

As filed with the Securities and Exchange Commission on April 15, 1998

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

Date of Report (Date of Earliest Event Reported): January 9, 1998

NATIONSBANK CORPORATION

(Exact Name of Registrant as Specified in its Charter)

North Carolina	1-6523	56-0906609
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(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

NationsBank Corporate Center, Charlotte, North Carolina 28255

(Address of Principal Executive Offices) (Zip Code)

(704) 386-5000

(Registrant's Telephone Number, including Area Code)

ITEM 5. OTHER EVENTS

Merger with Barnett Banks, Inc. On January 9, 1998, NationsBank

Corporation (the Corporation) completed its merger with Barnett Banks, Inc. (Barnett), a multi-bank holding company headquartered in Jacksonville, Florida. Each outstanding share of Barnett common stock was converted into 1.1875 shares of the Corporation's common stock, resulting in the net issuance of approximately 233 million common shares to the former Barnett shareholders. This transaction was accounted for as a pooling of interests. Under this method of accounting, the recorded assets, liabilities, shareholders' equity, income and expenses of the Corporation and Barnett have been combined and reflected at their historical amounts.

The following consolidated financial information of the Corporation restate the Corporation's historical consolidated Management's Discussion and Analysis of Results of Operations and Financial Condition and financial statements as of and for the three years ended December 31, 1997 to reflect the Barnett merger and are incorporated herein by reference to Exhibit 99.1 filed herewith:

1. Management's Discussion and Analysis of Results of Operations and Financial Condition.
2. Consolidated Statement of Income for the years ended December 31, 1997, 1996 and 1995.
3. Consolidated Balance Sheet as of December 31, 1997 and 1996.
4. Consolidated Statement of Cash Flows for the years ended December 31, 1997, 1996 and 1995.
5. Consolidated Statement of Changes in Shareholders' Equity for the years ended December 31, 1997, 1996 and 1995.
6. Notes to Consolidated Financial Statements.

The report of Price Waterhouse LLP, independent accountants, on the

consolidated financial statements of the Corporation as of and for the three years ended December 31, 1997 is filed herewith as part of Exhibit 99.1 and the related consent is filed herewith as Exhibit 23. Both the opinion and the consent are incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) Financial Statements of Businesses Acquired.

Not applicable.

(c) Exhibits.

- 23 Consent of Price Waterhouse LLP.
- 99.1 Restated Consolidated Management's Discussion and Analysis of Results of Operations and Financial Condition and Financial Statements of NationsBank Corporation as of and for the three years ended December 31, 1997.

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 hereunto duly authorized.

NATIONSBANK CORPORATION

By: /s/ Marc D. Oken

Marc D. Oken
Chief Accounting Officer

Dated: April 15, 1998

EXHIBIT 99.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

ON JANUARY 9, 1998, THE CORPORATION COMPLETED ITS MERGER WITH BARNETT, CREATING THE THIRD LARGEST BANKING COMPANY IN THE UNITED STATES WITH APPROXIMATELY \$310 BILLION IN ASSETS (THE MERGER). THE MERGER WAS ACCOUNTED FOR AS A POOLING OF INTERESTS AND ACCORDINGLY ALL RELATED FINANCIAL INFORMATION HAS BEEN RESTATED FOR ALL PERIODS PRESENTED. ON FEBRUARY 27, 1997, THE CORPORATION COMPLETED A 2-FOR-1 SPLIT OF ITS COMMON STOCK. ALL FINANCIAL DATA INCLUDED IN THIS CURRENT REPORT ON FORM 8-K REFLECTS THE IMPACT OF THE MERGER AND STOCK SPLIT.

THIS REPORT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WHICH ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS, WHICH ARE REPRESENTATIVE ONLY ON THE DATE HEREOF. READERS OF THIS REPORT SHOULD NOT RELY SOLELY ON THE FORWARD-LOOKING STATEMENTS AND SHOULD CONSIDER ALL UNCERTAINTIES AND RISKS DISCUSSED THROUGHOUT THIS REPORT. THE CORPORATION UNDERTAKES NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THE CORPORATION'S LOAN GROWTH IS DEPENDENT ON ECONOMIC CONDITIONS AS WELL AS VARIOUS DISCRETIONARY FACTORS, SUCH AS DECISIONS TO SECURITIZE, SELL OR PURCHASE CERTAIN LOANS OR LOAN PORTFOLIOS, SYNDICATIONS OR PARTICIPATIONS OF LOANS, THE RETENTION OF RESIDENTIAL MORTGAGE LOANS GENERATED BY THE MORTGAGE SUBSIDIARY, THE MANAGEMENT OF BORROWER, INDUSTRY, PRODUCT AND GEOGRAPHIC CONCENTRATIONS AND THE MIX OF THE LOAN PORTFOLIO. THE RATE OF CHARGE-OFFS AND, ACCORDINGLY, PROVISION EXPENSE CAN BE AFFECTED BY LOCAL, REGIONAL AND INTERNATIONAL ECONOMIC CONDITIONS, CONCENTRATIONS OF BORROWERS, INDUSTRIES, PRODUCTS AND GEOGRAPHIC LOCATIONS, THE MIX OF THE LOAN PORTFOLIO AND MANAGEMENT'S JUDGMENTS REGARDING THE COLLECTIBILITY OF LOANS. LIQUIDITY REQUIREMENTS MAY CHANGE AS A RESULT OF FLUCTUATIONS IN ASSETS AND LIABILITIES AND OFF-BALANCE SHEET EXPOSURES, WHICH WILL IMPACT THE CAPITAL AND DEBT FINANCING NEEDS OF THE CORPORATION AND THE MIX OF FUNDING SOURCES. DECISIONS TO PURCHASE OR SELL SECURITIES ARE ALSO DEPENDENT ON LIQUIDITY REQUIREMENTS AS WELL AS ON- AND OFF-BALANCE SHEET POSITIONS. FACTORS THAT MAY IMPACT INTEREST RATE RISK INCLUDE LOCAL, REGIONAL AND INTERNATIONAL ECONOMIC CONDITIONS, LEVELS, MIX, MATURITIES, YIELDS OR RATES OF ASSETS AND LIABILITIES, UTILIZATION AND EFFECTIVENESS OF INTEREST RATE CONTRACTS AND THE WHOLESALE AND RETAIL FUNDING SOURCES OF THE CORPORATION. FACTORS THAT MAY CAUSE ACTUAL NONINTEREST EXPENSE TO DIFFER FROM ESTIMATES INCLUDE UNCERTAINTIES RELATING TO THE CORPORATION'S EFFORTS TO PREPARE ITS SYSTEMS AND TECHNOLOGY FOR THE YEAR 2000, AS WELL AS

UNCERTAINTIES RELATING TO THE ABILITY OF THIRD PARTIES WITH WHOM THE CORPORATION HAS BUSINESS RELATIONSHIPS TO ADDRESS THE YEAR 2000 ISSUE IN A TIMELY AND ADEQUATE MANNER.

IN ADDITION, THE BANKING INDUSTRY IN GENERAL IS SUBJECT TO VARIOUS MONETARY AND FISCAL POLICIES AND REGULATIONS, WHICH INCLUDE THOSE DETERMINED BY THE FEDERAL RESERVE BOARD, THE OFFICE OF THE COMPTROLLER OF THE CURRENCY, FEDERAL DEPOSIT INSURANCE CORPORATION, STATE REGULATORS AND THE OFFICE OF THRIFT SUPERVISION, WHICH POLICIES AND REGULATIONS COULD AFFECT THE CORPORATION'S RESULTS. OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS TO DIFFER FROM THE FORWARD-LOOKING STATEMENTS INCLUDE COMPETITION WITH OTHER LOCAL, REGIONAL AND INTERNATIONAL BANKS, SAVINGS AND LOAN ASSOCIATIONS, CREDIT UNIONS AND OTHER NON-BANK FINANCIAL INSTITUTIONS, SUCH AS INVESTMENT BANKING FIRMS, INVESTMENT ADVISORY FIRMS, BROKERAGE FIRMS, MUTUAL FUNDS AND INSURANCE COMPANIES, AS WELL AS OTHER ENTITIES WHICH OFFER FINANCIAL SERVICES, LOCATED BOTH WITHIN AND WITHOUT THE UNITED STATES; INTEREST RATE, MARKET AND MONETARY FLUCTUATIONS; INFLATION; GENERAL ECONOMIC CONDITIONS AND ECONOMIC CONDITIONS IN THE GEOGRAPHIC REGIONS AND INDUSTRIES IN WHICH THE CORPORATION OPERATES; INTRODUCTION AND ACCEPTANCE OF NEW BANKING-RELATED PRODUCTS, SERVICES AND ENHANCEMENTS; FEE PRICING STRATEGIES, MERGERS AND ACQUISITIONS AND THEIR INTEGRATION INTO THE CORPORATION; AND MANAGEMENT'S ABILITY TO MANAGE THESE AND OTHER RISKS.

1997 COMPARED TO 1996 OVERVIEW

The Corporation is a multi-bank holding company headquartered in Charlotte, North Carolina, which provides a diversified range of banking and certain non-banking financial services both domestically and internationally through three major Business Units: the GENERAL BANK, GLOBAL FINANCE and FINANCIAL SERVICES.

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On January 7, 1997, the Corporation completed its acquisition of Boatmen's Bancshares, Inc. (Boatmen's), headquartered in St. Louis, Missouri. In addition, on October 1, 1997, the Corporation acquired Montgomery Securities (Montgomery), an investment banking and institutional brokerage firm headquartered in San Francisco, California. The Corporation accounted for these acquisitions as purchase business combinations; therefore, the results of operations of Boatmen's and Montgomery are included in the financial statements of the Corporation from their dates of acquisition, respectively.

The increases over the prior year in income, expense and balance sheet categories were due largely to the Boatmen's acquisition; however, 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 described in the following sections.

Refer to TABLE ONE and TABLE NINETEEN for annual and quarterly selected financial data, respectively.

KEY PERFORMANCE HIGHLIGHTS FOR 1997 WERE:

- o Operating net income (net income excluding merger and restructuring items) reflected growth of approximately 19 percent over 1996, amounting to \$3.60 billion for the year ended December 31, 1997 compared to \$3.02 billion in 1996. Operating earnings per common share for 1997 increased 4 percent to \$3.81 from \$3.65 in 1996 and operating diluted earnings per common share increased 3 percent to \$3.71 from \$3.59 in 1996. Including merger and restructuring items of \$374 million (\$264 million, net of tax) and \$118 million (\$77 million, net of tax) for 1997 and 1996, respectively, net income was \$3.33 billion and \$2.94 billion, respectively. Earnings per common share and diluted earnings per common share including merger and restructuring items were \$3.53 and \$3.44, respectively, for 1997 and \$3.56 and \$3.50, respectively, for 1996.
- o Taxable-equivalent net interest income increased 18 percent to \$9.8 billion in 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 3.98 percent compared to 3.91 percent in 1996.
- o The provision for credit losses covered net charge-offs and totaled \$954 million in 1997 compared to \$760 million in 1996. Net charge-offs as a percentage of average loans, leases and factored accounts receivable increased to .53 percent in 1997 compared to .49 percent in 1996, while net charge-offs totaled \$951 million in 1997 compared to \$750 million in 1996. Higher net charge-offs were largely the result of an increase in the average loans, leases, and factored accounts receivable portfolio, attributable to both the Boatmen's acquisition and core loan 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 total commercial loan portfolio. Nonperforming assets were \$1.4 billion on December 31, 1997 compared to \$1.3 billion on December 31, 1996, the result of the Boatmen's acquisition.
- o Noninterest income increased 35 percent to \$5.9 billion in 1997. This growth was attributable to higher levels of income from virtually all areas, including service charges on deposit accounts, investment banking income, asset management and fiduciary service fees and brokerage income. Excluding the acquisitions of Boatmen's and Montgomery, noninterest income increased approximately 12 percent.
- o Noninterest expense increased to \$9.2 billion, but increased less than 3 percent if the Boatmen's and Montgomery acquisitions and related transition expenses were excluded.
- o Operating cash basis ratios, which measure operating performance excluding

merger and restructuring items, intangible assets and the related amortization expense, improved with operating cash basis diluted earnings per common share rising 11 percent to \$4.23 in 1997 compared to \$3.80 in 1996. Return on average tangible common shareholders' equity, excluding merger and restructuring items, increased 655 basis points to 29.41 percent in 1997 compared to 22.86 percent in 1996. The cash basis efficiency ratio was 55.3 percent in 1997.

The remainder of management's discussion and analysis of the consolidated results of operations and financial condition of the Corporation should be read together with the consolidated financial statements and related notes presented on pages 38 through 73.

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Table One
Five-Year Summary of Selected Financial Data
(Dollars in Millions Except Per-Share Information)

	1997	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Income statement					
Interest income	\$ 19,687	\$ 16,832	\$ 16,186	\$ 13,084	\$ 10,858
Interest expense	9,970	8,608	8,992	6,239	4,570
Net interest income (taxable-equivalent)	9,848	8,335	7,338	6,983	6,423
Net interest income	9,717	8,224	7,194	6,845	6,288
Provision for credit losses	954	760	505	384	550
Gains (losses) on sales of securities	155	86	34	(26)	82
Noninterest income	5,929	4,408	3,787	3,153	2,702
Foreclosed properties expense	9	21	30	5	170
Merger and restructuring items	374	118	-	-	30
Other noninterest expense	9,234	7,283	6,670	6,290	5,703
Income before taxes and effect of change in method of accounting for income taxes	5,230	4,536	3,810	3,293	2,619
Income tax expense	1,898	1,597	1,327	1,115	897
Income before effect of change in method of accounting for income taxes	3,332	2,939	2,483	2,178	1,722
Effect of change in method of accounting for income taxes	-	-	-	-	200
Net income	3,332	2,939	2,483	2,178	1,922
Net income available to common shareholders	3,321	2,922	2,459	2,150	1,894
Net income (excluding merger and restructuring items)	3,596	3,016	2,483	2,178	1,942
Average common shares issued (in thousands)	941,992	820,945	773,799	782,255	749,122
Per common share					
Earnings before effect of change in method of accounting for income taxes	\$ 3.53	\$ 3.56	\$ 3.18	\$ 2.75	\$ 2.26
Earnings	3.53	3.56	3.18	2.75	2.53
Earnings (excluding merger and restructuring items)	3.81	3.65	3.18	2.75	2.55
Diluted earnings	3.44	3.50	3.10	2.70	2.48
Diluted earnings (excluding merger and restructuring items)	3.71	3.59	3.10	2.70	2.51
Cash dividends paid	1.37	1.20	1.04	.94	.82
Shareholders' equity (year-end)	26.15	21.23	20.59	17.75	16.19
Balance sheet (year-end)					
Total loans, leases and factored accounts receivable, net of unearned income	176,778	153,041	147,519	131,892	117,937
Total assets	310,554	226,949	228,852	210,882	196,017
Total deposits	173,643	140,329	134,925	135,579	123,747
Long-term debt	28,890	24,212	18,966	9,265	9,034
Common shareholders' equity	24,684	16,956	15,933	13,895	12,518
Total shareholders' equity	24,747	17,079	16,073	14,145	12,853
Performance ratios					
Return on average assets	1.16 %	1.22 %	1.08 %	1.07 %	1.00 %
Return on average assets (excluding merger and restructuring items)	1.25	1.25	1.08	1.07	1.01
Return on average common shareholders' equity (1)	14.12	17.74	16.91	16.23	15.23
Return on average common shareholders' equity (excluding merger and restructuring items) (1)	15.25	18.21	16.91	16.23	15.41
Efficiency ratio	58.5	57.1	60.0	62.1	62.5
Total equity to total assets	7.97	7.53	7.02	6.71	6.56
Risk-based capital ratios (year-end)					
Tier 1	6.50	7.76	7.24	7.43	7.41
Total	10.89	12.66	11.58	11.47	11.73
Leverage capital ratio	5.57	7.09	6.27	6.18	6.00
Cash basis financial data (2)					
Earnings per common share	\$ 4.06	\$ 3.78	\$ 3.40	\$ 2.95	\$ 2.71
Earnings per common share (excluding merger and restructuring items)	4.34	3.87	3.40	2.95	2.73

Diluted earnings per common share	3.96	3.71	3.32	2.90	2.66
Diluted earnings per common share (excluding merger and restructuring items)	4.23	3.80	3.32	2.90	2.68
Return on average tangible assets	1.38 %	1.30 %	1.17 %	1.15 %	1.09
%					
Return on average tangible assets (excluding merger and restructuring items)	1.47	1.34	1.17	1.15	1.10
Return on average tangible common shareholders' equity (1)	27.51	22.31	21.32	19.89	18.56
Return on average tangible common shareholders' equity (excluding merger and restructuring items) (1)	29.41	22.86	21.32	19.89	18.76
Efficiency ratio	55.3	55.7	58.4	60.5	61.0
Ending tangible equity to tangible assets	4.73	6.44	6.09	5.81	5.83
Market price per share of common stock					
Close at the end of the year	\$ 60 13/16	\$ 48 7/8	\$ 34 13/16	\$ 22 9/16	\$ 24 1/2
High for the year	71 11/16	52 5/8	37 3/8	28 11/16	29
Low for the year	48	32 3/16	22 5/16	21 11/16	22

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</TABLE>

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

In 1993, return on average assets and return on equity after the tax benefit from the impact of adopting a new income tax accounting standard were 1.12% and 17.03%, respectively.

BUSINESS UNIT OPERATIONS

The Corporation provides a diversified range of banking and certain nonbanking financial services and products through its various subsidiaries. The Corporation manages its business activities through three major business units: GENERAL BANK, GLOBAL FINANCE and FINANCIAL SERVICES. The business units are managed with a focus on numerous performance objectives as presented in TABLE TWO, including business unit earnings, return on average equity and the efficiency ratio. The table also includes certain cash basis information, which excludes the impact of intangible assets and the related amortization expense.

The net interest income of the business units reflects the results of a funds transfer pricing process which derives net interest income by matching assets and liabilities with similar interest rate sensitivity and maturity characteristics. Equity capital is allocated to each business 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 \$234 million of related amortization expense on a consolidated basis in 1997. This additional expense had unfavorable impacts on the return on average equity and efficiency ratios for both the GENERAL BANK and GLOBAL FINANCE in 1997. GLOBAL FINANCE'S results also reflect the impact of the purchase of Montgomery.

The GENERAL BANK provides comprehensive retail banking services for individuals and businesses. Within the GENERAL BANK, the BANKING GROUP is the service provider to the consumer sector as well as small and medium-size companies. The BANKING GROUP'S delivery channels included approximately 3,000 banking centers and approximately 7,000 automated teller machines which provide fully-automated, 24-hour cash dispensing and deposit services. These delivery channels are located throughout the Corporation's franchise and serve 16 million households in 16 states and the District of Columbia. Specialized services, such as the origination and servicing of residential mortgage loans, the issuance and servicing of credit cards, indirect lending, dealer finance and certain insurance services, are provided throughout the Corporation's franchise. In addition, certain other 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 ASSET MANAGEMENT GROUP also advises the Nations Funds family of mutual funds. The PRIVATE CLIENT GROUP is part of the ASSET MANAGEMENT GROUP and provides asset management, banking and trust services for wealthy individuals, business owners, corporate executives and the private foundations established by them.

The GENERAL BANK'S earnings increased 14 percent to \$2.4 billion in 1997. The acquisition of Boatmen's accounted for a large portion of the GENERAL BANK'S increased earnings over 1996 with internal growth also contributing to the increase. Taxable-equivalent net interest income in the GENERAL BANK increased \$1.3 billion, primarily reflecting the impact of the Boatmen's acquisition, deposit pricing management efforts and core loan growth. The net interest yield remained essentially unchanged in 1997. Average loans increased from \$108.7 billion in 1996 to \$125.3 billion in 1997 with the increase due to the Boatmen's acquisition. Excluding the impact of the Boatmen's acquisition and the \$8.1-billion of securitizations that occurred mainly during the third quarter of 1997, average loans and leases were essentially unchanged compared to 1996 average levels.

Noninterest income in the GENERAL BANK rose 28 percent to \$4.0 billion due to higher service charges on deposit accounts, mortgage servicing and other mortgage-related income and credit card income. The increase was attributable primarily to the acquisition of Boatmen's but also reflected the impact of internal growth of approximately 12 percent for service charges on deposit accounts and approximately 3 percent for credit card income. Higher deposit

account service charges were the result of changes in deposit pricing throughout the Corporation's 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 26 percent to \$7.2 billion due to the acquisition of Boatmen's, which resulted in an increase in full-time equivalent employees and additional amortization expense, with the remaining increase spread across most major expense categories. Excluding the acquisition of Boatmen's, noninterest expense increased less than 3 percent when compared to 1996. The cash basis efficiency ratio was essentially unchanged at 57.7 percent for

1997. The return on average tangible equity increased approximately 200 basis points to 28 percent, the result of revenue growth which offset an increase in operating expenses and higher equity levels resulting from the Boatmen's acquisition.

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Table Two
Business Unit Summary
For the Year Ended December 31
(Dollars in Millions)

Services	General Bank		Global Finance		Financial	
	1997	1996	1997	1996	1997	
1996						
<S>	<C>	<C>	<C>	<C>	<C>	
<C>						
Net interest income (taxable-equivalent)	\$ 7,752	\$ 6,493	\$ 1,416	\$ 1,202	\$ 543	\$
593 Noninterest income	4,003	3,123	1,430	1,019	496	
261						
Total revenue	11,755	9,616	2,846	2,221	1,039	
854 Provision for credit losses	731	592	74	43	149	
125 Gains on sales of securities	37	44	2	-	-	
- Foreclosed properties expense (income)	8	17	(8)	(5)	9	
9 Noninterest expense	7,199	5,695	1,490	1,188	546	
401						
Income before income taxes	3,854	3,356	1,292	995	335	
319 Income tax expense	1,451	1,240	466	360	130	
113						
Net income (1)	\$ 2,403	\$ 2,116	\$ 826	\$ 635	\$ 205	
\$ 206						
Cash basis earnings (2)	\$ 2,814	\$ 2,256	\$ 879	\$ 652	\$ 243	\$
228						
Net interest yield	4.84 %	4.85 %	3.01 % (4)	3.09 % (4)	5.67%	
6.88%						
Average equity to average assets	8.04	6.98	5.5	4.9	17.67	
16.50						
Return on average equity	17	21	17	16	9	
13 Return on average tangible equity (2)	28	26	20	17	17	
19						
Efficiency ratio	61.2	59.2	52.4	53.5	52.6	
47.0						

Cash basis efficiency ratio (2)	57.7	57.8	50.5	52.7	48.9	
44.4						
Average (3)						
Total loans and leases, net of unearned income	\$ 125,320	\$ 108,671	\$ 42,290	\$ 36,117	\$ 9,502	\$
8,578						
Total deposits	147,832	121,109	9,992	8,212	-	
-						
Total assets	174,797	144,181	89,194	78,368	12,289	
9,601						
Period-end (3)						
Total loans and leases, net of unearned income	123,767	106,639	41,802	36,763	10,576	
8,864						
Total deposits	148,411	123,911	11,458	8,321	-	
-						

- </TABLE>
- (1) Business Unit results are presented on a fully allocated basis but do not include net expenses of \$102 million for 1997 and \$18 million for 1996, which represent the net impact of earnings associated with unassigned capital, gains on sales of certain securities, merger and restructuring items 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 1.82 percent for 1997 and 1.78 percent for 1996.

