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

(Mark One)

{X} 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, 1998

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	56-0906609
(State or other jurisdiction of incorporation or organization)	(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, 1998, there were 962,551,094 shares of NationsBank Corporation Common Stock outstanding.

NationsBank Corporation

June 30, 1998 Form 10-Q

Index Page

Part I. Financial Information
Item 1. Financial Statements

NationsBank Corporation and Subsidiaries
Consolidated Statement of Income
(Dollars in Millions Except Per-Share Information)
<TABLE>
<CAPTION>

	Three Months Ended June 30	Six Months Ended June

<S>	1998 <C>	1997 <C>	1998 <C>	1997 <C>
Interest income				
Interest and fees on loans and leases	$ 3,797	$ 3,879	$ 7,572	$ 7,648
Interest and dividends on securities	802	450	1,644	902
Federal funds sold and securities purchased under agreements to resell	163	174	339	369
Trading account securities	304	332	660	649
Other interest income	140	51	260	99
Total interest income	5,206	4,886	10,475	9,667
Interest expense				
Deposits	1,238	1,226	2,441	2,451
Borrowed funds	734	568	1,555	1,104
Trading account liabilities	172	160	366	325
Long-term debt	535	493	1,056	935
Total interest expense	2,679	2,447	5,418	4,815
Net interest income	2,527	2,439	5,057	4,852
Provision for credit losses	265	225	530	447
Net credit income	2,262	2,214	4,527	4,405
Gains on sales of securities	108	29	260	72
Noninterest income				
Service charges on deposit accounts	461	452	915	884
Mortgage servicing and other mortgage-related income	70	68	145	139
Investment banking income	377	153	687	244
Trading account profits and fees	97	77	203	177
Brokerage income	113	49	225	92
Other nondeposit-related service fees	88	91	187	180
Asset management and fiduciary service fees	177	193	347	380
Credit card income	110	105	206	200
Other income	366	236	720	449
Total noninterest income	1,859	1,424	3,635	2,745
Foreclosed properties expense (income)	16	--	21	(2)
Merger and restructuring items (income) expense	(430)	--	470	--
Other noninterest expense				
Personnel	1,265	1,099	2,503	2,193
Occupancy, net	211	193	415	377
Equipment	189	179	384	375
Marketing	83	84	171	170
Professional fees	82	94	171	179
Amortization of intangibles	137	127	276	

				240
Data processing	107	72	214	157
Telecommunications	81	67	157	134
Other general operating	260	253	490	509
General administrative and miscellaneous	93	65	179	124
Total other noninterest expense	2,508	2,233	4,960	4,458
Income before income taxes	2,135	1,434	2,971	2,766
Income tax expense	727	515	1,066	992
Net income	$ 1,408	$ 919	$ 1,905	$ 1,774
Net income available to common shareholders	$ 1,407	$ 916	$ 1,902	$ 1,767
Per-share information				
Earnings per common share	$ 1.47	$ .97	$ 1.99	$ 1.87
Diluted earnings per common share	$ 1.43	$ .94	$ 1.95	$ 1.81
Dividends per common share	$ .38	$ .33	$ .76	$ .66
Average common shares issued (in thousands)	958,392	946,462	954,040	945,826

</TABLE>

See accompanying notes to consolidated financial statements.

NationsBank Corporation and Subsidiaries
Consolidated Balance Sheet
(Dollars in Millions)

<TABLE>
<CAPTION>

<S>	June 30 1998 <C>	December 31 1997 <C>
Assets		
Cash and cash equivalents	$ 12,568	$ 13,781
Time deposits placed and other short-term investments	1,680	2,501
Securities		
Held for investment, at cost (market value - $1,005 and $1,161)	994	1,156
Available for sale	43,964	49,448
Total securities	44,958	50,604
Federal funds sold and securities purchased under agreements to resell	12,409	10,024
Trading account assets	22,696	23,682
Loans and leases, net of unearned income	179,755	175,697
Factored accounts receivable	1,142	1,081
Allowance for credit losses	(3,215)	(3,277)
Loans, leases and factored accounts receivable, net of unearned income and allowance for credit losses	177,682	

		173,501
Premises and equipment, net	4,010	4,424
Customers' acceptance liability	1,046	1,330
Interest receivable	1,907	2,024
Mortgage servicing rights	1,396	1,311
Goodwill	9,441	9,729
Core deposit and other intangibles	752	823
Other assets	17,440	16,820
	$ 307,985	$ 310,554
Liabilities		
Deposits		
Noninterest-bearing	$ 41,907	$ 41,700
Savings	11,993	12,293
NOW and money market deposit accounts	51,001	53,969
Time	52,254	51,288
Foreign time	12,083	14,393
Total deposits	169,238	173,643
Federal funds purchased and securities sold under agreements to repurchase	42,040	46,504
Trading account liabilities	14,130	15,207
Commercial paper	3,070	3,752
Other short-term borrowings	9,535	4,127
Liability to factoring clients	657	591
Acceptances outstanding	1,046	1,330
Accrued expenses and other liabilities	7,381	9,058
Trust preferred securities	2,705	2,705
Long-term debt	31,513	28,890
Total liabilities	281,315	285,807
Contingent liabilities and other financial commitments (Note Six)		
Shareholders' Equity		
Preferred stock: authorized - 45,000,000 shares; issued and outstanding - 1,989,477 and 2,209,784 shares	85	94
Common stock: authorized - 1,250,000,000 shares; issued and outstanding - 960,351,987 and 943,932,530 shares	10,499	9,779
Retained earnings	15,767	14,592
Accumulated other comprehensive income	447	390
Other	(128)	(108)
Total shareholders' equity	26,670	24,747
	$ 307,985	$ 310,554

</TABLE>

See accompanying notes to consolidated financial statements.

NationsBank Corporation and Subsidiaries
Consolidated Statement of Cash Flows
(Dollars in Millions)

	Six Months Ended June 30 1998	Six Months Ended June 30 1997
Operating Activities		
Net income	$ 1,905	$ 1,774
Reconciliation of net income to net cash provided by (used in) operating activities		
Provision for credit losses	530	447
Gains on sales of securities	(260)	(72)
Merger and restructuring expense	900	--
Gain on sale of divestitures	(430)	--
Depreciation and premises improvements amortization	281	272
Amortization of intangibles	276	240
Deferred income tax expense	348	265
Net change in trading instruments	(91)	(7,345)
Net decrease (increase) in interest receivable	111	(97)
Net increase (decrease) in interest payable	33	(34)
Other operating activities	(1,161)	(1,270)
Net cash provided by (used in) operating activities	2,442	(5,820)
Investing Activities		
Proceeds from maturities of securities held for investment	245	585
Purchases of securities held for investment	(6)	(119)
Proceeds from sales and maturities of securities available for sale	38,093	18,965
Purchases of securities available for sale	(31,452)	(13,832)
Net increase in federal funds sold and securities purchased under agreements to resell	(2,425)	(1,536)
Net decrease in time deposits placed and other short-term investments	820	166
Purchases and net originations of loans and leases	(22,069)	(11,581)
Proceeds from sales and securitizations of loans and leases	12,627	6,698
Purchases and originations of mortgage servicing rights	(212)	(193)
Purchases of factored accounts receivable	(3,832)	(3,796)
Collections of factored accounts receivable	3,766	3,707
Net proceeds from the sales of premises and equipment	6	18
Proceeds from sales of foreclosed properties	141	111
Sales and acquisitions of business activities, net of cash	(58)	2,434
Net cash (used in) provided by investing activities	(4,356)	1,627
Financing Activities		
Net increase (decrease) in deposits	477	(3,913)
Net (decrease) increase in federal funds purchased and securities sold under agreements to repurchase	(4,464)	12,401
Net increase (decrease) in other short-term borrowings and commercial paper	2,029	(446)
Proceeds from issuance of trust preferred securities	--	1,240
Proceeds from issuance of long-term debt	5,045	3,189
Retirement of long-term debt	(2,391)	(2,139)
Proceeds from issuance of common stock	664	959
Cash dividends paid	(730)	(596)
Common stock repurchased	--	(5,756)
Other financing activities	71	(93)
Net cash provided by financing activities	701	4,846
Net (decrease) increase in cash and cash equivalents	(1,213)	653
Cash and cash equivalents on January 1	13,781	11,881
Cash and cash equivalents on June 30	$ 12,568	$ 12,534

Loans transferred to foreclosed properties amounted to $131 and $113 for the six months ended June 30, 1998 and 1997, respectively.

Loans securitized and retained in the securities portfolio amounted to $1,520 and $505 for the six months ended June 30, 1998 and 1997, respectively.

See accompanying notes to consolidated financial statements.

NationsBank Corporation and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
(Dollars in Millions, Shares in Thousands)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income(1)	Other	Total Shareholders' Equity	Comprehensive Income

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance on December 31, 1996	$171	798,724	$ 4,479	$12,482	$ 77	$(130)	$17,079	
Net income..............................				1,774			1,774	$ 1,774
Other comprehensive income, net of tax ..					(16)		(16)	(16)
Comprehensive income								$ 1,758
Cash dividends								
Common				(589)			(589)	
Preferred				(7)			(7)	
Common stock issued under employee plans		24,610	977			(18)	959	
Stock issued in acquisitions	82	213,711	10,045				10,127	
Common stock repurchased		(102,871)	(5,756)				(5,756)	
Redemption of preferred stock	(73)						(73)	
Conversion of preferred stock	(81)	3,644	81					
Other	2	4	(5)	1		10	8	
Balance on June 30, 1997	$101	937,822	$ 9,821	$13,661	$ 61	$(138)	$23,506	
Balance on December 31, 1997	$ 94	943,933	$ 9,779	$14,592	$390	$(108)	$24,747	
Net income				1,905			1,905	$ 1,905
Other comprehensive income, net of tax ..					57		57	57
Comprehensive income								$ 1,962
Cash dividends								
Common				(727)			(727)	
Preferred				(3)			(3)	
Common stock issued under employee plans		15,661	696			(32)	664	
Stock issued in acquisitions		385	15				15	
Conversion of preferred stock	(9)	373	9					
Other						12	12	
Balance on June 30, 1998	$ 85	960,352	$10,499	$15,767	$447	$(128)	$26,670	

</TABLE>

(1) Accumulated Other Comprehensive Income includes after tax net unrealized gains (losses) on securities available for sale and marketable equity securities, and foreign currency translation adjustments.

See accompanying notes to consolidated financial statements.

Note 1 - Accounting Policies

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 42 to 47 of the Corporation's Current Report on Form 8-K filed April 16, 1998, which restated the Corporation's historical consolidated financial statements to reflect the merger with Barnett Banks, Inc. (Barnett) which was completed on January 9, 1998 as updated in the Corporation's quarterly report on Form 10-Q for March 31, 1998.

During the second quarter of 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard requires the Corporation to recognize all derivatives as either assets or liabilities in its financial statements and measure such instruments at their fair values. Hedging activities must be redesignated and documented pursuant to the provisions of the statement. This statement becomes effective for all fiscal quarters of fiscal years beginning after June 15, 1999. At this time, the Corporation is still assessing the impact of SFAS 133 on its financial condition and results of operations.

Note 2 - Merger-Related Activity

On April 10, 1998, the Corporation entered into an agreement and plan of reorganization (the Merger Agreement) with BankAmerica Corporation (BankAmerica). Under the Merger Agreement, the Corporation will create a new subsidiary (NationsBank (DE)), and will merge into NationsBank (DE) (the

Reincorporation Merger), with NationsBank (DE) as the surviving corporation. BankAmerica will then merge into NationsBank (DE), which will be the surviving corporation (the BankAmerica Merger, and together with the Reincorporation Merger, the Reorganization). In connection with the Reorganization, NationsBank (DE), as the surviving corporation, will be renamed BankAmerica Corporation (the Successor Registrant). Each share of the Corporation's common stock will be automatically converted into one share of common stock of NationsBank (DE) and each share of the Corporation's preferred stock will be converted into the right to receive one share of NationsBank (DE) preferred stock on substantially identical terms. Each share of BankAmerica's common stock will be converted into the right to receive 1.1316 shares (the exchange ratio) of NationsBank (DE) common stock and, unless earlier redeemed, each share of BankAmerica's preferred stock will be converted into the right to receive one share of NationsBank (DE) preferred stock on substantially identical terms. In addition, all rights with respect to common stock options of both the Corporation and BankAmerica will be converted into and become options of NationsBank (DE) with substantially similar terms, adjusted to reflect the exchange ratio, in the case of BankAmerica options. The Reorganization, which will be accounted for as a pooling of interests, is expected to close on September 30, 1998 and is subject to regulatory and shareholder approval. On June 30, 1998, BankAmerica's total assets, deposits and shareholders' equity were $263.9 billion, $178.1 billion and $20.0 billion, respectively. In connection with the Reorganization, the combined company expects to incur pre-tax merger and restructuring items of approximately $1.3 billion ($800 million after tax).

On January 9, 1998, the Corporation completed its merger with Barnett, a multi-bank holding company headquartered in Jacksonville, Florida (the Barnett merger). Barnett's total assets, total deposits and total shareholders' equity on the date of the merger were approximately $46.0 billion, $35.4 billion and

$3.4 billion, respectively. Each outstanding share of Barnett common stock was converted into 1.1875 shares of the Corporation's common stock, resulting in the net issuance of approximately 233 million common shares to the former Barnett shareholders. In addition, approximately 11 million options to purchase the Corporation's common stock were issued to convert stock options previously granted to certain Barnett employees. This transaction was accounted for as a pooling of interests and the recorded assets, liabilities, shareholders' equity, income and expenses of the Corporation and Barnett have been combined and reflected at their historical amounts.

