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 June 30, 1996 Commission file number 1-5805

THE CHASE MANHATTAN CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	13-2624428
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

270 Park Avenue, New York, New York	10017
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes.X.. No....

Common Stock, $1 Par Value 436,251,530

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

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Part I
Item 1.

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

	June 30, 1996	December 31, 1995
ASSETS		
Cash and Due from Banks	$ 13,291	$ 14,794
Deposits with Banks	5,805	8,468
Federal Funds Sold and Securities Purchased Under Resale Agreements	33,039	17,461
Trading Assets:		
Debt and Equity Instruments	25,297	26,212
Risk Management Instruments	26,414	25,825
Securities:		
Available-for-Sale	37,855	37,141
Held-to-Maturity (Fair Value: $4,080 and $4,659)	4,125	4,628
Loans (Net of Unearned Income: $1,052 and $1,073)	151,274	150,207
Allowance for Credit Losses	(3,692)	(3,784)
Premises and Equipment	3,667	3,757
Due from Customers on Acceptances	2,438	1,896
Accrued Interest Receivable	2,534	2,541
Other Assets	19,714	14,843
TOTAL ASSETS	$ 321,761	$ 303,989
LIABILITIES		
Deposits:		
Domestic:		
Noninterest-Bearing	$ 34,274	$ 35,414
Interest-Bearing	68,368	64,640
Foreign:		
Noninterest-Bearing	3,599	3,702
Interest-Bearing	62,102	67,778
Total Deposits	168,343	171,534
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	54,584	37,263
Other Borrowed Funds	13,881	13,936
Acceptances Outstanding	2,445	1,915
Trading Liabilities	36,186	34,341
Accounts Payable, Accrued Expenses and Other Liabilities	13,212	11,339
Long-Term Debt	12,770	12,825
TOTAL LIABILITIES	301,421	283,153
COMMITMENTS AND CONTINGENCIES (See Note 9)		
STOCKHOLDERS' EQUITY		
Preferred Stock	2,650	2,650
Common Stock (Issued 438,166,749 and 457,587,675 Shares)	438	458
Capital Surplus	10,432	11,075
Retained Earnings	7,534	7,997
Net Unrealized Loss on Securities Available-for-Sale, Net of Taxes	(640)	(237)
Treasury Stock, at Cost (1,112,101 and 22,583,225 Shares)	(74)	(1,107)
TOTAL STOCKHOLDERS' EQUITY	20,340	20,836
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 321,761	$ 303,989

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

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

	1996	1995
INTEREST INCOME		
Loans	$ 3,028	$ 3,241
Securities	685	616
Trading Assets	406	343
Federal Funds Sold and Securities Purchased Under Resale Agreements	514	482
Deposits with Banks	156	218
Total Interest Income	4,789	4,900
INTEREST EXPENSE		
Deposits	1,458	1,596
Short-Term and Other Borrowings	1,087	1,038
Long-Term Debt	221	238
Total Interest Expense	2,766	2,872
NET INTEREST INCOME	2,023	2,028
Provision for Losses	250	195
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	1,773	1,833
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	258	197
Trust and Investment Management Fees	302	243
Credit Card Revenue	233	196
Service Charges on Deposit Accounts	100	107
Fees for Other Financial Services	381	353
Trading Revenue	379	301
Securities Gains	24	72
Other Revenue	254	257
Total Noninterest Revenue	1,931	1,726
NONINTEREST EXPENSE		
Salaries	1,046	1,007
Employee Benefits	225	246
Occupancy Expense	207	218
Equipment Expense	181	193
Foreclosed Property Expense	(8)	(28)
Restructuring Charge and Expenses	22	15
Other Expense	651	708
Total Noninterest Expense	2,324	2,359
INCOME BEFORE INCOME TAX EXPENSE	1,380	1,200
Income Tax Expense	524	471
NET INCOME	$ 856	$ 729
NET INCOME APPLICABLE TO COMMON STOCK	$ 801	$ 673
NET INCOME PER COMMON SHARE:		
Primary	$ 1.80	$ 1.54
Assuming Full Dilution	$ 1.79	$ 1.52

