

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

(Mark One)

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

For the quarterly period ended September 30, 1997

OR

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

For the transition period from _____ to _____

Commission file number 1-6523

NationsBank Corporation

(Exact name of registrant as specified in its charter)

North Carolina

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 October 31, 1997, there were 711,148,401 shares of NationsBank Corporation
Common Stock outstanding.

NationsBank Corporation

September 30, 1997 Form 10-Q

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Part I. Financial Information

Item 1. Financial Statements

NationsBank Corporation and Subsidiaries
Consolidated Statement of Income

(Dollars in Millions Except Per-Share Information)

<TABLE> <CAPTION>				
Months	Three Months		Nine	
September 30	Ended September 30		Ended	
-----	-----			
1996	1997	1996	1997	
-----	-----			
<S> <C>	<C>	<C>	<C>	
Income from Earning Assets				
Interest and fees on loans \$ 7,634	\$ 3,052	\$ 2,521	\$ 9,147	\$
Lease financing income 219	106	78	304	
Interest and dividends on securities				
Held for investment 151	22	44	64	
Available for sale 920	415	268	1,118	
Interest and fees on loans held for sale 64	24	20	57	
Interest on time deposits placed and other short-term investments 55	26	20	85	
Federal funds sold 19	6	6	19	
Securities purchased under agreements to resell 485	152	153	496	
Trading account securities 891	352	313	1,001	
-----	-----			
Total income from earning assets 10,438	4,155	3,423	12,291	
-----	-----			
Interest Expense				
Deposits 2,528	980	822	2,973	
Borrowed funds 1,700	571	499	1,604	
Trading account liabilities 501	163	163	488	
Long-term debt 970	469	344	1,316	
-----	-----			
Total interest expense 5,699	2,183	1,828	6,381	
-----	-----			
Net interest income 4,739	1,972	1,595	5,910	
Provision for credit losses 190	190	145	570	

Net credit income	1,782	1,450	5,340	
4,284				
Gains on sales of securities	19	26	91	
34				
Noninterest income	1,224	886	3,502	
2,688				
Other real estate owned expense	5	6	7	
13				
Merger-related charge	--	--	--	
118				
Other noninterest expense	1,788	1,400	5,396	
4,199				

Income before income taxes	1,232	956	3,530	
2,676				
Income tax expense	444	331	1,271	
933				

Net income	\$ 788	\$ 625	\$ 2,259	\$
1,743				
=====				
Net income available to common shareholders	\$ 786	\$ 622	\$ 2,250	\$
1,732				
=====				
Per-share information				
Earnings per common share	\$ 1.11	\$ 1.06	\$ 3.13	\$
2.91				
=====				
Fully diluted earnings per common share	\$ 1.08	\$ 1.05	\$ 3.04	\$
2.87				
=====				
Dividends per common share	\$.33	\$.29	\$.99	\$
.87				
=====				
Average common shares issued (in thousands)	708,278	585,266	719,489	
595,545				

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>

<CAPTION>

NationsBank Corporation and Subsidiaries
Consolidated Balance Sheet

(Dollars in Millions)		
December 31		September 30
1996		1997

<S>		<C>
<C>		
Assets		
Cash and cash equivalents	\$ 9,273	
\$ 8,933		
Time deposits placed and other short-term investments	2,070	
1,843		
Securities		
Held for investment, at cost (market value - \$1,306 and \$2,110)	1,301	
2,110		
Available for sale	34,239	
12,277		

Total securities	35,540	
14,387		

Loans held for sale	2,654
1,215	
Federal funds sold	152
77	
Securities purchased under agreements to resell	9,149
6,882	
Trading account assets	24,259
18,689	
Loans and leases, net of unearned income	138,352
121,583	
Factored accounts receivable	1,230
1,047	
Allowance for credit losses	(2,783)
(2,315)	
-----	-----
Loans, leases and factored accounts receivable, net of unearned income and allowance for credit losses	136,799
120,315	
-----	-----
Premises and equipment, net	3,144
2,712	
Customers' acceptance liability	1,179
858	
Interest receivable	1,576
1,159	
Mortgage servicing rights	1,186
946	
Goodwill	7,619
1,640	
Core deposit and other intangibles	785
390	
Other assets	7,052
5,748	
-----	-----
	\$ 242,437
\$ 185,794	
=====	
Liabilities	
Deposits	
Noninterest-bearing	\$ 33,010
\$ 25,738	
Savings	9,533
8,498	
NOW and money market deposit accounts	40,141
31,128	
Time	39,876
33,081	
Foreign time	7,887
8,053	
-----	-----
Total deposits	130,447
106,498	
-----	-----
Federal funds purchased	4,731
3,536	
Securities sold under agreements to repurchase	35,017
15,842	
Trading account liabilities	13,033
11,752	
Commercial paper	2,510
2,787	
Other short-term borrowings	1,519
1,836	
Liability to factoring clients	685
597	
Acceptances outstanding	1,179
858	
Accrued expenses and other liabilities	4,799
4,429	
Trust preferred securities	1,955
965	
Long-term debt	26,245
22,985	
-----	-----

Total liabilities	222,120
172,085	

Contingent liabilities and other financial commitments (Note 6)	
Shareholders' Equity	
Preferred stock: authorized - 45,000,000 shares; issued - 2,222,190 and 5,220,459 shares	95
171	
Common stock: authorized - 1,250,000,000 shares; issued - 705,347,889 and 573,492,308 shares ..	8,833
3,855	
Retained earnings	11,209
9,673	
Other, including loan to ESOP trust	180
10	

Total shareholders' equity	20,317
13,709	

	\$ 242,437
\$ 185,794	

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>

<CAPTION>

NationsBank Corporation and Subsidiaries
Consolidated Statement of Cash Flows

(Dollars in Millions)	Nine
Months	Ended
September 30	

	1997
1996	

<S>	<C>
<C>	
Operating Activities	
Net income	\$ 2,259 \$
1,743	
Reconciliation of net income to net cash (used in) provided by operating activities	
Provision for credit losses	570
455	
Gains on sales of securities	(91)
(34)	
Depreciation and premises improvements amortization	316
231	
Amortization of intangibles	323
91	
Deferred income tax expense	343
128	
Net change in trading instruments	(4,260)
(3,365)	
Net (increase) decrease in interest receivable	(125)
471	
Net decrease in interest payable	(35)
(480)	
Net (increase) decrease in loans held for sale	(1,439)
529	
Other operating activities	(823)
1,599	

Net cash (used in) provided by operating activities	(2,962)
1,368	

Investing Activities	
Proceeds from maturities of securities held for investment	836
1,398	
Purchases of securities held for investment	(121)

(5)	Proceeds from sales and maturities of securities available for sale	23,887	
23,142			
	Purchases of securities available for sale	(26,854)	
(8,831)			
	Net increase in federal funds sold and securities purchased under agreements to resell ..	(1,896)	
(1,153)			
	Net increase in time deposits placed and other short-term investments	(431)	
(275)			
	Purchases and net originations of loans and leases	(11,460)	
(10,314)			
	Proceeds from sales and securitizations of loans and leases	11,313	
10,647			
	Purchases and originations of mortgage servicing rights	(247)	
(332)			
	Purchases of factored accounts receivable	(5,939)	
(5,802)			
	Collections of factored accounts receivable	5,740	
5,525			
	Net sales (purchases) of premises and equipment	6	
(305)			
	Proceeds from sales of other real estate owned	135	
112			
	Sales and acquisitions of business activities, net of cash	2,383	
442			

	Net cash (used in) provided by investing activities	(2,648)	
14,249		-----	

	Financing Activities		
	Net decrease in deposits	(8,002)	
(4,986)			
	Net increase (decrease) in federal funds purchased and securities		
	sold under agreements to repurchase	17,348	
(9,399)			
	Net decrease in other short-term borrowings and commercial paper	(1,884)	
(2,371)			
	Proceeds from issuance of trust preferred securities	990	
-			
	Proceeds from issuance of long-term debt	4,582	
6,163			
	Retirement of long-term debt	(1,673)	
(2,807)			
	Proceeds from issuance of common stock	1,182	
74			
	Cash dividends paid	(723)	
(529)			
	Common stock repurchased	(5,769)	
(1,345)			
	Other financing activities	(101)	
1			

	Net cash provided by (used in) financing activities	5,950	
(15,199)		-----	

	Net increase in cash and cash equivalents	340	
418			
	Cash and cash equivalents on January 1	8,933	
8,448			

	Cash and cash equivalents on September 30	\$	9,273
8,866			\$

Loans transferred to other real estate owned amounted to \$132 and \$101 for the nine months ended September 30, 1997 and 1996, respectively. Loans securitized and retained in the securities portfolio amounted to \$7,040 and \$3,459 for the nine months ended September 30, 1997 and 1996, respectively.

</TABLE>

See accompanying notes to consolidated financial statements.

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

(Dollars in Millions, Shares in Thousands)

<TABLE>
<CAPTION>

Total		Common Stock					
Share-		Preferred	-----		Retained	Loan to	
holders'			Shares	Amount		ESOP Trust	
Other	Equity	Stock			Earnings		

<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					1,743		
1,743							
Cash dividends							
Common					(518)		
(518)							
Preferred					(11)		
(11)							
Common stock issued under employee plans..			2,888	54			
20 74							
Stock issued in acquisitions		73	55,436	586	192		
2 853							
Common stock repurchased			(30,796)	(1,345)			
(1,345)							
Net change in unrealized gains (losses)							
on securities available for sale and							
marketable equity securities							
(306) (306)							
Other		(4)	158	6	3	7	
1 13							

Balance on September 30, 1996	\$	174	576,224	\$ 3,956	\$ 9,235	\$ (56)	\$
(5) \$ 13,304							
=====							
Balance on December 31, 1996	\$	171	573,492	\$ 3,855	\$ 9,673	\$ (48)	\$
58 \$ 13,709							
Net income					2,259		
2,259							
Cash dividends							
Common					(714)		
(714)							
Preferred					(9)		
(9)							
Common stock issued under employee plans..			26,233	1,200			
(18) 1,182							
Stock issued in acquisitions		82	197,652	9,467			
9,549							
Common stock repurchased			(95,862)	(5,769)			
(5,769)							
Redemption of preferred stock		(73)					
(73)							
Conversion of preferred stock		(85)	3,822	85			
Net change in unrealized gains (losses)...							
on securities available for sale and							
marketable equity securities							
176 176							
Other			11	(5)		8	
4 7							

Balance on September 30, 1997	\$	95	705,348	\$ 8,833	\$ 11,209	\$ (40)	\$
220 \$ 20,317							
=====							

</TABLE>

See accompanying notes to consolidated financial statements.

Note 1 - Accounting Policies

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

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

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

Accounting policies followed in the presentation of interim financial results are presented on pages 53, 54 and 55 of the 1996 Annual Report to Shareholders, incorporated by reference into the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996, as updated by Note 1 on page 7 of the Corporation's quarterly report on Form 10-Q for June 30, 1997.

Note 2 - Merger-Related Activity

On January 7, 1997, the Corporation completed the acquisition of Boatmen's Bancshares, Inc. (Boatmen's), headquartered in St. Louis, Missouri, resulting in the issuance of approximately 195 million shares of the Corporation's common stock valued at \$9.4 billion and aggregate cash payments of \$371 million to Boatmen's shareholders. The Corporation accounted for this acquisition as a purchase; therefore, the results of operations of Boatmen's are included in the consolidated financial statements of the Corporation from the date of acquisition. On the date of the acquisition, Boatmen's unaudited total assets and total deposits were approximately \$41.2 billion and \$32.0 billion, respectively.

The following table presents condensed pro forma consolidated results of operations for the three months and nine months ended September 30, 1996 as if the acquisition of Boatmen's had occurred on January 1, 1996. This information combines the historical results of operations of the Corporation and Boatmen's after the effect of purchase accounting adjustments. Estimates of purchase accounting adjustments are based on information available at this time. The cash portion of the purchase price is assumed to be 35 percent, reflecting the Corporation's repurchase of approximately 65 million shares of its common stock through August 1997. The actual cash election made by the Boatmen's shareholders in the transaction was approximately 4 percent with the remaining 96 percent of the aggregate consideration being paid in the Corporation's common stock. The pro forma information does not purport to be indicative of the results that would have been obtained if the operations had actually been combined during the periods presented and is not necessarily indicative of operating results to be expected in future periods.

