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, 1997 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 421,456,551

NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK ON OCTOBER 31, 1997.

FORM 10-Q INDEX

Part I

Item 1.

THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(IN MILLIONS, EXCEPT SHARE DATA)

	SEPTEMBER 30, 1997	December 31, 1996
ASSETS		
Cash and Due from Banks	$ 14,367	$ 14,605
Deposits with Banks	4,152	8,344
Federal Funds Sold and Securities Purchased Under Resale Agreements	38,958	28,966
Trading Assets:		
Debt and Equity Instruments	42,456	30,377
Risk Management Instruments	33,296	29,579
Securities:		
Available-for-Sale	43,987	44,691
Held-to-Maturity (Fair Value: $3,260 and $3,849)	3,254	3,855
Loans (Net of Allowance for Loan Losses of $3,462 and $3,549)	159,625	151,543
Premises and Equipment	3,733	3,642
Due from Customers on Acceptances	2,226	2,276
Accrued Interest Receivable	3,685	3,020
Other Assets	16,835	15,201
TOTAL ASSETS	$ 366,574	$ 336,099
LIABILITIES		
Deposits:		
Domestic:		
Noninterest-Bearing	$ 39,131	$ 42,726
Interest-Bearing	69,587	67,186
Foreign:		
Noninterest-Bearing	3,777	4,331
Interest-Bearing	69,293	66,678
Total Deposits	181,788	180,921
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	65,453	53,868
Commercial Paper	4,584	4,500
Other Borrowed Funds	7,085	9,231
Acceptances Outstanding	2,226	2,276
Trading Liabilities	53,498	38,136
Accounts Payable, Accrued Expenses and Other Liabilities	14,935	12,309
Long-Term Debt	13,899	12,714
Guaranteed Preferred Beneficial Interests in Corporation's Junior Subordinated Deferrable Interest Debentures	1,390	600
TOTAL LIABILITIES	344,858	314,555
COMMITMENTS AND CONTINGENCIES (SEE NOTE 6)		
PREFERRED STOCK OF SUBSIDIARY	550	550
STOCKHOLDERS' EQUITY		
Preferred Stock	1,740	2,650
Common Stock (Issued 440,751,646 and 440,747,317 Shares)	441	441
Capital Surplus	10,357	10,459
Retained Earnings	10,526	8,627
Net Unrealized Gain (Loss) on Securities Available-for-Sale, Net of Taxes	126	(288)
Treasury Stock, at Cost (20,197,319 and 9,936,716 Shares)	(2,024)	(895)
TOTAL STOCKHOLDERS' EQUITY	21,166	20,994
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY	$ 366,574	$ 336,099

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)

	1997	1996
INTEREST INCOME		
Loans	$ 3,271	$ 3,042
Securities	720	690
Trading Assets	732	482
Federal Funds Sold and Securities Purchased Under Resale Agreements	623	549
Deposits with Banks	149	112
Total Interest Income	5,495	4,875
INTEREST EXPENSE		
Deposits	1,714	1,416
Short-Term and Other Borrowings	1,451	1,213
Long-Term Debt	284	220
Total Interest Expense	3,449	2,849
NET INTEREST INCOME	2,046	2,026
Provision for Credit Losses	190	220
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,856	1,806
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	308	237
Trust, Custody and Investment Management Fees	338	295
Credit Card Revenue	304	277
Service Charges on Deposit Accounts	94	97
Fees for Other Financial Services	411	393
Trading Revenue	505	343
Securities Gains	58	34
Revenue from Equity-Related Investments	243	112
Other Revenue	102	111
Total Noninterest Revenue	2,363	1,899
NONINTEREST EXPENSE		
Salaries	1,292	1,040
Employee Benefits	206	211
Occupancy Expense	194	204
Equipment Expense	192	179
Foreclosed Property Expense	6	2
Restructuring Charge and Expenses	71	32
Other Expense	700	652
Total Noninterest Expense	2,661	2,320
INCOME BEFORE INCOME TAX EXPENSE	1,558	1,385
Income Tax Expense	576	527
NET INCOME	$ 982	$ 858
NET INCOME APPLICABLE TO COMMON STOCK	$ 941	$ 803
NET INCOME PER COMMON SHARE:		
Primary	$ 2.17	$ 1.80
Assuming Full Dilution	$ 2.16	$ 1.78

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

Item 1. (continued)

THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
NINE MONTHS ENDED SEPTEMBER 30,
(IN MILLIONS, EXCEPT PER SHARE DATA)

	1997	1996
INTEREST INCOME		
Loans	$ 9,465	$ 9,311
Securities	2,177	2,095
Trading Assets	2,063	1,283
Federal Funds Sold and Securities Purchased Under Resale Agreements	1,879	1,564
Deposits with Banks	369	440
Total Interest Income	15,953	14,693
INTEREST EXPENSE		
Deposits	4,797	4,518
Short-Term and Other Borrowings	4,263	3,326
Long-Term Debt	814	668
Total Interest Expense	9,874	8,512
NET INTEREST INCOME	6,079	6,181
Provision for Credit Losses	599	715
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	5,480	5,466
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	767	731
Trust, Custody and Investment Management Fees	969	882
Credit Card Revenue	830	743
Service Charges on Deposit Accounts	280	296
Fees for Other Financial Services	1,186	1,152
Trading Revenue	1,401	1,085
Securities Gains	189	110
Revenue from Equity-Related Investments	586	554
Other Revenue	412	180
Total Noninterest Revenue	6,620	5,733
NONINTEREST EXPENSE		
Salaries	3,526	3,162
Employee Benefits	647	741
Occupancy Expense	574	632
Equipment Expense	575	544
Foreclosed Property Expense	9	(15)
Restructuring Charge and Expenses	172	1,710
Other Expense	2,076	1,963
Total Noninterest Expense	7,579	8,737
INCOME BEFORE INCOME TAX EXPENSE	4,521	2,462
Income Tax Expense	1,687	837
NET INCOME	$ 2,834	$ 1,625
NET INCOME APPLICABLE TO COMMON STOCK	$ 2,687	$ 1,461
NET INCOME PER COMMON SHARE:		
Primary	$ 6.16	$ 3.28
Assuming Full Dilution	$ 6.08	$ 3.23

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
NINE MONTHS ENDED SEPTEMBER 30,
(IN MILLIONS)

	1997	1996
PREFERRED STOCK:		
Balance at Beginning of Year	$ 2,650	$ 2,650
Redemption of Stock	(910)	--
Balance at End of Period	$ 1,740	$ 2,650
COMMON STOCK:		
Balance at Beginning of Year	$ 441	$ 458
Retirement of Treasury Stock	--	(20)
Issuance of Common Stock	--	2
Balance at End of Period	$ 441	$ 440
CAPITAL SURPLUS:		
Balance at Beginning of Year	$ 10,459	$ 11,075
Retirement of Treasury Stock	--	(433)
Shares Issued for Employee Stock-Based Awards and Certain Related Tax Benefits	(102)	(198)
Balance at End of Period	$ 10,357	$ 10,444
RETAINED EARNINGS:		
Balance at Beginning of Year	$ 8,627	$ 7,997
Net Income	2,834	1,625
Retirement of Treasury Stock	--	(557)
Cash Dividends Declared:		
Preferred Stock	(147)	(164)
Common Stock	(789)	(818) (a)
Accumulated Translation Adjustment	1	8
Balance at End of Period	$ 10,526	$ 8,091
NET UNREALIZED GAIN (LOSS) ON SECURITIES AVAILABLE-FOR-SALE:		
Balance at Beginning of Year	$ (288)	$ (237)
Net Change in Fair Value of Securities Available-for-Sale, Net of Taxes	414	(243)
Balance at End of Period	$ 126	$ (480)
COMMON STOCK IN TREASURY, AT COST:		
Balance at Beginning of Year	$ (895)	$ (1,107)
Retirement of Treasury Stock	--	1,010
Purchase of Treasury Stock	(2,036)	(1,007)
Reissuance of Treasury Stock	907	1,099
Balance at End of Period	$ (2,024)	$ (5)
TOTAL STOCKHOLDERS' EQUITY	$ 21,166	$ 21,140

(a) Includes fourth quarter 1995 common stock dividends of $80 million declared and paid by heritage Chase in the 1996 first quarter.

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)

	1997	1996
OPERATING ACTIVITIES		
Net Income	$ 2,834	$ 1,625
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Credit Losses	599	715
Restructuring Charge and Expenses	172	1,710
Depreciation and Amortization	712	631
Net Change In:		
Trading-Related Assets	(14,992)	(11,286)
Accrued Interest Receivable	(665)	(287)
Other Assets	(1,943)	1,515
Trading-Related Liabilities	15,563	(954)
Accrued Interest Payable	285	146
Other Liabilities	1,164	(220)
Other, Net	(421)	475
Net Cash Provided (Used) by Operating Activities	3,308	(5,930)
INVESTING ACTIVITIES		
Net Change In:		
Deposits with Banks	4,192	4,035
Federal Funds Sold and Securities Purchased Under Resale Agreements	(16,519)	(8,237)
Loans Due to Sales and Securitizations	16,995	27,984
Other Loans, Net	(25,415)	(28,667)
Other, Net	(478)	(1,198)
Proceeds from the Maturity of Held-to-Maturity Securities	652	859
Purchases of Held-to-Maturity Securities	(54)	(187)
Proceeds from the Maturity of Available-for-Sale Securities	5,915	6,288
Proceeds from the Sale of Available-for-Sale Securities	60,348	32,792
Purchases of Available-for-Sale Securities	(64,626)	(45,323)
Net Cash Used by Investing Activities	(18,990)	(11,654)
FINANCING ACTIVITIES		
Net Change In:		
Noninterest-Bearing Domestic Demand Deposits	(3,595)	399
Domestic Time and Savings Deposits	2,401	1,303
Foreign Deposits	2,061	(8,194)
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	18,112	19,382
Other Borrowed Funds	(2,062)	3,688
Other, Net	(50)	921
Proceeds from the Issuance of Long-Term Debt and Capital Securities	3,425	866
Repayments of Long-Term Debt	(1,446)	(1,378)
Proceeds from the Issuance of Stock	805	914
Proceeds from the Issuance of Preferred Stock of Subsidiary	--	550
Redemption of Preferred Stock	(910)	--
Treasury Stock Purchased	(2,453)	(1,007)
Cash Dividends Paid	(916)	(886)
Net Cash Provided by Financing Activities	15,372	16,558
Effect of Exchange Rate Changes on Cash and Due from Banks	72	(39)
Net Decrease in Cash and Due from Banks	(238)	(1,065)
Cash and Due from Banks at January 1,	14,605	14,794
Cash and Due from Banks at September 30,	$ 14,367	$ 13,729
Cash Interest Paid	$ 9,589	$ 8,366
Taxes Paid	$ 1,012	$ 1,296

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

See Glossary of Terms on page 47 for definition of terms used throughout the Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The unaudited financial statements of The Chase Manhattan Corporation and Subsidiaries ("Chase") are prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all 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.

In December 1996, the FASB issued SFAS 127, which deferred the effective date of SFAS 125 relating to securities lending, repurchase agreements and other secured financing transactions. SFAS 127 will be effective for calendar year 1998. Chase believes that the adoption of SFAS 127 will not have a material effect on its earnings, liquidity or capital resources.

NOTE 2- EARNINGS PER SHARE

For a discussion of Chase's current earnings per share policy, see Note One of the 1996 Annual Report.

In February 1997, the FASB issued SFAS 128, which will become effective for financial statements issued for periods ending after December 15, 1997. SFAS 128 establishes standards for computing and presenting earnings per share (EPS) and simplifies previously issued accounting standards related to EPS. SFAS 128 has replaced the concept of "primary EPS" with "basic EPS" and the concept of "fully-diluted EPS" with "diluted EPS".

Although SFAS 128 was not effective for the financial statements included in this Form 10-Q, Chase believes that had SFAS 128 been applied to its 1997 financial results, basic EPS would have been approximately $0.05 higher than primary EPS for the 1997 third quarter and approximately $0.14 higher for the first nine months of 1997. The differences between fully-diluted EPS and diluted EPS for these periods would have been immaterial.

NOTE 3 - TRADING ACTIVITIES
For a discussion of Chase's trading revenue, see Management's Discussion and Analysis ("MD&A") on page 21 of this Form 10-Q.

TRADING ASSETS AND LIABILITIES
Trading assets and trading liabilities are carried at estimated fair value, after taking into account master netting agreements. They are presented in the following table.

(in millions)	SEPTEMBER 30, 1997	December 31, 1996
Trading Assets - Debt and Equity Instruments:		
U.S. Government, Federal Agencies and Municipal Securities	$ 10,116	$ 8,523
Certificates of Deposit, Bankers' Acceptances, and Commercial Paper	2,908	1,486
Debt Securities Issued by Foreign Governments	14,391	12,284
Debt Securities Issued by Foreign Financial Institutions	6,610	3,569
Corporate Securities	3,164	1,873
Loans and Other	5,267	2,642
Total Trading Assets - Debt and Equity Instruments (a)	$ 42,456	$ 30,377
Trading Assets - Risk Management Instruments:		
Interest Rate Contracts	$ 16,194	$ 14,227
Foreign Exchange Contracts	15,747	13,760
Equity, Commodity and Other Contracts	1,430	1,667
Allowance for Credit Losses for Risk Management Instruments	(75)	(75)
Total Trading Assets - Risk Management Instruments	$ 33,296	$ 29,579
Trading Liabilities - Risk Management Instruments:		
Interest Rate Contracts	$ 16,938	$ 14,622
Foreign Exchange Contracts	16,551	12,867
Equity, Commodity and Other Contracts	1,521	1,202
Trading Liabilities - Risk Management Instruments	35,010	28,691
Securities Sold, Not Yet Purchased	15,805	7,242
Structured Notes	2,683	2,203
Total Trading Liabilities	$ 53,498	$ 38,136

(a) Includes emerging markets instruments of $7,386 million at September 30, 1997 and $5,500 million at December 31, 1996.

NOTE 4 - SECURITIES

For a discussion of the accounting policies relating to securities, see Note One of Chase's 1996 Annual Report.

The valuation of available-for-sale securities under SFAS 115 resulted in a net after-tax favorable impact of $126 million on Chase's stockholders' equity at September 30, 1997. This is compared with a net after-tax unfavorable impact of $288 million at December 31, 1996. The change from 1996 year-end was due to decreases in U.S. dollar interest rates during 1997, which caused an increase in the market value of the securities portfolio. Included in these amounts are loans which are subject to SFAS 115.

Net gains from available-for-sale securities sold in the third quarter of 1997 amounted to $58 million (gross gains of $132 million and gross losses of $74 million). For the first nine months of 1997, net gains were $189 million (gross gains of $327 million and gross losses of $138 million). Net gains on these sales for the same periods in 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.

AVAILABLE-FOR-SALE SECURITIES

The amortized cost and estimated fair value of available-for-sale securities, including the impact of related derivatives, are presented in the following table.

SEPTEMBER 30, 1997 (IN MILLIONS)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 21,010	$ 42	$ 13	$ 21,039
Collateralized Mortgage Obligations	2,196	3	8	2,191
Other, primarily U.S. Treasuries	10,615	11	141	10,485
Obligations of State and Political Subdivisions	251	1	--	252
Debt Securities Issued by Foreign Governments	7,859	93	23	7,929
Corporate Debt Securities	569	14	1	582
Equity Securities	859	241	64	1,036
Other, primarily Asset-Backed Securities (a)	465	14	6	473
Total Available-for-Sale Securities	$ 43,824	$ 419	$ 256	$ 43,987

December 31, 1996 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 20,961	$ 18	$ 285	$ 20,694
Collateralized Mortgage Obligations	2,293	1	2	2,292
Other, primarily U.S. Treasuries	12,250	3	193	12,060
Obligations of State and Political Subdivisions	325	2	--	327
Debt Securities Issued by Foreign Governments	6,893	100	3	6,990
Corporate Debt Securities	923	43	14	952
Equity Securities	957	116	25	1,048
Other, primarily Asset-Backed Securities (a)	328	1	1	328
Total Available-for-Sale Securities	$ 44,930	$ 284	$ 523	$ 44,691

(a) Includes collateralized mortgage obligations of private issuers which 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 are presented in the following table.

