

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

(Mark One)

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

For the quarterly period ended March 31, 1995

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 (I.R.S. Employer
of incorporation or organization) 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 ☒ No ☐

On April 30, 1995, there were 271,404,569 shares of NationsBank Corporation
Common Stock outstanding.

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NationsBank Corporation

March 31, 1995 Form 10-Q

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Part I. Financial Information

Item 1. Financial Statements

<TABLE>

NationsBank Corporation and Subsidiaries

Consolidated Statement of Income

(Dollars in Millions Except Per-Share Information)

<CAPTION>

	Three Months Ended March 31	
	1995	1994
<S>	<C>	<C>
Income from Earning Assets		
Interest and fees on loans.....	\$ 2,176	\$ 1,757
Lease financing income.....	50	30
Interest and dividends on securities		
Held for investment.....	234	151
Available for sale.....	106	179
Interest and fees on loans held for sale.....	1	11
Time deposits placed and other short-term investments.....	40	14
Federal funds sold.....	16	6
Securities purchased under agreements to resell.....	214	81
Trading account securities.....	233	169
Total income from earning assets.....	3,070	2,398
Interest Expense		
Deposits.....	783	519
Borrowed funds.....	598	301
Trading account liabilities.....	222	153
Long-term debt and obligations under capital leases.....	160	137
Total interest expense.....	1,763	1,110
Net interest income.....	1,307	1,288
Provision for credit losses.....	70	100
Net credit income.....	1,237	1,188
Gains on sales of securities.....	1	14
Noninterest income.....	726	680
Other real estate owned expense.....	2	5
Noninterest expense.....	1,288	1,219
Income before income taxes.....	674	658
Income tax expense.....	231	241
Net income.....	\$ 443	\$ 417
Net income available to common shareholders.....	\$ 441	\$ 414
Per-share information		
Earnings per common share.....	\$ 1.60	\$ 1.52
Fully diluted earnings per common share.....	\$ 1.58	\$ 1.51
Dividends per common share.....	\$ 0.50	\$ 0.46
Average common shares(in thousands).....	276,415	271,947

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>

NationsBank Corporation and Subsidiaries

Consolidated Balance Sheet

	March 31	December 31
	1995	1994
(Dollars in Millions)		
<CAPTION>		
March 31		
1994		

<S>	<C>	<C>	
<C>			
Assets			
Cash and cash equivalents.....	\$ 7,975	\$ 9,582	\$
8,178			
Time deposits placed and other short-term investments.....	2,750	2,159	
1,148			
Securities			
Held for investment, at cost (market value - \$17,208; \$17,101 and \$14,244).....	17,546	17,800	
14,442			
Available for sale.....	8,962	8,025	
15,927			

Total securities.....	26,508	25,825	
30,369			

Loans held for sale.....	286	318	
595			
Trading account assets.....	16,613	9,941	
12,285			
Federal funds sold.....	2,086	960	
1,084			
Securities purchased under agreements to resell.....	11,602	10,152	
10,895			
Loans and leases, net of unearned income.....	105,704	102,367	
92,130			
Factored accounts receivable.....	1,224	1,004	
1,637			

Loans, leases and factored accounts receivable, net of unearned income.....	106,928	103,371	
93,767			

Allowance for credit losses.....	(2,174)	(2,186)	
(2,187)			
Premises, equipment and lease rights, net.....	2,451	2,439	
2,258			
Customers' acceptance liability.....	821	684	
718			
Interest receivable.....	1,256	1,408	
1,002			
Purchased mortgage servicing rights.....	705	195	
104			
Goodwill.....	1,054	1,047	
825			
Core deposit and other intangibles.....	453	470	
460			
Other assets.....	4,540	3,239	
3,570			

	\$ 183,854	\$ 169,604	\$
165,071			
Liabilities			
=====			
Deposits			
Noninterest-bearing.....	\$ 20,264	\$ 21,380	\$
20,172			
Savings.....	8,844	9,037	
9,111			
NOW and money market deposit accounts.....	28,124	29,752	
30,155			
Time.....	28,214	27,698	
26,785			
Foreign time.....	15,297	12,603	
4,533			

Total deposits.....	100,743	100,470	
90,756			

Federal funds purchased.....	5,084	3,993	
6,934			
Securities sold under agreements to repurchase.....	27,798	21,977	
26,332			
Commercial paper.....	2,786	2,519	
2,046			
Other short-term borrowings.....	6,423	5,640	
4,797			

Trading account liabilities.....	14,639	11,426
10,554		
Liability to factoring clients.....	682	586
824		
Acceptances outstanding.....	821	684
718		
Accrued expenses and other liabilities.....	3,716	2,810
3,763		
Long-term debt and obligations under capital leases.....	9,816	8,488
8,175		

Total liabilities.....	172,508	158,593
154,899		

Shareholders' Equity		
Preferred stock: authorized - 45,000,000 shares		
ESOP Convertible, Series C: issued - 2,590,563; 2,606,657 and 2,673,406 shares....	110	111
114		
Common stock: authorized - 800,000,000; 800,000,000 and 500,000,000 shares;		
issued - 275,418,276; 276,451,552 and 274,537,247 shares.....	4,684	4,740
4,655		
Retained earnings.....	6,753	6,451
5,575		
Other, including loan to ESOP trust.....	(201)	(291)
(172)		

Total shareholders' equity.....	11,346	11,011
10,172		

	\$ 183,854	\$ 169,604
165,071		\$

</TABLE>

See accompanying notes to consolidated financial statements

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<TABLE>

NationsBank Corporation and Subsidiaries
Consolidated Statement of Cash Flows

(Dollars in Millions)

<CAPTION>

	Three Months Ended March 31	
	1995	1994
	<C>	<C>
Operating Activities		
Net income.....	\$ 443	\$ 417
Reconciliation of net income to net cash (used) provided by operating activities		
Provision for credit losses.....	70	100
Gains on sales of securities.....	(1)	(14)
Depreciation and premises improvements amortization.....	68	64
Amortization of intangibles.....	30	34
Deferred income tax expense.....	60	52
Net change in trading instruments.....	(3,459)	579
Net decrease in interest receivable.....	152	119
Net (increase) decrease in interest payable.....	81	(12)
Net decrease in loans held for sale.....	32	1,102
Net increase in liability to factoring clients.....	96	90
Other operating activities.....	(507)	2,356
Net cash (used) provided by operating activities.....	(2,935)	4,887
Investing Activities		
Proceeds from maturities of securities held for investment.....	275	4,215
Purchases of securities held for investment.....	(25)	(5,082)
Proceeds from sales and maturities of securities available for sale.....	5,415	10,244
Purchases of securities available for sale.....	(6,216)	(10,751)
Net increase in federal funds sold and securities		
purchased under agreements to resell.....	(2,576)	(4,712)
Net (increase) decrease in time deposits placed and other short-term investments.....	(591)	334
Net originations of loans and leases.....	(2,873)	(2,372)
Purchases of loans and leases.....	(793)	(732)
Proceeds from sales and securitizations of loans.....	262	2,063
Purchases of mortgage servicing rights.....	(517)	(20)
Purchases of factored accounts receivable.....	(1,963)	(2,071)
Collections of factored accounts receivable.....	1,740	1,619
Net purchases of premises and equipment.....	(80)	(55)

Proceeds from sales of other real estate owned.....	56	86
Sales/(acquisitions) of subsidiaries, net of cash.....	(155)	126
Net cash used in investing activities.....	(8,041)	(7,108)
Financing Activities		
Net increase (decrease) in deposits.....	273	(880)
Net increase in federal funds purchased and securities sold under agreements to repurchase.....	6,912	4,793
Net increase (decrease) in other short-term borrowings and commercial paper.....	1,050	(809)
Proceeds from issuance of long-term debt.....	1,503	-
Retirement of long-term debt.....	(95)	(163)
Preferred stock repurchased and redeemed.....	-	(94)
Proceeds from issuance of common stock.....	28	43
Cash dividends paid.....	(140)	(130)
Common stock repurchased.....	(79)	-
Other financing activities.....	(83)	(10)
Net cash provided by financing activities.....	9,369	2,750
Net increase (decrease) in cash and cash equivalents.....	(1,607)	529
Cash and cash equivalents on January 1.....	9,582	7,649
Cash and cash equivalents on March 31.....	\$ 7,975	\$ 8,178

Loans transferred to other real estate owned amounted to \$18 and \$46 for the three months ended March 31, 1995 and 1994, respectively.

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>

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

(Dollars in Millions, Shares in Thousands)

<CAPTION>

Total	Common Stock					
Share-						
holders'	Preferred	-----	Retained	Loan to		
Equity	Stock	Shares	Amount	Earnings	ESOP Trust	Other
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Balance on December 31, 1993.....	\$ 208	270,905	\$ 4,594	\$ 5,247	\$ (88)	\$ 18
9,979						
Net income.....				417		
417						
Cash dividends						
Common.....				(127)		
(127)						
Preferred.....				(3)		
(3)						
Preferred stock repurchased and redeemed...	(93)		(1)			
(94)						
Common stock issued under dividend						
reinvestment and employee plans.....		978	40			3
43						
Common stock issued in acquisitions.....		2,629	21	41		
62						
Net change in valuation reserve for						
securities available for sale and						
marketable equity securities.....						(109)
(109)						
Other.....	(1)	25	1			4
4						
-----	-----	-----	-----	-----	-----	-----
Balance on March 31, 1994.....	\$ 114	274,537	\$ 4,655	\$ 5,575	\$ (88)	\$ (84)
10,172						

Balance on December 31, 1994.....	\$ 111	276,452	\$ 4,740	\$ 6,451	\$ (76)	\$ (215)	\$
11,011							
Net income.....				443			
443							
Cash dividends							
Common.....				(138)			

[illegible]

under SFAS 114, are generally classified as nonperforming loans unless well secured and in the process of collection. Generally, loans which are past due 180 days or more as to principal or interest are classified as nonperforming regardless of collateral or collection status.

Interest collections on nonperforming loans and leases, including impaired loans, for which the ultimate collectibility of principal and interest is uncertain are applied as reductions in book value. Otherwise, such collections are credited to income when received.

Consumer loans, including credit card loans, that are past due 90 days or more are not generally classified as nonperforming assets. Generally, consumer loans are liquidated or charged off soon after becoming 90 days past due or 180 days past due for credit card loans. Income is generally recognized on past-due consumer and credit card loans until the loan is charged off.

Other Real Estate Owned

Other real estate owned includes foreclosed property and premises no longer used for business operations.

Under SFAS 114, loans are classified as other real estate owned when the Corporation forecloses on a property or when physical possession of the collateral is taken regardless of whether foreclosure proceedings have taken place. Prior to adoption of SFAS 114, other real estate owned included in-substance foreclosed loans including certain loans for which the Corporation had not taken physical possession of the collateral.

Other real estate owned is carried at the lower of (1) the recorded amount of the loan or lease for which the property previously served as collateral, or (2) the fair value of the property minus estimated costs to sell. Prior to foreclosure, the recorded amount of the loan or lease is reduced, if necessary, to the fair value, minus estimated costs to sell, of the real estate to be acquired by charging the allowance for credit losses.

Subsequent to foreclosure, gains or losses on the sale of and losses on the periodic revaluation of other real estate owned are credited or charged to expense. Net costs of maintaining and operating foreclosed properties are expensed as incurred.

Note 2 - Acquisition Activity

On March 31, 1995, the Corporation's mortgage banking subsidiary completed the acquisition of KeyCorp Mortgage Inc. from KeyCorp and Key Bank of New York. The acquisition included a \$25-billion residential mortgage servicing portfolio, for which the Corporation's subsidiary paid approximately \$339 million, a mortgage servicing operation employing approximately 430 associates and other servicing-related assets.

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On March 31, 1995, the Corporation's mortgage banking subsidiary acquired from Source One Mortgage Services Corporation a \$10-billion residential mortgage servicing portfolio at a purchase price of approximately \$178 million.

As a result of the above transactions, the Corporation's mortgage servicing portfolio totaled \$75.4 billion on March 31, 1995, compared to \$39.0 billion on December 31, 1994. Purchased mortgage servicing rights amounted to \$705 million on March 31, 1995, compared to \$195 million on December 31, 1994.

Note 3 - Trading Account Assets and Liabilities

The market values on March 31, 1995 and on December 31, 1994 and the average market values for the quarter ended March 31, 1995, of the components of trading account assets and liabilities were (dollars in millions):

<TABLE>

<CAPTION>

	March 31 1995	December 31 1994	First Quarter 1995 Average
<S>	<C>	<C>	<C>
Securities owned			
U.S. Treasury securities.....	\$ 10,530	\$ 5,968	\$ 8,938
Securities of other U.S. Government agencies and corporations.....	1,173	1,185	1,289
Certificates of deposit, bankers' acceptances and commercial paper...	431	371	418
Corporate debt.....	728	581	679
Other securities.....	286	259	250
	-----	-----	-----
Total securities owned.....	13,148	8,364	11,574
Derivatives-dealer positions.....	3,465	1,577	1,242
	-----	-----	-----
Total trading account assets.....	\$ 16,613	\$ 9,941	\$ 12,816
	=====	=====	=====

Short sales

U.S. Treasury securities.....	\$ 11,017	\$ 9,352	\$ 10,973
Securities of other U.S. Government			

agencies and corporations.....	189	182	221
Corporate debt.....	213	278	228
Other securities.....	2	-	5

Total short sales	11,421	9,812	11,427
Derivatives-dealer positions.....	3,218	1,614	1,205

Total trading account liabilities. \$	14,639	\$ 11,426	\$ 12,632
=====			

</TABLE>

Derivatives-dealer positions represent the market values of interest rate, foreign exchange and commodity products including swap, futures, forward and option contracts associated with the Corporation's derivatives trading activities.

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Note 4 - Debt

During the first quarter of 1995, the Corporation issued \$1.1 billion of senior notes. The Corporation issued \$550 million of medium-term notes at par, which mature between January 1997 and February 2000. Of these notes, \$500 million bear interest at a spread over the London interbank offered rate and \$50 million bear interest at a spread over the U.S. Treasury rate. The Corporation also issued \$250 million of 7 1/2-percent senior notes, due February 1997, and \$300 million of floating rate senior notes, due March 1998. The floating rate notes bear interest at a spread over the London interbank offered rate.

The Corporation filed a new shelf registration on February 1, 1995, for \$3 billion, of which \$2 billion has been designated as series D medium-term notes, which may be senior debt securities, subordinated debt or any combination thereof.

The short-term bank note program jointly maintained by the Carolinas, Georgia, and Texas banking subsidiaries had short-term bank notes outstanding of \$5.4 billion as of March 31, 1995. On April 10, 1995, these banking subsidiaries modified the terms of this program to increase the maximum amount that may be offered from time to time to \$9 billion with fixed or floating rates and maturities from 30 days to 15 years from date of issue.

During the first quarter of 1995, the Corporation's Texas banking subsidiary issued \$400 million of 7.7 percent REMIC bonds. The source of repayment of this obligation is a collateral pool of residential mortgage loans. Based on estimated prepayments of this pool of loans, this obligation will be paid in full by April 1996.