Unaudited Pro Forma Results of Operations

For the three months and nine months ended September 30, 1996
(Dollars in millions, except per-share information)

	Three Months	Nine Months
Net interest income	\$1,910	\$5,679
Net income	624	1,751
Net income available to common shareholders ...	620	1,735
Earnings per common share .....	.86	2.38
Fully diluted earnings per common share .....	.85	2.35

On October 1, 1997, the Corporation completed its acquisition of Montgomery Securities (Montgomery), an investment banking and institutional brokerage firm headquartered in San Francisco, California. The purchase price consisted of \$840 million in cash and approximately 5.3 million unregistered shares of the Corporation's common stock for an aggregate purchase price of approximately \$1.2 billion. Montgomery had 1996 revenues of approximately \$600 million and total assets of approximately \$3.0 billion on the date of acquisition. The acquisition was accounted for as a purchase.

On August 29, 1997, the Corporation announced that it had reached a definitive agreement to merge with Barnett Banks, Inc. (Barnett), a multi-bank holding company headquartered in Jacksonville, Florida (the merger). The merger, which is expected to close in the first quarter of 1998, is subject to the approval of the shareholders of the Corporation and of Barnett, as well as certain regulatory authorities. Pursuant to the agreement, the Corporation will issue 1.1875 shares of its common stock for each outstanding share of Barnett common stock. Approximately 245 million shares will be issued in the transaction, which will be accounted for as a pooling of interests. On September 30, 1997, Barnett's total assets, total deposits and shareholder's equity were \$43.2 billion, \$32.9 billion and \$3.6 billion, respectively.

On June 1, 1997, the branching provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the Act) took effect, allowing banking companies to consolidate their subsidiary bank operations across state lines. Pursuant to the provisions of the Act, the Corporation now operates its primary banking subsidiaries under three main charters: NationsBank, N.A., NationsBank of Texas, N.A. and NationsBank of Delaware, N.A., which operates the Corporation's credit card business. The Corporation expects to continue the consolidation of other banking subsidiaries throughout 1997 and 1998.

Note 3 - Trading Account Assets and Liabilities

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

<TABLE>			
<CAPTION>			
Average for			
the Nine			
	September 30	December 31	
Months Ended	1997	1996	
September 30, 1997	----	----	-----

<S>	<C>	<C>	
<C>			
Securities owned			
U.S. Treasury securities	\$ 8,363	\$ 6,914	
\$10,979			
Securities of other U.S. Government agencies and corporations	1,360	2,096	
1,493			
Certificates of deposit, bankers' acceptances and commercial paper ...	749	501	
617			
Corporate debt	1,721	1,552	
1,639			
Foreign sovereign debt	5,967	3,396	
6,300			
Mortgage-backed securities	2,232	502	
1,398			
Other securities	352	430	
327			
-----	-----	-----	
Total securities owned	20,744	15,391	
22,753			
Derivatives-dealer positions	3,515	3,298	
4,292			
-----	-----	-----	
Total trading account assets	\$24,259	\$18,689	
\$27,045	=====	=====	
=====			
Short sales			
U.S. Treasury securities	\$ 7,861	\$ 7,143	\$
8,123			
Corporate debt	466	452	
249			
Foreign sovereign debt	784	--	
830			
Other securities	713	309	
651			
-----	-----	-----	
Total short sales	9,824	7,904	
9,853			
Derivatives-dealer positions	3,209	3,848	
3,904			
-----	-----	-----	
Total trading account liabilities	\$13,033	\$11,752	
\$13,757	=====	=====	
=====			
</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 September 30, 1997 and December 31, 1996 was as follows (dollars in millions):

<TABLE>

<CAPTION>

	September 30, 1997		December 31, 1996	
	Amount	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Domestic				
Commercial	\$ 57,084	40.9%	\$ 50,270	41.0%
Real estate commercial	7,334	5.2	5,445	4.4
Real estate construction	3,897	2.8	2,863	2.3
Total commercial	68,315	48.9	58,578	47.7
Residential mortgage	27,678	19.8	27,963	22.8
Credit card	6,482	4.7	6,747	5.5
Other consumer	26,683	19.1	20,595	16.8
Total consumer	60,843	43.6	55,305	45.1
Lease financing	5,062	3.6	4,198	3.4
Factored accounts receivable	1,230	0.9	1,047	0.9
Foreign	135,450	97.0	119,128	97.1
	4,132	3.0	3,502	2.9
Total loans, leases and factored accounts receivable, net of unearned income	\$139,582	100.0%	\$122,630	100.0%

</TABLE>

On September 30, 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 September 30, 1997 were comprised of commercial loans of \$371 million, real estate commercial of \$205 million, and real estate construction of \$18 million. Of these impaired loans, \$427 million had a valuation allowance of \$78 million and \$167 million did not have a valuation allowance due primarily to the application of interest payments against book balances or write-downs previously made with respect to these loans.

On September 30, 1997 and December 31, 1996, nonperforming loans, including certain loans which are considered to be impaired, totaled \$1.1 billion and \$890 million, respectively. Other real estate owned amounted to \$160 million and \$153 million on September 30, 1997 and December 31, 1996, respectively.

In the third quarter of 1997, the Corporation securitized \$4.2 billion of commercial loans comprised of two series of \$2.1 billion each. The bonds are backed by investment and near-investment grade commercial loans. Series 1997-1 matures in 2000 and was priced at a weighted average of 13 basis points over the three-month London interbank offered rate (LIBOR). Series 1997-2 matures in 2002 and was priced at a weighted average of 16 basis points over three-month LIBOR.

Approximately \$4.5 billion of 5, 7, 10 and 15 year residential mortgage loans were securitized and retained in the securities portfolio through one transaction that occurred during the third quarter of 1997. Also securitized through several transactions during the first nine months of 1997 was approximately \$3.0 billion of residential mortgage loans with approximately \$2.5 billion of these loans retained in the securities portfolio.

Note 5 - Debt

In the third quarter of 1997, the Corporation issued \$1.2 billion in long-term debt, comprised of \$1.0 billion of senior notes and \$200 million of subordinated notes, with maturities ranging from 1999 to 2012. Of the \$1.2 billion issued, \$300 million of fixed-rate debt was converted to floating rates through interest rate swaps at spreads ranging from 2 basis points below three-month LIBOR to 14 basis points over three-month LIBOR. The remaining \$900 million of debt issued bears interest at spreads ranging from 1 basis point below three-month LIBOR to 18.5 basis points over three-month LIBOR.

Under the bank note program jointly maintained by NationsBank, N.A. and NationsBank of Texas, N.A., up to \$9.0 billion of bank notes may be offered from time to time with fixed or floating rates and maturities from 30 days to 15 years from date of issue. On September 30, 1997, there were short-term bank notes outstanding of \$118 million. In addition, NationsBank of Texas, N.A. and NationsBank, N.A. had outstanding bank notes of \$4.3 billion on September 30, 1997 that were classified as long-term debt.

Since October 1996, the Corporation formed four wholly owned grantor trusts (Capital Trusts I, II, III and IV) to issue preferred securities and to invest the proceeds of such preferred securities into notes of the Corporation. The sole assets of each of the Capital Trusts are the Junior Subordinated Deferrable Interest Notes of the Corporation (the Notes) held by such Capital Trusts. The terms of the preferred securities as of September 30, 1997 are summarized as follows (dollars in millions):

<TABLE> <CAPTION>			
Capital Trust IV	Capital Trust I	Capital Trust II	Capital Trust III
(Issued	(Issued	(Issued	
April 1997)	December 1996)	December 1996)	February 1997)

<S>	<C>	<C>	<C>
<C>			
Face amount issued	\$600	\$365	\$500
\$500			
Aggregate principal amount of the Notes ..	619	376	516
516			
Interest rate	7.84%	7.83%	3-mo. LIBOR
8.25%			
			+55 bps
Redeemable	December 2001	December 2006	January 2007
April 2007			
Maturity	December 2026	December 2026	January 2027
April 2027			
</TABLE>			

On September 30, 1997, the Corporation had unused commercial paper back-up lines of credit totaling \$1.5 billion of which \$1.0 billion expires in October 1998 and \$500 million expires in October 2002. These lines were supported by fees paid directly by the Corporation to unaffiliated banks.

As of November 6, the Corporation had the authority to issue approximately \$4.1 billion of corporate debt securities and preferred and common stock under its existing shelf registration statements and \$2.7 billion of corporate debt securities under its 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):

	September 30 1997	December 31 1996
=====		
Commitments to extend credit		
Credit card commitments	\$ 27,220	\$ 24,255
Other loan commitments	100,216	82,506
Standby letters of credit and		
financial guarantees	10,825	10,060
Commercial letters of credit	900	761

On September 30, 1997 and December 31, 1996, indemnified securities lending transactions totaled \$2.2 billion and \$7.1 billion, respectively. Collateral, with a market value of \$2.3 billion and \$7.2 billion for the respective periods, was obtained by the Corporation in support of these transactions.

On September 30, 1997, the Corporation had commitments to purchase and sell when-issued securities of \$6.1 billion and \$5.2 billion, respectively. This compares to commitments to purchase and sell when-issued securities of \$7.4 billion each on December 31, 1996.

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

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

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

The Corporation's September 30, 1997 report on Form 10-Q contains certain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements, which are representative only on the date hereof. Users of the Corporation's Form 10-Q should not rely solely on the forward-looking statements and should consider all uncertainties and risks discussed throughout this report as well as those in the Corporation's most recent report on Form 10-K. The Corporation undertakes no obligation to update any forward-looking statements made. Certain factors that may cause actual results to differ materially from the forward-looking statements include: interest rate, market and monetary fluctuations, monetary and fiscal policies and laws, inflation, general economic conditions, competition and economic conditions in the geographic regions and industries in which the Corporation operates, introduction and acceptance of new products and enhancements, mergers and acquisitions and their integration into the Corporation, and management's ability to manage these and other risks.

Earnings Review

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

Net income for the third quarter of 1997 increased 26 percent to \$788 million from \$625 million in the third quarter of 1996. Earnings per common share and fully diluted earnings per common share were \$1.11 and \$1.08, respectively, for the third quarter of 1997, compared to \$1.06 and \$1.05 in the comparable prior year period.

Net income for the first nine months of 1997 increased 30 percent to \$2.3 billion from \$1.7 billion for the first nine months of 1996. Earnings per common share and fully diluted earnings per common share were \$3.13 and \$3.04, respectively, for the nine months ended September 30, 1997, compared to \$2.91 and \$2.87 for the comparable prior year period. Excluding a merger-related charge of \$118 million (\$77 million, net of tax), net income for the first nine months of 1996 was \$1.8 billion, earnings per common share were \$3.04 and fully diluted earnings per common share were \$3.00.

For the three and nine month periods ended September 30, 1997, the increases over the prior year in income, expense, and balance sheet categories were due largely to the Boatmen's acquisition while income and most balance sheet categories were also impacted by internal growth. Other significant changes in the Corporation's results of operations and financial position are discussed in the sections that follow.

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

- o Taxable-equivalent net interest income increased 25 percent to \$6.0 billion in the first nine months of 1997. Excluding the impact of the Boatmen's acquisition, loan sales and securitizations, net interest income increased approximately 6 percent. The net interest yield increased to 3.84 percent compared to 3.58 percent in the first nine months of 1996.
- o The provision for credit losses covered net charge-offs and totaled \$570 million for the first nine months of 1997 compared to \$455 million for the same period in 1996. Net charge-offs as a percentage of average loans, leases and factored accounts receivable increased slightly to .51 percent for the first nine months of 1997 compared to .48 percent for the same period in 1996, while net charge-offs totaled \$567 million for the nine months ended September 30, 1997 compared to \$447 million for the same year-ago period. Higher net charge-offs for the nine months ended September 30, 1997 were primarily the result of an increase in the average loans, leases, and factored accounts receivable portfolio, attributable to both the Boatmen's acquisition and internal growth as well as deterioration in

consumer credit quality experienced on an industry-wide basis. Higher total consumer net charge-offs were partially offset by lower net charge-offs in the commercial loan portfolio. Nonperforming assets increased to \$1.3 billion on September 30, 1997 compared to \$1.0 billion on December 31, 1996, due primarily to the Boatmen's acquisition, and to a lesser extent, deterioration in consumer credit quality experienced on an industry-wide basis.