SEPTEMBER 30, 1997 (IN MILLIONS)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 1,401	$ 8	$ 3	$ 1,406
Collateralized Mortgage Obligations	1,780	5	4	1,781
Other, primarily U.S. Treasuries	53	--	--	53
Other, primarily Asset-Backed Securities (a)	20	--	--	20
Total Held-to-Maturity Securities	$ 3,254	$ 13	$ 7	$ 3,260

December 31, 1996 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 1,584	$ 4	$ 8	$ 1,580
Collateralized Mortgage Obligations	2,075	6	9	2,072
Other, primarily U.S. Treasuries	73	--	--	73
Other, primarily Asset-Backed Securities (a)	123	1	--	124
Total Held-to-Maturity Securities	$ 3,855	$ 11	$ 17	$ 3,849

(a) 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 5 - LOANS

For a discussion of the accounting policies relating to loans, see Notes One and Four of Chase's 1996 Annual Report. The following table presents the amortized cost and estimated fair value of loans measured under SFAS 115 (which are all available-for-sale), including the impact of related derivatives.

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
SEPTEMBER 30, 1997	$ 1,228	$ 121	$ 118	$ 1,231
December 31, 1996	$ 1,869	$ 93	$ 369	$ 1,593

There were no net gains or losses during 1997 related to the disposition of available-for-sale emerging market securities. For the first nine months of 1996, there was a net loss of $65 million, which was incurred in the first half of 1996.

The following table sets forth information about impaired loans in accordance with SFAS 114. Chase uses the discounted cash flow method as its primary method for valuing impaired loans.

(in millions)	SEPTEMBER 30, 1997	December 31, 1996
Impaired Loans with an Allowance	$ 460	$ 535
Impaired Loans without an Allowance (a)	93	182
Total Impaired Loans	$ 553	$ 717
Allowance for Impaired Loans under SFAS 114 (b)	$ 167	$ 194
Average Balance of Impaired Loans during the year-to-date period ended:	$ 651	$ 1,104
Interest Income Recognized on Impaired Loans during the year-to-date period ended:	$ 7	$ 30

(a) When the discounted cash flow, collateral value or market price equals or exceeds the carrying value of the loan, then the loan does not require an allowance under SFAS 114.

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

NOTE 6 - COMMITMENTS AND CONTINGENCIES

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

NOTE 7 - GUARANTEED PREFERRED BENEFICIAL INTERESTS IN CORPORATION'S JUNIOR SUBORDINATED DEFERRABLE INTEREST DEBENTURES

In late 1996 and early 1997, Chase established three separate wholly owned statutory business trusts, which issued an aggregate $1,390 million in capital securities, net of discount. The capital securities qualify as Tier 1 Capital for Chase. The proceeds from each issuance were invested in a corresponding series of junior subordinated deferrable interest debentures of Chase. The sole assets of each statutory business trust are these debentures. Chase has fully and unconditionally guaranteed each of the business trusts' obligations under each trust's capital securities. Each trust's capital securities are subject to mandatory redemption, in whole or in part, upon repayment of the debentures at their stated maturity or earlier redemption.

The following is a summary of Chase's outstanding capital securities, net of discount, issued by each trust:

Name of Trust	Amount of Capital Securities, Net of Discount (in millions)	Stated Maturity of Capital Securities	Interest Rate of Capital Securities	Interest Payment Dates
Chase Capital I	$ 600	12/1/2026	7.67%	Semi-annual - commencing 6/1/97
Chase Capital II	494	2/1/2027	LIBOR + .50%	Quarterly - commencing 5/1/97
Chase Capital III	296	3/1/2027	LIBOR + .55%	Quarterly - commencing 6/1/97
Total	$ 1,390			

NOTE 8 - RISK-BASED CAPITAL

For a discussion of the calculation of risk-based capital ratios, the various regulatory guidelines and significant banking subsidiaries, see Notes One and Sixteen of Chase's 1996 Annual Report. During the 1997 third quarter, Chase elected early adoption of the Federal Reserve Board's new guidelines for the risk-based capital standards, which incorporate a measure for market risk consistent with the principles adopted by the Basle Committee on Banking Supervision under the Basle Capital Accord. The new guidelines require banks and bank holding companies that have significant market risk exposure to measure that risk utilizing a value-at-risk model, based on the parameters contained in the guidelines, and to maintain a commensurate amount of capital. In addition, the assets and off-balance sheet financial instruments, and related capital, of Chase's securities subsidiary, Chase Securities Inc., are now included in the calculation of these ratios, while the provisions of SFAS 115 continue to be excluded.

The following table presents the capital ratios for Chase and its significant banking subsidiaries. Assets and capital amounts for Chase's banking subsidiaries reflect intercompany transactions, whereas the respective amounts for Chase reflect the elimination of intercompany transactions.

SEPTEMBER 30, 1997 ($ in millions)	Chase	The Chase Manhattan Bank	Texas Commerce (d)	Chase USA (d)
Tier 1 Capital Ratio (a)(c)	7.83%	7.36%	7.41%	9.78%
Total Capital Ratio (a)(c)	11.63%	10.73%	10.36%	12.48%
Tier 1 Leverage Ratio (b)(c)	6.03%	5.85%	6.57%	9.41%
Tier 1 Capital	$ 21,644	$ 16,678	$ 1,349	$ 2,541
Total Qualifying Capital	32,170	24,330	1,884	3,242
Risk-Weighted Assets	276,583	226,718	18,194	25,989
Adjusted Average Assets	358,758	285,185	20,538	27,014

(a) Tier 1 Capital or Total Capital, as applicable, divided by risk-weighted assets. Risk-weighted assets include assets and off-balance sheet positions, weighted by the type of instruments and the risk weight of the counterparty, collateral or guarantor.

(b) Tier 1 Capital divided by adjusted average assets (net of allowance for credit losses, goodwill and certain intangible assets).

(c) The provisions of SFAS 115 do not apply to the calculation of these ratios.

(d) Texas Commerce and Chase USA are not required to adopt the new guidelines for market risk-adjusted capital, since their levels of trading activity do not meet the required threshold stipulated in the guidelines.

NOTE 9 - DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

Chase 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. These derivative and foreign exchange transactions involve, to varying degrees, credit risk and market risk. For a discussion of these risks, see Note Seventeen of Chase's 1996 Annual Report.

DERIVATIVE AND FOREIGN EXCHANGE INSTRUMENTS USED FOR TRADING PURPOSES: The financial instruments used for Chase's trading activities are disclosed in Note 3 of this Form 10-Q. The credit risk relating to trading activities is recorded on the balance sheet, while the market risk of the trading activities is reflected in trading revenue, as trading instruments are marked-to-market on a daily basis.

DERIVATIVE AND FOREIGN EXCHANGE INSTRUMENTS USED FOR PURPOSES OTHER THAN TRADING: A discussion of Chase's objectives and strategies for employing derivative and foreign exchange instruments for ALM activities is included on pages 55-58 of the 1996 Annual Report. A discussion of the accounting policies relating to derivatives used for ALM activities is provided in Note One of Chase's 1996 Annual Report.

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. The credit exposure amounts include the effects of master netting agreements. The table should be read in conjunction with the descriptions of these products and their risks included in Note Seventeen of Chase's 1996 Annual Report.

	NOTIONAL AMOUNTS (a)		CREDIT EXPOSURE	
(in billions)	SEPTEMBER 30, 1997	December 31, 1996	SEPTEMBER 30, 1997	December 31, 1996
INTEREST RATE CONTRACTS				
Futures, Forwards and Forward Rate Agreements				
Trading	$ 1,742.1	$ 1,209.6	$ 0.3	$ 0.5
Asset and Liability Management	55.7	30.8	---	---
Interest Rate Swaps				
Trading	3,225.3	2,300.3	12.3	11.4
Asset and Liability Management	99.7	96.4	0.5	0.7
Purchased Options				
Trading	324.9	172.7	3.6	2.3
Asset and Liability Management	44.2	15.5	---	---
Written Options				
Trading	394.3	199.4	---	---
Asset and Liability Management	18.4	1.4	---	---
Total Interest Rate Contracts	$ 5,904.6	$ 4,026.1	$ 16.7	$ 14.9
FOREIGN EXCHANGE CONTRACTS				
Spot, Forward and Futures Contracts				
Trading	$ 1,516.0	$ 1,308.6	$ 10.2	$ 10.0
Asset and Liability Management	68.5	60.1	---	---
Other Foreign Exchange Contracts (b)				
Trading	343.8	267.4	5.5	3.8
Asset and Liability Management	4.5	4.2	---	---
Total Foreign Exchange Contracts	$ 1,932.8	$ 1,640.3	$ 15.7	$ 13.8
EQUITY, COMMODITY AND OTHER CONTRACTS				
Trading	$ 59.5	$ 45.7	$ 1.4	$ 1.7
Total Equity, Commodity and Other Contracts	$ 59.5	$ 45.7	$ 1.4	$ 1.7
Total Credit Exposure Recorded on the Balance Sheet			$ 33.8	$ 30.4

(a) The notional amounts of exchange-traded interest rate contracts, foreign exchange contracts, and equity, commodity and other contracts were $904.5 billion, $7.3 billion and $3.5 billion, respectively, at September 30, 1997, compared with $521.5 billion, $9.5 billion and $6.4 billion, respectively, at December 31, 1996. 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 $117.9 billion, $118.0 billion and $112.4 billion, respectively, at September 30, 1997, compared with $89.6 billion, $94.2 billion and $87.8 billion, respectively, at December 31, 1996.

NOTE 10 - OFF-BALANCE SHEET LENDING-RELATED FINANCIAL INSTRUMENTS
The following table summarizes the credit risk relating to lending-related financial instruments. The table should be read in conjunction with the description of these products and their risks included in Note Eighteen of Chase's 1996 Annual Report.

OFF-BALANCE SHEET LENDING-RELATED FINANCIAL INSTRUMENTS

(in millions)	SEPTEMBER 30, 1997	December 31, 1996
Credit Card Lines	$ 59,831	$ 54,192
Other Commitments to Extend Credit	118,770	94,278
Standby Letters of Credit and Guarantees (Net of Risk Participations of $5,555 and $5,205)	35,136	30,843
Other Letters of Credit	5,130	5,588
Customers' Securities Lent	49,871	38,715

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS
For a discussion of Chase's fair value methodologies, see Note Twenty of its 1996 Annual Report. The following table presents the financial assets and liabilities valued under SFAS 107.

	SEPTEMBER 30, 1997			December 31, 1996		
(in millions)	CARRYING VALUE	ESTIMATED FAIR VALUE	APPRECIATION/ (DEPRECIATION)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)
Total Financial Assets	$ 360,281	$ 362,997	$ 2,716	$ 328,504	$ 330,831	$ 2,327
Total Financial Liabilities	$ 344,089	$ 344,645	(556)	$ 314,144	$ 314,626	(482)
Estimated Fair Value in Excess of Carrying Value			$ 2,160			$ 1,845

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 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.

	SEPTEMBER 30, 1997			December 31, 1996		
(in millions)	CARRYING VALUE	ESTIMATED FAIR VALUE	NET UNRECOGNIZED GAINS/(LOSSES)	Carrying Value	Estimated Fair Value	Net Unrecognized Gains/(Losses)
Total Financial Assets	$ 186	$ (109)	$ (295) (a)	$ 222	$ 135	$ (87)
Total Financial Liabilities	$ 304	$ (24)	$ (328) (a)	$ 76	$ (67)	$ (143)

(a) Gross unrecognized gains and losses related to total financial assets were $269 million and $564 million, respectively, at September 30, 1997. Gross unrecognized gains and losses related to total financial liabilities were $353 million and $681 million, respectively, at September 30, 1997.

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)

	1997 THIRD QUARTER	1997 SECOND QUARTER	1996 THIRD QUARTER	NINE MONTHS ENDED SEPTEMBER 30, 1997	NINE MONTHS ENDED SEPTEMBER 30, 1996
EARNINGS:					
Income Before Restructuring Costs	$ 1,027	$ 969	$ 878	$ 2,942	$ 2,685 (e)
Restructuring Costs (After-Tax) (a)	(45)	(44)	(20)	(108)	(1,060)
Net Income	$ 982	$ 925	$ 858	$ 2,834	$ 1,625
Net Income Applicable to Common Stock	$ 941	$ 874	$ 803	$ 2,687	$ 1,461
INCOME PER COMMON SHARE:					
Primary:					
Income Before Restructuring Costs	$ 2.27	$ 2.11	$ 1.85	$ 6.40	$ 5.66 (e)
Restructuring Costs (After-Tax) (a)	(0.10)	(0.11)	(0.05)	(0.24)	(2.38)
Net Income	$ 2.17	$ 2.00	$ 1.80	$ 6.16	$ 3.28
Assuming Full Dilution:					
Income Before Restructuring Costs	$ 2.26	$ 2.11	$ 1.83	$ 6.32	$ 5.57 (e)
Restructuring Costs (After-Tax) (a)	(0.10)	(0.11)	(0.05)	(0.24)	(2.34)
Net Income	$ 2.16	$ 2.00	$ 1.78	$ 6.08	$ 3.23
PER COMMON SHARE:					
Book Value	$ 46.19	$ 44.44	$ 42.03	$ 46.19	$ 42.03
Market Value	$ 118.00	$ 97.06	$ 80.13	$ 118.00	$ 80.13
Common Stock Dividends Declared (b)	$ 0.62	$ 0.62	$ 0.56	$ 1.86	$ 1.68
COMMON SHARES OUTSTANDING:					
Average Common and Common Equivalent Shares	433.6	434.9	447.2	436.5	446.0
Average Common Shares Assuming Full Dilution	436.3	436.0	450.5	442.2	452.3
Common Shares at Period End	420.6	423.3	439.9	420.6	439.9
PERFORMANCE RATIOS: (AVERAGE BALANCES)					
Income Before Restructuring Costs: (c)					
Return on Assets	1.13%	1.11%	1.08%	1.13%	1.13%
Return on Common Stockholders' Equity	20.56%	20.20%	18.35%	20.11%	18.96% (e)
Return on Total Stockholders' Equity	19.40%	18.76%	17.04%	18.77%	17.57%
Net Income: (c)					
Return on Assets	1.08%	1.06%	1.06%	1.08%	0.68%
Return on Common Stockholders' Equity	19.63%	19.23%	17.90%	19.33%	10.99%
Return on Total Stockholders' Equity	18.55%	17.91%	16.65%	18.08%	10.63%
Efficiency Ratio (d)	56.7%	58.0%	58.2%	57.3%	58.7%
Efficiency Ratio - Excluding Securitizations (d)	53.4%	54.4%	56.1%	54.0%	56.8%

(a) Represents merger-related restructuring costs. See page 24 for further discussion.

(b) Chase increased its quarterly common stock dividend from $0.56 per share to $0.62 per share in the first quarter of 1997.

(c) Based on annualized income amounts.

(d) Excludes restructuring costs, foreclosed property expense, charges for accelerated vesting of stock-based incentive awards, gain on the sale of a non-strategic, partially-owned foriegn investment, and nonrecurring items.

(e) Includes nonrecurring items which had a $70 million net favorable impact on net income. Excluding these items, net income was $2,615 million, primary earnings per share was $5.50, fully-diluted earnings per share was $5.42 and return on common stockholders' equity was 18.43%.

