The PNC Financial Services Group Reports Second Quarter 2001 Earnings

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PITTSBURGH

The PNC Financial Services Group, Inc. (NYSE: PNC) today reported second quarter 2001 earnings of $295 million or $1.00 per diluted share compared with earnings from continuing operations of $299 million or $1.01 per diluted share for the second quarter of 2000. Excluding a $22 million or $0.08 per diluted share net loss from venture capital activities, second quarter 2001 results increased 7 percent to $317 million or $1.08 per diluted share. Reported earnings for the second quarter of 2000, which include the residential mortgage banking business that was sold in January 2001, were $315 million or $1.06 per diluted share. Return on average common shareholders' equity was 18.13 percent and return on average assets was 1.67 percent for the second quarter of 2001 compared with 21.91 percent and 1.68 percent, respectively, for the second quarter of 2000.

"The diversity of PNC's businesses helped to mitigate the impact of a weaker economic environment. BlackRock and PFPC had a particularly strong quarter and the Regional Community Bank continued to grow its transaction deposit base," said James E. Rohr, chairman, president and chief executive officer of The PNC Financial Services Group. "Corporate Banking and other businesses that have greater exposure to equity and capital markets were negatively impacted. However, we are pleased that asset quality remained relatively stable as a result of continued actions to downsize our institutional lending business," said Rohr.

SECOND QUARTER 2001 HIGHLIGHTS

-- Excluding venture capital activities, noninterest income grew 10 percent in the second quarter of 2001 compared with the prior-year quarter.

-- BlackRock's and PFPC's earnings grew 26 percent and 50 percent, respectively, compared with the second quarter of 2000.

-- Regional Community Banking's core earnings grew 10% compared with the prior-year quarter, primarily driven by a 10% increase in transaction deposits.

-- Loans declined $6.4 billion from December 31, 2000 to $44.2 billion at June 30, 2001, as a result of ongoing efforts to reduce balance sheet leverage, and lending revenue was 23 percent of total revenue in the second quarter of 2001.

-- The loan to deposit ratio improved to 96 percent at June 30, 2001 compared with 108 percent at June 30, 2000 and 121 percent at September 30, 1998 prior to the implementation of balance sheet downsizing initiatives.

-- Nonperforming assets remained relatively stable, increasing $4 million during the quarter to $390 million at June 30, 2001. Net charge-offs were $45 million or 0.40 percent of average loans for the second quarter of 2001.

SECOND QUARTER 2001 INCOME STATEMENT REVIEW

Taxable-equivalent net interest income of $569 million for the second quarter of 2001 increased $19 million or 3 percent compared with the second quarter of 2000 and the net interest margin widened 13 basis points to 3.76 percent for the second quarter of 2001. The increases were primarily due to the positive impact of transaction deposit growth and a lower rate environment that was partially offset by the impact of continued downsizing of the loan portfolio.

The provision for credit losses was $45 million for the second quarter of 2001 and equaled net charge-offs compared with $35 million for the second quarter of 2000.

Noninterest income was $720 million for the second quarter of 2001 and included $30 million of venture capital losses. Excluding venture capital gains and losses in both years, noninterest income increased 10 percent compared with the second quarter of 2000 primarily due to growth in asset management and processing revenue.

Asset management fees of $214 million for the second quarter of 2001 increased $18 million or 9 percent compared with the second quarter of 2000. The increase was primarily driven by new institutional business at BlackRock, partially offset by the impact of weak equity markets on investment management and trust revenue in PNC Advisors. Assets under management were $260 billion at June 30, 2001, a 16 percent increase compared with June 30, 2000. Fund servicing fees of $182 million for the second quarter of 2001 increased $18 million or 11 percent compared with the second quarter of 2000 primarily due to existing and new client growth. At June 30, 2001, PFPC provided accounting/administration services for $502 billion of pooled investment assets and provided custody services for $442 billion of customer assets. The comparable amounts were $449 billion and $416 billion, respectively, at June 30, 2000. PFPC serviced in excess of 45 million shareholder accounts at June 30, 2001 compared with 41 million a year ago.

Service charges on deposits were $54 million for the second quarter of 2001, up 8 percent compared with the same period last year primarily due to an increase in transaction deposit accounts. Brokerage fees were $55 million for the second quarter of 2001 compared with $60 million for the second quarter of 2000. The decrease was primarily due to a decline in equity markets activity. Consumer services revenue of $58 million for the second quarter of 2001 increased $7 million or 14 percent compared with the prior-year quarter primarily due to the expansion of PNC's ATM network and the increase in transaction deposit accounts.