GLOBAL FINANCE provides a broad array of banking, bank-related and investment banking products and services to domestic and international corporations, institutions and other 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. These services are provided through various domestic and international offices. Through its Section 20 subsidiary, NATIONSBANC MONTGOMERY SECURITIES LLC, GLOBAL FINANCE is a primary dealer of U.S. Government Securities and underwrites, distributes and makes markets in high-grade and high-yield debt securities and equity securities. Additionally, GLOBAL FINANCE is a market maker in derivative products which include swap agreements, option contracts, forward settlement contracts, financial futures and other derivative products in certain interest rate, foreign exchange, commodity and equity markets. In support of these activities, GLOBAL FINANCE takes positions to support client demands and its own account. Major centers for the above activities are Charlotte, Chicago, London, New York, San Francisco, Singapore and Tokyo.

GLOBAL FINANCE earned \$826 million in 1997 compared to \$635 million in 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 1997 was \$1.4 billion compared to \$1.2 billion in 1996 reflecting loan growth partially offset by increased funding costs and competitive pressure on commercial loan pricing. The average loans and leases portfolio increased to \$42.3 billion in 1997 compared to \$36.1 billion in 1996 as the result of core loan growth and the acquisition of Boatmen's. This increase was net of a securitization of \$4.2 billion of commercial loans completed during the third quarter of 1997.

Noninterest income rose 40 percent over 1996, reflecting higher securities underwriting and other investment banking income and brokerage income, due to the impact of the Montgomery acquisition and continued growth. Noninterest expense increased to \$1.5 billion in 1997, due mainly to higher personnel and amortization expenses associated with the Montgomery and Boatmen's acquisitions. The cash basis efficiency ratio improved 220 basis points to 50.5 percent as revenue growth outpaced expense increases. The return on average tangible equity increased 300 basis points to 20 percent, reflecting the impact of higher earnings.

FINANCIAL SERVICES is comprised of NATIONSCREDIT CORPORATION, EQUICREDIT CORPORATION (EQUICREDIT) and OXFORD RESOURCES CORP. (OXFORD). NATIONSCREDIT CORPORATION includes NATIONSCREDIT CONSUMER CORPORATION and NATIONSCREDIT COMMERCIAL CORPORATION. NATIONSCREDIT CONSUMER CORPORATION, which has 268 branches in 41 states, provides personal, mortgage and automobile loans to consumers, and retail finance programs to dealers. NATIONSCREDIT COMMERCIAL CORPORATION consists of divisions that specialize in the following commercial

FINANCIAL SERVICES' earnings of \$205 million were essentially flat in comparison to 1996. Taxable-equivalent net interest income decreased 8 percent resulting from the interest expense associated with funding OXFORD'S automobiles under operating leases. The related revenues for OXFORD are recognized as a component of noninterest income. The \$924 million increase in average loans and leases was net of securitizations of approximately \$3.4 billion. The net interest yield of 5.67 percent was down 121 basis points from 1996 due principally to the addition of OXFORD'S interest expense as well as increased competitive pressure on loan pricing. Noninterest income rose 90 percent to \$496 million in 1997, reflecting the addition of OXFORD and gains associated with the sale of 29 branches during the first quarter of 1997. Noninterest expense increased 36 percent to \$546 million due primarily to the acquisition of OXFORD while the cash basis efficiency ratio was 48.9 percent in 1997. The return on average equity decreased from 13 percent to 9 percent in 1997 as a result of flat earnings on a higher equity base.

RESULTS OF OPERATIONS

NET INTEREST INCOME

Taxable-equivalent net interest income increased approximately 18 percent to \$9.8 billion in 1997 compared to \$8.3 billion in 1996 due primarily to the acquisition of Boatmen's. Excluding the impact of the Boatmen's acquisition, loan sales and securitizations, core net interest income increased approximately 6 percent over 1996. This increase was the result of the improved contribution of the securities portfolios, deposit pricing management efforts and core loan growth, 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 approximately \$507 million in 1997, they did not significantly affect the Corporation's earnings. When the Corporation securitizes loans, its role becomes that of a servicer and the income related to securitized loans is reflected in noninterest income.

The net interest yield increased to 3.98 percent in 1997 compared to 3.91 percent in 1996, primarily reflecting the improved contribution of the securities portfolios and deposit pricing

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Table Three
12-Month Taxable-Equivalent Data
(Dollars in Millions)

	1997			1996		
	Average Balance Sheet	Income or	Yields/ Rates	Average Balance Sheet	Income or	
	Amounts	Expense	Rates	Amounts	Expense	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Earning assets						
Loans and leases, net of unearned income (1)						
Commercial	\$ 64,681	\$ 5,441	8.41 %	\$ 54,369	\$ 4,458	
8.20 % Real estate commercial	9,942	879	8.84	8,265	734	8.88
Real estate construction	4,621	419	9.07	3,974	360	9.07
Total commercial	79,244	6,739	8.50	66,608	5,552	8.33
Residential mortgage	41,096	3,215	7.82	38,038	2,963	7.79
Credit card	8,135	993	12.21	7,818	967	
12.36 Other consumer	38,601	3,665	9.49	33,043	3,174	9.61
Total consumer	87,832	7,873	8.96	78,899	7,104	9.00

6.86	Foreign	3,626	258	7.10	2,792	192	
	Lease financing	6,037	476	7.89	4,487	344	7.69
	Total loans and leases, net	176,739	15,346	8.68	152,786	13,192	8.63
	Securities						
	Held for investment	1,553	95	6.11	3,442	193	5.59
	Available for sale (2)	30,836	2,100	6.81	22,318	1,465	6.57
	Total securities	32,389	2,195	6.78	25,760	1,658	6.44
	Federal funds sold and securities purchased under agreements to resell	12,502	699	5.59	13,265	689	5.19
	Time deposits placed and other short-term investments	2,181	126	5.79	1,492	82	5.52
	Trading account securities (3)	22,500	1,352	6.01	19,057	1,228	6.44
	Other earning assets	1,226	100	8.16	1,078	94	8.74
	Total earning assets (4)	247,537	19,818	8.01	213,438	16,943	7.94
	Cash and cash equivalents	10,826			9,891		
	Factored accounts receivable	1,179			1,136		
	Other assets, less allowance for credit losses	28,255			17,663		
	Total assets	\$ 287,797			\$ 242,128		
	Interest-bearing liabilities						
2.10	Savings	\$ 12,777	248	1.94	\$ 12,165	255	
	NOW and money market deposit accounts	53,316	1,330	2.49	42,385	1,004	2.37
	Consumer CDs and IRAs	50,329	2,615	5.20	42,327	2,212	5.23
	Negotiated CDs, public funds and other time deposits	3,142	172	5.49	3,160	173	5.50
	Foreign time deposits	9,776	526	5.38	11,180	602	5.38
	Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	44,786	2,435	5.44	41,747	2,274	
5.45	Trading account liabilities (3)	10,285	678	6.59	10,161	653	6.42
	Long-term debt (5)	29,758	1,966	6.61	21,906	1,435	6.55
	Total interest-bearing liabilities (6)	214,169	9,970	4.66	185,031	8,608	4.65
	Noninterest-bearing sources						
	Noninterest-bearing deposits	37,574			29,562		
	Other liabilities	12,441			10,948		
	Shareholders' equity	23,613			16,587		
	Total liabilities and shareholders' equity	\$ 287,797			\$ 242,128		
3.29	Net interest spread			3.35			
	Impact of noninterest-bearing sources			.63			.62
	Net interest income/yield on earning assets	\$ 9,848		3.98 %	\$ 8,335		3.91 %

	1995			
	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates	
<S>	<C>	<C>	<C>	
Earning assets				
Loans and leases, net of unearned income (1)				
Commercial	\$ 50,912	\$ 4,176	8.20	%
Real estate commercial	9,514	871	9.15	
Real estate construction	4,037	400	9.91	
Total commercial	64,463	5,447	8.45	
Residential mortgage	31,680	2,446	7.72	
Credit card	6,528	879	13.47	

Other consumer	31,275	3,043	9.73
Total consumer	69,483	6,368	9.16
Foreign	2,036	157	7.71
Lease financing	3,277	249	7.60
Total loans and leases, net	139,259	12,221	8.78
Securities			
Held for investment	15,521	864	5.57
Available for sale (2)	16,725	1,037	6.20
Total securities	32,246	1,901	5.90
Federal funds sold and securities purchased under agreements to resell	15,242	942	6.18
Time deposits placed and other short-term investments	2,066	142	6.87
Trading account securities (3)	14,177	1,100	7.76
Other earning assets	322	24	7.45
Total earning assets (4)	203,312	16,330	8.03
Cash and cash equivalents	9,833		
Factored accounts receivable	1,163		
Other assets, less allowance for credit losses	15,344		
Total assets	\$ 229,652		
Interest-bearing liabilities			
Savings	\$ 12,010	275	2.29
NOW and money market deposit accounts	40,397	1,033	2.56
Consumer CDs and IRAs	36,853	1,917	5.20
Negotiated CDs, public funds and other time deposits	3,038	168	5.53
Foreign time deposits	14,103	881	6.25
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	46,793	2,858	6.11
Trading account liabilities (3)	12,025	896	7.45
Long-term debt (5)	13,607	964	7.08
Total interest-bearing liabilities (6)	178,826	8,992	5.03
Noninterest-bearing sources			
Noninterest-bearing deposits	26,568		
Other liabilities	9,491		
Shareholders' equity	14,767		
Total liabilities and shareholders' equity	\$ 229,652		
Net interest spread			3.00
Impact of noninterest-bearing sources			.61
Net interest income/yield on earning assets		\$ 7,338	3.61 %

</TABLE>

- (1) Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.
- (2) The average balance sheet amounts and yields on securities available for sale are based on the average of historical amortized cost balances.
- (3) The fair values of derivatives-dealer positions are reported in other assets and liabilities, respectively.
- (4) Interest income includes taxable-equivalent adjustments of \$131, \$111 and \$144 in 1997, 1996 and 1995, respectively. Interest income also includes the impact of risk management interest rate contracts, which increased (decreased) interest income on the underlying linked assets \$163, \$29 and (\$244) in 1997, 1996 and 1995, 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 \$(40), \$54 and \$30 in 1997, 1996 and 1995, respectively.

TABLE FOUR
CHANGES IN TAXABLE-EQUIVALENT NET INTEREST INCOME
(DOLLARS IN MILLIONS)

THIS TABLE PRESENTS AN ANALYSIS OF THE YEAR-TO-YEAR CHANGES IN NET INTEREST INCOME ON A FULLY TAXABLE-EQUIVALENT BASIS FOR THE YEARS SHOWN. THE CHANGES FOR EACH CATEGORY OF INCOME AND EXPENSE ARE DIVIDED BETWEEN THE PORTION OF

CHANGE ATTRIBUTABLE TO THE VARIANCE IN AVERAGE LEVELS OR YIELDS/RATES FOR THAT CATEGORY. THE AMOUNT OF CHANGE THAT CANNOT BE SEPARATED IS ALLOCATED TO EACH VARIANCE PROPORTIONATELY.

<TABLE>
<CAPTION>

	FROM 1996 TO 1997			FROM 1995 TO 1996			
	INCREASE (DECREASE) IN INCOME / EXPENSE DUE TO CHANGE IN			INCREASE (DECREASE) IN INCOME / EXPENSE DUE TO CHANGE IN			
PERCENTAGE	AVERAGE	YIELDS/		PERCENTAGE	AVERAGE	YIELDS/	
INCREASE	LEVELS	RATES	TOTAL	INCREASE	LEVELS	RATES	TOTAL
(DECREASE)				(DECREASE)			
Interest income							
Loans and leases, net of unearned income							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Commercial	\$ 865	\$ 118	\$ 983	22.1%	\$ 283	\$ (1)	\$ 282
6.8%							
Real estate commercial	148	(3)	145	19.8	(112)	(25)	(137)
(15.7)							
Real estate construction	59	-	59	16.4	(6)	(34)	(40)
(10.0)							
Total commercial	1,073	114	1,187	21.4	180	(75)	105
1.9							
Residential mortgage	239	13	252	8.5	495	22	517
21.1							
Credit card	39	(13)	26	2.7	164	(76)	88
10.0							
Other consumer	528	(37)	491	15.5	170	(39)	131
4.3							
Total consumer	801	(32)	769	10.8	850	(114)	736
11.6							
Foreign	59	7	66	34.4	53	(18)	35
22.3							
Lease financing	122	10	132	38.4	93	2	95
38.2							
Total loans and leases, net	2,079	75	2,154	16.3	1,171	(200)	971
7.9							
Securities							
Held for investment	(114)	16	(98)	(50.8)	(677)	6	(671)
(77.7)							
Available for sale	578	57	635	43.3	364	64	428
41.3							
Total securities	445	92	537	32.4	(406)	163	(243)
(12.8)							
Federal funds sold and securities purchased under agreements to resell	(41)	51	10	1.5	(113)	(140)	(253)
(26.9)							
Time deposits placed and other short-term investments	40	4	44	53.7	(35)	(25)	(60)
(42.3)							
Trading account securities	211	(87)	124	10.1	336	(208)	128
11.6							
Other earning assets	12	(6)	6	6.4	65	5	70
291.7							
Total interest income	2,729	146	2,875	17.0	806	(193)	613
3.8							
Interest expense							
Savings	12	(19)	(7)	(2.7)	4	(24)	(20)
(7.3)							
NOW and money market deposit accounts	270	56	326	32.5	49	(78)	(29)
(2.8)							
Consumer CDs and IRAs	416	(13)	403	18.2	286	9	295
15.4							
Negotiated CDs, public funds and other time deposits	(1)	0	(1)	(.6)	7	(2)	5
3.0							
Foreign time deposits	(76)	0	(76)	(12.6)	(167)	(112)	(279)
(31.7)							
Federal funds purchased, securities sold under							

agreements to repurchase and other short-term borrowings	165	(4)	161	7.1	(292)	(292)	(584)
(20.4)							
Trading account liabilities	8	17	25	3.8	(129)	(114)	(243)
(27.1)							
Long-term debt	519	12	531	37.0	549	(78)	471
48.9							
Total interest expense	1,356	6	1,362	15.8	305	(689)	(384)
(4.3)							
Net interest income	1,354	159	1,513	18.2	377	620	997
13.6							

</TABLE>							

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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 \$954 million in 1997 compared to \$760 million in 1996. The provision for credit losses for 1997 and 1996 covered net charge-offs of \$951 million and \$750 million, respectively. Higher provision expense in 1997 was due to higher net charge-offs resulting from an increase in the average loans, leases, and factored accounts receivable portfolio, attributable to both the Boatmen's acquisition and core loan 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 total commercial loan portfolio. For additional information on the allowance for credit losses, certain credit quality ratios and credit quality information on specific loan categories, see the Credit Risk Management and Credit Portfolio Review section beginning on page 24.

GAINS ON SALES OF SECURITIES

Gains on the sales of securities were \$155 million in 1997 compared to \$86 million in 1996. The increase in 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 FIVE, noninterest income increased 35 percent to \$5.9 billion in 1997, reflecting the acquisitions of Boatmen's and Montgomery. Excluding these acquisitions, noninterest income increased approximately 12 percent in 1997.

<TABLE>
<CAPTION>

TABLE FIVE
NONINTEREST INCOME
(DOLLARS IN MILLIONS)

	1997	1996	Change	
			Amount	Percent
<S>	<C>	<C>	<C>	<C>
Service charges on deposit accounts	\$ 1,835	\$ 1,393	\$ 442	31.7%
Mortgage servicing and other mortgage-related income	293	224	69	30.8
Investment banking income	715	384	331	86.2
Trading account profits and fees	272	278	(6)	(2.2)
Brokerage income	278	147	131	89.1
Other nondeposit-related service fees	373	311	62	19.9
Asset management and fiduciary service fees	732	513	219	42.7
Credit card income	420	369	51	13.8
Other income	1,011	789	222	28.1
	\$ 5,929	\$ 4,408	\$ 1,521	34.5

</TABLE>

- o Service charges on deposit accounts amounted to \$1.8 billion in 1997, an increase of 32 percent over 1996, attributable to growth in number of households served due principally to the acquisition of Boatmen's and the impact of changes in deposit pricing throughout the Corporation's franchise. Excluding the impact of the Boatmen's acquisition, service charges increased approximately 11 percent for 1997.

- o Mortgage servicing and other mortgage-related income grew 31 percent to \$293 million in 1997 due to the acquisition of the Boatmen's mortgage portfolio. The average portfolio of loans serviced increased 17 percent from \$104.0 billion in 1996 to \$121.2 billion in 1997. This increase was net of the impact of the sale of Barnett's mortgage servicing portfolio in the second quarter of 1996. On December 31, 1997, the servicing portfolio, which includes mortgage loans originated by the Corporation's mortgage subsidiary as well as loans serviced on behalf of the Corporation's banking subsidiaries, totaled \$126.5 billion compared to \$96.4 billion on December 31, 1996. Mortgage loan originations through the Corporation's mortgage subsidiary increased to \$19.7 billion in 1997 compared to \$16.8 billion in 1996. 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 in 1997 consisted of approximately \$8.7 billion of retail loan volume and \$11.0 billion of correspondent and wholesale loan volume.

In conducting its mortgage production activities, the Corporation is exposed to interest rate risk for the period between loan commitment date and subsequent delivery date. To manage this risk, the Corporation enters into various financial instruments including forward delivery and option contracts. The notional amount of such contracts was approximately \$2.7 billion on December 31, 1997. Net unrealized losses associated with these contracts were \$15 million on December 31, 1997. These contracts have an average expected maturity of less than 90 days.

- o Investment banking income increased 86 percent to \$715 million in 1997 reflecting increased levels of securities underwriting activity, syndication fees and advisory fees. Higher syndication fees were the result of 725 deals totaling \$431.0 billion in 1997 compared to 566 deals totaling \$346.0 billion in 1996. Securities underwriting and advisory services fees increased in 1997 reflecting the impact of the Montgomery acquisition and continued internal growth.

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

	1997	1996

INVESTMENT BANKING INCOME		
Syndications	\$ 201	\$ 119
Securities underwriting	265	91
Principle investment activities	71	90
Advisory services	70	9
Other	108	75

Total investment banking income	\$ 715	\$ 384
	=====	

- o Trading account profits and fees totaled \$272 million in 1997, a decrease of 2 percent from \$278 million in 1996. The fair values of the components of the Corporation's trading account assets and liabilities on December 31, 1997 and 1996 as well as their average fair values for 1997 and 1996 are disclosed in Note Four to the consolidated financial statements on page 51.

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

	1997	1996

Trading Account Profits and Fees		
Interest rate contracts	\$ 141	\$ 136
Foreign exchange contracts	61	8
Securities trading	25	96
Other	45	38

	\$ 272	\$ 278
	=====	

- o Brokerage income increased 89 percent to \$278 million in 1997, due mainly to the acquisition of Montgomery as well as internal growth of approximately 31 percent.
- o Asset management and fiduciary service fees increased 43 percent to \$732 million in 1997. An analysis of asset management and fiduciary service fees by major business activity for 1997 and 1996 as well as the market values of assets under management and administration on December 31 follows (in millions):

	1997	1996

ASSET MANAGEMENT AND FIDUCIARY SERVICE FEES		
Private Client Group	\$ 494	\$ 328
Consumer investing	50	39

Funds and business/institutional investment management	62	54
Retirement services, corporate trust and other	126	92
	-----	-----
Total asset management and fiduciary service fees	\$ 732	\$ 513
	=====	=====

MARKET VALUE OF ASSETS

Assets under management	\$ 112,129	\$ 80,030
Assets under administration	187,146	192,754

The PRIVATE CLIENT GROUP provides asset management and banking and trust services, primarily to individuals. Fees for these services increased \$166 million in 1997 over 1996, due principally to the Boatmen's acquisition, increased sales, and market appreciation associated with assets under management. Consumer investing revenues reflect fees received as the investment advisor to the Nations Funds family of mutual funds. Funds and business/institutional investment management fees include revenues from SOVRAN CAPITAL MANAGEMENT and TRADESTREET INVESTMENT ASSOCIATES, INC., which provide institutional investors with investment management services. Retirement services and corporate trust fees include investment advisory, administrative, fiduciary, and record-keeping services for business and institutional customers. Assets under management and administration in 1997 were impacted by the Boatmen's acquisition and the third quarter 1997 sales of certain corporate and institutional trust businesses, which included businesses that provided administrative and record-keeping services for employee benefit plans.

- o Credit card income increased 14 percent to \$420 million in 1997 due primarily to the acquisition of Boatmen's and internal growth of approximately 2 percent. Credit card income includes \$28 million and \$47 million from credit card securitizations in 1997 and 1996, respectively. This decrease in credit card securitization income was mainly due to higher than expected charge-off levels.
- o Other income totaled \$1.0 billion in 1997, an increase of \$222 million over 1996. Other income includes: certain prepayment fees and other fees (such as net gains on sales of miscellaneous investments, business activities, premises and other similar items), net rental income on operating automobile leases, servicing and related fees from the Corporation's consumer finance business, insurance commissions and earnings and bankers' acceptances and letters of credit fees.

MERGER AND RESTRUCTURING ITEMS

During 1997 and 1996, the Corporation incurred pretax merger and restructuring items of \$374 million and \$118 million, respectively. The merger and restructuring items of \$374 million consisted primarily of payments made under certain executive supplemental compensation plans which became payable upon approval of the Merger by the Barnett shareholders and certain transaction and contract termination payments. Substantially all amounts were paid as of December 31, 1997. The

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Corporation anticipates recording additional merger and restructuring items totaling \$900 million during the first quarter of 1998. See Note Two to the consolidated financial statements for further details.

The \$118 million recorded in 1996 was due to the Corporation's acquisition of Bank South. The charge consisted of severance costs, facilities consolidations and branch closures, cancellations of contractual obligations and other merger and restructuring items.

NONINTEREST EXPENSE

Excluding the impact of the Boatmen's and Montgomery acquisitions, noninterest expense increased less than 3 percent between 1997 and 1996, demonstrating successful acquisition integration and expense management efforts.

<TABLE>
<CAPTION>

TABLE SIX
NONINTEREST EXPENSE
(DOLLARS IN MILLIONS)

	1997		1996		CHANGE	
	PERCENT OF TAXABLE- EQUIVALENT NET INTEREST AND NONINTEREST		PERCENT OF TAXABLE- EQUIVALENT NET INTEREST AND NONINTEREST			
	AMOUNT	INCOME	AMOUNT	INCOME	AMOUNT	PERCENT
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	
<C>						
Personnel	\$ 4,528	28.7%	\$ 3,543	27.8%	\$ 985	

27.8%					
Occupancy, net	783	5.0	658	5.2	125
19.0					
Equipment	780	4.9	608	4.8	172
28.3					
Marketing	341	2.2	291	2.4	50
17.2					
Professional fees	383	2.4	312	2.4	71
22.8					
Amortization of intangibles	503	3.2	179	1.4	324
181.0					
Data processing	346	2.2	295	2.3	51
17.3					
Telecommunications	283	1.8	218	1.7	65
29.8					
Other general operating	1,011	6.4	959	7.5	52
5.4					
General administrative and miscellaneous	276	1.7	220	1.7	56
25.5					

	\$ 9,234	58.5%	\$ 7,283	57.2%	\$ 1,951
26.8%					
=====					

</TABLE>

Based on information in TABLE SIX, a discussion of the significant components and changes in noninterest expense in 1997 compared to 1996 levels follows:

- o Personnel expense increased \$985 million over 1996, due primarily to the impact of the Boatmen's and Montgomery acquisitions. Including the impact of these acquisitions, the Corporation had approximately 102,000 full-time equivalent employees on December 31, 1997 compared to approximately 82,000 full-time equivalent employees on December 31, 1996. Excluding the impact of the Boatmen's and Montgomery acquisitions, full-time equivalent employees at December 31, 1997 increased approximately 4 percent compared to December 31, 1996 levels.
 - o Occupancy expense increased 19 percent to \$783 million in 1997 compared to \$658 million in 1996 due to the acquisition of Boatmen's.
 - o Equipment expense amounted to \$780 million in 1997, an increase of approximately 28 percent over 1996, reflecting the Boatmen's acquisition as well as enhancements to data delivery channels and product delivery systems throughout the Corporation such as the Model Banking initiative, direct banking (including PC Banking) and data base management.
 - o Professional fees increased \$71 million over 1996 to \$383 million, reflecting the impact of the Boatmen's acquisition as well as higher consulting and technical support fees for projects to enhance revenue growth, the development and installation of infrastructure enhancements and customer-related data delivery areas.
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- o Intangibles amortization expense increased to \$503 million in 1997, reflecting the impact of the Boatmen's acquisition.
 - o Other general operating expenses increased \$52 million to \$1.0 billion in 1997 due to higher expenses associated with the acquisition of Boatmen's.

