The PNC Financial Services Group Reports First Quarter 2001 Earnings

PRNewswire
PITTSBURGH

The PNC Financial Services Group, Inc. (NYSE: PNC) today reported first quarter 2001 earnings of $305 million or $1.03 per diluted share, excluding the cumulative effect of an accounting change, compared with $308 million or $1.03 per diluted share for the first quarter of 2000. Reported net income for the first quarter of 2001, which includes the effect of adopting the new accounting standard for derivatives, was $300 million or $1.01 per diluted share. Return on average common shareholders' equity was 18.82 percent and return on average assets was 1.62 percent for the first quarter of 2001 compared with 21.71 percent and 1.66 percent, respectively, for the first quarter of 2000. These results include the negative impact of a $27 million net loss from venture capital activities. Excluding this loss and the effect of the accounting change, first quarter 2001 results were $332 million or $1.12 per diluted share.

"PNC's diverse group of businesses is performing well in the face of a turbulent market and a slowing economy. I am pleased that our investments in asset management, processing and other growth businesses continue to fuel strong overall results for PNC," said James E. Rohr, president and chief executive officer of The PNC Financial Services Group. "We are also continuing to reposition our traditional lending businesses and strengthen our balance sheet even further. The actions taken during the first quarter are another important step in positioning PNC for an environment that we expect to remain quite challenging in the months ahead."

On January 31, 2001, PNC sold its residential mortgage banking business, which is reflected in its financial statements as discontinued operations. The recorded gain on sale and earnings from operations totaled $40 million after tax in the first quarter of 2001. These earnings were mostly offset by a $32 million after-tax charge related to the write-down of loans in the communications and energy, metals and mining portfolios that PNC has designated for exit and severance costs. The gain on sale of the residential mortgage banking business is subject to adjustment after final settlement is completed.

HIGHLIGHTS

* Asset management and processing businesses grew earnings 30 percent compared with the first quarter of 2000 and increased to 28 percent of total business earnings for the first quarter of 2001 compared with 23 percent in the first quarter of 2000.

* Excluding gains and losses from venture capital activities, noninterest income grew 15 percent in the first quarter of 2001 compared with the prior-year quarter and noninterest income to total revenue increased to 57 percent for the first quarter of 2001 compared with 53 percent a year ago.

* Loans declined $5.0 billion from December 31, 2000 to $45.6 billion at March 31, 2001 as a result of ongoing efforts to reduce balance sheet leverage and lending revenue was 22 percent of total revenue in the first quarter of 2001, one of the lowest in PNC's peer group.

* The loan to deposit ratio was 97 percent at March 31, 2001, down from 110 percent at March 31, 2000, and 121 percent at September 30, 1998 prior to the implementation of balance sheet downsizing initiatives.

FIRST QUARTER 2001 INCOME STATEMENT REVIEW

Taxable-equivalent net interest income of $559 million for the first quarter of 2001 remained relatively unchanged compared with the first quarter of 2000 as the impact of a higher level of earning assets was offset by a narrower net interest margin. The net interest margin was 3.62 percent for the first quarter of 2001 compared with 3.68 percent for the first quarter of 2000. The narrowing of the net interest margin was primarily due to a higher proportion of securities available for sale in the mix of earning assets.

The provision for credit losses was $80 million for the first quarter of 2001 compared with $31 million for the first quarter of 2000. The increase was primarily due to $41 million of additional provision for credit losses related to the write-down of loans in the communications and energy, metals and mining portfolios that PNC has designated for exit.

Noninterest income was $701 million for the first quarter of 2001 and included $39 million of equity management losses. Excluding equity management gains and losses in both years, noninterest income increased 15 percent compared with the first quarter of 2000 primarily due to growth in asset management and processing revenue.