Corporate services revenue was $76 million for the second quarter of 2001 compared with $80 million for the second quarter of 2000. Higher commercial mortgage servicing and treasury management revenue was more than offset by valuation adjustments of other assets and lower commercial mortgage-backed securitization gains.

Equity management, which is comprised of venture capital activities, reflected net losses of $30 million for the second quarter of 2001 compared with $48 million of net gains for the second quarter of 2000. The decrease primarily resulted from a decline in the estimated fair value of partnership and direct investments. At June 30, 2001, equity management had venture capital investments totaling approximately $700 million with net unrealized appreciation of $38 million.

Net securities gains were $17 million for the second quarter of 2001. The gains were mostly offset by $10 million of valuation adjustments that are reflected in corporate services revenue. Other noninterest income was $94 million for the second quarter of 2001 compared with $79 million for the second quarter of 2000. The increase was primarily due to residential mortgage loan securitizations.

Noninterest expense was $789 million and the efficiency ratio was 58 percent in the second quarter of 2001 compared with $780 million and 57 percent, respectively, during the second quarter of 2000. The increases were primarily related to the expansion of asset management and processing businesses.

SECOND 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 of the loan to deposit ratio to 96 percent at June 30, 2001, down from 121 percent at September 30, 1998 prior to the implementation of balance sheet downsizing initiatives.

Total assets were $70.0 billion at June 30, 2001 compared with $75.7 billion at June 30, 2000 prior to the sale of PNC's residential mortgage banking business. On the same basis, average interest-earning assets were $60.0 billion for the second quarter of 2001 compared with $64.8 billion for the second quarter of 2000. The decrease was primarily due to an $8.7 billion reduction in loans and loans held for sale that resulted from the sale of the residential mortgage banking business and other balance sheet downsizing initiatives, partially offset by a $3.7 billion increase in securities available for sale that primarily resulted from the securitization of certain residential mortgage loans.

Average deposits from continuing operations were $45.4 billion and represented 64 percent of total sources of funds for the second quarter of 2001 compared with $45.5 billion and 66 percent, respectively, in the second quarter of 2000. While total deposits remained essentially unchanged, an increase in transaction deposits of $2.3 billion or 8% was mostly offset by a $2.2 billion decrease in higher-cost retail certificates and wholesale deposits.

Average borrowed funds declined to $14.0 billion for the second quarter of 2001 compared with $19.4 billion for the second quarter of 2000 prior to the sale of PNC's residential mortgage banking business.

Shareholders' equity totaled $6.7 billion at June 30, 2001. The regulatory capital ratios are estimated to be 8.1 percent for leverage, 8.9 percent for tier I and 12.7 percent for total risk-based capital. During the second quarter of 2001, PNC repurchased 1.1 million shares of common stock. Common shares outstanding at June 30, 2001 were 288.5 million.

ASSET QUALITY REVIEW

Nonperforming assets were $390 million at June 30, 2001 compared with $386 million and $353 million at March 31, 2001 and June 30, 2000, respectively. The ratio of nonperforming assets to total loans, loans held for sale and foreclosed assets was .85 percent at June 30, 2001 compared with .81 percent at March 31, 2001 and .67 percent at June 30, 2000. The increase primarily resulted from the downsizing of the loan portfolio.

The allowance for credit losses was $675 million and represented 1.53 percent of period-end loans and 180 percent of nonperforming loans at June 30, 2001. The comparable ratios were 1.48 percent and 201 percent, respectively, at March 31, 2001 and 1.34 percent and 217 percent, respectively, at June 30, 2000. Net charge-offs were $45 million or .40 percent of average loans in the second quarter of 2001. The comparable amounts were $80 million or .65 percent, respectively, in the first quarter of 2001 and $34 million or .27 percent, respectively, in the second quarter of 2000.