Subsequent to March 31, 1995 and through May 2, 1995, the Corporation issued \$150 million of senior medium-term notes, \$50 million of which bear interest at a spread over the London interbank offered rate and are due April 2000 and \$100 million of 7.23 percent notes due May 1999. The Corporation also issued \$300 million of 7 5/8-percent subordinated notes, due April 2005. As of May 2, 1995, approximately \$2.5 billion of capacity remained available under various shelf registrations.

Note 5 - Commitments and Contingencies

The Corporation's commitments to extend credit on March 31, 1995, were \$78.7 billion compared to \$74.7 billion on December 31, 1994. Standby letters of credit (SBLCs) and financial guarantees represent commitments by the Corporation to meet the obligations of the account party if called upon. Outstanding SBLCs and guarantees on March 31, 1995, were \$7.3 billion compared to \$6.9 billion on December 31, 1994. Commercial letters of credit, issued primarily to facilitate customer trade finance activities, were \$1.3 billion on March 31, 1995 and December 31, 1994. The above amounts have been reduced by amounts collateralized by cash and amounts participated to other financial institutions.

See Tables 4 and 5 and the accompanying discussion in Item 2 regarding the Corporation's derivatives used for risk management purposes.

On March 31, 1995 and December 31, 1994, indemnified securities lending transactions totaled \$5.0 billion and \$5.7 billion, respectively. Collateral with a market value of \$5.1 billion and \$5.9 billion, for the respective periods, was obtained by the Corporation in support of these transactions.

On March 31, 1995, the Corporation had commitments to purchase and sell

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when-issued securities of \$3.3 billion and \$2.6 billion, respectively. This compares to commitments to purchase and sell when-issued securities of \$2.2 billion and \$2.5 billion, respectively, on December 31, 1994.

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, banking and other laws. Management believes, based upon the advice of counsel, that these actions and proceedings and losses, if any, resulting from the final outcome thereof, will not be material in the aggregate to the Corporation's financial position or results of operations.

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

Earnings Review

A comparison of selected operating results for the three-month periods ended March 31, 1995 and 1994, is presented in Table 1.

Net income for the first quarter of 1995 was \$443 million, an increase of \$26 million, or six percent, over the first quarter of 1994. Earnings per common share were \$1.60 and \$1.52 for the first quarters of 1995 and 1994, respectively. The return on average common shareholders' equity was 16.03 percent for the first quarter of 1995, compared to 16.82 percent for the first quarter of 1994.

Key performance highlights for the first quarter of 1995 were:

- o Taxable-equivalent net interest income increased \$25 million quarter over quarter to \$1.3 billion, primarily as a result of average loan growth of 13 percent, partially offset by a narrowing of the spread between investment securities and market-based funds.
- o Improvement in credit quality led to provision expense of \$70 million in the first quarter of 1995, consistent with the level of provision expense in the previous three quarters and down from a level of \$100 million in the first quarter of 1994.
- o Noninterest income rose \$46 million, or 7 percent, to \$726 million primarily due to increased deposit service fee income, investment banking income, acquisition-related mortgage servicing income and the impact of reflecting the full ownership of NationsSecurities throughout the Corporation's income statement, rather than the netting of income and expense under the equity method of accounting for the prior joint venture. These increases were partially offset by a decline of \$12 million in trading account profits and fees from quarter to quarter, resulting from the difficult trading environment that developed during the latter part of 1994 and continued into 1995. Trading account profits and fees of \$83 million for the first quarter of 1995 were \$39 million higher than fourth quarter of 1994 levels.
- o Noninterest expense increased \$69 million, primarily related to 1994 acquisitions of several smaller banking organizations and mortgage banking operations, the impact of the full ownership of NationsSecurities, increased investment in personnel in selected areas and expanded marketing efforts, primarily credit card solicitations. The efficiency ratio, which measures the relationship of noninterest expense to total revenue, was 62.49 percent in the first three months of 1995, compared to 61.26 percent in the same period in 1994.

Customer Group Review

The Corporation manages its business activities through three major internal management units, or Customer Groups. These units, shown in Table 2, are managed with a focus on numerous performance objectives including return on equity, operating efficiency and net income.

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

The General Bank includes the Banking Group, which contains the retail banking network and is the service provider for the consumer sector as well as small and medium size companies; Financial Products, which provides specialized services such as credit cards, residential mortgages, indirect lending, dealer finance and retail, full service and discount brokerage on a national basis; Trust and Private Banking.

The General Bank earned \$249 million in the first quarter of 1995, a 14-percent increase over the same period in 1994 with the Banking Group and the Financial Products' Card Services units primarily accounting for the increased earnings over last year. Return on equity remained unchanged at 17 percent. Taxable-equivalent net interest income in the General Bank declined \$9 million reflecting the rise in interest rates as more fully discussed in the net interest income section. The negative impact of the rise in interest rates was largely offset by broad-based loan growth and deposit cost containment efforts. Average loans increased \$8.3 billion, or 15 percent, with growth concentrated in the Banking Group, primarily in residential mortgages, commercial loans and other consumer loans and Financial Products, primarily credit cards. Improved credit quality led to a \$37-million reduction in the provision for credit losses between the two quarters.

Noninterest income rose 13 percent to \$479 million led by increases in deposit service fee income, acquisition-related mortgage servicing income and the impact of reflecting the full ownership of NationsSecurities. Noninterest expense increased \$50 million, reflecting the acquisition of smaller banking organizations in Florida and South Carolina and several mortgage banking

acquisitions, the full ownership of NationsSecurities and expanded marketing efforts, primarily credit card solicitations.

The Global Finance Group (previously named the Institutional Group) includes Corporate Finance, Specialized Finance and the Capital Markets Group. Included under Specialized Finance are Real Estate, Specialized Lending (includes Business Credit, Factoring and Leasing), Structured Finance (asset-backed and project financing), Real Estate Finance, Leveraged Capital, and International. The Capital Markets Group includes customer-related derivatives, foreign exchange, securities trading and debt underwriting activities. Housed in this group are NationsBanc-CRT and NationsBanc Capital Markets Inc., which with its Section 20/Tier II powers, underwrites and deals in various types of corporate debt and has the power to underwrite and deal in equity securities.

The Global Finance Group earned \$163 million in the first quarter 1995, a one-percent increase over the same period in 1994. Return on equity remained unchanged at 17 percent. Taxable-equivalent net interest income for the first quarter of 1995 increased \$8 million over the same period a year ago. The benefit to net interest income of the \$2.6-billion increase in average loans was offset by a narrowing of the spread between investment securities and market-based funds. The loan growth was concentrated in the Corporate Finance and Specialized Lending units, while the Real Estate unit reduced average outstandings by \$571 million, compared to last year. The increase in average deposits consisted primarily of foreign time deposits which resulted from the wholesale funding initiatives in the latter half of 1994 and the first quarter in 1995. Continued improvement in asset quality of the Global Finance Group contributed to the \$7-million reduction in provision for credit losses in the first quarter of 1995 compared to the same period in 1994.

Noninterest income declined three percent, primarily due to lower trading account profits and fees and was offset by higher investment banking fees. Investments to expand capital markets activities, primarily personnel-related expenses, contributed to the \$13-million increase in noninterest expense and the change in the efficiency ratio.

Financial Services consists of NationsCredit and Greyrock Capital Group. Financial Services contributed \$26 million of net income in the first quarter of 1995, a four-percent increase over the first quarter of 1994. The favorable impact on net interest income of a \$1.5-billion increase in average loans was mostly offset by an increased level of provision expense to support such growth. Higher funding costs also impacted results. Average loan growth of 29 percent was fueled by demand in the consumer lending, commercial real estate and inventory finance businesses. The net interest yield fell to 7.16 percent, down 15 basis points from the prior year's first quarter, due primarily to higher funding costs. Noninterest expense increased nine percent as new offices were opened to support additional consumer loan originations. Refinement of consumer credit and collection operations, combined with increased productivity of commercial portfolio administration and increases in total revenues, led to a decline in the efficiency ratio to 44.05 percent for the first quarter of 1995, down from 47.67 percent for the same period in 1994. Return on equity decreased from the prior year level of 14 percent due to the increased provision for credit losses supporting loan growth. The return on equity in this unit is impacted by a higher equity to asset ratio of 13 percent, necessary to posture this unit for raising funds in the financial markets.

Net Interest Income

As presented in Table 3, taxable-equivalent net interest income increased \$25 million to \$1.3 billion in the first quarter of 1995 compared to the same period of 1994. The major factors contributing to the increase in taxable-equivalent net interest income were 13-percent growth in average loans and leases and deposit cost containment efforts. Average loans and leases rose \$12.2 billion to \$103.8 billion in the first quarter of 1995 compared to the same period of 1994. The factors which caused increases in net interest income were largely offset by the impact of a narrowing of the spread between investment securities and market-based funds.

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The net interest yield declined 28 basis points to 3.41 percent in the first quarter of 1995, compared to 3.69 percent in the same period of 1994. Excluding the impact of the Corporation's government securities dealer, for which trading account revenues are recorded in noninterest income, the net interest yield in the first quarter of 1995 declined 25 basis points to 3.91 percent, compared to 4.16 percent in the first quarter of 1994. The decline in the net interest yield primarily reflected spread compression between fixed-rate investment securities and market-based funds. The mix of funding sources also contributed to the decline in the net interest yield. While average customer-based funds were relatively flat between quarters, average market-based funds between quarters increased 23 percent. A large portion of this increase was in longer maturity liabilities, primarily foreign time deposits and bank notes, consistent with interest rate risk management initiatives undertaken in the latter half of 1994.

Taxable-equivalent interest income increased \$678 million to \$3.1 billion in the first three months of 1995, compared to the same period of 1994. Growth in average earning assets drove \$258 million of the increase, while \$420 million was related to a 112 basis point rise in the yield. Average earning assets increased by \$14.4 billion, or 10 percent, in the first quarter of 1995, compared to the same period of 1994. As discussed earlier, this growth was led by a 13-percent increase in average loans and leases which was broad-based

across loan categories and customer groups. In addition, the aggregate of securities purchased under agreements to resell and trading account securities increased \$3.4 billion, primarily due to higher trading activity levels of the Corporation's government securities dealer. The combined securities portfolio declined \$1.9 billion between the two quarters reflecting the timing of reinvestment of proceeds from maturities and sales.

The yield on average earning assets increased 112 basis points to 7.93 percent from 6.81 percent between the two periods. The yield on total loans and leases increased 79 basis points to 8.75 percent in the first quarter of 1995, reflecting loan growth in a rising interest rate environment, the variable rate nature of a significant portion of the loan portfolio and loan pricing which has enabled the Corporation to maintain loan spreads. The Corporation's prime interest rate rose from an average of 6.02 percent in the first quarter of 1994 to 8.83 percent in the first quarter of 1995. The yield on total securities increased 58 basis points to 5.56 percent for the first quarter of 1995 compared to 4.98 percent for the same period of 1994. This increase resulted from maturities and sales of lower-yielding securities coupled with reinvestments at higher rates during the first quarter of 1995.

Interest expense increased \$653 million period-over-period with growth in average interest-bearing liabilities accounting for \$125 million of the increase and \$528 million attributable to a 156 basis point rise in rates paid. Average interest-bearing liabilities increased \$13.2 billion, or 10 percent, in the first quarter of 1995 compared to the first quarter of 1994. Interest-bearing deposits grew \$8.9 billion to \$79.3 billion in the first quarter of 1995, compared to the same period of 1994. An increase in average foreign time deposits of \$9.5 billion as well as an increase of \$3.4 billion in deposits resulting from smaller banking organization acquisitions were the primary factors in this growth. These increases were partially offset by declines in consumer CDs and money market savings accounts, reflecting industry-wide trends of customers seeking higher-yielding investment alternatives as well as disciplined deposit pricing. Borrowed funds and trading account liabilities increased \$3.7 billion, to \$51.0 billion, primarily to fund increased trading activities.

The rate on average interest-bearing liabilities increased 156 basis points to 5.13 percent in the first quarter of 1995, from 3.57 percent in the first quarter of 1994, primarily due to a greater use of market-based funds and the higher level of interest rates in general.

The Corporation's asset and liability management process is utilized to manage the Corporation's interest rate risk through structuring the balance sheet and off-balance sheet portfolios to maximize net interest income while maintaining acceptable levels of risk to changes in market interest rates. In implementing strategies to manage interest rate risk, the primary tools used by the Corporation are the discretionary portfolio, which is comprised of the securities portfolio and interest rate swaps, and management of the mix, rates and maturities of the wholesale and retail funding sources of the Corporation.

During the rising interest rate environment of 1994, the Corporation shifted its interest rate risk position from one postured to benefit modestly from stable to declining interest rates to a more neutral position. The actions taken by the Corporation to shift its position included reduction of the net receive fixed swap position, reduction of investment securities, and extension of maturities of fixed-rate deposits and borrowings.

Swaps allow the Corporation to adjust its interest rate risk position without exposure to principal risk and funding requirements as swaps do not involve the exchange of notional amounts, only net interest payments. The Corporation uses non-leveraged generic, index amortizing and collateralized mortgage obligation (CMO) swaps. Generic swaps involve the exchange of fixed and variable interest rates based on the contractual underlying notional amounts. Index amortizing and CMO swaps also involve the exchange of fixed and variable interest rates, however, their notional amounts decline and their maturities vary based on certain interest rate indices in the case of index amortizing swaps, or mortgage prepayment rates in the case of CMO swaps.

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In early 1995, the Corporation entered into pay fixed interest rate swap transactions with gross notional amounts totaling \$1.6 billion. In addition, \$325 million of receive fixed interest rate swaps matured in the first quarter of 1995. As reflected in Table 4, the gross notional amount of the Corporation's asset and liability management interest rate swap position on March 31, 1995, was \$27.3 billion with the Corporation receiving fixed on \$17.2 billion, converting variable-rate commercial loans to fixed rate and receiving variable on \$10.1 billion, fixing the cost of certain variable-rate liabilities, primarily market-based borrowed funds. On March 31, 1995, the net receive fixed position was \$7.1 billion, representing a reduction from the net receive fixed position of \$8.9 billion on December 31, 1994, and \$17.7 billion on March 31, 1994.

Net interest income is impacted by the Corporation's asset and liability management interest rate swap program. As reflected in Table 5, on March 31, 1995, the portfolio had a weighted average receive rate of 5.45 percent and a pay rate of 6.40 percent. Net interest receipts and payments have been included in interest income and expense on the underlying instruments. Asset and liability management interest rate swaps resulted in a reduction of net interest income of \$74 million in the first quarter of 1995 compared to an increase of \$52 million in the first quarter of 1994. Deferred gains and losses related to any terminated contracts are insignificant.

The net unrealized depreciation on March 31, 1995, was \$486 million compared to \$726 million on December 31, 1994, primarily reflecting the

reduction in short-term interest rates. The net unrealized depreciation on March 31, 1994, approximated \$375 million.