Asset management fees of $223 million for the first quarter of 2001 increased $37 million or 20 percent compared with the first quarter of 2000 primarily driven by new business. Assets under management were $248 billion at March 31, 2001, a 13 percent increase compared with March 31, 2000. Fund servicing fees of $181 million for the first quarter of 2001 increased $26 million or 17 percent compared with the first quarter of 2000 primarily due to existing and new client growth. At March 31, 2001, PFPC provided accounting/administration services for $472 billion of pooled investment assets and provided custody services for $435 billion of customer assets. The comparable amounts were $448 billion and $425 billion, respectively, at March 31, 2000. PFPC serviced in excess of 44 million shareholder accounts at March 31, 2001 compared with 39 million a year ago.

Brokerage fees were $54 million for the first quarter of 2001 compared with $71 million for the first quarter of 2000. The decrease was primarily due to a decline in equity markets activity. Consumer services revenue of $55 million for the first quarter of 2000 increased $8 million or 17 percent compared with the prior-year quarter primarily due to an increase in retail transaction volume.

Corporate services revenue was $76 million for the first quarter of 2001 compared with $82 million for the first quarter of 2000 primarily due to lower capital markets revenue and other asset write-downs.

Equity management, which is comprised of venture capital activities, reflected losses of $39 million for the first quarter of 2001 compared with $87 million of income for the first quarter of 2000. The decrease primarily resulted from a decline in the estimated fair value of partnership and direct investments.

Net securities gains were $29 million for the first quarter of 2001 and were mostly offset by write-downs of other assets and e-commerce investments totaling $22 million that are reflected in corporate services and other income. Other noninterest income was $72 million for the first quarter of 2001 compared with $53 million for the first quarter of 2000. The increase was primarily due to residential mortgage loan securitizations and student loan sales.

Noninterest expense was $775 million and the efficiency ratio was 58 percent in the first quarter of 2001 compared with $792 million and 58 percent, respectively, during the first quarter of 2000.

Results from continuing operations were $265 million or $0.89 per diluted share for the first quarter of 2001. Excluding the loss from venture capital activities and costs related to downsizing initiatives, results from continuing operations were $324 million or $1.09 per diluted share. Earnings from continuing operations were $302 million or $1.01 per diluted share a year ago.

FIRST QUARTER 2001 BALANCE SHEET REVIEW

The Corporation has been pursuing a number of initiatives designed to improve the risk and return characteristics of its lending businesses. These include the sale of the residential mortgage banking and credit card businesses, exiting certain non-strategic institutional lending businesses and the continued downsizing of the indirect automobile lending portfolio. These actions have resulted in a reduction in the loan to deposit ratio to 97 percent at March 31, 2001, down from 121 percent at September 30, 1998 prior to the implementation of balance sheet downsizing initiatives.

Total assets were $71.0 billion at March 31, 2001 compared with $74.3 billion at March 31, 2000 prior to the sale of PNC's residential mortgage banking business. On the same basis, average interest-earning assets were $61.5 billion for the first quarter of 2001 compared with $65.0 billion for the first quarter of 2000. The decrease was primarily due to a $4.1 billion reduction in loans and loans held for sale that resulted from the sale of mortgage banking and other balance sheet downsizing initiatives.

Average deposits were $46.3 billion for the first quarter of 2001 compared with $44.3 billion in the first quarter of 2000 and represented 64 percent of total sources of funds in both periods. The increase in deposits primarily resulted from a number of strategic marketing initiatives to grow more valuable transaction accounts.

Average borrowed funds declined to $14.4 billion for the first quarter of 2001 compared with $20.1 billion for the first quarter of 2000 prior to the sale of PNC's residential mortgage banking business.

Shareholders' equity totaled $6.8 billion at March 31, 2001. The regulatory capital ratios are estimated to be 7.8 percent for leverage, 8.6 percent for tier I and 12.5 percent for total risk-based capital. During the first quarter of 2001, PNC repurchased 2.3 million shares of common stock. Common shares outstanding at March 31, 2001 were 288.9 million.

ASSET QUALITY REVIEW

The ratio of nonperforming assets to total loans, loans held for sale and foreclosed assets was .81 percent at March 31, 2001 compared with .71 percent at December 31, 2000 and .65 percent at March 31, 2000. The increase primarily resulted from a decrease in loans. Nonperforming assets were $386 million at March 31, 2001 compared with $372 million and $344 million at December 31, 2000 and March 31, 2000, respectively.