BUSINESS RESULTS

Quarter ended June 30 - dollars in millions	Earnings		Revenue (taxable-equivalent basis)		Return on Assigned Capital	
	2001	2000	2001	2000	2001	2000
PNC Bank						
Regional Community Banking	$177	$152	$558	$514	26%	23%
Corporate Banking	42	56	192	206	14	18
Total PNC Bank	219	208	750	720	22	22
Secured Finance						
PNC Real Estate Finance	18	20	53	57	18	21
PNC Business Credit	14	13	33	29	34	34
Total Secured Finance	32	33	86	86	23	25
Total Banking	251	241	836	806	22	22
Asset Management and Processing						
PNC Advisors	39	45	190	194	29	32
BlackRock	26	21	135	113	25	27
PFPC	15	10	186	170	29	19
Total Asset Management and Processing	80	76	511	477	27	27
Total business results	331	317	1,347	1,283	23	23
Other	(36)	(18)	(58)	(5)		
Results from continuing operations	295	299	1,289	1,278	18	21
Discontinued operations		16				
Total Consolidated	$295	$315	$1,289	$1,278	18	22

PNC Bank - Regional Community Banking earned $177 million for the second quarter of 2001, an increase of 16 percent compared with the same quarter in 2000 primarily due to strong business growth and net securities gains. Excluding net securities gains in 2001, earnings increased 10 percent primarily driven by growth in transaction deposits, higher noninterest income and aggressive expense management. Corporate Banking's earnings declined to $42 million for the second quarter of 2001 compared with $56 million for the second quarter of 2000. The decrease was primarily attributable to higher credit costs, the impact of continued downsizing and valuation adjustments of other assets.

Secured Finance - PNC Real Estate Finance earned $18 million for the second quarter of 2001 compared with $20 million for the second quarter of 2000. The prior-year quarter benefited from commercial mortgage-backed securitization gains that were not repeated due to weakness in the capital markets. Excluding these gains from the prior year, earnings increased 20 percent primarily due to higher commercial mortgage loan servicing income. PNC Business Credit earned $14 million for the second quarter of 2001, a 10 percent increase compared with the second quarter of 2000 primarily due to an increase in revenue associated with loan growth.

Asset Management and Processing - PNC Advisors earned $39 million for the second quarter of 2001 compared with $45 million during the same period last year. The decrease was primarily due to lower revenue that resulted from weak equity markets. BlackRock earned $26 million for the second quarter of 2001, a 26 percent increase compared with the same period in 2000 primarily resulting from new institutional business. PFPC's earnings were $15 million for the second quarter of 2001 compared with $10 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 25 percent in the period-to-period comparison to $25 million for the second quarter of 2001.

Total business financial results differ from consolidated 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 SECOND QUARTER 2001 RESULTS

Recorded comments providing further information regarding the topics addressed in this earnings release will be available for one week, beginning on July 19, by calling 1-888-567-0671. The recorded comments may include our earnings outlook and other forward-looking information and are subject to the cautionary statements set forth below in this press release.

FORWARD-LOOKING STATEMENTS

This press release and other statements by the Corporation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to the outlook for earnings, revenues and asset quality, other future financial or business performance, strategies and expectations. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "outlook," "position" and similar expressions, or future or conditional verbs such as "will," "should," "would," and "could." Forward-looking statements are subject to numerous assumptions, risks and uncertainties. Forward-looking statements speak only as of today and PNC assumes no duty to update them.

In addition to factors previously disclosed in PNC's SEC reports (accessible on the SEC's website at http://www.sec.gov/ and on PNC's website at http://www.pnc.com/), the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) adjustments to recorded results of the sale of the residential mortgage banking business after final settlement is completed; (2) changes in economic or industry conditions, the interest rate environment or financial and capital markets, which could result in: a deterioration in credit quality and increased credit losses; an adverse effect on the allowance for loan losses; reduced demand for credit or fee-based products and services, net interest income, value of assets under management and assets serviced, value of debt and equity investments, or value of on-balance sheet and off- balance-sheet assets; or changes in the availability and terms of funding necessary to meet PNC's liquidity needs; (3) relative investment performance of assets under management; (4) the introduction, withdrawal, success and timing of business initiatives and strategies, decisions regarding further reductions in balance sheet leverage, and PNC's inability to realize cost savings or revenue enhancements, implement integration plans and other consequences of mergers, acquisitions, restructurings and divestitures; (5) customer borrowing, repayment, investment and deposit practices and their acceptance of PNC's products and services; (6) the impact of increased competition; (7) the means PNC chooses to redeploy available capital, including the extent and timing of any share repurchases and investments in PNC businesses; (8) the inability to manage risks inherent in PNC's business; (9) the unfavorable resolution of legal proceedings; (10) the denial of insurance coverage for claims made by PNC; (11) an increase in the number of customer or counterparty delinquencies, bankruptcies or defaults that could result in, among other things, increased credit and asset quality risk, a higher loan loss provision and reduced profitability; (12) the impact, extent and timing of technological changes; and (13) actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

The PNC Financial Services Group, Inc., headquartered in Pittsburgh, is one of the nation's largest diversified financial services organizations, providing regional 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.

