

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

For the quarterly period ended June 30, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

For the transition period from _____ to _____

Commission file number 1-6523

NationsBank Corporation
(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction
of incorporation or organization)

56-0906609
(I.R.S. Employer
Identification No.)

NationsBank Corporate Center, Charlotte, North Carolina 28255
(Address of principal executive offices and zip code)

(704) 386-5000
(Registrant's telephone number, including area code)

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, as amended, 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

On July 31, 1997, there were 711,946,957 shares of NationsBank Corporation Common Stock outstanding.

NationsBank Corporation

June 30, 1997 Form 10-Q

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Part I. Financial Information

Item 1. Financial Statements

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 NationsBank Corporation and Subsidiaries
 Consolidated Statement of Income

(Dollars in Millions Except Per-Share Information)

	Three Months Ended June 30		Six Months Ended June 30	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Income from Earning Assets				
Interest and fees on loans	\$ 3,088	\$ 2,540	\$ 6,095	\$ 5,113
Lease financing income	100	75	198	141
Interest and dividends on securities				
Held for investment	20	49	42	107
Available for sale	352	296	703	652
Interest and fees on loans held for sale	16	19	33	44
Interest on time deposits placed and other short-term investments	31	17	59	35
Federal funds sold	8	5	13	13
Securities purchased under agreements to resell	161	149	344	332
Trading account securities	333	292	649	578
Total income from earning assets	4,109	3,442	8,136	7,015
Interest Expense				
Deposits	995	848	1,993	1,706
Borrowed funds	524	550	1,033	1,201
Trading account liabilities	160	147	325	338
Long-term debt	442	310	847	626
Total interest expense	2,121	1,855	4,198	3,871
Net interest income	1,988	1,587	3,938	3,144
Provision for credit losses	190	155	380	310
Net credit income	1,798	1,432	3,558	2,834
Gains (losses) on sales of securities	29	(6)	72	8
Noninterest income	1,165	917	2,278	1,802
Other real estate owned expense	4	7	2	7
Merger-related charge	--	--	--	118
Other noninterest expense	1,798	1,405	3,608	2,799
Income before income taxes	1,190	931	2,298	1,720
Income tax expense	428	326	827	602
Net income	\$ 762	\$ 605	\$ 1,471	\$ 1,118
Net income available to common shareholders	\$ 759	\$ 601	\$ 1,464	\$ 1,110
Per-share information				
Earnings per common share	\$ 1.05	\$ 1.00	\$ 2.02	\$ 1.85
Fully diluted earnings per common share	\$ 1.02	\$.99	\$ 1.96	\$ 1.82
Dividends per common share	\$.33	\$.29	\$.66	\$.58
Average common shares issued (in thousands)	720,020	600,924	725,188	600,741

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>
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 NationsBank Corporation and Subsidiaries
 Consolidated Balance Sheet

(Dollars in Millions)

	June 30 1997	December 31 1996
<S>	<C>	<C>
Assets		
Cash and cash equivalents	\$ 10,024	\$ 8,933
Time deposits placed and other short-term investments	1,524	1,843
Securities		
Held for investment, at cost (market value - \$1,549 and \$2,110)	1,548	2,110
Available for sale	19,716	12,277

Total securities	21,264	14,387
Loans held for sale	1,447	1,215
Federal funds sold	423	77
Securities purchased under agreements to resell	8,517	6,882
Trading account assets	26,952	18,689
Loans and leases, net of unearned income	149,320	121,583
Factored accounts receivable	1,126	1,047
Allowance for credit losses	(2,790)	(2,315)
Loans, leases and factored accounts receivable, net of unearned income and allowance for credit losses	147,656	120,315
Premises and equipment, net	3,138	2,712
Customers' acceptance liability	1,158	858
Interest receivable	1,540	1,159
Mortgage servicing rights	1,196	946
Goodwill	7,760	1,640
Core deposit and other intangibles	810	390
Other assets	6,953	5,748
	<u>\$ 240,362</u>	<u>\$ 185,794</u>
Liabilities		
Deposits		
Noninterest-bearing	\$ 34,251	\$ 25,738
Savings	9,935	8,498
NOW and money market deposit accounts	40,961	31,128
Time	41,181	33,081
Foreign time	8,721	8,053
Total deposits	<u>135,049</u>	<u>106,498</u>
Federal funds purchased	6,116	3,536
Securities sold under agreements to repurchase	26,976	15,842
Trading account liabilities	12,654	11,752
Commercial paper	2,794	2,787
Other short-term borrowings	2,463	1,836
Liability to factoring clients	593	597
Acceptances outstanding	1,158	858
Accrued expenses and other liabilities	5,160	4,429
Trust preferred securities	1,955	965
Long-term debt	25,474	22,985
Total liabilities	<u>220,392</u>	<u>172,085</u>
Contingent liabilities and other financial commitments (Note 6)		
Shareholders' Equity		
Preferred stock: authorized - 45,000,000 shares; issued - 2,329,856 and 5,220,459 shares ...	101	171
Common stock: authorized - 1,250,000,000 shares; issued - 711,403,885 and 573,492,308 shares	9,223	3,855
Retained earnings	10,656	9,673
Other, including loan to ESOP trust	(10)	10
Total shareholders' equity	<u>19,970</u>	<u>13,709</u>
	<u>\$ 240,362</u>	<u>\$ 185,794</u>

</TABLE>
See accompanying notes to consolidated financial statements.

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<TABLE>
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NationsBank Corporation and Subsidiaries
Consolidated Statement of Cash Flows

	Six Months Ended June 30	
	1997	1996
	<C>	<C>
Operating Activities		
Net income	\$ 1,471	\$ 1,118
Reconciliation of net income to net cash (used in) provided by operating activities		
Provision for credit losses	380	310
Gains on sales of securities	(72)	(8)
Depreciation and premises improvements amortization	212	151
Amortization of intangibles	212	58
Deferred income tax expense	239	85
Net change in trading instruments	(7,334)	(4,759)
Net (increase) decrease in interest receivable	(89)	207
Net decrease in interest payable	(34)	(385)
Net (increase) decrease in loans held for sale	(232)	109
Other operating activities	(459)	3,167

Net cash (used in) provided by operating activities	(5,706)	53
Investing Activities		
Proceeds from maturities of securities held for investment	585	1,131
Purchases of securities held for investment	(119)	(2)
Proceeds from sales and maturities of securities available for sale	17,807	15,003
Purchases of securities available for sale	(13,100)	(6,180)
Net increase in federal funds sold and securities purchased under agreements to resell	(1,534)	(1,025)
Net decrease in time deposits placed and other short-term investments	115	52
Purchases and net originations of loans and leases	(8,148)	(6,706)
Proceeds from sales and securitizations of loans and leases	3,914	5,810
Purchases and originations of mortgage servicing rights	(193)	(218)
Purchases of factored accounts receivable	(3,796)	(3,684)
Collections of factored accounts receivable	3,707	3,597
Net sales (purchases) of premises and equipment	118	(219)
Proceeds from sales of other real estate owned	99	83
Sales and acquisitions of business activities, net of cash	2,434	(155)
Net cash provided by investing activities	1,889	7,487
Financing Activities		
Net decrease in deposits	(3,476)	(2,228)
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	10,693	(7,061)
Net decrease in other short-term borrowings and commercial paper	(656)	(545)
Proceeds from issuance of trust preferred securities	990	--
Proceeds from issuance of long-term debt	3,183	3,620
Retirement of long-term debt	(1,061)	(1,768)
Proceeds from issuance of common stock	922	57
Cash dividends paid	(489)	(357)
Common stock repurchased	(5,118)	(157)
Other financing activities	(80)	8
Net cash provided by (used in) financing activities	4,908	(8,431)
Net increase (decrease) in cash and cash equivalents	1,091	(891)
Cash and cash equivalents on January 1	8,933	8,448
Cash and cash equivalents on June 30	\$ 10,024	\$ 7,557

</TABLE>

Loans transferred to other real estate owned amounted to \$82 and \$77 for the six months ended June 30, 1997 and 1996, respectively. Mortgage loans converted to mortgage-backed securities amounted to \$505 and \$1,640 for the six months ended June 30, 1997 and 1996, respectively.

See accompanying notes to consolidated financial statements.

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<TABLE>
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NationsBank Corporation and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Millions, Shares in Thousands)

Total Shareholders' Equity	Common Stock						
	Preferred Stock	Shares	Amount	Retained Earnings	Loan to ESOP Trust	Other	
Balance on December 31, 1995	\$ 105	548,538	\$ 4,655	\$ 7,826	\$ (63)	\$ 278	\$
Net income				1,118			
Cash dividends				(349)			
Preferred				(8)			
Common stock issued under employee plans		2,364	43				14
Stock issued in acquisitions	73	55,436	586	192			2
Common stock repurchased		(4,220)	(157)				
Net change in unrealized gains/(losses) on securities available for sale and							

	marketable equity securities							(298)
(298)	Other	(2)	48	3		7		
8								

-----	Balance on June 30, 1996	\$ 176	602,166	\$ 5,130	\$ 8,779	\$ (56)	\$ (4)	\$
14,025								
=====								
	Balance on December 31, 1996	\$ 171	573,492	\$ 3,855	\$ 9,673	\$ (48)	\$ 58	\$
13,709	Net income				1,471			
1,471	Cash dividends							
(482)	Common				(482)			
(7)	Preferred				(7)			
	Common stock issued under employee plans		22,452	943				(21)
922	Stock issued in acquisitions	82	197,652	9,467				
9,549	Common stock repurchased		(85,840)	(5,118)				
(5,118)	Redemption of preferred stock	(73)						
(73)	Conversion of preferred stock	(81)	3,644	81				
	Net change in unrealized gains/(losses)							
	on securities available for sale and							
	marketable equity securities							(10)
(10)	Other	2	4	(5)	1	8	3	
9								

-----	Balance on June 30, 1997	\$ 101	711,404	\$ 9,223	\$ 10,656	\$ (40)	\$ 30	\$
19,970								

</TABLE>

See accompanying notes to consolidated financial statements.

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NationsBank Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Note 1 - Accounting Policies

On February 27, 1997, NationsBank completed a 2-for-1 split of its common stock. All prior period financial data included in this Form 10-Q has been restated to reflect the impact of the stock split.

The consolidated financial statements include the accounts of NationsBank Corporation and its majority-owned subsidiaries (the Corporation). All significant intercompany accounts and transactions have been eliminated.

The information contained in the consolidated financial statements is unaudited. In the opinion of management, all normal recurring adjustments necessary for a fair presentation of the interim period results have been made. Certain prior period amounts have been reclassified to conform to current period classifications.

Accounting policies followed in the presentation of interim financial results are presented on pages 53, 54 and 55 of the 1996 Annual Report to Shareholders, incorporated by reference into the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996, as updated by Note 1 on page 8 of the Corporation's quarterly report on Form 10-Q for March 31, 1997 and the following.

In June 1997, the FASB issued SFAS 130 "Reporting Comprehensive Income" (SFAS 130) and SFAS 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). Each statement is effective for periods beginning after December 15, 1997. SFAS 130 establishes standards for the reporting and displaying of comprehensive income and its components in financial statements. SFAS 131 supersedes SFAS 14, "Financial Reporting for Segments of a Business Enterprise," and specifies new disclosure requirements for operating segment financial information.

Note 2 - Merger-Related Activity

On January 7, 1997, the Corporation completed the acquisition of Boatmen's Bancshares, Inc. (Boatmen's), headquartered in St. Louis, Missouri, resulting in the issuance of approximately 195 million shares of the Corporation's common stock valued at \$9.4 billion and aggregate cash payments of \$371 million to Boatmen's shareholders. The Corporation accounted for this acquisition as a

purchase; therefore, the results of operations of Boatmen's are included in the consolidated financial statements of the Corporation from the date of acquisition. On the date of the acquisition, Boatmen's unaudited total assets and total deposits were approximately \$41.2 billion and \$32.0 billion, respectively.

The following table presents condensed pro forma consolidated results of operations for the three months and six months ended June 30, 1996 as if the acquisition of Boatmen's had occurred on January 1, 1996. This information combines the historical results of operations of the Corporation and Boatmen's after the effect of purchase accounting adjustments. The cash portion of the purchase price is assumed to be 40 percent since the Corporation expects to repurchase shares of its common stock from time to time so that the pro forma impact of the Boatmen's acquisition will be the issuance of approximately 60 percent of the aggregate consideration in the Corporation's common stock and 40 percent of the aggregate consideration in cash. The actual cash election made by the Boatmen's shareholders in the transaction was approximately 4 percent. The pro forma information does not purport to be indicative of the results that would have been obtained if the operations had actually been combined during the periods presented and is not necessarily indicative of operating results to be expected in future periods.

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Unaudited Pro Forma Results of Operations
For the three months and six months ended June 30, 1996
(Dollars in millions, except per-share information)

	Three Months	Six Months
	-----	-----
Net interest income	\$1,901	\$3,761
Net income	623	1,116
Net income available to common shareholders	618	1,105
Earnings per common share .....	.85	1.53
Fully diluted earnings per common share .....	.84	1.51

On June 28, 1997, the Corporation entered into an agreement to acquire Montgomery Securities (Montgomery), an investment banking and institutional brokerage firm headquartered in San Francisco, California. The purchase price will consist primarily of \$840 million in cash and approximately 5.3 million unregistered shares of the Corporation's common stock for an aggregate amount of approximately \$1.2 billion. As part of the agreement, the Corporation will create a \$100-million pool for the long-term retention of key Montgomery non-partner personnel. The pool will be funded 50 percent by options to purchase shares of common stock of the Corporation and 50 percent by cash. Montgomery had 1996 revenues of approximately \$600 million and unaudited assets of approximately \$2.0 billion on June 30, 1997. The acquisition, which is subject to approval by various regulatory agencies and other customary closing conditions, will be accounted for as a purchase and is expected to close during the fourth quarter of 1997.

