SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended September 30, 1996 Commission file number 1-5805

THE CHASE MANHATTAN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	13-2624428
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
270 Park Avenue, New York, New York	10017
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 270-6000

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 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....

Common Stock, $1 Par Value	438,831,444

Number of shares outstanding of each of the issuer's classes of common stock on October 31, 1996.

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THE CHASE MANHATTAN CORPORATION and Subsidiaries
CONSOLIDATED BALANCE SHEET
(in millions, except share data)

	September 30, 1996	December 31, 1995
ASSETS		
Cash and Due from Banks	$ 13,729	$ 14,794
Deposits with Banks	4,433	8,468
Federal Funds Sold and Securities Purchased Under Resale Agreements	26,586	17,461
Trading Assets:		
Debt and Equity Instruments	32,952	26,212
Risk Management Instruments	26,883	25,825
Securities:		
Available-for-Sale	42,477	37,141
Held-to-Maturity (Fair Value: $3,925 and $4,659)	3,956	4,628
Loans (Net of Unearned Income: $1,366 and $1,073)	150,333	150,207
Allowance for Credit Losses	(3,697)	(3,784)
Premises and Equipment	3,636	3,757
Due from Customers on Acceptances	2,789	1,896
Accrued Interest Receivable	2,828	2,541
Other Assets	15,699	14,843
TOTAL ASSETS	$ 322,604	$ 303,989
LIABILITIES		
Deposits:		
Domestic:		
Noninterest-Bearing	$ 37,382	$ 36,983
Interest-Bearing	64,374	63,071
Foreign:		
Noninterest-Bearing	3,591	3,849
Interest-Bearing	59,695	67,631
Total Deposits	165,042	171,534
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	57,533	37,263
Other Borrowed Funds	17,624	13,936
Acceptances Outstanding	2,776	1,915
Trading Liabilities	32,972	34,341
Accounts Payable, Accrued Expenses and Other Liabilities	12,588	11,339
Long-Term Debt	12,379	12,825
TOTAL LIABILITIES	300,914	283,153
COMMITMENTS AND CONTINGENCIES (See Note 9)		
PREFERRED STOCK OF SUBSIDIARY	550	--
STOCKHOLDERS' EQUITY		
Preferred Stock	2,650	2,650
Common Stock (Issued 439,936,546 and 457,587,675 Shares)	440	458
Capital Surplus	10,444	11,075
Retained Earnings	8,091	7,997
Net Unrealized Loss on Securities Available-for-Sale, Net of Taxes	(480)	(237)
Treasury Stock, at Cost (61,530 and 22,583,225 Shares)	(5)	(1,107)
TOTAL STOCKHOLDERS' EQUITY	21,140	20,836
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY	$ 322,604	$ 303,989

The Notes to Financial Statements are an integral part of these Statements.

THE CHASE MANHATTAN CORPORATION and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
Three Months Ended September 30,
(in millions, except per share data)

	1996	1995
INTEREST INCOME		
Loans	$ 3,042	$ 3,280
Securities	690	639
Trading Assets	525	360
Federal Funds Sold and Securities Purchased Under Resale Agreements	549	448
Deposits with Banks	112	194
Total Interest Income	4,918	4,921
INTEREST EXPENSE		
Deposits	1,416	1,593
Short-Term and Other Borrowings	1,213	1,020
Long-Term Debt	220	239
Total Interest Expense	2,849	2,852
NET INTEREST INCOME	2,069	2,069
Provision for Losses	220	192
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	1,849	1,877
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	234	210
Trust and Investment Management Fees	295	258
Credit Card Revenue	277	210
Service Charges on Deposit Accounts	97	105
Fees for Other Financial Services	393	370
Trading Revenue	304	342
Securities Gains	34	53
Other Revenue	222	162
Total Noninterest Revenue	1,856	1,710
NONINTEREST EXPENSE		
Salaries	1,040	1,074
Employee Benefits	211	213
Occupancy Expense	204	227
Equipment Expense	179	177
Foreclosed Property Expense	2	(7)
Restructuring Charge and Expenses	32	-
Other Expense	652	648
Total Noninterest Expense	2,320	2,332
INCOME BEFORE INCOME TAX EXPENSE	1,385	1,255
Income Tax Expense	527	491
NET INCOME	$ 858	$ 764
NET INCOME APPLICABLE TO COMMON STOCK	$ 803	$ 708
NET INCOME PER COMMON SHARE:		
Primary	$ 1.80	$ 1.58
Assuming Full Dilution	$ 1.78	$ 1.55

The Notes to Financial Statements are an integral part of these Statements.

THE CHASE MANHATTAN CORPORATION and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
Nine Months Ended September 30,
(in millions, except per share data)

	1996	1995
INTEREST INCOME		
Loans	$ 9,311	$ 9,590
Securities	2,095	1,873
Trading Assets	1,360	1,062
Federal Funds Sold and Securities Purchased Under Resale Agreements	1,564	1,398
Deposits with Banks	440	637
Total Interest Income	14,770	14,560
INTEREST EXPENSE		
Deposits	4,518	4,689
Short-Term and Other Borrowings	3,326	3,036
Long-Term Debt	668	711
Total Interest Expense	8,512	8,436
NET INTEREST INCOME	6,258	6,124
Provision for Losses	715	572
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	5,543	5,552
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	716	576
Trust and Investment Management Fees	882	741
Credit Card Revenue	743	588
Service Charges on Deposit Accounts	296	316
Fees for Other Financial Services	1,152	1,090
Trading Revenue	1,022	742
Securities Gains	110	107
Other Revenue	735	833
Total Noninterest Revenue	5,656	4,993
NONINTEREST EXPENSE		
Salaries	3,162	3,078
Employee Benefits	741	693
Occupancy Expense	632	673
Equipment Expense	544	568
Foreclosed Property Expense	(15)	(60)
Restructuring Charge and Expenses	1,710	15
Other Expense	1,963	2,059
Total Noninterest Expense	8,737	7,026
INCOME BEFORE INCOME TAX EXPENSE AND EFFECT OF ACCOUNTING CHANGE	2,462	3,519
Income Tax Expense	837	1,376
INCOME BEFORE EFFECT OF ACCOUNTING CHANGE	1,625	2,143
Effect of Change in Accounting Principle	--	(11)
NET INCOME	$ 1,625	$ 2,132
NET INCOME APPLICABLE TO COMMON STOCK	$ 1,461	$ 1,959
INCOME PER COMMON SHARE:		
Primary:		
Income Before Effect of Accounting Change	$ 3.28	$ 4.49
Effect of Change in Accounting Principle	--	(0.02)
Net Income	$ 3.28	$ 4.47
Assuming Full Dilution:		
Income Before Effect of Accounting Change	$ 3.23	$ 4.32
Effect of Change in Accounting Principle	--	(0.02)
Net Income	$ 3.23	$ 4.30

The Notes to Financial Statements are an integral part of these Statements.

THE CHASE MANHATTAN CORPORATION and Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY
(in millions)

	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
Balance at Beginning of Year	$ 2,650	$ 2,850
Conversion of Preferred Stock	--	(200)
Balance at End of Period	$ 2,650	$ 2,650
Common Stock:		
Balance at Beginning of Year	$ 458	$ 447
Retirement of Treasury Stock	(20)(a)	--
Issuance of Common Stock	2	10
Balance at End of Period	$ 440	$ 457
Capital Surplus:		
Balance at Beginning of Year	$ 11,075	$ 10,671
Retirement of Treasury Stock	(433)(a)	--
Issuance of Common Stock	(114)	324
Restricted Stock Granted, Net of Amortization	(84)	(7)
Balance at End of Period	$ 10,444	$ 10,988
Retained Earnings:		
Balance at Beginning of Year	$ 7,997	$ 6,045
Net Income	1,625	2,132
Retirement of Treasury Stock	(557)(a)	--
Cash Dividends Declared:		
Preferred Stock	(164)	(173)
Common Stock	(818)(b)	(584)
Accumulated Translation Adjustment	8	10
Balance at End of Period	$ 8,091	$ 7,430
Net Unrealized Loss on Securities Available-for-Sale:		
Balance at Beginning of Year	$ (237)	$ (473)
Net Change in Fair Value of Securities Available-for-Sale, Net of Taxes	(243)	343
Balance at End of Period	$ (480)	$ (130)
Common Stock in Treasury, at Cost:		
Balance at Beginning of Year	$ (1,107)	$ (667)
Retirement of Treasury Stock	1,010 (a)	--
Purchase of Treasury Stock	(1,007)	(797)
Reissuance of Treasury Stock	1,099	671
Balance at End of Period	$ (5)	$ (793)
Total Stockholders' Equity	$ 21,140	$ 20,602

(a) Under the terms of the merger agreement, on March 31, 1996, all of the former Chase Manhattan Corporation's ("Chase") treasury stock was cancelled and retired. In accordance with existing accounting pronouncements, if the average price per share of the treasury stock at the time of retirement is higher than the average price per share in capital surplus, then the excess amount is applied against retained earnings.
(b) Includes fourth quarter 1995 common stock dividends of $80 million declared and paid by Chase in 1996.

The Notes to Financial Statements are an integral part of these Statements.

THE CHASE MANHATTAN CORPORATION and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
Nine Months Ended September 30,
(in millions)

	1996	1995
Operating Activities		
Net Income	$ 1,625	$ 2,132
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Effect of Change in Accounting Principle	--	11
Provision for Losses	715	572
Restructuring Charge and Expenses	1,710	15
Depreciation and Amortization	631	639
Net Change In:		
Trading-Related Assets	(11,286)	(5,102)
Accrued Interest Receivable	(287)	(37)
Other Assets	1,515	142
Trading-Related Liabilities	(954)	5,749
Accrued Interest Payable	146	123
Other Liabilities	(220)	(854)
Other, Net	475	(219)
Net Cash Provided (Used) by Operating Activities	(5,930)	3,171
Investing Activities		
Net Change In:		
Deposits with Banks	4,035	2,952
Federal Funds Sold and Securities Purchased Under Resale Agreements	(8,237)	(5,065)
Loans Due to Sales and Securitizations	27,984	21,222
Other Loans, Net	(28,667)	(29,651)
Other, Net	(1,198)	(582)
Proceeds from the Maturity of Held-to-Maturity Securities	859	1,715
Purchases of Held-to-Maturity Securities	(187)	(1,055)
Proceeds from the Maturity of Available-for-Sale Securities	6,288	5,272
Proceeds from the Sale of Available-for-Sale Securities	32,792	38,832
Purchases of Available-for-Sale Securities	(45,323)	(51,423)
Net Cash Used by Investing Activities	(11,654)	(17,783)
Financing Activities		
Net Change In:		
Noninterest-Bearing Domestic Demand Deposits	399	(2,711)
Domestic Time and Savings Deposits	1,303	(2,320)
Foreign Deposits	(8,194)	4,790
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	19,382	11,875
Other Borrowed Funds	3,688	2,719
Other, Net	921	17
Proceeds from the Issuance of Long-Term Debt	866	1,628
Repayments of Long-Term Debt	(1,378)	(1,603)
Proceeds from the Issuance of Stock	914	443
Proceeds from the Issuance of Preferred Stock of Subsidiary	550	--
Treasury Stock Purchased	(1,007)	(797)
Cash Dividends Paid	(886)	(719)
Net Cash Provided by Financing Activities	16,558	13,322
Effect of Exchange Rate Changes on Cash and Due from Banks	(39)	4
Net Decrease in Cash and Due from Banks	(1,065)	(1,286)
Cash and Due from Banks at January 1,	14,794	13,545
Cash and Due from Banks at September 30,	$ 13,729	$ 12,259
Cash Interest Paid	$ 8,366	$ 8,197
Taxes Paid	$ 1,296	$ 887

The Notes to Financial Statements are an integral part of these Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The unaudited financial statements of The Chase Manhattan Corporation and subsidiaries are prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial position and the results of operations for the interim periods presented have been included. In addition, certain amounts have been reclassified to conform to the current presentation.

NOTE 2 - MERGER BETWEEN CHASE AND CHEMICAL

On March 31, 1996, The Chase Manhattan Corporation ("Chase") merged with and into Chemical Banking Corporation ("Chemical"). Upon consummation of the merger, Chemical changed its name to "The Chase Manhattan Corporation" (the "Corporation"). The merger was accounted for as a pooling-of-interests and, accordingly, the information included in the financial statements presents the combined results of Chase and Chemical as if the merger had been in effect for all periods presented.

In connection with the merger, $1.9 billion of one-time merger-related costs have been identified, of which $1.65 billion was taken as a restructuring charge on March 31, 1996. The remaining $250 million of merger-related expenses will be recognized as incurred in accordance with an existing accounting pronouncement. Approximately $60 million of these merger-related expenses have been incurred ($6 million in the first quarter, $22 million in the second quarter and $32 million in the third quarter) and included in the restructuring charge and expenses caption in the income statement. The remaining one-time merger-related expenses are expected to be incurred substantially over the next one and a half years. The $1.9 billion of merger-related costs reflect severance and other termination-related costs to be incurred in connection with anticipated staff reductions (approximately $600 million), costs in connection with planned dispositions of certain facilities, premises and equipment (approximately $700 million), and other merger-related expenses, including costs to eliminate redundant back office and other operations and other expenses related directly to the merger (approximately $600 million).

At September 30, 1996, the reserve balance associated with the above $1.65 billion restructuring charge was approximately $1,201 million, of which $349 million related to severance and other termination-related costs, $666 million related to the disposition of certain facilities and premises and equipment, and $186 million related to other merger costs, including costs to eliminate redundant back office and other operations.

Under the terms of the merger agreement, all 18.6 million shares of Chase's treasury stock amounting to $1,010 million at March 31, 1996, were cancelled and retired.

On July 14, The Chase Manhattan Bank, N.A., a national bank, merged with and into Chemical Bank, a New York State bank, and Chemical Bank changed its name to "The Chase Manhattan Bank".

NOTE 3 - TREASURY STOCK

During the first nine months of 1996, the Corporation issued 20.2 million shares of common stock and repurchased approximately 15.2 million shares of its outstanding common stock in the open market. These repurchases were made as part of a buy-back program which terminated at September 30, 1996.

On October 15, 1996, the Corporation announced a common stock purchase program in which the Corporation is authorized until December 31, 1998 to purchase up to $2.5 billion of its common stock, in addition to such other number of common shares as may be necessary to provide for expected issuances under its dividend reinvestment plan and its various stock-based director and employee benefits plans.

NOTE 4 - TRADING ACTIVITIES

For a discussion of the Corporation's risk management instrument activity and related trading revenue for the 1996 third quarter and first nine months, see Management's Discussion and Analysis ("MD&A") on pages 21-22 and page 38 of this Form 10-Q.

Trading Assets and Liabilities
Trading assets and trading liabilities (which are carried at estimated fair value, after taking into account the effects of legally enforceable master netting agreements on risk management instruments) are presented in the following table for the dates indicated.

(in millions)	September 30, 1996	December 31, 1995
Trading Assets - Debt and Equity Instruments:		
U.S. Government, Federal Agencies and Municipal Securities	$ 12,824	$ 9,601
Certificates of Deposit, Bankers' Acceptances, and Commercial Paper	1,777	2,560
Debt Securities Issued by Foreign Governments	8,724	6,318
Debt Securities Issued by Foreign Financial Institutions	5,313	3,467
Loans	995	666
Corporate Securities	1,810	2,224
Other	1,509	1,376
Total Trading Assets - Debt and Equity Instruments (a)	$ 32,952	$ 26,212
Trading Assets - Risk Management Instruments:		
Interest Rate Contracts	$ 13,954	$ 12,408
Foreign Exchange Contracts	10,439	12,384
Stock Index Options and Commodity Contracts	2,490	1,033
Total Trading Assets - Risk Management Instruments	$ 26,883	$ 25,825
Trading Liabilities - Risk Management Instruments:		
Interest Rate Contracts	$ 13,618	$ 13,975
Foreign Exchange Contracts	10,153	13,295
Stock Index Options and Commodity Contracts	1,809	831
Trading Liabilities - Risk Management Instruments	$ 25,580	$ 28,101
Securities Sold, Not Yet Purchased	$ 7,392	$ 6,240
Total Trading Liabilities	$ 32,972	$ 34,341

(a) Includes emerging markets instruments of $6,306 million at September 30, 1996.

NOTE 5 - SECURITIES

For a discussion of the accounting policies relating to securities, see Note One of the Corporation's 1995 Annual Report to its stockholders filed with the Securities and Exchange Commission on Form 8-K dated April 16, 1996 (the "1995 Annual Report").

The valuation of the securities classified as available-for-sale (including securities classified as loans which are subject to the provisions of SFAS 115) resulted in a net after-tax unfavorable impact of $480 million on the Corporation's stockholders' equity at September 30, 1996, compared with a net after-tax unfavorable impact of $237 million at December 31, 1995. The change from the 1995 year-end was the result of an increase in U.S. dollar interest rates during the first nine months of 1996, thereby causing a decline in the market value of the securities portfolio. This decline was partially offset by a steady improvement in the value of the Corporation's emerging markets securities classified as loans since December 31, 1995.

