

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

(Mark One)

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

For the quarterly period ended March 31, 1997

OR

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

For the transition period from ----- to -----

Commission file number 1-6523

NationsBank Corporation

(Exact name of registrant as specified in its charter)

North Carolina

56-0906609

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer
Identification No.)

NationsBank Corporate Center, Charlotte, North Carolina 28255

(Address of principal executive offices and zip code)

(704) 386-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as
amended, during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No

On April 30, 1997, there were 719,175,950 shares of NationsBank Corporation
Common Stock outstanding.

NationsBank Corporation

March 31, 1997 Form 10-Q

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Part I. Financial Information

Item 1. Financial Statements

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NationsBank Corporation and Subsidiaries Consolidated Statement of Income

		Three Months Ended March 31	
		1997	1996
		<C>	
		<C>	
Income from Earning Assets			
Interest and fees on loans		\$3,007	\$2,573
Lease financing income		98	66
Interest and dividends on securities			
Held for investment		22	58
Available for sale		351	356
Interest and fees on loans held for sale		17	25
Interest on time deposits placed and other short-term investments		28	18
Federal funds sold		5	8
Securities purchased under agreements to resell		183	183
Trading account securities		316	286
Total income from earning assets		4,027	3,573
Interest Expense			
Deposits		998	858
Borrowed funds		509	651
Trading account liabilities		165	191
Long-term debt		405	316
Total interest expense		2,077	2,016
Net interest income		1,950	1,557
Provision for credit losses		190	155
Net credit income		1,760	1,402
Gains on sales of securities		43	14
Noninterest income		1,113	885
Other real estate owned income		(2)	0
Merger-related charge		0	118
Other noninterest expense		1,810	1,394
Income before income taxes		1,108	789
Income tax expense		399	276
Net income		\$709	\$513
Net income available to common shareholders		\$705	\$509

=====		
Per-share information		
Earnings per common share	\$0.97	\$0.85
=====		
Fully diluted earnings per common share	\$0.94	\$0.84
=====		
Dividends per common share	\$0.33	\$0.29
=====		
Average common shares issued (in thousands)	730,413	600,558
=====		

</TABLE>

See accompanying notes to consolidated financial statements.

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

<TABLE>
<CAPTION>

December 31	March 31	
1996	1997	
-----	-----	
<S>	<C>	<C>
Assets		
Cash and cash equivalents	\$ 11,008	\$
8,933		
Time deposits placed and other short-term investments	2,065	
1,843		
Securities		
Held for investment, at cost (market value - \$1,832 and \$2,110)	1,836	
2,110		
Available for sale	20,010	
12,277		
-----	-----	---
Total securities	21,846	
14,387		
-----	-----	---
Loans held for sale	1,182	
1,215		
Federal funds sold	184	
77		
Securities purchased under agreements to resell	8,395	
6,882		
Trading account assets	25,545	
18,689		
Loans and leases, net of unearned income	147,508	
121,583		
Factored accounts receivable	1,208	
1,047		
Allowance for credit losses	(2,785)	
(2,315)		
-----	-----	---
Loans, leases and factored accounts receivable, net of unearned income and allowance for credit losses	145,931	
120,315		
-----	-----	---
Premises, equipment and lease rights, net	3,467	
2,712		
Customers' acceptance liability	1,165	
858		
Interest receivable	1,399	
1,159		

Mortgage servicing rights	1,194	
946		
Goodwill	7,725	
1,640		
Core deposit and other intangibles	841	
390		
Other assets	7,011	
5,748		
-----	-----	---
	\$ 238,958	\$
185,794	=====	
=====		
Liabilities		
Deposits		
Noninterest-bearing	\$ 33,106	\$
25,738		
Savings	10,289	
8,498		
NOW and money market deposit accounts	42,503	
31,128		
Time	42,585	
33,081		
Foreign time	8,324	
8,053		
-----	-----	---
Total deposits	136,807	
106,498		
-----	-----	---
Federal funds purchased	3,000	
3,536		
Securities sold under agreements to repurchase	26,119	
15,842		
Trading account liabilities	14,013	
11,752		
Commercial paper	3,023	
2,787		
Other short-term borrowings	2,384	
1,836		
Liability to factoring clients	672	
597		
Acceptances outstanding	1,165	
858		
Accrued expenses and other liabilities	4,572	
4,429		
Trust preferred securities	1,458	
965		
Long-term debt	25,086	
22,985		
-----	-----	---
Total liabilities	218,299	
172,085		
-----	-----	---
Contingent liabilities and other financial commitments (Note 6)		
Shareholders' Equity		
Preferred stock: authorized - 45,000,000 shares; issued - 5,229,801 and 5,220,459 shares	173	
171		
Common stock: authorized - 1,250,000,000 shares; issued - 727,575,263 and 573,492,308 shares	10,513	
3,855		
Retained earnings	10,135	
9,673		
Other, including loan to ESOP trust	(162)	
10		
-----	-----	---
Total shareholders' equity	20,659	
13,709		
-----	-----	---
	\$ 238,958	\$
185,794	=====	
=====		

</TABLE>

See accompanying notes to consolidated financial statements.

NationsBank Corporation and Subsidiaries
Consolidated Statement of Cash Flows

(Dollars in Millions)

		Three	
		Ended	

		1997	

Months			
March 31			

1996			

<S>		<C>	
<C>			
Operating Activities			
	Net income	\$	709 \$
513	Reconciliation of net income to net cash used in operating activities		
	Provision for credit losses		190
155	Gains on sales of securities		(43)
(14)	Depreciation and premises improvements amortization		111
75	Amortization of intangibles		101
26	Deferred income tax expense		98
43	Net change in trading instruments		(4,567)
(4,803)	Net decrease in interest receivable		52
190	Net decrease in interest payable		(36)
(410)	Net decrease (increase) in loans held for sale		(557)
	Net increase in liability to factoring clients		75
102	Other operating activities		(882)
150			

	Net cash used in operating activities		(4,160)
(4,530)			-----
Investing Activities			
	Proceeds from maturities of securities held for investment		385
332	Purchases of securities held for investment		(107)
(2)	Proceeds from sales and maturities of securities available for sale		11,736
9,757	Purchases of securities available for sale		(8,243)
(4,667)	Net (increase) decrease in federal funds sold and securities purchased under agreements to resell		(1,173)
314	Net (increase) decrease in time deposits placed and other short-term investments		(425)
252	Purchases and net originations of loans and leases		(3,865)
(3,828)	Proceeds from sales and securitizations of loans and leases		2,055
2,414	Purchases and originations of mortgage servicing rights		(147)
(107)	Purchases of factored accounts receivable		(1,859)
(1,844)	Collections of factored accounts receivable		1,694
1,655	Net purchases of premises and equipment		(112)
(79)	Proceeds from sales of other real estate owned		38

42		
(19)	Sales / acquisitions of business activities, net of cash	2,461

4,220	Net cash provided by investing activities	2,438

	Financing Activities	
(10)	Net decrease in deposits	(1,551)
(1,640)	Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	6,719
(19)	Net decrease in other short-term borrowings and commercial paper	(506)
0	Proceeds from issuance of trust preferred securities	492
1,753	Proceeds from issuance of long-term debt	2,059
(455)	Retirement of long-term debt	(325)
35	Proceeds from issuance of common stock	423
(178)	Cash dividends paid	(249)
(157)	Common stock repurchased	(3,312)
(2)	Other financing activities	47

(673)	Net cash provided by (used in) financing activities	3,797

	Net increase (decrease) in cash and cash equivalents	2,075
(983)		
8,448	Cash and cash equivalents on January 1	8,933

	Cash and cash equivalents on March 31	\$ 11,008
7,465		\$
		=====

</TABLE>

Loans transferred to other real estate owned amounted to \$36 and \$46 for the three months ended March 31, 1997 and 1996, respectively. Mortgage loans converted to mortgage-backed securities amounted to \$232 for the three months ended March 31, 1996.

See accompanying notes to consolidated financial statements.

<TABLE>
<CAPTION>

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

(Dollars in Millions, Shares in Thousands)

Total						
Share-						
holders'	Preferred	Common Stock	Retained	Loan to		
Equity	Stock	Shares	Amount	Earnings	ESOP Trust	Other
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Balance on December 31, 1995	\$ 105	548,538	\$ 4,655	\$ 7,826	\$ (63)	\$ 278

\$ 12,801							
Net income					513		
513							
Cash dividends							
Common					(174)		
(174)							
Preferred					(4)		
(4)							
Common stock issued under dividend reinvestment and employee plans		1,662	28				7
35							
Stock issued in acquisitions	73	52,610	491	192			2
758							
Common stock repurchased		(4,220)	(157)				
(157)							
Net change in unrealized gains/(losses) on securities available for sale and marketable equity securities							
(215) (215)							
Other	(2)	46	3				
(1) --							

Balance on March 31, 1996	\$ 176	598,636	\$ 5,020	\$ 8,353	\$ (63)	\$	71
\$ 13,557							

Balance on December 31, 1996	\$ 171	573,492	\$ 3,855	\$ 9,673	\$ (48)	\$	58
\$ 13,709							
Net income				709			
709							
Cash dividends							
Common				(245)			
(245)							
Preferred				(4)			
(4)							
Common stock issued under dividend reinvestment and employee plans		11,807	449				(26)
423							
Stock issued in acquisitions	82	195,204	9,440				
9,522							
Common stock repurchased		(56,574)	(3,312)				
(3,312)							
Conversion of preferred stock	(81)	3,644	81				
--							
Net change in unrealized gains/(losses) on securities available for sale and marketable equity securities							
(201) (201)							
Other	1	2		2			55
58							

Balance on March 31, 1997	\$ 173	727,575	\$ 10,513	\$ 10,135	\$ (48)	\$	(114)
\$ 20,659							

</TABLE>

See accompanying notes to consolidated financial statements.

NationsBank Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Note 1 - Accounting Policies

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

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

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

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

The recoverability of goodwill and other intangibles is evaluated periodically if events or circumstances indicate a possible inability to realize their carrying amount. Such evaluation is based on various analyses, including undiscounted cash flow projections.

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement on Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128), which specifies the computation, presentation and disclosure requirements for earnings per share. SFAS 128 requires the presentation of basic earnings per share and diluted earnings per share, where appropriate, and is effective for financial statements for periods ending after December 15, 1997. Adoption of this standard will not have a material effect on the Corporation's reported earnings per share.

Note 2 - Merger-Related Activity

On January 7, 1997, the Corporation completed the acquisition of Boatmen's Bancshares, Inc. (Boatmen's), headquartered in St. Louis, Missouri. 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 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. The Corporation accounted for this acquisition as a purchase; therefore, the results of operations of Boatmen's are included in the consolidated financial statements of the Corporation from the date of acquisition. Intangible assets resulting from the purchase of Boatmen's were approximately \$6.4 billion. The allocation of the purchase price for Boatmen's is preliminary and may change as certain estimates and contingencies are finalized, although any adjustments are not expected to be material. On the date of the acquisition, Boatmen's unaudited total assets and total deposits were approximately \$41.2 billion and \$32.0 billion, respectively.

The following table presents condensed pro forma consolidated results of operations for the first quarter of 1996 as if the acquisition of Boatmen's had occurred on January 1, 1996. This information combines the historical results of operations of the Corporation and Boatmen's after the effect of estimated preliminary purchase accounting adjustments. A cash election of 40 percent in the Boatmen's acquisition has been assumed since the Corporation expects to repurchase shares of its common stock from time to time so that the pro forma impact of the Boatmen's acquisition will be the issuance of approximately 60 percent of the aggregate consideration in the Corporation's common stock and 40 percent of the aggregate consideration in cash. The actual cash election 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
For the three months ended March 31, 1996
(Dollars in millions, except per-share information)

Net interest income	\$1,860
Net income	493
Net income available to common shareholders	487
Earnings per common share	.68
Fully diluted earnings per common share	.67

Note 3 - Trading Account Assets and Liabilities

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

<TABLE>
<CAPTION>

First Quarter	March 31	December 31
1997	1997	1996
Average		
-----	-----	-----
<S>	<C>	<C>
<C>		
Securities owned		
U.S. Treasury securities	\$10,898	\$6,914
\$10,143		
Securities of other U.S. Government agencies and corporations	1,598	2,096
1,923		
Certificates of deposit, bankers' acceptances and commercial paper	501	501
478		
Corporate debt	2,919	1,552
1,628		
Foreign sovereign instruments	4,407	3,396
7,370		
Other securities	1,384	932
1,306		
-----	-----	-----
Total securities owned	21,707	15,391
22,848		
Derivatives-dealer positions	3,838	3,298
3,821		
-----	-----	-----
Total trading account assets	\$25,545	\$18,689
\$26,669	=====	=====
=====		
Short sales		
U.S. Treasury securities	\$8,392	\$7,143
\$7,986		
Corporate debt	377	452
489		
Other securities	1,373	309
1,474		
-----	-----	-----
Total short sales	10,142	7,904
9,949		
Derivatives-dealer positions	3,871	3,848
3,677		
-----	-----	-----
Total trading account liabilities	\$14,013	\$11,752
\$13,626	=====	=====
=====		

</TABLE>

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

Note 4 - Loans, Leases and Factored Accounts Receivable

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

<TABLE>
<CAPTION>

	March 31, 1997		December 31, 1996	
	Amount	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Domestic				
Commercial	\$60,590	40.8%	\$50,270	41.0%
Real estate commercial	8,604	5.8	5,445	4.4
Real estate construction	3,760	2.5	2,863	2.3
Total commercial	72,954	49.1	58,578	47.7
Residential mortgage	33,258	22.4	27,963	22.8
Credit card	7,039	4.7	6,747	5.5
Other consumer	25,908	17.4	20,595	16.8
Total consumer	66,205	44.5	55,305	45.1
Lease financing	4,713	3.2	4,198	3.4
Factored accounts receivable	1,208	0.8	1,047	0.9
	145,080	97.6	119,128	97.1
Foreign	3,636	2.4	3,502	2.9
Total loans, leases and factored accounts receivable, net of unearned income	\$148,716	100.0%	\$122,630	100.0%

</TABLE>

On March 31, 1997, the recorded investment in certain loans that were considered to be impaired was \$594 million, all of which were classified as nonperforming. Impaired loans on March 31, 1997 were comprised of commercial loans of \$398 million, real estate commercial loans of \$162 million and real estate construction loans of \$34 million. Of these impaired loans, \$216 million had a valuation allowance of \$41 million and \$378 million did not have a valuation allowance primarily due to the application of interest payments against book balances or write-downs previously made with respect to these loans.