On June 1, 1997, the branching provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 took effect, allowing banking companies to consolidate their subsidiary bank operations across state lines. Accordingly, the Corporation merged two of its banking subsidiaries, NationsBank, N.A. (South) and NationsBank, N.A., on June 1, 1997. The surviving entity of this merger was NationsBank, N.A. Between June 1, 1997 and August 15, 1997, the Corporation merged 49 other banking subsidiaries located in various states into NationsBank, N.A. As of August 15, 1997, NationsBank, N.A. had banking operations in the following states: Arkansas, Florida, Georgia, Illinois, Iowa, Kansas, Maryland, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Virginia and the District of Columbia. The Corporation expects to continue the consolidation of other banking subsidiaries throughout 1997 and 1998.

Note 3 - Trading Account Assets and Liabilities

The fair values of the components of trading account assets and liabilities on June 30, 1997 and December 31, 1996 and the average fair values for the six months ended June 30, 1997 were (dollars in millions):

<TABLE>
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Average for	June 30	December 31	the
Six	1997	1996	Months
Ended	-----	-----	June
30, 1997	-----	-----	-----
Securities owned			
<S>	<C>	<C>	
<C>			
U.S. Treasury securities	\$10,906	\$ 6,914	
\$10,780			
Securities of other U.S. Government agencies and corporations	1,349	2,096	
1,722			
Certificates of deposit, bankers' acceptances and commercial paper	571	501	

584	Corporate debt	3,339	1,552	
1,342	Foreign sovereign debt	5,664	3,396	
6,876	Mortgage-backed securities	1,455	502	
1,203	Other securities	361	430	
313				
-----		-----	-----	
	Total securities owned	23,645	15,391	
22,820	Derivatives-dealer positions	3,307	3,298	
4,469		-----	-----	

	Total trading account assets	\$26,952	\$18,689	
\$27,289		=====	=====	
=====				
Short sales				
	U.S. Treasury securities	\$ 7,971	\$ 7,143	\$
7,815	Corporate debt	100	452	
291	Foreign sovereign debt	703	--	
872	Other securities	618	309	
683		-----	-----	

	Total short sales	9,392	7,904	
9,661	Derivatives-dealer positions	3,262	3,848	
4,190		-----	-----	

	Total trading account liabilities	\$12,654	\$11,752	
\$13,851		=====	=====	
=====				

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Derivatives-dealer positions presented in the table above represent the fair values of interest rate, foreign exchange, equity and commodity-related products, including financial futures, forward settlement and option contracts and swap agreements associated with the Corporation's derivative trading activities.

Note 4 - Loans, Leases, and Factored Accounts Receivable

The distribution of loans, leases, and factored accounts receivable on June 30, 1997 and December 31, 1996 was as follows (dollars in millions):

		June 30, 1997		December 31,
		Amount	Percent	Amount
1996				

Percent				

<S>		<C>	<C>	<C>
<C>				
Domestic				
	Commercial	\$ 60,558	40.3%	\$ 50,270
41.0%	Real estate commercial	8,189	5.4	5,445
4.4	Real estate construction	3,708	2.5	2,863
2.3				

	Total commercial	72,455	48.2	58,578
47.7				

	Residential mortgage	33,985	22.6	27,963
22.8	Credit card	7,242	4.8	6,747
5.5	Other consumer	26,374	17.5	20,595
16.8				

45.1	Total consumer	67,601	44.9	55,305

3.4	Lease financing	4,998	3.3	4,198
.9	Factored accounts receivable	1,126	.8	1,047

97.1		146,180	97.2	119,128
2.9	Foreign	4,266	2.8	3,502

100.0%	Total loans, leases and factored accounts receivable, net of unearned income	\$150,446	100.0%	\$122,630

</TABLE>

On June 30, 1997 the recorded investment in certain loans that were considered to be impaired was \$650 million, all of which were classified as nonperforming. Impaired loans on June 30, 1997 were comprised of commercial loans of \$429 million, real estate commercial loans of \$206 million, and real estate construction loans of \$15 million. Of these impaired loans, \$516 million had a valuation allowance of \$78 million and \$134 million did not have a valuation allowance due primarily to the application of interest payments against book balances or charge-offs previously made with respect to these loans.

On June 30, 1997 and December 31, 1996, nonperforming loans, including certain loans which are considered to be impaired, totaled \$1.1 billion and \$890 million, respectively. Other real estate owned amounted to \$150 million and \$153 million on June 30, 1997 and December 31, 1996, respectively.

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Note 5 - Debt

In the second quarter of 1997, the Corporation issued \$185 million in long-term debt, comprised of \$120 million of senior notes and \$65 million of subordinated notes, with maturities ranging from 2002 to 2012. Of the \$185 million issued, \$146 million of fixed-rate debt was converted to floating rates through interest rate swaps at spreads ranging from 6 to 10 basis points over the three-month London interbank offered rate (LIBOR). The remaining \$39 million of debt issued bears interest at spreads ranging from 3 to 7 basis points over the three-month LIBOR.

Under the bank note program jointly maintained by NationsBank, N.A. and NationsBank of Texas, N.A., up to \$9.0 billion of bank notes may be offered from time to time with fixed or floating rates and maturities from 30 days to 15 years from date of issue. On June 30, 1997, there were short-term bank notes outstanding of \$1.4 billion. In addition, NationsBank of Texas, N.A. and NationsBank, N.A. had outstanding bank notes of \$4.6 billion on June 30, 1997 that were classified as long-term debt.

On April 22, 1997, one of the Corporation's grantor trust subsidiaries (Capital Trust IV) issued \$500 million of Preferred Securities representing undivided beneficial interests in the assets of the respective grantor trust subsidiary. The sole assets of Capital Trust IV on June 30, 1997 were \$516 million aggregate principal amount of the Corporation's Junior Subordinated Deferrable Interest Notes bearing interest at 8.25 percent due 2027. Such notes and Preferred Securities are redeemable beginning in April 2007.

On February 3, 1997, one of the Corporation's grantor trust subsidiaries (Capital Trust III) issued \$500 million of Preferred Securities representing undivided beneficial interests in the assets of the respective grantor trust subsidiary. The sole assets of Capital Trust III on June 30, 1997 were \$516 million aggregate principal amount of the Corporation's Junior Subordinated Deferrable Interest Notes bearing interest at three-month LIBOR plus 55 basis points due 2027. Such notes and Preferred Securities are redeemable beginning in January 2007.

In the fourth quarter of 1996, one of the Corporation's grantor trust subsidiaries (NB Capital Trust II) issued \$365 million of Preferred Securities representing undivided beneficial interests in the assets of the respective grantor trust subsidiary. The sole assets of NB Capital Trust II on June 30, 1997 were \$376 million aggregate principal amount of the Corporation's Junior Subordinated Deferrable Interest Notes bearing interest at 7.83% due 2026. Such notes and Preferred Securities are redeemable beginning in December 2006.

In the fourth quarter of 1996, one of the Corporation's grantor trust subsidiaries (NB Capital Trust I) issued \$600 million of Preferred Securities representing undivided beneficial interests in the assets of the respective grantor trust subsidiary. The sole assets of NB Capital Trust I on June 30, 1997 were \$619 million aggregate principal amount of the Corporation's Junior Subordinated Deferrable Interest Notes bearing interest at 7.84% due 2026. Such

notes and Preferred Securities are redeemable beginning in December 2001.

On June 30, 1997 and December 31, 1996, the Corporation had unused commercial paper back-up lines of credit totaling \$1.5 billion which expire in November 1997. These lines were supported by fees paid directly by the Corporation to unaffiliated banks.

From July 1 through August 7, 1997, the Corporation issued an additional \$935 million in long-term debt, including \$795 million of floating-rate senior notes and \$140 million of fixed-rate subordinated notes with maturities ranging from 1999 to 2012.

As of August 7, the Corporation had the authority to issue approximately \$4.2 billion of corporate debt securities and preferred and common stock under its existing shelf registration statements and \$2.8 billion of corporate debt securities under its Euro medium-term note program.

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Note 6 - Commitments and Contingencies

The Corporation enters into commitments to extend credit, standby letters of credit and commercial letters of credit to meet the financing needs of its customers. The commitments shown below have been reduced by amounts collateralized by cash and participated to other financial institutions. The following summarizes commitments outstanding (dollars in millions):

	June 30 1997	December 31 1996
Commitments to extend credit		
Credit card commitments	\$27,476	\$24,255
Other loan commitments	90,409	82,506
Standby letters of credit and financial guarantees	11,079	10,060
Commercial letters of credit	1,117	761

On June 30, 1997 and December 31, 1996, indemnified securities lending transactions totaled \$5.4 billion and \$7.1 billion, respectively. Collateral, with a market value of \$5.5 billion and \$7.2 billion for the respective periods, was obtained by the Corporation in support of these transactions.

On June 30, 1997, the Corporation had commitments to purchase and sell when-issued securities of \$5.8 billion and \$5.1 billion, respectively. This compares to commitments to purchase and sell when-issued securities of \$7.4 billion each on December 31, 1996.

See Tables 7 and 8 and the accompanying discussion in Item 2 regarding the Corporation's derivatives used for risk management purposes. See Table 9 and the accompanying discussion in Item 2 regarding the Corporation's derivative trading activities.

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including several actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, substantial money damages are asserted against the Corporation and its subsidiaries, and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, environmental, banking and other laws. Management believes, based upon the advice of counsel, that the actions and proceedings and losses, if any, resulting from the final outcome thereof, will not be material in the aggregate to the Corporation's financial position or results of operations.

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Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Earnings Review

Table 1 presents a comparison of selected operating results for the three months and six months ended June 30, 1997 and 1996.

Net income for the second quarter of 1997 increased 26 percent to \$762 million from \$605 million in the second quarter of 1996. Earnings per common share and fully diluted earnings per common share were \$1.05 and \$1.02, respectively, for the second quarter of 1997, compared to \$1.00 and \$.99 in the comparable prior year period.

Net income for the first six months of 1997 increased 32 percent to \$1.5 billion from \$1.1 billion for the first six months of 1996. Earnings per common share and fully diluted earnings per common share were \$2.02 and \$1.96, respectively, for the six months ended June 30, 1997, compared to \$1.85 and \$1.82 for the comparable prior year period. Excluding a merger-related charge of \$118 million (\$77 million, net of tax), net income for the first six months of 1996 was \$1.2 billion, earnings per common share were \$1.98 and fully diluted earnings per common share were \$1.95.

For the three and six month periods ended June 30, 1997, the increases over

the prior year in income, expense, and balance sheet categories were due largely to the Boatmen's acquisition but were also driven by internal growth. Other significant changes in the Corporation's results of operations and financial position are discussed in the sections that follow.

Key performance highlights for the first six months of 1997 were:

- o Taxable-equivalent net interest income increased 25 percent to \$4.0 billion in the first six months of 1997. Excluding the impact of the Boatmen's acquisition and securitizations, net interest income increased approximately 6 percent. The net interest yield increased to 3.86 percent compared to 3.52 percent in the first six months of 1996.
- o Provision for credit losses covered net charge-offs and totaled \$380 million for the first six months of 1997 compared to \$310 million for the same period in 1996. Net charge-offs as a percentage of average loans, leases and factored accounts receivable remained constant at .50 percent for the first six months of 1997 and 1996 while net charge-offs totaled \$368 million for the six months ended June 30, 1997 compared to \$312 million for the same year-ago period. Higher net charge-offs in 1997 were primarily the result of an increase in the loans, leases, and factored accounts receivable portfolio, attributable to the Boatmen's acquisition and internal growth as well as deterioration in consumer credit quality experienced on an industry-wide basis. Higher total consumer net charge-offs were partially offset by lower net charge-offs in the commercial loan portfolio. Nonperforming assets increased to \$1.3 billion on June 30, 1997 compared to \$1.0 billion on December 31, 1996, due primarily to the Boatmen's acquisition, and to a lesser extent, deterioration in consumer credit quality experienced on an industry-wide basis.
- o Noninterest income increased 26 percent to \$2.3 billion in the first six months of 1997, driven primarily by higher deposit account service charges, asset management and fiduciary service fees, mortgage servicing and other mortgage-related income, investment banking income and credit card income. Excluding the acquisition of Boatmen's, noninterest income increased approximately 4 percent.
- o Other noninterest expense increased 29 percent to \$3.6 billion. Excluding the Boatmen's acquisition, noninterest expense remained essentially unchanged and the cash basis efficiency ratio decreased 70 basis points to 54.13 for the first six months of 1997.
- o Cash basis ratios, which measure operating performance excluding intangible assets and the related amortization expense, improved with cash basis fully diluted earnings per share rising 17 percent to \$2.24 for the six months ended June 30, 1997 compared to the same year-ago period. For the six months ended June 30, 1997, return on average tangible common shareholders' equity increased 783 basis points to 28.41 percent.