Noninterest expense includes the cost of projects to ensure accurate date recognition and data processing with respect to the Year 2000 issue as it relates to the Corporation's businesses, operations, customers and vendors. A process of software inventory, analysis, modification, testing and verification and implementation is underway. The Corporation expects to substantially complete the Year 2000 software conversion projects by the end of 1998. The related costs, which are expensed as incurred, are included in professional, data processing, and equipment expenses. Year 2000 expenses incurred through the end of 1997 amounted to approximately \$25 million and the total cost of the Year 2000 project is estimated to be approximately \$120 million.

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

In addition, on January 1, 1999, several countries that are members of the European Monetary Union plan to replace their respective currencies with one common currency-the euro. Costs to prepare systems impacted by this currency

change are expected to be immaterial.

INCOME TAXES

The Corporation's income tax expense for 1997 and 1996 was \$1.9 billion and \$1.6 billion, respectively, for an effective tax rate of 36.3 percent for 1997 and 35.2 percent for 1996.

Note Eleven to the consolidated financial statements on page 68 includes a reconciliation of federal income tax expense computed using the federal statutory rate of 35 percent to actual income tax expense.

BALANCE SHEET REVIEW AND LIQUIDITY RISK MANAGEMENT

The Corporation utilizes an integrated approach in managing its balance sheet which includes management of interest rate sensitivity, credit risk, liquidity risk and its capital position. The average balances discussed below can be derived from TABLE THREE. The following discussion addresses changes in average balances in 1997 compared to 1996.

Average customer-based funds increased \$27.5 billion to \$157.1 billion in 1997 due to deposits obtained in the Boatmen's acquisition. As a percentage of total sources, average customer-based funds remained essentially unchanged at 55 percent in 1997.

Average market-based funds increased \$1.8 billion in 1997 to \$64.8 billion and comprised a smaller portion of total sources of funds at 23 percent in 1997 compared to 26 percent in 1996. The increase in average market-based funds was due primarily to the Boatmen's acquisition. The \$7.9 billion increase in average long-term debt was mainly the result of borrowings to fund repurchases of shares issued in the Boatmen's acquisition.

Average loans and leases, the Corporation's primary use of funds, increased \$24.0 billion to \$176.7 billion during 1997. As a percentage of total uses of funds, average loans and leases decreased to 62 percent in 1997 from 63 percent in 1996. The increase in average loans and leases was due primarily to the impact of the Boatmen's acquisition and core loan growth, partially offset by the impact of \$15.7 billion of securitizations, most of which occurred in the third quarter of 1997. The ratio of average loans and leases to customer-based funds was 112 percent in 1997 and 118 percent in 1996.

Average other assets and cash and cash equivalents increased \$11.5 billion to \$39.1 billion in 1997 due largely to an increase in intangible assets related to the acquisition of Boatmen's.

Cash and cash equivalents were \$13.8 billion on December 31, 1997, an increase of \$1.9 billion from December 31, 1996. During 1997, net cash used in operating activities was \$439 million, net cash used in investing activities was \$19.4 billion and net cash provided by financing activities was \$21.7 billion. For further information on cash flows, see the Consolidated Statement of Cash Flows on page 40 in the consolidated financial statements.

Liquidity is a measure of the Corporation's ability to fulfill its cash requirements and is managed by the Corporation through its asset and liability management process. The Corporation monitors its assets and liabilities and modifies these positions as liquidity requirements change. This process, coupled with the Corporation's ability to raise capital and debt financing, is designed to cover the liquidity needs of the Corporation. Management believes that 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 serves a primary role in the overall context of balance sheet management by the Corporation. The decision to purchase or sell securities is based upon the current assessment of economic and financial conditions, including the interest rate environment, liquidity requirements and on- and off-balance sheet positions.

The securities portfolio on December 31, 1997 consisted of securities held for investment totaling \$1.2 billion and securities available for sale totaling \$49.4 billion compared to \$2.1 billion and \$17.3 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 \$7.8 billion of securities obtained principally through residential mortgage loans that were securitized and retained primarily during the third quarter of 1997. 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 December 31, 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 the Corporation's portfolio of securities held for investment approximated the book value of the portfolio.

The valuation allowance for securities available for sale, marketable equity securities and certain servicing assets increased shareholders' equity by \$408 million on December 31, 1997, reflecting primarily pretax appreciation of \$115 million on marketable equity securities and \$502 million on debt securities. The valuation allowance increased shareholders' equity by \$94 million on December 31, 1996. The increase in the valuation allowance was primarily attributable to a decrease in interest rates when comparing December 31, 1997 to December 31, 1996, but also reflected the impact of higher securities balances.

The estimated average maturities of securities held for investment and securities available for sale portfolios were 1.48 years and 5.45 years, respectively, on December 31, 1997 compared to 1.47 years and 5.54 years, respectively, on December 31, 1996. The decrease in the average expected maturity of the available for sale portfolio is attributable to purchases of

securities during 1997 with shorter average maturities than the weighted average maturities of securities owned on December 31, 1996.

LOANS AND LEASES

Total loans and leases increased approximately 16 percent to \$175.7 billion on December 31, 1997 compared to \$152.0 billion on December 31, 1996. As presented in TABLE THREE, average total loans and leases increased 16 percent to \$176.7 billion in 1997 compared to \$152.8 billion in 1996 due primarily to the impact of the Boatmen's acquisition and core loan growth, partially offset by the impact of \$15.7 billion of securitizations, most of which occurred during the third quarter of 1997.

Average commercial loans increased to \$64.7 billion in 1997 compared to \$54.4 billion in 1996, due largely to the Boatmen's acquisition and core loan growth, partially offset by the impact of a \$4.2-billion commercial loan securitization that occurred during the third quarter of 1997. Average real estate commercial and construction loans increased to \$14.6 billion in 1997 as a result

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of the addition of Boatmen's. Excluding the Boatmen's acquisition, real estate commercial and construction loans decreased, reflecting the Corporation's efforts to lower its exposure to this line of business.

Average residential mortgage loans increased 8 percent to \$41.1 billion in 1997 compared to \$38.0 billion in 1996, mainly the result of the Boatmen's acquisition as well as core loan growth. The increase in mortgage loans was partially offset by the impact of \$8.1 billion of mortgage loan securitizations which occurred primarily during the third quarter of 1997.

Average credit card and other consumer loans, including direct and indirect consumer loans and home equity loans, increased \$5.9 billion, primarily the result of the Boatmen's acquisition. This increase was partially offset by \$3.4 billion of other consumer loan securitizations.

A significant source of liquidity for the Corporation is the repayment and maturities of loans. TABLE SEVEN shows selected loan maturity data on December 31, 1997 and indicates that approximately 37 percent of the selected loans had maturities of one year or less. The securitization and sale of certain loans and the use of loans as collateral in asset-backed financing arrangements are also sources of liquidity.

<TABLE>
<CAPTION>

TABLE SEVEN
SELECTED LOAN MATURITY DATA
DECEMBER 31, 1997
(DOLLARS IN MILLIONS)

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

	DUE IN 1 YEAR OR LESS	DUE AFTER 1 YEAR THROUGH 5 YEARS	DUE AFTER 5 YEARS	TOTAL
-				
<S>	<C>	<C>	<C>	<C>
Commercial	\$ 22,619	\$ 31,606	\$ 11,384	\$ 65,609
Real estate commercial	2,270	4,995	1,729	8,994
Real estate construction	2,356	2,126	183	4,665
Foreign	3,158	587	372	4,117
-				
Total selected loans, net of unearned income	\$ 30,403	\$ 39,314	\$ 13,668	\$ 83,385
Percent of total	36.5%	47.1%	16.4%	
100.0%				
Cumulative percent of total	36.5	83.6	100.0	
Sensitivity of loans to changes in interest rates-loans due after one year				
Predetermined interest rate		\$ 9,995	\$ 5,739	\$ 15,734
Floating or adjustable interest rate		29,319	7,929	37,248
-				
		\$ 39,314	\$ 13,668	\$ 52,982

</TABLE>

DEPOSITS

TABLE THREE provides information on the average amounts of deposits and the rates paid by deposit category. Through the Corporation's diverse retail banking network, deposits remain a primary source of funds for the Corporation. Average deposits increased 19 percent in 1997 over 1996 due to deposits acquired in the Boatmen's transaction.

On December 31, 1997, the Corporation had domestic certificates of deposit of \$100 thousand or greater totaling \$11.4 billion, with \$5.1 billion

maturing within three months, \$2.3 billion maturing within three to six months, \$2.0 billion maturing within six to twelve months and \$2.0 billion maturing after twelve months.

Additionally, on December 31, 1997, the Corporation had other domestic time deposits of \$100 thousand or greater totaling \$506 million, with \$78 million maturing within three months, \$41 million maturing within three to six months, \$78 million maturing within six to twelve months and \$309 million maturing after twelve months.

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Foreign office certificates of deposit and other time deposits of \$100 thousand or greater totaled \$14.4 billion and \$8.1 billion on December 31, 1997 and 1996, respectively.

SHORT-TERM BORROWINGS AND TRADING ACCOUNT LIABILITIES

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

During 1997, total average short-term borrowings increased 7 percent to \$44.8 billion and trading account liabilities (excluding derivatives-dealer positions) remained essentially unchanged from 1996 levels, amounting to \$10.3 billion in 1997.

<TABLE>
<CAPTION>

Table Eight						
Short-Term Borrowings						
(Dollars in Millions)						
	1997		1996		1995	
	Amount	Rate	Amount	Rate	Amount	Rate

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Federal funds purchased						
On December 31	\$ 6,360	5.93 %	\$ 4,011	6.52%	\$ 6,089	5.27%
Average during year	5,375	5.56	5,172	5.36	6,215	5.92
Maximum month-end balance during year	8,153	-	8,936	-	8,245	-
Securities sold under agreements to repurchase						
On December 31	40,144	5.24	16,635	5.40	23,785	5.65
Average during year	33,806	5.10	29,541	5.36	31,161	6.12
Maximum month-end balance during year	40,144	-	30,369	-	39,686	-
Commercial paper						
On December 31	3,752	5.82	2,829	5.41	3,443	5.69
Average during year	3,379	5.69	3,580	5.58	3,223	6.10
Maximum month-end balance during year	3,752	-	4,264	-	3,687	-
Other short-term borrowings						
On December 31	4,127	5.62	1,837	5.20	4,653	5.93
Average during year	2,226	6.22	3,454	6.23	6,194	6.20
Maximum month-end balance during year	4,127	-	5,270	-	7,631	-

</TABLE>						

LONG-TERM DEBT

Long-term debt increased 19 percent from \$24.2 billion at December 31, 1996 to \$28.9 billion on December 31, 1997 mainly as a result of borrowings to fund repurchases of shares issued in the Boatmen's acquisition. During 1997, the Corporation issued \$1.3 billion of trust preferred securities and \$1.0 billion of mortgage backed bonds. Also during 1997, the Corporation issued \$5.1 billion in long-term senior and subordinated debt, including \$2.1 billion which was issued under its medium-term note program and \$2.5 billion under a bank note program. See Note Six to the consolidated financial statements on page 53 for further details on long-term debt.

OTHER

The Corporation has commercial paper back-up lines totaling \$1.5 billion of which \$1.0 billion expires in October 1998 and \$500 million expires in October 2002. No borrowings have been made under these lines.

The Corporation's financial position is reflected in the following debt ratings, which include upgrades as applicable from December 31, 1996 ratings:

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	Commercial Paper	Senior Debt
	-----	-----
Moody's Investors Service	P-1	Aa3
Standard & Poor's Corporation	A-1	A+
Duff and Phelps, Inc.	D-1+	A+
Fitch IBCA, Inc.	F-1	A+
Thomson BankWatch	TBW-1	A+

In managing liquidity, the Corporation takes into consideration the ability of the subsidiary banks to pay dividends to the parent company. See Note Nine to the consolidated financial statements on page 61 for further details on dividend capabilities of the subsidiary banks.

CAPITAL RESOURCES AND CAPITAL MANAGEMENT

Shareholders' equity on December 31, 1997 was \$24.7 billion compared to \$17.1 billion on December 31, 1996. The acquisition of Boatmen's resulted in the issuance of approximately 195 million shares of common stock and an increase of \$9.5 billion in total shareholders' equity. The increase was partially offset by the repurchase of approximately 114 million shares of common stock for \$6.5 billion.

The Corporation's and its significant banking subsidiaries' regulatory capital ratios, along with a description of the components of risk-based capital, capital adequacy requirements and prompt corrective action provisions, are included in Note Nine to the consolidated financial statements on page 61.

MARKET RISK MANAGEMENT

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

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

In January 1997, the Securities and Exchange Commission (SEC) adopted new rules that require more comprehensive disclosures of accounting policies for derivatives as well as enhanced quantitative and qualitative disclosures of market risk for derivative and other financial instruments. The market risk disclosures must be presented for most financial instruments, which must be classified into two portfolios: financial instruments entered into for trading purposes and all other covered financial instruments (non-trading portfolio).

For a discussion of non-trading, on-balance sheet financial instruments see TABLE NINE in the following Market Risk Management section on page 21. For information on market risk associated with Asset and Liability Management (ALM) activities, see the following discussion on page 22 of the Market Risk Management section and the mortgage banking section of Noninterest Income on page 12 as well as the Mortgage Servicing Rights section in Note One to the consolidated financial statements on page 44. Market risk associated with the trading portfolio is discussed in the following Market Risk Management section on page 22. The composition of the trading portfolio and related fair values are included in Note Four to the consolidated financial statements on page 51. Derivatives-dealer positions and related credit risk are presented in Note Eight to the consolidated financial statements on page 60. Accounting policies for ALM and trading derivatives are disclosed in Note One to the consolidated financial statements in the Trading Instruments and Risk Management Instruments sections on pages 43 and 45, respectively.

NON-TRADING PORTFOLIO

The Corporation's ALM process is used to manage interest rate risk through the structuring of balance sheet and off-balance sheet portfolios and identifying and linking such off-balance sheet positions to specific assets and liabilities. Interest rate risk represents the only material market risk exposure to the Corporation's non-trading on-balance sheet financial instruments. To effectively measure and manage interest rate risk, the Corporation uses computer simulations which determine the impact on net interest income of numerous interest rate scenarios, balance sheet trends and strategies. These simulations cover the following financial instruments: short-term financial instruments, securities, loans, deposits, borrowings and off-balance

TABLE NINE summarizes the expected maturities, unrealized gains and losses and weighted average effective yields and rates associated with the Corporation's significant non-trading, on-balance sheet financial instruments. Cash and cash equivalents, time deposits placed and other short-term investments, fed funds sold and purchased, resale and repurchase agreements, commercial paper, other short-term borrowings and foreign deposits, which are similar in nature to other short-term borrowings, are excluded from TABLE NINE as their respective carrying values approximate fair values. These financial instruments generally expose the Corporation to insignificant market risk as they have either no stated maturities or an average maturity of less than 30 days and interest rates that approximate market. However, these financial instruments can expose the Corporation to interest rate risk by requiring more or less reliance on alternative funding sources, such as long-term debt. Loans held for sale are also excluded as their carrying values approximate their fair values, generally exposing the Corporation to insignificant market risk. For further information on the fair value of financial instruments, see Note Twelve to the consolidated financial statements on page 70.

Table Nine								
Non-Trading On- Balance Sheet Financial Instruments								
December 31, 1997								
(Dollars in Millions)								
	Expected Maturity							
After	Unrealized							
	Total	Gain/ (Loss)	1998	1999	2000	2001	2002	2002
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets								
Loans, net of unearned income (1)								
Fixed Rate								
Book value	\$ 72,773	\$ 1,017	\$ 24,385	\$ 13,227	\$ 9,633	\$5,946	\$ 4,223	\$
15,359								
Weighted average effective yield	8.87	%						
Variable Rate								
Book value	\$ 96,585	1,317	38,603	12,466	10,351	7,311	8,833	
19,021								
Weighted average effective yield	8.39	%						
Securities held for investment (2)								
Fixed Rate								
Book value	\$ 986	4	445	458	16	13	9	
45								
Weighted average effective yield	5.94	%						
Variable Rate								
Book value	\$ 170	1	5	144	-	21	-	
-								
Weighted average effective yield	6.65	%						
Securities available for sale (2)								
Fixed Rate								
Book value	\$ 47,423	498	1,709	5,047	1,925	2,804	11,291	
24,647								
Weighted average effective yield	6.41	%						
Variable Rate								
Book value	\$ 2,025	4	6	3	94	1,127	213	
582								
Weighted average effective yield	7.03	%						
Liabilities								

Total Domestic Deposits (3)								
Fixed Rate								
73,170	Book value	\$ 117,211	\$ (364)	\$ 31,761	\$ 8,167	\$ 2,501	\$ 838	\$ 774
	Weighted average effective rate	2.53	%					
Variable Rate								
18,879	Book value	\$ 42,039	(3)	6,763	5,233	4,295	3,699	3,170
	Weighted average effective rate	4.73	%					
Long-term debt (excluding obligations under capital leases) (4)								
Fixed Rate								
7,595	Book value	\$ 12,599	(596)	1,291	600	867	1,719	527
	Weighted average effective rate	7.26	%					
Variable Rate								
2,261	Book value	\$ 15,839	(21)	3,761	3,031	4,193	923	1,670
	Weighted average effective rate	6.03	%					
Trust preferred securities (4)								
Fixed Rate								
1,362	Book value	\$ 1,962	(91)	-	-	-	-	600
	Weighted average effective rate	8.12	%					
Variable Rate								
743	Book value	\$ 743	(10)	-	-	-	-	-
	Weighted average effective rate	6.59	%					

</TABLE>

- (1) Expected maturities reflect the impact of prepayment assumptions.
- (2) Expected maturities are based on contractual maturities.
- (3) When measuring and managing market risk associated with domestic deposits, the Corporation considers its long-term relationships with depositors. The unrealized loss on domestic deposits in this table does not consider these long-term relationships.
- (4) Expected maturities of long-term debt and trust preferred securities reflect the Corporation's ability to redeem such debt prior to contractual maturities.

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<TABLE>
<CAPTION>

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

Average	Expected Maturity							
	Unrealized							After
Expected	Gain/(Loss)	Total	1998	1999	2000	2001	2002	2002
Maturity								

<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>
Asset Conversion Swaps								
3.04	Receive fixed generic	\$ 230						
	Notional amount	\$ 23,474	\$1,800	\$1,625	\$6,575	\$ 9,289	\$4,185	\$ -
	Weighted average receive rate	6.35%	5.56%	6.38 %	6.40 %	6.38 %	6.53%	- %
	Weighted average pay rate	5.90	5.89	5.88	5.87	5.90	5.93	-
Pay fixed generic								
2.55		(19)						
	Notional amount	\$ 1,386	\$ 1	\$ 251	\$1,001	\$ 71	\$ 1	\$ 61
	Weighted average pay rate	6.74%	5.90%	6.46 %	6.70 %	7.39 %	5.90%	7.93 %
	Weighted average receive rate	6.02	6.00	5.91	5.81	7.96	6.00	7.56
Total asset conversion swaps								
		\$ 211						
	Notional amount	\$ 24,860	\$1,801	\$1,876	\$7,576	\$ 9,360	\$4,186	\$ 61

Liability Conversion Swaps								
Receive fixed generic	\$	100						
5.03								
Notional amount	\$	7,713	\$1,687	\$ 826	\$ 308	\$ 1,102	\$ 495	\$3,295
Weighted average receive rate		6.77%	6.69%	7.26 %	6.79 %	6.08 %	6.92%	6.89 %
Weighted average pay rate		6.24	6.57	7.51	6.13	5.97	5.85	5.92
Pay fixed generic	(3)							
1.27								
Notional amount	\$	116	\$ 100	\$ -	\$ 8	\$ -	\$ 8	\$ -
Weighted average pay rate		8.86%	9.31%	- %	6.01 %	- %	6.65%	- %
Weighted average receive rate		5.56	5.32	-	5.84	-	5.91	-
Total liability conversion swaps	\$	97						
Notional amount	\$	7,829	\$1,787	\$ 826	\$ 316	\$ 1,102	\$ 503	\$3,295

Total receive fixed swaps	\$	330						
3.53								
Notional amount	\$	31,187	\$3,487	\$2,451	\$6,883	\$10,391	\$4,680	\$3,295
Weighted average receive rate		6.46%	6.11%	6.68 %	6.42 %	6.35 %	6.58%	6.89 %
Weighted average pay rate		5.98	6.22	6.42	5.88	5.91	5.92	5.92
Total pay fixed swaps	(22)							
2.45								
Notional amount	\$	1,502	\$ 101	\$ 251	\$1,009	\$ 71	\$ 9	\$ 61
Weighted average pay rate		6.91%	9.28%	6.46 %	6.69 %	7.39 %	6.54%	7.93 %
Weighted average receive rate		5.97	5.33	5.91	5.81	7.96	5.92	7.56
Basis Swaps	\$	(1)						
1.44								
Notional amount	\$	2,358	\$ 750	\$1,125	\$ 218	96	\$ 169	\$ -
Weighted average receive rate		5.86%	5.74%	5.80 %	5.91 %	7.23 %	5.96%	- %
Weighted average pay rate		5.90	5.78	5.84	6.00	7.27	5.92	-
Total Swaps	\$	307						
Notional amount	\$	35,047	\$4,338	\$3,827	\$8,110	\$10,558	\$4,858	\$3,356

Option Products								
Notional amount	(7)	\$ 6,154	\$ 2,702	\$ 2,825	\$ 143	\$ 85	\$ 163	\$ 236
Weighted average strike rate		6.77%	6.39%	6.64 %	8.13 %	9.43%	7.70%	10.29 %

Total Interest Rate Contracts	\$	300						
Notional amount	\$	41,201	\$ 7,040	\$ 6,652	\$ 8,253	\$ 10,643	\$ 5,021	\$ 3,592

</TABLE>

Risk management interest rate contracts are utilized in the ALM process. Such contracts, which are generally non-leveraged generic interest rate and basis swaps and options, allow the Corporation to effectively manage its interest rate risk position. As reflected in TABLE TEN, the total gross notional amount of the Corporation's ALM interest rate swaps on December 31, 1997 was \$35.0 billion, with the Corporation receiving fixed on \$31.2 billion, primarily converting variable-rate commercial loans to fixed rate, and receiving variable on \$1.5 billion. The net receive fixed position on December 31, 1997 was \$29.7 billion compared to \$30.6 billion on December 31, 1996. In addition, the Corporation has \$2.4 billion of basis swaps linked primarily to long-term debt.

TABLE TEN also summarizes the expected maturities, weighted average pay and receive rates and the unrealized gains and losses on December 31, 1997 of the Corporation's ALM interest rate contracts. 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 December 31, 1997 was \$307 million compared to net unrealized appreciation of \$64 million on December 31, 1996, reflecting a decrease in interest rates when comparing December 31, 1997 to December 31, 1996. The amount of net realized deferred gains associated with terminated ALM swaps was \$51 million on December 31, 1997 compared to \$41 million of net realized deferred losses on December 31, 1996.