In connection with the Barnett merger, the Corporation incurred pretax merger and restructuring items during the first quarter of 1998 of approximately $900 million ($642 million after-tax), which consisted of approximately $375 million primarily in severance and change in control payments, $300 million of conversion and related costs and occupancy and equipment expenses (primarily lease exit costs and the elimination of duplicate facilities and other capitalized assets), $125 million of exit costs related to contract terminations and $100 million of other Barnett merger costs (including legal and investment banking fees).

The following table summarizes the activity in the merger and restructuring reserve for the six months ended June 30, 1998 (dollars in millions):

	Six Months Ended June 30, 1998
Balance on January 1, 1998	$ --
Establishment of reserve...	900
Cash payments	(405)
Non-cash items	(110)
Balance on June 30, 1998	$ 385

During the second quarter of 1998, the Corporation divested 67 Florida branches with aggregate loans and deposits of $1.4 billion and $2.4 billion, respectively, in accordance with the Federal Reserve Board, the Department of Justice and certain Florida authorities approvals of the Barnett merger. These regulatory-required divestitures resulted in a pretax gain of approximately $430 million ($277 million after tax) which has been reflected in Merger and Restructuring Items on the Consolidated Statement of Income.

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. On May 6, 1998, the Corporation merged NationsBank of Texas, N.A. into NationsBank, N.A. As of June 30, 1998, the Corporation operated its banking activities primarily under three charters: NationsBank, N.A., Barnett Bank, N.A. and NationsBank of Delaware, N.A., which operates the Corporation's credit card business. The Corporation plans to continue the consolidation of other banking subsidiaries (other than NationsBank of Delaware, N.A.) throughout 1998.

Note 3 - Trading Account Assets and Liabilities

The fair values of the components of trading account assets and liabilities on June 30, 1998 and December 31, 1997 and the average fair values for the six months ended June 30, 1998 were (dollars in millions):
<TABLE>
<CAPTION>

Average

for

(Dollars in millions)	June 30 1998	December 31 1997	Average for the Six Months Ended June 30, 1998
<S>	<C>	<C>	<C>
Securities owned			
U.S. Treasury securities	$ 4,722	$ 8,701	$ 9,716
Securities of other U.S. Government agencies and corporations	968	1,375	1,442
Certificates of deposit, bankers' acceptances and commercial paper	1,206	517	747
Corporate debt	1,698	1,808	1,530
Foreign sovereign debt	3,406	4,939	5,657
Mortage-backed securities	1,306	2,299	1,286
Other securities	4,990	403	2,844
Total securities owned	18,296	20,042	23,222
Derivatives-dealer positions	4,400	3,640	4,252
Total trading account assets	$22,696	$23,682	$27,474
Short sales			
U.S. Treasury securities	$ 5,645	$ 8,970	$10,831
Corporate debt	48	140	10
Foreign sovereign debt	1,609	1,825	2,637
Other securities	2,397	904	1,464
Total short sales	9,699	11,839	14,942
Derivatives-dealer positions	4,431	3,368	4,037
Total trading account liabilities	$14,130	$15,207	$18,979

</TABLE>

Interest rate and securities trading activities generated most of the Corporation's trading account profits and fees.

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 net loans, leases, and factored accounts receivable on June 30, 1998 and December 31, 1997 was as follows (dollars in millions):

<TABLE>
<CAPTION>

	June 30, 1998		December 31, 1997	
	Amount	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Domestic				
Commercial	$ 69,782	38.6%	$ 65,609	37.1%
Real estate commercial	8,871	4.9	8,994	5.1
Real estate construction	4,727	2.6	4,665	2.6
Total commercial	83,380	46.1	79,268	44.8
Residential mortgage	37,373	20.7	37,344	21.1
Credit card	7,600	4.2	8,203	4.6
Other consumer	40,231	22.2	40,427	22.9
Total consumer	85,204	47.1	85,974	48.6
Lease financing	6,362	3.5	5,485	3.1
Factored accounts receivable	1,142	0.6	1,081	0.7
	176,088	97.3	171,808	97.2
Foreign	4,809	2.7	4,970	2.8
Total loans, leases and factored accounts receivable, net of unearned income	$180,897	100.0%	$176,778	100.0%

</TABLE>

On June 30, 1998 the recorded investment in certain loans that were considered to be impaired was $665 million, all of which loans were classified as nonperforming. Impaired loans on June 30, 1998 were comprised of commercial loans of $450 million, real estate commercial loans of $183 million and real estate construction loans of $32 million.

On June 30, 1998 and December 31, 1997, nonperforming loans, including certain loans which are considered to be impaired, totaled $1.3 billion and $1.2 billion, respectively. Foreclosed properties amounted to $148 million and $147 million on June 30, 1998 and December 31, 1997, respectively.

Note 5 - Debt

In the second quarter of 1998, the Corporation issued $946 million in long-term debt, comprised of approximately $596 million of senior notes and $350 million of subordinated notes, with maturities ranging from 2004 to 2023. Of the $946 million issued, $871 million was converted to floating rates through interest rate swaps at spreads ranging from 5 to 40 basis points over three-month LIBOR. The remaining $75 million of debt issued bears interest at spreads ranging from 10.0 to 12.5 basis points over three-month LIBOR and equal to 21 basis points over six-month LIBOR. The Corporation has issued $1.5 billion of debt from July 1, 1998 to August 12, 1998.

NationsBank, N.A. has established a program to offer up to $25.0 billion of bank notes from time to time with fixed or floating rates and maturities from seven days or more from date of issue. During the second quarter of 1998, $1.2 billion of bank notes classified as long-term debt was issued under this program and $427 million of bank notes classified as long term debt was issued under a prior program. On June 30, 1998, there were short-term bank notes outstanding of $1.9 billion. In addition, there were bank notes outstanding on June 30, 1998 totaling $6.6 billion which were classified as long-term debt.

Since October 1996, the Corporation (or its predecessors) formed seven wholly owned grantor trusts (NationsBank Capital Trusts I, II, III and IV and Barnett Capital I, II and III) to issue preferred securities and to invest the proceeds of such preferred securities into notes of the Corporation. Certain of the preferred securities were issued at a discount. Such preferred securities may be redeemed prior to maturity at the option of the Corporation. The sole assets of each of the grantor trusts are the Junior Subordinated Deferrable Interest Notes of the Corporation (the Notes) held by such grantor trusts. The terms of the preferred securities as of June 30, 1998 are summarized as follows (dollars in millions):

<TABLE>
<CAPTION>

	NationsBank			
	Capital Trust I (Issued December 1996)	Capital Trust II (Issued December 1996)	Capital Trust III (Issued February 1997)	Capital Trust IV (Issued April 1997)
<S>	<C>	<C>	<C>	<C>
Face amount issued	$600	$365	$500	$500
Aggregate principal amount of the Notes	619	376	516	516
Interest rate	7.84%	7.83%	3-mo. LIBOR +55 bps	8.25%
Redeemable	December 2001	December 2006	January 2007	April 2007
Maturity	December 2026	December 2026	January 2027	April 2027

	Barnett		
	Capital I (Issued November 1996)	Capital II (Issued December 1996)	Capital III (Issued January 1997)
Face amount issued	$300	$200	$250
Aggregate principal amount of the Notes	309	206	258
Interest rate	8.06%	7.95%	3-mo LIBOR +62.5 bps
Redeemable	December 2006	December 2006	February 2007
Maturity	December 2026	December 2026	February 2027

</TABLE>

On June 30, 1998, the Corporation had unused commercial paper back-up lines of credit totaling $1.5 billion of which $1.0 billion expires in October 1998 and $500 million expires in October 2002. These lines were supported by fees paid directly by the Corporation to unaffiliated banks.

As of August 12, 1998, the Corporation had the authority to issue approximately $10.2 billion of corporate debt and other securities under existing shelf registration statements.

The Corporation and NationsBank, N.A. may offer up to an aggregate of $8.5 billion of senior or, in the case of the Corporation, subordinated notes exclusively to non-United States residents under a joint Euro medium-term note program. As of August 12, 1998, the Corporation and NationsBank, N.A. had the authority to issue approximately $3.2 billion and $2.0 billion, respectively, of corporate debt securities under this program.

Note 6 - Commitments and Contingencies

Credit Extension Commitments

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 1998	December 31 1997

Commitments to extend credit		
Credit card commitments	$ 31,148	$ 33,377
Other loan commitments	116,797	112,002
Standby letters of credit and financial guarantees	12,672	12,427
Commercial letters of credit	1,145	1,403

On June 30, 1998, the Corporation had commitments to purchase and sell when-issued securities of $2.4 billion and $1.9 billion, respectively. This compares to commitments to purchase and sell when-issued securities of $6.5 billion and $5.7 billion on December 31, 1997, respectively.

Derivatives

The following table outlines the Corporation's asset and liability management (ALM) contracts on June 30, 1998 (dollars in millions):

	Notional Amount	Weighted Average Pay Rate	Weighted Average Receive Rate	Unrealized Gain/(Loss)
Generic receive fixed ...	$ 31,180	5.72%	6.37%	$ 403
Generic pay fixed	3,507	6.28	5.75	(18)
Basis swaps	6,594	5.66	5.79	-
Option products	16,552			(22)
Total	$ 57,833			$ 363

The following table presents the notional or contract amounts on June 30, 1998 and December 31, 1997 and the current credit risk amounts (the net replacement cost of contracts in a gain position on June 30, 1998 and December 31, 1997) of the Corporation's derivatives-dealer positions which are primarily executed in the over-the-counter market for trading purposes. The notional or contract amounts indicate the total volume of transactions and significantly exceed the amount of the Corporation's credit or market risk associated with these instruments. The credit risk amounts presented in the following table do not consider the value of any collateral, but generally take into consideration the effects of legally enforceable master netting agreements.

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

	June 30, 1998		December 31, 1997	
	Contract/ Notional	Credit Risk Amount (1)	Contract/ Notional	Credit Risk Amount (1)
<S>	<C>	<C>	<C>	<C>
Interest Rate Contracts				
Swaps	$571,701	$ 2,158	$408,254	$ 1,580
Futures and forwards	332,297	18	213,520	1
Written options	490,422	--	449,810	--
Purchased options	657,602	473	413,196	683
Foreign Exchange Contracts				
Swaps	4,881	325	1,980	127
Spot, futures and forwards	49,618	512	53,438	685
Written options	49,801	--	49,146	--
Purchased options	44,269	384	46,063	450
Commodity and Other Contracts				
Swaps	2,155	102	852	49
Futures and forwards	2,870	--	2,739	--
Written options	17,314	--	13,023	--
Purchased options	17,093	600	13,011	346
Total before cross product netting		4,572		3,921
Cross product netting		556		368

Net replacement cost	$ 4,016	$ 3,553

</TABLE>

(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.

Credit risk associated with ALM and trading derivatives is measured as the net replacement cost should the 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. In managing derivatives credit risk, 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, are considered. 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. On June 30, 1998, credit risk associated with ALM activities was not significant.

During the first six months of 1998, there were no credit losses associated with ALM or trading derivatives transactions that were material to the Corporation. In addition, on June 30, 1998 there were no nonperforming derivatives positions that were material to the Corporation. To minimize credit risk, the Corporation enters into legally enforceable master netting agreements, which reduce risk by permitting the close out and netting of transactions with the same counterparty upon the occurrence of certain events.

A portion of the 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 is minimal.

As of June 30, 1998, the Corporation had a notional value of $12.7 billion in credit derivatives, primarily credit default swaps.

Litigation

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 these actions and proceedings and the 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.

Note 7 - Business Segment Information

On January 1, 1998, the Corporation adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." Management reports the results of operations of the Corporation through four business segments: Consumer Banking, which includes the retail network and consumer finance; Commercial Banking (formerly called Middle Market), which provides commercial banking services to companies with revenues between $10 million and $250 million annually; Asset Management, which provides full service and discount brokerage and investment advisory services and includes the Private Client Group; and Corporate Finance, which provides banking and investment banking products and services primarily to large domestic and international corporations and institutions.

The following table includes revenues and net income for the six months ended June 30, 1998 and assets as of June 30, 1998 for each business segment (dollars in millions):

	Revenues	Net Income	Assets
Consumer Banking	$ 5,086	$ 962	$151,965
Commercial Banking	929	352	44,561
Asset Management	622	158	10,263
Corporate Finance	1,897	490	86,242
Total	$ 8,534	$ 1,962	$293,031

There were no material intersegment revenues between the four business segments.

A reconciliation of the total of the segments' net income to consolidated net income follows (dollars in millions):

Six months ended
June 30, 1998

Segments' net income	$ 1,962
Adjustments:	
Gains on sales of securities, net of taxes ...	163
Gain on sale of partial ownership interest of a mortgage company, net of taxes	72
Merger and restructuring items, net of taxes	(365)
Earnings associated with unassigned capital, net of taxes...............................	73
Consolidated net income	$ 1,905

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

On January 9, 1998, Barnett Banks, Inc. (Barnett) was merged with the Corporation , (the Barnett merger). The Barnett merger was accounted for as a pooling of interests and accordingly all financial information has been restated for all periods presented.

This report on Form 10-Q contains certain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements, which are representative only on the date hereof. Readers of the Corporation's Form 10-Q should not rely solely on the forward-looking statements and should consider all uncertainties and risks discussed throughout this report as well as those discussed in the Corporation's most recent Annual Report on Form 10-K, as well as its Current Report on Form 8-K filed April 16, 1998 which includes the Corporation's financial statements restated for the Barnett merger. The Corporation undertakes no obligation to update any forward-looking statements made.

Earnings Review

Table One presents a comparison of selected operating results for the three months and six months ended June 30, 1998 and 1997. Significant changes in the Corporation's results of operations and financial position are discussed in the sections that follow.

Operating net income (net income excluding merger and restructuring items) for the second quarter of 1998 increased 23 percent to $1.13 billion from $919 million in the second quarter of 1997. Operating earnings per common share and diluted operating earnings per common share were $1.18 and $1.15, respectively, for the second quarter of 1998 compared to $.97 and $.94 in the comparable prior year period. Including the gain on branch divestitures of $430 million ($277 million, net of tax), net income for the second quarter of 1998 was $1.41 billion, or $1.47 per common share.