Certain forward-looking statements contained herein are subject to risks and uncertainties. Chase's actual results may differ materially from those set forth in such forward-looking statements. Reference is made to Chase's reports filed with the Securities and Exchange Commission, in particular the Form 8-K dated October 21, 1997, and the 1996 Annual Report for a discussion of factors that may cause such differences to occur. See Glossary of Terms on page 47 for a definition of terms used throughout the 10-Q.

OVERVIEW

Chase's net income before restructuring costs for the 1997 third quarter was $1,027 million, an increase of 17%, when compared with the 1996 third quarter. Primary earnings per share ("primary EPS") and fully diluted earnings per share ("fully-diluted EPS") in the third quarter of 1997 both rose 23% from the comparable 1996 quarter. Reported net income in the 1997 third quarter was $982 million, up 14% from the 1996 third quarter. Primary and fully-diluted EPS on reported net income were $2.17 and $2.16, respectively, in 1997, both up 21% from the 1996 third quarter.

Net income before restructuring costs for the first nine months of 1997 was $2,942 million, an increase of $257 million from the same 1996 period. Primary and fully-diluted EPS for the first nine months of 1997 both increased 13% to $6.40 and $6.32, respectively, compared with the same periods of 1996. Reported net income for the first nine months of 1997 was $2,834 million compared with $1,625 million for 1996. Primary and fully-diluted EPS increased for the first nine months of 1997 to $6.16 and $6.08, respectively, from $3.28 and $3.23, respectively, in 1996.

Chase's total operating revenue for the 1997 third quarter was $4,409 million, an increase of 12% from the same 1996 period. For the first nine months of 1997, total operating revenue increased to $12,655 million, or 6%, from the comparable 1996 period. On a managed basis, which excludes the impact of credit card securitizations, total operating revenue for the 1997 third quarter increased 15% to $4,677 million and for the 1997 first nine months increased 9% to $13,425 million. The increases for both periods were due to growth in various businesses including consumer credit, asset management and private banking, operating services, trading and investment banking.

The 1997 third quarter included incremental merger savings of $130 million, which were offset by investment spending and increased incentive costs related to higher revenues. The 1997 third quarter also included $85 million of expenses due to the accelerated vesting of stock-based incentive awards and restructuring expenses of $71 million. Total noninterest expenses, before merger-related restructuring costs, and excluding the aforementioned $85 million charge, rose 9% in the 1997 third quarter.

Chase's efficiency ratio improved to 56.7% for the third quarter of 1997 (excluding the aforementioned $85 million charge), compared with 58.2% for the comparable 1996 period. Excluding the impact of credit card securitizations, the efficiency ratio for the third quarters of 1997 and 1996 was 53.4% and 56.1%, respectively.

During the 1997 third quarter, Chase purchased approximately 7.0 million common shares as part of a stock repurchase plan announced in October of 1996 and also reissued approximately 4.3 million treasury shares under its employee benefit plans, resulting in a net repurchase of 2.7 million shares. From the inception of the program through September 30, 1997, Chase has repurchased 31.4 million common shares ($3.0 billion) and reissued approximately 11.3 million treasury shares under its benefit plans, resulting in a net repurchase of 20.1 million shares ($2.1 billion).

During the third quarter, Chase elected early adoption of the Federal Reserve Board's new guidelines for calculating market risk-adjusted capital. These guidelines incorporate the use of internal models to measure market risk. In addition, the capital and assets of Chase Securities Inc. are included in the calculation of risk-based capital ratios. Giving effect to the adoption of these guidelines, Chase's Tier 1 and total risk-based capital ratios were 7.8% and 11.6%, respectively, and its leverage ratio was 6.0% at September 30, 1997.

MARKET DEVELOPMENTS SINCE SEPTEMBER 30, 1997

In the latter part of October, trading markets became difficult and unusually volatile. There were sharp declines and a loss of liquidity for certain securities, particularly emerging markets securities.

As a result of these market developments, Chase's trading revenue (including trading-related net interest income) for the month of October amounted to a loss of approximately $160 million before tax.

The October trading results and the ongoing uncertain market environment present some risk that Chase will be unable to achieve its previously announced 1997 target of 15% annual growth in operating earnings per share.

Chase's other previously announced 1997 financial goals are: managed revenue growth of 6% to 8%; return on common stockholders' equity of 19%; an efficiency ratio of between 54% and 55%; and incremental merger savings of $635 million to $680 million.

RESULTS OF OPERATIONS

NET INTEREST INCOME

Reported net interest income for the 1997 third quarter was $2,046 million, an increase of $20 million from the 1996 third quarter. For the first nine months, net interest income was $6,079 million in 1997, a decrease of $48 million from the 1996 level (excluding $54 million of interest income, in 1996, related to Federal and State tax audit settlements). Excluding the impact of securitizations and the 1996 tax audit settlements, net interest income on a managed basis increased 4% in the 1997 third quarter and 3% for the first nine months of 1997, reflecting a higher level of liquid interest-earning assets to support Chase's trading businesses.

	THIRD QUARTER			NINE MONTHS		
	1997	1996	% Change	1997	1996	% Change
(in millions)						
NET INTEREST INCOME						
Managed Basis	$ 2,365	$ 2,270	4.2%	$ 6,992	$ 6,766 (a)	3.3 %
Impact of Securitizations	(319)	(244)	--	(913)	(639)	--
Reported	$ 2,046	$ 2,026	1.0%	$ 6,079	$ 6,127 (a)	(0.8)%
(in billions)						
AVERAGE INTEREST-EARNING ASSETS						
Managed Basis	$ 304.4	$ 275.3	10.6%	$ 295.2	$ 268.4	10.0%
Impact of Securitizations	(14.8)	(11.9)	--	(14.1)	(10.0)	--
Reported	$ 289.6	$ 263.4	9.9%	$ 281.1	$ 258.4	8.8%
NET YIELD ON INTEREST-EARNING ASSETS (b)						
Managed Basis	3.09%	3.29%	--	3.18%	3.37% (a)	--
Impact of Securitizations	(.28)	(.22)	--	(.28)	(.19)	--
Reported	2.81%	3.07%	--	2.90%	3.18% (a)	--

(a) Excludes $54 million of interest income related to tax audit settlements which was considered a nonrecurring item.

(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, and additional information on average balances and rates, see the Average Balance Sheets on pages 44 and 45.

The reported and managed net yields on average interest-earning assets decreased in the 1997 third quarter and first nine months compared with the same 1996 periods. The declines in net yield are primarily due to a higher level of lower-yielding liquid assets, driven by Chase's trading businesses, and generally narrower spreads on interest-earning assets.

Average interest-earning assets retained on the balance sheet increased by 10% in the third quarter of 1997 and 9% in the first nine months of 1997, principally as a result of the increase in liquid interest-earning assets. Liquid interest-earning assets (in particular trading-related assets) increased in the 1997 third quarter and first nine months by 18% and 22%, respectively. Average total loans (both commercial and consumer) and securities also increased in both 1997 periods, but decreased slightly as a percentage of total interest-earning assets. The growth in interest-earning assets in both 1997 periods was funded by an increase in Federal funds purchased and securities sold under repurchase agreements, which provide short-term funding for trading-related positions. Additionally, higher deposit levels and other borrowings also contributed to funding the growth in interest-earning assets.

AVERAGE INTEREST-EARNING ASSETS

	THIRD QUARTER			
(in billions)	1997		1996	
Loans	$ 161.2	56%	$ 150.1	57%
Securities	45.0	15	42.5	16
Liquid Assets	83.4	29	70.8	27
Total	$ 289.6	100%	$ 263.4	100%

	NINE MONTHS			
	1997		1996	
Loans	$ 156.9	56%	$ 150.1	58%
Securities	44.3	16	42.6	17
Liquid Assets	79.9	28	65.7	25
Total	$ 281.1	100%	$ 258.4	100%

Management anticipates that, given its current expectations for interest rate movements for the remainder of 1997, Chase's managed net interest income in 1997 will be approximately 3% higher than in 1996 (excluding the impact of tax audit settlements in 1996).

PROVISION FOR CREDIT LOSSES

Chase's provision for credit losses, which has equaled net charge-offs, amounted to $190 million in the 1997 third quarter and $599 million for the first nine months of 1997. These results compare with $220 million and $715 million, respectively, for the prior year's periods. The decreases in the provision were the result of lower consumer net charge-offs on a retained basis as well as lower domestic commercial net charge-offs. Commercial net charge-offs remained at historically low levels, consistent with the prior year.

Management currently expects that the provision for credit losses for full-year 1997 (which is anticipated to continue to equal net charge-offs) will be equal to or lower than the full-year 1996 provision. This is primarily a result of the continued strong performance in the commercial and industrial loan portfolio. For a discussion of Chase's net charge-offs, see the Credit Risk Management Section on pages 30-36.

NONINTEREST REVENUE

Noninterest revenue rose 24% and 15% for the 1997 third quarter and nine month periods, respectively, reflecting a broad spectrum of fee-based and, in particular, market sensitive increases. The 1997 third quarter was particularly strong with record results in several key areas (notably trading, corporate finance and equity-related revenues, which are market sensitive categories, and trust fees). Chase continues to generate overall fee growth by offering clients integrated financing and advisory solutions and new products and by generating new business. Noninterest revenue in the first nine months of 1997 included a $44 million gain on the sale of a partially-owned foreign investment and in 1996 included a $60 million loss on the sale of a building in Japan.

	THIRD QUARTER		NINE MONTHS	
(in millions)	1997	1996	1997	1996
Corporate Finance and Syndication Fees	$ 308	$ 237	$ 767	$ 731
Trust, Custody and Investment Management Fees	338	295	969	882
Credit Card Revenue	304	277	830	743
Service Charges on Deposit Accounts	94	97	280	296
Fees for Other Financial Services	411	393	1,186	1,152
Total Fees and Commissions	1,455	1,299	4,032	3,804
Trading Revenue	505	343	1,401	1,085
Securities Gains	58	34	189	110
Revenue from Equity-Related Investments	243	112	586	554
Other Revenue	102	111	412	180
Total	$ 2,363	$ 1,899	$ 6,620	$ 5,733

FEES AND COMMISSIONS

Corporate finance and syndication fees of $308 million in the 1997 third quarter increased by $71 million, or 30%, over the 1996 third quarter and exceeded the record second quarter 1997 levels by 9%. These results are due to strong investment banking deal flow, reflecting market share gains in high-yield and investment-grade debt underwriting. Corporate finance and syndication fees for the first nine months of 1997 rose $36 million reflecting strong growth in fees from debt securities underwriting and higher levels of corporate finance activity outside the United States.

Trust, custody and investment management fees rose 15% to a record $338 million in the 1997 third quarter and rose 10% to $969 million in the first nine months of 1997. These favorable results were largely attributable to growth in domestic and foreign assets under custody, expanded securities lending activity, and a higher level of assets under management, including Chase's proprietary Vista mutual funds.

	THIRD QUARTER		NINE MONTHS	
(in millions)	1997	1996	1997	1996
Product Diversification:				
Institutional (a)	$ 173	$ 146	$ 504	$ 433
Personal (b)	108	97	311	298
Mutual Fund Fees (c)	28	20	75	62
Other Trust Fees	29	32	79	89
Total Trust, Custody and Investment Management Fees	$ 338	$ 295	$ 969	$ 882

(a) Represents fees for trustee, agency, registrar, securities lending, broker clearings, safekeeping and maintenance of securities.
(b) Represents fees for trustee, estate services, custody, advisory and investment management.
(c) Represents administrative, custody, trustee and other fees in connection with Chase's proprietary mutual funds.

Credit card revenue rose 10% in the 1997 third quarter and increased 12% for the first nine months of 1997, as a result of growth in managed outstandings, including the Wal-Mart co-branded product. The increases in revenue for both 1997 periods was partially offset by a rise in net charge-offs on the securitized portfolio, which reduced the excess servicing fees Chase received from the securitizations. Average managed credit card receivables grew to $27.1 billion in the third quarter of 1997, compared with $23.9 billion for the prior year's third quarter. For a further discussion of the credit card portfolio and related securitization activity, see page 33 of this Form 10-Q.

	THIRD QUARTER		NINE MONTHS	
(in millions)	1997	1996	1997	1996
FEES FOR OTHER FINANCIAL SERVICES:				
Commissions on Letters of Credit and Acceptances	$ 78	$ 81	$ 224	$ 252
Fees in Lieu of Compensating Balances	81	75	236	223
Mortgage Servicing Fees	59	55	177	159
Loan Commitment Fees	30	32	86	92
Other Fees	163	150	463	426
Total	$ 411	$ 393	$ 1,186	$ 1,152

The higher levels of mortgage servicing fees for the 1997 periods reflect an increase in mortgage servicing volume largely resulting from the acquisition of the portfolio of Source One Mortgage Services Corporation ("Source One") in February 1997.

Higher fees related to insurance products, brokerage commissions, investment services and cash management services contributed to the increase in other fees.

TRADING REVENUE

	THIRD QUARTER		NINE MONTHS	
(in millions)	1997	1996	1997	1996
Trading Revenue	$ 505	$ 343	$ 1,401	$ 1,085
Net Interest Income Impact (a)	173	132	510	417
Total Trading-Related Revenue	$ 678	$ 475	$ 1,911	$ 1,502
Product Diversification:				
Interest Rate Contracts (b)	$ 159	$ 124	$ 559	$ 450
Foreign Exchange Contracts (c)	228	108	572	341
Debt Instruments and Other (d)	291	243	780	711
Total Trading-Related Revenue	$ 678	$ 475	$ 1,911	$ 1,502

(a) Trading-related net interest income includes interest recognized 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.

Trading-related revenues of $678 million for the 1997 third quarter represents the second consecutive record quarter, and are 43% above last year's third quarter results. Revenues from foreign exchange, emerging market activities and derivatives were particularly strong during the 1997 third quarter.

The increase in revenue from interest rate contracts was primarily due to higher volume as a result of volatility exhibited in the overseas markets, in particular, Europe and Asia. The rise in foreign exchange revenue reflected strong earnings across a broad spectrum of currencies. This was the result of recent volatility in the Asian markets and an increase in cross-currency trading activity in the European markets caused by uncertainty as to the integration of the European Monetary System. Debt instruments and other revenue remained at high levels, primarily as a result of strong performances in both emerging markets in Latin America and Eastern Europe and the U.S. securities business. Also contributing to the debt instruments and other category is growth in specialty derivative products.

Trading revenues are affected by many factors, including volatility of currencies and interest rates, the volume of transactions executed by Chase on behalf of its customers, Chase's success in proprietary positioning, the credit standing of Chase, and the steps taken by central banks and governments which affect financial markets. Chase expects its trading revenues will fluctuate as these factors will vary from period to period. On November 13, 1997, Chase announced that total trading revenues (including trading-related net interest income) for the month of October amounted to a loss of approximately $160 million before tax. The loss was the result of unusually volatile and adverse trading markets in the latter part of October, characterized by sharp declines and a loss of liquidity for certain securities, particularly emerging markets securities. See "Market Developments Since September 30, 1997".

OTHER NONINTEREST REVENUE

	THIRD QUARTER		NINE MONTHS	
(in millions)	1997	1996	1997	1996
Securities Gains	$ 58	$ 34	$ 189	$ 110
Revenue from Equity-Related Investments	243	112	586	554
Other Revenue:				
Residential Mortgage Origination/Sales Activities	$ 37	$ 15	$ 98	$ 41
Gain on Sale of a Partially-Owned Foreign Investment	--	--	44	--
Loss on Sale of a Building in Japan	--	--	--	(60)
Net Losses on Emerging Markets Securities Sales	--	--	--	(65)
All Other Revenue	65	96	270	264
Total Other Revenue	$ 102	$ 111	$ 412	$ 180

Securities gains resulted from sales from the available-for-sale portfolio made in connection with Chase's asset/liability management activities. The higher gains in 1997 were primarily the result of sales of U.S. Government and agency securities in the 1997 third and second quarters and sales of securities overseas in the 1997 first quarter.