Net gains from available-for-sale securities sold in the third quarter and first nine months of 1996 amounted to $34 million (gross gains of $83 million and gross losses of $49 million) and $110 million (gross gains of $234 million and gross losses of $124 million), respectively. Net gains on such sales for the same periods in 1995 amounted to $51 million (gross gains of $110 million and gross losses of $59 million) in the third quarter and $105 million (gross gains of $339 million and gross losses of $234 million) in the first nine months. Early redemption of certain held-to-maturity securities by their issuers resulted in a $2 million gain for both the third quarter and first nine months of 1995.

AVAILABLE-FOR-SALE SECURITIES

The amortized cost and estimated fair value of available-for-sale securities, including the impact of related derivatives, were as follows for the dates indicated:

September 30, 1996 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value(a)
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 19,784	$ 25	$ 453	$ 19,356
Collateralized Mortgage Obligations	2,040	1	3	2,038
Other, primarily U.S. Treasuries	12,597	6	268	12,335
Obligations of State and Political Subdivisions	317	2	3	316
Debt Securities Issued by Foreign Governments	5,894	64	17	5,941
Corporate Debt Securities	843	37	--	880
Collateralized Mortgage Obligations (b)	120	--	5	115
Equity Securities	969	130	--	1,099
Other, primarily Asset-Backed Securities	397	6	6	397
Total Available-for-Sale Securities	$ 42,961	$ 271	$ 755	$ 42,477

December 31, 1995 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value(a)
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 19,029	$ 205	$ 2	$ 19,232
Collateralized Mortgage Obligations	1,132	--	8	1,124
Other, primarily U.S. Treasuries	5,020	4	53	4,971
Obligations of State and Political Subdivisions	633	6	--	639
Debt Securities Issued by Foreign Governments	8,084	234	146	8,172
Corporate Debt Securities	716	31	10	737
Collateralized Mortgage Obligations (b)	246	--	1	245
Equity Securities	999	169	4	1,164
Other, primarily Asset-Backed Securities	853	9	5	857
Total Available-for-Sale Securities	$ 36,712	$ 658	$ 229	$ 37,141

(a) The Corporation's portfolio of securities generally consists of investment-grade securities. The fair value of actively-traded securities is determined by the secondary market, while the fair value for nonactively-traded securities is based on independent broker quotations.

(b) Collateralized mortgage obligations of private issuers generally have underlying collateral consisting of obligations of U.S. Government and Federal agencies and corporations.

HELD-TO-MATURITY SECURITIES

The amortized cost and estimated fair value of held-to-maturity securities for the dates indicated were as follows:

September 30, 1996 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value(a)
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 1,589	$ 2	$ 23	$ 1,568
Collateralized Mortgage Obligations	2,159	5	16	2,148
Other, primarily U.S. Treasuries	82	--	--	82
Other, primarily Asset-Backed Securities (b)	126	1	--	127
Total Held-to-Maturity Securities	$ 3,956	$ 8	$ 39	$ 3,925

December 31, 1995 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value(a)
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 1,782	$ 24	$ 1	$ 1,805
Collateralized Mortgage Obligations	2,624	11	6	2,629
Other, primarily U.S. Treasuries	82	--	--	82
Other, primarily Asset-Backed Securities (b)	140	3	--	143
Total Held-to-Maturity Securities	$ 4,628	$ 38	$ 7	$ 4,659

(a) The Corporation's portfolio of securities generally consists of investment-grade securities. The fair value of actively-traded securities is determined by the secondary market, while the fair value for nonactively-traded securities is based on independent broker quotations.
(b) Also includes collateralized mortgage obligations of private issuers which generally have underlying collateral consisting of obligations of U.S. Government and Federal agencies and corporations.

NOTE 6 - LOANS

For a discussion of the accounting policies relating to loans, including securities classified as loans which are subject to the provisions of SFAS 115, reference is made to page 63 and to Note One of the Corporation's 1995 Annual Report. The following table reflects the amortized cost and estimated fair value of loans measured pursuant to SFAS 115 (which are all available-for-sale), including the impact of related derivatives, for the dates indicated.

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 1996	$ 2,167	$ 140	$ 506	$ 1,801
December 31, 1995	$ 2,849	$ 47	$ 917	$ 1,979

There were no net gains or losses in the third quarter of 1996 related to the disposition of available-for-sale emerging market securities, compared with a net loss of $36 million in the third quarter of 1995. For the first nine months, net losses on such sales totaled $65 million in 1996 and $62 million in 1995, respectively.

The following table sets forth impaired loan disclosures under SFAS 114. The Corporation uses the discounted cash flow method as its primary method for valuing impaired loans.

(in millions)	September 30, 1996	December 31, 1995	September 30, 1995
Impaired Loans with an Allowance	$ 579	$ 481	$ 619
Impaired Loans without an Allowance (a)	447	740	843
Total Impaired Loans	$ 1,026	$ 1,221	$ 1,462
Allowance for Impaired Loans under SFAS 114 (b)	$ 212	$ 152	$ 167
Average Balance of Impaired Loans during the year-to-date period ended:	$ 1,160	$ 1,534	$ 1,605
Interest Income Recognized on Impaired Loans during the year-to-date period ended:	$ 26	$ 26	$ 19

(a) Impaired loans for which the discounted cash flows, collateral value or market price equals or exceeds the carrying value of the loan. Such loans do not require an allowance under SFAS 114.

(b) The Allowance for Impaired Loans under SFAS 114 is a part of the Corporation's overall Allowance for Credit Losses.

NOTE 7 - POSTRETIREMENT MEDICAL AND LIFE INSURANCE BENEFITS

Effective January 1, 1995, the Corporation adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"), for postretirement medical benefits for its foreign plans. Consistent with the January 1, 1993 adoption of SFAS 106 for domestic plans, the Corporation elected to expense the entire unrecognized accumulated obligation as of the date of adoption of SFAS 106 related to its foreign plans via a one-time pre-tax charge of $17 million ($11 million after-tax).

NOTE 8 - RESTRUCTURING CHARGES

See Note 2 for a discussion of the merger-related restructuring charge. For a discussion of the Corporation's restructuring charges taken in prior years, reference is made to Note Fifteen of the Corporation's 1995 Annual Report. At September 30, 1996, the reserve balance related to prior years' restructuring charges was approximately $101 million relating substantially to the disposition of certain facilities, premises and equipment and the termination of leases.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

For a discussion of certain legal proceedings, see Part II, Item 1 of this Form 10-Q.

NOTE 10 - PREFERRED STOCK OF SUBSIDIARY

Chase Preferred Capital Corporation ("CPCC"), a newly formed real estate investment trust established for the purpose of acquiring, holding and managing real estate mortgage assets, is a wholly-owned subsidiary of The Chase Manhattan Bank. On September 18, 1996, CPCC issued 22 million shares of 8.10% Cumulative Preferred Stock, Series A with a liquidation preference of $25 per share. Dividends are cumulative, will be payable quarterly commencing December 31, 1996 and will be considered minority interest expense by the Corporation.

The Series A Preferred Shares are generally not redeemable prior to September 18, 2001. On and after September 18, 2001, the Series A Preferred Shares may be redeemed for cash at the option of CPCC, in whole or in part, at a redemption price of $25 per share, plus accrued and unpaid dividends, if any, thereon. The Series A Preferred Shares will be treated as Tier 1 capital for the Corporation. The Series A Preferred Shares will not be subject to any sinking fund or mandatory redemption and will not be convertible into any other securities of CPCC or the Corporation and any of its subsidiaries.

NOTE 11 - DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

The Corporation utilizes various derivative and foreign exchange financial instruments for trading purposes and for purposes other than trading, such as asset/liability management ("ALM"). These financial instruments represent contracts with counterparties where payments are made to or from the counterparty based upon specific interest rates, currency levels, other market rates or on terms predetermined by the contract. Such derivative and foreign exchange transactions involve, to varying degrees, credit risk and market risk. For a discussion of the credit and market risks involved with derivative and foreign exchange financial instruments, reference is made to pages 32 and 38-44 and to Note Eighteen of the Corporation's 1995 Annual Report.

DERIVATIVE AND FOREIGN EXCHANGE INSTRUMENTS USED FOR TRADING PURPOSES: The financial instruments used for the Corporation's trading activities are disclosed in Note 4 of this Form 10-Q. The credit risk relating to the Corporation's trading activities is recorded on the balance sheet. The effects of market risk (gains or losses) on the Corporation's trading activities have been reflected in trading revenue, as the trading instruments are marked-to-market on a daily basis.

DERIVATIVE AND FOREIGN EXCHANGE INSTRUMENTS USED FOR PURPOSES OTHER THAN TRADING: The Corporation's principal objective in using off-balance sheet instruments for purposes other than trading is for its ALM activities. A discussion of the Corporation's objectives and strategies for employing derivative and foreign exchange instruments for ALM activities is included on pages 41 and 44 of the Corporation's 1995 Annual Report.

At September 30, 1996, gross deferred gains and gross deferred losses relating to closed derivative contracts used in ALM activities were $592 million and $654 million, respectively. See page 56 of the Corporation's 1995 Annual Report for the accounting method used for these contracts and see page 41 of this Form 10-Q for the Amortization of Net Deferred Gains (Losses) on Closed ALM Contracts.

The Corporation also uses selected derivative financial instruments to manage the sensitivity to changes in market interest rates on anticipated transactions; however, such transactions are not significant. Accordingly, at September 30, 1996, deferred gains and losses associated with such transactions were immaterial.

The following table summarizes the aggregate notional amounts of interest rate and foreign exchange contracts as well as the credit exposure related to these instruments (after taking into account the effects of legally enforceable master netting agreements) for the dates indicated below. The table should be read in conjunction with the descriptions of these products and their risks included on pages 74-75 of the Corporation's 1995 Annual Report.

	Notional Amounts (a)		Credit Exposure	
(in billions)	September 30, 1996	December 31, 1995	September 30, 1996	December 31, 1995
Interest Rate Contracts				
Futures, Forwards and Forward Rate Agreements				
Trading	$ 1,276.5	$ 1,047.5	$ 0.5	$ 1.3
Asset and Liability Management	68.1	40.0	0.1	0.1
Interest Rate Swaps				
Trading	2,171.8	1,692.6	11.9	10.4
Asset and Liability Management	98.7	69.7	0.6	0.3
Purchased Options				
Trading	170.1	147.2	1.6	0.7
Asset and Liability Management	42.2	26.0	---	---
Written Options				
Trading	172.1	161.0	---	---
Asset and Liability Management	19.7	6.4	---	---
Total Interest Rate Contracts	$ 4,019.2	$ 3,190.4	$ 14.7	$ 12.8
Foreign Exchange Contracts				
Spot, Forward and Futures Contracts				
Trading	$ 1,330.4	$ 1,352.1	$ 6.2	$ 8.8
Asset and Liability Management	48.3	10.9	---	---
Other Foreign Exchange Contracts (b)				
Trading	241.7	241.6	4.2	3.6
Asset and Liability Management	3.0	1.6	---	---
Total Foreign Exchange Contracts	$ 1,623.4	$ 1,606.2	$ 10.4	$ 12.4
Stock Index Options and Commodity Contracts				
Trading	$ 43.4	$ 37.7	$ 2.5	$ 1.0
Total Stock Index Options and Commodity Contracts	$ 43.4	$ 37.7	$ 2.5	$ 1.0
Total Credit Exposure Recorded on the Balance Sheet			$ 27.6	$ 26.2

(a) The notional amounts of exchange-traded interest rate contracts, foreign exchange contracts, and stock index options and commodity contracts were $596.9 billion, $4.7 billion and $2.7 billion, respectively, at September 30, 1996, compared with $417.7 billion, $10.6 billion and $5.1 billion, respectively, at December 31, 1995. The credit risk amounts of these contracts were minimal since exchange-traded contracts principally settle daily in cash.

(b) Includes notional amounts of purchased options, written options and cross-currency interest rate swaps of $73.2 billion, $85.3 billion and $86.2 billion, respectively, at September 30, 1996, compared with $92.2 billion, $92.4 billion and $58.6 billion, respectively, at December 31, 1995.

NOTE 12 - OFF-BALANCE SHEET LENDING-RELATED FINANCIAL INSTRUMENTS

The following table summarizes the Corporation's credit risk which is represented by contract amounts relating to lending-related financial instruments at September 30, 1996 and December 31, 1995. The table should be read in conjunction with the description of these products and their risks included on page 75 of the Corporation's 1995 Annual Report.

OFF-BALANCE SHEET LENDING-RELATED FINANCIAL INSTRUMENTS

(in millions)	September 30, 1996	December 31, 1995
Commitments to Extend Credit	$ 93,704(a)	$ 95,555(a)
Standby Letters of Credit and Guarantees (Net of Risk Participations of $4,518 and $4,861)	29,451	24,745
Other Letters of Credit	6,069	5,907
Customers' Securities Lent	36,835	27,169

(a) Excludes credit card commitments of $49.0 billion and $47.6 billion at September 30, 1996 and December 31, 1995, respectively.

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

For a discussion of the Corporation's fair value methodologies, see pages 76-77 of the Corporation's 1995 Annual Report. The following table presents the carrying value and estimated fair value at September 30, 1996 and December 31, 1995 of the Corporation's financial assets and liabilities valued under SFAS 107.

	September 30, 1996			December 31, 1995		
(in millions)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)
Total Financial Assets	$ 317,863	$ 320,020	$ 2,157	$ 294,627	$ 299,879	$ 5,252
Total Financial Liabilities	$ 300,637	$ 300,120	517	$ 283,065	$ 283,698	(633)
Estimated Fair Value in Excess of Carrying Value			$ 2,674			$ 4,619

Derivative contracts used for ALM activities are included in the above amounts and are valued using market prices or pricing models consistent with methods used by the Corporation in valuing similar instruments used for trading purposes. The following table presents the carrying value and estimated fair value of derivatives contracts used for ALM activities excluding those derivatives contracts used by the Corporation to manage the risks associated with its mortgage servicing portfolio, which are disclosed on page 33.

	September 30, 1996			December 31, 1995		
(in millions)	Carrying Value	Estimated Fair Value	Net Unrealized Gains/(Losses)	Carrying Value	Estimated Fair Value	Net Unrealized Gains/(Losses)
Total Financial Assets	$ 238	$ 111	$ (127) (a)	$ 92	$ (67)	$ (159)
Total Financial Liabilities	$ 250	$ (77)	$ (327) (a)	$ 270	$ 643	$ 373

(a) Unrealized gains and losses related to total financial assets were $453 million and $580 million, respectively, at September 30, 1996. Unrealized gains and losses related to total financial liabilities were $271 million and $598 million, respectively, at September 30, 1996.

Part I
Item 2.

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

THE CHASE MANHATTAN CORPORATION
FINANCIAL HIGHLIGHTS
(in millions, except per share and ratio data)

	1996 Third Quarter	1996 Second Quarter	1995 Third Quarter	Nine Months Ended Sept. 30, 1996	Nine Months Ended Sept. 30, 1995
EARNINGS:					
Income Before Restructuring Charge	$ 878	$ 870	$ 764	$ 2,685	$ 2,152
Restructuring Charge (After-Tax)	(20)(a)	(14)(a)	--	(1,060)(a)	(9)(b)
Income After Restructuring Charge and Before Effect of Accounting Change	858	856	764	1,625	2,143
Effect of Change in Accounting Principle	--	--	--	--	(11)(c)
Net Income	$ 858	$ 856	$ 764	$ 1,625	$ 2,132
Net Income Applicable to Common Stock	$ 803	$ 801	$ 708	$ 1,461	$ 1,959
INCOME PER COMMON SHARE:					
Primary:					
Income Before Restructuring Charge	$ 1.85	$ 1.83	$ 1.58	$ 5.66	$ 4.51
Restructuring Charge (After-Tax)	(0.05)(a)	(0.03)(a)	--	(2.38)(a)	(0.02)(b)
Income After Restructuring Charge and Before Effect of Accounting Change	1.80	1.80	1.58	3.28	4.49
Effect of Change in Accounting Principle	--	--	--	--	(0.02)(c)
Net Income	$ 1.80	$ 1.80	$ 1.58	$ 3.28	$ 4.47
Assuming Full Dilution:					
Income Before Restructuring Charge	$ 1.83	1.82	$ 1.55	$ 5.57	$ 4.34
Restructuring Charge (After-Tax)	(0.05)(a)	(0.03)(a)	--	(2.34)(a)	(0.02)(b)
Income After Restructuring Charge and Before Effect of Accounting Change	1.78	1.79	1.55	3.23	4.32
Effect of Change in Accounting Principle	--	--	--	--	(0.02)(c)
Net Income	$ 1.78	$ 1.79	$ 1.55	$ 3.23	$ 4.30
PER COMMON SHARE:					
Book Value	$ 42.03	$ 40.47	$ 40.93	$ 42.03	$ 40.93
Market Value	$ 80.13	$ 70.63	$ 60.88	$ 80.13	$ 60.88
Common Stock Dividends Declared (d)	$ 0.56	$ 0.56	$ 0.50	$ 1.68	$ 1.44
COMMON SHARES OUTSTANDING:					
Average Common and Common Equivalent Shares	447.2	444.8	448.4	446.0	438.5
Average Common Shares Assuming Full Dilution	450.5	448.4	456.4	452.3	457.5
Common Shares at Period End	439.9	437.1	438.6	439.9	438.6
PERFORMANCE RATIOS: (Average Balances)					
Income Before Restructuring Charge: (e)					
Return on Assets	1.08%	1.10%	.99%	1.13%	.94%
Return on Common Stockholders' Equity	18.35%	19.00%	16.17%	18.96%	15.89%
Return on Total Stockholders' Equity	17.04%	17.58%	15.14%	17.57%	14.83%
Net Income (Loss): (e)					
Return on Assets	1.06%	1.08%	.99%	.68%	.93%
Return on Common Stockholders' Equity	17.90%	18.67%	16.17%	10.99%	15.73%
Return on Total Stockholders' Equity	16.65%	17.30%	15.14%	10.63%	14.69%
Efficiency Ratio (f)	58.2%	58.4%	61.9%	58.7%	64.1%

(a) Reflects merger-related restructuring charge of $1,022 million, after-tax, which was recorded on March 31, 1996. In addition, $38 million, after-tax, of merger-related expenses were incurred ($4 million in the first quarter, $14 million in the second quarter and $20 million in the third quarter) and recognized under an existing accounting pronouncement.
(b) Reflects a restructuring charge related to exiting from a futures brokerage business.
(c) On January 1, 1995, the Corporation adopted SFAS 106 for the accounting for other postretirement benefits relating to its foreign plans.
(d) The Corporation increased its quarterly common stock dividend from $0.50 per share to $0.56 per share in the first quarter of 1996.
(e) Performance ratios are based on annualized net income amounts.
(f) Excludes restructuring charges, foreclosed property expense, and nonrecurring items.