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

Nine Months September 30	Three Months		
	Ended September 30		Ended
	1997	1996	1997
-----	-----	-----	-----
1996	1997	1996	1997
-----	-----	-----	-----
<S>	<C>	<C>	<C>
<C>			
Income Statement			
Income from earning assets	\$ 4,155	\$ 3,423	\$ 12,291
\$ 10,438			
Interest expense	2,183	1,828	6,381
5,699			
Net interest income (taxable-equivalent)	2,001	1,616	5,996
4,811			
Net interest income	1,972	1,595	5,910
4,739			
Provision for credit losses	190	145	570
455			
Gains on sales of securities	19	26	91
34			
Noninterest income	1,224	886	3,502
2,688			
Other real estate owned expense	5	6	
7			
13			
Merger-related charge	--	--	-
-			
118			
Other noninterest expense	1,788	1,400	5,396
4,199			
Income before income taxes	1,232	956	3,530
2,676			
Income tax expense	444	331	1,271
933			
Net income	788	625	2,259
1,743			
Net income available to common shareholders	786	622	2,250
1,732			
Net income (excluding merger-related charge)	788	625	2,259
1,820			
Average common shares issued (in thousands)	708,278	585,266	719,489
595,545			
Per common share			
Earnings	\$ 1.11	\$ 1.06	\$ 3.13
\$ 2.91			
Earnings (excluding merger-related charge)	1.11	1.06	3.13
3.04			
Fully diluted earnings	1.08	1.05	3.04
2.87			
Fully diluted earnings (excluding merger-related charge)	1.08	1.05	3.04
3.00			
Cash dividends paid .....	.33	.29	.99
.87			
Common shareholders' equity (period-end)	28.73	22.88	28.73
22.88			
Balance sheet (period-end)			
Total assets	242,437	187,671	242,437
187,671			
Total loans, leases and factored accounts receivable, net of unearned income	139,582	122,078	139,582
122,078			
Total deposits	130,447	108,132	130,447
108,132			
Long-term debt	26,245	22,034	26,245
22,034			
Common shareholders' equity	20,262	13,186	20,262
13,186			

Total shareholders' equity	20,317	13,304	20,317
13,304			
Performance ratios			
Return on average assets	1.29%	1.26%	
1.25% 1.15%			
Return on average assets (excluding merger-related charge)	1.29	1.26	1.25
1.20			
Return on average common shareholders' equity (1)	15.91	19.00	15.03
17.58			
Return on average common shareholders' equity (excluding merger-related charge) (1)	15.91	19.00	15.03
18.36			
Efficiency ratio	55.47	55.92	56.82
55.97			
Total equity to total assets	8.38	7.09	8.38
7.09			
Risk-based capital ratios (period-end)			
Tier 1	7.00	7.05	7.00
7.05			
Total	11.56	12.05	11.56
12.05			
Leverage capital ratio	6.16	6.30	6.16
6.30			
Cash basis financial data (2)			
Earnings per common share	\$ 1.27	\$ 1.12	\$ 3.58
\$ 3.06			
Earnings per common share (excluding merger-related charge)	1.27	1.12	3.58
3.19			
Fully diluted earnings per common share	1.23	1.11	3.48
3.02			
Fully diluted earnings per common share (excluding merger-related charge)	1.23	1.11	3.48
3.15			
Return on average tangible assets	1.53%	1.34%	
1.48% 1.22%			
Return on average tangible assets (excluding merger-related charge)	1.53	1.34	1.48
1.27			
Return on average tangible common shareholders' equity (1)	31.96	23.56	29.55
21.56			
Return on average tangible common shareholders' equity (excluding merger-related charge) (1)	31.96	23.56	29.55
22.46			
Efficiency ratio	52.04	54.63	53.42
54.75			
Ending tangible equity to tangible assets	5.09	6.09	5.09
6.09			
Market price per share of common stock			
Close at the end of the period	\$ 61 7/8	\$43 7/16	\$61 7/8
\$ 43 7/16			
High for the period	71 11/16	47 1/16	71 11/16
47 1/16			
Low for the period	56 5/8	38 3/16	48
32 3/16			

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

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

</TABLE>

- o Noninterest income increased 30 percent to \$3.5 billion in the first nine months of 1997. This growth was attributable to higher levels of income from virtually all areas, including service charges on deposit accounts, asset management and fiduciary service fees, trading account profits and fees, investment banking income and a gain on the sale of an out-of-market credit card portfolio. Excluding the acquisition of Boatmen's, noninterest income increased approximately 8 percent.
- o Other noninterest expense increased 29 percent to \$5.4 billion. Excluding the Boatmen's acquisition and related transition expenses, noninterest expense remained essentially unchanged.
- 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 15 percent to \$3.48 for the nine months ended September 30, 1997 compared to \$3.02 for the same year-ago period. For the nine months ended September 30, 1997, return on average tangible common shareholders' equity increased 799 basis points to 29.55 percent compared to 21.56 percent for the same year-ago period. The cash basis efficiency ratio improved to 53.42 percent for the first nine months of 1997, a decrease of 133 basis points.

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.

The General Bank and Global Finance business unit results reflect the impact of the purchase of Boatmen's, which resulted in an increase in goodwill of approximately \$5.9 billion and approximately \$173 million of related amortization expense on a consolidated basis for the first nine months of 1997. This additional expense had an unfavorable impact on the return on average equity and efficiency ratios for both the General Bank and Global Finance in 1997. Table 2 presents information based on actual operating results including business unit earnings, the return on average equity and the efficiency ratio excluding the impact of goodwill and other intangibles and related amortization expense.

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

The General Bank earned \$1.4 billion in the first nine months of 1997, an increase of 19 percent over the same period in 1996. The acquisition of Boatmen's accounted for a large portion of the General Bank's increased earnings over the same period last year with internal growth also contributing to the increase. Taxable-equivalent net interest income in the General Bank increased \$969 million, primarily reflecting the impact of the Boatmen's acquisition and deposit expense management efforts. The net interest yield improved 24 basis points in the first nine months of 1997, reflecting higher yields from the loan portfolio and deposit expense management efforts. Excluding the impact of the Boatmen's acquisition, total loans declined from the same period in 1996, attributable to \$7.5 billion of mortgage loan securitizations during the first nine months of 1997.

Noninterest income in the General Bank rose 35 percent in the first nine months of 1997 to \$2.5 billion due to higher service charges on deposit accounts, asset management and fiduciary service fees and credit card income, attributable primarily to the acquisition of Boatmen's but also reflecting the impact of internal growth of approximately 13 percent for service charges on deposit accounts and approximately 5 percent for credit card income. Higher deposit account service charges were the result of changes in deposit pricing throughout the NationsBank franchise. Also contributing to the increase was a gain on the sale of a \$306-million out-of-market credit card portfolio during the third quarter of 1997. Noninterest expense increased 36 percent to \$4.2 billion due primarily to the acquisition of Boatmen's, which resulted in an increase in full-time equivalent employees and additional amortization expense, with the remaining increase across most major expense categories. Excluding the Boatmen's acquisition, noninterest expense was virtually flat. The cash basis efficiency ratio was 56.5 percent, an improvement of 100 basis points over the first nine months of 1996. The tangible return on average tangible equity increased approximately 300 basis points to 29 percent, the result of revenue growth which offset an increase in operating expenses and higher equity levels resulting from the Boatmen's acquisition.

Table 2
Business Unit Summary
For the Nine Months Ended September 30
(Dollars in Millions)

<TABLE>
<CAPTION>

Financial Services	General Bank	Global Finance
--------------------	--------------	----------------

	1997	1996	1997	1996	1997
1996					
<S>	<C>	<C>	<C>	<C>	<C>
Net interest income (taxable-equivalent)	\$ 4,413	\$ 3,444	\$ 1,047	\$ 898	\$
428 \$ 430					
Noninterest income	2,526	1,872	862	726	
110 91					
Total revenue	6,939	5,316	1,909	1,624	
538 521					
Provision for credit losses	402	313	52	40	
116 102					
Gains on sales of securities	27	23	2	--	-
- --					
Other real estate owned expense (income)	10	11	(9)	(4)	
6 7					
Noninterest expense	4,203	3,086	953	878	
240 232					
Income before income taxes	2,351	1,929	915	710	
176 180					
Income tax expense	904	710	334	261	
57 59					
Net income (1)	\$ 1,447	\$ 1,219	\$ 581	\$ 449	\$
119 \$ 121					
Cash basis earnings (2)	\$ 1,726	\$ 1,248	\$ 615	\$ 452	\$
129 \$ 131					
Net interest yield	4.97%	4.73%	2.97% (4)	3.15% (4)	
6.66% 7.22%					
Average equity to average assets	8.97	6.87	5.34	4.92	
14.28 14.22					
Return on average equity	17	23	16	16	
12 14					
Tangible return on average tangible equity (2) ...	29	26	19	17	
16 18					
Efficiency ratio	60.6	58.1	49.9	54.1	
44.6 44.5					
Cash basis efficiency ratio (2)	56.5	57.5	48.2	53.9	
42.8 42.6					
Average (3)					
Total loans and leases, net of unearned income	\$ 96,156	\$ 79,372	\$ 42,749	\$ 35,984	\$
8,528 \$ 7,935					
Total deposits	115,537	87,650	9,769	8,342	-
- --					
Total assets	129,087	103,898	88,571	78,550	
9,005 8,451					
Period end (3)					
Total loans and leases, net of unearned income	90,287	76,752	40,337	36,447	
9,160 8,207					
Total deposits	116,529	89,015	10,626	9,312	-
- --					

(1) Business Unit results are presented on a fully allocated basis but do not include \$108 million of net income for 1997 and \$45 million of net expense for 1996, which represent earnings associated with unassigned capital, gains on sales of certain securities, merger-related charges and other corporate activities.

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

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

(4) Global Finance's net interest yield excludes the impact of trading-related activities. Including trading-related activities, the net interest yield was 1.80 percent and 1.78 percent for the first nine months of 1997 and

1996, respectively.
</TABLE>

Global Finance provides comprehensive corporate and investment banking services to domestic and international customers through its Corporate Finance/Capital Markets, Specialized Lending, Real Estate, and Transaction Products units. The Global Finance group serves as a principal lender and investor as well as an advisor and manages treasury and trade transactions for clients and customers. Loan origination and syndication, asset-backed lending, leasing, factoring, project finance and mergers

and acquisitions consulting are representative of the services provided. Global Finance is a primary dealer of U.S. Government securities and also underwrites, distributes and makes markets in high-grade and high-yield securities. Additionally, Global Finance is a market maker in derivatives products which include swap agreements, option contracts, forward settlement contracts, financial futures and other derivatives products in certain interest rate, foreign exchange, commodity and equity markets. In support of these activities, Global Finance takes positions to support client demands and its own account. Through the acquisition of Montgomery, which closed on October 1, 1997, Global Finance began offering equity underwriting services.

Global Finance earned \$581 million in the first nine months of 1997 compared to \$449 million in the first nine months of 1996, the result of higher levels of net interest income and noninterest income, which more than offset higher noninterest and provision expenses. Taxable-equivalent net interest income for the first nine months of 1997 was \$1.0 billion compared to \$898 million in the first nine months of 1996 reflecting loan growth partially offset by increased funding costs and competitive pressure on commercial loan pricing. The Global Finance loan portfolio increased \$3.9 billion to \$40.3 billion on September 30, 1997 over September 30, 1996 levels as the result of core loan growth and the acquisition of Boatmen's. This increase was net of the securitization of \$4.2 billion of commercial loans as discussed in Note 4.

Noninterest income in the first nine months of 1997 rose 19 percent to \$862 million reflecting higher securities underwriting and other investment banking income. Noninterest expense for the period rose 9 percent to \$953 million, the result of the Boatmen's acquisition and related amortization expense as well as higher personnel expenses. Excluding the impact of the Boatmen's acquisition, noninterest expense was essentially unchanged. The cash basis efficiency ratio improved 570 basis points to 48.2 percent. The tangible return on average tangible equity increased approximately 200 basis points to 19 percent, reflecting revenue growth partially offset by higher operating expenses.

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

Financial Services' earnings of \$119 million in the first nine months of 1997 were flat in comparison to the same period in 1996. Taxable-equivalent net interest income decreased \$2 million resulting from lower yields partly offset by 7-percent growth in average loans and leases. The net interest yield of 6.66 percent was down 56 basis points from 1996 due principally to increased competitive pressure on loan pricing. Noninterest income rose 21 percent to \$110 million in the first nine months of 1997. The increase reflected gains associated with the sale of 29 branches during the first quarter of 1997. Noninterest expense for the period increased 3 percent to \$240 million while the cash basis efficiency ratio remained essentially unchanged at 42.8 percent. The tangible return on average tangible equity decreased to 16 percent for the first nine months of 1997 compared to 18 percent for the same period in 1996, the result of flat earnings on a higher equity base.

