

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1996 -- Commission File Number 1-6523  
NATIONSBANK CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>

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<C>

North Carolina  
(STATE OF INCORPORATION)  
NationsBank Corporate Center  
Charlotte, North Carolina  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)  
704 / 386-5000

56-0906609  
(IRS EMPLOYER IDENTIFICATION NO.)

28255  
(ZIP CODE)

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

</TABLE>

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<TABLE>

<CAPTION>

TITLE OF EACH CLASS

NAME OF EACH EXCHANGE ON WHICH REGISTERED

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<C>

Common Stock

New York Stock Exchange  
London Stock Exchange  
Pacific Stock Exchange  
Tokyo Stock Exchange  
American Stock Exchange

7 3/4% Debentures, due 2002

</TABLE>

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or in any amendment to this Form 10-K. [ ]

Aggregate market value of shares of voting stock held by all persons, other than shares beneficially owned by persons who may be deemed to be affiliates (as defined in SEC Rule 405), is approximately \$41,994,576,000 computed by reference to the closing price of Common Stock of \$58.00 per share on March 20, 1997, on the New York Stock Exchange Composite Transactions List, as reported in published financial sources, a stated price of \$42.50 per share of the ESOP Convertible Preferred Stock, Series C, and the stated value of \$100 per share of the 7% Cumulative Redeemable Preferred Stock, Series B.

Of the registrant's only class of Common Stock, there were 741,505,154 shares outstanding as of March 7, 1997.

DOCUMENTS INCORPORATED BY REFERENCE

<TABLE>

<CAPTION>

DOCUMENT OF THE REGISTRANT

FORM 10-K REFERENCE LOCATIONS

<S>

<C>

1996 Annual Report to Shareholders  
1997 Proxy Statement

PARTS I, II and IV  
PART III

</TABLE>

PART I

ITEM 1. BUSINESS

GENERAL

The registrant is a North Carolina corporation and a multi-bank holding company registered under the Bank Holding Company Act of 1956, as amended (the "Act"), with its principal assets being the stock of its subsidiaries. Through its banking subsidiaries (the "Banks") and its various non-banking subsidiaries, the registrant provides banking and banking-related services, primarily throughout the Mid-Atlantic, Midwest, Southeast and Southwest. The principal executive offices of the registrant are located at NationsBank Corporate Center in Charlotte, North Carolina 28255.

On February 27, 1997, the registrant completed a two-for-one split of its common stock (the "Split"). All financial data included in this Annual Report on Form 10-K has been restated to reflect the Split.

ACQUISITIONS AND DISPOSITIONS

On January 9, 1996, the registrant completed the acquisition of Bank South Corporation ("BKSO"). As of the acquisition date, BKSO had assets of approximately \$7.4 billion and deposits of approximately \$5.1 billion. The registrant issued 0.88 shares of its common stock for each outstanding share of BKSO common stock, for an aggregate purchase price of approximately 53 million shares of the registrant's common stock (adjusted for the Split).

On January 10, 1996, the registrant completed the acquisition of CSF Holdings, Inc. ("CSF"). As of the acquisition date, CSF had assets of approximately \$4.8 billion and deposits of approximately \$3.8 billion. The purchase price was approximately \$516 million and was paid in cash.

On January 31, 1996, the registrant completed the acquisition of Sun World,

N.A. ("Sun World"). As of the acquisition date, Sun World had assets of approximately \$136 million and deposits of approximately \$123 million. The purchase price was approximately \$16 million and was paid in cash.

On April 29, 1996, the registrant, through NationsCredit Commercial Corporation, its wholly owned, indirect subsidiary engaged primarily in the commercial financial services business, completed the acquisition of LDI Corporation ("LDI"). As of the acquisition date, LDI had assets of approximately \$247 million. The purchase price was approximately \$28 million and was paid in cash.

On May 24, 1996, the registrant completed the acquisition of Charter Bancshares, Inc. ("CBI"). As of the acquisition date, CBI had assets of approximately \$928 million and deposits of approximately \$720 million. The registrant issued 0.77 shares of its common stock for each outstanding share of CBI common stock, for an aggregate purchase price of approximately 2.8 million shares of the registrant's common stock (adjusted for the Split). Prior to this acquisition, the registrant owned approximately 42% of CBI.

On August 13, 1996, the registrant completed the acquisition of TAC Bancshares, Inc. ("TAC") and its subsidiary, Chase Federal Bank FSB ("Chase Federal"). As of the acquisition date, TAC and Chase Federal had total assets and total deposits of \$2.8 billion and \$2.0 billion, respectively. The purchase price was approximately \$280 million, in the aggregate, and was paid in cash.

On August 31, 1996, the registrant acquired aggregate deposits of approximately \$970 million from Bluebonnet Savings Bank, FSB. The purchase price was approximately \$46 million and was paid in cash.

In connection with the divestiture of its affinity loan business, on September 27, 1996, the registrant, through one of its banking subsidiaries, NationsBank, N.A., sold approximately \$393 million in loan account receivables to Household Bank, f.s.b. and approximately \$728 million in loan account receivables to MBNA America Bank, N.A. The sales prices for these transactions were approximately \$433 million and \$784 million, respectively, and were received in cash.

On January 7, 1997, the registrant completed the acquisition of Boatmen's Bancshares, Inc. ("BBI"). As of the acquisition date, BBI had assets of approximately \$41.2 billion and deposits of approximately \$32.0 billion. In the acquisition, each outstanding share of BBI common stock was converted into 1.305 shares of the registrant's common stock (adjusted for the Split) or, at the shareholder's election, \$63.11 in cash, for an aggregate

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purchase price of approximately 195 million shares of the registrant's common stock (adjusted for the Split) and \$371 million in cash.

The registrant currently intends to consummate the acquisition of First Federal Savings Bank of Brunswick, Georgia ("Brunswick") in the second quarter of 1997. As of December 31, 1996, Brunswick had assets of approximately \$254 million and deposits of approximately \$220 million. The registrant expects to issue approximately 2.4 million shares of its common stock in the acquisition (adjusted for the Split).

As part of its operations, the registrant regularly evaluates the potential acquisition of, and holds discussions with, various financial institutions and other businesses of a type eligible for bank holding company ownership or control. In addition, the registrant regularly analyzes the values of, and submits bids for, the acquisition of customer-based funds and other liabilities and assets of such financial institutions and other businesses. As a general rule, the registrant publicly announces such material acquisitions when a definitive agreement has been reached.

#### OPERATIONS

The registrant provides a diversified range of banking and certain nonbanking financial services and products through its various subsidiaries. The registrant manages its business activities through three major business units: the General Bank, Global Finance and Financial Services.

The General Bank provides comprehensive services in the retail and commercial banking fields, including the origination and servicing of home mortgage loans, the issuance and servicing of credit cards (through a Delaware subsidiary), indirect lending, dealer finance and certain insurance services. The General Bank also provides full service and discount brokerage services and investment advisory services, including advising the Nations Funds family of mutual funds, as well as banking, fiduciary and investment management services through subsidiaries of the registrant. The registrant has announced its intent to sell its line of business that provides retirement services for defined benefit and defined contribution plans. As of January 7, 1997, the General Bank operated approximately 2,600 banking offices in the states of Arkansas, Florida, Georgia, Illinois, Iowa, Kansas, Kentucky, Maryland, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Virginia and the District of Columbia. The General Bank also provides fully automated 24-hour cash dispensing and depositing services throughout the states in which it is located, through over 5,000 automated teller machines.

Global Finance provides comprehensive corporate and investment banking services to domestic and international customers. Global Finance serves as a principal lender and investor, as well as an advisor, and manages treasury and trade transactions for clients and customers. Loan origination and syndication, asset-backed lending, leasing, factoring, project finance and mergers and acquisitions are representative of the services provided. These services are provided through various domestic offices as well as offices located in London, Singapore, Bogota, Mexico City, Grand Cayman, Nassau, Seoul, Tokyo, Osaka, Mumbai (formerly Bombay), Jakarta, Taipei, Sao Paulo, Frankfurt and Hong Kong.

Global Finance also underwrites, distributes and makes markets in high-grade and high-yield securities, is a primary dealer of U.S. Government securities and is a market maker in derivatives products, including swap agreements, option contracts, forward settlement contracts, financial futures and other derivative products in certain interest rate, foreign exchange, commodity and equity markets. In support of these activities, Global Finance takes positions to support client demands and its own account. Major centers for such activities are Charlotte, Chicago, London, New York, Singapore and Tokyo.

Financial Services is primarily comprised of NationsCredit Corporation, a holding company, which includes NationsCredit Consumer Corporation and NationsCredit Commercial Corporation. NationsCredit Consumer Corporation, which has approximately 264 offices located in 32 states, provides personal, mortgage and automobile loans to consumers and retail finance programs to dealers. NationsCredit Commercial Corporation consists of divisions that specialize in the following areas of commercial finance: equipment loans and leases; loans for debt restructuring, mergers and acquisitions and working capital; real estate, golf/recreational and health care financing; and inventory financing to manufacturers, distributors and dealers.

Additional information about the registrant and its operations is incorporated by reference from Table Two (page 19) and the narrative comments under the caption "Management's Discussion and Analysis -- Business Unit Operations" (pages 19 through 22) in the registrant's 1996 Annual Report to Shareholders.

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#### PRIMARY MARKET AREAS

The registrant provides banking and banking-related services primarily throughout the Mid-Atlantic (Maryland, Virginia and the District of Columbia), the Midwest (Illinois, Iowa, Kansas and Missouri), the Southeast (Florida, Georgia, Kentucky, North Carolina, South Carolina and Tennessee) and the Southwest (Arkansas, New Mexico, Oklahoma and Texas). The registrant serves an aggregate of over 13 million customers in these regions, and management believes that these are dynamic regions in which to be located. Personal income levels in these regions as a whole rose 5.1% between 1995 and 1996, and the population in these areas as a whole rose an estimated 1.2% between 1995 and 1996. The number of housing permits authorized increased 8.4% between 1995 and 1996, ranging from an increase of 2.95% in the Mid-Atlantic to an increase of 11.84% in the Midwest. Between 1995 and 1996, the levels of unemployment in these regions as a whole fell by approximately .20 percentage points, for an average unemployment rate of 4.98% in 1996.

The registrant has the leading deposit market share position in Georgia, Kansas, Maryland, New Mexico, Oklahoma, Texas and Virginia. In addition, the registrant ranks second in terms of deposit market share in Arkansas, the District of Columbia, Missouri and South Carolina, third in Florida, fourth in North Carolina, fifth in Tennessee and sixth in Iowa. The registrant has less than 1% of the market share in Illinois and Kentucky.

#### GOVERNMENT SUPERVISION AND REGULATION

##### GENERAL

As a registered bank holding company, the registrant is subject to the supervision of, and to regular inspection by, the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Banks are organized as national banking associations, which are subject to regulation, supervision and examination by the Office of the Comptroller of the Currency (the "Comptroller"), and as state chartered banks, which are subject to regulation, supervision and examination by the relevant state regulators. The Banks are also subject to regulation by the Federal Deposit Insurance Corporation (the "FDIC") and other federal regulatory agencies. The registrant also owns a federal savings bank which is subject to supervision, regulation and examination by the Office of Thrift Supervision. In addition to banking laws, regulations and regulatory agencies, the registrant and its subsidiaries and affiliates are subject to various other laws and regulations and supervision and examination by other regulatory agencies, all of which directly or indirectly affect the operations and management of the registrant and its ability to make distributions. The following discussion summarizes certain aspects of those laws and regulations that affect the registrant.

The activities of the registrant, and those of companies which it controls or in which it holds more than 5% of the voting stock, are limited to banking or managing or controlling banks or furnishing services to or performing services for its subsidiaries, or any other activity which the Federal Reserve Board determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In making such determinations, the Federal Reserve Board is required to consider whether the performance of such activities by a bank holding company or its subsidiaries can reasonably be expected to produce benefits to the public such as greater convenience, increased competition or gains in efficiency that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. Generally, bank holding companies, such as the registrant, are required to obtain prior approval of the Federal Reserve Board to engage in any new activity or to acquire more than 5% of any class of voting stock of any company.

Bank holding companies are also required to obtain the prior approval of the Federal Reserve Board before acquiring more than 5% of any class of voting stock of any bank which is not already majority-owned by the bank holding company. Pursuant to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Interstate Banking and Branching Act"), a bank holding company

became able to acquire banks in states other than its home state, beginning September 29, 1995, without regard to the permissibility of such acquisitions under state law, but subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the bank holding company, prior to or following the proposed acquisition, controls no more than 10% of the total amount of deposits of insured depository institutions in the United States and no more than 30% of such deposits in that state (or such lesser or greater amount set by state law).

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The Interstate Banking and Branching Act also authorizes banks to merge across state lines, thereby creating interstate branches, beginning June 1, 1997. Under such legislation, each state has the opportunity either to "opt out" of this provision, thereby prohibiting interstate branching in such states, or to "opt in" at an earlier time, thereby allowing interstate branching within that state prior to June 1, 1997. Furthermore, pursuant to the Interstate Banking and Branching Act, a bank is now able to open new branches in a state in which it does not already have banking operations if such state enacts a law permitting such DE NOVO branching. Of those states in which the Banks are located, Delaware, Maryland, New Mexico, North Carolina, Oklahoma and Virginia have enacted legislation to "opt in", thereby permitting interstate branching prior to June 1, 1997, and Texas has adopted legislation to "opt out" of the interstate branching provisions (which Texas law currently expires on September 2, 1999). To the extent permitted under these laws, the registrant plans to consolidate the Banks (with the exception of NationsBank of Delaware, N.A.) into a single bank as soon as practicable. The registrant currently operates four interstate banks (i.e., banks with banking centers in more than one state): NationsBank, N.A., headquartered in Charlotte, North Carolina, with offices in Maryland, North Carolina, South Carolina, Virginia, and the District of Columbia; NationsBank, N.A. (South), headquartered in Atlanta, Georgia, with offices in Florida and Georgia; NationsBank, N.A. (Midwest), headquartered in Kansas City, Missouri, with offices in Kansas and Missouri; and The Boatmen's National Bank of St. Louis, headquartered in St. Louis, Missouri, with offices in Illinois and Missouri. As previously described, the registrant regularly evaluates merger and acquisition opportunities, and it anticipates that it will continue to evaluate such opportunities in light of the new legislation.

Proposals to change the laws and regulations governing the banking industry are frequently introduced in Congress, in the state legislatures and before the various bank regulatory agencies. The likelihood and timing of any such proposals or bills and the impact they might have on the registrant and its subsidiaries cannot be determined at this time.

#### CAPITAL AND OPERATIONAL REQUIREMENTS

The Federal Reserve Board, the Comptroller and the FDIC have issued substantially similar risk-based and leverage capital guidelines applicable to United States banking organizations. In addition, those regulatory agencies may from time to time require that a banking organization maintain capital above the minimum levels, whether because of its financial condition or actual or anticipated growth. The Federal Reserve Board risk-based guidelines define a two-tier capital framework. Tier 1 capital consists of common and qualifying preferred shareholders' equity, less certain intangibles and other adjustments. Tier 2 capital consists of subordinated and other qualifying debt, and the allowance for credit losses up to 1.25% of risk-weighted assets. The sum of Tier 1 and Tier 2 capital less investments in unconsolidated subsidiaries represents qualifying total capital, at least 50% of which must consist of Tier 1 capital. Risk-based capital ratios are calculated by dividing Tier 1 and total capital by risk-weighted assets. Assets and off-balance sheet exposures are assigned to one of four categories of risk-weights, based primarily on relative credit risk. The minimum Tier 1 capital ratio is 4% and the minimum total capital ratio is 8%. The registrant's Tier 1 and total risk-based capital ratios under these guidelines at December 31, 1996 were 7.76% and 12.66%, respectively.

The leverage ratio is determined by dividing Tier 1 capital by adjusted average total assets. Although the stated minimum ratio is 3%, most banking organizations are required to maintain ratios of at least 100 to 200 basis points above 3%. The registrant's leverage ratio at December 31, 1996 was 7.09%. Management believes that the registrant meets its leverage ratio requirement.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), among other things, identifies five capital categories for insured depository institutions (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized) and requires the respective Federal regulatory agencies to implement systems for "prompt corrective action" for insured depository institutions that do not meet minimum capital requirements within such categories. FDICIA imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the category in which an institution is classified. Failure to meet the capital guidelines could also subject a banking institution to capital raising requirements. An "undercapitalized" bank must develop a capital restoration plan and its parent holding company must guarantee that bank's compliance with the plan. The liability of the parent holding company under any such guarantee is limited to the lesser of 5% of the bank's assets at the time it became "undercapitalized" or the amount needed to comply with the plan. Furthermore, in the event

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of the bankruptcy of the parent holding company, such guarantee would take priority over the parent's general unsecured creditors. In addition, FDICIA

requires the various regulatory agencies to prescribe certain non-capital standards for safety and soundness relating generally to operations and management, asset quality and executive compensation and permits regulatory action against a financial institution that does not meet such standards.

The various regulatory agencies have adopted substantially similar regulations that define the five capital categories identified by FDICIA, using the total risk-based capital, Tier 1 risk-based capital and leverage capital ratios as the relevant capital measures. Such regulations establish various degrees of corrective action to be taken when an institution is considered undercapitalized. Under the regulations, a "well capitalized" institution must have a Tier 1 capital ratio of at least 6 percent, a total capital ratio of at least 10 percent and a leverage ratio of at least 5 percent and not be subject to a capital directive order. An "adequately capitalized" institution must have a Tier 1 capital ratio of at least 4 percent, a total capital ratio of at least 8 percent and a leverage ratio of at least 4 percent, or 3 percent in some cases. Under these guidelines, each of the Banks is considered well capitalized.

Banking agencies have also adopted final regulations which mandate that regulators take into consideration concentrations of credit risk and risks from non-traditional activities, as well as an institution's ability to manage those risks, when determining the adequacy of an institution's capital. That evaluation will be made as a part of the institution's regular safety and soundness examination. Banking agencies also have adopted final regulations requiring regulators to consider interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off-balance-sheet position) in the determination of a bank's capital adequacy. Concurrently, banking agencies have proposed a methodology for evaluating interest rate risk. After gaining experience with the proposed measurement process, those banking agencies intend to propose further regulations to establish an explicit risk-based capital charge for interest rate risk.

#### DISTRIBUTIONS

The registrant's funds for cash distributions to its shareholders are derived from a variety of sources, including cash and temporary investments. The primary source of such funds, however, is dividends received from the Banks. Each of the Banks is subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain capital above regulatory minimums. The appropriate federal regulatory authority is authorized to determine under certain circumstances relating to the financial condition of the bank or bank holding company that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof.

In addition to the foregoing, the ability of the registrant and the Banks to pay dividends may be affected by the various minimum capital requirements and the capital and non-capital standards established under FDICIA, as described above. The right of the registrant, its shareholders and its creditors to participate in any distribution of the assets or earnings of its subsidiaries is further subject to the prior claims of creditors of the respective subsidiaries.

#### SOURCE OF STRENGTH

According to Federal Reserve Board policy, bank holding companies are expected to act as a source of financial strength to each subsidiary bank and to commit resources to support each such subsidiary. This support may be required at times when a bank holding company may not be able to provide such support. Similarly, under the cross-guarantee provisions of the Federal Deposit Insurance Act, in the event of a loss suffered or anticipated by the FDIC -- either as a result of default of a banking or thrift subsidiary of the registrant or related to FDIC assistance provided to a subsidiary in danger of default -- the other Banks may be assessed for the FDIC's loss, subject to certain exceptions.

#### ADDITIONAL INFORMATION

The following information set forth in the 1996 Annual Report to Shareholders of the registrant is hereby incorporated by reference:

Table Three (page 21) for average balance sheet amounts, related taxable-equivalent interest earned or paid, and related average yields earned and rates paid.

Table Four (page 23) and the narrative comments under the caption "Net Interest Income" (page 22) for changes in taxable-equivalent interest income and expense for each major category of interest-earning assets and interest-bearing liabilities.

The narrative comments under the caption "Securities" (pages 27 and 28) and Note Three (pages 56 through 58) of the Notes To Consolidated Financial Statements for information on the book values, maturities and weighted average yields of the securities (by category) of the registrant.

Tables Seven (page 28), Eight (page 29) and Nineteen (page 41) for distribution of loans, leases and factored accounts receivable, selected loan maturity data and interest-rate risk.

Table Fourteen (page 36), the narrative comments under the caption "Credit Risk Management And Credit Portfolio Review -- Nonperforming Assets" (pages 36 and 37), and Note One (page 54) of the Notes To Consolidated Financial Statements for information on the nonperforming assets of the registrant. Table Fifteen (page 36) for information on loans past due 90 days or more and still accruing interest. The narrative comments under the captions "Credit Risk Management And Credit Portfolio Review" (pages 32 through 35) and "Loans And Leases" (pages 28 and 29) and Tables Seventeen and Eighteen (pages 38 and 39) for a discussion of the

characteristics of the loan and lease portfolio.

Tables Twelve (page 34) and Thirteen (page 35), the narrative comments under the captions "Provision for Credit Losses" (pages 22 through 24) and "Credit Risk Management And Credit Portfolio Review -- Allowance for Credit Losses" (page 35) and Note One (page 54) of the Notes To Consolidated Financial Statements for information on the credit loss experience of the registrant.

Table Three (page 21) and the narrative comments under the caption "Deposits" (page 29) for deposit information.

"Six-Year Consolidated Statistical Summary" (page 73) for return on assets, return on equity and dividend payout ratio for 1991 through 1996, inclusive.

Table Nine (page 30) and Note Six (pages 60 and 61) of the Notes To Consolidated Financial Statements for information on the short-term borrowings of the registrant.

All tables, graphs, charts, summaries and narrative on pages 17 through 47 and pages 72 and 73 for additional data on the consolidated operations of the registrant and its majority-owned subsidiaries.

#### COMPETITION

The activities in which the registrant and its three major business units (the General Bank, Global Finance and Financial Services) engage are highly competitive. Generally, the lines of activity and markets served involve competition with other banks, savings and loan associations, credit unions and other non-bank financial institutions, such as investment banking firms, brokerage firms, mutual funds and insurance companies, as well as other entities which offer financial services, located both within and without the United States. The methods of competition center around various factors, such as customer services, interest rates on loans and deposits, lending limits and location of offices.

The commercial banking business in the various local markets served by the registrant's three major business units is highly competitive. The General Bank, Global Finance and Financial Services compete with other commercial banks, savings and loan associations, finance companies and other businesses which provide similar services. The three major business units actively compete in commercial lending activities with local, regional and international banks and non-bank financial organizations, some of which are larger than certain of the registrant's non-banking subsidiaries and the Banks. In its consumer lending operations, the competitors of the three major business units include other banks, savings and loan associations, credit unions, regulated small loan companies and other non-bank organizations offering financial services. In the investment banking, investment advisory and brokerage business, the registrant's non-banking subsidiaries compete with other banking and investment banking firms, investment advisory firms, brokerage firms, mutual funds and other organizations offering similar services. The registrant's mortgage banking subsidiary competes with commercial banks, savings and loan associations, government agencies, mortgage brokers and other non-bank organizations offering mortgage banking services. In the trust business, the Banks compete with other banks, investment counselors and insurance companies in national markets for institutional funds and corporate pension and profit sharing accounts. The Banks also compete with other banks, trust companies, insurance agents,

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financial counselors and other fiduciaries for personal trust business. The registrant and its three major business units also actively compete for funds. A primary source of funds for the Banks is deposits, and competition for deposits includes other deposit-taking organizations, such as commercial banks, savings and loan associations and credit unions, as well as money market mutual funds.

The registrant's ability to expand into additional states remains subject to various federal and state laws. See "Government Supervision and Regulation -- General" for a more detailed discussion of interstate banking and branching legislation and certain state legislation.

#### EMPLOYEES

As of December 31, 1996, the registrant and its subsidiaries had 62,971 full-time equivalent employees. Of the foregoing employees, 35,766 were employed by the General Bank, 5,178 were employed by Global Finance, 3,129 were employed by Financial Services, 14,815 were employed by NationsBanc Services, Inc. (a subsidiary providing operational support services to the registrant and its subsidiaries) and the remainder were employed by the registrant holding company and the registrant's other subsidiaries. As of December 31, 1996, BBI and its subsidiaries had 19,028 full-time equivalent employees. None of the registrant's domestic employees are covered by a collective bargaining agreement. Management considers its employee relations to be good.

#### ITEM 2. PROPERTIES

The principal offices of the registrant, as well as the General Bank and Global Finance, are located in the 60-story NationsBank Corporate Center in Charlotte, North Carolina, which is owned by a subsidiary of the registrant. The registrant occupies approximately 512,000 square feet at market rates under a lease which expires in 2002, and approximately 593,000 square feet of office space is available for lease to third parties at market rates. At December 31, 1996, substantially all of the space was occupied by the registrant or subject to existing third party leases or letters of intention to lease.

The principal offices of Financial Services are located in approximately 136,000 square feet of space leased by NationsCredit Corporation and NationsCredit Consumer Corporation in Irving, Texas, under a lease which expires in 2006, and 40,000 square feet of space leased by NationsCredit Commercial

Corporation in Stamford, Connecticut, under a lease which expires in 1998.

The registrant also leases or owns a significant amount of space in Albuquerque, New Mexico; Atlanta, Georgia; Baltimore, Maryland; Dallas, Texas; Richmond, Virginia; St. Louis, Missouri; and Wichita, Kansas; as well as additional premises in Charlotte and throughout its franchise. As of January 7, 1997, the registrant and its subsidiaries owned or leased approximately 3,340 locations in 22 states, the District of Columbia and 10 foreign countries.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, the registrant 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 registrant and its subsidiaries and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, environmental, banking and other laws. Management believes, based upon the advice of counsel, that these actions and proceedings and the losses, if any, resulting from the final outcome thereof, will not be material in the aggregate to the registrant's financial position or results of operations.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A special meeting of shareholders was held on December 20, 1996 (the "Special Meeting"). The registrant's Common Stock and ESOP Convertible Preferred Stock, Series C, voted together as a single class on the matters submitted to the shareholders at the Special Meeting. The following are voting results on each of these matters:

<TABLE>

<CAPTION>

<S>	For <C>	Against or Withheld <C>	Abstentions <C>	Broker Nonvotes <C>
1. The issuance of shares of the registrant's Common Stock and Convertible Preferred Stock, Series A, in the merger with Boatmen's Bancshares, Inc....	212,153,684	1,702,058	1,119,123	23,662,030
2. The amendment of the registrant's Restated Articles of Incorporation to increase the number of authorized shares of Common Stock to 1,250,000,000.....	231,010,690	6,040,086	1,586,119	0
3. The amendment and restatement of the NationsBank Corporation Key Employee Stock Plan.....	189,481,251	22,637,568	2,811,251	23,706,825

</TABLE>

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Pursuant to the Instructions to Form 10-K and Item 401(b) of Regulation S-K, the name, age and position of each executive officer and the principal accounting officer of the registrant are listed below along with such officer's business experience during the past five years. Officers are appointed annually by the Board of Directors at the meeting of directors immediately following the annual meeting of shareholders. There are no arrangements or understandings between any officer and any other person pursuant to which any officer was selected.

Andrew B. Craig, III, age 66, Chairman of the Board of the registrant. Mr. Craig was Chairman of the Board and Chief Executive Officer of Boatmen's Bancshares, Inc. from 1988 until January 7, 1997 when Boatmen's Bancshares, Inc. was merged with the registrant at which time he was elected as Chairman of the Board and a director of the registrant. He also served as President of Boatmen's Bancshares, Inc. from 1985 to 1994.

Fredric J. Figge, II, age 60, Chairman, Corporate Risk Policy of the registrant and of the Banks. Mr. Figge was named Chairman, Corporate Risk Policy in October 1993 and prior to that time served as Chairman, Credit Policy of the registrant and of the Banks. He first became an officer in 1987.

James H. Hance, Jr., age 52, Vice Chairman and Chief Financial Officer of the registrant. Mr. Hance was named Chief Financial Officer in August 1988, also served as Executive Vice President from March 1987 to October 1993 and was named Vice Chairman in October 1993. He first became an officer in 1987. He also serves as a director of NationsBank, N.A., NationsBank of Tennessee, N.A. and various other subsidiaries of the registrant.

Kenneth D. Lewis, age 49, President of the registrant. Mr. Lewis was named to his present position in October 1993. Prior to that time, from June 1990 to October 1993 he served as President of the registrant's General Bank. He first became an officer in 1971. Mr. Lewis also serves as Chairman and a director of NationsBank, N.A., as President and a director of NationsBank, N.A. (South) and as a director of NationsBank of Texas, N.A.

Hugh L. McColl, Jr., age 61, Chief Executive Officer of the registrant and Chief Executive Officer of the Banks. Mr. McColl was Chairman of the registrant from September 1983 until December 31, 1991, and from December 31, 1992 until January 7, 1997. He first became an officer in 1962. He also serves as a

director of the registrant.

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Marc D. Oken, age 50, Executive Vice President and Principal Accounting Officer of the registrant. He first became an officer in 1989.

F. William Vandiver, Jr., age 55, President of NationsBank Global Finance, which includes Corporate Finance/Capital Markets, Real Estate and Specialized Lending. Mr. Vandiver was named President of NationsBank Global Finance in January 1996. In 1984, he was named Investment Banking Company executive and president in 1988. He has been an officer since 1968. He also serves as President and a director of NationsBank, N.A.

#### PART II

#### ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

The principal market on which the registrant's common stock (the "Common Stock") is traded is the New York Stock Exchange. The Common Stock is also listed on the London Stock Exchange and the Pacific Stock Exchange, and certain shares are listed on the Tokyo Stock Exchange. The following table sets forth the high and low sales prices of Common Stock on the New York Stock Exchange Composite Transactions List, restated to give effect to the Split, for the periods indicated:

<TABLE>

<CAPTION>

	QUARTER	HIGH	LOW
<S>	<C>	<C>	<C>
1995	first	\$25 7/8	\$22 5/16
	second	28 7/8	24 13/16
	third	34 7/16	26 7/8
	fourth	37 3/8	32
1996	first	40 11/16	32 3/16
	second	42 5/16	37 3/8
	third	47 1/16	38 3/16
	fourth	52 5/8	43 1/8

</TABLE>

As of January 7,, 1997, there were 145,657 record holders of Common Stock. During 1995 and 1996, the registrant paid dividends on the Common Stock on a quarterly basis. The following table sets forth dividends declared per share of Common Stock for the periods indicated, restated to give effect to the Split:

<TABLE>

<CAPTION>

	QUARTER	DIVIDEND
<S>	<C>	<C>
1995	first	\$.25
	second	.25
	third	.25
	fourth	.29
1996	first	.29
	second	.29
	third	.29
	fourth	.33

</TABLE>

For additional information regarding the registrant's ability to pay dividends, see "Government Supervision and Regulation -- Distributions." Note Nine (page 63) of the Notes To Consolidated Financial Statements in the registrant's 1996 Annual Report to Shareholders is hereby incorporated by reference.

#### ITEM 6. SELECTED FINANCIAL DATA

The information set forth in Table One (page 18) in the registrant's 1996 Annual Report to Shareholders is hereby incorporated by reference.

#### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All of the information set forth under the captions "Management's Discussion and Analysis -- 1996 Compared to 1995" (pages 17 through 43), "Management's Discussion and Analysis -- 1995 Compared to 1994" (pages 43 through 47), "Report of Management" (page 48) and all tables, graphs and charts presented under

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the foregoing captions in the 1996 Annual Report to Shareholders of the registrant are hereby incorporated by reference.

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following information set forth in the 1996 Annual Report to Shareholders of the registrant is hereby incorporated by reference:

The Consolidated Financial Statements and Notes To Consolidated Financial Statements of NationsBank Corporation and Subsidiaries, together with the report thereon of Price Waterhouse LLP dated January 10, 1997 (pages 48 through 71); the unaudited information presented in Table Twenty (page 44); and the narrative comments under the caption "Fourth Quarter Review" (page 43).

#### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in or disagreements with accountants on accounting and financial disclosure.

PART III



ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information set forth under the caption "Election of Directors" on pages 2 through 8 of the definitive 1997 Proxy Statement of the registrant furnished to shareholders in connection with its Annual Meeting to be held on April 23, 1997 (the "1997 Proxy Statement") with respect to the name of each nominee or director, that person's age, positions and offices with the registrant, business experience, directorships in other public companies, service on the registrant's Board and certain family relationships, and information set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" on page 11 of the 1997 Proxy Statement with respect to Section 16 matters, is hereby incorporated by reference. The information required by Item 10 with respect to executive officers is set forth in Part I, Item 4A hereof.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to current remuneration of executive officers, certain proposed remuneration to them, their options and certain indebtedness and other transactions set forth in the 1997 Proxy Statement (i) under the caption "Board of Directors' Compensation" on pages 11 and 12 thereof, (ii) under the caption "Executive Compensation" on pages 12 and 13 thereof, (iii) under the caption "Retirement Plans" on pages 13 and 14 thereof, (iv) under the caption "Deferred Compensation Plan" on page 14 thereof, (v) under the caption "Special Compensation Arrangement" on page 14 thereof, (vi) under the caption "Compensation Committee Interlocks and Insider Participation" on page 18 thereof, and (vii) under the caption "Certain Transactions" on pages 18 and 19 thereof, is, to the extent such information is required by Item 402 of Regulation S-K, hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The security ownership information required by Item 403 of Regulation S-K relating to persons who beneficially own more than 5% of the outstanding shares of Common Stock, ESOP Preferred Stock or 7% Cumulative Redeemable Preferred Stock, Series B, as well as security ownership information relating to directors, nominees and named executive officers individually and directors and executive officers as a group, is hereby incorporated by reference to the ownership information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" on pages 8 through 10 of the 1997 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to relationships and related transactions between the registrant and any director, nominee for director, executive officer, security holder owning 5% or more of the registrant's voting securities or any member of the immediate family of any of the above, as set forth in the 1997 Proxy Statement under the caption "Compensation Committee Interlocks and Insider Participation" on page 18 and under the caption "Certain Transactions" on pages 18 and 19 thereof, is, to the extent such information is required by Item 404 of Regulation S-K, hereby incorporated by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

a. The following documents are filed as part of this report:

<TABLE> <CAPTION>		PAGE IN ANNUAL REPORT* <C>
<S>    <C>		
(1)	Financial Statements:	
	Report of Independent Accountants.....	48
	Consolidated Statement of Income for each of the three years ended December 31, 1996.....	49
	Consolidated Balance Sheet at December 31, 1996 and 1995.....	50
	Consolidated Statement of Cash Flows for each of the three years ended December 31, 1996.....	51
	Consolidated Statement of Changes in Shareholders' Equity for each of the three years ended December 31, 1996.....	52
	Notes to Consolidated Financial Statements.....	53-71
	* Incorporated by reference from the indicated pages of the 1996 Annual Report to Shareholders.	
(2)	All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.	

</TABLE>

b. The following reports on Form 8-K have been filed by the registrant during the quarter ended December 31, 1996:  
Current Report on Form 8-K dated October 15, 1996 and filed October 25, 1996, Items 5 and 7.  
Current Report on Form 8-K/A-2 dated August 29, 1996 and filed November 13, 1996, Item 7. The following financial statements of the business to be acquired (Boatmen's Bancshares, Inc.) were filed as part of this Current Report on Form 8-K/A-2:  
Consolidated Balance Sheets as of September 30, 1996 (unaudited), June 30, 1996 (unaudited) and December 31, 1995 and 1994;  
Consolidated Statements of Income for the nine months ended September 30, 1996 and 1995 (unaudited), the six months ended June 30, 1996 and 1995 (unaudited) and the years ended December 31, 1995

and 1994;  
Consolidated Statements of Changes in Shareholders' Equity for the nine months ended September 30, 1996 and 1995 (unaudited), the six months ended June 30, 1996 and 1995 (unaudited) and the years ended December 31, 1995 and 1994; and  
Consolidated Statements of Cash Flows for the nine months ended September 30, 1996 and 1995 (unaudited), the six months ended June 30, 1996 and 1995 (unaudited) and the years ended December 31, 1995 and 1994.