Average securities for the quarter ended March 31, 1995, totaled \$25.4 billion, a decrease of \$1.2 billion from the fourth quarter of 1994 and a decrease of \$1.9 billion from the first quarter of 1994. Beginning in the second quarter of 1994, the Corporation did not fully replace maturities and sales of securities. During the first quarter of 1995, the Corporation added slightly to securities levels in light of expected market conditions. Approximately \$6.2 billion of securities were purchased, with the Corporation ending the first quarter of 1995 with a total securities portfolio of \$26.5 billion, compared to a level of \$25.8 billion on December 31, 1994. During the remainder of 1995, approximately \$5.2 billion of securities with an average yield of approximately four percent will mature. See the Analysis of Financial Condition - Securities for further details on the securities portfolio.

On March 31, 1995, the interest rate risk position of the Corporation continued to be relatively neutral as the impact of a gradual 100-basis-point rise in interest rates over the next 12 months was estimated to have an insignificant impact on net income when compared to stable rates.

The unrealized depreciation in the estimated value of the ALM swap portfolio and securities portfolio should be viewed in the context of the overall balance sheet. The value of any single component of the balance sheet or off-balance sheet position should not be viewed in isolation. For example, the value of core deposits and other fixed-rate longer-term liabilities increase as interest rates rise, offsetting the decline in value of swaps and other fixed-rate assets. The overall impact of a 100-basis point parallel increase in interest rates from March 31, 1995 levels is estimated to have an insignificant impact on the market value of equity.

Table 6 represents the Corporation's interest rate gap position on March 31, 1995. Based on contractual maturities or repricing dates, or anticipated dates where no contractual maturity or repricing date exists, interest-sensitive assets and liabilities are placed in maturity categories. The Corporation's negative cumulative interest rate gap position in the near term reflects the strong customer-deposit gathering franchise which provides a relatively stable core deposit base. These available funds have been deployed in longer-term interest-earning assets including certain loans and securities. A gap analysis is limited in its usefulness as it represents a one-day position which is continually changing and not necessarily indicative of the Corporation's position at any other time. Additionally, the gap analysis does not consider the many factors accompanying interest rate movements.

Provision for Credit Losses

The provision for credit losses was \$70 million in the first quarter of 1995 consistent with the provision levels in the previous three quarters. The provision for credit losses was \$100 million in the first quarter of 1994. The lower provision level in the first quarter of 1995, compared to the first quarter of 1994, reflects continued improvement in credit quality as evidenced by decreases in net charge-offs and lower nonperforming asset levels.

Securities Gains

Gains from the sales of securities were \$1 million in the first three months of 1995 compared to \$14 million in the same period of 1994.

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Noninterest Income

Table 7 compares the major categories of noninterest income for the first quarters of 1995 and 1994. Noninterest income totaled \$726 million in the first quarter of 1995, an increase of \$46 million, or 7 percent, from \$680 million in the same quarter of 1994.

Deposit account service charges totaled \$207 million in the first quarter of 1995, an \$11-million increase compared to the first quarter of 1994. The acquisition of several smaller banking organizations accounted for \$3 million of this increase. The remaining increase was the result of higher fees from increased consumer account volumes and emphasis on fee collections, offset by lower commercial account service charge fees.

Mortgage servicing and related fees totaled \$21 million in the first quarter of 1995, an increase of \$5 million, or 31 percent, from \$16 million in the same quarter of 1994. The increase was primarily attributable to the acquisition of mortgage servicing portfolios in 1994. As discussed more fully in Note 2, on March 31, 1995, the Corporation acquired mortgage servicing portfolios totaling \$35.0 billion, bringing the total servicing portfolio to \$75.4 billion, compared to \$39.0 billion on December 31, 1994 and \$29.4 billion on March 31, 1994. Mortgage loan originations through the Corporation's mortgage subsidiary totaled \$1.5 billion for the first quarter of 1995 compared to \$2.1 billion for the first quarter of 1994, primarily reflecting the rising interest rate environment. First quarter 1995 origination volume consisted of approximately \$900 million of retail loan volume and \$600 million of correspondent loan volume.

The 53-percent increase in investment banking income was the result of higher syndication fees and venture capital income. The Capital Markets syndication group was agent or co-agent on 64 deals totaling \$56.5 billion during the first quarter of 1995, compared to 47 deals totaling \$28.0 billion during the same period in 1994.

First quarter 1995 General Bank trust fees were relatively flat compared

to first quarter of 1994. On March 31, 1995, discretionary assets under management and total assets under administration by the Trust Group were \$59.1 billion and \$171.2 billion, respectively, compared to \$57.4 billion and \$163.6 billion, respectively, on December 31, 1994.

During the first quarter of 1995, the Corporation announced its decision to sell a portion of its trust business that deals with bond servicing and administration, known as Corporate Trust. This decision was based on management's desire to focus on investment management, retirement and fiduciary services. Historically, the Corporate Trust business has generated approximately 10 percent of the Corporation's trust fees. Management does not expect the sale of the Corporate Trust business to have a significant ongoing impact on future net income.

Brokerage income increased \$11 million, or 85 percent, to \$24 million in the first quarter of 1995 compared to \$13 million in the same period of 1994. This increase was due to the full ownership of NationsSecurities in the first quarter of 1995. NationsSecurities was a joint venture arrangement prior to November 15, 1994 and was accounted for under the equity method.

The Corporation maintains trading positions in a variety of cash and derivative financial instruments. The Corporation offers a number of products to customers, as well as enters into transactions for its own account. In setting trading strategies, the Corporation manages these activities to maximize trading revenues while at the same time taking controlled risks.

Trading revenues are dependent on a number of factors including interest rate and currency movements, market liquidity and volatility, transaction volume and diversity and outside political and industry forces. Trading account profits and fees declined \$12 million to \$83 million in the first quarter of 1995 compared to the first quarter of 1994. Difficult market conditions, which persisted throughout the latter part of 1994 as interest rates rose, continued into 1995. Trading profits and fees of \$83 million for the first quarter of 1995, were \$39 million higher than the fourth quarter of 1994 levels. An analysis of trading account profits and fees by major business activity for the three months ended March 31 is as follows (dollars in millions):

<TABLE>

<CAPTION>

		Three Months Ended March 31	
		1995	1994

<S>	<C>	<C>	
Securities trading.....	\$ 35	\$	54
Interest rate contracts.....	24		14
Foreign exchange contracts.....	9		8
Other.....	15		19

	\$ 83	\$	95
		=====	

</TABLE>

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Miscellaneous other income totaled \$77 million in the first quarter of 1995 compared to \$72 million in the first quarter of 1994. This category of miscellaneous income includes certain prepayment and other fees as well as net gains on sales of miscellaneous investments, business units, premises, venture capital investments, mortgage servicing and other similar items.

On April 3, 1995, the Corporation and First Financial Management Corporation (FFMC) announced that FFMC's subsidiary NaBANCO and the Card Services unit agreed to form a joint venture to market merchant credit card authorization, processing and settlement services to regional and local merchants throughout the Corporation's service area of the Southeast and Southwest. The Corporation contributed its merchant discount unit in exchange for consideration including an equity investment position in the newly formed joint venture. The venture will be called Unified Merchant Services, a NaBANCO - NationsBank Venture and will begin operations in the second quarter of 1995. Accordingly, merchant discount fee income and the related expense of the contributed unit will be reduced in future periods. However, the Corporation will receive equity earnings from the operations of the venture.

Other Real Estate Owned Expense

OREO expense was \$2 million in the first quarter of 1995, a decline from \$5 million in the same period of 1994, primarily resulting from lower levels of OREO and improvement in asset quality. Improved real estate markets resulted in lower OREO write-downs offset by declines in operating income.

Noninterest Expense

The Corporation's noninterest expense as shown in Table 8 increased \$69 million, or six percent, in the current quarter compared to the same quarter in 1994, to a total of \$1.29 billion. Approximately 60 percent of this increase from quarter to quarter results from several smaller banking organization and mortgage banking acquisitions during the latter portion of 1994 and the full ownership of NationsSecurities.

Personnel expense, which accounts for 49 percent of noninterest expense, increased \$61 million in the first quarter of 1995 compared to the first quarter of 1994. This increase was primarily due to acquisitions. Continued

investment in personnel for the Capital Markets and Financial Products groups also contributed to the increase in personnel expense.

Marketing expense increased \$21 million, or 57 percent, from \$37 million in the first quarter of 1994 to \$58 million in the first quarter of 1995. This increase was driven primarily by increased credit card solicitations in the Financial Products group.

Other general operating expense decreased 17 percent in the first quarter of 1995 compared to the first quarter of 1994. This \$18-million decrease was primarily due to lower loan and collection expenses.

Income Taxes

The Corporation's income tax expense was \$231 million in the first quarter of 1995. The effective tax rate was 34.3 percent of pretax income in the first quarter of 1995, compared to 33.9 percent for the full year 1994 and 36.6 percent in the first quarter of 1994.

Analysis of Financial Condition

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Liquidity, a measure of the Corporation's ability to fulfill its cash requirements, is managed by the Corporation through its asset and liability management process. This entails measuring and managing the relative balance between asset, liability and off-balance sheet positions. The Corporation's continuation of this process, coupled with its ability to raise capital and debt financing and to securitize certain assets, ensures the maintenance of sufficient funds to meet the liquidity needs of the Corporation.

Period-end assets were \$183.9 billion, \$169.6 billion and \$165.1 billion on March 31, 1995, December 31, 1994 and March 31, 1994, respectively. Average total assets were \$177.5 billion for the first three months of 1995 compared to \$161.3 billion for the first three months of 1994. The following discussion analyzes the major components of the period-end and average balance sheets.

Cash and cash equivalents decreased \$1.6 billion from December 31, 1994, to March 31, 1995, due to \$2.9 billion in cash used by operating activities and \$8.1 billion in cash used in investing activities, offset by \$9.4 billion in cash provided by financing activities.

Net cash used in investing activities totaled \$8.1 billion primarily reflecting a \$2.6-billion increase in federal funds sold and securities purchased under agreements to resell, \$2.9 billion in net originations of loans and leases, \$6.2 billion in purchases of securities, \$793 million in purchases of loans and leases, partially offset by \$5.7 billion in proceeds from sales and maturities of securities.

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Net cash provided by financing activities totaled \$9.4 billion due to increases of \$6.9 billion in federal funds purchased and securities sold under agreements to repurchase, \$1.1 billion in other short-term borrowings and commercial paper, and \$1.5 billion in proceeds from issuances of long-term debt.

Table 9 presents an analysis of the major sources and uses of funds for the two three-month periods based on average levels.

Market-based funds increased 23 percent to an average of \$66.5 billion in the first quarter of 1995 from \$54.0 billion in the same period of 1994 due to increases in foreign deposits and increased use of market-based funds related to trading account activities primarily associated with the Corporation's government securities dealer. Customer-based funds, which represent 47.2 percent of total sources of funds, averaged \$83.8 billion in the first quarter of 1995 compared to \$83.6 billion, or 51.9 percent of total sources of funds, in the same period of 1994.

The composition of uses of funds reflected a 13-percent increase in average loans and leases to \$103.8 billion in the first quarter of 1995 compared to the same period one year ago. Average other earning assets rose \$3.8 billion to \$26.6 billion in the first three months of 1995 compared to the same period in 1994 principally due to higher levels of securities purchased under agreements to resell reflecting increased trading activities primarily of the Corporation's government securities dealer and higher levels of federal funds sold.

The Corporation's ratio of average loans to customer-based funds was 124 percent for the first three months of 1995 compared to 110 percent for the first three months of 1994. The higher loan to deposit ratio was driven by a high level of loan growth, a decline in customer-based deposit levels resulting from disciplined deposit pricing and increased use of market-based funds consistent with interest rate risk management initiatives.

Securities

The securities portfolio on March 31, 1995, consisted of securities held for investment totaling \$17.5 billion and securities available for sale totaling \$9.0 billion compared to \$17.8 billion and \$8.0 billion, respectively, on December 31, 1994. On March 31, 1994, securities held for investment were \$14.4 billion and securities available for sale were \$15.9 billion.

Due to uncertainty of interest rate movements, during the latter half of 1994 and early 1995, the Corporation did not fully replace maturities and sales of securities resulting in a decline in the average securities portfolio to \$25.4 billion for the first three months in 1995 compared to \$26.5 billion for the last three months of 1994. During the first quarter the Corporation added

slightly to securities levels in light of expected market conditions by purchasing approximately \$6.2 billion of securities, bringing the ending portfolio balance to \$26.5 billion on March 31, 1995.

The Corporation's portfolio of securities held for investment reflected unrealized net depreciation of \$338 million, \$699 million and \$198 million on March 31, 1995, December 31, 1994, and March 31, 1994, respectively. The valuation reserve for securities available for sale and marketable equity securities decreased shareholders' equity by \$47 million on March 31, 1995, reflecting \$132 million of pretax depreciation on securities available for sale, offset by \$57 million of pretax appreciation on marketable equity securities. The valuation amount reduced shareholders' equity by \$136 million and \$5 million on December 31, 1994 and March 31, 1994, respectively. The changes in the unrealized net depreciation of securities held for investment and the valuation reserve for securities available for sale are primarily due to changes in the levels of market interest rates and the maturity of lower-yielding securities in these portfolios.

The estimated average maturity of the combined securities portfolios was 2.53 years, 2.56 years and 2.02 years on March 31, 1995, December 31, 1994, and March 31, 1994, respectively. Approximately \$5.2 billion of the total securities portfolio, with an average yield of approximately four percent, will mature over the remainder of 1995. No significant liquidations other than scheduled maturities are currently anticipated. As such, no significant securities losses are currently expected to result from the net unrealized depreciation in the securities portfolios on March 31, 1995.

Loans

Loans and leases, net of unearned income on March 31, 1995, December 31, 1994 and March 31, 1994 were \$105.7 billion, \$102.4 billion and \$92.1 billion, respectively.

Average loans and leases increased 13 percent to \$103.8 billion in the first quarter of 1995, compared to \$91.6 billion in the same period of 1994.

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Commercial loans increased \$4.8 billion, or 12 percent, to an average of \$45.2 billion in the first quarter of 1995. The General Bank contributed \$3.1 billion, or 65 percent of the increase, Global Finance accounted for \$1.3 billion, or 27 percent of the increase, and Financial Services produced \$395 million, or 8 percent of the increase.

Total nonresidential real estate commercial and construction average loans outstanding declined \$942 million, or eight percent, during the first quarter of 1995 compared to the same period in 1994. The Corporation's geographic and property-type distribution on March 31, 1995, for these loans was comparable to distributions on December 31, 1994.

Residential mortgage loans for the first quarter of 1995 averaged \$17.8 billion, a \$4.4-billion, or 33-percent, increase in average levels from the first quarter of 1994. The growth was primarily due to increased origination of residential mortgages through the Corporation's vast banking center network coupled with retention of a portion of the loans originated in the Corporation's mortgage subsidiary.