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

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

	1996	1995
INTEREST INCOME		
Loans	$ 6,269	$ 6,310
Securities	1,405	1,234
Trading Assets	835	702
Federal Funds Sold and Securities Purchased Under Resale Agreements	1,015	950
Deposits with Banks	328	443
Total Interest Income	9,852	9,639
INTEREST EXPENSE		
Deposits	3,102	3,096
Short-Term and Other Borrowings	2,113	2,016
Long-Term Debt	448	472
Total Interest Expense	5,663	5,584
NET INTEREST INCOME	4,189	4,055
Provision for Losses	495	380
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	3,694	3,675
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	482	366
Trust and Investment Management Fees	587	483
Credit Card Revenue	466	378
Service Charges on Deposit Accounts	199	211
Fees for Other Financial Services	759	720
Trading Revenue	718	400
Securities Gains	76	54
Other Revenue	513	671
Total Noninterest Revenue	3,800	3,283
NONINTEREST EXPENSE		
Salaries	2,122	2,004
Employee Benefits	530	480
Occupancy Expense	428	446
Equipment Expense	365	391
Foreclosed Property Expense	(17)	(53)
Restructuring Charge and Expenses	1,678	15
Other Expense	1,311	1,411
Total Noninterest Expense	6,417	4,694
INCOME BEFORE INCOME TAX EXPENSE AND EFFECT OF ACCOUNTING CHANGE	1,077	2,264
Income Tax Expense	310	885
INCOME BEFORE EFFECT OF ACCOUNTING CHANGE	767	1,379
Effect of Change in Accounting Principle	--	(11)
NET INCOME	$ 767	$ 1,368
NET INCOME APPLICABLE TO COMMON STOCK	$ 658	$ 1,251
INCOME PER COMMON SHARE:		
Primary:		
Income Before Effect of Accounting Change	$ 1.48	$ 2.91
Effect of Change in Accounting Principle	--	(0.02)
Net Income	$ 1.48	$ 2.89
Assuming Full Dilution:		
Income Before Effect of Accounting Change	$ 1.46	$ 2.85
Effect of Change in Accounting Principle	--	(0.02)
Net Income	$ 1.46	$ 2.83

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

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

	Six Months Ended June 30,	
	1996	1995
Preferred Stock:		
Balance at Beginning of Year	$ 2,650	$ 2,850
Conversion of Preferred Stock	--	(200)
Balance at End of Period	$ 2,650	$ 2,650
Common Stock:		
Balance at Beginning of Year	$ 458	$ 447
Retirement of Treasury Stock	(20)(a)	--
Issuance of Common Stock	--	2
Balance at End of Period	$ 438	$ 449
Capital Surplus:		
Balance at Beginning of Year	$ 11,075	$ 10,671
Retirement of Treasury Stock	(433)(a)	--
Issuance of Common Stock	(226)	(23)
Restricted Stock Granted, Net of Amortization	16	(10)
Balance at End of Period	$ 10,432	$ 10,638
Retained Earnings:		
Balance at Beginning of Year	$ 7,997	$ 6,045
Net Income	767	1,368
Retirement of Treasury Stock	(557)(a)	--
Cash Dividends Declared:		
Preferred Stock	(109)	(117)
Common Stock	(572)(b)	(381)
Accumulated Translation Adjustment	8	10
Balance at End of Period	$ 7,534	$ 6,925
Net Unrealized Loss on Securities Available-for-Sale:		
Balance at Beginning of Year	$ (237)	$ (473)
Net Change in Fair Value of Securities Available-for-Sale, Net of Taxes	(403)	250
Balance at End of Period	$ (640)	$ (223)
Common Stock in Treasury, at Cost:		
Balance at Beginning of Year	$ (1,107)	$ (667)
Retirement of Treasury Stock	1,010(a)	--
Purchase of Treasury Stock	(885)	(376)
Reissuance of Treasury Stock	908	343
Balance at End of Period	$ (74)	$ (700)
Total Stockholders' Equity	$ 20,340	$ 19,739