In addition, the following unaudited pro forma financial information was filed as part of this Current Report on Form 8-K/A-2:  
Unaudited Pro Forma Condensed Balance Sheet as of September 30, 1996;  
Unaudited Pro Forma Condensed Statement of Income for the nine months ended September 30, 1996; and  
Unaudited Pro Forma Condensed Statement of Income for the year ended December 31, 1995.  
Current Report on Form 8-K dated November 8, 1996 and filed November 14, 1996, Items 5 and 7.

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Current Report on Form 8-K dated November 27, 1996 and filed December 4, 1996, Items 5 and 7.  
Current Report on Form 8-K dated December 10, 1996 and filed December 17, 1996, Items 5 and 7.  
Current Report on Form 8-K dated December 13, 1996 and filed December 17, 1996, Items 5 and 7.

- c. The exhibits filed as part of this report and exhibits incorporated herein by reference to other documents are listed in the Index to Exhibits to this Annual Report on Form 10-K (pages E-1 through E-5, including executive compensation plans and arrangements which are identified separately by asterisk).

With the exception of the information herein expressly incorporated by reference, the 1996 Annual Report to Shareholders and the 1997 Proxy Statement are not to be deemed filed as part of this Annual Report on Form 10-K.

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#### SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NATIONSBANK CORPORATION

Date: March 28, 1997

By: \*/s/ Hugh L. McColl, Jr.

HUGH L. MCCOLL, JR.

CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

SIGNATURE	TITLE	DATE
<C>	<S>	<C>
*/s/ Hugh L. McColl, Jr. (HUGH L. MCCOLL, JR.)	Chief Executive Officer and Director (Principal Executive Officer)	March 28, 1997
*/s/ James H. Hance, Jr. (JAMES H. HANCE, JR.)	Vice Chairman and Chief Financial Officer (Principal Financial Officer)	March 28, 1997
*/s/ Marc D. Oken (MARC D. OKEN)	Executive Vice President (Principal Accounting Officer)	March 28, 1997
*/s/ Andrew B. Craig, III (ANDREW B. CRAIG, III)	Chairman of the Board	March 28, 1997
*/s/ Ronald W. Allen (RONALD W. ALLEN)	Director	March 28, 1997
*/s/ Ray C. Anderson (RAY C. ANDERSON)	Director	March 28, 1997
*/s/ William M. Barnhardt (WILLIAM M. BARNHARDT)	Director	March 28, 1997
*/s/ B. A. Bridgewater, JR. (B. A. BRIDGEWATER, JR.)	Director	March 28, 1997
*/s/ Thomas E. Capps (THOMAS E. CAPPS)	Director	March 28, 1997
*/s/ Charles W. Coker (CHARLES W. COKER)	Director	March 28, 1997
*/s/ Thomas G. Cousins	Director	March 28, 1997

(THOMAS G. COUSINS)

*s/	Alan T. Dickson (ALAN T. DICKSON)	Director	March 28, 1997
*s/	W. Frank Dowd, Jr. (W. FRANK DOWD, JR.)	Director	March 28, 1997
*s/	Paul Fulton (PAUL FULTON)	Director	March 28, 1997

</TABLE>

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<TABLE>

<CAPTION>

<C>	SIGNATURE	<S>	TITLE	<C>	DATE
*s/	Timothy L. Guzzle (TIMOTHY L. GUZZLE)	Director		March 28, 1997	
*s/	C. Ray Holman (C. RAY HOLMAN)	Director		March 28, 1997	
*s/	W. W. Johnson (W. W. JOHNSON)	Director		March 28, 1997	
*s/	Russell W. Meyer, Jr. (RUSSELL W. MEYER, JR.)	Director		March 28, 1997	
	(JOHN J. MURPHY)	Director		March , 1997	
*s/	Richard B. Priory (RICHARD B. PRIORY)	Director		March 28, 1997	
*s/	John C. Slane (JOHN C. SLANE)	Director		March 28, 1997	
*s/	O. Temple Sloan, Jr. (O. TEMPLE SLOAN, JR.)	Director		March 28, 1997	
*s/	John W. Snow (JOHN W. SNOW)	Director		March 28, 1997	
*s/	Meredith R. Spangler (MEREDITH R. SPANGLER)	Director		March 28, 1997	
*s/	Robert H. Spilman (ROBERT H. SPILMAN)	Director		March 28, 1997	
*s/	Albert E. Suter (ALBERT E. SUTER)	Director		March 28, 1997	
*s/	Ronald Townsend (RONALD TOWNSEND)	Director		March 28, 1997	
*s/	Jackie M. Ward (JACKIE M. WARD)	Director		March 28, 1997	
*s/	Virgil R. Williams (VIRGIL R. WILLIAMS)	Director		March 28, 1997	

\*By: /s/ Charles M. Berger  
CHARLES M. BERGER, ATTORNEY-IN-FACT

</TABLE>

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INDEX TO EXHIBITS

<TABLE>

<CAPTION>

EXHIBIT NO.

<C>	<S>	<C>	DESCRIPTION
-----	-----	-----	-------------

3.	(a)	Restated Articles of Incorporation of registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3.1 of registrant's Current Report on Form 8-K dated December 31, 1996.
	(b)	Amended and Restated Bylaws of registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3(b) of registrant's Annual Report on Form 10-K dated March 29, 1996 (the "1995 Form 10-K").
4.	(a)	Specimen certificate of registrant's Common Stock, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-45542.
	(b)	Specimen certificate of registrant's ESOP Convertible Preferred Stock, Series C, incorporated by reference to Exhibit 4(c) of registrant's Annual Report on Form 10-K dated March 25, 1992.

- (c) Indenture dated as of August 1, 1982 between registrant and Morgan Guaranty Trust Company of New York, pursuant to which registrant issued its 7 3/4% Debentures, due 2002, incorporated by reference to Exhibit 4.2 of registrant's Registration No. 2-78530.
- (d) Indenture dated as of September 1, 1989 between registrant and The Bank of New York, pursuant to which registrant issued its 9 3/8% Subordinated Notes, due 2009; its 10.20% Subordinated Notes, due 2015; its 9 1/8% Subordinated Notes, due 2001; and its 8 1/8% Subordinated Notes, due 2002, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-30717.
- (e) Indenture dated as of January 1, 1992 between registrant and BankAmerica Trust Company of New York, pursuant to which registrant issued its 6 5/8% Senior Notes, due 1998, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-54784.
- (f) Indenture dated as of November 1, 1992 between registrant and The Bank of New York, pursuant to which registrant issued its 6 7/8% Subordinated Notes, due 2005, incorporated by reference to Exhibit 4.1 of registrant's Amendment to Application or Report on Form 8 dated March 1, 1993.
- (g) First Supplemental Indenture dated as of July 1, 1993 to the Indenture dated as of January 1, 1992 between registrant and BankAmerica National Trust Company (formerly BankAmerica Trust Company of New York), pursuant to which registrant issued its Senior Medium-Term Notes, Series A, B and C; its 5 1/8% Senior Notes, due 1998; and its 5 3/8% Senior Notes, due 2000, incorporated by reference to Exhibit 4.1 of registrant's Current Report on Form 8-K dated July 6, 1993.
- (h) First Supplemental Indenture dated as of July 1, 1993 to the Indenture dated as of November 1, 1992 between registrant and The Bank of New York, pursuant to which registrant issued its Subordinated Medium-Term Notes, Series A and B; its 6 1/2% Subordinated Notes, due 2003; and its 7 3/4% Subordinated Notes, due 2004, incorporated by reference to Exhibit 4.4 of registrant's Current Report on Form 8-K dated July 6, 1993.
- (i) Indenture dated as of January 1, 1995 between registrant and BankAmerica National Trust Company, pursuant to which registrant issued its Floating Rate Senior Notes, due 1998; its 7% Senior Notes, due, 2003; its 7% Senior Notes, due 2001; and its Senior Medium-Term Notes, Series D, E and F, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-57533.
- (j) Indenture dated as of January 1, 1995 between registrant and The Bank of New York, pursuant to which registrant issued its 7 5/8% Subordinated Notes, due 2005; its 7 3/4% Subordinated Notes, due 2015; its 7 1/4% Subordinated Notes, due 2025; its 6 1/2% Subordinated Notes, due 2006; its 7.80% Subordinated Notes, due 2016; and its Subordinated Medium-Term Notes, Series D, E and F, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-57533.
- (k) Fiscal and Paying Agency Agreement dated as of July 5, 1995, between registrant and The Chase Manhattan Bank, N.A. (London Branch), pursuant to which registrant issued its Floating Rate Senior Notes, due 2000, incorporated by reference to Exhibit 4(l) of the 1995 Form 10-K.
- (l) Agency Agreement dated as of November 8, 1995 between registrant and The Chase Manhattan Bank, N.A. (London Branch), pursuant to which registrant issued its Senior Euro Medium-Term Notes, as amended and restated dated as of July 5, 1996.

</TABLE>

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<CAPTION> EXHIBIT NO. <C>		DESCRIPTION		<C>
<S>	<C>			
(m)		Issuing and Paying Agency Agreement dated as of April 10, 1995 between NationsBank, N.A. (as successor to NationsBank, N.A. (Carolinas)), NationsBank of Texas, N.A. and NationsBank, N.A. (South) (as successor to NationsBank of Georgia, N.A.), as Issuers, and Bankers Trust Company, as Issuing and Paying Agent, incorporated by reference to Exhibit 4(n) of the 1995 Form 10-K.		
(n)		Articles of Association of NationsBank, N.A. (South), incorporated by reference to Exhibit 4(o) of the 1995 Form 10-K.		
(o)		Statement of Designation relating to the NationsBank, N.A. (South) Series H Preferred Stock, incorporated by reference to Exhibit 4(p) of the 1995 Form 10-K.		
(p)		Statement of Designation relating to the NationsBank, N.A. (South) Series 1993A Preferred Stock, incorporated by reference to Exhibit 4(q) of the 1995 Form 10-K.		
(q)		Specimen certificate of registrant's 7% Cumulative Redeemable Preferred Stock, Series B.		
(r)		Indenture dated as of November 27, 1996 between the registrant and The Bank of New York, incorporated by reference to Exhibit 4.10 of registrant's Registration No. 333-15375.		
(s)		First Supplemental Indenture dated as of December 4, 1996 to the Indenture dated as of November 27, 1996 between the registrant and The Bank of New York pursuant to which the registrant issued its 7.84% Junior Subordinated Deferrable Interest Notes due 2026, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated November 27, 1996.		
(t)		Second Supplemental Indenture dated as of December 17, 1996 to the Indenture dated as of November 27, 1996 between the registrant and The Bank of New York pursuant to which the registrant issued its 7.83% Junior Subordinated Deferrable Interest Notes due 2026, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated December 10, 1996.		
(u)		Third Supplemental Indenture dated as of February 3, 1997 to the Indenture dated as of November 27, 1996 between the registrant and The Bank of New York pursuant to which the registrant issued its Floating Rate Junior Subordinated Deferrable Interest Notes due 2027, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated January 22, 1997.		
(v)		The registrant has other long-term debt agreements, but these are not material in amount. Copies of these agreements will be furnished to the Commission on request.		

10. (a) Limited Partnership Agreement of CSC Associates, L. P., between The Citizens and Southern Corporation and Cousins Properties Incorporated dated as of September 29, 1989, including Transfer of Partnership Interest between The Citizens and Southern Corporation and C&S Premises, Inc. and First Amendment thereto, both of which are incorporated by reference to Exhibit 10(ss) of registrant's Annual Report on Form 10-K dated March 25, 1992; and Second Amendment thereto dated as of December 31, 1990, incorporated by reference to Exhibit 10(a) of registrant's Annual Report on Form 10-K dated March 30, 1995.
- (b) The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(d) of registrant's Annual Report on Form 10-K dated March 30, 1994; Amendment thereto dated as of December 31, 1993, incorporated by reference to Exhibit 10(c) of registrant's Annual Report on Form 10-K dated March 30, 1995; Amendments thereto dated as of December 31, 1994 and August 1, 1995, both of which are incorporated by reference to Exhibit 10(b) of the 1995 Form 10-K; and Amendments thereto dated as of December 31, 1995, January 1, 1996, June 30, 1996 and October 1, 1996. \*
- (c) Investment Trust Agreement Under The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(e) of registrant's Annual Report on Form 10-K dated March 30, 1994. \*
- (d) ESOP Trust Agreement Under The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(f) of registrant's Annual Report on Form 10-K dated March 30, 1994. \*
- (e) Ancillary Trust Agreement for the Investment Trust of The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(g) of registrant's Annual Report on Form 10-K dated March 30, 1994. \*

</TABLE>

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<TABLE> <CAPTION> EXHIBIT NO. <C>		DESCRIPTION	<C>
(f)		Independent Agency Agreement for the Investment Trust of The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(h) of registrant's Annual Report on Form 10-K dated March 30, 1994.	*
(g)		NationsBank Corporation and Designated Subsidiaries Directors' Retirement Plan, incorporated by reference to Exhibit 10(f) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of September 28, 1994, incorporated by reference to Exhibit 10(i) of registrant's Annual Report on Form 10-K dated March 30, 1995; and Amendment thereto dated as of April 24, 1996.	*
(h)		NationsBank Corporation and Designated Subsidiaries Supplemental Executive Retirement Plan, incorporated by reference to Exhibit 10(j) of registrant's Annual Report on Form 10-K dated March 30, 1995; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(g) of registrant's Annual Report on Form 10-K dated March 28, 1990; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(g) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of registrant's Annual Report on Form 10-K dated March 25, 1992; Amendments thereto dated as of December 3, 1992 and December 15, 1992, both of which are incorporated by reference to Exhibit 10(l) of registrant's Annual Report on Form 10-K dated March 24, 1993; and Amendment thereto dated as of September 28, 1994, incorporated by reference to Exhibit 10(j) of registrant's Annual Report on Form 10-K dated March 30, 1995.	*
(i)		NationsBank Corporation and Designated Subsidiaries Deferred Compensation Plan for Key Employees, incorporated by reference to Exhibit 10(k) of registrant's Annual Report on Form 10-K dated March 30, 1995; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(h) of registrant's Annual Report on Form 10-K dated March 28, 1990; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(h) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of registrant's Annual Report on Form 10-K dated March 25, 1992; and Amendment thereto dated as of December 3, 1992, incorporated by reference to Exhibit 10(m) of registrant's Annual Report on Form 10-K dated March 24, 1993.	*
(j)		1986 Restricted Stock Award Plan of NationsBank Corporation, as amended, incorporated by reference to Exhibit 10(n) of registrant's Annual Report on Form 10-K dated March 24, 1993.	*
(k)		The NationsBank Pension Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(n) of registrant's Annual Report on Form 10-K dated March 30, 1994; Amendments thereto dated as of September 28, 1994, December 15, 1994 and December 28, 1994, all of which are incorporated by reference to Exhibit 10(m) of registrant's Annual Report on Form 10-K dated March 30, 1995; Amendments thereto dated as of June 28, 1995, July 5, 1995, August 24, 1995 and September 28, 1995, all of which are incorporated by reference to Exhibit 10(k) of the 1995 Form 10-K; and Amendments thereto dated as of December 31, 1995, June 26, 1996 and October 2, 1996.	*
(l)		NationsBank Corporation and Designated Subsidiaries Supplemental Retirement Plan, incorporated by reference to Exhibit 10(o) of registrant's Annual Report on Form 10-K dated March 30, 1994; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(k) of registrant's Annual Report on Form 10-K dated March 28, 1990; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(k) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of registrant's Annual Report on Form 10-K dated March 25, 1992; Amendments thereto dated as of December 3, 1992 and December 4, 1992, both of which are incorporated by reference to Exhibit 10(p) of registrant's Annual Report on Form 10-K	*

dated March 24, 1993; and Amendment thereto dated as of July 5, 1995, incorporated by reference to Exhibit 10(l) of the 1995 Form 10-K.

</TABLE>

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<CAPTION> EXHIBIT NO.		DESCRIPTION	
<C>	<S>	<C>	<C>
	(m)	NationsBank Corporation and Designated Subsidiaries Supplemental Executive Retirement Plan for Senior Management Employees, incorporated by reference to Exhibit 10(o) of registrant's Annual Report on Form 10-K dated March 30, 1995; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(l) of registrant's Annual Report on Form 10-K dated March 28, 1990; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(1) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of registrant's Annual Report on Form 10-K dated March 25, 1992; Amendments thereto dated as of December 3, 1992 and December 15, 1992, both of which are incorporated by reference to Exhibit 10(q) of registrant's Annual Report on Form 10-K dated March 24, 1993; and Amendment thereto dated as of September 28, 1994, incorporated by reference to Exhibit 10(o) of registrant's Annual Report on Form 10-K dated March 30, 1995.	*
	(n)	Split Dollar Agreement dated as of February 1, 1990 between registrant and Hugh L. McColl III, as Trustee for the benefit of Hugh L. McColl, Jr. and Jane S. McColl, incorporated by reference to Exhibit 10(s) of registrant's Annual Report on Form 10-K dated March 27, 1991.	*
	(o)	NationsBank Corporation Benefit Security Trust dated as of June 27, 1990, incorporated by reference to Exhibit 10(t) of registrant's Annual Report on Form 10-K dated March 27, 1991; First Supplement thereto dated as of November 30, 1992, incorporated by reference to Exhibit 10(v) of registrant's Annual Report on Form 10-K dated March 24, 1993; and Trustee Removal/Appointment Agreement dated as of December 19, 1995, incorporated by reference to Exhibit 10(o) of the 1995 Form 10-K.	*
	(p)	The NationsBank Retirement Savings Restoration Plan, as amended and restated effective July 1, 1996.	*
	(q)	Employment Arrangement with Fredric J. Figge, II dated July 27, 1987, incorporated by reference to Exhibit 10(tt) of registrant's Annual Report on Form 10-K dated March 25, 1992.	*
	(r)	NationsBank Corporation Executive Incentive Compensation Plan, as amended and restated effective July 1, 1996.	*
	(s)	NationsBank Corporation Key Employee Deferral Plan, as amended and restated effective July 1, 1996.	*
	(t)	NationsBank Corporation Director Deferral Plan, as amended and restated effective April 24, 1996.	*
	(u)	Special Trust Agreement under The NationsBank Pension Plan, as effective December 31, 1994, incorporated by reference to Exhibit 10(y) of registrant's Annual Report on Form 10-K dated March 30, 1995.	*
	(v)	NationsBank Corporation Key Employee Stock Plan, as amended and restated effective December 20, 1996.	*
	(w)	NationsBank Corporation Directors' Stock Plan, incorporated by reference to Exhibit 99.1 of registrant's Registration No. 333-02875.	*
	(x)	Amendment to Restricted Stock Award Plan Agreements with Hugh L. McColl, Jr. dated December 20, 1996.	*
	(y)	Agreement and Plan of Merger, by and between Boatmen's Bancshares, Inc. and registrant, dated as of August 29, 1996, incorporated by reference to Exhibit 2.1 of registrant's Registration No. 333-16189; Amendment thereto, dated as of November 11, 1996, incorporated by reference to Exhibit 2.2 of registrant's Registration No. 333-16189; and Amendment thereto, dated as of January 6, 1997.	*
	(z)	Employment Agreement, dated as of September 26, 1996, by and between registrant and Andrew B. Craig, III, incorporated by reference to Exhibit 10.1 of registrant's Registration No. 333-16189.	*
	(aa)	Employment Agreement, dated as of January 30, 1996, as amended May 17, 1996, by and between Boatmen's Bancshares, Inc. and Andrew B. Craig, III, incorporated by reference to Exhibit 10.2 of registrant's Registration No. 333-16189.	*
11.		Earnings per share computation.	
12.		(a) Ratio of Earnings to Fixed Charges.	
		(b) Ratio of Earnings to Fixed Charges and Preferred Dividends.	
13.		1996 Annual Report to Shareholders. This exhibit contains only those portions of the Annual Report that are incorporated by reference herein.	

</TABLE>

E-4

<CAPTION> EXHIBIT NO.		DESCRIPTION	
<C>	<S>	<C>	<C>
21.		List of Subsidiaries of Registrant.	
23.		Consent of Price Waterhouse LLP.	
24.		(a) Power of Attorney.	
		(b) Corporate Resolution.	
27.		Financial Data Schedule.	

</TABLE>

\* Denotes executive compensation plan or arrangement.

E-5



[FACE OF CERTIFICATE]

7% CUMULATIVE REDEEMABLE  
PREFERRED STOCK, SERIES B

NATIONSBANK CORPORATION

7% CUMULATIVE REDEEMABLE  
PREFERRED STOCK, SERIES B

NUMBER

SHARES

PB

INCORPORATED UNDER THE LAWS OF THE STATE OF NORTH CAROLINA

CUSIP 638585 60 4

SEE REVERSE FOR CERTAIN DEFINITIONS

This Certifies that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE STATED VALUE OF ONE HUNDRED DOLLARS  
EACH OF THE 7% CUMULATIVE REDEEMABLE PREFERRED STOCK, SERIES B OF

NationsBank Corporation transferable only on the Books of the Corporation in conformity with the Bylaws in person or by Attorney on the surrender of this certificate. This certificate is not valid until countersigned by the Transfer Agent.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

SECRETARY

[SEAL]

CHIEF EXECUTIVE OFFICER

countersigned:

chasemellon shareholder services, l.l.c.  
transfer agent

by

authorized signature

[REVERSE OF CERTIFICATE]

NATIONSBANK CORPORATION

NATIONSBANK CORPORATION'S AUTHORIZED CAPITAL STOCK INCLUDES COMMON STOCK AND ADDITIONAL SERIES OF PREFERRED STOCK WHICH, WHEN ISSUED, MAY HAVE CERTAIN PREFERENCES OR SPECIAL RIGHTS IN THE PAYMENT OF DIVIDENDS, IN VOTING, UPON LIQUIDATION, OR OTHERWISE. THE CORPORATION WILL, UPON REQUEST, FURNISH TO ANY SHAREHOLDER WITHOUT CHARGE INFORMATION IN WRITING AS TO EACH CLASS OR SERIES OF SUCH COMMON AND PREFERRED STOCK AUTHORIZED AND OUTSTANDING AND A COPY OF THE PORTIONS OF THE RESTATED ARTICLES OF INCORPORATION OR RESOLUTIONS CONTAINING THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF ALL SHARES AND ANY CLASS OR SERIES THEREOF. ANY SUCH REQUEST IS TO BE ADDRESSED TO THE TRANSFER AGENT NAMED ON THE FACE OF THIS CERTIFICATE.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN OR DESTROYED THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

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<S>	<C>	<C>	<C>	<C>
TEN COM	--	as tenants in common	UNIF GIF MIN ACT --	Custodian
TEN ENT	--	as tenants by the entireties		(Cust) (Minor)
JT TEN	--	as joint tenants with right of survivorship and not as tenants in common		under Uniform Gifts to Minor Act
				(State)

&lt;/TABLE&gt;



FOR VALUE RECEIVED,

HEREBY SELL, ASSIGN AND TRANSFER UNTO

\_\_\_\_\_

\_\_\_\_\_

SHARES OF THE CAPITAL STOCK REPRESENTED BY THE WITHIN CERTIFICATE, AND DO HEREBY  
IRREVOCABLY CONSTITUTE AND APPOINT

DATE \_\_\_\_\_  
SIGNATURE \_\_\_\_\_

SIGNATURE (S) GUARANTEED:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE  
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AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH  
MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE  
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PREFERRED STOCK, SERIES B

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[SEAL]

CHIEF EXECUTIVE OFFICER

countersigned:

chasemellon shareholder services, l.l.c.  
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				(State)

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

BOATMEN'S BANCSHARES, INC.

By: /s/ Gregory L. Curl  
Name: Gregory L. Curl  
Title: Vice Chairman

NATIONSBANK CORPORATION

By: /s/ James H. Hance, Jr.  
Name: James H. Hance, Jr.  
Title: Vice Chairman and  
Chief Financial Officer

NB HOLDINGS CORPORATION

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

BOATMEN'S BANCSHARES, INC.

By: /s/ Gregory L. Curl  
Name: Gregory L. Curl  
Title: Vice Chairman

NATIONSBANK CORPORATION

By: /s/ James H. Hance, Jr.  
Name: James H. Hance, Jr.  
Title: Vice Chairman and  
Chief Financial Officer

NB HOLDINGS CORPORATION

By: /s/ James H. Hance, Jr.  
Name: James H. Hance, Jr.  
Title: Vice Chairman and  
Chief Financial Officer

AMENDMENT #2  
TO  
AGREEMENT AND PLAN OF MERGER

AMENDMENT, dated as of January 6, 1997 (this "Amendment") between NationsBank Corporation, a North Carolina corporation ("Parent"), NB Holdings Corporation, a Delaware corporation and wholly-owned subsidiary of Parent ("Merger Sub") and Boatmen's Bancshares, Inc., a Missouri corporation (the "Company").

WHEREAS, Parent, the Company and Merger Sub have previously entered into that certain Agreement and Plan of Merger dated as of August 29, 1996, as amended on November 11, 1996 (the "Agreement"); and

WHEREAS, such persons wish to amend the Agreement in the manner set forth below.

NOW, THEREFORE, the parties hereto agree as follows:

1. All capitalized terms used herein, unless otherwise defined herein, shall have the meanings given them in the Agreement, and each reference in the Agreement to "this Agreement", "hereof", "herein", "hereunder" or "hereby" and each other similar reference shall be deemed to refer to the Agreement as amended hereby. All references to the Agreement in any other agreement between Parent and the Company relating to the transactions contemplated by the Agreement shall be deemed to refer to the Agreement as amended hereby.

2. Section 2.01(b) is hereby amended and restated in its entirety as follows:

(b) Effectiveness And Effects Of the Merger. Subject to the satisfaction or waiver of the conditions set forth in Article VII in accordance with this Agreement, the Merger shall become effective upon the filing in the office of the Secretary of State of Delaware of a certificate of merger or such later date and time as may be set forth in such certificate of merger in accordance with Section 252 of the General Corporation Law of the State of Delaware (the "GCL"). The Merger shall have the effects prescribed in Section 450 of the General and Business Corporation Law of Missouri and Section 252 of the GCL.

3. This Amendment shall be governed by and construed in accordance with the law of the State of Missouri, without regard to the conflicts of law rules of such state.

4. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

5. Except as expressly amended hereby, the Agreement shall remain in full force and effect.

-2-

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

BOATMEN'S BANCSHARES, INC.

By: /s/ Gregory L. Curl  
Name: Gregory L. Curl  
Title: Vice Chairman

NATIONSBANK CORPORATION

By: /s/ James H. Hance, Jr.  
Name: James H. Hance, Jr.  
Title: Vice Chairman and  
Chief Financial Officer

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By: /s/ Gregory L. Curl  
Name: Gregory L. Curl  
Title: Vice Chairman

NATIONSBANK CORPORATION

By: /s/ James H. Hance, Jr.  
Name: James H. Hance, Jr.  
Title: Vice Chairman and  
Chief Financial Officer

NB HOLDINGS CORPORATION

By: /s/ James H. Hance, Jr.  
Name: James H. Hance, Jr.  
Title: Vice Chairman and  
Chief Financial Officer

FULLY DILUTED EARNINGS PER COMMON SHARE AND FULLY DILUTED AVERAGE  
COMMON SHARES OUTSTANDING

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

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

<TABLE>  
<CAPTION>

	Year Ended December 31		
	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Average common shares outstanding .....	590,216	544,959	549,312
Dilutive effect of			
Convertible preferred stock .....	3,896	4,582	5,026
Stock options .....	9,418	4,726	2,808
	-----	-----	-----
Total fully dilutive shares .....	603,530	554,267	557,146
	=====	=====	=====
Income available to common shareholders .....	\$ 2,360	\$ 1,942	\$ 1,680
Preferred dividends paid on dilutive convertible preferred stock .....	7	8	10
	-----	-----	-----
Total net income available for common shareholders adjusted for full dilution .....	\$ 2,367	\$ 1,950	\$ 1,690
	=====	=====	=====
Fully diluted earnings per common share .....	\$ 3.92	\$ 3.52	\$ 3.03
	=====	=====	=====

</TABLE>



NATIONSBANK CORPORATION AND SUBSIDIARIES  
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

EXHIBIT 12(b)

(Dollars in Millions)

<TABLE>  
<CAPTION>

	Year ended December 31			
	1996	1995	1994	1993
1992				
---	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
EXCLUDING INTEREST ON DEPOSITS				
-----				
Income before taxes .....	\$ 3,634	\$ 2,991	\$ 2,555	\$
1,991 \$ 1,396				
Equity in undistributed (earnings) losses				
of unconsolidated subsidiaries.....	2	(7)	(3)	
(5) (1)				
Fixed charges:				
Interest expense (including				
capitalized interest) .....	4,125	4,480	2,896	
1,421 916				
Amortization of debt discount and				
appropriate issuance costs .....	20	12	8	
6 3				
1/3 of net rent expense .....	126	125	114	
96 91				
---	-----	-----	-----	-----
Total fixed charges .....	4,271	4,617	3,018	
1,523 1,010				
Preferred dividend requirements.....	22	13	15	
16 29				
Earnings (excluding capitalized interest) .....	\$ 7,907	\$ 7,601	\$ 5,570	\$
3,509 \$ 2,398				
=====	=====	=====	=====	
Fixed charges .....	\$ 4,293	\$ 4,630	\$ 3,033	\$
1,539 \$ 1,039				
=====	=====	=====	=====	
Ratio of Earnings to Fixed Charges .....	1.84	1.64	1.84	
2.28 2.31				
INCLUDING INTEREST ON DEPOSITS				
-----				
Income before taxes .....	\$ 3,634	\$ 2,991	\$ 2,555	\$
1,991 \$ 1,396				
Equity in undistributed (earnings) losses				
of unconsolidated subsidiaries.....	2	(7)	(3)	
(5) (1)				
Fixed charges:				
Interest expense (including				
capitalized interest) .....	7,447	7,761	5,310	
3,570 3,688				
Amortization of debt discount and				
appropriate issuance costs .....	20	12	8	
6 3				
1/3 of net rent expense .....	126	125	114	
96 91				
---	-----	-----	-----	-----
Total fixed charges .....	7,593	7,898	5,432	
3,672 3,782				
Preferred dividend requirements .....	22	13	15	
16 29				
Earnings (excluding capitalized interest) .....	\$ 11,229	\$ 10,882	\$ 7,984	\$
5,658 \$ 5,170				
=====	=====	=====	=====	

Fixed charges .....		\$ 7,615	\$ 7,911	\$ 5,447	\$
3,688	\$ 3,811				
		=====	=====	=====	
Ratio of Earnings to Fixed Charges .....		1.47	1.38	1.47	
1.53	1.36				

</TABLE>

NATIONSBANK CORPORATION AND SUBSIDIARIES  
RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

EXHIBIT 12(b)

(Dollars in Millions)

<TABLE>  
<CAPTION>

	Year ended December 31			
	1996	1995	1994	1993
1992				
<S>	<C>	<C>	<C>	<C>
<C>				
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Income before taxes .....	\$ 3,634	\$ 2,991	\$ 2,555	\$
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3,688      \$ 3,811					
		=====	=====	=====	
=====	=====				
Ratio of Earnings to Fixed Charges .....		1.47	1.38	1.47	
1.53      1.36					
</TABLE>					

1996 ANNUAL  
REPORT

Management's  
Discussion  
And Analysis

ON FEBRUARY 27, 1997, NATIONSBANK COMPLETED A 2-FOR-1 SPLIT OF ITS COMMON STOCK. ALL FINANCIAL DATA INCLUDED IN THE 1996 ANNUAL REPORT HAS BEEN RESTATED TO REFLECT THE IMPACT OF THE STOCK SPLIT.

1996 COMPARED TO 1995  
OVERVIEW

NationsBank Corporation (the Corporation), a multi-bank holding company headquartered in Charlotte, North Carolina, provides a diversified range of banking and certain non-banking financial services both domestically and internationally through three major Business Units: the GENERAL BANK, GLOBAL FINANCE and FINANCIAL SERVICES. After the acquisition of Boatmen's Bancshares, Inc. on January 7, 1997, the Corporation had approximately \$227 billion in assets, making it the fourth largest banking company in the United States.

The Corporation's continued earnings momentum was demonstrated through a 26-percent increase in operating net income to \$2.45 billion in 1996 compared to \$1.95 billion in 1995. Operating earnings per common share for 1996 increased 16 percent to \$4.13 from \$3.56 in 1995 and fully diluted operating earnings per share increased 15 percent to \$4.05. Including a merger-related charge of \$118 million (\$77 million, net of tax), net income increased 22 percent to \$2.38 billion, earnings per share rose 12 percent to \$4.00 and fully diluted earnings per share increased 11 percent to \$3.92.

KEY PERFORMANCE HIGHLIGHTS FOR

1996 WERE:

- (bullet) Operating return on average common shareholders' equity increased 152 basis points to 18.53 percent from 17.01 percent in 1995. Including the merger-related charge, return on average common shareholders' equity increased to 17.95 percent for 1996.
- (bullet) Taxable-equivalent net interest income rose 16 percent to \$6.4 billion in 1996 due to the impact of acquisitions, higher spreads in the securities portfolio, growth in average consumer loans and an increase in noninterest-bearing deposits. The net interest yield increased to 3.62 percent compared to 3.33 percent in 1995.
- (bullet) Provision for credit losses covered net charge-offs and totaled \$605 million in 1996 compared to \$382 million in 1995, reflecting the continuation of a return to more normalized levels of credit losses following periods of unusually low credit losses. Net charge-offs totaled \$598 million, or .48 percent of average loans, leases and factored accounts receivable, versus .38 percent in 1995. Nonperforming assets increased to \$1.0 billion on December 31, 1996 compared to \$853 million on December 31, 1995 due primarily to acquisitions.
- (bullet) Noninterest income increased 18.5 percent to \$3.6 billion in 1996, driven primarily by higher deposit account service charges, investment banking income and mortgage servicing and mortgage-related fees.
- (bullet) Noninterest expense increased 9.7 percent to \$5.7 billion. Excluding the impact of acquisitions, noninterest expense increased only 4 percent.
- (bullet) Revenue growth continued to outpace expense growth in 1996, improving the efficiency ratio 351 basis points to 56.3 percent.
- (bullet) Cash basis ratios, which measure operating performance excluding intangible assets and the related amortization expense, improved with cash basis earnings per share rising 15 percent to \$4.34 and return

Management's Discussion And Analysis 17

<TABLE>

<CAPTION>

TABLE ONE. FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

=====

(DOLLARS IN MILLIONS EXCEPT PER-SHARE INFORMATION)

	1996	1995	1994	1993
1992				
-----				
<S>	<C>	<C>	<C>	<C>
<C>				
INCOME STATEMENT				
Income from earning assets.....	\$13,796	\$13,220	\$10,529	\$8,327
\$7,780				
Interest expense.....	7,467	7,773	5,318	3,690
3,682				
Net interest income (taxable-equivalent).....	6,423	5,560	5,305	4,723
4,190				
Net interest income.....	6,329	5,447	5,211	4,637
4,098				
Provision for credit losses.....	605	382	310	430
715				
Gains (losses) on sales of securities.....	67	29	(13)	84
249				
Noninterest income.....	3,646	3,078	2,597	2,101
1,913				
Other real estate owned expense (income).....	20	18	(12)	78
183				
Merger-related charge.....	118	-	-	30
-				
Other noninterest expense.....	5,665	5,163	4,942	4,293
3,966				
Income before taxes and effect of change in method of accounting for income taxes.....	3,634	2,991	2,555	1,991
1,396				
Income tax expense.....	1,259	1,041	865	690
251				
Income before effect of change in method of accounting for income taxes.....	2,375	1,950	1,690	1,301
1,145				
Effect of change in method of accounting for income taxes.....	-	-	-	200
-				
Net income.....	2,375	1,950	1,690	1,501
1,145				
Net income available to common shareholders.....	2,360	1,942	1,680	1,491
1,121				
Net income (excluding merger-related charge).....	2,452	1,950	1,690	1,521
1,145				
Average common shares issued (in thousands).....	590,216	544,959	549,312	515,938
487,496				
PER COMMON SHARE				
Earnings before effect of change in method of accounting for income taxes.....	\$4.00	\$3.56	\$3.06	\$2.50
\$2.30				
Earnings.....	4.00	3.56	3.06	2.89
2.30				
Earnings (excluding merger-related charge).....	4.13	3.56	3.06	2.93
2.30				
Fully diluted earnings per share.....	3.92	3.52	3.03	2.86
2.26				
Fully diluted earnings per share (excluding merger-related charge)..<	4.05	3.52	3.03	2.90
2.26				
Cash basis earnings (excluding merger-related charge) (1).....	4.34	3.78	3.28	3.10
2.48				
Cash dividends paid.....	1.20	1.04	.94	.82
.76				
Shareholders' equity (year-end).....	23.69	23.26	19.85	18.20
15.40				
BALANCE SHEET (YEAR-END)				
Total loans, leases and factored accounts receivable, net of unearned income.....	122,630	117,033	103,371	92,007
72,714				
Total assets.....	185,794	187,298	169,604	157,686
118,059				
Total deposits.....	106,498	100,691	100,470	91,113
82,727				
Long-term debt.....	22,985	17,775	8,488	8,352
3,066				
Common shareholders' equity.....	13,586	12,759	10,976	9,859
7,793				
Total shareholders' equity.....	13,709	12,801	11,011	9,979
7,814				
PERFORMANCE RATIOS				
Return on average assets.....	1.18%	1.03%	1.02%	.97%
1.00%				
Return on average assets (excluding merger-related charge).....	1.22	1.03	1.02	.98
1.00				
Return on average tangible assets (excluding merger-related charge) (1).....	1.30	1.11	1.10	1.06
1.08				
Return on average common shareholders' equity (2).....	17.95	17.01	16.10	15.00
15.83				

Return on average common shareholders' equity (excluding merger-related charge) (2).....	18.53	17.01	16.10	15.23
15.83				
Return on average tangible common shareholders' equity (excluding merger-related charge) (1) (2).....	22.80	20.74	19.85	18.34
19.46				
Tier 1 capital ratio.....	7.76	7.24	7.43	7.41
7.54				
Total capital ratio.....	12.66	11.58	11.47	11.73
11.52				
Leverage capital ratio.....	7.09	6.27	6.18	6.00
6.16				
Total equity to total assets.....	7.38	6.83	6.49	6.33
6.62				
MARKET PRICE PER SHARE OF COMMON STOCK				
Market price of common stock (close at the end of the year).....	\$48 7/8	\$34 13/16	\$22 9/16	\$24 1/2
\$25 11/16				
High for the year.....	52 5/8	37 3/8	28 11/16	29
26 11/16				
Low for the year.....	32 3/16	22 5/16	21 11/16	22 1/4
19 13/16				

</TABLE>

(1) CASH BASIS RATIOS EXCLUDE INTANGIBLE ASSETS AND THE RELATED AMORTIZATION EXPENSE.