On March 31, 1997 and December 31, 1996, nonperforming loans, including certain loans which are considered to be impaired, totaled \$1.1 billion and \$890 million, respectively. Other real estate owned amounted to \$168 million and \$153 million on March 31, 1997 and December 31, 1996, respectively.

Note 5 - Debt

In the first quarter of 1997, the Corporation issued \$428 million in long-term debt, including \$378 million of senior notes and \$50 million of subordinated notes, with maturities ranging from 2002 to 2037. Of the \$428 million issued, \$68 million of fixed rate debt was converted to floating rates through interest rate swaps at spreads ranging from 5 to 13 basis points over the three-month London interbank offered rate (LIBOR). The remaining \$360 million of debt issued bears interest at spreads ranging from 17.5 to 20 basis points over three-month LIBOR.

As a result of the merger with Boatmen's during the first quarter of 1997, the Corporation and its banking subsidiaries assumed payment obligations on \$608 million in long-term debt with interest rates ranging from 5.19 percent to 12.0 percent and maturities ranging from 1998 to 2016.

On February 3, 1997, one of the Corporation's grantor trust subsidiaries (Capital Trust III) issued \$500 million of trust preferred securities (Preferred Securities) representing undivided beneficial interests in the assets of the respective grantor trust subsidiary, which constitutes \$516 million aggregate principal amount

of the Corporation's Junior Subordinated Deferrable Interest Notes bearing interest at 3-month LIBOR plus 55 basis points due 2027. Such notes and Preferred Securities are redeemable beginning in 2007.

On March 18, 1997, Main Place Real Estate Investment Trust, an indirect subsidiary of NationsBank, N.A., issued, under its shelf registration statement, \$1.0 billion of Mortgage-Backed Bonds, Series 1997-1, due 2000, bearing interest at three-month LIBOR plus 5 basis points. The series was initially collateralized by approximately \$2.0 billion of mortgage loans.

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

Under the bank note program jointly maintained by NationsBank, N.A., NationsBank, N.A. (South) and NationsBank of Texas, N.A., up to \$9.0 billion of bank notes may be offered from time to time with fixed or floating rates and maturities from 30 days to 15 years from date of issue. On March 31, 1997, there were short-term bank notes outstanding of \$522 million. In addition, NationsBank of Texas, N.A. and NationsBank, N.A. had outstanding bank notes of \$4.1 billion on March 31, 1997 that were classified as long-term debt.

On March 31, 1997 and December 31, 1996, the Corporation had unused commercial paper 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.

From April 1 through May 7, 1997, the Corporation issued an additional \$170 million in long term debt, including \$120 million of senior notes and \$50 million of subordinated notes with maturities ranging from 2000 to 2012. Of the additional \$170 million issued, \$120 million bear interest at floating rates and \$50 million bear interest at fixed rates.

As of May 7, the Corporation had the authority to issue approximately \$4.8 billion of corporate debt securities and preferred and common stock under its existing shelf registration statements and \$3.3 billion of corporate debt securities under the Euro medium-term note program.

Note 6 - Commitments and Contingencies

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

	March 31 1997	December 31 1996

Commitments to extend credit		
Credit card commitments	\$28,060	\$24,255
Other loan commitments	90,302	82,506
Standby letters of credit and		
financial guarantees	10,891	10,060
Commercial letters of credit	923	761

On March 31, 1997 and December 31, 1996, indemnified securities lending transactions totaled \$7.5 billion and \$7.1 billion, respectively. Collateral, with a market value of \$7.7 billion on March 31, 1997 and \$7.2 billion on December 31, 1996, was obtained by the Corporation in support of these transactions.

On March 31, 1997, the Corporation had commitments to purchase and sell when-issued securities of \$6.3 billion and \$7.6 billion, respectively. This compares to commitments to purchase and sell when-issued securities of \$7.4 billion each on December 31, 1996.

See Tables 6 and 7 and the accompanying discussion in Item 2 regarding the Corporation's derivatives used for risk management purposes. See Table 8 and the accompanying discussion in Item 2 regarding the Corporation's derivative trading activities.

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including several actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, substantial

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

Note 7 - Employee Benefit Plans

On March 26, 1997, the Corporation's Board of Directors approved an

amendment to the 1996 Associates Stock Option Award Plan. Under the amendment, all active benefits-eligible associates through the vice president level who had not previously received an award under the 1996 Associates Stock Option Award Plan received a one-time award of a predetermined number of stock options entitling them to purchase shares of the Corporation's common stock at the closing price of \$56 1/8 per share on April 1, 1997. Rehired associates who previously received an award under this plan and did not exercise any portion of the award also were eligible for the award. Options to purchase approximately 4 million shares of the Corporation's common stock were granted on April 1, 1997. One-half of the options are vested and exercisable after the Corporation's common stock closes at or above \$68 per share for ten consecutive trading days and no earlier than April 1, 1998. The remainder of the options are vested and exercisable after the Corporation's common stock closes at or above \$80 per share for ten consecutive trading days and no earlier than April 1, 1998. In any event, the options vest and are exercisable on July 1, 2000. The options expire on July 1, 2001.

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

Earnings Review

Table 1 presents a comparison of selected operating results for the three months ended March 31, 1997 and 1996.

Net income for the first quarter of 1997 increased 38 percent to \$709 million from \$513 million in the first quarter of 1996. Earnings per common share and fully diluted earnings per common share were \$.97 and \$.94, respectively, for the first quarter of 1997, compared to \$.85 and \$.84 in the comparable prior year period. Excluding a merger-related charge of \$118 million (\$77 million, net of tax), net income for the first quarter of 1996 was \$590 million, earnings per common share were \$.98 and fully diluted earnings per common share were \$.96.

The acquisition of Boatmen's caused most of the increases in income and expense categories in the first three months of 1997 compared to the same period in 1996. Most increases in the categories on the balance sheets when comparing December 31, 1996 and March 31, 1997 are also attributable to the acquisition. Other significant changes in the Corporation's results of operations and financial position are discussed in the sections that follow.

Key performance highlights for the first quarter of 1997 were:

- o Taxable-equivalent net interest income increased 25 percent to \$2.0 billion in the first quarter of 1997. The net interest yield increased to 3.83 percent compared to 3.43 percent in the first quarter of 1996.
- o Provision for credit losses covered net charge-offs and totaled \$190 million in the first quarter of 1997 compared to \$155 million in the same period of 1996. Net charge-offs totaled \$184 million compared to \$155 million in the first quarter of 1996. Net charge-offs as a percentage of average loans, leases and factored accounts receivable remained unchanged at .50 percent in the first three months of 1997 compared to the same period in 1996. Nonperforming assets increased to \$1.2 billion on March 31, 1997 compared to \$1.0 billion on December 31, 1996.
- o Noninterest income increased 26 percent to \$1.1 billion in the first quarter of 1997, driven primarily by higher deposit account service charges, asset management and fiduciary service fees, trading profits and fees and mortgage servicing and mortgage-related fees.
- o Noninterest expense increased 30 percent to \$1.8 billion. Excluding the Boatmen's acquisition, noninterest expense increased approximately 3 percent.
- o The return on average common shareholders' equity decreased to 13.96 percent in the first quarter of 1997.
- o Cash basis ratios, which measure operating performance excluding intangible assets and the related amortization expense, improved with cash basis fully diluted earnings per share rising 22 percent to \$1.07 and return on average tangible common shareholders' equity increasing over 700 basis points to 26.38 percent. The cash basis efficiency ratio was 55.3 percent. When compared to the first quarter of 1996 operating cash basis ratios, cash basis fully diluted earnings per share for the first quarter of 1997 increased 7 percent and return on average tangible common shareholders' equity increased approximately 450 basis points.

Business Unit Operations

The Corporation provides a diversified range of banking and certain nonbanking financial services and products through its various subsidiaries. The

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

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

Table 1
Selected Operating Results
(Dollars in Millions Except Per-Share Information)

<TABLE>
<CAPTION>

Months	Three Ended March	
31	-----	
-----	1997	
1996	-----	

<S>	<C>	<C>
Income Statement		
Income from earning assets	\$	4,027
3,573		\$
Interest expense		2,077
2,016		
Net interest income (taxable-equivalent)		1,978
1,584		
Net interest income		1,950
1,557		
Provision for credit losses		190
155		
Gains on sales of securities		43
14		
Noninterest income		1,113
885		
Other real estate owned income		2
0		
Merger-related charge		0
118		
Other noninterest expense		1,810
1,394		
Income before income taxes		1,108
789		
Income tax expense		399
276		
Net income		709
513		
Net income applicable to common shareholders		705
509		
Net income (excluding merger-related charge)		709
590		
Average common shares issued (in thousands)		730,413
600,558		
Per common share		
Earnings	\$	0.97
0.85		\$
Earnings (excluding merger-related charge)		0.97
0.98		
Fully diluted earnings		0.94
0.84		
Fully diluted earnings (excluding merger-related charge)		0.94
0.96		
Cash dividends paid		0.33
0.29		
Common shareholders' equity (period-end)		28.22
22.46		
Balance sheet (period-end)		
Total assets		238,958
194,375		
Total loans, leases and factored accounts receivable,		
net of unearned income		148,716
124,344		

Total deposits	136,807		
109,622			
Long-term debt	25,086		
18,659			
Common shareholders' equity	20,534		
13,444			
Total shareholders' equity	20,659		
13,557			
Performance ratios			
Return on average assets	1.19%		
0.99%			
Return on average assets (excluding merger-related charge)	1.19		
1.14			
Return on average common shareholders' equity (1)	13.96		
15.71			
Return on average common shareholders' equity (excluding merger-related charge) (1)	13.96		
18.07			
Risk-based capital ratios			
Tier 1	7.06		
7.35			
Total	11.58		
11.71			
Leverage capital ratio	6.19		
6.19			
Total equity to total assets	8.65		
6.97			
Cash basis financial data (2)			
Cash basis earnings per common share	\$ 1.10	\$	
0.89			
Cash basis earnings per common share (excluding merger-related charge)	1.10		
1.02			
Cash basis fully diluted earnings per common share	1.07		
0.88			
Cash basis fully diluted earnings per common share (excluding merger-related charge)	1.07		
1.00			
Return on average tangible assets	1.40%		
1.05%			
Return on average tangible assets (excluding merger-related charge)	1.40		
1.20			
Return on average tangible common shareholders' equity (1)	26.38		
19.14			
Return on average tangible common shareholders' equity (excluding merger-related charge) (1)	26.38		
21.85			
Market price per share of common stock			
Close at the end of the period	\$ 55.5	\$	
40.0625			
High for the period	65		
40.6875			
Low for the period	48		
32.1875			

</TABLE>

- (1) Average common shareholders' equity does not include the effect of market value adjustments to securities available for sale and marketable equity securities.
- (2) Cash basis calculations exclude intangible assets and the related amortization expense.

Table 2
Business Unit Summary
For the Three Months Ended March 31
(Dollars in Millions)

<TABLE>
<CAPTION>

	General Bank		Global Finance		Financial
Services					
-----	-----		-----		-----
	1997	1996	1997	1996	1997
1996					

<S> <C>	<C>	<C>	<C>	<C>	<C>
Net interest income (taxable-equivalent) \$144	\$1,464	\$1,152	\$329	\$278	\$141
Noninterest income 27	781	580	274	277	57
Total revenue 171	2,245	1,732	603	555	198
Provision for credit losses 33	118	114	32	8	39
Gains on sale of securities 0	0	6	0	0	0
Other real estate owned expense (income) 3	3	1	(7)	(3)	2
Noninterest expense 78	1,408	1,011	322	286	80
Income before income taxes 57	716	612	256	264	77
Income tax expense 21	276	226	94	97	26
Net income (1) \$36	\$440	\$386	\$162	\$167	\$51
Cash basis earnings (4) \$39	\$526	\$404	\$174	\$171	\$55
Net interest yield 7.45%	4.62%	4.87%	2.83% (2)	2.98% (2)	6.83%
Average equity to average assets 14.13	8.36	6.91	5.15	4.89	13.95
Return on average equity 13	15	22	14	18	17
Tangible return on average tangible equity (4) 16	26	26	17	18	22
Efficiency ratio 45.5	62.7	58.4	53.4	51.7	40.5
Cash basis efficiency ratio (4) 43.6	58.8	57.3	51.6	50.7	38.8
Average (3) Total loans and leases, net of unearned income \$7,734	\$96,855	\$81,056	\$41,706	\$35,207	\$8,303
Total deposits 0	117,193	87,059	9,214	7,648	0
Total assets 8,286	139,045	102,571	88,612	78,151	8,854
Period end (3) Total loans and leases, net of unearned income 7,720	97,293	80,220	42,645	36,520	8,464
Total deposits 0	118,135	88,625	11,258	7,758	0

</TABLE>

- (1) Business Unit results are presented on a fully allocated basis but do not include \$56 million net income for 1997 and \$76 million net expense for 1996, which represent earnings associated with unassigned capital, gains on sales of certain securities, merger-related charges and other corporate activities.
- (2) Global Finance's net interest yield excludes the impact of trading-related activities. Including trading-related activities, the net interest yield was 1.73 percent and 1.67 percent for the first three months of 1997 and 1996, respectively.
- (3) The sums of balance sheet amounts differ from consolidated amounts due to activities between the Business Units.
- (4) Cash basis calculations exclude intangible assets and the related amortization expense.

The General Bank and Global Finance business unit results reflect the impact of the purchase of Boatmen's, which resulted in an increase in goodwill of approximately \$5.8 billion and approximately \$57 million of related amortization expense on a consolidated basis for the first quarter of 1997. As a result, the returns on average equity and efficiency ratios compare unfavorably to the first three months of 1996. Accordingly, business unit earnings, the return on average equity and the efficiency ratio excluding the impact of intangibles and related amortization expense are presented in Table 2 along with information based on actual operating results.

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

The General Bank earned \$440 million in the first three months of 1997, an increase of 14 percent over the same period in 1996. The acquisition of Boatmen's accounted for most of the General Bank's increased earnings over the same period last year. Taxable-equivalent net interest income in the General

Bank increased \$312 million primarily reflecting the impact of the Boatmen's acquisition and deposit cost containment efforts. The net interest yield decreased 25 basis points due to changes in the earning asset mix related to the Boatmen's acquisition. Excluding the impact of acquisitions, securitizations and loan sales, loans grew \$3.4 billion due to higher mortgage loans, up \$5.2 billion, and credit card loans, up \$1.1 billion, partly offset by a slight decline in the commercial portfolio.