The allowance for credit losses was $675 million and represented 1.48 percent of period-end loans and 201 percent of nonperforming loans at March 31, 2001. The comparable ratios were 1.33 percent and 209 percent, respectively, at December 31, 2000 and 1.34 percent and 225 percent, respectively, at March 31, 2000. Net charge-offs were $80 million or .65 percent of average loans in the first quarter of 2001. The comparable amounts were $40 million or .32 percent, respectively, in the fourth quarter of 2000 and $31 million or .25 percent, respectively, in the first quarter of 2000. The increase was primarily due to a $41 million write-down of loans in the communications and energy, metals and mining portfolios that PNC has designated for exit. Excluding this amount, net charge-offs were $39 million or .32 percent of average loans for the first quarter of 2001.

BUSINESS RESULTS
Quarter ended March 31 - dollars in millions

	Earnings		Revenue (taxable-equivalent basis)		Return on Assigned Capital	
	2001	2000	2001	2000	2001	2000
PNC Bank						
Community Banking	$162	$129	$542	$477	24%	20%
Corporate Banking	24	64	192	214	8	22
Total PNC Bank	186	193	734	691	19	21
Secured Finance						
PNC Real Estate Finance	20	13	53	46	21	14
PNC Business Credit	16	13	38	28	41	38
Total Secured Finance	36	26	91	74	26	20
Total Banking	222	219	825	765	20	21
Asset Management and Processing						
PNC Advisors	44	41	199	204	32	30
BlackRock	25	19	134	108	26	26
PFPC	17	6	189	165	33	12
Total Asset Management and Processing	86	66	522	477	30	25
Total business results	308	285	1,347	1,242	22	22
Other	(43)	17	(87)	46		
Results from continuing operations	265	302	1,260	1,288	17	21
Discontinued operations	40	6				
Results before cumulative effect of accounting change	305	308	1,260	1,288	19	22
Cumulative effect of accounting change	(5)					
Total Consolidated	$300	$308	$1,260	$1,288	19	22

Overall, businesses performed well during the first quarter of 2001 compared with the same period last year with the exception of Corporate Banking, which was negatively impacted by higher credit costs. Excluding Corporate Banking, total business earnings increased 29 percent compared with a year ago due to strong growth in Asset Management and Processing businesses, improved performance in Secured Finance and net securities gains in Community Banking.

PNC Bank -- Community Banking earned $162 million for the first quarter of 2001, an increase of 26 percent compared with the same quarter in 2000, primarily due to net securities gains and strong business growth. Excluding net securities gains in 2001 and net losses from last year, earnings increased 11 percent primarily driven by growth in deposits as well as higher noninterest income. Corporate Banking's earnings declined to $24 million for the first quarter of 2001 compared with $64 million for the first quarter of 2000 primarily due to $41 million of additional provision for credit losses related to the write-down of loans in the communications and energy, metals and mining portfolios that PNC has designated for exit.

Secured Finance -- PNC Real Estate Finance earned $20 million for the first quarter of 2001, a 54 percent increase compared with the prior-year quarter primarily due to higher commercial mortgage servicing revenue and growth in the affordable housing business. PNC Business Credit earned $16 million for the first quarter of 2001, a 23 percent increase compared with the first quarter of 2000 primarily due to an increase in noninterest income.

Asset Management and Processing -- PNC Advisors earned $44 million for the first quarter of 2001, a 7 percent increase compared with the first quarter of 2000 primarily driven by improved efficiency. Revenue growth attributable to new asset management business was more than offset by lower brokerage revenue. BlackRock earned $25 million for the first quarter of 2001, a 33 percent increase compared with the same period in 2000 primarily resulting from new business and strong fixed-income performance. PFPC's earnings were $17 million for the first quarter of 2001 compared with $6 million during the same period in 2000. The increase was primarily due to new and existing client growth. Cash earnings for PFPC, which exclude goodwill amortization, increased $11 million to $27 million.