Operating net income for the first six months of 1998 increased 28 percent to $2.27 billion from $1.77 billion for the first six months of 1997. Operating earnings per common share and diluted operating earnings per common share were $2.38 and $2.32, respectively, for the first six months of 1998 compared to $1.87 and $1.81 in the comparable prior year period. Including net merger and restructuring items for the first six months of 1998 of $470 million ($365 million, net of tax), net income was $1.91 billion, or $1.99 per common share.

Key performance highlights for the first six months of 1998 were:

- Taxable-equivalent net interest income increased approximately 4 percent to $5.1 billion in the first six months of 1998. The net interest yield decreased to 3.81 percent compared to 4.05 percent in the first six months of 1997 due to higher levels of investment securities and a decrease in the spreads between loans and deposits.

- The provision for credit losses totaled $530 million for the first six months of 1998 compared to $447 million for the same period in 1997. Net charge-offs as a percentage of average loans, leases and factored accounts receivable increased to .62 percent for the first six months of 1998 compared to .49 percent for the same period in 1997. Net charge-offs totaled $553 million for the six months ended June 30, 1998 compared to $435 million for the same period in 1997. Nonperforming assets on June 30, 1998 remained relatively flat at $1.4 billion compared to December 31, 1997.

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

	Three Months Ended June 30	
	1998	1997
<S>	<C>	<C>
Income Statement		
Interest income	$ 5,206	$ 4,886
Interest expense	2,679	2,447
Net interest income (taxable-equivalent)	2,563	2,472
Net interest income	2,527	2,439
Provision for credit losses	265	225

Gains on sales of securities	108	29
Noninterest income	1,859	1,424
Foreclosed properties expense (income)	16	--
Merger and restructuring items (income) expense	(430)	--
Other noninterest expense	2,508	2,233
Income before taxes	2,135	1,434
Income tax expense	727	515
Net income	1,408	919
Net income available to common shareholders	1,407	916
Net income (excluding merger and restructuring items)	1,131	919
Average common shares issued (in thousands)	958,392	946,462
Per common share		
Earnings	$ 1.47	$ .97
Earnings (excluding merger and restructuring items)	1.18	.97
Diluted earnings	1.43	.94
Diluted earnings (excluding merger and restructuring items)	1.15	.94
Cash dividends paid	.38	.33
Shareholders' equity (period-end)	27.71	25.00
Balance Sheet (period-end)		
Total loans, leases and factored accounts receivable, net of unearned income	180,897	181,555
Total assets	307,985	284,286
Total deposits	169,238	168,444
Long-term debt	31,513	27,408
Common shareholders' equity	26,607	23,445
Total shareholders' equity	26,670	23,506
Performance ratios		
Return on average assets	1.81%	1.30%
Return on average assets (excluding merger and restructuring items)	1.45	1.30
Return on average common shareholders' equity	22.75	15.68
Return on average common shareholders' equity (excluding merger and restructuring items)	18.27	15.68
Efficiency ratio	56.71	57.31
Total equity to total assets (period-end)	8.66	8.27
Total average equity to total average assets	7.95	8.28
Dividend payout ratio	25.94	32.31
Risk-based capital ratios (period-end) (1)		
Tier 1	7.32	6.83
Total	11.77	11.32
Leverage capital ratio	6.21	6.05
Cash basis financial data (2)		
Earnings per common share	$ 1.61	$ 1.10
Earnings per common share (excluding merger and restructuring items)	1.32	1.10
Diluted earnings per common share	1.57	1.07
Diluted earnings per common share (excluding merger and restructuring items)	1.29	1.07
Return on average tangible assets	2.05%	1.53%
Return on average tangible assets (excluding merger and restructuring items)	1.68	1.53
Return on average tangible common shareholders' equity	42.72	30.36
Return on average tangible common shareholders' equity (excluding merger and restructuring items)	35.06	30.36
Efficiency ratio	53.60	54.03
Ending tangible equity to tangible assets	5.53	5.04
Market price per share of common stock		
Closing price	$ 76 11/16	$ 64 9/16
High for the period	85	70
Low for the period	72 1/16	54

	Six Months Ended June 30	
	1998	1997
Income Statement		
Interest income	$ 10,475	$ 9,667
Interest expense	5,418	4,815
Net interest income (taxable-equivalent)	5,127	4,916
Net interest income	5,057	4,852
Provision for credit losses	530	447
Gains on sales of securities	260	72
Noninterest income	3,635	2,745
Foreclosed properties expense (income)	21	(2)
Merger and restructuring items (income) expense	470	--
Other noninterest expense	4,960	4,458
Income before taxes	2,971	2,766
Income tax expense	1,066	992
Net income	1,905	1,774
Net income available to common shareholders	1,902	1,767
Net income (excluding merger and restructuring items)	2,270	1,774
Average common shares issued (in thousands)	954,040	945,826
Per common share		
Earnings	$ 1.99	$ 1.87
Earnings (excluding merger and restructuring items)	2.38	1.87
Diluted earnings	1.95	1.81
Diluted earnings (excluding merger and restructuring items)	2.32	1.81
Cash dividends paid	.76	.66
Shareholders' equity (period-end)	27.71	25.00
Balance Sheet (period-end)		
Total loans, leases and factored accounts receivable, net of unearned income	180,897	181,555
Total assets	307,985	284,286
Total deposits	169,238	168,444
Long-term debt	31,513	27,408
Common shareholders' equity	26,607	23,445
Total shareholders' equity	26,670	23,506
Performance ratios		
Return on average assets	1.22%	1.26%
Return on average assets (excluding merger and restructuring items)	1.46	1.26

Return on average common shareholders' equity	15.64	15.18
Return on average common shareholders' equity (excluding merger and restructuring items)	18.64	15.18
Efficiency ratio	56.61	58.19
Total equity to total assets (period-end)	8.66	8.27
Total average equity to total average assets	7.84	8.31
Dividend payout ratio	38.22	33.33
Risk-based capital ratios (period-end) (1)		
Tier 1	7.32	6.83
Total	11.77	11.32
Leverage capital ratio	6.21	6.05
Cash basis financial data (2)		
Earnings per common share	$ 2.28	$ 2.12
Earnings per common share (excluding merger and restructuring items)	2.67	2.12
Diluted earnings per common share	2.23	2.06
Diluted earnings per common share (excluding merger and restructuring items)	2.60	2.06
Return on average tangible assets	1.45%	1.48%
Return on average tangible assets (excluding merger and restructuring items)	1.69	1.48
Return on average tangible common shareholders' equity	31.08	28.30
Return on average tangible common shareholders' equity (excluding merger and restructuring items)	36.29	28.30
Efficiency ratio	53.45	55.05
Ending tangible equity to tangible assets	5.53	5.04
Market price per share of common stock		
Closing price	$ 76 11/16	$ 64 9/16
High for the period	85	70
Low for the period	56 1/4	48

</TABLE>

(1) Ratios for 1997 have not been restated to reflect the impact of the Barnett merger.

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

o Noninterest income increased 32 percent to $3.6 billion in the first six months of 1998. This growth was attributable to higher levels of income from almost all categories, including investment banking income and brokerage income, and the sale of a partial ownership interest of a mortgage company in the first quarter of 1998. Noninterest income increased approximately 13 percent excluding the acquisitions of Montgomery Securities (Montgomery) in the fourth quarter of 1997 and Oxford Resources Corp. (Oxford), a consumer finance subsidiary that was acquired on April 1, 1997.

o Other noninterest expense increased 11 percent to $5.0 billion during the first six months of 1998, but remained essentially unchanged excluding the effect of acquisitions and related transition expenses.

o Operating cash basis ratios, which measure operating performance excluding merger and restructuring items, intangible assets and the related amortization expense, improved with operating cash basis diluted earnings per common share rising 26 percent to $2.60 for the six months ended June 30, 1998 compared to $2.06 for the same period a year ago. For the six months ended June 30, 1998, return on average tangible common shareholders' equity, excluding merger and restructuring items, increased to 36.29 percent compared to 28.30 percent for the same period in 1997. The cash basis efficiency ratio was 53.45 percent in the first six months of 1998, an improvement of 160 basis points from the first half of 1997 due to successful acquisition integration and expense management efforts.

Business Segment Operations

The Corporation provides a diversified range of banking and certain nonbanking financial services and products through its various subsidiaries. Management reports the results of the Corporation's operations through four business segments: Consumer Banking, Commercial Banking, Asset Management, and Corporate Finance.

The business segments summarized in Table Two are primarily managed with a focus on various performance objectives including net income, return on average equity and operating efficiency. These performance objectives are also presented on a cash basis, which excludes the impact of goodwill and other intangibles and related amortization expense. The net interest income of the business segments reflects the results of 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 segment based on an assessment of its inherent risk.

Consumer Banking

The Consumer Banking segment provides comprehensive retail banking services through multiple delivery channels including approximately 3,000 banking centers and 7,000 automated teller machines providing fully-automated, 24 hour cash dispensing and deposit services. These delivery channels are located throughout the Corporation's franchise and serve 18 million households in 16 states and the District of Columbia. In addition, this segment provides specialized services such as the origination and servicing of residential mortgage loans, issuance and service of credit cards, direct banking via telephone and personal computer, student lending and certain insurance services. The consumer finance component provides personal, mortgage, home equity and automobile loans to consumers, retail finance programs to dealers and lease financing to purchasers of new and used cars. Consumer Banking also provides commercial banking services to companies and other commercial entities with annual revenues of less than $10 million.

Consumer Banking's earnings increased 4 percent to $962 million in the first six months of 1998. Taxable-equivalent net interest income of $3.4 billion remained essentially flat from the first six months of 1997, primarily reflecting lower interest income on loans attributable to the impact of increased securitization activity, partially offset by reduced funding costs reflecting continued deposit expense management. 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. The net interest yield increased 13 basis points in the first six months of 1998, reflecting higher yields from the loan and lease portfolio and deposit expense management efforts. Excluding the impact of securitizations, acquisitions, and divestitures, average total loans and leases increased approximately 5 percent over average levels in the first six months

of 1997. Average total deposits for the first six months of 1998 decreased to $131.6 billion from $137.2 billion in 1997, the result of deposit declines in the former Boatmen's franchise including the impact of sales of selected banking centers.

Noninterest income in Consumer Banking rose 9 percent to $1.7 billion due to mortgage servicing and other mortgage-related income, a gain from the sale of unsecured consumer finance receivables, service charges on deposit accounts and miscellaneous income. Mortgage servicing and other mortgage-related income increased as a result of changes in the interest rate environment as well as the Corporation's efforts to maintain the servicing portfolio at target levels. Higher deposit account service charges resulted from changes in deposit pricing throughout the NationsBank franchise during the third quarter of 1997. Noninterest expense remained essentially flat at $3.1 billion. This reflects the efficiencies obtained from the successful integration of the former Boatmen's franchise and expense management efforts. The cash basis efficiency ratio was 57.6 percent, an improvement of approximately 80 basis points compared to the ratio for the first six months of 1997. The return on risk-adjusted tangible equity increased to 29 percent for the first six months of 1998 compared to 27 percent for the same period in 1997, primarily the result of higher revenues.

Table Two
Business Segment Summary
For the Six Months Ended June 30
(Dollars in Millions)
<TABLE>
<CAPTION>

	Consumer Banking		Commercial Banking	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Net interest income (taxable-equivalent)	$ 3,414	$ 3,432	$ 695	$ 678
Noninterest income	1,672	1,533	234	192
Total revenue	5,086	4,965	929	870
Provision for credit losses	453	397	34	14
Gains on sale of securities	7	19	--	--
Foreclosed properties expense (income)	15	4	--	2
Noninterest expense	3,122	3,085	368	355
Income before income taxes	1,503	1,498	527	499
Income tax expense	541	577	175	184
Net income (1)	$ 962	$ 921	$ 352	$ 315
Cash basis earnings (2)	$ 1,155	$ 1,105	$ 385	$ 346
Net interest yield	4.85%	4.72%	3.34%	3.54%
Average equity to average assets	7.37	7.16	7.60	8.47
Return on risk-adjusted average equity	17	16	21	18
Return on risk-adjusted tangible equity (2)	29	27	28	25
Efficiency ratio	61.4	62.1	39.6	40.8
Cash basis efficiency ratio (2)	57.6	58.4	36.1	37.2
Average (3)				
Total loans and leases, net of unearned income	$ 99,440	$103,926	$ 34,100	$ 32,063
Total deposits	131,560	137,173	9,104	8,530
Total assets	154,207	159,812	45,239	41,216
Period end (3)				
Total loans and leases, net of unearned income	97,717	104,373	34,282	32,955
Total deposits	128,516	135,056	9,663	9,194
Total assets	151,965	156,153	44,561	41,843

	Asset Management		Corporate Finance	
	1998	1997	1998	1997
Net interest income (taxable-equivalent)	$ 161	$ 127	$ 741	$ 577
Noninterest income	461	483	1,156	527

Total revenue	622	610	1,897	1,104
Provision for credit losses	10	6	33	30
Gains on sale of securities	--	--	--	--
Foreclosed properties expense (income)	--	--	6	(8)
Noninterest expense	365	424	1,106	593
Income before income taxes	247	180	752	489
Income tax expense	89	65	262	177
Net income (1)	$ 158	$ 115	$ 490	$ 312
Cash basis earnings (2)	$ 164	$ 119	$ 535	$ 333
Net interest yield	3.77%	3.92%	3.52%(4)	2.93%(4)
Average equity to average assets	8.93	10.55	6.06	5.23
Return on risk-adjusted average equity	40	31	19	15
Return on risk-adjusted tangible equity (2)	45	35	25	18
Efficiency ratio	58.7	69.5	58.3	53.7
Cash basis efficiency ratio (2)	57.7	68.9	55.9	51.8
Average (3)				
Total loans and leases, net of unearned income	$ 8,368	$ 6,249	$ 36,353	$ 36,115
Total deposits	4,634	3,426	10,356	9,031
Total assets	9,006	7,055	87,271	79,728
Period end (3)				
Total loans and leases, net of unearned income	9,630	6,774	38,571	36,348
Total deposits	5,009	3,880	11,205	11,423
Total assets	10,263	7,769	86,242	78,670

</TABLE>

(1) Business Segment results are presented on a fully allocated basis but do not include $58 million net expense for the first six months of 1998 and $112 million net income for the first six months of 1997 which represent earnings associated with unassigned capital, gains on sales of certain securities, gains on business divestitures, merger and restructuring items as well as other corporate activities.