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

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

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

	1996	1995
Operating Activities		
Net Income	$ 767	$ 1,368
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Effect of Change in Accounting Principle	--	11
Provision for Losses	495	380
Restructuring Charge and Expenses	1,678	15
Depreciation and Amortization	406	437
Net Change In:		
Trading-Related Assets	1,574	(2,617)
Accrued Interest Receivable	7	73
Other Assets	(2,959)	(1,829)
Trading-Related Liabilities	(197)	7,235
Accrued Interest Payable	(152)	129
Other Liabilities	(1,527)	(708)
Other, Net	216	(409)
Net Cash Provided by Operating Activities	308	4,085
Investing Activities		
Net Change In:		
Deposits with Banks	2,663	2,914
Federal Funds Sold and Securities Purchased Under Resale Agreements	(14,354)	(1,528)
Loans Due to Sales and Securitizations	20,976	12,749
Other Loans, Net	(22,288)	(19,443)
Other, Net	(429)	(488)
Proceeds from the Maturity of Held-to-Maturity Securities	613	1,030
Purchases of Held-to-Maturity Securities	(112)	(629)
Proceeds from the Maturity of Available-for-Sale Securities	5,826	3,461
Proceeds from the Sale of Available-for-Sale Securities	22,575	26,452
Purchases of Available-for-Sale Securities	(29,771)	(30,460)
Net Cash Used by Investing Activities	(14,301)	(5,942)
Financing Activities		
Net Change In:		
Noninterest-Bearing Domestic Demand Deposits	(1,140)	(709)
Domestic Time and Savings Deposits	3,728	(1,306)
Foreign Deposits	(5,779)	(1,276)
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	16,097	3,665
Other Borrowed Funds	(55)	1,012
Other, Net	436	25
Proceeds from the Issuance of Long-Term Debt	820	1,272
Repayments of Long-Term Debt	(917)	(1,570)
Proceeds from the Issuance of Stock	712	125
Treasury Stock Purchased	(882)	(376)
Cash Dividends Paid	(532)	(485)
Net Cash Provided by Financing Activities	12,488	377
Effect of Exchange Rate Changes on Cash and Due from Banks	2	--
Net Decrease in Cash and Due from Banks	(1,503)	(1,480)
Cash and Due from Banks at January 1,	14,794	13,545
Cash and Due from Banks at June 30,	$ 13,291	$ 12,065
Cash Interest Paid	$ 5,815	$ 5,368
Taxes Paid	$ 915	$ 771

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - MERGER BETWEEN CHASE AND CHEMICAL

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

In connection with the merger, $1.9 billion of one-time merger-related costs have been identified, of which $1.65 billion was taken as a restructuring charge on March 31, 1996. In addition, $28 million of merger-related expenses have been incurred ($6 million in the first quarter and $22 million in the second quarter) and included in the restructuring charge and expenses caption in the income statement. The estimated remaining one-time merger-related expenses of $222 million will be incurred substantially over the next two years as these costs do not qualify for immediate recognition under an existing accounting pronouncement. These remaining costs will be reflected in the restructuring charge and expenses caption when incurred. The $1.9 billion of merger-related costs reflects severance and other termination-related costs to be incurred in connection with anticipated staff reductions (approximately $600 million), costs in connection with planned dispositions of certain facilities, premises and equipment (approximately $700 million), and other merger-related expenses, including costs to eliminate redundant back office and other operations of Chemical and Chase and other expenses related directly to the merger (approximately $600 million).

At June 30, 1996, the reserve balance associated with the above $1.65 billion restructuring charge was approximately $1,414 million, of which $448 million related to severance and other termination-related costs, $695 million related to the disposition of certain facilities and premises and equipment, and $271 million related to other merger costs, including costs to eliminate redundant back office and other operations.

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

On July 14, 1996, in connection with the merger of the Corporation discussed above, The Chase Manhattan Bank, N.A., a national bank, merged with and into Chemical Bank, a New York State bank, and Chemical Bank changed its name to "The Chase Manhattan Bank".

NOTE 3 - TREASURY STOCK

The Corporation has revised its previously announced buy-back program to terminate at September 30, 1996 and to provide that purchases of shares of common stock of the Corporation under the plan to such date would be in accordance with the pooling-of-interests accounting rules.

