

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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NATIONSBANK CORP

CIK: **70858** | IRS No.: **560906609** | State of Incorporation: **NC** | Fiscal Year End: **1231**
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Business Address
NATIONSBANK CORPORATE
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 1994

OR

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

For the transition period from _____ to _____
Commission file number 1-6523

NationsBank Corporation

(Exact name of registrant as specified in its charter)

North Carolina 56-0906609

(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

NationsBank Corporate Center, Charlotte, North Carolina 28255

(Address of principal executive offices and zip code)

(704) 386-5000

(Registrant's telephone number, including area code)

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

At April 30, 1994, there were 274,715,504 shares of NationsBank Corporation
Common Stock outstanding.

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NationsBank Corporation

March 31, 1994 Form 10-Q

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Part I. Financial Information

Item 1. Financial Statements

<TABLE>
 NationsBank Corporation and Subsidiaries
 Consolidated Statement of Income
 (Dollars in Millions Except Per-Share Information)
 <CAPTION>

	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Income from Earning Assets		
Interest and fees on loans.....	\$ 1,757	\$ 1,432
Lease financing income.....	30	25
Interest and dividends on securities		
Held for investment.....	151	350
Held for sale.....	179	6
Interest and fees on loans held for sale.....	11	11
Time deposits placed and other short-term investments.....	14	21
Federal funds sold.....	6	3
Securities purchased under agreements to resell.....	81	27
Trading account assets.....	169	21
	-----	-----
Total income from earning assets.....	2,398	1,896
	-----	-----
Interest Expense		
Deposits.....	519	561
Borrowed funds and trading liabilities.....	454	181
Capital leases and long-term debt.....	137	79
	-----	-----
Total interest expense.....	1,110	821
	-----	-----
Net interest income.....	1,288	1,075
Provision for credit losses.....	100	120
	-----	-----
Net credit income.....	1,188	955
Gains on sales of securities.....	14	12
Noninterest income.....	680	481
Other real estate owned expense.....	5	24
Noninterest expense.....	1,219	998
	-----	-----
Income before income taxes and effect of change in method of accounting for income taxes.....	658	426
Income tax expense.....	241	145
	-----	-----
Income before effect of change in method of accounting for income taxes...	417	281
Effect of change in method of accounting for income taxes.....	-	200
	-----	-----
Net income.....	\$ 417	\$ 481
	=====	=====
Net income available to common shareholders.....	\$ 414	\$ 479
	=====	=====
Per-share information		
Earnings per common share before effect of change in method of accounting for income taxes.....	\$ 1.52	\$ 1.10
Effect of change in method of accounting for income taxes.....	-	0.79
	-----	-----
Earnings per common share.....	\$ 1.52	\$ 1.89
	=====	=====
Fully diluted earnings per common share before effect of change in method of accounting for income taxes.....	\$ 1.51	\$ 1.09
Effect of change in method of accounting for income taxes.....	-	0.78
	-----	-----
Fully diluted earnings per common share.....	\$ 1.51	\$ 1.87
	=====	=====
Dividends per common share.....	\$ 0.46	\$ 0.40
	=====	=====

Average common share (in thousands)..... 271,947 253,341
 =====

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

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

<CAPTION>

	March 31 1994	December 31 1993	March 31 1993
<S>	<C>	<C>	<C>
Assets			
Cash and cash equivalents.....	\$ 8,178	\$ 7,649	\$ 6,402
Time deposits placed and other short-term investments.....	1,148	1,479	1,905
Securities			
Held for investment, at cost (market value - \$14,244; \$13,604 and \$25,244).....	14,442	13,584	24,819
Held for sale, at market; March 31, 1993, at cost (market value - \$128).....	15,927	15,470	127
Total securities.....	30,369	29,054	24,946
Loans held for sale.....	595	1,697	552
Trading account assets.....	12,285	10,610	1,790
Federal funds sold.....	1,084	691	1,422
Securities purchased under agreements to resell.....	10,895	6,353	2,717
Loans, net of unearned income of \$496; \$553 and \$329.....	90,102	89,024	72,710
Leases, net of unearned income of \$703; \$702 and \$500.....	2,028	1,982	1,593
Factored accounts receivable.....	1,637	1,001	1,041
Loans, leases and factored accounts receivable, net of unearned income.....	93,767	92,007	75,344
Allowance for credit losses.....	(2,187)	(2,169)	(1,566)
Premises, equipment and lease rights, net.....	2,258	2,259	2,188
Customers' acceptance liability.....	718	708	812
Interest receivable.....	1,002	1,117	783
Goodwill.....	825	812	512
Core deposit and other intangibles.....	564	555	469
Other assets.....	3,570	4,864	3,165
	\$165,071	\$157,686	\$121,441
Liabilities			
Deposits			
Noninterest-bearing.....	\$ 20,172	\$ 20,723	\$ 15,981
Savings.....	9,111	8,784	6,080
NOW and money market deposit accounts.....	30,155	30,881	28,230
Time.....	26,785	26,691	28,389
Foreign time.....	4,533	4,034	2,628
Total deposits.....	90,756	91,113	81,308
Borrowed funds and trading liabilities			
Federal funds purchased.....	6,934	7,135	6,480
Securities sold under agreements to repurchase.....	26,332	21,236	14,252
Commercial paper.....	2,046	2,056	1,172
Other short-term borrowings and trading liabilities.....	15,351	13,821	2,685
Total borrowed funds and trading liabilities.....	50,663	44,248	24,589
Liability to factoring clients.....	824	534	578
Acceptances outstanding.....	718	708	812
Accrued expenses and other liabilities.....	3,763	2,752	1,771
Capital leases and long-term debt.....	8,175	8,352	4,163
Total liabilities.....	154,899	147,707	113,221
Shareholders' Equity			
Preferred stock: authorized - 45,000,000 shares			
ESOP Convertible, Series C: issued - 2,673,406; 2,703,440 and 2,790,977 shares...	114	115	118
Series CC: issued - none; 752,600 shares and none.....	-	38	-
Series DD: issued - none; 1,107,600 shares and none.....	-	55	-
Common stock: authorized - 500,000,000 shares;			
issued - 274,537,247; 270,904,656 and 253,912,701 shares.....	4,655	4,594	3,742
Retained earnings.....	5,575	5,247	4,557
Other.....	(172)	(70)	(197)
Total shareholders' equity.....	10,172	9,979	8,220
	\$165,071	\$157,686	\$121,441

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>
NationsBank Corporation and Subsidiaries
Consolidated Statement of Cash Flows
(Dollars in Millions)
<CAPTION>

	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Operating Activities		
Net income.....	\$ 417	\$ 481
Reconciliation of net income to net cash provided by operating activities		
Provision for credit losses.....	100	120
Gains on sales of securities.....	(14)	(12)
Depreciation and premise improvements amortization.....	64	59
Amortization of intangibles.....	34	25
Deferred income tax expense.....	52	55
Effect of change in method of accounting for income taxes.....	-	(200)
Net change in trading instruments.....	2,152	(429)
Net decrease in interest receivable.....	119	101
Net increase (decrease) in interest payable.....	(12)	8
Net decrease in loans held for sale.....	1,102	684
Net increase in liability to factoring clients.....	90	96
Other operating activities.....	676	(39)
Net cash provided by operating activities.....	4,780	949
Investing Activities		
Proceeds from maturities of securities held for investment.....	4,215	2,119
Purchases of securities held for investment.....	(5,082)	(3,583)
Proceeds from sales and maturities of securities held for sale.....	10,244	2,858
Purchases of securities held for sale.....	(10,751)	(1,599)
Net increase in federal funds sold and securities purchased under agreements to resell.....	(4,611)	(1,541)
Net decrease in time deposits placed and other short-term investments.....	334	89
Net originations of loans and leases.....	(2,372)	(1,684)
Net purchases of premises and equipment.....	(55)	(33)
Purchases of loans and leases.....	(732)	(698)
Proceeds from sales and securitizations of loans.....	2,063	1,590
Purchases of mortgage servicing rights.....	(20)	(2)
Purchases of factored accounts receivable.....	(2,071)	(1,705)
Collections of factored accounts receivable.....	1,619	1,577
Proceeds from sales of other real estate owned.....	86	44
Sale (acquisitions) of subsidiaries, net of cash.....	126	(2,142)
Net cash used by investing activities.....	(7,007)	(4,710)
Financing Activities		
Net decrease in deposits.....	(880)	(1,419)
Net increase in federal funds purchased and securities sold under agreements to repurchase.....	4,799	4,680
Net decrease in other borrowed funds.....	(809)	(1,891)
Proceeds from issuance of long-term debt.....	-	1,196
Retirement of long-term debt.....	(163)	(100)
Preferred stock repurchased and redeemed.....	(94)	-
Proceeds from issuance of common stock.....	43	30
Cash dividends paid.....	(130)	(103)
Other financing activities.....	(10)	(1)
Net cash provided by financing activities.....	2,756	2,392
Net increase (decrease) in cash and cash equivalents.....	529	(1,369)
Cash and cash equivalents at January 1.....	7,649	7,771
Cash and cash equivalents at March 31.....	\$ 8,178	\$ 6,402

Loans transferred to other real estate owned amounted to \$46 and \$88 for the three months ended March 31, 1994 and 1993, respectively.