Average credit card portfolio levels for the first quarter of 1995 increased \$870 million, or 24 percent, over 1994 same period levels. Of the \$870-million increase, 77 percent, or approximately \$670 million was attributable to new accounts and 23 percent, or approximately \$200 million was attributable to increases in average outstanding balances of existing accounts. Other average consumer loans increased \$1.1 billion to \$17.9 billion in the first quarter of 1995, compared to \$16.8 billion in the first quarter of 1994.

Nonperforming Assets

On March 31, 1995, nonperforming assets, presented in Table 10, were \$1.08 billion, or 1.00 percent of net loans, leases, factored accounts receivable and other real estate owned, compared to \$1.14 billion, or 1.10 percent, on December 31, 1994, and \$1.64 billion, or 1.73 percent, on March 31, 1994.

Nonperforming loans totaled \$854 million at the end of the first quarter of 1995, compared to \$801 million on December 31, 1994 and \$1.07 billion on March 31, 1994. The net increase in nonperforming loans from December 31, 1994 primarily reflects \$80 million of in-substance foreclosed loans previously reported as other real estate owned. The decrease from March 31, 1994 to March 31, 1995 was centered in real estate commercial and construction loans which declined \$163 million, or 37 percent, and in commercial loans which declined \$26 million, or six percent. This reduction in nonperforming loans primarily reflected increased payments, the improved financial condition of borrowers and the results of the Corporation's continuing loan workout activities.

Other real estate owned, which represents real estate acquired through foreclosure totaled \$221 million on March 31, 1995, a net decline of \$348 million, or 61 percent, from March 31, 1994 and a net decline of \$116 million, or 34 percent, from December 31, 1994.

As discussed in Note 1 to the consolidated financial statements, on January 1, 1995, the Corporation adopted SFAS 114. See Table 10 and Allowance for Credit Losses.

Allowance for Credit Losses

On March 31, 1995, December 31, 1994 and March 31, 1994, the allowance for credit losses was \$2.2 billion and represented 2.03 percent, 2.11 percent and

2.33 percent, respectively, of loans, leases and factored accounts receivable.

The allowance for credit losses as a percentage of nonperforming loans was 254 percent on March 31, 1995, compared to 273 percent at year-end 1994 and 205 percent on March 31, 1994.

Table 11 provides an analysis of the changes in the allowance for credit losses for the quarter ended March 31, 1995 and 1994. Total net charge-offs for the first quarter of 1995 were \$83 million, or .32 percent of average loans, leases and factored accounts receivable, versus \$90 million, or .39 percent, in the comparable three-month period in 1994. The decline in net charge-offs was primarily centered in commercial loans. The reduction in charge-offs is due to the strengthened financial condition of borrowers.

The ratio of net charge-offs to average loans outstanding for commercial and commercial real estate loans for the first quarter of 1995 decreased as compared to the first quarter of 1994 from .15 and .43 percent, respectively, to .06 and .21 percent, respectively. real estate construction loans experienced net recoveries quarter to quarter. Offsetting these positive trends were slight increases in the net charge-off ratios for credit card and other consumer loans which were 2.94 and .81 percent, respectively, for the first quarter of 1995 compared to 2.87 and .77 percent, respectively, for same period in 1994.

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As previously discussed, on March 31, 1995, the recorded investment in certain loans that are considered to be impaired under SFAS 114 was \$692 million, all of which was classified as nonperforming. Of these impaired loans, \$441 million has a related valuation allowance of \$62 million and \$251 million does not have a related valuation allowance primarily due to application of interest payments against book balances or write-downs previously taken on these loans. Provision expense associated with impaired loans for the first quarter of 1995 approximated \$9 million. The average recorded investment in certain impaired loans during the quarter ended March 31, 1995, was approximately \$702 million. During the quarter ended March 31, 1995, interest income recognized on impaired loans totaled \$6.3 million, all of which was recognized on a cash basis.

Other Earning Assets

As presented in Table 3, average other earning assets, including loans held for sale, federal funds sold, securities purchased under agreements to resell, trading account securities and time deposits placed and other short-term investments increased \$4.0 billion to \$28.9 billion in the first quarter of 1995, compared to \$24.9 billion in the first quarter of 1994. Higher trading related assets of the Corporation's government securities dealer was the major factor in this increase.

Deposits

Average deposits were \$99.3 billion during the first quarter of 1995, compared to \$90.3 billion during the same period of 1994. An increase in average foreign time deposits of \$9.5 billion as well as an increase of \$3.4 billion in deposits resulting from smaller banking organization acquisitions were the primary factors in this growth. The increase in foreign time deposits is due to the extension of liability maturities consistent with interest rate risk management initiatives. These increases were offset by a decrease of \$1.8 billion in money market savings from \$16.4 billion in the first quarter of 1994 to \$14.6 billion in the first quarter of 1995, and a decrease of \$1.1 billion in consumer CDs from \$17.7 billion in the first quarter of 1994 to \$16.6 billion in the first quarter of 1995. These decreases reflect industry-wide trends as customers continued to seek higher-yielding investment alternatives and the Corporation's disciplined deposit pricing.

Short-Term Borrowings

Average short-term borrowings were \$39.6 billion during the first quarter of 1995, compared to \$36.5 billion during the same period in 1994. This increase in average outstandings is primarily due to an increase in securities sold under agreements to repurchase of \$3.1 billion to fund trading account activities and increased short-term bank notes of \$2.1 billion. These increases were partially offset by a decrease in average levels of federal funds purchased of \$2.5 billion between the quarters. Commercial paper average outstandings also increased \$376 million. Commercial paper is used to partially fund loan growth of the Financial Services Group as well as for other general corporate purposes.

Capital

Shareholders' equity totaled \$11.3 billion on March 31, 1995, compared to \$11.0 billion on December 31, 1994, and \$10.2 billion on March 31, 1994. Under previously announced common stock repurchase programs, the Corporation repurchased and retired 1.6 million common shares at a cost of \$79 million, including approximately 500 thousand shares to offset shares issued through dividend reinvestment and stock option and grant programs. The Corporation plans to continue share repurchases under these programs.

The Corporation's Tier 1 ratios were 7.25 percent, 7.43 percent and 7.50 percent on March 31, 1995, December 31, 1994, and March 31, 1994, respectively. The total risk-based capital ratios were 11.06 percent, 11.47 percent and 11.66

percent on March 31, 1995, December 31, 1994, and March 31, 1994, respectively. Both of these measures compare favorably with the regulatory minimums. Decreases in these ratios result primarily from increases in the level of the Corporation's risk weighted assets, primarily loans. The Corporation's leverage ratios were 6.15 percent, 6.18 percent and 6.11 percent on March 31, 1995, December 31, 1994 and March 31, 1994, respectively.

Derivatives - Dealer Positions

Within the Corporation's Credit Policy organization, a group is dedicated to managing credit risks associated with trading activities. The Corporation maintains trading positions in a number of markets and with a variety of counterparties or obligors ("counterparties"). To limit credit exposure arising from such transactions, the Corporation evaluates the credit standing of counterparties, establishes limits for the total exposure to any one counterparty, monitors exposure against the established limits and monitors trading portfolio composition to manage concentrations.

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Counterparties are subject to the credit approval and credit monitoring policies and procedures of the Corporation. Certain instruments require the Corporation or the counterparty to maintain collateral for all or part of the exposure. Generally, such collateral is in the form of cash or other highly liquid instruments. Limits for exposure to any particular counterparty are established and monitored. In certain jurisdictions, counterparty risk is also reduced through the use of legally enforceable master netting arrangements which allow the Corporation to settle positions with the same counterparty on a net basis. The contract or notional amounts associated with the Corporation's derivative-dealer positions are reflected in Table 12. 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 Corporation's exposure to credit risk from derivative financial instruments is represented by the fair value of the instruments. Credit risk represents the replacement cost the Corporation could incur should counterparties set with contracts in a gain position to the Corporation completely fail to perform under the terms of those contracts and any collateral underlying the contracts proves to be of no value to the Corporation. Such aggregate amounts measured by the Corporation as the gross positive replacement cost on March 31, 1995 and December 31, 1994, were \$3.7 billion and \$1.8 billion, respectively. Of these credit risk amounts, \$858 million and \$354 million relates to exchange-traded instruments for 1995 and 1994, respectively. Because exchange-traded instruments conform to standard terms and are subject to policies set by the exchange involved, including counterparty approval, margin requirements and security deposit requirements, the credit risk to the Corporation is minimal. The \$1.9-billion increase in the credit risk amount from December 31, 1994 is driven primarily by an increase in foreign exchange trading volume coupled with the continued decline in the value of the U.S. dollar against major currencies in which the Corporation trades.

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<TABLE>

Table 1

Selected Operating Results

(Dollars in Millions Except Per-Share Information)

<CAPTION>

	Three Months Ended March 31	
	1995	1994
<S>	<C>	<C>
Income from earning assets.....	\$ 3,070	\$ 2,398
Interest expense.....	1,763	1,110
Net interest income (taxable-equivalent).....	1,335	1,310
Net interest income.....	1,307	1,288
Provision for credit losses.....	70	100
Gains on sales of securities.....	1	14
Noninterest income.....	726	680
Other real estate owned expense.....	2	5
Noninterest expense.....	1,288	1,219
Income before income taxes.....	674	658
Income tax expense.....	231	241
Net income.....	443	417
Earnings per common share.....	1.60	1.52
Yield on average earning assets.....	7.93 %	6.81 %
Rate on average interest-bearing liabilities.....	5.13	3.57
Net interest spread.....	2.80	3.24
Net interest yield.....	3.41	3.69
Return on average common shareholders' equity (1).....	16.03	16.82
Market price per share of common stock		
High for the period.....	\$ 51 3/4	\$ 50 7/8
Low for the period.....	44 5/8	44 3/8
Closing price.....	50 3/4	45 3/4

Risk-based capital ratios

Tier 1.....	7.25 %	7.50 %
Total.....	11.06	11.66

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

</TABLE>

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<TABLE>

Table 2

Customer Group Summary

For the Three Months Ended March 31

(Dollars in Millions)

<CAPTION>

	General Bank		Global Finance		Financial Services	
	1995	1994	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income (taxable-equivalent).....	\$ 907	\$ 916	\$ 304	\$ 296	\$ 117	\$ 93
Noninterest income.....	479	423	231	239	16	18
Total revenue.....	1,386	1,339	535	535	133	111
Provision for credit losses.....	41	78	-	7	29	15
Other real estate owned expense (income).....	1	4	(2)	-	3	1
Noninterest expense.....	951	901	279	266	58	53
Income before taxes.....	393	356	258	262	43	42
Income tax expense.....	144	137	95	101	17	17
Net income (1).....	\$ 249	\$ 219	\$ 163	\$ 161	\$ 26	\$ 25
Net interest yield.....	4.43 %	4.77 %	2.55 % (2)	2.83 % (2)	7.16 %	7.31 %
Return on equity.....	17 %	17 %	17 %	17 %	12 %	14 %
Efficiency ratio.....	68.63	67.30	52.05	49.63	44.05	47.67
Average (3)						
Total loans and leases, net of unearned income.....	\$ 64,123	\$ 55,857	\$ 33,478	\$ 30,839	\$ 6,617	\$ 5,131
Total deposits.....	77,541	77,017	15,000	9,697	-	-
Total assets.....	88,353	82,859	76,795	65,393	7,111	5,728
Period end (3)						
Total loans and leases, net of unearned income.....	65,319	56,532	34,113	30,587	6,988	5,283
Total deposits.....	77,914	77,819	15,017	9,069	-	-

- (1) Customer Group results are presented on a fully allocated basis but do not include \$5 million and \$12 million of net income for 1995 and 1994, respectively, which represents earnings associated with unassigned capital, gains on securities and other corporate activities.
- (2) Global Finance's net interest yield excludes the impact of the primary government securities dealer. Including the primary government securities dealer, the net interest yield was 1.80 percent in 1995 and 2.04 percent in 1994.
- (3) The sums of balance sheet and income statement amounts differ from consolidated amounts due to activities between the Customer Groups.

</TABLE>

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<TABLE>

Table 3

Quarterly Taxable-Equivalent Data

(Dollars in Millions)

<CAPTION>

	First Quarter 1995			Fourth Quarter 1994		
	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 (2).....	\$ 45,238	\$ 919	8.24 %	\$ 43,587	\$ 855	7.78 %
Real estate commercial.....	7,630	173	9.16	7,289	162	8.86
Real estate construction.....	3,100	77	10.07	3,038	72	9.33
Total commercial.....	55,968	1,169	8.47	53,914	1,089	8.01
Residential mortgage.....	17,780	343	7.76	16,680	321	7.68
Home equity.....	2,675	62	9.33	2,580	56	8.71
Credit card.....	4,543	139	12.36	4,357	141	12.80
Other consumer.....	17,949	439	9.91	17,714	430	9.63
Total consumer.....	42,947	983	9.24	41,331	948	9.12
Foreign.....	1,961	36	7.50	1,764	30	6.79

Lease financing.....	2,951	58	7.86	2,755	53	7.71
Total loans and leases, net.....	103,827	2,246	8.75	99,764	2,120	8.44
Securities						
Held for investment.....	17,648	238	5.45	17,966	245	5.40
Available for sale (3).....	7,728	110	5.80	8,560	117	5.44
Total securities.....	25,376	348	5.56	26,526	362	5.42
Loans held for sale.....	61	1	9.10	109	3	7.65
Federal funds sold and securities purchased						
under agreements to resell.....	15,014	230	6.22	16,159	203	5.00
Time deposits placed and other short-term investments...	2,297	40	7.01	2,231	32	5.75
Trading account securities (4).....	11,574	233	8.16	10,318	224	8.64
Total earning assets (5).....	158,149	3,098	7.93	155,107	2,944	7.54
Cash and cash equivalents.....	8,321			8,674		
Factored accounts receivable.....	1,048			1,235		
Other assets, less allowance for credit losses.....	9,997			9,538		
Total assets.....	\$177,515			\$174,554		
Interest-bearing liabilities						
Savings.....	\$ 8,911	53	2.39	\$ 9,143	54	2.37
NOW and money market deposit accounts.....	28,577	187	2.66	29,442	190	2.53
Consumer CDs and IRAs.....	24,818	291	4.76	25,136	277	4.40
Negotiated CDs, public funds and other time deposits....	3,151	41	5.30	2,825	35	4.80
Foreign time deposits.....	13,844	211	6.18	11,576	162	5.57
Borrowed funds and trading account liabilities (4) (6)...	50,993	820	6.52	50,110	756	5.99
Long-term debt and obligations under capital leases.....	8,888	160	7.22	8,147	144	7.08
Total interest-bearing liabilities.....	139,182	1,763	5.13	136,379	1,618	4.71
Noninterest-bearing sources						
Noninterest-bearing deposits.....	19,984			20,452		
Other liabilities.....	7,157			6,817		
Shareholders' equity.....	11,192			10,906		
Total liabilities and shareholders' equity.....	\$177,515			\$174,554		
Net interest spread.....			2.80			2.83
Impact of noninterest-bearing sources.....			.61			.57
Net interest income/yield on earning assets.....	\$ 1,335		3.41 %	\$ 1,326		3.40 %

- (1) Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.
- (2) Commercial loan interest income includes net interest rate swap revenues related to swaps converting variable-rate commercial loans to fixed rate. Such increases (decreases) in interest income were \$(61) in the first quarter of 1995 and \$(32), \$0, \$38 and \$56 in the fourth, third, second and first quarters of 1994, respectively.
- (3) The average balance sheet amounts and yields on securities available for sale are based on the average of historical amortized cost balances.
- (4) Gross unrealized gains and losses on off-balance sheet trading positions are reported in other assets and liabilities, respectively.
- (5) Interest income includes taxable-equivalent adjustments of \$28 in the first quarter of 1995 and \$26, \$24, \$22 and \$22 in the fourth, third, second and first quarters of 1994, respectively.
- (6) Borrowed funds and trading account liabilities interest expense includes net interest rate swap expense related to swaps fixing the cost of certain variable-rate liabilities, primarily market-based funds. Such increases (decreases) in interest expense were \$12 in the first quarter of 1995 and \$20, \$9, \$(1) and \$3 in the fourth, third, second and first quarters of 1994, respectively.