Total business financial results differ from results from continuing operations primarily due to differences between management accounting practices and generally accepted accounting principles, divested and exited businesses in the prior year, equity management activities, minority interests, residual asset and liability management activities, eliminations and unassigned items, the impact of which is reflected in the "Other" category.

RECORDED COMMENTS ON FIRST QUARTER 2001 RESULTS

Recorded comments providing further information regarding the topics addressed in this earnings release will be available for one week, beginning at approximately 10:00 a.m. on April 19, by calling 1-800-753-8878. The recorded comments may include forward-looking information and are subject to the cautionary statements set forth below and elsewhere in this press release.

FORWARD-LOOKING STATEMENTS

This release and other statements that the Corporation may make may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to outlook for the second quarter 2001 and other future financial or business performance, conditions, strategies, expectations and goals. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intend," "estimate," "position," "target," "assume," "achievable," "potential," "strategy," "goal," "objective," "plan," "aspiration," "outlook," "outcome," "continue," "remain," "maintain," "strive," "trend," and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may," or similar expressions. The Corporation cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. These forward-looking statements speak only as of the date of this press release, and the Corporation assumes no duty to update forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements and future results could differ materially from historical performance.

The factors discussed elsewhere in this press release and the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: adjustments to recorded results of sale of residential mortgage banking business after final settlement is completed; decisions PNC makes with respect to the redeployment of available capital; changes in asset quality and credit risk; economic conditions; changes in financial and capital markets; the inability to sustain revenue and earnings growth; changes in interest rates; inflation; changes in values of assets under management and assets serviced; relative investment performance of assets under management; customer acceptance of PNC products and services; customer borrowing, repayment, investment, and deposit practices; customer disintermediation; valuation of debt and equity investments; the introduction, withdrawal, success and timing of business initiatives and strategies; the extent and cost of any share repurchases;

decisions PNC makes with respect to further reduction of balance sheet leverage and potential investments in PNC businesses; competitive conditions; the inability to realize cost savings or revenue enhancements, implement integration plans and other consequences associated with mergers, acquisitions, restructurings and divestitures; and the impact, extent and timing of technological changes, capital management activities, and actions of the Federal Reserve Board and legislative and regulatory actions and reform. Further, an increase in the number of customer or counterparty delinquencies, bankruptcies, or defaults could result, among other things, in a higher loan loss provision and reduced profitability.

The Corporation's SEC reports, accessible on the SEC's website at http://www.sec.gov/ on PNC's website at http://www.pnc.com/ , identify additional factors that can affect forward-looking statements.

The PNC Financial Services Group, Inc., headquartered in Pittsburgh, is one of the nation's largest diversified financial services organizations, providing community banking, corporate banking, real estate finance, asset-based lending, wealth management, asset management and global fund services.

[TABULAR MATERIAL FOLLOWS]

Consolidated Financial Highlights

The PNC Financial Services Group, Inc.

For the three months ended - dollars in millions, except per share data	March 31 2001	Dec. 31 2000	March 31 2000
FINANCIAL PERFORMANCE			
Revenue			
Net interest income (taxable-equivalent basis)	$559	$538	$560
Noninterest income	701	735	728
Total revenue	1,260	1,273	1,288
Income from continuing operations	265	314	302
Discontinued operations	40	20	6
Income before cumulative effect of accounting change	305	334	308
Cumulative effect of accounting change	(5)		
Net income	$300	$334	$308
Cash earnings from continuing operations (a)	$294	$344	$331
Cash earnings from discontinued operations (a)	40	20	6
Cash earnings before cumulative effect of accounting change (a)	334	364	337
Cash earnings from cumulative effect of accounting change (a)	(5)		
Cash earnings from net income (a)	$329	$364	$337
Per common share			
Diluted earnings			
Continuing operations	$0.89	$1.06	$1.01
Discontinued operations	.14	.07	.02
Diluted earnings before cumulative effect of accounting change	1.03	1.13	1.03
Cumulative effect of accounting change	(.02)		
Net income	$1.01	$1.13	$1.03
Diluted cash earnings (a)			
Continuing operations	$1.00	$1.16	$1.11
Discontinued operations	.14	.06	.02
Diluted cash earnings before cumulative effect of accounting change (a)	1.14	1.22	1.13
Cumulative effect of accounting change	(.02)		
Net income	$1.12	$1.22	$1.13
Cash dividends declared	$0.48	$0.48	$0.45