On March 31, 1996, The Chase Manhattan Corporation ("Chase") merged with and into Chemical Banking Corporation ("Chemical"). Upon consummation of the merger, Chemical changed its name to "The Chase Manhattan Corporation" (the "Corporation"). The merger was accounted for as a pooling-of-interests and, accordingly, the information included in this Form 10-Q presents the combined results of Chase and Chemical as if the merger had been in effect for all periods presented. Certain forward-looking statements contained herein are subject to risks and uncertainties. The Corporation's actual results following the merger may differ materially from those set forth in such forward-looking statements. Reference is made to the Corporation's reports filed with the Securities and Exchange Commission, in particular the Form 8-K dated July 17, 1996, the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996 and the Corporation's Annual Report to Stockholders (as filed with the Corporation's Current Report on Form 8-K dated April 16, 1996) for a discussion of factors that may cause such differences to occur.

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OVERVIEW
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The Chase Manhattan Corporation (the "Corporation") reported earnings for the third quarter of 1996 were $858 million, a 12% increase when compared with 1995 third quarter earnings of $764 million. Primary earnings per share ("primary EPS") were $1.80 for the 1996 third quarter, compared with $1.58 for the 1995 third quarter, and fully diluted earnings per share ("fully diluted EPS") for the 1996 and 1995 third quarters were $1.78 and $1.55, respectively. Excluding merger-related expenses of $20 million, after tax, net income for the 1996 third quarter was $878 million, primary EPS were $1.85 and fully diluted EPS were $1.83.

The Corporation's net income, including restructuring charges and expenses of $1,060 million, after tax, was $1,625 million for the first nine months of 1996, compared with $2,132 million for the first nine months of 1995. Primary EPS and fully diluted EPS for the first nine months of 1996 were $3.28 and $3.23, respectively, compared with $4.47 and $4.30, respectively, for the same periods in 1995. Excluding restructuring charges and expenses, the Corporation's earnings for the first nine months of 1996 rose 25% to $2,685 million. Primary and fully diluted EPS were $5.66 and $5.57, respectively, in 1996, compared with $4.51 and $4.34, respectively, in the same 1995 period.

The Corporation's third quarter and first nine months 1996 results reflected revenue growth in its global wholesale and nationwide consumer businesses, and effective management of its operating and credit costs. Merger savings were $180 million in the 1996 third quarter and $320 million for the first nine months of 1996. Management expects to achieve its previously announced performance target of $510 million of merger-related savings for 1996.

The Corporation's return on average common stockholders' equity was 17.9% for the third quarter of 1996, compared with 16.2% for the 1995 comparable quarter. Excluding restructuring charges and expenses, the return on common stockholders' equity was 19.0% for the first nine months of 1996 versus 15.9% for the same period of 1995. The Corporation's efficiency ratio improved to 58.2% for the third quarter of 1996, compared with 61.9% for the third quarter of 1995. Excluding the impact of credit card securitizations (see further discussions on pages 33 and 34), the efficiency ratio for the third quarters of 1996 and 1995 was 56.1% and 61.1%, respectively.

In connection with reporting the Corporation's 1996 third quarter earnings, management announced that it believed that the Corporation will generally meet previously announced operating goals for 1996. Management of the Corporation currently expects the Corporation to continue to realize annual operating revenue growth, on a managed basis, of 5-7% into 1997, and continues to target as financial goals double digit operating earnings per share growth in each of the next two years, a return on average common equity of 18% or higher by 1998, and an efficiency ratio in the low 50% range by 1998.

On October 15, 1996, the Corporation announced that its Board of Directors had authorized a common stock repurchase program for the Corporation. The Corporation is authorized until December 31, 1998 to purchase up to $2.5 billion of its common stock, in addition to such other number of common shares as may be necessary to provide for expected issuances under its dividend reinvestment plan and its various stock-based director and employee benefits plans.

At September 30, 1996, the Corporation's Tier 1 Capital and Total Capital ratios were 8.36% and 12.17%, respectively (excluding the assets and off-balance sheet financial instruments of the Corporation's securities subsidiary, as well as the Corporation's investment in this subsidiary). These risk-based capital ratios were well in excess of the minimum ratios specified by the Board of Governors of the Federal Reserve System ("Federal Reserve Board") and at September 30, 1996, the Corporation and all of its depository institutions were "well capitalized" as defined by the Federal Reserve Board.

The Corporation's nonperforming assets at September 30, 1996 were $1,517 million, a decline of $147 million compared with $1,664 million on December 31, 1995, and $369 million from $1,886 million at September 30, 1995. Nonperforming assets have declined by approximately $10.0 billion, or 87%, from their peak level of $11.5 billion in 1991.

RESULTS OF OPERATIONS

TOTAL REVENUE

The Corporation's total revenue for the 1996 third quarter was $3,925 million, an increase of 4% from the same 1995 period. For the first nine months of 1996, total revenue increased 7% to $11,914 million from the comparable 1995 period. On a managed basis, which excludes the impact of credit card securitizations, total revenue for the 1996 third quarter increased 6% to $4,074 million and for the 1996 nine months increased 10% to $12,325 million.

NET INTEREST INCOME

Reported net interest income for the 1996 and 1995 third quarter was unchanged at $2,069 million. For the first nine months, reported net interest income was $6,258 million (including $54 million of interest related to Federal and State tax audit settlements) in 1996, $134 million higher than the comparable period in 1995. Excluding the impact of securitizations and the tax audit settlements, net interest income on a managed basis increased 7% in the 1996 third quarter and 8% for the first nine months, reflecting growth in consumer receivables (on a managed basis) and higher levels of trading-related assets.

(in millions)	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Net Interest Income:				
Domestic	$ 1,649	$ 1,660	$ 4,965	$ 4,868
Overseas	420	409	1,293	1,256
Net Interest Income - Reported	$ 2,069	$ 2,069	$ 6,258	$ 6,124
Net Interest Income - Managed Basis (a)	$ 2,313	$ 2,161	$ 6,843	$ 6,350
Average Interest-Earning Assets:				
Domestic	$ 190,369	$ 174,315	$ 184,240	$ 171,007
Overseas	73,049	71,179	74,174	70,415
Total Average Interest-Earning Assets	$ 263,418	$ 245,494	$ 258,414	$ 241,422
Total Average Interest-Earning Assets Managed Basis (a)	$ 275,303	$ 250,208	$ 268,455	$ 245,117
Net Yield on Interest-Earning Assets:				
Domestic	3.46%	3.80%	3.62%	3.83%
Overseas	2.29	2.28	2.33	2.38
Consolidated Net Yield on Interest-Earning Assets (b)	3.14	3.36	3.25	3.41
Consolidated Net Yield on Interest-Earning Assets Managed Basis (a)(b)	3.36	3.44	3.42	3.48

(a) Managed basis excludes the impact of credit card securitizations and, in the first nine months of 1996, $54 million of interest related to Federal and State tax audit settlements. See page 34 for further discussion of credit card securitizations.

(b) Reflected on a taxable equivalent basis in order to permit comparison of yields on tax-exempt and taxable assets. For net interest income on a taxable equivalent basis, see the Average Balance Sheets on pages 46 and 47.

Excluding the impact of credit card securitizations and the tax audit settlements, the net yield was 3.36% in the 1996 third quarter, a decline of 8 basis points from the prior year quarter, and 3.42% for the first nine months of 1996, a decline of 6 basis points when compared with the same prior-year period. The decline in both 1996 periods was due to an increase in lower-yielding securities and trading-related assets.

The following table reflects the composition of interest-earning assets as a percentage of total earning assets for the periods indicated.

AVERAGE INTEREST-EARNING ASSET MIX

	Third Quarter			
(in billions)	1996		1995	
Consumer Loans	$ 72.8	28%	$ 72.5	30%
Commercial Loans	77.3	29	77.4	31
Total Loans	150.1	57	149.9	61
Securities	42.5	16	36.3	15
Liquid Interest-Earning Assets	70.8	27	59.3	24
Total Interest-Earning Assets	$ 263.4	100%	$ 245.5	100%

	Nine Months			
(in billions)	1996		1995	
Consumer Loans	$ 72.8	28%	$ 69.4	29%
Commercial Loans	77.3	30	76.6	31
Total Loans	150.1	58	146.0	60
Securities	42.6	17	35.2	15
Liquid Interest-Earning Assets	65.7	25	60.2	25
Total Interest-Earning Assets	$ 258.4	100%	$ 241.4	100%

Average interest-earning assets increased during the third quarter and nine month periods in 1996, when compared with the respective 1995 periods, principally as a result of increases in liquid interest-earning assets and the available-for-sale securities portfolio. The Corporation has continued to increase its liquid interest-earning assets through its trading and Section 20 activities. The Corporation increased its securities portfolio in both 1996 periods as part of its asset/liability management activities. Additionally, the Corporation's average total loans in the 1996 third quarter were stable when compared with the third quarter of 1995, but increased by $4.1 billion in the 1996 nine month period when compared with the comparable nine month 1995 period. The increase reflected growth in consumer loans (despite the impact of a higher level of credit card securitizations) and, to a lesser extent, commercial lending, partially offset by the continued reduction in the commercial real estate portfolio.

The growth in interest-earning assets in the 1996 third quarter was funded by a $14.9 billion increase in interest-bearing liabilities. The increase in interest-bearing liabilities was principally due to a higher level of Federal funds purchased and securities sold under repurchase agreements, partially offset by a decline in total interest-bearing deposits. The Corporation utilizes repurchase agreements as a source of short-term funding for trading-related positions and for its securities portfolio.

For additional information on average balances and net interest income on a taxable equivalent basis, see Average Consolidated Balance Sheet, Interest and Rates on pages 46 and 47.

Management anticipates that, given its current expectations for interest rate movements for the remainder of 1996, the Corporation's net interest income for 1996 will be higher than net interest income for 1995 (prior to the impact of credit card securitizations).

PROVISION FOR LOSSES
The Corporation's provision for losses was $220 million for the 1996 third quarter, compared with $250 million in the 1996 second quarter, and $192 million in the 1995 third quarter. For the first nine months, the provision for losses was $715 million in 1996, compared with $572 million in 1995. The increase in the provision for losses for both 1996 periods, when compared with the same 1995 periods, was primarily the result of higher commercial net charge-offs as a result of a lower level of recoveries. For the same periods, the Corporation had lower consumer net charge-offs due, in part, to a decline in the level of credit card receivables retained on the balance sheet.

Management anticipates that the provision for losses in 1997 will be modestly higher than in 1996, primarily as a result of an anticipated further decline in recoveries in the commercial portfolio and anticipated growth in assets, particularly in the Corporation's national consumer receivables. For a discussion of the Corporation's net charge-offs, see the Credit Risk Management Section on pages 31-37.

NONINTEREST REVENUE
Noninterest revenue increased for the 1996 third quarter and nine-month period when compared with the corresponding 1995 periods reflecting increases in fees and commissions principally from corporate finance and syndication activities, credit card revenue and trust and investment management fees. The Corporation continued to generate fee growth by offering clients integrated solutions and products. New product offerings such as advisory services have been integrated with other products and services of the Corporation, contributing to the Corporation's fee growth. The 1996 third quarter increases in fees and commissions were partially offset by lower trading revenue. While the 1996 nine month results reflected increased fees and commissions and a 38% increase in trading revenue, these increases were partially offset by lower other revenue which included a loss of $60 million on the sale of a building in Japan. Additionally, the 1995 nine month period included a gain of $85 million on the sale of the Corporation's investment in Far East Bank and Trust Company.

The following table presents the components of noninterest revenue for the periods indicated.

(in millions)	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Corporate Finance and Syndication Fees	$ 234	$ 210	$ 716	$ 576
Trust and Investment Management Fees	295	258	882	741
Credit Card Revenue	277	210	743	588
Service Charges on Deposit Accounts	97	105	296	316
Fees for Other Financial Services	393	370	1,152	1,090
Total Fees and Commissions	1,296	1,153	3,789	3,311
Trading Revenue	304	342	1,022	742
Securities Gains	34	53	110	107
Other Revenue	222	162	735	833
Total	$ 1,856	$ 1,710	$ 5,656	$ 4,993

FEES AND COMMISSIONS
Corporate finance and syndication fees were $234 million in the 1996 third quarter, an increase of 11% from the prior-year period. For the first nine months of 1996, such fees rose 24% from the comparable period a year ago. The increases from both 1995 periods were the result of strong loan syndication, securities underwriting related to the high-yield business and advisory activities. During the first nine months of 1996, the Corporation acted as agent or co-agent for approximately $353 billion of syndicated credit facilities, a reflection of the Corporation's large client base and strong emphasis on distribution.

Trust and investment management fees rose 14% in the 1996 third quarter and 19% for the 1996 first nine months, reflecting increased global services and securities processing activities, growth in the Vista mutual funds and higher trust fees attributable to growth in assets under management. Also contributing to the increases were higher fees due to the acquisition of the securities processing businesses of U.S. Trust Corporation ("US Trust") in September 1995, which contributed approximately $27 million of revenue in the 1996 third quarter and $75 million for the first nine months of 1996.

Credit card revenue increased $67 million, or 32%, for the 1996 third quarter and $155 million, or 26%, for the 1996 first nine months as a result of an increase in securitization volume as well as growth in managed outstandings and active accounts. The higher level of securitizations accounted for $50 million of the increase in credit card revenue in the 1996 third quarter and $105 million of the increase in the first nine months of 1996. Average managed credit card receivables (credit card receivables on the balance sheet plus securitized credit card receivables) grew to $23.9 billion for the third quarter of 1996, compared with $21.6 billion for the prior-year's comparable period. For a further discussion of the credit card portfolio and related securitization activity, see pages 33-34 of this Form 10-Q.

The following table sets forth the components of fees for other financial services for the periods indicated.

(in millions)	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Fees for Other Financial Services:				
Commissions on Letters of Credit and Acceptances	$ 81	$ 88	$ 252	$ 262
Fees in Lieu of Compensating Balances	75	73	223	213
Mortgage Servicing Fees	55	52	159	159
Loan Commitment Fees	32	31	92	96
Other Fees	150	126	426	360
Total	$ 393	$ 370	$ 1,152	$ 1,090

Fees related to automobile securitizations and brokerage commissions contributed to the increase in other fees, reflecting the impact of automobile securitizations in late 1995 and early 1996, as well as higher transaction volume and a larger customer base at the Corporation's discount brokerage firm, Brown and Company.

Trading Revenue

The following table sets forth the components of trading revenue for the third quarter and first nine months of 1996 and 1995.

(in millions)	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Trading Revenue	$ 304	$ 342	$ 1,022	$ 742
Net Interest Income Impact (a)	175	125	465	317
Total Trading-Related Revenue	$ 479	$ 467	$ 1,487	$ 1,059
Product Diversification:				
Interest Rate Contracts (b)	$ 124	$ 124	$ 450	$ 308
Foreign Exchange Contracts (c)	108	142	341	459
Debt Instruments and Other (d)	247	201	696	292
Total Trading-Related Revenue	$ 479	$ 467	$ 1,487	$ 1,059

(a) Net interest income attributable to trading activities includes accruals on interest-earning and interest-bearing trading-related positions as well as management allocations reflecting the funding cost or benefit associated with trading positions. This amount is included in the net interest income caption on the Consolidated Statement of Income.

(b) Includes interest rate swaps, cross-currency interest rate swaps, foreign exchange forward contracts, interest rate futures, and forward rate agreements and related hedges.

(c) Includes foreign exchange spot and option contracts.

(d) Includes U.S. and foreign government and government agency securities, corporate debt securities, emerging markets debt instruments, debt-related derivatives, equity securities, equity derivatives, and commodity derivatives.

The increase in revenue from interest rate contracts during the 1996 first nine months was primarily due to anticipated volatility in certain Western European, Asian and U.S. interest rate markets, as well as higher customer demand for derivatives used for risk management purposes. The declines in foreign exchange revenue in the 1996 third quarter and first nine months were caused by several factors, prominent among them the decrease in the level of cross-currency trading activity in the European markets in anticipation of the integration of the European Monetary System. The increases in debt instrument revenue during the 1996 third quarter and first nine months were primarily the result of strong performances in emerging markets in Latin America and Eastern Europe. In addition, the 1995 nine-month results had been adversely affected by major declines in the prices of emerging markets debt instruments during the early part of 1995.