See accompanying notes to consolidated financial statements.

</TABLE>

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

<CAPTION>

	Preferred Stock	Common Stock		Retained Earnings	Loan to ESOP Trust	Other	Total Share- holders' Equity
		Shares	Amount				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance on December 31, 1992.....	\$119	252,990	\$3,702	\$4,179	\$(98)	\$(88)	\$7,814
Net income.....				481			481
Cash dividends							
Common.....				(101)			(101)
Preferred.....				(2)			(2)
Common stock issued under dividend reinvestment and employee plans.....		905	39			(9)	30
Other.....	(1)	18	1			(2)	(2)
Balance on March 31, 1993.....	\$118	253,913	\$3,742	\$4,557	\$(98)	\$(99)	\$8,220
Balance on December 31, 1993.....	\$208	270,905	\$4,594	\$5,247	\$(88)	\$18	\$9,979
Net income.....				417			417
Cash dividends							
Common.....				(127)			(127)
Preferred.....				(3)			(3)
Preferred stock repurchased and redeemed.....	(93)		(1)				(94)
Common stock issued under dividend reinvestment and employee plans.....		978	40			3	43
Acquisition of Corpus Christi National Bank...		2,629	21	41			62
Valuation reserve for securities held for sale and marketable equity securities, net of tax.....						(109)	(109)
Other.....	(1)	25	1			4	4
Balance on March 31, 1994.....	\$114	274,537	\$4,655	\$5,575	\$(88)	\$(84)	\$10,172

See accompanying notes to consolidated financial statements.

</TABLE>

NationsBank Corporation and Subsidiaries
Notes to Consolidated Financial Statements

Note 1 - Accounting Policies

The consolidated financial statements include the accounts of NationsBank Corporation and its subsidiaries (the Corporation). Significant intercompany accounts and transactions have been eliminated in consolidation.

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

Accounting policies followed in the presentation of interim financial results are presented on pages 62 and 63 of the 1993 Annual Report to Shareholders.

Note 2 - Acquisition Activity

On February 28, 1994, the Corporation merged with Corpus Christi National Bank (CCNB) of Corpus Christi, Texas, which had assets at the closing date of \$687 million. The Corporation acquired all the outstanding capital stock of CCNB by exchanging 2.5 shares of its common stock for each share of CCNB common stock outstanding. As a result, the Corporation issued 2.6 million shares of common stock, for a total consideration valued at approximately \$62 million. This acquisition was accounted for as a pooling of interests. Financial data prior to January 1994 has not been restated for the results of CCNB operations because the impact is not material.

On February 18, 1994, the Corporation entered into an agreement with California Federal Savings Bank to acquire for cash 43 banking centers in Florida, including deposits, and one banking center in Georgia, including deposits, at a purchase price of approximately \$160 million. The Corporation expects to complete the acquisition during the second half of 1994.

Note 3 - Repurchase and Redemption of Preferred Stock

During the quarter ended March 31, 1994, the Corporation repurchased and redeemed all 753 thousand shares of its Series CC Preferred Stock at a weighted average price of \$51.32 per share and all 1.108 million shares of its Series DD Preferred Stock at a weighted average price of \$49.86 per share. The aggregate

redemption price was \$94 million.

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Note 4 - Securities

The book and market values of securities held for investment at March 31, 1994, were (dollars in millions):

<TABLE>
<CAPTION>

	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and securities of other				
U.S. government agencies and corporations.....	\$13,989	\$ 6	\$219	\$13,776
Other taxable securities.....	429	18	4	443

Total taxable securities.....	14,418	24	223	14,219
Tax-exempt securities.....	24	1	-	25

	\$14,442	\$25	\$223	\$14,244
	=====			

</TABLE>

Securities held for sale at March 31, 1994, were (dollars in millions):

<TABLE>
<CAPTION>

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and securities of other				
U.S. government agencies and corporations.....	\$15,596	\$37	\$ 88	\$15,545
Other taxable securities.....	7	-	-	7

Total taxable securities.....	15,603	37	88	15,552
Tax-exempt securities.....	353	22	-	375

	\$15,956	\$59	\$ 88	\$15,927
	=====			

</TABLE>

Note 5 - Commitments and Contingencies

The Corporation's commitments to extend credit at March 31, 1994, were \$63.7 billion as compared to \$45.9 billion at March 31, 1993. Standby letters of credit (SBLCs) represent commitments by the Corporation to meet the obligations of the account party if called upon. Outstanding SBLCs and guarantees as of March 31, 1994, were \$6.6 billion as compared to \$4.9 billion at March 31, 1993. These amounts have been reduced for SBLCs collateralized by cash and SBLCs participated to other financial institutions.

See Tables 7 and 16 and the discussion accompanying Table 16 in Item 2. regarding the Corporation's derivatives activities.

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

Analysis of the results of operations and financial condition of NationsBank Corporation (the Corporation) for the first quarter of 1994 is impacted by certain acquisitions completed in 1993 and 1994.

In the third quarter of 1993, the Corporation acquired substantially all of the assets and certain of the liabilities of Chicago Research & Trading Group Ltd. (CRT). The options market-making and trading portion became known as NationsBanc-CRT and the primary government securities dealer portion became a part of the Corporation's Capital Markets group. Effective October 1, 1993, the Corporation completed its acquisition of MNC Financial Inc. (MNC). Also in the fourth quarter of 1993, the Corporation acquired a substantial amount of the assets and the ongoing business of U S WEST Financial Services Inc. and formed the corporate finance unit known as Nations Financial Capital Corporation. These acquisitions are reflected in the Corporation's financial data from their dates of acquisition.

During the first quarter of 1994, the Corporation acquired Corpus Christi National Bank (CCNB) of Corpus Christi, Texas. This acquisition is reflected in the Corporation's financial data beginning January 1, 1994.

Analysis of Results of Operations

A comparison of selected operating results for the first three months of 1994 and 1993 is presented in Table 1.

Net income of \$417 million for the first quarter of 1994 represented an increase of \$136 million, or 48 percent, over earnings of \$281 million during the same period in 1993 excluding the impact of adopting a new income tax accounting standard. Earnings per common share were \$1.52 and \$1.10 for the first quarters of 1994 and 1993, respectively. Including the \$200-million, or \$.79-per share, tax benefit of the new accounting standard, first quarter 1993 net income was \$481 million, or \$1.89 per common share.

Several factors contributed to the increase in net income in the first quarter of 1994. Taxable-equivalent net interest income of \$1.3 billion increased by 19 percent compared to the first quarter of 1993. Reflecting the continued positive trends in credit quality, provision expense declined \$20 million and OREO expense declined \$19 million. Noninterest income rose 41 percent to \$680 million due to acquisitions and strong fee income. Partially offsetting these improvements to net income was an increase of \$221 million in noninterest expense primarily due to acquisitions.

The return on average common shareholders' equity was 16.82 percent and 14.29 percent for the first quarters of 1994 and 1993, respectively, excluding the tax benefit in the first quarter of 1993. The return was 24.56 percent in the 1993 quarter including the benefit.

Customer Group Review

As shown on Table 2, the Corporation is segregated into three major internal management units, or Customer Groups, managed with a focus on numerous performance objectives including return on equity, operating efficiency and net income.

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

The General Bank includes the Corporation's retail banking network known as the Banking Group; Financial Products, which provides specialized services such as bank card, residential mortgages and indirect lending on a national basis; and Trust and Private Banking.

The General Bank's return on equity of 18 percent for the first quarter of 1994 exceeded the 16 percent earned for 1993 due to improvements in both credit quality and the efficiency ratio. Reflecting the effect of acquisitions and internal growth, total loans for the first quarter of 1994 were 12 percent above the annual average for 1993.

In the first quarter, the Banking Group contributed 60 percent of the General Bank's earnings with a return on equity of 16 percent. The Financial Products group contributed 32 percent of the General Bank's earnings with a return on equity of 29 percent.

The Institutional Group includes Corporate and Investment Banking activities, Real Estate Finance, Specialized Lending and the Capital Markets group, which includes customer-related derivatives, foreign exchange, securities trading and debt underwriting activities. Housed in this unit are NationsBanc-CRT and NationsBanc Capital Markets Inc.