Revenue from equity-related investments includes income from domestic and international venture capital activities. The 1997 third quarter results of $243 million were a record for Chase and were significantly higher than the prior year's quarter and the quarterly average of approximately $180 million for the previous eight quarters. During the 1997 third quarter, gains in Chase's portfolio reflected market conditions which continued to favor corporate mergers and small-cap stocks. For the first nine months of 1997, revenue from equity-related investments was $586 million, an increase of 6% compared with 1996. At September 30, 1997, the carrying value of Chase's equity-related investments approximated $3.2 billion. Chase believes that equity-related investments will continue to make contributions to its earnings although the timing of the recognition of gains is unpredictable and revenues could vary significantly from period to period.

Other revenue declined $9 million in the 1997 third quarter, but rose $232 million for the first nine months, when compared with the prior year's periods. The 1997 results included higher residential mortgage origination and sales revenue resulting from favorable secondary market conditions and higher gains on portfolio sales.

All other revenue also includes Chase's investment in CIT Group Holdings, Inc. ("CIT"), which contributed revenue of $16 million in the third quarter and $48 million for the first nine months of 1997, compared with $12 million and $37 million in the respective 1996 periods.

NONINTEREST EXPENSE

Noninterest expense, excluding restructuring costs, was $2,590 million in the 1997 third quarter, an increase of 13% from the prior year's quarter, and was $7,407 million for the first nine months of 1997, an increase of 5% from the same 1996 period. The 1997 results for both periods included investment spending on new product offerings and technology, higher incentive costs and the accelerated vesting of stock based incentive awards. Partially offsetting these expenses were incremental merger savings of $130 million and $520 million, respectively, in the 1997 third quarter and first nine months.

For the 1997 third quarter and first nine months, underlying operating noninterest expense growth was 14% and 10%, respectively (see Glossary of Terms on page 47). Management believes that underlying operating noninterest expense growth for the full year of 1997 will exceed 6% due to investment spending in targeted growth businesses.

	THIRD QUARTER		NINE MONTHS	
(in millions)	1997	1996	1997	1996
Salaries	$ 1,292	$ 1,040	$ 3,526	$ 3,162
Employee Benefits	206	211	647	741
Occupancy Expense	194	204	574	632
Equipment Expense	192	179	575	544
Foreclosed Property Expense	6	2	9	(15)
Other Expense	700	652	2,076	1,963
Total Before Restructuring Costs	2,590	2,288	7,407	7,027
Restructuring Costs	71	32	172	1,710
Total	$ 2,661	$ 2,320	$ 7,579	$ 8,737
Efficiency Ratio	56.7%	58.2%	57.3%	58.7%
Efficiency Ratio Excluding Securitizations	53.4%	56.1%	54.0%	56.8%

SALARIES AND EMPLOYEE BENEFITS

The increase in salaries for the 1997 third quarter and first nine months was primarily due to higher incentive costs as a result of higher earnings, particularly trading results, investments in a number of growth businesses, as well as competitive market pressures across many segments of the Global Wholesale franchise. Also, the increase in salaries for both 1997 periods reflected the accelerated vesting of stock-based incentive awards which resulted in a charge of $85 million in the 1997 third quarter and $50 million in the 1997 first quarter.

The following table presents Chase's full-time equivalent employees.

	SEPTEMBER 30, 1997	December 31, 1996	September 30, 1996
Domestic Offices	58,164	57,592	57,629
Foreign Offices	10,232	10,193	10,199
Total Full-Time Equivalent Employees	68,396	67,785	67,828

The slight increase in full-time equivalent employees since December 31, and September 30, 1996 reflects planned growth in selected businesses.

Employee benefits were down slightly in the 1997 third quarter, and decreased $94 million for the nine month period. Included in the results for 1996 was a $40 million charge related to conforming retirement benefits provided to foreign employees. Contributing to the decline in employee benefits during 1997 was lower pension expense.

OCCUPANCY AND EQUIPMENT EXPENSE

Occupancy expense in the 1997 third quarter and first nine months decreased by $10 million and $58 million, respectively. These decreases were largely a result of the consolidation of operations and branch facilities from merger integration efforts. The higher level of equipment expense was primarily the result of increased software expenses to enhance processing systems throughout Chase, and technology expenditures necessary to support targeted growth businesses.

RESTRUCTURING COSTS

In connection with the merger of The Chase Manhattan Corporation ("heritage Chase") and Chemical Banking Corporation ("heritage Chemical"), $1.9 billion of one-time merger-related costs were identified, of which $1.65 billion was taken as a restructuring charge on March 31, 1996. The remaining merger-related expenses originally estimated at $250 million did not qualify for immediate recognition under an existing accounting pronouncement and were not included in the $1.65 billion charge. Merger-related expenses of $71 million were incurred in the third quarter 1997, resulting in cumulative-to-date merger-related expenses of $336 million.

Chase currently expects that merger-related expenses will rise by $100 million to $125 million from its previous estimate of $250 million. These additional costs primarily relate to technology and systems integration costs.

At September 30, 1997, the reserve balance associated with the $1.65 billion merger-related restructuring charge was approximately $550 million, the majority of which is related to the disposition of certain facilities, premises and equipment.

OTHER EXPENSE

	THIRD QUARTER		NINE MONTHS	
(in millions)	1997	1996	1997	1996
OTHER EXPENSE:				
Professional Services	$ 139	$ 127	$ 408	$ 397
Marketing Expense	90	73	300	236
Telecommunications	77	82	225	249
Amortization of Intangibles	41	42	123	127
Minority Interest	19	16	58	36
All Other	334	312	962	918
Total	$ 700	$ 652	$ 2,076	$ 1,963

Other expense for the 1997 third quarter and first nine months increased by $48 million and $113 million, respectively. The increase includes expenses related to marketing and other costs for the co-branding of the Wal-Mart MasterCard which began in the fourth quarter of 1996. Also contributing to the increase in marketing expense is the promotion of PC Banking, and Better Banking products and services. In addition, there is approximately $11 million per quarter of minority interest expense associated with the REIT, which commenced in the 1996 fourth quarter. Partially offsetting these increases were lower telecommunications expenses for both 1997 periods, due to Chase's sourcing and other expense-reduction initiatives.

INCOME TAXES

Chase recognized income tax expense of $576 million in the third quarter of 1997, compared with $527 million in the third quarter of 1996. For the first nine months, Chase recorded income tax expense of $1,687 million in 1997, compared with $837 million in 1996. The 1996 amount includes tax benefits related to the restructuring charge as well as aggregate tax benefits and refunds of $132 million. Chase's effective tax rate was 37.0% for the third quarter and 37.3% for the first nine months of 1997, compared with 38.0% (excluding the aforementioned tax benefits and refunds) for both 1996 periods.

LINES OF BUSINESS RESULTS

Chase is managed using an economic-based risk-adjusted management information system ("MIS"). Chase's businesses are organized into two major business franchises, Global Wholesale Banking and Regional and Nationwide Consumer Banking ("RNCB"). Within each of these franchises, key businesses are measured independently on a profit and loss and rate of return basis, as well as by other key performance measures. Highlights of key business performance measures follow, reflecting MIS results.

LINES OF BUSINESS RESULTS

For Three Months Ended September 30, (in millions, except ratios)	Global Wholesale Banking 1997	Global Wholesale Banking 1996	Regional and Nationwide Consumer Banking 1997	Regional and Nationwide Consumer Banking 1996	Total (a) 1997	Total (a) 1996
Net Interest Income	$ 894	$ 814	$ 1,575	$ 1,503	$ 2,046	$ 2,026
Noninterest Revenue	1,601	1,222	679	566	2,363	1,899
Noninterest Expense	1,244	1,170	1,154	1,136	2,584	2,286
Operating Margin	1,251	866	1,100	933	1,825	1,639
Credit Costs	78	81	472	371	196	222
Income Before Taxes	1,173	785	628	562	1,629	1,417
Income Taxes	437	294	241	215	602	539
Operating Net Income	736	491	387	347	1,027	878
Restructuring Costs	(25)	(13)	(14)	(9)	(45)	(20)
Net Income	$ 711	$ 478	$ 373	$ 338	$ 982	$ 858
Average Common Equity	$ 9,884	$ 9,535	$ 6,601	$ 6,483	$ 19,023	$ 17,845
Average Assets	$ 248,181	$ 217,921	$ 122,241	$ 114,417	$ 360,314	$ 322,913
Return on Common Equity	28.7%	19.3%	22.4%	20.0%	20.6%	18.4%
Efficiency Ratio	50%	57%	51%	55%	59%	58%

For Nine Months Ended September 30, (in millions, except ratios)	Global Wholesale Banking 1997	Global Wholesale Banking 1996	Regional and Nationwide Consumer Banking 1997	Regional and Nationwide Consumer Banking 1996	Total (a) 1997	Total (a) 1996
Net Interest Income	$ 2,644	$ 2,534	$ 4,660	$ 4,425	$ 6,079	$ 6,127
Noninterest Revenue	4,489	3,854	1,930	1,687	6,620	5,793
Noninterest Expense	3,621	3,502	3,467	3,392	7,398	7,002
Operating Margin	3,512	2,886	3,123	2,720	5,301	4,918
Credit Costs	230	233	1,396	1,057	608	700
Income Before Taxes	3,282	2,653	1,727	1,663	4,693	4,218
Income Taxes	1,204	997	673	644	1,751	1,603
Operating Net Income	2,078	1,656	1,054	1,019	2,942	2,615
Restructuring Costs	(58)	(20)	(33)	(14)	(108)	(1,060)
Nonrecurring Items (b)	--	--	--	--	--	70
Net Income	$ 2,020	$ 1,636	$ 1,021	$ 1,005	$ 2,834	$ 1,625
Average Common Equity	$ 9,539	$ 9,619	$ 6,582	$ 6,452	$ 18,583	$ 17,762
Average Assets	$ 240,882	$ 215,931	$ 119,968	$ 112,266	$ 349,569	$ 317,824
Return on Common Equity	28.1%	21.8%	20.4%	19.9%	20.1%	18.4%
Efficiency Ratio	51%	55%	53%	56%	58%	59%

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

(b) Nonrecurring items for 1996 include the loss on the sale of a building in Japan, costs incurred in combining Chase's foreign retirement plans and aggregate tax benefits and refunds.

GLOBAL WHOLESALE BANKING

Global Wholesale Banking provides financing, advisory, sales and trading, trade finance, asset management, private banking and operating services. Clients include corporations, institutions, governments and wealthy individuals located around the world. Through its Global Wholesale Banking businesses, Chase is driving towards a new model for the delivery of global financial services, integrating product expertise, industry knowledge and geographic reach to effect superior customer solutions. Global Wholesale Banking operates in more than 50 countries, including major operations in all key international financial centers. Terminal Businesses, representing discontinued portfolios (primarily the remaining refinancing country debt and commercial real estate problem asset and nonperforming portfolios), are also included in Global Wholesale Banking.

Global Wholesale Banking's operating net income for the third quarter of 1997 was $736 million, an increase of $245 million over the 1996 third quarter. Operating return on equity in the third quarter of 1997 was 28.7% compared with 19.3% in 1996. Global Wholesale Banking's operating net income of $2,078 million and operating return on equity of 28.1% for the first nine months of 1997 increased from last year's results of $1,656 million and 21.8%, respectively. These favorable results were due to significant revenue growth throughout Chase's wholesale businesses, primarily higher trading-related revenue due to increases in foreign exchange and interest rate activities, strong growth in specialty derivative products and continued high levels of securities trading and underwriting.

The following table sets forth certain key financial performance measures of the businesses within Global Wholesale Banking for the periods indicated.

Three Months Ended September 30, (in millions, except ratios)	1997 REVENUES	1997 NET INCOME	1997 ROCE	1997 EFFICIENCY RATIO	1996 Revenues	1996 Net Income	1996 ROCE	1996 Efficiency Ratio
Global Wholesale Banking:								
Global Investment Banking and Corporate Lending	$ 577	$ 177	19.5%	40%	$ 577	$ 181	20.2%	38%
Global Markets	869	287	44.9	48	684	217	37.7	51
Chase Capital Partners	220	123	35.1	12	69	33	10.5	24
Global Asset Management and Private Banking	199	43	42.5	64	163	27	22.1	71
Global Services	558	103	42.0	70	496	64	22.9	79
Terminal Businesses	25	--	NM	NM	1	(20)	NM	NM

Nine Months Ended September 30, (in millions, except ratios)	1997 REVENUES	1997 NET INCOME	1997 ROCE	1997 EFFICIENCY RATIO	1996 Revenues	1996 Net Income	1996 ROCE	1996 Efficiency Ratio
Global Wholesale Banking:								
Global Investment Banking and Corporate Lending	$ 1,614	$ 491	18.2%	39%	$ 1,676	$ 535	19.9%	37%
Global Markets	2,590	898	52.5	46	1,985	595	33.6	54
Chase Capital Partners	532	292	33.2	13	529	300	36.6	9
Global Asset Management and Private Banking	552	110	32.9	67	499	87	24.1	69
Global Services	1,593	262	33.0	73	1,459	189	22.6	79
Terminal Businesses	51	(20)	NM	NM	30	(40)	NM	NM

NM - Not meaningful.

GLOBAL INVESTMENT BANKING AND CORPORATE LENDING

Global Investment Banking and Corporate Lending finances and advises corporations, financial sponsors and governments by providing integrated one-stop financial solutions and industry expertise to clients globally. Client industries include broker/dealers, chemicals, healthcare, insurance, media and telecommunications, multinationals, natural resources, oil and gas, power and environmental, real estate, retail and transportation. Product offerings encompass syndicated finance, high-yield securities, merger and acquisitions, project finance, restructuring, private placements, lease financing and lending. Chase continues to maintain its lead position in loan syndication and in leveraged finance. Net income for the third quarter of 1997 was $177 million, relatively flat when compared to the third quarter of 1996 reflecting higher corporate finance and syndication fees due to market share gains in high-yield underwriting and higher levels of corporate finance activities outside the United States. These increases were offset by the favorable impact of a large transaction gain during the 1996 third quarter. For the first nine months of 1997, net income of $491 million decreased $44 million compared with the same period in 1996 due to a decline in net interest income coupled with the favorable impact on the 1996 nine month results of several large transactions.

GLOBAL MARKETS

Global Markets' activities encompass the trading and sales of foreign exchange, derivatives, fixed income securities and commodities, including related origination functions. A leader in capital markets, Chase operates 24 hours a day covering the major international cross-border financial markets, as well as many local markets in both developed and developing countries. Global Markets is a recognized world leader in such key activities as foreign exchange, interest rate swaps and emerging markets debt. The strong growth in trading-related revenue contributed to the favorable 1997 results. For the third quarter of 1997, net income was $287 million with a return on common equity of 45%, compared with 1996's third quarter results of $217 million and 38%, respectively. For the first nine months of 1997, net income was $898 million with a return on common equity of 53% representing a substantial increase from the first nine months results of 1996 of $595 million and 34%, respectively. Trading-related revenue of $638 million for the 1997 third quarter reflected record trading results and is an increase of 30% from last year's third quarter results. These results reflect the benefits during the first nine months of 1997 of increasing demand and a positive trading environment. For the first nine months of 1997, trading-related revenue was $1,868 million, an increase of 27% from last year's results driven by higher foreign exchange, derivatives, and securities results worldwide. Also, included within Global Markets are the domestic and international treasury units which have the primary responsibility of managing Chase's asset/liability and investment securities activities. ALM activities in the treasury units are managed on a total return basis with one of the major objectives being the creation of economic value over time. The gross total return from ALM activities for the 1997 third quarter was $134 million and for the first nine months of 1997 was $557 million.