<TABLE>
<CAPTION>
Table 1
Selected Operating Results
(Dollars in Millions Except Per-Share Information)

	Three Months Ended June 30		Six Months Ended June	
	1997	1996	1997	1996
30				

1996				

<S>	<C>	<C>	<C>	<C>
Income Statement				
Income from earning assets	\$ 4,109	\$ 3,442	\$ 8,136	\$
7,015				
Interest expense	2,121	1,855	4,198	
3,871				
Net interest income (taxable-equivalent)	2,017	1,611	3,995	
3,195				
Net interest income	1,988	1,587	3,938	
3,144				
Provision for credit losses	190	155	380	
310				
Gains (losses) on sales of securities	29	(6)	72	
8				
Noninterest income	1,165	917	2,278	
1,802				
Other real estate owned expense	4	7	2	
7				
Merger-related charge	--	--	--	
118				
Other noninterest expense	1,798	1,405	3,608	
2,799				
Income before income taxes	1,190	931	2,298	
1,720				
Income tax expense	428	326	827	
602				

Net income	762	605	1,471
1,118			
Net income available to common shareholders	759	601	1,464
1,110			
Net income (excluding merger-related charge)	762	605	1,471
1,195			
Average common shares issued (in thousands)	720,020	600,924	725,188
600,741			
Per common share			
Earnings	\$ 1.05	\$ 1.00	\$ 2.02
1.85			
Earnings (excluding merger-related charge)	1.05	1.00	2.02
1.98			
Fully diluted earnings	1.02	.99	1.96
1.82			
Fully diluted earnings (excluding merger-related charge)	1.02	.99	1.96
1.95			
Cash dividends paid	.33	.29	.66
.58			
Common shareholders' equity (period-end)	27.99	23.09	27.99
23.09			
Balance sheet (period-end)			
Total assets	240,362	192,308	240,362
192,308			
Total loans, leases and factored accounts receivable, net of unearned income	150,446	123,705	150,446
123,705			
Total deposits	135,049	108,124	135,049
108,124			
Long-term debt	25,474	20,527	25,474
20,527			
Common shareholders' equity	19,909	13,905	19,909
13,905			
Total shareholders' equity	19,970	14,025	19,970
14,025			
Performance ratios			
Return on average assets	1.27%	1.20%	1.23%
1.09%			
Return on average assets (excluding merger-related charge)	1.27	1.20	1.23
1.17			
Return on average common shareholders' equity (1)	15.25	18.00	14.60
16.87			
Return on average common shareholders' equity (excluding merger-related charge) (1)	15.25	18.00	14.60
18.04			
Efficiency ratio	56.48	55.57	57.51
56.00			
Total equity to total assets	8.31	7.29	8.31
7.29			
Risk-based capital ratios (period-end)			
Tier 1	6.83	7.58	6.83
7.58			
Total	11.32	11.93	11.32
11.93			
Leverage capital ratio	6.05	6.64	6.05
6.64			
Cash basis financial data (2)			
Earnings per common share	\$ 1.21	\$ 1.05	\$ 2.31
1.95			
Earnings per common share (excluding merger-related charge)	1.21	1.05	2.31
2.07			
Fully diluted earnings per common share	1.17	1.04	2.24
1.92			
Fully diluted earnings per common share (excluding merger-related charge)	1.17	1.04	2.24
2.05			
Return on average tangible assets	1.51%	1.28%	1.46%
1.16%			
Return on average tangible assets (excluding merger-related charge)	1.51	1.28	1.46
1.24			
Return on average tangible common shareholders' equity (1)	30.59	22.00	28.41
20.58			
Return on average tangible common shareholders' equity (excluding merger-related charge) (1)	30.59	22.00	28.41
21.93			
Efficiency ratio	53.00	54.31	54.13
54.83			
Ending tangible equity to tangible assets	4.92	6.37	4.92
6.37			
Market price per share of common stock			
Close at the end of the period	\$ 64 9/16	\$ 41 5/16	\$ 64 9/16
5/16			
High for the period	70	42 5/16	70
5/16			
Low for the period	54	37 3/8	48
3/16			

(1) Average common shareholders' equity does not include the effect of market value adjustments to securities available for sale and marketable equity securities.

(2) Cash basis calculations exclude intangible assets and the related amortization expense.

Business Unit Operations

The Corporation provides a diversified range of banking and certain nonbanking financial services and products through its various subsidiaries. The Corporation manages its business activities through three major Business Units: the General Bank, Global Finance and Financial Services. The Business Units are managed with a focus on numerous performance objectives including return on equity, operating efficiency and net income. Table 2 summarizes key performance measures for each of the Business Units.

The net interest income of the Business Units reflects a funds transfer pricing process which derives net interest income by matching assets and liabilities with similar interest rate sensitivity and maturity characteristics. Equity capital is allocated to each Business Unit based on an assessment of its inherent risk.

Table 2
Business Unit Summary

For the Six Months Ended June 30
(Dollars in Millions)

<TABLE>
<CAPTION>

Services	General Bank		Global Finance		Financial	
	1997	1996	1997	1996	1997	
1996						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income (taxable-equivalent)	\$ 2,950	\$ 2,292	\$ 687	\$ 586	\$ 280	\$
290						
Noninterest income	1,600	1,222	594	513	84	
67						
Total revenue	4,550	3,514	1,281	1,099	364	
357						
Provision for credit losses	256	216	46	17	78	
77						
Gains on sales of securities	19	6	--	--	--	
--						
Other real estate owned expense(income)	6	6	(8)	(3)	4	
5						
Noninterest expense	2,809	2,037	639	589	160	
155						
Income before income taxes	1,498	1,261	604	496	122	
120						
Income tax expense	581	465	219	182	38	
43						
Net income(1)	\$ 917	\$ 796	\$ 385	\$ 314	\$ 84	\$
77						
Cash basis earnings(2)	\$ 1,099	\$ 838	\$ 408	\$ 323	\$ 91	\$
84						
Net interest yield	4.71%	4.79%	2.97%(4)	3.03%(4)	6.63%	
7.39%						
Average equity to average assets	8.43	6.93	5.28	4.94	14.16	
14.16						
Return on average equity	16	22	17	16	13	
13						
Tangible return on average tangible equity(2)	28	27	19	17	17	
17						
Efficiency ratio	61.7	58.0	49.9	53.6	44.0	
43.4						
Cash basis efficiency ratio(2)	57.7	56.8	48.1	52.8	42.0	
41.5						

Average(3)

Total loans and leases, net of unearned

Income	\$ 96,837	\$ 80,029	\$ 42,354	\$ 36,077	\$ 8,442	\$
7,868						
Total deposits	117,136	87,473	9,443	8,375	--	
--						
Total assets	137,712	102,909	88,222	79,041	8,927	
8,384						
Period end(3)						
Total loans and leases, net of unearned						
income	97,929	79,201	43,028	35,955	8,834	
8,094						
Total deposits	116,303	87,148	11,842	9,343	--	
--						

</TABLE>

- (1) Business Unit results are presented on a fully allocated basis but do not include \$85 million of net income for 1997 and \$69 million of net expense for 1996, which represent earnings associated with unassigned capital, gains on sales of certain securities, merger-related charges and other corporate activities.
- (2) Cash basis calculations exclude intangible assets and the related amortization expense.
- (3) The sums of balance sheet amounts differ from consolidated amounts due to activities between the Business Units.
- (4) Global Finance's net interest yield excludes the impact of trading-related activities. Including trading-related activities, the net interest yield was 1.79 percent and 1.75 percent for the first six months of 1997 and 1996, respectively.

The General Bank and Global Finance business unit results reflect the impact of the purchase of Boatmen's, which resulted in an increase in goodwill of approximately \$5.9 billion and approximately \$119 million of related amortization expense on a consolidated basis for the first six months of 1997. This additional expense had an unfavorable impact on the return on average equity and efficiency ratios for both the General Bank and Global Finance in 1997. Table 2 presents information based on actual operating results including business unit earnings, the return on average equity and the efficiency ratio excluding the impact of goodwill and other intangibles and related amortization expense.

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The General Bank includes the Banking Group, which contains the retail banking network and is the service provider of banking services to the consumer sector as well as small and medium-size companies. Within the General Bank, specialized services, such as the origination and servicing of home mortgage loans, the issuance and servicing of credit cards, indirect lending, dealer finance and certain insurance services, are provided throughout the Corporation's franchise, and on a nationwide basis for certain products, through the Financial Products Group. The General Bank also contains the Asset Management Group, which includes businesses that provide full-service and discount brokerage, investment advisory and investment management services. The Private Client Group is part of the Asset Management Group and provides asset management, banking and trust services for individuals, targeting established wealth, active wealth, business owners, corporate executives, and the private foundations established by them.

The General Bank earned \$917 million in the first six months of 1997, an increase of 15 percent over the same period in 1996. The acquisition of Boatmen's accounted for a large portion of the General Bank's increased earnings over the same period last year with internal growth also contributing to the increase. Taxable-equivalent net interest income in the General Bank increased \$658 million, primarily reflecting the impact of the Boatmen's acquisition and deposit expense management efforts. Excluding the impact of the Boatmen's acquisition, total loans declined compared to the same period in 1996 including decreases in consumer loans resulting from higher levels of securitizations and the sale of certain consumer loans in the third quarter of 1996.

Noninterest income rose 31 percent in the first six months of 1997 to \$1.6 billion due primarily to the Boatmen's acquisition. Excluding the impact of Boatmen's, deposit account service charges and asset management and fiduciary service fees increased 13 percent and 4 percent, respectively, with the remaining increase due to higher credit card fees. Noninterest expense increased 38 percent to \$2.8 billion due primarily to the acquisition of Boatmen's, which resulted in an increase in full-time equivalent employees and additional amortization expense, with the remaining increase across most major expense categories. Excluding acquisitions, noninterest expense was virtually flat. The cash basis efficiency ratio, which was impacted by the inclusion of Boatmen's less efficient expense base and incremental funding costs, showed only a slight increase to 57.7 percent for the first six months of 1997 compared to the same period in 1996. The tangible return on average tangible equity increased approximately 100 basis points to 28 percent, the result of revenue growth which offset an increase in operating expenses and higher equity levels resulting from the Boatmen's acquisition.

Global Finance provides comprehensive corporate and investment banking services to domestic and international customers through its Corporate Finance/Capital Markets, Specialized Lending, Real Estate, and Transaction

Products units. The Global Finance group serves as a principal lender and investor as well as an advisor and manages treasury and trade transactions for clients and customers. Loan origination and syndication, asset-backed lending, leasing, factoring, project finance and mergers and acquisitions consulting are representative of the services provided. Global Finance is a primary dealer of U.S. Government securities and also underwrites, distributes and makes markets in high-grade and high-yield securities. Additionally, Global Finance is a market maker in derivatives products which include swap agreements, option contracts, forward settlement contracts, financial futures and other derivatives products in certain interest rate, foreign exchange, commodity and equity markets. In support of these activities, Global Finance takes positions to support client demands and its own account. Through the acquisition of Montgomery Securities, Global Finance expects to begin offering equity underwriting services as early as the fourth quarter of 1997, when the acquisition is expected to close.

Global Finance earned \$385 million in the first six months of 1997 compared to \$314 million in the first six months of 1996, the result of higher levels of net interest income and noninterest income, which more than offset higher noninterest and provision expenses. Taxable-equivalent net interest income for the first six months of 1997 was \$687 million compared to \$586 million in the first six months of 1996 reflecting loan growth partially offset by increased funding costs and competitive pressure on commercial loan pricing.

Noninterest income in the first six months of 1997 rose 16 percent to \$594 million reflecting higher securities underwriting and other investment banking income. Noninterest expense for the period rose 8 percent to \$639 million. The increase was the result of the Boatmen's acquisition and related amortization expense as well as slightly higher personnel expenses. The cash basis efficiency ratio

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improved 470 basis points to 48.1 percent. The tangible return on average tangible equity increased 200 basis points to 19 percent, reflecting revenue growth partially offset by higher operating expenses.

Financial Services is primarily composed of a holding company, NationsCredit Corporation, which includes NationsCredit Consumer Corporation, primarily a consumer finance operation, and NationsCredit Commercial Corporation, primarily a commercial finance operation. NationsCredit Consumer Corporation provides personal, mortgage and automobile loans to consumers and retail finance programs to dealers. NationsCredit Commercial Corporation consists of divisions that specialize in one or more of the following commercial financing areas: equipment loans and leasing; loans for debt restructuring, mergers and acquisitions and working capital; real estate, golf/recreational and health care financing; and inventory financing to manufacturers, distributors and dealers.

Financial Services' earnings of \$84 million in the first six months of 1997 increased 9 percent over the same period in 1996. Taxable-equivalent net interest income decreased \$10 million resulting from lower yields partly offset by 7-percent growth in average loans and leases. The net interest yield of 6.63 percent was down 76 basis points from 1996, due principally to increased competitive pressure. Noninterest income rose 25 percent to \$84 million in the first six months in 1997, reflecting gains associated with the sale of 29 branches during the first quarter of 1997. Noninterest expense for the period increased 3 percent to \$160 million leading to a cash basis efficiency ratio of 42.0 percent compared to 41.5 percent for the first six months of 1996. The tangible return on average tangible equity remained flat at 17 percent compared to the first six months of 1996.

Results of Operations

Net Interest Income

An analysis of the Corporation's taxable-equivalent net interest income and average balance sheet levels for the last five quarters and first six months of 1997 and 1996 is presented in Tables 3 and 4, respectively.

Taxable-equivalent net interest income increased 25 percent to \$2.0 billion in the second quarter of 1997 and amounted to \$4.0 billion in the first six months of 1997 compared to the same periods of 1996 due primarily to the acquisition of Boatmen's. Excluding the impact of the Boatmen's acquisition and securitizations, net interest income increased approximately 6 percent for both the second quarter and first half of 1997. Taxable-equivalent net interest income was positively impacted by the reinvestment of proceeds from the sale of low-yielding securities into higher-spread products, core loan growth and deposit expense management, which was partially offset by the impact of the sale of certain consumer loans in the third quarter of 1996 and an increased reliance on long-term debt. While securitizations lowered net interest income by \$77 million in the second quarter of 1997 and \$162 million in the first half of 1997, they do not significantly affect the Corporation's earnings. As the Corporation continues to securitize loans, its role becomes that of a servicer and the income related to securitized loans is reflected in noninterest income.

Of the \$672-million increase in interest income for the second quarter of 1997 compared to the same period in 1996, \$583 million was due to higher average earning assets with \$89 million resulting from higher yields on average earning assets. The \$1.1-billion increase in interest income for the first six months of 1997 compared to the first half of 1996 was the result of a \$1.0-billion increase due to higher average earning assets and \$92 million resulted from

higher yields on average earning assets. Interest expense increased \$266 million for the second quarter of 1997, with \$289 million resulting from higher levels of average interest-bearing liabilities offset by a \$23-million favorable impact of lower rates paid on average interest-bearing liabilities. The \$327-million increase in interest expense for the first six months of 1997 was the result of a \$487-million increase from higher levels of average interest-bearing liabilities offset by the \$160-million favorable impact of lower rates paid on average interest-bearing liabilities.

The net interest yield increased 27 basis points to 3.89 percent in the second quarter of 1997 and 34 basis points to 3.86 percent in the first six months of 1997 compared to the same periods of 1996 primarily reflecting the reinvestment of proceeds from the sale of low-yielding securities into higher-spread products. The positive impact of the acquisition of Boatmen's was offset by additional funding costs related to the acquisition.