Dollars in millions, except per share data	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
FINANCIAL PERFORMANCE				
Revenue				
Net interest income (taxable-equivalent basis)	$569	$550	$1,128	$1,110
Noninterest income	720	728	1,421	1,456
Total revenue	1,289	1,278	2,549	2,566
Income from continuing operations	295	299	560	601
Discontinued operations		16	40	22
Income before cumulative effect of accounting change	295	315	600	623
Cumulative effect of accounting change			(5)	
Net income	$295	$315	$595	$623
Cash Earnings (a)				
Continuing operations	$324	$328	$619	$659
Discontinued operations		16	40	22
Before cumulative effect of accounting change	324	344	659	681
Cumulative effect of accounting change			(5)	
Net income from cash earnings	$324	$344	$654	$681
Per common share				
Diluted earnings				
Continuing operations	$1.00	$1.01	$1.89	$2.02
Discontinued operations		.05	.14	.07
Before cumulative effect of accounting change	1.00	1.06	2.03	2.09
Cumulative effect of accounting change			(.02)	
Net income	$1.00	$1.06	$2.01	$2.09
Diluted cash earnings (a)				
Continuing operations	$1.10	$1.10	$2.10	$2.21
Discontinued operations		.06	.14	.08
Before cumulative effect of accounting change	1.10	1.16	2.24	2.29
Cumulative effect of accounting change			(.02)	
Net income from cash earnings	$1.10	$1.16	$2.22	$2.29
Cash dividends declared	$0.48	$0.45	$0.96	$0.90
SELECTED RATIOS				
From continuing operations				
Return on				
Average common shareholders' equity	18.13 %	20.77 %	17.36 %	21.03 %
Average assets	1.67	1.74	1.58	1.75
Net interest margin	3.76	3.63	3.70	3.65
Noninterest income to total revenue	55.86	56.96	55.75	56.74
Efficiency (b)	57.65	57.29	57.78	57.57
From net income				
Return on				
Average common shareholders' equity	18.13 %	21.91 %	18.47 %	21.81 %

Average assets	1.67	1.68	1.65	1.67
Net interest margin	3.76	3.41	3.64	3.43
Noninterest income to total revenue	55.86	58.92	56.51	58.60
Efficiency (c)	57.65	55.70	56.87	56.53

(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.

Dollars in millions, except per share data	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
BALANCE SHEET DATA					
Assets	$70,013	$70,966	$69,844	$69,884	$68,885
Earning assets	58,326	60,548	59,373	60,142	59,334
Loans, net of unearned income	44,167	45,626	50,601	49,791	50,281
Securities available for sale	11,258	11,976	5,902	6,490	5,315
Loans held for sale	1,613	1,765	1,655	2,127	2,305
Investment in discontinued operations			356	347	292
Deposits	45,826	47,189	47,664	47,494	46,381
Borrowed funds	12,119	12,279	11,718	12,299	13,028
Shareholders' equity	6,748	6,781	6,656	6,383	6,157
Common shareholders' equity	6,532	6,470	6,344	6,071	5,844
Book value per common share	22.60	22.39	21.88	21.01	20.22
Loans to deposits	96 %	97 %	106 %	105 %	108 %
CAPITAL RATIOS					
Leverage	8.1 %	7.8 %	8.0 %	6.9 %	6.7 %
Common shareholders' equity to total assets	9.33	9.12	9.08	8.69	8.48
ASSET QUALITY RATIOS					
Nonperforming assets to total loans, loans held for sale and foreclosed assets	.85 %	.81 %	.71 %	.68 %	.67 %
Allowance for credit losses to total loans	1.53	1.48	1.33	1.36	1.34
Allowance for credit losses to nonperforming loans	180.48	200.89	208.98	219.16	217.04
Net charge-offs to average loans (For the three months ended)	.40	.65	.32	.24	.27

ANALYSIS OF 2001 RESULTS	Three months ended June 30		Six months ended June 30	
In millions, except per share data	Net Income	Per Diluted Share	Net Income	Per Diluted Share
Net income	$295	$1.00	$595	$2.01
Cumulative effect of accounting change			5	.02
Results before cumulative effect of accounting change	295	1.00	600	2.03

Venture capital activities	22	.08	49	.17
	317	1.08	649	2.20
Discontinued operations			(40)	(.14)
Loans designated for exit			27	.09
Severance costs			5	.02
Adjusted results	$317	$1.08	$641	$2.17

Consolidated Statement of Income

The PNC Financial Services Group, Inc.