(2) AVERAGE COMMON SHAREHOLDERS' EQUITY DOES NOT INCLUDE THE EFFECT OF MARKET VALUE ADJUSTMENTS TO SECURITIES AVAILABLE FOR SALE AND MARKETABLE EQUITY SECURITIES.

IN 1993, RETURN ON AVERAGE ASSETS AND RETURN ON EQUITY AFTER THE TAX BENEFIT FROM THE IMPACT OF ADOPTING A NEW INCOME TAX ACCOUNTING STANDARD WERE 1.12% AND 17.33%, RESPECTIVELY.

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on average tangible common shareholders' equity increasing over 200 basis points to 22.80 percent.

HIGHLIGHTS FROM A BUSINESS UNIT PERSPECTIVE WERE:

(bullet) The GENERAL BANK'S 1996 earnings increased 35 percent to \$1.6 billion. Return on equity increased approximately 300 basis points to 22 percent in 1996. Revenue growth and expense control led to a 520 basis-point improvement in the efficiency ratio in 1996 to 58.6 percent.

(bullet) GLOBAL FINANCE's earnings rose to \$635 million in 1996. Return on equity remained constant at 16 percent in 1996. The efficiency ratio improved slightly to 53.5 percent.

(bullet) FINANCIAL SERVICES' earnings rose 29 percent to \$166 million in 1996. Return on equity remained constant at 14 percent in 1996. The efficiency ratio was 45.1 percent in 1996 compared to 42.1 percent in 1995 due primarily to office consolidation costs in 1996.

The remainder of management's discussion and analysis of the consolidated results of operations and financial condition of the Corporation should be read together with the consolidated financial statements and related notes presented on pages 49 through 71.

#### BUSINESS UNIT OPERATIONS

The Business Units are managed with a focus on numerous performance objectives including return on equity, operating efficiency and net income. TABLE TWO summarizes key performance measures for each of the Business Units.

The net interest income of the Business Units reflects the results of a funds transfer pricing process which derives net interest

<TABLE>

<CAPTION>

TABLE TWO. BUSINESS UNIT SUMMARY

=====				
=====				
(DOLLARS IN MILLIONS)	GENERAL BANK		GLOBAL FINANCE	
SERVICES			FINANCIAL	
-	-----		-----	
-----				
	1996	1995	1996	1995

<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Net interest income (taxable-equivalent) .....	\$4,602	\$3,817	\$1,202	\$1,186	\$572
\$527					
Noninterest income .....	2,500	2,100	1,019	910	122
68					
Total revenue .....	7,102	5,917	2,221	2,096	694
595					
Provision for credit losses .....	438	267	43	-	124
115					
Gains on sales of securities .....	25	-	-	-	-
-					
Other real estate owned expense (income) .....	16	11	(5)	(7)	9
14					
Noninterest expense .....	4,165	3,776	1,188	1,136	313
250					
Income before income taxes .....	2,508	1,863	995	967	248
216					
Income tax expense .....	916	688	360	358	82
87					
Net income (1) .....	\$1,592	\$1,175	\$635	\$609	\$166
\$129					
Net interest yield (2) .....	4.68%	4.69%	3.09% (3)	3.39% (3)	7.10%
7.30%					
Average equity to assets .....	6.8%	6.8%	4.9%	5.4%	14.1%
12.2%					
Return on equity .....	22%	19%	16%	16%	14%
14%					
Efficiency ratio .....	58.6%	63.8%	53.5%	54.2%	45.1%
42.1%					
Average (2) (4)					
Total loans and leases, net of unearned income .....	\$78,708	\$68,607	\$36,117	\$34,195	\$8,022
\$7,204					
Total deposits .....	87,904	77,333	8,212	7,160	-
-					
Total assets .....	104,395	88,918	78,368	71,833	8,528
7,699					
Year-end (2) (4)					
Total loans and leases, net of unearned income .....	76,815	74,031	36,763	35,187	8,279
7,798					
Total deposits .....	90,080	79,549	8,321	7,861	-
-					

income by matching assets and liabilities with similar interest rate sensitivity and maturity characteristics. Equity capital is allocated to each Business Unit based on an assessment of its inherent risk.

The GENERAL BANK provides comprehensive services in the retail and commercial banking fields. Within the GENERAL BANK, the BANKING GROUP, which contains the



retail banking network, is the service provider for small and medium-size companies and individuals. On December 31, 1996, the BANKING GROUP had 1,979 banking offices located in the states of Florida, Georgia, Kentucky, Maryland, North Carolina, South Carolina, Tennessee, Texas and Virginia and the District of Columbia. In addition, fully-automated, 24-hour cash dispensing and depositing services are provided throughout these states through 3,948 automated teller machines. Specialized services, such as the origination and servicing of home mortgage loans, the issuance and servicing of credit cards, indirect lending, dealer finance and certain insurance services, are provided throughout the Corporation's franchise, and on a nationwide basis for certain products, through the FINANCIAL PRODUCTS group of the GENERAL BANK. The GENERAL BANK also contains the ASSET MANAGEMENT GROUP which includes INVESTING AND INVESTMENT MANAGEMENT, which provides retirement services for defined benefit and defined contribution plans, full service and discount brokerage services and investment advisory services, including advising the Nations Funds family of mutual funds, and THE PRIVATE CLIENT GROUP, which offers banking, fiduciary and investment management services.

The GENERAL BANK'S earnings increased 35 percent to \$1.6 billion in 1996. The BANKING GROUP'S strong loan growth and growth in fee income accounted for most of the increased earnings over 1995. The GENERAL BANK'S return on equity rose approximately 300 basis points to 22 percent. Taxable-equivalent net interest income increased 21 percent including the impact of acquisitions. Excluding the impact of acquisitions and securitizations, net interest income increased 10 percent. Average loans and leases in the GENERAL BANK increased 15 percent primarily attributable to residential mortgages acquired through acquisitions.

Noninterest income rose 19 percent to \$2.5 billion led by increases in deposit service fee income, increased mortgage servicing and production fees, a gain related to the change in control of Gartmore plc and a gain on the sale of certain consumer loans. Noninterest expense increased 10 percent, which was significantly below the total revenue growth of 20 percent. Acquisition-related and other increases in personnel and higher general operating expense accounted for most of the expense growth. Excluding acquisitions, noninterest expense increased only 3 percent. Strong revenue growth offset moderate expense growth, resulting in a 520 basis-point improvement in the efficiency ratio.

GLOBAL FINANCE provides comprehensive corporate and investment banking services to domestic and international customers through its CORPORATE FINANCE/CAPITAL MARKETS, SPECIALIZED LENDING and REAL ESTATE units. The GLOBAL FINANCE group serves as a principal lender and investor as well as an advisor, and manages treasury and trade transactions for clients and customers. Loan origination and syndication, asset-backed lending, leasing, factoring, project finance and mergers and acquisitions are representative of the services provided. These services are provided through various domestic offices as well as offices located in London, Singapore, Bogota, Mexico City, Grand Cayman, Nassau, Seoul, Tokyo, Osaka, Bombay, Jakarta, Taipei, Sao Paulo and Hong Kong. Through its Section 20 subsidiary, NATIONSBANC CAPITAL MARKETS, INC., GLOBAL FINANCE underwrites, distributes and makes markets in high-grade and high-yield securities. Additionally, GLOBAL FINANCE is a primary dealer of U.S. Government securities and is a market maker in derivatives products which include swap agreements, option contracts, forward settlement contracts, financial futures and other derivative products in certain interest rate, foreign exchange, commodity and equity markets. In support of these activities, GLOBAL FINANCE takes positions to support client demands and its own account. Major centers for the above activities are Charlotte, Chicago, London, New York, Singapore and Tokyo.

GLOBAL FINANCE'S earnings increased 4 percent to \$635 million in 1996, resulting in a consistent return on equity of 16 percent. Taxable-equivalent net interest income increased \$16 million over 1995 due to loan growth which was partially offset by competitive loan pricing. Loan growth, primarily commercial, was concentrated in the CORPORATE FINANCE/CAPITAL MARKETS and SPECIALIZED LENDING units.

<TABLE>  
<CAPTION>

TABLE THREE. 12-MONTH TAXABLE-EQUIVALENT DATA

=====								
(DOLLARS IN MILLIONS)								
			1996			1995		
1994								
-----								

## EXPENSE RATES

-----									
-----									
<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>									
Earning assets									
Loans and leases, net of unearned income (1)									
7.56%	Commercial (2) .....	\$49,553	\$4,042	8.16%	\$46,358	\$3,797	8.19%	\$41,606	\$3,147
8.18	Real estate commercial .....	6,090	550	9.03	7,195	669	9.30	7,780	636
8.49	Real estate construction .....	3,165	281	8.89	3,106	302	9.73	3,155	268
-----									
7.71	Total commercial .....	58,808	4,873	8.29	56,659	4,768	8.42	52,541	4,051
-----									
7.62	Residential mortgage .....	27,813	2,169	7.80	20,562	1,600	7.78	14,980	1,141
12.84	Credit card .....	6,228	733	11.77	5,013	641	12.78	3,956	508
9.26	Other consumer .....	22,467	2,218	9.87	21,940	2,209	10.07	19,768	1,831
-----									
8.99	Total consumer .....	56,508	5,120	9.06	47,515	4,450	9.37	38,704	3,480
-----									
6.10	Foreign .....	2,664	183	6.87	2,036	157	7.71	1,417	86
7.50	Lease financing .....	4,288	324	7.58	3,277	249	7.59	2,344	176
-----									
8.20	Total loans and leases, net .....	122,268	10,500	8.59	109,487	9,624	8.79	95,006	7,793
-----									
Securities									
5.06	Held for investment .....	3,442	193	5.59	15,521	864	5.57	15,048	761
5.20	Available for sale (3) .....	17,295	1,146	6.63	10,272	642	6.25	12,386	644
-----									
5.12	Total securities .....	20,737	1,339	6.46	25,793	1,506	5.84	27,434	1,405
-----									
6.63	Loans held for sale .....	1,078	79	7.30	322	24	7.47	339	23
4.59	Federal funds sold .....	389	23	5.95	774	47	6.10	983	45
4.05	Securities purchased under agreements to resell	12,445	643	5.16	14,385	890	6.19	12,406	502
-----									
5.12	Time deposits placed and other short-term investments .....	1,436	80	5.54	2,066	142	6.87	1,762	90
7.32	Trading account securities (4) .....	19,047	1,226	6.44	14,177	1,100	7.76	10,451	765
-----									
7.16	Total earning assets (5) .....	177,400	13,890	7.83	167,004	13,333	7.98	148,381	10,623
-----									
Cash and cash equivalents .....		7,807			7,820			8,271	
Factored accounts receivable .....		1,135			1,163			1,252	
Other assets, less allowance for credit losses .		14,543			12,560			8,415	
-----									
Total assets .....		\$200,885			\$188,547			\$166,319	
=====									
Interest-bearing liabilities									
2.33	Savings .....	\$9,024	201	2.22	\$8,575	204	2.37	\$9,116	212
2.34	NOW and money market deposit accounts .....	30,243	763	2.52	27,640	740	2.68	29,724	696
4.17	Consumer CDs and IRAs (6) .....	30,034	1,585	5.28	24,840	1,290	5.19	23,937	999

Negotiated CDs, public funds and other time deposits .....	3,114	171	5.49	2,992	166	5.56	3,319	133
4.02 Foreign time deposits .....	11,180	602	5.38	14,103	881	6.25	7,544	375
4.98 Federal funds purchased .....	4,694	251	5.35	5,455	322	5.91	5,397	219
4.07 Securities sold under agreements to repurchase (6) .....	28,517	1,531	5.37	30,336	1,863	6.14	24,903	1,075
4.32 Commercial paper .....	2,966	165	5.57	2,804	171	6.10	2,482	111
4.46 Other short-term borrowings (6) .....	3,344	208	6.22	5,690	354	6.20	5,015	213
4.25 Trading account liabilities (4) .....	10,137	653	6.44	12,025	896	7.45	10,526	735
6.98 Long-term debt (7) .....	20,603	1,337	6.51	12,652	886	7.00	8,033	550
6.85 -----								
-----								
Total interest-bearing liabilities .....	153,856	7,467	4.85	147,112	7,773	5.28	129,996	5,318
4.09 Noninterest-bearing sources								
Noninterest-bearing deposits .....	23,990			21,128			20,097	
Other liabilities .....	9,776			8,856			5,742	
Shareholders' equity .....	13,263			11,451			10,484	
-----								
-----								
Total liabilities and shareholders' equity .....	\$200,885			\$188,547			\$166,319	
=====								
Net interest spread .....			2.98			2.70		
3.07 Impact of noninterest-bearing sources .....			.64			.63		
.51 -----								
-----								
Net interest income/yield on earning assets ....	\$6,423	3.62%		\$5,560	3.33%		\$5,305	
3.58% -----								
=====								

</TABLE>

- (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. INTEREST RATE SWAPS INCREASED (DECREASED) INTEREST INCOME \$26, (\$209) AND \$62 IN 1996, 1995 AND 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) THE FAIR VALUES OF DERIVATIVES-DEALER POSITIONS ARE REPORTED IN OTHER ASSETS AND LIABILITIES, RESPECTIVELY.
- (5) INTEREST INCOME INCLUDES TAXABLE-EQUIVALENT ADJUSTMENTS OF \$94, \$113 AND \$94 IN 1996, 1995 AND 1994, RESPECTIVELY.
- (6) SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE, OTHER SHORT-TERM BORROWINGS AND CONSUMER CDS INTEREST EXPENSE INCLUDES NET INTEREST RATE SWAP EXPENSE RELATED TO SWAPS FIXING THE COST OF CERTAIN OF THESE LIABILITIES. INTEREST RATE SWAPS INCREASED INTEREST EXPENSE \$66, \$28 AND \$35 IN 1996, 1995 AND 1994, RESPECTIVELY.
- (7) LONG-TERM DEBT INTEREST EXPENSE INCLUDES NET INTEREST RATE SWAP EXPENSE RELATED TO SWAPS PRIMARILY CONVERTING THE COST OF CERTAIN FIXED-RATE DEBT TO VARIABLE RATE. INTEREST RATE SWAPS INCREASED (DECREASED) INTEREST EXPENSE (\$12) AND \$2 IN 1996 AND 1995, RESPECTIVELY.

#### Management's Discussion And Analysis 21

Continued progress was made in reducing average commercial real estate outstandings by \$1.3 billion in 1996.

Noninterest income increased 12 percent over 1995, with most of the growth concentrated in investment banking income. Noninterest expense rose only 4.6 percent, contributing to a 70 basis-point improvement in the efficiency ratio.

FINANCIAL SERVICES is primarily comprised of the holding company, NATIONSCREDIT CORPORATION, which includes NATIONSCREDIT CONSUMER CORPORATION, primarily a consumer finance operation, and NATIONSCREDIT COMMERCIAL

CORPORATION, primarily a commercial finance operation. NATIONSCREDIT CONSUMER CORPORATION, which has 293 branches in 33 states, provides personal, mortgage and automobile loans to consumers, and retail finance programs to dealers. NATIONSCREDIT COMMERCIAL CORPORATION consists of divisions that specialize in the following commercial financing areas: equipment loans and leases; loans for debt restructuring, mergers and acquisitions and working capital; real estate, golf/recreational and health care financing; and inventory financing to manufacturers, distributors and dealers.

FINANCIAL SERVICES' earnings of \$166 million increased 29 percent over 1995. Consistent with 1995, earnings represented 7 percent of consolidated earnings and return on equity was 14 percent. Taxable-equivalent net interest income increased 9 percent as average loans and leases increased 11 percent. Market demand in the consumer lending, commercial real estate and distribution finance businesses continued to contribute to loan growth. The increase in provision for credit losses was mainly driven by loan growth and higher consumer loss rates. The net interest yield decreased 20 basis points to 7.10 percent in 1996 due to higher funding costs combined with more competitive loan pricing. Noninterest income increased \$54 million reflecting higher warrant gains and higher loan prepayment fees. Noninterest expense increased \$63 million driven by office consolidation costs and operating expenses for acquisitions, resulting in an efficiency ratio of 45.1 percent for 1996.

#### RESULTS OF OPERATIONS

##### NET INTEREST INCOME

An analysis of the Corporation's taxable-equivalent net interest income and average balance sheet levels for the last three years is presented in TABLE THREE. The changes in net interest income from year to year are analyzed in TABLE FOUR.

Taxable-equivalent net interest income increased 16 percent to \$6.4 billion in 1996 compared to \$5.6 billion in 1995 due to acquisitions of several banking operations, higher spreads in the securities portfolio, core loan growth and an increase in noninterest-bearing deposits, partially offset by the impact of securitizations and a shift in funding to term debt. While securitizations lowered net interest income by \$264 million in 1996, they do not significantly affect the Corporation's earnings. As the Corporation continues to securitize loans, its role becomes that of a servicer and the income related to securitized loans is reflected in noninterest income.

The net interest yield increased 29 basis points to 3.62 percent in 1996 compared to 1995 due to the sale of low-yielding securities and the reinvestment of proceeds from the sale of low-yielding securities into higher-spread products.

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

##### PROVISION FOR CREDIT LOSSES

The provision for credit losses covered net charge-offs and was \$605 million in 1996 compared to \$382 million in the prior year. Net charge-offs increased \$177 million to \$598 million in 1996 compared to 1995 due primarily to increases in commercial, other consumer and credit card net charge-offs. Management expects the charge-off trends experienced in 1996 to continue as the Corporation maintains its efforts to shift the mix of the loan portfolio to a higher consumer concentration and credit losses return to more normalized levels.

##### NET INTEREST INCOME

(Billions)

(chart appears along the right side of page and its plot points are as follows)

1992	4.1
1993	4.6
1994	5.2
1995	5.4
1996	6.3

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The allowance for credit losses was \$2.3 billion, or 1.89 percent of net loans, leases and factored accounts receivable, on December 31, 1996 compared to \$2.2 billion, or 1.85 percent, at the end of 1995. The allowance for credit losses was 260 percent of nonperforming loans on December 31, 1996 compared to 306 percent on December 31, 1995. Future economic conditions will impact credit quality and may result in increased net charge-offs and higher provisions for credit losses.

TABLE TWELVE provides an analysis of the activity in the Corporation's allowance for

TABLE FOUR. CHANGES IN TAXABLE-EQUIVALENT NET INTEREST INCOME

<TABLE>  
<CAPTION>

(DOLLARS IN MILLIONS)

THIS TABLE PRESENTS AN ANALYSIS OF THE YEAR-TO-YEAR CHANGES IN NET INTEREST INCOME ON A FULLY TAXABLE-EQUIVALENT BASIS FOR THE YEARS SHOWN. THE CHANGES FOR EACH CATEGORY OF INCOME AND EXPENSE ARE DIVIDED BETWEEN THE PORTION OF CHANGE ATTRIBUTABLE TO THE VARIANCE IN AVERAGE LEVELS OR YIELDS/RATES FOR THAT CATEGORY. THE AMOUNT OF CHANGE THAT CANNOT BE SEPARATED IS ALLOCATED TO EACH VARIANCE PROPORTIONATELY.

FROM 1995 TO 1996				FROM 1994 TO 1995			
INCREASE (DECREASE) IN INCOME/EXPENSE DUE TO CHANGE IN				INCREASE (DECREASE) IN INCOME/EXPENSE DUE TO CHANGE IN			
PERCENTAGE	AVERAGE	YIELDS/	PERCENTAGE	AVERAGE	YIELDS/	PERCENTAGE	
INCREASE	LEVELS	RATES	INCREASE	LEVELS	RATES	INCREASE	
(DECREASE)		TOTAL	(DECREASE)		TOTAL	(DECREASE)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Income from earning assets							
Loans and leases, net of unearned income							
Commercial .....	\$ 261	\$ (16)	\$245	6.5%	\$377	\$ 273	\$650
20.7%							
Real estate commercial .....	(100)	(19)	(119)	(17.8)	(50)	83	33
5.2							
Real estate construction .....	6	(27)	(21)	(7.0)	(4)	38	34
12.7							
Total commercial .....	179	(74)	105	2.2	331	386	717
17.7							
Residential mortgage .....	565	4	569	35.6	434	25	459
40.2							
Credit card .....	146	(54)	92	14.4	135	(2)	133
26.2							
Other consumer .....	52	(43)	9	.4	211	167	378
20.6							
Total consumer .....	819	(149)	670	15.1	820	150	970
27.9							
Foreign .....	45	(19)	26	16.6	44	27	71
82.6							
Lease financing .....	76	(1)	75	30.1	71	2	73
41.5							
Total loans and leases, net .....	1,102	(226)	876	9.1	1,246	585	1,831
23.5							
Securities							
Held for investment .....	(677)	6	(671)	(77.7)	24	79	103
13.5							
Available for sale .....	463	41	504	78.5	(120)	118	(2)
(.3)							
Total securities .....	(316)	149	(167)	(11.1)	(88)	189	101
7.2							
Loans held for sale .....	55	-	55	229.2	(1)	2	1
4.3							
Federal funds sold .....	(23)	(1)	(24)	(51.1)	(11)	13	2
4.4							
Securities purchased under agreements to resell .....	(111)	(136)	(247)	(27.8)	90	298	388
77.3							
Time deposits placed and other short-term investments .....	(38)	(24)	(62)	(43.7)	17	35	52
57.8							
Trading account securities .....	335	(209)	126	11.5	287	48	335

43.8								
	Total income from earning assets .....	818	(261)	557	4.2	1,413	1,297	2,710
25.5								
	Interest expense							
	Savings .....	10	(13)	(3)	(1.5)	(13)	5	(8)
(3.8)	NOW and money market deposit accounts .....	67	(44)	23	3.1	(51)	95	44
6.3	Consumer CDs and IRAs .....	274	21	295	22.9	39	252	291
29.1	Negotiated CDs, public funds and other time deposits .....	7	(2)	5	3.0	(14)	47	33
24.8	Foreign time deposits .....	(167)	(112)	(279)	(31.7)	391	115	506
134.9	Federal funds purchased .....	(42)	(29)	(71)	(22.0)	2	101	103
47.0	Securities sold under agreements to repurchase .....	(107)	(225)	(332)	(17.8)	268	520	788
73.3	Commercial paper .....	10	(16)	(6)	(3.5)	16	44	60
54.1	Other short-term borrowings .....	(146)	-	(146)	(41.2)	32	109	141
66.2	Trading account liabilities .....	(130)	(113)	(243)	(27.1)	109	52	161
21.9	Long-term debt .....	520	(69)	451	50.9	323	13	336
61.1								
	Total interest expense .....	346	(652)	(306)	(3.9)	764	1,691	2,455
46.2								
	Net interest income .....	359	504	\$863	15.5	636	(381)	\$255
4.8								
				=====				=====

</TABLE>

#### Management's Discussion And Analysis 23

credit losses for each of the last five years. Allowance levels, net charge-offs and nonperforming assets are discussed in the Credit Risk Management and Credit Portfolio Review section beginning on page 32.

#### NONINTEREST INCOME

As presented in TABLE FIVE, noninterest income increased 18.5 percent to \$3.6 billion in 1996, reflecting strong growth in most categories as described below:

- (bullet) Service charges on deposit accounts increased 27 percent over 1995, attributable to growth in number of households served, in part due to acquisitions, higher fees and emphasis on fee collection.
- (bullet) Mortgage servicing and mortgage-related fees grew 54 percent to \$213 million in 1996. Including acquisitions, the average portfolio of loans serviced increased 30 percent from \$69.3 billion in 1995 to \$89.9 billion in 1996. On December 31, 1996, the servicing portfolio, which includes mortgage loans originated by the Corporation's mortgage subsidiary as well as loans serviced on behalf of the Corporation's banking subsidiaries, totaled \$96.4 billion compared to \$81.4 billion on December 31, 1995. Mortgage loan originations through the Corporation's mortgage subsidiary increased \$901 million to \$12.0 billion in 1996, compared to \$11.1 billion in 1995, primarily reflecting changes in the interest rate environment in 1996. Origination volume in 1996 consisted of approximately \$4.7 billion of retail loan volume and \$7.3 billion of correspondent and wholesale loan volume.

In conducting its mortgage banking activities, the Corporation is exposed to interest rate risk for the period between loan commitment date and subsequent delivery date. The value of the Corporation's mortgage servicing rights is also affected by changes in prepayment rates. To manage risk associated with mortgage banking activities, the Corporation enters into various financial instruments including option contracts, forward delivery contracts and certain rate swaps. The contract notional amount of these instruments approximated \$7.8 billion on December 31, 1996. Net unrealized gains associated with these contracts were insignificant on December 31, 1996.

- (bullet) Investment banking income increased 85 percent to \$356 million in 1996, primarily reflecting increased syndication, securities underwriting activity and gains on principal investment activity (investing

<TABLE>  
<CAPTION>  
TABLE FIVE. NONINTEREST INCOME

=====			
=====			
(DOLLARS IN MILLIONS)			
CHANGE			
-----			
	1996	1995	AMOUNT
PERCENT			
-----			
<S>	<C>	<C>	<C>
<C>			
Service charges on deposit accounts .....	\$1,121	\$884	\$237
26.8%			
-----			
Nondeposit-related service fees			
Safe deposit rent .....	28	27	1
3.7			
Mortgage servicing and mortgage-related fees .....	213	138	75
54.3			
Fees on factored accounts receivable .....	64	68	(4)
(5.9)			
Investment banking income .....	356	192	164
85.4			
Other service fees .....	170	129	41
31.8			
-----			
Total nondeposit-related service fees .....	831	554	277
50.0			
-----			
Asset management and fiduciary service fees .....	432	444	(12)
(2.7)			
-----			
Credit card income			
Merchant discount fees .....	6	7	(1)
(14.3)			
Annual credit card fees .....	25	24	1
4.2			
Other credit card fees .....	283	246	37
15.0			
-----			
Total credit card income .....	314	277	37
13.4			
-----			
Other income			
Brokerage income .....	110	114	(4)
(3.5)			
Trading account profits and fees .....	274	306	(32)
(10.5)			
Bankers' acceptances and letters of credit fees .....	67	74	(7)
(9.5)			
Insurance commissions and earnings .....	79	65	14
21.5			
Miscellaneous .....	418	360	58
16.1			
-----			
Total other income .....	948	919	29
3.2			
-----			
	\$3,646	\$3,078	\$568
18.5			
=====			
=====			

</TABLE>

FINANCE syndication group was agent or co-agent on 566 deals totaling \$346.0 billion in 1996, compared to 420 deals totaling \$281.6 billion in 1995.

An analysis of investment banking income by major business activity follows (in millions):

	1996	1995
-----		
INVESTMENT BANKING INCOME		
Syndications .....	\$108	\$93
Securities underwriting ...	84	40
Principal investment activities .....	77	19
Other .....	87	40
-----		
Total investment banking income .....	\$356	\$192
=====		

(bullet) GENERAL BANK asset management and fiduciary service fees declined \$12 million to \$432 million in 1996, reflecting the impact of the late 1995 sale of the Corporate Trust business. Excluding the impact of this sale, asset management fees increased 17 percent in 1996. An analysis of asset management and fiduciary service fees by major business activity for 1996 and 1995 as well as the market values of assets under management and administration on December 31 are presented below (in millions):

	1996	1995
-----		
ASSET MANAGEMENT AND FIDUCIARY SERVICE FEES		
Private Client Group .....	\$271	\$241
Retirement services and corporate trust .....	66	107
Mutual funds .....	29	28
Investment management subsidiaries and other ..	66	68
-----		
Total asset management and fiduciary service fees .....	\$ 432	\$444
=====		

#### MARKET VALUE OF ASSETS

Assets under management .....	\$72,270	\$66,200
Assets under administration .....	180,269	183,200

The Private Client Group provides investment management, fiduciary and tax services primarily to individuals and investors. These fees increased \$30 million in 1996 over 1995, principally due to increased sales, market appreciation associated with assets under management and acquisitions. Retirement services and corporate trust encompass a wide range of services including investment advisory, administrative and record-keeping services for customers' employee benefit plans, securities lending and investment management services offered to corporations, municipalities and others. The decline in retirement services and corporate trust fees in 1996 reflects the impact of management's repositioning of this business in an effort to concentrate on the most profitable product lines. Mutual fund revenues reflect fees received for providing advisory services to the Nations Funds family. Investment management subsidiaries' fees include revenues of SOVRAN CAPITAL MANAGEMENT, ASB CAPITAL MANAGEMENT and TRADESTREET INVESTMENT ASSOCIATES, INC., which provide institutional investors with investment management services.

(bullet) Credit card income increased 13 percent to \$314 million in 1996, primarily due to increased purchase volume and interchange rates. Credit card income includes \$58 million from the impact of credit card securitizations.

(bullet) Trading account profits and fees totaled \$274 million in 1996, a decrease of \$32 million from \$306 million in 1995, reflecting a continued expansion of the Corporation's client-driven business more than offset by less favorable gains on position-taking.

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



1996 1995

-----		
TRADING ACCOUNT PROFITS AND FEES		
Securities trading .....	\$96	\$103
Interest rate contracts .....	136	151
Foreign exchange contracts .....	4	26
Other .....	38	26
-----		
Total trading account profits and fees .....	\$274	\$306

=====  
(bullet) Miscellaneous income totaled \$418 million in 1996, an increase of \$58 million over 1995. Miscellaneous income includes certain prepayment fees and other fees such as net gains on sales of miscellaneous investments, business activities, premises, venture capital investments and other similar items.

#### NONINTEREST EXPENSE

As presented in TABLE SIX, the Corporation's noninterest expense increased 9.7 percent to \$5.7 billion in 1996 from \$5.2 billion in 1995.

Approximately two-thirds of the increase in 1996 over 1995 resulted from acquisitions of several smaller banking organizations. Additionally, increased expenditures in selected areas to enhance revenue growth contributed to the year-over-year increase, including the costs of ongoing initiatives related to enhancing customer sales and optimizing product delivery channels. For example, the Model Banking project was implemented in the District of Columbia and four states of the Corporation's franchise to facilitate and enhance the GENERAL BANK'S retail customer sales and product delivery. PC Banking was also introduced in 9 states of the Corporation's franchise providing instant on-line account access and personal finance management capabilities for customers.

A discussion of the significant components of noninterest expense in 1996 compared to 1995 is as follows:

(bullet) Personnel expense increased \$240 million over 1995, primarily due to the impact of acquisitions and an increase in personnel and contracted temporary services for the implementation of revenue enhancement projects.

(bullet) Equipment expense increased 14 percent in 1996 over 1995, reflecting acquisitions and enhancements to computer resources throughout the Corporation and to product delivery systems, such as PC banking, direct banking and data base management. This investment in infrastructure is expected to continue due to the Corporation's commitment to maintaining state-of-the-art capabilities in sales, information, processing and delivery to customers and across lines of business.

(bullet) Marketing expense increased \$35 million to \$252 million in 1996, primarily attributable to the Corporation's sponsorship of the 1996 Olympic Summer Games.

(bullet) Professional fees increased \$74 million, reflecting higher consulting and technical support fees for projects to enhance revenue growth and for the development and installation of infrastructure enhancements.

(bullet) The Corporation's deposit insurance expense totaled \$26 million in 1996 compared to \$118 million in 1995, reflecting reductions beginning June 1, 1995 in insurance rates charged by the FDIC.

(bullet) Other general operating expenses increased \$79 million to \$490 million in 1996. Included in 1996 expenses are \$43 million in pretax charges reflecting the estimated losses associated with certain customers' fraudulent commercial transactions.

TABLE SIX. NONINTEREST EXPENSE

<TABLE>  
<CAPTION>

=====  
(DOLLARS IN MILLIONS)

<S>	<C>	<C>	<C>	<C>	<C>
<C>					

1996	1995
------	------

PERCENT OF TAXABLE-	PERCENT OF TAXABLE-
------------------------	------------------------

CHANGE PERCENT	EQUIVALENT NET INTEREST AND NONINTEREST		EQUIVALENT NET INTEREST AND NONINTEREST		AMOUNT
	AMOUNT	INCOME	AMOUNT	INCOME	
-----					
Personnel .....	\$2,731	27.1%	\$2,491	28.8%	\$ 240
9.6%					
Occupancy, net .....	523	5.2	495	5.7	28
5.7					
Equipment .....	451	4.5	397	4.6	54
13.6					
Marketing .....	252	2.5	217	2.5	35
16.1					
Professional fees .....	256	2.5	182	2.1	74
40.7					
Amortization of intangibles .....	128	1.3	119	1.4	9
7.6					
Credit card .....	64	.6	55	.6	9
16.4					
Deposit insurance .....	26	.3	118	1.4	(92)
(78.0)					
Data processing .....	237	2.4	229	2.7	8
3.5					
Telecommunications .....	172	1.7	150	1.7	22
14.7					
Postage and courier .....	148	1.5	135	1.6	13
9.6					
Other general operating .....	490	4.8	411	4.8	79
19.2					
General administrative and miscellaneous .....	187	1.9	164	1.9	23
14.0					
-----					
	\$5,665	56.3%	\$5,163	59.8%	\$ 502
9.7					
=====					

</TABLE>

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#### INCOME TAXES

The Corporation's income tax expense for 1996 was \$1.3 billion, for an effective tax rate of 34.6 percent of pretax income. Income tax expense for 1995 was \$1.0 billion, for an effective rate of 34.8 percent.