Results of Operations

Net Interest Income

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

Taxable-equivalent net interest income increased approximately 24 percent to \$2.0 billion in the third quarter of 1997 and amounted to \$6.0 billion in the first nine months of 1997 compared to \$1.6 billion and \$4.8 billion for the same respective 1996 periods. The increases were due primarily to the acquisition of

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

	Third Quarter 1997			Second Quarter	
1997					
-----	-----			-----	
	Average Balance Sheet	Income or	Yields/	Average Balance Sheet	Income or
Yields/ Rates	Amounts	Expense	Rates	Amounts	Expense
-----	-----	-----	-----	-----	-----
<S> <C>	<C>	<C>	<C>	<C>	<C>
Earning assets					
Loans and leases, net of unearned income (1)					
Commercial	\$ 59,826	\$ 1,258	8.34%	\$ 60,133	\$ 1,265
8.43% Real estate commercial	7,747	172	8.82	8,446	191
9.09 Real estate construction	3,731	83	8.81	3,765	88
9.43					
-----	-----	-----	-----	-----	-----
Total commercial	71,304	1,513	8.42	72,344	1,544
8.56					
-----	-----	-----	-----	-----	-----
Residential mortgage	32,318	635	7.84	33,848	658
7.79 Credit card	6,841	209	12.10	7,102	211
11.93 Other consumer	26,482	640	9.60	26,154	628
9.61					
-----	-----	-----	-----	-----	-----
Total consumer	65,641	1,484	9.00	67,104	1,497
8.94					
-----	-----	-----	-----	-----	-----
Foreign	3,770	66	6.89	3,119	56
7.29 Lease financing	5,821	112	7.68	5,546	107
7.69					
-----	-----	-----	-----	-----	-----
Total loans and leases, net	146,536	3,175	8.61	148,113	3,204
8.67					
-----	-----	-----	-----	-----	-----
Securities					
Held for investment	1,424	22	6.23	1,647	24
5.94 Available for sale (2)	24,625	427	6.92	20,851	361
6.93					
-----	-----	-----	-----	-----	-----
Total securities	26,049	449	6.88	22,498	385
6.86					
-----	-----	-----	-----	-----	-----
Loans held for sale	1,253	24	7.40	819	16
7.91 Federal funds sold	408	6	5.94	538	8
6.06 Securities purchased under agreements to resell	11,060	152	5.45	10,940	161
5.91 Time deposits placed and other					
short-term investments	1,755	26	5.93	2,303	31
5.36 Trading account securities (3)	22,617	352	6.21	22,793	333
5.84					
-----	-----	-----	-----	-----	-----
Total earning assets (4)	209,678	4,184	7.93	208,004	4,138

7.97					
Cash and cash equivalents	8,552			8,637	
Factored accounts receivable	1,199			1,188	
Other assets, less allowance for credit losses	22,438			22,679	

Total assets	\$ 241,867			\$ 240,508	

Interest-bearing liabilities					
Savings	\$ 9,754	49	1.98	\$ 10,096	50
2.00					
NOW and money market deposit accounts	40,665	262	2.55	41,792	272
2.60					
Consumer CDs and IRAs	37,549	493	5.21	38,481	501
5.22					
Negotiated CDs, public funds and other time deposits	3,114	43	5.54	3,459	47
5.47					
Foreign time deposits	9,668	133	5.43	9,523	125
5.30					
Federal funds purchased	3,615	53	5.81	3,421	48
5.64					
Securities sold under agreements to repurchase	31,937	420	5.22	30,196	381
5.07					
Commercial paper	2,951	43	5.72	2,956	42
5.67					
Other short-term borrowings	1,801	55	n/m	2,220	53
n/m					
Trading account liabilities (3)	10,231	163	6.30	9,376	160
6.85					
Long-term debt (5)	28,416	469	6.60	27,260	442
6.49					

Total interest-bearing liabilities (6)	179,701	2,183	4.83	178,780	2,121
4.76					

Noninterest-bearing sources					
Noninterest-bearing deposits	31,901			31,310	
Other liabilities	10,587			10,361	
Shareholders' equity	19,678			20,057	

Total liabilities and shareholders' equity ..	\$ 241,867			\$ 240,508	

Net interest spread			3.10		
3.21					
Impact of noninterest-bearing sources .....			.70		
.68					

Net interest income/yield on earning assets	\$ 2,001	3.80%		\$ 2,017	
3.89%					

n/m= not meaningful

- (1) Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.
- (2) The average balance sheet amounts and yields on securities available for sale are based on the average of historical amortized cost balances.
- (3) The fair values of derivatives-dealer positions are reported in other assets and liabilities, respectively.
- (4) Interest income includes taxable-equivalent adjustments of \$29, \$29 and \$28 in the third, second and first quarters of 1997, respectively, and \$22 and \$21 in the fourth and third quarters of 1996, respectively. Interest income also includes the impact of risk management interest rate contracts, which increased interest income on the underlying linked assets \$25, \$34 and \$48 in the third, second and first quarters of 1997, respectively, and \$31 and \$11 in the fourth and third quarters of 1996, respectively.
- (5) Long-term debt includes trust preferred securities.
- (6) Interest expense includes the impact of risk management interest rate contracts, which (decreased) increased interest expense on the underlying linked liabilities (\$8), (\$11) and (\$10) in the third, second and first quarters of 1997, respectively, and (\$1) and \$13 in the fourth and third quarters of 1996, respectively.

</TABLE>

<TABLE>

<CAPTION>

First Quarter 1997			Fourth Quarter 1996			Third 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>
\$ 59,542	\$ 1,229	8.38%	\$ 49,987	\$ 1,044	8.30%	\$ 48,920	\$ 1,011	8.23%
8,646	190	8.90	5,388	122	9.00	5,921	138	9.25
3,778	84	8.98	3,084	67	8.74	3,195	74	9.15
71,966	1,503	8.47	58,459	1,233	8.39	58,036	1,223	8.38
32,072	621	7.78	28,174	548	7.77	27,990	545	7.77
7,170	205	11.60	6,363	185	11.58	5,903	169	11.38
26,872	632	9.54	20,581	503	9.69	22,026	544	9.84
66,114	1,458	8.91	55,118	1,236	8.93	55,919	1,258	8.97
3,283	56	6.86	2,701	47	6.89	2,813	46	6.59
5,316	103	7.79	4,614	87	7.66	4,429	85	7.60
146,679	3,120	8.61	120,892	2,603	8.57	121,197	2,612	8.58
1,920	29	6.05	2,585	36	5.55	3,173	46	5.73
20,740	356	6.89	11,540	205	7.10	16,388	273	6.66
22,660	385	6.82	14,125	241	6.82	19,561	319	6.51
1,062	17	6.49	802	15	7.31	1,025	20	7.87
343	5	5.70	273	4	5.79	361	6	6.39
13,027	183	5.70	12,018	158	5.21	11,828	153	5.14
2,228	28	5.11	1,991	25	4.86	1,430	20	5.74
22,848	317	5.60	21,148	334	6.32	18,897	314	6.60
208,847	4,055	7.85	171,249	3,380	7.86	174,299	3,444	7.87
9,178			7,720			7,597		
1,078			1,256			1,150		
23,103			14,096			14,877		
\$242,206			\$ 194,321			\$ 197,923		
\$ 10,220	53	2.10	\$ 8,607	46	2.12	\$ 8,798	48	2.15
42,138	273	2.64	30,634	191	2.47	30,485	189	2.49
39,458	507	5.21	30,870	405	5.22	30,092	394	5.21
3,555	47	5.31	2,544	35	5.53	3,314	46	5.50
9,278	118	5.14	9,139	117	5.10	10,836	145	5.31
4,469	59	5.35	3,915	51	5.21	3,631	49	5.39
29,607	358	4.90	25,192	330	5.22	26,309	355	5.36
3,041	41	5.53	2,850	40	5.59	3,129	44	5.59
2,711	51	n/m	1,971	34	6.99	2,999	51	6.76
9,949	165	6.73	9,314	152	6.48	9,848	163	6.57
25,244	405	6.50	22,702	367	6.53	21,067	344	6.53
179,670	2,077	4.68	147,738	1,768	4.77	150,508	1,828	4.84
30,327			23,971			24,190		
11,555			9,388			10,092		
20,654			13,224			13,133		
\$ 242,206			\$ 194,321			\$ 197,923		
		3.17			3.09			3.03
		.66			.66			.66
\$ 1,978		3.83%	\$ 1,612		3.75%	\$ 1,616		3.69%

</TABLE>

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

<TABLE>

<CAPTION>

		Nine Months Ended September 30				
		1997			1996	
		Average Balance Sheet Amounts	Income or Expense	Yields/ Rates	Average Balance Sheet Amounts	Income or Expense
Yields/ Rates						
<S> <C>		<C>	<C>	<C>	<C>	<C>
Earning assets						
Loans and leases, net of unearned income (1)						
Commercial		\$ 59,835	\$ 3,752	8.38%	\$ 49,406	\$ 2,998
8.11%	Real estate commercial	8,276	553	8.94	6,326	428
9.04	Real estate construction	3,758	255	9.07	3,193	214
8.94						
Total commercial		71,869	4,560	8.48	58,925	3,640
8.25						
Residential mortgage		32,747	1,914	7.80	27,691	1,621
7.81	Credit card	7,036	625	11.87	6,182	548
11.84	Other consumer	26,501	1,900	9.58	23,102	1,715
9.92						
Total consumer		66,284	4,439	8.95	56,975	3,884
9.10						
Foreign		3,393	178	7.00	2,651	136
6.86	Lease financing	5,563	322	7.72	4,178	237
7.55						
Total loans and leases, net		147,109	9,499	8.63	122,729	7,897
8.59						
Securities						
Held for investment		1,662	76	6.07	3,730	157
5.60	Available for sale (2)	22,086	1,144	6.91	19,227	941
6.53						
Total securities		23,748	1,220	6.85	22,957	1,098
6.38						
Loans held for sale		1,045	57	7.26	1,170	64
7.30	Time deposits placed and other short-term investments	2,093	85	5.43	1,250	55
5.91	Federal funds sold	430	19	5.93	427	19
5.99	Securities purchased under agreements to resell	11,668	496	5.68	12,588	485
5.15	Trading account securities (3)	22,753	1,001	5.88	18,344	892
6.49						
Total earning assets (4)		208,846	12,377	7.92	179,465	10,510
7.82	Cash and cash equivalents	8,787			7,840	
	Factored accounts receivable	1,155			1,095	
	Other assets, less allowance for credit losses	22,738			14,693	
Total assets		241,526			203,093	

Interest-bearing liabilities					
2.26	Savings	\$ 10,022	\$ 152	2.03	\$ 9,164 \$ 155
2.54	NOW and money market deposit accounts	41,526	807	2.60	30,111 572
5.30	Consumer CDs and IRAs	38,489	1,501	5.21	29,754 1,180
5.48	Negotiated CDs, public funds and other time deposits	3,374	137	5.44	3,306 136
5.46	Foreign time deposits	9,491	376	5.29	11,865 485
5.39	Federal funds purchased	3,832	160	5.58	4,955 200
5.41	Securities sold under agreements to repurchase	30,588	1,159	5.07	29,634 1,201
5.57	Commercial paper	2,982	126	5.64	3,005 125
6.09	Other short-term borrowings	2,241	159	n/m	3,806 174
6.43	Trading account liabilities (3)	9,853	488	6.62	10,413 501
6.50	Long-term debt (5)	26,985	1,316	6.50	19,898 970

4.88	Total interest-bearing liabilities (6)	179,383	6,381	4.75	155,911 5,699

Noninterest-bearing sources					
	Noninterest-bearing deposits	31,185			24,000
	Other liabilities	10,832			9,906
	Shareholders' equity	20,126			13,276

	Total liabilities and shareholders' equity ..	\$ 241,526			\$ 203,093
=====					
2.94	Net interest spread			3.17	
.64	Impact of noninterest-bearing sources .....			.67	
3.58%	Net interest income/yield on earning assets	\$ 5,996		3.84%	\$ 4,811
=====					
n/m= not meaningful					
(1) Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.					
(2) The average balance sheet amounts and yields on securities available for sale are based on the average of historical amortized cost balances.					
(3) The fair values of derivatives-dealer positions are reported in other assets and liabilities, respectively.					
(4) Interest income includes taxable-equivalent adjustments of \$86 and \$72 in 1997 and 1996, respectively. Interest income also includes the impact of risk management interest rate contracts, which increased (decreased) interest income on the underlying linked assets \$107 and (\$5) in 1997 and 1996, respectively.					
(5) Long-term debt includes trust preferred securities.					
(6) Interest expense includes the impact of risk management interest rate contracts, which (decreased) increased interest expense on the underlying linked liabilities (\$29) and \$55 in 1997 and 1996, respectively.					
</TABLE>					

securitizations, net interest income increased approximately 6 percent over 1996 levels for both the third quarter and first nine months of 1997. For the first nine months of 1997, taxable-equivalent net interest income was positively impacted by core loan growth, an increase in spreads between deposits and market funding and the improved contribution of the securities portfolios, which was partially offset by the impact of the sale of certain consumer loans in the third quarter of 1996 and an increased reliance on long-term debt. While securitizations lowered net interest income by \$78 million in the third quarter of 1997 and \$240 million in the first nine months of 1997, they do not significantly affect the Corporation's earnings. As the Corporation continues to securitize loans, its role becomes that of a servicer and the income related to securitized loans is reflected in noninterest income.