Dollars in millions, except per share data	Three months ended June 30 2001	2000	Six months ended June 30 2001	2000
Interest Income				
Loans and fees on loans	$839	$1,009	$1,820	$1,993
Securities available for sale	177	97	299	191
Loans held for sale	31	52	68	116
Other	32	22	64	41
Total interest income	1,079	1,180	2,251	2,341
Interest Expense				
Deposits	334	397	731	766
Borrowed funds	180	238	401	475
Total interest expense	514	635	1,132	1,241
Net interest income	565	545	1,119	1,100
Provision for credit losses	45	35	125	66
Net interest income less provision for credit losses	520	510	994	1,034
Noninterest Income				
Asset management	214	196	437	382
Fund servicing	182	164	363	319
Service charges on deposits	54	50	104	100
Brokerage	55	60	109	131
Consumer services	58	51	113	98
Corporate services	76	80	152	162
Equity management	(30)	48	(69)	135
Net securities gains (losses)	17		46	(3)
Other	94	79	166	132
Total noninterest income	720	728	1,421	1,456
Noninterest Expense				
Staff expense	418	396	839	807
Net occupancy	54	48	107	101
Equipment	60	55	117	111
Amortization	27	28	53	56
Marketing	16	19	25	32
Distributions on capital securities	16	17	33	33
Other	198	217	390	432
Total noninterest expense	789	780	1,564	1,572
Income from continuing operations before income taxes	451	458	851	918
Income taxes	156	159	291	317
Income from continuing operations	295	299	560	601
Income from discontinued operations (less applicable income taxes of $10, $0, and $15)		16	40	22
Net income before cumulative effect of accounting change	295	315	600	623
Cumulative effect of accounting change (less applicable income taxes of $2)			(5)	
Net income	$295	$315	$595	$623
Earnings Per Common Share				
Continuing operations				
Basic	$1.01	$1.01	$1.91	$2.03
Diluted	1.00	1.01	1.89	2.02
Net income				
Basic	$1.01	$1.07	$2.03	$2.11

Diluted	1.00	1.06	2.01	2.09
Cash Dividends Declared Per Common Share	.48	.45	.96	.90
Average Common Shares Outstanding				
Basic	288	290	289	291
Diluted	291	292	292	293

Details of Net Interest Income

The PNC Financial Services Group, Inc.

Net Interest Income

Taxable-equivalent basis	Three months ended June 30		Six months ended June 30	
In millions	2001	2000	2001	2000
Interest income				
Loans and fees on loans	$844	$1,013	$1,829	$2,001
Securities available for sale	178	98	300	193
Loans held for sale	31	52	68	116
Other	30	22	63	41
Total interest income	1,083	1,185	2,260	2,351
Interest expense				
Deposits	334	397	731	766
Borrowed funds	180	238	401	475
Total interest expense	514	635	1,132	1,241
Net interest income	$569	$550	$1,128	$1,110
Lending revenue to total revenue	23 %	23 %	23 %	23 %

Net Interest Income by Quarter

Taxable-equivalent basis

Three months ended - in millions	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
Interest income					
Loans and fees on loans	$844	$985	$1,031	$1,028	$1,013
Securities available for sale	178	122	97	99	98
Loans held for sale	31	37	41	47	52
Other	30	33	26	30	22
Total interest income	1,083	1,177	1,195	1,204	1,185
Interest expense					
Deposits	334	397	453	434	397
Borrowed funds	180	221	204	236	238
Total interest expense	514	618	657	670	635
Net interest income	$569	$559	$538	$534	$550
Lending revenue to total revenue	23 %	22 %	24 %	24 %	23 %

Details of Net Interest Margin

The PNC Financial Services Group, Inc.