Trading revenues are affected by many factors, including volatility of currencies and interest rates, the volume of transactions executed by the Corporation on behalf of its customers, the Corporation's success in proprietary positioning, the credit standing of the Corporation, and the steps taken by central banks and governments which affect financial markets. The Corporation expects its trading revenues will fluctuate as these factors will vary from period to period.

OTHER NONINTEREST REVENUE

The following table presents securities gains and the composition of other revenue for the third quarter and first nine months of 1996 and 1995.

	Third Quarter		Nine Months	
(in millions)	1996	1995	1996	1995
Securities Gains	$ 34	$ 53	$ 110	$ 107
Other Revenue:				
Revenue from Equity-Related Investments	$ 112	$ 106	$ 554	$ 495
Net Losses on Emerging Markets Securities Sales	--	(36)	(65)	(62)
Gain on Sale of Investment in Far East Bank & Trust Company	--	--	--	85
Residential Mortgage Origination/Sales Activities	15	17	41	112
Loss on Sale of a Building in Japan	--	--	(60)	--
All Other Revenue	95	75	265	203
Total Other Revenue	$ 222	$ 162	$ 735	$ 833

All securities sales were from the available-for-sale portfolio. For a further discussion of the Corporation's securities, see Note 5 of the Notes to Financial Statements.

Revenue from equity-related investments, which includes income from venture capital activities and emerging markets investments, was $112 million in the 1996 third quarter, $6 million higher than the comparable 1995 quarter. For the first nine months of 1996, revenue from equity-related investments was $554 million, an increase of 12% from 1995, reflecting the continuing benefits of a broad-based portfolio of investments in an active market. At September 30, 1996, the Corporation had equity-related investments with a carrying value of approximately $2.7 billion. The Corporation believes that equity-related investments will continue to make contributions to the Corporation's earnings (averaging approximately $160 million per quarter for the previous eight quarters), although the timing of the recognition of gains from these activities is unpredictable and revenues from such activities could vary significantly from period to period.

Residential mortgage origination/sales activities declined $71 million for the first nine months of 1996, when compared with the 1995 periods reflecting the impact of gains from the sale of servicing rights during 1995.

The increases in all other revenue in the 1996 third quarter and first nine months were primarily due to gains on the sale of various nonstrategic assets. These gains were partially offset by lower income of $9 million in the 1996 third quarter and $23 million in the first nine months of 1996 from the Corporation's investment in CIT, as a result of the sale of half of the Corporation's investment in CIT in December 1995.

NONINTEREST EXPENSE

Noninterest expense, before restructuring charges and expenses, was $2,288 million in the 1996 third quarter, a decline of $44 million from the third quarter of 1995. The decrease reflects merger-related expense savings of $180 million, primarily reflecting lower salaries and benefits related to personnel reductions and other merger integration efforts. This was partially offset by higher incentive costs related to strong revenue growth.

For the first nine months, noninterest expense excluding restructuring charges and expenses, foreclosed property expense and a $40 million charge to conform retirement benefits provided to foreign employees, decreased by approximately $69 million from the same 1995 period. The decline is primarily due to merger integration efforts and lower FDIC expenses. The results for the first nine months of 1996 include noninterest expenses relating to the U.S. Trust processing business which was acquired in September 1995, and reflect the absence of expenses relating to the southern and central New Jersey banking operations which were sold in the fourth quarter of 1995.

Noninterest expense for the full year 1996 is expected to be approximately $100 million higher than the previously targeted $9.1 billion, primarily as a result of higher incentive costs in line with higher than expected revenue growth. The increase in this expense does not include additional expenses (approximately $40 million) related to the introduction of the Corporation's co-branded Wal-Mart MasterCard, and expenses (approximately $10 million) associated with preferred stock dividends issued by a newly organized real estate investment trust subsidiary of the Corporation.

	Third Quarter		Nine Months	
(in millions)	1996	1995	1996	1995
Salaries	$ 1,040	$ 1,074	$ 3,162	$ 3,078
Employee Benefits	211	213	741	693
Occupancy Expense	204	227	632	673
Equipment Expense	179	177	544	568
Foreclosed Property Expense	2	(7)	(15)	(60)
Other Expense	652	648	1,963	2,059
Total Before Restructuring Charge	2,288	2,332	7,027	7,011
Restructuring Charge and Expenses	32	--	1,710	15
Total	$ 2,320	$ 2,332	$ 8,737	$ 7,026
Efficiency Ratio (a)	58.2%	61.9%	58.7%	64.1%
Efficiency Ratio Excluding Securitizations (a)	56.1%	61.1%	56.8%	63.5%

(a) The computation of the efficiency ratio (noninterest expense as a percentage of the total of net interest income and noninterest revenue) excludes restructuring charges, foreclosed property expense, and nonrecurring items. During the first nine months of 1996, nonrecurring items reflected the receipt of interest related to Federal and State tax audit settlements, a loss on sale of a building in Japan and costs incurred in combining the Corporation's foreign retirement plans. The 1995 first nine months excluded the gain on the sale of the Corporation's investment in Far East Bank and Trust Company.

SALARIES AND EMPLOYEE BENEFITS

The decrease in salaries for the 1996 third quarter reflects the favorable impact of approximately 7,300 reductions in full-time equivalent employees since September 30, 1995 as a result of the merger and the aforementioned sale of the southern and central New Jersey banking operations. The $84 million increase in salaries for the first nine months was primarily due to higher incentive costs as a result of stronger earnings for most businesses. Also contributing to the increase in salaries was the vesting in the first quarter of 1996 of certain stock-based incentive awards due to the improvement in the Corporation's stock price, the continued investment in the Corporation's securities underwriting business and the additional staff costs resulting from the U.S. Trust processing business acquisition in September 1995.

The following table presents the Corporation's full-time equivalent employees at the dates indicated.

	September 30, 1996	December 31, 1995
Domestic Offices	57,629	60,904
Foreign Offices	10,199	11,792
Total Full-Time Equivalent Employees	67,828	72,696

The increase in employee benefits in the first nine months of 1996 was primarily the result of a $40 million charge (relating to conforming retirement benefits provided to foreign employees) and expenses associated with a newly consolidated foreign investment. Also impacting employee benefits was an increase in social security expenses associated with the exercise of options granted under broad-based employee plans and the vesting of certain stock-based incentive awards in the first quarter of 1996.

OCCUPANCY AND EQUIPMENT EXPENSE
Occupancy expense in the 1996 third quarter and first nine months decreased by $23 million and $41 million, respectively, largely as a result of the consolidation of operations and branch facilities from a pre-merger expense initiative program as well as a result of merger integration efforts.

For the first nine months of 1996, the $24 million decline in equipment expense was primarily the result of expense reduction initiatives relating to software costs and equipment rentals.

FORECLOSED PROPERTY EXPENSE
For the first nine months, foreclosed property expense was a credit of $15 million in 1996, compared with a credit of $60 million in 1995 due to lower gains on the sale of foreclosed properties.

RESTRUCTURING CHARGE
In connection with the merger, $1.9 billion of one-time merger-related costs have been identified, of which $1.65 billion was taken as a restructuring charge on March 31, 1996. In addition, merger-related expenses of $32 million and $60 million were incurred in the 1996 third quarter and first nine months, respectively, and were included in the restructuring charge and expenses caption on the income statement. For a further discussion of the restructuring charge, see Note 2 on page 8. Because of the inherent uncertainties associated with merging two large corporations, there can be no assurance that the $1.9 billion of merger-related costs will reflect the actual costs ultimately incurred by the Corporation in implementing the merger or that the Corporation would not deem it appropriate to take additional charges, as the merger implementation process continues.

OTHER EXPENSE
The following table presents the components of other expense for the periods indicated.

	Third Quarter		Nine Months	
(in millions)	1996	1995	1996	1995
Other Expense:				
Professional Services	$ 127	$ 130	$ 397	$ 407
Marketing Expense	73	99	236	284
FDIC Assessments	6	(5)	8	107
Telecommunications	82	84	249	249
Amortization of Intangibles	42	45	127	139
All Other	322	295	946	873
Total	$ 652	$ 648	$ 1,963	$ 2,059

All other expenses increased by $27 million in the 1996 third quarter. The increase primarily reflected the consolidation of a foreign investment and higher travel and other incidental costs related to services provided by employees involved with merger integration efforts. FDIC assessments for the 1996 third quarter reflected a special assessment for Savings Association Insurance Fund-related deposits.

For the first nine months of 1996, other expense decreased $96 million, or 5%, from the 1995 comparable period. The improvement reflected a $48 million decline in marketing expense as a result of expense reduction initiatives and lower FDIC assessments of $99 million (which resulted from the elimination of FDIC assessments other than with respect to deposits associated with the acquisition of former savings and loan branches). Partially offsetting these declines were increases in other expenses during the first nine months of 1996, as discussed above.

INCOME TAXES

The Corporation recognized income tax expense of $527 million in the third quarter of 1996, compared with $491 million in the third quarter of 1995. For the first nine months, the Corporation recorded income tax expense of $837 million in 1996, compared with $1,376 million in 1995. The 1996 nine-month amount includes tax benefits related to the restructuring charge and aggregate tax benefits and refunds of $132 million. The Corporation's effective tax rates, for both periods in 1996 and 1995 (excluding the aforementioned tax benefits and refunds), were 38% and 39%, respectively.

LINES OF BUSINESS RESULTS

Profitability of the Corporation is tracked with an internal management information system that produces lines-of-business performance. The current presentation of lines-of-business results is based on uniform management accounting policies. Lines-of-business results are subject to restatement as appropriate whenever there are refinements in management reporting policies or changes to the management organization.

Guidelines exist for assigning expenses that are not directly incurred by the businesses, such as overhead and taxes, as well as for allocating shareholders' equity and the provision for losses, utilizing a risk-based methodology. Also incorporated in the guidelines is a process for matching assets and liabilities with similar maturity, liquidity and interest characteristics within each business. Noninterest expenses of the Corporation are fully allocated to the business units except for special corporate one-time charges. Management has developed a risk-adjusted capital methodology that quantifies different types of risk -- credit, market, and operating/business -- within various businesses and assigns capital accordingly. A long-term expected tax rate is assigned in evaluating the Corporation's businesses.

For the three months ended September 30, (in millions, except ratios)	Global Bank 1996	Global Bank 1995	Regional and Nationwide Consumer Banking 1996	Regional and Nationwide Consumer Banking 1995	Global Services 1996	Global Services 1995
Net Interest Income	$ 639	$ 576	$ 1,488	$ 1,394	$ 233	$ 199
Noninterest Revenue	848	844	558	564	308	281
Noninterest Expense	751	753	1,123	1,193	423	359
Operating Margin	736	667	923	765	118	121
Credit Provision (a)	63	74	368	276	4	--
Foreclosed Property Expense	(1)	--	3	2	--	--
Income Before Taxes	674	593	552	487	114	121
Income Taxes	250	212	222	195	43	46
Operating Net Income	424	381	330	292	71	75
Restructuring Charge & Expenses	(9)	--	(9)	--	(4)	--
Net Income	$ 415	$ 381	$ 321	$ 292	$ 67	$ 75
Average Assets	$ 211,524	$ 182,040	$ 113,501	$ 110,343	$10,572	$ 10,101
Return on Common Equity (b)	21.7%	20.0%	19.2%	16.4%	21.0%	22.4%
Return on Assets (b)	.80%	.83%	1.16%	1.05%	2.67%	2.95%
Efficiency Ratio (c)	50.5%	53.0%	54.9%	60.9%	78.2%	74.8%

For the three months ended September 30, (in millions, except ratios)	Terminal (LDC and Real Estate) 1996	Terminal (LDC and Real Estate) 1995	Total(d) 1996	Total(d) 1995
Net Interest Income	$ (52)	$ 22	$ 2,069	$ 2,069
Noninterest Revenue	36	(29)	1,856	1,710
Noninterest Expense	13	17	2,286	2,339
Operating Margin	(29)	(24)	1,639	1,440
Credit Provision (a)	16	5	220	192
Foreclosed Property Expense	(1)	(9)	2	(7)
Income (Loss) Before Taxes (Benefits)	(44)	(20)	1,417	1,255
Income Taxes (Benefits)	(15)	(4)	539	491
Operating Net Income (Loss)	(29)	(16)	878	764
Restructuring Charge & Expenses	--	--	(20)	--
Net Income (Loss)	$ (29)	$ (16)	$ 858	$ 764
Average Assets	$ 4,421	$ 7,556	$ 322,913	$ 306,974
Return on Common Equity (b)	NM	NM	18.4%	16.2%
Return on Assets (b)	NM	NM	1.08%	.99%
Efficiency Ratio (c)	NM	NM	58.2%	61.9%

(a) The provision is allocated to business units using a credit risk methodology applied consistently across the Corporation and a risk grading system appropriate for a business unit's portfolio. The difference between the risk-based provision and the Corporation's provision is included in the Corporate results.

(b) Based on annualized operating net income amounts.

(c) The computation of the efficiency ratio excludes restructuring charges, foreclosed property expense and, if applicable, nonrecurring items.

(d) Total column includes Corporate results. See description of Corporate results on page 30.

NM - Not meaningful.

For the nine months ended September 30, (in millions, except ratios)	Global Bank 1996	Global Bank 1995	Regional and Nationwide Consumer Banking 1996	Regional and Nationwide Consumer Banking 1995	Global Services 1996	Global Services 1995
Net Interest Income	$ 1,909	$ 1,672	$ 4,370	$ 4,136	$ 672	$ 560
Noninterest Revenue	2,891	2,331	1,668	1,612	919	805
Noninterest Expense	2,273	2,183	3,352	3,633	1,209	1,061
Operating Margin	2,527	1,820	2,686	2,115	382	304
Credit Provision (a)	188	220	1,056	801	11	--
Foreclosed Property Expense	(1)	(2)	1	(27)	--	--
Income Before Taxes	2,340	1,602	1,629	1,341	371	304
Income Taxes	871	593	642	534	142	114
Operating Net Income	1,469	1,009	987	807	229	190
Restructuring Charge & Expenses	(14)	(9)	(16)	--	(6)	--
Special Items (b)	--	51	--	--	--	--
Net Income	$ 1,455	$ 1,051	$ 971	$ 807	$ 223	$ 190
Average Assets	$ 204,914	$ 183,306	$ 111,558	$ 106,500	$10,201	$ 9,778
Return on Common Equity (c)	25.2%	17.7%	19.3%	15.3%	23.0%	18.7%
Return on Assets (c)	.96%	.74%	1.18%	1.01%	3.00%	2.60%
Efficiency Ratio (d)	47.4%	54.5%	55.5%	63.2%	76.0%	77.7%

For the nine months ended September 30, (in millions, except ratios)	Terminal (LDC and Real Estate) 1996	Terminal (LDC and Real Estate) 1995	Total(e) 1996	Total(e) 1995
Net Interest Income	$ (3)	$ 73	$ 6,205	$ 6,124
Noninterest Revenue	10	10	5,716	4,908
Noninterest Expense	42	52	7,002	7,071
Operating Margin	(35)	31	4,919	3,961
Credit Provision (a)	55	(2)	715	572
Foreclosed Property Expense	(15)	(43)	(15)	(60)
Income (Loss) Before Taxes (Benefits)	(75)	76	4,219	3,449
Income Taxes (Benefits)	(17)	39	1,604	1,348
Operating Net Income (Loss)	(58)	37	2,615	2,101
Restructuring Charge & Expenses	--	--	(1,060)	(9)
Special Items (b)	--	--	70	51
Accounting Change	--	--	--	(11)
Net Income (Loss)	$ (58)	$ 37	$ 1,625	$ 2,132
Average Assets	$ 4,459	$ 8,276	$ 317,824	$ 304,901
Return on Common Equity (c)	NM	NM	18.4%	15.5%
Return on Assets (c)	NM	NM	1.10%	.92%
Efficiency Ratio (d)	NM	NM	58.7%	64.1%

(a) The provision is allocated to business units using a credit risk methodology applied consistently across the Corporation and a risk grading system appropriate for a business unit's portfolio. The difference between the risk-based provision and the Corporation's provision is included in the Corporate results.
(b) Special items for the first nine months of 1996 include the loss on the sale of a building in Japan and costs incurred in combining the Corporation's foreign retirement plans as well as aggregate tax benefits and refunds. The 1995 first nine months included the gain on the sale of the Corporation's investment in Far East Bank and Trust Company.
(c) Based on annualized operating net income amounts.
(d) The computation of the efficiency ratio excludes restructuring charges, foreclosed property expense, and the nonrecurring items discussed in (b) above.
(e) Total column includes Corporate results. See description of Corporate results on page 30.
NM - Not meaningful.

GLOBAL BANK

The Global Bank provides investment banking, financial advisory, trading and investment services to corporations and public-sector clients worldwide through a network of offices in 52 countries, including major operations in all key international financial centers. This network enables the Corporation to identify users and sources of capital on a global basis and to serve the cross-border requirements of clients through integrated delivery across all its businesses.