Note Twelve to the consolidated financial statements includes a reconciliation of federal income tax expense computed using the federal statutory rate of 35 percent to actual income tax expense.

#### BALANCE SHEET REVIEW AND LIQUIDITY RISK MANAGEMENT

The Corporation utilizes an integrated approach in managing its balance sheet which includes management of interest rate sensitivity, credit risk, liquidity risk and capital position.

Average customer-based funds increased \$11.1 billion in 1996 compared to 1995 primarily due to deposits acquired in acquisitions. As a percentage of the total funding mix, average customer-based funds increased to 46 percent in 1996 from 44 percent in 1995.

Average market-based funds decreased \$9.5 billion in 1996 compared to 1995 and comprised a smaller portion of total sources of funds at 32 percent for 1996 compared to 39 percent in 1995, the result of a shift towards term debt for funding. Average long-term debt increased \$8.0 billion in 1996 over 1995 and represented 10 percent of total sources of funds compared to 7 percent during 1995.

Average loans and leases, the Corporation's primary utilization of funds, increased \$12.8 billion during 1996 due to the impact of acquisitions and core loan growth partially offset by the impact of securitizations, and comprised 61 percent of total uses of funds compared to 58 percent during 1995. The ratio of average loans and leases to customer-based funds was approximately 130 percent in both 1996 and 1995.

The average securities portfolio as a percentage of total uses decreased to

10 percent in 1996 from 14 percent in 1995 due to management's focus on the reduction of low-yielding assets.

Cash and cash equivalents were \$8.9 billion on December 31, 1996, an increase of \$485 million from December 31, 1995. During 1996, net cash provided by operating activities was \$1.8 billion, net cash provided by investing activities was \$15.9 billion and net cash used in financing activities was \$17.2 billion. For further information on cash flows, see the Consolidated Statement of Cash Flows in the consolidated financial statements.

Liquidity is a measure of the Corporation's ability to fulfill its cash requirements and is managed by the Corporation through its asset and liability management process. The Corporation monitors its assets and liabilities and modifies these positions as liquidity requirements change. This process, coupled with the Corporation's ability to raise capital and debt financing, is designed to cover the liquidity needs of the Corporation. The following discussion provides an overview of significant on- and off-balance sheet components of liquidity.

#### SECURITIES

The securities portfolio serves a primary role in the overall context of balance sheet management by the Corporation. The decision to purchase or sell securities is based upon the current assessment of economic and financial conditions, including the interest rate environment, liquidity requirements and on- and off-balance sheet positions.

The securities portfolio on December 31, 1996 consisted of securities held for investment totaling \$2.1 billion and securities available for sale totaling \$12.3 billion compared to \$4.4 billion and \$19.4 billion, respectively, on December 31, 1995. The decrease in the securities portfolio from December 31, 1995 to December 31, 1996 was attributable to management's focus on the reduction of low-yielding assets.

On December 31, 1996 and 1995, the market value of the Corporation's portfolio of securities held for investment approximated the book value of the portfolio.

The valuation reserve for securities available for sale and marketable equity securities increased shareholders' equity by \$86 million on December 31, 1996, reflecting pretax appreciation of \$8 million on securities available for sale and \$123 million on marketable equity securities. The valuation reserve increased shareholders' equity by \$323 million on December 31, 1995. The decrease in

#### Management's Discussion And Analysis 27

the valuation reserve was primarily attributable to maturities and sales of securities and the general increase in interest rates when comparing December 31, 1996 to December 31, 1995.

The average expected maturity of the securities held for investment and securities available for sale portfolios were 1.47 years and 6.91 years, respectively, on December 31, 1996 compared to 1.65 years and 2.96 years, respectively, on December 31, 1995. The increase in the average expected maturity of the available for sale portfolio reflects the sale and maturity of shorter average life securities and the addition of mortgage-backed securities obtained primarily through securitization of the Corporation's residential mortgages and acquisitions.

On December 31, 1996, the Corporation had forward agreements to purchase \$1.5 billion of mortgage-backed securities.

#### LOANS AND LEASES

Total loans and leases increased approximately 5 percent to \$121.6 billion on December 31, 1996 compared to \$116.0 billion on December 31, 1995. Average loans and leases increased 12 percent to \$122.3 billion in 1996 compared to 1995 due primarily to growth in residential mortgage, commercial and credit card loans partially offset by the impact of securitizations.

Average residential mortgage loans increased 35 percent to \$27.8 billion in 1996 compared to \$20.6 billion in 1995, primarily as a result of acquisitions.

Average total commercial loans increased to \$58.8 billion in 1996 compared to \$56.7 billion in 1995, primarily due to acquisitions. Average real estate commercial and construction loans decreased to \$9.3 billion in 1996 as a result of the Corporation's efforts to lower its exposure to this line of business.

Average credit card and other consumer loans, including direct and indirect consumer loans and home equity loans, increased \$1.7 billion including the impact of securitizations in 1996. Higher levels of consumer

#### AVERAGE LOANS AND LEASES

(BILLIONS)

(Chart appears on the right side of the  
page and its plot points are as follows)

'92	'93	'94	'95	'96
68	79	95	109	122

TABLE SEVEN. DISTRIBUTION OF LOANS, LEASES AND FACTORED ACCOUNTS RECEIVABLE

<TABLE>									
<CAPTION>									
=====									
=====									
DECEMBER 31									
(DOLLARS IN MILLIONS)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
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accounts receivable, net							
of unearned income .....	\$122,630	100.0%	\$117,033	100.0%	\$103,371	100.0%	\$ 92,007
72,714	100.0%						

</TABLE>

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loans are the result of the Corporation's efforts to shift the mix of the loan portfolio to a higher consumer concentration and the impact of acquisitions.

A significant source of liquidity for the Corporation is the repayment and maturities of loans. TABLE EIGHT shows selected loan maturity data on December 31, 1996 and indicates that approximately 38 percent of the selected loans had maturities of one year or less. The securitization and sale of certain loans and the use of loans as collateral in asset-backed financing arrangements are also sources of liquidity. The Corporation securitized approximately \$900 million of credit card loans in the second quarter of 1996 and approximately \$2.1 billion of indirect auto loans in the third quarter of 1996.

#### DEPOSITS

TABLE THREE provides information on the average amounts of deposits and the rates paid by deposit category. Through the Corporation's diverse retail banking network, deposits remain a primary source of funds for the Corporation. Average deposits increased 8 percent in 1996 compared to 1995 primarily due to deposits acquired in acquisitions.

On December 31, 1996, the Corporation had domestic certificates of deposit greater than \$100 thousand totaling \$7.3 billion, with \$3.6 billion maturing within three months or less, \$1.5 billion maturing within three to six months, \$1.1 billion maturing within six to twelve months and \$1.1 billion maturing after twelve months. Additionally, on December 31, 1996, the Corporation had other domestic time deposits greater than \$100 thousand totaling \$499 million, with \$59 million maturing within three months or less, \$47 million maturing within three to six months, \$55 million maturing within six to twelve months and \$338 million maturing after twelve months. Foreign office certificates of deposit and other time deposits of \$100 thousand or more totaled \$8.1 billion and \$12.9 billion on December 31, 1996 and 1995, respectively.

TABLE EIGHT. SELECTED LOAN MATURITY DATA

DECEMBER 31, 1996  
(DOLLARS IN MILLIONS)

THIS TABLE PRESENTS THE MATURITY DISTRIBUTION AND INTEREST SENSITIVITY OF SELECTED LOAN CATEGORIES (EXCLUDING RESIDENTIAL MORTGAGE, CREDIT CARD, OTHER CONSUMER LOANS, LEASE FINANCING AND FACTORED ACCOUNTS RECEIVABLE). MATURITIES ARE PRESENTED ON A CONTRACTUAL BASIS.

	<C>	<C>	<C>	<C>
	DUE IN 1 YEAR OR LESS	DUE AFTER 1 YEAR THROUGH 5 YEARS	DUE AFTER 5 YEARS	TOTAL
Commercial .....	\$17,950	\$23,082	\$ 9,238	\$50,270
Real estate commercial .....	1,615	3,014	816	5,445
Real estate construction .....	1,736	1,038	89	2,863
Foreign .....	2,149	434	245	2,828
Total selected loans, net of unearned income .....	\$23,450	\$27,568	\$10,388	\$61,406
Percent of total .....	38.2%	44.9%	16.9%	100.0%
Cumulative percent of total .....	38.2	83.1	100.0	
Sensitivity of loans to changes in interest rates--loans due after one year				
Predetermined interest rate .....		\$ 7,182	\$ 4,661	\$11,843
Floating or adjustable interest rate .....		20,386	5,727	26,113
		\$27,568	\$10,388	
\$37,956				

# SHORT-TERM BORROWINGS AND TRADING ACCOUNT LIABILITIES

The Corporation uses short-term borrowings as a funding source and in its management of interest rate risk. TABLE NINE presents the categories of short-term borrowings.

As of December 31, 1996, short-term bank notes outstanding under the Corporation's bank note program were \$872 million compared to \$3.1 billion on December 31, 1995.

Total average short-term borrowings decreased 11 percent to \$39.5 billion and average short sales decreased 16 percent to \$10.1 billion in 1996 compared to 1995 levels.

## LONG-TERM DEBT

On December 31, 1996 and 1995, long-term debt was \$23.0 billion and \$17.8 billion, respectively. The Corporation continued to diversify its funding sources through increasing its Euro medium-term note program to offer up to \$4.5 billion in senior and subordinated notes and the issuance of \$965 million of trust preferred securities. During 1996, the Corporation issued approximately \$7.2 billion in long-term senior and subordinated debt, including \$2.8 billion which was issued under its medium-term note programs.

Proceeds from the issuance of long-term debt were used primarily to fund average earning asset growth of 6 percent, various common stock repurchase programs and certain banking acquisitions. See Note Six to the consolidated financial statements for further details on long-term debt.

## OTHER

The Corporation has commercial paper back-up lines totaling \$1.5 billion which mature in 1997. No borrowings have been made under these lines.

The strength of the Corporation's overall

TABLE NINE. SHORT-TERM BORROWINGS

(DOLLARS IN MILLIONS)

FEDERAL FUNDS PURCHASED GENERALLY REPRESENT OVERNIGHT BORROWINGS, AND REPURCHASE AGREEMENTS REPRESENT BORROWINGS WHICH GENERALLY RANGE FROM ONE DAY TO THREE MONTHS IN MATURITY. COMMERCIAL PAPER IS ISSUED IN MATURITIES NOT TO EXCEED NINE MONTHS. OTHER SHORT-TERM BORROWINGS PRINCIPALLY CONSIST OF BANK NOTES AND U.S. TREASURY NOTE BALANCES.

<TABLE>

<CAPTION>

<S> <C> <C> <C> <C> <C> <C>

	1996		1995		1994	
	AMOUNT	RATE	AMOUNT	RATE	AMOUNT	RATE
Federal funds purchased						
On December 31 .....	\$ 3,536	6.58%	\$ 5,940	5.26%	\$ 3,993	5.19%
Average during year .....	4,694	5.35	5,455	5.91	5,397	4.07
Maximum month-end balance during year .....	8,585	--	7,317	--	7,264	--
Securities sold under agreements to repurchase						
On December 31 .....	15,842	5.40	23,034	5.66	21,977	5.36
Average during year .....	28,517	5.37	30,336	6.14	24,903	4.32
Maximum month-end balance during year .....	29,582	--	38,926	--	27,532	--
Commercial paper						
On December 31 .....	2,787	5.41	2,773	5.65	2,519	5.22
Average during year .....	2,966	5.57	2,804	6.10	2,482	4.46
Maximum month-end balance during year .....	3,276	--	2,930	--	2,871	--
Other short-term borrowings						

On December 31 .....	1,836	5.20	4,143	5.94	5,640	7.21
Average during year .....	3,344	6.22	5,690	6.20	5,015	4.25
Maximum month-end balance during year .....	4,954	--	7,378	--	6,634	--

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COMMERCIAL SENIOR  
PAPER DEBT

In managing liquidity, the Corporation takes into consideration the ability of the subsidiary banks to pay dividends to the parent company. See Note Nine to the consolidated financial statements for further details on dividend capabilities of the subsidiary banks.

The Corporation utilizes interest rate contracts in its asset and liability management (ALM) process. Interest rate contracts allow the Corporation to efficiently manage its interest rate risk position.

TABLE TEN summarizes the notional amount and the activity of ALM interest rate contracts for the year ended December 31, 1996. As reflected in the table, the gross notional amount of the Corporation's ALM swap program on December 31, 1996 was \$30.1 billion, with the Corporation receiving fixed on \$27.7 billion, primarily converting variable-rate commercial loans to fixed rate, and receiving variable on \$1.0 billion, fixing the cost of certain liabilities. Subsequent to the sale and securitization of fixed-rate assets during 1996, the Corporation increased the net receive fixed position to \$26.7 billion on December 31, 1996 from \$3.9 billion on December 31, 1995 in order to maintain the Corporation's relatively neutral posture to changes in interest rates. The net receive fixed position modifies the interest rate characteristics of certain variable-rate assets.

TABLE TEN. ASSET AND LIABILITY MANAGEMENT INTEREST RATE NOTIONAL CONTRACTS

<CAPTION>

RATE	FIXED	FIXED	FIXED	FIXED	FIXED	FIXED	BASIS	SWAPS	PRODUCTS
CONTRACTS									
-----									
Balance on December 31, 1995....	\$5,963	\$9,908	\$7,875	\$75	\$13,838	\$9,983	\$486	\$24,307	\$80
\$24,387									
Additions.....	26,271	478	1,256	-	27,527	478	960	28,965	7,249
36,214									
Maturities, terminations									
and other.....	(4,494)	(9,351)	(9,131)	(75)	(13,625)	(9,426)	(100)	(23,151)	(934)
(24,085)									
-----									
BALANCE ON DECEMBER 31, 1996	\$27,740	\$1,035	\$-	\$-	\$27,740	\$1,035	\$1,346	\$30,121	\$6,395
\$36,516									
=====									
=====									

</TABLE>

# Management's Discussion And Analysis 31

the maturity and termination during 1996 of certain contracts in a loss position. The amount of net realized deferred losses associated with ALM swaps terminated during 1996 was \$48 million on December 31, 1996.

In its ALM process, the Corporation also utilizes interest rate option products, primarily caps and floors. Interest rate caps and floors are agreements where, for a fee, the purchaser obtains the right to receive interest payments when a variable interest rate moves above or below a specified cap or floor rate, respectively. TABLE TEN includes a summary of the notional amount and the activity of ALM interest rate option contracts for the year ended December 31, 1996. At December 31, 1996, the Corporation had a gross notional amount of \$6.4 billion in outstanding interest rate option contracts used for ALM purposes. Such instruments are primarily linked to term debt, short-term borrowings and pools of residential mortgages. TABLE ELEVEN includes a summary of the expected maturities and the net unrealized gain of the Corporation's ALM option contracts. On December 31, 1996, the net unrealized appreciation of option products was \$2 million.

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

For a discussion of the Corporation's management of risk associated with mortgage banking activities, see Noninterest Income beginning on page 24.

## CREDIT RISK MANAGEMENT AND CREDIT PORTFOLIO REVIEW

In conducting business activities, the Corporation is exposed to the possibility that borrowers or counterparties may default on their obligations to the Corporation. Credit risk arises through the extension of loans, leases and factored accounts receivable, certain securities, letters of credit, financial guarantees and through counterparty risk on trading and capital markets transactions. To manage this risk, the Credit Policy group establishes policies and procedures to manage both on- and off-balance sheet credit risk and communicates and monitors the application of these policies and procedures throughout the Corporation.

The Corporation's overall objective in managing credit risk is to minimize the adverse impact of any single event or set of occurrences. To achieve this objective, the Corporation strives to maintain a credit risk profile that is diverse in terms of product type, industry concentration, geographic distribution and borrower or counterparty concentration.

The Credit Policy group works with lending officers, trading personnel and various other line personnel in areas that conduct activities involving credit risk and is involved in the implementation, refinement and monitoring of credit policies and procedures.

The Corporation manages credit exposure to individual borrowers and counterparties on an aggregate basis including loans, leases, factored accounts receivable, securities, letters of credit, bankers' acceptances, derivatives and unfunded commitments. The creditworthiness of a borrower or counterparty is determined by experienced personnel, and limits are established for the total credit exposure to any one borrower or counterparty. Credit limits are subject to varying levels of approval by senior line and credit policy management. Total exposure to a borrower or counterparty is aggregated and measured against established limits.

The originating credit officer assigns borrowers or counterparties an initial risk rating which is based on the amount of inherent credit risk and reviewed



for appropriateness by senior line and credit policy personnel. Credits are monitored by line and credit policy personnel for deterioration in a borrower's or counterparty's financial condition which would impact the ability of the borrower or counterparty to perform under the contract. Risk ratings are adjusted as necessary.

For consumer lending, credit scoring systems are utilized to provide standards for extension of credit. Consumer portfolio credit risk is monitored primarily using statistical models to predict portfolio behavior.

Whenever possible, the Corporation obtains collateral to support credit extensions and commitments. Generally, such collateral is in the form of real and personal property, cash on deposit or other highly liquid instruments. In certain circumstances, the Corporation obtains real property as security for loans that are made on the general

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creditworthiness of the borrower and whose proceeds were not used for real estate-related purposes.

The Corporation also manages exposure to a single borrower, industry, product-type or other concentration through syndications

TABLE ELEVEN. ASSET AND LIABILITY MANAGEMENT INTEREST RATE CONTRACTS

<TABLE>								
<CAPTION>								
=====								
==								
DECEMBER 31, 1996								
(DOLLARS IN MILLIONS, AVERAGE EXPECTED MATURITY IN YEARS)								
<S>	<C>	<C>	<C>	<C>	<C>	<C>		

Total liability conversion swaps	\$	(51)							
		=====							
Notional amount			\$ 5,255	\$ 1,100	\$ 128	\$ 679	\$ 308	\$ 1,439	\$
1,601									
-----									
-----									
Total receive fixed swaps	\$	83							
3.86									
Notional amount			\$ 27,740	\$ 675	\$ 2,028	\$ 6,479	\$ 7,368	\$ 9,589	\$
1,601									
Weighted average receive rate.			6.48%	5.15%	5.89%	6.57%	6.49%	6.55%	
6.94%									
Weighted average pay rate			5.62						
Total pay fixed swaps		(14)							
.43									
Notional amount			\$ 1,035	\$ 926	\$ 101	\$ 1	\$ 1	\$ 1	\$
5									
Weighted average pay rate			8.26%	8.13%	9.31%	9.78%	9.78%	9.78%	
9.78%									
Weighted average receive rate.			5.72						
Basis swaps		--							
1.40									
		-----							
Notional amount			\$ 1,346	\$ 371	\$ 700	\$ 250	--	\$ 25	
--									
Weighted average receive rate.			5.53%						
Weighted average pay rate			5.55						
Total swaps	\$	69							
		=====							
Notional amount			\$ 30,121	\$ 1,972	\$ 2,829	\$ 6,730	\$ 7,369	\$ 9,615	\$
1,606									
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OPTION PRODUCTS	\$	2							
		=====							
Notional amount			\$ 6,395	\$ 600	\$ 2,425	\$ 2,075	\$ 10	\$ 1,086	\$
199									
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Total interest rate contracts	\$	71							
		=====							
Notional amount			\$ 36,516	\$ 2,572	\$ 5,254	\$ 8,805	\$ 7,379	\$ 10,701	\$
1,805									

</TABLE>

ON DECEMBER 31, 1996, IN ADDITION TO THE ABOVE INTEREST RATE SWAPS, THE CORPORATION HAD A \$500 MILLION NOTIONAL RECEIVE FIXED GENERIC INTEREST RATE SWAP ASSOCIATED WITH A CREDIT CARD SECURITIZATION. ON DECEMBER 31, 1996, THIS POSITION HAD AN UNREALIZED MARKET VALUE OF NEGATIVE \$17 MILLION, A WEIGHTED AVERAGE RECEIVE RATE OF 5.96 PERCENT, A PAY RATE OF 5.61 PERCENT AND AN EXPECTED MATURITY OF 6.96 YEARS.

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of credits, participations, loan sales and securitizations. Through GLOBAL FINANCE, the Corporation is a major participant in the syndications market. In a syndicated facility, each participating lender funds only its portion of the syndicated facility, therefore limiting its exposure to the borrower. The Corporation also identifies and reduces its exposure to funded borrower, product or industry concentrations through loan sales. Generally, these sales are without recourse to the Corporation. For instance, in the second quarter of 1996, to further reduce real estate exposures, the Corporation sold \$110 million of primarily lower quality commercial real estate loans.

TABLE TWELVE. ALLOWANCE FOR CREDIT LOSSES

<TABLE>

<CAPTION>

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=====

(DOLLARS IN MILLIONS)

1996

1995

1994

1993

1992

Balance on January 1.....	\$2,163	\$2,186	\$2,169	\$1,454
\$1,605				
-----				
Loans, leases and factored accounts receivable charged off				
Commercial .....	(150)	(98)	(113)	(107)
(245)				
Real estate commercial .....	(38)	(25)	(32)	(84)
(279)				
Real estate construction .....	(5)	(17)	(27)	(17)
(114)				
-----				
Total commercial .....	(193)	(140)	(172)	(208)
(638)				
-----				
Residential mortgage .....	(12)	(8)	(7)	(10)
(18)				
Credit card .....	(272)	(189)	(126)	(184)
(172)				
Other consumer .....	(329)	(263)	(192)	(172)
(166)				
-----				
Total consumer .....	(613)	(460)	(325)	(366)
(356)				
-----				
Foreign .....	--	--	--	--
(7)				
Lease financing .....	(4)	(2)	(4)	(5)
(8)				
Factored accounts receivable .....	(26)	(34)	(32)	(30)
(17)				
-----				
Total loans, leases and factored accounts receivable charged off	(836)	(636)	(533)	(609)
(1,026)				
-----				
Recoveries of loans, leases and factored accounts				
receivable previously charged off				
Commercial .....	66	78	69	67
62				
Real estate commercial .....	13	15	17	21
13				
Real estate construction .....	2	9	26	12
8				
-----				
Total commercial .....	81	102	112	100
83				
-----				
Residential mortgage .....	2	2	2	3
4				
Credit card .....	60	26	22	19
13				
Other consumer .....	85	72	67	65
48				
-----				
Total consumer .....	147	100	91	87
65				
-----				
Foreign .....	--	--	--	1
1				
Lease financing .....	1	1	3	2
2				
Factored accounts receivable .....	9	12	11	7
9				
-----				
Total recoveries of loans, leases and				
factored accounts receivable previously charged off .....	238	215	217	197
160				

Net charge-offs .....	(598)	(421)	(316)	(412)
(866)				
-----				
Provision for credit losses .....	605	382	310	430
715				
Allowance applicable to loans of purchased companies and other ....	145	16	23	697
--				
-----				
Balance on December 31 .....	\$ 2,315	\$ 2,163	\$ 2,186	\$ 2,169
\$ 1,454				
=====				
Loans, leases and factored accounts receivable,				
net of unearned income, outstanding on December 31 .....	\$ 122,630	\$ 117,033	\$ 103,371	\$ 92,007
\$ 72,714				
Allowance for credit losses as a percentage of				
loans, leases and factored accounts receivable,				
net of unearned income, outstanding on December 31 .....	1.89%	1.85%	2.11%	2.36%
2.00%				
Average loans, leases and factored accounts receivable,				
net of unearned income, outstanding during the year .....	\$ 123,403	\$ 110,650	\$ 96,258	\$ 80,058
\$ 69,136				
Net charge-offs as a percentage of average loans,				
leases and factored accounts receivable,				
net of unearned income, outstanding during the year .....	.48%	.38%	.33%	.51%
1.25%				
Ratio of the allowance for credit losses				
on December 31 to net charge-offs .....	3.87	5.14	6.93	5.27
1.68				
Allowance for credit losses as a percentage of nonperforming loans.	260.02%	306.49%	273.07%	193.38%
103.11%				

</TABLE>

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(Chart appears here as follows)

Net Charge-Offs  
As A Percentage Of  
Average Net Loans  
(Percent)

(Chart appears along right side of  
page and its plot points are as follows):

92	1.25
93	.51
94	.33
95	.38
96	.48

In conducting derivatives activities in certain jurisdictions, the Corporation reduces risk to any one counterparty through the use of legally enforceable master netting agreements which allow the Corporation to settle positive and negative positions with the same counterparty on a net basis.

An independent credit review group conducts ongoing reviews of credit activities and portfolios, reexamining on a regular basis risk assessments for credit exposures and overall compliance with policy.

LOAN, LEASE AND FACTORED ACCOUNTS RECEIVABLE PORTFOLIO - The Corporation's credit exposure is centered in its loan, lease and factored accounts receivable portfolio which on December 31, 1996 totaled \$122.6 billion. TABLE SEVEN on page 28 presents a distribution of loans by product type.

ALLOWANCE FOR CREDIT LOSSES - The Corporation's allowance for credit losses was \$2.3 billion and \$2.2 billion on December 31, 1996 and 1995, respectively. TABLE TWELVE provides an analysis of the changes in the allowance for credit losses. The provision for credit losses increased \$223 million to \$605 million in 1996 compared to 1995, reflecting the industry-wide trend towards more normal

losses compared to lower levels in prior periods. Total net charge-offs increased \$177 million in 1996 to \$598 million, or .48 percent of average loans, leases and factored accounts receivable, versus \$421 million, or .38 percent, in 1995. The increases were experienced primarily in commercial, other consumer and credit card net charge-offs, which increased \$64 million, \$53 million and \$49 million, respectively. The increase in credit card net charge-offs was partially due to the seasoning of the credit card portfolio and an increase in the rate of personal bankruptcies in 1996. Management expects the charge-offs trends experienced in 1996 to continue as the Corporation maintains its efforts to shift the mix of the loan portfolio to a higher consumer concentration and credit losses return to more normalized levels.

Portions of the allowance for credit losses are allocated to cover the estimated losses inherent in particular categories of credit risk. The allocation of the allowance for credit losses, as presented in TABLE THIRTEEN, is based upon the Corporation's loss experience over a period of years and is adjusted for existing economic conditions as well as performance trends within specific portfolio segments and individual concentrations of credit. In 1996, the Corporation modified its allocation methodology to include historical peak loss conditions. Prior year allocations have been restated to reflect the current allocation methodology.

The nature of the process by which the Corporation determines the appropriate allowance for credit losses requires the exercise of considerable judgment. Management believes that the allowance for credit losses is appropriate given its analysis of inherent credit losses on December 31, 1996.

<TABLE>  
<CAPTION>

TABLE THIRTEEN. ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES

=====									
DECEMBER 31									
(DOLLARS IN MILLIONS)									
	1996		1995		1994		1993		
1992	-----								
-----									
PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT
-----	-----								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>									
Commercial .....	\$665	28.7%	\$626	28.9%	\$569	26.0%	\$510	23.5%	\$389
26.8%									
Real estate commercial .....	267	11.5	311	14.4	397	18.2	403	18.6	310
21.3									
Real estate construction .....	140	6.1	146	6.7	147	6.7	160	7.4	150
10.3									
-----	-----								
Total commercial .....	1,072	46.3	1,083	50.0	1,113	50.9	1,073	49.5	849
58.4	-----								
-----									
Residential mortgage .....	78	3.4	64	3.0	45	2.0	32	1.4	24
1.6									
Credit card .....	216	9.3	209	9.7	152	7.0	119	5.5	136
9.4									
Other consumer .....	281	12.1	291	13.4	211	9.7	199	9.2	144
9.9									
-----	-----								
Total consumer .....	575	24.8	564	26.1	408	18.7	350	16.1	304
20.9	-----								
-----									
Foreign .....	23	1.0	21	1.0	19	.9	8	.4	8
.6									
Lease financing .....	61	2.6	36	1.7	26	1.2	16	.7	12
.8									
Factored accounts receivable .....	20	.9	20	.9	13	.6	13	.6	12
.8									
Unallocated .....	564	24.4	439	20.3	607	27.7	709	32.7	269
18.5									
-----	-----								
	\$2,315	100.0%	\$2,163	100.0%	\$2,186	100.0%	\$2,169	100.0%	\$1,454
100.0%									
=====									
</TABLE>									

</TABLE>

NONPERFORMING ASSETS - On December 31, 1996, nonperforming assets were \$1.0 billion, or .85 percent of net loans, leases, factored accounts receivable and other real estate owned, compared to \$853 million, or .73 percent, on December 31, 1995. As presented in TABLE FOURTEEN, nonperforming loans were \$890 million at the end of 1996 compared to \$706 million at the end of 1995. The allowance coverage of nonperforming loans was 260 percent on December 31, 1996 compared to 306 percent at the end of 1995.

<TABLE>

<CAPTION>

TABLE FOURTEEN. NONPERFORMING ASSETS

=====				
=====				
DECEMBER 31				
(DOLLARS IN MILLIONS)				
	1996	1995	1994	1993
1992				
-----				
<S>	<C>	<C>	<C>	<C>
<C>				
Nonperforming loans				
Commercial .....	\$342	\$271	\$362	\$474
\$650 Real estate commercial .....	145	196	201	318
404 Real estate construction .....	28	16	66	142
210				
-----				
Total commercial .....	515	483	629	934
1,264				
-----				
Residential mortgage .....	215	87	66	77
88 Other consumer .....	135	130	94	93
34				
-----				
Total consumer .....	350	217	160	170
122				
-----				
Foreign .....	-	-	3	8
9 Lease financing .....	25	6	9	10
15				
-----				
Total nonperforming loans .....	890	706	801	1,122
1,410				
-----				
Other real estate owned .....	153	147	337	661
587				
-----				
Total nonperforming assets .....	\$1,043	\$853	\$1,138	\$1,783
\$1,997				
=====				

Nonperforming assets as a percentage of

Total assets	.56%	.46%	.67%	1.13%
1.69%				
Loans, leases and factored accounts receivable, net of unearned income, and other real estate owned	.85	.73	1.10	1.92
2.72				

</TABLE>

The loss of income associated with nonperforming loans on December 31 and the cost of carrying other real estate owned were:

<TABLE>

<CAPTION>

	1996	1995	1994	1993
1992				
-----				
<S>	<C>	<C>	<C>	<C>
<C>				
Income that would have been recorded in accordance				
with original terms .....	\$103	\$102	\$96	\$80
\$105				
Less income actually recorded .....	(35)	(27)	(31)	(34)
(31)				
-----				
Loss of income .....	\$68	\$75	\$65	\$46
\$74				
=====				
Cost of carrying other real estate owned .....	\$8	\$13	\$24	\$18
\$25				

</TABLE>

ON DECEMBER 31, 1996, THERE WERE NO MATERIAL COMMITMENTS TO LEND ADDITIONAL FUNDS WITH RESPECT TO NONPERFORMING LOANS.

<TABLE>

<CAPTION>

TABLE FIFTEEN. LOANS PAST DUE 90 DAYS OR MORE AND STILL ACCRUING INTEREST

DECEMBER 31  
(DOLLARS IN MILLIONS)

	1996		
1995			
-----			
	AMOUNT	PERCENT (1)	AMOUNT
PERCENT (1)			
-----			
<S>	<C>	<C>	<C>
<C>			
Commercial .....	\$38	.08%	\$24
.05%			
Real estate commercial .....	13	.24	6
.10			
Real estate construction .....	5	.17	-
-			
-----			
Total commercial .....	56	.10	30
.05			
-----			
Residential mortgage .....	45	.16	22
.09			
Credit card .....	105	1.56	70
1.07			
Other consumer .....	30	.15	34
.15			
-----			
Total consumer .....	180	.33	126
.24			
-----			
Foreign .....	-	-	10
.36			
Factored accounts receivable .....	9	.86	8
.81			
-----			
Total .....	\$245	.20	\$174
.15			

</TABLE>

(1) REPRESENTS AMOUNTS PAST DUE 90 DAYS OR MORE AND STILL ACCRUING INTEREST AS A PERCENTAGE OF NET LOANS, LEASES AND FACTORED ACCOUNTS RECEIVABLE FOR EACH

(Chart appears along the left side of the page and its plot points are as follows):

Nonperforming Assets  
(Billions)

92	2.0
93	1.8
94	1.1
95	.85
96	1.0

Other real estate owned increased to \$153 million on December 31, 1996 compared to \$147 million on December 31, 1995.

Internal loan workout units are devoted to the management and/or collection of certain nonperforming assets as well as certain performing loans. Concerted collection strategies and a proactive approach to managing overall credit risk has expedited the Corporation's disposition, collection and renegotiation of nonperforming and other lower-quality assets and allowed loan officers to concentrate on generating new business. As part of this process, the Corporation routinely evaluates all reasonable alternatives, including the sale of assets individually or in groups. The final decision to proceed with any alternative is evaluated in the context of the overall credit-risk profile of the Corporation.

LOANS PAST DUE 90 DAYS OR MORE - TABLE FIFTEEN presents total loans past due 90 days or more and still accruing interest. On December 31, 1996, loans past due 90 days or more and still accruing interest were \$245 million, or .20 percent of net loans, leases and factored accounts receivable, compared to \$174 million, or .15 percent, on December 31, 1995.

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

TABLE SIXTEEN presents the notional or contract amounts on December 31, 1996 and 1995 and the current credit risk amounts (the net replacement cost of contracts in a gain position on December 31, 1996 and 1995) of the Corporation's derivatives-dealer positions which are primarily executed in the over-the-counter market. The notional or contract amounts indicate the total volume of transactions and significantly exceed the

<TABLE>  
<CAPTION>

TABLE SIXTEEN. DERIVATIVES-DEALER POSITIONS

=====			
=====			
DECEMBER 31			
(DOLLARS IN MILLIONS)			
	1996		1995
	-----		-----
	CONTRACT/	CREDIT RISK	CONTRACT/
CREDIT RISK			
	NOTIONAL	AMOUNT (1)	NOTIONAL
AMOUNT (1)			
	-----		
<S>	<C>	<C>	<C>
<C>			
Interest Rate Contracts			
Swaps .....	\$252,187	\$927	\$123,946
\$989			
Futures and forwards .....	186,333	5	193,774
37			
Written options .....	298,594	-	233,976
-			
Purchased options .....	294,591	561	236,317
1,310			



# Foreign Exchange Contracts

Swaps .....	1,303	24	1,196
21 Spot, futures and forwards .....	94,028	1,137	70,199
532 Written options .....	63,081	-	42,227
- Purchased options .....	61,716	352	44,273
350			

# Commodity and Other Contracts

Swaps .....	812	81	757
141 Futures and forwards .....	2,728	-	3,231
3 Written options .....	14,064	-	15,476
- Purchased options .....	13,828	357	16,344
600			

-----  
Total before cross product netting ..... 3,444  
3,983

-----  
Cross product netting ..... 286  
183

-----  
Net replacement cost ..... \$3,158  
\$3,800

=====

(1) REPRESENTS THE NET REPLACEMENT COST THE CORPORATION COULD INCUR SHOULD COUNTERPARTIES WITH CONTRACTS IN A GAIN POSITION TO THE CORPORATION COMPLETELY FAIL TO PERFORM UNDER THE TERMS OF THOSE CONTRACTS. AMOUNTS INCLUDE ACCRUED INTEREST.

## Management's Discussion and Analysis 37

amount of the Corporation's credit or market risk associated with these instruments. The credit risk amounts presented in TABLE SIXTEEN do not consider the value of any collateral, but generally take into consideration the effects of legally enforceable master netting agreements. On December 31, 1996, the credit risk associated with the Corporation's asset and liability management positions was not significant.

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

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

During 1996 there were no credit losses associated with derivatives transactions. In addition, on December 31, 1996, there were no nonperforming derivatives positions.

CONCENTRATIONS OF CREDIT RISK - As previously discussed, in an effort to minimize the adverse impact of any single event or set of occurrences, the Corporation strives to maintain a diverse credit portfolio. Summarized below are areas of significant credit risk.