The Institutional Group's return on equity of 17 percent improved upon the 16 percent earned in 1993. Improvements in credit quality as well as a strong quarter in Capital Markets led to the higher return on equity.

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The Corporate Bank contributed 39 percent of the Institutional Group's earnings with a return on equity of 18 percent. The Real Estate group contributed 32 percent of the Institutional Group's earnings with a return on equity of 15 percent. Capital Markets contributed 13 percent of the Institutional Group's earnings with a return on equity of 20 percent.

Financial Services, comprising NationsCredit and Nations Financial Capital Corporation, contributed \$25 million in earnings with a return on equity of 14 percent.

The Other category in Table 2 includes gains on the sales of securities and earnings on unallocated equity.

Net Interest Income

Tables 3 and 4 present an analysis of the Corporation's taxable-equivalent net interest income and average balance sheet levels for the last five quarters. Table 5 analyzes the changes in net interest income between the first quarter of 1994 and the fourth and first quarters of 1993.

Taxable-equivalent net interest income increased \$212 million to \$1.310 billion in the first quarter of 1994, compared to \$1.098 billion in the first quarter of 1993. The increase was primarily due to higher earning asset levels, particularly average loan and lease levels which increased \$18.1 billion, and reflected solid internal growth as well as acquisitions.

The net interest yield declined 47 basis points to 3.69 percent in the first quarter of 1994, compared to 4.16 percent in the same quarter in 1993. The decline was due to the addition of CRT which contributed \$16.3 billion to

average earning assets yet added minimally to net interest income. While CRT assets, which include the Corporation's primary government securities dealer, are earning assets, dealer trading revenues are recorded as noninterest income. Excluding the impact of CRT, the first-quarter 1994 net interest yield totaled 4.16 percent, unchanged from the first quarter of 1993.

While the cost of interest-bearing liabilities remained stable at 3.57 percent, the yield on average earning assets declined 47 basis points, to 6.81 percent from 7.28 percent, between the periods. Excluding the impact of CRT, the yield on average earning assets declined 23 basis points, reflecting an overall decline in market rates.

Acquisitions contributed approximately \$10 billion to average loans in the first quarter of 1994 compared to the first quarter of 1993. Excluding the impact of acquisitions and the fourth-quarter 1993 \$1.3-billion bank card securitization, average loan levels increased \$9.0 billion, or 12 percent, compared to the first quarter of 1993.

Average interest-bearing liabilities increased \$32.9 billion in the first quarter of 1994 compared to the first quarter of 1993. Borrowed funds and trading liabilities, which include federal funds purchased, securities sold under agreements to repurchase and short sales, increased \$23.4 billion resulting, in a large part, from the financing of CRT's dealer inventory and trading activities. Long-term debt increased \$4.5 billion principally due to debt acquired in the MNC acquisition and debt securities issued in connection with financing Financial Services. Interest-bearing deposits increased \$5.0 billion, again principally due to the MNC acquisition. Excluding MNC, average interest-bearing deposits declined \$1.9 billion in the first quarter of 1994 compared to the same quarter in 1993 primarily in consumer CDs and money market savings accounts, partially offset by increases in consumer savings and foreign time deposits. The decline in interest-bearing deposits was reflective of industry trends and customers seeking higher yielding investment alternatives.

Taxable-equivalent net interest income declined slightly in the first quarter of 1994 compared to the fourth quarter of 1993 despite a \$4.1-billion increase in average earning assets. The favorable influence of higher earning assets was offset by the impact of two fewer days in the first quarter of 1994 than in the previous quarter and the full-quarter impact of the \$1.3-billion bank card securitization in December 1993.

The reported net interest yield declined eight basis points to 3.69 percent in the first quarter of 1994, compared to 3.77 percent in the fourth quarter of 1993. Excluding the impact of CRT and bank card securitizations in both quarters, the first-quarter 1994 net interest yield increased four basis points.

The Corporation periodically securitizes bank card receivables which changes the involvement of the Corporation from that of a lender to that of a loan servicer. For the portion of the bank card portfolio securitized, net interest income net of credit losses is instead reported as noninterest income.

The Corporation had an average of \$1.3 billion, \$2 billion and \$3 billion in securitized bank card receivables in the first quarter of 1994, the fourth quarter of 1993 and the first quarter of 1993, respectively. In addition, the Corporation, primarily as the result of acquisitions, has other types of loan receivables which have previously been securitized. Table 6 shows the net impact of the securitized bank card receivables portfolio on the income statement, average balance sheet and bank card credit losses.

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The Corporation's asset and liability management process manages the structure of the balance sheet and off-balance sheet portfolios to maximize net interest income while maintaining acceptable levels of risk to changes in market interest rates.

Interest rate swaps are one of the tools used for interest rate risk management. Utilizing these instruments, the Corporation can adjust its interest rate risk position without exposing itself to principal risk and funding requirements as swaps do not involve the exchange of notional amounts, just net interest payments. Net interest receipts of \$56 million and \$42 million for the three months ended March 31, 1994 and 1993, respectively, have been included with interest income on the underlying commercial loans. As reflected in Table 7, the notional amount of the interest rate swap program at March 31, 1994, was \$18.6 billion with the Corporation receiving fixed on \$18.2 billion of notional amount and receiving variable on \$4 billion. On a combined basis, the average interest rate received was 4.81 percent and paid was 3.74 percent as of March 31, 1994. Deferred gains and losses relating to terminated contracts are not significant.

The estimated unrealized market value at March 31, 1994, was a negative \$375 million compared to approximately zero at December 31, 1993. This decline is reflective of the recent rise in interest rates. The unrealized depreciation in estimated value of the swap portfolio should be viewed in the context of the overall balance sheet. The value of any single component of the balance sheet or off-balance sheet position should not be viewed in isolation. As interest rates rose, the value of core deposits and other fixed rate longer-term liabilities increased to offset the decline in swaps and other fixed rate assets. Management routinely measures the impact of interest rate changes on the estimated value of its assets, liabilities and off-balance sheet instruments. The overall impact of interest rate changes during the first quarter of 1994 on these estimated values is estimated to be less than 1.5 percent of shareholders' equity.

Management also routinely measures the impact of actual and potential

interest rate changes on the earnings of the Corporation. At December 31, 1993, before the recent Federal Reserve tightening, the impact of a gradual 100-basis-point rise in rates was estimated to be three percent of net income when compared to stable rates assuming no discretionary management action. As a result of the recent increases in interest rates, management took pricing actions which, when combined with the position of the yield curve and increase in the prime rate, largely offset the impact of such interest rate increases. At March 31, 1994, the impact of a gradual 100-basis-point rise in interest rates is estimated at three to four percent of net income when compared to stable rates, again assuming no discretionary management action.

Table 8 represents the Corporation's interest-rate gap position at March 31, 1994. This is a one-day position which is continually changing and is not necessarily indicative of the Corporation's position at any other time. Additionally, this table indicates only the contractual or anticipated repricing of assets and liabilities and does not consider the many factors that accompany interest rate movements. The Corporation's negative cumulative interest rate gap position in the near term reflects its strong customer-deposit gathering franchise which provides a relatively stable core deposit base. These available funds have been deployed in longer-term interest-earning assets including certain loans and securities.

Provision for Credit Losses

The provision for credit losses was \$100 million in the first three months of 1994 compared to \$120 million in the same period of 1993. Excluding the impact of acquisitions, nonperforming assets and net charge-offs have declined since the first quarter of 1993, indicating continued improvement in credit quality.

Nonperforming Assets

At March 31, 1994, nonperforming assets, presented in Table 9, were \$1.6 billion, or 1.73 percent of net loans, leases, factored accounts receivable and other real estate owned, compared to \$1.8 billion, or 1.92 percent, at December 31, 1993, and \$1.9 billion, or 2.53 percent, at March 31, 1993. Excluding the impact of late 1993 acquisitions, nonperforming assets totaled \$1.2 billion at March 31, 1994, a decline of \$763 million from the same quarter of 1993. At March 31, 1993, prior to its acquisition by the Corporation, MNC nonperforming assets totaled \$898 million, compared to \$411 million at March 31, 1994.

Nonperforming loans were \$1.067 billion at the end of the first quarter of 1994, compared to \$1.340 billion at the end of the same quarter in the previous year. The decline was centered in commercial nonperforming loans which declined \$175 million, or 29 percent, and in real estate commercial and construction nonperforming loans which declined \$113 million, or 20 percent. These declines were partially offset by a \$36-million increase in other consumer nonperforming loans principally due to acquisitions. The reduction in nonperforming loans primarily reflected payments and the improved financial condition of borrowers, partially offset by acquisitions.