During the first six months of 1996, the Corporation issued 15.7 million shares of common stock and repurchased approximately 13.5 million shares of its outstanding common stock in the open market. These repurchases were largely undertaken to meet the anticipated needs of the Corporation's employee stock option and incentive plans in accordance with pooling-of-interests accounting rules and in compliance with newly issued Staff Accounting Bulletin No. 96.

NOTE 4 - TRADING ACTIVITIES

The Corporation uses its trading assets and liabilities to meet the financing needs of its customers and to generate revenue through its trading activities. For a discussion of the Corporation's risk management instrument activity and related trading revenue for the 1996 second quarter and first six months, see Management's Discussion and Analysis on pages 21-22 and page 38 of this Form 10-Q.

Trading Assets and Liabilities

Trading assets include debt and equity instruments and risk management instruments with positive fair values. Trading liabilities are comprised of securities sold, not yet purchased and risk management instruments with negative fair values. Trading assets and trading liabilities (which are carried at estimated fair value, after taking into account the effects of legally enforceable master netting agreements on risk management instruments) are presented in the following table for the dates indicated.

(in millions)	June 30, 1996	December 31, 1995
Trading Assets - Debt and Equity Instruments:		
U.S. Government, Federal Agencies and Municipal Securities	$ 6,644	$ 9,601
Certificates of Deposit, Bankers' Acceptances, and Commercial Paper	2,328	2,560
Debt Securities Issued by Foreign Governments	7,271	6,318
Debt Securities Issued by Foreign Financial Institutions	4,196	3,467
Loans	855	666
Corporate Securities	2,131	2,224
Other	1,872	1,376
Total Trading Assets - Debt and Equity Instruments (a)	$ 25,297	$ 26,212
Trading Assets - Risk Management Instruments:		
Interest Rate Contracts	$ 12,349	$ 12,408
Foreign Exchange Contracts	12,058	12,384
Stock Index Options and Commodity Contracts	2,007	1,033
Total Trading Assets - Risk Management Instruments	$ 26,414	$ 25,825
Trading Liabilities - Risk Management Instruments:		
Interest Rate Contracts	$ 12,466	$ 13,975
Foreign Exchange Contracts	12,604	13,295
Stock Index Options and Commodity Contracts	1,433	831
Trading Liabilities - Risk Management Instruments	$ 26,503	$ 28,101
Securities Sold, Not Yet Purchased	$ 9,683	$ 6,240
Total Trading Liabilities	$ 36,186	$ 34,341

(a) Includes emerging markets instruments of $6,748 million at June 30, 1996.

NOTE 5 - SECURITIES

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

The valuation of the securities classified as available-for-sale (including securities classified as loans which are subject to the provisions of SFAS 115) resulted in a net after-tax unfavorable impact of $640 million on the Corporation's stockholders' equity at June 30, 1996, compared with a net after-tax unfavorable impact of $237 million at December 31, 1995. The change from the 1995 year-end was the result of an increase in interest rates during the first half of 1996.

Net gains from available-for-sale securities sold in the second quarter and first six months of 1996 amounted to $24 million (gross gains of $77 million and gross losses of $53 million) and $76 million (gross gains of $151 million and gross losses of $75 million), respectively. Net gains on such sales for the same periods in 1995 amounted to $72 million (gross gains of $191 million and gross losses of $119 million) in the second quarter and $54 million (gross gains of $229 million and gross losses of $175 million) in the first six months.

Available-for-Sale Securities

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

June 30, 1996 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value(a)
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 20,229	$ 25	$ 482	$ 19,772
Collateralized Mortgage Obligations	1,004	--	3	1,001
Other, primarily U.S. Treasuries	8,223	--	299	7,924
Obligations of State and Political Subdivisions	293	2	3	292
Debt Securities Issued by Foreign Governments	6,189	74	20	6,243
Corporate Debt Securities	986	30	12	1,004
Collateralized Mortgage Obligations (b)	191	1	6	186
Equity Securities	1,004	143	--	1,147
Other, primarily Asset-Backed Securities	283	3	--	286
Total Available-for-Sale Securities	$ 38,402	$ 278	$ 825	$ 37,855