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

Total nonresidential real estate commercial and construction loans continued to decline in 1996 and totaled \$8.3 billion, or 7 percent of net loans, leases and factored

<TABLE>

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## TABLE SEVENTEEN. REAL ESTATE COMMERCIAL AND CONSTRUCTION LOANS,

## OTHER REAL ESTATE OWNED AND OTHER REAL ESTATE CREDIT EXPOSURES

DECEMBER 31, 1996  
(DOLLARS IN MILLIONS)

OTHER CREDIT  EXPOSURES (2)	LOANS (1)		
	OUTSTANDING	NONPERFORMING	OREO
-----			
BY GEOGRAPHIC REGION (3):			
<S>	<C>	<C>	<C>
<C>			
Maryland, District of Columbia and Virginia .....	\$1,643	\$51	\$32
\$377			
Florida .....	1,746	49	41
172			
North Carolina and South Carolina .....	1,369	33	28
29			
Other states .....	3,550	40	11
301			
-----			
	\$8,308	\$173	\$112
-----			
\$879			
=====			
BY PROPERTY TYPE:			
Apartments .....	\$1,484	\$26	\$-
\$325			
Shopping centers/retail .....	1,264	13	2
105			
Residential .....	1,215	12	12
36			
Office buildings .....	1,174	20	13
16			
Hotels .....	630	3	2
48			
Land and land development .....	573	20	43
78			
Industrial/warehouse .....	551	18	1
19			
Commercial-other .....	404	17	11
11			
Resorts/golf courses .....	275	-	-
-			
Unsecured .....	159	2	-
35			
Multiple use .....	115	5	1
3			
Other .....	464	37	27
203			
-----			
	\$8,308	\$173	\$112
-----			
\$879			

&lt;/TABLE&gt;

(1) ON DECEMBER 31, 1996, THE CORPORATION HAD UNFUNDED BINDING REAL ESTATE COMMERCIAL AND CONSTRUCTION LOAN COMMITMENTS.

(2) OTHER CREDIT EXPOSURES INCLUDE LETTERS OF CREDIT AND LOANS HELD FOR SALE.

(3) DISTRIBUTION BASED ON GEOGRAPHIC LOCATION OF COLLATERAL.

accounts receivable, on December 31, 1996 compared to \$9.2 billion, or 8 percent, at the end of 1995. During 1996, the Corporation recorded real estate net charge-offs of \$28 million, or .30 percent of average real estate loans, compared to net charge-offs of \$18 million, or .17 percent, in 1995. Of the increase in total real estate net charge-offs in 1996, \$18 million was attributable to the second quarter bulk sale of \$110 million of loans, primarily

commercial real estate. Real estate commercial and construction loans which were past due 90 days or more and still accruing interest were \$18 million, or .22 percent of total real estate loans, on December 31, 1996 compared to \$6 million, or .07 percent, at the end of 1995. Nonperforming real estate commercial and construction loans decreased \$39 million to \$173 million on December 31, 1996 compared to December 31, 1995, primarily due to the above-mentioned bulk sale.

The exposures included in TABLE SEVENTEEN do not include credit extensions which were made on the general creditworthiness of the borrower for which real estate was obtained as security or as an abundance of caution and for which the ultimate repayment of the credit is not dependent on the sale, lease, rental or refinancing of the real estate. Accordingly, the exposures presented do not include commercial loans secured by owner-occupied real estate, except where the borrower is a real estate developer. In addition to the amounts presented in the tables, on December 31, 1996, the Corporation had approximately \$7.9 billion of commercial loans which were not real estate dependent but for which the Corporation had obtained real estate as secondary repayment security.

OTHER INDUSTRIES - TABLE EIGHTEEN presents selected industry credit exposures. Commercial loans, factored accounts receivable and lease financings are included in the table. Other credit exposures as presented include loans held for sale, letters of credit, bankers' acceptances and derivatives exposures in a gain position. Commercial loan outstandings totaled \$50.3 billion and \$48.0 billion on December 31, 1996 and 1995, respectively, or 41 percent of net loans, leases and factored accounts receivable. Net charge-offs of commercial loans totaled \$84 million, or .17 percent of average commercial loans, in 1996, versus \$20 million, or .04 percent, in 1995. Commercial loans which were past due 90 days or more and still accruing interest were \$38 million, or .08 percent of commercial loans, on December 31, 1996 compared to \$24 million, or .05 percent, at the end of 1995. Nonperforming commercial loans were \$342 million and \$271 million on December 31, 1996 and 1995, respectively.

<TABLE>  
<CAPTION>

TABLE EIGHTEEN. SELECTED INDUSTRY CREDIT EXPOSURES

=====			
==			
DECEMBER 31, 1996			
(DOLLARS IN MILLIONS)			
	LOANS, LEASES AND FACTORED ACCOUNTS RECEIVABLE, NET OF UNEARNED INCOME		
OTHER  CREDIT  EXPOSURES (1)			
	OUTSTANDING	NONPERFORMING	UNFUNDED COMMITMENTS
-----			
<S>	<C>	<C>	<C>
<C>			
Communications .....	\$4,653	\$18	\$5,669
\$449			
Health care .....	3,852	9	3,543
858			
Leisure and sports .....	3,133	29	2,104
243			
Textiles and apparel .....	2,750	39	1,578
362			
Oil and gas .....	2,734	30	3,852
730			
Automotive, excluding trucking .....	2,618	9	2,153
92			
Retail .....	2,528	46	3,531
562			
Food, including agribusiness .....	2,487	14	2,441
304			
Machinery and equipment, excluding defense .....	2,412	3	2,665
244			
Forest products and paper .....	1,670	16	2,113
303			
Services .....	1,605	14	1,679
293			
Computers and electronics .....	1,594	15	2,831
112			
Utilities .....	1,383	1	4,247
222			
Finance companies .....	1,042	1	4,570
156			
Banks .....	880	1	1,663

2,646			
Brokers and dealers .....	246	-	1,220
1,198			
</TABLE>			

(1) OTHER CREDIT EXPOSURES INCLUDE LOANS HELD FOR SALE, LETTERS OF CREDIT, BANKERS' ACCEPTANCES AND DERIVATIVES EXPOSURES IN A GAIN POSITION.

## Management's Discussion and Analysis 39

CONSUMER - On December 31, 1996 and 1995, consumer loan outstandings totaled \$55.3 billion and \$52.8 billion, respectively, representing 45 percent of net loans, leases and factored accounts receivable. Net charge-offs in the consumer portfolio were \$466 million in 1996 compared to \$360 million in 1995, reflecting the impact of loan growth and the continuation of a return to more normal levels of credit losses. TABLE SEVEN details the components of the Corporation's consumer loan portfolio. In addition to the credit card and other consumer loans reported in the financial statements, the Corporation manages credit card and consumer receivables which have been sold.

Total average credit card receivables managed by the CARD SERVICES group (excluding private label credit cards) were \$8.1 billion in 1996 compared to \$6.1 billion in 1995. Average securitized credit card loans totaled \$2.2 billion during 1996 and included a \$900 million securitization completed during the second quarter. During 1995, average securitized credit card loans were \$1.3 billion. Net charge-off ratios for the managed credit card portfolio were 4.54 percent for 1996 and 3.95 percent for 1995.

Total average managed other consumer loans, including direct and indirect consumer loans and home equity lines, were \$24.6 billion in 1996 including the impact of the July 31, 1996 securitization of \$2.1 billion of indirect auto loans compared to total average managed other consumer loans of \$22.6 billion in 1995. The consumer managed portfolio, which includes both on balance sheet receivables and indirect auto loan and consumer finance securitizations, experienced net charge-offs as a percentage of average managed consumer loans of 1.07 percent in 1996 and .87 percent in 1995.

Total consumer loans which were past due 90 days or more and still accruing interest were \$180 million, or .33 percent of total consumer loans, on December 31, 1996 compared to \$126 million, or .24 percent, at the end of 1995. Total consumer nonperforming loans were \$350 million and \$217 million on December 31, 1996 and 1995, respectively, primarily due to an increase in nonperforming residential mortgage loans obtained through acquisitions.

FOREIGN - Foreign outstandings include loans and leases, interest-bearing deposits with foreign banks, bankers' acceptances and other investments. The Corporation has no significant medium- or long-term outstandings to restructuring countries. The Corporation's foreign outstandings totaled \$8.1 billion on December 31, 1996 compared to \$3.8 billion on December 31, 1995.

## MARKET RISK MANAGEMENT

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

Market risk is managed by the Corporation's Finance Committee which formulates policy based on desirable levels of market risk. In setting desirable levels of market risk, the Finance Committee considers the impact on both earnings and capital of the current outlook in market rates, potential changes in the outlook in market rates, world and regional economies, liquidity, business strategies and other factors.

The Corporation's asset and liability management process is utilized to manage interest rate risk through the structuring of balance sheet and off-balance sheet portfolios. To effectively measure and manage interest rate risk, the Corporation uses computer simulations which determine the impact on net interest income of numerous interest rate scenarios, balance sheet trends and strategies. These simulations incorporate assumptions about balance sheet dynamics, such as loan and deposit growth and pricing, changes in funding mix and asset and liability repricing and maturity characteristics. Simulations are run under various interest

rate scenarios to determine the impacts on net income and capital. From these scenarios, interest rate risk is quantified and appropriate strategies are developed and implemented. The overall interest rate risk position and strategies are reviewed on an ongoing basis by executive management.

Additionally, duration and market value sensitivity measures are selectively utilized where they provide added value to the overall interest rate risk management process.

In implementing strategies to manage interest rate risk, the primary tools used by the Corporation are the securities portfolio and interest rate swaps, and management of the mix, yields or rates and maturities of assets and of the wholesale and retail funding sources of the Corporation.

TABLE NINETEEN represents the Corporation's interest rate gap position on December 31, 1996. Based on contractual maturities or repricing dates (or anticipated dates where no contractual maturity or repricing date exists or where prepayments are a factor), interest-sensitive assets and liabilities are placed in maturity categories. The Corporation's near-term cumulative interest rate gap position is a reflection of the customer-deposit gathering franchise which provides the Corporation with a relatively stable core deposit base. These funds have been deployed in longer-term interest earning assets, primarily 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.

<TABLE>

<CAPTION>

TABLE NINETEEN. INTEREST RATE GAP ANALYSIS

=====						
=====						
DECEMBER 31, 1996						
(DOLLARS IN MILLIONS)						
					OVER 12	
					MONTHS AND	
					INTEREST-SENSITIVE	NONINTEREST-
						SENSITIVE
TOTAL	30-DAY	3-MONTH	6-MONTH	12-MONTH	TOTAL	
-----						
-----						
Earning assets						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Loans and leases, net of unearned income .....	\$49,346	\$12,268	\$4,636	\$8,716	\$74,966	\$46,617
\$121,583						
Securities held for investment .....	53	197	308	394	952	1,158
2,110						
Securities available for sale .....	135	275	432	1,143	1,985	10,292
12,277						
Loans held for sale .....	1,215	-	-	-	1,215	-
1,215						
Time deposits placed and other						
short-term investments .....	1,402	355	31	55	1,843	-
1,843						
Trading account securities .....	15,391	-	-	-	15,391	-
15,391						
Federal funds sold and securities						
purchased under agreements to resell .....	6,959	-	-	-	6,959	-
6,959						
-----						
Total .....	74,501	13,095	5,407	10,308	103,311	58,067
161,378						
Interest-bearing liabilities						
Savings .....	8,498	-	-	-	8,498	-
8,498						
NOW and money market deposit accounts .....	31,128	-	-	-	31,128	-
31,128						
Consumer CDs and IRAs .....	4,352	4,993	6,143	6,583	22,071	8,701
30,772						
Negotiated CDs, public funds and						
other time deposits .....	785	473	385	338	1,981	328
2,309						
Foreign time deposits .....	7,103	507	347	96	8,053	-

8,053						
Borrowed funds .....	21,619	1,957	414	11	24,001	-
24,001						
Short sales .....	7,904	-	-	-	7,904	-
7,904						
Trust preferred securities .....	-	-	-	-	-	965
965						
Long-term debt .....	4,873	7,398	200	208	12,679	10,306
22,985						
-----						
Total .....	86,262	15,328	7,489	7,236	116,315	20,300
136,615						
Noninterest-bearing, net .....	-	-	-	-	-	24,763
24,763						
-----						
Total .....	86,262	15,328	7,489	7,236	116,315	45,063
\$161,378						
-----						
Interest rate gap .....	(11,761)	(2,233)	(2,082)	3,072	(13,004)	13,004
Effect of asset and liability management						
interest rate swaps, futures and						
other off-balance sheet items .....	(11,673)	(14,188)	(790)	(103)	(26,754)	26,754
-----						
Adjusted interest rate gap .....	\$ (23,434)	\$ (16,421)	\$ (2,872)	\$ 2,969	\$ (39,758)	\$ 39,758
=====						
Cumulative adjusted interest rate gap .....	\$ (23,434)	\$ (39,855)	\$ (42,727)	\$ (39,758)		
=====						

</TABLE>

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Additionally, the gap analysis does not consider the many factors accompanying interest rate movements.

On December 31, 1996, the interest rate risk position of the Corporation was relatively neutral as the impact of a gradual parallel 100 basis-point rise or fall in interest rates over the next 12 months was estimated to be less than one percent of net income when compared to stable rates.

The Corporation manages its exposure to market risk resulting from trading activities through a risk management function which is independent of the business units. Each major trading site in Charlotte, Chicago, New York, London, Singapore and Tokyo is monitored by these risk management units. Risk limits have been approved by the Corporation's Finance Committee, and daily earnings at risk limits are generally allocated to the business units. In addition to limits placed on these individual business units, limits are also imposed on the risks individual traders can take and on the amount of risk that can be concentrated in a particular product or market. Risk positions are monitored by business unit, risk management personnel and senior management on a daily basis. Business unit and risk management personnel are responsible for continual monitoring of the changing aggregate position of the portfolios under their responsibility, including projection of the profit or loss levels that could result from both normal and extreme market moves. If any market risk limits are exceeded, the risk management units are responsible for taking actions as necessary to bring portfolios within approved trading limits.

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

Earnings at risk estimates are measured on a daily basis at the individual trading unit level, by type of trading activity and for all trading activities in the aggregate. Daily reports of estimates compared to respective limits are reviewed by senior management, and trading strategies are adjusted accordingly. In addition to these simulations, portfolios which have significant option positions are stress tested continually to simulate the potential loss that might occur due to unexpected market movements in each market.

Earnings at risk is measured on both a gross and uncorrelated basis. The gross measure assumes that adverse market movements occur simultaneously across all segments of the trading portfolio, an unlikely assumption. On December 31, 1996, the gross estimates for aggregate interest rate, foreign exchange and equity and commodity trading activities were \$59 million, \$3 million and \$2 million, respectively. Alternately, using a statistical measure which is more likely to capture the effects of market movements, the uncorrelated estimate on December 31, 1996 for aggregate trading activities was \$25 million.

Average daily trading-related revenues in 1996 approximated \$1 million.

During 1996, the Corporation's trading-related activities resulted in positive daily revenues for approximately 74 percent of total trading days. In 1996, the standard deviation of trading-related revenues was \$3 million. Using this data, one can conclude that the aggregate trading activities should not result in exposure of more than \$7 million for any one day, assuming 99-percent confidence. When comparing daily earnings at risk to trading-related revenues, daily earnings at risk will average considerably more due to the assumption of no evasive actions as well as the assumption that adverse market movements occur simultaneously across all segments of the trading portfolio.

#### CAPITAL RESOURCES AND CAPITAL MANAGEMENT

Shareholders' equity on December 31, 1996 was \$13.7 billion compared to \$12.8 billion on December 31, 1995. Net earnings retention of \$1.7 billion coupled with the acquisition of Bank South Corporation, which resulted in the issuance of 52.6 million shares of common stock and an increase of \$685 million in shareholders'

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equity, were the primary reasons for the increase. The increase was partially offset by the repurchase of 34.2 million shares of common stock for approximately \$1.5 billion and net depreciation of \$240 million in the market value of securities available for sale and marketable equity securities due to sales and maturities of securities during 1996.

The Corporation's and significant subsidiaries' regulatory capital ratios, along with a description of the components of risk-based capital, capital adequacy requirements and prompt corrective action provisions, are included in Note Nine to the consolidated financial statements.

#### FOURTH QUARTER REVIEW

During the fourth quarter of 1996, the Corporation recorded net income of \$632 million compared to \$510 million in the fourth quarter of 1995. TABLE TWENTY presents selected quarterly operating results for each quarter of 1996 and 1995.

TABLE TWENTY-ONE presents an analysis of the Corporation's taxable-equivalent net interest income for each of the last five quarters. Taxable-equivalent net interest income was \$1.6 billion in the fourth quarter of 1996 compared to \$1.4 billion in the comparable 1995 period. The net interest yield was 3.75 percent in the fourth quarter of 1996 compared to 3.38 percent in the fourth quarter of 1995. The increase in the net interest yield reflected the sale of low-yielding securities and the reinvestment of cash from the sale of low-yielding securities into higher-spread products.

The provision for credit losses was \$150 million in the fourth quarter of 1996 compared to \$142 million in the same quarter of 1995. Net charge-offs for the fourth quarter of 1996 were \$151 million compared to \$156 million in the fourth quarter of 1995. The increase in the provision for credit losses resulted from growth in commercial and consumer lending as well as the continuation of a return to more normalized levels of credit losses following periods of unusually low credit losses.

Noninterest income was \$958 million and \$846 million in the fourth quarters of 1996 and 1995, respectively. The 13-percent increase was driven primarily by higher deposit account service charges, investment banking income and trading account profits and fees.

Noninterest expense increased 9 percent in the fourth quarter of 1996 compared to the fourth quarter of 1995, primarily due to acquisitions.

Income tax expense was \$326 million in the fourth quarter of 1996, reflecting an effective tax rate of 34.0 percent of pretax income. This compared to income tax expense of \$278 million, or an effective tax rate of 35.3 percent, in the fourth quarter of 1995.

#### 1995 COMPARED TO 1994

The following discussion and analysis provides a comparison of the Corporation's results of operations for the years ended December 31, 1995 and 1994. This discussion should be read in conjunction with the consolidated financial statements and related notes on pages 49 through 71.

#### OVERVIEW

The Corporation's net income of \$1.95 billion in 1995 reflected an increase of 15 percent over 1994. Earnings per common share for 1995 increased 16 percent to \$3.56 from \$3.06 for 1994. Return on average common shareholders' equity rose to 17.01 percent from 16.10 percent in 1994. Revenue growth outpaced expense growth in 1995, bringing the efficiency ratio to 59.8 percent, an improvement of approximately 280 basis points over 1994.

#### BUSINESS UNIT OPERATIONS

The GENERAL BANK'S 1995 earnings of \$1.2 billion increased 26 percent over 1994. Return on equity increased to 19 percent in 1995 from 17 percent in 1994. Revenue growth and expense control led to a 365 basis-point improvement in the efficiency ratio in 1995 to 63.8 percent.

GLOBAL FINANCE produced a return on equity of 16 percent in 1995, consistent with the return in 1994. Earnings were \$609 million compared to \$631 million in 1994. Increased investment in personnel resulted in a 27 basis-point rise in the efficiency ratio to 54.2 percent in 1995.

FINANCIAL SERVICES' earnings increased 25 percent to \$129 million in 1995. Return on equity increased to 14 percent in 1995 from 13 percent in the prior year. The efficiency ratio improved 352 basis points in 1995 to 42.1 percent.

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#### NET INTEREST INCOME

Taxable-equivalent net interest income increased \$255 million to \$5.6 billion in 1995, driven by growth in average earning assets, principally loans and leases, which increased \$14.5 billion to \$109.5 billion. The increase in net interest income resulting primarily from loan growth was partially offset by the use of higher cost market-based funds and term debt. As the growth in earning assets outpaced customer deposit growth, the Corporation shifted to alternative funding sources such as term debt.

The net interest yield of 3.33 percent in 1995 reflected the funding of earning asset growth principally with market-based funds

<TABLE>

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TABLE TWENTY. SELECTED QUARTERLY OPERATING RESULTS

=====

==

(DOLLARS IN MILLIONS EXCEPT PER-SHARE INFORMATION)

	1996 QUARTERS				1995 QUARTERS		
	FOURTH	THIRD	SECOND	FIRST	FOURTH	THIRD	SECOND
FIRST							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
-----							
Income from earning assets .....	\$3,358	\$3,423	\$3,442	\$3,573	\$3,361	\$3,398	\$3,391
\$3,070							
Interest expense .....	1,768	1,828	1,855	2,016	1,948	2,007	2,055
1,763							
Net interest income (taxable-equivalent) ..	1,612	1,616	1,611	1,584	1,438	1,420	1,367
1,335							
Net interest income .....	1,590	1,595	1,587	1,557	1,413	1,391	1,336
1,307							
Provision for credit losses .....	150	145	155	155	142	100	70
70							
Gains (losses) on sales of securities .....	33	26	(6)	14	21	3	4
1							
Noninterest income .....	958	886	917	885	846	776	730
726							
Other real estate owned expense .....	7	6	7	-	8	7	1
2							
Merger-related charge .....	-	-	-	118	-	-	-
-							
Other noninterest expense .....	1,466	1,400	1,405	1,394	1,342	1,245	1,288
1,288							
Income before income taxes .....	958	956	931	789	788	818	711
674							
Income tax expense .....	326	331	326	276	278	288	244
231							
Net income .....	632	625	605	513	510	530	467
443							
Net income (excluding merger-related charge) .....	632	625	605	590	510	530	467
443							
Earnings per common share .....	1.09	1.06	1.00	.85	.94	.98	.86
.80							
Earnings per common share (excluding merger-related charge) .....	1.09	1.06	1.00	.98	.94	.98	.86
.80							
Dividends per common share .....	.33	.29	.29	.29	.29	.25	.25
.25							
Yield on average earning assets .....	7.86%	7.87%	7.80%	7.80%	7.95%	8.08%	7.98%
7.93%							
Rate on average interest-bearing liabilities .....	4.77	4.84	4.83	4.97	5.22	5.38	5.39



5.13							
Net interest spread .....	3.09	3.03	2.97	2.83	2.73	2.70	2.59
2.80							
Net interest yield .....	3.75	3.69	3.62	3.43	3.38	3.35	3.19
3.41							
Average total assets .....	\$194,321	\$197,923	\$202,796	\$208,617	\$191,693	\$190,501	\$194,302
\$177,515							
Average total deposits .....	105,765	107,715	109,988	106,906	98,602	98,671	100,569
99,285							
Average total shareholders' equity .....	13,224	13,133	13,552	13,144	11,903	11,487	11,213
11,192							
Return on average assets .....	1.29%	1.26%	1.20%	.99%	1.06%	1.10%	.96%
1.01%							
Return on average assets (excluding							
merger-related charge) .....	1.29	1.26	1.20	1.14	1.06	1.10	.96
1.01							
Return on average common							
shareholders' equity (1) .....	19.06	19.00	18.00	15.71	16.98	18.29	16.69
16.03							
Return on average common shareholders'							
equity (excluding merger-related							
charge) (1) .....	19.06	19.00	18.00	18.07	16.98	18.29	16.69
16.03							
Market price per share of common stock							
High for the period .....	\$52 5/8	\$47 1/16	\$42 5/16	\$40 11/16	\$37 3/8	\$34 7/16	\$28 7/8
\$25 7/8							
Low for the period .....	43 1/8	38 3/16	37 3/8	32 3/16	32	26 7/8	24 13/16
22 5/16							
Closing price .....	48 7/8	43 7/16	41 5/16	40 1/16	34 13/16	33 5/8	26 13/16
25 3/8							
Tier 1 capital ratio .....	7.76%	7.05%	7.58%	7.35%	7.24%	7.16%	7.03%
7.25%							
Total capital ratio .....	12.66	12.05	11.93	11.71	11.58	11.23	10.90
11.06							

(1) AVERAGE COMMON SHAREHOLDERS' EQUITY DOES NOT INCLUDE THE EFFECT OF MARKET VALUE ADJUSTMENTS TO SECURITIES AVAILABLE FOR SALE AND MARKETABLE EQUITY SECURITIES.

</TABLE>

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and term debt and the addition of \$6.5 billion in low-spread trading-related assets when compared to 1994.

#### PROVISION FOR CREDIT LOSSES

The provision for credit losses was \$382 million in 1995 compared to \$310 million in the prior year, reflecting increased loans, the continuing shift in the mix of the loan portfolio towards consumer lending and the maturing credit cycle. The level of provision expense in 1995 was consistent with credit quality indicators. Net charge-offs in 1995 increased by \$105 million compared to 1994 due to higher levels of credit card and other consumer loan charge-offs coupled with a lower level of recoveries in 1995.

The allowance for credit losses was \$2.2 billion, or 1.85 percent of net loans, leases and factored accounts receivable, on December 31, 1995 compared to \$2.2 billion, or 2.11 percent, at the end of 1994. The allowance for credit losses was 306 percent of nonperforming loans on December 31, 1995 compared to 273 percent on December 31, 1994.

#### NONINTEREST INCOME

Noninterest income increased 19 percent to \$3.1 billion in 1995, reflecting the diverse fee-generating activities of the Corporation. Capital markets revenues, deposit and other service fees and acquisition-related mortgage servicing fees were factors in the year-over-year increase.

#### NONINTEREST EXPENSE

Noninterest expense increased 4 percent to \$5.2 billion. Excluding the impact of acquisitions, noninterest expense increased 3 percent reflecting additional investment in personnel in selected areas, expanded marketing efforts to support revenue growth and increased expenditures related to technology initiatives, partially offset by reduced deposit insurance expense.

#### INCOME TAXES

The Corporation's income tax expense for 1995 was \$1.0 billion, for an effective tax rate of 34.8 percent of pretax income. Income tax expense for 1994 was \$865 million, reflecting an effective tax rate of 33.9 percent.

(DOLLARS IN MILLIONS)

	FOURTH QUARTER 1996			THIRD QUARTER 1996		
	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).....	49,987	\$1,044	8.30%	\$ 48,920	\$1,011	8.23%
Real estate commercial.....	5,388	122	9.00	5,921	138	9.25
Real estate construction.....	3,084	67	8.74	3,195	74	9.15
Total commercial.....	58,459	1,233	8.39	58,036	1,223	8.38
Residential mortgage.....	28,174	548	7.77	27,990	545	7.77
Credit card.....	6,363	185	11.58	5,903	169	11.38
Other consumer.....	20,581	503	9.69	22,026	544	9.84
Total consumer.....	55,118	1,236	8.93	55,919	1,258	8.97
Foreign.....	2,701	47	6.89	2,813	46	6.59
Lease financing.....	4,614	87	7.66	4,429	85	7.60
Total loans and leases, net.....	120,892	2,603	8.57	121,197	2,612	8.58
Securities						
Held for investment.....	2,585	36	5.55	3,173	46	5.73
Available for sale (3).....	11,540	205	7.10	16,388	273	6.66
Total securities.....	14,125	241	6.82	19,561	319	6.51
Loans held for sale.....	802	15	7.31	1,025	20	7.87
Federal funds sold.....	273	4	5.79	361	6	6.39
Securities purchased under agreements to resell.....	12,018	158	5.21	11,828	153	5.14
Time deposits placed and other short-term investments.....	1,991	25	4.86	1,430	20	5.74
Trading account securities (4).....	21,148	334	6.32	18,897	314	6.60
Total earning assets (5).....	171,249	3,380	7.86	174,299	3,444	7.87
Cash and cash equivalents.....	7,720			7,597		
Factored accounts receivable.....	1,256			1,150		
Other assets, less allowance for credit losses.....	14,096			14,877		
Total assets.....	\$194,321			\$197,923		
Interest-bearing liabilities						
Savings.....	\$ 8,607	46	2.12	\$ 8,798	48	2.15
NOW and money market deposit accounts.....	30,634	191	2.47	30,485	189	2.49
Consumer CDs and IRAs (6).....	30,870	405	5.22	30,092	394	5.21
Negotiated CDs, public funds and other time deposits.....	2,544	35	5.53	3,314	46	5.50
Foreign time deposits.....	9,139	117	5.10	10,836	145	5.31
Federal funds purchased.....	3,915	51	5.21	3,631	49	5.39
Securities sold under agreements to repurchase (6).....	25,192	330	5.22	26,309	355	5.36
Commercial paper.....	2,850	40	5.59	3,129	44	5.59
Other short-term borrowings (6).....	1,971	34	6.99	2,999	51	6.76
Trading account liabilities (4).....	9,314	152	6.48	9,848	163	6.57
Long-term debt (7).....	22,702	367	6.53	21,067	344	6.53
Total interest-bearing liabilities.....	147,738	1,768	4.77	150,508	1,828	4.84
Noninterest-bearing sources						
Noninterest-bearing deposits.....	23,971			24,190		
Other liabilities.....	9,388			10,092		
Shareholders' equity.....	13,224			13,133		
Total liabilities and shareholders' equity.....	\$194,321			\$197,923		
Net interest spread.....			3.09			3.03
Impact of noninterest-bearing sources.....			.66			.66

Net interest income/yield on earning assets.....	\$1,612	3.75%	\$1,616	3.69%
--	---------	-------	---------	-------

</TABLE>

- (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. INTEREST RATE SWAPS INCREASED (DECREASED) INTEREST INCOME \$31, \$11, \$3 AND (\$19) IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1996, RESPECTIVELY, AND (\$34) IN THE FOURTH QUARTER OF 1995.
- (3) THE AVERAGE BALANCE SHEET AMOUNTS AND YIELDS ON SECURITIES AVAILABLE FOR SALE ARE BASED ON THE AVERAGE OF HISTORICAL AMORTIZED COST BALANCES.
- (4) THE FAIR VALUES OF DERIVATIVES-DEALER POSITIONS ARE REPORTED IN OTHER ASSETS AND LIABILITIES, RESPECTIVELY.
- (5) INTEREST INCOME INCLUDES TAXABLE-EQUIVALENT ADJUSTMENTS OF \$22, \$21, \$24 AND \$27 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1996, RESPECTIVELY, AND \$25 IN THE FOURTH QUARTER OF 1995.
- (6) SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE, OTHER SHORT-TERM BORROWINGS AND CONSUMER CDS INTEREST EXPENSE INCLUDES NET INTEREST RATE SWAP EXPENSE RELATED TO SWAPS FIXING THE COST OF CERTAIN OF THESE LIABILITIES. INTEREST RATE SWAPS INCREASED INTEREST EXPENSE \$3, \$16, \$26 AND \$21 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1996, RESPECTIVELY, AND \$12 IN THE FOURTH QUARTER OF 1995.
- (7) LONG-TERM DEBT INTEREST EXPENSE INCLUDES NET INTEREST RATE SWAP EXPENSE RELATED TO SWAPS PRIMARILY CONVERTING THE COST OF CERTAIN FIXED-RATE DEBT TO VARIABLE RATE. INTEREST RATE SWAPS DECREASED INTEREST EXPENSE \$4, \$3, \$2 AND \$3 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1996, RESPECTIVELY.

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<TABLE>  
<CAPTION>

SECOND QUARTER 1996			FIRST QUARTER 1996			FOURTH QUARTER 1995		
AVERAGE BALANCE SHEET AMOUNTS	INCOME OR EXPENSE	YIELDS/ RATES	AVERAGE BALANCE SHEET AMOUNTS	INCOME OR EXPENSE	YIELDS/ RATES	AVERAGE BALANCE SHEET AMOUNTS	INCOME OR EXPENSE	YIELDS/ RATES
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$ 49,983	\$1,000	8.04%	\$ 49,319	\$ 987	8.05%	\$ 47,077	\$ 971	8.18%
6,288	141	9.07	6,774	149	8.82	6,649	157	9.39
3,229	71	8.83	3,154	69	8.85	3,016	72	9.44
59,500	1,212	8.19	59,247	1,205	8.18	56,742	1,200	8.39
27,728	542	7.82	27,352	534	7.83	23,573	459	7.78
6,057	173	11.45	6,590	206	12.59	5,709	182	12.69
23,441	578	9.93	23,850	593	9.99	22,852	581	10.09
57,226	1,293	9.07	57,792	1,333	9.26	52,134	1,222	9.33
2,746	45	6.56	2,392	45	7.54	2,100	40	7.65
4,254	80	7.59	3,851	72	7.46	3,628	68	7.48
123,726	2,630	8.54	123,282	2,655	8.65	114,604	2,530	8.77
3,731	51	5.45	4,292	60	5.62	12,945	186	5.72
18,328	303	6.64	22,997	365	6.37	10,689	174	6.45
22,059	354	6.44	27,289	425	6.25	23,634	360	6.05
1,156	19	6.49	1,331	25	7.55	644	12	7.34
397	5	5.75	525	8	5.89	534	8	6.02
12,075	149	4.99	13,870	183	5.29	12,088	163	5.36
1,263	17	5.28	1,056	18	6.90	1,634	28	6.77
17,912	292	6.53	18,213	286	6.33	16,196	285	6.99
178,588	3,466	7.80	185,566	3,600	7.80	169,334	3,386	7.95
7,928			7,998			7,500		
1,124			1,010			1,221		

15,156			14,043			13,638		
<hr/>								
\$202,796			\$208,617			\$191,693		
<hr/>								
\$ 9,336	52	2.27	\$ 9,361	55	2.35	\$ 8,287	49	2.34
30,155	191	2.52	29,692	192	2.61	27,233	185	2.71
29,698	389	5.28	29,469	397	5.42	24,682	339	5.44
3,331	46	5.53	3,273	44	5.42	2,946	42	5.74
12,867	170	5.34	11,902	170	5.73	13,546	211	6.18
4,433	59	5.37	6,817	92	5.41	5,599	81	5.78
28,924	391	5.44	33,705	455	5.43	30,136	440	5.79
3,064	42	5.49	2,821	39	5.62	2,871	43	5.89
3,968	58	5.80	4,455	65	5.89	4,550	78	6.72
8,912	147	6.63	12,485	191	6.16	11,125	185	6.60
19,730	310	6.30	18,885	316	6.68	17,276	295	6.83
<hr/>								
154,418	1,855	4.83	162,865	2,016	4.97	148,251	1,948	5.22
<hr/>								
24,601			23,209			21,908		
10,225			9,399			9,631		
13,552			13,144			11,903		
<hr/>								
\$202,796			\$208,617			\$191,693		
<hr/>								
		2.97			2.83			2.73
		.65			.60			.65
<hr/>								
\$1,611	3.62%		\$1,584	3.43%		\$1,438	3.38%	
<hr/>								

</TABLE>

# Management's Discussion And Analysis 47

## Report Of Management

The management of NationsBank Corporation is responsible for the preparation, integrity and objectivity of the consolidated financial statements of the Corporation. The consolidated financial statements and notes have been prepared by the Corporation in accordance with generally accepted accounting principles and, in the judgment of management, present fairly the Corporation's financial position and results of operations. The financial information contained elsewhere in this report is consistent with that in the financial statements. The financial statements and other financial information in this report include amounts that are based on management's best estimates and judgments and give due consideration to materiality.

The Corporation maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Management recognizes that even a highly effective internal control system has inherent risks, including the possibility of human error and the circumvention or overriding of controls, and that the effectiveness of an internal control system can change with circumstances. However, management believes that the internal control system provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected on a timely basis and corrected through the normal course of business. As of December 31, 1996, management believes that the internal controls are in place and operating effectively.

The Internal Audit Division of the Corporation reviews, evaluates, monitors and makes recommendations on both administrative and accounting control, which acts as an integral, but independent, part of the system of internal controls.

The independent accountants were engaged to perform an independent audit of the consolidated financial statements. In determining the nature and extent of their auditing procedures, they have evaluated the Corporation's accounting policies and procedures and the effectiveness of the related internal control system. An independent audit provides an objective review of management's responsibility to report operating results and financial condition. Their report appears below.

The Board of Directors discharges its responsibility for the Corporation's financial statements through its Audit Committee. The Audit Committee meets periodically with the independent accountants, internal auditors and management. Both the independent accountants and internal auditors have direct access to the Audit Committee to discuss the scope and results of their work, the adequacy of internal accounting controls and the quality of financial reporting.

(Signature of Hugh L. McColl, Jr.)  
Hugh L. McColl Jr.