The Global Bank includes Corporate Lending (focusing on corporate clients, both credit and general advisory); Investment Banking (including acquisition finance, syndicated finance, high-yield finance, private placements, leasing, mergers and acquisitions, and other global investment banking activities); Global Markets (foreign exchange dealing and trading; derivatives trading and structuring, including equity and commodity derivatives; securities structuring, underwriting, trading and sales; and the Corporation's funding and securities investment activities) and Chase Capital Partners (venture capital and mezzanine finance). In addition, the Global Asset Management and Private Banking group serves high net worth individuals worldwide with banking and investment services, including the Vista family of mutual funds and Vista unit trust funds. The Global Bank seeks to optimize its risk profile and profitability by emphasizing originations, underwriting, distribution and risk management products.

The Global Bank's operating net income in the third quarter of 1996 was $424 million, an increase of $43 million from the 1995 third quarter. Return on equity in the third quarter of 1996 was 21.7%, compared with 20.0% in the third quarter of 1995. The Global Bank's operating net income of $1,469 million and return on equity of 25.2% for the first nine months of 1996 increased from last year's results of $1,009 million and 17.7%, respectively. These favorable results were due primarily to higher trading-related revenue, strong growth in net interest income and an increase in corporate finance fees.

The following table sets forth the significant components of Global Bank's total revenue by business for the periods indicated.

(in millions)	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Total Revenue:				
Corporate Lending and Investment Banking	$ 587	$ 539	$ 1,713	$ 1,589
Global Markets	625	610	1,880	1,502
Chase Capital Partners	67	77	525	354
Global Asset Management & Private Banking	197	182	617	528

Revenue from Corporate Lending and Investment Banking increased $48 million, or 9%, in the 1996 third quarter and $124 million, or 8%, for the first nine months of 1996, reflecting a higher level of investment banking activity including loan syndications, high-yield securities underwriting and advisory activities.

Revenue at Global Markets increased in the third quarter of 1996 compared with the 1995 third quarter due to a 24% increase in net interest income and higher fees and commissions from growth in customer volume partially offset by lower securities gains. Trading-related revenue at Global Markets was higher for the first nine months of 1996 primarily due to the particularly strong performance in the emerging markets. Also, the 1995 nine-month results had been adversely affected by the declines in the prices of emerging markets debt instruments.

Revenue from Chase Capital Partners decreased in the 1996 third quarter due to a decline in venture capital income. For the first nine months of 1996, revenue from Chase Capital Partners increased due to higher revenue from equity-related investments reflecting a broad-based portfolio of investments in an active market, especially during the first half of 1996.

Revenues at Global Asset Management and Private Banking increased $15 million, or 8%, in the 1996 third quarter and $89 million, or 17%, for the first nine months of 1996 when compared to the same 1995 periods. The increase in the third period reflects growth in trust fees. The increase for the first nine months reflects higher trust fees, growth in brokerage (Brown & Co.) and an increase in both loans (13%) and deposit (6%) volumes. In addition, 1996 results include a $25 million gain on the sale of client assets.

REGIONAL AND NATIONWIDE CONSUMER BANK

Regional and Nationwide Consumer Bank includes Credit Cards (Chase cardmember services); Deposits and Investments (consumer banking and commercial and professional banking); Mortgage Banking; National Consumer Finance (home equity secured lending, student lending, and other consumer lending); International Consumer (consumer activities in Asia and Latin America); Middle Market (regional commercial banking); Texas Commerce; and the Corporation's franchise in northeastern New Jersey, where it has 39 branches and private banking operations. The Corporation maintains a leading market share position in serving the financial needs of consumers, middle market commercial enterprises and small businesses in the New York metropolitan area. Texas Commerce is a leader in providing financial products and services to businesses and individuals throughout Texas and is the primary bank for more large corporations and middle market companies than any other bank in Texas.

Regional and Nationwide Consumer Bank's operating net income of $330 million in the third quarter of 1996 increased $38 million from last year's third quarter results of $292 million due primarily to an increase in net interest income and lower noninterest expense, partially offset by a higher credit provision. For the first nine months of 1996, Regional and Nationwide Consumer Bank's operating net income was $987 million, an increase of $180 million from the same period last year. This increase is due to lower noninterest expense and increases in net interest income and noninterest revenue, partially offset by a higher credit provision and an increase in foreclosed property expense. The decrease in noninterest expense for both the 1996 three months and nine months periods is the result of lower marketing expenses at Credit Cards, the absence of expenses as a result of the sale of the southern and central New Jersey banking operations in the fourth quarter of 1995 and merger savings. The 1996 nine month period was also impacted by reduced FDIC assessments. The growth in net interest income for both 1996 periods reflects higher volumes at Credit Cards and Mortgage Banking; the higher credit provision is the result of the substantial growth in managed credit card outstandings.

The following table sets forth the significant components of Regional and Nationwide Consumer Bank's total revenue by business for the periods indicated.

	Third Quarter		Nine Months	
(in millions)	1996	1995	1996	1995
Total Revenue:				
Credit Cards	$ 671	$ 593	$ 1,946	$ 1,722
Deposits and Investments	482	482	1,423	1,420
Mortgage Banking	168	143	493	447
National Consumer Finance	142	139	443	396
International Consumer	65	54	187	155
Middle Market	226	237	685	680
Texas Commerce	315	281	928	834

Credit Cards revenue increased $78 million, or 13%, in the third quarter of 1996. For the first nine months of 1996, Credit Cards revenue rose $224 million, or 13%. The improvement in both 1996 periods compared with last year's results is due to higher net interest income, reflecting the substantial growth in the loan portfolio and the implementation of a risk-adjusted pricing policy for delinquent credit card receivables, and higher fee revenue reflecting increased receivables.

Deposits and Investments revenue was flat for the 1996 and 1995 third quarters and increased $3 million for the first nine months of 1996. The slight improvement in revenue for the nine-month period reflects an increase in net interest income reflecting higher deposit volume. In addition, the 1995 results included a $25 million gain on the sale of upstate branches.

Revenue from Mortgage Banking increased $25 million, or 17%, in the 1996 third quarter and $46 million, or 10%, for the first nine months of 1996, when compared with the same 1995 periods. Both the 1996 third quarter and nine month results were favorably impacted by higher net interest income resulting from an increase in loan volume and improved loan spreads. This positive impact was partially offset by lower noninterest revenue due to a decline in the gain on sales of mortgage servicing rights.

National Consumer Finance revenues increased $3 million, or 2%, in the 1996 third quarter and $47 million, or 12%, for the first nine months of 1996, when compared with 1995. The favorable results in both 1996 periods is due to an increase in net interest income reflecting the strong growth in loan volume and higher retail banking fees.

The revenue for International Consumer increased $11 million in the third quarter of 1996 and $32 million for the first nine months of 1996 when compared to the prior year periods. Improvement in both 1996 periods is due to higher net interest income reflecting increased loan volumes.

Revenue from Middle Market decreased $11 million in the third quarter of 1996 from the same period in 1995 due to a decline in corporate finance fees during the 1996 third quarter. Revenue from Middle Market increased $5 million in the first nine months of 1996 when compared with 1995, primarily due to higher corporate finance and other fee revenue.

Texas Commerce's revenue rose $34 million, or 12%, in the 1996 third quarter and $94 million, or 11%, for the first nine months of 1996 when compared to prior year periods. The improvements were due to higher net interest income resulting from 13% growth in loan volume in the first nine months of 1996. Also contributing to the 1996 nine-month increase was a 8% increase in fee revenue, primarily higher corporate finance fees. These favorable results were partially offset by higher foreclosed property expense in the first nine months of 1996 reflecting lower gains on the sale of foreclosed properties.

GLOBAL SERVICES

Global Services includes custody, cash management, payments, trade services, trust and other fiduciary services. The strategy for Global Services is to build world class product capabilities in transaction and information services. At September 30, 1996, the Corporation was custodian or trustee for approximately $4.1 trillion of assets. The operating net income for Global Services decreased $4 million from last year's third quarter results due to a loss related to the termination of a partnership agreement with a payment services provider. For the first nine months of 1996, operating net income increased $39 million when compared with the same 1995 period primarily due to increases in noninterest revenue and net interest income partially offset by higher noninterest expense, all of which resulted from the acquisition of the securities processing businesses of U.S. Trust in September 1995. The increase in noninterest revenue also reflected higher fee revenue as a result of earnings growth in custody services, and the increase in net interest income also reflected higher investable balances.

TERMINAL BUSINESSES (LDC AND REAL ESTATE)

Terminal Businesses represents discontinued portfolios, which are primarily refinancing country debt and the Corporation's commercial real estate problem asset and nonperforming portfolio, primarily at The Chase Manhattan Bank. Terminal businesses had net losses of $29 million for the third quarter of 1996 and $58 million for the first nine months of 1996, compared with a net loss of $16 million and net income of $37 million in last year's third quarter and the first nine months of 1995, respectively. The net loss in the 1996 third quarter relates primarily to a decrease in net interest income as a result of lower loan volume during the period. For the first nine months of 1996, the results include a $65 million loss related to the disposition of available-for-sale emerging markets securities compared with $62 million in losses from the sales of such securities last year ($36 million loss in the 1995 third quarter).

CORPORATE

Corporate includes the management results attributed to the parent company; the Corporation's investment in CIT; the impact of credit card securitizations; and some effects remaining at the corporate level after the implementation of management accounting policies, including residual credit provision and tax expense. Corporate had net income of $84 million for the 1996 third quarter compared with last year's third quarter net income of $32 million. For the first nine months of 1996, Corporate had a net loss of $966 million, reflecting the merger-related restructuring charge of $1,026 million (after-tax) and the following special items: $132 million (after-tax) in tax refunds and benefits; $37 million loss (after-tax) on the sale of a building in Japan and $25 million loss (after-tax) related to the costs incurred in combining the Corporation's foreign retirement plans. For the nine months of 1995, Corporate had net income of $47 million which included an $11 million after-tax charge due to the adoption of SFAS 106 for its foreign plans.

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CREDIT RISK MANAGEMENT

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The following discussion of the Corporation's credit risk management focuses primarily on developments since December 31, 1995. A discussion of the Corporation's procedures for the management of its credit risk is provided on pages 31-32 of the Corporation's 1995 Annual Report. A description of the Corporation's accounting policies for its nonperforming loans, renegotiated loans and assets acquired as loan satisfactions is provided in Note One of the Notes to the Consolidated Financial Statements on page 57 of the Corporation's 1995 Annual Report.

LOAN PORTFOLIO

The Corporation's loans outstanding totaled $150.3 billion at September 30, 1996, compared with $150.2 billion at the 1995 year-end, and $151.0 billion at September 30, 1995. Excluding the impact of credit card and automobile securitizations, the Corporation's loans on a managed basis increased to $167.2 billion at September 30, 1996 from $160.0 billion at December 31, 1995 and $157.3 billion at September 30, 1995 reflecting increased demand for consumer and commercial loans (excluding commercial real estate).

The Corporation's nonperforming assets at September 30, 1996 were $1,517 million, a decrease of $147 million from the 1995 year-end level and a decrease of $369 million, or 20%, from last year's comparable period-end. The reduction in nonperforming assets reflects the ongoing improvement in the Corporation's credit profile as a result of a lower level of loans being placed on nonperforming status, repayments, charge-offs, and the Corporation's continuing loan workout and collection activities.

Total net charge-offs were $220 million in the third quarter of 1996, compared with $225 million in the 1995 third quarter. For the first nine months, net charge-offs were $817 million in 1996, compared with $654 million in 1995. The 1996 year-to-date amount included a charge of $102 million, recorded in the 1996 first quarter, related to conforming the credit card charge-off policies of Chase and Chemical. Total net charge-offs (on a managed basis) were $365 million in the 1996 third quarter, compared with $268 million in the third quarter of 1995. For the first nine months, total net charge-offs (on a managed basis) were approximately $1.2 billion in 1996, compared with $762 million in 1995.

Management believes that the credit quality of the Corporation's overall consumer and commercial and industrial portfolio will remain relatively stable into 1997 and expects net charge-offs and the provision for losses in 1997 to be modestly higher than in 1996, primarily as a result of an anticipated decline in recoveries in the commercial portfolio and anticipated growth in assets, particularly in the Corporation's national consumer receivables.

The following table presents the Corporation's loan and nonperforming asset balances by portfolio at the dates indicated and the related net charge-off amounts for the periods indicated. Additionally, loans which were past due 90 days and over as to principal or interest but not characterized as nonperforming are also included in the table.

(in millions)	Loans: Sept 30, 1996	Loans: Dec 31, 1995	Loans: Sept 30, 1995	Nonperforming Assets: Sept 30, 1996	Nonperforming Assets: Dec 31, 1995	Nonperforming Assets: Sept 30, 1995
Domestic Consumer:						
Residential Mortgage(a)	$ 35,672	$ 34,060	$ 33,664	$ 269	$ 238	$ 245
Credit Card	12,600	17,078	17,675	--	--	--
Auto Financings	11,283	8,327	9,673	21	20	16
Other Consumer(b)	10,893	9,966	9,785	7	19	18
Total Domestic Consumer	70,448	69,431	70,797	297	277	279
Domestic Commercial:						
Commercial and Industrial	33,251	32,276	31,243	457	496	445
Commercial Real Estate(c)	6,078	6,660	7,170	430	375	525
Financial Institutions	5,117	5,714	5,515	2	2	22
Total Domestic Commercial	44,446	44,650	43,928	889	873	992
Total Domestic	114,894	114,081	114,725	1,186	1,150	1,271
Foreign, primarily Commercial	35,439	36,126	36,306	184	343	465
Total Loans	$ 150,333	$ 150,207	$ 151,031	1,370	1,493	1,736
Assets Acquired as Loan Satisfactions				147	171	150
Total Nonperforming Assets				$ 1,517	$ 1,664	$ 1,886

(in millions)	Net Charge-offs: Third Quarter 1996	Net Charge-offs: Third Quarter 1995	Net Charge-offs: Nine Months Ended September 30, 1996	Net Charge-offs: Nine Months Ended September 30, 1995	Past Due 90 Days and Over & Still Accruing: Sept 30, 1996	Past Due 90 Days and Over & Still Accruing: Dec 31, 1995	Past Due 90 Days and Over & Still Accruing: Sept 30, 1995
Domestic Consumer:							
Residential Mortgage(a)	$ 7	$ 20	$ 22	$ 51	$ 20	$ 12	$ 13
Credit Card	152	172	462	503	253	352	349
Auto Financings	11	6	25	14	4	15	12
Other Consumer(b)	40	26	103	77	179	149	139
Total Domestic Consumer	210	224	612	645	456	528	513
Domestic Commercial:							
Commercial and Industrial	(4)	(1)	90	21	50	38	62
Commercial Real Estate(c)	6	8	32	22	19	54	86
Financial Institutions	--	(1)	--	(6)	--	--	--
Total Domestic Commercial	2	6	122	37	69	92	148
Total Domestic	212	230	734	682	525	620	661
Foreign, primarily Commercial	8	(5)	(19)	(28)	7	44	7
Total Loans	220	225	715	654	$ 532	$ 664	$ 668
Charge Related to Conforming Credit Card Charge-off Policies	--	--	102	--			
Total	$ 220	$ 225	$ 817	$ 654			

(a) Consists of 1-4 family residential mortgages.

(b) Consists of installment loans (direct and indirect types of consumer finance), student loans and unsecured revolving lines of credit. There are essentially no credit losses in the student loan portfolio due to the existence of Federal and State government agency guarantees. Student loans which were past due 90 days and over and still accruing were approximately $131 million, $107 million, and $92 million at September 30, 1996, December 31, 1995 and September 30, 1995, respectively.

(c) Represents loans secured primarily by real property, other than loans secured by mortgages on 1-4 family residential properties.

DOMESTIC CONSUMER PORTFOLIO

The domestic consumer loan portfolio consists of one-to-four family residential mortgages, credit cards, auto financings and other consumer loans. Excluding the effects of credit card and automobile securitizations, consumer loans on a managed basis increased to $87.3 billion at September 30, 1996, from $79.2 billion at December 31, 1995 and $77.0 billion at September 30, 1995 reflecting growth in residential mortgages, auto financings and credit card products. Domestic consumer loans were 47% of the total loan portfolio on a retained basis and 52% of the total loan portfolio on a managed basis at September 30, 1996.

RESIDENTIAL MORTGAGE LOANS: Residential mortgage loans at September 30, 1996 were $35.7 billion, an increase from $34.1 billion at the 1995 year-end and from $33.7 billion at September 30, 1995, primarily reflecting a higher level of adjustable-rate loan outstandings.

At September 30, 1996, nonperforming domestic residential mortgage loans as a percentage of the portfolio was 0.75%, compared with 0.70% at the 1995 year-end and 0.73% at September 30, 1995. For the first nine months, the percentage of residential mortgage net charge-offs to average loan outstandings was 0.08% in 1996, compared with 0.22% in 1995.

RESIDENTIAL MORTGAGE SERVICING PORTFOLIO: The following table presents the residential mortgage servicing portfolio activity for the periods indicated. A discussion of the Corporation's mortgage servicing and loan originations activities is included on page 34 of the Corporation's 1995 Annual Report.