To manage interest rate risk, the Corporation also uses interest rate option products, primarily caps and floors. Interest rate caps and floors are agreements where, for a fee, the purchaser obtains the right to receive interest payments when a variable interest rate moves above or below a specified cap or

floor rate, respectively. On December 31, 1997, the Corporation had a gross notional amount of \$6.2 billion in outstanding interest rate option contracts used for ALM purposes compared to \$6.7 billion on December 31, 1996. Such instruments are primarily linked to long-term debt, short-term borrowings and pools of similar residential mortgages and consist mainly of purchased options. On December 31, 1997, the net unrealized depreciation of ALM option products was \$7 million compared to net unrealized appreciation of \$3 million on December 31, 1996. The amount of net realized deferred gains associated with terminated ALM options was \$13 million on December 31, 1997 compared to \$4 million of net realized deferred gains on December 31, 1996.

In addition, the Corporation uses foreign currency contracts to manage the foreign exchange risk associated with foreign-denominated liabilities. Foreign currency contracts involve the conversion of certain scheduled interest and principal payments denominated in foreign currencies. On December 31, 1997, these contracts had a notional value of \$2.7 billion and a net market value of negative \$67 million.

The net unrealized appreciation in the estimated value of the ALM interest rate and net negative market value in the ALM foreign exchange 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 production activities, see the Noninterest Income section on page 12 and the Mortgage Servicing Rights section in Note One to the consolidated financial statements on page 44.

TRADING PORTFOLIO

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

exceeded, the risk management unit ensures that actions are taken as necessary to bring portfolios within approved trading limits.

To estimate potential losses that could result from adverse market movements, the factor based scenario model is used to calculate daily earnings at risk. This model breaks down yield curve movements into three underlying factors to produce sixteen yield curve scenarios used to estimate hypothetical profit or loss. Earnings at risk represents a one-day measurement of pretax earnings at risk from movements in market prices using the assumption that positions cannot be rehedge during the period of any prescribed price and volatility change. A 99-percent confidence level is utilized, which indicates that actual trading profits and losses may deviate from expected levels and exceed estimates approximately one day out of every 100 days of trading activity.

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

Earnings at risk is measured on both a gross and uncorrelated basis. The gross measure assumes that adverse market movements occur simultaneously across all segments of the trading portfolio, an unlikely assumption. On December 31, 1997, the gross estimates for aggregate interest rate, foreign exchange and equity and commodity trading activities were \$52 million, \$6 million and \$3 million, respectively. Alternatively, using a statistical measure which is more likely to capture the effects of market movements, the uncorrelated estimate on December 31, 1997 for aggregate trading activities was \$22 million. Both measures indicate that the Corporation's primary risk exposure is related to its interest rate activities.

Average daily trading revenues in 1997 approximated \$1 million. During 1997, the Corporation's trading activities resulted in positive daily revenues for approximately 64 percent of total trading days. During 1997, the standard deviation of trading revenues was \$4 million. Using this data, one can conclude that the aggregate trading activities should not result in exposure of more than \$8 million for any one day, assuming 99-percent confidence. When comparing daily earnings at risk to trading revenues, daily earnings at risk will average considerably more due to the assumption of no corrective actions as well as the assumption that adverse market movements occur simultaneously across all segments of the trading portfolio. Instruments included in the Corporation's trading portfolio (including derivatives-dealer positions) and their fair values are disclosed in Notes Four and Eight of the notes to the consolidated financial statements on pages 51 and 60, respectively.

CREDIT RISK MANAGEMENT AND CREDIT PORTFOLIO REVIEW

In conducting business activities, the Corporation is exposed to the

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

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

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

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

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of approval by senior line and credit policy management. Total exposure to a borrower or counterparty is aggregated and measured against established limits.

The originating credit officer assigns borrowers or counterparties an initial risk rating which is based on the amount of inherent credit risk and reviewed for appropriateness by senior line and credit policy personnel. Credits are monitored by line and credit policy personnel for deterioration in a borrower's or counterparty's financial condition which would impact the ability of the borrower or counterparty to perform under the contract. Risk ratings are adjusted as necessary.

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

When required, the Corporation obtains collateral to support credit extensions and commitments. Generally, such collateral is in the form of real and personal property, cash on deposit or other highly liquid instruments. In certain circumstances, the Corporation obtains real property as security for some loans that are made on the general creditworthiness of the borrower and whose proceeds were not used for real estate-related purposes.

The Corporation also manages exposure to a single borrower, industry, product-type or other concentration through syndications of credits, participations, loan sales and securitizations. Through GLOBAL FINANCE, the Corporation is a major participant in the syndications market. In a syndicated facility, each participating lender funds only its portion of the syndicated facility, therefore limiting its exposure to the borrower. The Corporation also identifies and reduces its exposure to funded borrower, product or industry concentrations through loan sales. Generally, these sales are without recourse to the Corporation.

In conducting derivatives activities in certain jurisdictions, the Corporation reduces credit risk to any one counterparty through the use of legally enforceable master netting agreements which allow the Corporation to settle positive and negative positions with the same counterparty on a net basis. For more information on the Corporation's off-balance sheet credit risk, see Note Eight to the consolidated financial statements on page 57.

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

LOANS, LEASES AND FACTORED ACCOUNTS RECEIVABLE PORTFOLIO- The Corporation's credit exposure is focused in its loans, leases and factored accounts receivable portfolio which totaled \$176.8 billion on December 31, 1997. TABLE FIFTEEN presents a distribution of loans by category.

ALLOWANCE FOR CREDIT LOSSES - The Corporation's allowance for credit losses was \$3.3 billion, or 1.85 percent of net loans, leases and factored accounts receivable on December 31, 1997, compared to \$2.8 billion, or 1.82 percent, on December 31, 1996, with the increase in the allowance attributable to the acquisition of Boatmen's. TABLE ELEVEN provides an analysis of the changes in the allowance for credit losses. Total net charge-offs increased \$201 million in 1997 to \$951 million, or .53 percent of average loans, leases and factored accounts receivable, compared to \$750 million, or .49 percent, in 1996. Higher net charge-offs were largely the result of an increase in the average loans, leases, and factored accounts receivable portfolio, attributable to both the Boatmen's acquisition and core loan growth as well as deterioration in consumer credit quality experienced on an industry-wide basis. This resulted in increases in total consumer net charge-offs, which were partially offset by lower total commercial net charge-offs during 1997.

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<TABLE>
<CAPTION>

Allowance For Credit Losses
(Dollars in Millions)

	1997	1996	1995	1994
1993				

Balance on January 1	\$ 2,792	\$ 2,668	\$ 2,687	\$ 2,691
2,002				

<S>	<C>	<C>	<C>	<C>
<C>				
Loans, leases and factored accounts receivable charged off				
Commercial	(170)	(161)	(109)	(128)
(133)				
Real estate commercial	(26)	(41)	(38)	(53)
(117)				
Real estate construction	(3)	(5)	(17)	(30)
(35)				

Total commercial	(199)	(207)	(164)	(211)
(285)				

Residential mortgage	(29)	(19)	(11)	(9)
(13)				
Credit card	(533)	(375)	(262)	(172)
(227)				
Other consumer	(502)	(413)	(335)	(254)
(252)				

Total consumer	(1,064)	(807)	(608)	(435)
(492)				

Lease financing	(16)	(4)	(2)	(4)
(5)				
Factored accounts receivable	(19)	(27)	(34)	(32)
(30)				

Total loans, leases and factored accounts				
receivable charged off	(1,298)	(1,045)	(808)	(682)
(812)				

Recoveries of loans, leases and factored accounts				
receivable previously charged off				
Commercial	87	78	93	87
91				
Real estate commercial	28	22	27	30
29				
Real estate construction	6	3	9	27
14				

Total commercial	121	103	129	144
134				

Residential mortgage	4	3	2	2
3				
Credit card	86	71	35	30
26				
Other consumer	127	107	87	83
85				

Total consumer	217	181	124	115
114				

Foreign	-	-	-	-
1				
Lease financing	2	1	1	3
2				
Factored accounts receivable	7	10	12	11
7				

Total recoveries of loans, leases and				
factored accounts receivable previously charged off	347	295	266	273
258				

Net charge-offs	(951)	(750)	(542)	(409)

</TABLE>

The nature of the process by which the Corporation determines the appropriate allowance for credit losses requires the exercise of considerable judgment. Management believes that the allowance for credit losses is appropriate given its analysis of inherent credit losses on December 31, 1997.

Percent

		1997		1996		1995		1994		1993
		Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount
Percent										
<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>										
22.2%	Commercial	\$ 907	27.7 %	\$ 734	26.3%	\$ 699	26.3%	\$ 654	24.3 %	\$ 596
19.3	Real estate commercial	409	12.5	328	11.7	398	14.9	500	18.6	520
7.3	Real estate construction	202	6.1	155	5.6	161	6.0	163	6.1	197
48.8	Total commercial	1,518	46.3	1,217	43.6	1,258	47.2	1,317	49.0	1,313

2.2	Residential mortgage	95	2.9	104	3.7	87	3.3	68	2.5	59	
6.6	Credit card	379	11.5	286	10.3	315	11.8	224	8.3	178	
11.8	Other consumer	543	16.6	430	15.4	400	15.0	311	11.6	317	

20.6	Total consumer	1,017	31.0	820	29.4	802	30.1	603	22.4	554	

.3	Foreign	31	.9	23	.8	21	.8	19	.7	8	
.6	Lease financing	72	2.2	61	2.2	36	1.3	26	1.0	16	
.5	Factored accounts receivable	22	.7	20	.7	20	.7	13	.5	13	
29.2	Unallocated	617	18.9	651	23.3	531	19.9	709	26.4	787	

100.0%		\$ 3,277	100.0 %	\$2,792	100.0%	\$ 2,668	100.0%	\$ 2,687	100.0 %	\$ 2,691	
		=====		=====							
</TABLE>											

NONPERFORMING ASSETS - On December 31, 1997, nonperforming assets were \$1.4 billion, or .77 percent of net loans, leases, factored accounts receivable and foreclosed properties, compared to \$1.3 billion, or .83 percent, on December 31, 1996. As presented in TABLE THIRTEEN, nonperforming loans were \$1.2 billion at the end of 1997 compared to \$1.1 billion at the end of 1996. The allowance coverage of nonperforming loans was 270 percent on December 31, 1997 compared to 259 percent at the end of 1996.

Foreclosed properties decreased to \$147 million on December 31, 1997 compared to \$188 million on December 31, 1996.

<TABLE>
<CAPTION>

Table Thirteen					
Nonperforming Assets					
December 31					
(Dollars in Millions)					
	1997	1996	1995	1994	
1993					
<S>	<C>	<C>	<C>	<C>	<C>
Nonperforming loans					
Commercial	\$ 316	\$ 376	\$ 302	\$ 411	\$
559 Real estate commercial	185	176	241	291	
448 Real estate construction	23	37	31	76	
172					

Total commercial	524	589	574	778	
1,179					

Residential mortgage	382	322	153	118	
138 Other consumer	274	144	143	94	
93					

Total consumer	656	466	296	212	
231					

Foreign	1	-	-	3	
8 Lease financing	33	25	6	9	
10					

Total nonperforming loans	1,214	1,080	876	1,002	
1,428					

Foreclosed properties	147	188	215	427	
813					

Total nonperforming assets	\$ 1,361	\$ 1,268	\$ 1,091	\$ 1,429	\$
2,241					
=====					
Nonperforming assets as a percentage of					
Total assets	.44 %	.56 %	.48 %	.68 %	
1.14%					
Loans, leases and factored accounts receivable,					
net of unearned income, and foreclosed properties	.77	.83	.74	1.08	1.89

The loss of income associated with nonperforming loans on December 31 and the cost of carrying foreclosed properties were:

	1997	1996	1995	1994	1993

Income that would have been recorded in accordance					
with original terms	\$ 150	\$ 122	\$ 119	\$ 114	\$ 112
Less income actually recorded	(60)	(42)	(33)	(38)	(44)

Loss of income	\$ 90	\$ 80	\$ 86	\$ 76	\$ 68
=====					
Cost of carrying foreclosed properties	\$ 11	\$ 11	\$ 18	\$ 29	\$ 25

</TABLE>

On December 31, 1997, there were no material commitments to lend additional funds with respect to nonperforming loans.

Internal loan workout units are devoted to the management and/or collection of certain nonperforming assets as well as certain performing loans. Management believes concerted collection strategies and a proactive approach to managing overall credit risk have expedited the disposition, collection and renegotiation of nonperforming and other lower-quality assets. As part of this process, management routinely evaluates all reasonable alternatives, including the sale of assets individually or in groups, and selects the optimal strategy.

LOANS PAST DUE 90 DAYS OR MORE - TABLE FOURTEEN presents total loans past due 90 days or more and still accruing interest. On December 31, 1997, loans past due 90 days or more and still accruing interest were \$411 million, or .23 percent of net loans, leases and factored accounts receivable, compared to \$286 million, or .19 percent, on December 31, 1996. The increase of \$125 million was the result of deterioration in consumer credit quality experienced on an industry-wide basis and the Boatmen's acquisition.

<TABLE>
<CAPTION>
TABLE FOURTEEN
LOANS PAST DUE 90 DAYS OR MORE AND STILL ACCRUING INTEREST
DECEMBER 31
(DOLLARS IN MILLIONS)

	1997		1996	
	AMOUNT	PERCENT (1)	AMOUNT	PERCENT (1)

<S>	<C>	<C>	<C>	<C>
Commercial	\$ 36	.05%	\$ 39	.07 %
Real estate commercial	10	.11	14	.19
Real estate construction	4	.09	5	.14

Total commercial	50	.06	58	.09

Residential mortgage	87	.23	63	.17
Credit card	171	2.08	112	1.43
Other consumer	95	.24	44	.14

Total consumer	353	.41	219	.28

Factored accounts receivable	8	.74	9	.86
Total	\$ 411	.23	\$ 286	.19

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

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 as outlined in TABLES SEVENTEEN and EIGHTEEN. TABLE FIFTEEN presents the distribution of loans, leases and factored accounts receivable by category.

		1997		1996		1995		1994	
1993									

		AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
PERCENT									

<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>									
Domestic									
Commercial		\$ 65,609	37.1%	\$ 55,356	36.1%	\$ 52,576	35.6%	\$ 49,005	37.1%
38.0%									
Real estate commercial		8,994	5.1	7,462	4.9	8,364	5.7	9,728	7.4
9.2									
Real estate construction		4,665	2.6	3,680	2.4	3,889	2.6	3,910	3.0
3.5									

Total commercial		79,268	44.8	66,498	43.4	64,829	43.9	62,643	47.5
50.7									

Residential mortgage		37,344	21.1	37,749	24.7	34,918	23.7	27,800	21.1
18.8									
Credit card		8,203	4.6	7,854	5.1	8,315	5.6	6,128	4.6
4.1									
Other consumer		40,427	22.9	31,671	20.7	32,259	21.9	29,347	22.3
23.0									

Total consumer		85,974	48.6	77,274	50.5	75,492	51.2	63,275	48.0
45.9									

Lease financing		5,485	3.1	4,541	3.0	3,311	2.2	2,440	1.8
1.5									
Factored accounts receivable		1,081	.7	1,049	.7	991	.7	1,004	.8
.8									

		171,808	97.2	149,362	97.6	144,623	98.0	129,362	98.1
98.9									

Foreign									
Commercial and industrial companies		3,094	1.8	2,250	1.5	1,661	1.1	1,208	.9
.5									
Banks and other financial institutions		1,023	.6	755	.5	694	.5	876	.7
.4									
Governments and official institutions		-	-	-	-	7	-	6	-
-									
Lease financing		853	.5	674	.4	534	.4	440	.3
.2									

		4,970	2.8	3,679	2.4	2,896	2.0	2,530	1.9
1.1									

Total loans, leases and factored accounts receivable, net									

of unearned income	\$ 176,778	100.0%	\$ 153,041	100.0%	\$ 147,519	100.0%	\$ 131,892	100.0%	\$ 117,937
100.0%									

</TABLE>

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

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<TABLE>
<CAPTION>

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

	1997		1996		1995		1994		1993
<S> <C>	<C>		<C>		<C>		<C>		<C>
Commercial .11%	\$ 83	.13 %	\$ 83	.15%	\$ 16	.03%	\$ 41	.09 %	\$ 42
Real estate commercial and construction .80	(5)	n/m	21	.17	19	.14	26	.18	109
Total commercial .29	78	.10	104	.16	35	.05	67	.11	151
Residential mortgage .05	25	.06	16	.04	9	.03	7	.03	10
Credit card 3.72	447	5.74	304	4.05	227	3.48	142	2.77	201
Other consumer .69	375	.97	306	.93	248	.79	171	.61	167
Total consumer .76	847	.96	626	.79	484	.70	320	.55	378
Foreign n/m	-	-	-	-	-	-	-	-	(1)
Lease financing .18	14	.23	3	.07	1	.03	1	.07	3
Factored accounts receivable 2.14	12	1.02	17	1.50	22	1.89	21	1.68	23
Total net charge-offs .52	\$ 951	.53	\$ 750	.49	\$ 542	.39	\$ 409	.33	\$ 554

Selected managed net charge-offs
and ratios (1):

Managed credit cards 3.90%	\$ 642	6.21 %	462 %	4.75	\$ 306	4.01 %	\$ 221	3.53 %	\$ 210
Managed other consumer loans .69	429	.95	333	.88	253	.77	171	.61	167

n/m= not meaningful

(1) Includes both on-balance sheet and securitized loans.

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

Total nonresidential real estate commercial and construction loans totaled \$13.7 billion, or 8 percent of net loans, leases and factored accounts receivable, on December 31, 1997 compared to \$11.1 billion, or 7 percent, at the end of 1996 with the increase due to the acquisition of Boatmen's. Excluding the Boatmen's acquisition, real estate commercial and construction loans decreased as a result of the Corporation's efforts to lower its exposure to this line of business. Real estate loans past due 90 days or more and still accruing interest were \$14 million, or .10 percent of total real estate loans, on December 31, 1997 compared to \$19 million, or .17 percent, on December 31, 1996.

The exposures included in TABLE SEVENTEEN do not include credit extensions which were made on the general creditworthiness of the borrower for which real estate was obtained as security and for which the ultimate repayment of the credit is not dependent on the sale, lease, rental or refinancing of the real estate. Accordingly, the exposures presented do not include commercial loans secured by owner-occupied real estate, except where the borrower is a real estate developer. In addition to the amounts presented in the tables, on December 31, 1997, the Corporation had approximately \$11.5 billion of commercial loans which were not real estate dependent but for which the Corporation had obtained real estate as a secondary repayment source.

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<TABLE>
<CAPTION>

TABLE SEVENTEEN				
REAL ESTATE COMMERCIAL AND CONSTRUCTION LOANS, FORECLOSED PROPERTIES				
AND OTHER REAL ESTATE CREDIT EXPOSURES				
December 31, 1997				
(Dollars in Millions)				
(2)	LOANS (1)		FORECLOSED	OTHER
	OUTSTANDING	NONPERFORMING	PROPERTIES	CREDIT

<S>	<C>	<C>	<C>	<C>
BY GEOGRAPHIC REGION (3):				
Florida and Georgia	\$ 4,309	\$ 66	\$ 33	\$ 464
Missouri, Kansas, Illinois, Iowa and Arkansas	2,364	38	6	156
Texas, Oklahoma and New Mexico	1,500	21	5	353
Maryland, District of Columbia and Virginia	1,254	27	14	366
North Carolina and South Carolina	1,213	26	6	164
Other states	3,019	30	7	624
	-----	-----	-----	-----
	\$ 13,659	\$ 208	\$ 71	\$ 2,127
=====				
BY PROPERTY TYPE:				
Apartments	\$ 2,347	\$ 14	\$ -	\$ 835
Office buildings	2,116	17	7	121
Shopping centers/retail	1,784	53	3	461
Residential	1,678	25	7	75
Industrial/warehouse	1,111	17	1	22
Hotels	1,067	15	1	117
Land and land development	1,003	22	34	95
Commercial-other	432	13	12	141
Resorts/golf courses	430	1	-	3
Unsecured	233	2	-	41
Multiple use	111	4	1	2
Other	1,347	25	5	214
	-----	-----	-----	-----
	\$ 13,659	\$ 208	\$ 71	\$ 2,127
=====				

</TABLE>

(1) ON DECEMBER 31, 1997, THE CORPORATION HAD UNFUNDED BINDING REAL ESTATE COMMERCIAL AND CONSTRUCTION LOAN COMMITMENTS.

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

(3) DISTRIBUTION BASED ON GEOGRAPHIC LOCATION OF COLLATERAL.

exposures, commercial loans, factored accounts receivable and lease financings. Commercial loan outstandings totaled \$65.6 billion and \$55.4 billion on December 31, 1997 and 1996, respectively, or 37 percent and 36 percent of net loans, leases and factored accounts receivable, respectively. This increase, due largely to the addition of Boatmen's and core loan growth, was partially offset by the impact of the \$4.2-billion commercial loan securitization in the third quarter of 1997. The Corporation had commercial loan net charge-offs in 1997 of \$83 million, or .13 percent of average commercial loans, compared to \$83 million, or .15 percent of average commercial loans, in 1996. Excluding a \$40-million charge-off of one large retail credit, commercial loan net charge-offs were \$43 million, or .07 percent of average commercial loans, in 1997. Commercial loans past due 90 days or more and still accruing interest were \$36 million, or .05 percent of commercial loans, on December 31, 1997 compared to \$39 million, or .07 percent, on December 31, 1996. Nonperforming commercial loans were \$316 million, or .48 percent of commercial loans, on December 31, 1997, compared to \$376 million, or .68 percent, on December 31, 1996.

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<TABLE>
<CAPTION>

TABLE EIGHTEEN
SELECTED INDUSTRY LOANS, LEASES AND FACTORED ACCOUNTS
RECEIVABLE, NET OF UNEARNED INCOME
DECEMBER 31, 1997
(DOLLARS IN MILLIONS)

	Outstanding
<S>	<C>
Health care	\$ 4,844
Food, including agribusiness	3,955
Automotive, excluding trucking	3,431
Machinery and equipment, excluding defense	3,422
Leisure and sports	3,263
Oil and gas	3,112
Media	3,040
Textiles and apparel, excluding retail	2,972
Retail	2,807
Telecommunications	2,193

</TABLE>

CONSUMER - On December 31, 1997 and 1996, total consumer loan outstandings totaled \$86.0 billion and \$77.3 billion, respectively, representing 49 percent and 51 percent of net loans, leases and factored accounts receivable on December 31, 1997 and 1996, respectively. This increase, due mainly to the addition of Boatmen's and core loan growth, was net of mortgage and other consumer loan securitizations of \$8.1 billion and \$3.4 billion, respectively, during 1997. Credit card net charge-offs during 1997 caused most of the increase in total consumer net charge-offs and were due mainly to deterioration in consumer credit quality experienced on an industry-wide basis. This increase was partially offset as a result of the sale of \$776 million of credit card loans during the fourth quarter of 1996. In addition, an increase in other consumer net charge-offs contributed to the higher levels of net charge-offs during 1997.

Average credit card receivables managed by the CARD SERVICES group (excluding private label credit cards) increased to \$10.3 billion in 1997 compared to \$9.7 billion in 1996. Average securitized credit card loans totaled \$2.6 billion during 1997 compared to \$2.2 billion during 1996.

Average managed other consumer loans, which includes direct and indirect consumer loans and home equity lines, as well as indirect auto and consumer finance loans, were \$45.2 billion in 1997, compared to \$37.7 billion in 1996. The increase in loans was due primarily to the acquisition of Boatmen's and increased loan production at EquiCredit. Higher net charge-offs were due to the acquisition of Boatmen's as well as deterioration in consumer credit quality experienced on an industry-wide basis.