(Signature of James H. Hance Jr.)  
James H. Hance Jr.

## Report Of Independent Accountants

TO THE BOARD OF DIRECTORS AND  
SHAREHOLDERS OF NATIONSBANK CORPORATION

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of NationsBank Corporation and its subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

(Signature of Price Waterhouse LLP)  
Charlotte, North Carolina  
January 10, 1997

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<TABLE>  
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NationsBank Corporation And Subsidiaries  
CONSOLIDATED STATEMENT OF INCOME  
(DOLLARS IN MILLIONS EXCEPT PER-SHARE INFORMATION)

	YEAR ENDED DECEMBER 31		
	1996	1995	1994
<S>	<C>	<C>	<C>
INCOME FROM EARNING ASSETS			
Interest and fees on loans.....	\$10,138	\$ 9,331	\$ 7,577
Lease financing income.....	302	221	150
Interest and dividends on securities			
Held for investment.....	186	851	755
Available for sale.....	1,120	617	623
Interest and fees on loans held for sale.....	79	24	23
Interest on time deposits placed and			
other short-term investments.....	80	142	90
Federal funds sold.....	23	47	45
Securities purchased under agreements to resell.....	643	890	502
Trading account securities.....	1,225	1,097	764
Total income from earning assets.....	13,796	13,220	10,529
INTEREST EXPENSE			
Deposits.....	3,322	3,281	2,415
Borrowed funds.....	2,155	2,710	1,618
Trading account liabilities.....	653	896	735
Long-term debt.....	1,337	886	550
Total interest expense.....	7,467	7,773	5,318
NET INTEREST INCOME.....	6,329	5,447	5,211
PROVISION FOR CREDIT LOSSES.....	605	382	310
NET CREDIT INCOME.....	5,724	5,065	4,901
GAINS (LOSSES) ON SALES OF SECURITIES.....	67	29	(13)
NONINTEREST INCOME.....	3,646	3,078	2,597
OTHER REAL ESTATE OWNED EXPENSE (INCOME).....	20	18	(12)
MERGER-RELATED CHARGE.....	118	-	-

OTHER NONINTEREST EXPENSE.....	5,665	5,163	4,942
INCOME BEFORE INCOME TAXES.....	3,634	2,991	2,555
INCOME TAX EXPENSE.....	1,259	1,041	865
NET INCOME.....	\$ 2,375	\$ 1,950	\$ 1,690
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS.....	\$ 2,360	\$ 1,942	\$ 1,680
PER-SHARE INFORMATION (RESTATED FOR 2-FOR-1 STOCK SPLIT ON FEBRUARY 27, 1997)			
Earnings per common share.....	\$ 4.00	\$ 3.56	\$ 3.06
Fully diluted earnings per common share.....	\$ 3.92	\$ 3.52	\$ 3.03
Dividends per common share.....	\$ 1.20	\$ 1.04	\$ .94
AVERAGE COMMON SHARES ISSUED (in thousands).....	590,216	544,959	549,312

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

# Consolidated Financial Statements 49

<TABLE>  
<CAPTION>

-----  
NationsBank Corporation And Subsidiaries  
CONSOLIDATED BALANCE SHEET  
(DOLLARS IN MILLIONS)

	DECEMBER 31	
	1996	1995
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents.....	\$ 8,933	\$ 8,448
Time deposits placed and other short-term investments.....	1,843	1,296
Securities		
Held for investment, at cost (market value - \$2,110 and \$4,432).....	2,110	4,432
Available for sale.....	12,277	19,415
Total securities.....	14,387	23,847
Loans held for sale.....	1,215	1,663
Federal funds sold.....	77	111
Securities purchased under agreements to resell.....	6,882	6,119
Trading account assets.....	18,689	18,867
Loans and leases, net of unearned income.....	121,583	116,042
Factored accounts receivable.....	1,047	991
Allowance for credit losses.....	(2,315)	(2,163)
Loans, leases and factored accounts receivable, net of unearned income and allowance for credit losses.....	120,315	114,870
Premises, equipment and lease rights, net.....	2,712	2,508
Customers' acceptance liability.....	858	918
Interest receivable.....	1,159	1,597
Mortgage servicing rights.....	946	707
Goodwill.....	1,640	1,139
Core deposit and other intangibles.....	390	375
Other assets.....	5,748	4,833
	\$185,794	\$187,298
LIABILITIES		
Deposits		
Noninterest-bearing.....	\$ 25,738	\$ 23,414
Savings.....	8,498	8,257
NOW and money market deposit accounts.....	31,128	28,160
Time.....	33,081	27,971
Foreign time.....	8,053	12,889

Total deposits.....	106,498	100,691
Federal funds purchased.....	3,536	5,940
Securities sold under agreements to repurchase.....	15,842	23,034
Trading account liabilities.....	11,752	15,177
Commercial paper.....	2,787	2,773
Other short-term borrowings.....	1,836	4,143
Liability to factoring clients.....	597	580
Acceptances outstanding.....	858	918
Accrued expenses and other liabilities.....	4,429	3,466
Trust preferred securities.....	965	-
Long-term debt.....	22,985	17,775
Total liabilities.....	172,085	174,497
Contingent liabilities and other financial commitments (Notes Eight and Ten)		
SHAREHOLDERS' EQUITY		
Preferred stock: authorized - 45,000,000 shares; issued - 5,220,459 and 2,473,081 shares.....	171	105
Common stock: authorized - 1,250,000,000 shares; issued - 573,492,308 and 548,537,546 shares (Note One).. Retained earnings.....	3,855 9,673	4,655 7,826
Other, including loan to ESOP trust.....	10	215
Total shareholders' equity.....	13,709	12,801
	\$185,794	\$187,298

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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<TABLE>  
<CAPTION>

NationsBank Corporation And Subsidiaries  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(DOLLARS IN MILLIONS)

	YEAR ENDED DECEMBER 31		
	1996	1995	1994
<S>	<C>	<C>	<C>
Operating Activities			
Net income.....	\$ 2,375	\$ 1,950	\$ 1,690
Reconciliation of net income to net cash provided by (used in) operating activities			
Provision for credit losses.....	605	382	310
(Gains) losses on sales of securities.....	(67)	(29)	13
Depreciation and premises improvements amortization.....	314	280	265
Amortization of intangibles.....	128	119	141
Deferred income tax expense.....	304	159	372
Net change in trading instruments.....	(3,280)	(5,175)	3,796
Net decrease (increase) in interest receivable.....	518	(182)	(282)
Net (decrease) increase in interest payable.....	(545)	208	299
Net decrease (increase) in loans held for sale.....	449	(1,345)	1,379
Net increase (decrease) in liability to factoring clients.....	17	(6)	52
Other operating activities.....	986	(1,294)	1,083
Net cash provided by (used in) operating activities.....	1,804	(4,933)	9,118
Investing Activities			
Proceeds from maturities of securities held for investment.....	2,329	5,547	5,864
Purchases of securities held for investment.....	(14)	(545)	(10,293)
Proceeds from sales and maturities of securities available for sale.....	28,998	25,556	23,762

Purchases of securities available for sale.....	(12,708)	(27,594)	(16,055)
Net (increase) decrease in federal funds sold and securities purchased under agreements to resell.....	(424)	4,931	(3,805)
Net (increase) decrease in time deposits placed and other short-term investments.....	(565)	863	(670)
Purchases and net originations of loans and leases.....	(13,822)	(18,331)	(15,592)
Proceeds from sales and securitizations of loans and leases.....	12,286	4,681	4,126
Purchases and originations of mortgage servicing rights.....	(366)	(598)	(124)
Purchases of factored accounts receivable.....	(7,738)	(7,856)	(7,612)
Collections of factored accounts receivable.....	7,656	7,834	7,577
Net purchases of premises and equipment.....	(348)	(307)	(327)
Proceeds from sales of other real estate owned.....	174	204	369
Sales (acquisitions) of business activities, net of cash.....	416	(567)	3,778
-----			
Net cash provided by (used in) investing activities.....	15,874	(6,182)	(9,002)
-----			
Financing Activities			
Net (decrease) increase in deposits.....	(6,573)	(158)	4,261
Net (decrease) increase in federal funds purchased and securities sold under agreements to repurchase.....	(10,601)	2,909	(2,562)
Net (decrease) increase in other short-term borrowings and commercial paper.....	(3,171)	(1,244)	491
Proceeds from issuance of trust preferred securities.....	965	-	-
Proceeds from issuance of long-term debt.....	7,230	11,393	1,198
Retirement of long-term debt.....	(3,093)	(2,061)	(1,017)
Preferred stock repurchased and redeemed.....	-	-	(94)
Proceeds from issuance of common stock.....	136	239	267
Cash dividends paid.....	(722)	(575)	(527)
Common stock repurchased.....	(1,503)	(522)	(180)
Other financing activities.....	139	-	(20)
-----			
Net cash (used in) provided by financing activities.....	(17,193)	9,981	1,817
-----			
Net increase (decrease) in cash and cash equivalents.....	485	(1,134)	1,933
Cash and cash equivalents on January 1.....	8,448	9,582	7,649
-----			
Cash and cash equivalents on December 31.....	\$ 8,933	\$ 8,448	\$ 9,582
=====			
Supplemental cash flow disclosure:			
Cash paid for interest.....	\$ 7,974	\$ 7,565	\$ 5,020
Cash paid for income taxes.....	786	675	718

LOANS TRANSFERRED TO OTHER REAL ESTATE OWNED AMOUNTED TO \$160, \$98 AND \$207 IN 1996, 1995 AND 1994, RESPECTIVELY. MORTGAGE LOANS CONVERTED TO MORTGAGE-BACKED SECURITIES AMOUNTED TO \$4,302 FOR THE YEAR ENDED DECEMBER 31, 1996.

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

# Consolidated Financial Statements 51

<TABLE>  
<CAPTION>

## NationsBank Corporation And Subsidiaries CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DOLLARS IN MILLIONS, SHARES IN THOUSANDS)

	PREFERRED STOCK	COMMON STOCK SHARES	COMMON STOCK AMOUNT	RETAINED EARNINGS	LOAN TO ESOP TRUST	OTHER	TOTAL SHAREHOLDERS' EQUITY
-----							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE ON DECEMBER 31, 1993.....	\$208	541,810	\$ 4,594	\$5,247	\$ (88)	\$ 18	\$ 9,979
Net income.....				1,690			1,690
Cash dividends							
Common.....				(517)			(517)
Preferred.....				(10)			(10)
Preferred stock repurchased and redeemed...	(93)			(1)			(94)



Common stock issued under dividend reinvestment and employee plans.....		10,702	254			13	267
Common stock issued in acquisitions.....		7,020	64	41			105
Common stock repurchased.....		(7,048)	(180)				(180)
Net change in unrealized gains (losses) on securities available for sale and marketable equity securities.....						(240)	(240)
Other.....	(4)	420	9		12	(6)	11
<hr/>							
--- BALANCE ON DECEMBER 31, 1994.....	111	552,904	4,740	6,451	(76)	(215)	11,011
Net income.....				1,950			1,950
Cash dividends							
Common.....				(567)			(567)
Preferred.....				(8)			(8)
Common stock issued under dividend reinvestment and employee plans.....		8,878	214			25	239
Common stock issued in acquisitions.....		5,996	217				217
Common stock repurchased.....		(19,466)	(522)				(522)
Net change in unrealized gains (losses) on securities available for sale and marketable equity securities.....						460	460
Other.....	(6)	226	6		13	8	21
<hr/>							
--- BALANCE ON DECEMBER 31, 1995.....	105	548,538	4,655	7,826	(63)	278	12,801
Net income.....				2,375			2,375
Cash dividends							
Common.....				(707)			(707)
Preferred.....				(15)			(15)
Common stock issued under dividend reinvestment and employee plans.....		3,456	109			27	136
Stock issued in acquisitions.....	73	55,436	586	192		2	853
Common stock repurchased.....		(34,196)	(1,503)				(1,503)
Net change in unrealized gains (losses) on securities available for sale and marketable equity securities.....						(240)	(240)
Other.....	(7)	258	8	2	15	(9)	9
<hr/>							
--- BALANCE ON DECEMBER 31, 1996.....	\$171	573,492	\$ 3,855	\$9,673	\$ (48)	\$ 58	\$13,709
<hr/>							

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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## NationsBank Corporation And Subsidiaries

### Notes To Consolidated Financial Statements

NationsBank Corporation (the Corporation) is a multi-bank holding company organized under the laws of North Carolina in 1968 and registered under the Bank Holding Company Act of 1956, as amended. As discussed more fully in the first and fourth full paragraphs on page 20 and the second full paragraph on page 22, through its banking subsidiaries and its various nonbanking subsidiaries, the Corporation provides banking and banking-related services, primarily throughout the Southeast and Mid-Atlantic states and Texas. The geographic region served by the Corporation has been expanded through the acquisition of Boatmen's Bancshares, Inc. (Boatmen's) on January 7, 1997 to include the Midwestern states.

### NOTE ONE. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Corporation and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Results of operations of companies purchased are included from the dates of acquisition. Certain prior period amounts have been reclassified to conform to current year classifications.

Net assets of companies acquired in purchase transactions are recorded at fair value at the date of acquisition. Identified intangibles are amortized on an accelerated or straight-line basis over the period benefited. Goodwill is amortized on a straight-line basis over 25 years.

Assets held in an agency or fiduciary capacity are not included in the consolidated financial statements.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates made by management are discussed in these footnotes as applicable.

On February 27, 1997, the Corporation completed a 2-for-1 split of its common stock. Accordingly, the financial statements for all years presented have been restated to reflect the impact of the stock split.

#### CASH AND CASH EQUIVALENTS

Cash on hand, cash items in the process of collection and amounts due from correspondent banks and the Federal Reserve Bank are included in cash and cash equivalents.

#### SECURITIES

Securities are classified based on management's intention on the date of purchase. Securities which management has the intent and ability to hold to maturity are classified as held for investment and reported at amortized cost. All other securities, except those used in trading activities, are classified as available for sale and carried at fair value with net unrealized gains and losses included in shareholders' equity on an after-tax basis. In addition, marketable equity securities are carried at fair value with net unrealized gains and losses included in shareholders' equity, net of tax.

Interest and dividends on securities, including amortization of premiums and accretion of discounts, are included in interest income. Realized gains and losses from the sales of securities are determined using the specific identification method.

#### LOANS HELD FOR SALE

Loans held for sale include residential mortgage, commercial real estate and other loans and are carried at the lower of aggregate cost or market value. Generally, such loans are originated with the intent of sale.

#### SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. It is the Corporation's policy to obtain control or take possession of securities purchased under agreements to resell. The Corporation monitors the market value of the underlying securities which collateralize the related receivable on resale agreements, including accrued interest, and requests additional collateral when deemed appropriate.

#### TRADING INSTRUMENTS

Instruments utilized in trading activities include both securities and derivatives and are stated at fair value. Fair value is generally based on quoted market prices. If quoted market prices are not available, fair values are estimated on the basis of dealer quotes, pricing models or quoted prices for instruments with similar characteristics. Gross unrealized gains and losses on trading derivative positions with the same counterparty are generally presented on a net basis for balance sheet reporting purposes where legally enforceable master netting agreements have been executed. Realized and unrealized gains and losses are recognized as noninterest income.

#### LOANS

Loans are reported at their outstanding principal balances net of any charge-offs, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans.

Loan origination fees and certain direct origination costs are deferred and recognized as adjustments to income over the lives of the related loans.

Discounts and premiums are amortized to income using methods that approximate the interest method.

#### ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is primarily available to absorb losses inherent in the loan and lease portfolio. Credit exposures deemed to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to the allowance for credit losses.

Individually identified impaired loans are measured based on the present value of payments expected to be received, observable market prices, or for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral. If the recorded investment in the impaired loan exceeds the measure of estimated fair value, a valuation allowance is established as a component of the allowance for credit losses.

The Corporation's process for determining an appropriate allowance for credit losses includes management's judgment and use of estimates. The adequacy of the allowance for credit losses is reviewed regularly by management. On a quarterly basis, a comprehensive review of the adequacy of the allowance for credit losses is performed. This assessment is made in the context of historical losses as well as existing economic conditions and performance trends within specific portfolio segments and individual concentrations of credit. Additions to the allowance for credit losses are made by charges to the provision for credit losses.

#### NONPERFORMING LOANS

Commercial loans and leases that are past due 90 days or more as to principal or interest, or where reasonable doubt exists as to timely collection, including loans that are individually identified as being impaired, are generally classified as nonperforming loans unless well secured and in the process of collection. Loans whose contractual terms have been restructured in a manner which grants a concession to a borrower experiencing financial difficulties, and loans similarly restructured prior to 1995 that are impaired, are classified as nonperforming until such time as the loan is not impaired based on the terms of the restructured agreement and the interest rate is a market rate as measured at the restructuring date. 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. Generally, interest accrued but not collected is reversed when a loan or lease is classified as nonperforming.

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

Credit card loans that are 180 days past due are charged off and not classified as nonperforming. All other consumer loans and residential mortgages are generally charged off at 120 days or placed on nonperforming status upon repossession or the inception of foreclosure proceedings. Ordinarily, interest accrued but not collected is charged off along with the principal.

#### OTHER REAL ESTATE OWNED

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. In addition, other real estate owned includes premises no longer used for business operations.

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.

#### PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized principally using the straight-line method over the estimated useful lives of the assets.

#### MORTGAGE SERVICING RIGHTS

Beginning April 1, 1995, the Corporation revised its accounting for Mortgage Servicing Rights (MSRs). The total cost of mortgage loans originated or purchased is allocated between the cost of the loans and the MSRs based on the relative fair values of the loans and the MSRs. MSRs acquired separately are capitalized at their cost. During 1996, the Corporation capitalized \$366 million of MSRs. Prior to April 1, 1995, only MSRs purchased separately were recorded as

assets. The cost of the MSRs is amortized in proportion to and over the estimated period of net servicing revenues. During 1996 and 1995, amortization was \$127 million and \$86 million, respectively.

The fair value on December 31, 1996 of servicing for which the Corporation has capitalized an acquisition cost was \$1.1 billion compared to a carrying value of \$946 million. Additionally, there is value associated with servicing originated prior to April 1995 for which the carrying value is zero. Total loans serviced approximated \$96.4 billion on December 31, 1996, including loans serviced on behalf of the Corporation's banking subsidiaries. The Corporation evaluates MSRs strata for impairment by estimating the fair value based on anticipated future net cash flows, taking into consideration prepayment predictions. The predominant characteristics used as the basis for stratifying MSRs are loan type and period of origination. MSRs acquired prior to April 1, 1995 are evaluated for impairment separately. If the carrying value of the MSRs exceeds the estimated fair value, a valuation allowance is established. Changes to the valuation allowance are charged against or credited to mortgage servicing income and fees. The valuation allowance on December 31, 1996 and 1995 and changes in the valuation allowance during 1996 were insignificant.

#### INCOME TAXES

There are two components of income tax provision: current and deferred.

Current income tax provisions approximate taxes to be paid or refunded for the applicable period.

Balance sheet amounts of deferred taxes are recognized on

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the temporary differences between the bases of assets and liabilities as measured by tax laws and their bases as reported in the financial statements. Deferred tax expense or benefit is then recognized for the change in deferred tax liabilities or assets between periods.

Recognition of deferred tax assets is based on management's belief that it is more likely than not that the tax benefit associated with certain temporary differences, tax operating loss carryforwards and tax credits will be realized. A valuation allowance is recorded for those deferred tax items for which it is more likely than not that realization will not occur.

#### RETIREMENT BENEFITS

The Corporation has established qualified retirement plans covering full-time, salaried employees and certain part-time employees. Pension expense under these plans is accrued each year. The costs are charged to current operations and consist of several components of net pension cost based on various actuarial assumptions regarding future experience under the plans.

In addition, the Corporation and its subsidiaries have established unfunded supplemental benefit plans providing any benefits that could not be paid from a qualified retirement plan because of Internal Revenue Code restrictions and supplemental executive retirement plans for selected officers of the Corporation and its subsidiaries. These plans are nonqualified and, therefore, in general, a participant's or beneficiary's claim to benefits is as a general creditor.

The Corporation and its subsidiaries have established several postretirement medical benefit plans which are not funded.

#### RISK MANAGEMENT INSTRUMENTS

Risk management instruments are utilized to modify the interest rate characteristics of related assets or liabilities or hedge against changes in interest rates, currency fluctuations or other such exposures as part of the Corporation's asset and liability management process. Instruments must be designated as hedges and must be effective throughout the hedge period.

Swaps, principally interest rate, used in the asset and liability management process are accounted for on the accrual basis with revenues or expenses recognized as adjustments to income or expense on the underlying linked assets or liabilities. Risk management swaps generally are not terminated. When terminations do occur, gains or losses are recorded as adjustments to the carrying value of the underlying assets or liabilities and recognized as income or expense over the shorter of either the remaining expected lives of such underlying assets or liabilities or the remaining life of the swap. In circumstances where the underlying assets or liabilities are sold, any remaining carrying value adjustments and the cumulative change in value of any open positions are recognized immediately as a component of the gain or loss on disposition of such underlying assets and liabilities.

Gains and losses associated with futures and forward contracts used as

effective hedges of existing risk positions or anticipated transactions are deferred as an adjustment to the carrying value of the related asset or liability and recognized in income over the remaining term of the related asset or liability.

Risk management instruments used to hedge or modify the interest rate characteristics of debt securities classified as available for sale are carried at fair value with unrealized gains or losses deferred as a component of shareholders' equity.

The Corporation also purchases options in the interest rate market to protect the value of certain assets, principally mortgage servicing rights, against changes in prepayment rates. Option premiums are amortized over the option life on a straight-line basis. Such contracts are designated as hedges, and gains or losses are recorded as adjustments to the carrying value of the underlying assets. As such, they are included in the basis of mortgage servicing rights which are subjected to impairment valuations as described in the Mortgage Servicing Rights accounting policy.

The Corporation also utilizes forward delivery contracts and options to reduce the interest rate risk inherent in mortgage loans held for sale and the commitments made to borrowers for mortgage loans which have not been funded. These financial instruments are considered in the Corporation's valuation of its mortgage loans held for sale which are carried at the lower of cost or market.

#### EARNINGS PER COMMON SHARE

Earnings per common share are computed by dividing net income, reduced by dividends on preferred stock, by the weighted average number of common shares outstanding for each period presented. Fully diluted earnings per share are computed by dividing net income available to common shareholders, adjusted for preferred dividends paid on dilutive convertible preferred stock, by average fully dilutive shares outstanding, which include convertible preferred stock and stock options.

#### NOTE TWO. MERGER-RELATED ACTIVITY

On January 7, 1997, the Corporation completed the acquisition of Boatmen's, headquartered in St. Louis, Missouri. Each outstanding share of Boatmen's common stock was converted into 1,305 shares of the Corporation's common stock (adjusted for 2-for-1 stock split) or, at the election of each holder of Boatmen's common stock, an amount in cash as specified in the merger agreement, resulting in the net issuance of approximately 195 million shares of the Corporation's common stock valued at \$9.4 billion on the date of the merger and aggregate cash payments of \$371 million to Boatmen's shareholders. Boatmen's unaudited total assets and total deposits were approximately \$41.2 billion and \$32.0 billion, respectively, on the date of the acquisition. The Corporation will account for this acquisition as a purchase; therefore, the results of operations of Boatmen's will be included in the consolidated financial statements of the Corporation from the date of acquisition.

The following table presents condensed pro forma consolidated results of operations as if the acquisition of Boatmen's had occurred on January 1, 1996. This information combines

#### Notes To Consolidated Financial Statements 55

the historical results of operations of the Corporation and Boatmen's after the effect of estimated preliminary purchase accounting adjustments. Actual adjustments will be made on the basis of appraisals and evaluations and may differ from those reflected below. A cash election of 40 percent in the Boatmen's acquisition has been assumed. The Corporation currently expects to repurchase shares of its common stock from time to time so that the pro forma impact of the Boatmen's acquisition will be the issuance of approximately 60 percent of the aggregate consideration in the Corporation's common stock and 40 percent of the aggregate consideration in cash. The actual cash election in the transaction was approximately 4 percent. The pro forma information does not purport to be indicative of the results that would have been obtained if the operations had actually been combined during the period presented and is not necessarily indicative of operating results to be expected in future periods.

#### UNAUDITED PRO FORMA RESULTS OF OPERATIONS (DOLLARS IN MILLIONS, EXCEPT PER-SHARE INFORMATION)

	1996
-----	
Net interest income.....	\$7,573
Net income.....	2,379
Net income available to common shareholders...	2,357
Earnings per common share.....	3.30
Fully diluted earnings per common share.....	3.25

On January 9, 1996, the Corporation completed the acquisition of Bank South Corporation (Bank South), headquartered in Atlanta, Georgia. Each outstanding share of Bank South common stock was converted into .88 shares of Corporation common stock (adjusted for 2-for-1 stock split), resulting in the net issuance of 52,609,234 shares of common stock by the Corporation. Bank South's total assets, total deposits and total shareholders' equity were \$7.4 billion, \$5.1 billion and \$685 million, respectively, on the date of acquisition. This acquisition was accounted for as a pooling of interests and did not have a material impact on the results of operations or financial condition of the Corporation.

During 1996, the Corporation acquired several small banking organizations and banking centers in Florida and Texas. Combined total loans and total deposits of these entities acquired were \$5.1 billion and \$7.6 billion, respectively. These acquisitions were accounted for as purchases and did not have a material impact on the results of operations or financial condition of the Corporation.

During the first quarter of 1996, primarily in connection with the acquisition of Bank South, the Corporation recorded a pre-tax merger-related charge of \$118 million. The charge consisted of \$34 million of severance costs, \$28 million for facilities consolidations and branch closures, \$11 million related to cancellations of contractual obligations, and other merger-related expenses. An immaterial amount of the \$118 million accrued charge remained at December 31, 1996.

#### NOTE THREE. SECURITIES

The book and market values of securities held for investment and securities available for sale on December 31 were (dollars in millions):

<TABLE>  
<CAPTION>

SECURITIES HELD FOR INVESTMENT	BOOK VALUE	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	MARKET VALUE
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
<S>	<C>	<C>	<C>	<C>
1996				
- - - - -				
U.S. Treasury securities and agency debentures...	\$ 862	\$ -	\$ (3)	\$ 859
Foreign sovereign securities.....	25	-	-	25
Mortgage-backed securities.....	1,101	3	(4)	1,100
Other taxable securities.....	5	-	-	5
Total taxable.....	1,993	3	(7)	1,989
Tax-exempt securities.....	117	4	-	121
Total.....	\$ 2,110	\$ 7	\$ (7)	\$ 2,110
=====				
1995				
- - - - -				
U.S. Treasury securities and agency debentures...	\$ 2,309	\$ 7	\$ (10)	\$ 2,306
Foreign sovereign securities.....	22	-	-	22
Mortgage-backed securities.....	1,883	5	(8)	1,880
Other taxable securities.....	18	-	-	18
Total taxable.....	4,232	12	(18)	4,226
Tax-exempt securities.....	200	7	(1)	206
Total.....	\$ 4,432	\$ 19	\$ (19)	\$ 4,432
=====				
1994				
- - - - -				
U.S. Treasury securities and agency debentures...	\$15,097	\$ 1	\$ (593)	\$14,505
Foreign sovereign securities.....	19	-	-	19
Mortgage-backed securities.....	2,492	-	(101)	2,391
Other taxable securities.....	51	-	(4)	47
Total taxable.....	17,659	1	(698)	16,962
Tax-exempt securities.....	141	1	(3)	139
Total.....	\$17,800	\$ 2	\$ (701)	\$17,101
=====				

</TABLE>



-----										
5.67	Total taxable.....	852	5.33	1,105	5.93	32	5.62	4	6.33	1,993
10.07	Tax-exempt securities.....	26	10.93	55	10.22	19	9.90	17	8.77	117
-----										
5.91	Total.....	\$878	5.50	\$1,160	6.12	\$ 51	7.25	\$ 21	8.36	\$ 2,110
=====										
Market value of securities										
	held for investment.....	\$877		\$1,159		\$ 52		\$ 22		\$ 2,110
=====										
Market value of securities available										
for sale										
6.09%	U.S. Treasury securities									
	and agency debentures.....	\$ 58	5.20%	\$ 470	6.01%	\$ 870	6.15%	\$ 18	8.57%	\$ 1,416
7.00	Foreign sovereign securities.....	61	24.10	206	4.49	158	6.01	521	6.28	946
7.19	Mortgage-backed securities.....	71	7.30	3,419	7.32	3,944	7.03	1,384	7.32	8,818
6.57	Other taxable securities.....	8	7.24	45	6.97	168	7.07	267	6.17	488
-----										
7.02	Total taxable.....	198	11.88	4,140	7.03	5,140	6.85	2,190	6.94	11,668
8.90	Tax-exempt securities.....	4	10.93	11	7.71	88	8.31	506	9.02	609
-----										
7.11	Total.....	\$202	11.87	\$4,151	7.03	\$5,228	6.88	\$2,696	7.33	\$12,277
=====										
Cost of securities available for sale... \$202										
=====										
</TABLE>										

</TABLE>

#### Notes To Consolidated Financial Statements 57

The components of gains and losses on sales of available for sale securities for the years ended December 31 were (dollars in millions):

	1996	1995	1994
Gross gains on sales of securities.....	\$ 200	\$ 74	\$ 36
Gross losses on sales of securities.....	(133)	(45)	(49)
Gains (losses) on sales of securities...	\$ 67	\$ 29	\$ (13)

There were no sales of securities held for investment in 1996, 1995 or 1994.

There were no investments in obligations of states and political subdivisions that were payable from and secured by the same source of revenue or taxing authority and that exceeded 10 percent of consolidated shareholders' equity on December 31, 1996 or 1995.

The income tax expense attributable to securities transactions was \$23 million for 1996 compared to \$10 million in 1995 and an income tax benefit of \$5 million in 1994.

Securities are pledged or assigned to secure borrowed funds, government and trust deposits and for other purposes. The carrying value of pledged securities was \$12.6 billion and \$22.5 billion on December 31, 1996 and December 31, 1995.

On December 31, 1996, the valuation reserve for securities available for sale and marketable equity securities increased shareholders' equity by \$86 million, reflecting \$8 million of pretax appreciation on securities available for sale and \$123 million of pretax appreciation on marketable equity securities.



The fair values on December 31 and the average fair values for the years ended December 31 of the components of trading account assets and liabilities were (dollars in millions):

<TABLE>

<CAPTION>

			AVERAGE BALANCES	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
-----				
Securities owned				
U.S. Treasury securities.....	\$ 6,914	\$10,364	\$13,168	\$10,254
Securities of other U.S. Government agencies and corporations.....	2,096	1,508	1,843	1,541
Certificates of deposit, bankers' acceptances and commercial paper.....	501	555	553	524
Corporate debt.....	1,552	1,443	1,589	1,031
Foreign sovereign debt.....	3,396	576	1,044	200
Other securities.....	932	402	850	627
	-----	-----	-----	-----
Total securities owned.....	15,391	14,848	19,047	14,177
Derivatives-dealer positions.....	3,298	4,019	3,791	3,230
	-----	-----	-----	-----
Total trading account assets.....	\$18,689	\$18,867	\$22,838	\$17,407
	=====	=====	=====	=====
Short sales				
U.S. Treasury securities.....	\$ 7,143	\$11,066	\$ 9,287	\$11,416
Corporate debt.....	452	683	535	591
Other securities.....	309	33	315	18
	-----	-----	-----	-----
Total short sales.....	7,904	11,782	10,137	12,025
Derivatives-dealer positions.....	3,848	3,395	3,170	2,970
	-----	-----	-----	-----
Total trading account liabilities.....	\$11,752	\$15,177	\$13,307	\$14,995
	=====	=====	=====	=====

</TABLE>

A discussion of the Corporation's trading activities and an analysis of the revenues associated with the Corporation's trading activities is presented on page 25. The Corporation's derivatives-dealer positions are presented in the discussion beginning on page 37 and TABLE SIXTEEN.

The net change in the unrealized gain or loss on trading securities held on December 31, 1996 and 1995, included in noninterest income, was a gain of \$68 million for 1996 and a gain of \$44 million for 1995.

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

A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts and indices. Financial futures or forward settlement contracts are agreements to buy or sell a quantity of a financial instrument or commodity at a predetermined future date and rate or price. An option contract is an agreement that conveys to the purchaser the right, but not the obligation, to buy or sell a quantity of a financial instrument, index or commodity at a predetermined rate or price at a time or during a period in the future. These agreements can be transacted on organized exchanges or directly between parties.

#### NOTE FIVE. LOANS, LEASES AND FACTORED ACCOUNTS RECEIVABLE

Loans, leases and factored accounts receivable on December 31 were (dollars in millions):

<TABLE>

<CAPTION>

	1996	1995
-----		
<S>	<C>	<C>
LOANS		
Commercial.....	\$ 50,488	\$ 48,186
Real estate commercial.....	5,445	6,183
Real estate construction.....	2,863	2,976
	-----	-----
Total commercial.....	58,796	57,345
	-----	-----

Residential mortgage.....	27,948	24,043
Credit card.....	6,747	6,532
Other consumer.....	20,993	22,751
Total consumer.....	55,688	53,326
Foreign.....	2,829	2,251
Factored accounts receivable.....	1,047	991
Total loans and factored accounts receivable.....	118,360	113,913
Less unearned income.....	(602)	(678)
Loans and factored accounts receivable, net of unearned income.....	117,758	113,235
LEASES		
Lease receivables.....	5,134	3,915
Estimated residual value.....	1,537	1,192
Less unearned income.....	(1,799)	(1,309)
Leases, net of unearned income.....	4,872	3,798
Loans, leases and factored accounts receivable, net of unearned income.....	\$122,630	\$117,033
	=====	

</TABLE>

Transactions in the allowance for credit losses were (dollars in millions):

<TABLE>  
<CAPTION>

	1996	1995	1994
-----			
<S>	<C>	<C>	<C>
Balance on January 1.....	\$2,163	\$2,186	\$2,169
Loans, leases and factored accounts receivable charged off.....	(836)	(636)	(533)
Recoveries of loans, leases and factored accounts receivable previously charged off.....	238	215	217
Net charge-offs.....	(598)	(421)	(316)
Provision for credit losses.....	605	382	310
Allowance applicable to loans of purchased companies and other.....	145	16	23
Balance on December 31.....	\$2,315	\$2,163	\$2,186
	=====		

</TABLE>

The following table presents the recorded investment in certain loans that were considered to be impaired, all of which were classified as nonperforming, on December 31 (dollars in millions):

	1996	1995
-----		
Commercial.....	\$342	\$271
Real estate commercial.....	145	196
Real estate construction...	28	16
Total impaired loans.....	\$515	\$483
	=====	

The average recorded investment in certain impaired loans for the years ended December 31, 1996 and 1995 was approximately \$542 million and \$598 million, respectively. For the years ended December 31, 1996 and 1995, interest income recognized on impaired loans totaled \$26 million each year, all of which was recognized on a cash basis.

On December 31, 1996, 1995 and 1994, nonperforming loans, including certain loans which are considered impaired, totaled \$890 million, \$706 million and \$801 million, respectively.

The net amount of interest recorded during each year on loans that were classified as nonperforming or restructured on December 31, 1996, 1995 and 1994 was \$35 million, \$27 million and \$31 million, respectively. If these loans had been accruing interest at their originally contracted rates, related income would have been \$103 million in 1996, \$102 million in 1995 and \$96 million in 1994.

Other real estate owned amounted to \$153 million, \$147 million and \$337 million on December 31, 1996, 1995 and 1994, respectively. On January 1, 1995, \$80 million of in-substance foreclosed loans previously reported as other real estate owned was reclassified to nonperforming loans. The cost of carrying other real estate owned amounted to \$8 million, \$13 million and \$24 million in 1996, 1995 and 1994, respectively.