CHASE CAPITAL PARTNERS

Chase Capital Partners ("CCP") is a global private equity organization with approximately $4.6 billion under management, including $3.2 billion in equity-related investments. CCP provides equity and mezzanine financing and employs professionals focused on investing in the United States, Europe, Asia and Latin America, for a wide variety of investment opportunities. During the first nine months of 1997, CCP's direct investments totaled $433 million in over 73 venture capital, management buyout, recapitalization, growth equity and mezzanine transactions. Net income for the third quarter of 1997 was $123 million, a $90 million increase from the 1996 third quarter, reflecting significant equity-related gains as market conditions continued to favor corporate mergers and small-cap stocks. For the first nine months of 1997, net income was $292 million, an $8 million decrease from last year's nine month results, reflecting a lower number of large transaction gains in 1997 when compared with the same period in 1996.

GLOBAL ASSET MANAGEMENT AND PRIVATE BANKING

The Global Asset Management and Private Banking group serves a global client base of wealthy individuals, institutional investors and mutual fund investors. Services include asset management for institutional investors, Vista Mutual Funds (at September 30, 1997, the fourth largest bank-managed fund family in the U.S.), and a full range of private banking capabilities, including investment management, trust and estates, custody, and advisory services for wealthy individuals around the world. Total assets under management amounted to $152 billion at September 30, 1997. Net income was $43 million in the 1997 third quarter, a $16 million increase from the third quarter of 1996, reflecting an increased volume of global banking transactions for private banking clients and higher levels of client assets. For the first nine months of 1997, net income grew 26% to $110 million, with a return on common equity of 33%, due to a higher level of assets under management and increased investment advisory activities. The 1996 nine month results included a $23 million pre-tax gain on the sale of certain deposits.

GLOBAL SERVICES

Global Services is a leading provider of information and transaction services globally. As the world's largest provider of global custody and a leader in trust and agency services, Global Services was custodian for over $4.0 trillion in assets at September 30, 1997 and serviced over $1.6 trillion in outstanding debt. Global Services also operates the largest U.S. dollar funds transfer business in the world and is a market leader in FedWire, ACH and CHIPS volume. Net income in the third quarter of 1997 was $103 million, an increase of $39 million or 61% from 1996 third quarter. For the first nine months of 1997, net income increased 39% from last year's results to $262 million. Return on common equity for the 1997 third quarter was 42% and for the first nine months of 1997, it was 33%; excluding the impact of goodwill, the return on tangible common equity was 56% and 44%, respectively. These favorable results are due to strong revenue growth primarily in global investor services and global trust, reflecting an increase in assets under custody and new business initiatives, as well as continued productivity gains.

REGIONAL AND NATIONWIDE CONSUMER BANKING (RNCB)

The Regional and Nationwide Consumer Banking franchise, as of September 30, 1997, included the fourth-largest bank credit card issuer in the U.S., the third-largest originator and the second-largest servicer of residential mortgages and a leading provider of auto financing and other consumer lending products. Chase maintains a leading market share position in the New York metropolitan tri-state area in serving the financial needs of consumers, middle market commercial enterprises and small businesses. It offers customers convenient access to financial services by telephone, PC, and the Internet, and has the most branches and ATMs in the New York metropolitan tri-state area. Additionally, included in RNCB is Texas Commerce Bank, which is the second-largest bank in Texas and a leader in providing financial products and services to businesses and individuals throughout Texas. RNCB also includes a small international consumer presence which is highly profitable.

RNCB's operating net income for the third quarter of 1997 was $387 million, a $40 million increase from the 1996 third quarter. For the first nine months of 1997, RNCB's operating net income was $1,054 million, a $35 million increase when compared with last year's results. The favorable impacts from higher revenue (which was driven by higher loan volume in credit cards and mortgage banking products) and from the benefit of merger-related savings were partially offset by higher credit provisions for credit cards and auto loans and higher expenses related to marketing initiatives and new product offerings.

The following table sets forth certain key financial performance measures of the businesses within RNCB for the periods indicated.

Three Months Ended September 30, (in millions, except ratios)	1997 REVENUES (a)	1997 NET INCOME	1997 ROCE	1997 EFFICIENCY RATIO	1996 Revenues	1996 Net Income	1996 ROCE	1996 Efficiency Ratio
Regional and Nationwide Consumer Banking:								
Credit Cards	$ 778	$ 86	18.5%	34%	$ 674	$ 81	21.7%	37%
Retail Payments and Investments	519	82	30.0	72	509	68	24.5	76
Middle Market	209	52	23.8	49	204	46	16.7	53
Mortgage Banking	194	51	19.2 (b)	53	168	35	10.6	60
National Consumer Finance	163	32	27.8	40	144	31	26.1	43
International Consumer	65	12	61.2	67	64	15	77.6	58
Texas Commerce	348	84	22.6	59	314	72	20.3	62

Nine Months Ended September 30, (in millions, except ratios)	1997 REVENUES (a)	1997 NET INCOME	1997 ROCE	1997 EFFICIENCY RATIO	1996 Revenues	1996 Net Income	1996 ROCE	1996 Efficiency Ratio
Regional and Nationwide Consumer Banking:								
Credit Cards	$2,228	$ 180	14.7%	37%	$ 1,949	$ 224	19.9%	39%
Retail Payments and Investments	1,548	241	29.2	73	1,514	212	25.9	75
Middle Market	632	162	21.6	48	620	142	17.6	52
Mortgage Banking	566	143	16.1 (b)	54	492	84	8.5	66
National Consumer Finance	480	87	25.3	41	447	101	29.4	42
International Consumer	195	41	71.4	62	188	44	76.9	59
Texas Commerce	993	222	19.9	61	925	204	19.2	63

(a) Insurance products are managed within Retail Payments and Investments but are included for reporting purposes in Credit Cards, Mortgage Banking, and National Consumer Finance. These insurance products, in the aggregate, generated revenues of $24 million and $20 million for the third quarter of 1997 and 1996, respectively, and $74 million and $55 million for the first nine months of 1997 and 1996, respectively.

(b) Excluding the impact of goodwill, the return on tangible common equity was 28% for the third quarter of 1997 and 23% for the first nine months of 1997.

CREDIT CARDS

Chase Cardmember Services ranked as the fourth largest bank card issuer in the United States as of September 30, 1997, with a $27.4 billion managed portfolio. Included in the portfolio is $4.7 billion in outstandings related to the co-branded Shell MasterCard. For the third quarter of 1997, net income (reflected on a managed basis) was $86 million, a $5 million increase from the 1996 third quarter. For the first nine months of 1997, net income was $180 million, a $44 million decrease from the same period in 1996. Earnings for the first nine months of 1997 were driven by a 14% revenue increase generated from growth in both the core portfolio and from co-branded initiatives and the effects of higher fees and risk-based pricing initiatives. However, net income declined as a result of higher credit card charge-offs and expenses related to the launch of the Wal-Mart co-branded credit card.

RETAIL PAYMENTS & INVESTMENTS

At September 30, 1997, Retail Payments and Investments has the leading share of primary bank relationships among consumers and small businesses in the New York metropolitan tri-state area. In addition to its tri-state businesses, Retail Payments and Investments includes discount brokerage services and Chase's nationwide insurance and investment products. Retail Payments and Investments allows customers to choose the way they handle their financial relationships, offering telephone, PC and Internet banking in addition to branches and ATMs. Net income in the third quarter of 1997 was $82 million, an increase of $14 million when compared to 1996's third quarter. For the first nine months, net income was $241 million in 1997, an increase of $29 million from 1996. The improvement in net income is due primarily to lower noninterest expense, reflecting staff reductions and branch consolidations, coupled with the impact of higher deposit volumes and higher fees from insurance products.

MIDDLE MARKET

Chase is the premier provider of financial services to middle-market companies (companies with sales ranging from $10 to $500 million) regionally, with a national focus in selected industries. Also, it is the market leader in the New York metropolitan tri-state area where it has relationships with 53% of middle market companies and is the lead bank for 25% of such companies. Net income for the 1997 third quarter was $52 million, a $6 million increase when compared with the 1996 third quarter, due primarily to higher corporate finance fees. For the first nine months of 1997, net income was $162 million, a 14% increase from last year's nine month results, due to higher deposit volume and staff reductions.

MORTGAGE BANKING

At September 30, 1997, Mortgage Banking is the third-largest originator and second largest servicer of residential mortgage loans in the U.S., serving more than 1.8 million customers nationwide. In 1997, Chase completed the acquisition of Source One's $17 billion portfolio of mortgage servicing rights and at September 30, 1997, Chase's servicing portfolio totaled $166.2 billion. In the first nine months of 1997, $25.0 billion in loans were originated. Net income in the third quarter of 1997 was $51 million, a $16 million increase from the 1996 third quarter. The increase is attributable to higher gains from mortgage warehouse and sub-prime loan sales and from an increase in origination fees. For the first nine months of 1997, net income was $143 million, a $59 million increase from last year's nine month results, reflecting a 15% increase in revenue. The increase is the result of a higher level of servicing assets, an increase in net interest income due to loan growth, and a 6% decrease in expenses due to merger saves and the productivity gains resulting from the reengineering of the mortgage origination business. Return on common equity for the 1997 third quarter is 19% and for the first nine months of 1997 is 16%; however, excluding the impact of goodwill, the return on tangible common equity is 28% and 23% for both periods, respectively.

NATIONAL CONSUMER FINANCE

National Consumer Finance is a leading provider of auto financing, home equity secured lending, student lending, unsecured consumer lending (Chase Advantage Credit) and manufactured housing financing. At September 30, 1997, Chase Auto Finance had $11.6 billion in outstandings with $7.5 billion in new originations for the first nine months of 1997. Net income in the third quarter of 1997 was $32 million which was flat when compared with the 1996 third quarter. For the first nine months of 1997, net income was $87 million, a $14 million decrease from last year's nine month results. The results for both periods in 1997 include revenue growth due to an increase in loan volume, which was offset by a higher credit provision. The growth in revenue for the first nine months of 1997 when compared to the same 1996 period, was partially offset by the impact of a joint venture formed with Sallie Mae in the 1996 fourth quarter, which is accounted for on the equity basis. Excluding the effects of this joint venture, year-to-date revenue grew by 16%.

INTERNATIONAL CONSUMER

International Consumer provides loan, deposit, investment and insurance products for individuals in Hong Kong. Also, included is The Manhattan Card Company Limited (Chase's 54% owned subsidiary) which is the third-largest credit card issuer in Hong Kong. Additionally, Chase has a leading full-service banking presence in Panama and the Eastern Caribbean, providing deposit, investment and asset products for individuals, small businesses, large corporations and government entities. Net income for the third quarter of 1997 is $12 million and for the first nine months of 1997 is $41 million, which is a $3 million decrease in both periods when compared to the same 1996 periods. The 1997 nine month results were driven by a 4% growth in revenue, reflecting higher loan volumes, offset by higher expenses, primarily due to investment spending, and higher credit costs.

TEXAS COMMERCE

Texas Commerce is the primary bank for more large corporations and middle market companies than any other bank in Texas. Texas Commerce also maintains a strong consumer banking presence through its 125 locations. Additionally, Texas Commerce was the largest bank for personal and corporate trust services in the Southwest. As of September 30, 1997, Texas Commerce had $22.5 billion in total assets. Net income for the third quarter of 1997 was $84 million, a $12 million increase when compared with the 1996 third quarter. For the first nine months of 1997, net income was $222 million, an $18 million increase from last year's nine month results. Texas Commerce continues to produce solid revenue growth, reflecting an increase in fee-based activities and higher loan and deposit volumes. This is partially offset by higher expenses and credit costs. Return on common equity for the 1997 third quarter is 23% and for the first nine months of 1997 is 20%; however, excluding the impact of goodwill, the return on tangible common equity is 29% and 26%, respectively.

CORPORATE

Corporate includes the management results attributed to Chase's investment in CIT and some effects remaining at the Corporate level after the implementation of management accounting policies, including residual credit provision and tax expense. The securitized portion of the credit card portfolio is included in Corporate. Corporate also includes one-time unallocated special items such as merger-related restructuring charges and expenses as well as tax refunds. For the third quarter of 1997, Corporate had an operating net loss of $96 million compared with operating net income of $40 million in the 1996 third quarter. For the first nine months of 1997, Corporate had an operating net loss of $190 million compared to a $60 million operating net loss in the first nine months of 1996. Included in the 1997 results were $135 million of expenses related to the accelerated vesting of stock-based incentive awards ($85 million after-tax). Chase's economic risk-based methodology for capital is allocated on a business unit level basis for credit, market and operating risk, with the unallocated portion of capital included in Corporate. In 1997, Corporate had unallocated equity of $2,538 million in the third quarter and $2,462 million in the first nine months, compared with $1,827 million in the 1996 third quarter and $1,691 million in the first nine months of 1996. The increases in unallocated capital reflects the continued improvement of the overall risk profile of Chase and the generation of retained earnings.

Lines-of-business results are subject to restatement as appropriate whenever there are refinements in management reporting policies or changes to the management organization. The current presentation of the lines-of-business results have been restated to reflect a single, uniform post-merger set of management accounting policies.

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 credit 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 Chase are fully allocated to the business units except for special corporate one-time charges. The provision for credit losses is allocated to the wholesale bank and commercial businesses based on a consistently applied credit risk methodology and a risk-grading system appropriate for a business unit's portfolio. For the retail consumer businesses, provision for credit losses are assigned utilizing a net charge-off methodology. Long-term expected tax rates are assigned in evaluating Chase's businesses.

CREDIT RISK MANAGEMENT

The following discussion of Chase's credit risk management focuses primarily on developments since December 31, 1996 and should be read in conjunction with pages 48-54 of Chase's 1996 Annual Report. A description of Chase's accounting policies for its nonperforming assets is provided in Note One of Chase's 1996 Annual Report.

LOAN PORTFOLIO

Chase's loans outstanding totaled $163.1 billion at September 30, 1997, compared with $155.1 billion at the 1996 year-end. The increase reflects higher demand for consumer and commercial loans, partially offset by the impact of credit card, auto loan, residential and commercial mortgage securitizations.

Chase's nonperforming assets at September 30, 1997 were $1,036 million, a decrease of $115 million from the 1996 year-end level. The reduction reflects the ongoing improvement in Chase's credit profile as a result of a lower level of loans being placed on nonperforming status, repayments, charge-offs, and continuing loan workout and collection activities.

Total net charge-offs were $190 million in the third quarter of 1997, compared with $220 million for the comparable period in 1996. For the first nine months, net charge-offs were $599 million in 1997, compared with $715 million in 1996. The amount for the first nine months of 1996 excludes a charge of $102 million related to conforming the credit card charge-off policies of the two predecessor banks. Total net charge-offs (on a managed basis, which excludes the impact of credit card securitizations) were $436 million in the 1997 third quarter, compared with $364 million in the third quarter of 1996. For the first nine months, total net charge-offs (on a managed basis) were $1,315 million in 1997, compared with $1,098 million in 1996 (excluding the aforementioned charge of $102 million). The increases in managed net charge-offs for both 1997 periods reflect growth in average managed credit card outstandings and higher levels of personal bankruptcies and delinquencies.

The following table presents Chase's loan-related information for the dates indicated.