Total consumer loans past due 90 days or more and still accruing interest were \$353 million, or .41 percent of total consumer loans, on December 31, 1997 compared to \$219 million, or .28 percent, at the end of 1996. Total consumer nonperforming loans were \$656 million, or .76 percent of total consumer loans, on December 31, 1997 compared to \$466 million, or .60 percent, on December 31, 1996.

FOREIGN - Foreign outstandings include loans and leases, interest-bearing deposits with foreign banks, bankers' acceptances and other investments. The Corporation's foreign commercial

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outstandings totaled \$17.4 billion, \$8.5 billion and \$3.8 billion on December 31, 1997, 1996 and 1995, respectively. The Corporation had foreign outstandings of \$2.3 billion with Germany, \$2.5 billion with countries in Asia (primarily

Japan), \$3.3 billion with France and \$3.8 billion with Canada on December 31, 1997. There were no foreign outstandings to any country greater than 1 percent of total assets on December 31, 1996 and 1995.

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<TABLE>
<CAPTION>

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

	1997 Quarters			
	Fourth	Third	Second	First
Fourth				
<S>	<C>	<C>	<C>	<C>
Interest income	\$ 5,080	\$ 4,940	\$ 4,886	\$ 4,781
4,106				
Interest expense	2,640	2,515	2,447	2,368
2,054				
Net interest income (taxable-equivalent)	2,475	2,457	2,472	2,444
2,077				
Net interest income	2,440	2,425	2,439	2,413
2,052				
Provision for credit losses	278	229	225	222
179				
Gains (losses) on sales of securities	62	21	29	43
33				
Noninterest income	1,687	1,497	1,424	1,321
1,155				
Foreclosed properties expense (income)	6	5	-	(2)
5				
Merger and restructuring items	302	72	-	-
-				
Other noninterest expense	2,554	2,222	2,233	2,225
1,867				
Income before income taxes	1,049	1,415	1,434	1,332
1,189				
Income tax expense	402	504	515	477
408				
Net income	647	911	919	855
781				
Net income (excluding merger and restructuring items)	867	955	919	855
781				
Earnings per common share	.69	.97	.97	.90
.97				
Earnings per common share (excluding merger and restructuring items)	.92	1.02	.97	.90
.97				
Diluted earnings per common share	.67	.95	.94	.88
.95				
Diluted earnings per common share (excluding merger and restructuring items)	.90	1.00	.94	.88
.95				
Dividends per common share	.38	.33	.33	.33
.33				
Yield on average earning assets	7.98 %	8.05%	8.07%	7.94%
7.95%				
Rate on average interest-bearing liabilities	4.76	4.70	4.62	4.54
4.58				
Net interest spread	3.22	3.35	3.45	3.40
3.37				
Net interest yield	3.86	3.98	4.05	4.03
4.00				
Average total assets	\$ 297,842	\$ 285,406	\$284,194	\$283,614
\$234,849				
Average total deposits	166,343	165,461	167,762	168,128
138,500				
Average total shareholders' equity	24,034	23,219	23,531	23,666
16,597				
Return on average assets	.86 %	1.27%	1.30%	1.22%
1.32%				
Return on average assets (excluding merger and restructuring items)	1.15	1.33	1.30	1.22
1.32				
Return on average common shareholders' equity (1)	10.68	15.58	15.68	14.69
18.76				
Return on average common shareholders' equity (excluding merger and restructuring items) (1)	14.31	16.34	15.68	14.69
18.76				
Cash basis financial data (2)				
Earnings per common share	\$.83	\$ 1.11	\$ 1.10	\$ 1.02
1.02				

Earnings per common share (excluding merger and restructuring items)	1.06	1.16	1.10	1.02
1.02 Diluted earnings per common share	.81	1.08	1.07	.99
1.01 Diluted earnings per common share (excluding merger and restructuring items)	1.04	1.13	1.07	.99
1.01 Return on average tangible assets	1.08 %	1.49%	1.53%	1.43%
1.42% Return on average tangible assets (excluding merger and restructuring items)	1.38	1.56	1.53	1.43
1.42 Return on average tangible common shareholders' equity (1)	23.03	30.31	30.36	26.37
23.69 Return on average tangible common shareholders' equity (excluding merger and restructuring items) (1)	29.50	31.61	30.36	26.37
23.69				
Market price per share of common stock				
High for the period	\$ 66 3/8	\$ 71 11/16	\$ 70	\$ 65 \$ 52
5/8 Low for the period	55	56 5/8	54	48 43
1/8 Closing price	60 13/16	61 7/8	64 9/16	55 1/2 48
7/8				
Tier 1 Capital Ratio	6.50 %	7.00%	6.83%	7.06%
7.76 %				
Total Capital Ratio	10.89	11.56	11.32	11.58
12.66				

<CAPTION>

	1996 Quarters		
	Third	Second	First
<S>	<C>	<C>	<C>
Interest income	\$ 4,181	\$ 4,207	\$ 4,338
Interest expense	2,116	2,136	2,302
Net interest income (taxable-equivalent)	2,091	2,100	2,067
Net interest income	2,065	2,071	2,036
Provision for credit losses	190	194	197
Gains (losses) on sales of securities	26	(6)	33
Noninterest income	1,076	1,104	1,073
Foreclosed properties expense (income)	7	8	1
Merger-related items	-	-	118
Other noninterest expense	1,809	1,807	1,800
Income before income taxes	1,161	1,160	1,026
Income tax expense	409	415	365
Net income	752	745	661
Net income (excluding merger-related items)	752	745	738
Earnings per common share	.92	.89	.79
Earnings per common share (excluding merger-related items)	.92	.89	.89
Diluted earnings per common share	.91	.88	.78
Diluted earnings per common share (excluding merger-related items)	.91	.88	.87
Dividends per common share	.29	.29	.29
Yield on average earning assets	7.96%	7.92%	7.92 %
Rate on average interest-bearing liabilities	4.64	4.62	4.76
Net interest spread	3.32	3.30	3.16
Net interest yield	3.96	3.93	3.75
Average total assets	\$238,539	\$243,887	\$248,700
Average total deposits	140,425	143,504	140,755
Average total shareholders' equity	16,444	16,851	16,457
Return on average assets	1.25 %	1.23 %	1.06 %
Return on average assets (excluding merger-related items)	1.25	1.23	1.19
Return on average common shareholders' equity (1)	18.23	17.78	16.26
Return on average common shareholders' equity (excluding merger-related items) (1)	18.23	17.78	18.16
Cash basis financial data (2)			
Earnings per common share	\$.97	\$.94	\$.84
Earnings per common share (excluding merger-related items)	.97	.94	.93
Diluted earnings per common share	.96	.93	.83
Diluted earnings per common share (excluding merger-related items)	.96	.93	.92
Return on average tangible assets	1.34 %	1.31 %	1.14 %
Return on average tangible assets (excluding merger-related items)	1.34	1.31	1.27
Return on average tangible common shareholders' equity (1)	22.94	22.26	20.44
Return on average tangible common shareholders' equity (excluding merger-related items) (1)	22.94	22.26	22.70
Market price per share of common stock			
High for the period	\$ 47 1/16	\$ 42 5/16	\$ 40 11/16
Low for the period	38 3/16	37 3/8	32 3/16
Closing price	43 7/16	41 5/16	40 1/16

Tier 1 Capital Ratio	7.05%	7.58%	7.35 %
Total Capital Ratio	12.05	11.93	11.71

</TABLE>

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

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<TABLE>
<CAPTION>

TABLE TWENTY
QUARTERLY TAXABLE-EQUIVALENT DATA
(DOLLARS IN MILLIONS)

		Fourth Quarter 1997			Third Quarter	
1997						
		Average Balance Sheet	Income or	Yields/ Rates	Average Balance Sheet	Income or
		Amounts	Expense	Rates	Amounts	Expense
		<C>	<C>	<C>	<C>	<C>
Earning assets						
Loans and leases, net of unearned income (1)						
Commercial		\$ 63,656	\$ 1,340	8.35%	\$ 65,061	\$ 1,379
8.41%	Real estate commercial	9,181	206	8.88	9,583	212
8.81	Real estate construction	4,736	105	8.81	4,584	104
8.96						
Total commercial		77,573	1,651	8.44	79,228	1,695
8.49						
Residential mortgage		37,188	725	7.77	41,919	828
7.87	Credit card	7,863	244	12.30	8,120	252
12.34	Other consumer	39,492	956	9.61	38,530	921
9.48						
Total consumer		84,543	1,925	9.05	88,569	2,001
8.98						
Foreign		3,795	71	7.44	3,962	69
6.88	Lease financing	6,298	125	7.93	6,235	123
7.86						
Total loans and leases, net		172,209	3,772	8.70	177,994	3,888
8.68						
Securities						
Held for investment		1,231	19	6.26	1,425	22
6.23	Available for sale (2)	43,024	731	6.78	28,946	496
6.84						
Total securities		44,255	750	6.77	30,371	518
6.81						
Federal funds sold and securities purchased under agreements to resell		12,734	170	5.30	11,567	159

5.45	Time deposits placed and other short-term investments	2,229	38	6.84	1,809	27
5.91	Trading account securities (3)	21,726	350	6.41	22,628	353
6.20	Other earning assets	1,762	35	7.87	1,253	27
8.48						

	Total earning assets (4)	254,915	5,115	7.98	245,622	4,972
8.05	Cash and cash equivalents	10,809			10,488	
	Factored accounts receivable	1,234			1,206	
	Other assets, less allowance for credit losses	30,884			28,090	

	Total assets	\$ 297,842			\$ 285,406	
=====						
	Interest-bearing liabilities					
	Savings	12,368	59	1.90	\$ 12,594	60
1.89	NOW and money market deposit accounts	52,492	333	2.51	52,656	327
2.46	Consumer CDs and IRAs	49,285	648	5.22	49,697	649
5.19	Negotiated CDs, public funds and other time deposits	2,640	38	5.65	3,052	43
5.56	Foreign time deposits	10,622	150	5.60	9,668	133
5.43	Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	50,801	708	5.53	43,943	623
5.62	Trading account liabilities (3)	11,527	190	6.54	10,241	163
6.30	Long-term debt (5)	30,806	514	6.68	30,967	517
6.68						

	Total interest-bearing liabilities (6)	220,541	2,640	4.76	212,818	2,515
4.70						

	Noninterest-bearing sources					
	Noninterest-bearing deposits	38,936			37,794	
	Other liabilities	14,331			11,575	
	Shareholders' equity	24,034			23,219	

	Total liabilities and shareholders' equity	\$ 297,842			\$ 285,406	
=====						
	Net interest spread			3.22		
3.35	Impact of noninterest-bearing sources			.64		
.63						

	Net interest income/yield on earning assets		\$ 2,475	3.86%		\$ 2,457
3.98%						

</TABLE>

- (1) NONPERFORMING LOANS ARE INCLUDED IN THE RESPECTIVE AVERAGE LOAN BALANCES. INCOME ON SUCH NONPERFORMING LOANS IS RECOGNIZED ON A CASH BASIS.
- (2) THE AVERAGE BALANCE SHEET AMOUNTS AND YIELDS ON SECURITIES AVAILABLE FOR SALE ARE BASED ON THE AVERAGE OF HISTORICAL AMORTIZED COST BALANCES.
- (3) THE FAIR VALUES OF DERIVATIVES-DEALER POSITIONS ARE REPORTED IN OTHER ASSETS AND LIABILITIES, RESPECTIVELY.
- (4) INTEREST INCOME INCLUDES TAXABLE-EQUIVALENT ADJUSTMENTS OF \$35, \$32, \$33 AND \$31 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1997, RESPECTIVELY, AND \$25 IN THE FOURTH QUARTER OF 1996. INTEREST INCOME ALSO INCLUDES THE IMPACT OF RISK MANAGEMENT INTEREST RATE CONTRACTS, WHICH INCREASED INTEREST INCOME ON THE UNDERLYING LINKED ASSETS \$35, \$34, \$40 AND \$54 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1997, RESPECTIVELY, AND \$34 IN THE FOURTH QUARTER OF 1996.
- (5) LONG-TERM DEBT INCLUDES TRUST PREFERRED SECURITIES.
- (6) INTEREST EXPENSE INCLUDES THE IMPACT OF RISK MANAGEMENT INTEREST RATE CONTRACTS, WHICH DECREASED INTEREST EXPENSE ON THE UNDERLYING LINKED LIABILITIES \$11, \$8, \$11 AND \$10 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1997, RESPECTIVELY, AND \$1 IN THE FOURTH QUARTER OF 1996.

Second Quarter 1997			First Quarter 1997			Fourth 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>
\$ 65,329	\$ 1,382	8.48%	\$ 64,687	\$ 1,341	8.41%	\$ 54,968	\$ 1,153	8.34%
10,389	231	8.91	10,636	230	8.75	7,493	166	8.79
4,569	107	9.46	4,593	103	9.07	3,899	86	8.90
80,287	1,720	8.59	79,916	1,674	8.49	66,360	1,405	8.42
43,522	851	7.83	41,799	811	7.80	38,040	738	7.74
8,298	253	12.24	8,263	244	11.96	7,417	222	11.91
38,147	901	9.47	38,222	887	9.42	31,670	758	9.52
89,967	2,005	8.93	88,284	1,942	8.89	77,127	1,718	8.87
3,291	59	7.25	3,445	59	6.84	2,856	49	6.88
5,885	116	7.87	5,724	112	7.90	4,914	96	7.77
179,430	3,900	8.71	177,369	3,787	8.64	151,257	3,268	8.60
1,647	24	5.94	1,919	29	6.05	2,585	36	5.55
25,563	438	6.85	25,638	435	6.81	16,404	283	6.90
27,210	462	6.80	27,557	464	6.76	18,989	319	6.72
11,788	174	5.92	13,943	196	5.70	12,600	167	5.27
2,381	32	5.35	2,312	29	5.10	2,059	26	4.86
22,800	332	5.84	22,855	317	5.60	21,160	334	6.32
819	19	9.32	1,062	19	7.39	802	17	8.60
244,428	4,919	8.07	245,098	4,812	7.94	206,867	4,131	7.95
10,520			11,499			9,977		
1,193			1,081			1,258		
28,053			25,936			16,747		
\$ 284,194			\$ 283,614			\$ 234,849		
\$ 12,990	62	1.94	\$ 13,167	65	2.02	\$ 11,576	59	2.02
53,906	336	2.49	54,239	335	2.51	42,500	251	2.35
50,685	657	5.19	51,679	661	5.18	43,145	561	5.17
3,401	46	5.48	3,485	46	5.32	2,589	36	5.54
9,523	125	5.30	9,278	118	5.14	9,139	117	5.10
42,177	568	5.40	42,136	536	5.16	36,076	485	5.35
9,390	160	6.84	9,967	165	6.72	9,336	152	6.47
30,044	493	6.57	27,162	442	6.51	24,109	393	6.53
212,116	2,447	4.62	211,113	2,368	4.54	178,470	2,054	4.58
37,257			36,280			29,551		
11,290			12,555			10,231		
23,531			23,666			16,597		
\$ 284,194			\$ 283,614			\$ 234,849		
		3.45			3.40			3.37
		.60			.63			.63
\$ 2,472		4.05%	\$ 2,444		4.03%	\$ 2,077		4.00%

</TABLE>

1996 COMPARED TO 1995

The following discussion and analysis provides a comparison of the Corporation's results of operations for the years ended December 31, 1996 and 1995. This discussion should be read in conjunction with the consolidated financial statements and related notes on pages 38 through 73.

OVERVIEW

The Corporation's continued earnings momentum was demonstrated through a 21-percent increase in operating net income to \$3.02 billion in 1996 compared to \$2.48 billion in 1995. Operating earnings per common share for 1996 increased 15 percent to \$3.65 from \$3.18 in 1995. Including a merger and restructuring

item of \$118 million (\$77 million, net of tax), net income increased 18 percent to \$2.94 billion while earnings per common share rose 12 percent to \$3.56 and diluted earnings per common share increased 13 percent to \$3.50, respectively.

NET INTEREST INCOME

Taxable-equivalent net interest income increased 14 percent to \$8.3 billion in 1996 compared to \$7.3 billion in 1995 due to acquisitions of several banking operations, higher spreads in the securities portfolio, core loan growth and increased noninterest-bearing deposits, partially offset by the impact of securitizations and a shift in funding to long-term debt.

The net interest yield increased 30 basis points to 3.91 percent in 1996 compared to 3.61 percent in 1995 due to the sale of low-yielding securities and the reinvestment of proceeds into higher-spread products.

PROVISION FOR CREDIT LOSSES

The provision for credit losses covered net charge-offs and was \$760 million in 1996 compared to \$505 million in the prior year, reflecting the continuation of a return to more normalized levels of credit losses following periods of unusually low credit losses. Net charge-offs increased \$208 million to \$750 million in 1996 over 1995 due primarily to increases in credit card, commercial and other consumer net charge-offs.

The allowance for credit losses was \$2.8 billion, or 1.82 percent of net loans, leases and factored accounts receivable, on December 31, 1996 compared to \$2.7 billion, or 1.81 percent, at the end of 1995. The allowance for credit losses was 259 percent of nonperforming loans on December 31, 1996 compared to 305 percent on December 31, 1995.

NONINTEREST INCOME

Noninterest income increased 16 percent to \$4.4 billion in 1996, driven primarily by higher deposit account service charges, investment banking income and mortgage servicing and other mortgage-related income.

NONINTEREST EXPENSE

Noninterest expense increased 9 percent to \$7.3 billion. Excluding the impact of acquisitions, noninterest expense increased 5 percent, the result of increased expenditures in selected areas to support revenue growth through enhancing customer sales and optimizing product and data delivery channels. Higher marketing expenses associated with the 1996 Summer Olympics also contributed to the increase in 1996 expenses.

INCOME TAXES

The Corporation's income tax expense for 1996 was \$1.6 billion, for an effective tax rate of 35.2 percent of pretax income. Income tax expense for 1995 was \$1.3 billion, for an effective tax rate of 34.8 percent.

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

	YEAR ENDED DECEMBER 31		
	1997	1996	1995
<S>	<C>	<C>	<C>
INTEREST INCOME			
Interest and fees on loans and leases	\$ 15,270	\$ 13,121	\$ 12,134
Interest and dividends on securities	2,140	1,618	1,844
Federal funds sold and securities purchased under agreements to resell	699	689	942
Trading account securities	1,352	1,228	1,100
Other interest income	226	176	166
Total interest income	19,687	16,832	16,186
INTEREST EXPENSE			
Deposits	4,891	4,246	4,274
Borrowed funds	2,435	2,274	2,858
Trading account liabilities	678	653	896
Long-term debt	1,966	1,435	964
Total interest expense	9,970	8,608	8,992
NET INTEREST INCOME	9,717	8,224	7,194
PROVISION FOR CREDIT LOSSES	954	760	505
NET CREDIT INCOME	8,763	7,464	6,689
GAINS ON SALES OF SECURITIES	155	86	34
NONINTEREST INCOME			
Service charges on deposit accounts	1,835	1,393	1,132
Mortgage servicing and other mortgage-related income	293	224	146
Investment banking income	715	384	192
Trading account profits and fees	272	278	313
Brokerage income	278	147	146
Other nondeposit-related service fees	373	311	290
Asset management and fiduciary service fees	732	513	522
Credit card income	420	369	338
Other income	1,011	789	708

Total noninterest income	5,929	4,408	3,787
FORECLOSED PROPERTIES EXPENSE	9	21	30
MERGER AND RESTRUCTURING ITEMS	374	118	-
OTHER NONINTEREST EXPENSE			
Personnel	4,528	3,543	3,250
Occupancy, net	783	658	621
Equipment	780	608	541
Marketing	341	291	261
Professional fees	383	312	207
Amortization of intangibles	503	179	173
Data processing	346	295	272
Telecommunications	283	218	191
Other general operating	1,011	959	955
General administrative and miscellaneous	276	220	199
Total other noninterest expense	9,234	7,283	6,670
INCOME BEFORE INCOME TAXES	5,230	4,536	3,810
INCOME TAX EXPENSE	1,898	1,597	1,327
NET INCOME	\$ 3,332	\$ 2,939	\$ 2,483
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 3,321	\$ 2,922	\$ 2,459
PER-SHARE INFORMATION (1)			
Earnings per common share	\$ 3.53	\$ 3.56	\$ 3.18
Diluted earnings per common share	\$ 3.44	\$ 3.50	\$ 3.10
Dividends per common share	\$ 1.37	\$ 1.20	\$ 1.04
AVERAGE COMMON SHARES ISSUED (IN THOUSANDS) (1)	941,992	820,945	773,799

</TABLE>

(1) SHARES AND PER-SHARE DATA REFLECT A 2-FOR-1 STOCK SPLIT ON FEBRUARY 27, 1997.

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>		
<CAPTION>		
NationsBank Corporation and Subsidiaries		
CONSOLIDATED BALANCE SHEET		
(DOLLARS IN MILLIONS)		
	DECEMBER 31	
	1997	1996
ASSETS		
Cash and cash equivalents	\$ 13,781	\$ 11,881
Time deposits placed and other short-term investments	2,501	1,986
Securities		
Held for investment, at cost (market value \$1,161 and \$2,110)	1,156	2,110
Available for sale	49,448	17,285
Total securities	50,604	19,395
Federal funds sold and securities purchased under agreements to resell	10,024	6,962
Trading account assets	23,682	18,693
Loans and leases, net of unearned income	175,697	151,992
Factored accounts receivable	1,081	1,049
Allowance for credit losses	(3,277)	(2,792)
Loans, leases and factored accounts receivable, net of unearned income and allowance for credit losses	173,501	150,249
Premises and equipment, net	4,424	3,847
Customers' acceptance liability	1,330	1,074
Interest receivable	2,024	1,476
Mortgage servicing rights	1,311	963
Goodwill	9,729	2,204
Core deposit and other intangibles	823	418
Other assets	16,820	7,801

-		\$ 310,554	\$ 226,949
		=====	
LIABILITIES			
Deposits			
Noninterest-bearing		\$ 41,700	\$ 32,209
Savings		12,293	11,436
NOW and money market deposit accounts		53,969	43,359
Time		51,288	45,272
Foreign time		14,393	8,053

-	Total deposits	173,643	140,329

-			
Federal funds purchased and securities sold under agreements to repurchase		46,504	20,646
Trading account liabilities		15,207	11,771
Commercial paper		3,752	2,829
Other short-term borrowings		4,127	1,837
Liability to factoring clients		591	597
Acceptances outstanding		1,330	1,074
Accrued expenses and other liabilities		9,058	5,110
Trust preferred securities		2,705	1,465
Long-term debt		28,890	24,212

-	Total liabilities	285,807	209,870

-			
Contingent liabilities and other financial commitments (Notes Eight and Ten)			
SHAREHOLDERS' EQUITY			
Preferred stock: authorized - 45,000,000 shares; issued - 2,209,784 and 5,228,948 shares		94	171
Common stock: authorized - 1,250,000,000 shares; issued - 943,932,530 and 798,724,153 shares		9,779	4,479
Retained earnings		14,592	12,482
Other, including loan to ESOP trust		282	(53)

Total shareholders' equity		24,747	17,079

		\$ 310,554	\$ 226,949
		=====	

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

<TABLE>
<CAPTION>
NationsBank Corporation and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS

(DOLLARS IN MILLIONS)

	YEAR ENDED DECEMBER 31		
	1997	1996	
-----	-----	-----	-----
1995			

<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	\$ 3,332	\$ 2,939	\$
2,483			
Reconciliation of net income to net cash (used in) provided by operating activities			
Provision for credit losses	954	760	
505			
Gains on sales of securities	(155)	(86)	
(34)			
Depreciation and premises improvements amortization	553	416	
378			
Amortization of intangibles	503	179	
173			
Deferred income tax expense	488	360	
165			
Net change in trading instruments	(1,272)	(3,280)	
(5,175)			
Net (increase) decrease in interest receivable	(266)	522	
(193)			
Net increase (decrease) in interest payable	74	(547)	
254			
Other operating activities	(4,650)	1,385	
(3,563)			
-----	-----	-----	-----
Net cash (used in) provided by operating activities	(439)	2,648	
(5,007)			

INVESTING ACTIVITIES

Proceeds from maturities of securities held for investment	987	2,329
5,547 Purchases of securities held for investment	(128)	(14)
(545) Proceeds from sales and maturities of securities available for sale	37,308	32,977
30,206 Purchases of securities available for sale	(49,570)	(16,489)
(29,758) Net (increase) decrease in federal funds sold and securities purchased under agreements to resell	(800)	(316)
4,856 Net (increase) decrease in time deposits placed and other short-term investments	(719)	(565)
863 Purchase and net originations of loans and leases	(28,521)	(13,637)
(19,385) Proceeds from sales and securitizations of loans and leases	21,102	12,171
4,616 Purchases and originations of mortgage servicing rights	(397)	(366)
(598) Purchases of factored accounts receivable	(7,919)	(7,738)
(7,856) Collections of factored accounts receivable	7,873	7,656
7,834 Net purchases of premises and equipment	(287)	(518)
(454) Proceeds from sales of foreclosed properties	280	262
324 Sales and acquisitions of business activities, net of cash	1,389	795
(1,020)		

Net cash (used in) provided by investing activities

(19,402) 16,547

FINANCING ACTIVITIES

Net increase (decrease) in deposits	883	(7,104)
(1,109) Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	21,590	(10,235)
2,558 Net increase (decrease) in other short-term borrowings and commercial paper	1,911	(4,307)
(713) Proceeds from issuance of trust preferred securities	1,240	1,465
- Proceeds from issuance of long-term debt	6,133	7,480
11,893 Retirement of long-term debt	(3,601)	(3,307)
(2,249) Proceeds from issuance of common stock	1,418	240
326 Cash dividends paid	(1,222)	(923)
(766) Common stock repurchased	(6,515)	(1,842)
(887) Other financing activities	(96)	112
(24)		

Net cash provided by (used in) financing activities

21,741 (18,421)

Net increase (decrease) in cash and cash equivalents

1,900 774

(1,348) Cash and cash equivalents on January 1

11,881 11,107

Cash and cash equivalents on December 31

\$ 13,781 \$ 11,881 \$

=====

Supplemental cash flow disclosure:

Cash paid for interest	\$ 9,896	\$ 9,074	\$
8,765 Cash paid for income taxes	646	1,132	
961			

</TABLE>

LOANS TRANSFERRED TO FORECLOSED PROPERTIES AMOUNTED TO \$212, \$209 AND \$181 IN 1997, 1996 AND 1995, RESPECTIVELY.