Net Interest Margin

	Three months ended June 30		Six months ended June 30	
Taxable-equivalent basis	2001	2000	2001	2000
Average yields/rates				
Yield on earning assets				
Loans and fees on loans	7.46 %	8.03 %	7.72 %	7.95 %
Securities available for sale	6.07	6.50	6.06	6.35
Loans held for sale	7.06	8.11	7.19	7.76
Other	7.94	7.01	8.03	6.99
Total yield on earning assets	7.19	7.86	7.44	7.76

Rate on interest-bearing liabilities				
Deposits	3.60	4.30	3.92	4.17
Borrowed funds	5.09	6.54	5.63	6.33
Total rate on interest-bearing liabilities	4.01	4.92	4.38	4.79
Interest rate spread	3.18	2.94	3.06	2.97
Impact of noninterest-bearing sources	.58	.69	.64	.68
Net interest margin	3.76 %	3.63 %	3.70 %	3.65 %

Net Interest Margin by Quarter

Taxable-equivalent basis Three months ended	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
Average yields/rates					
Yield on earning assets					
Loans and fees on loans	7.46 %	7.96 %	8.16 %	8.13 %	8.03 %
Securities available for sale	6.07	6.08	6.53	6.41	6.50
Loans held for sale	7.06	7.31	8.32	8.77	8.11
Other	7.94	7.20	7.80	8.05	7.01
Total yield on earning assets	7.19	7.67	7.99	7.98	7.86
Rate on interest-bearing liabilities					
Deposits	3.60	4.22	4.66	4.58	4.30
Borrowed funds	5.09	6.15	6.83	6.85	6.54
Total rate on interest-bearing liabilities	4.01	4.75	5.16	5.18	4.92
Interest rate spread	3.18	2.92	2.83	2.80	2.94
Impact of noninterest-bearing sources	.58	.70	.77	.74	.69
Net interest margin	3.76 %	3.62 %	3.60 %	3.54 %	3.63 %

Noninterest Income and Expense by Quarter

The PNC Financial Services Group, Inc.

Noninterest Income by Quarter

Three months ended - in millions	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
Asset management	$214	$223	$219	$208	$196
Fund servicing	182	181	167	168	164
Service charges on deposits	54	50	56	50	50
Brokerage	55	54	57	61	60
Consumer services	58	55	56	55	51
Corporate services	76	76	94	86	80
Equity management	(30)	(39)	1	(3)	48
Net securities gains	17	29	16	7	
Other	94	72	69	68	79
Total noninterest income	$720	$701	$735	$700	$728
Noninterest income to total revenue	55.86 %	55.63 %	57.74 %	56.73 %	56.96 %

Noninterest Expense by Quarter

Three months ended - in millions	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
Staff expense	$418	$421	$410	$399	$396
Net occupancy	54	53	52	50	48
Equipment	60	57	59	54	55
Amortization	27	26	27	27	28
Marketing	16	9	22	16	19
Distributions on capital securities	16	17	17	17	17
Other	198	192	165	184	217
Total noninterest expense	$789	$775	$752	$747	$780

Efficiency (a)	57.65 %	57.91 %	55.44 %	56.79 %	57.29 %

(a) Excludes amortization and distributions on capital securities.

Consolidated Balance Sheet

The PNC Financial Services Group, Inc.

In millions, except par value	June 30 2001	December 31 2000	June 30 2000
Assets			
Cash and due from banks	$3,659	$3,662	$3,119
Short-term investments	793	1,151	1,377
Loans held for sale	1,613	1,655	2,305
Securities available for sale	11,258	5,902	5,315
Loans, net of unearned income of $1,073, $999 and $732	44,167	50,601	50,281
Allowance for credit losses	(675)	(675)	(675)
Net loans	43,492	49,926	49,606
Goodwill and other amortizable assets	2,405	2,468	2,497
Investment in discontinued operations		356	292
Other	6,793	4,724	4,374
Total assets	$70,013	$69,844	$68,885
Liabilities			
Deposits			
Noninterest-bearing	$9,009	$8,490	$8,866
Interest-bearing	36,817	39,174	37,515
Total deposits	45,826	47,664	46,381
Borrowed funds			
Federal funds purchased	1,444	1,445	882
Repurchase agreements	569	607	504
Bank notes and senior debt	4,496	6,110	6,878
Federal Home Loan Bank borrowings	2,464	500	1,339
Subordinated debt	2,349	2,407	2,426
Other borrowed funds	797	649	999
Total borrowed funds	12,119	11,718	13,028
Other	4,472	2,958	2,471
Total liabilities	62,417	62,340	61,880
Mandatorily redeemable capital securities of subsidiary trusts	848	848	848
Shareholders' Equity			
Preferred stock	5	7	7
Common stock - $5 par value			
Authorized 800, 450 and 450 shares			
Issued 353 shares	1,764	1,764	1,764
Capital surplus	1,257	1,303	1,287
Retained earnings	7,010	6,736	6,358
Deferred benefit expense	(25)	(25)	(18)
Accumulated other comprehensive loss from continuing operations	(60)	(43)	(138)
Accumulated other comprehensive loss from discontinued operations		(45)	(116)
Common stock held in treasury at cost: 64, 63 and 64 shares	(3,203)	(3,041)	(2,987)
Total shareholders' equity	6,748	6,656	6,157
Total liabilities, capital securities and shareholders' equity	$70,013	$69,844	$68,885