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Other real estate owned, which represents real estate acquired through foreclosure and in-substance foreclosures, totaled \$569 million on March 31, 1994, a decline of \$92 million, or 14 percent, from December 31, 1993, and \$15 million, or three percent, from March 31, 1993. Excluding late 1993 acquisitions, other real estate owned declined \$39 million compared to December 31, 1993, and \$206 million compared to March 31, 1993.

The Corporation continues efforts to expedite disposition, collection and renegotiation of nonperforming and other lower quality assets. As a part of this process, the Corporation routinely evaluates all reasonable alternatives including the sale of assets individually or in groups. The final decision to proceed with any alternative is evaluated in the context of the overall credit-risk profile of the Corporation.

The amount of loans past due 90 days or more that were not classified as nonperforming loans totaled \$154 million on March 31, 1994, compared to \$167 million on December 31, 1993, and \$188 million on March 31, 1993.

Allowance for Credit Losses

At March 31, 1994, the allowance for credit losses was \$2.187 billion, or 2.33 percent of loans, leases and factored accounts receivables, compared to \$1.566 billion, or 2.08 percent, at March 31, 1993. Table 10 provides an analysis of the changes in the allowance for credit losses for the first three months of 1994 and 1993.

Net charge-offs for the first quarter of 1994 were \$90 million, or .39 percent of average loans, leases and factored accounts receivables, versus \$84 million, or .46 percent, in the first quarter of 1993. Excluding acquisitions, net charge-offs declined when comparing the two quarters, in part due to the previously mentioned bank card securitizations. In the first quarter of 1993, prior to its acquisition by the Corporation, MNC had net charge-offs of \$69 million, compared to \$5 million in the first quarter of 1994.

Securities Gains

Gains from the sales of securities were \$14 million in the first quarter

of 1994 compared to \$12 million in the same period of 1993.

Noninterest Income

Table 11 compares the major categories of noninterest income for the first quarters of 1994 and 1993.

Noninterest income totaled \$680 million in the first quarter of 1994, an increase of \$199 million, or 41 percent, from \$481 million in the same quarter of 1993. After adjusting for acquisitions, noninterest income increased \$59 million, or 13 percent, in the first quarter of 1994.

The improvement in noninterest income was primarily due to increases in trust fees, service charges on deposit accounts, investment banking income, bank card income and trading account profits and fees. General Bank trust fees and deposit account fees both benefited from the acquisition of MNC. Investment banking income reflected the Institutional Group's continued strong syndication activity. The increase in bank card income was principally due to the effect of the fourth-quarter 1993 securitization as presented in Table 6, while the increase in trading account profits and fees was largely attributable to the impact of the CRT acquisition and related capital markets trading activities resulting from positive market conditions.

Other Real Estate Owned Expense

OREO expense declined \$19 million to \$5 million in the first quarter of 1994 from \$24 million in the same period in 1993, consistent with the improvement in asset quality as previously discussed. The decline in the first quarter of 1994 was largely due to lower write-downs and increased net gains on sales of OREO properties, compared to the same quarter of the previous year.

Noninterest Expense

The Corporation's noninterest expense as shown in Table 12 increased \$221 million, or 22 percent, in the current quarter compared to the same quarter in 1993, to a total of \$1.2 billion. Noninterest expense in the first quarter of 1994 increased less than three percent excluding the impact of acquisitions.

Personnel expense, which accounts for 46 percent of noninterest expense, increased \$120 million in the first quarter of 1994 compared to the same quarter in 1993. Excluding acquisitions, personnel expense increased only \$28 million, or six percent, between the two quarters, largely due to revenue-related incentives. Full-time equivalent personnel at March 31, 1994, included over 6,500 attributable to acquisitions; however, excluding acquisitions, the total number of full-time equivalent personnel declined nearly 900 since March 31, 1993.

Occupancy expense increased \$22 million in the first quarter of 1994 compared to the first quarter of 1993. Excluding acquisitions, occupancy expense increased \$5 million, or five percent.

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Processing expense increased \$18 million, or 45 percent, between the first quarter of 1993 and the first quarter of 1994 primarily due to increased fees resulting from additional outsourcing and acquisitions.

Other general operating expense totaled \$107 million for the first quarter of 1994, a \$15-million increase from the \$92 million recorded in the same period of 1993. Excluding \$13 million attributable to acquisitions, other general operating expense increased three percent.

Income Taxes

The Corporation's income tax expense was \$241 million, for an effective rate of 36.6 percent of pretax income, in the first quarter of 1994, compared to \$145 million, for an effective tax rate of 34.0 percent, in the first quarter of 1993. The increase in the effective tax rate resulted from higher tax costs associated with the new businesses acquired in late 1993.

Analysis of Financial Condition

Period-end assets were \$165.1 billion and \$121.4 billion at March 31, 1994 and 1993, respectively. Average total assets were \$161.3 billion for the first quarter of 1994 compared to \$120.4 billion for the first quarter of 1993. The following discussion analyzes the major components of the period-end and average balance sheets.

Cash and cash equivalents increased \$529 million from December 31, 1993, to March 31, 1994, due to increases of \$4.8 billion in cash provided by operating activities and \$2.8 billion in cash provided by financing activities, nearly offset by a \$7 billion decrease in cash used by investing activities.

Net cash provided by financing activities totaled \$2.8 billion primarily as a result of a \$4.8-billion increase in federal funds purchased and securities sold under agreements to repurchase partially offset by decreases in deposits and other borrowed funds of \$880 million and \$809 million, respectively.

Net cash used by investing activities represented a \$4.6 billion increase in federal funds sold and securities purchased under agreements to resale and net originations of loans and leases of \$2.4 billion.

Table 13 presents an analysis of the major sources and uses of funds for

the two quarterly periods based on average levels. Customer-based funds increased 10 percent to an average of \$83.6 billion for the first three months of 1994 from \$76.3 billion in the same period of 1993. Customer-based funds represented 51.9 percent of total sources of funds in 1994 down from 63.4 percent in 1993, reflecting the Corporation's reduced reliance on certificates of deposit. The Corporation's ratio of average loans to customer-based funds was 110 percent for the first quarter of 1994 compared to 96 percent for the first quarter of 1993. Market-based funds increased 83 percent to \$54.0 billion in the first quarter of 1994 from \$29.5 billion in the same quarter of 1993, mainly reflecting funding of the primary securities dealer inventories and Financial Services.

Securities

The securities portfolio at March 31, 1994, consisted of securities held for investment totaling \$14.4 billion and securities held for sale totaling \$15.9 billion.

The estimated average maturity of the combined securities portfolios was 2.02 years, 1.63 years and 1.89 years at March 31, 1994, December 31, 1993, and March 31, 1993, respectively.

The securities portfolio serves a primary role in the overall context of balance sheet management by the Corporation. The portfolio generates substantial interest income and serves as a necessary reservoir of liquidity.

The decision to purchase securities is based upon the current assessment of economic and financial conditions, including the interest rate environment and other on- and off-balance sheet positions.

At March 31, 1994, the Corporation's portfolio of securities held for investment reflected unrealized net depreciation of \$198 million compared to unrealized net appreciation of \$20 million at December 31, 1993, and \$425 million at March 31, 1993.

The valuation reserve for securities held for sale and marketable equity securities reduced shareholders' equity \$5 million at March 31, 1994, compared to an addition to shareholders' equity of \$104 million at December 31, 1993.

Loans

The Corporation's average loan and lease portfolio increased 25 percent to \$91.6 billion in the first quarter of 1994 compared to \$73.5 billion in the same quarter of 1993. Commercial loans increased \$7.5 billion, or 23 percent, to \$40.4 billion in the first quarter of 1994, reflecting improved quality-loan demand and acquisitions which contributed \$3.8 billion. Acquisitions added \$2.7 billion to average real estate commercial and construction loans in the first quarter of 1994. Excluding acquisitions, average levels of such loans declined \$385 million between the first quarter of 1993 and the same quarter of 1994.

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Residential mortgage loans averaged \$13.3 billion, a \$3.9-billion increase from the first quarter in 1993. The increase reflected more originations and a higher retention of such originations plus a slight impact from acquisitions. Other consumer loans increased \$3.7 billion to \$16.8 billion in the first quarter of 1994 compared to \$13.1 billion in the year-ago quarter. Acquisitions contributed \$2.3 billion, or 62 percent, of the increase in other consumer loans.

Tables 14 and 15 summarize the geographic and property-type distribution of real estate commercial and construction loans as of March 31, 1994. These real estate loans totaled \$11.5 billion, or 12 percent of total loans, leases and factored accounts receivable on that date. Of these loans, \$443 million were nonperforming. During the first quarter of 1994, the Corporation recorded real estate commercial and construction net charge-offs of \$5 million. In addition, Tables 14 and 15 summarize the distribution of real estate commercial and construction OREO by geographic region and property type.