Noninterest income rose 35 percent in the first three months of 1997 to \$781 million due primarily to the Boatmen's acquisition. Excluding the impact of Boatmen's, deposit account service charges and credit card income increased approximately 15 percent and 12 percent, respectively. Noninterest expense increased 39 percent to \$1.4 billion due primarily to acquisition-related personnel expenses, which accounted for half of the increase year over year, with the remaining increase across most major categories. Excluding acquisitions, noninterest expense was unchanged. The cash basis efficiency ratio increased to 58.8 percent for the first quarter of 1997 compared to the same period in 1996 due to the inclusion of Boatmen's less efficient expense base and incremental funding costs related to the acquisition. The tangible return on average tangible equity remained unchanged at 26 percent, the result of revenue growth offset by a proportionate increase in operating expenses and higher equity levels resulting from the Boatmen's acquisition.

Global Finance provides comprehensive corporate and investment banking, as well as trading and distribution services to domestic and international customers through its Corporate Finance/Capital Markets, Real Estate and Specialized Lending units. The group serves as a principal lender and investor as well as an advisor, arranger and underwriter 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. The Corporate Finance/Capital Markets group underwrites, trades and distributes a wide range of securities (including bank-eligible securities and, to a limited extent, bank-ineligible securities as authorized by the Board of Governors of the Federal Reserve System under Section 20 of the Glass-Steagall Act) and trades and distributes financial futures, forward settlement contracts, option contracts, swap agreements and other derivative products in certain interest rate, foreign exchange, commodity and equity markets and spot and forward foreign exchange contracts through two principal units, NationsBanc - CRT (CRT) and NationsBanc Capital Markets, Inc. (NCMI).

Global Finance earned \$162 million in the first three months of 1997 compared to \$167 million in the first three months of 1996, the result of higher levels of noninterest and provision expenses due in part to the Boatmen's acquisition. Taxable-equivalent net interest income for the first three months of 1997 was \$329 million compared to \$278 million in the first three months of 1996 reflecting loan growth due primarily to the Boatmen's acquisition partially offset by narrower commercial loan spreads resulting from increased competitive pressure on commercial loan pricing.

Noninterest income in the first three months of 1997 declined slightly over the same period last year driven by a decline in investment banking fees, partly offset by increases in most other categories. Noninterest expense for the period rose 13 percent to \$322 million across most major categories, the result of the acquisition of Boatmen's. The cash basis efficiency ratio increased to 51.6 percent due to the higher level of expenses associated with the Boatmen's acquisition. The tangible return on average tangible equity decreased to 17 percent, the result of a 9-percent increase in total revenue more than offset by higher operating expenses and higher equity levels resulting from the Boatmen's acquisition.

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

Financial Services' earnings of \$51 million in the first three months of 1997 increased 42 percent over the same period in 1996. Taxable-equivalent net interest income decreased \$3 million resulting from lower yields partly offset by a 7-percent growth in average loans and leases. The increase in provision for credit losses was driven mainly by loan growth and partly offset by lower loss rates. The net interest yield of 6.83 percent was down 62 basis points from 1996, due principally to increased competitive pressure.

Noninterest income more than doubled to \$57 million in the first three months in 1997, reflecting gains associated with the sale of 29 branches during the first quarter of 1997. Noninterest expense increased 3 percent to \$80 million for the first three months of 1997. Revenue growth more than offset expense growth due to the gains on branch sales, resulting in a cash basis efficiency ratio of 38.8 percent for the first quarter of 1997. The tangible return on average tangible equity rose approximately 600 basis points to 22 percent, primarily attributable to the aforementioned gains on branch sales.

Results of Operations

Net Interest Income

An analysis of the Corporation's taxable-equivalent net interest income and average balance sheet levels for the last five quarters is presented in Table 3.

Taxable-equivalent net interest income increased 25 percent to nearly \$2 billion in the first quarter of 1997 compared to \$1.6 billion in the first quarter of 1996 due to the acquisition of Boatmen's, the reinvestment of proceeds from the sale of low-yielding securities into higher-spread products and core loan growth, partially offset by the impact of the sale of certain consumer loans in the third quarter of 1996. While securitizations lowered net interest income by \$41 million in the first quarter of 1997 compared to the first quarter of 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.

Of the \$455-million increase in interest income for the first three months of 1997 compared to the same period in 1996, \$452 million was due to higher average earning assets with \$3 million resulting from higher yields on average earning assets. Interest expense increased \$61 million with \$200 million resulting from higher levels of average interest-bearing liabilities offset by a \$139 million favorable impact of lower rates paid on average interest-bearing liabilities.

The net interest yield increased 40 basis points to 3.83 percent in the first quarter of 1997 compared to the same period of 1996 primarily reflecting 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 \$190 million in the first quarter of 1997 compared to \$155 million in the comparable prior year quarter, reflecting the impact of the acquisition of Boatmen's. As presented in the analysis of the allowance for credit losses in Table 9, net charge-offs increased \$29 million to \$184 million in the first quarter of 1997 compared to the first quarter of 1996 due primarily to increases in credit card and other consumer charge-offs partially offset by a decrease in total commercial charge-offs. The increase in net charge-offs in the first quarter of 1997 was primarily due to the acquisition of Boatmen's. Total net charge-offs remained unchanged at .50 percent of average loans, leases and factored accounts receivable during the first quarter of 1997 versus 1996. Excluding increases that resulted from the acquisition of Boatmen's, management expects charge-offs to grow as the Corporation maintains its efforts to shift the mix of the loan portfolio to a higher consumer concentration.

The allowance for credit losses was \$2.8 billion, or 1.87 percent of net loans, leases and factored accounts receivable, on March 31, 1997 compared to \$2.3 billion, or 1.89 percent, at the end of 1996 with the increase in the allowance attributable to the acquisition of Boatmen's. The allowance for credit losses was 265 percent of nonperforming loans on March 31, 1997 compared to 260 percent on December 31, 1996. Future economic conditions will impact credit quality and may result in increased net charge-offs and higher provisions for credit losses.

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

<TABLE>
<CAPTION>

	First Quarter 1997			Fourth Quarter	
1996					
-----	-----				
	Average	Income		Average	Income
	Balance	or	Yields/	Balance	or
Yields/	Sheet			Sheet	
	Amounts	Expense	Rates	Amounts	Expense
Rates					
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Earnings assets					
Loans and leases, net of unearned income (1)					
Commercial (2)	\$59,542	\$1,229	8.38%	\$49,987	\$1,044
8.30%					
Real estate commercial	8,646	190	8.90	5,388	122
9.00					
Real estate construction	3,778	84	8.98	3,084	67
8.74					
-----	-----				
Total commercial	71,966	1,503	8.47	58,459	1,233
8.39					
-----	-----				
Residential mortgage	32,072	621	7.78	28,174	548
7.77					
Credit card	7,170	205	11.60	6,363	185
11.58					
Other consumer	26,872	632	9.54	20,581	503
9.69					
-----	-----				
Total consumer	66,114	1,458	8.91	55,118	1,236
8.93					
-----	-----				
Foreign	3,283	56	6.86	2,701	47
6.89					
Lease financing	5,316	103	7.79	4,614	87
7.66					
-----	-----				
Total loans and leases, net	146,679	3,120	8.61	120,892	2,603
8.57					

Securities					
Held for investment	1,920	29	6.05	2,585	36
5.55					
Available for sale (3)	20,740	356	6.89	11,540	205
7.10					

Total securities	22,660	385	6.82	14,125	241
6.82					

Loans held for sale	1,062	17	6.49	802	15
7.31					
Federal funds sold	343	5	5.70	273	4
5.79					
Securities purchased under agreements to resell	13,027	183	5.70	12,018	158
5.21					
Time deposits placed and other short-term investments	2,228	28	5.11	1,991	25
4.86					
Trading account securities (4)	22,848	317	5.60	21,148	334
6.32					

Total earning assets (5)	208,847	4,055	7.85	171,249	3,380
7.86					
Cash and cash equivalents	9,178			7,720	
Factored accounts receivable	1,078			1,256	
Other assets, less allowance for credit losses	23,103			14,096	

Total assets	\$242,206			\$194,321	
=====					
Interest-bearing liabilities					
Savings	\$ 10,220	53	2.10	\$ 8,607	46
2.12					
NOW and money market deposit accounts	42,138	273	2.64	30,634	191
2.47					
Consumer CDs and IRAs (6)	39,458	507	5.21	30,870	405
5.22					
Negotiated CDs, public funds and other time deposits	3,555	47	5.31	2,544	35
5.53					
Foreign time deposits	9,278	118	5.14	9,139	117
5.10					
Federal funds purchased	4,469	59	5.35	3,915	51
5.21					
Securities sold under agreements to repurchase (6)	29,607	358	4.90	25,192	330
5.22					
Commercial paper	3,041	41	5.53	2,850	40
5.59					
Other short-term borrowings (6)	2,711	51	n/m	1,971	34
6.99					
Trading account liabilities (4)	9,949	165	6.73	9,314	152
6.48					
Long-term debt (7)	25,244	405	6.50	22,702	367
6.53					

Total interest-bearing liabilities	179,670	2,077	4.68	147,738	1,768
4.77					

Noninterest-bearing sources					
Noninterest-bearing deposits	30,327			23,971	
Other liabilities	11,555			9,388	
Shareholders' equity	20,654			13,224	

Total liabilities and shareholders' equity	\$242,206			\$194,321	
=====					
Net interest spread			3.17		
3.09					
Impact of noninterest-bearing sources			.66		
.66					

Net interest income/yield on earning assets		\$ 1,978	3.83%		\$ 1,612
3.75%					
=====					

</TABLE>

n/m-not meaningful

- (1) Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.
- (2) 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 \$50 in the first quarter of 1997 and \$31, \$11, \$3 and (\$19) in the fourth, third, second and first quarters of 1996, 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 \$28 in the first quarter of 1997 and \$22, \$21, \$24 and \$27 in the fourth, third, second and first quarters of 1996, 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 (decreased) interest expense (\$1) in the first quarter of 1997 and \$3, \$16, \$26 and \$21 in the fourth, third, second and first quarters of 1996, 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 decreased interest expense \$9 in the first quarter of 1997 and \$4, \$3, \$2 and \$3 in the fourth, third, second and first quarter of 1996, respectively. Long-term debt includes trust preferred securities.

<TABLE>

<CAPTION>

Third Quarter 1996			Second Quarter 1996			First Quarter 1996		
Average Balance Sheet Amounts	Income or Expense	Yields/ Rates	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$48,920	\$1,011	\$8.23%	\$49,983	\$1,000	8.04%	\$49,319	\$987	8.05%
5,921	138	9.25	6,288	141	9.07	6,774	149	8.82
3,195	74	9.15	3,229	71	8.83	3,154	69	8.85
58,036	1,223	8.38	59,500	1,212	8.19	59,247	1,205	8.18
27,990	545	7.77	27,728	542	7.82	27,352	534	7.83
5,903	169	11.38	6,057	173	11.45	6,590	206	12.59
22,026	544	9.84	23,441	578	9.93	23,850	593	9.99
55,919	1,258	8.97	57,226	1,293	9.07	57,792	1,333	9.26
2,813	46	6.59	2,746	45	6.56	2,392	45	7.54
4,429	85	7.60	4,254	80	7.59	3,851	72	7.46
121,197	2,612	8.58	123,726	2,630	8.54	123,282	2,655	8.65
3,173	46	5.73	3,731	51	5.45	4,292	60	5.62
16,388	273	6.66	18,328	303	6.64	22,997	365	6.37
19,561	319	6.51	22,059	354	6.44	27,289	425	6.25
1,025	20	7.87	1,156	19	6.49	1,331	25	7.55
361	6	6.39	397	5	5.75	525	8	5.89
11,828	153	5.14	12,075	149	4.99	13,870	183	5.29
1,430	20	5.74	1,263	17	5.28	1,056	18	6.90
18,897	314	6.60	17,912	292	6.53	18,213	286	6.33
174,299	3,444	7.87	178,588	3,466	7.80	185,566	3,600	7.80
7,597			7,928			7,998		
1,150			1,124			1,010		
14,877			15,156			14,043		

\$197,923			\$202,796			\$208,617		
\$ 8,798	48	2.15	\$ 9,336	52	2.27	\$ 9,361	55	2.35
30,485	189	2.49	30,155	191	2.52	29,692	192	2.61
30,092	394	5.21	29,698	389	5.28	29,469	397	5.42
3,314	46	5.50	3,331	46	5.53	3,273	44	5.42
10,836	145	5.31	12,867	170	5.34	11,902	170	5.73
3,631	49	5.39	4,433	59	5.37	6,817	92	5.41
26,309	355	5.36	28,924	391	5.44	33,705	455	5.43
3,129	44	5.59	3,064	42	5.49	2,821	39	5.62
2,999	51	6.76	3,968	58	5.80	4,455	65	5.89
9,848	163	6.57	8,912	147	6.63	12,485	191	6.16
21,067	344	6.53	19,730	310	6.30	18,885	316	6.68
150,508	1,828	4.84	154,418	1,855	4.83	162,865	2,016	4.97
24,190			24,601			23,209		
10,092			10,225			9,399		
13,133			13,552			13,144		
\$197,923			\$202,796			\$208,617		
		3.03			2.97			2.83
		.66			.65			.60
\$1,616	3.69%		\$1,611	3.62%		\$1,584	3.43%	

</TABLE>

Gains on Sales of Securities

Gains on the sales of securities were \$43 million in the first quarter of 1997 compared to \$14 million in the first quarter of 1996. The increase reflects the Corporation's sale of a significant portion of the Boatmen's portfolio subsequent to the acquisition date. The increase also reflects the sale of low-yielding securities and the reinvestment of the proceeds from such sales into higher-yielding assets.