Consolidated Average Balance Sheet Data

The PNC Financial Services Group, Inc.

In millions	Three months ended June 30 2001	2000	Six months ended June 30 2001	2000
Assets				
Interest-earning assets				
Loans held for sale	$1,720	$2,577	$1,862	$2,948
Securities available for sale	11,710	6,009	9,895	6,068
Loans, net of unearned income				
Consumer	9,096	9,209	9,090	9,228
Residential mortgage	8,459	12,571	10,554	12,577
Commercial	20,271	22,042	20,575	21,917
Commercial real estate	2,572	2,682	2,576	2,690
Lease financing	4,149	3,049	4,024	3,004
Other	459	676	490	682
Total loans, net of unearned income	45,006	50,229	47,309	50,098
Other	1,562	1,276	1,592	1,194
Total interest-earning assets	59,998	60,091	60,658	60,308
Noninterest-earning assets	10,718	8,566	10,589	8,192
Investment in discontinued operations		448	103	430
Total assets	$70,716	$69,105	$71,350	$68,930
Liabilities				
Interest-bearing liabilities				
Deposits				
Demand and money market	$20,944	$18,549	$20,707	$18,125
Savings	1,936	2,107	1,928	2,123
Retail certificates of deposit	12,662	14,403	13,190	14,497
Other time	537	641	551	639
Deposits in foreign offices	1,096	1,483	1,248	1,486
Total interest-bearing deposits	37,175	37,183	37,624	36,870
Borrowed funds	14,030	14,422	14,201	14,877
Total interest-bearing liabilities	51,205	51,605	51,825	51,747
Noninterest-bearing deposits	8,229	8,357	8,210	8,028
Other	3,777	2,290	3,803	2,341
Total liabilities	63,211	62,252	63,838	62,116
Mandatorily redeemable capital securities of subsidiary trusts	848	848	848	848
Shareholders' Equity	6,657	6,005	6,664	5,966
Total liabilities, capital securities and shareholders' equity	$70,716	$69,105	$71,350	$68,930
Common Shareholders' Equity	$6,437	$5,692	$6,398	$5,653

Consolidated Average Balance Sheet Data by Quarter

The PNC Financial Services Group, Inc.

Three months ended - in millions	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
Assets					
Interest-earning assets					
Loans held for sale	$1,720	$2,005	$1,991	$2,151	$2,577
Securities available for sale	11,710	8,061	5,928	6,179	6,009
Loans, net of unearned income					
Consumer	9,096	9,085	9,081	9,174	9,209
Residential mortgage	8,459	12,673	12,838	12,405	12,571
Commercial	20,271	20,882	21,109	21,800	22,042
Commercial real estate	2,572	2,580	2,670	2,688	2,682
Lease financing	4,149	3,897	3,639	3,238	3,049
Other	459	520	591	646	676
Total loans, net of unearned income	45,006	49,637	49,928	49,951	50,229
Other	1,562	1,831	1,322	1,445	1,276