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

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

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

Held-to-Maturity Securities

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

June 30, 1996 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value(a)
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 1,653	$ 1	$ 30	$ 1,624
Collateralized Mortgage Obligations	2,261	4	22	2,243
Other, primarily U.S. Treasuries	82	--	--	82
Other, primarily Asset-Backed Securities (b)	129	2	--	131
Total Held-to-Maturity Securities	$ 4,125	$ 7	$ 52	$ 4,080

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

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

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

NOTE 6 - LOANS

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

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 1996	$ 2,461	$ 76	$ 651	$ 1,886
December 31, 1995	$ 2,849	$ 47	$ 917	$ 1,979

The second quarter and first six months of 1996 included a net loss of $30 million and $65 million, respectively, related to the disposition of available-for-sale emerging market securities, compared with a net loss of $50 million and $26 million, respectively, in the same 1995 periods.

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

(in millions)	June 30, 1996	June 30, 1995
Impaired Loans with an Allowance	$ 480	$ 721
Impaired Loans without an Allowance (a)	699	890
Total Impaired Loans	$ 1,179	$ 1,611
Allowance for Impaired Loans under SFAS 114 (b)	$ 164	$ 228
Average Balance of Impaired Loans during the six months ended June 30,	$ 1,208	$ 1,637
Interest Income Recognized on Impaired Loans during the six months ended June 30,	$ 15	$ 14

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

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

NOTE 7 - POSTRETIREMENT MEDICAL AND LIFE INSURANCE BENEFITS

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

NOTE 8 - RESTRUCTURING CHARGES

See Note 2 for a discussion of the merger-related restructuring charge. For a discussion of the Corporation's restructuring charges taken in prior years, reference is made to Note Fifteen of the Corporation's 1995 Annual Report. At June 30, 1996, the reserve balance related to prior years' restructuring charges was approximately $95 million relating substantially to the disposition of certain facilities, premises and equipment and the termination of leases.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

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

NOTE 10 - DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

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

Derivative and Foreign Exchange Instruments Used for Trading Purposes: The financial instruments used for the Corporation's trading activities are disclosed in Note 4 of this Form 10-Q. The credit risk relating to the Corporation's trading activities is recorded on the balance sheet. The effects of market risk (gains or losses) on the Corporation's trading activities have been reflected in trading revenue, as the trading instruments are marked-to-market on a daily basis.

Derivative and Foreign Exchange Instruments Used for Purposes Other Than Trading: The Corporation's principal objective in using off-balance sheet instruments for purposes other than trading is for its ALM activities. A discussion of the Corporation's objectives and strategies for employing derivative and foreign exchange instruments for ALM activities is included on pages 41 and 44 of the Corporation's 1995 Annual Report.

At June 30, 1996, gross deferred gains and gross deferred losses relating to closed derivative contracts used in ALM activities were $631 million and $699 million, respectively. See page 56 of the Corporation's 1995 Annual Report for the accounting method used for these contracts and see page 41 of this Form 10-Q for the Amortization of Net Deferred Gains (Losses) on Closed ALM Contracts.

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

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

(in billions)	Notional Amounts (a) June 30, 1996	Notional Amounts (a) December 31, 1995	Credit Exposure June 30, 1996	Credit Exposure December 31, 1995
Interest Rate Contracts				
Futures, Forwards and Forward Rate Agreements				
Trading	$ 1,223.8	$ 1,047.5	$ 0.6	$ 1.3
Asset and Liability Management	72.6	40.0	---	0.1
Interest Rate Swaps				
Trading	2,061.8	1,692.6	10.3	10.4
Asset and Liability Management	96.8	69.7	0.5	0.3
Purchased Options				
Trading	142.0	147.2	1.4	0.7
Asset and Liability Management	65.1	26.0	---	---
Written Options				
Trading	156.5	161.0	---	---
Asset and Liability Management	33.1	6.4	---	---
Total Interest Rate Contracts	$ 3,851.7	$ 3,190.4	$ 12.8	$ 12.8
Foreign Exchange Contracts				
Spot, Forward and Futures Contracts				
Trading	$ 1,429.3	$ 1,352.1	$ 8.0	$ 8.8
Asset and Liability Management	23.5	10.9	---	---
Other Foreign Exchange Contracts (b)				
Trading	365.7	241.6	4.1	3.6
Asset and Liability Management	3.3	1.6	---	---
Total Foreign Exchange Contracts	$ 1,821.8	$ 1,606.2	$ 12.1	$ 12.4
Stock Index Options and Commodity Contracts				
Trading	$ 56.0	$ 37.7	$ 2.0	$ 1.0
Total Stock Index Options and Commodity Contracts	$ 56.0	$ 37.7	$ 2.0	$ 1.0
Total Credit Exposure Recorded on the Balance Sheet			$ 26.9	$ 26.2