SELECTED RATIOS

From continuing operations			
Return on			
Average common shareholders' equity	16.59 %	20.10 %	21.29 %
Average assets	1.49	1.81	1.77
Net interest margin	3.62	3.60	3.68
Noninterest income to total revenue	55.63	57.74	56.52
Efficiency (b)	57.91	55.44	57.85
From net income			
Return on			
Average common shareholders' equity	18.82	21.41	21.71
Average assets	1.62	1.72	1.66
Net interest margin	3.53	3.24	3.46
Noninterest income to total revenue	57.13	60.64	58.27
Efficiency (c)	56.18	53.09	57.36

(a) Excludes amortization of goodwill.
(b) Excludes amortization and distributions on capital securities.
(c) Excludes amortization, distributions on capital securities and residential mortgage banking risk management activities.

Consolidated Financial Highlights

The PNC Financial Services Group, Inc.

For the three months ended - dollars in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
BALANCE SHEET DATA					
Assets	$70,966	$69,844	$69,884	$68,885	$68,474
Earning assets	60,548	59,373	60,142	59,334	59,986
Loans, net of unearned income	45,626	50,601	49,791	50,281	50,259
Securities available for sale	11,976	5,902	6,490	5,315	5,906
Loans held for sale	1,765	1,655	2,127	2,305	2,799
Deposits	47,189	47,664	47,494	46,381	45,767
Borrowed funds	12,279	11,718	12,299	13,028	13,362
Shareholders' equity	6,781	6,656	6,383	6,157	6,039
Common shareholders' equity	6,470	6,344	6,071	5,844	5,726
Book value per common share	22.39	21.88	21.01	20.22	19.68
Loans to deposits	.97	1.06	1.05	1.08	1.10
CAPITAL RATIOS					
Leverage	7.80 %	8.03 %	6.87 %	6.72 %	6.67 %
Common shareholders' equity to total assets	9.12	9.08	8.69	8.48	8.36
ASSET QUALITY RATIOS					
Nonperforming assets to total loans, loans held for sale and foreclosed assets	.81	.71	.68	.67	.65
Allowance for credit losses to total loans	1.48	1.33	1.36	1.34	1.34
Allowance for credit losses to nonperforming loans	200.89	208.98	219.16	217.04	224.67
Net charge-offs to average loans	.65	.32	.24	.27	.25

ANALYSIS OF FIRST QUARTER RESULTS

In millions, except per share data	Net Income	Per Diluted Share

Net income	$300	$1.01
Cumulative effect of accounting change	5	.02
Results before cumulative effect of accounting change	305	1.03
Venture capital activities	27	.09
	332	1.12
Discontinued operations	(40)	(.14)
Loans designated for exit	27	.09
Severance costs	5	.02
Adjusted results	$324	$1.09

Consolidated Statement of Income

The PNC Financial Services Group, Inc.