(2) Excludes intangible assets and related amortization expense.

(3) The sums of balance sheet amounts differ from consolidated amounts due to activities between the Business Segments.

(4) Corporate Finance's net interest yield excludes the impact of trading-related activities. Including trading-related activities, the net interest yield was 1.97% and 1.66% for the first six months of 1998 and 1997, respectively.

Commercial Banking

The Commercial Banking segment provides a broad array of commercial banking services for companies and other commercial entities with revenues between $10 million and $250 million annually including: commercial lending, treasury and cash management services, asset-backed lending, leasing and factoring. Also included is NationsCredit Commercial Corporation, which provides commercial financing activities including: equipment loans and leases, loans for debt restructuring, mergers and working capital, real estate and health care financing and inventory financing to manufacturers, distributors and dealers.

Commercial Banking's earnings rose 12 percent to $352 million in the first six months of 1998. Taxable equivalent net interest income increased $17 million primarily reflecting higher loan levels. Commercial Banking's average loan and lease portfolio during the first six months of 1998 increased to $34.1 billion compared to $32.1 billion in the same period of 1997.

Noninterest income rose 22 percent to $234 million over the first six months of 1997. Noninterest expense for the period increased 4 percent to $368 million, primarily in data processing and personnel. The cash basis efficiency ratio improved approximately 110 basis points to 36.1 percent. The return on risk-adjusted tangible equity increased to 28 percent, due to revenue growth outpacing expense growth.

Asset Management

The Asset Management segment includes businesses that provide full service and discount brokerage, investment advisory, investment management and advisory services for the Nations Funds family of mutual funds. Within the Asset Management segment, the Private Client Group provides asset management, banking and trust services for high net worth individuals, business owners and corporate executives and the private foundations established by them.

Asset Management earned $158 million in the first six months of 1998 compared to $115 million in the first six months of 1997. The result of strong growth in the core businesses following the sales of certain corporate and institutional trust businesses during the third quarter of 1997 has favorably impacted the segment's results. Taxable-equivalent net interest income for the first six months of 1998 was $161 million compared to $127 million in the same period a year ago, reflecting income from increased loan levels. The average loan and lease portfolio in the first six months of 1998 increased to $8.4 billion compared to $6.2 billion in the first six months of 1997 as a result of core loan growth. Assets under management were $120 billion on June 30, 1998, an increase of $4 billion from the balance on December 31, 1997.

Noninterest income declined 5 percent in the first six months of 1998 as core revenue growth was more than offset by the sales of certain corporate and institutional trust businesses which occurred in the third quarter of 1997. Noninterest expense decreased 14 percent due primarily to the sales mentioned previously. The cash basis efficiency ratio improved to 57.7 percent in the first six months of 1998 compared to 68.9 percent for the first six months of 1997. The return on risk-adjusted tangible equity increased to 45 percent.

Corporate Finance

Corporate Finance provides a broad array of banking and investment banking products and services to domestic and international corporations, institutions and other customers through its Corporate Finance - Capital Markets, Real Estate and Transaction Products units. The Corporate Finance segment 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, project finance and mergers and acquisitions consulting are representative of the services provided. These services are provided through various domestic and international offices. Through its Section 20 subsidiary, NationsBanc Montgomery Securities LLC, Corporate Finance is a primary dealer of U.S. Government Securities and underwrites, distributes and makes markets in high-grade and high-yield debt securities and equity securities. Additionally, Corporate Finance is a market maker in derivative products which include swap agreements, option contracts, forward settlement contracts, financial futures and other derivative products in certain interest rate, foreign exchange, commodity and equity markets. In support of these activities, Corporate Finance takes positions to support client demands and its own account. Major centers for the above activities are Charlotte, Chicago, London, New York, San Francisco, Singapore and Tokyo.

Corporate Finance earned $490 million in the first six months of 1998 compared to $312 million in the same period of 1997, the result of higher levels of noninterest income and net interest income, which more than offset higher noninterest expenses. Taxable-equivalent net interest income for the first six months of 1998 was $741 million compared to $577 million in the first six months of 1997, reflecting higher yields on increased loan volumes. The higher net interest yield in the first six months of 1998 was due mainly to lower rates on funding sources. Excluding the impact of a $4.2 billion securitization completed in the third quarter of 1997, the Corporate Finance average loan and lease portfolio increased approximately 12 percent over the first six months of 1997.

Noninterest income rose to $1.2 billion, an increase of 119 percent over the first six months of 1997, reflecting higher investment banking fees, brokerage income, and trading account profits and fees due to the acquisition of Montgomery in the fourth quarter of 1997 as well as continued strong internal growth. Noninterest expense rose to $1.1 billion due primarily to higher personnel expenses associated with the Montgomery acquisition, and amortization expense also increased in the first six months of 1998 due to the Montgomery acquisition. The cash basis efficiency ratio increased approximately 410 basis points to 55.9 percent due primarily to the higher expense ratio at Montgomery. The return on risk-adjusted tangible equity increased to 25 percent for the first six months of 1998 from 18 percent for the same period in 1997.

See Note Seven of the Notes to the Consolidated Financial Statements for additional business segment information.

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 1998 and 1997 is presented in Tables Three and Four, respectively.

Taxable-equivalent net interest income increased approximately 4 percent to $2.6 billion in the second quarter of 1998 and amounted to $5.1 billion in the first six months of 1998 compared to $2.5 billion and $4.9 billion for the same respective 1997 periods. This increase was mainly the result of the improved contribution of the discretionary portfolios as well as core loan growth. While securitizations lowered net interest income by approximately $128 million and $255 million in the second quarter and first half of 1998, respectively, they did 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 $323-million increase in interest income for the second quarter of 1998, $498 million was due to higher average earning assets, partially offset by a $175-million decrease resulting from lower yields received on average earning assets. The $814-million increase in interest income for the first six months of 1998 was the result of a $1-billion increase due to higher average earning assets, partially offset by a $193-million decrease resulting from lower yields received on average earning assets. Interest expense increased $232 million for the second quarter of 1998, resulting from higher levels of average interest-bearing liabilities. The $603-million increase in interest expense for the first six months of 1998 was the result of a $520-million increase from higher levels of average interest-bearing liabilities and $83 million was due to the impact of higher rates paid on average interest-bearing liabilities.

The net interest yield decreased 24 basis points to 3.81 percent in the second quarter and first six months of 1998, compared to the same periods of 1997, due primarily to higher levels of investment securities and a decrease in the spreads between loans and deposits.

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.

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

	Second Quarter 1998			First Quarter 1998		
	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>
Earning assets						
Loans and leases, net of unearned income (1)						
Commercial	$ 68,547	$1,419	8.30%	$ 66,155	$1,373	8.42%
Real estate commercial	8,763	192	8.82	9,344	202	8.75
Real estate construction	4,723	99	8.43	4,710	101	8.67
Total commercial	82,033	1,710	8.36	80,209	1,676	8.47
Residential mortgage	37,448	711	7.60	37,072	707	7.68
Credit card	7,487	228	12.22	7,831	241	12.46
Other consumer	41,073	961	9.39	40,914	967	9.59
Total consumer	86,008	1,900	8.85	85,817	1,915	9.02
Foreign	3,804	72	7.59	4,080	75	7.42
Lease financing	7,113	133	7.52	6,594	128	7.75
Total loans and leases, net	178,958	3,815	8.55	176,700	3,794	8.69
Securities						
Held for investment	1,014	16	6.56	1,091	17	6.31
Available for sale (2)	46,156	801	6.95	48,342	840	6.98
Total securities	47,170	817	6.94	49,433	857	6.97
Federal funds sold and securities purchased under agreements to resell	13,183	163	4.98	13,664	176	5.22
Time deposits placed and other short-term investments	2,091	30	5.69	2,035	28	5.65
Trading account securities (3)	22,335	305	5.49	24,118	356	5.95
Other earning assets	6,094	112	7.22	5,242	92	7.15
Total earning assets (4)	269,831	5,242	7.79	271,192	5,303	7.90
Cash and cash equivalents	11,192			11,273		
Factored accounts receivable	1,165			1,112		

Other assets, less allowance for credit losses	30,352			31,352		
Total assets	$312,540			$314,929		
Interest-bearing liabilities						
Savings	$ 12,328	58	1.87	$ 12,329	57	1.89
NOW and money market deposit accounts	52,917	339	2.57	52,993	338	2.59
Consumer CDs and IRAs	46,088	597	5.19	47,673	611	5.20
Negotiated CDs, public funds and other time deposits	5,170	74	5.71	3,081	41	5.41
Foreign time deposits	12,522	170	5.47	12,001	156	5.26
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	55,150	734	5.33	61,430	821	5.42
Trading account liabilities (3)	14,484	172	4.76	15,405	194	5.11
Long-term debt (5)	33,064	535	6.48	31,649	521	6.58
Total interest-bearing liabilities (6)	231,723	2,679	4.63	236,561	2,739	4.68
Noninterest-bearing sources						
Noninterest-bearing deposits	40,559			39,451		
Other liabilities	15,403			14,607		
Shareholders' equity	24,855			24,310		
Total liabilities and shareholders' equity	$312,540			$314,929		
Net interest spread			3.16			3.22
Impact of noninterest-bearing sources			.65			.60
Net interest income/yield on earning assets		$2,563	3.81%		$2,564	3.82%

</TABLE>
Table Three (continued)
Quarterly Taxable-Equivalent Data
(Dollars in Millions)
<TABLE>
<CAPTION>

	Fourth Quarter 1997			Third Quarter 1997		
	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>
Earning assets						
Loans and leases, net of unearned income (1)						
Commercial	$ 63,656	$1,340	8.35%	$ 65,061	$ 1,379	8.41%
Real estate commercial	9,181	206	8.88	9,583	212	8.81
Real estate construction	4,736	105	8.81	4,584	104	8.96
Total commercial	77,573	1,651	8.44	79,228	1,695	8.49
Residential mortgage	37,188	725	7.77	41,919	828	7.87
Credit card	7,863	244	12.30	8,120	252	12.34
Other consumer	39,492	956	9.61	38,530	921	9.48
Total consumer	84,543	1,925	9.05	88,569	2,001	8.98
Foreign	3,795	71	7.44	3,962	69	6.88
Lease financing	6,298	125	7.93	6,235	123	7.86
Total loans and leases, net	172,209	3,772	8.70	177,994	3,888	8.68
Securities						
Held for investment	1,231	19	6.26	1,425	22	6.23

Available for sale (2)	43,024	731	6.78	28,946	496	6.84
Total securities	44,255	750	6.77	30,371	518	6.81
Federal funds sold and securities purchased under agreements to resell	12,734	170	5.30	11,567	159	5.45
Time deposits placed and other short-term investments	2,229	38	6.84	1,809	27	5.91
Trading account securities (3)	21,726	350	6.41	22,628	353	6.20
Other earning assets	1,762	35	7.87	1,253	27	8.48
Total earning assets (4)	254,915	5,115	7.98	245,622	4,972	8.05
Cash and cash equivalents	10,809			10,488		
Factored accounts receivable	1,234			1,206		
Other assets, less allowance for credit losses	30,884			28,090		
Total assets	$297,842			$285,406		
Interest-bearing liabilities						
Savings	$ 12,368	59	1.90	$ 12,594	60	1.89
NOW and money market deposit accounts	52,492	333	2.51	52,656	327	2.46
Consumer CDs and IRAs	49,285	648	5.22	49,697	649	5.19
Negotiated CDs, public funds and other time deposits	2,640	38	5.65	3,052	43	5.56
Foreign time deposits	10,622	150	5.60	9,668	133	5.43
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	50,801	708	5.53	43,943	623	5.62
Trading account liabilities (3)	11,527	190	6.54	10,241	163	6.30
Long-term debt (5)	30,806	514	6.68	30,967	517	6.68
Total interest-bearing liabilities (6)	220,541	2,640	4.76	212,818	2,515	4.70
Noninterest-bearing sources						
Noninterest-bearing deposits	38,936			37,794		
Other liabilities	14,331			11,575		
Shareholders' equity	24,034			23,219		
Total liabilities and shareholders' equity	$297,842			$ 285,406		
Net interest spread			3.22			3.35
Impact of noninterest-bearing sources			.64			.63
Net interest income/yield on earning assets		$2,475	3.86%		$ 2,457	3.98%

	Second Quarter 1997		
	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates
Earning assets			
Loans and leases, net of unearned income (1)			
Commercial	$ 65,329	$1,382	8.48%
Real estate commercial	10,389	231	8.91
Real estate construction	4,569	107	9.46
Total commercial	80,287	1,720	8.59
Residential mortgage	43,522	851	7.83
Credit card	8,298	253	12.24
Other consumer	38,147	901	9.47
Total consumer	89,967	2,005	8.93
Foreign	3,291	59	7.25
Lease financing	5,885	116	7.87
Total loans and leases, net	179,430	3,900	8.71
Securities			
Held for investment	1,647	24	5.94
Available for sale (2)	25,563	438	6.85
Total securities	27,210	462	6.80
Federal funds sold and securities purchased under agreements to resell	11,788	174	5.92
Time deposits placed and other short-term investments	2,381	32	5.35
Trading account securities (3)	22,800	332	5.84
Other earning assets	819	19	9.32
Total earning assets (4)	244,428	4,919	8.07
Cash and cash equivalents	10,520		
Factored accounts receivable	1,193		
Other assets, less allowance for credit losses	28,053		

Total assets	$284,194		
Interest-bearing liabilities			
Savings	$ 12,990	62	1.94
NOW and money market deposit accounts	53,906	336	2.49
Consumer CDs and IRAs	50,685	657	5.19
Negotiated CDs, public funds and other time deposits	3,401	46	5.48
Foreign time deposits	9,523	125	5.30
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	42,177	568	5.40
Trading account liabilities (3)	9,390	160	6.84
Long-term debt (5)	30,044	493	6.57
Total interest-bearing liabilities (6)	212,116	2,447	4.62
Noninterest-bearing sources			
Noninterest-bearing deposits	37,257		
Other liabilities	11,290		
Shareholders' equity	23,531		
Total liabilities and shareholders' equity	$284,194		
Net interest spread			3.45
Impact of noninterest-bearing sources			.60
Net interest income/yield on earning assets		$2,472	4.05%

</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 $36 and $34 in the second and first quarters of 1998 and $35, $32 and $33 in the fourth, third and second quarters of 1997, respectively. Interest income also includes the impact of risk management interest rate contracts, which increased interest income on the underlying linked assets $44 and $43 in the second and first quarters of 1998 and $35, $34 and $40 in the fourth, third and second quarters of 1997, respectively.