</TABLE>

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<TABLE>

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

<CAPTION>

	Third Quarter 1994			Second Quarter 1994		
	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 (2).....	\$ 42,037	\$ 805	7.60 %	\$ 40,339	\$ 765	7.61 %
Real estate commercial.....	7,473	159	8.43	7,955	157	7.92
Real estate construction.....	3,106	66	8.50	3,226	68	8.42
Total commercial.....	52,616	1,030	7.77	51,520	990	7.71

Residential mortgage.....	15,528	296	7.60	14,329	270	7.54
Home equity.....	2,516	55	8.72	2,480	46	7.41
Credit card.....	4,003	131	12.96	3,783	115	12.27
Other consumer.....	17,357	412	9.42	17,060	397	9.33
Total consumer.....	39,404	894	9.02	37,652	828	8.82
Foreign.....	1,453	23	6.34	1,287	18	5.73
Lease financing.....	2,474	49	7.90	2,146	38	7.08
Total loans and leases, net.....	95,947	1,996	8.27	92,605	1,874	8.12
Securities						
Held for investment.....	15,443	197	5.08	14,009	167	4.79
Available for sale (3).....	11,683	152	5.17	14,829	191	5.16
Total securities.....	27,126	349	5.12	28,838	358	4.98
Loans held for sale.....	183	3	6.69	392	6	6.49
Federal funds sold and securities purchased under agreements to resell.....	13,495	149	4.38	11,780	108	3.64
Time deposits placed and other short-term investments...	2,216	29	5.16	1,211	15	4.96
Trading account securities (4).....	10,488	199	7.52	10,265	173	6.75
Total earning assets (5).....	149,455	2,725	7.24	145,091	2,534	7.00
Cash and cash equivalents.....	8,372			8,051		
Factored accounts receivable.....	1,156			1,599		
Other assets, less allowance for credit losses.....	8,300			7,248		
Total assets.....	\$167,283			\$161,989		
Interest-bearing liabilities						
Savings.....	\$ 9,255	54	2.31	\$ 9,181	53	2.30
NOW and money market deposit accounts.....	29,507	179	2.41	29,816	166	2.24
Consumer CDs and IRAs.....	24,439	257	4.17	22,855	231	4.02
Negotiated CDs, public funds and other time deposits....	3,223	34	4.23	3,574	33	3.80
Foreign time deposits.....	8,436	108	5.06	5,691	63	4.49
Borrowed funds and trading account liabilities (4) (6)...	48,688	629	5.13	47,122	514	4.38
Long-term debt and obligations under capital leases.....	7,731	134	6.95	7,952	135	6.75
Total interest-bearing liabilities.....	131,279	1,395	4.22	126,191	1,195	3.80
Noninterest-bearing sources						
Noninterest-bearing deposits.....	19,796			20,241		
Other liabilities.....	5,543			5,285		
Shareholders' equity.....	10,665			10,272		
Total liabilities and shareholders' equity.....	\$167,283			\$161,989		
Net interest spread.....			3.02			3.20
Impact of noninterest-bearing sources.....			.52			.50
Net interest income/yield on earning assets.....	\$ 1,330		3.54 %	\$ 1,339		3.70 %

</TABLE>

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<TABLE>

Table 3

Quarterly Taxable-Equivalent Data

(Dollars in Millions)

<CAPTION>

	First Quarter 1994		
	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates
<S>	<C>	<C>	<C>
Earning assets			
Loans and leases, net of unearned income (1)			
Commercial (2).....	\$ 40,421	\$ 722	7.24 %
Real estate commercial.....	8,419	158	7.61
Real estate construction.....	3,253	62	7.73
Total commercial.....	52,093	942	7.33
Residential mortgage.....	13,340	254	7.67
Home equity.....	2,547	45	7.11
Credit card.....	3,673	121	13.32
Other consumer.....	16,806	390	9.41
Total consumer.....	36,366	810	9.00
Foreign.....	1,157	15	5.15

Lease financing.....	1,992	36	7.19
Total loans and leases, net.....	91,608	1,803	7.96
Securities			
Held for investment.....	12,714	152	4.82
Available for sale (3).....	14,545	184	5.12
Total securities.....	27,259	336	4.98
Loans held for sale.....	681	11	6.46
Federal funds sold and securities purchased under agreements to resell.....	12,073	87	2.95
Time deposits placed and other short-term investments...	1,375	14	4.12
Trading account securities (4).....	10,738	169	6.39
Total earning assets (5).....	143,734	2,420	6.81
Cash and cash equivalents.....	7,976		
Factored accounts receivable.....	1,016		
Other assets, less allowance for credit losses.....	8,568		
Total assets.....	\$161,294		
Interest-bearing liabilities			
Savings.....	\$ 8,879	51	2.33
NOW and money market deposit accounts.....	30,140	161	2.17
Consumer CDs and IRAs.....	23,295	234	4.09
Negotiated CDs, public funds and other time deposits...	3,664	31	3.44
Foreign time deposits.....	4,385	42	3.86
Borrowed funds and trading account liabilities (4) (6)...	47,336	454	3.89
Long-term debt and obligations under capital leases.....	8,308	137	6.61
Total interest-bearing liabilities.....	126,007	1,110	3.57
Noninterest-bearing sources			
Noninterest-bearing deposits.....	19,897		
Other liabilities.....	5,310		
Shareholders' equity.....	10,080		
Total liabilities and shareholders' equity.....	\$161,294		
Net interest spread.....			3.24
Impact of noninterest-bearing sources.....			.45
Net interest income/yield on earning assets.....	\$ 1,310		3.69 %

</TABLE>

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<TABLE>

Table 4

Asset and Liability Management Interest Rate Swaps

Notional Contracts

(Dollars in Millions)

<CAPTION>

	Generic		Index Amortizing		CMO		Total	
	Receive Fixed	Pay Fixed	Receive Fixed	Receive Fixed	Pay Fixed	Receive Fixed	Pay Fixed	
Total								

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance on December 31, 1994... 26,025	\$ 6,528	\$ 8,446	\$ 8,450	\$ 2,504	\$ 97	\$ 17,482	\$ 8,543	\$
Additions..... 1,561	-	1,561	-	-	-	-	1,561	
Maturities..... (327)	(205)	-	(87)	(33)	(2)	(325)	(2)	

Balance on March 31, 1995..... 27,259	\$ 6,323	\$ 10,007	\$ 8,363	\$ 2,471	\$ 95	\$ 17,157	\$ 10,102	\$

</TABLE>

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<TABLE>

Table 5

Asset and Liability Management Interest Rate Swaps

March 31, 1995

(Dollars in Millions, Average Maturity in Years)

<CAPTION>

Maturities

Average	Market							After	
	Value	Total	1995	1996	1997	1998	1999	1999	
Maturity									

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Asset Conversion Swaps									

Receive fixed generic.....	\$ (101)								
.91									
Notional value.....	\$ 6,323	\$2,932	\$ 2,705	\$ 575	\$ 3	-	\$ 108		
Weighted average receive rate.....	4.53 %	4.30 %	4.63 %	4.45 %	6.58 %	-	8.55 %		
Weighted average pay rate.....	6.39								
Receive fixed amortizing.....	(362)								
2.17									
Notional value.....	\$ 8,363	\$ 590	\$ 460	\$ 5,649	\$1,664	-	-		
Weighted average receive rate.....	4.91 %	5.20 %	5.11 %	4.84 %	4.99 %	-	-		
Weighted average pay rate.....	6.29								
Receive fixed CMO.....	(94)								
1.98									

Notional value.....	\$ 2,471	\$ 659	\$ 559	\$ 369	\$ 451	\$ 433	-		
Weighted average receive rate.....	5.12 %	5.10 %	5.10 %	5.11 %	5.08 %	5.21 %	-		
Weighted average pay rate.....	6.13								
Total asset conversion swaps.....	\$ (557)								1.68
=====									
Notional value.....	\$17,157	\$4,181	\$ 3,724	\$ 6,593	\$2,118	\$ 433	\$ 108		
Weighted average receive rate.....	4.80 %	4.56 %	4.76 %	4.82 %	5.01 %	5.21 %	8.55 %		
Weighted average pay rate.....	6.30								
Liability Conversion Swaps									

Pay fixed generic.....	\$ 67								1.46
Notional value.....	\$10,007	\$ 110	\$ 8,787	\$ 925	\$ 100	-	\$ 85		
Weighted average pay rate.....	6.58 %	6.64 %	6.52 %	7.34 %	5.02 %	-	5.82 %		
Weighted average receive rate.....	6.55								
Pay fixed CMO.....	4								
1.87									

Notional value.....	\$ 95	\$ 21	\$ 21	\$ 15	\$ 38	-	-		
Weighted average pay rate.....	4.44 %	4.44 %	4.44 %	4.44 %	4.44 %	-	-		
Weighted average receive rate.....	6.13								
Total liability conversion swaps...	\$ 71								1.47
=====									
Notional value.....	\$10,102	\$ 131	\$ 8,808	\$ 940	\$ 138	-	\$ 85		
Weighted average pay rate.....	6.56 %	6.29 %	6.52 %	7.29 %	4.86 %	-	5.82 %		
Weighted average receive rate.....	6.55								
Total.....	\$ (486)								
=====									
Notional value.....	\$27,259	\$4,312	\$12,532	\$ 7,533	\$2,256	\$ 433	\$ 193		
Weighted average receive rate.....	5.45 %								
Weighted average pay rate.....	6.40								

Floating rates represent the last repricing and will change in the future based on movements in one, three or six month LIBOR rates.

Maturities are based on interest rates implied by the forward curve on March 31, 1995, and may differ from actual maturities, depending on future interest rate movements and resultant prepayment patterns.

In addition to the above asset and liability management interest rate swaps, on March 31, 1995, the Corporation had approximately \$1.2 billion notional of net receive fixed generic interest rate swaps associated primarily with a credit card securitization. On March 31, 1995, these positions had an unrealized market value of negative \$77 million. On March 31, 1995, the weighted average receive rate was 5.19 percent and the pay rate was 6.94 percent.

</TABLE>

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<TABLE>
Table 6
Interest Rate Gap Analysis
March 31, 1995
(Dollars in Millions)
<CAPTION>

Total	30-Day	3-Month	Interest-Sensitive		Total	Over 12 Months and Noninterest- Sensitive
			6-Month	12-Month		

<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Earning assets						
Loans and leases, net of						
unearned income.....	\$ 46,257	\$ 10,955	\$ 3,883	\$ 6,731	\$ 67,826	\$ 37,878
105,704						
Securities held for investment.....	34	79	3,805	2,991	6,909	10,637
17,546						
Securities available for sale.....	8	408	46	1,278	1,740	7,222
8,962						
Loans held for sale.....	286	-	-	-	286	-
286						
Time deposits placed and other						
short-term investments.....	1,314	744	438	252	2,748	2
2,750						
Trading account securities.....	13,148	-	-	-	13,148	-
13,148						
Other earning assets.....	13,688	-	-	-	13,688	-
13,688						
Total.....	74,735	12,186	8,172	11,252	106,345	55,739
162,084						\$
Interest-bearing liabilities						
Savings.....	8,844	-	-	-	8,844	-
8,844						\$
NOW and money market deposit						
accounts.....	20,573	-	-	-	20,573	7,551
28,124						
Consumer CDs and IRAs.....	3,150	3,738	4,535	4,958	16,381	8,559
24,940						
Negotiated CDs, public funds and						
other time deposits.....	955	981	715	320	2,971	303
3,274						
Foreign time deposits.....	6,496	3,198	2,410	3,193	15,297	-
15,297						
Borrowed funds.....	34,276	2,754	3,302	1,759	42,091	-
42,091						
Short sales.....	11,422	-	-	-	11,422	-
11,422						
Long-term debt and obligations under						
capital leases.....	432	1,956	260	599	3,247	6,569
9,816						
Total.....	86,148	12,627	11,222	10,829	120,826	22,982
143,808						
Noninterest-bearing, net.....	-	-	-	-	-	18,276
18,276						
Total.....	86,148	12,627	11,222	10,829	120,826	41,258
162,084						\$
Interest rate gap.....	(11,413)	(441)	(3,050)	423	(14,481)	14,481
Effect of asset and liability management						
interest rate swaps, futures and						
other off-balance sheet items.....	(7,347)	(6,809)	8,651	2,515	(2,990)	2,990
Adjusted interest rate gap.....	\$ (18,760)	\$ (7,250)	\$ 5,601	\$ 2,938	\$ (17,471)	\$ 17,471
Cumulative adjusted interest rate gap.....	\$ (18,760)	\$ (26,010)	\$ (20,409)	\$ (17,471)		

</TABLE>

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<TABLE>

Table 7

Noninterest Income

(Dollars in Millions)

<CAPTION>

	Three Months Ended March 31		Change	
	1995	1994	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Service charges on deposit accounts.....	\$ 207	\$ 196	\$ 11	5.6 %
Nondeposit-related service fees				
Safe deposit rent.....	9	8	1	12.5

Mortgage servicing and related fees.....	21	16	5	31.3
Fees on factored accounts receivable.....	17	18	(1)	(5.6)
Investment banking income.....	49	32	17	53.1
Other service fees.....	29	27	2	7.4
	<hr/>			
Total nondeposit-related service fees.....	125	101	24	23.8
	<hr/>			
Trust fees.....	110	109	1	0.9
	<hr/>			
Credit card income				
Merchant discount fees.....	7	7	-	-
Annual credit card fees.....	6	6	-	-
Other credit card fees.....	54	52	2	3.8
	<hr/>			
Total credit card income.....	67	65	2	3.1
	<hr/>			
Other income				
Brokerage income.....	24	13	11	84.6
Trading account profits and fees.....	83	95	(12)	(12.6)
Bankers' acceptances and letters of credit...	18	17	1	5.9
Insurance commissions and earnings.....	15	12	3	25.0
Miscellaneous.....	77	72	5	6.9
	<hr/>			
Total other income.....	217	209	8	3.8
	<hr/>			
	\$ 726	\$ 680	\$ 46	6.8
	<hr/>			