LOANS SECURITIZED AND RETAINED IN THE AVAILABLE FOR SALE SECURITIES PORTFOLIO AMOUNTED TO \$7,842 AND \$4,558 IN 1997 AND 1996, RESPECTIVELY.

THE FAIR VALUES OF NONCASH ASSETS ACQUIRED AND LIABILITIES ASSUMED IN ACQUISITIONS DURING 1997 WERE APPROXIMATELY \$51,555 AND \$42,692 RESPECTIVELY, NET OF CASH ACQUIRED.

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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<TABLE>
<CAPTION>
NationsBank Corporation
Consolidated Statement of Changes in Shareholders' Equity
(Dollars in Millions, Shares in Thousands)

	Preferred Stock	Common Stock		Retained Earnings	Other	Total Share- holders' Equity
		Shares	Amount			
--						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance on December 31, 1994	\$ 326	782,645	\$ 5,683	\$ 8,550	\$ (414)	\$ 14,145
Net income				2,483		2,483
Cash dividends by pooled companies:						
NationsBank						
Common				(567)		(567)
Preferred				(8)		(8)
Barnett						
Common				(175)		(175)
Preferred				(16)		(16)
Common stock issued under dividend reinvestment and employee plans		12,166	286		40	326
Common stock issued in acquisitions		6,785	221	5		226
Common stock repurchased		(35,096)	(887)			(887)
Conversion of preferred stock	(117)	7,117	117			
Net change in unrealized gains (losses) on securities available for sale and marketable equity securities					525	525
Other	(6)	226	6		21	21
Balance on December 31, 1995	203	773,843	5,426	10,272	172	16,073
Net income				2,939		2,939
Cash dividends by pooled companies:						
NationsBank						
Common				(707)		(707)
Preferred				(15)		(15)
Barnett						
Common				(199)		(199)
Preferred				(2)		(2)
Common stock issued under employee plans		6,997	203		37	240
Stock issued in acquisitions	73	55,436	586	192	2	853
Common stock repurchased		(46,513)	(1,842)			(1,842)
Conversion of preferred stock	(98)	8,703	98			
Net change in unrealized gains (losses) on securities available for sale and marketable equity securities					(270)	(270)
Other	(7)	258	8	2	6	9
Balance on December 31, 1996	171	798,724	4,479	12,482	(53)	17,079
Net income				3,332		3,332
Cash dividends by pooled companies:						
NationsBank						
Common				(985)		(985)
Preferred				(11)		(11)
Barnett						
Common				(226)		(226)
Common stock issued under employee plans		36,517	1,414		4	1,418
Stock issued in acquisitions	82	219,024	10,320			10,402
Common stock repurchased		(114,201)	(6,515)			(6,515)
Redemption of preferred stock	(73)					(73)
Conversion of preferred stock	(86)	3,859	86			
Net change in unrealized gains (losses) on securities available for sale and marketable equity securities					314	314
Other		10	(5)		17	12
Balance on December 31, 1997	\$ 94	943,933	\$ 9,779	\$14,592	\$ 282	\$ 24,747

</TABLE>

See accompanying notes to consolidated financial statements.

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On January 9, 1998, NationsBank Corporation (the Corporation) completed its merger with Barnett Banks, Inc. (Barnett). The transaction was accounted for as a pooling of interests. The financial statements have been restated to present the combined results of the Corporation and Barnett as if the merger had been in effect for all periods presented.

The Corporation is a North Carolina corporation and a multi-bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal assets being the stock of its subsidiaries. Through its banking subsidiaries and various nonbanking subsidiaries, the Corporation provides banking and banking-related services primarily throughout the Mid-Atlantic, the Midwest, the Southeast and the Southwest.

NOTE ONE - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

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

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

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

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

CASH AND CASH EQUIVALENTS

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

SECURITIES

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

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

LOANS HELD FOR SALE

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

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

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

TRADING INSTRUMENTS

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

LOANS

Loans are reported at their outstanding principal balances net of any charge-offs, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans. Loan origination fees and certain direct origination costs are deferred and recognized as adjustments to income over the lives of the related loans. Discounts and premiums are amortized to income using methods that approximate the interest method.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is primarily available to absorb losses inherent in the loans, leases and factored accounts receivable portfolios. Credit exposures deemed to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to

the allowance for credit losses.

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

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

NONPERFORMING LOANS

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

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measured at the restructuring date. Impaired loans are included in nonperforming loans. Generally, loans which are past due 180 days or more as to principal or interest are classified as nonperforming regardless of collateral or collection status. Generally, interest accrued but not collected is reversed when a loan or lease is classified as nonperforming.

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

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

FORECLOSED PROPERTIES

Assets are classified as foreclosed properties upon actual foreclosure or when physical possession of the collateral is taken regardless of whether foreclosure proceedings have taken place.

Foreclosed properties are carried at the lower of the recorded amount of the loan or lease for which the property previously served as collateral, or the fair value of the property less estimated costs to sell. Prior to foreclosure, the recorded amount of the loan or lease is reduced, if necessary, to the fair value, less estimated costs to sell, of the real estate to be acquired by charging the allowance for credit losses.

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

PREMISES AND EQUIPMENT

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

MORTGAGE SERVICING RIGHTS

The total cost of mortgage loans originated or purchased is allocated between the cost of the loans and the mortgage servicing rights (MSRs) based on the relative fair values of the loans and the MSRs. MSRs acquired separately are capitalized at cost. During 1997, the Corporation capitalized \$397 million of MSRs. The cost of the MSRs is amortized in proportion to and over the estimated period of net servicing revenues. During 1997, amortization was \$188 million.

The fair value on December 31, 1997 of capitalized MSRs approximated the carrying value of \$1.3 billion. Total loans serviced approximated \$126.5 billion on December 31, 1997, including loans serviced on behalf of the Corporation's banking subsidiaries. The predominant characteristics used as the basis for stratifying MSRs are loan type and interest rate. The MSRs strata are evaluated for impairment by estimating the fair value based on anticipated future net cash flows, taking into consideration prepayment predictions. If the carrying value of the MSRs exceeds the estimated fair value, a valuation allowance is established. Changes to the valuation allowance are charged against or credited to mortgage servicing income and fees. The valuation allowance on December 31, 1997, 1996 and 1995 and changes in the valuation allowance during 1997, 1996 and 1995 were insignificant.

To manage risk associated with changes in prepayment rates, the Corporation uses various financial instruments including options and interest rate swaps. The notional amount on December 31, 1997 was \$8.7 billion and the unrealized gain on such contracts was \$57 million.

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CONSUMER FINANCE LENDING

The Corporation provides consumer finance lending primarily through NationsCredit Corporation, EquiCredit Corporation and Oxford Resources Corp. Included in other income are gains on the securitization and sale of home equity and automobile secured installment loans and servicing income on securitized loans. The gains on sales of such loans include the estimated present value of servicing revenues in excess of a contractual servicing fee over the expected average life of the loans, discounted at a market rate at the time of sale and adjusted for projected prepayments and expected foreclosure expenses. A corresponding asset, capitalized servicing income, is recorded at the time of sale and is included in other assets.

The Corporation adjusts the carrying value of the assets to fair value based on changes in market conditions and changes in estimates. The adjustment is reflected as an unrealized gain or loss in shareholders' equity, unless the asset is determined to be permanently impaired. Permanent impairments are expensed.

GOODWILL AND OTHER INTANGIBLES

Net assets of companies acquired in purchase transactions are recorded at fair value at the date of acquisition. Identified intangibles are amortized on an accelerated or straight-line basis over the period benefited. Goodwill is amortized on a straight-line basis over a period not to exceed 25 years. The recoverability of goodwill and other intangibles is evaluated if events or circumstances indicate a possible inability to realize the carrying amount. Such evaluation is based on various analyses, including undiscounted cash flow projections.

INCOME TAXES

There are two components of income tax provision: current and deferred. Current income tax expense approximates taxes to be paid or refunded for the applicable period. Balance sheet amounts of deferred taxes are recognized on the temporary differences between the bases of assets and liabilities as measured by tax laws and their bases as reported in the financial statements. Deferred tax expense or benefit is then recognized for the change in deferred tax liabilities or assets between periods.

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

RETIREMENT BENEFITS

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

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

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

RISK MANAGEMENT INSTRUMENTS

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

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

Gains and losses associated with interest rate futures and forward contracts used as effective hedges of existing risk positions or anticipated transactions are deferred as an adjustment to the carrying value of the related asset or liability and recognized in income over the remaining term of the related asset or liability.

Risk management instruments used to hedge or modify the interest rate characteristics of debt securities classified as available for sale are carried

at fair value with unrealized gains or losses deferred as a component of shareholders' equity.

To manage interest rate risk, the Corporation also uses interest rate option products, primarily caps and floors. Interest rate caps and floors are agreements where, for a fee, the purchaser obtains the right to receive interest payments when a variable interest rate moves above or below a specified cap or floor rate, respectively. Such instruments are primarily linked to long-term debt, short-term borrowings and pools of similar residential mortgages and consist mainly of purchased options. The Corporation also purchases options in the interest rate market to protect the value of certain assets, principally MSRs, against changes in prepayment rates. Option premiums are amortized over the option life on a straight-line basis. Such contracts are designated as hedges, and gains or losses are recorded as adjustments to the carrying value of the MSRs, which are subjected to impairment valuations as described in the MSRs accounting policy.

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

EARNINGS PER COMMON SHARE

Earnings per common share for all periods presented is computed by dividing net income, reduced by dividends on preferred stock, by the weighted average number of common shares outstanding. Diluted earnings per common share is computed by dividing net income available to common shareholders, adjusted for the effect of assumed conversions, by the weighted average number of common shares outstanding and dilutive potential common shares, which include convertible preferred stock and stock options. Dilutive potential common shares are calculated using the treasury stock method.

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RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130) and SFAS 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). SFAS 130 establishes standards for the reporting and displaying of comprehensive income and its components in financial statements. SFAS 131 supersedes SFAS 14, "Financial Reporting for Segments of a Business Enterprise," and specifies new disclosure requirements for operating segment financial information. In February 1998, SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS 132) was issued. SFAS 132 revises and standardizes employers' disclosures about pension and other postretirement benefit plans. These standards are effective for fiscal years beginning after December 15, 1997. The Corporation will adopt the provisions of these standards during the first quarter of 1998.

NOTE TWO - MERGER-RELATED ACTIVITY

On April 13, 1998, the Corporation announced a definitive agreement to merge with BankAmerica Corporation (BankAmerica). The merger will create a new holding company called BankAmerica Corporation to be headquartered in Charlotte, North Carolina. Each outstanding share of BankAmerica common stock will be converted into 1.1316 shares of the new holding company and each share of the Corporation's common stock will become a share in the new company. The merger is expected to close in the fourth quarter of 1998 and is subject to regulatory and shareholder approval.

On January 9, 1998, the Corporation completed its merger with Barnett, a multi-bank holding company headquartered in Jacksonville, Florida (the Merger). Barnett's total assets, total deposits and total shareholders' equity on the date of the Merger amounted to approximately \$46.0 billion, \$35.4 billion and \$3.4 billion, respectively. Each outstanding share of Barnett common stock was converted into 1.1875 shares of the Corporation's common stock, resulting in the net issuance of approximately 233 million common shares to the former Barnett shareholders. In addition, approximately 11 million options to purchase the Corporation's stock were issued to convert similar stock options granted to certain Barnett employees. This transaction was accounted for as a pooling of interests. Under this method of accounting, the recorded assets, liabilities, shareholders' equity, income and expenses of the Corporation and Barnett have been combined and reflected at their historical amounts.

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

In compliance with certain requirements of the Federal Reserve Board, the Department of Justice and certain Florida authorities in connection with the Merger, the Corporation and Barnett have entered into agreements to divest certain branches of Barnett with loans and deposits aggregating approximately \$2.5 billion and \$4.0 billion, respectively, in various markets in Florida.

On October 1, 1997, the Corporation completed the 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 amount of

approximately \$1.1 billion. Montgomery had 1996 revenues of approximately \$600 million and assets of approximately \$3.0 billion on the date of acquisition. The Corporation accounted for this acquisition as a purchase.

The Corporation consummated the acquisition of First Federal Savings Bank of Brunswick, Georgia (Brunswick) on April 15, 1997. As of the acquisition date, Brunswick had assets of approximately \$249 million and deposits of approximately \$219 million. The Corporation issued approximately 2.4 million shares of its common stock in this acquisition. The Corporation accounted for this acquisition as a purchase.

On April 1, 1997, the Corporation acquired all of the outstanding common stock of Oxford Resources Corp. (Oxford), a national automobile leasing company for 16.2 million

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shares of common stock. On the date of acquisition, Oxford's total assets and total liabilities were \$1.9 billion and \$1.8 billion, respectively. The acquisition was accounted for as a purchase.

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 on the date of the acquisition and aggregate cash payments of \$371 million to Boatmen's shareholders. On the date of the acquisition, Boatmen's total assets and total deposits were approximately \$41.2 billion and \$32.0 billion, respectively. The Corporation accounted for this acquisition as a purchase.

The following table presents condensed pro forma consolidated results of operations for the year ended December 31, 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. The cash portion of the purchase price is 35 percent, which reflects the actual cash election of 4 percent paid at closing plus share repurchases completed prior to the initiation of the Barnett merger. 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
(Dollars in millions, except per share information)

	1996
Net interest income	\$ 9,483
Net income	2,964
Net income available to common shareholders	2,940
Earnings per common share	3.08
Diluted earnings per common share	3.04

In January 1995, the Corporation acquired EquiCredit Corporation (EquiCredit), a national consumer finance company, for \$332 million. EquiCredit specializes in originating, securitizing, and servicing consumer loans secured by first or second mortgages. The Corporation accounted for this acquisition as a purchase.

On June 1, 1997, the branching provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 took effect, allowing banking companies to consolidate their subsidiary bank operations across state lines. On December 31, 1997, the Corporation operated its banking activities primarily under four charters: NationsBank, N.A., NationsBank of Texas, N.A., Barnett Bank, 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 1998.

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NOTE THREE --- SECURITIES

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

SECURITIES HELD FOR INVESTMENT	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	MARKET VALUE
<S>	<C>	<C>	<C>	<C>
1997				
U.S. Treasury securities and agency debentures	\$ 500	\$ 1	\$ (1)	\$ 500
Foreign sovereign securities	32	-	-	32
Mortgage-backed securities	532	2	(1)	533
Other taxable securities	5	-	-	5

---	Total taxable	1,069	3	(2)	1,070

	Tax-exempt securities	87	4	-	91

	Total	\$ 1,156	\$ 7	\$ (2)	\$ 1,161
=====					
1996					
	U.S. Treasury securities and agency debentures	\$ 862	\$ -	\$ (3)	\$ 859
	Foreign sovereign securities	25	-	-	25
	Mortgage-backed securities	1,101	3	(4)	1,100
	Other taxable securities	5	-	-	5

	Total taxable	1,993	3	(7)	1,989

	Tax-exempt securities	117	4	-	121

	Total	\$ 2,110	\$ 7	\$ (7)	\$ 2,110
=====					
		AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	MARKET VALUE
SECURITIES AVAILABLE FOR SALE					
- -----					
1997					
	U.S. Treasury securities and agency debentures	\$ 9,171	\$ 95	\$ (4)	\$ 9,262
	Foreign sovereign securities	6,400	16	(20)	6,396
	Mortgage-backed securities	30,163	375	(27)	30,511
	Other taxable securities	1,550	9	-	
1,559					

	Total taxable	47,284	495	(51)	
47,728					

	Tax-exempt securities	1,662	58	-	
1,720					

	Total	\$ 48,946	\$ 553	\$ (51)	\$
49,448					
=====					
1996					
	U.S. Treasury securities and agency debentures	\$ 3,643	\$ 19	\$ (29)	\$ 3,633
	Foreign sovereign securities	952	2	(8)	
946					
	Mortgage-backed securities	10,646	61	(49)	10,658
	Other taxable securities	1,278	8	(2)	
1,284					

	Total taxable	16,519	90	(88)	
16,521					

	Tax-exempt securities	745	21	(2)	
764					

	Total	\$ 17,264	\$ 111	\$ (90)	\$
17,285					
=====					

</TABLE>

</TABLE>

The components, expected maturity distribution and yields (computed on a taxable-equivalent basis) of the Corporation's securities portfolio on December 31, 1997 are summarized below (dollars in millions). Actual maturities may differ from contractual maturities or maturities shown below since borrowers may have the right to prepay obligations with or without prepayment penalties.

<TABLE>
<CAPTION>

	DUE IN 1 YEAR OR LESS		DUE AFTER 1 THROUGH 5 YEARS		DUE AFTER 5 THROUGH 10 YEARS		DUE AFTER 10 YEARS		TOTAL
	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT
YIELD									
<S>	<C>	<C>	<C>	<C>	<C>		<C>		<C>
<C>									
Amortized cost of securities held for investment									
U.S. Treasury securities and agency debentures	\$ 101	4.94%	\$ 399	5.86%	\$ -	- %	\$ -	- %	\$ 500
5.68%									
Foreign sovereign securities	8	5.86	13	7.60	10	6.59	1	6.62	32
6.84									
Mortgage-backed securities	313	5.97	216	6.73	3	5.63	-	-	532
6.28									
Other taxable securities	3	8.01	-	-	-	-	2	6.56	5
7.18									
Total taxable	425	5.74	628	6.19	13	6.40	3	6.74	1,069
6.02									
Tax-exempt securities	25	9.62	33	9.36	10	9.34	19	9.29	87
9.42									
Total	\$ 450	5.96	\$ 661	6.35	\$ 23	7.70	\$ 22	8.89	\$ 1,156
6.27									
Market value of securities held for investment	\$ 448		\$ 665		\$ 24		\$ 24		\$ 1,161
Market value of securities available for sale									
U.S. Treasury securities and agency debentures	\$ 771	5.96%	\$ 4,716	6.00%	\$ 3,514	6.04%	\$ 261	6.36%	\$ 9,262
6.01%									
Foreign sovereign securities	67	20.13	4,446	4.87	809	5.76	1,074	5.63	6,396
5.27									
Mortgage-backed securities	428	5.61	12,657	7.26	15,478	6.82	1,948	6.99	30,511
7.00									
Other taxable securities	329	5.64	374	14.53	234	6.74	622	5.80	1,559
8.01									
Total taxable	1,595	6.39	22,193	6.63	20,035	6.64	3,905	6.39	47,728
6.60									
Tax-exempt securities	120	7.51	311	7.21	441	7.77	848	8.24	1,720
7.87									
Total	\$ 1,715	6.47	\$ 22,504	6.64	\$ 20,476	6.67	\$ 4,753	6.70	\$ 49,448
6.65									
Amortized cost of securities available for sale	\$ 1,713		\$ 22,287		\$ 20,249		\$ 4,697		\$ 48,946

</TABLE>

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

<TABLE>

<CAPTION>

	1997	1996	1995
<S>	<C>	<C>	<C>
Gross gains on sales of securities	\$ 162	\$ 219	\$ 80
Gross losses on sales of securities	(7)	(133)	(46)
Net gains on sales of securities	\$ 155	\$ 86	\$ 34

</TABLE>

There were no sales of securities held for investment in 1997, 1996 or 1995.

Excluding securities issued by the U.S. government and its agencies and corporations, there were no investments in securities from one issuer that

exceeded 10 percent of consolidated shareholders' equity on December 31, 1997 or 1996.

The income tax expense attributable to realized net gains on securities sales was \$55 million, \$30 million and \$12 million in 1997, 1996 and 1995, respectively.

Securities are pledged or assigned to secure borrowed funds, government and trust deposits and for other purposes. The carrying value of pledged securities was \$42.2 billion and \$15.7 billion on December 31, 1997 and 1996, respectively.

On December 31, 1997, the valuation allowance for securities available for sale, marketable equity securities and certain servicing assets increased shareholders' equity by \$408 million, primarily reflecting \$502 million of pretax appreciation on securities available for sale and \$115 million of pretax appreciation on marketable equity securities.

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NOTE FOUR -- TRADING ACCOUNT ASSETS AND LIABILITIES

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

	1997	1996	Average Balances	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Securities owned				
U.S. Treasury securities	\$ 8,701	\$ 6,918	\$ 10,260	\$
13,177				
Securities of other U.S. Government agencies and corporations	1,375	2,096	1,585	1,843
Certificates of deposit, bankers' acceptances and commercial paper	517	501	645	553
Corporate debt	1,808	1,552	1,686	
1,410				
Foreign sovereign debt	4,939	3,396	6,270	
1,044				
Mortgage-backed securities	2,299	502	1,698	
358				
Other securities	403	430	356	
672				
-----	-----	-----	-----	-----
Total securities owned	20,042	15,395	22,500	
19,057				
Derivatives-dealer positions	3,640	3,298	4,261	
3,791				
-----	-----	-----	-----	-----
Total trading account assets	\$ 23,682	\$ 18,693	\$ 26,761	\$
22,848				
=====	=====	=====	=====	=====
Short sales				
U.S. Treasury securities	\$ 8,970	\$ 7,162	\$ 8,319	\$
9,311				
Corporate debt	140	452	232	
535				
Foreign sovereign debt	1,825	-	968	
-				
Other securities	904	309	766	
315				
-----	-----	-----	-----	-----
Total short sales	11,839	7,923	10,285	
10,161				
Derivatives-dealer positions	3,368	3,848	3,848	
3,170				
-----	-----	-----	-----	-----
Total trading account liabilities	\$ 15,207	\$ 11,771	\$ 14,133	\$
13,331				
=====	=====	=====	=====	=====

</TABLE>

The net change in the unrealized gain or loss on trading securities held on December 31, 1997 and 1996 was included in trading account profits and fees and amounted to a loss of \$31 million for 1997 and a gain of \$68 million for 1996.