Capital

Shareholders' equity on March 31, 1994, was \$10.172 billion compared to \$9.979 billion on December 31, 1993, and \$8.220 billion on March 31, 1993. During the first quarter of 1994, the Corporation repurchased and redeemed its Series CC and Series DD preferred stock, reducing shareholders' equity approximately \$94 million. The acquisition of CCNB included the issuance of 2.6 million shares of common stock and an increase of \$62 million in shareholders' equity in the first quarter of 1994. As previously mentioned, the valuation reserve for securities held for sale and marketable equity securities reduced shareholders' equity \$109 million between December 31, 1993, and March 31, 1994.

The Corporation's Tier 1 ratio was 7.50 percent at March 31, 1994, compared to 7.61 percent at March 31, 1993. The total risk-based capital ratio was 11.66 percent compared to 11.80 percent in 1993. Both of these measures compare favorably with the regulatory minimums of four percent for Tier 1 and eight percent for total risk-based capital. The Tier 1 leverage ratio standard states a minimum ratio of three percent, although most banking organizations are expected to maintain ratios of at least 100 to 200 basis points above the three-percent minimum. The Corporation's leverage ratio was 6.11 percent at March 31, 1994, compared to 6.26 percent at March 31, 1993.

The Corporation offers a number of products to its customers to help them manage the interest rate, currency and price-risk sensitivity of assets and liabilities. The Corporation also enters into similar transactions for its own account as part of its trading activity. Table 16 summarizes the notional principal amounts of such customer and corporate derivative dealer positions at March 31, 1994 and December 31, 1993.

The contract amounts reflected in Table 16 indicate the notional principal amount of such transactions. These figures do not reflect the actual dollar amount of the Corporation's market or credit risk associated with these instruments, which is significantly lower than the notional principal amount. Market risk arises due to fluctuations in interest rates and market prices that may result in changes in the value of derivatives instruments. The Corporation manages its exposure to market risk by imposing limits on the specific and aggregate risk positions traders may take. Position limits are set by senior management and positions are monitored on a daily basis. Additionally, the Corporation manages market risk by entering into offsetting positions.

Credit risk represents the 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 and any collateral underlying the contracts prove to be of no value to the Corporation. Such aggregate amounts measured by the Corporation as the gross positive replacement cost at March 31, 1994, and December 31, 1993, were \$1.3 billion and \$956 million, respectively. Included in such aggregate amounts were \$477 million and \$343 million at March 31, 1994, and December 31, 1993, respectively, related to exchange traded instruments for which the credit risk to the Corporation is minimal. To reduce credit risk, counterparties are subject to the credit approval and credit monitoring policies and procedures of the Corporation. Certain instruments require the Corporation or the counterparty to maintain collateral for all or part of the exposure. Generally, such collateral is in the form of cash or other highly liquid instruments. Limits for exposure to any particular counterparty are established and monitored. In certain jurisdictions, counterparty risk may also be reduced through the use of master netting arrangements which allow the Corporation to close out and settle positions with the same counterparty on a net basis.

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<TABLE>
Table 1
Selected Operating Results
(Dollars in Millions Except Per-Share Information)
<CAPTION>

	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Income from earning assets.....	\$2,398	\$1,896
Interest expense.....	1,110	821
Net interest income (taxable-equivalent).....	1,310	1,098
Net interest income.....	1,288	1,075
Provision for credit losses.....	100	120
Gains on sales of securities.....	14	12
Noninterest income.....	680	481
Other real estate owned expense.....	5	24
Noninterest expense.....	1,219	998
Income before income taxes and effect of change in method of accounting for income taxes.....	658	426
Income tax expense.....	241	145
Income before effect of change in method of accounting for income taxes.....	417	281
Effect of change in method of accounting for income taxes.....	-	200
Net income.....	417	481
Earnings per common share before effect of change in method of accounting for income taxes.....	1.52	1.10
Earnings per common share.....	1.52	1.89
Yield on average earning assets.....	6.81 %	7.28 %
Rate on average interest-bearing liabilities.....	3.57	3.57
Net interest spread.....	3.24	3.71
Net interest yield.....	3.69	4.16
Return on average common shareholders' equity before effect of change in method of accounting for income taxes.....	16.82	14.29
Return on average common shareholders' equity.....	16.82	24.56
Market price per share of common stock		
High for the period.....	\$50 7/8	\$58
Low for the period.....	44 3/8	49 1/2
Closing price.....	45 3/4	54 5/8
Risk-based capital ratios		
Tier 1.....	7.50 %	7.61 %

Total..... 11.66 11.80
 </TABLE>

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<TABLE>
 Table 2
 Customer Group Summary
 For the Three Months Ended March 31, 1994
 (Dollars in Millions)
 <CAPTION>

	General Bank	Institutional Group	Financial Services	Other
<S>	<C>	<C>	<C>	<C>
Net interest income (taxable-equivalent).....	\$ 916	\$ 298	\$ 92	\$ 4
Noninterest income.....	422	239	19	-
Total revenue.....	1,338	537	111	4
Provision for credit losses.....	78	7	15	-
Gains on sales of securities.....	-	-	-	14
Other real estate owned expense.....	4	-	1	-
Noninterest expense.....	901	265	53	-
Income before taxes.....	355	265	42	18
Income tax expense.....	137	102	17	7
Net income.....	\$ 218	\$ 163	\$ 25	\$11
Net interest yield.....	4.77 %	2.84 % <F1>	7.31 %	
Efficiency ratio.....	67 %	49 %	48 %	
Return on equity.....	18	17	14	
Average <F2>				
Total loans and leases, net of unearned income....	\$55,857	\$30,839	\$5,131	
Total deposits.....	77,007	9,706	-	
Total assets.....	82,774	65,783	5,728	
Period end <F2>				
Total loans and leases, net of unearned income....	56,532	30,587	5,283	
Total deposits.....	77,809	9,078	-	

<FN>
 <F1> Excludes CRT. Including CRT, the net interest yield was 2.06 percent.
 <F2> The sums of balance sheet amounts will differ from consolidated amounts due to intercompany balances.
 </TABLE>

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<TABLE>
 Table 3
 Quarterly Taxable-Equivalent Data
 (Dollars in Millions)
 <CAPTION>

	First Quarter 1994			Fourth Quarter 1993			Third Quarter 1993		
	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>	<C>
Earning assets									
Loans and leases, net of unearned income <F1>									
Commercial <F2>.....	\$ 40,421	\$ 722	7.24 %	\$ 39,233	\$ 702	7.10 %	\$ 34,674	\$ 613	7.02 %
Real estate commercial.....	8,419	158	7.61	7,915	150	7.51	6,065	115	7.54
Real estate construction.....	3,253	62	7.73	3,260	64	7.77	2,663	53	7.86
Total commercial.....	52,093	942	7.33	50,408	916	7.21	43,402	781	7.14
Residential mortgage.....	13,340	254	7.63	12,663	249	7.85	11,054	226	8.17
Home equity.....	2,547	45	7.11	2,586	47	7.24	2,004	36	7.20
Bank card.....	3,673	121	13.32	4,593	150	12.97	4,435	153	13.65
Other consumer.....	16,806	390	9.41	16,072	378	9.33	14,237	337	9.41
Total consumer.....	36,366	810	8.99	35,914	824	9.12	31,730	752	9.43
Foreign.....	1,157	15	5.15	931	13	5.82	1,015	13	5.07
Lease financing.....	1,992	36	7.29	1,894	35	7.41	1,656	38	8.95
Total loans and leases, net.....	91,608	1,803	7.96	89,147	1,788	7.97	77,803	1,584	8.09
Securities									
Held for investment.....	12,714	152	4.82	27,273	354	5.16	23,167	313	5.36