</TABLE>

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<TABLE>

Table 8

Noninterest Expense

(Dollars in Millions)

<CAPTION>

	Three Months Ended March 31		Change	
	1995	1994	Amount	Percent
	<hr/>			
<S>	<C>	<C>	<C>	<C>
Personnel.....	\$ 625	\$ 564	\$ 61	10.8 %
Occupancy, net.....	121	120	1	0.8
Equipment.....	93	86	7	8.1
Marketing.....	58	37	21	56.8
Professional fees.....	37	43	(6)	(14.0)
Amortization of intangibles.....	30	34	(4)	(11.8)
Credit card.....	14	19	(5)	(26.3)
FDIC insurance.....	51	53	(2)	(3.8)
Processing.....	63	58	5	8.6
Telecommunications.....	36	32	4	12.5
Postage and courier.....	34	33	1	3.0
Other general operating.....	89	107	(18)	(16.8)
General administrative and miscellaneous...	37	33	4	12.1
	<hr/>			
	\$ 1,288	\$ 1,219	\$ 69	5.7
	<hr/>			

</TABLE>

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<TABLE>

Table 9

Sources and Uses of Funds

(Average Dollars in Millions)

<CAPTION>

	Three Months Ended March 31			
	1995		1994	
	Amount	Percent	Amount	Percent
	<hr/>			
<S>	<C>	<C>	<C>	<C>
Composition of sources				
Savings, NOW, money market deposit accounts, and consumer CDs and IRAs.....	\$ 62,306	35.1 %	\$ 62,314	38.7 %
Noninterest-bearing funds.....	19,984	11.3	19,897	12.3
Customer-based portion of negotiated CDs.....	1,502	0.8	1,435	0.9
	<hr/>			
Customer-based funds.....	83,792	47.2	83,646	51.9
Market-based funds.....	66,486	37.5	53,950	33.4
Long-term debt and obligations under capital leases.....	8,888	5.0	8,308	5.2
Other liabilities.....	7,157	4.0	5,310	3.3
Shareholders' equity.....	11,192	6.3	10,080	6.2
	<hr/>			
Total sources.....	\$ 177,515	100.0 %	\$ 161,294	100.0 %
	<hr/>			

Composition of uses

Loans and leases, net of unearned income.....	\$ 103,827	58.5 %	\$ 91,608	56.8 %
Securities held for investment.....	17,648	9.9	12,714	7.9
Securities available for sale.....	7,728	4.4	14,545	9.0
Loans held for sale.....	61	-	681	0.4
Time deposits placed and other short-term investments....	2,297	1.3	1,375	0.9
Other earning assets.....	26,588	15.0	22,811	14.1
<hr/>				
Total earning assets.....	158,149	89.1	143,734	89.1
Factored accounts receivable.....	1,048	0.6	1,016	0.6
Other assets.....	18,318	10.3	16,544	10.3
<hr/>				
Total uses.....	\$ 177,515	100.0 %	\$ 161,294	100.0 %
<hr/>				

</TABLE>

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<TABLE>

Table 10

Nonperforming Assets

(Dollars in Millions)

<CAPTION>

	March 31	December 31	September 30	June 30
	1995	1994	1994	1994
March 31				
1994				
<hr/>				
<S>	<C>	<C>	<C>	<C>
<C>				
Nonperforming loans				
Commercial.....	\$ 406	\$ 362	\$ 411	\$ 425
\$ 432				
Real estate commercial.....	209	201	198	248
282				
Real estate construction.....	71	66	82	90
161				
<hr/>				
Total commercial.....	686	629	691	763
875				
<hr/>				
Residential mortgage.....	66	66	71	69
71				
Home equity.....	9	10	8	9
8				
Other consumer.....	79	84	82	82
99				
<hr/>				
Total consumer.....	154	160	161	160
178				
<hr/>				
Foreign.....	6	3	4	5
5				
Lease financing.....	8	9	6	8
9				
<hr/>				
Total nonperforming loans.....	854	801	862	936
1,067				
Other real estate owned.....	221	337	414	485
569				
<hr/>				
Total nonperforming assets.....	\$ 1,075	\$ 1,138	\$ 1,276	\$ 1,421
\$ 1,636				
<hr/>				
Nonperforming assets as a percentage of				
Total assets.....	.58 %	.67 %	.75 %	.86 %
.99 %				
Loans, leases and factored accounts				
receivable, net of unearned income,				
and other real estate owned.....	1.00	1.10	1.29	1.48
1.73				
Loans past due 90 days or more and not				
classified as nonperforming.....	\$ 129	\$ 146	\$ 124	\$ 90
\$ 154				

On January 1, 1995, the date of adoption of SFAS 114, the recorded investments in certain loans that are considered impaired

totalled \$712 million (including \$80 million of in-substance foreclosed loans previously reported as other real estate owned) and included \$390 million for commercial, \$229 million for real estate commercial, \$90 million for real estate construction and \$3 million for foreign. On March 31, 1995 the recorded investments in certain loans that are considered impaired under SFAS 114 totalled \$692 million and included \$406 million for commercial, \$209 million for real estate commercial, \$71 million for real estate construction and \$6 million for foreign.

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<TABLE>
Table 11
Allowance For Credit Losses
(Dollars in Millions)
<CAPTION>

	Three Months Ended March 31	
	1995	1994
<S>	<C>	<C>
Beginning balance (1).....	\$ 2,186	\$ 2,169
Loans, leases and factored accounts receivable charged off		
Commercial.....	(25)	(29)
Real estate commercial.....	(7)	(12)
Real estate construction.....	(3)	(7)
Total commercial.....	(35)	(48)
Residential mortgage.....	(2)	(2)
Home equity.....	(1)	-
Credit card.....	(39)	(32)
Other consumer.....	(53)	(48)
Total consumer.....	(95)	(82)
Factored accounts receivable.....	(4)	(16)
Total loans, leases and factored accounts receivable charged off.....	(134)	(146)
Recoveries of loans, leases and factored accounts receivable previously charged off		
Commercial.....	18	14
Real estate commercial.....	3	3
Real estate construction.....	4	11
Total commercial.....	25	28
Residential mortgage.....	-	1
Credit card.....	6	6
Other consumer.....	17	16
Total consumer.....	23	23
Lease financing.....	1	1
Factored accounts receivable.....	2	4
Total recoveries of loans, leases and factored accounts receivable previously charged off.....	51	56
Net charge-offs.....	(83)	(90)
Provision for credit losses.....	70	100
Allowance applicable to loans of purchased companies.....	1	8
Ending balance (1).....	\$ 2,174	\$ 2,187
Loans, leases and factored accounts receivable, net of unearned income, outstanding on March 31.....	\$ 106,928	\$ 93,767
Allowance for credit losses as a percentage of loans, leases and factored accounts receivable, net of unearned income, outstanding on March 31.....	2.03 %	2.33 %
Average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period.....	\$ 104,875	\$ 92,624
Net charge-offs as a percentage of average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period.....	0.32 %	0.39 %
Allowance for credit losses as a percentage of nonperforming loans...	254.49	205.04

(1) Reserves associated with loans that are considered to be impaired under SFAS 114 totaled approximately \$64 million on January 1, 1995 and \$62 million on March 31, 1995.

</TABLE>

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<TABLE>

Table 12

Derivatives - Dealer Positions

(Dollars in Millions)

<CAPTION>

	March 31 1995 Contract/ Notional	December 31 1994 Contract/ Notional
<S>	<C>	<C>
Interest Rate Contracts		
Swaps.....	\$ 63,794	\$ 45,179
Futures and forwards.....	204,573	124,620
Written options.....	113,830	114,928
Purchased options.....	103,465	118,839
Foreign Exchange Contracts		
Swaps.....	570	470
Spot, futures and forwards.....	43,269	26,987
Written options.....	20,152	13,398
Purchased options.....	19,541	13,507
Commodity Contracts		
Swaps.....	781	570
Futures and forwards.....	1,275	1,984
Written options.....	18,095	12,608
Purchased options.....	20,549	11,591

</TABLE>

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Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Exhibit 10 - NationsBank Corporation Key Employee Stock Plan

Exhibit 11 - Earnings Per 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 March 31, 1995:

Current Report on Form 8-K dated January 17, 1995, and filed January 26, 1995, Items 5 and 7.

Current Report on Form 8-K dated February 16, 1995, and filed February 21, 1995, Items 5 and 7.

Current Report on Form 8-K dated February 22, 1995, and filed March 2, 1995, Items 5 and 7.

Current Report on Form 8-K dated February 28, 1995, and filed March 2, 1995, Items 5 and 7.

Current Report on Form 8-K, as amended, dated March 20, 1995, and filed March 21, 1995, Items 5 and 7.

Current Report on Form 8-K dated March 20, 1995, and filed March 27, 1995, Items 5 and 7.

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Signature

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

Registrant

Date: May 15, 1995

/s/ Marc D. Oken

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

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NationsBank Corporation
Form 10-Q
Index to Exhibits

Exhibit	Description	Page
-	-----	----
10	NationsBank Corporation Key Employee Stock Plan.....	39
11	Earnings Per Share Computation.....	60
12(a)	Ratio of Earnings to Fixed Charges.....	61
12(b)	Ratio of Earnings to Fixed Charges and Preferred Dividends.....	62
27	Financial Data Schedule.....	63

NationsBank Corporation Key Employee Stock Plan

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NationsBank Corporation
Key Employee Stock Plan

Article 1. Establishment, Purpose, and Duration

1.1 Establishment of the Plan. NationsBank Corporation, a North Carolina corporation (hereinafter referred to as the "Company"), hereby establishes an incentive compensation plan to be known as the "NationsBank Corporation Key Employee Stock Plan" (hereinafter referred to as the "Plan"), as set forth in this document. The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock and Performance Shares.

Subject to approval by the Company's shareholders, the Plan shall become effective as of January 1, 1995 (the "Effective Date") and shall remain in effect as provided in Section 1.3 hereof.

1.2 Purpose of the Plan. The purpose of the Plan is to promote the success and enhance the value of the Company by linking the personal interests of Participants to those of the Company's shareholders, and by providing Participants with an incentive for outstanding performance.

The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of Participants upon whose judgment, interest and special effort the successful conduct of its operation largely is dependent.

1.3 Duration of the Plan. The Plan shall commence on the Effective Date, as described in Section 1.1 hereof, and shall remain in effect, subject to the right of the Board of Directors to amend or terminate the Plan at any time pursuant to Article 15 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions. However, in no event may an Award be granted under the Plan after December 31, 2004.

Article 2. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

2.1 "Award" means, individually or collectively, a grant under this Plan

of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock or Performance Shares.

2.2 "Award Agreement" means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to Awards granted under this Plan.

2.3 "Beneficial Owner" or "Beneficial Ownership" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

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2.4 "Board" or "Board of Directors" means the Board of Directors of the Company.

2.5 "Change in Control" of the Company means, and shall be deemed to have occurred upon, any of the following events:

(a) The acquisition by any Person of Beneficial Ownership of twenty-five percent (25%) or more of either:

(i) The then-outstanding Shares (the "Outstanding Shares"); or

(ii) The combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of Directors (the "Outstanding Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company or pursuant to a written agreement to which the Company is a party, as such written agreement is more particularly described in Section 55-9A-01(b)(3)f and g of the North Carolina Business Corporation Act as ratified by the North Carolina General Assembly on June 8, 1989, (B) any acquisition by the Company or any of its Subsidiaries, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Subsidiaries, (D) any acquisition by any corporation with respect to which, following such acquisition, more than fifty percent (50%) of, respectively, the then-outstanding shares of common stock of such corporation and the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors are then beneficially owned by all or substantially all of the Persons who were the Beneficial Owners, respectively, of the Outstanding Shares and Outstanding Voting Securities immediately prior to such acquisition in substantially the same proportions as their Beneficial Ownership, immediately prior to such acquisition, of the Outstanding Shares and Outstanding Voting Securities, as the case may be; or

(b) Individuals who, as of the Effective Date, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual who becomes a Director subsequent to the Effective Date and whose election, or whose nomination for election by the Company's shareholders, to the Board of Directors was either (i) approved by a vote of at least a majority of the Directors then comprising the Incumbent Board or (ii) recommended by a Nominating Committee comprised entirely of Directors who are then Incumbent Board members shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act), other actual or threatened solicitation of proxies or consents or an actual or threatened tender offer; or

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(c) Approval by the Company's shareholders of a reorganization, merger, or consolidation, in each case, with respect to which all or substantially all of the Persons who were the Beneficial Owners, respectively, of the Outstanding Shares and Outstanding Voting Securities immediately prior to such reorganization, merger, or consolidation do not, following such reorganization, merger, or consolidation, beneficially own more than fifty percent (50%) of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger, or consolidation in substantially the same proportions as their Beneficial Ownership, immediately prior to such reorganization, merger, or consolidation, of the Outstanding Shares and Outstanding Voting Securities, as the case may be; or

(d) Approval by the Company's shareholders of:

(i) A complete liquidation or dissolution of the Company; or

(ii) The sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which following such sale or other disposition, more than fifty percent (50%) of, respectively, the then-outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned by all or substantially all of the Persons who were the Beneficial Owners, respectively, of the Outstanding Shares and Outstanding

Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their Beneficial Ownership, immediately prior to such sale or other disposition, of the Outstanding Shares and Outstanding Voting Securities, as the case may be.

2.6 "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to the Code shall include the valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder.

2.7 "Committee" means the Stock Option Committee of the Board, as specified in Article 3 herein, appointed by the Board to administer the Plan with respect to grants of Awards.

2.8 "Company" means NationsBank Corporation, a North Carolina corporation, and any successor as provided in Article 18 herein.

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2.9 "Director" means any individual who is a member of the Board of Directors of the Company.

2.10 "Disability," with respect to a Participant, means "disability" as defined from time to time under any long-term disability plan of the Company or Subsidiary with which the Participant is employed.

2.11 "Earnings Per Share" means "earnings per common share" of the Company determined in accordance with generally accepted accounting principles that would be reported in the Company's Annual Report to Shareholders.

2.12 "Effective Date" shall have the meaning ascribed to such term in Section 1.1 hereof.

2.13 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.14 "Fair Market Value" shall be determined on the basis of the closing sale price on the New York Stock Exchange (or such other principal securities exchange on which the Shares are traded if the Shares are no longer traded on the New York Stock Exchange) or, if there is no such sale on the relevant date, then on the last previous day on which a sale was reported.

2.15 "Freestanding SAR" means an SAR that is granted independently of any Options.

2.16 "Incentive Stock Option" or "ISO" means an option to purchase Shares, granted under Article 6 herein, and which is designated as an Incentive Stock Option which is intended to meet the requirements of Section 422 of the Code.

2.17 "Insider" shall mean an individual who is, on the relevant date, an officer, director or ten percent (10%) beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

2.18 "Key Employee" means an employee of the Company, including an officer of the Company, in a managerial or other important position who, by virtue of such employee's ability, qualifications and performance, has made important contributions to the Company, all as determined by the Committee in its discretion.