(in millions)	LOANS SEPT 30, 1997	LOANS Dec 31, 1996	NONPERFORMING ASSETS SEPT 30, 1997	NONPERFORMING ASSETS Dec 31, 1996	PAST DUE 90 DAYS AND OVER & STILL ACCRUING SEPT 30, 1997	PAST DUE 90 DAYS AND OVER & STILL ACCRUING Dec 31, 1996
DOMESTIC CONSUMER:						
Residential Mortgage(a)	$ 38,730	$ 36,621	$324	$ 249	$ 2	$ 7
Credit Card	11,618	12,157	--	--	180	267
Auto Financings	13,437	11,121	22	28	16	6
Other Consumer(b)	8,275	9,185	10	7	115	115
Total Domestic Consumer	72,060	69,084	356	284	313	395
DOMESTIC COMMERCIAL:						
Commercial and Industrial	38,846	34,742	308	444	20	19
Commercial Real Estate(c)	6,555	5,934	119	156	10	8
Financial Institutions	5,062	5,540	2	2	--	--
Total Domestic Commercial	50,463	46,216	429	602	30	27
Total Domestic	122,523	115,300	785	886	343	422
FOREIGN:						
Commercial and Industrial	25,455	23,109	96	79	--	6
Commercial Real Estate	772	800	--	1	--	--
Financial Institutions & Foreign Gov't	10,645	12,597	29	38	--	--
Consumer	3,692	3,286	21	17	6	6
Total Foreign	40,564	39,792	146	135	6	12
TOTAL LOANS	$163,087	$155,092	931	1,021	$349	$434
Assets Acquired as Loan Satisfactions			105	130		
TOTAL NONPERFORMING ASSETS			$ 1,036	$ 1,151		

(in millions)	NET CHARGE-OFFS THIRD QUARTER 1997	THIRD QUARTER 1996	NINE MONTHS ENDED SEPTEMBER 30, 1997	NINE MONTHS ENDED SEPTEMBER 30, 1996
DOMESTIC CONSUMER:				
Residential Mortgage(a)	$ 8	$ 7	$ 21	$ 22
Credit Card	132	152	403	462
Auto Financings	15	11	42	25
Other Consumer(b)	41	40	129	103
Total Domestic Consumer	196	210	595	612
DOMESTIC COMMERCIAL:				
Commercial and Industrial	15	(4)	33	90
Commercial Real Estate(c)	(13)	6	(23)	32
Financial Institutions	(1)	--	(1)	--
Total Domestic Commercial	1	2	9	122
Total Domestic	197	212	604	734
FOREIGN:				
Commercial and Industrial	(4)	5	(7)	(15)
Commercial Real Estate	--	--	--	(2)
Financial Institutions & Foreign Gov't	(6)	--	(7)	(8)
Consumer	3	3	9	6
Total Foreign	(7)	8	(5)	(19)
TOTAL LOANS	190	220	599	715
Charge Related to Conforming Credit Card Charge-off Policies	--	--	--	102
TOTAL	$ 190	$ 220	$ 599	$ 817

(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 $38 million and $54 million at September 30, 1997 and December 31, 1996, respectively.

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

DOMESTIC CONSUMER PORTFOLIO

Residential Mortgage Loans: Residential mortgage loans were $38.7 billion at September 30, 1997, reflecting a $2.1 billion increase during 1997 largely due to a higher level of adjustable-rate loan outstandings. At September 30, 1997, nonperforming domestic residential mortgage loans as a percentage of the portfolio was 0.84%, compared with 0.68% at the 1996 year-end.

The following table presents the residential mortgage servicing portfolio activity for the periods indicated. A discussion of Chase's mortgage servicing and loan origination activities is included on pages 49-50 of Chase's 1996 Annual Report.

	THIRD QUARTER		NINE MONTHS	
(in billions)	1997	1996	1997	1996
Balance at Beginning of Period	$ 162.9	$ 133.3	$ 140.7	$ 132.1
Originations	9.8	6.7	25.0	22.3
Acquisitions	--	--	16.8 (a)	1.1
Repayments and Sales	(6.5)	(5.1)	(16.3)	(20.6)
Balance at September 30,	$ 166.2	$ 134.9	$ 166.2	$ 134.9

(a)Represents acquisition of Source One servicing portfolio in February 1997.

Mortgage servicing rights ("MSRs"), which are included in other assets, amounted to $1,861 million at September 30, 1997, compared with $1,404 million at December 31, 1996. The higher level of MSRs reflects the corresponding increase in Chase's residential mortgage servicing portfolio partly due to the acquisition of the Source One servicing portfolio. The Source One acquisition added $246 million of MSRs at September 30, 1997. Chase continually evaluates prepayment exposure of the servicing portfolio, adjusting the balance and remaining life of the servicing rights as a result of prepayments, and utilizes derivative contracts (interest rate swaps and purchased option contracts) to reduce its exposure to such prepayment risks. At September 30, 1997, the carrying value of these derivative contracts was $113 million, and gross unrecognized gains and losses were $51 million and $35 million, respectively, resulting in an estimated positive fair value of $129 million.

Credit Card Loans: Chase analyzes its credit card portfolio on a "managed basis", which includes credit card receivables on the balance sheet as well as credit card receivables that have been securitized. During the third quarter of 1997, Chase securitized $2.0 billion of credit card receivables. No credit card receivables were securitized during the third quarter of 1996. During the first nine months of 1997, Chase securitized $3.4 billion of credit card receivables, compared with $5.8 billion in the same 1996 period. For the third quarter of 1997, average managed receivables were $27.1 billion, compared with $23.9 billion in the 1996 third quarter, reflecting the continued growth in credit card outstandings.

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

(in millions)	AS OF OR FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1997	1996	AS OF OR FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
Average Managed Credit Card Receivables	$27,089	$23,936	$25,996	$23,457
Past Due 90 Days & Over and Accruing	$ 523	$ 469	$ 523	$ 469
As a Percentage of Average Credit Card Receivables	1.93%	1.96%	2.01%	2.00%
Net Charge-offs (a)	$ 378	$ 296	$ 1,119	$ 845
As a Percentage of Average Credit Card Receivables	5.57%	4.95%	5.74%	4.80%

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

The increase in net charge-offs on managed credit card receivables for both the three-month and nine-month periods ending September 30, 1997, when compared with the same 1996 periods, reflects growth in average managed credit card outstandings and higher levels of personal bankruptcies and delinquencies. Net charge-offs for the 1997 third quarter have decreased when compared with the 1997 second quarter. This decrease is due to the slight improvement in the levels of personal bankruptcies and delinquencies during the 1997 third quarter. Management currently believes that credit card net charge-offs peaked in the second quarter of 1997. Additionally, management expects that Chase's credit card net charge-offs, as a percentage of average managed credit card receivables, will be approximately 5.6% to 5.7% for the full year 1997.

During October 1997 Chase agreed to purchase substantially all of The Bank of New York's credit card portfolio, totaling approximately 3.5 million accounts and approximately $4.0 billion in outstandings. The acquisition is expected to be completed by year-end 1997.

Credit Card Securitizations: For a discussion of Chase's credit card securitizations, see page 51 of Chase's 1996 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 1997	1996	NINE MONTHS 1997	1996
Net Interest Income	$(319)	$(244)	$(913)	$(639)
Provision for Credit Losses	249	148	730	409
Credit Card Revenue	58	95	152	217
Other Revenue	(7)	--	(9)	11
Pre-tax Income (Loss) Impact of Securitizations	$ (19)	$ (1)	$ (40)	$ (2)

The pre-tax loss on securitizations for both 1997 periods is due to the impact of upfront losses arising at the time of the securitizations in 1997 (as a result of the implementation of SFAS 125), which will be subsequently recovered as higher credit card revenue over the life of the securitizations. In addition, the amortization of gains from prior years' securitizations reduced the 1997 pre-tax amounts. Credit card securitizations have no net pre-tax impact on Chase's income statement over the life of a securitization. Therefore, the amounts in the above table reflect the timing of gain/loss recognition associated with these securitizations.

Auto Financings: The auto financing portfolio, which consists of auto loans and leases, was $13.4 billion at September 30, 1997 and $11.1 billion at December 31, 1996. The increase reflected continued strong consumer demand due to favorable pricing programs, partially offset by the impact of auto loan securitizations. Total originations were $8.2 billion in the first nine months of 1997, compared with $9.3 billion in the same 1996 period. Chase securitized approximately $2.1 billion of auto loans during the first nine months of 1997, compared with $3.0 billion during the first nine months of 1996. Net charge-offs related to auto financings were $15 million in the 1997 third quarter, compared with $11 million in the same period in 1996. For the first nine months, net charge-offs of auto financings were $42 million in 1997, compared with $25 million in 1996. The increased level of net charge-offs related to auto financings in both 1997 periods primarily reflects growth in the portfolio and unfavorable performance in a discontinued product line.

Other Consumer Loans: Other consumer loans, which includes student loans, unsecured revolving lines of credit, and secured installment loans, decreased by $.9 billion at September 30, 1997. This decrease was due to the sale of recreational vehicle and marine loan portfolios in the 1997 third quarter. The increase in net charge-offs for the 1997 first nine months reflects higher personal bankruptcies related to unsecured revolving lines of credit.

DOMESTIC COMMERCIAL PORTFOLIO
Domestic Commercial and Industrial Portfolio: The domestic commercial and industrial portfolio totaled $38.8 billion at September 30, 1997, an increase from $34.7 billion at December 31, 1996. The portfolio consists primarily of loans made to large corporate and middle market customers and is broadly diversified geographically and by industry.

Nonperforming domestic commercial and industrial loans were $308 million at September 30, 1997, compared with $444 million at December 31, 1996. In the third quarter of 1997, Chase had net charge-offs of $15 million compared with net recoveries of $4 million in the third quarter of 1996. For the first nine months, net charge-offs were $33 million in 1997 compared with $90 million in 1996.

Management expects commercial and industrial loan net charge-offs for full-year 1997 to be equal to or lower than the 1996 full-year level, primarily as a result of the continued strong performance in the commercial and industrial loan portfolio.

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 $6.6 billion at September 30, 1997, an increase of 10% from December 31, 1996, reflecting increased loan originations during the 1997 third quarter. A substantial portion of the loans originated during the 1997 third quarter are in the process of being syndicated or securitized.

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

(in millions)	SEPTEMBER 30, 1997	December 31, 1996
Commercial Mortgages	$ 5,594	$ 5,040
Construction	961	894
Total Domestic Commercial Real Estate Loans	$ 6,555	$ 5,934

Nonperforming domestic commercial real estate loans were $119 million at September 30, 1997, a $37 million decrease from the December 31, 1996 level.

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, 1997, compared with $5.5 billion at December 31, 1996. The portfolio continued to maintain its strong credit quality during the first nine months of 1997.

FOREIGN PORTFOLIO
Foreign portfolio includes commercial and industrial loans, loans to financial institutions, commercial real estate, loans to foreign governments and official institutions, and consumer loans. At September 30, 1997, Chase's total foreign loans were $40.6 billion, compared with $39.8 billion at December 31, 1996. The portfolio included foreign commercial and industrial loans of $25.5 billion at September 30, 1997, an increase of $2.3 billion from the 1996 year-end.

Foreign nonperforming loans at September 30, 1997 were $146 million, an $11 million increase from December 31, 1996. Net recoveries of foreign loans were $7 million in the 1997 third quarter, compared with net charge-offs of $8 million in the 1996 third quarter. For the first nine months, foreign loan net recoveries were $5 million in 1997, compared with net recoveries of $19 million in 1996.

INDUSTRY DIVERSIFICATION
Based upon the industry classifications utilized by Chase at September 30, 1997, there were no industry segments which exceeded 5% of total Commercial and Industrial loans outstanding.

DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

In the normal course of its business, Chase 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 Chase'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 3 and 9 of this Form 10-Q and pages 52-58 and Notes One and Seventeen of Chase's 1996 Annual Report.

Many of Chase'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, 1997 and December 31, 1996. Percentages are based upon remaining contract life of mark-to-market exposure amounts. Mark-to-market exposure is a measure, at a point in time, of the value of a derivative or foreign exchange contract in the open market.

	AT SEPTEMBER 30, 1997				AT DECEMBER 31, 1996			
	INTEREST RATE CONTRACTS	FOREIGN EXCHANGE CONTRACTS	EQUITY, COMMODITY AND OTHER CONTRACTS	TOTAL	INTEREST RATE CONTRACTS	FOREIGN EXCHANGE CONTRACTS	EQUITY, COMMODITY AND OTHER CONTRACTS	TOTAL
Less than 3 months	15%	53%	15%	29%	15%	59%	26%	31%
3 to 6 months	6	23	14	13	5	21	5	11
6 to 12 months	7	19	20	12	8	15	28	10
1 to 5 years	48	5	50	32	52	5	40	35
Over 5 years	24	--	1	14	20	--	1	13
Total	100%	100%	100%	100%	100%	100%	100%	100%

Chase routinely enters into derivative and foreign exchange transactions with regulated financial institutions, which Chase believes have relatively low credit risk. At September 30, 1997, approximately 86% of the mark-to-market exposure of these transactions was with commercial bank and financial institution counterparties, most of which are dealers in these products. Nonfinancial institutions accounted for approximately 14% of Chase's derivative and foreign exchange mark-to-market exposure. Additionally, at September 30, 1997 and December 31, 1996, nonperforming derivatives contracts were immaterial.

Chase 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, 1997.

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 contracts, letters of credit, guarantees and undrawn legal commitments. As of September 30, 1997, the allowance for credit losses has been allocated into three components: a $3,462 million allowance for loan losses, which is reported net in Loans; a $75 million allowance for credit losses on derivative and foreign exchange financial instruments, which is reported net in Trading Assets-Risk Management Instruments; and a $170 million allowance for credit losses on letters of credit, guarantees, and undrawn legal commitments, which is reported in Other Liabilities. During the first nine months of 1997, there were no provisions or charge-offs made to the latter two components. However, there was a transfer of $100 million from the allowance for loan losses to the allowance for credit losses on letters of credit, guarantees and undrawn legal commitments during the 1997 second quarter as a result of the inclusion in the evaluation of the allowance of undrawn legal commitments. The 1996 amounts have not been reclassified due to immateriality.

Chase deems its allowance for credit losses at September 30, 1997 to be adequate (i.e., sufficient to absorb losses that may currently exist in the portfolio, but are not yet identifiable). Estimating potential future losses is inherently uncertain and depends on many factors, including general macroeconomic and political conditions, rating migration, structural changes within industries which alter competitive positions, event risk, unexpected correlations within the portfolio, and other external factors such as legal and regulatory requirements. Chase periodically reviews such factors and reassesses the adequacy of the allowance for credit losses.

The accompanying table reflects the activity in Chase's allowance for loan losses for the periods indicated.

	THIRD QUARTER		NINE MONTHS	
(in millions)	1997	1996	1997	1996
Total Allowance at Beginning of Period	$3,446	$3,692	$3,549	$3,784
Provision for Credit Losses	190	220	599	715
Charge-Offs	(277)	(295)	(808)	(925)
Recoveries	87	75	209	210
Subtotal Net Charge-Offs	(190)	(220)	(599)	(715)
Charge Related to Conforming Credit Card Charge-off Policies	--	--	--	(102)
Total Net Charge-offs	(190)	(220)	(599)	(817)
Transfer to Allowance for Credit Losses on Letters of Credit, Guarantees and Undrawn Legal Commitments	--	--	(100)	--
Other	16	5	13	15
Total Allowance at End of Period	$3,462	$3,697	$3,462	$3,697

The following table presents Chase's allowance for loan losses coverage ratios.

For the Period Ended:	SEPTEMBER 30, 1997	December 31, 1996
Allowance for Loan Losses to:		
Loans at Period-End	2.12%	2.29%
Average Loans	2.21	2.37
Nonperforming Loans	371.86	347.60

MARKET RISK MANAGEMENT

The following discussion of Chase's market risk management focuses primarily on developments since December 31, 1996 and should be read in conjunction with pages 54-58 and Notes One and Seventeen of Chase's 1996 Annual Report.