Noninterest Income

Table 4
Noninterest Income
(Dollars in Millions)

<TABLE>
<CAPTION>

	Three Months Ended March 31		Change	
	1997	1996	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Service charges on deposit accounts	\$360	\$259	\$101	39.0%
Nondeposit-related service fees				
Safe deposit rent	11	9	2	22.2
Mortgage servicing and mortgage-related fees	70	47	23	48.9
Fees on factored accounts receivable	15	16	(1)	(6.3)
Investment banking income	83	99	(16)	(16.2)
Other service fees	51	45	6	13.3
Total nondeposit-related service fees	230	216	14	6.5
Asset management and fiduciary service fees	166	105	61	58.1
Credit card income				
Merchant discount fees	0	4	(4)	(100.0)
Annual credit card fees	7	7	0	0.0
Other credit card fees	77	58	19	32.8
Total credit card income	84	69	15	21.7
Other income				
Brokerage income	33	28	5	17.9
Trading account profits and fees	97	68	29	42.6
Bankers' acceptances and letters of credit fees	20	18	2	11.1
Insurance commissions and earnings	25	19	6	31.6

Miscellaneous	98	103	(5)	(4.9)
Total other income	273	236	37	15.7
	\$1,113	\$885	\$228	25.8

</TABLE>

As presented in Table 4, noninterest income increased 26 percent to \$1.1 billion in the first quarter of 1997, primarily reflecting the acquisition of Boatmen's as described below:

- o Service charges on deposit accounts increased 39 percent over the same period of 1996, due primarily to the acquisition of Boatmen's. Excluding the impact of the Boatmen's acquisition, service charges increased approximately 11 percent.
- o Mortgage servicing and related fees increased 49 percent to \$70 million in the first quarter of 1997 due primarily to the acquisition of the Boatmen's mortgage portfolio. Including acquisitions, the average portfolio of loans serviced increased 41 percent from \$83.1 billion in the first quarter of 1996 to \$117.0 billion in the first quarter of 1997. Mortgage loan originations through the Corporation's mortgage subsidiary were unchanged at \$3.1 billion in the first quarters of 1997 and 1996. Lower levels of mortgage loan originations due to changes in the interest rate environment were offset by Boatmen's mortgage activity. Origination volume in the first quarter of 1997 consisted of approximately \$2.0 billion of correspondent and wholesale loan volume and \$1.1 billion of retail loan volume.

In conducting its mortgage banking activities, the Corporation is exposed to interest rate risk for the period between loan commitment date and subsequent delivery date. The value of the Corporation's mortgage servicing rights is also affected by changes in prepayment rates. To manage risks associated with mortgage banking activities, the Corporation enters into various financial instruments including option contracts, forward delivery contracts and certain rate swaps. The contract notional amount of these instruments approximated \$8.9 billion on March 31, 1997. Net unrealized losses associated with these contracts were \$25 million on March 31, 1997.

- o Investment banking income decreased 16 percent to \$83 million in the first quarter of 1997, reflecting lower gains on principal investing activity (investing in equity or equity-related transactions on behalf of clients).

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

	Three Months Ended March 31	
	1997	1996
Syndications	\$19	\$17
Securities underwriting	25	19
Principal investment activities	23	50
Other	16	13
	\$83	\$99

- o Asset management and fiduciary service fees increased \$61 million to \$166 million in the first quarter of 1997, reflecting the impact of the Boatmen's acquisition.
- o Credit card income increased 22 percent to \$84 million in the first quarter of 1997, primarily due to the acquisition of Boatmen's. Credit card income includes \$8 million from credit card securitizations.
- o Trading account profits and fees totaled \$97 million in the first quarter of 1997, an increase of \$29 million from \$68 million in the first quarter of 1996.

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

	Three Months Ended March 31	
	1997	1996
Securities trading	\$19	\$10
Interest rate contracts	41	56
Foreign exchange contracts	17	(7)
Other	20	9
	\$97	\$68

- o Miscellaneous income totaled \$98 million in the first quarter of 1997, a decrease of \$5 million compared to the same period of 1996. 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 5, the Corporation's noninterest expense increased 30 percent to \$1.8 billion in the first quarter of 1997 from \$1.4 billion in the same period of 1996. Excluding the impact of the Boatmen's acquisition, noninterest expense increased approximately 3 percent.

A discussion of the significant components of noninterest expense in the first quarter of 1997 compared to the first quarter of 1996 follows:

- o Personnel expense increased \$219 million over 1996, primarily due to the impact of the acquisition of Boatmen's. On March 31, 1996, the Corporation had approximately 81,000 full-time equivalent employees compared to approximately 63,000 full-time equivalent employees on December 31, 1996.
- o Occupancy expense increased 19 percent to \$151 million in the first quarter of 1997 compared to the same period of 1996 due to the acquisition of Boatmen's.
- o Equipment expense increased approximately \$49 million in the first quarter of 1997 over the same period of 1996, reflecting the acquisition of Boatmen's as well as enhancements to computer resources throughout the Corporation and to product delivery systems, such as the Model Banking initiative, PC banking, direct banking and data base management.
- o Professional fees increased \$26 million, reflecting higher consulting and technical support fees for projects to enhance revenue growth and for the development and installation of infrastructure enhancements.
- o Intangibles amortization expense increased \$75 million in the first quarter of 1997 compared to the first quarter of 1996, reflecting the impact of the Boatmen's acquisition.
- o Other general operating expenses decreased \$22 million to \$126 million in the first quarter of 1997. Included in the first quarter 1996 expense was a \$40 million pre-tax charge reflecting the estimated loss associated with fraudulent commercial loan transactions.

Table 5
Noninterest Expense
(Dollars in Millions)

<TABLE>
<CAPTION>

	Three Months Ended March 31		Change	
	1997	1996	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Personnel	\$881	\$662	\$219	33.1%
Occupancy, net	151	127	24	18.9
Equipment	155	106	49	46.2

Marketing	75	67	8	11.9
Professional fees	75	49	26	53.1
Amortization of intangibles	101	26	75	288.5
Credit card	15	17	(2)	(11.8)
Deposit insurance	7	7	0	0.0
Data processing	70	61	9	14.8
Telecommunications	54	41	13	31.7
Postage and courier	49	38	11	28.9
Other general operating	126	148	(22)	(14.9)
General administrative and miscellaneous	51	45	6	13.3

	\$1,810	\$1,394	\$416	29.8
	=====			

</TABLE>

Income Taxes

The Corporation's income tax expense for the first quarter of 1997 was \$399 million, for an effective tax rate of 36.0 percent of pretax income. Income tax expense for the first quarter of 1996 was \$276 million, for an effective rate of 35.0 percent. The increase in the effective tax rate was due to the increase in non-deductible goodwill amortization resulting from the acquisition of Boatmen's.

Balance Sheet Review and 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 \$30.7 billion in the first three months of 1997 over the same period in 1996 primarily due to deposits obtained in acquisitions over the past year. As a percentage

of total sources, average customer-based funds represented 52 percent in the first three months of 1997 compared to 46 percent in the first three months of 1996.

Average market-based funds decreased \$13.1 billion in the first three months of 1997 compared to the same period in 1996 and comprised a smaller portion of total sources of funds at 24 percent for the first three months of 1997 compared to 35 percent during the same period of 1996, the result of increases in customer-based funds from the Boatmen's acquisition and term debt. Average long-term debt increased \$6.4 billion in the first three months of 1997 over 1996 levels for the comparable period and represented 10 percent of total sources of funds compared to 9 percent during the first three months of 1996. The increase in long-term debt is the result of borrowings to fund the cash portion of the Boatmen's purchase price.

Average loans and leases, the Corporation's primary use of funds, increased \$23.4 billion during the first three months of 1997 despite higher levels of securitized loans compared to the same period of 1996 due to the impact of acquisitions and core loan growth, comprising 61 percent of total uses of funds compared to 59 percent during the same period of 1996. The ratio of average loans and leases to customer-based funds was 117 percent in the first three months of 1997 compared to 130 percent in the first three months of 1996.

The average securities portfolio as a percentage of total uses decreased to 9 percent in the first three months of 1997 from 13 percent in the first three months of 1996, the result of management's focus on the reduction of low-yielding assets.

Cash and cash equivalents were \$11.0 billion on March 31, 1997, an increase of \$2.1 billion from December 31, 1996. During the first three months of 1997, net cash used in operating activities was \$4.2 billion, net cash provided by investing activities was \$2.4 billion and net cash provided by financing activities was \$3.8 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 assesses the level of liquidity necessary to meet its cash requirements by monitoring its assets and liabilities and modifying 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.

Securities

The securities portfolio on March 31, 1997 consisted of securities held for investment totaling \$1.8 billion and securities available for sale totaling \$20.0 billion compared to \$2.1 billion and \$12.3 billion, respectively, on December 31, 1996. The increase in the available for sale portfolio from December 31, 1996 to March 31, 1997 was due to the addition of higher-yielding mortgage-backed securities in the first quarter.

On March 31, 1997, the market value of the Corporation's portfolio of securities held for investment reflected net unrealized depreciation of \$4 million. On December 31, 1996, the market value of securities held for investment approximated the book value of the portfolio.

The valuation reserve for securities available for sale and marketable equity securities decreased shareholders' equity by \$115 million on March 31, 1997, reflecting pretax depreciation of \$294 million on securities available for sale and pretax appreciation of \$102 million on marketable equity securities. The valuation reserve increased shareholders' equity by \$86 million on December 31, 1996. The decrease in the valuation reserve was primarily attributable to an increase in interest rates when comparing March 31, 1997 to December 31, 1996.

The estimated average maturities of securities held for investment and securities available for sale portfolios were 1.53 years and 6.13 years, respectively, on March 31, 1997 compared with 1.47 years and 6.91 years, respectively, on December 31, 1996.

Off-Balance Sheet

Derivatives - Asset and Liability Management Positions

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

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

Table 6 summarizes the notional amounts and the activity of ALM interest rate contracts for the three months ended March 31, 1997. As reflected in the table, the gross notional amount of the Corporation's ALM swap program on March 31, 1997 was \$38.1 billion, with the Corporation receiving fixed on \$36.0 billion, primarily converting variable-rate commercial loans to fixed-rate, and receiving variable on \$422 million. The net receive fixed position of \$35.6 billion increased from the net receive fixed position of \$26.7 billion on December 31, 1996 as a result of the Corporation modifying the interest rate characteristics of certain variable-rate assets in order to maintain the Corporation's relatively neutral posture to changes in interest rates.

Table 6
Asset and Liability Management Interest Rate Notional Contracts
(Dollars in Millions)

		Generic			
		Receive	Pay	Total	
Option	Rate	Fixed	Fixed	Basis	Swaps
Products	Contracts				
<hr/>					
<S>		<C>	<C>	<C>	<C>
<C>					
Balance on December 31, 1996		\$ 27,740	\$ 1,035	\$ 1,346	\$ 30,121
36,516					\$ 6,395
Additions		9,968	187	290	10,445
13,520					3,075
Maturities, Terminations and Other		(1,684)	(800)	-	(2,484)
(2,484)					-

Balance on March 31, 1997	\$ 6,024	\$ 422	\$ 1,636	\$ 38,082	\$ 9,470
47,552					

</TABLE>

Table 7 summarizes the expected maturities, weighted average pay and receive rates and the unrealized loss on March 31, 1997 of the Corporation's ALM swaps. Floating rates represent the last repricing and will change in the future primarily based on movements in one-, three- and six-month LIBOR rates. The net unrealized depreciation of the ALM swap portfolio on March 31, 1997 was \$530 million compared to unrealized appreciation of \$69 million on December 31, 1996, reflecting the increase in interest rates during the first quarter. The amount of net realized deferred losses associated with terminated ALM swaps was \$39 million on March 31, 1997.

In its ALM process, the Corporation also utilizes interest rate option products, primarily caps and floors. Interest rate caps and floors are agreements where, for a fee, the purchaser obtains the right to receive interest payments when a variable interest rate moves above or below a specified cap or floor rate, respectively. Table 6 also includes a summary of the notional amount and the activity of ALM interest rate option contracts for the three months ended March 31, 1997. At March 31, 1997, the Corporation had a gross notional amount of \$9.5 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 7 also includes a summary of the expected maturities and the net unrealized loss of the Corporation's ALM options contracts. On March 31, 1997, the net unrealized depreciation of ALM option products was \$7 million.

The Corporation uses foreign currency swaps to manage the foreign exchange risk associated with foreign-denominated liabilities. At March 31, 1997, these contracts had a notional value of \$540 million and reflected unrealized depreciation of \$47 million. Unrealized gains and losses associated with ALM foreign currency swaps are included as adjustments to income or expense on the linked asset or liability.

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

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

Table 7
Asset and Liability Management Interest Rate Contracts
March 31, 1997
(Dollars in Millions, Average Expected Maturity in Years)

<TABLE>
<CAPTION>

Average Expected Maturity	Expected Maturity							
	Unrealized							After
	Gain/(Loss)	Total	1997	1998	1999	2000	2001	2001
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Asset Conversion Swaps								
Receive fixed generic	\$ (366)							
3.44								
Notional amount	\$ 30,246	\$ 36	\$ 2,680	\$ 7,135	\$ 7,810	\$ 8,400	\$ 4,185	
Weighted average receive rate	6.46%	6.50%	5.96%	6.44%	6.47%	6.57%	6.57%	
Weighted average pay rate	5.54							
Pay fixed generic	(1)							
4.52								
Notional amount	\$ 10	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 5	
Weighted average pay rate	9.78%	9.78%	9.78%	9.78%	9.78%	9.78%	9.78%	
Weighted average receive rate	6.80							

Total asset conversion swaps	\$ (367)								
	=====								
Notional amount		\$ 30,256	\$ 37	\$ 2,681	\$ 7,136	\$ 7,811	\$8,401	\$ 4,190	
Liability Conversion Swaps									
Receive fixed generic	\$ (156)								
6.61									
Notional amount		\$ 5,778	\$ 75	\$ 28	\$ 702	\$ 308	\$1,429	\$ 3,236	
Weighted average receive rate		6.82%	8.27%	6.32%	7.27%	6.79%	6.40%	6.87%	
Weighted average pay rate		5.80							
Pay fixed generic	(6)								
1.73									

Notional amount		\$ 412	\$ 125	\$ 100	\$ 110	\$ 66	\$ -	\$ 11	
Weighted average pay rate		8.18%	10.35%	9.31%	6.05%	6.20%	-%	6.60%	
Weighted average receive rate		5.43							
Total liability conversion swaps	\$ (162)								
	=====								
Notional amount		\$ 6,190	\$ 200	\$ 128	\$ 812	\$ 374	\$1,429	\$ 3,247	

Total receive fixed swaps	\$ (522)								
3.95									
Notional amount		\$ 36,024	\$ 111	\$ 2,708	\$ 7,837	\$ 8,118	\$9,829	\$ 7,421	
Weighted average receive rate		6.52%	7.69%	5.96%	6.51%	6.48%	6.54%	6.70%	
Weighted average pay rate		5.58							
Total pay fixed swaps	(7)								
1.79									
Notional amount		\$ 422	\$ 126	\$ 101	\$ 111	\$ 67	\$ 1	\$ 16	
Weighted average pay rate		8.22%	10.34%	9.31%	6.08%	6.25%	9.78%	7.60%	
Weighted average receive rate		5.46%							
Basis Swaps	\$ (1)								
1.53									

Notional amount		\$ 1,636	\$ 371	\$ 700	\$ 350	\$ 90	\$ 25	\$ 100	
Weighted average receive rate		5.52%							
Weighted average pay rate		5.54							
Total Swaps	\$ (530)								
	=====								
Notional amount		\$ 38,082	\$ 608	\$ 3,509	\$ 8,298	\$ 8,275	\$9,855	\$ 7,537	

Option Products									
Notional amount	(7)	\$ 9,470	\$ 600	\$ 2,425	\$ 3,575	\$ 25	\$1,086	\$ 1,759	

Total Interest Rate Contracts	\$ (537)								
	=====								
Notional amount		\$ 47,552	\$1,208	\$ 5,934	\$11,873	\$ 8,300	\$10,941	\$ 9,296	

</TABLE>

On March 31, 1997, 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 March 31, 1997, this position had an unrealized market value of negative \$37 million, a weighted average receive rate of 5.96 percent, a pay rate of 5.61 percent and an expected maturity of 6.71 years.