2.19 "Named Executive Officer" means, for a calendar year, a Participant who is one of the group of "covered employees" for such calendar year within the meaning of Code Section 162(m) or any successor statute.

2.20 "Net Income" means "net income" of the Company determined in accordance with generally accepted accounting principles that would be reported in the Company's Annual Report to Shareholders.

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2.21 "Nonqualified Stock Option" or "NQSO" means an option to purchase Shares granted to Key Employees under Article 6 herein, and which is not intended to meet the requirements of Code Section 422.

2.22 "Option" means an Incentive Stock Option or a Nonqualified Stock Option.

2.23 "Option Price" means the price at which a Share may be purchased by a Participant pursuant to an Option.

2.24 "Participant" means a Key Employee who has outstanding an Award granted under the Plan.

2.25 "Performance-Based Exception" means the performance-based exception set forth in Code Section 162(m) (4) (C) from the deductibility limitations of Code Section 162(m).

2.26 "Performance Share" means an Award granted to an Key Employee, as

described in Article 9 herein.

2.27 "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, at its discretion), and the Shares are subject to a substantial risk of forfeiture, as provided in Article 8 herein.

2.28 "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

2.29 "Restricted Stock" means an Award granted to a Participant pursuant to Article 8 herein.

2.30 "Retirement" of a Participant means the Participant's termination of employment with the Company and Subsidiaries (other than by reason of death) after the Participant has attained both (i) age fifty (50) and (ii) a combined age and years of "Vesting Service" under the NationsBank Pension Plan equal to at least seventy-five (75).

2.31 "Return on Assets" means "return on average assets" of the Company determined in accordance with generally accepted accounting principles that would be reported in the Company's Annual Report to Shareholders.

2.32 "Return on Equity" means "return on average common shareholders' equity" of the Company determined in accordance with generally accepted accounting principles that would be reported in the Company's Annual Report to Shareholders.

2.33 "Shares" means the shares of Common Stock of the Company.

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2.34 "Stock Appreciation Right" or "SAR" means an Award, granted alone or in connection with a related Option, designated as an SAR, pursuant to the terms of Article 7 herein.

2.35 "Subsidiary" means any corporation, partnership, joint venture, affiliate, or other entity in which the Company has an ownership interest, and which the Committee designates as a participating entity in the Plan.

2.36 "Tandem SAR" means an SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be canceled).

2.37 "Total Shareholder Return" means the percentage change of an initial investment in Shares over a specified period assuming reinvestment of all dividends during the period.

Article 3. Administration

3.1 The Committee. The Plan shall be administered by the Stock Option Committee of the Board or by any other Committee appointed by the Board consisting of not less than two (2) Directors. All of the members of the Committee shall comply with the "disinterested administration" rules of Rule 16b-3 under the Exchange Act. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board of Directors. In addition, any action taken with respect to Named Executive Officers for purposes of meeting the Performance-Based Exception shall be taken by the Committee only if all of the members of the Committee are "outside directors" within the meaning of Code Section 162(m). If all of the members of the Committee are not "outside directors," such action shall be taken by a subcommittee of the Committee comprised of at least two (2) members who are "outside directors."

3.2 Authority of the Committee. Except as limited by law, or by the Articles of Incorporation or Bylaws of the Company, and subject to the provisions herein, the Committee shall have full power to select Key Employees who shall participate in the Plan; determine the sizes and types of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend, or waive rules and regulations for the Plan's administration; and (subject to the provisions of Article 15 herein), amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate its authority as identified herein.

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3.3 Decisions Binding. All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, its shareholders, employees, Participants, and their estates and beneficiaries.

Article 4. Shares Subject to the Plan

4.1 Number of Shares Available for Grants. Beginning on the Effective Date, there is hereby reserved for issuance under the Plan a number of shares equal to:

(a) seventy-five one hundredths of a percent (0.75%) of the outstanding Shares as of the first business day of each calendar year beginning with calendar year 1995 and continuing through calendar year 2004; plus

(b) the Shares available for issuance under the Company's 1986 Restricted Stock Award Plan (the "1986 Plan") as of January 31, 1995.

Such Shares available for grants of Awards in any year shall be increased by the number of Shares available under this Section 4.1 in previous years but not covered by Awards granted under this Plan in those years plus any Shares as to which Awards granted under this Plan have lapsed, expired, terminated, or been canceled. In addition, any Shares as to which Awards under the Company's 1986 Plan may lapse, expire, terminate, or be canceled, shall also be reserved and available for issuance or reissuance under this Section 4.1 in any calendar year. No further awards are to be granted under the 1986 Plan after January 31, 1995; provided that any outstanding awards under the 1986 Plan shall continue to remain outstanding in accordance with the terms thereof. The number of Shares reserved for issuance under this Section 4.1 shall be subject to adjustment as provided in Section 4.3.

In no event shall a Participant receive an Award or Awards during any one (1) calendar year covering in the aggregate more than Two Hundred Fifty Thousand (250,000) Shares.

4.2 Lapsed Awards. If any Award granted under this Plan is canceled, terminates, expires, or lapses for any reason (with the exception of the termination of a Tandem SAR upon exercise of the related Option, or the termination of a related Option upon exercise of the corresponding Tandem SAR), any Shares subject to such Award again shall be available for the grant of an Award under the Plan.

4.3 Adjustments in Authorized Shares. In the event of any change in corporate capitalization, such as a stock split, or a corporate transaction, such as any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368) or any partial or complete liquidation of the Company, such adjustment shall be made in the number and class of Shares which may be delivered under the Plan, and in the number and class of and/or price of Shares subject to outstanding Awards granted under the Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that the number of Shares subject to any Award shall always be a whole number.

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Article 5. Eligibility and Participation

5.1 Eligibility. Persons eligible to participate in this Plan are all Key Employees of the Company, as determined by the Committee, including Key Employees who are Directors, but excluding Directors who are not Key Employees.

5.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Key Employees those to whom Awards shall be granted and shall determine the nature and amount of each Award.

5.3 Foreign Employees. Notwithstanding any provision of the Plan to the contrary, in order to foster and promote achievement of the purposes of the Plan or to comply with provisions of laws in other countries in which the Company operates or has employees, the Committee, in its sole discretion, shall have the power and authority to (i) determine which Key Employees (if any) employed outside the United States are eligible to participate in the Plan, (ii) modify the terms and conditions of any Awards made to such Key Employees and (iii) establish subplans, modified Option exercise and other terms and procedures to the extent such actions may be necessary or advisable.

Article 6. Stock Options

6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Key Employees in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee.

6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, and such other provisions as the Committee shall determine. The Award Agreement also shall specify whether the Option is intended to be an ISO within the meaning of Section 422 of the Code, or an NQSO whose grant is intended not to fall under Code Section 422.

6.3 Option Price. The Option Price for each grant of an Option under this

Plan shall be at least equal to one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted.

6.4 Duration of Options. Each Option shall expire at such time as the Committee shall determine at the time of grant; provided, however, that no Option shall be exercisable later than the tenth (10th) anniversary date of its grant.

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6.5 Exercise of Options. Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve and which shall be set forth in the applicable Award Agreement, which need not be the same for each grant or for each Participant.

6.6 Payment. Options shall be exercised by the delivery of a written notice of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

The Option Price upon exercise of any Option shall be payable to the Company in full either: (a) in cash or its equivalent, or (b) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares which are tendered must have been held by the Participant for at least six (6) months prior to their tender to satisfy the Option Price), or (c) by a combination of (a) and (b).

The Committee also may allow cashless exercise as permitted under Federal Reserve Board's Regulation T, subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Plan's purpose and applicable law.

As soon as practicable after receipt of a written notification of exercise and full payment, the Company shall deliver to the Participant, in the Participant's name, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s).

6.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including, without limitation, restrictions under applicable Federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

6.8 Termination of Employment. Each Participant's Option Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's employment with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Participants, need not be uniform among all Options issued pursuant to this Article 6, and may reflect distinctions based on the reasons for termination of employment. In that regard, if an Award Agreement permits exercise of an Option following the death of the Participant, the Award Agreement shall provide that such Option shall be exercisable to the extent provided therein by any person that may be empowered to do so under the Participant's will, or if the Participant shall fail to make a testamentary disposition of the Option or shall have died intestate, by the Participant's executor or other legal representative.

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6.9 Nontransferability of Options.

(a) Incentive Stock Options. No ISO granted under this Article 6 may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all ISOs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

(b) Nonqualified Stock Options. Except as otherwise provided in a Participant's Award Agreement, no NQSO granted under this Article 6 may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all NQSOs granted to a Participant under this Article 6 shall be exercisable during his or her lifetime only by such Participant.

6.10 No Rights. A Participant granted an Option shall have no rights as a shareholder of the Company with respect to the Shares covered by such Option except to the extent that Shares are issued to the Participant upon the due exercise of the Option.

Article 7. Stock Appreciation Rights

7.1 Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Key Employees at any time and from time to time as shall be

determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SAR.

The Committee shall have complete discretion in determining the number of SARs granted to each Participant (subject to Article 4 herein) and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such SARs.

The grant price of a Freestanding SAR shall equal the Fair Market Value of a Share on the date of grant of the SAR. The grant price of Tandem SARs shall equal the Option Price of the related Option.

7.2 Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

Notwithstanding any other provision of this Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR will expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Option Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (iii) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Option Price of the ISO.

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7.3 Exercise of Freestanding SARs. Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them.

7.4 SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR, and such other provisions as the Committee shall determine.

7.5 Term of SARs. The term of an SAR granted under the Plan shall be determined by the Committee, in its sole discretion; provided, however, that such term shall not exceed ten (10) years.

7.6 Payment of SAR Amount. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

(a) The difference between the Fair Market Value of a Share on the date of exercise over the grant price; by

(b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

7.7 Rule 16b-3 Requirements. Notwithstanding any other provision of the Plan, the Committee may impose such conditions on exercise of an SAR (including, without limitation, the right of the Committee to limit the time of exercise to specified periods) as may be required to satisfy the requirements of Section 16 (or any successor rule) of the Exchange Act.

7.8 Termination of Employment. Each SAR Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Participants, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of employment. In that regard, if an Award Agreement permits exercise of an SAR following the death of the Participant, the Award Agreement shall provide that such SAR shall be exercisable to the extent provided therein by any person that may be empowered to do so under the Participant's will, or if the Participant shall fail to make a testamentary disposition of the SAR or shall have died intestate, by the Participant's executor or other legal representative.

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7.9 Nontransferability of SARs. Except as otherwise provided in a Participant's Award Agreement, no SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all SARs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

7.10 No Rights. A Participant granted an SAR shall have no rights as a shareholder of the Company with respect to the Shares covered by such SAR except to the extent that Shares are issued to the Participant upon the due exercise of the SAR.

Article 8. Restricted Stock

8.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to eligible Key Employees in such amounts as the Committee shall determine.

8.2 Restricted Stock Agreement. Each Restricted Stock grant shall be evidenced by a Restricted Stock Agreement that shall specify the Period of Restriction, or Periods, the number of Shares of Restricted Stock granted, and such other provisions as the Committee shall determine.

8.3 Transferability. Except as provided in this Article 8, the Shares of Restricted Stock granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Restricted Stock Award Agreement, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Restricted Stock Agreement. All rights with respect to the Restricted Stock granted to a Participant under the Plan shall be available during his or her lifetime only to such Participant.

8.4 Other Restrictions. The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock, restrictions based upon the achievement of specific performance goals (Company-wide, divisional, and/or individual), time-based restrictions on vesting following the attainment of the performance goals, and/or restrictions under applicable Federal or state securities laws.

The Company shall retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied.

Except as otherwise provided in this Article 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall become freely transferable by the Participant after the last day of the Period of Restriction.

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8.5 Voting Rights. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares.

8.6 Dividends and Other Distributions. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may be credited with regular cash dividends paid with respect to the underlying Shares while they are so held. The Committee may apply any restrictions to the dividends that the Committee deems appropriate.

In the event that any dividend constitutes a "derivative security" or an "equity security" pursuant to Rule 16(a) under the Exchange Act, such dividend shall be subject to a vesting period equal to the remaining vesting period of the Shares of Restricted Stock with respect to which the dividend is paid.

8.7 Termination of Employment. Each Restricted Stock Award Agreement shall set forth the extent to which the Participant shall have the right to receive unvested Restricted Shares following termination of the Participant's employment with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Participants, need not be uniform among all Shares of Restricted Stock issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of employment. In amplification but not limitation of the foregoing, in the case of an award of Restricted Stock to a Named Executive Officer which is intended to qualify for the Performance-Based Exception, the Award Agreement may provide that such Restricted Stock may become payable in the event of a termination of employment by reason of death, Disability or Change in Control, such payment not to occur before attainment of the related performance goal.

Article 9. Performance Shares

9.1 Grant of Performance Shares. Subject to the terms of the Plan, Performance Shares may be granted to eligible Key Employees in such amount and upon such terms, and at any time and from time to time, as shall be determined by the Committee. The number and/or vesting of Performance Shares granted, in the Committee's discretion, shall be contingent upon the degree of attainment of specified performance goals or other conditions over a specified period (the "Performance Period"). The terms and conditions of an Award of Performance Shares shall be evidenced by an appropriate Award Agreement.

9.2 Value of Performance Shares. The value of a Performance Share at any time shall equal the Fair Market Value of a Share at such time.

9.3 Form and Timing of Payment of Performance Shares. During the course

of a Performance Period, the Committee shall determine the number of Performance Shares as to which the Participant has earned a right to be paid pursuant to the terms of the applicable Award Agreement. The Committee shall pay any earned Performance Shares as soon as practical after they are earned in the form of cash, Shares or a combination thereof (as determined by the Committee) having an aggregate Fair Market Value equal to the value of the earned Performance Shares as of the date they are earned. Any Shares used to pay out earned Performance Shares may be granted subject to any restrictions deemed appropriate by the Committee. In addition, the Committee, in its discretion, may cancel any earned Performance Shares and grant Stock Options to the Participant which the Committee determines to be of equivalent value based on a conversion formula stated in the Performance Shares Award Agreement.

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The Committee, in its discretion, may also grant dividend equivalents rights with respect to earned but unpaid Performance Shares as evidenced by the applicable Award Agreement. Performance Shares shall not have any voting rights.

Prior to the beginning of a Performance Period (or at such other time as determined by the Committee), Participants may elect to defer the receipt of payment of any Performance Shares or other amounts (e.g., dividend equivalents rights) earned pursuant to the Award Agreement upon such terms as the Committee deems appropriate and as set forth in the applicable Award Agreement.

9.4 Termination of Employment. Each Performance Share Award Agreement shall set forth the extent to which the Participant shall have the right to receive unearned Performance Shares following termination of the Participant's employment with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreements entered into with Participants, need not be uniform among all Performance Shares awarded pursuant to the Plan, and may reflect distinctions based on the reasons of termination of employment. In amplification but not limitation of the foregoing, in the case of an award of Performance Shares to a Named Executive Officer which is intended to qualify for the Performance-Based Exception, the Award Agreement may provide that such Performance Shares may become payable in the event of a termination of employment by reason of death, Disability or Change in Control, such payment not to occur before attainment of the related performance goal.

