

Total			\$ 1.175

1992 Quarter			
First	\$25.750	\$23.375	\$.265
Second	27.687	23.812	.265
Third	27.250	23.937	.265
Fourth	29.125	25.875	.285

Total			\$ 1.080

</TABLE>

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

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN PNC Bank Corp.'s dividend reinvestment and stock purchase plan enables shareholders 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 PNC Bank Corp.'s Shareholder

[GRAPH]

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CORPORATE INFORMATION

STOCK LISTING

PNC Bank Corp.'s common stock is traded on the New York Stock Exchange (NYSE) under the symbol PNC. At the close of business on February 8, 1994, there were 43,384 common shareholders of record.

REGISTRAR AND TRANSFER AGENT

Chemical Bank
Securityholder Relations Department
P.O. Box 24935, Church Street Station
New York, New York 10249
800-982-7652

ANNUAL SHAREHOLDERS' MEETING

All shareholders are invited to attend PNC Bank Corp.'s annual meeting on Tuesday, April 26, 1994, at 11 a.m., Eastern Standard Time on the 15th floor of One PNC Plaza, Fifth Avenue and Wood Street, Pittsburgh, Pennsylvania.

INQUIRIES

Inquiries, comments or suggestions concerning PNC Bank Corp. are welcome.

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

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

CORPORATE HEADQUARTERS

PNC Bank Corp.
One PNC Plaza
Fifth Avenue and Wood Street
Pittsburgh, Pennsylvania 15265

FORM 10-K

The Annual Report on Form 10-K is filed with the Securities and Exchange Commission. Copies of this document, excluding exhibits, may be obtained without charge by writing to:
Walter E. Gregg, Jr., Executive Vice President, at corporate headquarters.

TRUST PROXY VOTING

Reports of 1993 non-routine proxy voting by PNC Bank Corp.'s trust divisions are available by writing to: William F. Strome, Senior Vice President, Deputy General Counsel, at corporate headquarters.

INQUIRIES

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

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GLOSSARY OF TERMS

BOOK VALUE PER COMMON SHARE The value of a share of common stock based on the values at which the assets are recorded on the balance sheet determined by dividing shareholders' equity excluding the liquidation value of preferred stock by the total number of common shares outstanding.

EARNING PER SHARE (EPS) The most common method of expressing a company's profitability. Its purpose is to indicate how effective an enterprise has been in using the resources provided by common shareholders. EPS is usually presented in two ways: primary EPS and fully diluted EPS. The computation of primary EPS includes other instruments which are equivalent to common stock. Fully diluted EPS includes all instruments which have the potential of causing additional shares of common stock to be issued.

FEE INCOME Income from fee-based services including investment management and trust fees, service charges on deposit accounts, loan servicing fees, transaction processing fees, credit card fees and other fees.

FORECLOSED ASSETS Property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure and loans classified as in-substance foreclosure.

HIGHLY LEVERAGED TRANSACTIONS (HLT) Financing transactions which involve the buyout, acquisition or recapitalization of an existing business which causes the company's liabilities to increase significantly. HLTs also include credits to highly leveraged companies.

LEVERAGE RATIO A measure of the relationship between capital and total assets determined by dividing shareholders' equity less goodwill and unrealized securities gains by average tangible assets.

MARKET CAPITALIZATION The value assigned by the market to a company's worth determined by multiplying the number of outstanding shares by the current market price per share.

NET CHARGE-OFFS The amount charged to the allowance for credit losses less amounts recovered on loans and leases previously charged off.

NET INTEREST INCOME Interest income, loan fees and dividends on earning assets less the interest expense incurred for all sources of funds.

NONPERFORMING ASSETS Assets which are not currently accruing interest, interest is not being paid, or interest is being paid but the rate or terms were altered due to the deteriorated financial condition of the borrower. Nonperforming assets include nonaccrual loans, restructured loans and foreclosed assets.

OVERHEAD RATIO Noninterest expenses divided by the sum of net interest income, adjusted to a taxable-equivalent basis, and noninterest income. A measure of the relationship between operating expenses and revenues.

PROFIT MARGIN After-tax earnings expressed as a percentage of revenues. Revenues include net interest income on a fully taxable equivalent basis and noninterest income.

PROVISION FOR CREDIT LOSSES A charge to earnings to recognize that all loans will not be fully paid. The amount is determined based on such factors as the Corporation's actual loss experience, management's expectations of probable credit losses, as well as current economic trends.

RETURN ON AVERAGE ASSETS Net income as a percentage of average total assets. The basic yardstick of bank profitability, indicating how effectively assets are employed.

RETURN ON COMMON EQUITY Net income as a percentage of average common shareholders' equity. This ratio indicates how effectively common shareholders' equity capital is invested.