(in billions)	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Balance at Beginning of Period	$ 133.3	$ 125.5	$ 132.1	$ 118.3
Originations	6.7	9.0	22.3	18.5
Acquisitions	--	0.9	1.1	10.1
Repayments and Sales	(5.1)	(6.7)	(20.6)	(18.2)
Balance at September 30,	$ 134.9	$ 128.7	$ 134.9	$ 128.7

Mortgage servicing rights (included in other assets) amounted to $1,264 million at September 30, 1996, compared with $1,147 million at September 30, 1995, reflecting the corresponding increase in the Corporation's residential mortgage servicing portfolio. The Corporation uses derivative contracts (interest rate swaps and purchased option contracts) to manage the risk associated with its mortgage servicing portfolio. At September 30, 1996, the carrying value of such derivative contracts was $62 million, and gross unrecognized gains and losses were $18 million and $82 million, respectively, resulting in an estimated negative fair value of $2 million.

CREDIT CARD LOANS: The Corporation analyzes its credit card portfolio on a "managed basis" which includes credit card receivables on the balance sheet as well as credit card receivables which have been securitized. No credit card receivables were securitized in the third quarters of 1996 or 1995. During the first nine months of 1996, the Corporation securitized $5.8 billion of credit card receivables, compared with $2.5 billion in the same 1995 period. For the third quarter of 1996, average managed receivables were $23.9 billion, compared with $21.6 billion in the 1995 third quarter, reflecting the continued growth in credit card outstandings.

The following table presents credit-related information for the Corporation's managed credit card receivables.

(in millions)	As of or For The Three Months Ended September 30, 1996	1995	As of or For The Nine Months Ended September 30, 1996	1995
Average Managed Credit Card Receivables	$ 23,936	$ 21,615	$ 23,457	$ 20,385
Past Due 90 Days & Over and Accruing	$ 469	$ 440	$ 469	$ 440
As a Percentage of Average Credit Card Receivables	1.96%	2.04%	2.00%	2.16%
Net Charge-offs	$ 296 (a)	$ 215	$ 845(a)	$ 611
As a Percentage of Average Credit Card Receivables	4.95%	3.98%	4.80%	4.00%

(a) Excludes charge related to conforming the credit card charge-off policies of Chase and Chemical.

The increase in net charge-offs on managed credit card receivables for both the three-month and nine-month periods ending September 30, 1996, when compared with the same 1995 periods, reflect growth in average managed credit card outstandings and higher levels of personal bankruptcies. Management currently expects that the Corporation's credit card net charge-offs, as a percentage of average managed credit card receivables, have begun to stabilize and will be lower than 5% for the full year 1996.

CREDIT CARD SECURITIZATIONS: For a discussion of the Corporation's credit card securitizations, see page 35 of the Corporation's 1995 Annual Report.

The following table outlines the impact of the securitizations of credit card receivables by showing the favorable (unfavorable) change in the reported Consolidated Statement of Income line items for the periods indicated.

Favorable (Unfavorable) Impact (in millions)	Third Quarter 1996	1995	Nine Months 1996	1995
Net Interest Income	$ (244)	$ (92)	$ (639)	$ (226)
Provision for Losses	148	43	409	108
Credit Card Revenue	95	45	217	112
Other Revenue	-	--	11	17
Pre-tax Income (Loss) Impact of Securitizations	$ (1)	$ (4)	$ (2)	$ 11

AUTO FINANCINGS: The auto financings portfolio, which consists of auto loans and leases, was $11.3 billion at September 30, 1996, an increase from $8.3 billion at December 31, 1995 and $9.7 billion at September 30, 1995. The increase reflected strong demand during 1996, partially offset by the impact of securitizations of auto loans. During the past 12 months, the Corporation has securitized approximately $4.5 billion of auto loans. On a managed basis, net charge-offs of auto financings were $12 million in the 1996 third quarter, compared with $6 million in the same period in 1995. For the first nine months, such charge-offs were $28 million in 1996, compared with $14 million in 1995.

OTHER CONSUMER LOANS: Other consumer loans, which includes installment loans (direct and indirect types of consumer finance), student loans and unsecured revolving lines of credit, were $10.9 billion at September 30, 1996, compared with $10.0 billion at December 31, 1995, and $9.8 billion at September 30, 1995. Net charge-offs as a percentage of average other consumer loans were 1.5% in the third quarter of 1996, compared with 1.0% in the 1995 comparable period. Net charge-offs as a percentage of average other consumer loans in the first nine months of 1996 were 1.3%, compared with 1.1% in the comparable 1995 period. The increase in other consumer net charge-offs for the 1996 periods reflect higher charge-offs of unsecured revolving lines of credit.

DOMESTIC COMMERCIAL PORTFOLIO

Domestic Commercial and Industrial Portfolio: The domestic commercial and industrial portfolio totaled $33.3 billion at September 30, 1996, an increase from $32.3 billion at December 31, 1995 and $31.2 billion at September 30, 1995. The portfolio consists primarily of loans made to large corporate and middle market customers and is diversified geographically and by industry. At September 30, 1996, the largest industry concentration in this portfolio was to the oil and gas industry which approximated $2.8 billion, or 1.9% of the Corporation's total loan portfolio.

Nonperforming domestic commercial and industrial loans were $457 million at September 30, 1996, compared with $445 million at September 30, 1995. In the third quarter of 1996, the Corporation had net recoveries of $4 million, compared with net recoveries of $1 million in the third quarter of 1995. For the first nine months, net charge-offs were $90 million in 1996, compared with net charge-offs of $21 million in 1995.

Domestic Commercial Real Estate Portfolio: The domestic commercial real estate portfolio represents loans secured primarily by real property, other than loans secured by one-to-four family residential properties (which are included in the consumer loan portfolio). The domestic commercial real estate loan portfolio totaled $6.1 billion at September 30, 1996, a decrease from $6.7 billion at December 31, 1995 and from $7.2 billion at September 30, 1995. The decreases are principally attributable to repayments, collections and sales primarily in the terminal commercial real estate portfolio.

The table below sets forth the major components of the domestic commercial real estate loan portfolio at the dates indicated.

(in millions)	September 30, 1996	December 31, 1995	September 30, 1995
Commercial Mortgages	$ 5,059	$ 5,512	$ 5,769
Construction	1,019	1,148	1,401
Total Domestic Commercial Real Estate Loans	$ 6,078	$ 6,660	$ 7,170

Nonperforming domestic commercial real estate loans were $430 million at September 30, 1996, a 15% increase from the December 31, 1995 level, but a decrease of $95 million, or 18%, from September 30, 1995. The improvement in nonperforming domestic commercial real estate asset levels since September 30, 1995 is the result of increased liquidity in the commercial real estate markets coupled with successful workout activities. The increase from the 1995 year-end resulted from the classification of two large retail-related loans as nonperforming in the first quarter of 1996.

Net charge-offs of domestic commercial real estate loans in the third quarter of 1996 totaled $6 million, compared with $8 million in the same period a year ago. For the first nine months, such net charge-offs were $32 million in 1996, compared with $22 million in 1995.

Domestic Financial Institutions Portfolio: The domestic financial institutions portfolio includes loans to commercial banks and companies whose businesses primarily involve lending, financing, investing, underwriting, or insurance. Loans to domestic financial institutions were $5.1 billion, or 3% of total loans outstanding, at September 30, 1996, a decrease from $5.7 billion at December 31, 1995 and $5.5 billion at September 30, 1995. Loans to domestic financial institutions are predominantly secured loans to broker-dealers, domestic commercial banks and domestic branches of foreign banks.

FOREIGN PORTFOLIO

Foreign portfolio includes commercial and industrial loans, loans to financial institutions, commercial real estate, loans to governments and official institutions, and consumer loans. At September 30, 1996, the Corporation's total foreign loans were $35.4 billion, compared with $36.1 billion at December 31, 1995 and $36.3 billion at September 30, 1995. The portfolio included foreign commercial and industrial loans of $18.9 billion at September 30, 1996, a decrease of $1.9 billion from the 1995 year-end and a decrease of $1.2 billion from September 30, 1995.

Foreign nonperforming loans at September 30, 1996 were $184 million, a decrease from $343 million at December 31, 1995 and from $465 million at September 30, 1995. The decrease in foreign nonperforming loans reflect the restructuring of certain refinancing country debt during the 1996 third quarter. Net charge-offs of foreign loans were $8 million in the third quarter of 1996, compared with net recoveries of $5 million in the 1995 third quarter. In the first nine months of 1996, net recoveries of foreign loans were $19 million, compared with $28 million in the first nine months of 1995.

Management believes that the credit quality of the Corporation's commercial loan portfolio will remain relatively stable into 1997, although it expects net charge-offs in 1997 to be modestly higher as a result of an anticipated decline in recoveries.

Derivative and Foreign Exchange Financial Instruments

In the normal course of its business, the Corporation utilizes various derivative and foreign exchange financial instruments to meet the financial needs of its customers, to generate revenues through its trading activities, and to manage its exposure to fluctuations in interest and currency rates. For a discussion of the derivative and foreign exchange financial instruments utilized in connection with the Corporation's trading activities and asset/liability management activities, including the notional amounts and credit exposure outstandings as well as the credit and market risks involved, see Notes 4 and 11 of this Form 10-Q and pages 38-44 and 55-56 of the Corporation's 1995 Annual Report.

Many of the Corporation's derivative and foreign exchange contracts are short-term, which mitigates credit risk as transactions settle quickly. The following table provides the remaining maturities of derivative and foreign exchange contracts outstanding at September 30, 1996 and December 31, 1995. Percentages are based upon remaining contract life of positive mark-to-market exposure amounts.

	At September 30, 1996			At December 31, 1995		
	Interest Rate Contracts	Foreign Exchange Contracts	Total	Interest Rate Contracts	Foreign Exchange Contracts	Total
Less than 3 months	15%	54%	28%	11%	55%	29%
3 to 6 months	7	27	14	8	27	15
6 to 12 months	8	14	10	8	13	10
1 to 5 years	52	5	36	45	5	29
Over 5 years	18	--	12	28	--	17
Total	100%	100%	100%	100%	100%	100%

The Corporation routinely enters into derivative and foreign exchange transactions with regulated financial institutions, which the Corporation believes have relatively low credit risk. At September 30, 1996, approximately 88% of the mark-to-market exposure of such transactions was with commercial bank and financial institution counterparties, most of which are dealers in these products. Non-financial institutions accounted for approximately 12% of the Corporation's derivative and foreign exchange mark-to-market exposure.

The Corporation does not deal, to any significant extent, in derivatives, which dealers of derivatives (such as other banks and financial institutions) consider to be "leveraged". As a result, the mark-to-market exposure as well as the notional amount of such derivatives were insignificant at September 30, 1996.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is available to absorb potential credit losses from the entire loan portfolio, as well as derivative and foreign exchange transactions. The Corporation deems its allowance for credit losses at September 30, 1996 to be adequate. Although the Corporation considers that it has sufficient reserves to absorb losses that may currently exist in the portfolio, but are not yet identifiable, the precise loss content is subject to continuing review based on quality indicators, industry and geographic concentrations, changes in business conditions, and other external factors such as competition and legal and regulatory requirements. The Corporation will continue to reassess the adequacy of the allowance for credit losses.

During the 1996 first nine months, the Corporation incurred a charge of $102 million against its allowance for credit losses as a result of conforming charge-off policies with respect to credit card receivables.

The Corporation's actual credit losses arising from derivative and foreign exchange transactions were immaterial during the first nine months of 1996 and 1995. Additionally, at September 30, 1996 and 1995, nonperforming derivatives contracts were immaterial.

The accompanying table reflects the activity in the Corporation's allowance for credit losses for the periods indicated.

	Third Quarter		Nine Months	
(in millions)	1996	1995	1996	1995
Total Allowance at Beginning of Period	$ 3,692	$ 3,846	$ 3,784	$ 3,894
Provision for Losses	220	192	715	572
Charge-Offs	(295)	(337)	(925)	(943)
Recoveries	75	112	210	289
Subtotal Net Charge-Offs	(220)	(225)	(715)	(654)
Charge Related to Conforming Credit Card Charge-off Policies	---	---	(102)	--
Total Net Charge-offs	(220)	(225)	(817)	(654)
Other	5	(4)	15	(3)
Total Allowance at End of Period	$ 3,697	$ 3,809	$ 3,697	$ 3,809

The following table presents the Corporation's allowance coverage ratios.

For the Period Ended:	September 30, 1996	December 31, 1995	September 30, 1995
Allowance for Credit Losses to:			
Loans at Period-End	2.46%	2.52%	2.52%
Average Loans	2.46	2.58	2.61
Nonperforming Loans	269.85	253.45	219.41

MARKET RISK MANAGEMENT

TRADING ACTIVITIES

Measuring Market Risk: Market risk is measured and monitored on a daily basis through a value-at-risk ("VAR") methodology. VAR is defined as the potential overnight dollar loss from adverse market movements, with 97.5% confidence, based on historical prices and market rates. The quantification of market risk through a VAR methodology requires a number of key assumptions including confidence level for losses, number of days of price history, the holding period, the measurement of inter-business correlation, and the treatment of risks outside the VAR methodology, including event risk and liquidity risk.

[SEE GRAPH NUMBER 1 AT APPENDIX 1]

The preceding chart contains a histogram of the Corporation's daily market risk-related revenue. Market risk-related revenue is defined as the daily change in value in marked-to-market trading portfolios plus any trading-related net interest income or other revenue. Based on actual trading results for the twelve months ended September 30, 1996, which captures the historical correlation among business units, 95% of the variation in the Corporation's daily trading results fell within a $23 million band centered on the daily average amount of $8 million. For the twelve months ended September 30, 1996, the Corporation posted positive daily market risk-related revenue for 245 out of 260 business trading days for international and domestic units. For 228 of the 260 days, the Corporation's daily market risk-related revenue or losses occurred within the negative $5 million through positive $15 million range, which is representative of the Corporation's emphasis on non-proprietary activities, including market-making, sales and arbitrage. For a further discussion of measuring market risk, see pages 40-41 of the Corporation's 1995 Annual Report.

ASSET/LIABILITY MANAGEMENT ACTIVITIES

The objective of the ALM process is to manage and control the sensitivity of the Corporation's income to changes in market interest rates. The Corporation's net interest income is affected by changes in the level of market interest rates based upon differences in timing between the contractual maturity or the repricing (the "repricing") of its assets and liabilities. Interest rate sensitivity arises in the ordinary course of the Corporation's banking business as the repricing characteristics of its loans do not necessarily match those of its deposits and other borrowings. This sensitivity can be managed by altering the repricing of the Corporation's assets or liabilities, and with the use of derivative instruments. For a further discussion of the Corporation's ALM process and the derivative instruments used in its ALM activities, see pages 41-44 and Note Eighteen of the Corporation's 1995 Annual Report. A discussion of the accounting policies relating to derivatives used for ALM activities is provided in Note One of the Corporation's 1995 Annual Report.

MEASURING INTEREST RATE SENSITIVITY:

One tool used by management to measure the interest rate sensitivity of the Corporation is aggregate net gap analysis, an example of which is presented below. Assets and liabilities are placed in gap intervals based on their repricing dates. Assets and liabilities for which no specific repricing dates exist are placed in gap intervals based on management's judgment and statistical analysis concerning their most likely repricing behaviors. Derivatives used in interest rate sensitivity management are also included in the applicable gap intervals.

A net gap for each time period is calculated by subtracting the liabilities repricing in that interval from the assets repricing. A negative gap - more liabilities repricing than assets - will benefit net interest income in a declining interest rate environment and will detract from net interest income in a rising interest rate environment. Conversely, a positive gap - more assets repricing than liabilities - will benefit net interest income if rates are rising and will detract from net interest income in a falling rate environment.

CONDENSED INTEREST SENSITIVITY TABLE

(in millions) At September 30, 1996	1-3 Months	4-6 Months	7-12 Months	1-5 Years	Over 5 Years	Total
Balance Sheet	$ (17,594)	$ (3,427)	$ 2,940	$ 35,228	$ (17,147)	$ ---
Derivative Instruments Affecting Interest-Rate Sensitivity (a)	1,587	(3,440)	5,936	(8,330)	4,247	---
Interest-Rate Sensitivity Gap	(16,007)	(6,867)	8,876	26,898	(12,900)	---
Cumulative Interest-Rate Sensitivity Gap	(16,007)	(22,874)	(13,998)	12,900	---	---
% of Total Assets	(5)%	(7)%	(4)%	4%	---	---

(in millions) At December 31, 1995	1-3 Months	4-6 Months	7-12 Months	1-5 Years	Over 5 Years	Total
Balance Sheet	$ (18,402)	$ 2,454	$ (800)	$ 32,239	$ (15,491)	$ ---
Derivative Instruments Affecting Interest-Rate Sensitivity (a)	(787)	(799)	(3,137)	(1,945)	6,668	---
Interest-Rate Sensitivity Gap	(19,189)	1,655	(3,937)	30,294	(8,823)	---
Cumulative Interest-Rate Sensitivity Gap	(19,189)	(17,534)	(21,471)	8,823	---	---
% of Total Assets	(6)%	(6)%	(7)%	3%	---	---

(a) Represents net repricing effect of derivative positions, which include interest rate swaps, futures, forwards, forward rate agreements and options, that are used as part of the Corporation's overall asset/liability management activities.

At September 30, 1996, the Corporation had $13,998 million more liabilities than assets repricing within one year (including net repricing effect of derivative positions), amounting to 4% of total assets. This compares with $21,471 million, or 7% of total assets, at December 31, 1995.