9.5 Nontransferability. Except as otherwise provided in a Participant's Award Agreement, Performance Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, a Participant's rights under the Plan shall be exercisable during the Participant's lifetime only by the Participant.

Article 10. Performance Measures

The performance measure(s) to be used for purposes of Awards to Named Executive Officers which are designed to qualify for the Performance-Based Exception shall be chosen from among the following alternatives:

- (a) Earnings Per Share;
- (b) Net Income;
- (c) Return On Assets;
- (d) Return On Equity; or
- (e) Total Shareholder Return.

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The Committee shall have the discretion to adjust the determinations of the degree of attainment of the preestablished performance goals; provided, however, that Awards which are designed to qualify for the Performance-Based Exception, and which are held by Named Executive Officers, may not be adjusted upward (the Committee shall retain the discretion to adjust such Awards downward).

In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing performance measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

Article 11. Beneficiary Designation

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article 12. Deferrals

The Committee may permit a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the lapse or waiver of restrictions with respect to Restricted Stock, or the satisfaction of any requirements or goals with respect to Performance Shares. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals.

Article 13. Rights of Key Employees

13.1 Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

For purposes of this Plan, a transfer of a Participant's employment between the Company and a Subsidiary, or between Subsidiaries, shall not be deemed to be a termination of employment. Upon such a transfer, the Committee may make such adjustments to outstanding Awards as it deems appropriate to reflect the changed reporting relationships.

13.2 Participation. No Key Employee shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

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Article 14. Change in Control

14.1 Treatment of Outstanding Awards. Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges:

(a) Any and all Options and SARs granted hereunder shall become immediately exercisable, and shall remain exercisable throughout their entire term;

(b) Any restriction periods and restrictions imposed on shares of Restricted Stock shall lapse;

(c) The target payout opportunities attainable under all outstanding Awards of Restricted Stock and Performance Shares shall be deemed to have been fully earned for the entire Performance Period(s) as of the effective date of the Change in Control, and the vesting of all Awards shall be accelerated as of the effective date of the Change in Control; and

(d) Subject to Article 15 herein, the Committee shall have the authority to make any modifications to the Awards as determined by the Committee to be appropriate before the effective date of the Change in Control.

14.2 Limitation on Change-in-Control Benefits. It is the intention of the Company and the Participants to reduce the amounts payable or distributable to a Participant hereunder if the aggregate Net After Tax Receipts (as defined below) to the Participant would thereby be increased, as a result of the application of the excise tax provisions of Section 4999 of the Code. Accordingly, anything in this Plan to the contrary notwithstanding, in the event that the certified public accountants regularly employed by the Company immediately prior to any "change" described below (the "Accounting Firm") shall determine that receipt of all Payments (as defined below) would subject the Participant to tax under Section 4999 of the Code, it shall determine whether some amount of Payments would meet the definition of a "Reduced Amount," (as defined below). If the Accounting Firm determines that there is a Reduced Amount, the aggregate Payments shall be reduced to such Reduced Amount in accordance with the provisions of Section 14.2(b) below.

(a) For purposes of this Section 14.2(a):

(i) A "Payment" shall mean any payment or distribution in the nature of compensation to or for the benefit of a Participant who is a "disqualified individual" within the meaning of Section 280G(c) of the Code and which is contingent on a "change" described in Section 280G(b)(2)(A)(i) of the Code with respect to the Company, whether paid or payable pursuant to this Plan or otherwise;

(ii) "Plan Payment" shall mean a Payment paid or payable pursuant to this Plan (disregarding this Section 14.2);

(iii) "Net After Tax Receipt" shall mean the Present Value of a Payment, net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code, determined by applying the highest marginal rate under Section 1 of the Code which applied to the Participant's Federal taxable income for the immediately preceding taxable year;

(iv) "Present Value" shall mean such value determined in accordance with Section 280G(d)(4) of the Code; and

(v) "Reduced Amount" shall mean the smallest aggregate amount of Payments which (A) is less than the sum of all Payments and (B) results in aggregate Net After Tax Receipts which are equal to or greater than the Net After Tax Receipts which would result if all Payments were paid to or for the benefit of the Participant.

(b) If the Accounting Firm determines that aggregate Payments should be reduced to the Reduced Amount, the Committee shall promptly give the Participant notice to that effect and a copy of the detailed calculation thereof, and the Participant may then elect, in the Participant's sole discretion, which and how much of the Payments, including without limitation Plan Payments, shall be eliminated or reduced (as long as after such election the Present Value of the aggregate Payments is equal to the Reduced Amount), and shall advise the Committee in writing of such election within ten (10) days of the Participant's receipt of notice. If no such election is made by the Participant within such ten (10) day period, the Committee may elect which of the Payments, including without limitation Plan Payments, shall be eliminated or reduced (as long as after such election the Present Value of the aggregate Payments is equal to the Reduced Amount) and shall notify the Participant promptly of such election. All determinations made by the Accounting Firm under this Section 14.2 shall be binding upon the Company and the Participant and shall be made within sixty (60) days immediately following the event constituting the "change" referred to above. As promptly as practicable following such determination, the Company shall pay to or distribute for the benefit of the Participant such Payments as are then due to the Participant under this Plan.

(c) At the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Participant pursuant to this Plan which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Participant pursuant to this Plan could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based either upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Participant which the Accounting Firm believes has a high probability of success or controlling precedent or other substantial authority, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Participant shall be treated for all purposes as a loan ab initio to the Participant which the Participant shall repay to the Company together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by the Participant to the Company if and to the extent such deemed loan and payment would not either reduce the amount on which the Participant is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes.

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In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Participant together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code.

14.3 Termination, Amendment, and Modifications of Change-in-Control Provisions. Notwithstanding any other provision of this Plan or any Award Agreement provision, the provisions of this Article 14 may not be terminated, amended, or modified on or after the date of a Change in Control to affect adversely any Award theretofore granted under the Plan without the prior written consent of the Participant with respect to said Participant's outstanding Awards; provided, however, the Board of Directors, upon recommendation of the Committee, may terminate, amend, or modify this Article 14 at any time and from time to prior to the date of a Change in Control.

Article 15. Amendment, Modification, and Termination

15.1 Amendment, Modification, and Termination. The Board may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part; provided, however, that no amendment which requires shareholder approval in order for the Plan to continue to comply with Rule 16b-3 under the Exchange Act, including any successor to such Rule, shall be effective unless such amendment shall be approved by the requisite vote of shareholders of the Company entitled to vote thereon.

The Committee shall not have the authority to cancel outstanding Awards and issue substitute Awards in replacement thereof.

15.2 Awards Previously Granted. No termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

15.3 Acceleration of Award Vesting; Waiver of Restrictions. Notwithstanding any provision of this Plan or any Award Agreement provision to the contrary, the Committee, in its sole and exclusive discretion, shall have the power at any time to (i) accelerate the vesting of any Award granted under the Plan, including without limitation, acceleration to such a date that would result in said Awards becoming immediately vested, or (ii) waive any restrictions of any Award granted under the Plan.

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Article 16. Withholding

16.1 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of this Plan.

16.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock, or upon any other taxable event arising as a result of Awards granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

Article 17. Indemnification

Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Article 18. Successors

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Article 19. Legal Construction

19.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

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19.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

19.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

19.4 Securities Law Compliance. With respect to Insiders, transactions under this Plan are intended to comply with all applicable conditions or Rule 16b-3 or its successors under the Exchange Act. To the extent any provision of the plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

19.5 Governing Law. To the extent not preempted by Federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of North Carolina.

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

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

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

<TABLE>

<CAPTION>

	Three Months Ended March 31	
	1995	1994
<hr/>		
<S>	<C>	<C>
Average common shares outstanding.....	276,415	271,947
Dilutive effect of		
Convertible preferred stock.....	2,358	2,488
Stock options.....	1,224	1,290
	<hr/>	
Total fully dilutive shares.....	279,997	275,725
	<hr/>	
Income available to common shareholders.....	\$ 441	\$ 414
Preferred dividends paid on dilutive convertible		
preferred stock.....	2	3
	<hr/>	
Total net income available for common shareholders		
adjusted for full dilution.....	\$ 443	\$ 417
	<hr/>	
Fully diluted earnings per common share.....	\$ 1.58	\$ 1.51
	<hr/>	

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Exhibit 12(b)
NationsBank Corporation and Subsidiaries
Ratio of Earnings to Fixed Charges and Preferred Dividends

(Dollars in Thousands)

<CAPTION>

	Year Ended December 31				
	Three Months Ended March 31, 1995	1994	1993	1992	1991
1990					
<S>	<C>	<C>	<C>	<C>	<C>
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Excluding Interest on Deposits					
Income before taxes..... \$	443,157 \$	2,554,778 \$	1,991,103 \$	1,396,213 \$	108,524 \$
625,467					
Equity in undistributed earnings of unconsolidated subsidiaries.....	(1,019)	(2,604)	(4,756)	(1,426)	(1,114)
(668)					
Fixed charges:					
Interest expense (including capitalized interest).....	980,698	2,895,569	1,420,800	915,880	1,290,755
1,851,513					
Amortization of debt discount and appropriate issuance costs.....	2,055	8,194	6,377	3,000	2,093
2,872					
1/3 of net rent expense.....	29,641	114,414	95,786	90,667	81,909
66,195					
Total fixed charges.....	1,012,394	3,018,177	1,522,963	1,009,547	1,374,757
1,920,580					
Preferred dividend requirements.....	3,260	14,796	15,737	29,260	30,775
37,979					
Earnings (excluding capitalized interest)... \$	1,454,532 \$	5,570,351 \$	3,509,310 \$	2,398,329 \$	1,470,621 \$
2,533,093					
Fixed charges..... \$	1,015,654 \$	3,032,973 \$	1,538,700 \$	1,038,807 \$	1,405,532 \$
1,958,559					
Ratio of Earnings to Fixed Charges.....	1.43	1.84	2.28	2.31	1.05
1.29					
Including Interest on Deposits					
Income before taxes..... \$	443,157 \$	2,554,778 \$	1,991,103 \$	1,396,213 \$	108,524 \$
625,467					
Equity in undistributed earnings of unconsolidated subsidiaries.....	(1,019)	(2,604)	(4,756)	(1,426)	(1,114)
(668)					
Fixed charges:					
Interest expense (including capitalized interest).....	1,763,518	5,310,419	3,570,079	3,687,650	5,611,057
6,683,262					
Amortization of debt discount and appropriate issuance costs.....	2,055	8,194	6,377	3,000	2,093
2,872					
1/3 of net rent expense.....	29,641	114,414	95,786	90,667	81,909
66,195					
Total fixed charges.....	1,795,214	5,433,027	3,672,242	3,781,317	5,695,059

6,752,329

Preferred dividend requirements.....	3,260	14,796	15,737	29,260	30,775
37,979					
Earnings (excluding capitalized interest)... \$	2,237,352 \$	7,985,201 \$	5,658,589 \$	5,170,099 \$	5,790,923 \$
7,364,842					
=====					
Fixed charges..... \$	1,798,474 \$	5,447,823 \$	3,687,979 \$	3,810,577 \$	5,725,834 \$
6,790,308					
=====					
Ratio of Earnings to Fixed Charges.....	1.24	1.47	1.53	1.36	1.01
1.08					

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Exhibit 12(b)
NationsBank Corporation and Subsidiaries
Ratio of Earnings to Fixed Charges and Preferred Dividends

(Dollars in Thousands)

<CAPTION>

	Year Ended December 31				
	Three Months Ended March 31, 1995	1994	1993	1992	1991
1990					
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Excluding Interest on Deposits					
Income before taxes..... \$	443,157 \$	2,554,778 \$	1,991,103 \$	1,396,213 \$	108,524 \$
625,467					
Equity in undistributed earnings of unconsolidated subsidiaries.....	(1,019)	(2,604)	(4,756)	(1,426)	(1,114)
(668)					
Fixed charges:					
Interest expense (including capitalized interest).....	980,698	2,895,569	1,420,800	915,880	1,290,755
1,851,513					
Amortization of debt discount and appropriate issuance costs.....	2,055	8,194	6,377	3,000	2,093
2,872					
1/3 of net rent expense.....	29,641	114,414	95,786	90,667	81,909
66,195					
Total fixed charges.....	1,012,394	3,018,177	1,522,963	1,009,547	1,374,757
1,920,580					
Preferred dividend requirements.....	3,260	14,796	15,737	29,260	30,775
37,979					
Earnings (excluding capitalized interest)... \$	1,454,532 \$	5,570,351 \$	3,509,310 \$	2,398,329 \$	1,470,621 \$
2,533,093					
Fixed charges..... \$	1,015,654 \$	3,032,973 \$	1,538,700 \$	1,038,807 \$	1,405,532 \$
1,958,559					
Ratio of Earnings to Fixed Charges.....	1.43	1.84	2.28	2.31	1.05
1.29					
Including Interest on Deposits					
Income before taxes..... \$	443,157 \$	2,554,778 \$	1,991,103 \$	1,396,213 \$	108,524 \$
625,467					
Equity in undistributed earnings of unconsolidated subsidiaries.....	(1,019)	(2,604)	(4,756)	(1,426)	(1,114)
(668)					
Fixed charges:					
Interest expense (including capitalized interest).....	1,763,518	5,310,419	3,570,079	3,687,650	5,611,057
6,683,262					
Amortization of debt discount and appropriate issuance costs.....	2,055	8,194	6,377	3,000	2,093
2,872					
1/3 of net rent expense.....	29,641	114,414	95,786	90,667	81,909
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Total fixed charges.....	1,795,214	5,433,027	3,672,242	3,781,317	5,695,059

6,752,329

Preferred dividend requirements.....	3,260	14,796	15,737	29,260	30,775
37,979					
Earnings (excluding capitalized interest)... \$	2,237,352 \$	7,985,201 \$	5,658,589 \$	5,170,099 \$	5,790,923 \$
7,364,842					
=====					
Fixed charges..... \$	1,798,474 \$	5,447,823 \$	3,687,979 \$	3,810,577 \$	5,725,834 \$
6,790,308					
=====					
Ratio of Earnings to Fixed Charges.....	1.24	1.47	1.53	1.36	1.01
1.08					

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<ARTICLE> 9

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The schedule contains summary information extracted from the March 31, 1995, Form 10-Q for NationsBank Corporation and is qualified in its entirety by reference to such financial statements.

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<FED-FUNDS-SOLD>	13,688
<TRADING-ASSETS>	16,613
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<LOANS>	106,928
<ALLOWANCE>	(2,174)
<TOTAL-ASSETS>	183,854
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<SHORT-TERM>	56,730
<LIABILITIES-OTHER>	5,219
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<TOTAL-LIABILITIES-AND-EQUITY>	183,854
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<F1> Allowance-Domestic, Allowance-Foreign, and Allowance-Unallocated are only disclosed on an annual basis in the Corporation's 10-K and are therefore not included in this Financial Data Schedule.	
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