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

Derivatives-dealer positions presented in the table above represent the fair values of interest rate, foreign exchange, equity and commodity-related

products including financial futures, forward settlement and option contracts and swap agreements associated with the Corporation's derivatives trading activities. See Note Eight for additional information on derivatives-dealer positions, including credit risk.

NOTE FIVE -- LOANS, LEASES AND FACTORED ACCOUNTS RECEIVABLE

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

<TABLE>

<CAPTION>

	1997	1996
<S>	<C>	<C>
LOANS		
Commercial	\$ 65,841	\$ 55,574
Real estate commercial	8,994	7,462
Real estate construction	4,665	3,680
Total commercial	79,500	66,716
Residential mortgage	37,414	37,734
Credit card	8,203	7,854
Other consumer	40,751	32,078
Total consumer	86,368	77,666
Foreign	4,117	3,006
Factored accounts receivable	1,081	1,049
Total loans and factored accounts receivable	171,066	148,437
Less unearned income	(626)	(611)
Loans and factored accounts receivable, net of unearned income	170,440	147,826
LEASES		
Lease receivables	6,648	5,523
Estimated residual value	1,793	1,538
Less unearned income	(2,103)	(1,846)
Leases, net of unearned income	6,338	5,215
Loans, leases and factored accounts receivable, net of unearned income	\$ 176,778	\$ 153,041

</TABLE>

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

<TABLE>

<CAPTION>

	1997	1996	1995
<S>	<C>	<C>	<C>
Balance on January 1	\$ 2,792	\$ 2,668	\$
Loans, leases and factored accounts receivable charged off	(1,298)	(1,045)	(808)
Recoveries of loans, leases and factored accounts receivable previously charged off	347	295	266
Net charge offs	(951)	(750)	
Provision for credit losses	954	760	
Allowance applicable to loans of purchased companies and other	482	114	18
Balance on December 31	\$ 3,277	\$ 2,792	\$

</TABLE>

The following table presents the recorded investment in loans that were considered to be impaired, all of which were classified as nonperforming, on

December 31 (dollars in millions):

	1997	1996
Commercial	\$ 316	\$ 376
Real estate commercial	185	176
Real estate construction	23	37
Total impaired loans	\$ 524	\$ 589

The average recorded investment in certain impaired loans for the years ended December 31, 1997, 1996 and 1995 was approximately \$639 million, \$634 million and \$733 million, respectively. For the years ended December 31, 1997, 1996 and 1995, interest income recognized on impaired loans totaled \$30 million, \$33 million and \$34 million, respectively, all of which was recognized on a cash basis.

On December 31, 1997, 1996 and 1995, nonperforming loans, including certain loans which are considered impaired, totaled \$1.2 billion, \$1.1 billion and \$876 million, respectively.

The net amount of interest recorded during each year on loans that were classified as nonperforming or restructured on December 31, 1997, 1996 and 1995 was \$60 million, \$42 million and \$33 million, respectively. If these loans had been accruing interest at their originally contracted rates, related income would have been \$150 million, \$122 million and \$119 million in 1997, 1996 and 1995, respectively.

Foreclosed properties amounted to \$147 million, \$188 million and \$215 million on December 31, 1997, 1996 and 1995, respectively. The cost of carrying foreclosed properties amounted to \$11 million, \$11 million and \$18 million in 1997, 1996 and 1995, respectively.

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

NationsBank, N.A. and NationsBank of Texas, N.A. maintain a program to offer up to \$9.0 billion of bank notes from time to time with fixed or floating rates and maturities from 30 days to 15 years from date of issue. On December 31, 1997 and 1996, there were short-term bank notes outstanding of \$304 million and \$872 million, respectively. In addition, there were bank notes outstanding on December 31, 1997 and 1996 totaling \$5.1 billion and \$3.5 billion, respectively, which were classified as long-term debt.

On December 31, 1997, the Corporation, excluding Barnett, 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 to unaffiliated banks. Effective January 9, 1998, one of the Corporation's commercial paper back-up lines of credit totaling \$760 million, which was assumed in connection with the Merger, was canceled.

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

<TABLE>
<CAPTION>

		1997		
		Various Fixed-Rate	Various Floating-Rate	
1996		Debt	Debt	Amount
Amount		Obligations	Obligations	Outstanding
-----		-----		
<S>		<C>	<C>	<C>
<C>				
Parent company				
Senior debt				
Due in 1997		\$ -	\$ -	\$ -
\$ 901	Due in 1998	1,025	1,415	2,440
1,865	Due in 1999	126	1,648	1,774
1,325	Due in 2000	472	1,118	1,590
1,566	Due in 2001	499	1,103	1,602
1,602	Due in 2002	20	1,455	1,475
1,268	Thereafter	622	1,842	2,464
1,512				
-----		-----		

10,039		2,764	8,581	11,345
-----		-----	-----	-----
	Subordinated debt			
	Due in 1997	-	-	-
75				
	Due in 1999	330	-	330
330				
	Due in 2001	549	-	549
399				
	Due in 2002	350	-	350
349				
	Thereafter	4,565	1,275	5,840
5,274				
-----		-----	-----	-----
		5,794	1,275	7,069
6,427				
-----		-----	-----	-----
	Total parent company long-term debt	8,558	9,856	18,414
16,466				
-----		-----	-----	-----
	Banking and nonbanking subsidiaries			
	Senior debt			
	Due in 1997	-	-	-
1,302				
	Due in 1998	660	2,977	3,637
2,886				
	Due in 1999	99	1,410	1,509
224				
	Due in 2000	354	2,932	3,286
1,928				
	Due in 2001	178	277	455
347				
	Due in 2002	17	284	301
35				
	Thereafter	125	172	297
404				
-----		-----	-----	-----
		1,433	8,052	9,485
7,126				
-----		-----	-----	-----
	Subordinated debt			
	Due in 1997	-	-	-
5				
	Due in 2004 and thereafter	300	8	308
308				
-----		-----	-----	-----
		300	8	308
313				
-----		-----	-----	-----
	Total banking and nonbanking subsidiaries long-term debt	1,733	8,060	9,793
7,439				
-----		-----	-----	-----
		\$ 10,291	\$ 17,916	28,207
23,905				
=====				
	Notes payable to finance the purchase of leased vehicles			231
-				
	Obligations under capital leases			452
307				
-----			-----	-----
	Total long-term debt			\$ 28,890
24,212				\$
=====				

</TABLE>

As part of its interest rate risk management activities, the Corporation enters into risk management interest rate contracts for certain long-term debt issuances. Through the use of interest rate swaps, \$2.2 billion of fixed-rate debt with rates ranging from 5.60 percent to 8.57 percent have been effectively converted to floating rates primarily at spreads over LIBOR.

On December 31, 1997, including the effects of interest rate contracts

for certain long-term debt issuances, the weighted average effective interest rates for total long-term debt, total fixed-rate debt and total floating-rate debt (based on the rates in effect on December 31, 1997) were 6.48 percent, 7.36 percent and 5.98 percent, respectively.

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As described below, certain debt obligations outstanding on December 31, 1997 may be redeemed prior to maturity at the option of the Corporation (dollars in millions):

Year Redeemable	Year of Maturities	Amount Outstanding
Currently redeemable	2002	\$ 28
1998	2000	500
1999 - 2000	2005 - 2011	716
2001 - 2005	2006 - 2024	455

Main Place Real Estate Investment Trust (MPREIT), a limited purpose subsidiary of NationsBank, N.A., had \$4.0 billion of mortgage-backed bonds outstanding on December 31, 1997. Of this amount, \$1.0 billion was issued during March 1997. MPREIT had outstanding mortgage loans of \$16.6 billion on December 31, 1997, of which \$6.0 billion served as collateral for the outstanding mortgage-backed bonds.

Under its Euro medium-term note program, the Corporation may offer up to \$4.5 billion of senior or subordinated notes exclusively to non-United States residents. The notes bear interest at fixed or floating rates and may be denominated in U.S. dollars or foreign currencies. The Corporation uses foreign currency contracts to convert foreign-denominated debt into U.S. dollars. On December 31, 1997, \$2.3 billion of notes was outstanding under this program.

Since October 1996, the Corporation formed seven wholly owned grantor trusts (NationsBank Capital Trusts I, II, III and IV and Barnett Capital I, II and III) to issue preferred securities and to invest the proceeds of such preferred securities into notes of the Corporation. Certain of the preferred securities were issued at a discount. Such preferred securities may be redeemed prior to maturity at the option of the Corporation. The sole assets of each of the grantor trusts are the Junior Subordinated Notes of the Corporation (the Notes) held by such grantor trusts. Such securities qualify as Tier 1 Capital for regulatory purposes.

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

The terms of the preferred securities are summarized as follows (dollars in millions):

<TABLE>
<CAPTION>

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

<CAPTION>

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

During 1997, the Corporation obtained notes payable to finance the purchase of leased vehicles and additional obligations under capital leases as a result of the Oxford acquisition. Notes payable to finance the purchase of

leased vehicles are due in installments equal to the lease rentals receivable by the Corporation from the lease. The final payments on these borrowings are equal to the residual value of the vehicle at lease termination.

As of March 17, 1998, the Corporation had the authority to issue approximately \$1.8 billion of corporate debt securities and preferred and common stock under its existing shelf registration statements and \$2.1 billion of corporate debt securities under the Euro medium-term note program.

NOTE SEVEN - SHAREHOLDERS' EQUITY AND EARNINGS PER COMMON SHARE

As of December 31, 1997, the Corporation had issued 2.2 million shares of ESOP Convertible Preferred Stock, Series C (ESOP Preferred Stock). The ESOP Preferred Stock has a stated and liquidation value of \$42.50 per share, provides for an annual cumulative dividend of \$3.30 per share and each share is convertible into 1.68 shares of the Corporation's common stock. ESOP Preferred Stock in the amount of \$86 million, \$7 million and \$6 million in 1997, 1996, and 1995, respectively, was converted into the Corporation's common stock.

In November 1989, Barnett incorporated ESOP provisions into its existing 401(k) employee benefit plan (Barnett ESOP). The Barnett ESOP acquired \$141 million of common stock using the proceeds of a loan from the Corporation. The terms of the loan include equal monthly payments of principal and interest through September 2015. Interest is at 9.75% and prepayments of principal are allowed. The loan is generally being repaid from contributions to the plan by the Corporation and dividends on unallocated shares held by the Barnett ESOP. Shares held by the Barnett ESOP are allocated to plan participants as the loan is repaid. As of December 31, 1997, 6.4 million shares of common stock had been released and allocated. During 1997, 1996 and 1995 Barnett ESOP common stock released and allocated amounted to \$8 million, \$13 million and \$13 million, respectively.

As consideration in the merger of NationsBank, N.A. (South) and NationsBank, N.A. during the second quarter of 1997, NationsBank, N.A. exchanged approximately \$73 million for preferred stock issued by NationsBank, N.A. (South) in the 1996 acquisition of Citizens Federal Bank F.S.B. Such preferred stock consisted of approximately .5 million shares of NationsBank, N.A. (South) 8.50% Series H Noncumulative Preferred Stock and approximately 2.4 million shares of NationsBank, N.A. (South) 8.75% Series 1993A Noncumulative Preferred Stock.

During 1997 and 1996, the Corporation repurchased approximately 114 million shares of common stock and approximately 47 million shares of common stock, respectively, under various stock repurchase programs authorized by the Board of Directors.

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

	1997	1996
<S>	<C>	<C>
Restricted stock award plan		
deferred compensation	\$ (23)	\$ (19)
Net unrealized gains (losses) on available for		
sale securities, marketable equity securities		
and certain servicing assets, net of tax	408	94
Loan to ESOP trust	(85)	(110)
Foreign exchange translation adjustments		
and other	(18)	(18)
	\$ 282	\$ (53)

</TABLE>

In accordance with SFAS No. 128, "Earnings per Share," the calculation of earnings per common share and diluted earnings per common share is presented below (dollars in millions, except per share information, shares in thousands):

	1997	1996	1995
<S>	<C>	<C>	<C>
Earnings per common share computation			

Net income	\$ 3,332	\$ 2,939	\$ 2,483
Total preferred stock dividends	(11)	(17)	(24)
Income available to common shareholders	\$ 3,321	\$ 2,922	\$ 2,459
Average common shares issued	941,992	820,945	773,799
Earnings per common share	\$ 3.53	\$ 3.56	\$ 3.18

Diluted earnings per common share computation

Income available to common shareholders	\$ 3,321	\$ 2,922	\$ 2,459
Total preferred stock dividends	11	17	24
Preferred stock dividends on nonconvertible stock	(4)	(8)	-
Effect of assumed conversions	7	9	24
Income available to common shareholders and assumed conversions	\$ 3,328	\$ 2,931	\$ 2,483
Average common shares issued	941,992	820,945	773,799
Incremental shares from assumed conversions:			
Convertible preferred stock	3,736	6,158	18,818
Stock options	21,944	10,603	7,487
Dilutive potential common shares	25,680	16,761	26,305
Total dilutive average common shares issued	967,672	837,706	800,104
Diluted earnings per common share	\$ 3.44	\$ 3.50	\$ 3.10

</TABLE>

NOTE EIGHT - COMMITMENTS AND CONTINGENCIES AND OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

In the normal course of business, the Corporation enters into a number of off-balance sheet commitments. These commitments expose the Corporation to varying degrees of credit and market risk and are subject to the same credit and risk limitation reviews as those recorded on the balance sheet.

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CREDIT EXTENSION COMMITMENTS

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

<TABLE>
<CAPTION>

	1997	1996
<S>	<C>	<C>
Commitments to extend credit		
Credit card commitments	\$ 33,377	\$ 29,983
Other loan commitments	112,002	90,125
Standby letters of credit and financial guarantees	12,427	10,792
Commercial letters of credit	1,403	879

Commitments to extend credit are legally binding, generally have specified rates and maturities and are for specified purposes. The Corporation manages the credit risk on these commitments by subjecting these commitments to normal credit approval and monitoring processes and protecting against deterioration in the borrowers' ability to pay through adverse-change clauses which require borrowers to maintain various credit and liquidity measures. There were no unfunded commitments to any industry or country (including Asian countries) greater than 10 percent of total unfunded commitments to lend. Credit card lines are unsecured commitments which are reviewed at least annually by management. Upon evaluation of the customers' creditworthiness, the Corporation has the right to terminate or change the terms of the credit card lines. Of the December 31, 1997 other loan commitments, \$45.0 billion is scheduled to expire in less than one year, \$48.5 billion in one to five years and \$18.5 billion after five years.

Standby letters of credit (SBLC) and financial guarantees are issued to support the debt obligations of customers. If a SBLC or financial guarantee is drawn upon, the Corporation looks to its customer for payment. SBLCs and financial guarantees are subject to the same approval and collateral policies as other extensions of credit. Of the December 31, 1997 SBLCs and financial guarantees, \$8.5 billion is scheduled to expire in less than one year, \$3.7 billion in one to five years and \$269 million after five years.

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

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

DERIVATIVES

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

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ASSET AND LIABILITY MANAGEMENT ACTIVITIES

Risk management uses interest rate contracts in the asset and liability management (ALM) process. Such contracts, which are generally non-leveraged generic interest rate and basis swaps and options, allow the Corporation to effectively manage its interest rate risk position.

Generic interest rate swaps involve the exchange of fixed-rate and variable-rate interest payments based on the contractual underlying notional amounts. Basis swaps involve the exchange of interest payments based on the contractual underlying notional amounts, where both the pay rate and the receive rate are floating rates based on different indices. Option products primarily consist of caps and floors.

The following table outlines the Corporation's ALM contracts on December 31, 1997 (dollars in millions):

<TABLE>

<CAPTION>

	Notional Amount	Weighted Average Pay Rate	Weighted Average Receive Rate	Unrealized Gain/(Loss)
<S>	<C>	<C>	<C>	<C>
Generic receive fixed	\$ 31,187	5.98 %	6.46%	\$ 330
Generic pay fixed	1,502	6.91	5.97	(22)
Basis swaps	2,358	5.90	5.86	(1)
Option products	6,154			(7)
	-----			-----
Total	\$ 41,201			\$ 300
	=====			=====

</TABLE>

In addition to the contracts in the table above, the Corporation uses foreign currency contracts to manage the foreign exchange risk associated with certain foreign-denominated liabilities. Foreign currency swaps involve the conversion of certain scheduled interest and principal payments denominated in foreign currencies. On December 31, 1997, these contracts had a notional value of \$2.7 billion and a net market value of negative \$67 million.

The net unrealized appreciation in the estimated value of the ALM interest rate and net negative market value in the ALM 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.

CREDIT RISK ASSOCIATED WITH DERIVATIVES ACTIVITIES

Credit risk associated with ALM and trading derivatives is measured as the net replacement cost should the counterparties with contracts in a gain position completely fail to perform under the terms of those contracts and any collateral underlying the contracts proves to be of no value. In managing derivatives credit risk, both the current exposure, which is the replacement cost of contracts on the measurement date, as well as an estimate of the potential change in value of contracts over their remaining lives are considered. In managing credit risk associated with its derivatives activities, the Corporation deals with creditworthy counterparties, primarily U.S. and foreign commercial banks, broker-dealers and corporates. On December 31, 1997, credit risk associated with ALM activities was not significant.

During 1997 there were no material credit losses associated with ALM or trading derivatives transactions. In addition, on December 31, 1997, there were

no material nonperforming derivatives positions. To minimize credit risk, the Corporation enters into legally enforceable master netting agreements, which reduce risk by permitting the close out and netting of transactions upon the occurrence of certain events.

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

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

Derivatives - Dealer Positions
(Dollars in Millions)

<TABLE>
<CAPTION>

	1997		1996	
	Contract/ Notional	Credit Risk Amount (1)	Contract/ Notional	Credit Risk Amount (1)
Interest Rate Contracts				
<S>	<C>	<C>	<C>	<C>
Swaps	\$ 408,254	\$ 1,580	\$ 252,187	\$ 927
Futures and forwards	213,520	1	186,333	5
Written options	449,810	-	298,594	-
Purchased options	413,196	683	294,591	561
Foreign Exchange Contracts				
Swaps	1,980	127	1,303	24
Spot, futures and forwards	53,438	685	94,028	1,137
Written options	49,146	-	63,081	-
Purchased options	46,063	450	61,716	352
Commodity and Other Contracts				
Swaps	852	49	812	81
Futures and forwards	2,739	-	2,728	-
Written options	13,023	-	14,064	-
Purchased options	13,011	346	13,828	357
Total before cross product netting		3,921		3,444
Cross product netting		368		286
Net replacement cost		\$ 3,553		\$ 3,158

</TABLE>

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

The table above includes both long and short derivatives-dealer positions. The fair value of dealer positions on December 31, 1997 and 1996, as well as their average fair values for 1997 and 1996 are disclosed in Note Four.

SECURITIES LENDING

During 1997, the Corporation sold substantially all of its securities lending business. This transaction did not have a material impact on the Corporation's results of operations or financial position.

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WHEN ISSUED SECURITIES

When issued securities are commitments to purchase or sell securities in the time period between the announcement of a securities offering and the issuance of those securities. On December 31, 1997, the Corporation had commitments to purchase and sell when issued securities of \$6.5 billion and \$5.7

billion, respectively. On December 31, 1996, commitments to purchase and sell when issued securities were \$7.4 billion each.

LITIGATION

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

NOTE NINE - REGULATORY REQUIREMENTS AND RESTRICTIONS

The Corporation's banking subsidiaries are required to maintain average reserve balances with the Federal Reserve Bank (FRB) based on a percentage of certain deposits. Average reserve balances held with the FRB to meet these requirements amounted to \$230 million and \$554 million for 1997 and 1996, respectively.

The primary source of funds for cash distributions by the Corporation to its shareholders is dividends received from its banking subsidiaries. The subsidiary banks can initiate aggregate dividend payments in 1998, without prior regulatory approval, of \$1.7 billion plus an additional amount equal to their net profits for 1998, as defined by statute, up to the date of any such dividend declaration. The amount of dividends that each subsidiary bank may declare in a calendar year without approval by the Office of the Comptroller of the Currency (OCC) is the bank's net profits for that year combined with its net retained profits, as defined, for the preceding two years.

Regulations also restrict banking subsidiaries in lending funds to affiliates. On December 31, 1997, the total amount which could be loaned to the Corporation by its banking subsidiaries was approximately \$1.8 billion. On December 31, 1997, no loans to the Corporation from its banking subsidiaries were outstanding.

The Federal Reserve Board, the OCC and the Federal Deposit Insurance Corporation (collectively, the Agencies) have issued regulatory capital guidelines for U.S. banking organizations. As of December 31, 1997, the Corporation and each of its banking subsidiaries were well capitalized under this regulatory framework. There are no conditions or events since December 31, 1997 that management believes have changed either the Corporation's or its banking subsidiaries' capital classifications. Failure to meet the capital requirements can initiate certain mandatory and discretionary actions by regulators that could have a material effect on the Corporation's financial statements.

The regulatory capital guidelines measure capital in relation to the credit risk of both on- and off-balance sheet items using various risk weights. Under the regulatory capital guidelines, Total Capital consists of two tiers of capital. Tier 1 Capital includes common shareholders' equity and qualifying preferred stock, less goodwill and other adjustments. Tier 2 Capital consists of preferred stock not qualifying as Tier 1 Capital, mandatory convertible debt, limited amounts of subordinated debt, other qualifying term debt and the allowance for credit losses up to 1.25 percent of risk-weighted assets. In accordance with the FRB's amendment to its capital adequacy guidelines effective for periods beginning December 31, 1997, the Corporation is now required to include its broker-dealer subsidiary, NATIONSBANC MONTGOMERY SECURITIES LLC, when calculating regulatory capital ratios. Previously, the

Corporation had been required to exclude the equity, assets and off-balance sheet exposures of its broker-dealer subsidiary.

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

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

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

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

<TABLE>
<CAPTION>

REQUIRED	AMOUNT REQUIRED						AMOUNT
	ACTUAL		FOR MINIMUM CAPITAL ADEQUACY	ACTUAL		FOR MINIMUM CAPITAL ADEQUACY	
	RATIO	AMOUNT		RATIO	AMOUNT		

TIER 1 CAPITAL							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
NATIONSBANK CORPORATION	6.50%	\$ 13,593	\$ 8,371	7.76%	\$ 12,384	\$ 6,384	
NationsBank, N.A.	7.58	10,537	5,557	7.54	5,137	2,725	
NationsBank of Texas, N.A.	7.36	3,221	1,751	6.78	2,468	1,456	
TOTAL CAPITAL							
NATIONSBANK CORPORATION	10.89	22,787	16,742	12.66	20,208	12,770	
NationsBank, N.A.	10.98	15,256	11,113	10.41	7,093	5,451	
NationsBank of Texas, N.A.	10.13	4,434	3,502	10.19	3,706	2,910	
LEVERAGE CAPITAL							
NATIONSBANK CORPORATION	5.57	13,593	7,321	7.09	12,384	6,987	
NationsBank, N.A.	5.68	10,537	5,568	6.21	5,137	3,309	
NationsBank of Texas, N.A.	5.63	3,221	1,715	6.23	2,468	1,585	
</TABLE>							

</TABLE>

Ratios and amounts for 1997 and 1996 have not been restated to reflect the impact of the Barnett merger. Barnett and its significant banking subsidiary were considered "well capitalized" on December 31, 1997 and 1996 under the regulatory framework.