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<TABLE>
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Table 3
Quarterly Taxable-Equivalent Data
(Dollars in Millions)

	Second Quarter 1997			First Quarter 1997		
	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates	Average Balance Sheet Amounts	Income or Expense	Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Earning assets						
Loans and leases, net of unearned income (1)						
Commercial	\$ 60,133	\$ 1,265	8.43%	\$ 59,542	\$ 1,229	8.38%
Real estate commercial	8,446	191	9.09	8,646	190	8.90
Real estate construction	3,765	88	9.43	3,778	84	8.98
Total commercial	72,344	1,544	8.56	71,966	1,503	8.47
Residential mortgage	33,848	658	7.79	32,072	621	7.78
Credit card	7,102	211	11.93	7,170	205	11.60
Other consumer	26,154	628	9.61	26,872	632	9.54
Total consumer	67,104	1,497	8.94	66,114	1,458	8.91
Foreign	3,119	56	7.29	3,283	56	6.86
Lease financing	5,546	107	7.69	5,316	103	7.79
Total loans and leases, net	148,113	3,204	8.67	146,679	3,120	8.61
Securities						
Held for investment	1,647	24	5.94	1,920	29	6.05
Available for sale (2)	20,851	361	6.93	20,740	356	6.89
Total securities	22,498	385	6.86	22,660	385	6.82
Loans held for sale	819	16	7.91	1,062	17	6.49
Federal funds sold	538	8	6.06	343	5	5.70
Securities purchased under agreements to resell	10,940	161	5.91	13,027	183	5.70
Time deposits placed and other						
short-term investments	2,303	31	5.36	2,228	28	5.11
Trading account securities (3)	22,793	333	5.84	22,848	317	5.60

-							
	Total earning assets (4)	208,004	4,138	7.97	208,847	4,055	7.85
	Cash and cash equivalents	8,637			9,178		
	Factored accounts receivable	1,188			1,078		
	Other assets, less allowance for credit losses	22,679			23,103		
-							
	Total assets	\$240,508			\$242,206		
-							
	Interest-bearing liabilities						
	Savings	\$ 10,096	50	2.00	\$ 10,220	53	2.10
	NOW and money market deposit accounts	41,792	272	2.60	42,138	273	2.64
	Consumer CDs and IRAs	38,481	501	5.22	39,458	507	5.21
	Negotiated CDs, public funds and other time deposits	3,459	47	5.47	3,555	47	5.31
	Foreign time deposits	9,523	125	5.30	9,278	118	5.14
	Federal funds purchased	3,421	48	5.64	4,469	59	5.35
	Securities sold under agreements to repurchase	30,196	381	5.07	29,607	358	4.90
	Commercial paper	2,956	42	5.67	3,041	41	5.53
	Other short-term borrowings	2,220	53	n/m	2,711	51	n/m
	Trading account liabilities (3)	9,376	160	6.85	9,949	165	6.73
	Long-term debt (5)	27,260	442	6.49	25,244	405	6.50
-							
	Total interest-bearing liabilities (6)	178,780	2,121	4.76	179,670	2,077	4.68
-							
	Noninterest-bearing sources						
	Noninterest-bearing deposits	31,310			30,327		
	Other liabilities	10,361			11,555		
	Shareholders' equity	20,057			20,654		
-							
	Total liabilities and shareholders' equity ..	\$240,508			\$242,206		
-							
	Net interest spread			3.21			3.17
	Impact of noninterest-bearing sources .....			.68			.66
-							
	Net interest income/yield on earning assets		\$ 2,017	3.89%		\$ 1,978	3.83%

n/m = not meaningful

</TABLE>

- (1) Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.
- (2) The average balance sheet amounts and yields on securities available for sale are based on the average of historical amortized cost balances.
- (3) The fair values of derivatives-dealer positions are reported in other assets and liabilities, respectively.
- (4) Interest income includes taxable-equivalent adjustments of \$29 and \$28 in the second and first quarters of 1997, respectively, and \$22, \$21 and \$24 in the fourth, third and second quarters of 1996, respectively. Interest income also includes the impact of risk management interest rate contracts, which increased interest income on the underlying linked assets \$34 and \$48 in the second and first quarters of 1997, respectively, and \$31, \$11 and \$3 in the fourth, third and second quarters of 1996, respectively.
- (5) Long-term debt includes trust preferred securities.
- (6) Interest expense includes the impact of risk management interest rate contracts, which (decreased) increased interest expense on the underlying linked liabilities (\$11) and (\$10) in the second and first quarters of 1997, respectively, and (\$1), \$13 and \$24 in the fourth, third and second quarters of 1996, respectively.

<TABLE>

<CAPTION>

Fourth Quarter 1996			Third Quarter 1996			Second Quarter 1996		
Average Balance Sheet Amounts	Income or Expense	Yields/Rates	Average Balance Sheet Amounts	Income or Expense	Yields/Rates	Average Balance Sheet Amounts	Income or Expense	Yields/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$ 49,987	\$ 1,044	8.30%	\$ 48,920	\$ 1,011	8.23%	\$ 49,983	\$ 1,000	8.04%
5,388	122	9.00	5,921	138	9.25	6,288	141	9.07
3,084	67	8.74	3,195	74	9.15	3,229	71	8.83
58,459	1,233	8.39	58,036	1,223	8.38	59,500	1,212	8.19
28,174	548	7.77	27,990	545	7.77	27,728	542	7.82
6,363	185	11.58	5,903	169	11.38	6,057	173	11.45

20,581	503	9.69	22,026	544	9.84	23,441	578	9.93
55,118	1,236	8.93	55,919	1,258	8.97	57,226	1,293	9.07
2,701	47	6.89	2,813	46	6.59	2,746	45	6.56
4,614	87	7.66	4,429	85	7.60	4,254	80	7.59
120,892	2,603	8.57	121,197	2,612	8.58	123,726	2,630	8.54
2,585	36	5.55	3,173	46	5.73	3,731	51	5.45
11,540	205	7.10	16,388	273	6.66	18,328	303	6.64
14,125	241	6.82	19,561	319	6.51	22,059	354	6.44
802	15	7.31	1,025	20	7.87	1,156	19	6.49
273	4	5.79	361	6	6.39	397	5	5.75
12,018	158	5.21	11,828	153	5.14	12,075	149	4.99
1,991	25	4.86	1,430	20	5.74	1,263	17	5.28
21,148	334	6.32	18,897	314	6.60	17,912	292	6.53
171,249	3,380	7.86	174,299	3,444	7.87	178,588	3,466	7.80
7,720			7,597			7,928		
1,256			1,150			1,124		
14,096			14,877			15,156		
\$194,321			\$197,923			\$202,796		
\$ 8,607	46	2.12	\$ 8,798	48	2.15	\$ 9,336	52	2.27
30,634	191	2.47	30,485	189	2.49	30,155	191	2.52
30,870	405	5.22	30,092	394	5.21	29,698	389	5.28
2,544	35	5.53	3,314	46	5.50	3,331	46	5.53
9,139	117	5.10	10,836	145	5.31	12,867	170	5.34
3,915	51	5.21	3,631	49	5.39	4,433	59	5.37
25,192	330	5.22	26,309	355	5.36	28,924	391	5.44
2,850	40	5.59	3,129	44	5.59	3,064	42	5.49
1,971	34	6.99	2,999	51	6.76	3,968	58	5.80
9,314	152	6.48	9,848	163	6.57	8,912	147	6.63
22,702	367	6.53	21,067	344	6.53	19,730	310	6.30
147,738	1,768	4.77	150,508	1,828	4.84	154,418	1,855	4.83
23,971			24,190			24,601		
9,388			10,092			10,225		
13,224			13,133			13,552		
\$194,321			\$197,923			\$202,796		
		3.09			3.03			2.97
		.66			.66			.65
	\$ 1,612	3.75%		\$ 1,616	3.69%		\$ 1,611	3.62%

</TABLE>

Table 4
Six Month Taxable-Equivalent Data
(Dollars in Millions)

<TABLE>
<CAPTION>

	Six Months Ended June 30				
	1997			1996	
Yields/ Rates	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates	Average Balance Sheet Amounts	Income or Expense
<S>	<C>	<C>	<C>	<C>	<C>
Earning assets					
Loans and leases, net of unearned income (1)					
8.05% Commercial	\$ 59,840	\$ 2,494	8.40%	\$ 49,652	\$ 1,987
8.94 Real estate commercial	8,545	381	8.99	6,531	290
8.84 Real estate construction	3,771	172	9.21	3,191	140

8.19	Total commercial	72,156	3,047	8.52	59,374	2,417

7.82	Residential mortgage	32,965	1,279	7.78	27,540	1,076
12.05	Credit card	7,136	416	11.76	6,324	379
9.96	Other consumer	26,511	1,260	9.58	23,645	1,171

9.17	Total consumer	66,612	2,955	8.92	57,509	2,626

7.01	Foreign	3,201	112	7.07	2,569	90
7.53	Lease financing	5,431	210	7.74	4,052	152

8.60	Total loans and leases, net	147,400	6,324	8.64	123,504	5,285

Securities						
5.54	Held for investment	1,782	54	6.00	4,012	111
6.49	Available for sale (2)	20,796	717	6.91	20,662	668

6.34	Total securities	22,578	771	6.84	24,674	779

7.06	Loans held for sale	940	33	7.11	1,243	44
6.02	Time deposits placed and other short-term investments	2,266	59	5.24	1,160	35
5.83	Federal funds sold	441	13	5.92	461	13
5.15	Securities purchased under agreements to resell	11,978	344	5.79	12,973	332
6.43	Trading account securities (3)	22,820	649	5.72	18,062	578

7.80	Total earning assets (4)	208,423	8,193	7.91	182,077	7,066

Cash and cash equivalents						
Factored accounts receivable						
Other assets, less allowance for credit losses						

Total assets						
		\$241,352			\$205,707	
=====						
Interest-bearing liabilities						
2.31	Savings	\$ 10,158	103	2.05	\$ 9,349	107
2.57	NOW and money market deposit accounts	41,964	545	2.62	29,924	383
5.35	Consumer CDs and IRAs	38,967	1,008	5.21	29,583	786
5.47	Negotiated CDs, public funds and other time deposits	3,507	94	5.39	3,302	90
5.53	Foreign time deposits	9,401	243	5.22	12,384	340
5.39	Federal funds purchased	3,942	107	5.48	5,625	151
5.43	Securities sold under agreements to repurchase	29,903	739	4.98	31,315	846
5.55	Commercial paper	2,998	83	5.60	2,943	81
5.85	Other short-term borrowings	2,463	104	n/m	4,210	123
6.36	Trading account liabilities (3)	9,661	325	6.79	10,699	338
6.49	Long-term debt (5)	26,258	847	6.50	19,308	626

4.90	Total interest-bearing liabilities (6)	179,222	4,198	4.72	158,642	3,871

Noninterest-bearing sources						
Noninterest-bearing deposits						
Other liabilities						
Shareholders' equity						
		30,821			23,905	
		10,955			9,812	
		20,354			13,348	

	Total liabilities and shareholders' equity	\$241,352		\$205,707

	Net interest spread		3.19	
	2.90			
	Impact of noninterest-bearing sources .....		.67	
	.62			

	Net interest income/yield on earning assets	\$ 3,995	3.86%	\$ 3,195
	3.52%			

</TABLE>

n/m = not meaningful

- (1) Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.
- (2) The average balance sheet amounts and yields on securities available for sale are based on the average of historical amortized cost balances.
- (3) The fair values of derivatives-dealer positions are reported in other assets and liabilities, respectively.
- (4) Interest income includes taxable-equivalent adjustments of \$57 and \$51 in 1997 and 1996, respectively. Interest income also includes the impact of risk management interest rate contracts, which increased (decreased) interest income on the underlying linked assets \$82 and (\$16) in 1997 and 1996, respectively.
- (5) Long-term debt includes trust preferred securities.
- (6) Interest expense includes the impact of risk management interest rate contracts, which (decreased) increased interest expense on the underlying linked liabilities (\$21) and \$42 in 1997 and 1996, respectively.

Loan growth is dependent on economic conditions as well as various discretionary factors, such as decisions to securitize certain loan portfolios, the retention of residential mortgage loans generated by the Corporation's mortgage subsidiary and the management of borrower, industry, product and geographic concentrations.

Provision for Credit Losses

The provision for credit losses was \$190 million and \$380 million in the second quarter and first half of 1997, respectively, compared to \$155 million and \$310 million in the comparable prior-year periods. For the second quarter and first half of 1997, the provision for credit losses covered net charge-offs of \$184 million and \$368 million, respectively. Higher provision expense in 1997 was due primarily to higher net charge-offs resulting from an increase in the loans, leases, and factored accounts receivable portfolio, attributable to the Boatmen's acquisition and internal growth as well as deterioration in consumer credit quality experienced on an industry-wide basis. Higher total consumer net charge-offs were partially offset by lower net charge-offs in the commercial loan portfolio. For additional information on the allowance for credit losses, certain credit quality ratios and credit quality information on specific loan categories, see the "Allowance for Credit Losses" and "Concentrations of Credit Risk" sections of the Management's Discussion and Analysis.

Future economic conditions will impact credit quality and may result in increased net charge-offs and higher provisions for credit losses.

Gains on Sales of Securities

Gains on the sales of securities were \$72 million for the first six months of 1997 compared to \$8 million in the first six months of 1996. The increase reflects the Corporation's sale of a significant portion of the Boatmen's portfolio subsequent to the acquisition date. The increase also reflects the sale of lower-yielding securities and the reinvestment of the proceeds from such sales into higher-spread products.

Noninterest Income

As presented in Table 5, noninterest income increased to \$1.2 billion and \$2.3 billion in the second quarter and first six months of 1997, or 27 percent and 26 percent, respectively, reflecting the acquisition of Boatmen's and strong internal growth as described by the following:

- o Service charges on deposit accounts increased 37 percent and 38 percent over the second quarter and first six months of 1996, respectively, due primarily to the acquisition of Boatmen's. Excluding the impact of the Boatmen's acquisition, service charges increased approximately 11 percent for both periods.
- o Mortgage servicing and other mortgage-related income increased 16 percent

to \$67 million in the second quarter of 1997 and 31 percent to \$137 million in the first six months of 1997 due to the acquisition of the Boatmen's mortgage servicing portfolio. Including acquisitions, the average portfolio of loans serviced increased 39 percent from \$85.2 billion in the first six months of 1996 to \$118.5 billion in the first six months of 1997. Mortgage loan originations through the Corporation's mortgage subsidiary increased from \$6.2 billion for the first six months of 1996 to \$6.4 billion for the same period in 1997. The increase in loan originations experienced in 1997 was due to the acquisition of Boatmen's. Excluding the Boatmen's acquisition, loan originations during the first half of 1997 were essentially unchanged from the same period in 1996 resulting from changes in the interest rate environment. Origination volume for the first half of 1997 consisted of approximately \$3.9 billion of correspondent and wholesale loan volume and \$2.5 billion of retail loan volume.