Of the \$740-million increase in interest income for the third quarter of 1997, \$706 million was due to higher average earning assets with \$34 million resulting from higher yields on average earning assets. The \$1.9-billion increase in interest income for the first nine months of 1997 was the result of a \$1.7-billion increase due to higher average earning assets and \$127 million from higher yields on average earning assets. Interest expense increased \$355 million for the third quarter of 1997, resulting from higher levels of average interest-bearing liabilities. The \$682-million increase in interest expense for the first nine months of 1997 was the result of an \$838-million increase from higher levels of average interest-bearing liabilities partially offset by the \$156-million favorable impact of lower rates paid on average interest-bearing liabilities.

The net interest yield increased 11 basis points to 3.80 percent in the third quarter of 1997 and 26 basis points to 3.84 percent in the first nine months of 1997, primarily reflecting the improved contribution of the securities portfolio and deposit expense management efforts. The positive impact of the acquisition of Boatmen's on the net interest yield was offset by additional funding costs related to the acquisition.

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

Provision for Credit Losses

The provision for credit losses was \$190 million and \$570 million in the third quarter and first nine months of 1997, respectively, compared to \$145 million and \$455 million in the comparable prior-year periods. Higher provision expense for the first nine months of 1997 was due to higher net charge-offs resulting from an increase in the loans, leases, and factored accounts receivable portfolio, attributable to both the Boatmen's acquisition and internal growth, as well as deterioration in consumer credit quality experienced on an industry-wide basis, partially offset by lower net charge-offs in the commercial loan portfolio. For the first nine months of 1997, the provision for credit losses covered net charge-offs of \$567 million. For additional information on the allowance for credit losses, certain credit quality ratios and credit quality information on specific loan categories, see the "Allowance for Credit Losses" and "Concentrations of Credit Risk" sections of Management's Discussion and Analysis of Results of Operations and Financial Condition.

Gains on Sales of Securities

Gains on the sales of securities were \$19 million and \$91 million for the third quarter and first nine months of 1997, respectively, compared to \$26 million and \$34 million for the same respective periods in 1996. The increase for the first nine months of 1997 reflects the Corporation's sale of a significant portion of the Boatmen's portfolio subsequent to the acquisition date as well as the sale of lower-yielding securities and the reinvestment of the proceeds from such sales into higher-spread products.

Noninterest Income

As presented in Table 5, noninterest income increased 38 percent to \$1.2 billion and 30 percent to \$3.5 billion in the third quarter and first nine months of 1997, respectively, over noninterest income for the same periods in 1996, reflecting the acquisition of Boatmen's. Excluding the Boatmen's acquisition, noninterest income increased approximately 8 percent during the first nine months of 1997.

- o Service charges on deposit accounts increased 39 percent over both the third quarter and first nine months of 1996, respectively, due primarily to the acquisition of Boatmen's and the impact of changes in deposit pricing throughout the NationsBank franchise. Excluding the impact of the Boatmen's acquisition, service charges increased approximately 13 percent and 12 percent in the third quarter and first nine months of 1997, respectively.

Table 5
Noninterest Income
(Dollars in Millions)

<TABLE>
<CAPTION>

Three Months		Nine Months	
Ended September 30	Change	Ended September 30	Change

	1997	1996	Amount	Percent	1997	1996	Amount	Percent
<hr/>								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Service charges on deposit accounts	\$ 402	\$ 289	\$ 113	39.1%	\$1,141	\$ 824	\$ 317	38.5%
<hr/>								
Nondeposit-related service fees								
Safe deposit rent	9	7	2	28.6	28	22	6	27.3
Mortgage servicing								
and other mortgage-related income	69	53	16	30.2	206	158	48	30.4
Fees on factored accounts receivable ..	17	17	--	--	47	48	(1)	(2.1)
Investment banking income	102	85	17	20.0	299	250	49	19.6
Other service fees	47	42	5	11.9	149	127	22	17.3
<hr/>								
Total nondeposit-related								
service fees	244	204	40	19.6	729	605	124	20.5
<hr/>								
Asset management and fiduciary								
service fees	168	103	65	63.1	507	320	187	58.4
<hr/>								
Credit card income	95	80	15	18.8	273	229	44	19.2
<hr/>								
Other income								
Brokerage income	39	25	14	56.0	111	83	28	33.7
Trading account profits and fees	65	39	26	66.7	239	189	50	26.5
Bankers' acceptances and								
letters of credit fees	26	18	8	44.4	70	51	19	37.3
Insurance commissions and earnings	26	20	6	30.0	77	57	20	35.1
Miscellaneous	159	108	51	47.2	355	330	25	7.6
<hr/>								
Total other income	315	210	105	50.0	852	710	142	20.0
<hr/>								
	\$1,224	\$ 886	\$ 338	38.1	\$3,502	\$2,688	\$ 814	30.3
<hr/>								

</TABLE>

- o Mortgage servicing and other mortgage-related income increased 30 percent in the third quarter and first nine months of 1997 to \$69 million and \$206 million, respectively, due to the acquisition of the Boatmen's mortgage portfolio. The average portfolio of loans serviced increased 36 percent from \$87.8 billion in the first nine months of 1996 to \$119.4 billion in the first nine months of 1997. Mortgage loan originations through the Corporation's mortgage subsidiary increased from \$9.3 billion for the first nine months of 1996 to \$10.5 billion for the same period in 1997. The increase in loan originations experienced in 1997 was due to the acquisition of Boatmen's and the Corporation's efforts to maintain the mortgage servicing portfolio at target levels. Origination volume for the first nine months of 1997 consisted of approximately \$6.4 billion of correspondent and wholesale loan volume and \$4.1 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 risk associated with mortgage banking activities, the Corporation enters into various financial instruments including option contracts, forward delivery contracts and certain rate swaps. The contract

notional amount of these instruments approximated \$10 billion on September 30, 1997. Net unrealized gains associated with these contracts were \$9 million on September 30, 1997.

- o Investment banking income increased 20 percent in the third quarter and first nine months of 1997 to \$102 million and \$299 million, respectively, as a result of higher securities underwriting fees, reflecting continued growth in this business activity. Gains on principal investing activities (investing in equity or equity-related transactions) increased \$11 million in the third quarter of 1997 over the same period in 1996 as a result of the sale of several interests in principal investments during the current quarter.

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

<TABLE>

<CAPTION>

	Three Months Ended September 30		Nine Months Ended September 30	
	1997	1996	1997	1996
	<C>	<C>	<C>	<C>
<S>				
Syndications	\$ 24	\$ 24	\$ 80	\$ 75
Securities underwriting	31	19	90	54
Principal investment activities	17	6	62	65
Other	30	36	67	56
	\$ 102	\$ 85	\$ 299	\$ 250

</TABLE>

- o Asset management and fiduciary service fees increased 63 percent to \$168 million in the third quarter of 1997 and 58 percent to \$507 million for the first nine months of 1997, reflecting the impact of the Boatmen's acquisition. Fourth quarter asset management fees are expected to reflect the impact of the Corporation's sale of certain institutional and corporate trust businesses primarily acquired through the purchase of Boatmen's.
- o Credit card income increased 19 percent for the third quarter and first nine months of 1997 to \$95 million and \$273 million, respectively, due primarily to the acquisition of Boatmen's and internal growth of approximately 5 percent. Credit card income includes \$6 million and \$22 million from credit card securitizations for the three and nine months ended September 30, 1997, respectively.
- o Trading account profits and fees totaled \$65 million and \$239 million in the third quarter and first nine months of 1997, an increase of \$26 million and \$50 million over the same periods in 1996.

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

<TABLE>

<CAPTION>

	Three Months Ended September 30		Nine Months Ended September 30	
	1997	1996	1997	1996
	<C>	<C>	<C>	<C>
<S>				
Securities trading	\$ 5	\$ 31	\$ 45	\$ 77
Interest rate contracts	42	22	123	112
Foreign exchange contracts	8	(16)	36	(25)
Other	10	2	35	25
	\$ 65	\$ 39	\$ 239	\$ 189

</TABLE>

- o Miscellaneous income totaled \$159 million and \$355 million in the third quarter and first nine months of 1997, respectively. Included in miscellaneous income for the third quarter of 1997 was the gain on the sale of an out-of-market credit card portfolio. Miscellaneous income also includes certain prepayment fees and other fees such as net gains on sales of miscellaneous investments, business activities, premises and other similar items.

Noninterest Expense

As presented in Table 6, the Corporation's noninterest expense increased 28 percent and 29 percent to \$1.8 billion and \$5.4 billion in the third quarter and first nine months of 1997, respectively, over noninterest expense in the same periods of 1996. Excluding the impact of the Boatmen's acquisition and related transition expenses, noninterest expense remained essentially unchanged in the third quarter of 1997 and first nine months of 1997 while the cash basis efficiency ratio declined 133 basis points to 53.42 for the first nine months of 1997.

A discussion of the significant components and changes in noninterest expense for the third quarter and first nine months of 1997 compared to noninterest expense for the same periods in 1996 follows:

Table 6
Noninterest Expense
(Dollars in Millions)

<TABLE>
<CAPTION>

Change		Three Months Ended September 30		Change		Nine Months Ended September 30	
		1997	1996	Amount	Percent	1997	1996
Amount	Percent						
<S>		<C>	<C>	<C>	<C>	<C>	<C>
Personnel		\$ 860	\$ 686	\$ 174	25.4%	\$ 2,622	\$ 2,032
590	29.0%						
Occupancy, net		160	135	25	18.5	466	389
77	19.8						
Equipment		151	112	39	34.8	445	328
117	35.7						
Marketing		77	54	23	42.6	227	188
39	20.7						
Professional fees		68	62	6	9.7	221	175
46	26.3						
Amortization of intangibles		111	33	78	236.4	323	91
232	254.9						
Credit card		18	17	1	5.9	50	48
2	4.2						
Deposit insurance		6	9	(3)	(33.3)	18	23
(5)	(21.7)						
Data processing		68	57	11	19.3	197	180
17	9.4						
Telecommunications		56	44	12	27.3	164	126
38	30.2						
Postage and courier		47	37	10	27.0	143	111
32	28.8						
Other general operating		109	107	2	1.9	355	369
(14)	(3.8)						
General administrative and miscellaneous .		57	47	10	21.3	165	139
26	18.7						
1,197	28.5	\$ 1,788	\$ 1,400	\$ 388	27.7	\$ 5,396	\$ 4,199

</TABLE>

- o Personnel expense increased \$174 million and \$590 million in the third quarter and first nine months of 1997, respectively, over the comparable 1996 periods, due primarily to the impact of the Boatmen's acquisition. On September 30, 1997, the Corporation had approximately 78,000 full-time equivalent employees compared to approximately 63,000 full-time equivalent employees on December 31, 1996, respectively. Excluding the impact of the Boatmen's acquisition, full-time equivalent employees at September 30, 1997 were essentially unchanged compared to December 31, 1996 levels.
- o Occupancy expense increased 19 percent to \$160 million in the third quarter of 1997 and 20 percent to \$466 million in the first nine months of 1997 due to the acquisition of Boatmen's.
- o Equipment expense increased approximately \$39 million and \$117 million in the third quarter and first nine months of 1997, respectively. This increase reflects the acquisition of Boatmen's as well as enhancements to data delivery channels throughout the Corporation and to product delivery systems, such as the Model Banking initiative, direct banking (including PC Banking) and data base management.
- o Professional fees increased \$6 million and \$46 million in the third quarter and first nine months of 1997, respectively, reflecting the impact of the Boatmen's acquisition as well as higher consulting and technical support fees for projects to enhance revenue growth and for the development and installation of infrastructure enhancements.
- o Intangibles amortization expense increased to \$111 million and \$323 million in the third quarter and first nine months of 1997, respectively, reflecting the impact of the Boatmen's acquisition.
- o Other general operating expenses decreased \$14 million to \$355 million for the first nine months of 1997 compared to \$369 million for the same period in 1996. Included in 1996 year-to-date expenses

was \$43 million of pre-tax charges reflecting the estimated losses associated with certain customers' fraudulent commercial transactions.