During 1997, several subsidiaries including NationsBank, N.A. (South) and various subsidiaries acquired in the purchase of Boatmen's were merged with and into NationsBank, N.A. The capital ratios and amounts for NationsBank, N.A. as of December 31, 1996 have not been restated to reflect the impact of such mergers. In addition, the capital ratios and amounts for NationsBank Corporation have not been restated at December 31, 1996 for amendments to the regulatory capital guidelines during 1997.

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NOTE TEN -- EMPLOYEE BENEFIT PLANS

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

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

	1997	1996
<S>	<C>	<C>
Actuarial present value of benefit obligation		
Accumulated benefit obligation, including vested benefits of \$1,558 and \$1,089.....	\$ (1,611)	\$ (1,131)
Projected benefit obligation for service rendered to date.....	\$ (1,709)	\$ (1,347)
Plan assets at fair value, primarily listed stocks, fixed income securities and real estate.....	2,123	1,631
Plan assets in excess of projected benefit obligation	414	284
Unrecognized net loss	276	197
Unrecognized net transition asset being amortized	(24)	(31)
Unrecognized prior service benefit being amortized	(136)	(31)
Deferred investment gain	(39)	(39)
Prepaid pension cost	\$ 491	\$ 380

</TABLE>

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

	1997	1996	1995
<S>	<C>	<C>	<C>
Service cost-benefits earned during the period	\$ 60	\$ 59	\$ 47
Interest cost on projected benefit obligation	124	104	99
Actual return on plan assets	(257)	(202)	(271)
Net amortization and deferral	60	58	134

Net periodic pension expense (benefit)	\$ (13)	\$ 19	\$ 9
--	---------	-------	------

</TABLE>

For December 31, 1997, the weighted average discount rate and rate of increase in future compensation used in determining the actuarial present value of the projected benefit obligation were 7.5 percent and 4.0 percent, respectively. The related expected long-term rate of return on plan assets ranged from 9.5 to 10.0 percent. For December 31, 1996, the weighted average discount rate, rate of increase in future compensation and expected long-term rate of return on plan assets were from 7.75 to 8.0 percent, 4.0 percent and 9.5 to 10.0 percent, respectively.

HEALTH AND LIFE BENEFIT PLANS

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

The Corporation's accrued postretirement benefit liability was partially funded at December 31, 1997. The "projected unit credit" actuarial method was used to determine the normal cost and actuarial liability.

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

<TABLE>

<CAPTION>

	1997	1996
	<C>	<C>
Accumulated postretirement benefit obligation		
Retirees.....	\$ (218)	\$ (170)
Fully eligible active participants.....	(11)	(3)
Other active plan participants.....	(69)	(53)
	(298)	(226)
Plan assets at fair value.....	28	21
Unamortized transition obligation.....	109	116
Unamortized service cost.....	1	1
Unrecognized net loss (gain).....	6	(2)
	\$ (154)	\$ (90)

</TABLE>

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

<TABLE>

<CAPTION>

	1997	1996	1995
	<C>	<C>	<C>
Service cost.....	\$ 4	\$ 4	\$ 3
Interest cost on accumulated postretirement benefit obligation.....	22	17	18
Actual return on plan assets.....	(4)	(2)	(2)
Amortization of transition obligation over 20 years.....	7	7	7
Amortization of gains.....	(1)	-	(4)
	\$ 28	\$ 26	\$ 22

</TABLE>

The health care cost trend rates used in determining the accumulated postretirement benefit obligation were 6.50 percent for pre-65 benefits and 4.75 percent for post-65 benefits. A one-percent change in the average health care cost trend rates would increase the accumulated postretirement benefit obligation by 6 percent and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost by 5 percent. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.5 percent and 8.0 percent at December 31, 1997 and 1996, respectively. The plan assets at December 31, 1997 consisted primarily of investments in pooled-equity and fixed-income funds.

SAVINGS AND PROFIT SHARING PLANS

In addition to the retirement plans, the Corporation maintains several defined contribution savings and profit sharing plans, two of which feature leveraged employee stock ownership (ESOP) provisions. See Note Seven for additional information on the two ESOP provisions.

For 1997, 1996 and 1995, the Corporation contributed approximately \$45 million, \$39 million and \$43 million, respectively, in cash which was utilized primarily to purchase the Corporation's common stock under the terms of these plans. The Corporation also contributed approximately \$23 million, \$25 million and \$20 million in common stock for 1997, 1996, and 1995, respectively under the terms of the Barnett ESOP. On December 31, 1997, an aggregate of 35,670,786 shares of the Corporation's common stock and 2,192,387 shares of ESOP preferred stock were held by the Corporation's various savings and profit sharing plans.

Under the terms of the ESOP Preferred Stock provision, payments to the plan for dividends on the ESOP Preferred Stock were \$7 million for both 1997 and 1996 and \$8 million for 1995. Interest incurred to service the debt of the ESOP Preferred Stock amounted to \$2 million, \$3 million and \$4 million for 1997, 1996 and 1995, respectively.

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STOCK OPTION AND AWARD PLANS

At December 31, 1997, the Corporation had certain stock-based compensation plans (the Plans) which are described below. The Corporation applies the provisions of Accounting Principles Board Opinion No. 25 in accounting for its stock option and award plans and has elected to provide SFAS 123 disclosures as if the Corporation had adopted the fair-value based method of measuring outstanding employee stock options in 1997 and 1996 as indicated below (dollars in millions except per share data):

<TABLE>

<CAPTION>

	As Reported		Pro Forma	
	1997	1996	1997	1996
<S>	<C>	<C>		
Net income.....	\$ 3,332	\$ 2,939	\$ 3,148	\$ 2,845
Net income available to common shareholders.....	3,321	2,922	3,137	2,828
Earnings per share.....	3.53	3.56	3.33	3.44
Diluted earnings per share.....	3.44	3.50	3.25	3.39

</TABLE>

In determining the pro forma disclosures above, the fair value of options granted was estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes model was developed to estimate the fair value of traded options, which have different characteristics than employee stock options, and changes to the subjective assumptions used in the model can result in materially different fair value estimates. The weighted average grant-date fair values of the options granted during 1997 and 1996 were based on the following assumptions:

<TABLE>

<CAPTION>

	Risk-Free Interest Rates		Dividend Yield		Expected Lives	
	1997	1996	1997	1996	1997	1996
-						
-						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1997 Associates Stock Option Award Plan.....	5.60%	N/A	3.50%	N/A	1 year	N/A
1996 Associates Stock Option Award Plan.....	6.31	6.44%	3.50	3.55%	3 years	4 years
Long-Term Incentive Plan.....	6.33	5.37	3.50	3.29	6 years	5 years
Key Employee Stock Plan.....	6.29	5.52	3.50	3.55	7 years	7 years

<CAPTION>

	Volatility	
	1997	1996
<S>	<C>	<C>
1997 Associates Stock Option Award Plan.....	24.7%	N/A
1996 Associates Stock Option Award Plan.....	21.4	20.8%
Long-Term Incentive Plan.....	34.3	36.3
Key Employee Stock Plan.....	27.8	24.6

</TABLE>

Compensation expense under the fair-value based method is recognized over the vesting period of the related stock options. Accordingly, the pro forma results of applying SFAS 123 in 1997 and 1996 may not be indicative of future amounts.

1996 ASSOCIATES STOCK OPTION AWARD PLAN:

Under the 1996 Associates Stock Option Award Plan (ASOP), as amended, the Corporation has granted to certain full- and part-time employees options to purchase an aggregate of approximately 47 million shares of the Corporation's common stock. Under the ASOP, options generally become vested once the Corporation's common stock attains certain predetermined closing market prices for at least ten consecutive trading days. Approximately 42 million of the options granted under the ASOP have vested, 32 million of which have an exercise price of \$42 1/8 per share and 10 million of which have an exercise price of \$49 7/16. Approximately 5 million of the remaining options granted under the ASOP have an exercise price of \$56 1/8 per share and, in general, become 50% vested after the Corporation's common stock closes at or above \$68 per share for ten consecutive trading days and become fully (100%) vested after the Corporation's common stock closes at or above \$80 per share for ten consecutive trading days, provided that such options may not vest prior to April 1, 1998. Notwithstanding the price, any outstanding unvested options generally vest and become exercisable on July 1, 2000. All options granted under the ASOP expire on June 29, 2001.

KEY EMPLOYEE STOCK PLAN:

The Key Employee Stock Plan (KEYSOP), as amended and restated, provides for different types of awards including stock options, restricted stock and performance shares. Under the KEYSOP, ten-year options to purchase approximately 19 million shares of common stock have been granted to certain employees at the closing market price on the respective grant dates. Options granted under the KEYSOP generally vest in three or four

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equal annual installments. Additionally, 645 thousand shares of restricted stock were granted during 1997. These shares generally vest in three substantially equal installments beginning January 1998.

On January 2, 1998, ten-year options to purchase approximately 3.8 million shares of common stock at \$60 3/4 were granted to certain employees. On February 2, 1998, ten-year options to purchase approximately 900 thousand shares of common stock at \$61 7/16 were granted to certain employees. For both grants, options vest and become exercisable in three equal annual installments beginning one year from the date of grant. Additionally, on January 9, 1998, approximately 1.3 million shares of restricted stock and ten-year options to purchase 495 thousand shares of common stock were granted to certain former Barnett executives in connection with their employment with the Corporation. Shares of restricted stock generally vest in two or three equal annual installments. Options were granted at \$59 and become fully vested and exercisable two years from date of grant.

OTHER PLANS:

In connection with the Merger, outstanding Barnett stock options were converted into options to purchase the Corporation's common stock based on the exchange ratio. Barnett has long-term incentive plans that provide stock-based awards, including stock options and time-based and performance-based restricted stock, to certain officers. All options are granted at current market value for a term of ten years and, subject to limited exceptions, are not exercisable before the third anniversary of the date of grant. Time-based awards provide that restrictions lapse beginning on the third anniversary of the date of the grant. Performance-based awards require that specific performance criteria be met in order for restrictions to lapse. As a result of the change in control substantially all outstanding Barnett options became exercisable as of December 19, 1997.

On December 19, 1997, as a result of the shareholder approval of the Merger, all outstanding stock options and restricted stock vested in accordance with change-in-control provisions.

Additional options and restricted stock under former plans and stock options assumed in connection with various acquisitions remain outstanding and are included in the tables below. No further awards may be granted under these plans.

The following tables present the status of the Plans as of December 31, 1997, 1996 and 1995, and changes during the years then ended:

		1997		1996		1995	
		-----		-----		-----	
Average		Weighted-Average		Weighted-Average		Weighted-	
Employee Stock Options		Shares	Exercise Price	Shares	Exercise Price	Shares	Exercise Price
-----		-----		-----		-----	
<S>		<C>		<C>		<C>	
Outstanding at beginning of year.....		55,306,195	\$33.56	23,103,677	\$26.98	22,721,898	\$24.85

Shares due to acquisitions.....	6,688,329	21.99	1,098,580	17.26	264,446	19.55
Granted.....	30,685,409	49.16	41,020,365	40.05	9,967,217	28.94
Exercised.....	(35,372,027)	36.62	(5,759,639)	18.37	(9,201,387)	22.11
Forfeited.....	(3,780,661)	43.50	(4,156,788)	38.89	(648,497)	27.94

--						
Outstanding at end of year.....	53,527,245	38.07	55,306,195	33.56	23,103,677	26.98
=====						
Options exercisable at year end.....	40,367,661	34.88	11,376,273	20.94	11,007,597	17.91
Weighted-average fair value of options granted during the year...	\$9.79		\$7.81		\$6.85	
	=====		=====		=====	

</TABLE>

<TABLE>

<CAPTION>

	1997		1996		1995	

	Weighted-Average		Weighted-Average		Weighted-	
Average Restricted Stock Awards (includes KEYSOP)	Shares	Grant Price	Shares	Grant Price	Shares	Grant Price

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding unvested grants at beginning of year.....	1,739,363	\$22.25	2,930,580	\$22.45	4,067,142	
\$22.36						
Granted	906,488	48.41	9,500	26.85	125,000	
24.50						
Vested.....	(1,523,661)	24.37	(1,106,062)	22.76	(1,139,107)	
22.38						
Canceled.....	(25,489)	32.87	(94,655)	22.76	(122,455)	
21.79						

Outstanding unvested grants at end of year.....	1,096,701	40.68	1,739,363	22.25	2,930,580	
22.45						

</TABLE>

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The following table summarizes information about stock options outstanding on December 31, 1997:

<TABLE>

<CAPTION>

	Options Outstanding			Options Exercisable	

Range of Exercise Prices	Number Outstanding at December 31	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at December 31	Weighted-Average Exercise Price

<S>	<C>	<C>	<C>	<C>	<C>
\$4.00 - \$30.00	17,043,137	6.4 years	\$ 21.72	15,024,027	\$ 21.77
\$30.01 - \$46.50	22,664,985	5.5 years	39.99	20,218,885	40.62
\$46.51 - \$65.50	13,819,123	6.7 years	55.09	5,124,749	50.68
	-----			-----	
\$4.00 - \$65.50	53,527,245	6.1 years	38.07	40,367,661	34.88
	-----			-----	

</TABLE>

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NOTE ELEVEN -- INCOME TAXES

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

<TABLE>

<CAPTION>

	1997	1996	1995

<S>	<C>	<C>	<C>
Current portion - expense			
Federal.....	\$1,320	\$1,145	\$1,065
State.....	73	78	84
Foreign.....	17	14	13

	1,410	1,237	1,162
Deferred portion - expense (benefit)			
Federal.....	466	354	153
State.....	20	13	12
Foreign.....	2	(7)	-
	488	360	165
Total income tax expense.....	\$1,898	\$1,597	\$1,327

</TABLE>

The preceding table does not reflect the tax effects of unrealized gains and losses on securities available for sale, marketable equity securities and certain servicing assets that are included in shareholders' equity and certain tax benefits associated with the Corporation's employee stock plans. As a result of these tax effects, shareholders' equity increased (decreased) by \$61 million, \$213 million and (\$288) million in 1997, 1996 and 1995, respectively.

The Corporation's current income tax expense approximates the amounts payable for those years.

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

A reconciliation of the expected federal income tax expense to the actual consolidated income tax expense for the years ended December 31 was as follows (dollars in millions):

	1997	1996	1995
<S>	<C>	<C>	
Expected federal tax expense	\$1,831	\$1,588	\$1,334
Increase (decrease) in taxes resulting from			
Tax-exempt income.....	(64)	(50)	(50)
State tax expense, net of federal benefit.....	65	64	73
Goodwill amortization.....	130	29	25
Other.....	(64)	(34)	(55)
Total income tax expense.....	\$1,898	\$1,597	\$1,327

</TABLE>

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

	1997	1996
Deferred tax liabilities		
<S>	<C>	<C>
Securities available for sale.....	\$ (206)	\$ (50)
Equipment lease financing.....	(1,477)	(1,002)
Depreciation.....	(222)	(194)
Intangibles.....	(128)	(95)
Employee retirement benefits.....	(79)	(88)
Other, net.....	(402)	(294)
Gross deferred tax liabilities.....	(2,514)	(1,723)
Deferred tax assets		
Employee benefits.....	224	119
Net operating loss carryforwards.....	66	47
Allowance for credit losses.....	1,148	963
Foreclosed properties.....	50	41
Loan fees and expenses.....	38	34
General business credit carryforwards.....	6	10
Other, net.....	323	179
Gross deferred tax assets.....	1,855	1,393
Valuation allowance.....	(44)	(50)
Gross deferred tax assets, net of valuation allowance..	1,811	1,343
Net deferred tax liabilities.....	\$ (703)	\$ (380)

</TABLE>

The Corporation's deferred tax assets on December 31, 1997 include a

valuation allowance of \$44 million representing primarily net operating loss carryforwards for which it is more likely than not that realization will not occur. The net change in the valuation allowance for deferred tax assets was a decrease of \$6 million due to the realization of certain state deferred tax assets.

NOTE TWELVE -- FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

SHORT-TERM FINANCIAL INSTRUMENTS

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

FINANCIAL INSTRUMENTS TRADED IN THE SECONDARY MARKET

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

LOANS

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

DEPOSITS

The fair value for deposits with stated maturities was calculated by discounting contractual cash flows using current market rates for instruments with similar maturities. For deposits with no stated maturities, the carrying amount was considered to approximate fair value and does not take into account the Corporation's long-term relationships with depositors.

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

	1997		1996	
	Book	Fair	Book	
Fair				
Value	Value	Value	Value	
<S>	<C>	<C>	<C>	<C>
Financial assets				
Loans, net of unearned income.....	\$ 169,359	\$ 171,693	\$ 146,777	\$
147,411				

Allowance for credit losses.....	(3,277)	-	(2,792)
-			
Financial liabilities			
Deposits.....	173,643	174,072	140,329
140,419			
Trust preferred securities.....	2,705	2,806	1,465
1,464			
Long-term debt (excluding obligations under capital leases)..	28,438	29,055	23,905
23,992			

</TABLE>

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

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The fair value of the Corporation's ALM and other derivatives contracts is presented in the Derivatives section of Note Eight and the MSRs section of Note One to the consolidated financial statements.

The fair value of liabilities on binding commitments to lend is based on the present value of cash flow streams using fee rates currently charged for similar agreements versus original contractual fee rates, taking into account the creditworthiness of the borrowers. The fair values were liabilities of approximately \$127 million and \$211 million on December 31, 1997 and 1996, respectively.

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NOTE THIRTEEN -- NATIONSBANK CORPORATION (PARENT COMPANY)

The following tables present consolidated parent company financial information (dollars in millions):

<TABLE>
<CAPTION>

Condensed Consolidated Statement of Income

	Year Ended December 31		
	1997	1996	1995
<S>	<C>	<C>	<C>
Income			
Dividends from consolidated			
Subsidiary banks and bank holding companies.....	\$ 3,332	\$ 2,309	\$ 999
Other subsidiaries.....	34	210	7
Interest from consolidated subsidiaries.....	907	799	635
Other income.....	563	593	547
	4,836	3,911	2,188
Expenses			
Interest on borrowed funds.....	1,363	1,051	835
Noninterest expense.....	483	519	462
	1,846	1,570	1,297
Earnings			
Income before equity in undistributed earnings of consolidated subsidiaries and taxes.....	2,990	2,341	891
Equity in undistributed earnings of consolidated			
Subsidiary banks and bank holding companies.....	(110)	501	1,363
Other subsidiaries.....	262	34	208
	152	535	1,571
Income before income taxes.....	3,142	2,876	2,462
Income tax benefit.....	(190)	(63)	(21)
	\$ 3,332	\$ 2,939	\$ 2,483
Net income.....	\$ 3,321	\$ 2,922	\$ 2,459
Net income available to common shareholders.....			

</TABLE>

Condensed Consolidated Balance Sheet

<TABLE>
<CAPTION>

December 31

	1997	1996
<S>	<C>	<C>
Assets		
Cash held at subsidiary banks.....	\$ 8	\$ 8
Temporary investments.....	572	4,250
Receivables from consolidated		
Subsidiary banks and bank holding companies.....	5,994	4,152
Other subsidiaries.....	11,169	8,851
Investment in consolidated		
Subsidiary banks and bank holding companies.....	27,536	17,355
Other subsidiaries.....	2,431	1,705
Other assets.....	1,769	1,176
	=====	=====
	\$ 49,479	\$ 37,497
	=====	=====
Liabilities and Shareholders' Equity		
Commercial paper and other notes payable.....	\$ 2,869	\$ 2,344
Accrued expenses and other liabilities.....	1,434	613
Payables to consolidated subsidiaries.....	2,015	995
Long-term debt.....	18,414	16,466
Shareholders' equity.....	24,747	17,079
	=====	=====
	\$ 49,479	\$ 37,497
	=====	=====

</TABLE>

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<TABLE>
<CAPTION>
Condensed Consolidated Statement of Cash Flows

	Year Ended December 31		
	1997	1996	1995
<S>	<C>	<C>	<C>
Operating Activities			
Net income	\$ 3,332	\$ 2,939	\$
2,483			
Reconciliation of net income to net cash provided by operating activities			
Equity in undistributed earnings of consolidated subsidiaries	(152)	(535)	
(1,571)			
Other operating activities	4	802	
(380)			
	-----	-----	-----
Net cash provided by operating activities	3,184	3,206	
532			
	-----	-----	-----
Investing Activities			
Net decrease (increase) in temporary investments	3,678	(3,854)	
187			
Net increase in receivables from consolidated subsidiaries.....	(4,160)	(88)	
(3,627)			
Additional capital investment in subsidiaries	(267)	(424)	
(384)			
(Acquisitions) sales of subsidiaries, net of cash	61	(726)	
-			
Other investing activities	804	449	
482			
	-----	-----	-----
Net cash provided by (used in) investing activities	116	(4,643)	
(3,342)			
	-----	-----	-----
Financing Activities			
Net increase (decrease) in commercial paper and other notes payable	525	(150)	
68			
Proceeds from issuance of long-term debt	3,492	5,810	
5,106			
Retirement of long-term debt	(995)	(1,709)	
(1,033)			
Proceeds from issuance of common stock	1,418	240	
326			
Common stock repurchased	(6,515)	(1,842)	
(887)			
Cash dividends paid	(1,222)	(916)	
(766)			
Other financing activities	(3)	4	
-			
	-----	-----	-----
Net cash (used in) provided by financing activities	(3,300)	1,437	

Net increase in cash held at subsidiary banks.....	-	-	
4			
Cash held at subsidiary banks on January 1	8	8	
4			

Cash held at subsidiary banks on December 31	\$ 8	\$ 8	\$
8			

</TABLE>

REPORT OF MANAGEMENT

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

The Corporation maintains a system of internal accounting controls to provide reasonable assurance that assets are safe-guarded and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Management recognizes that even a highly effective internal control system has inherent risks, including the possibility of human error and the circumvention or overriding of controls, and that the effectiveness of an internal control system can change with circumstances. However, management believes that the internal control system provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected on a timely basis and corrected through the normal course of business. As of December 31, 1997, management believes that the internal controls are in place and operating effectively.

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

The independent accountants were engaged to perform an independent audit of the consolidated financial statements. In determining the nature and extent of their auditing procedures, they have evaluated the Corporation's accounting policies and procedures and the effectiveness of the related internal control system. An independent audit provides an objective review of management's responsibility to report operating results and financial condition. Their report appears on page 75.

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

Hugh L. McColl Jr.
Chief Executive Officer

James H. Hance Jr.
Vice Chairman and
Chief Financial Officer

April 13, 1998

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF NATIONSBANK CORPORATION

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of NationsBank Corporation and its subsidiaries at December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing

standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As described in Note Two, on January 9, 1998, the Corporation merged with Barnett Banks, Inc. in a transaction accounted for as a pooling of interests. The accompanying consolidated financial statements give retroactive effect to the merger of the Corporation with Barnett Banks, Inc.

Price Waterhouse LLP

Charlotte, North Carolina
April 13, 1998

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-44826; 33-57533; 33-63097; 333-7229; 333-13811; 333-15375; 333-18273 and 333-43137); the Registration Statements on Form S-8 (Nos. 2-80406; 33-45279; 33-60695; 333-02875; 333-07105; 333-20913 and 333-24331) and the Post-Effective Amendment No. 1 on Form S-8 to Registration Statements on Form S-4 (Nos. 33-43125; 33-55145; 33-63351; 33-62069; 33-62208; 333-16189 and 333-40515) of NationsBank Corporation of our report dated April 13, 1998 appearing on page 75 of this Form 8-K.

Price Waterhouse LLP

Charlotte, North Carolina
April 13, 1998