TRADING ACTIVITIES

Measuring Market Risk: Market risk is measured and monitored on a daily basis through a value-at-risk ("VAR") methodology, which captures the potential overnight dollar loss from adverse market movements. 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, holding period, measurement of inter-business correlation, and the treatment of risks outside the VAR methodology, such as event risk and liquidity risk.

[GRAPHIC OF DAILY MARKET RISK-RELATED REVENUES]

The preceding chart contains a histogram of Chase'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. Net interest income related to funding and investment activity is excluded. Based on actual trading results for the twelve months ended September 30, 1997, which captures the historical correlation among business units, 95% of the variation in Chase's daily trading results fell within a $30 million band centered on the daily average amount of $11 million. For the twelve months ended September 30, 1997, Chase posted positive daily market risk-related revenue for 244 out of 259 business trading days for international and domestic units. For 228 of the 259 days, Chase's daily market risk-related revenue or losses occurred within the negative $5 million through positive $20 million range, which is representative of Chase's emphasis on market-making, sales and arbitrage activities. In the latter part of October, trading markets became difficult and unusually volatile. There were sharp declines and a loss of liquidity for certain securities, particularly emerging markets securities. During the period from October 1, 1997 through October 31, 1997, there were 6 days with negative market risk-related revenue, including 5 days where the daily loss exceeded $10 million. See "Market Developments Since September 30, 1997".

ASSET/LIABILITY MANAGEMENT ACTIVITIES

Chase's interest rate risk profile is generally managed with consideration for both total return and reported earnings. Interest rate risk arises from a variety of factors, including differences in the timing between the contractual maturity or repricing (the "repricing") of Chase's assets and liabilities and derivative financial instruments, as the repricing characteristics of its loans and other assets do not necessarily match those of its deposits, other borrowings and capital. Chase, as part of its ALM process, employs a variety of cash (primarily securities) and derivative instruments in managing its exposure to fluctuations in market interest rates.

Measuring Interest Rate Sensitivity:

In managing exposure, Chase uses quantifications of net gap exposure, and earnings and valuation sensitivity measures. An example of aggregate net gap analysis is presented below. Assets, liabilities and derivative instruments are placed in gap intervals based on their repricing dates. Assets and liabilities for which no specific contractual repricing or maturity dates exist or whose contractual maturities do not reflect their expected maturities are placed in gap intervals based on management's judgment and statistical analysis concerning their most likely repricing behaviors.

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-RATE SENSITIVITY TABLE

(IN MILLIONS) AT SEPTEMBER 30, 1997	1-3 MONTHS	4-6 MONTHS	7-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL
Balance Sheet	$(14,060)	$ (2,145)	$ 3,049	$ 35,191	$(22,035)	$ --
Derivative Instruments Affecting Interest-Rate Sensitivity	5,522	(1,315)	(2,891)	(5,640)	4,324	--
Interest-Rate Sensitivity Gap	(8,538)	(3,460)	158	29,551	(17,711)	--
Cumulative Interest-Rate Sensitivity Gap	(8,538)	(11,998)	(11,840)	17,711	--	--
% of Total Assets	(2)%	(3)%	(3)%	5%	--	--

At September 30, 1997, Chase had $11,840 million more liabilities than assets repricing within one year (including the net repricing effects of derivative positions). This compares with $7,945 million more liabilities than assets repricing within one year, or 2% of total assets, at December 31, 1996.

As of September 30, 1997, Chase's earnings at risk to an immediate 100 basis point rise in interest rates is estimated to be approximately 2.5% of Chase's projected after-tax net income for the next twelve months. An immediate 100 basis point rise in interest rates is a hypothetical rate scenario, used to measure risk, and does not necessarily represent management's current view of future market developments. At December 31, 1996, Chase's earnings at risk to a similar increase in market rates was estimated to be approximately 3.5% of projected 1997 after-tax net income.

Interest Rate Swaps: Interest rate swaps are one of the various financial instruments used in Chase's ALM activities. The following table summarizes the outstanding ALM interest rate swap notional amounts at September 30, 1997, by twelve-month intervals (i.e., October 1, 1997 through September 30, 1998). 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, 1997. 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. Chase expects the impact of any interest rate changes on these swaps 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)	1997	1998	1999	2000	2001	Thereafter
Receive fixed swaps						
Notional amount	$36,368	$24,624	$20,633	$15,266	$12,043	$ 8,390
Weighted-average fixed rate	6.21%	6.35%	6.33%	6.45%	6.52%	6.48%
Pay fixed swaps						
Notional amount	$39,042	$23,347	$13,571	$10,100	$ 6,702	$ 2,919
Weighted-average fixed rate	6.29%	6.55%	6.85%	7.07%	7.12%	7.17%
Basis Swaps						
Notional amount	$24,292	$16,675	$ 4,379	$ 2,243	$ 1,307	$ 1,208
Average Three-Month Implied Forward LIBOR Rates	5.97%	6.15%	6.70%	6.42%	6.49%	6.64%
Total Notional Amount	$99,702	$64,646	$38,583	$27,609	$20,052	$12,517

The following table summarizes Chase's assets and liabilities at September 30, 1997, with the notional amount of related derivatives used for ALM purposes.

DERIVATIVE CONTRACTS AND RELATED BALANCE SHEET POSITIONS

		Notional Amount (a)	
(in millions)	Balance Sheet Amount	Interest Rate Swaps	Other ALM Contracts(b)
Deposits with Banks	$ 4,152	$ 4,547	$ 14,167
Securities - Available-for-Sale	43,987	2,706	6,923
Loans	159,625	44,223	58,504
Other Assets	16,835	4,100	8,903
Deposits	181,788	32,907	33,006
Other Borrowed Funds	7,085	822	--
Long-Term Debt	13,899	6,224	1,241

(a) At September 30, 1997, notional amounts of approximately $4 billion for interest rate swaps, which are used in place of cash market instruments, have been excluded from the above table. See Note One of the 1996 Annual Report for a discussion of Chase's accounting policy relative to derivatives used in place of cash market instruments.
(b) Includes futures, forwards, forward rate agreements and options.

The unfavorable impact on net interest income from Chase's ALM derivative activities was $79 million in the third quarter and $128 million for the first nine months of 1997, compared with an unfavorable impact of $20 million for the third quarter and $55 million for the first nine months of 1996. Chase also has derivatives that affect noninterest revenue (such as derivatives linked to mortgage servicing rights).

The following table reflects the deferred gains/losses on closed derivative contracts and unrecognized gains/losses on open derivative contracts utilized in Chase's ALM activities at September 30, 1997 and December 31, 1996.

(in millions)	SEPTEMBER 30, 1997	December 31, 1996	Change
ALM Derivative Contracts:			
Net Deferred Gains (Losses)	$ (43)	$ (42)	$ (1)
Net Unrecognized Gains (Losses)	(610)	(243)	(367)
Net ALM Derivative Gains (Losses)	$ (653)	$(285)	$(368)

The net deferred losses at September 30, 1997 are expected to be amortized as yield adjustments in net interest income or noninterest revenue, as applicable, over the periods reflected in the following table. Chase 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, 1997, deferred gains and losses associated with these transactions were not material.

Included in the table above are gross unrecognized losses from daily margin settlements on open futures contracts, which were $3 million at September 30, 1997. The net unrecognized losses shown above do not include the net favorable impact from the assets/liabilities being hedged by these derivative contracts. For a further discussion, see Note 11 on page 15.

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

AMORTIZATION OF NET DEFERRED GAINS (LOSSES) ON CLOSED ALM CONTRACTS AND OF PREMIUMS ON OPEN ALM OPTION CONTRACTS

(in millions)	Deferred Gains/(Losses)	Premiums
1997	$(16)	$ 10
1998	(9)	30
1999	(27)	50
2000	(13)	38
2001 and After	22	54
Total	$(43)	$182

OPERATING RISK MANAGEMENT

Chase, 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. Chase maintains a system of controls that is designed to keep operating risk at appropriate levels in view of the financial strength of Chase, the characteristics of the businesses and markets in which Chase operates, competitive circumstances and regulatory considerations. However, from time to time in the past, Chase has suffered losses from operating risk and there can be no assurance that Chase will not suffer such losses in the future.

CAPITAL AND LIQUIDITY RISK MANAGEMENT

The following capital and liquidity discussion should be read in conjunction with the Capital and Liquidity Risk Management section on pages 58-59 and Note Sixteen of Chase's 1996 Annual Report.

CAPITAL

During the 1997 third quarter, Chase elected early adoption of the Federal Reserve Board's new guidelines for the risk-based capital standards, which incorporate a measure for market risk consistent with the principles adopted by the Basle Committee on Banking Supervision under the Basle Capital Accord. The new guidelines require banks and bank holding companies that have significant market risk exposure to measure that risk utilizing a value-at-risk model, based on the parameters contained in the guidelines, and to maintain a commensurate amount of capital. In addition, the assets and off-balance sheet financial instruments, and related capital, of Chase's securities subsidiary, Chase Securities Inc., are now included in the calculation of these ratios, while the provisions of SFAS 115 continue to be excluded. Prior periods have not been restated.

Chase's level of capital at September 30, 1997 remained well in excess of regulatory guidelines. At September 30, 1997, Tier 1 and Total Capital ratios were 7.83% and 11.63%, respectively, and the Tier 1 leverage ratio was 6.03%.

Chase is committed to maintaining a disciplined capital policy. As part of this policy, Chase intends to maintain its capital at levels that will allow it to support its growth and make investments, including acquisitions in its core businesses. It has also, as part of this policy, targeted a Tier 1 Capital ratio of 8% to 8.25%.

During the first nine months of 1997, the total capitalization of Chase (the sum of Tier 1 and Tier 2 Capital) increased by $2.8 billion to $32.2 billion. The increase was primarily due to the inclusion of Chase Securities Inc., as mentioned above, and the issuance of $790 million of capital securities (net of discount) by certain Chase subsidiaries (See Note 7 of this Form 10-Q). Partially offsetting these amounts was the redemption of $910 million of preferred stock.

In October 1996, Chase announced a common stock purchase program. The program authorizes Chase to purchase through December 31, 1998 up to $2.5 billion of its common stock, plus such amount of its common stock as may be necessary to provide for expected issuances under Chase's dividend reinvestment plans and its various stock-based director and employee benefit plans. From inception through September 30, 1997, Chase repurchased 31.4 million common shares ($3.1 billion) and reissued from treasury approximately 11.3 million common shares ($1.0 billion) under its benefit plans, resulting in a net repurchase of 20.1 million common shares ($2.1 billion). Management currently intends to complete its stock buy-back program in early 1998.

In the first quarter of 1997, Chase raised the cash dividend on its common stock to $.62 per share, from $.56 per share. Management currently expects that Chase's dividend policy will generally be to pay a common stock dividend equal to approximately 25% to 35% of Chase's net income (excluding restructuring charges) less preferred stock dividends. Chase's future dividend policies will be determined by its Board of Directors, taking into consideration Chase's earnings and financial condition and applicable governmental regulations and policies.

The following table sets forth the components of capital for Chase.

COMPONENTS OF CAPITAL

(in millions)	SEPTEMBER 30, 1997	December 31, 1996
TIER 1 CAPITAL		
Common Stockholders' Equity	$ 19,300	$ 18,632
Nonredeemable Preferred Stock	1,740	2,650
Minority Interest (a)	2,132	1,294
Less: Goodwill	1,302	1,353
Non-Qualifying Intangible Assets	226	128
50% Investment in Securities Subsidiary	--	780
Tier 1 Capital	$ 21,644	$ 20,315
TIER 2 CAPITAL		
Long-Term Debt Qualifying as Tier 2	$ 7,066	$ 6,709
Qualifying Allowance for Credit Losses	3,460	3,121
Less: 50% Investment in Securities Subsidiary	--	780
Tier 2 Capital	$ 10,526	$ 9,050
TOTAL QUALIFYING CAPITAL	$ 32,170	$ 29,365
RISK-WEIGHTED ASSETS (b)	$ 276,583	$249,215

(a) Minority interest includes the Guaranteed Preferred Beneficial Interests in Corporation's Junior Subordinated Deferrable Interest Debentures and the Preferred Stock of the REIT Subsidiary. For a further discussion, see Note 7 of this Form 10-Q.
(b) Includes off-balance sheet risk-weighted assets in the amount of $94,899 million and $79,099 million, respectively, at September 30, 1997 and December 31, 1996.

LIQUIDITY

Chase is an active participant in the capital markets. It raises funds from time to time through the issuance of commercial paper, medium-term notes, long-term debt, and common and preferred stock. At September 30, 1997, Chase's long-term debt was $13,899 million. Chase issued $2,635 million of long-term debt during the first nine months of 1997; during the same period, $1,181 million of long-term debt matured and $265 million was redeemed. Chase constantly evaluates the opportunities to redeem its outstanding debt and preferred stock in light of current market conditions.

SUPERVISION AND REGULATION

The following discussion should be read in conjunction with the Supervision and Regulation section on pages 2-5 of Chase's 1996 Annual Report.

DIVIDENDS

Chase's bank subsidiaries could, without the approval of their relevant banking regulators, pay dividends to their respective bank holding companies in amounts up to the limitations imposed upon such banks by regulatory restrictions. These dividend limitations, in the aggregate, totaled approximately $2.3 billion at September 30, 1997.

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 Federal Deposit Insurance Corporation ("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 Chase 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 Chase's banking institutions were "well capitalized" as that term is defined under the various regulations promulgated under FDICIA. Therefore, Chase does not expect such regulations to have a material adverse impact on its business operations.

ACCOUNTING AND REPORTING DEVELOPMENTS

DERIVATIVE AND MARKET RISK DISCLOSURES

The Securities and Exchange Commission issued a Release in January 1997 that will require Chase, commencing with the Annual Report for the year ended December 31, 1997, to supplement in certain respects its current disclosures relating to derivatives and certain other financial instruments. Chase expects its 1997 Annual Report will conform to the new disclosure requirements.

REPORTING COMPREHENSIVE INCOME

In June 1997, the FASB issued SFAS 130. SFAS 130 will become effective for financial statements beginning in the first quarter of 1998. SFAS 130 defines the concept of "comprehensive income" and establishes the standards for reporting "comprehensive income". Comprehensive income is defined to include net income, as currently reported, as well as unrealized gains and losses in available-for-sale securities, foreign currency translation adjustments and certain other items not included in the income statement. SFAS 130 also sets forth requirements on how comprehensive income should be presented as part of an issuer's financial statements. Chase is currently assessing how it will disclose comprehensive income in its financial statements. The adoption of SFAS 130 will not affect Chase's earnings, liquidity or capital resources.

SEGMENTS

In June 1997, the FASB issued SFAS 131. SFAS 131 will become effective for financial statements for the year ended 1998. SFAS 131 defines the criteria by which an issuer is to determine the number and nature of its "operating segments" and sets forth the financial information that is required to be disclosed about such operating segments. Chase is currently assessing the manner in which it will disclose the required information.