For the three months ended - dollars in millions, except per share data	March 31 2001	Dec. 31 2000	March 31 2000
Interest Income			
Loans and fees on loans	$981	$1,027	$984
Securities available for sale	122	96	94
Loans held for sale	37	41	64
Other	32	26	19
Total interest income	1,172	1,190	1,161
Interest Expense			
Deposits	397	453	369
Borrowed funds	221	204	237
Total interest expense	618	657	606
Net interest income	554	533	555
Provision for credit losses	80	40	31
Net interest income less provision for credit losses	474	493	524
Noninterest Income			
Asset management	223	219	186
Fund servicing	181	167	155
Service charges on deposits	50	56	50
Brokerage	54	57	71
Consumer services	55	56	47
Corporate services	76	94	82
Equity management	(39)	1	87
Net securities gains (losses)	29	16	(3)
Other	72	69	53
Total noninterest income	701	735	728
Noninterest Expense			
Staff expense	421	410	411
Net occupancy	53	52	53
Equipment	57	59	56
Amortization	26	27	28
Marketing	9	22	13
Distributions on capital securities	17	17	16
Other	192	165	215
Total noninterest expense	775	752	792
Income from continuing operations before income taxes	400	476	460
Income taxes	135	162	158
Income from continuing operations	265	314	302
Income from discontinued operations (less applicable income taxes of $0, $14, and $5)	40	20	6
Net income before cumulative effect of accounting change	305	334	308
Cumulative effect of accounting change (less applicable income taxes of $2)	(5)		
Net income	$300	$334	$308
Income from continuing operations applicable to diluted earnings	261	310	297
Net income applicable to diluted earnings	296	330	303
Earnings Per Common Share			
Continuing operations			
Basic	$0.90	$1.07	$1.02

Diluted	0.89	1.06	1.01
Net income			
Basic	$1.02	$1.14	$1.04
Diluted	1.01	1.13	1.03
Cash Dividends Declared Per Common Share	.48	.48	.45
Average Common Shares Outstanding			
Basic	289.2	289.2	291.9
Diluted	292.8	292.9	294.1

Details of Net Interest Income and Net Interest Margin

The PNC Financial Services Group, Inc.

Net Interest Income by Quarter

Taxable-equivalent basis Three months ended - in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
Interest income					
Loans and fees on loans	$985	$1,031	$1,028	$1,013	$988
Securities available for sale	122	97	99	98	95
Loans held for sale	37	41	47	52	64
Other	33	26	30	22	19
Total interest income	1,177	1,195	1,204	1,185	1,166
Interest expense					
Deposits	397	453	434	397	369
Borrowed funds	221	204	236	238	237
Total interest expense	618	657	670	635	606
Net interest income	$559	$538	$534	$550	$560

Net Interest Margin by Quarter

Taxable-equivalent basis Three months ended	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
Average yields/rates					
Yield on earning assets					
Loans and fees on loans	7.96 %	8.16 %	8.13 %	8.03 %	7.88 %
Securities available for sale	6.08	6.53	6.41	6.50	6.22
Loans held for sale	7.31	8.32	8.77	8.11	7.64
Other	7.20	7.80	8.05	7.01	6.92
Total yield on earning assets	7.67	7.99	7.98	7.86	7.68
Rate on interest-bearing liabilities					
Deposits	4.22	4.66	4.58	4.30	4.05
Borrowed funds	6.15	6.83	6.85	6.54	6.14
Total rate on interest-bearing liabilities	4.75	5.16	5.18	4.92	4.67
Interest rate spread	2.92	2.83	2.80	2.94	3.01
Impact of noninterest-bearing sources	.70	.77	.74	.69	.67
Net interest margin	3.62 %	3.60 %	3.54 %	3.63 %	3.68 %

Noninterest Income and Expense by Quarter

The PNC Financial Services Group, Inc.

Noninterest Income by Quarter

Three months ended - in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
Asset management	$223	$219	$208	$196	$186
Fund servicing	181	167	168	164	155
Service charges on deposits	50	56	50	50	50
Brokerage	54	57	61	60	71
Consumer services	55	56	55	51	47
Corporate services	76	94	86	80	82
Equity management	(39)	1	(3)	48	87
Net securities gains (losses)	29	16	7		(3)

Other	72	69	68	79	53
Total noninterest income	$701	$735	$700	$728	$728
Noninterest income to total revenue	55.63 %	57.74 %	56.73 %	56.96 %	56.52 %

Noninterest Expense by Quarter

Three months ended - in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
Staff expense	$421	$410	$399	$396	$411
Net occupancy	53	52	50	48	53
Equipment	57	59	54	55	56
Amortization	26	27	27	28	28
Marketing	9	22	16	19	13
Distributions on capital securities	17	17	17	17	16
Other	192	165	184	217	215
Total noninterest expense	$775	$752	$747	$780	$792
Efficiency (a)	57.91 %	55.44 %	56.79 %	57.29 %	57.85 %

(a) Excludes amortization and distributions on capital securities.