- o Noninterest expense includes the cost of projects underway to ensure accurate date recognition and data processing with respect to the Year 2000 and are included in professional, data processing, and equipment expenses. The Corporation expects to substantially complete the Year 2000 conversion projects by the end of 1998. These costs, which are expensed as incurred, have been immaterial to date and are not expected to have a material impact on the Corporation's earnings in the future.

Income Taxes

The Corporation's income tax expense for the third quarter and first nine months of 1997 was \$444 million and \$1.3 billion, respectively, for an effective tax rate of 36 percent of pretax income compared to \$331 million and \$933 million for the third quarter and first nine months of 1996, respectively, for an effective rate of 35 percent. The higher effective tax rate reflects 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. The average balances discussed below can be derived from Table 4. The following discussion addresses changes in average balances for the first nine months of 1997 compared to the same periods in 1996.

Average customer-based funds increased \$28.3 billion to \$124.6 billion in the first nine months of 1997 due primarily to deposits obtained in acquisitions over the past year. As a percentage of total sources, average customer-based funds represented 52 percent in the first nine months of 1997 compared to 47 percent in the first nine months of 1996.

Average market-based funds decreased \$4.7 billion to \$59.0 billion in the first nine months of 1997 and comprised a smaller portion of total sources of funds at 24 percent for the first nine months of 1997 compared to 31 percent during the same period of 1996. The decrease in market-based funds was the result of increased reliance on customer-based funds and long-term debt as sources of funds. The \$7.1-billion increase in long-term debt was the result of borrowings to fund the cash portion of the Boatmen's purchase price.

Average loans and leases, the Corporation's primary use of funds, increased \$24.4 billion to \$147.1 billion during the first nine months of 1997 and comprised approximately 61 percent of total uses of funds in 1997 and 1996. This increase in average loans and leases was due to the acquisition of Boatmen's and core loan growth. The ratio of average loans and leases to customer-based funds was 118 percent in the first nine months of 1997 compared to 127 percent in the first nine months of 1996.

Average other assets and cash and cash equivalents increased \$9.0 billion to \$31.5 billion in the first nine months of 1997 due primarily to an increase in intangible assets related to the acquisition of Boatmen's.

Cash and cash equivalents were \$9.3 billion on September 30, 1997 compared to \$8.9 billion on December 31, 1996. During the first nine months of 1997, net cash used in operating activities was \$3.0 billion, net cash used in investing activities was \$2.6 billion and net cash provided by financing activities was \$6.0 billion. For further information on cash flows, see the Consolidated Statement of Cash Flows in the consolidated financial statements.

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

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

Securities

The securities portfolio on September 30, 1997 consisted of securities held for investment totaling \$1.3 billion and securities available for sale totaling \$34.2 billion compared to \$2.1 billion and \$12.3 billion, respectively, on December 31, 1996. The increase in available for sale securities reflects initiatives to invest excess capital in the securities portfolio and the impact of approximately \$7.0 billion of mortgage-backed securities obtained primarily through residential mortgage loans that were securitized and retained. Also contributing to the increase in available for sale securities since December 31, 1996 was the purchase of higher yielding mortgage-backed securities in the first quarter of 1997.

On September 30, 1997, the market value of the Corporation's securities

held for investment reflected net unrealized appreciation of \$5 million. On December 31, 1996, the market value of securities held for investment approximated the book value of the portfolio.

The valuation reserve for securities available for sale and marketable equity securities increased shareholder's equity by \$262 million on September 30, 1997, reflecting pretax appreciation of \$218 million on debt securities and \$112 million on marketable equity securities. The valuation reserve increased shareholders' equity by \$86 million on December 31, 1996. The increase in the valuation reserve was primarily attributable to a decrease in interest rates when comparing September 30, 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 6.63 years, respectively, on September 30, 1997 compared with 1.47 years and 6.91 years, respectively, on December 31, 1996.

Off-Balance Sheet

Derivatives - Asset and Liability Management Positions

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

Interest rate contracts allow the Corporation to efficiently manage its interest rate risk position. The Corporation 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 7
Asset and Liability Management Interest Rate Notional Contracts
(Dollars in Millions)

<TABLE>
<CAPTION>

	Generic					Total
	Receive	Pay		Total	Option	Interest
	Fixed	Fixed	Basis	Swaps	Products	Rate
						Contracts
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance on December 31, 1996	\$ 27,740	\$ 1,035	\$ 1,346	\$ 30,121	\$ 6,395	\$ 36,516
Additions	10,935	2,210	1,355	14,500	3,358	17,858
Maturities, terminations and other	(11,072)	(1,044)	(387)	(12,503)	(1,600)	(14,103)
Balance on September 30, 1997	\$ 27,603	\$ 2,201	\$ 2,314	\$ 32,118	\$ 8,153	\$ 40,271

</TABLE>

Table 7 summarizes the notional amount and the activity of ALM interest rate contracts for the nine months ended September 30, 1997. As reflected in the table, the gross notional amount of the Corporation's ALM swap program on September 30, 1997 was \$32.1 billion, with the Corporation receiving fixed on \$27.6 billion, primarily converting variable-rate commercial loans to fixed-rate, and receiving variable on \$2.2 billion. The net receive fixed position of \$25.4 billion was essentially unchanged compared to the net receive fixed position of \$26.7 billion on December 31, 1996. The net receive fixed position primarily modifies the interest rate characteristics of certain variable-rate assets.

Table 8 summarizes the expected maturities, weighted average pay and receive rates and the unrealized gains/losses on September 30, 1997 of the Corporation's ALM swaps. Floating rates represent the last repricing and will change in the future primarily based on movements in one-, three- and six-month LIBOR rates. The net unrealized appreciation of the ALM swap portfolio on September 30, 1997 was \$115 million compared to unrealized appreciation of \$69 million on December 31, 1996, reflecting the decrease in interest rates when comparing September 30, 1997 to December 31, 1996. The amount of net realized deferred gains associated with terminated ALM swaps was \$31.1 million on September 30, 1997.

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

<TABLE>
<CAPTION>

Expected Maturity

----- Average		-----						
After	Expected	Unrealized						
2001	Maturity	Gain/ (Loss)	Total	1997	1998	1999	2000	2001
-----		-----						
<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>	<C>							
Asset Conversion Swaps								
Receive fixed generic	\$ 96							
3.09								
Notional amount		\$ 21,320	\$ --	\$1,500	\$3,810	\$6,325	\$6,250	
\$3,435								
Weighted average receive rate .		6.39%	-- %	5.80%	6.28%	6.40%	6.49%	
6.54%								
Weighted average pay rate		5.70						
Pay fixed generic	(17)							
3.44								
Notional amount	-----	\$ 1,897	\$ --	\$ --	\$ 250	\$1,000	\$ 77	\$
570								
Weighted average pay rate		6.59%	-- %	-- %	6.46%	6.70%	7.41%	
6.34%								
Weighted average receive rate .		5.82						
Total asset conversion swaps	\$ 79							
	=====							
Notional amount		\$ 23,217	\$ --	\$1,500	\$4,060	\$7,325	\$6,327	
\$4,005								
Liability Conversion Swaps								
Receive fixed generic	\$ 40							
6.19								
Notional amount		\$ 6,283	\$ --	\$ 288	\$ 805	\$ 308	\$1,102	
\$3,780								
Weighted average receive rate .		6.75%	-- %	5.95%	7.26%	6.79%	6.08%	
6.89%								
Weighted average pay rate		5.99						
Pay fixed generic	(5)							
1.19								
Notional amount	-----	\$ 304	\$ 125	\$ 100	\$ --	\$ 70	\$ --	\$
9								
Weighted average pay rate		8.99%	10.35%	9.31%	-- %	6.69%	-- %	
6.65%								
Weighted average receive rate .		5.66						
Total liability conversion swaps .	\$ 35							
	=====							
Notional amount		\$ 6,587	\$ 125	\$ 388	\$ 805	\$ 378	\$1,102	
\$3,789								
=====								
=====								
Total receive fixed swaps	\$ 136							
3.80								
Notional amount		\$ 27,603	\$ --	\$1,788	\$4,615	\$6,633	\$7,352	
\$7,215								
Weighted average receive rate .		6.47%	--- %	5.82%	6.45%	6.42%	6.43%	
6.73%								
Weighted average pay rate		5.77						
Total pay fixed swaps	(22)							
3.13								
Notional amount		\$ 2,201	\$ 125	\$ 100	\$ 250	\$1,070	\$ 77	\$
579								
Weighted average pay rate		6.92%	10.35%	9.31%	6.46%	6.68%	7.41%	
6.35%								
Weighted average receive rate .		5.79						
Basis Swaps	\$ 1							
1.72								
Notional amount	-----	\$ 2,314	\$ --	\$ 700	\$1,125	\$ 218	\$ 102	\$
169								
Weighted average receive rate .		5.83%						
Weighted average pay rate		5.80						
Total Swaps	\$ 115							
	=====							

Notional amount	\$32,118	\$ 125	\$2,588	\$5,990	\$7,921	\$7,531
\$7,963						

Option Products

Notional amount	(6)	\$ 8,153	\$ --	\$2,450	\$3,575	\$ 143	\$ 336
\$1,649							

Total Interest Rate Contracts	\$ 109
	=====

Notional amount	\$40,271	\$ 125	\$5,038	\$9,565	\$8,064	\$7,867
\$9,612						

On September 30, 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 September 30, 1997, this position had an unrealized market value of negative \$19 million, a receive rate of 5.96 percent, a pay rate of 5.94 percent and an expected maturity of 6.21 years.

</TABLE>

In its ALM process, the Corporation also utilizes interest rate option products, primarily caps and floors. Interest rate caps and floors are agreements where, for a fee, the purchaser obtains the right to receive interest payments when a variable interest rate moves above or below a specified cap or floor rate, respectively. Table 7 also includes a summary of the notional amount and the activity of ALM interest rate option contracts for the nine months ended September 30, 1997. At September 30, 1997, the Corporation had a gross notional amount of \$8.2 billion in outstanding interest rate option contracts used for ALM purposes. Such instruments are primarily linked to term debt, short-term borrowings, and pools of residential mortgages. Table 8 also includes a summary of the expected maturities and the net unrealized losses of the Corporation's ALM options contracts. On September 30, 1997, the net unrealized depreciation of ALM option products was \$6 million.

The Corporation uses foreign currency swaps to manage the foreign exchange risk associated with foreign-denominated liabilities. At September 30, 1997, these contracts had a notional value of \$616 million and reflected net unrealized depreciation of \$26 million.

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

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

Derivatives - Dealer Positions

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

Table 9
Derivatives - Dealer Positions
(Dollars in Millions)

<TABLE>

<CAPTION>

	September 30 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	\$353,326	\$ 1,442	\$252,187	\$ 927

Futures and forwards	187,923	1	186,333	5
Written options	539,904	--	298,594	--
Purchased options	456,071	662	294,591	561
Foreign Exchange Contracts				
Swaps	1,536	107	1,303	24
Spot, futures and forwards	71,934	597	94,028	1,137
Written options	47,456	--	63,081	--
Purchased options	43,909	342	61,716	352
Commodity and Other Contracts				
Swaps	1,164	92	812	81
Futures and forwards	2,414	9	2,728	--
Written options	15,081	--	14,064	--
Purchased options	14,932	329	13,828	357
Total before cross product netting		3,581		3,444
Cross product netting		376		286
Net replacement cost		\$ 3,205		\$ 3,158

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

</TABLE>

Table 9 presents the notional or contract amounts on September 30, 1997 and December 31, 1996 and the current credit risk amounts (the net replacement cost of contracts in a gain position on September 30, 1997 and December 31, 1996) of the Corporation's derivatives-dealer positions which are primarily executed in the over-the-counter market. The notional or contract amounts indicate the total volume of transactions and significantly exceed the amount of the Corporation's credit or market risk associated with these instruments. The credit risk amounts presented in Table 9 do not consider the value of any collateral, but generally take into consideration the effects of legally enforceable master netting agreements. On September 30, 1997, the credit risk associated with the Corporation's ALM positions was not significant.