(5) Long-term debt includes trust preferred securities.

(6) Interest expense includes the impact of risk management interest rate contracts, which decreased interest expense on the underlying linked liabilities $16 and $15 in the second and first quarters of 1998, respectively, and $11, $8 and $11 in the fourth, third, and second quarters of 1997, respectively.

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

<TABLE>
<CAPTION>

	Six Months Ended June 30					
	1998			1997		
	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>
Earning assets						
Loans and leases, net of unearned income (1)						
Commercial	$ 67,358	$ 2,792	8.36%	$ 65,010	$ 2,723	8.44%
Real estate commercial	9,052	394	8.79	10,511	460	8.83
Real estate construction	4,716	200	8.55	4,581	211	9.27
Total commercial	81,126	3,386	8.42	80,102	3,394	8.54
Residential mortgage	37,261	1,418	7.64	42,665	1,662	7.82
Credit card	7,658	469	12.34	8,281	497	12.10

Other consumer	40,994	1,928	9.49	38,184	1,788	9.44
Total consumer	85,913	3,815	8.94	89,130	3,947	8.91
Foreign	3,941	147	7.50	3,368	117	7.04
Lease financing	6,855	261	7.63	5,805	229	7.88
Total loans and leases, net	177,835	7,609	8.62	178,405	7,687	8.68
Securities						
Held for investment	1,052	33	6.43	1,782	53	6.00
Available for sale (2)	47,243	1,641	6.96	25,600	873	6.83
Total securities	48,295	1,674	6.95	27,382	926	6.78
Federal funds sold and securities purchased under agreements to resell	13,422	339	5.09	12,859	369	5.79
Time deposits placed and other short-term investments	2,063	58	5.67	2,347	61	5.23
Trading account securities (3)	23,222	661	5.73	22,828	649	5.72
Other earning assets	5,670	204	7.19	940	39	8.24
Total earning assets (4)	270,507	10,545	7.85	244,761	9,731	8.00
Cash and cash equivalents	11,232			11,007		
Factored accounts receivable	1,138			1,137		
Other assets, less allowance for credit losses	30,851			27,001		
Total assets	$313,728			$283,906		
Interest-bearing liabilities						
Savings	$ 12,329	115	1.88	$ 13,078	129	1.98
NOW and money market deposit accounts	52,953	677	2.58	54,071	670	2.50
Consumer CDs and IRAs	46,876	1,208	5.20	51,180	1,316	5.18
Negotiated CDs, public funds and other time deposits	4,132	115	5.60	3,443	92	5.40
Foreign time deposits	12,263	326	5.37	9,401	244	5.22
Federal funds purchased and securities sold under agreements to repurchase and other short-term borrowings	58,274	1,555	5.38	42,156	1,104	5.28
Trading account liabilities (3)	14,942	366	4.94	9,677	325	6.78
Long-term debt (5)	32,360	1,056	6.53	28,611	935	6.54
Total interest-bearing liabilities (6)	234,129	5,418	4.66	211,617	4,815	4.58
Noninterest-bearing sources						
Noninterest-bearing deposits	40,008			36,770		
Other liabilities	15,007			11,921		
Shareholders' equity	24,584			23,598		
Total liabilities and shareholders' equity	$313,728			$283,906		
Net interest spread			3.19			3.42
Impact of noninterest-bearing sources			.62			.63
Net interest income/yield on earning assets		$ 5,127	3.81%		$ 4,916	4.05%

</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 $70 and $64 in 1998 and 1997, respectively. Interest income also includes the impact of risk management interest rate contracts, which increased interest income on the underlying linked assets $87 and $94 in 1998 and 1997, respectively.

(5) Long-term debt includes trust preferred securities.

(6) Interest expense includes the impact of risk management interest rate contracts, which decreased interest expense on the underlying linked liabilities $31 and $21 in 1998 and 1997, respectively.

Provision for Credit Losses

The provision for credit losses totaled $265 million and $530 million for the second quarter and first six months of 1998, respectively, compared to $225 million and $447 million for the same periods in 1997. The increase in provision expense was due to increased net charge-offs which totaled $276 million and $553 million for the three and six months ended June 30, 1998, respectively, compared to $220 million and $435 million for the same year-ago periods. 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.

Gains on Sales of Securities

Gains on sales of securities were $108 million and $260 million in the second quarter and first six months of 1998 compared to $29 million and $72 million in the same year-ago periods. Securities gains were higher as a result of increased sales activity due to favorable market opportunities.

Noninterest Income

As presented in Table Five, noninterest income increased 31 percent to $1.9 billion and 32 percent to $3.6 billion in the second quarter and first six months of 1998, respectively, reflecting higher levels of income from almost all categories, including investment banking income, brokerage income, and a gain on the sale of a partial ownership interest in a mortgage company in the first quarter of 1998. Excluding acquisitions, noninterest income increased approximately 15 percent and 13 percent for the second quarter and first six months of 1998.

Table Five
Noninterest Income
(Dollars in Millions)
<TABLE>
<CAPTION>

	Three Months Ended June 30		Change		Six Months Ended June 30		Change	
	1998	1997	Amount	Percent	1998	1997	Amount	Percent
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Service charges on deposit accounts	$ 461	$ 452	$ 9	2.0%	$ 915	$ 884	$ 31	3.5%
Mortgage servicing and other mortgage-related income ..	70	68	2	2.9	145	139	6	4.3
Investment banking income	377	153	224	146.4	687	244	443	181.6
Trading account profits and fees	97	77	20	26.0	203	177	26	14.7
Brokerage income	113	49	64	130.6	225	92	133	144.6
Other nondeposit-related service fees	88	91	(3)	(3.3)	187	180	7	3.9
Asset management and fiduciary service fees	177	193	(16)	(8.3)	347	380	(33)	(8.7)
Credit card income	110	105	5	4.8	206	200	6	3.0
Other income	366	236	130	55.1	720	449	271	60.4
	$1,859	$1,424	$ 435	30.5	$3,635	$2,745	$ 890	32.4

</TABLE>

o Mortgage servicing and other mortgage-related income increased 3 percent to $70 million and 4 percent to $145 million in the second quarter and first six months of 1998, respectively. The average portfolio of loans serviced increased 6 percent from $118.5 billion in the first six months of 1997 to $125.7 billion in the first six months of 1998. Mortgage loan originations through the Corporation's mortgage subsidiary increased from $6.4 billion in the first six months of 1997 to $14.8 billion for the same period of 1998, primarily reflecting changes in the interest rate environment as well as the Corporation's efforts to maintain the mortgage servicing portfolio at target levels. Origination volume in the first six months of 1998 was approximately $8.3 billion of correspondent and wholesale loan volume and $6.5 billion of retail loan volume.

In conducting its mortgage production activities, the Corporation is exposed to interest rate risk for the period between loan commitment date and subsequent delivery date. To manage this risk, the Corporation enters into various financial instruments including forward delivery and option contracts. The notional amount of such contracts was approximately $4.8 billion on June 30, 1998 with associated net unrealized gains of $14 million. These contracts generally have an average expected

maturity of less than 90 days. To manage risk associated with changes in prepayment rates and the impact on mortgage servicing rights, the Corporation uses various financial instruments including options and certain interest rate swaps. The notional amount of such contracts on June 30, 1998 was $14.8 billion with an associated net unrealized gain of $37 million.

o Investment banking income increased 146 percent to $377 million and 182 percent to $687 million in the second quarter and first six months of 1998, respectively, reflecting increased levels of fees across all categories. Excluding the acquisition of Montgomery, investment banking income would have increased approximately 57 percent and 83 percent for the second quarter and first six months of 1998, respectively. Securities underwriting fees increased $139 million to $193 million for the second quarter of 1998 as a result of the Montgomery acquisition and continued strong internal growth. Higher syndication fees were the result of 128 agent-only deals totaling $62.4 billion in the second quarter of 1998 compared to 125 agent-only deals totaling $53.4 billion in the same year-ago period. Gains on principal investing activities (investing in equity or equity-related transactions) increased $28 million in the second quarter of 1998 over the same period in 1997. Advisory services fees increased in the second quarter of 1998 by $38 million reflecting the impact of the Montgomery acquisition.

Investment banking income by major business activity follows (dollars in millions):

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Investment Banking Income				
Securities underwriting	$193	$ 54	$352	$ 80
Syndications	76	36	126	56
Principal investment activities	50	22	105	46
Advisory services	47	9	70	14
Other	11	32	34	48
Total investment banking income	$377	$153	$687	$244

o Trading account profits and fees by major business activity follows (dollars in millions):

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Trading Account Profits and Fees				
Securities trading	$ 42	$ 21	$ 79	$ 40
Interest rate contracts	33	40	79	81
Foreign exchange contracts	14	11	24	28
Other	8	5	21	28
	$ 97	$ 77	$203	$177

o Brokerage income increased $64 million and $133 million from the second quarter and first six months of 1997 due mainly to the addition of Montgomery as well as internal growth of 14 percent and 17 percent, respectively.

o Asset management and fiduciary service fees decreased $16 million to $177 million in the second quarter of 1998 and decreased $33 million to

$347 million for the first six months of 1998, reflecting the impact of the third quarter 1997 sales of certain corporate and institutional trust businesses, which included businesses that provided administrative and record-keeping services for employee benefit plans.

o Other income totaled $366 million and $720 million in the second quarter and first six months of 1998, respectively, an increase of $130 million and $271 million over the same periods of 1997. The increase over the first six months of 1997 was due primarily to a gain of approximately $110 million on the sale of a partial ownership interest of a mortgage company as well as the Oxford acquisition during the second quarter of 1997. Other income includes: certain prepayment fees and other fees (such as net gains on sales of miscellaneous investments, business activities, premises and other similar items), net rental income on operating automobile leases, servicing and related fees from the Corporation's consumer finance business, insurance commissions and earnings and bankers' acceptances and letters of credit fees.

Merger and Restructuring Items

In connection with the Barnett merger during the first quarter of 1998, the Corporation incurred pretax merger and restructuring items of $900 million ($642 million after-tax), which consisted of approximately $375 million primarily in severance and change in control payments, $300 million of conversion and related costs and occupancy and equipment expenses (primarily lease exit costs and the elimination of duplicate facilities and other capitalized assets), $125 million of exit costs related to contract terminations and $100 million of other Barnett merger costs (including legal and investment banking fees).

During the second quarter of 1998, the Corporation divested 67 Florida branches with aggregate loans and deposits of $1.4 billion and $2.4 billion, respectively, in accordance with the Federal Reserve Board, the Department of Justice and certain Florida authorities approvals of the Barnett merger. These regulatory-required divestitures resulted in a pretax gain of approximately $430 million ($277 million after tax) which has been reflected in Merger and Restructuring Items on the Consolidated Statement of Income.
See Note Two to the consolidated financial statements for additional information.

Noninterest Expense

As presented in Table Six, the Corporation's noninterest expense increased 12 percent and 11 percent to $2.5 billion and $5.0 billion in the second quarter and first six months of 1998, respectively, over the same periods of 1997. Excluding acquisitions and related transition expenses, noninterest expense during the first six months of 1998 was essentially unchanged.

Table Six
Noninterest Expense
(Dollars in Millions)
<TABLE>
<CAPTION>

	Three Months Ended June 30		Change		Six Months Ended June 30		Change	
	1998	1997	Amount	Percent	1998	1997	Amount	Percent
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Personnel	$1,265	$1,099	$ 166	15.1%	$2,503	$2,193	$ 310	14.1%
Occupancy, net	211	193	18	9.3	415	377	38	10.1
Equipment	189	179	10	5.6	384	375	9	2.4
Marketing	83	84	(1)	(1.2)	171	170	1	.6
Professional fees	82	94	(12)	(12.8)	171	179	(8)	(4.5)
Amortization of intangibles	137	127	10	7.9	276	240	36	15.0
Data processing	107	72	35	48.6	214	157	57	36.3
Telecommunications	81	67	14	20.9	157	134	23	17.2
Other general operating	260	253	7	2.8	490	509	(19)	(3.7)
General administrative and miscellaneous	93	65	28	43.1	179	124	55	44.4
	$2,508	$2,233	$ 275	12.3	$4,960	$4,458	$ 502	11.3

</TABLE>

A discussion of the significant components of noninterest expense in the second quarter and the first six months of 1998 compared to the same periods in 1997 follows:

o Personnel expense increased $166 million and $310 million in the second quarter and first six months of 1998, respectively, over the comparable 1997 periods due mainly to the addition of Montgomery. Excluding the Montgomery acquisition, personnel expense was essentially unchanged. On June 30, 1998, the Corporation had approximately 99,000 full-time equivalent employees compared to approximately 102,000 full-time equivalent employees on December 31, 1997.

o Intangibles amortization expense increased to $137 million in the second quarter and $276 million in the first six months of 1998, reflecting the impact of the Montgomery and Oxford transactions.