In conducting its mortgage banking activities, the Corporation is exposed to interest rate risk for the period between loan commitment date and subsequent delivery date. The value of the Corporation's mortgage servicing rights is also affected by changes in prepayment rates. To manage risks associated with mortgage banking activities, the Corporation enters into various financial instruments including option contracts, forward delivery contracts and certain rate swaps. The

contract notional amount of these instruments approximated \$8.9 billion on June 30, 1997. Net unrealized losses associated with these contracts were \$25 million on June 30, 1997.

<TABLE>

Table 5
Noninterest Income
(Dollars in Millions)
<CAPTION>

	Three Months Ended June 30		Change		Six Months Ended June 30		Change
	1997	1996	Amount	Percent	1997	1996	Amount
Percent							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Service charges on deposit accounts 38.1%	\$ 379	\$276	\$103	37.3%	\$ 739	\$ 535	\$204
Nondeposit-related service fees							
Safe deposit rent 26.7	8	6	2	33.3	19	15	4
Mortgage servicing and other mortgage-related income 30.5	67	58	9	15.5	137	105	32
Fees on factored accounts receivable (3.2)	15	15	--	--	30	31	(1)
Investment banking income 19.4	114	66	48	72.7	197	165	32
Other service fees 20.0	51	40	11	27.5	102	85	17
Total nondeposit-related service fees 20.9	255	185	70	37.8	485	401	84
Asset management and fiduciary service fees 56.2	173	112	61	54.5	339	217	122
Credit card income							
Merchant discount fees (100.0)	--	2	(2)	(100.0)	--	6	(6)
Annual credit card fees (13.3)	6	8	(2)	(25.0)	13	15	(2)
Other credit card fees 28.9	88	70	18	25.7	165	128	37
Total credit card income 19.5	94	80	14	17.5	178	149	29
Other income							
Brokerage income 24.1	39	30	9	30.0	72	58	14
Trading account profits and fees 24.1	77	82	(5)	(6.1)	174	150	24

16.0	Bankers' acceptances and letters of credit fees	24	15	9	60.0	44	33	11
33.3	Insurance commissions and earnings	26	18	8	44.4	51	37	14
37.8	Miscellaneous	98	119	(21)	(17.6)	196	222	(26)
(11.7)								
7.4	Total other income	264	264	--	--	537	500	37
26.4		\$1,165	\$917	\$248	27.0	\$2,278	\$1,802	\$476

</TABLE>

- Investment banking income increased 73 percent to \$114 million in the second quarter of 1997 and 19 percent to \$197 million for the first six months of 1997, reflecting higher securities underwriting fees and other investment banking income. For the first half of 1997 compared to the same period in 1996, higher fees were partially offset by lower gains on principal investing activities (investing in equity or equity-related transactions on behalf of clients). An analysis of investment banking income by major business activity follows (in millions):

	Three Months Ended June 30		Six Months Ended June 30	
	1997	1996	1997	1996
Syndications	\$ 36	\$34	\$ 56	\$ 51
Securities underwriting	34	16	59	35
Principal investment activities	22	10	45	59
Other	22	6	37	20
	\$114	\$66	\$197	\$165

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- Asset management and fiduciary service fees increased 55 percent to \$173 million in the second quarter of 1997 and 56 percent to \$339 million for the first six months of 1997, reflecting the impact of the Boatmen's acquisition and internal growth of approximately 4 percent.
- Credit card income increased 18 percent to \$94 million in the second quarter of 1997 and 20 percent to \$178 million for the first six months of 1997 due primarily to higher fees associated with the acquisition of Boatmen's and internal growth of approximately 5 percent. Credit card income includes \$8 million and \$16 million from credit card securitizations for the three and six months ended June 30, 1997, respectively.
- Trading account profits and fees totaled \$77 million and \$174 million in the second quarter and first six months of 1997, respectively, a decrease of \$5 million and an increase of \$24 million, respectively, compared to the same periods in 1996.

An analysis of trading account profits and fees by major business activity follows (in millions):

	Three Months Ended June 30		Six Months Ended June 30	
	1997	1996	1997	1996
Securities trading.....	\$21	\$36	\$ 40	\$ 46
Interest rate contracts.....	40	34	81	90
Foreign exchange contracts.....	11	(2)	28	(9)
Other	5	14	25	23
	\$77	\$82	\$174	\$150

- Miscellaneous income totaled \$98 million and \$196 million in the second quarter and first six months of 1997, respectively, reflecting decreases of \$21 million and \$26 million compared to the same respective periods in 1996. Miscellaneous income includes net gains on sales of miscellaneous investments, business activities, premises, venture capital investments and other similar items.

Noninterest Expense

As presented in Table 6, the Corporation's noninterest expense increased 28 percent and 29 percent to \$1.8 billion and \$3.6 billion in the second quarter and first six months of 1997, respectively, compared to the same periods of

1996. Excluding the impact of the Boatmen's acquisition and related transition expenses, noninterest expense remained essentially unchanged in the second quarter and first half of 1997 and the cash basis efficiency ratio declined 70 basis points to 54.13 percent for the first half of 1997.

A discussion of the significant components of noninterest expense in the second quarter and first six months of 1997 follows:

- o Personnel expense increased \$197 million and \$416 million in the second quarter and first six months of 1997, respectively, over the comparable 1996 periods, due primarily to the impact of the Boatmen's acquisition. On June 30, 1997, the Corporation had approximately 79,000 full-time equivalent employees compared to approximately 63,000 full-time equivalent employees on December 31, 1996. Excluding the impact of the Boatmen's acquisition, full-time equivalent employees at June 30, 1997 were essentially unchanged compared to December 31, 1996 levels.
- o Occupancy expense increased 22 percent to \$155 million in the second quarter of 1997, and 21 percent to \$306 million in the first six months of 1997 compared to the same periods in 1996 due to the acquisition of Boatmen's.

<TABLE>

Table 6
Noninterest Expense
(Dollars in Millions)
<CAPTION>

Change	Three Months Ended June 30		Change		Six Months Ended June 30		
	1997	1996	Amount	Percent	1997	1996	Amount
Percent	<S>	<C>	<C>	<C>	<C>	<C>	<C>
Personnel	\$ 881	\$ 684	\$197	28.8%	\$1,762	\$1,346	\$416
30.9%							
Occupancy, net	155	127	28	22.0	306	254	52
20.5							
Equipment	139	110	29	26.4	294	216	78
36.1							
Marketing	75	67	8	11.9	150	134	16
11.9							
Professional fees	78	64	14	21.9	153	113	40
35.4							
Amortization of intangibles	111	32	79	246.9	212	58	154
265.5							
Credit card	17	14	3	21.4	32	31	1
3.2							
Deposit insurance	5	7	(2)	(28.6)	12	14	(2)
(14.3)							
Data processing	59	62	(3)	(4.8)	129	123	6
4.9							
Telecommunications	54	41	13	31.7	108	82	26
31.7							
Postage and courier	47	36	11	30.6	96	74	22
29.7							
Other general operating	120	114	6	5.3	246	262	(16)
(6.1)							
General administrative and miscellaneous	57	47	10	21.3	108	92	16
17.4							
	\$1,798	\$1,405	\$393	28.0	\$3,608	\$2,799	\$809

</TABLE>

- o Equipment expense increased approximately \$29 million and \$78 million in the second quarter and first six months of 1997, respectively, compared to the same periods of 1996, reflecting the acquisition of Boatmen's as well as enhancements to computer resources throughout the Corporation and to product delivery systems, such as the Model Banking initiative, PC Banking, direct banking, and data base management.
- o Professional fees increased \$14 million and \$40 million in the second quarter and first six months of 1997, respectively, compared to the same year-ago periods, reflecting higher consulting and technical support fees for projects to enhance revenue growth and for the development and installation of infrastructure enhancements.

- o Intangibles amortization expense increased to \$111 million and \$212 million in the second quarter and first six months of 1997, respectively, compared to the same periods in the prior year, reflecting the impact of the Boatmen's acquisition.
- o Other general operating expenses decreased \$16 million for the first six months in 1997 versus the same period in 1996. Included in the 1996 year-to-date expenses was a \$40-million pre-tax charge reflecting the estimated loss associated with fraudulent commercial loan transactions.
- o Noninterest expense includes the cost of projects underway to ensure accurate date recognition and data processing with respect to the Year 2000 and are included in professional, data processing, and equipment expenses. The Corporation expects to complete the Year 2000 conversion projects by the end of 1998. These costs, which are expensed as incurred, have been immaterial to date and are not expected to have a material impact on the Corporation's earnings in the future.

Income Taxes

The Corporation's income tax expense for the second quarter and first six months of 1997 was \$428 million and \$827 million, respectively, for an effective tax rate of 36 percent of pretax income compared to \$326 million and \$602 million for the second quarter and first half of 1996, respectively, for an effective rate of 35 percent. The increase in the effective tax rate was due to the increase in non-deductible goodwill amortization resulting from the acquisition of Boatmen's.

Balance Sheet Review and Risk Management

The Corporation utilizes an integrated approach in managing its balance sheet which includes management of interest rate sensitivity, credit risk, liquidity risk and its capital position. The average balances discussed below can be derived from Table 4.

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Average customer-based funds increased \$29.4 billion in the first six months of 1997 over the same period in 1996 due primarily to deposits obtained in acquisitions over the past year. As a percentage of total sources, average customer-based funds represented 52 percent in the first six months of 1997 compared to 47 percent in the first six months of 1996.

Average market-based funds decreased \$8.8 billion in the first six months of 1997 compared to the same period in 1996 and comprised a smaller portion of total sources of funds at 24 percent for the first six months of 1997 compared to 33 percent during the same period of 1996, due primarily to increases in customer-based funds resulting from the Boatmen's acquisition and long-term debt. Average long-term debt increased \$7.0 billion in the first six months of 1997 over 1996 levels for the comparable period and represented 11 percent of total sources of funds compared to 9 percent during the first six months of 1996. The increase in long-term debt was the result of borrowings to fund the cash portion of the Boatmen's purchase price.

Average loans and leases, the Corporation's primary use of funds, increased \$23.9 billion during the first six months of 1997 and comprised approximately 60 percent of total uses of funds in 1997 and 1996. This increase in average loans and leases was due to the acquisition of Boatmen's and core loan growth. The ratio of average loans and leases to customer-based funds was 118 percent in the first six months of 1997 compared to 129 percent in the first six months of 1996.

The average securities portfolio as a percentage of total uses decreased to 9 percent in the first six months of 1997 from 12 percent in the first six months of 1996, the result of management's continued focus on the reduction of low-yielding assets.

Average other assets increased \$9.2 billion in the first six months of 1997 compared to the same period in 1996 due primarily to an increase in intangible assets related to the acquisition of Boatmen's.

Cash and cash equivalents were \$10.0 billion on June 30, 1997, an increase of \$1.1 billion from December 31, 1996. During the first six months of 1997, net cash used in operating activities was \$5.7 billion, net cash provided by investing activities was \$1.9 billion and net cash provided by financing activities was \$4.9 billion. For further information on cash flows, see the Consolidated Statement of Cash Flows in the consolidated financial statements.

Liquidity is a measure of the Corporation's ability to fulfill its cash requirements and is managed by the Corporation through its asset and liability management process. Management believes the Corporation's sources of liquidity are more than adequate to meet its cash requirements.

The following discussion provides an overview of significant on- and off-balance sheet components.

Securities

The securities portfolio on June 30, 1997 consisted of securities held for investment totaling \$1.5 billion and securities available for sale totaling \$19.7 billion compared to \$2.1 billion and \$12.3 billion, respectively, on

December 31, 1996. The increase in the available for sale portfolio from December 31, 1996 was due primarily to the addition of higher-yielding mortgage-backed securities in the first quarter of 1997.

On June 30, 1997, the market value of the Corporation's portfolio of securities held for investment reflected net unrealized appreciation of \$1 million. On December 31, 1996, the market value of securities held for investment approximated the book value of the portfolio.

The valuation reserve for securities available for sale and marketable equity securities increased shareholders' equity by \$76 million on June 30, 1997, reflecting pretax appreciation of \$143 million on marketable equity securities and depreciation of \$26 million on securities available for sale. The valuation reserve increased shareholders' equity by \$86 million on December 31, 1996. The decrease in the valuation reserve was primarily attributable to an increase in interest rates when comparing June 30, 1997 to December 31, 1996.

The estimated average maturities of securities held for investment and securities available for sale portfolios were 1.55 years and 6.61 years, respectively, on June 30, 1997 compared with 1.47 years and 6.91 years, respectively, on December 31, 1996.

Off-Balance Sheet

Derivatives - Asset and Liability Management Positions

The Corporation utilizes interest rate and foreign exchange contracts in its asset and liability management (ALM) process.

Interest rate contracts allow the Corporation to efficiently manage its interest rate risk position. The Corporation uses non-leveraged generic and basis swaps. Generic swaps involve the exchange of fixed-rate and variable-rate interest payments based on the contractual underlying notional amounts. Basis swaps involve the exchange of interest payments based on the contractual underlying notional amounts, where both the pay rate and the receive rate are floating rates based on different indices. As presented in the footnotes to Tables 3 and 4, net interest receipts and payments on these contracts have been included in interest income and expense on the underlying instruments.

<TABLE>

Table 7
Asset and Liability Management Interest Rate Notional Contracts
(Dollars in Millions)
<CAPTION>

Total	Generic					Option
	Receive	Pay	Basis	Total	Option	
Rate	Fixed	Fixed	Basis	Swaps	Products	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance on December 31, 1996	\$ 27,740	\$ 1,035	\$ 1,346	\$ 30,121	\$ 6,395	\$
36,516						
Additions	10,368	1,587	1,179	13,134	3,100	
16,234						
Maturities, terminations and other	(6,384)	(980)	--	(7,364)	(1,600)	
(8,964)						
Balance on June 30, 1997	\$ 31,724	\$ 1,642	\$ 2,525	\$ 35,891	\$ 7,895	\$
43,786						

</TABLE>

Table 7 summarizes the notional amount and the activity of ALM interest rate contracts for the six months ended June 30, 1997. As reflected in the table, the gross notional amount of the Corporation's ALM swap program on June 30, 1997 was \$35.9 billion, with the Corporation receiving fixed on \$31.7 billion, primarily converting variable-rate commercial loans to fixed-rate, and receiving variable on \$1.6 billion. The net receive fixed position of \$30.1 billion increased from the net receive fixed position of \$26.7 billion on December 31, 1996 in order to maintain the Corporation's relatively neutral posture to changes in interest rates. The net receive fixed position primarily modifies the interest rate characteristics of certain variable-rate assets.