## NOTE SIX. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Certain of the Corporation's banking subsidiaries, NationsBank, N.A., NationsBank, N.A. (South) and NationsBank of Texas, N.A., jointly maintain a program to offer up to \$9.0 billion of bank notes from time to time with fixed or floating rates and maturities from 30 days to 15 years from date of issue. On December 31, 1996 and 1995, there were short-term bank notes outstanding of \$872 million and \$3.1 billion, respectively. In addition, there were bank notes outstanding on December 31, 1996 and 1995 totaling \$3.5 billion and \$1.9 billion, respectively, which were classified as long-term debt.

On December 31, 1996 and 1995, the Corporation had unused commercial back-up lines of credit totaling \$1.5 billion which expire in 1997. These lines were supported by fees paid directly by the Corporation to unaffiliated banks.

The maturities of long-term debt on December 31 were (dollars in millions):

&lt;TABLE&gt;

&lt;CAPTION&gt;

	1996		1995
	VARIOUS FIXED-RATE DEBT OBLIGATIONS	VARIOUS FLOATING-RATE DEBT OBLIGATIONS	AMOUNT OUTSTANDING
			AMOUNT OUTSTANDING
<S>	<C>	<C>	<C>
PARENT COMPANY			
Senior debt			
Due in 1996.....	\$ -	\$ -	\$ -
Due in 1997.....	337	405	742
Due in 1998.....	889	525	1,414
Due in 1999.....	116	1,209	1,325
Due in 2000.....	698	868	1,566
Due in 2001.....	-	1,602	1,602
Thereafter.....	651	2,129	2,780
	2,691	6,738	9,429
Subordinated debt			
Due in 1997.....	75	-	75
Due in 1999.....	130	-	130
Due in 2001.....	299	-	299
Thereafter.....	4,257	1,060	5,317
	4,761	1,060	5,821
Total parent company long-term debt.....	7,452	7,798	15,250
BANKING AND NONBANKING SUBSIDIARIES			
Senior debt			
Due in 1996.....	-	-	-
Due in 1997.....	307	995	1,302
Due in 1998.....	110	2,776	2,886
Due in 1999.....	25	199	224
Due in 2000.....	28	1,900	1,928
Due in 2001.....	30	317	347
Thereafter.....	88	351	439
	588	6,538	7,126
Subordinated debt			
Due in 1997.....	5	-	5
Due in 2004 and thereafter.....	300	8	308
	305	8	313
Total banking and nonbanking subsidiaries long-term debt.....	893	6,546	7,439
	\$8,345	\$14,344	22,689
Obligations under capital leases.....			296
Total long-term debt.....			\$ 22,985
			\$17,775

&lt;/TABLE&gt;

As part of its interest rate risk management activities, the Corporation enters into interest rate swap agreements for certain long-term debt issuances. Through the use of interest rate swaps, \$1.7 billion of fixed-rate debt with rates ranging from 5.60 percent to 8.57 percent have been effectively converted to floating rates primarily at spreads over LIBOR. In addition, \$300 million of notes with floating rates have been converted to fixed rates ranging from 8.02 percent to 8.12 percent.

On December 31, 1996, including the effects of interest rate swap agreements entered into for certain long-term debt issuances, the weighted average effective interest rates for total long-term debt, total fixed-rate debt and total floating-rate debt (based on the rates in effect on December 31, 1996) were 6.39 percent, 7.39 percent and 5.80 percent, respectively.

Two series of mortgage-backed bonds were issued during 1995 through Main Place Real Estate Investment Trust (MPREIT), formerly Main Place Funding Corporation, a limited-purpose subsidiary of NationsBank, N.A., a wholly owned banking subsidiary of the Corporation. Outstandings under these issuances were \$3.0 billion on December 31, 1996. On December 31, 1996, MPREIT had \$14.7 billion of 1-4 family mortgage loans, of which \$4.4 billion served as collateral for the two series of mortgage-backed bonds. On February 10, 1997, \$1.0 billion was available for issuance under a shelf registration statement filed by MPREIT.

On March 15, 1996, the Corporation redeemed \$300 million of 101/2-percent subordinated notes originally due 1999. Certain other debt obligations may be redeemed prior to maturity at the option of the Corporation. Of total long-term debt on December 31, 1996, \$28 million of debt scheduled to mature in 2002 has been redeemable since 1982, \$500 million scheduled to mature in 2000 is redeemable beginning in 1998, an aggregate of \$70 million scheduled to mature in either 2006 or 2010 is redeemable beginning in 1999, an aggregate of \$513 million scheduled to mature in either 2005, 2006, 2010 or 2011 is redeemable beginning in 2000 and \$20 million scheduled to mature in 2006 is redeemable beginning in 2003.

On July 5, 1996, the Corporation increased its Euro medium-term note program to offer up to \$4.5 billion of senior or subordinated notes exclusively to non-United States residents. The notes bear interest at fixed or floating rates and may be denominated in foreign currencies. The Corporation uses foreign currency swaps to convert foreign-denominated debt into U.S. dollars. As of February 10, 1997, the Corporation had issued \$1.4 billion under this program.

During the fourth quarter of 1996, the Corporation formed three wholly owned grantor trust subsidiaries (the Trusts) to issue preferred securities (Preferred Securities) representing undivided beneficial interests in the assets of the respective Trusts and to invest the gross proceeds of such Preferred Securities into notes of the Corporation. The sole assets of the Trusts are \$619 million aggregate principal amount of the Corporation's 7.84% Junior Subordinated Deferrable Interest Notes due 2026 which are redeemable beginning in 2001 and \$376 million aggregate principal amount of the Corporation's 7.83% Junior Subordinated Deferrable Interest Notes due 2026 which are redeemable in 2006. Such securities qualify as Tier 1 Capital for regulatory purposes. On January 22, 1997, the Trusts issued an additional \$500 million of Preferred Securities. As of February 10, 1997, two additional wholly owned grantor trust subsidiaries formed by the Corporation had the authority to issue \$500 million of Preferred Securities.

Payment of periodic cash distributions and payment upon liquidation or redemption with respect to Preferred Securities is guaranteed by the Corporation to the extent of funds held by the Trust (the Preferred Securities Guarantee). The Preferred Securities Guarantee, when taken together with the Corporation's other obligations including its obligations under the Junior Subordinated Deferrable Interest Notes, will constitute a full and unconditional guarantee, on a subordinated basis, by the Corporation of payments due on the Preferred Securities.

As of February 10, 1997, the Corporation had the authority to issue approximately \$5.0 billion of corporate debt securities and preferred and common stock under its existing shelf registration statements and \$3.1 billion of corporate debt securities under the Euro medium-term note program.

#### NOTE SEVEN. SHAREHOLDERS' EQUITY

The Corporation has authorized 45 million shares of preferred stock. As of December 31, 1996, the Corporation had issued 2.3 million shares of ESOP Convertible Preferred Stock, Series C (ESOP Preferred Stock). The ESOP Preferred Stock has a stated and liquidation value of \$42.50 per share, provides for an annual cumulative dividend of \$3.30 per share and is convertible into 1.68 shares of the Corporation's common stock at an initial conversion price of \$21.25 per 1.68 shares of the Corporation's common stock. ESOP Preferred Stock in the amount of \$7.0 million in 1996, \$6.0 million in 1995 and \$4.0 million in 1994 was converted into the Corporation's common stock.

In connection with the acquisition of a small Florida banking organization (Citizens Federal), a banking subsidiary of the Corporation issued approximately .5 million shares of 8.50% Series H Noncumulative Preferred Stock (Series H Preferred Stock) to holders of the 8.50% Series H Noncumulative Preferred Stock of Citizens Federal and 2.4 million shares of 8.75% Series 1993A Noncumulative Preferred Stock (1993A Preferred Stock) to holders of 8.75% Series 1993A Noncumulative Preferred Stock of Citizens Federal. The Series H Preferred Stock has a stated and liquidation value of \$25 per share and provides for an annual noncumulative dividend of \$2.125 per share. The 1993A Preferred

#### Notes To Consolidated Financial Statements 61

Stock has a stated and liquidation value of \$25 per share and provides for an annual noncumulative dividend of \$2.1875 per share.

During 1996 and 1995, the Corporation repurchased 34.2 million shares and 19.5 million shares, respectively, of its common stock under various stock repurchase programs authorized by the Board of Directors. Additionally, on August 29, 1996, the Board of Directors authorized the Corporation to repurchase shares of its common stock from time to time so that the pro forma impact of the Boatmen's acquisition will be the issuance of approximately 60 percent of the aggregate consideration in the Corporation's common stock and 40 percent of the aggregate consideration in cash. On January 14, 1997, the Corporation purchased 24 million shares of its common stock pursuant to a purchase agreement with an agent of the Corporation.

On January 22, 1997, the Board of Directors approved a 2-for-1 split of the Corporation's common stock payable on February 27, 1997 to shareholders of record February 7, 1997.

Other shareholders' equity on December 31 was comprised of the following (dollars in millions):

	1996	1995
- -----		
Restricted stock award plan		
deferred compensation.....	\$ (10)	\$ (37)
Net unrealized gains on available for		
sale securities and marketable equity		
securities, net of tax.....	86	323
Foreign exchange translation adjustments		
and other.....	(18)	(8)
	-----	-----
	\$ 58	\$ 278
	=====	=====

#### NOTE EIGHT. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Corporation enters into a number of off-balance sheet commitments. These instruments expose the Corporation to varying degrees of credit and market risk and are subject to the same credit and risk limitation reviews as those recorded on the balance sheet. See the discussion of credit risk policies and procedures beginning on page 32 through the second full paragraph on page 35.

#### CREDIT EXTENSION COMMITMENTS

The Corporation enters into commitments to extend credit, standby letters of credit and commercial letters of credit to meet the financing needs of its customers. The commitments shown below have been reduced by amounts collateralized by cash and amounts participated to other financial institutions. The following summarizes commitments outstanding on December 31 (dollars in millions):

	1996	1995
- -----		
Commitments to extend credit		
Credit card commitments.....	\$24,255	\$21,033
Other loan commitments.....	82,506	66,638
Standby letters of credit and		
financial guarantees.....	10,060	8,356
Commercial letters of credit...	761	986

Commitments to extend credit are legally binding, generally have specified rates and maturities and are for specified purposes. The Corporation manages the credit risk on these commitments by subjecting these commitments to normal credit approval and monitoring processes and protecting against deterioration in the borrowers' ability to pay through adverse-change clauses which require

borrowers to maintain various credit and liquidity measures. Credit card lines are unsecured commitments which are reviewed at least annually by management. Upon evaluation of the customers' credit-worthiness, the Corporation has the right to terminate or change the terms of the credit card lines. Of the December 31, 1996 total other loan commitments, \$33.8 billion is scheduled to expire in less than one year, \$36.8 billion in one to five years and \$11.9 billion after five years.

Standby letters of credit (SBLC) and financial guarantees are issued to support the debt obligations of customers. If a SBLC or financial guarantee is drawn upon, the Corporation looks to its customer for payment. SBLCs and financial guarantees are subject to the same approval and collateral policies as other extensions of credit. Of the December 31, 1996 total SBLCs and financial guarantees, \$6.7 billion is scheduled to expire in less than one year, \$3.1 billion in one to five years and \$282 million after five years.

Commercial letters of credit, issued primarily to facilitate customer trade finance activities, are collateralized by the underlying goods being shipped by the customer and are generally short term.

For each of these types of instruments, the Corporation's maximum exposure to credit loss is represented by the contractual amount of these instruments. Many of the commitments are collateralized or are expected to expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent risk of loss or future cash requirements.

#### DERIVATIVES

Derivative transactions are entered into by the Corporation to meet the financing needs of its customers, to manage its own interest rate and currency risks, and as part of its dealer activities. See TABLES TEN and ELEVEN on pages 31 and 33, the first two paragraphs under Off-Balance Sheet Derivatives - Asset and Liability Management Positions on page 31 and the second full paragraph under the mortgage servicing discussion on page 24 for derivatives used for risk management purposes. See TABLE SIXTEEN on page 37, the discussion beginning on page 37 and Note Four regarding the Corporation's derivative dealer activities.

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#### SECURITIES LENDING

The Corporation executes securities lending transactions on behalf of certain customers. In certain instances, the Corporation indemnifies the customer against certain losses. The Corporation obtains collateral with a market value in excess of the market value of the securities loaned. On December 31, 1996 and 1995, indemnified securities lending transactions totaled \$7.1 billion and \$2.6 billion, respectively. Collateral with a market value of \$7.2 billion and \$2.7 billion on December 31, 1996 and 1995, respectively, was obtained by the Corporation in support of these transactions.

#### WHEN ISSUED SECURITIES

When issued securities are commitments entered into to purchase or sell securities in the time period between the announcement of a securities offering and the issuance of those securities. On December 31, 1996, the Corporation had commitments to purchase and sell when issued securities of \$7.4 billion each. On December 31, 1995, commitments to purchase and sell when issued securities were \$4.4 billion and \$4.3 billion, respectively.

#### LITIGATION

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

#### NOTE NINE. REGULATORY REQUIREMENTS AND RESTRICTIONS

The Corporation's banking subsidiaries are required to maintain average reserve balances with the Federal Reserve Bank based on a percentage of certain deposits. The average of those reserve balances amounted to \$873 million and \$1.1 billion for 1996 and 1995, respectively.

The primary source of funds for cash distributions by the Corporation to its shareholders is dividends received from its banking subsidiaries. The subsidiary banks, including those acquired through the Boatmen's acquisition, can initiate dividend payments in 1997, without prior regulatory approval, of \$1.4 billion plus an additional amount equal to their net profits for 1997, as defined by statute, up to the date of any such dividend declaration. The amount of dividends that each subsidiary bank may declare in a calendar year without approval by the Office of the Comptroller of the Currency (OCC) is the bank's net profits for that year combined with its net retained profits, as defined, for the preceding two years.

Regulations also restrict banking subsidiaries in lending funds to affiliates. On December 31, 1996, the total amount which could be loaned to the Corporation by its banking subsidiaries was approximately \$1.6 billion. On December 31, 1996, no loans to the Corporation from its banking subsidiaries were outstanding.

The Federal Reserve Board (FRB), the OCC and the Federal Deposit Insurance Corporation have issued risk-based capital guidelines for U.S. banking organizations. As of December 31, 1996, the Corporation and its banking subsidiaries were well capitalized under this regulatory framework. Failure to meet the capital requirements can initiate certain mandatory and discretionary actions by regulators that could have a material effect on the Corporation's financial statements. There are no conditions or events since December 31, 1996 that management believes have changed either the Corporation's or its banking subsidiaries' capital classifications.

The risk-based capital guidelines measure capital in relation to the credit risk of both on- and off-balance sheet items using various risk weights. Under the risk-based capital guidelines, Total Capital consists of two tiers of capital. Tier 1 Capital includes common shareholders' equity and qualifying preferred stock, less goodwill and other adjustments. Tier 2 Capital consists of preferred stock not qualifying as Tier 1, mandatory convertible debt, limited amounts of subordinated debt, other qualifying term debt and the allowance for credit losses up to 1.25 percent of risk-weighted assets. Additionally, in accordance with the FRB's capital adequacy guidelines, the Corporation is required to exclude the equity, assets and off-balance sheet exposures of its broker-dealer subsidiary, NATIONSBANC CAPITAL MARKETS, INC., when calculating regulatory capital ratios.

A well-capitalized institution must maintain a Tier 1 Capital ratio of six percent and a Total Capital ratio of ten percent. In order to meet minimum regulatory capital requirements, an institution must maintain a Tier 1 Capital ratio of four percent and a Total Capital ratio of eight percent.

The leverage ratio guidelines establish a minimum ratio of Tier 1 Capital to quarterly average assets, excluding goodwill and certain other items, of three to four percent. Banking organizations must maintain a leverage capital ratio of at least five percent to be classified as well capitalized.

#### Notes To Consolidated Financial Statements 63

The following table presents the actual capital ratios and amounts and minimum required capital amounts for the Corporation and its significant banking subsidiaries on December 31 (dollars in millions):

<TABLE>  
<CAPTION>

	1996			1995		
	ACTUAL		AMOUNT REQUIRED	ACTUAL		AMOUNT REQUIRED
	RATIO	AMOUNT	FOR MINIMUM CAPITAL ADEQUACY	RATIO	AMOUNT	FOR MINIMUM CAPITAL ADEQUACY
<S>	<C>	<C>	<C>	<C>	<C>	<C>
TIER 1 CAPITAL						
NATIONSBANK CORPORATION.....	7.76%	\$12,384	\$ 6,384	7.24%	\$10,799	\$ 5,966
NationsBank, N.A.....	7.54	5,137	2,725	7.60	4,623	2,433
NationsBank, N.A. (South)....	8.05	2,899	1,440	8.65	2,500	1,156
NationsBank of Texas, N.A....	6.78	2,468	1,456	6.37	2,487	1,562
TOTAL CAPITAL						
NATIONSBANK CORPORATION.....	12.66	20,208	12,770	11.58	17,264	11,927
NationsBank, N.A.....	10.41	7,093	5,451	10.19	6,199	4,867
NationsBank, N.A. (South)....	10.56	3,801	2,880	11.46	3,312	2,312
NationsBank of Texas, N.A....	10.19	3,706	2,910	8.93	3,490	3,127
LEVERAGE CAPITAL						
NATIONSBANK CORPORATION.....	7.09	12,384	6,987	6.27	10,799	6,889
NationsBank, N.A.....	6.21	5,137	3,309	5.66	4,623	3,267
NationsBank, N.A. (South)....	6.46	2,899	1,795	6.71	2,500	1,490
NationsBank of Texas, N.A....	6.23	2,468	1,585	5.30	2,487	1,877

</TABLE>

#### NOTE TEN. EMPLOYEE BENEFIT PLANS

The Corporation sponsors noncontributory trustee pension plans that cover substantially all officers and employees. The plans provide defined benefits based on an employee's compensation, age at retirement and years of service. It is the policy of the Corporation to fund not less than the minimum funding amount required by the Employee Retirement Income Security Act.

The following table sets forth the plans' estimated status on December 31 (dollars in millions):

<TABLE>

<CAPTION>

	1996	1995
-----		
<S>	<C>	<C>
Actuarial present value of benefit obligation		
Accumulated benefit obligation, including vested benefits of \$813 and \$864.....	\$ (840)	\$ (884)
	=====	
Projected benefit obligation for service rendered to date.....	\$ (997)	\$ (1,047)
Plan assets at fair value, primarily listed stocks, fixed-income securities and real estate.....	1,202	1,091
	-----	
Plan assets in excess of projected benefit obligation.....	205	44
Unrecognized net loss.....	187	398
Unrecognized net transition asset being amortized.....	(12)	(13)
Unrecognized prior service benefit being amortized.....	(33)	(29)
Deferred investment gain.....	(39)	(97)
	-----	
Prepaid pension cost.....	\$ 308	\$ 303
	=====	

</TABLE>

Net periodic pension expense for the years ended December 31 included the following components (dollars in millions):

<TABLE>

<CAPTION>

	1996	1995	1994
-----			
<S>	<C>	<C>	<C>
Service cost-benefits earned during the period...	\$ 43	\$ 35	\$ 39
Interest cost on projected benefit obligation....	77	74	72
Actual return on plan assets.....	(148)	(199)	22
Net amortization and deferral.....	39	95	(121)
	-----		
Net periodic pension expense.....	\$ 11	\$ 5	\$ 12
	=====		

</TABLE>

For December 31, 1996, the weighted average discount rate and rate of increase in future compensation used in determining the actuarial present value of the projected benefit obligation were 8.0 percent and 4.0 percent, respectively. The related expected long-term rate of return on plan assets was 10.0 percent. For December 31, 1995, the weighted average discount rate, rate of increase in future compensation and expected long-term rate of return on plan assets were 7.5 percent, 4.0 percent and 10.0 percent, respectively.

#### HEALTH AND LIFE BENEFIT PLANS

In addition to providing retirement benefits, the Corporation provides health care and life insurance benefits for active and retired employees. Substantially all of the Corporation's employees, including certain employees in foreign countries, may become eligible for postretirement benefits if they reach early retirement age while employed by the Corporation and they have the required number of years of service. Under the Corporation's current plan, eligible retirees are entitled to a fixed dollar amount for each year of service. Additionally, certain current retirees are eligible for different benefits attributable to prior plans.

All of the Corporation's accrued postretirement benefit liability was



unfunded at year-end 1996. The "projected unit credit" actuarial method was used to determine the normal cost and actuarial liability.

A reconciliation of the estimated status of the postretirement benefit obligation on December 31 is as follows (dollars in millions):

	1996	1995
Accumulated postretirement benefit obligation		
Retirees.....	\$ (148)	\$ (136)
Fully eligible active participants.....	(3)	(2)
Other active plan participants.....	(42)	(49)
	(193)	(187)
Unamortized transition obligation.....	116	118
Unamortized service cost.....	1	-
Unrecognized net (gain) loss.....	(1)	3
	(77)	(66)
Accrued postemployment benefit liability...	\$ (77)	\$ (66)

Net periodic postretirement benefit cost for the years ended December 31 included the following (dollars in millions):

<TABLE>  
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Service cost.....	\$ 3	\$ 2	\$ 3
Interest cost on accumulated postretirement benefit obligation.....	15	15	14
Amortization of transition obligation over 20 years.....	7	7	7
Amortization of gains.....	(1)	(5)	(6)
Net periodic postretirement benefit cost.....	\$ 24	\$ 19	\$ 18

</TABLE>

The health care cost trend rates used in determining the accumulated postretirement benefit obligation were 6.50 percent for pre-65 benefits and 5.25 percent for post-65 benefits. A one-percent change in the average health care cost trend rates would increase the accumulated postretirement benefit obligation by 5 percent and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost by 3 percent. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 8.0 percent and 7.5 percent at December 31, 1996 and 1995, respectively.

#### SAVINGS AND PROFIT SHARING PLANS

In addition to the retirement plans, the Corporation maintains several defined contribution savings and profit sharing plans, one of which features a leveraged employee stock ownership (ESOP) provision.

For 1996, 1995 and 1994, the Corporation contributed approximately \$39 million, \$43 million and \$41 million, respectively, in cash which was utilized primarily to purchase the Corporation's common stock under the terms of these plans. On December 31, 1996, an aggregate of 17,491,082 shares of the Corporation's common stock and 2,319,060 shares of ESOP preferred stock were held by the Corporation's various savings and profit sharing plans.

Under the terms of the ESOP provision, payments to the plan for dividends on the ESOP Preferred Stock were \$8 million for 1996, \$8 million for 1995 and \$9 million for 1994. Interest incurred to service the ESOP debt amounted to \$3 million, \$4 million and \$5 million for 1996, 1995 and 1994, respectively.

#### STOCK OPTION AND AWARD PLANS

At December 31, 1996, the Corporation had certain stock-based compensation plans (the Plans) which are described below. The Corporation has elected to provide SFAS 123 disclosures as if the Corporation had adopted the fair-value based method of measuring employee stock options in 1996 and 1995 as indicated below (dollars in millions except per share data):

<TABLE>  
<CAPTION>

	AS REPORTED		PRO FORMA	
	1996	1995	1996	1995

<S>	<C>	<C>	<C>	<C>
Net income.....	\$2,375	\$1,950	\$2,282	\$1,933
Net income available to common shareholders...	2,360	1,942	2,267	1,925
Earnings per common share.....	4.00	3.56	3.84	3.53
Fully diluted earnings per common share.....	3.92	3.52	3.77	3.49

The table above does not include the 1997 stock awards disclosed on the next page.

#### Notes To Consolidated Financial Statements 65

In determining the pro forma disclosures on the previous page, the fair value of options granted under the 1996 Associates Stock Option Award Plan and the Key Employee Stock Plan was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

<TABLE>  
<CAPTION>

	RISK FREE INTEREST RATES		DIVIDEND YIELD		EXPECTED LIVES		VOLATILITY	
	1996	1995	1996	1995	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1996 Associates Stock Option Award Plan...	6.44%	-%	3.55%	-%	4 years	-	20.8%	-%
Key Employee Stock Plan.....	5.52	6.15	3.55	3.55	7 years	7 years	24.6	25.3

The effects of applying SFAS 123 in the pro forma disclosures are not indicative of future amounts. SFAS 123 does not apply to awards prior to 1995.

#### 1996 ASSOCIATES STOCK OPTION AWARD PLAN:

On June 26, 1996, the Corporation's Board of Directors approved the 1996 Associates Stock Option Award Plan. Under the plan, eligible full-time and part-time employees at the level of Vice President and below received an award of a predetermined number of stock options entitling them to purchase shares of the Corporation's common stock at the closing price of \$42 1/8 per share on July 1, 1996. Options to purchase approximately 32 million shares of the Corporation's common stock were granted on July 1, 1996. Options to purchase approximately 10 million shares were granted on January 7, 1997 to eligible Boatmen's associates. One-half of the options became exercisable after the Corporation's common stock closed at or above \$50 per share for ten consecutive trading days, which occurred in January 1997. The remainder of the options are exercisable after the Corporation's common stock closes at or above \$60 per share for ten consecutive trading days. Regardless of the stock price, all options will be fully exercisable July 1, 2000. No option could be exercised before January 1, 1997. The options expire on July 1, 2001.

#### KEY EMPLOYEE STOCK PLAN:

The Key Employee Stock Plan provides for different types of awards including stock options, restricted stock and performance shares. Under this plan, certain key employees received stock options effective July 1, 1995, entitling them to purchase shares of the Corporation's common stock at the previous day's closing market price of \$26 13/16 per share. Options to purchase 7.92 million shares of common stock were granted. Fifty percent of the options are currently vested and exercisable. The remaining fifty percent vest and become exercisable in two equal installments on July 1, 1997 and 1998. Any unexercised options will expire on July 1, 2005.

Under the Key Employee Stock Plan, on January 2, 1996, ten-year options to purchase 3.6 million shares of common stock at \$34 11/16 per share were granted to certain employees. On February 1, 1996, ten-year options to purchase 1.8 million shares of common stock at \$34 3/8 per share were granted to certain employees. In January 1997, ten-year options to purchase 2.31 million shares of common stock at \$49 7/16 were granted to certain employees. For these grants, twenty-five percent of the options immediately vested and became exercisable. The remainder vest and become exercisable in three equal annual installments. In addition, in January 1997, 620,000 shares of restricted stock were granted to certain former Boatmen's executives in connection with their employment with the Corporation. These shares vest in three substantially equal installments beginning January 1998.

#### RESTRICTED STOCK AWARD PLAN:

Under the Corporation's Restricted Stock Award Plan, key employees were awarded shares of the Corporation's common stock subject to certain vesting requirements. Generally, vesting occurred in five equal annual installments with related deferred compensation expensed over the same period.

#### OTHER PLANS:

Additional options under former plans and restricted stock and stock options assumed in connection with various acquisitions remain outstanding and are insignificant in amount. No further options or rights will be granted under such plans.

The following tables present the status of the Plans as of December 31, 1996, 1995 and 1994, and changes during the years then ended:

	1996		1995		1994	
	WEIGHTED-AVERAGE		WEIGHTED-AVERAGE		WEIGHTED-	
AVERAGE Employee Stock Option Plans PRICE	SHARES	EXERCISE PRICE	SHARES	EXERCISE PRICE	SHARES	EXERCISE
<hr/>						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year....	12,788,762	\$23.52	12,741,502	\$20.34	17,179,992	\$20.44
Shares due to acquisitions.....	1,098,580	17.26	264,446	19.55	39,192	14.76
Granted.....	38,259,496	41.08	7,920,000	26.82	-	-
Exercised.....	(3,783,170)	20.69	(7,691,186)	21.39	(3,570,562)	19.47
Forfeited.....	(3,823,518)	40.57	(446,000)	25.43	(907,120)	25.44
<hr/>						
Outstanding at end of year.....	44,540,150	37.22	12,788,762	23.52	12,741,502	20.34
<hr/>						
Options exercisable at year end.....	7,591,598	24.38	6,805,944	20.66	12,716,302	20.35
<hr/>						
Weighted-average fair value of options granted during the year... \$	7.82		\$	6.91		
<hr/>						

</TABLE>

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<TABLE>  
<CAPTION>

	1996		1995		1994	
	WEIGHTED-AVERAGE		WEIGHTED-AVERAGE		WEIGHTED-AVERAGE	
Restricted Stock Award Plan	SHARES	GRANT PRICE	SHARES	GRANT PRICE	SHARES	GRANT PRICE
<hr/>						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding unvested grants at beginning of year.....	2,520,892	\$23.23	3,633,704	\$22.93	4,301,140	\$22.29
Granted.....	-	-	125,000	24.50	574,000	25.94
Vested.....	(1,106,062)	22.76	(1,136,732)	22.39	(1,188,716)	22.03
Canceled.....	(73,280)	24.36	(101,080)	22.75	(52,720)	23.44
<hr/>						
Outstanding unvested grants at end of year.....	1,341,550	23.55	2,520,892	23.23	3,633,704	22.93
<hr/>						

</TABLE>

The following table summarizes information about stock options outstanding on December 31, 1996:

<TABLE>  
<CAPTION>

RANGE OF	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING	WEIGHTED- AVERAGE	NUMBER EXERCISABLE	WEIGHTED- AVERAGE

EXERCISE PRICES	AT DECEMBER 31	CONTRACTUAL LIFE	EXERCISE PRICE	AT DECEMBER 31	EXERCISE PRICE
<hr/>					
<S>	<C>	<C>	<C>	<C>	<C>
\$ 6.00 - \$30.00.....	9,941,194	6.9 years	\$23.93	6,335,694	\$22.31
\$30.01 - \$46.50.....	34,598,956	5.2 years	41.03	1,255,904	34.84
<hr/>					
\$ 6.00 - \$46.50.....	44,540,150	5.6 years	37.22	7,591,598	24.38
<hr/>					

</TABLE>

NOTE ELEVEN. NONINTEREST INCOME AND EXPENSE

The significant components of noninterest income and expense for the years ended December 31 are presented below (dollars in millions):

<TABLE>  
<CAPTION>

	1996	1995	1994
<hr/>			
<S>	<C>	<C>	<C>
NONINTEREST INCOME			
Service charges on deposit accounts.....	\$1,121	\$ 884	\$ 797
Mortgage servicing and mortgage-related fees...	213	138	86
Fees on factored accounts receivable.....	64	68	74
Investment banking income.....	356	192	138
Other nondeposit-related service fees.....	198	156	138
Asset management and fiduciary service fees....	432	444	435
Credit card income.....	314	277	280
Trading account profits and fees.....	274	306	273
Other income.....	674	613	376
<hr/>			
	\$3,646	\$3,078	\$2,597
<hr/>			
NONINTEREST EXPENSE			
Personnel.....	\$2,731	\$2,491	\$2,311
Occupancy, net.....	523	495	487
Equipment.....	451	397	364
Marketing.....	252	217	161
Professional fees.....	256	182	171
Amortization of intangibles.....	128	119	141
Credit card.....	64	55	71
Deposit insurance.....	26	118	211
Data processing.....	237	229	235
Telecommunications.....	172	150	137
Postage and courier.....	148	135	126
Other general operating.....	490	411	388
General administrative and miscellaneous.....	187	164	139
<hr/>			
	\$5,665	\$5,163	\$4,942
<hr/>			

</TABLE>

Notes To Consolidated Financial Statements 67

NOTE TWELVE. INCOME TAXES

The components of income tax expense for the years ended December 31 were (dollars in millions):

	1996	1995	1994
<hr/>			
Current portion - expense			
Federal.....	\$ 889	\$ 814	\$451
State.....	45	55	37
Foreign.....	21	13	5
<hr/>			
	955	882	493
<hr/>			
Deferred portion - expense (benefit)			
Federal.....	299	147	350
State.....	19	12	21
Foreign.....	(14)	-	1
<hr/>			

	304	159	372
Total tax expense.....	\$1,259	\$1,041	\$865

The Corporation's current income tax expense of \$955 million, \$882 million and \$493 million for 1996, 1995 and 1994, respectively, approximates the amounts payable for those years.

Deferred expense represents the change in the deferred tax asset or liability and is discussed further below.

A reconciliation of the expected federal tax expense, based on the federal statutory rate of 35 percent for 1996, 1995 and 1994, to the actual consolidated tax expense for the years ended December 31 is as follows (dollars in millions):

	1996	1995	1994
Expected federal tax expense.....	\$1,272	\$1,047	\$894
Increase (decrease) in taxes resulting from			
Tax-exempt income.....	(35)	(32)	(35)
State tax expense, net of federal benefit...	48	55	46
Other.....	(26)	(29)	(40)
Total tax expense.....	\$1,259	\$1,041	\$865

Significant components of the Corporation's deferred tax (liabilities) and assets on December 31 are as follows (dollars in millions):

	1996	1995
Deferred tax liabilities		
Securities available for sale.....	\$ (45)	\$ (192)
Equipment lease financing.....	(1,008)	(750)
Depreciation.....	(132)	(140)
Intangibles.....	(84)	(66)
Employee retirement benefits.....	(108)	(109)
Other, net.....	(255)	(180)
Gross deferred tax liabilities.....	(1,632)	(1,437)
Deferred tax assets		
Employee benefits.....	118	89
Net operating loss carryforwards.....	42	16
Allowance for credit losses.....	773	754
Other real estate owned.....	16	16
Loan fees and expenses.....	33	26
General business credit carryforwards..	6	11
Other, net.....	193	154
Gross deferred tax assets.....	1,181	1,066
Valuation allowance.....	(15)	(16)
Deferred tax assets, net of valuation allowance.....	1,166	1,050
Net deferred tax liabilities.....	\$ (466)	\$ (387)

The Corporation's deferred tax assets on December 31, 1996 include a valuation allowance of \$15 million representing primarily state net operating loss carryforwards for which it is more likely than not that realization will not occur. The net change in the valuation allowance for deferred tax assets was a decrease of \$1 million, due to the realization of certain state deferred tax assets.

#### NOTE THIRTEEN. FAIR VALUES OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments" (SFAS 107), requires the disclosure of the estimated fair values of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair values of financial instruments. Because no quoted market prices exist for a significant part of the Corporation's financial instruments, the fair values of such instruments have been derived based on management's assumptions, the amount and timing of future cash flows and estimated discount rates. The estimation methods for individual classifications of financial instruments are described

more fully below. Different assumptions could significantly affect these estimates. Accordingly, the net realizable values could be materially different from the estimates presented below.

In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the combined Corporation.

The provisions of SFAS 107 do not require the disclosure of nonfinancial instruments, including intangible assets. The value of the Corporation's intangibles, such as franchise, credit card and trust relationships and mortgage servicing rights, is significant.

#### SHORT-TERM FINANCIAL INSTRUMENTS

The carrying values of short-term financial instruments, including cash and cash equivalents, federal funds sold and purchased, resale and repurchase agreements, and commercial paper and short-term borrowings, approximate the fair values of these instruments. These financial instruments generally expose the Corporation to limited credit risk and have no stated maturities, or have an average maturity of less than 30 days and carry interest rates which approximate market.

#### FINANCIAL INSTRUMENTS TRADED IN THE SECONDARY MARKET

Securities held for investment, securities available for sale, loans held for sale, trading account instruments, long-term debt and trust preferred securities traded actively in the secondary market have been valued using quoted market prices.

#### LOANS

Fair values were estimated for groups of similar loans based upon type of loan, credit quality and maturity. The fair value of fixed-rate loans was determined by discounting estimated cash flows using interest rates approximating the Corporation's December 31 origination rates for similar loans. Where quoted market prices were available, primarily for certain residential mortgage loans, such market prices were utilized as estimates for fair values. Contractual cash flows for residential mortgage loans were adjusted for estimated prepayments using published industry data. For most variable-rate loans, the carrying amounts were considered to approximate fair value. Where credit deterioration has occurred, estimated cash flows for fixed- and variable-rate loans have been reduced to incorporate estimated losses.

#### DEPOSITS

The fair value for fixed-rate deposits with stated maturities was calculated by discounting the difference between the cash flows on a contractual basis and current market rates for instruments with similar maturities. For variable-rate deposits, the carrying amount was considered to approximate fair value.