- Data processing expense increased $35 million to $107 million in the second quarter of 1998 and $57 million to $214 million during the first six months of 1998 mainly as a result of the Montgomery acquisition and Year 2000 expenses.

- General administrative and miscellaneous expense increased $55 million to $179 million in the first six months of 1998 due mainly to the addition of Montgomery.

Noninterest expense includes the cost of projects to ensure accurate date recognition and data processing with respect to the Year 2000 issue as it relates to the Corporation's businesses, operations, customers and vendors. A process of software inventory, analysis, modification, testing and verification and implementation is underway. The Corporation expects to substantially complete the Year 2000 software conversion projects for its systems by the end of 1998. The related costs, which are expensed as incurred, are included in professional, data processing, and equipment expenses. Cumulative Year 2000 expenses incurred through the second quarter of 1998 amounted to approximately $50 million and the total cost of the Year 2000 project is estimated to be approximately $120 million.

Management believes that its plans for dealing with the Year 2000 issue will result in timely and adequate modifications of systems and technology. Ultimately, the potential impact of the Year 2000 issue will depend not only on the corrective measures the Corporation undertakes, but also on the way in which the Year 2000 issue is addressed by governmental agencies, businesses, and other entities who provide data to, or receive data from, the Corporation, or whose financial condition or operational capability is important to the Corporation as borrowers, vendors, customers or investment opportunities. Therefore, in early 1998, communications with these parties commenced to heighten their awareness of the Year 2000 issue. Over the next 18 months, the plans of such third parties to address the Year 2000 issue will be monitored and any identified impact on the Corporation will be evaluated.

Income Taxes

The Corporation's income tax expense for the second quarter and first six months of 1998 was $727 million and $1.1 billion, respectively, for effective tax rates of 34 percent and 36 percent, respectively. Excluding merger and restructuring items, the effective tax rate for the second quarter, as well as the first six months of 1998, was 34 percent. Income tax expense for the second quarter and first six months of 1997 was $515 million and $992 million, respectively, for an effective tax rate of 36 percent for both periods. The reduction in the effective tax rate from 1997 to 1998 was due primarily to the reorganization of certain subsidiaries of the Corporation in 1998.

Balance Sheet Review And Liquidity 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 capital position. The average balances discussed below can be derived from Table Four. The following discussion addresses changes in average balances for the first six months of 1998 compared to the same period in 1997.

Average levels of customer-based funds for the first six months of 1998 decreased $2.2 billion to $156.3 billion compared to average levels for the first six months of 1997 due to deposit declines in the former Boatmen's franchise, including the impact of sales of selected banking centers. As a percentage of total sources, average levels of customer-based funds in the first six months of 1998 decreased to 50 percent compared to 56 percent for the same period in 1997.

During the first six months of 1998, higher average levels of market-based funds replaced the lower average levels of customer-based funds. Average levels of market-based funds for 1998 increased $24.3 billion over 1997 levels to $85.5 billion compared to $61.2 billion for the same period in 1997.

Market-based funds also comprised a larger portion of total sources of funds at approximately 27 percent in 1998 compared to approximately 22 percent during the same period in 1997. In addition, 1998 average levels of long-term debt increased by $3.7 billion over average levels during the same six month period in 1997, mainly the result of borrowings to fund business development opportunities and to replace debt maturities.

Average loans and leases, the Corporation's primary use of funds, decreased $570 million to $177.8 billion during the first six months of 1998. As a percentage of total uses of funds, average loans and leases for the first six months of 1998 decreased to 57 percent from 63 percent during the same period in 1997. The decrease in average loans and leases was due primarily to approximately $15.7 billion of securitizations in 1997, which mainly took place in the third quarter, and $3.0 billion in 1998. The ratio of average loans and leases to average customer-based funds was 114 percent in 1998 and 113 percent in 1997. See "Concentrations of Credit Risk - Consumer" for managed loans information, page 35.

The average securities portfolio in the first six months of 1998 increased $20.9 billion over 1997 levels, amounting to 15 percent of total uses of funds in 1998 compared to 10 percent in the first six months of 1997. See the following "Securities" section for additional information on the securities portfolio.

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. The Corporation monitors its assets and liabilities and modifies these positions as liquidity requirements change. This process, coupled with the Corporation's ability to raise capital and debt financing, is designed to cover the liquidity needs of the Corporation. 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, 1998 consisted of securities held for investment totaling $994 million and securities available for sale totaling $44.0 billion compared to $1.2 billion and $49.4 billion, respectively, on December 31, 1997. The decrease in available for sale securities reflects the Corporation's sale of certain securities in light of favorable market conditions.

On June 30, 1998 and December 31, 1997, the market value of the Corporation's securities held for investment reflected net unrealized appreciation of $11 million and $5 million, respectively.

The valuation reserve for securities available for sale, marketable equity securities and certain servicing assets increased shareholders' equity by $466 million on June 30, 1998, primarily reflecting pretax appreciation of $586 million on debt securities and $112 million on marketable equity securities. The valuation reserve increased shareholders' equity by $408 million on December 31, 1997.

The estimated average maturities of securities held for investment and securities available for sale portfolios were 1.67 years and 5.47 years, respectively, on June 30, 1998 compared with 1.48 years and 5.45 years, respectively, on December 31, 1997. The increase in the valuation reserve was primarily attributable to a decrease in market interest rates over the first six months of 1998.

Off-Balance Sheet

Derivatives - Asset and Liability Management Activities

Risk management interest rate contracts are used in the asset and liability management (ALM) process. Such contracts, which are generally non-leveraged generic interest rate and basis swaps and options, allow the Corporation to effectively manage its interest rate risk position. Generic interest rate 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. Option products primarily consist of caps and floors.

As reflected in Table Seven, the total gross notional amount of the Corporation's ALM interest rate swaps on June 30, 1998 was $41.3 billion, with the Corporation receiving fixed on $31.2 billion, primarily converting variable-rate commercial loans to fixed rate, and receiving variable on $3.5 billion. The net receive fixed position was $27.7 billion on June 30, 1998, a decrease of $2.0 billion from December 31, 1997. In addition, the Corporation had $6.6 billion of basis swaps linked primarily to long-term debt.

Table Seven also summarizes the expected maturities, weighted average pay and receive rates and the unrealized gains and losses on June 30, 1998 of the Corporation's ALM interest rate contracts. Floating rates represent the last repricing and will change in the future based primarily on movements in one-, three- and six-month LIBOR rates.

The net unrealized appreciation of the ALM swap portfolio on June 30, 1998 was $385 million compared to unrealized appreciation of $307 million on December 31, 1997. The amount of net realized deferred gains associated with terminated ALM swaps was $58 million and $51 million on June 30, 1998 and December 31, 1997, respectively.

To manage interest rate risk, the Corporation also uses 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. On June 30, 1998, the Corporation had a gross notional amount of $16.6 billion in outstanding interest rate option contracts used for ALM purposes compared to $6.2 billion at December 31, 1997. Such instruments are primarily linked to long-term debt, short-term borrowings and pools of similar residential mortgages and consist mainly of purchased options. On June 30, 1998, the net unrealized depreciation of ALM option products was $22 million compared to net unrealized depreciation of $7 million on December 31, 1997. The amount of net realized deferred gains associated with terminated ALM options was $17 million and $13 million on June 30, 1998 and December 31, 1997, respectively.

In addition, the Corporation uses foreign currency contracts to manage the foreign exchange risk associated with foreign-denominated liabilities. Foreign currency contracts involve the conversion of certain scheduled interest and principal payments denominated in foreign currencies. On June 30, 1998, these contracts had a notional value of $2.7 billion and a net market value of negative $73 million.

The net unrealized appreciation in the estimated value of the ALM interest rate and unrealized depreciation in the ALM foreign exchange portfolios 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 production activities, see the "Noninterest Income" section.

Table Seven
Asset and Liability Management Interest Rate Contracts
June 30, 1998
(Dollars in Millions, Average Expected Maturity in Years)
<TABLE>
<CAPTION>

	Unrealized Gain/(Loss	Expected Maturity Total	1998	1999	2000	2001	2002	After 2002	Average Expected Maturity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Asset Conversion Swaps									
Receive fixed generic	$ 262								2.70
Notional amount		$ 18,510	$ 1,100	$ 350	$5,925	$ 7,700	$ 3,435	$ --	
Weighted average receive rate		6.41%	5.74%	6.42%	6.41%	6.44%	6.53%	--%	
Weighted average pay rate		5.67	5.69	5.69	5.67	5.67	5.67	--	
Pay fixed generic	(16)								2.55
Notional amount		$ 3,231	$ --	$ 250	$1,000	$1,888	$ 93	$ --	
Weighted average pay rate		6.21%	--%	6.46%	6.70%	5.86%	7.45%	--%	
Weighted average receive rate		5.78	--	5.69	5.70	5.76	7.11	--	
Total asset conversion swaps	$ 246								
Notional amount		$ 21,741	$ 1,100	$ 600	$6,925	$9,588	$ 3,528	$ --	
Liability Conversion Swaps									
Receive fixed generic	$ 141								4.95
Notional amount		$ 12,670	$ 1,596	$ 830	$ 465	$3,655	$ 495	$ 5,629	
Weighted average receive rate		6.32%	6.74%	7.26%	6.48%	5.76%	6.92%	6.37%	
Weighted average pay rate		5.79	6.48	7.65	5.84	5.61	5.76	5.44	
Pay fixed generic	(2)								4.76
Notional amount		$ 276	$ 100	$ --	$ 8	$ 10	$ 8	$ 150	
Weighted average pay rate		7.11%	9.31%	--%	6.01%	5.52%	6.65%	5.84%	
Weighted average receive rate		5.43	5.15	--	5.55	5.55	5.69	5.58	
Total liability conversion swaps	$ 139								
Notional amount		$ 12,946	$ 1,696	$ 830	$ 473	$ 3,665	$ 503	$ 5,779	
Total receive fixed swaps	$ 403								3.61
Notional amount		$ 31,180	$ 2,696	$ 1,180	$ 6,390	$11,355	$3,930	$ 5,629	
Weighted average receive rate		6.37%	6.33%	7.01%	6.42%	6.22%	6.58%	6.37%	
Weighted average pay rate		5.72	6.15	7.07	5.69	5.65	5.68	5.44	
Total pay fixed swaps	(18)								2.72
Notional amount		$ 3,507	$ 100	$ 250	$1,008	$ 1,898	$ 101	$ 150	
Weighted average pay rate		6.28%	9.31%	6.46%	6.69%	5.86%	7.39%	5.84%	
Weighted average receive rate		5.75	5.15	5.69	5.70	5.76	7.00	5.58	
Basis Swaps	$ --								2.38
Notional amount		$ 6,594	$ 100	$ 1,585	$ 443	$ 122	$ 1,669	$ 2,675	
Weighted average receive rate		5.79%	5.72%	5.70%	5.72%	6.82%	5.59%	5.93%	
Weighted average pay rate		5.66	5.68	5.65	5.74	6.82	5.57	5.66	
Total Swaps	$ 385								
Notional amount		$ 41,281	$ 2,896	$ 3,015	$7,841	$ 13,375	$ 5,700	$ 8,454	
Option Products									
Notional amount	(22)	$ 16,552	$ 2,100	$ 4,825	$ 143	$ 86	$ 163	$ 9,235	

Weighted average strike rate .		7.86%	6.50%	6.64%	8.13%	9.43%	7.70%	7.22%
Total Interest Rate Contracts ..	$ 363							
Notional amount		$ 57,833	$ 4,996	$ 7,840	$ 7,984	$ 13,461	$ 5,863	$ 17,689

</TABLE>

Table Eight
Allowance For Credit Losses
(Dollars in Millions)
<TABLE>
<CAPTION>

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Beginning Balance	$ 3,245	$ 3,262	$ 3,277	$ 2,792
Loans, leases and factored accounts receivable charged off				
Commercial	(34)	(21)	(63)	(52)
Real estate commercial	(9)	(15)	(11)	(20)
Real estate construction	--	(1)	(1)	(1)
Total commercial	(43)	(37)	(75)	(73)
Residential mortgage	(2)	(7)	(8)	(13)
Credit card	(125)	(131)	(262)	(247)
Other consumer	(159)	(117)	(328)	(241)
Total consumer	(286)	(255)	(598)	(501)
Foreign	--	(3)	--	(3)
Lease financing	(6)	(1)	(9)	(6)
Factored accounts receivable	(2)	(6)	(6)	(10)
Total loans, leases and factored accounts receivable charged off	(337)	(302)	(688)	(593)
Recoveries of loans, leases and factored accounts receivable previously charged off				
Commercial	12	19	28	37
Real estate commercial	4	7	7	10
Real estate construction	(1)	2	3	3
Total commercial	15	28	38	50
Residential mortgage	1	1	2	2
Credit card	11	20	27	41
Other consumer	32	32	65	61
Total consumer	44	53	94	104
Foreign	--	--	--	--
Lease financing	--	--	--	1
Factored accounts receivable	2	1	3	3
Total recoveries of loans, leases and factored accounts receivable previously charged off	61	82	135	158
Net charge-offs	(276)	(220)	(553)	(435)
Provision for credit losses	265	225	530	447
Allowance applicable to loans of purchased companies and other ...	(19)	5	(39)	468
Balance on June 30	$ 3,215	$ 3,272	$ 3,215	$ 3,272
Loans, leases and factored accounts receivable, net of unearned income, outstanding end of period	$ 180,897	$ 181,555	$ 180,897	$ 181,555
Allowance for credit losses as a percentage of loans, leases and factored accounts receivable, net of unearned income, outstanding end of period	1.78%	1.80%	1.78%	1.80%
Average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period	$ 180,123	$ 180,623	$ 178,973	$ 179,542
Net charge-offs as a percentage of average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period	.61%	.49%	.62%	.49%
Allowance for credit losses as a percentage of nonperforming loans	248.15	253.11	248.15	253.11

</TABLE>

Allowance for Credit Losses

The Corporation's allowance for credit losses was $3.2 billion, or 1.78

percent of net loans, leases, and factored accounts receivable on June 30, 1998 compared to $3.3 billion, or 1.85 percent, on December 31, 1997.