Table 8 summarizes the expected maturities, weighted average pay and receive rates and the unrealized gains (losses) on June 30, 1997 of the Corporation's ALM swaps. Floating rates represent the last repricing and will change in the future primarily based on movements in one-, three- and six-month

LIBOR rates. The net unrealized depreciation of the ALM swap portfolio on June 30, 1997 was \$8 million compared to unrealized appreciation of \$69 million on December 31, 1996, reflecting the increase in interest rates when comparing June 30, 1997 to December 31, 1996. The amount of net realized deferred losses associated with terminated ALM swaps was \$16 million on June 30, 1997.

In its ALM process, the Corporation also utilizes interest rate option products, primarily caps and floors. Interest rate caps and floors are agreements where, for a fee, the purchaser obtains the right to receive interest payments when a variable interest rate moves above or below a specified cap or floor rate, respectively. Table 7 includes a summary of the notional amount and the activity of ALM interest rate option contracts for the six months ended June 30, 1997. At June 30, 1997, the Corporation had a gross notional amount of \$7.9 billion in outstanding interest rate option contracts used for ALM purposes. Such instruments are primarily linked to term debt, short-term borrowings and pools of residential mortgages. Table 8 includes a summary of the expected maturities and the net unrealized loss of the Corporation's ALM option contracts. On June 30, 1997, the net unrealized depreciation of ALM option products was \$3 million.

The Corporation uses foreign currency swaps to manage the foreign exchange risk associated with foreign-denominated liabilities. At June 30, 1997, these contracts had a notional value of \$542 million and reflected net unrealized depreciation of \$17 million. Unrealized gains and losses associated with ALM foreign currency swaps are included as adjustments to income or expense on the linked asset or liability.

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The net unrealized depreciation in the estimated value of the ALM interest rate and foreign exchange contract portfolio should be viewed in the context of the overall balance sheet. The value of any single component of the balance sheet or off-balance sheet positions should not be viewed in isolation.

For a discussion of the Corporation's management of risk associated with mortgage banking activities, see the "Noninterest Income" section of the Management's Discussion and Analysis.

<TABLE>

 Table 8
 Asset and Liability Management Interest Rate Contracts
 June 30, 1997
 (Dollars in Millions, Average Expected Maturity in Years)

<CAPTION>

Average Expected Maturity	Unrealized Gain/(Loss)	Total	Expected Maturity					After 2001	
			1997	1998	1999	2000	2001		

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Asset Conversion Swaps									
Receive fixed generic.....	\$ (1)								
3.33									
Notional amount.....		\$25,600	\$ --	\$ 2,680	\$ 4,310	\$ 6,325	\$ 8,100	\$ 4,185	
Weighted average receive rate..		6.41%	--%	5.96%	6.26%	6.40%	6.57%	6.57%	
Weighted average pay rate.....		5.75							
Pay fixed generic.....	(9)								
2.85									
Notional amount.....		\$ 1,318	\$ 1	\$ 1	\$ 251	\$ 1,001	\$ 1	\$ 63	
Weighted average pay rate.....		6.67%	9.78%	9.78%	6.46%	6.70%	9.78%	6.95%	
Weighted average receive rate..		5.82							
Total asset conversion swaps.....	\$ (10)								
Notional amount.....		\$26,918	\$ 1	\$ 2,681	\$ 4,561	\$ 7,326	\$ 8,101	\$ 4,248	
Liability Conversion Swaps.....									
Receive fixed generic.....	\$ 9								
6.37									
Notional amount.....		\$ 6,124	\$ --	\$ 98	\$ 716	\$ 308	\$ 1,436	\$ 3,566	
Weighted average receive rate..		6.81%	--%	6.03%	7.27%	6.79%	6.41%	6.90%	
Weighted average pay rate.....		6.06							
Pay fixed generic.....	(8)								
1.77									
Notional amount.....		\$ 324	\$ 125	\$ 100	\$ --	\$ 40	\$ --	\$ 59	
Weighted average pay rate.....		8.97%	10.35%	9.31%	--%	6.53%	--%	7.16%	
Weighted average receive rate..		5.66							
Total liability conversion swaps..	\$ 1								
Notional amount.....		\$ 6,488	\$ 125	\$ 198	\$ 716	\$ 348	\$ 1,436	\$ 3,625	

Total receive fixed swaps.....	\$	8						
3.92								
Notional amount.....		\$31,724	\$ --	\$ 2,778	\$ 5,026	\$ 6,633	\$ 9,536	\$ 7,751
Weighted average receive rate..		6.49%	--%	5.96%	6.41%	6.42%	6.54%	6.72%
Weighted average pay rate.....		5.81						
Total pay fixed swaps.....		(17)						
2.64								
Notional amount.....		\$ 1,642	\$ 126	\$ 101	\$ 251	\$ 1,041	\$ 1	\$ 122
Weighted average pay rate.....		7.13%	10.34%	9.31%	6.46%	6.69%	9.78%	7.05%
Weighted average receive rate..		5.79						
Basis Swaps.....	\$	1						
1.61								
Notional amount.....		\$ 2,525	\$ 371	\$ 700	\$ 1,100	\$ 160	\$ 25	\$ 169
Weighted average receive rate..		5.75%						
Weighted average pay rate.....		5.81						
Total Swaps.....	\$	(8)						
		=====						
Notional amount.....		\$35,891	\$ 497	\$ 3,579	\$ 6,377	\$ 7,834	\$ 9,562	\$ 8,042

Option Products								
Notional amount.....	(3)	\$ 7,895	\$ --	\$ 2,425	\$ 3,575	\$ 25	\$ 336	\$ 1,534

Total Interest Rate Contracts.....	\$	(11)						
Notional amount.....		=====	\$43,786	\$ 497	\$ 6,004	\$ 9,952	\$ 7,859	\$ 9,898
								\$ 9,576

On June 30, 1997, in addition to the above interest rate swaps, the Corporation had a \$500 million notional receive fixed generic interest swap associated with a credit card securitization. On this position had an unrealized market value of negative \$20 million, a receive rate of 5.96 percent, a pay rate of 5.94 percent and an expected maturity of 6.46 years.

</TABLE>

Derivatives - Dealer Positions

Credit risk associated with derivative positions is measured as the net replacement cost the Corporation could incur should counterparties with contracts in a gain position completely fail to perform under the terms of those contracts and any collateral underlying the contracts proves to be of no value to the Corporation. In managing derivative credit risk, the Corporation considers both the current exposure, which is the replacement cost of contracts on the measurement date, as well as an estimate of the potential change in value of contracts over their remaining lives.

Table 9 presents the notional or contract amounts on June 30, 1997 and December 31, 1996 and the current credit risk amounts (the net replacement cost of contracts in a gain position on June 30, 1997 and December 31, 1996) of the Corporation's derivatives-dealer positions which are primarily executed in the over-the-counter market. The notional or contract amounts indicate the total volume of transactions

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and significantly exceed the amount of the Corporation's credit or market risk associated with these instruments. The credit risk amounts presented in Table 9 do not consider the value of any collateral, but generally take into consideration the effects of legally enforceable master netting agreements. On June 30, 1997, the credit risk associated with the Corporation's asset and liability management positions was not significant.

In managing credit risk associated with its derivatives activities, the Corporation deals with creditworthy counterparties, primarily U.S. and foreign commercial banks, broker-dealers and corporates.

<TABLE>

Table 9
Derivatives - Dealer Positions
(Dollars in Millions)
<CAPTION>

	June 30 1997	December 31 1996
Contract/	Contract/	Contract/
Credit Risk	Credit Risk	Credit Risk
Notional Amount(1)	Notional Amount (1)	Notional Amount (1)

<S>	<C>	<C>	<C>	<C>
Interest Rate Contracts				
Swaps	\$307,581	\$ 1,167	\$252,187	\$ 927
Futures and forwards	112,394	6	186,333	5
Written options	336,040	--	298,594	--
Purchased options	314,564	570	294,591	561
Foreign Exchange Contracts				
Swaps	1,372	100	1,303	24
Spot, futures and forwards	73,209	672	94,028	1,137
Written options	49,634	--	63,081	--
Purchased options	47,416	323	61,716	352
Commodity and Other Contracts				
Swaps	823	34	812	81
Futures and forwards	2,838	18	2,728	--
Written options	14,815	--	14,064	--
Purchased options	14,963	278	13,828	357
		-----		-----
Total before cross product netting .		3,168		3,444
		-----		-----
Cross product netting		286		286
		-----		-----
Net replacement cost		\$ 2,882		\$ 3,158
		=====		=====

(1) Represents the net replacement cost the Corporation could incur should counterparties with contracts in a gain position to the Corporation completely fail to perform under the terms of those contracts. Amounts include accrued interest.

</TABLE>

A portion of the Corporation's derivatives-dealer activity involves exchange-traded instruments. Because exchange-traded instruments conform to standard terms and are subject to policies set by the exchange involved, including counterparty approval, margin requirements and security deposit requirements, the credit risk to the Corporation is minimal.

During 1997, there were no credit losses associated with derivative transactions. In addition, on June 30, 1997, there were no nonperforming derivative positions.

Allowance for Credit Losses

The Corporation's allowance for credit losses was \$2.8 billion, or 1.85 percent of net loans, leases, and factored accounts receivable on June 30, 1997 compared to \$2.3 billion, or 1.89 percent, on December 31, 1996, with the increase in the allowance attributable to the acquisition of Boatmen's. The allowance for credit losses was 250 percent of nonperforming loans on June 30, 1997 compared to 260 percent on December 31, 1996.

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<TABLE>

Table 10
Allowance For Credit Losses
(Dollars in Millions)

<CAPTION>

	Three Months Ended June 30		Six Months Ended June 30	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Beginning balance.....	\$ 2,785	\$ 2,253	\$ 2,315	\$ 2,163
Loans, leases and factored accounts receivable charged off				
Commercial.....	(15)	(50)	(42)	
(84)				
Real estate commercial.....	(14)	(16)	(18)	
(29)				
Real estate construction.....	(1)	(3)	(1)	
(3)				
Total commercial.....				
(116)	(30)	(69)	(61)	
Residential mortgage.....				
(6)	(3)	(2)	(7)	
Credit card.....	(117)	(61)	(225)	

(126)	Other consumer.....	(98)	(81)	(198)	
(168)					

(300)	Total consumer.....	(218)	(144)	(430)	

-	Foreign.....	(3)	-	(3)	
(2)	Lease financing.....	(2)	(1)	(6)	
(16)	Factored accounts receivable.....	(6)	(10)	(10)	

(434)	Total loans, leases and factored accounts receivable charged off.....	(259)	(224)	(510)	

6	Recoveries of loans, leases and factored accounts receivable previously charged off				
2	Commercial.....	17	22	35	36
	Real estate commercial.....	5	3	7	
	Real estate construction.....	2	2	3	

	Total commercial.....	24	27	45	44

1	Residential mortgage.....	1	-	2	
	Credit card.....	20	14	39	26
	Other consumer.....	27	24	52	46

	Total consumer.....	48	38	93	73

-	Foreign.....	-	-	-	
-	Lease financing.....	1	-	1	
5	Factored accounts receivable.....	2	2	3	

	Total recoveries of loans, leases and factored accounts receivable previously charged off.....	75	67	142	122

(312)	Net charge-offs.....	(184)	(157)	(368)	

	Provision for credit losses.....	190	155	380	310
	Allowance applicable to loans of purchased companies and other.....	(1)	41	463	131

	Balance on June 30.....	\$ 2,790	\$ 2,292	\$ 2,790	\$ 2,292
=====					
	Loans, leases and factored accounts receivable, net of unearned income, outstanding end of period.....	\$ 150,446	\$ 123,705	\$ 150,446	\$ 123,705
	Allowance for credit losses as a percentage of loans, leases and factored accounts receivable, net of unearned income, outstanding end of period	1.85%	1.85%	1.85%	
1.85%	Average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period.....	\$ 149,301	\$ 124,850	\$ 148,533	\$ 124,571
	Net charge-offs as a percentage of average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period.....	.49%	.50%	.50%	
.50%	Allowance for credit losses as a percentage of nonperforming loans.	249.66	268.34	249.66	268.34

</TABLE>

Table 10 provides an analysis of the changes in the allowance for credit losses. During the second quarter of 1997, higher credit card net charge-offs caused most of the \$27-million increase in total net charge-offs, which amounted

to \$184 million, or .49 percent of average loans, leases and factored accounts receivable, slightly lower than .50 percent for the same period in 1996. During the second quarter of 1997, increases in credit card and other consumer net charge-offs of \$50 million and \$14 million, respectively, were partially offset by a decrease of \$36 million in total commercial net charge-offs when compared to 1996. Higher credit card net charge-offs were due primarily to deterioration in consumer credit quality experienced on an industry-wide basis with increases in other consumer net charge-offs related to growth in other consumer loans, primarily due to the acquisition of Boatmen's. In addition, net charge-offs increased \$56 million to \$368 million for the first half of 1997 compared to the same period in 1996, or .50 percent of average loans, leases, and factored accounts receivable for both 1997 and 1996 six-month periods, attributable to the factors mentioned above.

Excluding increases that resulted from the acquisition of Boatmen's, management expects charge-offs to grow as the Corporation maintains its efforts to shift the mix of the loan portfolio to a higher consumer loan concentration. Furthermore, future economic conditions also will impact credit quality and may result in increased net charge-offs and higher provisions for credit losses.