Derivatives - Dealer Positions

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

Table 8 presents the notional or contract amounts on March 31, 1997 and December 31, 1996 and the current credit risk amounts (the net replacement cost of contracts in a gain position on March 31, 1997 and December 31, 1996) of the Corporation's derivatives-dealer positions which are primarily executed in the

over-the-counter market. The notional or contract amounts indicate the total volume of transactions and significantly exceed the amount of the Corporation's credit or market risk associated with these

instruments. The credit risk amounts presented in Table 8 do not consider the value of any collateral, but generally take into consideration the effects of legally enforceable master netting agreements. On March 31, 1997, the credit risk associated with the Corporation's asset and liability management positions was not significant.

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

Table 8
Derivatives - Dealer Positions
(Dollars in Millions)

<TABLE>
<CAPTION>

	March 31 1997		December 31 1996	
	Contract/ Notional	Credit Risk Amount (1)	Contract/ Notional	Credit Risk Amount (1)
<S>	<C>	<C>	<C>	<C>
Interest Rate Contracts				
Swaps	\$274,417	\$ 1,568	\$252,187	\$ 927
Futures and forwards	197,350	7	186,333	5
Written options	335,247	-	298,594	-
Purchased options	324,632	555	294,591	561
Foreign Exchange Contracts				
Swaps	1,174	172	1,303	24
Spot, futures and forwards	78,661	1,089	94,028	1,137
Written options	57,816	-	63,081	-
Purchased options	55,776	415	61,716	352
Commodity and Other Contracts				
Swaps	681	37	812	81
Futures and forwards	1,862	3	2,728	-
Written options	14,857	-	14,064	-
Purchased options	15,195	363	13,828	357
		-----		-----
Total before cross product netting		4,209		3,444
		-----		-----
Cross product netting		298		286
		-----		-----
Net replacement cost		\$ 3,911		\$ 3,158
		=====		=====

</TABLE>

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

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

During 1997, there were no credit losses associated with derivative transactions. In addition, on March 31, 1997, there were no nonperforming derivative positions.

Allowance for Credit Losses

The Corporation's allowance for credit losses was \$2.8 billion on March 31, 1997 compared to \$2.3 billion on December 31, 1996. Table 9 provides an analysis of the changes in the allowance for credit losses. The provision for credit losses of \$190 million in the first quarter of 1997 was \$35 million

higher than in the first quarter of 1996, primarily as a result of the Boatmen's acquisition and higher charge-offs in the consumer loan portfolios. Total net charge-offs remained unchanged at .50 percent of average loans, leases and factored accounts receivable during the first quarter of 1997 versus 1996. Increases in credit

Table 9
Allowance For Credit Losses
(Dollars in Millions)

<TABLE>
<CAPTION>

	Three Months Ended March 31	
	1997	1996
<S>	<C>	<C>
Balance on January 1	\$ 2,315	\$ 2,163
Loans, leases and factored accounts receivable charged off		
Commercial	(27)	(34)
Real estate commercial	(4)	(13)
Real estate construction	0	0
Total commercial	(31)	(47)
Residential mortgage	(4)	(4)
Credit card	(108)	(65)
Other consumer	(100)	(87)
Total consumer	(212)	(156)
Lease financing	(4)	(1)
Factored accounts receivable	(4)	(6)
Total loans, leases and factored accounts receivable charged off	(251)	(210)
Recoveries of loans, leases and factored accounts receivable previously charged off		
Commercial	18	14
Real estate commercial	2	3
Real estate construction	1	0
Total commercial	21	17
Residential mortgage	1	1
Credit card	19	12
Other consumer	25	22
Total consumer	45	35
Factored accounts receivable	1	3
Total recoveries of loans, leases and factored accounts receivable previously charged off	67	55
Net charge-offs	(184)	(155)
Provision for credit losses	190	155
Allowance applicable to loans of purchased companies and other	464	90
Balance on March 31	\$ 2,785	\$ 2,253
Loans, leases and factored accounts receivable, net of unearned income, outstanding end of period	\$ 148,716	\$ 124,344
Allowance for credit losses as a percentage of loans, leases and factored accounts receivable, net of unearned income, outstanding end of period	1.87%	1.81%
Average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period	\$ 147,757	\$ 124,292
Net charge-offs as a percentage of average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period	0.50%	0.50%
Allowance for credit losses as a percentage of nonperforming loans	264.82	267.71

</TABLE>

card and other consumer net charge-offs of \$36 million and \$10 million, respectively, were partially offset by a decrease of \$20 million in commercial net charge-offs. Industry-wide deterioration in consumer credit quality was the primary reason for higher credit card net charge-offs in the first quarter of 1997. Higher other consumer net charge-offs in the first quarter of 1997 were primarily attributable to the Boatmen's acquisition.

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

Nonperforming Assets

As presented in Table 10, on March 31, 1997, nonperforming assets were \$1.2 billion, or .82 percent of net loans, leases, factored accounts receivable and other real estate owned, compared to \$1.0 billion, or .85 percent, on December 31, 1996. Nonperforming loans increased to \$1.1 billion on March 31, 1997 from \$890 million on December 31, 1996. The increase in nonperforming loans was primarily due to the acquisition of Boatmen's. The allowance coverage of nonperforming loans was 265 percent on March 31, 1997 compared to 260 percent on December 31, 1996.

Table 10
Nonperforming Assets
(Dollars in Millions)

<TABLE>
<CAPTION>

	March 31 1997	December 31 1996	September 30 1996	June 30 1996	March 31 1996
<S>	<C>	<C>	<C>	<C>	<C>
Nonperforming loans					
Commercial	\$398	\$342	\$413	\$388	\$359
Real estate commercial	162	145	165	119	180
Real estate construction	34	28	36	15	15
Total commercial	594	515	614	522	554
Residential mortgage	256	215	203	174	138
Other consumer	156	135	135	135	136
Total consumer	412	350	338	309	274
Lease financing	45	25	32	23	13
Total nonperforming loans	1,051	890	984	854	841
Other real estate owned	168	153	151	138	144
Total nonperforming assets	\$1,219	\$1,043	\$1,135	\$992	\$985
Nonperforming assets as a percentage of Total assets	0.51%	0.56%	0.61%	0.52%	0.51%
Loans, leases and factored accounts receivable, net of unearned income, and other real estate owned	0.82	0.85	0.93	0.80	0.79
Loans past due 90 days or more and not classified as nonperforming	\$320	\$245	\$201	\$153	\$173

</TABLE>

Concentrations of Credit Risk

In an effort to minimize the adverse impact of any single event or set of occurrences, the Corporation strives to maintain a diverse credit portfolio. 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 11. The exposures presented

represent credit extensions for real estate-related purposes to borrowers or counterparties who are primarily in the real estate development or investment business and for which the ultimate repayment of the credit is dependent on the sale, lease, rental or refinancing of the real estate.

Total nonresidential real estate commercial and construction loans totaled \$12.4 billion, or 8 percent of net loans, leases and factored accounts receivable, on March 31, 1997 compared to \$8.3 billion, or 7 percent, at the end of 1996. During the first quarter of 1997, the Corporation recorded real estate net charge-offs of \$1 million, or .04 percent of average real estate loans, compared to net charge-offs of \$10 million, or .39 percent, in the first quarter of 1996. Nonperforming real estate commercial and construction loans were \$196 million on March 31, 1997 compared to \$173 million on December 31, 1996 due primarily to the acquisition of Boatmen's.

The exposures included in Table 11 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 March 31, 1997, the Corporation had approximately \$8.3 billion of commercial loans which were not real estate dependent but for which the Corporation had obtained real estate as secondary repayment security.

Table 11
Real Estate Commercial and Construction Loans, Other Real Estate Owned and
Other Real Estate Credit Exposures
March 31, 1997
(Dollars in Millions)

Other Credit Exposures (2)	Loans (1)		
	Outstanding	Nonperforming	OREO
<S> <C>	<C>	<C>	<C>
By Geographic Region (3):			
Missouri, Kansas, Illinois, Iowa and Arkansas	\$2,842	\$30	\$18
Florida and Georgia	2,659	72	45
Texas, Oklahoma and New Mexico	2,243	16	7
Maryland, District of Columbia and Virginia	1,575	38	27
North Carolina and South Carolina	1,478	35	8
Other states	1,567	5	2
	\$12,364	\$196	\$107
\$1,249			
By Property Type:			
Apartments	\$2,000	\$24	\$1
Residential	1,875	17	2
Shopping centers/retail	1,852	15	5
Office buildings	1,687	13	32
Hotels	1,058	16	0
Industrial/warehouse	922	17	2
Land and land development	862	26	46
Commercial-other	415	20	11

107	Resorts/golf courses	297	0	0
0	Unsecured	179	4	0
144	Multiple use	112	5	1
0	Other	1,105	39	7
116				

		\$12,364	\$196	\$107
\$1,249				
=====				

</TABLE>

- (1) On March 31, 1997, the Corporation had unfunded binding real estate commercial and construction loan commitments.
- (2) Other credit exposures include letters of credit and loans held for sale.
- (3) Distribution based on geographic location of collateral.

Other Industries - Table 12 presents selected industry credit exposures. Commercial loans, factored accounts receivable and lease financings are included in the table. Other credit exposures as presented include loans held for sale, letters of credit, bankers' acceptances and derivatives exposures in a

gain position. Commercial loan outstandings totaled \$60.6 billion and \$50.3 billion on March 31, 1997 and December 31, 1996, respectively, or 41 percent of net loans, leases and factored accounts receivable. Net charge-offs of commercial loans totaled \$9 million, or .07 percent of average commercial loans, in the first quarter of 1997, versus \$20 million, or .16 percent, in the first quarter of 1996. Commercial loans past due 90 days or more and still accruing interest were \$82 million, or .14 percent of commercial loans, on March 31, 1997 and \$38 million, or .08 percent, on December 31, 1996 with the increase due in part to the acquisition of Boatmen's. Nonperforming commercial loans were \$398 million and \$342 million on March 31, 1997 and December 31, 1996, respectively. The increase was primarily attributable to the acquisition of Boatmen's.

Table 12
Selected Industry Credit Exposures
March 31, 1997
(Dollars in Millions)

<TABLE>

<CAPTION>

	Loans, Leases and Factored Accounts Receivable, Net of Unearned Income			Other Credit Exposures (1)
	Outstanding	Nonperforming	Unfunded Commitments	
<S>	<C>	<C>	<C>	<C>
Communications	\$5,029	\$19	\$5,714	\$369
Health care	4,631	12	3,625	910
Food, including agribusiness	3,962	31	2,941	368
Leisure and sports	3,576	41	2,360	221
Retail	3,305	24	3,642	541
Automotive, excluding trucking	3,268	7	2,250	97
Machinery and equipment, excluding defense	3,083	16	3,179	312
Oil and gas	2,969	34	4,032	715
Textiles and apparel	2,782	34	1,564	465
Construction	2,031	28	1,548	191
Forest products and paper	1,842	13	1,995	283
Computers and electronics	1,801	3	2,524	168
Transportation, excluding air and trucking	1,775	5	1,451	72
Utilities	1,680	3	3,956	251
Professional services	1,468	6	1,647	107
Chemicals and plastics	1,398	2	1,850	177

Finance companies	1,150	1	4,899	172
Education and government	1,085	5	910	1,022
Banks	1,010	0	1,991	2,845
Brokers and dealers	399	0	1,349	1,102

</TABLE>

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

Consumer - On March 31, 1997 and December 31, 1996, total consumer loan outstandings were \$66.2 billion and \$55.3 billion, respectively, representing 45 percent of net loans, leases and factored accounts receivable. Net charge-offs in the consumer portfolio were \$167 million in the first quarter of 1997 compared to \$121 million in the first quarter of 1996, reflecting the impact of the Boatmen's acquisition and loan growth. Note 4 to the unaudited consolidated financial statements details the components of the Corporation's consumer loan portfolio. In addition to the credit card and other consumer loans reported in the financial statements, the Corporation manages credit card and consumer receivables which have been sold. Accordingly, the average managed portfolio information discussed below includes both on-balance sheet and securitized loans.

Total average credit card receivables managed by the Card Services group (excluding private label credit cards) increased to \$9.4 billion in the first quarter of 1997 compared to \$7.6 billion in the first quarter of 1996 as the Corporation maintains its efforts to shift the loan portfolio mix to a higher consumer concentration. Average securitized credit card loans totaled \$2.6 billion during the first quarter of 1997. During the first quarter of 1996, average securitized credit card loans were \$1.2 billion. Net charge-off ratios for the managed credit card portfolio were 6.09 percent for the first quarter of 1997 and 3.79 percent for the first quarter of 1996 due to industry-wide deterioration in consumer credit quality.

Total average managed other consumer loans, including direct and indirect consumer loans and home equity lines, were \$29.9 billion in the first quarter of 1997 compared to total average managed other consumer loans of \$25.4 billion in the first quarter of 1996. The consumer managed portfolio, which includes indirect auto loan and consumer finance securitizations,

experienced net charge-offs as a percentage of average managed consumer loans of 1.15 percent in the first quarter of 1997 and 1.08 percent in the first quarter of 1996.