Table Eight provides an analysis of the changes in the allowance for credit losses. During the second quarter of 1998, higher other consumer and commercial net charge-offs caused the $56-million increase in total net charge-offs, which amounted to $276 million, or .61 percent of average loans, leases and factored accounts receivable compared to $220 million, or .49 percent, for the same period in 1997. Net charge-offs increased $118 million to $553 million in the first six months of 1998 or .62 percent of average loans, leases, and factored accounts receivable, compared to net charge-offs of $435 million or .49 percent, for the first six months of 1997. Higher other consumer net charge-offs were due to net charge-offs associated with a sub-prime auto lending portfolio, which the Corporation is allowing to run off.

Excluding increases that resulted from recent acquisitions, management expects charge-offs in general to increase modestly throughout 1998, with increases in the consumer loan categories anticipated as the Corporation continues its efforts to shift the mix of the managed 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 provision for credit losses.

Nonperforming Assets

As presented in Table Nine, on June 30, 1998, nonperforming assets were $1.4 billion, or .80 percent of net loans, leases, factored accounts receivable and foreclosed properties, compared to $1.4 billion, or .77 percent, on December 31, 1997. Nonperforming loans increased $81 million to $1.3 billion on June 30, 1998 due to higher commercial nonperforming loans partially offset by lower consumer nonperforming loans. The allowance coverage of nonperforming loans was 248 percent on June 30, 1998 compared to 270 percent on December 31, 1997.

Table Nine
Nonperforming Assets
(Dollars in Millions)
<TABLE>
<CAPTION>

	June 30 1998	March 31 1998	December 31 1997	September 30 1997	June 30 1997
<S>	<C>	<C>	<C>	<C>	<C>
Nonperforming loans					
Commercial	$ 450	$ 472	$ 316	$ 399	$ 459
Real estate commercial	183	179	185	233	231
Real estate construction	32	57	23	24	20
Total commercial	665	708	524	656	710
Residential mortgage	355	382	382	368	354
Other consumer	246	266	274	226	182
Total consumer	601	648	656	594	536
Foreign	--	--	1	--	--
Lease financing	29	32	33	39	47
Total nonperforming loans	1,295	1,388	1,214	1,289	1,293
Foreclosed properties	148	148	147	206	201
Total nonperforming assets	$1,443	$1,536	$1,361	$1,495	$1,494
Nonperforming assets as a percentage of					
Total assets	.47%	.49%	.44%	.52%	.53%
Loans, leases and factored accounts receivable, net of unearned income, and foreclosed properties	.80	.86	.77	.88	.82
Loans past due 90 days or more and not classified as nonperforming	$ 382	$ 362	$ 411	$ 369	$ 370

</TABLE>

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. The following section discusses credit risk in the loan portfolio, including net charge-offs by loan categories as presented in Table Ten.

Table Ten
Net Charge-offs in Dollars and as a Percentage of Average Loans Outstanding
(Dollars in Millions)

<TABLE>
<CAPTION>

<S>	Three Months Ended June 30 1998 <C>	<C>	1997 <C>	<C>	Six Months Ended June 30 1998 <C>	<C>	1997 <C>	<C>
Commercial	$ 22	.13%	$ 2	.01%	$ 35	.11%	$ 15	.05%
Real estate commercial and construction	6	.18	7	.19	2	.03	8	.11
Total commercial	28	.14	9	.05	37	.09	23	.06
Residential mortgage	1	.01	6	.05	6	.03	11	.05
Credit card	114	6.40	111	5.58	235	6.20	206	5.24
Other consumer	127	1.23	85	.90	263	1.29	180	.95
Total consumer	242	1.13	202	.90	504	1.19	397	.90
Foreign	--	--	3	.41	--	--	3	.20
Lease financing	6	.24	1	.10	9	.22	5	.18
Factored accounts receivable	--	--	5	1.35	3	.54	7	1.21
Total net charge-offs	$276	.61	$220	.49	$553	.62	$435	.49
Selected managed net charge-offs and ratios:								
Managed credit cards	$156	6.44%	$158	6.05%	$322	6.57%	$305	5.88%
Managed other consumer loans	141	1.18	99	.88	297	1.24	208	.94

</TABLE>
Net charge-offs for each loan type are calculated as a percentage of average outstanding or managed loans for each loan category. Total net charge-offs are calculated based on total average outstanding loans, leases and factored accounts receivable.

Real Estate - Total nonresidential real estate commercial and construction loans, the portion of such loans which are nonperforming, foreclosed properties and other credit exposures are presented in Table Eleven. 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 $13.6 billion and $13.7 billion on June 30, 1998 and December 31, 1997, respectively, or 8 percent of net loans, leases and factored accounts receivable for both periods. Real estate loans past due 90 days or more and still accruing interest were $14 million, or .10 percent of real estate loans, on both June 30, 1998 and December 31, 1997.

The exposures included in Table Eleven do not include credit extensions which were made on the general creditworthiness of the borrower for which real estate was obtained as security 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, 1998, the Corporation had approximately $11.1 billion of commercial loans which were not real estate dependent but for which the Corporation had obtained real estate as secondary repayment security.

Table Eleven
Real Estate Commercial and Construction Loans, Foreclosed Properties
and Other Real Estate Credit Exposures
June 30, 1998
(Dollars in Millions)
<TABLE>
<CAPTION>

<S>	Loans(1) Outstanding <C>	Nonperforming <C>	Foreclosed Properties(2) <C>	Other Credit Exposures(3) <C>
By Geographic Region(4):				
Florida and Georgia	$ 3,964	$ 77	$ 12	$ 533
Missouri, Kansas, Illinois, Iowa and Arkansas	2,223	33	6	30
Texas, Oklahoma and New Mexico	1,855	19	1	276
Maryland, District of Columbia and Virginia	1,456	40	11	427
North Carolina and South Carolina	1,105	21	2	324
Other states	2,995	25	8	661
	$13,598	$ 215	$ 40	$ 2,251
By Property Type:				
Apartments	$ 2,316	$ 12	$ --	$ 808
Office buildings	1,895	13	3	214
Residential	1,749	31	--	66
Shopping centers/retail	1,634	72	2	487
Industrial/warehouse	1,289	14	1	139
Hotels	1,205	7	--	130
Land and land development	832	23	25	91

Commercial-other	337	11	4	16
Unsecured	318	1	--	63
Multiple use	216	4	1	1
Resorts/golf courses	152	--	--	--
Other	1,655	27	4	236
	$13,598	$ 215	$ 40	$ 2,251

</TABLE>

(1) On June 30, 1998, the Corporation had unfunded binding real estate commercial and construction loan commitments.

(2) Foreclosed properties include commercial and construction real estate loans only.

(3) Other credit exposures include letters of credit and loans held for sale.

(4) Distribution based on geographic location of collateral.

Other Industries - Table Twelve presents selected industry credit exposures, commercial loans, factored accounts receivable and lease financings. On June 30, 1998, commercial loan outstandings totaled $69.8 billion, or 39 percent of net loans, leases and factored accounts receivable, and $65.6 billion, or 37 percent, on December 31, 1997. Average managed commercial loans were $72.7 billion and $71.6 billion for the three months and six months ended June 30, 1998, respectively, compared to $65.3 billion and $65.0 billion for the same prior year periods and include a $4.2-billion commercial loan securitization completed in the third quarter of 1997. Commercial loan net charge-offs for the six months ended June 30, 1998 and 1997 were $35 million, or .11 percent of average commercial loans and $15 million, or .05 percent of average commercial loans, respectively. Commercial loans past due 90 days or more and still accruing interest were $71 million, or .10 percent of commercial loans, on June 30, 1998 compared to $36 million, or .05 percent, on December 31, 1997. Nonperforming commercial loans were $450 million, or .64 percent of commercial loans, on June 30, 1998, compared to $316 million, or .48 percent, on December 31, 1997.

Table Twelve
Selected Industry Loans, Leases and Factored Accounts
Receivable, Net of Unearned Income
June 30, 1998
(Dollars in Millions)

	Outstanding
Health care	$4,878
Food, including agribusiness	3,727
Machinery and equipment, excluding defense	3,596
Leisure and sports	3,437
Automotive excluding trucking	3,239
Oil and gas	3,234
Media	3,206
Textiles and apparel, excluding retail	3,118
Retail	3,087
Transportation, excluding air and trucking	2,257

Consumer - On June 30, 1998 and December 31, 1997, total consumer loan outstandings totaled $85.2 billion, or 47 percent of net loans, leases and factored accounts receivable, and $86.0 billion, or 49 percent of net loans, leases and factored accounts receivable, respectively. The increase in total consumer net charge-offs during the six months ended June 30 1998 was due mainly to higher other consumer net charge-offs, the result of net charge-offs associated with a sub-prime auto lending portfolio which the Corporation is allowing to run off, as well as higher credit card net charge-offs in the first quarter of 1998 resulting mainly from deterioration in consumer credit quality experienced on an industry-wide basis.

Average residential mortgage loans were $37.4 billion and $37.3 billion, respectively, for the three months and six months ended June 30,1998 compared to $43.5 billion and $42.7 billion for the same periods in 1997, reflecting the impact of approximately $8.1 billion of mortgage loan securitizations that occurred primarily during the third quarter of 1997 and $1.5 billion of mortgage loan securitizations in the first six months of 1998.

Average managed credit card receivables (excluding private label credit cards) were $9.7 billion and $9.9 billion, respectively for the three months and six months ended June 30, 1998 compared to $10.5 billion for the same prior year periods. Higher net charge-offs during the first six months of 1998 reflect deterioration in consumer credit quality experienced on an industry-wide basis. Although 1998 net charge-offs are higher when compared to the second quarter of 1997, they have decreased to 6.44 percent of average managed credit cards for the second quarter of 1998 compared to 6.71 percent for the fourth quarter of 1997.

Average other consumer loans for the second quarter and first half of 1998 were $41.1 billion and $41.0 billion, respectively, compared to $38.1 billion and $38.2 billion for the same periods in 1997. The increase was net of the impact of approximately $3.4 billion of securitizations that occurred throughout 1997 and $1.5 billion of securitizations in the second quarter of 1998. Average managed other consumer loans, which include direct and indirect consumer loans and home equity lines, as well as indirect auto loan and consumer finance securitizations, increased to $48.4 billion and $48.1 billion in the second quarter and first half of 1998, respectively, compared to $44.1 billion and $44.0 billion in the same periods of 1997.

Total consumer loans past due 90 days or more and still accruing interest were $279 million, or .33 percent of total consumer loans, on June 30, 1998 compared to $353 million, or .41 percent, on December 31, 1997. Total consumer nonperforming loans were $601 million, or .71 percent of total consumer loans and $656 million, or .76 percent on June 30, 1998 and December 31, 1997, respectively.

Market Risk Management

In the normal course of conducting its 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 market 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 its securities portfolio and interest rate contracts, and management of the mix, yields or rates and maturities of assets and wholesale and retail funding sources of the Corporation.

For a discussion of market risk associated with ALM activities, see the "Off-Balance Sheet" section. Market risk associated with trading activities is discussed in this section and information on trading assets and liabilities and derivatives-dealer positions can be found in Notes Three and Six to the consolidated financial statements, respectively. There have been no significant changes in market risk associated with non-trading, on-balance sheet financial instruments since December 31, 1997.

On June 30, 1998, 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 factor based scenario model is used to calculate daily earnings at risk. This model breaks down yield curve movements into three underlying factors to produce sixteen yield curve scenarios used to estimate hypothetical profit or loss. Earnings at risk represents a one-day measurement of pretax 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 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, 1998, the gross estimates for aggregate interest rate, foreign exchange and equity and commodity trading activities were $69 million, $7 million and $3 million, respectively. Alternatively, using a statistical measure which is more likely to capture the effects of market movements, the uncorrelated estimate on June 30, 1998 for aggregate trading activities was $28 million. Both measures indicate that the Corporation's primary risk exposure is related to its interest rate activities.

Average daily trading revenues during the first six months of 1998 approximated $2 million. During the first half of 1998, the Corporation's trading activities resulted in positive daily revenues for approximately 83 percent of total trading days. During the first six months of 1998, the standard deviation of trading 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 revenues, daily earnings at risk will average considerably more due to the assumption of no corrective actions as well as the assumption that adverse market movements occur simultaneously across all segments of the trading portfolio.

Capital Resources and Capital Management

Presented below are the Corporation's regulatory capital ratios on June 30, 1998 and December 31, 1997:

	June 30 1998	December 31 1997
Risk-Based Capital Ratios		
Tier 1 Capital	7.32%	6.50%
Total Capital	11.77	10.89
Leverage Capital Ratio ..	6.21	5.57

The Corporation's and its significant banking subsidiaries' regulatory capital ratios on June 30, 1998 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, 1998. Ratios for December 31, 1997 have not been restated to reflect the impact of the Barnett merger. Barnett and its significant banking subsidiary were considered "well-capitalized" on December 31, 1997.

Regulatory capital guidelines were amended on September 12, 1996 to incorporate a measure for market risk. In accordance with the amended guidelines, the Corporation and any of its banking subsidiaries with significant trading activity, as defined in the amendment, must incorporate a measure for market risk in their regulatory capital calculations effective for reporting periods after January 1, 1998. The revised guidelines did not have a material impact on the Corporation or its subsidiaries' regulatory capital ratios or their well capitalized status on June 30, 1998.