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

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

During 1997, there have been no credit losses associated with derivative transactions. In addition, on September 30, 1997, there were no material nonperforming derivative positions.

Allowance for Credit Losses

The Corporation's allowance for credit losses was \$2.8 billion, or 1.99 percent of net loans, leases, and factored accounts receivable on September 30, 1997 compared to \$2.3 billion, or 1.89 percent, on December 31, 1996, with the increase in the allowance attributable to the acquisition of Boatmen's.

Table 10 provides an analysis of the changes in the allowance for credit losses. During the third quarter of 1997, higher credit card and commercial net charge-offs caused the \$64-million increase in total net charge-offs, which amounted to \$199 million, or .53 percent of average loans, leases and factored accounts receivable, compared to .44 percent for the same period in 1996. Higher credit card net charge-offs were due primarily to deterioration in consumer credit quality experienced on an industry-wide basis, while higher commercial net charge-offs were due to a \$20-million charge-off of one large retail credit. During the first nine months of 1997, net charge-offs increased \$120 million to \$567 million in the first nine months of 1997 or .51 percent of average loans, leases, and factored accounts receivable, compared to net charge-offs of \$447 million or .48 percent, for the first nine months of 1996. Higher net charge-offs were primarily the result of an increase in the average loans, leases, and factored accounts receivable portfolio, attributable to both the Boatmen's acquisition and internal growth as well as deterioration in consumer credit quality experienced on an industry-wide basis. This resulted in increases in credit card and other consumer net charge-offs, which were partially offset by lower commercial net charge-offs during the first nine months of 1997.

Excluding increases that resulted from the acquisition of Boatmen's, management expects charge-offs to grow as the Corporation maintains its efforts to shift the mix of the loan portfolio to a higher consumer loan concentration.

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

Table 10
Allowance For Credit Losses
(Dollars in Millions)

		Three Months		Nine	
Months		Ended September 30		Ended	
September 30					
-----		-----		-----	
1996		1997	1996	1997	
-----		-----		-----	
<S>		<C>		<C>	
<C>		<C>		<C>	
Beginning balance	2,163	\$ 2,790	\$ 2,292	\$ 2,315	\$
-----		-----		-----	
Loans, leases and factored accounts receivable charged off					
(120) Commercial		(47)	(36)	(89)	
(32) Real estate commercial		(2)	(3)	(20)	
(3) Real estate construction		--	--	(1)	
-----		-----		-----	
(155) Total commercial		(49)	(39)	(110)	
-----		-----		-----	
(9) Residential mortgage		(4)	(3)	(11)	
(190) Credit card		(133)	(64)	(358)	
(252) Other consumer		(94)	(84)	(292)	
-----		-----		-----	
(451) Total consumer		(231)	(151)	(661)	
-----		-----		-----	
-- Foreign		3	--	--	
(3) Lease financing		(1)	(1)	(7)	
(19) Factored accounts receivable		(5)	(3)	(15)	
-----		-----		-----	
(628) Total loans, leases and factored accounts receivable charged off		(283)	(194)	(793)	
-----		-----		-----	
Recoveries of loans, leases and factored accounts receivable previously charged off					
52 Commercial		17	16	52	
10 Real estate commercial		2	4	9	
2 Real estate construction		2	--	5	
-----		-----		-----	
64 Total commercial		21	20	66	
-----		-----		-----	
2 Residential mortgage		--	1	2	
42 Credit card		28	16	67	

66	Other consumer	31	20	83	

110	Total consumer	59	37	152	

--	Foreign	--	--	--	
1	Lease financing	1	1	2	
6	Factored accounts receivable	3	1	6	

181	Total recoveries of loans, leases and factored accounts receivable previously charged off	84	59	226	

(447)	Net charge-offs	(199)	(135)	(567)	

455	Provision for credit losses	190	145	570	
148	Allowance applicable to loans of purchased companies and other	2	17	465	

2,319	Balance on September 30	\$ 2,783	\$ 2,319	\$ 2,783	\$
=====					
122,078	Loans, leases and factored accounts receivable, net of unearned income, outstanding end of period	\$ 139,582	\$ 122,078	\$ 139,582	\$
1.90%	Allowance for credit losses as a percentage of loans, leases and factored accounts receivable, net of unearned income, outstanding end of period	1.99%	1.90%	1.99%	
123,824	Average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period	\$ 147,735	\$ 122,347	\$ 148,264	\$
.48%	Net charge-offs as a percentage of average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period .....	.53%	.44%	.51%	
235.64	Allowance for credit losses as a percentage of nonperforming loans ...	251.74	235.64	251.74	

Nonperforming Assets

As presented in Table 11, on September 30, 1997, nonperforming assets were \$1.3 billion, or .91 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 September 30, 1997 from \$890 million on December 31, 1996. The increase in nonperforming loans was due primarily to the acquisition of Boatmen's and, to a lesser extent, deterioration in consumer credit quality experienced on an industry-wide basis. The allowance coverage of nonperforming loans was 252 percent on September 30, 1997 compared to 260 percent on December 31, 1996.

Table 11
Nonperforming Assets
(Dollars in Millions)

<TABLE>
<CAPTION>

	September 30	June 30	March 31	December 31
September 30	1997	1997	1997	1996

<S>	<C>	<C>	<C>	<C>
<C>				
Nonperforming loans:				
Commercial	\$ 371	\$ 429	\$ 398	\$ 342
\$ 413				

165	Real estate commercial	205	206	162	145
36	Real estate construction	18	15	34	28

614	Total commercial	594	650	594	515

203	Residential mortgage	266	254	256	215
135	Other consumer	207	166	156	135

338	Total consumer	473	420	412	350

32	Lease financing	39	47	45	25

984	Total nonperforming loans	1,106	1,117	1,051	890

151	Other real estate owned	160	150	168	153

\$1,135	Total nonperforming assets	\$1,266	\$1,267	\$1,219	\$1,043
=====					
Nonperforming assets as a percentage of					
.61%	Total assets .....	.52%	.53%	.51%	.56%
.93	Loans, leases and factored accounts receivable, net of unearned income, and other real estate owned	.91	.84	.82	.85
\$ 201	Loans past due 90 days or more and not classified as nonperforming	\$ 314	\$ 315	\$ 320	\$ 245

</TABLE>

Concentrations of Credit Risk

In an effort to minimize the adverse impact of any single event or set of occurrences, the Corporation strives to maintain a diverse credit portfolio. The following section discusses credit risk in the loan portfolio, including net charge-offs by loan categories as presented in Table 12.

Table 12
Net Charge-offs in Dollars and as a Percentage of Average Loans Outstanding
(Dollars in Millions)

<TABLE>		Three Months				Nine Months	
<CAPTION>		Ended September 30				Ended September 30	
-----		1997		1996		1997	
1996							

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial .....	.19%	\$ 30	.20%	\$ 20	.16%	\$ 37	.08%
Real estate commercial and construction	.32	(2)	n/m	(1)	n/m	7	.07

Total commercial		28	.16	19	.13	44	.08
.21							

</TABLE>

Residential mortgage	4	.04	2	.02	9	.04	7
.03							
Credit card	105	6.38	48	3.41	291	5.52	148
3.35							
Other consumer	63	.96	64	1.17	209	1.06	186
1.08							

Total consumer	172	1.04	114	.81	509	1.03	341
.80							

Foreign	(3)	n/m	--	--	--	--	--
--							
Lease financing	--	--	--	--	5	.13	2
.07							
Factored accounts receivable	2	.79	2	.64	9	1.06	13
1.54							

Total net charge-offs	\$ 199	.53	\$ 135	.44	\$ 567	.51	\$ 447
.48							
=====							
Selected managed net charge-offs and ratios:							
Managed credit cards	\$ 154	6.74%	\$ 99	4.67%	\$ 440	6.36%	\$ 256
4.29%							
Managed other consumer loans	70	.98	69	1.12	233	1.07	198
1.06							

n/m= not meaningful

Net charge-offs for each loan type are calculated as a percentage of average outstanding or managed loans for each loan category.

Total net charge-offs are calculated based on total average outstanding loans, leases and factored accounts receivable.

</TABLE>

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

Total nonresidential real estate commercial and construction loans totaled \$11.2 billion, or 8 percent of net loans, leases and factored accounts receivable, on September 30, 1997 compared to \$8.3 billion, or 7 percent, at the end of 1996 with the increase due to the acquisition of Boatmen's. Real estate loans past due 90 days or more and still accruing interest were \$21 million, or .19 percent of real estate loans, on September 30, 1997 and \$18 million, or .22 percent, on December 31, 1996. Nonperforming real estate commercial and construction loans were \$223 million on September 30, 1997 compared to \$173 million on December 31, 1996 due primarily to the acquisition of Boatmen's.

The exposures included in Table 13 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 September 30, 1997, the Corporation had approximately \$9.9 billion of commercial loans which were not real estate dependent but for which the Corporation had obtained real estate as secondary repayment security.

Table 13
Real Estate Commercial and Construction Loans, Other Real Estate Owned and
Other Real Estate Credit Exposures
September 30, 1997
(Dollars in Millions)

<TABLE>
<CAPTION>

Loans (1)

Other

	Outstanding	Nonperforming	OREO	Credit Exposures (2)
<S>	<C>	<C>	<C>	<C>
By Geographic Region (3):				
Florida and Georgia	\$ 2,389	\$ 46	\$ 38	\$ 424
Missouri, Kansas, Illinois, Iowa and Arkansas	2,243	34	13	145
Texas, Oklahoma and New Mexico	1,636	24	7	375
Maryland, District of Columbia and Virginia .	1,316	65	21	347
North Carolina and South Carolina	1,213	28	12	160
Other states	2,434	26	8	371
	\$11,231	\$ 223	\$ 99	\$ 1,822

By Property Type:

Apartments	\$ 1,824	\$ 7	\$ --	\$ 646
Residential	1,723	23	6	82
Shopping centers/retail	1,534	85	4	559
Office buildings	1,524	14	15	42
Industrial/warehouse	926	16	2	20
Hotels	912	15	1	45
Land and land development	721	20	40	94
Commercial-other	407	11	22	170
Resorts/golf courses	378	--	--	--
Unsecured	196	3	--	23
Multiple use	112	4	1	1
Other	974	25	8	140
	\$11,231	\$ 223	\$ 99	\$ 1,822

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

Other Industries - Table 14 presents selected industry credit exposures. Commercial loans, factored accounts receivable and lease financings are included in the table. Commercial loan outstandings totaled \$57.1 billion, or 41 percent of net loans, leases and factored accounts receivable on September 30, 1997 and \$50.3 billion, or 41 percent of net loans, leases and factored accounts receivable on December 31, 1996. This increase, due to the addition of Boatmen's, was partially offset by the impact of the \$4.2-billion commercial loan securitization.

For the first nine months of 1997, the Corporation had commercial loan net charge-offs of \$37 million, or .08 percent of average commercial loans, compared to \$68 million, or .19 percent of average commercial loans, in the first nine months of 1996. Excluding a \$20-million charge-off of one large retail credit, commercial loan net charge-offs were \$10 million, or .07 percent of average commercial loans, in the third quarter of 1997 and \$17 million, or .04 percent, for the first nine months of 1997. Commercial loans past due 90 days or more and still accruing interest were \$43 million, or .08 percent of commercial loans, on September 30, 1997 and \$38 million, or .08 percent, on December 31, 1996.

commercial loans were \$371 million and \$342 million on September 30, 1997 and December 31, 1996, respectively, with the increase due to the acquisition of Boatmen's.