The book and fair values of financial instruments for which book and fair value differed on December 31 were (dollars in millions):

<TABLE>  
<CAPTION>

	1996		1995	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
<S>	<C>	<C>	<C>	<C>
FINANCIAL ASSETS				
Loans, net of unearned income.....	\$116,711	\$117,525	\$112,244	\$112,785
Allowance for credit losses.....	(2,315)	-	(2,163)	-
FINANCIAL LIABILITIES				
Deposits.....	106,498	106,512	100,691	100,843
Long-term debt (excluding obligations under capital leases).....	22,689	22,739	17,753	18,077

</TABLE>

For all other financial instruments, book value approximates fair value.

#### OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The fair value of the Corporation's asset and liability management and other interest rate contracts is presented in TABLE ELEVEN on page 33 and in the

second full paragraph in the mortgage servicing discussion in the Noninterest Income section on page 24. The fair value of liabilities on binding commitments to lend is based on the net present value of cash flow streams using fee rates currently charged for similar agreements versus original contractual fee rates, taking into account the creditworthiness of the borrowers. The fair value was a liability of approximately \$190 million and \$111 million on December 31, 1996 and 1995, respectively.

Notes To Consolidated Financial Statements 69

NOTE FOURTEEN. PARENT COMPANY FINANCIAL INFORMATION

The following tables present consolidated parent company financial information:

YEAR ENDED DECEMBER 31			
	1996	1995	1994
<S>	<C>	<C>	<C>
Income			
Dividends from consolidated			
Subsidiary banks and bank holding companies....	\$2,309	\$ 999	\$1,864
Other subsidiaries.....	210	7	5
Interest from consolidated subsidiaries.....	799	635	355
Other income.....	593	547	501
	3,911	2,188	2,725
Expenses			
Interest on borrowed funds.....	1,051	835	582
Noninterest expense.....	519	462	442
	1,570	1,297	1,024
Earnings			
Income before equity in undistributed earnings of consolidated subsidiaries and taxes.....	2,341	891	1,701
Equity in undistributed earnings of consolidated			
Subsidiary banks and bank holding companies....	(63)	830	(247)
Other subsidiaries.....	34	208	140
	(29)	1,038	(107)
Income before income taxes.....	2,312	1,929	1,594
Income tax benefit.....	(63)	(21)	(96)
Net income.....	\$2,375	\$1,950	\$1,690
Net income available to common shareholders.....	\$2,360	\$1,942	\$1,680

</TABLE>

<TABLE>  
<CAPTION>  
NationsBank Corporation (Parent Company)  
CONDENSED CONSOLIDATED BALANCE SHEET  
(DOLLARS IN MILLIONS)

DECEMBER 31		
	1996	1995
<S>	<C>	<C>
Assets		
Cash held at subsidiary banks.....	\$ 8	\$ 8
Temporary investments.....	4,250	396
Receivables from consolidated		
Subsidiary banks and bank holding companies...	2,936	3,116
Other subsidiaries.....	8,851	8,633
Investment in consolidated		
Subsidiary banks and bank holding companies...	13,985	12,255

Other subsidiaries.....	1,705	1,728
Other assets.....	1,176	1,095
	-----	-----
	\$32,911	\$27,231
	=====	=====
Liabilities and Shareholders' Equity		
Commercial paper and other notes payable.....	\$ 2,344	\$ 2,494
Accrued expenses and other liabilities.....	678	737
Payables to consolidated subsidiaries.....	995	-
Long-term debt.....	15,250	11,199
Shareholders' equity.....	13,644	12,801
	-----	-----
	\$32,911	\$27,231
	=====	=====

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<TABLE>

<CAPTION>

NationsBank Corporation (Parent Company)  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(DOLLARS IN MILLIONS)

	YEAR ENDED DECEMBER 31		
	1996	1995	1994
-----			
<S>	<C>	<C>	<C>
Operating Activities			
Net income.....	\$ 2,375	\$ 1,950	\$ 1,690
Reconciliation of net income to net cash provided by operating activities			
Equity in undistributed earnings of consolidated subsidiaries.....	29	(1,038)	107
Other operating activities.....	802	(380)	142
	-----	-----	-----
Net cash provided by operating activities.....	3,206	532	1,939
	-----	-----	-----
Investing Activities			
Net (increase) decrease in temporary investments.....	(3,854)	187	(271)
Net increase in receivables from consolidated subsidiaries.....	(38)	(3,155)	(1,416)
Additional capital investment in subsidiaries.....	(424)	(384)	(764)
(Acquisitions) sales of subsidiaries, net of cash.....	(726)	-	101
	-----	-----	-----
Net cash used by investing activities.....	(5,042)	(3,352)	(2,350)
	-----	-----	-----
Financing Activities			
Net (decrease) increase in commercial paper and other notes payable.....	(150)	68	144
Proceeds from issuance of long-term debt.....	5,560	4,606	1,159
Retirement of long-term debt.....	(1,509)	(1,005)	(438)
Preferred stock repurchased and redeemed.....	-	-	(94)
Proceeds from issuance of common stock.....	136	239	267
Common stock repurchased.....	(1,503)	(522)	(180)
Cash dividends paid.....	(715)	(575)	(527)
Other financing activities.....	17	13	73
	-----	-----	-----
Net cash provided by financing activities.....	1,836	2,824	404
	-----	-----	-----
Net increase (decrease) in cash held at subsidiary banks.....	-	4	(7)
Cash held at subsidiary banks on January 1.....	8	4	11
	-----	-----	-----
Cash held at subsidiary banks on December 31.....	\$ 8	\$ 8	\$ 4
	=====	=====	=====

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NationsBank Corporation And Subsidiaries  
SIX-YEAR CONSOLIDATED STATISTICAL SUMMARY



1991	1996	1995	1994	1993	1992
-----					
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
TAXABLE-EQUIVALENT YIELDS EARNED					
Loans and leases, net of unearned income					
Commercial.....	8.16%	8.19%	7.56%	6.96%	7.08%
8.70%					
Real estate commercial.....	9.03	9.30	8.18	7.59	7.78
9.13					
Real estate construction.....	8.89	9.73	8.49	7.50	7.17
8.82					
Total commercial.....	8.29	8.42	7.71	7.09	7.20
8.78					
Residential mortgage.....	7.80	7.78	7.62	8.27	9.33
10.47					
Credit card.....	11.77	12.78	12.84	13.62	14.45
15.22					
Other consumer.....	9.87	10.07	9.26	9.24	10.07
11.13					
Total consumer.....	9.06	9.37	8.99	9.51	10.50
11.47					
Foreign.....	6.87	7.71	6.10	5.49	6.63
8.47					
Lease financing.....	7.58	7.59	7.50	7.96	8.25
10.89					
Total loans and leases, net.....	8.59	8.79	8.20	8.06	8.49
9.83					
Securities					
Held for investment.....	5.59	5.57	5.06	5.54	6.84
8.61					
Available for sale.....	6.63	6.25	5.20	4.80	5.77
-					
Total securities.....	6.46	5.84	5.12	5.51	6.76
8.61					
Loans held for sale.....	7.30	7.47	6.63	6.73	7.22
8.74					
Federal funds sold and securities					
purchased under agreements to resell.....	5.19	6.18	4.09	3.21	3.77
5.89					
Time deposits placed and other short-term investments...	5.54	6.87	5.12	3.91	5.09
6.89					
Trading account securities.....	6.44	7.76	7.32	5.43	4.64
6.99					
Total earning assets.....	7.83	7.98	7.16	7.06	7.70
9.25					
RATES PAID					
Savings.....	2.22	2.37	2.33	2.38	2.86
4.55					
NOW and money market deposit accounts.....	2.52	2.68	2.34	2.24	2.82
4.96					
Consumer CDs and IRAs.....	5.28	5.19	4.17	4.52	5.58
7.01					
Negotiated CDs, public funds and other time deposits....	5.49	5.56	4.02	3.97	4.93
7.08					
Foreign time deposits.....	5.38	6.25	4.98	4.05	5.52
6.70					
Borrowed funds and trading account liabilities.....	5.65	6.40	4.87	3.45	3.33
5.64					
Long-term debt.....	6.51	7.00	6.85	7.44	8.92
8.88					
Special Asset Division net funding allocation.....	-	-	-	-	-
(6.20)					
Total interest-bearing liabilities.....	4.85	5.28	4.09	3.53	4.12
6.09					
PROFIT MARGINS					
Net interest spread.....	2.98	2.70	3.07	3.53	3.58
3.16					
Net interest yield.....	3.62	3.33	3.58	3.96	4.10
3.82					
YEAR-END DATA					
(DOLLARS IN MILLIONS)					
Loans, leases and factored accounts					
receivable, net of unearned income.....	\$122,630	\$117,033	\$103,371	\$ 92,007	\$ 72,714
69,108					
Securities held for investment.....	2,110	4,432	17,800	13,584	23,355
16,275					
Securities available for sale.....	12,277	19,415	8,025	15,470	1,374
8,904					
Loans held for sale.....	1,215	1,663	318	1,697	1,236
585					
Time deposits placed and other short-term investments...	1,843	1,296	2,159	1,479	1,994

1,622					
Total earning assets.....	164,676	167,945	151,722	140,890	103,872
96,491					
Total assets (1).....	185,794	187,298	169,604	157,686	118,059
110,319					
Noninterest-bearing deposits.....	25,738	23,414	21,380	20,723	17,702
16,356					
Domestic savings and time deposits.....	72,707	64,388	66,487	66,356	62,988
70,359					
Foreign time deposits.....	8,053	12,889	12,603	4,034	2,037
1,360					
Total savings and time deposits.....	80,760	77,277	79,090	70,390	65,025
71,719					
Total deposits.....	106,498	100,691	100,470	91,113	82,727
88,075					
Borrowed funds and trading account liabilities.....	35,753	51,067	45,555	44,248	21,957
9,846					
Long-term debt.....	22,985	17,775	8,488	8,352	3,066
2,876					
Total shareholders' equity.....	13,709	12,801	11,011	9,979	7,814
6,518					

(1) EXCLUDES ASSETS OF NATIONSBANK OF TEXAS SPECIAL ASSET DIVISION IN 1991.

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	1996	1995	1994	1993	1992
1991					
- - - - -					
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
EARNINGS RATIOS					
Return on average					
Total assets (1).....	1.18%	1.03%	1.02%	.97%	1.00%
.17%					
Earning assets (1).....	1.34	1.17	1.14	1.09	1.12
.20					
Common shareholders' equity.....	17.95	17.01	16.10	15.00	15.83
2.70					
EARNINGS ANALYSIS (TAXABLE-EQUIVALENT)					
Noninterest income as a percentage of net interest					
income.....	56.76	55.36	48.96	44.48	45.65
44.22					
Noninterest expense, excluding merger-related charge,					
as a percentage of net interest income.....	88.20	92.85	93.16	90.90	94.64
97.62					
Efficiency ratio: noninterest expense, excluding					
merger-related charge, divided by the sum of net					
interest income and noninterest income.....	56.3	59.8	62.5	62.9	65.0
67.7					
Overhead ratio: noninterest expense, excluding					
merger-related charge, less noninterest income					
divided by net interest income.....	31.44	37.50	44.20	46.42	48.99
53.40					
Net income as a percentage of net					
interest income.....	36.98	35.07	31.86	31.79	27.33
5.12					
ASSET QUALITY					
FOR THE YEAR					
Net charge-offs as a percentage of average					
loans, leases and factored accounts receivable.....	.48	.38	.33	.51	1.25
1.86					
Net charge-offs as a percentage of the					
provision for credit losses.....	98.84	110.21	101.79	95.76	121.15
82.70					
AT YEAR END					
Allowance for credit losses as a percentage of net					
loans, leases and factored accounts receivable.....	1.89	1.85	2.11	2.36	2.00
2.32					
Allowance for credit losses as a percentage of					
nonperforming loans.....	260.02	306.49	273.07	193.38	103.11
81.82					
Nonperforming assets as a percentage of net					
loans, leases, factored accounts receivable					

and other real estate owned.....	.85	.73	1.10	1.92	2.72
4.01					
Nonperforming assets as a percentage of total assets (1)...	.56	.46	.67	1.13	1.69
2.54					
Nonperforming assets (in millions).....	\$ 1,043	\$ 853	\$ 1,138	\$ 1,783	\$ 1,997
2,804					
RISK-BASED CAPITAL RATIOS					
Tier 1.....	7.76%	7.24%	7.43%	7.41%	7.54%
6.38%					
Total.....	12.66	11.58	11.47	11.73	11.52
10.30					
OTHER CAPITAL RATIOS					
Common shareholders' equity as a					
percentage of total assets at year end (1).....	7.31	6.81	6.47	6.25	6.60
5.67					
Dividend payout ratio (per common share).....	29.95	29.17	30.78	28.38	33.07
215.36					
Shareholders' equity per common share					
Average.....	\$ 22.28	\$ 20.95	\$ 19.00	\$ 16.68	\$ 14.53
13.98					
At year end.....	23.69	23.26	19.85	18.20	15.40
13.52					
OTHER STATISTICS					
Number of full-time equivalent employees.....	62,971	58,322	61,484	57,742	50,828
57,177					
Rate of increase (decrease) in average					
Total loans and leases, net of unearned income.....	11.67%	15.24%	20.29%	15.83%	(1.70)%
1.82%					
Earning assets.....	6.23	12.55	24.50	16.59	(.84)
2.42					
Total assets (1).....	6.54	13.36	23.75	16.82	(.64)
1.85					
Total deposits.....	8.37	5.91	12.30	.97	(5.59)
3.44					
Total shareholders' equity.....	15.82	9.22	21.19	18.73	10.31
6.16					
COMMON STOCK INFORMATION					
Market price per share					
High for the year.....	\$ 52 5/8	\$ 37 3/8	\$ 28 11/16	\$ 29	\$ 26 11/16
3/8					\$ 21
Low for the year.....	32 3/16	22 5/16	21 11/16	22 1/4	19 13/16
3/4					10
Close at the end of the year.....	48 7/8	34 13/16	22 9/16	24 1/2	25 11/16
5/16					20
Daily average trading volume.....	1,937,938	1,452,934	1,507,030	1,333,182	1,455,156
794,108					
Number of shareholders of record.....	106,345	103,137	105,774	108,435	89,371
102,209					

Subsidiaries of NationsBank Corporation and Its Subsidiaries at 02/28/97  
(100% Owned by NationsBank Corporation Unless Otherwise Noted)

\*indicates location of corporate records

ASB Capital Management, Inc.  
Atlantic Equity Corporation  
    GLM Investments, Inc. 1  
Blue Ridge Investments, L.L.C. 2  
Carolina Mountain Holding Company  
CSF Holdings, Inc.  
    Citizens Travel, Inc. 3  
    Citizens Financial Services, Inc. 3  
        Equitable Service Corporation 4  
        Transtex Management Company 4  
Equitable Bancorporation Overseas Finance N.V.  
Export Funding Corporation  
MAR, Inc.  
MN World Trade Corporation  
  
MNC Affiliates Group, Inc.  
    MNC American Corporation 5  
    MNC Credit Corp 5  
        A/M Properties, Inc. 6  
        American Financial Service Group, Inc. (LEASEFIRST) 6  
        Maryland National Realty Investors, Inc. 6  
        Maryland National Leasing Services Corporation 6  
        MNC Capital Corporation 6  
NationsCredit Corporation  
    NationsCredit Commercial Corporation 7  
        ALS II, Inc. 8  
        ALS Superior, Inc. 8  
        BJCC, Inc. 8  
        JCCA, Inc. 8  
            BIRMSON, L.L.C. 9  
        Cape Canterbury, Ltd. 8  
        LDI Corporation 8  
        NationsCredit Commercial Corporation of America 8  
            Ariens Credit Corporation 10  
            Gravely Credit Corporation 10  
            Korg Acceptance Corporation 10  
            Mercury Marine Acceptance Corporation 10  
            NationsCredit Commercial Corporation Ltd. 10  
            NationsCredit Marine Funding Corporation 10  
            NationsCredit Securitization Corporation 10  
            NIMAC Finance Corp. 10  
            Sea Ray Credit Corporation 10  
            Winnebago Acceptance Corporation 10  
        USW SIS I, Inc. 8  
        USW SIS II, Inc. 8  
    NationsCredit Consumer Corporation 7  
        NationsCredit Acceptance Corporation 11  
        NationsCredit Consumer Discount Company 11  
  
        NationsCredit Consumer Services, Inc. 11  
        NationsCredit Finance Group Inc. 11  
        NationsCredit Financial Acceptance Corporation 11  
        NationsCredit Financial Services Corporation 11  
        NationsCredit Financial Services Corporation of Alabama 11  
        NationsCredit Financial Services Corporation of America 11  
        NationsCredit Financial Services Corporation of Florida 11  
            NationsCredit Mortgage Corporation of Florida 12  
        NationsCredit Financial Services Corporation of Nevada 11  
        NationsCredit Financial Services Corporation of Virginia 11  
        NationsCredit Home Equity Corporation of Kentucky 11  
        NationsCredit Home Equity Corporation of Virginia 11  
        NationsCredit Home Equity Services Corporation 11  
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     Boatmen's National Bank of Russellville 21  
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 The following companies are 50% or less owned by NationsBank Corporation or one of its subsidiaries.

ABB Funding Partners, L.P., Stamford, CT - NationsCredit Commercial Corporation owns 14.27% of this entity.

Carlton Court Limited Partnership, Dallas, TX - NationsBank Community Development Corporation ("NBCDC") and Carlton Court CDC, Inc. own 49% and 1%, respectively, of this entity.

Charlotte Transit Center, Inc., Charlotte, NC - NationsBank CDC Special Holding Company, Inc. has 50% control as one of the two members of this

non-profit corporation.

Church Street Crossing Associates, L.P., Washington, DC - NBCDC owns 50% of this entity.

Collmain Customer Services Ltd., London - NationsBank Europe Limited owns 22.5% of this entity.

Collmain Services Ltd., London - Carolina Investments Limited holds a 20% minority interest in this company.

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Columbia Community Investment Limited Partnership, Charlotte, NC - NBCDC has a 20% interest in this entity.

Commonwealth National Bank, Mobile, AL - NationsBank Corporation owns nonvoting securities representing 47% of this entity, however, does not exercise any form of control over it.

CSC Associates, L.P., Marietta, GA - C&S Premises, Inc. and C&S Premises-SPE, Inc. own 49% and 1%, respectively, of this entity.

Danville Community Development Corporation, Danville, VA - NBCDC owns 22% of this entity.

Factoraje Bancomer, S.A., Mexico - NationsBank Overseas Corporation owns 10% of this entity.

First Housing Development Corporation of Florida, Tampa, FL - NationsBank, N.A. (South) owns 12.07% of this entity.

Foremost Factors Limited, New Delhi, India - NationsBank Overseas Corporation owns 35% of this entity.

HONOR Technologies, Inc., Maitland, FL - NationsBank Corporation owns 18.26% of this entity.

Kenilworth-Burroughs Limited Partnership, Washington, DC - Kenilworth Industrial Park Limited Liability Company is General Partner with a .01% general partnership interest and a 25.99% limited partnership interest.

Maryland Housing Equity Fund Limited Partnership, Columbia, MD - Maryland National Community Development Corporation owns 13.12% of this limited partnership.

MECA Software, L.L.C., Fairfield, CT - MYM Holdings Corporation owns 16.67% of this entity.

Nubia Redevelopment Partnership, Dallas, TX - NBCDC owns 50% of this entity.

Roanoke Community Development Corporation, Roanoke, VA - NBCDC owns 28% of this entity.

Savannah Community Development Corporation dba Savannah Regional Small Business Capital Fund - NationsBank, N.A. (South) owns 21% of this entity.

Springdale Equity Partners, L.P., Charlotte, NC - NationsBanc Investment Corporation is a limited partner and has no voting rights, however, contributed 99.5% of the capital and maintains a veto right over certain actions.

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Springdale Venture Partners, L.P., Charlotte, NC - NationsBanc Venture Corporation is a limited partner and has no voting rights, however, contributed 99.5% of the capital and maintains a veto right over certain actions.

Third Ward Neighborhood Development Association, Charlotte, NC - NCNB Community Development Association, a subsidiary of NationsBank, N.A. owns 50% of this joint venture.

Tiryns FSC, Inc., Charlotte Amalie, VI - NationsBank Overseas Corporation owns 50% of this entity.

Tri-Tech, L.P., Baltimore, MD - NationsBank of Delaware, N.A. owns 9.1% of this entity.

Troy Street Limited Liability Company, Alexandria, VA - NationsBank Community Development Corporation has a 39.89% interest in this entity, however, has no right of control over it.

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1 Atlantic Equity Corporation owns 100% of this entity.  
2 NationsBank Corporation and NB Holdings Corporation own 99% and 1%,  
respectively, of this entity.  
3 CSF Holdings, Inc. owns 100% of this entity.  
4 Citizens Financial Services, Inc owns 100% of this entity.  
5 MNC Affiliates Group, Inc. owns 100% of this entity.  
6 MNC Credit Corp owns 100% of this entity.  
7 Nations Credit Corporation owns 100% of this entity.  
8 NationsCredit Commercial Corporation owns 100% of this entity.  
9 BJCC, Inc. and JCCA, Inc. own 40% and 60%, respectively, of this entity.  
10 NationsCredit Commercial Corporation of America owns 100% of this entity.  
11 NationsCredit Consumer Corporation owns 100% of this entity.  
12 NationsCredit Financial Services Corporation of Florida owns 100% of this  
entity.  
13 NationsCredit Home Equity Services Corporation owns 100% of this entity.  
14 NationsBanc Mortgage Capital Corporation owns 100% of this entity.  
15 NB Holdings Corporation owns 100% of this entity.  
16 BBI Kansas, Inc. owns 100% of this entity.  
17 Boatmen's National Bank owns 100% of this entity.  
18 BBI Kansas, Inc. and IV Commercial Acquisition, Inc. own 82.7% and 17.3%,  
respectively, of this entity.  
19 Boatmen's National Bank of Oklahoma owns 100% of this entity.  
20 IV Commercial Acquisition, Inc. owns 100% of this entity.  
21 Boatmen's Arkansas, Inc. owns 100% of this entity.  
22 Boatmen's Bank of Northeast Arkansas owns 100% of this entity.  
23 Boatmen's National Bank of Arkansas owns 100% of this entity.  
24 Boatmen's National Bank of Hot Springs owns 100% of this entity.  
25 Worthen Financial Corporation owns 100% of this entity.  
26 Boatmen's Bancshares of Iowa, Inc. owns 100% of this entity.  
27 Boatmen's Bank Iowa, N.A. owns 100% of this entity.  
28 Boatmen's Bank of Fort Dodge owns 100% of this entity.  
29 Boatmen's Bank of Northwest Iowa owns 100% of this entity.  
30 Boatmen's Bank of North Iowa owns 100% of this entity.  
31 Boatmen's Bank of Southern Missouri owns 100% of this entity.  
32 Boatmen's Bank of Tennessee owns 100% of this entity.  
33 Boatmen's-Illinois, Inc. owns 100% of this entity.  
34 The Boatmen's National Bank of St. Louis owns 100% of this entity.  
35 Boatmen's Investment Services, Inc. owns 100% of this entity.  
36 A number of Boatmen's banks own percentages of this entity.  
37 BBI Merchant Processing Company, LLC owns 50% of this entity.  
38 St. Louis Investment Properties, Inc. owns 100% of this entity.  
39 Marbel Homes, Inc. owns 100% of this entity

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40 Boatmen's Foreign Investment Corporation owns 100% of this entity.  
41 Boatmen's Sunwest, Inc. owns 100% of this entity.  
42 Sunwest Texas, Inc. owns 100% of this entity.  
43 Boatmen's Texas, Inc. owns 100% of this entity.  
44 NationsBank, N.A. owns 100% of this entity.  
45 BT Building Corporation has a 17% general partnership interest and a 43%  
limited partnership interest in this entity.  
46 NationsBank, N.A. owns up to 22.26% of this entity; definitive % depends on  
total number of participants.  
47 Main Place Holdings Corporation owns 100% of this entity.  
48 Marco Properties, Inc. owns 100% of this entity.  
49 Maryland National Community Development Corporation owns 99% of this entity.  
50 Maryland National Community Development Corporation and NationsBank, N.A.,  
each, has a 33.3% interest in this entity.  
51 Maryland National Community Development Corporation owns 98.99% of this  
entity.  
52 NationsBanc Enterprise, Inc. and NationsBanc Investments, Inc., each, has a  
50% interest in this general partnership.  
53 NationsSecurities and NationsBanc Enterprise, Inc. have 99% and 1%  
interests, respectively, in this entity.  
54 NationsBank, N.A. and NationsBank, N.A. (South) own 63% and 37%,  
respectively, of this entity.  
55 NationsBank Carolinas Merchant Services, Inc. and NationsBank Florida  
Merchant Services, Inc. own 49% and 51%, respectively, of this entity.  
56 NationsBank Merchant Services owns 20% of this entity.  
57 NationsBank Overseas Corporation and NationsBank, N.A. own 99% and 1%,  
respectively, of this entity.  
58 NationsBank Europe Limited owns 100% of this entity.  
59 Nations Investment Management Limited owns 100% of this entity.  
60 NationsBank Overseas Corporation owns 100% of this entity.  
61 AF Funding (1993), Inc. holds a 1% general partnership and a 49% limited  
partnership interest in this entity.  
62 Kill Devil Hills Finance Limited Partnership owns 100% of this entity.  
63 Air France/NationsBank (Grantor Trust) owns 100% of this entity.  
64 AF Funding II (1993), Inc. holds a 1% general partnership and a 34% limited  
partnership interest in this entity.  
65 Kill Devil Hills II Limited Partnership owns 100% of this entity.  
66 Air France/KDHF II (NGHGI) (Grantor Trust) owns 100% of this entity.  
67 Cathay Pacific/NationsBank Trust I (Grantor Trust) owns 100% of this entity.  
68 Gatwick, Inc. and Heathrow, Inc. own 75% and 25%, respectively, of this

entity.  
69 Mayfair Partners owns 100% of this entity.  
70 Piccadilly, Inc. owns 90% of this entity. The remainder is owned by an  
unrelated third party.  
71 NationsBank Overseas Corporation and Island Funding, Inc. own 75% and 25%,  
respectively, of this entity.  
72 NationsBank Overseas Corporation owns 99.5% of this entity.  
73 Japan Airlines/NCNB 1993-1 (Grantor Trust) owns 100% of this entity.  
74 NationsBank Overseas Corporation and NationsBank, N.A. own 99.33% and .67%,  
respectively, of this entity.  
75 NCNB Lease Atlantic, Inc. owns 100% of this entity.  
76 NCNB Lease Finance III owns 100% of this entity.  
77 NCNB Lease Finance owns 100% of this entity.  
78 NCNB Lease Finance IV owns 100% of this entity.  
79 NCNB Lease Finance V owns 100% of this entity.  
80 NCNB Lease Finance VI owns 100% of this entity.  
81 NCNB Lease International, Inc. owns 99.9% of this entity.  
82 NCNB Lease Offshore, Inc. owns 100% of this entity.  
83 NCNB Lease Finance II owns 100% of this entity.  
84 NationsBank Overseas Corporation owns 50% of this entity.  
85 NationsBank Overseas Corporation owns 98% of this entity.  
86 NationsBank Overseas Corporation owns 66% of this entity.

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87 TransPacific Funding (1993), Inc. holds a 1% general partnership and a 65%  
limited partnership interest in this entity.  
88 TransPacific Finance Limited Partnership owns 100% of this entity.  
89 ANA II (Grantor Trust) owns 100% of this entity.  
90 NB Partner Corp. owns 50% of this entity.  
91 NB Technology Partner, Inc. owns 5.88% of this entity.  
92 NationsBank, N.A. is the sole member of this non-profit corporation.  
93 Washington View, Inc. owns 69% of this entity.  
94 NationsBank, N.A. (South) owns 100% of this entity.  
95 NationsBank, N.A. (South) owns 61.5% of this entity.  
96 NationsBanc Leasing Corporation of North Carolina owns 100% of this entity.  
97 NationsBank of Tennessee, N.A. owns 100% of this entity.  
98 NationsBank Texas Bancorporation, Inc. owns 100% of this entity.  
99 NationsBank of Texas, N.A. owns 100% of this entity.  
100 Superior Federal Bank, FSB owns 100% of this entity.  
101 SFS Corporation owns 100% of this entity.  
102 Boatmen's Trust Company owns 100% of this entity.  
103 Boatmen's Trust Company owns 99% of this entity.  
104 C&S Premises, Inc. owns 100% of this entity.  
105 NationsBanc Leasing & R.E. Corporation owns 100% of this entity.  
106 NB Holdings Corporation owns 70% of this entity.  
107 NationsBank, N.A. (South), NationsBank, N.A. and NationsBank of Texas, N.A.  
own, respectively, 31%, 42% and 27% of this entity.  
108 NationsBank Community Development Corporation ("NBCDC") has a 95.4% general  
partnership interest in this entity.  
109 NBCDC owns 100% of this entity.  
110 NBCDC and NCNB Community Development Corporation have 99% and 1% interests,  
respectively, in this entity.  
111 Eban Incorporated owns 5% of this entity, however, has control over it.  
112 NBCDC has a 94.89% interest in this entity.  
113 NBCDC owns 70% of this entity.  
114 NBCDC owns 80% of this entity.  
115 NBCDC has a 50.26% interest in this entity.  
116 NBCDC owns 99% of this entity.  
117 NBCDC owns 98% of this entity.  
118 NBCDC owns 81% of this entity.  
119 NationsBank Corporation and NB Holdings Corporation own 99% and 1%,  
respectively, of this entity.  
120 NationsBank, N.A. and NationsBank of Texas, N.A., each, owns 25% of the  
voting stock of this entity, and NationsBank, N.A. (South) owns 50%.  
121 NationsBank Housing Fund Investment Corporation has a 99% limited  
partnership interest in this entity.  
122 Nations Housing Fund Limited Partnership ("NHF") has a 51% limited  
partnership interest in this entity.  
123 NHF has a 99% limited partnership interest in this entity.  
124 NHF has an 88% limited partnership interest in this entity.  
125 NHF has a 67.5% limited partnership interest in this entity.  
126 NHF has a 50.49% limited partnership interest in this entity.  
127 San Antonio Master Limited Partnership has a 99% limited partnership  
interest in this entity.  
128 NHF has a 75.85% limited partnership interest in this entity.  
129 NHF has an 88.05% limited partnership interest in this entity.  
130 NHF has a 98.99% limited partnership interest in this entity.  
131 NHF has a 51.17% limited partnership interest in this entity.  
132 NHF has a 32.51% limited partnership interest in this entity.  
133 NHF has a 39.6% limited partnership interest in this entity.  
134 North Carolina Equity Fund ("NCEF") has a 99% limited partnership interest  
in this entity.  
135 NCEF has a 98% limited partnership interest in this entity.  
136 Nations Housing Fund II Limited Partnership ("NHFII") has a 99% limited

partnership interest in this entity.  
137 South Charles Investment Corporation has an 88% limited partnership interest  
and SCI Holdings Corporation has a 2% general partnership interest in this  
entity  
138 South Charles Investment Corporation owns 100% of this entity.  
139 SunStar Acceptance Corporation owns 100% of this entity.

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136 Nations Housing Fund II Limited Partnership ("NHFII") has a 99% limited  
partnership interest in this entity.  
137 South Charles Investment Corporation has an 88% limited partnership  
interest and SCI Holdings Corporation has a 2% general partnership  
interest in this entity.  
138 South Charles Investment Corporation owns 100% of this entity.  
139 SunStar Acceptance Corporation owns 100% of this entity.

EXHIBIT 23

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-44826; 33-57533; 33-63097; 333-7229; 333-13811; 333-15375 and 333-18273); the Registration Statements on Forms S-8 (Nos. 2-91958; 2-73761; 2-80406; 33-45279; 33-48883; 33-60695; 333-02875 and 333-07105) and the Post-Effective Amendment No. 1 on form S-8 to Registration Statements on Form S-4 (Nos. 33-43125; 33-55145; 33-63351; 33-62069; 33-62208 and 333-16189) of NationsBank Corporation of our report dated January 10, 1997 appearing on page 48 of the 1996 Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP  
Charlotte, North Carolina  
March 28, 1997

NATIONSBANK CORPORATION  
BOARD OF DIRECTORS  
RESOLUTION

March 26, 1997

Annual Report on Form 10-K

RESOLVED, that the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996 (the "10-K Report"), be, and it hereby is, authorized and approved substantially in the form presented to and considered at this meeting, with such changes in form or content or attachment of exhibits as the signing officers shall approve, their approval to be conclusively evidenced by their signature thereof;

RESOLVED FURTHER, that the proper officers of the Corporation be, and they hereby are, authorized and empowered on behalf of the Corporation to execute the 10-K Report and file it with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, and with such over governmental agencies or instrumentalities as such officers deem necessary or desirable, and to make, execute and file any amendment or amendments to the 10-K Report, as they may deem necessary or appropriate;

RESOLVED FURTHER, that J.W. Kiser and Charles M. Berger be, and each of them with full power to act without the other hereby is, authorized and empowered to sign the aforesaid 10-K Report and any amendment or amendments thereto on behalf of and as attorneys for NationsBank Corporation and on behalf of and as attorneys for any of the following, to wit: the Principal Executive Officer, the Principal Financial Officer, the Principal Accounting Officer, and any other officer of NationsBank Corporation.

RESOLVED FURTHER, that the officers of NationsBank Corporation be, and they hereby are, authorized and directed to do all things necessary, appropriate or convenient to carry into effect, the foregoing resolutions.

CERTIFICATE OF SECRETARY

I, ALLISON L. GILLIAM, Assistant Secretary of NationsBank Corporation, a corporation duly organized and existing under the laws of the State of North Carolina, do hereby certify that the foregoing is a true and correct copy of resolutions duly adopted by a majority of the entire Board of Directors of said corporation at a meeting of said Board of Directors held March 26, 1997, at which meeting a quorum was present and acted throughout and that said resolutions are in full force and effect and have not been amended or rescinded as of the date hereof.

IN WITNESS WHEREOF, I have hereupon set my hand and affixed the seal of said corporation this 26th day of March, 1997.

(CORPORATE SEAL)

/s/ Allison L. Gilliam  
Assistant Secretary



NATIONSBANK CORPORATION  
BOARD OF DIRECTORS  
RESOLUTION

March 26, 1997

Annual Report on Form 10-K

RESOLVED, that the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996 (the "10-K Report"), be, and it hereby is, authorized and approved substantially in the form presented to and considered at this meeting, with such changes in form or content or attachment of exhibits as the signing officers shall approve, their approval to be conclusively evidenced by their signature thereof;

RESOLVED FURTHER, that the proper officers of the Corporation be, and they hereby are, authorized and empowered on behalf of the Corporation to execute the 10-K Report and file it with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, and with such over governmental agencies or instrumentalities as such officers deem necessary or desirable, and to make, execute and file any amendment or amendments to the 10-K Report, as they may deem necessary or appropriate;

RESOLVED FURTHER, that J.W. Kiser and Charles M. Berger be, and each of them with full power to act without the other hereby is, authorized and empowered to sign the aforesaid 10-K Report and any amendment or amendments thereto on behalf of and as attorneys for NationsBank Corporation and on behalf of and as attorneys for any of the following, to wit: the Principal Executive Officer, the Principal Financial Officer, the Principal Accounting Officer, and any other officer of NationsBank Corporation.

RESOLVED FURTHER, that the officers of NationsBank Corporation be, and they hereby are, authorized and directed to do all things necessary, appropriate or convenient to carry into effect, the foregoing resolutions.

CERTIFICATE OF SECRETARY

I, ALLISON L. GILLIAM, Assistant Secretary of NationsBank Corporation, a corporation duly organized and existing under the laws of the State of North Carolina, do hereby certify that the foregoing is a true and correct copy of resolutions duly adopted by a majority of the entire Board of Directors of said corporation at a meeting of said Board of Directors held March 26, 1997, at which meeting a quorum was present and acted throughout and that said resolutions are in full force and effect and have not been amended or rescinded as of the date hereof.

IN WITNESS WHEREOF, I have hereupon set my hand and affixed the seal of said corporation this 26th day of March, 1997.

(CORPORATE SEAL)

/s/ Allison L. Gilliam  
Assistant Secretary

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