(a) The notional amounts of exchange-traded interest rates contracts, foreign exchange contracts, and stock index options and commodity contracts were $515.7 billion, $5.1 billion and $10.1 billion, respectively, at June 30, 1996, compared with $417.7 billion, $10.6 billion and $5.1 billion, respectively, at December 31, 1995. The credit risk amounts of these contracts were minimal since exchange-traded contracts principally settle daily in cash.

(b) Includes notional amounts of purchased options, written options and cross-currency interest rate swaps of $131.7 billion, $150.8 billion and $86.5 billion, respectively, at June 30, 1996, compared with $92.2 billion, $92.4 billion and $58.6 billion, respectively, at December 31, 1995.

NOTE 11 - OFF-BALANCE SHEET LENDING-RELATED FINANCIAL INSTRUMENTS

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

Off-Balance Sheet Lending-Related Financial Instruments

(in millions)	June 30, 1996	December 31, 1995
Commitments to Extend Credit	$97,427(a)	$ 95,555(a)
Standby Letters of Credit and Guarantees (Net of Risk Participations of $4,348 and $4,861)	24,287	24,745
Other Letters of Credit	6,000	5,907
Customers' Securities Lent	35,908	27,169

(a) Excludes credit card commitments of $50.1 billion and $47.6 billion at June 30, 1996 and December 31, 1995, respectively.

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	June 30, 1996			December 31, 1995		
(in millions)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)
Total Financial Assets	$ 314,778	$ 319,252	$ 4,474	$ 294,627	$ 299,879	$ 5,252
Total Financial Liabilities	$ 299,227	$ 299,576	(349)	$ 283,065	$ 283,698	(633)
Estimated Fair Value in Excess of Carrying Value			$ 4,125			$ 4,619

At June 30, 1996, estimated fair value exceeded carrying value by $4,125 million, compared with $4,619 million at December 31, 1995. The decrease is primarily due to the estimated fair value of loans decreasing in relation to their carrying value (i.e., reduction in the estimated fair value in excess of carrying value) from December 31, 1995, as a result of a rising interest rate environment in 1996.

Derivative contracts used for ALM activities are included in the above amounts and are valued using market prices or pricing models consistent with methods used by the Corporation in valuing similar instruments used for trading purposes. The following table presents the carrying value and estimated fair value of derivatives contracts used for ALM activities.

	June 30, 1996			December 31, 1995		
(in millions)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)
Total Financial Assets	$ 274	$ 117	$(157)(a)	$ 92	$ (67)	$ (159)
Total Financial Liabilities	$ 269	$ (75)	$(344)(a)	$ 270	$ 643	$ 373

(a) Unrealized gains and losses related to financial assets were $517 million and $674 million, respectively, at June 30, 1996. Unrealized gains and losses related to financial liabilities were $267 million and $611 million, respectively, at June 30, 1996.

Part I
Item 2.