Table 14
Selected Industry Loans, Leases and Factored Accounts
Receivable, Net of Unearned Income
September 30, 1997
(Dollars in Millions)

	Outstanding
Health care	\$ 4,387
Food, including agribusiness	3,448
Leisure and sports	3,382
Media	3,349
Textiles and apparel, excluding retail	3,070
Machinery and equipment, excluding defense	2,949
Retail	2,740
Oil and gas	2,628
Automotive, excluding trucking	2,609
Transportation, excluding air and trucking	1,972

Consumer - On September 30, 1997, total consumer loan outstandings were \$60.8 billion, or 44 percent of net loans, leases and factored accounts receivable, compared to \$55.3 billion, or 45 percent of net loans, leases and factored accounts receivable on December 31, 1996. This increase, due primarily to the addition of Boatmen's and core loan growth, was net of mortgage loan securitizations of \$7.5 billion for the first nine months of 1997. Higher credit card net charge-offs experienced during the third quarter and first nine months of 1997 were the primary reason for the increase in total consumer net charge-offs, the result of deterioration in consumer credit quality experienced on an industry-wide basis. A secondary factor causing the higher levels of net charge-offs during the first nine months of 1997 was an increase in other consumer net charge-offs, primarily the result of the Boatmen's acquisition. Note 4 to the unaudited consolidated financial statements details the components of the Corporation's consumer loan portfolio. In addition to the credit card and other consumer loans reported in the financial statements, the Corporation manages credit card and consumer receivables which have been sold.

Average credit card receivables managed by the Card Services group (excluding private label credit cards) increased to \$9.2 billion during the first nine months of 1997 compared to \$8.0 billion during the same year-ago period 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 third quarter and first nine months of 1997. During the third quarter and first nine months of 1996, average securitized credit card loans were \$2.9 billion and \$2.1 billion, respectively. Higher net charge-offs during 1997 reflect deterioration in consumer credit quality experienced on an industry-wide basis.

Average managed other consumer loans, which includes direct and indirect consumer loans and home equity lines as well as indirect auto loan and consumer finance securitizations, were \$28.8 billion and \$29.2 billion in the third quarter and first nine months of 1997, respectively, and \$24.6 billion and \$25.0 billion in the comparable 1996 periods. Both the increase in loans and higher net charge-offs during the first nine months of 1997 were primarily due to the acquisition of Boatmen's.

Total consumer loans past due 90 days or more and still accruing interest were \$243 million, or .40 percent of total consumer loans, on September 30, 1997 compared to \$180 million, or .33 percent of total consumer loans on December 31, 1996. Total consumer nonperforming loans were \$473 million and \$350 million on September 30, 1997 and December 31, 1996, respectively. The increases in these

categories were due to deterioration in consumer credit quality experienced on an industry-wide basis and the acquisition of Boatmen's.

Market Risk Management

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

On September 30, 1997, the interest rate risk position of the Corporation was relatively neutral as the impact of a gradual parallel 100 basis-point rise or fall in interest rates over the next 12 months was estimated to be less than 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 reheded during the period of any prescribed price and volatility change. A 99-percent confidence level is utilized, which indicates that actual trading profits and losses may deviate from expected levels and exceed estimates approximately one day out of every 100 days of trading activity.

Earnings at risk is measured on both a gross and an uncorrelated basis. The gross measure assumes that adverse market movements occur simultaneously across all segments of the trading portfolio, an unlikely assumption. On September 30,

	1997 Quarters		
	Third	Second	First
<S>	<C>	<C>	<C>
Income Statement			
Income from earning assets	\$ 4,155	\$ 4,109	\$ 4,027
Interest expense	2,183	2,121	2,077
Net interest income (taxable-equivalent)	2,001	2,017	1,978
Net interest income	1,972	1,988	1,950
Provision for credit losses	190	190	190
Gains on sales of securities	19	29	43
Noninterest income	1,224	1,165	1,113
Other real estate owned (income) expense	5	4	(2)
Other noninterest expense	1,788	1,798	1,810
Income before income taxes	1,232	1,190	1,108
Income tax expense	444	428	399
Net income	788	762	709
Net income available to common shareholders	786	759	705
Average common shares issued (in thousands)	708,278	720,020	730,413
Per common share			
Earnings	\$ 1.11	\$ 1.05	\$.97
Cash dividends paid .....	.33	.33	.33
Common shareholders' equity (period-end)	28.73	27.99	28.22
Balance sheet (period-end)			

Total assets	242,437	240,362	238,958
Total loans, leases and factored accounts receivable, net of unearned income	139,582	150,446	148,716
Total deposits	130,447	135,049	136,807
Long-term debt	26,245	25,474	25,086
Common shareholders' equity	20,262	19,909	20,534
Total shareholders' equity	20,317	19,970	20,659
Performance ratios			
Return on average assets	1.29%	1.27%	1.19%
Return on average common shareholders' equity (1) ...	15.91	15.25	13.96
Total equity to total assets	8.38	8.31	8.65
Risk-based capital ratios			
Tier 1	7.00	6.83	7.06
Total	11.56	11.32	11.58
Leverage capital ratio	6.16	6.05	6.19
Market price per share of common stock			
Close at the end of the period	\$ 61 7/8	\$64 9/16	\$ 55 1/2
High for the period	71 11/16	70	65
Low for the period	56 5/8	54	48

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

</TABLE>

Part II. Other Information

Item 2. Changes in Securities and Use of Proceeds

On August 1, 1997, the Corporation acquired by merger all the outstanding shares of Gibson Security Corp., a private company, for aggregate consideration of approximately \$88.7 million, of which approximately \$61.6 million was paid in cash and the remainder was paid with 400,200 unregistered shares of common stock of the Corporation. The issuance of the shares in this transaction was deemed to be exempt from registration under the Securities Act of 1933, as amended, in reliance on Section 4(2) as a transaction by an issuer not involving any public offering.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Exhibit 11 - Earnings Per Common Share Computation

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

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

Exhibit 27 - Financial Data Schedule

b. Reports on Form 8-K

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

Current Report on Form 8-K dated June 28, 1997, and filed July 10, 1997, Items 5&7.

Current Report on Form 8-K dated July 2, 1997, and filed July 3, 1997, Items 5&7.

Current Report on Form 8-K dated July 14, 1997, and filed July 18, 1997, Items 5&7.

Current Report on Form 8-K dated August 29, 1997, and filed September 12, 1997, Items 5&7. The following financial statements of Barnett were filed as part of this Current Report on Form 8-K: Consolidated Statements of Financial Condition as of December 31, 1996 and 1995; Consolidated Statements of Income for the years ended December 31, 1996, 1995, and 1994; Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 1996,

1995, and 1994; and Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995, and 1994. In addition, certain unaudited financial information regarding Barnett Bank, Inc. (Barnett) was filed as part of this Current Report on Form 8-K, including consolidated statements of financial condition as of June 30, 1997, and consolidated statements of income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the six months ended June 30, 1997 and June 30, 1996.

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: November 14, 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
- - - - -	-----
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

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

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

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

<TABLE>
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Ended	Three Months Ended		Nine Months	
	September 30		September 30	
	1997	1996	1997	
-----	-----	-----	-----	-
1996				
-----	-----	-----	-----	-
<S>	<C>	<C>	<C>	
<C>				
Average common shares outstanding	708,278	585,266	719,489	
595,545				
Dilutive effect of				
Convertible preferred stock	3,718	3,996	3,718	
3,996				
Stock options	16,377	6,873	18,248	
6,613				
-----	-----	-----	-----	-
Total fully dilutive shares	728,373	596,135	741,455	
606,154	=====	=====	=====	
=====				
Income available to common shareholders	\$ 786	\$ 622	\$ 2,250	\$
1,732				
Preferred dividends paid on dilutive convertible				
preferred stock	2	1	6	
5				
-----	-----	-----	-----	-
Total net income available to common shareholders				
adjusted for full dilution	\$ 788	\$ 623	\$ 2,256	\$
1,737	=====	=====	=====	
=====				
Fully diluted earnings per share	\$ 1.08	\$ 1.05	\$ 3.04	\$
2.87	-----	-----	-----	-

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NationsBank Corporation and Subsidiaries
Ratio of Earnings to Fixed Charges

Exhibit 12(a)

(Dollars in Millions)

<TABLE>
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	Nine Months Ended	Year ended December 31			
	September 30, 1997	1996	1995	1994	1993
1992					
<S> <C>	<C>	<C>	<C>	<C>	<C>
Excluding Interest on Deposits					
Income before taxes	\$ 3,530	\$ 3,634	\$ 2,991	\$ 2,555	\$ 1,991
\$ 1,396					
Equity in undistributed losses (earnings) of unconsolidated subsidiaries	1	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	3,394	4,125	4,480	2,896	1,421
916					
Amortization of debt discount and appropriate issuance costs	14	20	12	8	6
3					
1/3 of net rent expense	111	126	125	114	96
91					
Total fixed charges	3,519	4,271	4,617	3,018	1,523
1,010					
Earnings (excluding capitalized interest) \$ 2,398	\$ 7,050	\$ 7,907	\$ 7,601	\$ 5,570	\$ 3,509
Fixed charges	\$ 3,519	\$ 4,271	\$ 4,617	\$ 3,018	\$ 1,523
\$ 1,010					
Ratio of Earnings to Fixed Charges	2.00	1.85	1.65	1.85	2.30
2.38					
Including Interest on Deposits					
Income before taxes	\$ 3,530	\$ 3,634	\$ 2,991	\$ 2,555	\$ 1,991
\$ 1,396					
Equity in undistributed losses (earnings) of unconsolidated subsidiaries	1	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	6,367	7,447	7,761	5,310	3,570
3,688					
Amortization of debt discount and appropriate issuance costs	14	20	12	8	6
3					
1/3 of net rent expense	111	126	125	114	96
91					
Total fixed charges	6,492	7,593	7,898	5,432	3,672
3,782					
Earnings (excluding capitalized interest) \$ 5,170	\$ 10,023	\$ 11,229	\$ 10,882	\$ 7,984	\$ 5,658

Fixed charges	\$ 6,492	\$ 7,593	\$ 7,898	\$ 5,432	\$ 3,672
\$ 3,782					

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

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

(Dollars in Millions)

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	Nine Months Ended	Year ended December 31			
	September 30, 1997	1996	1995	1994	1993
1992					
<S>	<C>	<C>	<C>	<C>	<C>
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Excluding Interest on Deposits					
Income before taxes	\$ 3,530	\$ 3,634	\$ 2,991	\$ 2,555	\$ 1,991
1,396					
Equity in undistributed losses (earnings) of unconsolidated subsidiaries	1	2	(7)	(3)	(5)
(1)					
Fixed charges:					
Interest expense (including capitalized interest)	3,394	4,125	4,480	2,896	1,421
916					
Amortization of debt discount and appropriate issuance costs	14	20	12	8	6
3					
1/3 of net rent expense	111	126	125	114	96
91					
Total fixed charges	3,519	4,271	4,617	3,018	1,523
1,010					
Preferred dividend requirements	14	22	13	15	16
29					
Earnings (excluding capitalized interest)	\$ 7,050	\$ 7,907	\$ 7,601	\$ 5,570	\$ 3,509
2,398					

Fixed charges	\$ 3,533	\$ 4,293	\$ 4,630	\$ 3,033	\$ 1,539	\$
1,039						

Ratio of Earnings to Fixed Charges	2.00	1.84	1.64	1.84	2.28
2.31					

Including Interest on Deposits

Income before taxes	\$ 3,530	\$ 3,634	\$ 2,991	\$ 2,555	\$ 1,991	\$
1,396						

Equity in undistributed losses (earnings) of unconsolidated subsidiaries	1	2	(7)	(3)	(5)
(1)					

Fixed charges:						
Interest expense (including capitalized interest)	6,367	7,447	7,761	5,310	3,570	
3,688						
Amortization of debt discount and appropriate issuance costs	14	20	12	8	6	
3						
1/3 of net rent expense	111	126	125	114	96	
91						

Total fixed charges	6,492	7,593	7,898	5,432	3,672	
3,782						
Preferred dividend requirements	14	22	13	15	16	
29						
Earnings (excluding capitalized interest)	\$ 10,023	\$ 11,229	\$ 10,882	\$ 7,984	\$ 5,658	\$
5,170						
=====						
Fixed charges	\$ 6,506	\$ 7,615	\$ 7,911	\$ 5,447	\$ 3,688	\$
3,811						
=====						
Ratio of Earnings to Fixed Charges	1.54	1.47	1.38	1.47	1.53	
1.36						

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

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

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