Nonperforming Assets

<TABLE>

Table 11
Nonperforming Assets
(Dollars in Millions)
<CAPTION>

	June 30 1997	March 31 1997	December 31 1996	September 30 1996	June 30 1996
<S>	<C>	<C>	<C>	<C>	<C>
Nonperforming loans:					
Commercial	\$ 429	\$ 398	\$ 342	\$ 413	\$ 388
Real estate commercial	206	162	145	165	119
Real estate construction	15	34	28	36	15
Total commercial	650	594	515	614	522
Residential mortgage	254	256	215	203	174
Other consumer	166	156	135	135	135
Total consumer	420	412	350	338	309
Lease financing	47	45	25	32	23
Total nonperforming loans	1,117	1,051	890	984	854
Other real estate owned	150	168	153	151	138
Total nonperforming assets	\$1,267	\$1,219	\$1,043	\$1,135	\$ 992
Nonperforming assets as a percentage of					
Total assets .....	.53%	.51%	.56%	.61%	.52%
Loans, leases and factored accounts receivable, net of unearned income, and other real estate owned .....	.84	.82	.85	.93	.80
Loans past due 90 days or more and not classified as nonperforming.....	\$ 315	\$ 320	\$ 245	\$ 201	\$ 153

</TABLE>

As presented in Table 11, on June 30, 1997, nonperforming assets were \$1.3 billion, or .84 percent of net loans, leases, factored accounts receivable and other real estate owned, compared to \$1.0 billion, or .85 percent, on December 31, 1996. Nonperforming loans increased to \$1.1 billion on June 30, 1997 from \$890 million on December 31, 1996. The increase in nonperforming loans was due primarily to the acquisition of Boatmen's and, to a lesser extent, deterioration in consumer credit quality experienced on an industry-wide basis. The allowance coverage of nonperforming loans was 250 percent on June 30, 1997 compared to 260 percent on December 31, 1996.

Concentrations of Credit Risk

In an effort to minimize the adverse impact of any single event or set of occurrences, the Corporation strives to maintain a diverse credit portfolio. Summarized below are areas of significant credit risk.

<TABLE>

Table 12
Real Estate Commercial and Construction Loans, Other Real Estate
Owned and Other Real Estate Credit Exposures
June 30, 1997
(Dollars in Millions)

<CAPTION>

	Loans (1)			Other Credit Exposures (2)
	Outstanding	Nonperforming	OREO	
By Geographic Region (3):				
<S>	<C>	<C>	<C>	<C>
Florida and Georgia	\$2,610	\$49	\$30	\$181
Missouri, Kansas, Illinois, Iowa and Arkansas	2,478	32	18	116
Texas, Oklahoma and New Mexico	2,250	22	8	237
Maryland, District of Columbia and Virginia	1,515	69	22	334
North Carolina and South Carolina ...	1,314	26	9	23
Other states	1,730	23	2	446
	\$11,897	\$221	\$89	\$1,337

By Property Type:

Apartments	\$2,017	\$10	\$-	\$619
Residential	1,797	16	7	67
Office buildings	1,707	13	14	30
Shopping centers/retail	1,693	75	5	189
Hotels	954	18	1	46
Industrial/warehouse	950	16	2	19
Land and land development	782	21	40	89
Commercial-other	350	16	13	149
Resorts/golf courses	297	-	-	-
Unsecured	254	3	-	43
Multiple use	102	4	1	-
Other	994	29	6	86
	\$11,897	\$221	\$89	\$1,337

- (1) On June 30, 1997, the Corporation had unfunded binding real estate commercial and construction loan commitments.
- (2) Other credit exposures include letters of credit and loans held for sale.
- (3) Distribution based on geographic location of collateral.

</TABLE>

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Real Estate - Total nonresidential real estate commercial and construction loans, the portion of such loans which are nonperforming, OREO and other credit exposures are presented in Table 12. The exposures presented represent credit extensions for real estate-related purposes to borrowers or counterparties who are primarily in the real estate development or investment business and for which the ultimate repayment of the credit is dependent on the sale, lease, rental or refinancing of the real estate.

Total nonresidential real estate commercial and construction loans totaled \$11.9 billion, or 8 percent of net loans, leases and factored accounts receivable, on June 30, 1997 compared to \$8.3 billion, or 7 percent, at the end of 1996 with the increase due to the acquisition of Boatmen's. During the second quarter of 1997, the Corporation recorded real estate net charge-offs of \$8 million, or .27 percent of average real estate loans, compared to net charge-offs of \$14 million, or .60 percent, in the second quarter of 1996. During the first six months of 1997, the Corporation had real estate net charge-offs of \$9 million, or .15 percent of average real estate loans, compared to \$24 million, or .49 percent, in the first half of 1996. Real estate loans past due 90 days or more and still accruing interest were \$21 million, or .18 percent of real estate loans, on June 30, 1997 and \$18 million, or .22 percent, on December 31, 1996. Nonperforming real estate commercial and construction loans were \$221 million on June 30, 1997 compared to \$173 million on December 31, 1996 due primarily to the acquisition of Boatmen's.

The exposures included in Table 12 do not include credit extensions which were made on the general creditworthiness of the borrower for which real estate was obtained as security or as an abundance of caution and for which the ultimate repayment of the credit is not dependent on the sale, lease, rental or refinancing of the real estate. Accordingly, the exposures presented do not include commercial loans secured by owner-occupied real estate, except where the borrower is a real estate developer. In addition to the amounts presented in the tables, on June 30, 1997, the Corporation had approximately \$8.5 billion of commercial loans which were not real estate dependent but for which the Corporation had obtained real estate as secondary repayment security.

Other Industries - Table 13 presents selected industry credit exposures. Commercial loans, factored accounts receivable and lease financings are included in the table. Other credit exposures as presented include loans held for sale, letters of credit, bankers' acceptances and derivatives exposures in a gain position. Commercial loan outstandings totaled \$60.6 billion, or 40 percent of net loans, leases and factored accounts receivable on June 30, 1997 and \$50.3 billion, or 41 percent of net loans, leases and factored accounts receivable on December 31, 1996. Net recoveries of commercial loans totaled \$2 million in the

second quarter of 1997 versus net charge-offs of \$28 million, or .23 percent of average loans, leases, and factored accounts receivable, in the second quarter of 1996. For the first half of 1997, the Corporation had commercial net charge-offs of \$7 million, or .02 percent of average commercial loans, compared to \$48 million, or .20 percent of average commercial loans, in the first half of 1996. Commercial loans past due 90 days or more and still accruing interest were \$39 million, or .06 percent of commercial loans, on June 30, 1997 and \$38 million, or .08 percent, on December 31, 1996. Nonperforming commercial loans were \$429 million and \$342 million on June 30, 1997 and December 31, 1996, respectively. The increase was primarily attributable to the acquisition of Boatmen's.

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<TABLE>

Table 13
Selected Industry Credit Exposures
June 30, 1997
(Dollars in Millions)
<CAPTION>

	Loans, Leases and Factored Accounts Receivable, Net of Unearned Income		Other Credit Exposures (1)
	Outstanding	Nonperforming	
<S>	<C>	<C>	<C>
Communications	\$5,132	\$19	\$268
Health care	4,657	15	963
Leisure and sports	4,039	51	210
Food, including agribusiness	3,715	27	351
Machinery and equipment, excluding ... defense	3,283	13	272
Retail	3,122	103	728
Oil and gas	3,092	37	591
Textiles and apparel	3,088	43	506
Automotive, excluding trucking	2,963	7	73
Construction	2,139	25	193
Utilities	1,997	-	262
Forest products and paper	1,983	11	260
Aviation	1,972	34	255
Transportation, excluding air and trucking	1,870	6	77
Computers and electronics	1,774	4	132
Professional services	1,737	7	98
Steel and metal	1,411	7	235
Chemicals and plastics	1,365	2	152
Education and government	1,153	7	1,049
Finance companies	1,083	-	134
Banks	1,021	1	2,621
Brokers and dealers	356	-	1,042

(1) Other credit exposures include loans held for sale, letters of credit, bankers' acceptances and derivatives exposures in a gain position.

</TABLE>

Consumer - On June 30, 1997 and December 31, 1996, total consumer loan outstandings were \$67.6 billion and \$55.3 billion, respectively, representing 45 percent of net loans, leases and factored accounts receivable. Net charge-offs in the total consumer portfolio were \$170 million, or 1.02 percent, in the second quarter of 1997 compared to \$106 million, or .74 percent, in the second quarter of 1996. Consumer net charge-offs for the first six months of 1997 were \$337 million, or 1.02 percent, compared to \$227 million, or .79 percent, for the same period in 1996. Credit card net charge-offs caused most of the increase in total consumer net charge-offs due primarily to deterioration in consumer credit quality experienced on an industry-wide basis. Higher net charge-offs in the other consumer portfolio accounted for the rest of the increase, due to an increase in other consumer loans, primarily the result of the Boatmen's acquisition. Note 4 to the unaudited consolidated financial statements details the components of the Corporation's consumer loan portfolio. In addition to the credit card and other consumer loans reported in the financial statements, the Corporation manages credit card and consumer receivables which have been sold.

Total average credit card receivables managed by the Card Services group (excluding private label credit cards) increased to \$9.3 billion during the first six months of 1997 compared to \$7.7 billion during the same year-ago period as the Corporation maintains its efforts to shift the loan portfolio mix to a

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higher consumer concentration. Average securitized credit card loans totaled \$2.6 billion during the second quarter and first six months of 1997. During the second quarter and first six months of 1996, average securitized credit card loans were \$2.2 billion and \$1.7 billion, respectively. Net charge-off ratios for the managed credit card portfolio were 6.26 percent and

6.18 percent for the second quarter and first six months of 1997, respectively, and 4.36 percent and 4.08 percent for the comparable 1996 periods, reflecting deterioration in consumer credit quality experienced on an industry-wide basis.

Total average managed other consumer loans, including direct and indirect consumer loans and home equity lines, were \$28.8 billion and \$29.4 billion in the second quarter and first six months of 1997, respectively, and \$24.9 billion and \$25.1 billion in the comparable 1996 periods. The consumer managed portfolio, which includes indirect auto loan and consumer finance securitizations, experienced net charge-offs as a percentage of average managed consumer loans of 1.08 percent and 1.12 percent in the second quarter and first six months of 1997, respectively, and .99 percent and 1.03 percent in the comparable 1996 periods.

Total consumer loans past due 90 days or more and still accruing interest were \$247 million, or .37 percent of total consumer loans on June 30, 1997 compared to \$180 million, or .33 percent of total consumer loans on December 31, 1996. Total consumer nonperforming loans were \$420 million and \$350 million on June 30, 1997 and December 31, 1996, respectively. The increases in these categories were due to deterioration in consumer credit quality experienced on an industry-wide basis and the acquisition of Boatmen's.

Market Risk Management

In the normal course of conducting business activities, the Corporation is exposed to market risk which includes both price and liquidity risk. Price risk arises from fluctuations in interest rates, foreign exchange rates and commodity and equity prices that may result in changes in the values of financial instruments. Liquidity risk arises from the possibility that the Corporation may not be able to satisfy current and future financial commitments or that the Corporation may not be able to liquidate financial instruments at market prices. Risk management procedures and policies have been established and are utilized to manage the Corporation's exposure to market risk. The strategy of the Corporation with respect to market risk is to maximize net income while maintaining an acceptable level of risk to changes in market rates. While achievement of this goal requires a balance between profitability, liquidity and market price risk, there are opportunities to enhance revenues through controlled risks. In implementing strategies to manage interest rate risk, the primary tools used by the Corporation are the securities portfolio, interest rate swaps, and management of the mix, yields and rates and maturities of assets and the wholesale and retail funding sources of the Corporation.

On June 30, 1997, the interest rate risk position of the Corporation was relatively neutral as the impact of a gradual parallel 100 basis-point rise or fall in interest rates over the next 12 months was estimated to be less than 1 percent of net income when compared to stable rates.

To estimate potential losses that could result from adverse market movements, the Corporation uses a daily earnings at risk methodology. Earnings at risk represents a one-day measurement of pre-tax earnings at risk from movements in market prices using the assumption that positions cannot be rehedged during the period of any prescribed price and volatility change. A 99-percent confidence level is utilized, which indicates that actual trading profits and losses may deviate from expected levels and exceed estimates approximately one day out of every 100 days of trading activity.

Earnings at risk is measured on both a gross and an uncorrelated basis. The gross measure assumes that adverse market movements occur simultaneously across all segments of the trading portfolio, an unlikely assumption. On June 30, 1997, the gross estimates of potential losses with respect to interest rate, foreign exchange and equity and commodity trading activities were \$64 million, \$5 million and \$3 million, respectively. Alternately, using a statistical measure which is more likely to capture the effects of market movements, the uncorrelated estimate on June 30, 1997 for aggregate trading activities was \$25 million.

Average daily trading-related revenues during the first six months of 1997 approximated \$2 million. During the first half of 1997, the Corporation's trading-related activities resulted in positive daily revenues for approximately 81 percent of total trading days. During the first six months of 1997, the

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standard deviation of trading-related revenues was \$3 million. Using this data, one can conclude that the aggregate trading activities should not result in exposure of more than \$5 million for any one day, assuming 99-percent confidence. When comparing daily earnings at risk to trading-related revenues, daily earnings at risk will average considerably more due to the assumption of no evasive actions as well as the assumption that adverse market movements occur simultaneously across all segments of the trading portfolio.

Capital

Shareholders' equity was \$20.0 billion on June 30, 1997 compared to \$13.7 billion on December 31, 1996. The acquisition of Boatmen's, which resulted in the issuance of approximately 195 million shares of common stock and an increase of \$9.5 billion in shareholders' equity, was the primary reason for the increase. The increase was partially offset by the repurchase of approximately 86 million shares of common stock for approximately \$5.1 billion.

Presented below are the Corporation's regulatory capital ratios on June 30, 1997 and December 31, 1996:

	June 30 1997	December 31 1996
=====		
Risk-Based Capital Ratios		
Tier 1 Capital	6.83%	7.76%
Total Capital	11.32	12.66
Leverage Capital Ratio	6.05	7.09

The Corporation's and its significant banking subsidiaries' regulatory capital ratios on June 30, 1997 exceeded the regulatory minimums of 4 percent for Tier 1 risk-based capital, 8 percent for total risk-based capital and the leverage guidelines of 100 to 200 basis points above the minimum ratio of 3 percent. The Corporation and its significant banking subsidiaries were considered well-capitalized on June 30, 1997.