Held for sale.....	14,545	184	5.12	2,211	26	4.69	1,308	16	4.93
Total securities.....	27,259	336	4.98	29,484	380	5.13	24,475	329	5.34
Loans held for sale.....	681	11	6.46	961	16	6.54	905	15	6.94
Federal funds sold and securities purchased under agreements to resell.....	12,073	87	2.95	8,237	64	3.08	7,513	66	3.46
Time deposits placed and other short-term investments.....	1,375	14	4.12	2,238	20	3.71	1,888	18	3.74
Trading account assets.....	10,738	169	6.39	9,590	150	6.19	8,563	112	5.22
Total earning assets.....	143,734	2,420	6.81	139,657	2,418	6.88	121,147	2,124	6.96
Cash and cash equivalents.....	7,976			8,318			7,008		
Factored accounts receivable.....	1,016			1,207			1,115		
Other assets, less allowance for credit losses...	8,568			8,608			6,925		
Total assets.....	\$161,294			\$157,790			\$136,195		
Interest-bearing liabilities									
Savings.....	\$ 8,879	51	2.33	\$ 8,542	52	2.45	\$ 6,411	39	2.37
NOW and money market deposit accounts.....	30,140	161	2.17	30,383	168	2.20	27,873	156	2.22
Consumer CDs and IRAs.....	23,152	233	4.09	23,670	245	4.11	22,369	251	4.44
Negotiated CDs, public funds and other time deposits.....	3,807	32	3.44	3,860	33	3.37	4,006	38	3.84
Foreign time deposits.....	4,385	42	3.86	4,031	39	3.80	2,994	30	4.05
Borrowed funds and trading liabilities.....	47,336	454	3.89	44,188	421	3.74	38,662	347	3.57
Capital leases and long-term debt.....	8,308	137	6.61	8,233	134	6.52	4,850	95	7.81
Total interest-bearing liabilities.....	126,007	1,110	3.57	122,907	1,092	3.53	107,165	956	3.54
Noninterest-bearing sources									
Noninterest-bearing deposits.....	19,897			19,852			16,751		
Other liabilities.....	5,310			5,362			3,637		
Shareholders' equity.....	10,080			9,669			8,642		
Total liabilities and shareholders' equity....	\$161,294			\$157,790			\$136,195		
Net interest spread.....			3.24			3.35			3.42
Impact of noninterest-bearing sources.....			0.45			0.42			0.41
Net interest income/yield on earning assets.....		\$1,310	3.69 %		\$1,326	3.77 %		\$1,168	3.83 %

<FN>

<F1> Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.

<F2> Commercial loan interest income includes net interest rate swap revenues related to the asset and liability management interest rate swap program. Such amounts were \$56 in the first quarter of 1994 and \$42, \$37, \$27 and \$14 in the fourth, third, second and first quarters of 1993, respectively.

</TABLE>

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<TABLE>

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

<CAPTION>

	Second Quarter 1993			First Quarter 1993		
	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates	Average Balance Sheet Amounts	Income or Expense	Yields/ Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Earning assets						
Loans and leases, net of unearned income <F1>						
Commercial <F2>.....	\$ 33,320	\$ 570	6.86 %	\$ 32,906	\$ 553	6.82 %
Real estate commercial.....	6,278	122	7.74	6,398	119	7.57
Real estate construction.....	2,729	50	7.38	2,922	50	6.97
Total commercial.....	42,327	742	7.02	42,226	722	6.94
Residential mortgage.....	10,391	220	8.47	9,471	207	8.75
Home equity.....	2,045	36	7.17	2,052	36	6.96
Bank card.....	4,309	148	13.82	4,165	145	14.05
Other consumer.....	13,691	333	9.75	13,125	318	9.81
Total consumer.....	30,436	737	9.72	28,813	706	9.88
Foreign.....	972	13	5.34	926	13	5.80
Lease financing.....	1,586	30	7.64	1,539	30	7.91
Total loans and leases, net.....	75,321	1,522	8.10	73,504	1,471	8.10

Securities

Held for investment.....	24,848	351	5.66	23,987	357	6.03
Held for sale.....	52	1	5.57	475	6	5.06
Total securities.....	24,900	352	5.65	24,462	363	6.00
Loans held for sale.....	642	11	6.68	648	11	6.82
Federal funds sold and securities purchased under agreements to resell.....	4,559	33	2.96	3,825	31	3.24
Time deposits placed and other short-term investments.....	2,029	20	3.91	1,992	21	4.28
Trading account assets.....	1,430	14	4.01	2,231	22	3.92
Total earning assets.....	108,881	1,952	7.19	106,662	1,919	7.28
Cash and cash equivalents.....	6,886			6,873		
Factored accounts receivable.....	1,035			934		
Other assets, less allowance for credit losses...	6,008			5,905		
Total assets.....	\$122,810			\$120,374		
Interest-bearing liabilities						
Savings.....	\$ 6,180	36	2.34	\$ 5,940	34	2.35
NOW and money market deposit accounts.....	28,137	157	2.24	28,155	160	2.30
Consumer CDs and IRAs.....	23,214	271	4.69	23,748	285	4.87
Negotiated CDs, public funds and other time deposits.....	4,619	46	3.99	4,931	55	4.49
Foreign time deposits.....	2,531	27	4.20	2,560	27	4.31
Borrowed funds and trading liabilities.....	26,069	200	3.07	23,975	181	3.08
Capital leases and long-term debt.....	4,154	84	8.10	3,790	79	8.32
Total interest-bearing liabilities.....	94,904	821	3.47	93,099	821	3.57
Noninterest-bearing sources						
Noninterest-bearing deposits.....	16,583			16,485		
Other liabilities.....	2,979			2,861		
Shareholders' equity.....	8,344			7,929		
Total liabilities and shareholders' equity....	\$122,810			\$120,374		
Net interest spread.....						
			3.72			3.71
Impact of noninterest-bearing sources.....						
			0.45			0.45
Net interest income/yield on earning assets.....						
	\$1,131		4.17 %	\$1,098		4.16 %

<FN>

<F1> Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.

<F2> Commercial loan interest income includes net interest rate swap revenues related to the asset and liability management interest rate swap program. Such amounts were \$56 in the first quarter of 1994 and \$42, \$37, \$27 and \$14 in the fourth, third, second and first quarters of 1993, respectively.

</TABLE>

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<TABLE>

Table 4
Quarterly Taxable-Equivalent Adjustment
(Dollars in Millions)
<CAPTION>

	1994		1993		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<S>	<C>	<C>	<C>	<C>	<C>
Interest income--book basis.....	\$2,398	\$2,395	\$2,104	\$1,932	\$1,896
Add taxable-equivalent adjustment.....	22	23	20	20	23
Interest income--taxable-equivalent basis.....	2,420	2,418	2,124	1,952	1,919
Interest expense.....	1,110	1,092	956	821	821
Net interest income--taxable-equivalent basis.....	\$1,310	\$1,326	\$1,168	\$1,131	\$1,098

</TABLE>

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<TABLE>

Table 5
Changes in Taxable-Equivalent Net Interest Income
(Dollars in Millions)
<CAPTION>

	From Fourth Quarter 1993 to First Quarter 1994	From First Quarter 1993 to First Quarter 1994
Increase (Decrease) in Income/Expense		

	Due to Change in				Due to Change in			
	Average Levels	Yields/Rates	Total	Percentage Increase (Decrease)	Average Levels	Yields/Rates	Total	Percentage Increase (Decrease)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Income from earning assets								
Loans and leases, net of unearned income								
Commercial.....	\$ 21	\$ (1)	\$ 20	2.8 %	\$ 133	\$ 36	\$ 169	30.6 %
Real estate commercial.....	9	(1)	8	5.3	38	1	39	32.8
Real estate construction.....	-	(2)	(2)	(3.1)	6	6	12	24.0
Total commercial.....	30	(4)	26	2.8	177	43	220	30.5
Residential mortgage.....	13	(8)	5	2.0	76	(29)	47	22.7
Home equity.....	(1)	(1)	(2)	(4.3)	8	1	9	25.0
Bank card.....	(30)	1	(29)	(19.3)	(16)	(8)	(24)	(16.6)
Other consumer.....	17	(5)	12	3.2	86	(14)	72	22.6
Total consumer.....	10	(24)	(14)	(1.7)	173	(69)	104	14.7
Foreign.....	3	(1)	2	15.4	3	(1)	2	15.4
Lease financing.....	2	(1)	1	2.9	8	(2)	6	20.0
Total loans and leases, net.....	49	(34)	15	0.8	357	(25)	332	22.6
Securities								
Held for investment.....	(176)	(26)	(202)	(57.1)	(145)	(60)	(205)	(57.4)
Held for sale.....	156	2	158	n/m	178	-	178	n/m
Total securities.....	(28)	(16)	(44)	(11.6)	39	(66)	(27)	(7.4)
Loans held for sale.....	(5)	-	(5)	(31.3)	1	(1)	-	-
Federal funds sold and securities purchased under agreements to resell.....	28	(5)	23	35.9	60	(4)	56	180.6
Time deposits placed and other short-term investments.....	(9)	3	(6)	(30.0)	(6)	(1)	(7)	(33.3)
Trading account assets.....	18	1	19	12.7	127	20	147	n/m
Total interest income.....	70	(68)	2	0.1	631	(130)	501	26.1
Interest expense								
Savings.....	2	(3)	(1)	(1.9)	17	-	17	50.0
NOW and money market deposit accounts.....	(1)	(6)	(7)	(4.2)	11	(10)	1	0.6
Consumer CDs and IRAs.....	(5)	(7)	(12)	(4.9)	(7)	(45)	(52)	(18.2)
Negotiated CDs, public funds and other time deposits.....	(1)	-	(1)	(3.0)	(11)	(12)	(23)	(41.8)
Foreign time deposits.....	3	-	3	7.7	18	(3)	15	55.6
Borrowed funds and trading liabilities.....	30	3	33	7.8	214	59	273	150.8
Capital leases and long-term debt.....	1	2	3	2.2	77	(19)	58	73.4
Total interest expense.....	18	-	18	1.6	289	-	289	35.2
Net interest income.....	38	(54)	\$ (16)	(1.2)	349	(137)	\$ 212	19.3

n/m - not meaningful.