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, 1997			THREE MONTHS ENDED SEPTEMBER 30, 1996		
	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)
ASSETS						
Deposits with Banks	$ 5,424	$ 149	10.88%	$ 5,519	$ 113	8.11%
Federal Funds Sold and Securities Purchased Under Resale Agreements	39,862	623	6.20%	33,756	548	6.46%
Trading Assets-Debt and Equity Instruments	38,045	732	7.63%	31,590	481	6.06%
Securities:						
Available-for-Sale	41,691	670	6.37% (b)	38,429	619	6.41% (b)
Held-to-Maturity	3,348	55	6.52%	4,048	75	7.41%
Loans	161,247	3,273 (c)	8.06%	150,076	3,046 (c)	8.07%
Total Interest-Earning Assets	289,617	5,502	7.54%	263,418	4,882	7.37%
Allowance for Credit Losses	(3,394)			(3,654)		
Cash and Due from Banks	14,206			11,503		
Risk Management Instruments	33,983			25,299		
Other Assets	25,902			26,347		
Total Assets	$ 360,314			$322,913		
LIABILITIES						
Domestic Retail Deposits	$ 57,300	583	4.03%	$ 54,319	494	3.63%
Domestic Negotiable Certificates of Deposit and Other Deposits	11,963	190	6.31%	9,516	129	5.39%
Deposits in Foreign Offices	69,828	941	5.35%	61,344	792	5.13%
Total Time and Savings Deposits	139,091	1,714	4.89%	125,179	1,415	4.50%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	66,308	871	5.21%	61,244	778	5.06%
Commercial Paper	4,445	60	5.39%	5,461	73	5.26%
Other Borrowings (d)	22,940	520	8.98%	17,212	363	8.39%
Total Short-Term and Other Borrowings	93,693	1,451	6.14%	83,917	1,214	5.75%
Long-Term Debt	14,552	284	7.75%	12,454	220	7.05%
Total Interest-Bearing Liabilities	247,336	3,449	5.53%	221,550	2,849	5.12%
Noninterest-Bearing Deposits	41,935			41,628		
Risk Management Instruments	35,730			25,010		
Other Liabilities	13,763			14,152		
Total Liabilities	338,764			302,340		
PREFERRED STOCK OF SUBSIDIARY	550			78		
STOCKHOLDERS' EQUITY						
Preferred Stock	1,977			2,650		
Common Stockholders' Equity	19,023			17,845		
Total Stockholders' Equity	21,000			20,495		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$ 360,314			$322,913		
INTEREST RATE SPREAD			2.01%			2.25%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$2,053 (a)	2.81%		$2,033 (a)	3.07%

(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, 1997 and September 30, 1996, the annualized rate for available-for-sale securities based on historical cost was 6.37% and 6.30%, respectively.
(c) For the three months ended September 30, 1997 and September 30, 1996, the negative impact from nonperforming loans on net interest income was $16 million and $9 million, respectively.
(d) Includes securities sold but not yet purchased and structured notes.

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, 1997			NINE MONTHS ENDED SEPTEMBER 30, 1996		
	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)
ASSETS						
Deposits with Banks	$ 5,033	$ 369	9.80%	$ 7,016	$ 440	8.38%
Federal Funds Sold and Securities Purchased Under Resale Agreements	39,574	1,879	6.35%	29,982	1,564	6.97%
Trading Assets-Debt and Equity Instruments	35,221	2,063	7.83%	28,735	1,283	5.96%
Securities:						
Available-for-Sale	40,793	2,013	6.60% (b)	38,306	1,874	6.53% (b)
Held-to-Maturity	3,536	177	6.69%	4,268	236	7.39%
Loans	156,942	9,471 (c)	8.07%	150,107	9,320(c)	8.29%
Total Interest-Earning Assets	281,099	15,972	7.60%	258,414	14,717	7.61%
Allowance for Credit Losses	(3,427)			(3,703)		
Cash and Due from Banks	13,209			12,132		
Risk Management Instruments	34,205			25,714		
Other Assets	24,483			25,267		
Total Assets	$ 349,569			$317,824		
LIABILITIES						
Domestic Retail Deposits	$ 57,440	1,641	3.82%	$ 53,352	1,462	3.66%
Domestic Negotiable Certificates of Deposit and Other Deposits	9,992	493	6.60%	10,329	344	4.46%
Deposits in Foreign Offices	67,900	2,663	5.24%	66,197	2,712	5.47%
Total Time and Savings Deposits	135,332	4,797	4.74%	129,878	4,518	4.65%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	64,001	2,580	5.39%	52,837	2,064	5.24%
Commercial Paper	4,258	170	5.34%	5,251	207	5.22%
Other Borrowings (d)	20,789	1,513	9.73%	16,622	1,055	8.49%
Total Short-Term and Other Borrowings	89,048	4,263	6.40%	74,710	3,326	5.97%
Long-Term Debt	14,040	814	7.75%	12,781	668	6.98%
Total Interest-Bearing Liabilities	238,420	9,874	5.54%	217,369	8,512	5.23%
Noninterest-Bearing Deposits	41,302			39,150		
Risk Management Instruments	34,756			27,020		
Other Liabilities	13,587			13,847		
Total Liabilities	328,065			297,386		
PREFERRED STOCK OF SUBSIDIARY	550			26		
STOCKHOLDERS' EQUITY						
Preferred Stock	2,371			2,650		
Common Stockholders' Equity	18,583			17,762		
Total Stockholders' Equity	20,954			20,412		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$ 349,569			$317,824		
INTEREST RATE SPREAD			2.06%			2.38%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$6,098 (a)	2.90%		$6,205 (a)	3.21%

(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, 1997 and September 30, 1996, the annualized rate for available-for-sale securities based on historical cost was 6.65% and 6.46%, respectively.
(c) For the nine months ended September 30, 1997 and September 30, 1996, the negative impact from nonperforming loans on net interest income was $51 million and $58 million, respectively.
(d) Includes securities sold but not yet purchased and structured notes.

THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES
QUARTERLY FINANCIAL INFORMATION
(IN MILLIONS, EXCEPT PER SHARE DATA)

	1997			1996			
	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER
INTEREST INCOME							
Loans	$3,271	$3,082	$ 3,112	$3,048	$ 3,042	$3,028	$3,241
Securities	720	735	722	767	690	685	720
Trading Assets	732	705	626	615	482	388	413
Federal Funds Sold and Securities Purchased Under Resale Agreements	623	697	559	571	549	514	501
Deposits with Banks	149	114	106	97	112	156	172
Total Interest Income	5,495	5,333	5,125	5,098	4,875	4,771	5,047
INTEREST EXPENSE							
Deposits	1,714	1,568	1,515	1,520	1,416	1,458	1,644
Short-Term and Other Borrowings	1,451	1,510	1,302	1,304	1,213	1,087	1,026
Long-Term Debt	284	273	257	233	220	221	227
Total Interest Expense	3,449	3,351	3,074	3,057	2,849	2,766	2,897
NET INTEREST INCOME	2,046	1,982	2,051	2,041	2,026	2,005	2,150
Provision for Credit Losses	190	189	220	182	220	250	245
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,856	1,793	1,831	1,859	1,806	1,755	1,905
NONINTEREST REVENUE							
Corporate Finance and Syndication Fees	308	283	176	219	237	263	231
Trust, Custody and Investment Management Fees	338	321	310	294	295	302	285
Credit Card Revenue	304	248	278	320	277	233	233
Service Charges on Deposit Accounts	94	95	91	98	97	100	99
Fees for Other Financial Services	411	392	383	377	393	381	378
Trading Revenue	505	491	405	286	343	394	348
Securities Gains	58	30	101	25	34	24	52
Revenue From Equity-Related Investments	243	179	164	172	112	219	223
Other Revenue	102	119	191	106	111	33	36
Total Noninterest Revenue	2,363	2,158	2,099	1,897	1,899	1,949	1,885
NONINTEREST EXPENSE							
Salaries	1,292	1,110	1,124	1,070	1,040	1,046	1,076
Employee Benefits	206	219	222	185	211	225	305
Occupancy Expense	194	193	187	192	204	207	221
Equipment Expense	192	193	190	180	179	181	184
Foreclosed Property Expense	6	--	3	(1)	2	(8)	(9)
Restructuring Charge and Expenses	71	71	30	104	32	22	1,656
Other Expense	700	685	691	677	652	651	660
Total Noninterest Expense	2,661	2,471	2,447	2,407	2,320	2,324	4,093
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)	1,558	1,480	1,483	1,349	1,385	1,380	(303)
Income Tax Expense (Benefit)	576	555	556	513	527	524	(214)
NET INCOME (LOSS)	$ 982	$ 925	$ 927	$ 836	$ 858	$ 856	$ (89)
NET INCOME (LOSS) APPLICABLE TO COMMON STOCK	$ 941	$ 874	$ 872	$ 781	$ 803	$ 801	$ (143)
NET INCOME (LOSS) PER COMMON SHARE:							
Primary	$ 2.17	$ 2.00	$ 1.98	$ 1.74	$ 1.80	$ 1.80	$ (0.32)
Assuming Full Dilution	$ 2.16	$ 2.00	$ 1.97	$ 1.74	$ 1.78	$ 1.79	$ (0.32)

GLOSSARY OF TERMS

The page numbers included after each definition below represents the pages in the MD&A and Notes to Consolidated Financial Statements where the term is primarily used.

Asset/Liability Management ("ALM"): The management and control of the sensitivity of Chase's income to changes in market interest rates. (Pages 13, 22, 37 and 38)

Efficiency Ratio: Noninterest expense as a percentage of the total of net interest income and noninterest revenue (excluding merger-related costs, foreclosed property expense, charges for accelerated vesting of stock-based incentive awards, gain on the sale of a non-strategic, partially-owned foreign investment, and nonrecurring items). (Pages 16, 17, and 23)

FASB: Financial Accounting Standards Board. (Pages 8 and 43)

FDICIA: Federal Deposit Insurance Corporation Improvement Act of 1991 pursuant to which each Federal banking regulator was required to revise its risk-based capital standards to ensure that those standards take adequate account of interest rate risk, concentration of credit risk and the risk of nontraditional activities. (Page 43)

Managed Credit Card receivables: Credit card receivables on the balance sheet plus securitized credit card receivables. (Page 21)

1996 Annual Report: Annual Report on Form 10-K for the year ended December 31, 1996. (Pages 8, 9, 11, 13, 15, 17, 30, 37, 39 and 41)

Nonrecurring Items: Nonrecurring items in the first nine months of 1996 included aggregate tax benefits and refunds, loss on a sale of a building in Japan and costs incurred in combining Chase's foreign retirement plans. (Pages 16 and 18)

Operating Revenue: Net Interest Income combined with Noninterest Revenue excluding gain on the sale of a non-strategic, partially-owned foreign investment and nonrecurring items. (Page 17)

REIT: Real Estate Investment Trust Subsidiary of Chase. (Page 24)

SFAS 107: Statement of Financial Accounting Standards No. 107, entitled, "Disclosures About Fair Value of Financial Instruments." (Page 15)

SFAS 114: Statement of Financial Accounting Standards No. 114, entitled, "Accounting by Creditors for Impairment of a Loan." (Page 12)

SFAS 115: Statement of Financial Accounting Standards No. 115, entitled, "Accounting for Certain Investments in Debt and Equity Securities." (Page 9)

SFAS 125: Statement of Financial Accounting Standards No. 125, entitled, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." (Page 8)

SFAS 127: Statement of Financial Accounting Standards No. 127, entitled, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125." (Page 8)

SFAS 128: Statement of Financial Accounting Standards No. 128, entitled, "Earnings per Share." (Page 8)

SFAS 130: Statement of Financial Accounting Standards No. 130, entitled, "Reporting Comprehensive Income." (Page 43)

SFAS 131: Statement of Financial Accounting Standards No. 131, entitled, "Disclosure About Segments of an Enterprise and Related Information." (Page 43)

Underlying Operating Noninterest Expense: Noninterest expense excluding merger-related costs, foreclosed property expense, costs due to the accelerated vesting of stock-based incentive awards, costs associated with the REIT and nonrecurring items before the effects of any merger-related cost savings. (Page 23)

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Chase and its subsidiaries are defendants in a number of legal proceedings. After reviewing with counsel all actions and proceedings pending against or involving Chase 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 Chase.

Item 2. Sales of Unregistered Common Stock

During the third quarter of 1997, shares of common stock of Chase were issued in transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) thereof. On July 1, 1997, 280 shares of common stock were issued to retired executive officers who had deferred receipt of such common stock pursuant to the Corporate Performance Incentive Plan.

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:

Chase filed one report on Form 8-K during the quarter ended September 30, 1997, as follows:

Form 8-K dated July 17, 1997: Chase announced the results of operations for the second quarter of 1997.

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, 1997

By /s/ Joseph L. Sclafani

Joseph L. Sclafani

Executive Vice President and Controller
[Principal Accounting Officer]

INDEX TO EXHIBITS

SEQUENTIALLY NUMBERED

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 and Results of Operations.

GRAPHIC NUMBER	PAGE	DESCRIPTION
1	37	Bar Graph entitled "Histogram of Daily Market Risk-Related Revenue for the twelve months ended September 30, 1997" presenting the following information:

Millions of Dollars	0 -5	5 - 10	10 -15	15 - 20	20 -25	25 -30	30 -35
Number of trading days revenue was within the above prescribed positive range	48	54	71	43	20	7	1

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

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

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 Chase's earnings per share computation, see Note One of Chase's 1996 Annual Report.

(in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
EARNINGS PER SHARE	1997	1996	1997	1996
PRIMARY				
Earnings:				
Net Income	$ 982	$ 858	$ 2,834	$ 1,625
Less: Preferred Stock Dividend Requirements	41	55	147	164
Net Income Applicable to Common Stock	$ 941	$ 803	$ 2,687	$ 1,461
Shares:				
Average Common and Common Equivalent Shares Outstanding	433.6	447.2	436.5	446.0
Primary Earnings Per Share:				
Net Income	$ 2.17	$ 1.80	$ 6.16	$ 3.28
ASSUMING FULL DILUTION				
Earnings:				
Net Income Applicable to Common Stock	$ 941	$ 803	$ 2,687	$ 1,461
Shares:				
Average Common and Common Equivalent Shares Outstanding	433.6	447.2	436.5	446.0
Additional Shares Issuable Upon Exercise of Stock Options for Dilutive Effect	2.7	3.3	5.7	6.3
Adjusted Shares of Common and Equivalent Shares Outstanding	436.3	450.5	442.2	452.3
Earnings Per Share Assuming Full Dilution:				
Net Income	$ 2.16	$ 1.78	$ 6.08	$ 3.23

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, 1997
EXCLUDING INTEREST ON DEPOSITS	
Income before income taxes	$ 4,521
Fixed charges:	
Interest expense	5,077
One third of rents, net of income from subleases (a)	83
Total fixed charges	5,160
Less: Equity in undistributed income of affiliates	(58)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 9,623
Fixed charges, as above	$ 5,160
Ratio of earnings to fixed charges	1.86
INCLUDING INTEREST ON DEPOSITS	
Fixed charges, as above	$ 5,160
Add: Interest on deposits	4,797
Total fixed charges and interest on deposits	$ 9,957
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 9,623
Add: Interest on deposits	4,797
Total earnings before taxes, fixed charges, and interest on deposits	$14,420
Ratio of earnings to fixed charges	1.45

(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, 1997
EXCLUDING INTEREST ON DEPOSITS	
Income before income taxes	$ 4,521
Fixed charges:	
Interest expense	5,077
One third of rents, net of income from subleases (a)	83
Total fixed charges	5,160
Less: Equity in undistributed income of affiliates	(58)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 9,623
Fixed charges, as above	$ 5,160
Preferred stock dividends	147
Fixed charges including preferred stock dividends	$ 5,307
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.81
INCLUDING INTEREST ON DEPOSITS	
Fixed charges including preferred stock dividends, as above	$ 5,307
Add: Interest on deposits	4,797
Total fixed charges including preferred stock dividends and interest on deposits	$10,104
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 9,623
Add: Interest on deposits	4,797
Total earnings before taxes, fixed charges, and interest on deposits	$14,420
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.43

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

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

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
1
14,367
4,152
38,958
75,752
43,987
2,254
3,260
163,087
3,462
366,574
181,788
77,122
68,433
13,899
0
1,740
441
18,985
366,574
9,466
2,177
3,348
15,953
4,797
9,874
6,079
599
189
7,579
4,521
2,834
0
0
2,834
6.16
6.08
2.90
931
349
0
0
3,549
809
209
3,462
0
0
0