Total interest-earning assets	59,998	61,534	59,169	59,726	60,091
Noninterest-earning assets	10,718	10,251	9,214	8,857	8,566
Investment in discontinued operations		207	570	515	448
Total assets	$70,716	$71,992	$68,953	$69,098	$69,105
Liabilities					
Interest-bearing liabilities					
Deposits					
Demand and money market	$20,944	$20,468	$19,762	$18,914	$18,549
Savings	1,936	1,919	1,937	2,020	2,107
Retail certificates of deposit	12,662	13,724	14,795	14,776	14,403
Other time	537	565	587	619	641
Deposits in foreign offices	1,096	1,402	1,579	1,342	1,483
Total interest-bearing deposits	37,175	38,078	38,660	37,671	37,183
Borrowed funds	14,030	14,375	11,738	13,518	14,422
Total interest-bearing liabilities	51,205	52,453	50,398	51,189	51,605
Noninterest-bearing deposits	8,229	8,190	8,304	8,239	8,357
Other	3,777	3,830	2,978	2,637	2,290
Total liabilities	63,211	64,473	61,680	62,065	62,252
Mandatorily redeemable capital securities of subsidiary trusts	848	848	848	848	848
Shareholders' Equity	6,657	6,671	6,425	6,185	6,005
Total liabilities, capital securities and shareholders' equity	$70,716	$71,992	$68,953	$69,098	$69,105
Common Shareholders' Equity	$6,437	$6,360	$6,113	$5,873	$5,692

Loan Portfolio and Allowance For Credit Losses by Quarter

The PNC Financial Services Group, Inc.

Loan Portfolio

Period ended - in millions	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
Consumer	$9,114	$9,049	$9,133	$9,174	$9,213
Residential mortgage	8,219	8,806	13,264	12,563	12,470
Commercial	19,552	20,676	21,207	21,198	22,140
Commercial real estate	2,557	2,590	2,583	2,676	2,687
Lease financing	5,354	5,080	4,845	4,498	3,834
Other	444	487	568	646	669
Total loans	45,240	46,688	51,600	50,755	51,013
Unearned income	(1,073)	(1,062)	(999)	(964)	(732)
Total loans, net of unearned income	$44,167	$45,626	$50,601	$49,791	$50,281

Allowance For Credit Losses

Three months ended - in millions	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
Beginning balance	$675	$675	$675	$675	$674
Charge-offs					
Consumer	(10)	(10)	(12)	(11)	(11)
Residential mortgage	(1)		(4)	(1)	(1)
Commercial	(41)	(78)	(35)	(27)	(30)
Commercial real estate			(1)	(2)	
Lease financing	(5)	(3)	(3)	(2)	(1)
Total charge-offs	(57)	(91)	(55)	(43)	(43)
Recoveries					
Consumer	4	5	6	5	5

Residential mortgage			1		1
Commercial	6	6	7	4	3
Commercial real estate				4	
Lease financing	2		1		
Total recoveries	12	11	15	13	9
Net charge-offs					
Consumer	(6)	(5)	(6)	(6)	(6)
Residential mortgage	(1)		(3)	(1)	
Commercial	(35)	(72)	(28)	(23)	(27)
Commercial real estate			(1)	2	
Lease financing	(3)	(3)	(2)	(2)	(1)
Total net charge-offs	(45)	(80)	(40)	(30)	(34)
Provision for credit losses	45	80	40	30	35
Ending balance	$675	$675	$675	$675	$675

Nonperforming Assets by Quarter

The PNC Financial Services Group, Inc.

Nonperforming Assets by Type

Period ended - in millions	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
Nonaccrual loans					
Commercial	$334	$296	$312	$261	$259
Commercial real estate	20	21	3	16	12
Residential mortgage	4	4	4	26	34
Consumer	4	3	2	3	3
Lease financing	12	6	2	2	3
Total nonaccrual loans	374	330	323	308	311
Troubled debt restructured loans		6			
Total nonperforming loans	374	336	323	308	311
Foreclosed and other assets					
Commercial real estate	2	2	3	4	4
Residential mortgage	3	7	8	8	9
Other	11	41	38	34	29
Total foreclosed and other assets	16	50	49	46	42
Total nonperforming assets	$390	$386	$372	$354	$353

Nonperforming Assets by Business

Period ended - in millions	June 30 2001	March 31 2001	Dec. 31 2000	Sept. 30 2000	June 30 2000
PNC Bank					
Regional Community Banking	$51	$61	$47	$82	$96
Corporate Banking	258	210	219	156	153
Secured Finance					
PNC Real Estate Finance	23	25	9	22	19
PNC Business Credit	38	33	36	32	22
PNC Advisors	3	4	2	6	8
Other	17	53	59	56	55
Total nonperforming assets	$390	$386	$372	$354	$353

Change in Nonperforming Assets

In millions	2001
March 31	$386
Transferred from accrual	200
Principal reductions	(58)
Sales	(93)
Charge-offs and other	(45)

June 30	$390

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