</TABLE>

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<TABLE>

Table 6

Impact of Bank Card Securitizations

(Dollars in Millions)

<CAPTION>

	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Income Statement - Increase (Decrease)		
Net interest income.....	\$ (34)	\$ (10)
Noninterest income.....	15	7
Provision for credit losses.....	(19)	(3)
Net income.....	\$ -	\$ -
Average Balance Sheet - Decrease		
Total assets.....	\$ (1,330)	\$ (323)
Managed Bank Card Portfolio		
Average bank card loans.....	\$ 5,003	\$ 4,488
Net charge-offs.....	178	184
Net charge-offs as a percentage of average bank card loans...	3.56 %	4.10 %

<TABLE>

Table 7

Asset and Liability Management Interest Rate Swaps

(Dollars in Millions)

<CAPTION>

	<C>
Notional contracts	
Beginning balance on January 1, 1994.....	\$13,908
Additions.....	4,943
Maturities.....	(205)

Ending balance on March 31, 1994.....	\$18,646
	=====
Maturities at March 31, 1994	
1994.....	\$ 1,299
1995.....	9,010
1996.....	5,532
1997.....	1,745
After 1997.....	1,060

	\$18,646
	=====

The above maturities will differ from actual maturities since they were based on current interest rates and resultant prepayment patterns. The average maturity of 1.73 years reflected above assumes interest rates remain constant at current levels.

The implied average maturity based on the forward yield curve at March 31, 1994, would be 2.15 years.

</TABLE>

<TABLE>

Table 8

Interest Rate Gap Analysis

March 31, 1994

(Dollars in Millions)

<CAPTION>

	Interest-Sensitive					Over 12 Months and Noninterest- Sensitive	Total
	30-Day	3-Month	6-Month	12-Month	Total		
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<S>							
Earning assets							
Loans and leases, net of							
unearned income.....	\$ 42,371	\$ 8,557	\$ 3,590	\$ 6,347	\$ 60,865	\$31,265	\$ 92,130
Securities held for investment.....	100	552	25	697	1,374	13,068	14,442
Securities held for sale.....	-	2,263	5,109	2,285	9,657	6,270	15,927
Loans held for sale.....	595	-	-	-	595	-	595
Time deposits placed and other short-term investments.....	684	301	162	1	1,148	-	1,148
Other earning assets.....	24,264	-	-	-	24,264	-	24,264
	-----	-----	-----	-----	-----	-----	-----
Total.....	68,014	11,673	8,886	9,330	97,903	50,603	\$148,506
	-----	-----	-----	-----	-----	-----	-----
Interest-bearing liabilities							
Savings.....	-	-	-	-	-	9,111	\$ 9,111
NOW and money market deposit accounts.....	22,615	-	-	-	22,615	7,540	30,155
Consumer CDs and IRAs.....	3,615	3,387	4,161	4,611	15,774	7,143	22,917
Negotiated CDs, public funds and other time deposits.....	1,132	1,086	705	491	3,414	454	3,868
Foreign time deposits.....	2,779	1,021	444	289	4,533	-	4,533
Borrowed funds and trading liabilities.....	44,302	2,963	2,821	577	50,663	-	50,663
Capital leases and long-term debt.....	1,175	689	84	99	2,047	6,128	8,175
	-----	-----	-----	-----	-----	-----	-----
Total.....	75,618	9,146	8,215	6,067	99,046	30,376	129,422
Noninterest-bearing, net.....	-	-	-	-	-	19,084	19,084
	-----	-----	-----	-----	-----	-----	-----
Total.....	75,618	9,146	8,215	6,067	99,046	49,460	\$148,506
	-----	-----	-----	-----	-----	-----	-----
Interest rate gap.....	(7,604)	2,527	671	3,263	(1,143)	1,143	
Effect of asset and liability management interest rate swaps, futures and other off-balance sheet items.....	(7,869)	(7,839)	(2,330)	664	(17,374)	17,374	
	-----	-----	-----	-----	-----	-----	
Adjusted interest rate gap.....	\$(15,473)	\$ (5,312)	\$ (1,659)	\$ 3,927	\$(18,517)	\$18,517	

Cumulative adjusted interest rate gap..... \$ (15,473) \$ (20,785) \$ (22,444) \$ (18,517)

</TABLE>

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<TABLE>
Table 9
Nonperforming Assets
(Dollars in Millions)
<CAPTION>

	March 31 1994	December 31 1993	September 30 1993	June 30 1993	March 31 1993
<S>	<C>	<C>	<C>	<C>	<C>
Nonperforming loans					
Commercial.....	\$ 432	\$ 474	\$ 434	\$ 555	\$ 607
Real estate commercial.....	282	318	244	270	370
Real estate construction.....	161	142	117	136	186
Residential mortgage.....	71	77	78	82	83
Home equity.....	8	7	6	6	6
Other consumer.....	99	86	75	77	63
Lease financing.....	9	10	9	11	16
Foreign.....	5	8	1	1	9
Total nonperforming loans.....	1,067	1,122	964	1,138	1,340
Other real estate owned.....	569	661	476	544	584
Total nonperforming assets.....	\$1,636	\$1,783	\$1,440	\$1,682	\$1,924
Nonperforming assets as a percentage of					
Total assets.....	0.99 %	1.13 %	1.03 %	1.36 %	1.58 %
Loans, leases and factored accounts receivable, net of unearned income, and other real estate owned.....	1.73	1.92	1.78	2.15	2.53
Loans past due 90 days or more and not classified as nonperforming.....	\$ 154	\$ 167	\$ 189	\$ 164	\$ 188

</TABLE>

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<TABLE>
Table 10
Allowance for Credit Losses
(Dollars in Millions)
<CAPTION>

	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Beginning balance.....	\$ 2,169	\$ 1,454
Loans, leases and factored accounts receivable charged off		
Commercial.....	(29)	(17)
Real estate commercial.....	(12)	(18)
Real estate construction.....	(7)	(3)
Total commercial.....	(48)	(38)
Residential mortgage.....	(2)	(1)
Home equity.....	-	(1)
Bank card.....	(32)	(47)
Other consumer.....	(48)	(41)
Total consumer.....	(82)	(90)
Lease financing.....	-	(1)
Factored accounts receivable.....	(16)	(4)
Total loans, leases and factored accounts receivable charged off.....	(146)	(133)
Recoveries of loans, leases and factored accounts receivable previously charged off		
Commercial.....	14	19
Real estate commercial.....	3	7
Real estate construction.....	11	1
Total commercial.....	28	27
Residential mortgage.....	1	1
Bank card.....	6	4
Other consumer.....	16	15
Total consumer.....	23	20

Lease financing.....	1	-
Factored accounts receivable.....	4	2
<hr/>		
Total recoveries of loans, leases and factored accounts receivable previously charged off.....	56	49
<hr/>		
Net charge-offs.....	(90)	(84)
<hr/>		
Provision for credit losses.....	100	120
Allowance applicable to acquired loans.....	8	76
<hr/>		
Ending balance.....	\$ 2,187	\$ 1,566
<hr/>		
Loans, leases and factored accounts receivable, net of unearned income, outstanding on March 31...	\$93,767	\$75,344
Allowance for credit losses as a percentage of loans, leases and factored accounts receivable, net of unearned income.....	2.33 %	2.08 %
Daily average loans, leases and factored accounts receivable, net of unearned income, outstanding during the period.....	\$92,624	\$74,438
Net charge-offs as a percentage of daily average loans, leases and factored accounts receivable, net of unearned income.....	.39 %	.46 %
Allowance for credit losses as a percentage of nonperforming loans.....	205.04	116.86

</TABLE>

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<TABLE>
Table 11
Noninterest Income
(Dollars in Millions)
<CAPTION>

	Three Months Ended March 31		Change	
	1994	1993	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Trust fees.....	\$109	\$ 86	\$ 23	26.7 %
Service charges on deposit accounts.....	196	158	38	24.1
<hr/>				
Nondeposit-related service fees				
Safe deposit rent.....	8	8	-	-
Mortgage servicing and related fees.....	16	20	(4)	(20.0)
Fees on factored accounts receivable.....	18	17	1	5.9
Investment banking income.....	32	18	14	77.8
Other service fees.....	27	22	5	22.7
<hr/>				
Total nondeposit-related service fees.....	101	85	16	18.8
<hr/>				
Bank card income				
Merchant discount fees.....	7	8	(1)	(12.5)
Annual bank card fees.....	6	4	2	50.0
Other bank card fees.....	52	36	16	44.4
<hr/>				
Total bank card income.....	65	48	17	35.4
<hr/>				
Other income				
Brokerage income.....	13	10	3	30.0
Trading account profits and fees.....	89	8	81	n/m
Foreign exchange income.....	8	7	1	14.3
Bankers' acceptances and letters of credit...	17	16	1	6.3
Insurance commissions and earnings.....	12	10	2	20.0
Miscellaneous.....	70	53	17	32.1
<hr/>				
Total other income.....	209	104	105	101.0
<hr/>				
	\$680	\$481	\$199	41.4
<hr/>				

n/m - not meaningful.