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

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

	1996		1995	Six Months Ended	
	Second Quarter	First Quarter	Second Quarter	June 30, 1996	June 30, 1995
EARNINGS:					
Income Before Restructuring Charge	$ 870	$ 937	$ 738	$ 1,807	$ 1,388
Restructuring Charge (After-Tax)	(14)(a)	(1,026)(a)	(9)(b)	(1,040) (a)	(9)(b)
Income (Loss) After Restructuring Charge and Before Effect of Accounting Change	856	(89)	729	767	1,379
Effect of Change in Accounting Principle	--	--	--	--	(11)(c)
Net Income (Loss)	$ 856	$ (89)	$ 729	$ 767	$ 1,368
Net Income (Loss) Applicable to Common Stock	$ 801	$ (143)	$ 673	$ 658	$ 1,251
INCOME (LOSS) PER COMMON SHARE:					
Primary:					
Income Before Restructuring Charge	$ 1.83	$ 1.98	$ 1.56	$ 3.81	$ 2.93
Restructuring Charge (After-Tax)	(0.03)(a)	(2.30)(a)	(0.02)(b)	(2.33) (a)	(0.02)(b)
Income (Loss) After Restructuring Charge and Before Effect of Accounting Change	1.80	(0.32)	1.54	1.48	2.91
Effect of Change in Accounting Principle	--	--	--	--	(0.02)(c)
Net Income (Loss)	$ 1.80	$ (0.32)	$ 1.54	$ 1.48	$ 2.89
Assuming Full Dilution:					
Income Before Restructuring Charge	$ 1.82	$ 1.97	$ 1.54	$ 3.77	$ 2.87
Restructuring Charge (After-Tax)	(0.03)(a)	(2.29)(a)	(0.02)(b)	(2.31)(a)	(0.02)(b)
Income (Loss) After Restructuring Charge and Before Effect of Accounting Change	1.79	(0.32)	1.52	1.46	2.85
Effect of Change in Accounting Principle	--	--	--	--	(0.02)(c)
Net Income (Loss)	$ 1.79	$ (0.32)	$ 1.52	$ 1.46	$ 2.83
PER COMMON SHARE:					
Book Value	$ 40.47	$ 39.41	$ 39.66	$ 40.47	$ 39.66
Market Value	$ 70.63	$ 70.50	$ 47.25	$ 70.63	$ 47.25
Common Stock Dividends Declared (d)	$ 0.56	$ 0.56	$ 0.50	$ 1.12	$ 0.94
COMMON SHARES OUTSTANDING:					
Average Common and Common Equivalent Shares	444.8	446.1	436.2	445.4	433.5
Average Common Shares Assuming Full Dilution	448.4	449.1	444.4	450.2	444.7
Common Shares at Period End	437.1	434.3	430.9	437.1	430.9
PERFORMANCE RATIOS: (Average Balances) (e)					
Income Before Restructuring Charge:					
Return on Assets	1.10%	1.20%	.96%	1.15%	.92%
Return on Common Stockholders' Equity	19.00%	19.53%	16.53%	19.27%	15.74%
Return on Total Stockholders' Equity	17.58%	18.09%	15.32%	17.84%	14.66%
Net Income (Loss):					
Return on Assets	1.08%	N/M	.95%	.49%	.91%
Return on Common Stockholders' Equity	18.67%	N/M	16.31%	7.47%	15.50%
Return on Total Stockholders' Equity	17.30%	N/M	15.13%	7.57%	14.45%
Efficiency Ratio (f)	58.4%	59.5%	63.2%	59.0%	65.2%

(a) Reflects the after-tax impact of a $1,650 million merger-related restructuring charge, which was recorded on March 31, 1996. In addition, $28 million of merger-related expenses were incurred ($6 million in the first quarter and $22 million in the second quarter) and recognized under an existing accounting pronouncement.
(b) Reflects a restructuring charge related to exiting from a futures brokerage business.
(c) On January 1, 1995, the Corporation adopted SFAS 106 for the accounting for other postretirement benefits relating to its foreign plans.
(d) The Corporation increased its quarterly common stock dividend from $0.50 per share to $0.56 per share in the first quarter of 1996.
(e) Performance ratios are based on annualized net income amounts.
(f) Excludes restructuring charges, foreclosed property expense, and nonrecurring items.
N/M - As a result of the loss, these ratios are not meaningful.

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

OVERVIEW

The Corporation reported 1996 second quarter net income of $856 million, a 17% increase from 1995 second quarter results of $729 million. Primary earnings per share in the second quarter of 1996 were $1.80, compared with $1.54 in the same 1995 period. Fully diluted earnings per share in the second quarter of 1996 were $1.79, compared with $1.52 in the second quarter of 1995.

The Corporation's net income, excluding restructuring charges and merger-related expenses, rose 30% to $1,807 million from $1,388 million in the first half of 1995. Primary earnings per share in the first half of 1996 were $3.81 and fully diluted earnings per share were $3.77; primary earnings per share were $2.93 and fully diluted earnings per share were $2.87 in the same 1995 period.