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<TABLE>

Table 14
Selected Quarterly Operating Results
(Dollars in Millions Except Per-Share Information)

<CAPTION>

	1997 Quarters	
	First	Second
	-----	-----
<S>	<C>	<C>
Income Statement		
Income from earning assets	\$ 4,027	\$ 4,109
Interest expense	2,077	2,121
Net interest income (taxable-equivalent)	1,978	2,017
Net interest income	1,950	1,988
Provision for credit losses	190	190
Gains on sales of securities	43	29
Noninterest income	1,113	1,165
Other real estate owned (income) expense	(2)	4
Other noninterest expense	1,810	1,798
Income before income taxes	1,108	1,190
Income tax expense	399	428
Net income	709	762
Net income applicable to common shareholders	705	759
Average common shares issued (in thousands)	730,413	720,020
Per common share		
Earnings	\$.97	\$ 1.05
Cash dividends paid .....	.33	.33
Common shareholders' equity (period-end)	28.22	27.99
Balance sheet (period-end)		
Total assets	238,958	240,362
Total loans, leases and factored accounts receivable, net of unearned income	148,716	150,446
Total deposits	136,807	135,049
Long-term debt	25,086	25,474
Common shareholders' equity	20,534	19,909
Total shareholders' equity	20,659	19,970
Performance ratios		
Return on average assets	1.19%	1.27%
Return on average common shareholders' equity(1)	13.96	15.25
Total equity to total assets	8.65	8.31
Risk-based capital ratios		
Tier 1	7.06	6.83
Total	11.58	11.32
Leveraged capital ratio	6.19	6.05
Market price per shares of common stock		
Close at end of the period	\$55 1/2	\$64 9/16
High for the period	68	70
Low for the period	48	54

</TABLE>

(1) Average common shareholders' equity does not include the effect of market value adjustments to securities available for sale and marketable equity securities.

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Part II. Other Information

Item 4. Submission of Matters to a Vote of Security Holders

- a. The Annual Meeting of Shareholders was held on April 23, 1997.
- b. The following are voting results on each of the matters which were submitted to the shareholders:

<TABLE>
<CAPTION>

	For ---	Against or Withheld -----	Abstentions -----	Broker Nonvotes -----
<S>	<C>	<C>	<C>	
1. To elect 26 Directors				
Ronald W. Allen.....	628,024,477	3,590,511		
Ray C. Anderson.....	628,268,613	3,346,375		
William M. Barnhardt.....	628,059,684	3,555,304		
B.A. Bridgewater, Jr.....	627,598,823	4,016,165		
Thomas E. Capps.....	628,043,494	3,571,494		
Charles W. Coker.....	628,115,372	3,499,616		
Thomas G. Cousins.....	628,205,625	3,409,363		
Andrew B. Craig, III	627,706,972	3,908,016		
Alan T. Dickson.....	628,127,304	3,487,684		
Paul Fulton.....	628,152,418	3,462,570		
Timothy L. Guzzle.....	628,235,655	3,379,333		
C. Ray Holman.....	627,942,056	3,672,932		
W. W. Johnson.....	628,169,715	3,445,273		
Hugh L. McColl, Jr.....	627,963,992	3,650,996		
Russell W. Meyer, Jr.....	628,244,461	3,370,527		
John J. Murphy.....	599,003,896	32,611,092		
Richard B. Priory.....	627,909,173	3,705,815		
John C. Slane.....	575,254,053	56,360,935		
O. Temple Sloan, Jr.....	628,257,999	3,356,989		
John W. Snow.....	627,952,063	3,662,925		
Meredith R. Spangler.....	628,191,632	3,423,356		
Robert H. Spilman.....	628,070,339	3,544,649		
Albert E. Suter.....	628,240,824	3,374,164		
Ronald Townsend.....	627,991,221	3,623,767		
Jackie M. Ward.....	627,842,703	3,772,285		
Virgil R. Williams.....	628,214,974	3,400,014		
2. To consider and act upon a proposal to approve and adopt an amendment to the NationsBank Corporation Executive Incentive Compensation Plan.....	587,934,610	34,802,133	8,878,245	

</TABLE>

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<TABLE>
<CAPTION>

	For ---	Against or Withheld -----	Abstentions -----	Broker Nonvotes -----
<S>	<C>	<C>	<C>	<C>
3. To consider and act upon a proposal to ratify the action of the Board of Directors in selecting Price Waterhouse LLP as independent public accountants to audit the books of the Corporation and its subsidiaries for the current year.....	627,264,776	1,233,899	3,116,313	
4. To consider and act upon a shareholder proposal requesting that the Corporation change the date of the Annual Meeting.....	27,454,306	519,989,450	13,916,980	70,254,252
5. To consider and act upon a shareholder proposal requesting that the Corporation not increase salaries of executive officers or grant stock options to executive officers and directors in the event the dividend is reduced.....	67,030,055	483,915,019	10,415,664	70,254,250

</TABLE>

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Item 5. Other Information

On August 1, 1997, the Registrant announced a settlement of claims brought by certain customers who bought non-depository investments from NationsSecurities and its predecessors. This comprehensive agreement resolves all customer class-action claims against NationsSecurities. A copy of the press release announcing this settlement agreement is filed as Exhibit 99.1 to this Form 10-Q.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

- Exhibit 3(a) - Restated Articles of Incorporation of Registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K dated December 31, 1996.
- Exhibit 3(b) - Amended and Restated Bylaws of Registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3(b) of Registrant's Form 10-Q dated May 15, 1997.
- Exhibit 11 - Earnings Per Common Share Computation
- Exhibit 12(a) - Ratio of Earnings to Fixed Charges
- Exhibit 12(b) - Ratio of Earnings to Fixed Charges and Preferred Dividends
- Exhibit 27 - Financial Data Schedule
- Exhibit 99.1 - Press Release dated August 1, 1997 with respect to the Registrant's settlement of claims brought by customers who bought non-depository investments from NationsSecurities and its predecessors.

b. Reports on Form 8-K

The following reports on Form 8-K were filed by the Corporation during the quarter ended June 30, 1997:

- Current Report on Form 8-K dated March 31, 1997, and filed April 21, 1997, Items 2, 5 & 7.
- Current Report on Form 8-K dated April 15, 1997, and filed April 22, 1997, Items 5 & 7.

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Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NationsBank Corporation

Registrant

/s/ Marc D. Oken

Marc D. Oken
Executive Vice President
and Chief Accounting Officer
(Duly Authorized Officer and
Principal Accounting Officer)

Date: August 14, 1997

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NationsBank Corporation
Form 10-Q
Index to Exhibits

Exhibit	Description
-----	-----
3(a)	Restated Articles of Incorporation of Registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K dated December 31, 1996.
3(b)	Amended and Restated Bylaws of Registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3(b) of Registrant's Form 10-Q dated May 15, 1997.
11	Earnings Per Common Share Computation
12(a)	Ratio of Earnings to Fixed Charges
12(b)	Ratio of Earnings to Fixed Charges and Preferred Dividends
27	Financial Data Schedule
99.1	Press Release dated August 1, 1997 with respect to the

Registrant's settlement of claims brought by customers
who bought non-depository investments from NationsSecurities
and its predecessors.

Fully Diluted Earnings Per Common Share and Fully Diluted Average Common Shares Outstanding

For fully diluted earnings per common share, net income available to common shareholders can be affected by the conversion of the registrant's convertible preferred stock. Where the effect of this conversion would have been dilutive, net income available to common shareholders is adjusted by the associated preferred dividends. This adjusted net income is divided by the weighted average number of common shares outstanding for each period plus amounts representing the dilutive effect of stock options outstanding and the dilution resulting from the conversion of the registrant's convertible preferred stock, if applicable. The effect of convertible preferred stock is excluded from the computation of fully diluted earnings per share in periods in which the effect would be antidilutive.

Fully diluted earnings per common share was determined as follows (shares in thousands, dollars in millions except per-share information):

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	Three Months Ended June 30		Six Months Ended June 30	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Average common shares outstanding	720,020	600,924	725,188	600,741
Dilutive effect of				
Convertible preferred stock	3,896	4,108	3,896	4,108
Stock options	19,713	5,710	21,110	5,953
Total fully dilutive shares	743,629	610,742	750,194	610,802
Income available to common shareholders	\$ 759	\$ 601	\$ 1,464	\$ 1,110
Preferred dividends paid on dilutive convertible preferred stock	1	2	3	4
Total net income available for common shareholders adjusted for full dilution	\$ 760	\$ 603	\$ 1,467	\$ 1,114
Fully diluted earnings per share	\$ 1.02	\$.99	\$ 1.96	\$ 1.82

</TABLE>

(Dollars in Millions)

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	Six Months Ended	Year ended December 31			
	June 30, 1997	1996	1995	1994	1993
1992					
<S>	<C>	<C>	<C>	<C>	<C>
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Excluding Interest on Deposits					
Income before taxes	\$ 2,298	\$ 3,634	\$ 2,991	\$ 2,555	\$ 1,991
\$ 1,396					
Equity in undistributed losses (earnings) of unconsolidated subsidiaries	1	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	2,196	4,125	4,480	2,896	1,421
916					
Amortization of debt discount and appropriate issuance costs	9	20	12	8	6
3					
1/3 of net rent expense	72	126	125	114	96
91					
Total fixed charges	2,277	4,271	4,617	3,018	1,523
1,010					
Earnings (excluding capitalized interest)	\$ 4,576	\$ 7,907	\$ 7,601	\$ 5,570	\$ 3,509
\$ 2,398					
Fixed charges	\$ 2,277	\$ 4,271	\$ 4,617	\$ 3,018	\$ 1,523
\$ 1,010					
Ratio of Earnings to Fixed Charges	2.01	1.85	1.65	1.85	2.30
2.38					
Including Interest on Deposits					
Income before taxes	\$ 2,298	\$ 3,634	\$ 2,991	\$ 2,555	\$ 1,991
\$ 1,396					
Equity in undistributed losses (earnings) of unconsolidated subsidiaries	1	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	4,189	7,447	7,761	5,310	3,570
3,688					
Amortization of debt discount and appropriate issuance costs	9	20	12	8	6
3					
1/3 of net rent expense	72	126	125	114	96
91					
Total fixed charges	4,270	7,593	7,898	5,432	3,672
3,782					
Earnings (excluding capitalized interest)	\$ 6,569	\$ 11,229	\$ 10,882	\$ 7,984	\$ 5,658
\$ 5,170					
Fixed charges	\$ 4,270	\$ 7,593	\$ 7,898	\$ 5,432	\$ 3,672

\$ 3,782

=====

Ratio of Earnings to Fixed Charges	1.54	1.48	1.38	1.47	1.54
1.37					

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(Dollars in Millions)

<TABLE>
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	Six Months Ended	Year ended December 31			
	June 30, 1997	1996	1995	1994	1993
1992					
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Excluding Interest on Deposits					
Income before taxes	\$ 2,298	\$ 3,634	\$ 2,991	\$ 2,555	\$ 1,991
\$ 1,396					
Equity in undistributed losses (earnings) of unconsolidated subsidiaries	1	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	2,196	4,125	4,480	2,896	1,421
916					
Amortization of debt discount and appropriate issuance costs	9	20	12	8	6
3					
1/3 of net rent expense	72	126	125	114	96
91					
Total fixed charges	2,277	4,271	4,617	3,018	1,523
1,010					
Preferred dividend requirements	11	22	13	15	16
29					
Earnings (excluding capitalized interest)	\$ 4,576	\$ 7,907	\$ 7,601	\$ 5,570	\$ 3,509
\$ 2,398					
Fixed charges	\$ 2,288	\$ 4,293	\$ 4,630	\$ 3,033	\$ 1,539
\$ 1,039					
Ratio of Earnings to Fixed Charges	2.00	1.84	1.64	1.84	2.28
2.31					
Including Interest on Deposits					
Income before taxes	\$ 2,298	\$ 3,634	\$ 2,991	\$ 2,555	\$ 1,991
\$ 1,396					
Equity in undistributed losses (earnings) of unconsolidated subsidiaries	1	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	4,189	7,447	7,761	5,310	3,570
3,688					
Amortization of debt discount and appropriate issuance costs	9	20	12	8	6
3					
1/3 of net rent expense	72	126	125	114	96
91					
Total fixed charges	4,270	7,593	7,898	5,432	3,672
3,782					
Preferred dividend requirements	11	22	13	15	16
29					

Earnings (excluding capitalized interest) \$ 6,569 \$ 11,229 \$ 10,882 \$ 7,984 \$ 5,658
\$ 5,170

=====

Fixed charges \$ 4,281 \$ 7,615 \$ 7,911 \$ 5,447 \$ 3,688
\$ 3,811

=====

Ratio of Earnings to Fixed Charges 1.53 1.47 1.38 1.47 1.53

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This schedule contains summary information extracted from the June 30, 1997
Form 10-Q for NationsBank Corporation and is qualified in its entirety
by reference to such financial statements.

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are only disclosed on an annual basis in the Corporation's Form 10-K
and are therefore not included in this Financial Data Schedule.

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FOR IMMEDIATE RELEASE

August 1, 1997 -- NationsBank today announced that it has settled claims brought by certain customers who bought non-depository investments from NationsSecurities and its predecessors. The specific allegations focused on events during 1993 and 1994. At that time, NationsSecurities was a joint venture between NationsBank and Dean Witter. This comprehensive agreement resolves all customer class-action claims against NationsSecurities.

"We vigorously deny the allegations in the various suits this agreement settles. We chose to resolve this matter in a way that best serves our customers," said John W. Munce, the NationsBank executive presently responsible for consumer investing. "Protracted litigation is a distraction from our real business. We are concentrating fully on our highest priority -- serving the investment needs of our customers," Munce added.

--MORE--

PAGE 2

Customers who purchased investment products will participate in a \$29 million class action settlement, less up to \$10 million in plaintiffs' attorneys fees. Plaintiffs' attorneys have determined the formula by which the funds are to be distributed to customers, subject to court approval.

The plaintiffs in various suits alleged, in part, that they did not understand the possible effects of changing market conditions on investments. They also alleged that they believed that stocks, bonds and mutual funds were guaranteed by the government or the bank against loss.

#

Media Contact: Ann Anderson (704) 386-3100