Table Thirteen
Selected Quarterly Operating Results
(Dollars in Millions Except Per-Share Information)
<TABLE>
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	1998 Quarters	
	Second	First
<S>	<C>	<C>
Interest income	$ 5,206	$ 5,269
Interest expense	2,679	2,739
Net interest income (taxable-equivalent)	2,563	2,564
Net interest income	2,527	2,530
Provision for credit losses	265	265
Gains on sales of securities	108	152
Noninterest income	1,859	1,776
Foreclosed properties expense	16	5
Merger and restructuring items (income) expense	(430)	900
Other noninterest expense	2,508	2,452
Income before taxes	2,135	836
Income tax expense	727	339
Net income	1,408	497
Net income (excluding merger and restructuring items)	1,131	1,139
Earnings per common share	1.47	.52
Earnings per common share (excluding merger and restructuring items)	1.18	1.20
Diluted earnings per common share	1.43	.51
Diluted earnings per common share (excluding merger and restructuring items)	1.15	1.17
Dividends per common share	.38	.38
Yield on average earning assets	7.79%	7.90%
Rate on average interest-bearing liabilities	4.63	4.68
Net interest spread	3.16	3.22
Net interest yield	3.81	3.82
Average total assets	$312,540	$314,929
Average total deposits	169,584	167,528
Average total shareholders' equity	24,855	24,310
Return on average assets	1.81%	.64%
Return on average assets (excluding merger and restructuring items)	1.45	1.47
Return on average common shareholders' equity	22.75	8.28
Return on average common shareholders' equity (excluding merger and restructuring items)	18.27	19.01
Cash basis financial data (1)		
Earnings per common share	$ 1.61	$ .67
Earnings per common share (excluding merger and restructuring items)	1.32	1.34
Diluted earnings per common share	1.57	.65
Diluted earnings per common share (excluding merger and restructuring items)	1.29	1.31
Return on average tangible assets	2.05%	.85%
Return on average tangible assets (excluding merger and restructuring items)	1.68	1.70
Return on average tangible common shareholders' equity	42.72	18.68
Return on average tangible common shareholders' equity (excluding merger and restructuring items)	35.06	37.60
Market price per share of common stock		
Closing price	$76 11/16	$72 15/16
High for the period	85	75 1/8
Low for the period	72 1/16	56 1/4
Tier 1 capital ratio (2)	7.32%	6.80%
Total capital ratio (2)	11.77	11.19

</TABLE>

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

(2) Ratios for 1997 have not been restated to reflect the impact of the Barnett merger.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Management" on page 36 and the sections referenced therein for Quantitative and Qualitative Disclosures about Market Risk.

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 22, 1998.

b. The following are voting results on each of the matters which were submitted to the shareholders:

<TABLE>
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	For	Against or Withheld	Absentions	Broker Nonvotes
1. To elect 26 directors				
Ray C. Anderson............	792,297,514	6,017,766		
Rita Bornstein.............	792,043,438	6,271,842		
B.A. Bridgewater, Jr........	792,076,795	6,238,485		
Thomas E. Capps............	791,871,099	6,444,181		
Alvin R. Carpenter.........	792,051,507	6,263,773		
Charles W. Coker...........	791,973,640	6,341,640		
Thomas G. Cousins..........	792,002,517	6,312,763		
Andrew B. Craig, III........	791,850,052	6,465,228		
Alan T. Dickson............	791,904,475	6,410,805		
Paul Fulton................	792,001,858	6,313,422		
James H. Hance, Jr.........	792,123,771	6,191,509		
C. Ray Holman..............	792,205,191	6,110,089		
W.W. Johnson...............	792,297,710	6,017,570		
Kenneth D. Lewis...........	792,473,914	5,841,366		
Hugh L. McColl, Jr.........	791,841,273	6,474,007		
Russell W. Meyer, Jr........	792,248,632	6,066,648		
Richard B. Priory..........	792,181,296	6,133,984		
Charles E. Rice............	791,694,885	6,620,395		
John C. Slane..............	791,955,332	6,359,948		
O. Temple Sloan, Jr.........	792,307,688	6,007,592		
Meredith R. Spangler........	792,260,910	6,054,370		
Albert E. Suter............	792,230,851	6,084,429		
Ronald Townsend............	792,032,733	6,282,547		
Jackie M. Ward.............	792,046,844	6,268,436		
John A. Williams...........	792,230,790	6,084,490		
Virgil R. Williams.........	792,191,684	6,123,596		

</TABLE>

<TABLE>

	For	Against or Withheld	Abstentions	Broken Nonvotes
2. 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......................	791,757,140	2,775,606	3,782,534	
3. To consider and act upon a shareholder proposal requesting that the Corporation change the date of the Annual Meeting..........	27,031,537	622,973,570	29,498,651	118,811,522
4. 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................	66,518,016	598,707,008	14,554,167	118,536,089
5. To consider and act upon a shareholder proposal requesting that the Board adopt a specific definition of independence for members of the compensation committee.........................	115,741,945	544,739,628	19,297,626	118,536,081

</TABLE>

Item 5. Other Information

On May 21, 1998, the Securities and Exchange Commission adopted an amendment to Rule 14a-4 under the Securities Exchange Act of 1934. Rule 14a-4 governs a company's use of its discretionary proxy voting authority with respect to certain stockholder proposals raised at a stockholder meeting and not included as part of the Company's proxy materials ("non-Rule 14a-8 proposals"). In addition, Rule 14a-4 establishes a 45-day advance notice provision by which stockholders must present non-Rule 14a-8 proposals for consideration at annual meetings, although this period may be overridden by an advance notice provision included in a company's bylaws. The Successor Registrant has adopted such an advance notice provision which requires that non-Rule 14a-8 proposals must be received by the Successor Registrant no later than 75 days before the date it mailed its proxy materials for the prior year's annual meeting of stockholders (which, for 1999, will be 75 days before the date the Corporation mailed its 1998 proxy materials.) Accordingly, for the Successor Registrant's 1999 annual meeting of stockholders, the Secretary of the Successor Registrant must receive notice of a non-Rule 14a-8 proposal no later than the close of business on January 4, 1999, or such proposal may not be brought before the meeting. For proposals to be included as part of the proxy materials relating to the 1999 annual meeting of stockholders ("Rule 14a-8 proposals"), the Secretary of the Successor Registrant must receive notice of such proposal no later than the close of business on November 23, 1998.

If the Reorganization is not consummated for any reason, the deadline for submitting Rule 14a-8 proposals would also be November 23, 1998, but the deadline for submitting non-Rule 14a-8 proposals would be February 3, 1999. Any non-Rule 14a-8 proposal received after that date would be considered untimely, and the Corporation may exercise discretionary proxy voting power with respect to such proposal. As previously indicated, the Reorganization is currently expected to close on September 30, 1998. See Note 2 - Merger Related Activity.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

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

b. Reports on Form 8-K

The following reports on Form 8-K were filed by the Corporation during the quarter ended June 30, 1998:

Current Report on Form 8-K dated April 13, 1998, and filed April 15, 1998, Items 5&7.

Current Report on Form 8-K dated January 9, 1998, and filed April 16, 1998, Items 5&7, which restated the Corporation's historical financial statements as of and for the three-year period ended December 31, 1997 to reflect the merger with Barnett which was accounted for as a pooling of interests.

Current Report on Form 8-K dated April 10, 1998, and filed April 17, 1998, Item 5, as amended by Current Report on Form 8-K/A-1 dated April 10, 1998, and filed April 24, 1998, Item 7, and Current Report on Form 8-K/A-2 dated April 10, 1998, and filed May 18, 1998, Item 7, which included financial statements of BankAmerica as presented in its Annual Report on Form 10-K for the year ended December 31, 1997 and its Form 10-Q for the quarter ended March 31, 1998. In addition, the following unaudited pro forma condensed financial information was filed as part of this Current Report on Form 8-K, as amended, reflecting the BankAmerica transaction: Unaudited Pro Forma Condensed Balance Sheets as of March 31, 1998 and December 31, 1997 and Unaudited Pro Forma Condensed Statements of Income for the three months ended March 31, 1998 and for the years ended December 31, 1997, 1996 and 1995.

Current Report on Form 8-K dated April 28, 1998, and filed May 6, 1998, Items 5&7.

Current Report on Form 8-K dated May 4, 1998, and filed May 13, 1998, Items 5&7.

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

Date: August 14, 1998 /s/ Marc D. Oken

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

Index to Exhibits

Exhibit	Description
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

Exhibit 11

Diluted Earnings Per Common Share and Diluted Average Common Shares Outstanding

For 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 diluted earnings per common share in periods in which the effect would be antidilutive.

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

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Average common shares outstanding	958,392	946,462	954,040	945,826
Dilutive effect of				
Convertible preferred stock	3,123	3,948	3,123	3,948
Stock options	20,820	26,043	20,869	26,993
Total dilutive shares	982,335	976,453	978,032	976,767
Income available to common shareholders	$ 1,407	$ 916	$ 1,902	$ 1,767
Preferred dividends paid on dilutive convertible preferred stock	1	2	3	4
Total net income available for common shareholders adjusted for full dilution	$ 1,408	$ 918	$ 1,905	$ 1,771
Diluted earnings per common share	$ 1.43	$ .94	$ 1.95	$ 1.81

Exhibit 12(a)

NationsBank Corporation and Subsidiaries
Ratio of Earnings to Fixed Charges
(Dollars in Millions)

	Six Months Ended June 30, 1998	Year ended December 31 1997	1996	1995	1994	1993
Excluding Interest on Deposits						
Income before taxes	$ 2,971	$ 5,230	$ 4,536	$ 3,810	$ 3,293	$ 2,619
Equity in undistributed (earnings) losses of unconsolidated subsidiaries	(2)	--	2	(7)	(3)	(5)
Fixed charges:						
Interest expense (including capitalized interest)	2,966	5,060	4,342	4,706	3,056	1,512
Amortization of debt discount and appropriate issuance costs	11	19	20	12	8	6
1/3 of net rent expense	96	180	157	155	141	129
Total fixed charges	3,073	5,259	4,519	4,873	3,205	1,647
Earnings (excluding capitalized interest)	$ 6,042	$ 10,489	$ 9,057	$ 8,676	$ 6,495	$ 4,261
Fixed charges	$ 3,073	$ 5,259	$ 4,519	$ 4,873	$ 3,205	$ 1,647
Ratio of Earnings to Fixed Charges	1.97	1.99	2.00	1.78	2.03	2.59
Including Interest on Deposits						
Income before taxes	$ 2,971	$ 5,230	$ 4,536	$ 3,810	$ 3,293	$ 2,619
Equity in undistributed (earnings) losses of unconsolidated subsidiaries	(2)	--	2	(7)	(3)	(5)
Fixed charges:						
Interest expense (including capitalized interest)	5,407	9,951	8,588	8,980	6,231	4,450
Amortization of debt discount and appropriate issuance costs	11	19	20	12	8	6
1/3 of net rent expense	96	180	157	155	141	129
Total fixed charges	5,514	10,150	8,765	9,147	6,380	4,585
Earnings (excluding capitalized interest)	$ 8,483	$ 15,380	$ 13,303	$ 12,950	$ 9,670	$ 7,199
Fixed charges	$ 5,514	$ 10,150	$ 8,765	$ 9,147	$ 6,380	$ 4,585
Ratio of Earnings to Fixed Charges	1.54	1.52	1.52	1.42	1.52	1.57

Exhibit 12(b)

NationsBank Corporation and Subsidiaries
Ratio of Earnings to Fixed Charges and Preferred Dividends
(Dollars in Millions)

<TABLE>
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	Six Months Ended	Year Ended December 31				
	June 30, 1998	1997	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Excluding Interest on Deposits						
Income before taxes	$ 2,971	$ 5,230	$ 4,536	$ 3,810	$ 3,293	$ 2,619
Equity in undistributed (earnings) losses of unconsolidated subsidiaries	(2)	--	2	(7)	(3)	(5)
Fixed charges:						
Interest expense (including capitalized interest)	2,966	5,060	4,342	4,706	3,056	1,512
Amortization of debt discount and appropriate issuance costs	11	19	20	12	8	6
1/3 of net rent expense	96	180	157	155	141	129
Total fixed charges	3,073	5,259	4,519	4,873	3,205	1,647
Preferred dividend requirements	5	17	25	37	43	43
Earnings (excluding capitalized interest)	$ 6,042	$ 10,489	$ 9,057	$ 8,676	$ 6,495	$ 4,261
Fixed charges	$ 3,078	$ 5,276	$ 4,544	$ 4,910	$ 3,248	$ 1,690
Ratio of Earnings to Fixed Charges	1.96	1.99	1.99	1.77	2.00	2.52
Including Interest on Deposits						
Income before taxes	$ 2,971	$ 5,230	$ 4,536	$ 3,810	$ 3,293	$ 2,619
Equity in undistributed (earnings) losses of unconsolidated subsidiaries	(2)	--	2	(7)	(3)	(5)
Fixed charges:						
Interest expense (including capitalized interest)	5,407	9,951	8,588	8,980	6,231	4,450
Amortization of debt discount and appropriate issuance costs	11	19	20	12	8	6
1/3 of net rent expense	96	180	157	155	141	129
Total fixed charges	5,514	10,150	8,765	9,147	6,380	4,585
Preferred dividend requirements	5	17	25	37	43	43
Earnings (excluding capitalized interest)	$ 8,483	$ 15,380	$ 13,303	$ 12,950	$ 9,670	$ 7,199
Fixed charges	$ 5,519	$ 10,167	$ 8,790	$ 9,184	$	

					6,423	$ 4,628
Ratio of Earnings to Fixed Charges	1.54	1.51	1.51	1.41	1.51	1.56

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The schedule contains summary information extracted from the June 30, 1998 Form
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