At September 30, 1996, based on the Corporation's simulation models, which are comprehensive simulations of net interest income under a variety of market interest rate scenarios, earnings at risk to an immediate 100 basis point rise in market interest rates over the next twelve months was estimated to be approximately 3.6% of projected after-tax net income. At December 31, 1995, the Corporation's earnings at risk to a similar increase in market rates was estimated at approximately 3% of projected after-tax net income. An immediate 100 basis point rise in interest rates is a hypothetical rate scenario, used to calibrate risk, and does not necessarily represent management's current view of future market developments.

Interest Rate Swaps: Interest rate swaps are one of the various financial instruments used in the Corporation's ALM activities. Although the Corporation believes the results of its ALM activities should be evaluated on an integrated basis, taking into consideration all on-balance sheet and related derivative instruments and not a specific financial instrument, the interest rate swap maturity table, which follows, provides an indication of the Corporation's interest rate swap activity.

The following table summarizes the outstanding ALM interest rate swap notional amounts at September 30, 1996, by twelve-month intervals (i.e., October 1, 1996 through September 30, 1997). The decrease in notional amounts from one period to the next period represents maturities of the underlying contracts. The weighted-average fixed interest rates to be received and paid on such swaps are presented for each twelve-month interval. The three-month London Interbank Offered Rate (LIBOR), provided for reference in the following table, reflects the average implied forward yield curve for that index as of September 30, 1996. However, actual repricings will be based on the applicable rates in effect at the actual repricing date. To the extent rates change, the variable rates paid or received will change. The Corporation expects the impact of any interest rate changes to be largely mitigated by corresponding changes in the interest rates and values associated with the linked assets and liabilities.

OUTSTANDING INTEREST RATE SWAPS NOTIONAL AMOUNTS AND RECEIVE/PAY RATES BY YEARLY INTERVALS

For the twelve-month period beginning October 1, (in millions)	1996	1997	1998	1999	2000	Thereafter
Receive fixed swaps						
Notional amount	$ 33,687	$ 22,696	$ 18,079	$ 15,163	$ 13,507	$ 9,198
Weighted-average Fixed rate	6.49%	6.21%	6.67%	6.71%	6.63%	6.64%
Pay fixed swaps						
Notional amount	$ 41,579	$ 28,928	$ 19,391	$ 12,227	$ 8,787	$ 4,926
Weighted-average Fixed rate	6.96%	6.85%	7.11%	7.36%	7.35%	7.21%
Basis Swaps						
Notional amount	$ 23,428	$ 19,323	$ 13,950	$ 1,688	$ 1,385	$ 635
Average Three-Month Implied Forward LIBOR Rates	5.74%	6.23%	6.32%	6.72%	6.80%	7.20%
Total Notional Amount (a)	$ 98,694	$ 70,947	$ 51,420	$ 29,078	$ 23,679	$ 14,759

(a) At September 30, 1996, approximately $11 billion of notional amounts are interest rate swaps that, as part of the Corporation's asset/liability management, are used in place of cash market instruments. Of this amount, $7 billion is expected to mature in the twelve month period beginning October 1, 1996, $2 billion for the twelve month period beginning October 1, 1997, with the remaining $2 billion on October 1, 1998 and thereafter.

The following table summarizes the Corporation's assets and liabilities at September 30, 1996 with the notional amount of related derivatives used for ALM purposes.

DERIVATIVE CONTRACTS AND RELATED BALANCE SHEET POSITIONS

(in millions)	Balance Sheet Amount	Notional Amount (a) Interest Rate Swaps	Other ALM Contracts (b)
Deposits with Banks	$ 4,433	$ 940	$ 2,660
Securities - Available for Sale	42,477	4,821	744
Loans	150,333	45,944	70,100
Other Assets	15,699	3,450	4,407
Deposits	165,042	26,938	48,852
Long-Term Debt	12,379	4,997	972

(a) At September 30, 1996, notional amounts of approximately $11 billion for interest rate swaps and $1 billion for other ALM contracts, both of which are used in place of cash market instruments, have been excluded from the above table.
(b) Includes futures, forwards, forward rate agreements and options.

Approximately $7.9 billion notional amount of derivatives related to mortgage servicing assets and approximately $10.4 billion notional amount of derivatives related to mortgage and consumer loans held for sale were outstanding at September 30, 1996. The weighted average maturity of contracts linked to mortgage servicing assets is approximately four years. Contracts related to loans held for sale generally mature within one year.

The Corporation's ALM derivative activities, whereby derivative instruments alter the yield on certain of the Corporation's assets and liabilities, had an unfavorable $20 million impact on the Corporation's net interest income in the third quarter of 1996, compared with a favorable impact of $55 million for the third quarter of 1995. For the first nine months, the unfavorable impact on net interest income was $55 million in 1996, compared with a favorable impact of $136 million in 1995.

The following table reflects the deferred gains/losses and unrecognized gains/losses of the Corporation's ALM derivative contracts for September 30, 1996 and December 31, 1995.

(in millions)	September 30, 1996	December 31, 1995	Change
ALM Derivative Contracts:			
Net Deferred Gains (Losses)	$ (62)	$ (98)	$ 36
Net Unrecognized Gains (Losses)(a)	(514)	184	(698)
Net ALM Derivative Gains (Losses)	$ (576)	$ 86	$ (662)

(a) The September 30, 1996 amount includes $64 million in net unrecognized losses from derivatives related to mortgage servicing rights, and $4 million in net unrecognized gains from daily margin settlements on open futures contracts. At December 31, 1995, there was $69 million in net unrecognized gains from derivatives related to mortgage servicing rights and $99 million in net unrecognized losses from daily margin settlements on open future contracts.

The net deferred losses at September 30, 1996 are expected to be amortized as yield adjustments in interest income or interest expense, as applicable, over the periods reflected in the following table.

AMORTIZATION OF NET DEFERRED GAINS (LOSSES) ON CLOSED ALM CONTRACTS
(in millions)

1996	$ 11
1997	4
1998	(49)
1999	(61)
2000	(47)
2001 and After	80
Total	$ (62)

The Consolidated Balance Sheet includes unamortized premiums on open ALM option contracts which will be amortized as a reduction to net interest income over the periods indicated in the following table.

AMORTIZATION OF PREMIUMS ON OPEN ALM OPTION CONTRACTS
(in millions)

1996	$ 12
1997	21
1998	26
1999	34
2000	33
2001 and After	55
Total	$ 181

- --
OPERATING RISK MANAGEMENT
- --

The Corporation, like all large financial institutions, is exposed to many types of operating risk, including the risk of fraud by employees or outsiders, unauthorized transactions by employees, and errors relating to computer and telecommunications systems. The Corporation maintains a system of controls that is designed to keep operating risk at appropriate levels in view of the financial strength of the Corporation, the characteristics of the businesses and markets in which the Corporation operates, competitive circumstances and regulatory considerations. However, from time to time in the past, the Corporation has suffered losses from operating risk and there can be no assurance that the Corporation will not suffer such losses in the future.

- --
CAPITAL AND LIQUIDITY RISK MANAGEMENT
- --

The following capital and liquidity discussion focuses primarily on developments since December 31, 1995. Accordingly, it should be read in conjunction with the Capital and Liquidity Risk Management section on pages 45-47 of the Corporation's 1995 Annual Report.

CAPITAL
The Corporation's level of capital at September 30, 1996 remained strong, with capital ratios well in excess of regulatory guidelines. As part of the Corporation's commitment to a disciplined capital policy, management has targeted a Tier 1 capital ratio for the Corporation of 8 to 8.25%. The Corporation manages its capital to execute its strategic business plans and support its growth and investments, including acquisition strategies in its core businesses. At September 30, 1996, the Corporation's Tier 1 and Total Capital ratios were 8.36% and 12.17%, respectively. These ratios, as well as the leverage ratio, exclude the assets and off-balance sheet financial instruments of the Corporation's securities subsidiary as well as the Corporation's investment in such subsidiary. In addition, the provisions of SFAS 115 do not apply to the calculation of these ratios.

Total capitalization (the sum of Tier 1 Capital and Tier 2 Capital) increased by $839 million during the first nine months of 1996 to $29.2 billion at September 30, 1996. The amount of total capital includes the recently issued $550 million preferred stock of Chase Preferred Capital Corporation, which is accounted for as minority interest (see Note 10 of this Form 10Q), and the unfavorable impact of the merger-related restructuring charge.

During the first nine months of 1996, the Corporation issued 20.2 million shares of common stock and purchased approximately 15.2 million shares of its outstanding common stock in the open market. These purchases were made as part of a buy-back program which terminated at September 30, 1996.

On October 15, 1996, the Corporation announced a common stock purchase program pursuant to which the Corporation is authorized until December 31, 1998 to purchase up to $2.5 billion of its common stock, in addition to such other number of common shares as may be necessary to provide for expected issuances under its dividend reinvestment plan and its various stock-based director and employee benefits plans.

The Corporation raised the cash dividend on its common stock to $.56 per share, an increase from $.50 per share, in the first quarter of 1996. Management's current expectation is that the dividend policy of the Corporation will generally be to pay a common stock dividend equal to approximately 25-35% of the Corporation's net income (excluding restructuring charges) less preferred dividends. Future dividend policies will be determined by the Board of Directors in light of the earnings and financial condition of the Corporation and its subsidiaries and other factors, including applicable governmental regulations and policies.

Total stockholders' equity at September 30, 1996 was $21.1 billion, compared with $20.8 billion at December 31, 1995. The $304 million increase from the 1995 year-end primarily reflects $2,685 million of net income generated during the first nine months of 1996 before the merger-related restructuring charge. This amount was partially offset by the after-tax impact of the merger-related restructuring charge and expenses ($1,060 million); a $243 million unfavorable impact on the fair value of available-for-sale securities accounted for under SFAS 115; and the effects of common and preferred stock dividends totaling $982 million.

The tables which follow set forth various capital ratios and components of capital at the dates indicated.

CAPITAL RATIOS

	September 30, 1996	December 31, 1995	Minimum Regulatory Requirement
Tier 1 Capital Ratio (a)(c)	8.36%	8.22%	4.00%
Total Capital Ratio (a)(c)	12.17	12.27	8.00
Tier 1 Leverage Ratio (b)(c)	6.97	6.68	3.00 -5.00
Common Stockholders' Equity to Total Assets	5.73	5.98	--
Total Stockholders' Equity to Total Assets	6.55	6.85	--

(a) Tier 1 Capital or Total Capital divided by risk-weighted assets. Risk-weighted assets include assets and off-balance sheet positions, weighted by the type of instrument and the risk weight of the counterparty, collateral or guarantor.
(b) Tier 1 Capital divided by adjusted average assets.
(c) Including the Corporation's securities subsidiary, the September 30, 1996 Tier 1 Capital, Total Capital and Tier 1 Leverage ratios were 8.56%, 12.65% and 6.46%, respectively, compared with 8.37%, 12.67% and 6.27%, respectively, at December 31, 1995.

COMPONENTS OF CAPITAL

(in millions)	September 30, 1996	December 31, 1995
TIER 1 CAPITAL		
Common Stockholders' Equity	$ 18,970	$ 18,424
Nonredeemable Preferred Stock	2,650	2,650
Minority Interest	676	162
Less: Goodwill	1,373	1,446
Non-Qualifying Intangible Assets	116	116
50% Investment in Securities and Unconsolidated Subsidiaries	772	698
Tier 1 Capital	$ 20,035	$ 18,976
TIER 2 CAPITAL		
Long-Term Debt Qualifying as Tier 2	$ 6,896	$ 7,139
Qualifying Allowance for Credit Losses	3,004	2,907
Less: 50% Investment in Securities and Unconsolidated Subsidiaries	772	698
Tier 2 Capital	$ 9,128	$ 9,348
Total Qualifying Capital	$ 29,163	$ 28,324
Risk-Weighted Assets (a)	$ 239,642	$ 230,887

(a) Includes off-balance sheet risk-weighted assets in the amount of $75,547 million and $68,153 million, respectively, at September 30, 1996 and December 31, 1995.

LIQUIDITY

The primary source of liquidity for the bank subsidiaries of the Corporation derives from their ability to generate core deposits (which includes all deposits except noninterest-bearing time deposits, foreign deposits and certificates of deposit of $100,000 or more). The Corporation considers funds from such sources to comprise its subsidiary banks' "core" deposit base because of the historical stability of such sources of funds. These deposits fund a portion of the Corporation's asset base, thereby reducing the Corporation's reliance on other, more volatile, sources of funds. The average core deposits at the Corporation's bank subsidiaries for the first nine months of 1996 were $83 billion and represented 55% of average loans for the period. Foreign deposits generated in the Corporation's global wholesale and retail businesses are also considered to be an additional source of liquidity for the Corporation.

The Corporation is an active participant in the capital markets. In addition to issuing commercial paper and medium-term notes, the Corporation raises funds through the issuance of long-term debt, common stock and preferred stock. The Corporation's long-term debt at September 30, 1996 was $12,379 million, a decrease of $446 million from the 1995 year-end. The decrease resulted largely from maturities of the Corporation's long-term debt of $1,358 million (including $972 million of senior medium-term notes, $365 million of other senior notes, and $21 million of subordinated notes) and the redemption of $20 million of senior medium-term notes. These decreases were partially offset by issuances of $866 million of the Corporation's long-term debt (including $250 million of senior medium-term notes, $75 million of subordinated medium-term notes, $341 million of other senior notes and $200 million of other subordinated notes). The Corporation will continue to evaluate the opportunity for future redemptions of its outstanding debt in light of current market conditions.

During September 1996, Chase Preferred Capital Corporation, a subsidiary of the Corporation, organized as a real estate investment trust, issued $550 million of preferred stock. This subsidiary is taxed as a real estate investment trust whereby dividends on the preferred stock are treated by the Corporation as an operating expense, thereby reducing taxable income. Such stock is recorded as minority interest which is included in the Corporation's Tier 1 capital. The Corporation has approximately $1.1 billion of fixed-rate preferred stock which becomes callable in 1997.

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SUPERVISION AND REGULATION

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The following supervision and regulation discussion focuses primarily on developments since December 31, 1995; accordingly, it should be read in conjunction with Supervision and Regulation of The Chase Manhattan Corporation, filed as Exhibit 99.3 of the Corporation's Form 8-K dated April 16, 1996.

DIVIDENDS

At September 30, 1996, in accordance with the dividend restrictions applicable to them, the Corporation's bank subsidiaries could, during 1996, without the approval of their relevant banking regulators, pay dividends in the aggregate of approximately $1.6 billion to their respective bank holding companies, plus an additional amount equal to their net income from October 1, 1996 through the date in 1996 of any such dividend payment. The reduction from the prior quarter-end in the aggregate amount of dividends that the Corporation's bank subsidiaries could pay reflects the effects of certain actions taken by the Corporation in connection with the reorganization of the national consumer businesses at Chase Manhattan Bank USA, N.A.

In addition to the dividend restrictions set forth in statutes and regulations, the Federal Reserve Board, the Office of the Comptroller of the Currency and the FDIC have authority under the Financial Institutions Supervisory Act to prohibit or to limit the payment of dividends by the banking organizations they supervise, including the Corporation and its subsidiaries that are banks or bank holding companies, if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization.

FDICIA

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") required the FDIC to establish a risk-based assessment system for FDIC deposit insurance. FDICIA also contained provisions limiting certain activities and business methods of depository institutions. Finally, FDICIA provided for expanded regulation of depository institutions and their affiliates, including parent holding companies, by such institutions' appropriate Federal banking regulator. Each of the Corporation's banking institutions were "well capitalized" as that term is defined under the various regulations promulgated under FDICIA and, therefore, the Corporation does not expect such regulations to have a material adverse impact on its business operations.

- --
ACCOUNTING DEVELOPMENTS
- --

ACCOUNTING FOR STOCK-BASED COMPENSATION

For a discussion of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), see page 47 of the Corporation's 1995 Annual Report. The Corporation intends to continue accounting for its employee stock compensation plans under its current method (APB 25), and will adopt the disclosure requirements of SFAS 123 at year-end 1996.

ACCOUNTING FOR TRANSFERS AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

In June 1996, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 125"). Under SFAS 125, after an entity transfers financial assets, it recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. SFAS 125 provides standards for distinguishing between transfers of financial assets that are sales from transfers that are secured borrowings.

As issued, SFAS 125 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996. However, the FASB has tentatively decided to defer the effective date for one year for securities lending, repurchase agreements and other secured financing transactions. The Corporation plans to adopt the requirements of SFAS 125 beginning January 1, 1997, for the following types of transactions: securitizations, recognition of servicing assets and liabilities, transfers of receivables with recourse, loan participations, and extinguishments of liabilities. The Corporation is currently assessing the impact of the adoption of SFAS 125, but management believes that the adoption of SFAS 125 will not significantly affect the Corporation's earnings, liquidity, or capital resources.