Total consumer loans past due 90 days or more and still accruing interest were \$217 million on March 31, 1997 compared to \$180 million on December 31, 1996, or .33 percent of total consumer loans for both periods. The increase was primarily attributable to the acquisition of Boatmen's. Total consumer nonperforming loans were \$412 million and \$350 million on March 31, 1997 and December 31, 1996, respectively, with the increase due partially to the acquisition of Boatmen's as well as the industry-wide deterioration in consumer credit quality.

Market Risk Management

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

On March 31, 1997, the interest rate risk position of the Corporation was relatively neutral as the impact of a gradual parallel 100 basis-point rise or fall in interest rates over the next 12 months was estimated to be less than 2 percent of net income when compared to stable rates.

To estimate potential losses that could result from adverse market movements, the Corporation uses a daily earnings at risk methodology. Earnings

at risk represents a one-day measurement of pre-tax earnings at risk from movements in market prices using the assumption that positions cannot be 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 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 March 31, 1997, the gross estimates for aggregate interest rate, foreign exchange and equity and commodity trading activities were \$52 million, \$2 million and \$3 million, respectively. Alternately, using a statistical measure which is more likely to capture the effects of market movements, the uncorrelated estimate on March 31, 1997 for aggregate trading activities was \$21 million.

Average daily trading-related revenues in the first quarter of 1997 approximated \$2 million. During the first quarter of 1997, the Corporation's trading-related activities resulted in positive daily revenues for approximately 83 percent of total trading days. In the first quarter of 1997, 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 \$4 million for any one day, assuming 99-percent confidence. When comparing daily earnings at risk to trading-related revenues, daily earnings at risk will average considerably more due to the assumption of no evasive actions as well as the assumption that adverse market movements occur simultaneously across all segments of the trading portfolio.

Capital

Shareholders' equity was \$20.7 billion on March 31, 1997 compared to \$13.7 billion on December 31, 1996. The acquisition of Boatmen's, which resulted in the issuance of approximately 195 million shares of common stock and an increase of \$9.5 billion in shareholders' equity, was the primary reason for the increase. The increase was partially offset by the repurchase of approximately 57 million shares of common stock for approximately \$3.3 billion.

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

	March 31 1997	December 31 1996

Risk-Based Capital Ratios		
Tier 1 Capital	7.06%	7.76%
Total Capital	11.58	12.66
Leverage Capital Ratio	6.19	7.09

The Corporation's and its significant banking subsidiaries' regulatory capital ratios on March 31, 1997 compare favorably with the regulatory minimums of 4 percent for Tier 1, 8 percent for total risk-based capital and the leverage guidelines of 100 to 200 basis points above the minimum ratio of 3 percent. The Corporation and its significant banking subsidiaries were considered well-capitalized on March 31, 1997.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Exhibit 3 (ii) - Bylaws of NationsBank Corporation

Exhibit 11 - Earnings Per Common Share Computation

Exhibit 12(a) - Ratio of Earnings to Fixed Charges

Exhibit 12(b) - Ratio of Earnings to Fixed Charges and Preferred Dividends

Exhibit 27 - Financial Data Schedule

b. Reports on Form 8-K

The following reports on Form 8-K were filed by the Corporation during the quarter ended March 31, 1997:

Current Report on Form 8-K dated December 31, 1996, and filed January 16, 1997, Items 2, 5 & 7.

Current Report on Form 8-K dated January 22, 1997, and filed February 3, 1997, Items 5 & 7.

Current Report on Form 8-K dated January 7, 1997, and filed March 28, 1997, Items 5 & 7. Item 5(a) Consolidated financial statements of Boatmen's Bancshares, Inc. for the year ended December 31, 1996. Item 5(b) Pro Forma Condensed Financial Information as of December 31, 1996 and for the year then ended and explanatory notes.

Signature

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

NationsBank Corporation

Registrant

Date: May 15, 1997

/s/ Marc D. Oken

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

NationsBank Corporation

Form 10-Q

Index to Exhibits

Exhibit - -----	Description -----
3 (ii)	Bylaws of NationsBank Corporation
11	Earnings Per Common Share Computation
12(a)	Ratio of Earnings to Fixed Charges
12(b)	Ratio of Earnings to Fixed Charges and Preferred Dividends
27	Financial Data Schedule

BYLAWS
OF
NATIONSBANK CORPORATION

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ARTICLE I

DEFINITIONS

Section 1. Definitions. In these Bylaws, unless otherwise specifically provided:

- (a) "Act" means the North Carolina Business Corporation Act, as contained in Chapter 55 of the North Carolina General Statutes, as the same now exists or may hereafter be amended.
- (b) "Articles of Incorporation" means the Articles of Incorporation of the Corporation, as amended and restated from time to time, including any amendments or statements of classification adopted in connection with the Corporation's outstanding shares of preferred stock.
- (c) "Common Stock" means the common stock of the Corporation.
- (d) "Corporation" means NationsBank Corporation, a North Carolina corporation, and any successor thereto.

- (e) "Principal office" means the office (in or out of the State of North Carolina) so designated in the Corporation's annual report filed pursuant to the Act where the principal executive offices of the Corporation are located.
- (f) "Public corporation" means any corporation that has a class of shares registered under Section 12 of the Securities Exchange Act of 1934, as amended (15 U.S.C. ss.781).
- (g) "Shares" means the Common Stock and other units into which the proprietary interests in the Corporation are divided.
- (h) "Shareholder" means the person in whose name shares are registered in the records of the Corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with the Corporation.
- (i) "Voting group" means all shares of one or more classes or series that under the Articles of Incorporation or the Act are entitled to vote and be counted together collectively on a

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matter at a meeting of shareholders. All shares entitled by the Articles of Incorporation or the Act to vote generally on a matter are for that purpose a single voting group.

Section 2. Cross-Reference to the Act. If any term used in these Bylaws and not otherwise defined herein is defined for purposes of the Act, such definition shall apply for purposes of these Bylaws, unless the context shall otherwise clearly require.

ARTICLE II

OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be located in the City of Charlotte, County of Mecklenburg, State of North Carolina.

Section 2. Other Offices. The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may from time to time determine or as the affairs of the Corporation may require from time to time.

Section 3. Registered Office. The registered office of the Corporation required by the Act to be maintained in the State of North Carolina may be, but need not be, identical with the principal office of the Corporation, and the address of the registered office may be changed from time to time as provided in the Act.

ARTICLE III

SHAREHOLDERS

Section 1. Annual Meeting. The annual meeting of the shareholders shall be held during the month of April of each year at a date and an hour fixed by the Board of Directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. Substitute Annual Meeting. If the annual meeting shall not be held within the period designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 3 of this Article III. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by the Act, may be called by the Chairman of the Board, the Chief Executive Officer, the President or by the Secretary

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acting under instructions of the Chairman of the Board or the Chief Executive

Officer, or by the Board of Directors.

Section 4. Place of Meeting. The Board of Directors or the Chairman of the Board, the Chief Executive Officer or the President of the Corporation, or the Secretary acting under instructions of the Chairman of the Board, the Chief Executive Officer or President may designate any place, either within or without the State of North Carolina, as the place of meeting for any annual meeting of shareholders or for any special meeting of shareholders called by the Board of Directors or the Chairman of the Board, the Chief Executive Officer or President or Secretary. If no designation is made, or if a special meeting of shareholders is otherwise called, the place of meeting shall be the principal office of the Corporation in the State of North Carolina.

Section 5. Notice of Meeting. Written or printed notice stating the date, time and place of the meeting shall be delivered not less than 10 nor more than 60 days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail with postage thereon prepaid and correctly addressed to the shareholder at such shareholder's address as shown in the Corporation's current record of shareholders.

In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter, other than election of directors, on which the vote of shareholders is expressly required by the provisions of the Act. In the case of a special meeting, the notice of meeting shall state the purpose or purposes for which the meeting is called.

If a meeting is adjourned to a date more than 120 days after the date fixed for the original meeting, or if a new record date is fixed for the adjourned meeting, or if the new date, time or place for an adjourned meeting is not announced at the meeting before adjournment, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend or other distribution, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date for any such determination of shareholders, such date in any case to be not more than 60 days and, in case of a meeting of shareholders, not less than 10 days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting

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of shareholders, or for determination of the shareholders entitled to receive payment of a dividend or other distribution, the close of business on the day before the first notice is delivered to shareholders or the date on which the resolution of the Board of Directors declaring or authorizing such dividend or distribution is adopted, as the case may be, shall be the record date for such determination. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 7. Shareholders List. After the record date for a meeting of shareholders is fixed or determined, the officer or agent having charge of the stock transfer books for shares of the Corporation shall prepare an alphabetical list of the names of all shareholders of the Corporation who are entitled to notice of such shareholders meeting. The list will be arranged by voting group (and within each voting group by class or series of shares) and show the address of and number of shares held by each shareholder. Such shareholders list will be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder, or a shareholder's agent or attorney, is entitled on written demand to inspect and, subject to compliance with the applicable provisions of the Act, to copy the list, during regular business hours and at the shareholder's expense, during the period it is available for inspection. Such list shall also be available at the meeting of shareholders, and any shareholder, or such shareholder's agent or attorney, is entitled to inspect the list at any time during the meeting or any adjournment thereof.

Section 8. Quorum. A majority of the votes entitled to be cast on a particular matter by a voting group constitutes a quorum of that voting group

for action on that matter unless the Act provides otherwise. Shares entitled to vote as a separate voting group may take action on a matter at a meeting of shareholders only if a quorum of those shares exists with respect to that matter, except that, in the absence of a quorum at the opening of any meeting of shareholders, such meeting may be adjourned from time to time by the vote of a majority of the shares voting on the motion to adjourn. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 9. Proxies. A shareholder may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by such shareholder's attorney-in-fact. A telegram, telex, facsimile or other form of wire or wireless communication appearing to have been transmitted by a shareholder, or a photocopy or equivalent

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reproduction of a writing appointing one or more proxies, shall be deemed a valid appointment form within the meaning of these Bylaws.

An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for 11 months unless a different period is expressly provided in the appointment form. An appointment of a proxy is revocable by the shareholder unless the appointment from conspicuously states that it is irrevocable and the appointment is coupled with an interest, which may include any such interest specified in the Act.

Section 10. Voting of Shares. Each outstanding share of Common Stock is entitled to one vote on each matter voted on at a shareholders meeting. Other shares are entitled to vote only as provided in the Articles of Incorporation or the Act. If a quorum exists, action on a matter (other than election of directors) by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or the Act requires a greater number of affirmative votes. Classes or series of shares shall not be entitled to vote separately by voting group unless expressly required by the Articles of Incorporation or as otherwise provided in the Act.

Section 11. Voting for Directors. The directors of the Corporation shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at the meeting at which a quorum is present unless otherwise provided in the Articles of Incorporation. The shareholders do not have a right to cumulate their votes for directors.

Section 12. Conduct of Meetings. The Chairman of the Board shall preside at each meeting of shareholders or, in the Chairman's absence, the Chief Executive Officer shall preside. At the request of the Chairman of the Board or the Chief Executive Officer, in both their absences, such other officer as the Board of Directors shall designate shall preside at any such meeting. In the absence of a presiding officer determined in accordance with the preceding sentence, any person may be designated to preside at a shareholders meeting by a plurality vote of the shares represented and entitled to vote at the meeting. The Secretary or, in the absence or at the request of the Secretary, any person designated by the person presiding at a shareholders meeting shall act as secretary of such meeting.

Section 13. Inapplicability of the North Carolina Shareholder Protection Act and the North Carolina Control Share Acquisition Act. The provisions of Article 9 of Chapter 55 of the General Statutes of North Carolina, or such other successor statute, entitled "The North Carolina Shareholder Protection Act," shall not apply to the Corporation. The provisions of Article 9A of Chapter 55 of the General Statutes of North Carolina, or such other successor statute, entitled "The North Carolina Control Share Acquisition Act," shall not apply to the Corporation.

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ARTICLE IV

BOARD OF DIRECTORS

Section 1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, its Board of Directors, except as otherwise provided in the Articles of Incorporation or permitted under the Act.

Section 2. Number and Qualifications. The number of directors of the

Corporation shall be not less than 5 nor more than 30, which number may be fixed or changed from time to time, within the minimum and maximum, by the Board of Directors. Directors need not be residents of the State of North Carolina or shareholders of the Corporation. A director of the Corporation shall at all times meet all statutory and regulatory qualifications for a director of a publicly held bank holding company.

Section 3. Terms of Directors. The terms of all directors shall expire at the next annual shareholders meeting following their election. A decrease in the number of directors does not shorten an incumbent director's term. The term of a director elected to fill a vacancy shall expire at the next shareholders meeting at which directors are elected. Despite the expiration of a director's term, however, such director shall continue to serve until the director's successor is elected and qualified.

Section 4. Removal. Any director may be removed at any time with or without cause by a vote of the shareholders if the number of votes cast to remove such director exceeds the number of votes cast not to remove him or her unless otherwise provided in the Articles of Incorporation. A director may not be removed by the shareholders at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting is removal of the director. If any directors are so removed, new directors may be elected at the same meeting.

Any director may be removed by the Board of Directors if a director no longer meets the qualification requirements of Section 2 of this Article IV or as otherwise prescribed by law.

Section 5. Vacancies. Except in those instances where the Articles of Incorporation provide otherwise, the Board of Directors may fill a vacancy on the Board of Directors. A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

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Section 6. Compensation. The Board of Directors may provide for the compensation of directors for their services as such and may provide for the payment or reimbursement of any or all expenses reasonably incurred by them in attending meetings of the Board or of any committee of the Board or in the performance of their other duties as directors. Nothing herein contained, however, shall prevent any director from serving the Corporation in any other capacity or receiving compensation therefor.

Section 7. Executive Committee. The Board of Directors, by resolution adopted by a majority of the number of directors fixed in the manner provided in Section 2 of this Article IV, may designate five or more directors who shall constitute the Executive Committee of the Corporation. The Executive Committee, between meetings of the Board of Directors and subject to such limitations as may be required by law or imposed by resolution of the Board of Directors, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation. The designation of the Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon it or such director by law.

Meetings of the Executive Committee may be held at any time on call of its Chairman or any two members of the Committee. A majority of the members shall constitute a quorum at all meetings. The Executive Committee shall keep minutes of its proceedings and shall report its actions to the next succeeding meeting of the Board of Directors.