Consolidated Balance Sheet

The PNC Financial Services Group, Inc.

In millions, except par value	March 31 2001	Dec. 31 2000	March 31 2000
Assets			
Cash and due from banks	$2,998	$3,662	$2,172
Short-term investments	853	1,151	967
Loans held for sale	1,765	1,655	2,799
Securities available for sale	11,976	5,902	5,906
Loans, net of unearned income of $1,062, $999 and $724	45,626	50,601	50,259
Allowance for credit losses	(675)	(675)	(674)
Net loans	44,951	49,926	49,585
Goodwill and other amortizable assets	2,437	2,468	2,482
Investment in discontinued operations		356	274
Other	5,986	4,724	4,289
Total assets	$70,966	$69,844	$68,474
Liabilities			
Deposits			
Noninterest-bearing	$8,431	$8,490	$8,019
Interest-bearing	38,758	39,174	37,748
Total deposits	47,189	47,664	45,767
Borrowed funds			
Federal funds purchased	785	1,445	909
Repurchase agreements	830	607	136
Bank notes and senior debt	5,362	6,110	7,001
Federal Home Loan Bank borrowings	2,623	500	2,058
Subordinated debt	2,379	2,407	2,425
Other borrowed funds	300	649	833
Total borrowed funds	12,279	11,718	13,362
Other	3,869	2,958	2,458
Total liabilities	63,337	62,340	61,587
Mandatorily redeemable capital securities of subsidiary trusts	848	848	848
Shareholders' Equity			
Preferred stock	7	7	7
Common stock - $5 par value			
Authorized 450 shares			
Issued 353 shares	1,764	1,764	1,764
Capital surplus	1,323	1,303	1,285
Retained earnings	6,857	6,736	6,178
Deferred benefit expense	(26)	(25)	(18)

Accumulated other comprehensive income (loss) from continuing operations	7	(43)	(140)
Accumulated other comprehensive loss from discontinued operations		(45)	(124)
Common stock held in treasury at cost: 64, 63 and 62 shares	(3,151)	(3,041)	(2,913)
Total shareholders' equity	6,781	6,656	6,039
Total liabilities, capital securities and shareholders' equity	$70,966	$69,844	$68,474

Consolidated Average Balance Sheet Data by Quarter

The PNC Financial Services Group, Inc.

Three months ended - in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
Assets					
Interest-earning assets					
Loans held for sale	$2,005	$1,991	$2,151	$2,577	$3,319
Securities available for sale	8,061	5,928	6,179	6,009	6,128
Loans, net of unearned income					
Consumer	9,085	9,081	9,174	9,209	9,247
Residential mortgage	12,673	12,838	12,405	12,571	12,584
Commercial	20,882	21,109	21,800	22,042	21,791
Commercial real estate	2,580	2,670	2,688	2,682	2,698
Lease financing	3,897	3,639	3,238	3,049	2,958
Other	520	591	646	676	688
Total loans, net of unearned income	49,637	49,928	49,951	50,229	49,966
Other	1,831	1,322	1,445	1,276	1,113
Total interest-earning assets	61,534	59,169	59,726	60,091	60,526
Noninterest-earning assets	10,251	9,214	8,857	8,566	7,818
Investment in discontinued operations	207	570	515	448	412
Total assets	$71,992	$68,953	$69,098	$69,105	$68,756
Liabilities					
Interest-bearing liabilities					
Deposits					
Demand and money market	$20,468	$19,762	$18,914	$18,549	$17,700
Savings	1,919	1,937	2,020	2,107	2,138
Retail certificates of deposit	13,724	14,795	14,776	14,403	14,591
Other time	565	587	619	641	637
Deposits in foreign offices	1,402	1,579	1,342	1,483	1,489
Total interest-bearing deposits	38,078	38,660	37,671	37,183	36,555
Borrowed funds	14,375	11,738	13,518	14,422	15,333
Total interest-bearing liabilities	52,453	50,398	51,189	51,605	51,888
Noninterest-bearing deposits	8,190	8,304	8,239	8,357	7,700
Other	3,830	2,978	2,637	2,290	2,393
Total liabilities	64,473	61,680	62,065	62,252	61,981
Mandatorily redeemable capital securities of subsidiary trusts	848	848	848	848	848
Shareholders' Equity	6,671	6,425	6,185	6,005	5,927
Total liabilities, capital securities and shareholders' equity	$71,992	$68,953	$69,098	$69,105	$68,756
Common Shareholders' Equity	$6,360	$6,113	$5,873	$5,692	$5,614