RISK-BASED CAPITAL RATIOS Regulatory measurements of capital adequacy. Guidelines set forth how capital is to be measured and how total assets, including certain off-balance-sheet items, are to be risk adjusted to reflect levels of credit risk.

SHAREHOLDERS' EQUITY The amount which represents the total investment in the Corporation by holders of common and preferred stock plus retained earnings.

PNC BANK CORP.
MAJOR SUBSIDIARIES
AS OF DECEMBER 31, 1993

<TABLE>
<CAPTION>

Name -----	State or Other Jurisdiction of Incorporation or Organization -----
<S>	<C>
PNC Bancorp, Inc.*	Delaware
PNC Bank, National Association*	United States
PNC Bank, Kentucky, Inc.*	Kentucky
PNC Mortgage Bank, National Association*	United States
PNC Bank, Ohio, National Association	United States
Bank of Delaware*	Delaware
PNC Bank, Indiana, Inc.*	Indiana
PNC National Bank (Delaware)*	United States
PNC Bank, Northern Kentucky, National Association	United States
The Massachusetts Company, Inc.	Massachusetts
PNC Holding Corp.*	Delaware
Pittsburgh National Life Insurance Company	Arizona
PNC Capital Corp	Delaware
PNC Equity Management Corp*	Pennsylvania
PNC Funding Corp	Pennsylvania
PNC Realty Holding Corp*	Pennsylvania
PNC Securities Corp	Pennsylvania
PNC Trust Company of Florida, National Association	United States
PNC Trust Company of New York	New York
PNC Venture Corp	Delaware

</TABLE>

* Names of subsidiaries of the indicated entities are omitted. Such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference, in the Registration Statements listed below, of our report dated February 11, 1994, with respect to the consolidated financial statements of PNC Bank Corp. and subsidiaries incorporated by reference in this Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

Form S-3 relating to the shelf registration of \$1 billion of debt securities of PNC Funding Corp, unconditionally guaranteed by PNC Bank Corp., and/or preferred stock of PNC Bank Corp. (File No. 33-55114)

Form S-3 relating to the Dividend Reinvestment and Stock Purchase Plan of PNC Bank Corp. (File No. 33-52844)

Form S-3 relating to the shelf registration of six million shares of PNC Bank Corp. preferred stock (File No. 33-40602)

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

Form S-8 relating to the PNC Bank Corp. 1992 Long-Term Incentive Award Plan (File No. 33-54960)

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

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

Form S-8 relating to the PNC Bank Corp. Incentive Savings Plan (File No. 33-25140)

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

Post-Effective Amendment No. 1 (on Form S-3) to Form S-4 relating to the conversion of outstanding debentures assumed in connection with the merger of PNC Bank Corp., Kentucky, Inc., with and into a wholly-owned subsidiary of PNC Bank Corp. (File No. 33-10016)

Post-Effective Amendment No. 2 (on Form S-8) to Form S-4 relating to the exercise of stock options assumed by PNC Bank Corp. in connection with the merger of PNC Bank Corp., Kentucky, Inc., with and into a wholly-owned subsidiary of PNC Bank Corp. (File No. 33-10016)

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

/s/ ERNST & YOUNG

Pittsburgh, Pennsylvania
March 16, 1994

POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, Patricia J. Clifford, a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ Patricia J. Clifford

Signature

POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, William G. Copeland, a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my

true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ William G. Copeland

Signature

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POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, George A. Davidson, Jr., a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ George A. Davidson, Jr.

Signature

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POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, C. G. Grefenstette, a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ C. G. Grefenstette

Signature

POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, W. Craig McClelland, a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ W. Craig McClelland

Signature

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POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, Thomas Marshall, a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ Thomas Marshall

Signature

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POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, Donald I. Moritz, a Director of PNC Bank Corp., do hereby name,

constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ Donald I. Moritz

Signature

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POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, Jackson H. Randolph, a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ Jackson H. Randolph

Signature

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POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, James E. Rohr, a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ James E. Rohr

Signature

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POWER OF ATTORNEY

(SEC Annual Report on Form 10-K)

I, Thomas J. Usher, a Director of PNC Bank Corp., do hereby name, constitute and appoint Walter E. Gregg, Jr., William F. Strome, Timothy C. Roach and Steven Kaplan, or each of them, with full power of substitution, my true and lawful attorney-in-fact to execute in my name, place and stead, the Annual Report on Form 10-K of PNC Bank Corp. for the year ended December 31, 1993.

And I do hereby ratify and confirm all that said attorney shall lawfully do or cause to be done by virtue hereof.

/s/ Thomas J. Usher

Signature