Section 8. Compensation Committee. The Board of Directors, by resolution adopted by a majority of the number of Directors fixed in the manner provided in Section 2 of this Article IV, may designate three or more directors who shall not be otherwise employed by the Corporation or its subsidiaries who shall constitute the Compensation Committee of the Corporation.

The Compensation Committee shall provide overall guidance with respect to the establishment, maintenance and administration of the Corporation's compensation programs and employee benefit plans.

The Compensation Committee shall review and approve the annual compensation, including salary, incentive compensation and other benefits, direct and indirect, for officers who serve as executive officers of the Corporation. The Compensation Committee shall also approve and adopt proposals related to any employee benefit plan of the Corporation or its subsidiaries in which any officer participates who also serves as an executive officer of the Corporation, including proposals for the adoption, amendment, modification or termination of such plans. As to the salary, incentive compensation and other benefits, direct and indirect, for the Chief Executive Officer of the

who are also Directors of the Corporation, the Compensation Committee shall submit recommendations to the Executive Committee for review and concurrence prior to their submission to the Board of Directors for approval.

The Compensation Committee shall have such other purposes and such other powers as the Board of Directors may from time to time determine.

Meetings of the Compensation Committee shall be held quarterly or at any time on call of the Chairman of the Compensation Committee. A majority of the members shall constitute a quorum at all meetings. The Compensation Committee shall keep minutes of its proceedings and shall report its actions in writing to the next succeeding meeting of the Board of Directors.

As used herein, the term "executive officer" means those officers of the Corporation who are designated as such from time to time.

The Compensation Committee may in its discretion delegate to the Management Compensation Committee any of its powers and authority set forth in this Section 8 with respect to any executive officer of the Corporation who is not a "named executive officer" of the Corporation within the meaning of Item 402 of Regulation S-K promulgated under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Section 9. Management Compensation Committee. The Board of Directors, by resolution adopted by a majority of the Directors fixed in the manner provided in Section 2 of this Article IV, may designate the Chief Executive Officer and such other officers as it deems appropriate to constitute the members of a Management Compensation Committee. The Chief Executive Officer shall be the Chairman of the Management Compensation Committee.

The Management Compensation Committee shall have the authority to establish the titles and the compensation, including salaries, incentive compensation and other benefits, direct and indirect, for all employees of the Corporation and its subsidiaries who are not officers and for all officers of the Corporation and its subsidiaries who do not serve as executive officers of the Corporation. In connection with its duties, the Management Compensation Committee shall approve all annual compensation budgets, all employee benefits plans, the salary guidelines for positions and all incentive compensation plans for such employees and officers of the Corporation and its subsidiaries.

The Management Compensation Committee may allocate to a member of the Management Compensation Committee the authority to establish titles and the compensation, including salaries, incentive compensation awards pursuant to incentive compensation plans previously approved by the Management Compensation Committee, and other benefits for all personnel within such member's area of

functional responsibility except with respect to promotions to the title of Executive Vice President or its equivalent and except with respect to actions related to officers in Job Band I. A member of the Management Compensation Committee may delegate such member's authority with respect to such matters to one or more officers within such member's area of functional responsibility pursuant to procedures established by such member from time to time; provided, however, any such action taken pursuant to any such delegation of authority shall be subject to ratification by such member of the Management Compensation Committee.

The Management Compensation Committee shall make recommendations from time to time to the Compensation Committee regarding the establishment, amendment, modification and termination of any employee benefit plans sponsored by the Corporation and its subsidiaries in which any officer of the Corporation or its subsidiaries participates who also serves as an executive officer of the Corporation.

The Management Compensation Committee shall have such other purposes and such other powers as the Board of Directors may from time to time determine.

Meetings of the Management Compensation Committee shall be held quarterly or any time on call of the Chairman of the Management Compensation Committee. A majority of the members shall constitute a quorum at all meetings. The Management Compensation Committee shall keep minutes of its proceedings and shall report its actions to the Compensation Committee.

As used herein, the term "executive officer" means those officers of

the Corporation who are designated as such from time to time.

In accordance with Section 8, the Management Compensation Committee may be delegated by the Compensation Committee certain of the powers and authority of the Compensation Committee set forth in Section 8 with respect to any executive officer of the Corporation who is not a "named executive officer" of the Corporation within the meaning of Item 402 of Regulation S-K promulgated under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Section 10. Audit Committee. The Board of Directors, by resolution adopted by a majority of the number of directors fixed in the manner provided in Section 2 of this Article IV, shall designate three or more directors who shall not be otherwise employed by the Corporation or its subsidiaries to constitute the Audit Committee of the Board.

The Audit Committee shall have such powers and duties as described from time to time by resolutions of the Board of Directors. The Audit Committee shall keep minutes of its proceedings and shall report its actions to the next succeeding meeting of the Board of Directors.

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Section 11. Other Committees. The Board of Directors may create one or more other committees and appoint members of the Board of Directors to serve on them. Each committee must have two or more members, who serve at the pleasure of the Board of Directors. The creation of a committee and appointment of members of the Board of Directors to it must be approved by the greater of a majority of all of the directors in office when the action is taken or the number of directors required by the Articles of Incorporation for the taking of action by the Board of Directors. The provisions of the Act and these Bylaws that govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors, shall apply to committees and their members as well. To the extent specified by the Board of Directors, each committee may exercise the authority of the Board of Directors, except as to the matters which the Act specifically excepts from the authority of such committees. Nothing contained in this Section shall preclude the Board of Directors from establishing and appointing any committee, whether of directors or otherwise, not having or exercising the authority of the Board of Directors.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw provision immediately after, and at the same place as, the annual meeting of the shareholders. In addition, the Board of Directors may provide, by resolution, the date, time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be held at any date, time and place upon the call of the Chairman of the Board, the Chief Executive Officer or the President or of the Secretary acting under instructions from the Chairman of the Board or the Chief Executive Officer or the President, or upon the call of any three directors. Special meetings may be held at any date, time and place and without special notice by unanimous consent of the directors.

Section 3. Notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice may be communicated, without limitation, in person; by telephone, telegraph, teletype or other form of wire or wireless communication, or by facsimile transmission; or by mail or private carrier. Written notice of a directors meeting is effective at the earliest of the following:

- (a) When received;
- (b) Upon its deposit in the United States mail, as evidenced by the postmark, if mailed with postage thereon prepaid and correctly addressed;

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- (c) If by facsimile, by acknowledgment of the facsimile; or
- (d) On the date shown on the confirmation of delivery issued by a private carrier, if sent by private carrier to the address of the director last known to the Corporation.

Oral notice is effective when actually communicated to the director. Notice of

an adjourned meeting of directors need not be given if the time and place are fixed at the meeting adjourning and if the period of adjournment does not exceed ten days in any one adjournment. The notice of any meeting of directors need not describe the purpose of the meeting unless otherwise required by the Act.

Section 4. Waiver of Notice. A director may waive any notice required by the Act, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records, except that, notwithstanding the foregoing requirement of written notice, a director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting (or promptly upon the director's arrival) expressly objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5. Quorum. A majority of the number of directors in office immediately before the meeting begins, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of directors present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided by the Act. The vote of a majority of all of the directors in office when the action is taken shall be required for the creation of a committee and the appointment of members of the Board of Directors to it.

Section 7. Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken shall be deemed to have assented to the action taken unless the director expressly objects at the beginning of the meeting (or promptly upon the director's arrival) to holding it or transacting business at the meeting, unless the director's contrary vote is recorded or such director's dissent or abstention from the action shall be entered in the minutes of the meeting or unless the director shall file written notice of dissent or abstention to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by

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registered mail to the Secretary of the Corporation immediately after adjournment of the meeting. Such right of dissent or abstention shall not apply to a director who voted in favor of the action taken.

Section 8. Conduct of Meetings. The Chairman or the Chief Executive Officer shall preside at all meetings of the Board of Directors; provided, however, that in the absence or at the request of the Chairman of the Board, or if there shall not be a person holding such offices, the person selected to preside at a meeting of directors by a vote of a majority of the directors present shall preside at such meeting. The Secretary, or in the absence or at the request of the Secretary, any person designated by the person presiding at a meeting of the Board of Directors, shall act as secretary of such meeting.

Section 9. Action Without a Meeting. Any action required or permitted to be taken at a Board of Directors meeting may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents signed by each director before or after such action, describing the action taken, which consent or consents shall be included in the minutes or filed with the corporate records. Action taken as provided in this Section is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed pursuant to this Section has the effect of a meeting vote and may be described as such in any document.

Section 10. Participation Other Than in Person. The Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at such meeting.

ARTICLE VI

OFFICERS

Section 1. Officers of the Corporation. The officers of the Corporation may include a Chairman of the Board, a Chief Executive Officer, one or more Vice Chairmen, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers, assistant officers and agents, as may be appointed from time to

time by or under the authority of the Board of Directors including that authority vested under Sections 8 or 9 of Article IV hereof. The same individual may simultaneously hold more than one office in the Corporation, but no individual may act in more than one capacity where action of two or more officers is required. The title of any officer may include any additional designation descriptive of such officer's duties as the Board of Directors may prescribe.

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Section 2. Appointment and Term. The officers of the Corporation shall be appointed by the Board of Directors or by a committee or an officer authorized by the Board of Directors to appoint one or more officers or assistant officers; provided, however, that no officer may be authorized to appoint the Chairman of the Board, the Chief Executive Officer or the President. Each officer shall hold office until his or her death, resignation, retirement, removal or disqualification or until such officer's successor is elected and qualified.

Section 3. Compensation. The compensation of all officers of the Corporation shall be fixed by or under the authority of the Board of Directors or in accordance with Sections 8 and 9 of Article IV hereof. No officer shall be prevented from receiving such salary by reason of the fact that such officer is also a director.

Section 4. Resignation and Removal of Officers. An officer may resign at any time by communicating such officer's resignation to the Corporation. A resignation is effective when it is communicated unless it specifies in writing a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date. The Board of Directors, by the affirmative vote of a majority of its members, may remove the Chairman of the Board, the Chief Executive Officer or the President whenever in its judgment the best interest of the Corporation would be served thereby. In addition, the Board of Directors or a committee or an officer authorized by the Board of Directors may remove any other officer at any time with or without cause. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the directors or in accordance with Sections 8 or 9 of Article IV hereof for the unexpired portion of the term.

Section 5. Contract Rights of Officers. The appointment of an officer does not itself create contract rights. An officer's removal does not itself affect the officer's contract rights, if any, with the Corporation, and an officer's resignation does not itself affect the Corporation's contract rights, if any, with the officer.

Section 6. Bonds. The Board of Directors may by resolution require any officer, agent or employee of the Corporation to give bond to the Corporation, with sufficient sureties, conditioned on the faithful performance of the duties of the applicable office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors. Such bonds may be scheduled or blanket form and the premiums shall be paid by the Corporation.

Section 7. Chief Executive Officer. The Board of Directors may appoint a Chief Executive Officer. The Chief Executive Officer shall, subject to the direction and control of the Board of Directors, supervise and control the business and affairs of the

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Corporation. In general the Chief Executive Officer shall perform all duties incident to the position of chief executive officer or as may be prescribed by the Board of Directors or these Bylaws from time to time.

Section 8. Chairman of the Board. The Board of Directors may appoint from among its members an officer designated as the Chairman of the Board, but the appointment of a Chairman of the Board shall not be required. If a Chairman of the Board shall be appointed, then the Chairman of the Board shall have such other duties and authority as may be prescribed by the Board of Directors from time to time. In general the Chairman of the Board shall perform all duties incident to the position of chairman of the board or as may be prescribed by the Board of Directors or these Bylaws from time to time.

Section 9. President. The Board of Directors may appoint a President. The President shall perform the duties and exercise the powers of that office and, in addition, the President shall perform such other duties and shall have such other authority as the Board of Directors shall prescribe. In general the President shall perform all duties incident to the position of president and or

as may be prescribed by the Board of Directors or these Bylaws from time to time. The Board of Directors shall, if it deems such action necessary or desirable, designate the officer of the Corporation who is to perform the duties of the President in the event of such officer's absence or inability to act.

Section 10. Vice Chairman. The Board of Directors may appoint one or more officers designated as the Vice Chairman, but the appointment of one or more Vice Chairmen shall not be required. If one or more Vice Chairmen shall be appointed, then one or more Vice Chairmen shall have such duties and authority as may be prescribed by the Board of Directors from time to time.

Section 11. Executive Vice Presidents. Each Executive Vice President shall perform duties and shall have such powers as are normally incident to such office or as shall otherwise be prescribed by the Chief Executive Officer, the Board of Directors or a committee established under these Bylaws.

Section 12. Senior Vice President. Each Senior Vice President shall perform duties and shall have such powers as are normally incident to such office or as shall otherwise be prescribed by the Chief Executive Officer, the Board of Directors or a committee under these Bylaws.

Section 13. Vice Presidents. Each Vice President shall perform duties and shall have such powers as are normally incident to such office or as shall otherwise be prescribed by the Chief Executive Officer, the Board of Directors or a committee under these Bylaws.

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Section 14. Secretary. The Secretary shall: (a) keep the minutes of meetings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) have the responsibility and authority to maintain and authenticate the records of the Corporation; (c) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (d) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized; (e) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (f) sign with the Chairman of the Board, Chief Executive Officer or President, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (g) have general charge of the stock transfer books of the Corporation; and (h) in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to the Secretary by the Chief Executive Officer of the Corporation, the Board of Directors or a committee under these Bylaws.

Section 15. Treasurer. The Treasurer shall: (a) have charge and custody of all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Section 4 of Article VII; and (b) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Chief Executive Officer of the Corporation, the Board of Directors or a committee under these Bylaws.

Section 16. Assistant Vice Presidents, Secretaries and Assistant Treasurers. The Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers, if any, shall, in the event of the death or inability or refusal to act of the Secretary or the Treasurer, respectively, have all the powers and perform all of the duties of those offices, and they shall, in general, perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer of the Corporation or the Board of Directors.

ARTICLE VII

SHARES AND THEIR TRANSFER

Section 1. Shares. Shares of the Corporation may but need not be represented by certificates.

When shares are represented by certificates, the Corporation shall issue such certificates in such form as shall be required by the Act and as determined by the Board of Directors, to every shareholder for the fully paid shares owned by such shareholder.