The Chase Manhattan Corporation and Subsidiaries
Average Consolidated Balance Sheet, Interest and Rates
(Taxable-Equivalent Interest and Rates; in millions)

	Three Months Ended September 30, 1996			Three Months Ended September 30, 1995		
	Average Balance	Interest	Rate (Annualized)	Average Balance	Interest	Rate (Annualized)
ASSETS						
Deposits with Banks	$ 5,519	$ 113	8.11%	$ 10,091	194	7.63%
Federal Funds Sold and Securities Purchased Under Resale Agreements	33,756	548	6.46%	28,606	448	6.21%
Trading Assets-Debt and Equity Instruments	31,590	525	6.61%	20,637	360	6.92%
Securities:						
Available-for-Sale	38,429	619	6.41%(b)	26,233	475	7.19%(b)
Held-to-Maturity	4,048	75	7.41%	10,071	169	6.64%
Loans	150,076	3,045(c)	8.07%	149,856	3,285 (c)	8.70%
Total Interest-Earning Assets	263,418	4,925	7.44%	245,494	4,931	7.97%
Allowance for Credit Losses	(3,654)			(3,833)		
Cash and Due from Banks	11,503			14,467		
Risk Management Instruments	25,299			28,270		
Other Assets	26,347			22,576		
Total Assets	$ 322,913			$ 306,974		
LIABILITIES						
Domestic Retail Deposits	$ 54,319	494	3.63%	$ 54,017	522	3.83%
Domestic Negotiable Certificates of Deposit and Other Deposits	9,516	129	5.39%	10,880	139	5.06%
Deposits in Foreign Offices	61,344	792	5.13%	64,597	932	5.72%
Total Time and Savings Deposits	125,179	1,415	4.50%	129,494	1,593	4.88%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	61,244	778	5.06%	44,721	655	5.81%
Commercial Paper	5,461	73	5.26%	5,981	86	5.70%
Other Borrowings (d)	17,212	362	8.39%	13,415	279	8.25%
Total Short-Term and Other Borrowings	83,917	1,213	5.75%	64,117	1,020	6.31%
Long-Term Debt	12,454	221	7.05%	13,081	239	7.26%
Total Interest-Bearing Liabilities	221,550	2,849	5.12%	206,692	2,852	5.47%
Noninterest-Bearing Deposits	41,628			37,816		
Risk Management Instruments	25,010			31,101		
Other Liabilities	14,152			11,340		
Total Liabilities	302,340			286,949		
PREFERRED STOCK OF SUBSIDIARY	78			--		
STOCKHOLDERS' EQUITY						
Preferred Stock	2,650			2,650		
Common Stockholders' Equity	17,845			17,375		
Total Stockholders' Equity	20,495			20,025		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$ 322,913			$ 306,974		
INTEREST RATE SPREAD			2.32%			2.50%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$2,076(a)	3.14%		$2,079 (a)	3.36%

(a) Reflects a pro forma adjustment to the net interest income amount included in the Statement of Income to permit comparisons of yields on tax-exempt and taxable assets.
(b) For the three months ended September 30, 1996 and September 30, 1995, the annualized rate for securities available-for-sale based on historical cost was 6.30% and 7.16%, respectively.
(c) For the three months ended September 30, 1996 and September 30, 1995, the negative impact from nonperforming loans on net interest income was $9 million and $23 million, respectively.
(d) Includes securities sold but not yet purchased.

The Chase Manhattan Corporation and Subsidiaries
Average Consolidated Balance Sheet, Interest and Rates
(Taxable-Equivalent Interest and Rates; in millions)

	Nine Months Ended September 30, 1996			Nine Months Ended September 30, 1995		
	Average Balance	Interest	Rate (Annualized)	Average Balance	Interest	Rate (Annualized)
ASSETS						
Deposits with Banks	$ 7,016	$ 440	8.38%	$ 11,280	$ 637	7.55%
Federal Funds Sold and Securities Purchased Under Resale Agreements	29,982	1,564	6.97%	29,327	1,398	6.37%
Trading Assets-Debt and Equity Instruments	28,735	1,360	6.32%	19,653	1,062	7.22%
Securities:						
Available-for-Sale	38,306	1,874	6.53%(b)	24,863	1,366	7.34%(b)
Held-to-Maturity	4,268	236	7.39%	10,340	527	6.81%
Loans	150,107	9,320(c)	8.29%	145,959	9,606(c)	8.80%
Total Interest-Earning Assets	258,414	14,794	7.65%	241,422	14,596	8.08%
Allowance for Credit Losses	(3,703)			(3,867)		
Cash and Due from Banks	12,132			13,735		
Risk Management Instruments	25,714			31,307		
Other Assets	25,267			22,304		
Total Assets	$ 317,824			$ 304,901		
LIABILITIES						
Domestic Retail Deposits	$ 53,352	1,462	3.66%	$ 54,256	1,537	3.79%
Domestic Negotiable Certificates of Deposit and Other Deposits	10,329	344	4.46%	11,843	429	4.84%
Deposits in Foreign Offices	66,197	2,711	5.47%	64,317	2,723	5.65%
Total Time and Savings Deposits	129,878	4,517	4.65%	130,416	4,689	4.80%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	52,837	2,064	5.22%	43,473	1,929	5.93%
Commercial Paper	5,251	207	5.28%	5,563	242	5.82%
Other Borrowings (d)	16,622	1,055	8.47%	12,664	865	9.12%
Total Short-Term and Other Borrowings	74,710	3,326	5.95%	61,700	3,036	6.58%
Long-Term Debt	12,781	669	6.98%	13,051	711	7.29%
Total Interest-Bearing Liabilities	217,369	8,512	5.23%	205,167	8,436	5.49%
Noninterest-Bearing Deposits	39,150			37,108		
Risk Management Instruments	27,020			32,280		
Other Liabilities	13,847			10,939		
Total Liabilities	297,386			285,494		
PREFERRED STOCK OF SUBSIDIARY	26			--		
STOCKHOLDERS' EQUITY						
Preferred Stock	2,650			2,757		
Common Stockholders' Equity	17,762			16,650		
Total Stockholders' Equity	20,412			19,407		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$ 317,824			$ 304,901		
INTEREST RATE SPREAD			2.42%			2.59%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$6,282(a)	3.25%		$6,160(a)	3.41%

(a) Reflects a pro forma adjustment to the net interest income amount included in the Statement of Income to permit comparisons of yields on tax-exempt and taxable assets.
(b) For the nine months ended September 30, 1996 and September 30, 1995, the annualized rate for securities available-for-sale based on historical cost was 6.46% and 7.27%, respectively.
(c) For the nine months ended September 30, 1996 and September 30, 1995, the negative impact from nonperforming loans on net interest income was $58 million and $83 million, respectively.
(d) Includes securities sold but not yet purchased.

THE CHASE MANHATTAN CORPORATION and Subsidiaries
QUARTERLY FINANCIAL INFORMATION
(in millions, except per share data)

	1996			1995		
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Interest Income						
Loans	$ 3,042	$ 3,028	$ 3,241	$ 3,252	$ 3,280	$ 3,241
Securities	690	685	720	718	639	616
Trading Assets	525	406	429	402	360	343
Federal Funds Sold and Securities Purchased Under Resale Agreements	549	514	501	491	448	482
Deposits with Banks	112	156	172	187	194	218
Total Interest Income	4,918	4,789	5,063	5,050	4,921	4,900
Interest Expense						
Deposits	1,416	1,458	1,644	1,602	1,593	1,596
Short-Term and Other Borrowings	1,213	1,087	1,026	1,139	1,020	1,038
Long-Term Debt	220	221	227	231	239	238
Total Interest Expense	2,849	2,766	2,897	2,972	2,852	2,872
Net Interest Income	2,069	2,023	2,166	2,078	2,069	2,028
Provision for Losses	220	250	245	186	192	195
Net Interest Income After Provision For Losses	1,849	1,773	1,921	1,892	1,877	1,833
Noninterest Revenue						
Corporate Finance and Syndication Fees	234	258	224	220	210	197
Trust and Investment Management Fees	295	302	285	277	258	243
Credit Card Revenue	277	233	233	246	210	196
Service Charges on Deposit Accounts	97	100	99	101	105	107
Fees for Other Financial Services	393	381	378	363	370	353
Trading Revenue	304	379	339	274	342	301
Securities Gains	34	24	52	25	53	72
Other Revenue	222	254	259	259	162	257
Total Noninterest Revenue	1,856	1,931	1,869	1,765	1,710	1,726
Noninterest Expense						
Salaries	1,040	1,046	1,076	1,130	1,074	1,007
Employee Benefits	211	225	305	206	213	246
Occupancy Expense	204	207	221	224	227	218
Equipment Expense	179	181	184	187	177	193
Foreclosed Property Expense	2	(8)	(9)	(15)	(7)	(28)
Restructuring Charge and Expenses	32	22	1,656	---	---	15
Other Expense	652	651	660	632	648	708
Total Noninterest Expense	2,320	2,324	4,093	2,364	2,332	2,359
Income (Loss) Before Income Tax Expense (Benefit)	1,385	1,380	(303)	1,293	1,255	1,200
Income Tax Expense (Benefit)	527	524	(214)	466	491	471
Net Income (Loss)	$ 858	$ 856	$ (89)	$ 827	$ 764	$ 729
Net Income (Loss) Applicable To Common Stock	$ 803	$ 801	$ (143)	$ 773	$ 708	$ 673
Net Income (Loss) Per Common Share:						
Primary	$ 1.80	$ 1.80	$ (0.32)	$ 1.73	$ 1.58	$ 1.54
Assuming Full Dilution	$ 1.78	$ 1.79	$ (0.32)	$ 1.73	$ 1.55	$ 1.52

Part II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Reference is made to page 6 of the Chemical 1995 Form 10-K relating to the investigation commenced by the Securities and Exchange Commission (the "Commission") pertaining to the $70 million loss incurred by the Corporation in the fourth quarter of 1994 resulting from unauthorized foreign exchange transactions involving the Mexican peso. The Corporation has been advised by the staff of the Commission that its inquiry into this matter has been terminated and that, at this time, no enforcement action with respect to the Corporation is being recommended to the Commission.

Litigation Relating to the Merger

Reference is made to page 6 of the Chemical 1995 Form 10-K relating to a discussion of three complaints that were filed in the Court of Chancery for New Castle County, Delaware, in actions entitled Simon v. Chase Manhattan Corporation, et al., Civil Action No. 14505, Rampel & Rampel, P.A.Profit Sharing Plan v. Chase Manhattan Corp., et. al., Civil Action No. 14506 and Goldstein v. Chase Manhattan Corp., et al., Civil Action No. 14508. These actions have been dismissed without prejudice.

The Corporation and its subsidiaries are defendants in a number of legal proceedings. After reviewing with counsel all actions and proceedings pending against or involving the Corporation and its subsidiaries, management does not expect the aggregate liability or loss, if any, resulting therefrom to have a material adverse effect on the consolidated financial condition of the Corporation.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits:

- 11 - Computation of net income per share.
- 12(a) - Computation of ratio of earnings to fixed charges.
- 12(b) - Computation of ratio of earnings to fixed charges and preferred stock dividend requirements.
- 27 - Financial Data Schedule.

(B) Reports on Form 8-K:

The Corporation filed two reports on Form 8-K during the quarter ended September 30, 1996, as follows:

Form 8-K dated July 17, 1996: The Corporation announced the results of operations for the second quarter of 1996.

Form 8-K dated September 30, 1996: The Corporation announced the launching of the co-branded Wal-Mart MasterCard.

SIGNATURE

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

THE CHASE MANHATTAN CORPORATION
(Registrant)

Date November 14, 1996

By /s/ Joseph L. Sclafani
Joseph L. Sclafani

Controller
[Principal Accounting Officer]

APPENDIX 1

NARRATIVE DESCRIPTION OF GRAPHIC IMAGE MATERIAL

Pursuant to Item 304 of Regulation S-T, the following is a description of the graphic image material included in the foregoing Management's Discussion and Analysis of Financial Condition.

GRAPH NUMBER	PAGE	DESCRIPTION
1	38	Bar Graph entitled "Histogram of Daily Market Risk-Related Revenue For the Twelve Months ended September 30, 1996" presenting the following information:

Millions of Dollars	0 -5	5 - 10	10 -15	15 - 20	20 -25	25 -30
Number of days trading revenue was within the above prescribed positive range	66	99	51	22	6	1

Millions of Dollars	0 -(5)	(5)-(10)	(10)-(15)
Number of days trading revenue was within the above prescribed negative range	12	2	1

The Histogram includes all business trading days for international and domestic units.

INDEX TO EXHIBITS
SEQUENTIALLY NUMBERED

EXHIBIT 11

THE CHASE MANHATTAN CORPORATION and Subsidiaries

Computation of net income per share

Net income for primary and fully diluted EPS are computed by subtracting from the applicable earnings the dividend requirements on preferred stock to arrive at earnings applicable to common stock and dividing this amount by the weighted-average number of common and common equivalent shares outstanding during the period. For a further discussion of the Corporation's earnings per share computation, reference is made to Note One of the Corporation's 1995 Annual Report.

(in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
EARNINGS PER SHARE	1996	1995	1996	1995
Primary				
Earnings:				
Income Before Effect of Accounting Change	$ 858	$ 764	$ 1,625	$ 2,143
Effect of Change in Accounting Principle	--	--	--	(11)(a)
Net Income	$ 858	$ 764	$ 1,625	$ 2,132
Less: Preferred Stock Dividend Requirements	55	56	164	173
Net Income Applicable to Common Stock	$ 803	$ 708	$ 1,461	$ 1,959
Shares:				
Average Common and Common Equivalent Shares Outstanding	447.2	448.4	446.0	438.5
Primary Earnings Per Share:				
Income Before Effect of Accounting Change	$ 1.80	$ 1.58	$ 3.28	$ 4.49
Effect of Change in Accounting Principle	--	--	--	(0.02)(a)
Net Income	$ 1.80	$ 1.58	$ 3.28	$ 4.47
Assuming Full Dilution				
Earnings:				
Net Income Applicable to Common Stock	$ 803	$ 708	$ 1,461	$ 1,959
Add: Applicable Dividend on Convertible Preferred Stock	--	--	--	7
Adjusted Net Income	$ 803	$ 708	$ 1,461	$ 1,966
Shares:				
Average Common and Common Equivalent Shares Outstanding	447.2	448.4	446.0	438.5
Additional Shares Issuable Upon Exercise of Stock Options for Dilutive Effect and Conversion of Preferred Stock (b)	3.3	8.0	6.3	19.0
Adjusted Shares of Common and Equivalent Shares Outstanding	450.5	456.4	452.3	457.5
Earnings Per Share Assuming Full Dilution:				
Income Before Effect of Accounting Change	$ 1.78	$ 1.55	$ 3.23	$ 4.32
Effect of Change in Accounting Principle	--	--	--	(0.02)(a)
Net Income	$ 1.78	$ 1.55	$ 3.23	$ 4.30

(a) On January 1, 1995, the Corporation adopted SFAS 106 for the accounting for other postretirement benefits relating to its foreign plans.

(b) During the second quarter of 1995, the Corporation called all of the outstanding shares of its 10% convertible preferred stock for redemption. Substantially all of the 10% convertible preferred stock was converted, at the option of the holders thereof, to common stock. The common stock was issued from treasury.

EXHIBIT 12(a)

THE CHASE MANHATTAN CORPORATION and Subsidiaries

Computation of ratio of earnings to fixed charges

(in millions, except ratios)

	Nine Months Ended September 30, 1996
EXCLUDING INTEREST ON DEPOSITS	
Income before Income Taxes	$ 2,462
Fixed charges:	
Interest expense	3,994
One third of rents, net of income from subleases (a)	91
Total fixed charges	4,085
Less: Equity in undistributed income of affiliates	(47)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 6,500
Fixed charges, as above	$ 4,085
Ratio of earnings to fixed charges	1.59
INCLUDING INTEREST ON DEPOSITS	
Fixed charges, as above	$ 4,085
Add: Interest on deposits	4,518
Total fixed charges and interest on deposits	$ 8,603
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 6,500
Add: Interest on deposits	4,518
Total earnings before taxes, fixed charges, and interest on deposits	$ 11,018
Ratio of earnings to fixed charges	1.28

(a) The proportion deemed representative of the interest factor.

EXHIBIT 12(b)

THE CHASE MANHATTAN CORPORATION and Subsidiaries

Computation of ratio of earnings to fixed charges
and preferred stock dividend requirements
(in millions, except ratios)

	Nine Months Ended September 30, 1996
EXCLUDING INTEREST ON DEPOSITS	
Income before Income Taxes	$ 2,462
Fixed charges:	
Interest expense	3,994
One third of rents, net of income from subleases (a)	91
Total fixed charges	4,085
Less: Equity in undistributed income of affiliates	(47)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 6,500
Fixed charges, as above	$ 4,085
Preferred stock dividends	164
Fixed charges including preferred stock dividends	$ 4,249
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.53
INCLUDING INTEREST ON DEPOSITS	
Fixed charges including preferred stock dividends	$ 4,249
Add: Interest on deposits	4,518
Total fixed charges including preferred stock dividends and interest on deposits	$ 8,767
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 6,500
Add: Interest on deposits	4,518
Total earnings before taxes, fixed charges, and interest on deposits	$ 11,018
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.26

(a) The proportion deemed representative of the interest factor.

9
0000019617
THE CHASE MANHATTAN CORPORATION
1,000,000
U.S. DOLLARS

9-MOS
DEC-31-1996
JAN-01-1996
SEP-30-1996
1
13,729
4,433
26,586
59,835
42,477
3,956
3,925
150,333
3,697
322,604
165,042
75,157
45,560
12,379
0
2,650
440
18,050
322,604
9,311
2,095
2,004
14,770
4,518
8,512
6,258
715
110
8,737
2,462
1,625
0
0
1,625
3.28
3.23
3.25
1,370
532
0
0
3,784
1,015
198
3,697
0
0
0