</TABLE>

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<TABLE>
Table 12
Noninterest Expense
(Dollars in Millions)
<CAPTION>

	Three Months Ended March 31		Change	
	1994	1993	Amount	Percent
<C>	<C>	<C>	<C>	<C>

Personnel.....	\$ 564	\$444	\$120	27.0 %
Occupancy, net.....	120	98	22	22.4
Equipment.....	86	76	10	13.2
Marketing.....	37	27	10	37.0
Professional fees.....	43	36	7	19.4
Amortization of intangibles.....	34	25	9	36.0
Bank card.....	10	12	(2)	(16.7)
Private label credit card.....	9	9	-	-
FDIC insurance.....	53	50	3	6.0
Processing.....	58	40	18	45.0
Telecommunications.....	32	30	2	6.7
Postage and courier.....	33	29	4	13.8
Other general operating.....	107	92	15	16.3
General administrative and miscellaneous...	33	30	3	10.0
	-----	-----	-----	-----
	\$1,219	\$998	\$221	22.1
	=====	=====	=====	=====

</TABLE>

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<TABLE>
Table 13
Sources and Uses of Funds
(Average Dollars in Millions)
<CAPTION>

	Three Months Ended March 31			
	1994		1993	
	Amount	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>
Composition of sources				
Savings, NOW, money market deposit accounts, and consumer CDs and IRAs.....	\$ 62,171	38.6 %	\$ 57,843	48.1 %
Noninterest-bearing funds.....	19,897	12.3	16,485	13.7
Customer-based portion of negotiated CDs.....	1,578	1.0	1,974	1.6
	-----	-----	-----	-----
Customer-based funds.....	83,646	51.9	76,302	63.4
Market-based funds.....	53,950	33.4	29,492	24.5
Capital leases and long-term debt.....	8,308	5.2	3,790	3.1
Other liabilities.....	5,310	3.3	2,861	2.4
Shareholders' equity.....	10,080	6.2	7,929	6.6
	-----	-----	-----	-----
Total sources.....	\$161,294	100.0 %	\$120,374	100.0 %
	=====	=====	=====	=====
Composition of uses				
Loans and leases, net of unearned income.....	\$ 91,608	56.8 %	\$ 73,504	61.1 %
Securities held for investment.....	12,714	7.9	23,987	19.9
Securities held for sale.....	14,545	9.0	475	0.4
Loans held for sale.....	681	0.4	648	0.5
Time deposits placed and other short-term investments.....	1,375	0.9	1,992	1.7
Other earning assets.....	22,811	14.1	6,056	5.0
	-----	-----	-----	-----
Total earning assets.....	143,734	89.1	106,662	88.6
Factored accounts receivable.....	1,016	0.6	934	0.8
Other assets.....	16,544	10.3	12,778	10.6
	-----	-----	-----	-----
Total uses.....	\$161,294	100.0 %	\$120,374	100.0 %
	=====	=====	=====	=====

</TABLE>

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<TABLE>
Table 14
Real Estate Commercial and Construction Loans and
Other Real Estate Owned by Geographic Region
March 31, 1994
(Dollars in Millions)
<CAPTION>

	Loans				OREO	
	Outstanding	Percent	Nonperforming	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Maryland.....	\$ 2,013	17.4 %	\$125	28.2 %	\$ 81	18.5 %
Florida.....	1,999	17.3	57	12.9	109	24.9
Virginia.....	1,370	11.9	80	18.1	157	35.9
North Carolina.....	1,257	10.9	24	5.4	13	3.0
Georgia.....	1,164	10.1	25	5.6	8	1.8
Texas.....	1,148	9.9	11	2.5	5	1.1
South Carolina.....	934	8.1	54	12.2	29	6.6
Tennessee/Kentucky.....	413	3.6	8	1.8	7	1.6
District of Columbia.....	396	3.4	36	8.1	19	4.3
Other.....	847	7.4	23	5.2	9	2.3

\$11,541	100.0 %	\$443	100.0 %	\$437	100.0 %
----------	---------	-------	---------	-------	---------

Distribution based on geographic location of collateral.

</TABLE>

<TABLE>
Table 15
Real Estate Commercial and Construction Loans and
Other Real Estate Owned by Property Type
March 31, 1994
(Dollars in Millions)
<CAPTION>

	Loans				OREO	
	Outstanding	Percent	Nonperforming	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Office buildings.....	\$ 2,339	20.3 %	\$ 59	13.3 %	\$ 70	16.0 %
Shopping centers/retail.....	1,951	16.9	51	11.5	68	15.6
Apartments.....	1,476	12.8	17	3.8	8	1.8
Land and land development.....	1,075	9.3	92	20.8	176	40.3
Hotels.....	1,018	8.8	56	12.6	28	6.4
Residential.....	888	7.7	44	9.9	28	6.4
Industrial/warehouse.....	826	7.2	51	11.5	27	6.2
Commercial-other.....	572	5.0	26	5.9	19	4.3
Resorts/golf courses.....	231	2.0	3	0.7	3	0.7
Nursing homes/retirement housing....	132	1.1	-	-	2	0.5
Mobile home parks.....	130	1.1	1	0.2	-	-
Other.....	903	7.8	43	9.8	8	1.8
	\$11,541	100.0 %	\$443	100.0 %	\$437	100.0 %

</TABLE>

29

<TABLE>
Table 16
Derivatives - Dealer Positions
(Dollars in Millions)
<CAPTION>

	Notional Principal Amounts	
	March 31 1994	December 31 1993
<S>	<C>	<C>
Interest Rate Contracts		
Swaps.....	\$17,708	\$15,758
Futures and forwards.....	56,241	32,503
Written options.....	91,674	58,499
Purchased options.....	79,568	55,616
Foreign Exchange Contracts		
Swaps.....	258	258
Spot, futures and forwards.....	19,829	12,516
Written options.....	12,636	8,058
Purchased options.....	12,719	8,051
Commodity Contracts		
Swaps.....	643	1,470
Futures and forwards.....	4,328	1,661
Written options.....	11,868	6,696
Purchased options.....	12,474	7,339

</TABLE>

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Part II. Other Information

Item 5. On February 4, 1994, American Security Bank merged into Maryland National Bank (MNB). On April 29, 1994, NationsBank of D.C., N.A. merged into MNB which then merged into NationsBank of Maryland, N.A. On that same day, NationsBank of Maryland, N.A. changed its name to NationsBank, N.A.

Item 6. Exhibits

Exhibit 11 - Earnings per share computation

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NationsBank Corporation
Form 10-Q
Exhibit Index

Exhibit	Description	Page
11	Earnings per share computation.	34

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Signature

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

NationsBank Corporation

Registrant

Date: May 13, 1994

/s/ Marc D. Oken

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

33

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

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

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

<TABLE>
<CAPTION>

	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Average common shares outstanding.....	271,947	253,341
Dilutive effect of		
Convertible preferred stock.....	2,488	2,410
Stock options.....	1,290	2,143
Total fully dilutive shares.....	275,725	257,894
Income available to common shareholders before effect of change in method of accounting for income taxes.....	\$ 414	\$ 279
Preferred dividends paid on dilutive convertible preferred stock.....	3	2
Income available to common shareholders adjusted for full dilution and before effect of change in method of accounting for income taxes.....	417	281
Effect of change in method of accounting for income taxes.....	-	200
Total net income available for common shareholders adjusted for full dilution.....	\$ 417	\$ 481
Fully diluted earnings per common share before effect of change in method of accounting for income taxes.....	\$ 1.51	\$ 1.09
Fully diluted earnings per common share.....	\$ 1.51	\$ 1.87

</TABLE>