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Each certificate shall be signed by, or shall bear the facsimile signature of,

the Chairman of the Board, the Chief Executive Officer or the President and the Secretary or an Assistant Secretary of the Corporation and may bear the corporate seal of the Corporation or its facsimile. All certificates for the Corporation's shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented by a certificate are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. Such information may be stored or retained on discs, tapes, cards or any other approved storage device relating to data processing equipment; provided that such device is capable of reproducing all information contained therein in legible and understandable form, for inspection by shareholders or for any other corporate purpose.

When shares are not represented by certificates, then within a reasonable time after the issuance or transfer of such shares, the Corporation shall send the shareholder to whom such shares have been issued or transferred a written statement of the information required by the Act to be on certificates.

Section 2. Stock Transfer Books and Transfer of Shares. The Corporation, or its agent, shall keep a book or set of books to be known as the stock transfer books of the Corporation, containing the name of each shareholder of record, together with such shareholder's address and the number and class or series of shares held by such shareholder. Transfer of shares of the Corporation represented by certificates shall be made on the stock transfer books of the Corporation only upon surrender of the certificates for the shares sought to be transferred by the holder of record thereof or by such holder's duly authorized agent, transferee or legal representative, who shall furnish proper evidence of authority to transfer with the Secretary. All certificates surrendered for transfer shall be canceled before new certificates for the transferred shares shall be issued.

If shares of the Corporation

- (1) are in custody of a clearing corporation or of a custodian bank or a nominee of either subject to the instructions of the clearing corporation; and
- (2) are in bearer form or endorsed in blank by an appropriate person or registered in the name of the clearing corporation or custodian bank or a nominee of either; and
- (3) are shown on the account of a transferor or pledgor on the books of the clearing corporation;

then in addition to other methods, a transfer or pledge of the shares or any interest therein may be effected by the making of appropriate entries on the books of the

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clearing corporation reducing the account of the transferor or pledgor and increasing the account of the transferee or pledgee by the number of shares transferred or pledged.

Section 3. Lost Certificates. The Board of Directors or an officer so authorized by the Board may authorize the issuance of a new certificate in place of a certificate claimed to have been lost, destroyed or mutilated, upon receipt of an affidavit of such fact from the persons claiming the loss or destruction and any other documentation satisfactory to the Board of Directors or such officer. At the discretion of the party reviewing such claim, any such claimant may be required to give the Corporation a bond in such sum as it may direct to indemnify the against loss from any claim with respect to the certificate claimed to have been lost or destroyed.

Section 4. Holder of Record. Except as otherwise required by the Act, the Corporation may treat the person in whose name the shares stand of record on its books as the absolute owner of the shares and the person exclusively entitled to receive notification and distributions, to vote, and to otherwise exercise the rights, powers and privileges of ownership of such shares.

Section 5. Transfer Agent and Registrar; Regulations. The Corporation may, if and whenever the Board of Directors so determines, maintain in the State of North Carolina or any other state of the United States, one or more transfer offices or agencies and also one or more registry offices which officers and agencies may establish rules and regulations for the issue, transfer and registration of certificates. No certificates for shares of stock of the Corporation in respect of which a Transfer Agent and Registrar shall have been designated shall be valid unless countersigned by such Transfer Agent and registered by such Registrar. The Board may also make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates.

INDEMNIFICATION

Section 1. Definitions. For purposes of this Article VIII, the following definitions shall apply:

- (a) "Director" means an individual who is or was a director of the Corporation or an individual who, while a director of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. A director is considered to be serving an employee benefit plan at the Corporation's request if such director's duties to the Corporation also impose duties on, or otherwise involve services by, the director to the plan or to participants
- (b) "Expenses" means expenses of every kind incurred in defending a proceeding, including counsel fees.
- (c) "Indemnified Officer" shall mean each officer of the Corporation who is also a director of the Corporation and each other officer of the Corporation who is designated by the Board of Directors from time to time as an Indemnified Officer. An Indemnified Officer shall be entitled to indemnification hereunder to the same extent as a director, including, without limitation, indemnification with respect to service by the Indemnified Officer at the Corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.
- (d) "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) or reasonable expenses incurred with respect to a proceeding.
- (e) "Proceeding" means any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and any appeal therein (and any inquiry or investigation that could lead to such a proceeding).

Section 2. Indemnification. In addition to the indemnification otherwise provided by law, the Corporation shall indemnify and hold harmless its directors and Indemnified Officers (as defined herein) against all liability and expenses, including reasonable attorney's fees, in any proceeding (including without limitation a proceeding brought by or on behalf of the Corporation itself) arising out of their status as directors or officers, or their service at the Corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or their activities in any such capacity; provided, however, that the Corporation shall not indemnify a director or Indemnified Officer against liability or litigation expense that such person may incur on account of activities of such person which at the time taken were known or believed by him or her to be clearly in conflict with the best interests of the Corporation. The Corporation shall also indemnify each director and Indemnified Officer for reasonable costs, expenses and attorneys' fees incurred in connection with the enforcement of the rights to indemnification granted herein, if it is determined in accordance with Section 3 of this Article VIII that the director or Indemnified Officer is entitled to indemnification hereunder.

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Section 3. Determination. Any indemnification under Section 2 of this Article IX shall be paid by the Corporation in a specific case only after a determination that the director or Indemnified Officer has met the standard of conduct set forth in such Section 2. Such determination shall be made:

- (a) by the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to the proceeding;
- (b) if a quorum cannot be obtained under subparagraph (a), by a majority vote of a committee duly designated by the Board of

Directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;

- (c) by special legal counsel (i) selected by the Board of Directors or its committee in the manner prescribed in subparagraphs (a) or (b); or (ii) if a quorum of the Board of Directors cannot be obtained under subparagraph (a) and a committee cannot be designated under subparagraph (b), selected by a majority vote of the full Board of Directors (in which selection directors who are parties may participate); or
- (d) by the shareholders, but shares owned by or voted under the control of directors who are at the time parties to the proceeding may not be voted on the determination.

The Board of Directors shall take all such action as may be necessary and appropriate to enable the Corporation to pay the indemnification required by this Article VIII.

Section 4. Advance for Expenses. The expenses incurred by a director or Indemnified Officer in defending a proceeding may be paid by the Corporation in advance of the final disposition of such proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director or Indemnified Officer to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Corporation against such expenses. Subject to receipt of such undertaking, the Corporation shall make reasonable periodic advances for expenses pursuant to this Section, unless the Board of Directors shall determine, in the manner provided in Section 3 of this Article VIII and based on the facts then known, that indemnification under this Article is or will be precluded.

Section 5. Reliance and Consideration. Any director or Indemnified Officer who at any time after the adoption of this Article VIII serves or has served in any of the aforesaid capacities for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification

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provided herein. Such right, however, shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Article VIII. No amendment, modification or repeal of this Article VIII shall adversely affect the right of any director or Indemnified Officer to indemnification hereunder with respect to any activities occurring prior to the time of such amendment, modification or repeal.

Section 6. Insurance. The Corporation may purchase and maintain insurance on behalf of its directors, officers, employees and agents and those persons who were serving at the request of the Corporation in any capacity in another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against or incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article VIII or otherwise. Any full or partial payment made by an insurance company under any insurance policy covering any director, officer, employee or agent made to or on behalf of a person entitled to indemnification under this Article VIII shall relieve the Corporation of its liability for indemnification provided for in this Article or otherwise to the extent of such payment, and no insurer shall have a right of subrogation against the Corporation with respect to such payment.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Execution of Instruments. All agreements, indentures, mortgages, deeds, conveyances transfers, contracts, checks, notes, drafts, loan documents, letters of credit, master agreements, swap agreements, guarantees, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, proxies and other instruments or documents may be signed, executed, acknowledged, verified, attested, delivered or accepted on behalf of the Corporation by the Chairman of the Board, the Chief Executive Officer, any Vice Chairman of the Board, the President, any Vice President, any Assistant Vice President, or any individual who is listed on the Corporation's Officer's payroll file in a position equal to any of the aforementioned officer positions, or such other officers, employees or agents as the Board of Directors or any of such designated officers or individuals may direct. The provisions of this Section 1 are supplementary to any other provision of these Bylaws and shall not be construed to authorize execution of instruments otherwise dictated by law.

Section 2. Voting of Shares. The Chairman of the Board, the Chief Executive Officer, any Vice Chairman of the Board, President, any Executive Vice President, the Secretary, the Treasurer, or such other officers, employees or agents as the Board of Directors or such designated officers may direct are authorized to vote, represent and

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exercise on behalf of the Corporation all rights incident to any and all shares of any other corporations or associations standing in the name of the Corporation. The authority herein granted to said individual to vote or represent on behalf of the Corporation any and all shares held by the Corporation in any other corporations or associations may be exercised either by the individual in person or by any duly executed proxy or power of attorney.

Section 3. Distributions. The Board of Directors may from time to time authorize, and the Corporation may pay or distribute, dividends or other distributions on its outstanding shares in such manner and upon such terms and conditions as are permitted by the Articles of Incorporation or the Act.

Section 4. Seal. The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the words "corporate seal".

Section 5. Amendments. The Board of Directors may amend or repeal these Bylaws and may adopt new Bylaws by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors. The shareholders of the Corporation may also amend or repeal these Bylaws and may adopt new Bylaws.

Adopted 4/23/97

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

For fully diluted earnings per common share, net income available to common shareholders can be affected by the conversion of the registrant's convertible preferred stock. Where the effect of this conversion would have been dilutive, net income available to common shareholders is adjusted by the associated preferred dividends. 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):

	Three Months Ended March 31	
	1997	1996
Average common shares outstanding	730,413	600,558
Dilutive effect of		
Convertible preferred stock	3,896	4,526
Stock options	18,082	5,861
Total fully dilutive shares	752,391	610,945
Income available to common shareholders	\$ 705	\$ 509
Preferred dividends paid on dilutive convertible preferred stock	2	2
Total net income available for common shareholders adjusted for full dilution	\$ 707	\$ 511
Fully diluted earnings per share	\$ 0.94	\$ 0.84

NationsBank Corporation and Subsidiaries
Ratio of Earnings to Fixed Charges and Preferred Dividends

Exhibit 12(b)

(Dollars in Millions)

<TABLE>
<CAPTION>

	Three Months Ended	Year Ended December 31			
	March 31, 1997	1996	1995	1994	1993
1992					
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Excluding Interest on Deposits					
Income before taxes	\$1,108	\$3,634	\$2,991	\$2,555	\$1,991
\$1,396					
Equity in undistributed (earnings) losses of unconsolidated subsidiaries	0	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	1,075	4,125	4,480	2,896	1,421
916					
Amortization of debt discount and appropriate issuance costs	4	20	12	8	6
3					
1/3 of net rent expense	35	126	125	114	96
91					
Total fixed charges	1,114	4,271	4,617	3,018	1,523
1,010					
Preferred dividend requirements	7	22	13	15	16
29					
Earnings (excluding capitalized interest)	\$2,222	\$7,907	\$7,601	\$5,570	\$3,509
\$2,398					
Fixed charges	\$1,121	\$4,293	\$4,630	\$3,033	\$1,539
\$1,039					
Ratio of earnings to fixed charges	1.98	1.84	1.64	1.84	2.28
2.31					
Including Interest on Deposits					
Income before taxes	\$1,108	\$3,634	\$2,991	\$2,555	\$1,991
\$1,396					
Equity in undistributed (earnings) losses of unconsolidated subsidiaries	0	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	2,073	7,447	7,761	5,310	3,570
3,688					
Amortization of debt discount and appropriate issuance costs	4	20	12	8	6
3					
1/3 of net rent expense	35	126	125	114	96
91					
Total fixed charges	2,112	7,593	7,898	5,432	3,672
3,782					
Preferred dividend requirements	7	22	13	15	16
29					
Earnings (excluding capitalized interest)	\$3,220	\$11,229	\$10,882	\$7,984	\$5,658
\$5,170					
Fixed charges	\$2,119	\$7,615	\$7,911	\$5,447	\$3,688
\$3,811					
Ratio of Earnings to Fixed Charges	1.52	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>

	Three Months Ended	Year Ended December 31			
	March 31, 1997	1996	1995	1994	1993
1992					
<S> <C>	<C>	<C>	<C>	<C>	<C>
Excluding Interest on Deposits					
Income before taxes	\$1,108	\$3,634	\$2,991	\$2,555	\$1,991
\$1,396					
Equity in undistributed (earnings) losses of unconsolidated subsidiaries	0	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	1,075	4,125	4,480	2,896	1,421
916					
Amortization of debt discount and appropriate issuance costs	4	20	12	8	6
3					
1/3 of net rent expense	35	126	125	114	96
91					
Total fixed charges	1,114	4,271	4,617	3,018	1,523
1,010					
Preferred dividend requirements	7	22	13	15	16
29					
Earnings (excluding capitalized interest)	\$2,222	\$7,907	\$7,601	\$5,570	\$3,509
\$2,398					
Fixed charges	\$1,121	\$4,293	\$4,630	\$3,033	\$1,539
\$1,039					
Ratio of earnings to fixed charges	1.98	1.84	1.64	1.84	2.28
2.31					
Including Interest on Deposits					
Income before taxes	\$1,108	\$3,634	\$2,991	\$2,555	\$1,991
\$1,396					
Equity in undistributed (earnings) losses of unconsolidated subsidiaries	0	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	2,073	7,447	7,761	5,310	3,570
3,688					
Amortization of debt discount and appropriate issuance costs	4	20	12	8	6
3					
1/3 of net rent expense	35	126	125	114	96
91					
Total fixed charges	2,112	7,593	7,898	5,432	3,672
3,782					
Preferred dividend requirements	7	22	13	15	16
29					
Earnings (excluding capitalized interest)	\$3,220	\$11,229	\$10,882	\$7,984	\$5,658
\$5,170					
Fixed charges	\$2,119	\$7,615	\$7,911	\$5,447	\$3,688
\$3,811					
Ratio of Earnings to Fixed Charges	1.52	1.47	1.38	1.47	1.53
1.36					

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 9

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The schedule contains summary information extracted from the March 31, 1997 Form 10-Q for NationsBank Corporation and is qualified in its entirety by reference to such financial statements.

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<F1>Allowance-Domestic, Allowance-Foreign and Allowance-Unallocated are only disclosed on an annual basis in the Corporation's 10-K and are therefore not included in this Financial Data Schedule.

The schedule contains summary information extracted from the March 31, 1997 Form 10-Q for NationsBank Corporation and is qualified in its entirety by reference to such financial statements.

</FN>

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