Loan Portfolio and Nonperforming Assets by Quarter

The PNC Financial Services Group, Inc.

Loan Portfolio by Quarter

Period ended - in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
Consumer	$9,049	$9,133	$9,174	$9,213	$9,173
Residential mortgage	8,806	13,264	12,563	12,470	12,711
Commercial	20,676	21,207	21,198	22,140	22,033
Commercial real estate	2,590	2,583	2,676	2,687	2,665
Lease financing	5,080	4,845	4,498	3,834	3,701
Other	487	568	646	669	700
Total loans	46,688	51,600	50,755	51,013	50,983
Unearned income	(1,062)	(999)	(964)	(732)	(724)
Total loans, net of unearned income	$45,626	$50,601	$49,791	$50,281	$50,259

Nonperforming Assets by Type

Period ended - in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
Nonaccrual loans					
Commercial	$296	$312	$261	$259	$240
Commercial real estate	21	3	16	12	13
Residential mortgage	4	4	26	34	42
Consumer	3	2	3	3	3
Lease financing	6	2	2	3	2
Total nonaccrual loans	330	323	308	311	300
Troubled debt restructured loans	6				
Total nonperforming loans	336	323	308	311	300
Foreclosed and other assets					
Commercial real estate	2	3	4	4	5
Residential mortgage	7	8	8	9	8
Other	41	38	34	29	31
Total foreclosed and other assets	50	49	46	42	44
Total nonperforming assets	$386	$372	$354	$353	$344

Nonperforming Assets by Business

Period ended - in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
PNC Bank					
Community Banking	$61	$47	$82	$96	$104
Corporate Banking	210	219	156	153	160
Secured Finance					
PNC Real Estate Finance	25	9	22	19	22
PNC Business Credit	33	36	32	22	2
PNC Advisors	4	2	6	8	8
Other	53	59	56	55	48
Total nonperforming assets	$386	$372	$354	$353	$344

The PNC Financial Services Group, Inc.

Asset Quality Data

Allowance For Credit Losses

Three months ended - in millions	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000	March 31 2000
Beginning balance	$675	$675	$675	$674	$674
Charge-offs					
Consumer	(10)	(12)	(11)	(11)	(12)
Residential mortgage		(4)	(1)	(1)	(2)
Commercial	(78)	(35)	(27)	(30)	(29)

Commercial real estate		(1)	(2)		
Lease financing	(3)	(3)	(2)	(1)	(2)
Total charge-offs	(91)	(55)	(43)	(43)	(45)
Recoveries					
Consumer	5	6	5	5	6
Residential mortgage		1		1	
Commercial	6	7	4	3	7
Commercial real estate			4		
Lease financing		1			1
Total recoveries	11	15	13	9	14
Net charge-offs					
Consumer	(5)	(6)	(6)	(6)	(6)
Residential mortgage		(3)	(1)		(2)
Commercial	(72)	(28)	(23)	(27)	(22)
Commercial real estate		(1)	2		
Lease financing	(3)	(2)	(2)	(1)	(1)
Total net charge-offs	(80)	(40)	(30)	(34)	(31)
Provision for credit losses	80	40	30	35	31
Ending balance	$675	$675	$675	$675	$674

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