The Corporation's second quarter and first six months 1996 results reflected strong revenue growth in its global banking and nationwide consumer businesses, as well as $120 million in merger savings in the second quarter. On July 14, 1996, the Corporation's two flagship banks (The Chase Manhattan Bank, N.A. and Chemical Bank) merged, and the Corporation anticipates that this should accelerate the Corporation's merger savings. The Corporation believes it continues to remain in a strong position to achieve its previously announced 1996 performance targets.

Reported earnings, which included after-tax merger-related restructuring charges and expenses of $1,040 million, were $767 million for the first six months of 1996, compared with $1,368 million for the first six months of 1995. Primary earnings per share and fully diluted earnings per share were $1.48 and $1.46, respectively, for the first half of 1996, compared with $2.89 and $2.83, respectively, for the same 1995 period.

The Corporation's return on average common stockholders' equity was 18.7% for the second quarter of 1996, compared with 16.3% for the 1995 comparable quarter. Excluding restructuring charges and merger-related expenses, the return on common stockholders' equity was 19.3% for the first six months of 1996 versus 15.7% for the same period of 1995. The Corporation's efficiency ratio improved to 58.4% for the second quarter of 1996, compared with 63.2% for the second quarter of 1995.

At June 30, 1996, the Corporation's Tier 1 Capital and Total Capital ratios were 7.96% and 11.82%, respectively (excluding the assets and off-balance sheet financial instruments of the Corporation's securities subsidiary, as well as the Corporation's investment in this subsidiary). These risk-based capital ratios were well in excess of the minimum ratios specified by the Board of Governors of the Federal Reserve System ("Federal Reserve Board") and at June 30, 1996, the Corporation and all of its depository institutions were "well capitalized" as defined by the Federal Reserve Board.

The Corporation's nonperforming assets at June 30, 1996 were $1,639 million, compared with $1,664 million on December 31, 1995, and declined $372 million from $2,011 million at June 30, 1995. Nonperforming assets have declined by approximately $9.9 billion, or 86%, from their peak level of $11.5 billion in 1991.

RESULTS OF OPERATIONS

Net Interest Income

(in millions)	Second Quarter 1996	Second Quarter 1995	Six Months 1996	Six Months 1995
Net Interest Income:				
Domestic	$ 1,583	$ 1,620	$ 3,316	$ 3,208
Overseas	440	408	873	847
Net Interest Income - Reported	$ 2,023	$ 2,028	$ 4,189	$ 4,055
Net Interest Income - Managed Basis (a)	$ 2,231	$ 2,105	$ 4,530	$ 4,189
Average Interest-Earning Assets:				
Domestic	$ 180,393	$ 168,273	$ 181,142	$ 169,327
Overseas	76,713	72,551	74,742	70,026
Total Average Interest-Earning Assets	$ 257,106	$ 240,824	$ 255,884	$ 239,353
Total Average Interest-Earning Assets Managed Basis (a)	$ 266,956	$ 244,408	$ 264,994	$ 242,533
Net Yield on Interest-Earning Assets:				
Domestic	3.56%	3.89%	3.70%	3.85%
Overseas	2.30	2.25	2.35	2.44
Consolidated Net Yield on Interest-Earning Assets (b)	3.18	3.39	3.31	3.44
Consolidated Net Yield on Interest-Earning Assets Managed Basis (a)(b)	3.38	3.47	3.45	3.50

(a) Managed basis excludes the impact of credit card securitizations and, in the first six months of 1996, $54 million of interest related to Federal and State tax audit settlements. See pages 33-34 for further discussion of credit card securitizations.
(b) Reflected on a taxable equivalent basis in order to permit comparison of yields on tax-exempt and taxable assets. For net interest income on a taxable equivalent basis, see the Average Balance Sheets on pages 45 and 46.

Reported net interest income for the second quarter of 1996 was $2,023 million, relatively stable when compared with $2,028 million for the second quarter of 1995. For the first six months of 1996, reported net interest income was $4,189 million (including $54 million of interest related to Federal and State tax audit settlements), compared with $4,055 million in 1995. Excluding the impact of securitizations and the tax audit settlements, net interest income on a managed basis increased $126 million, or 6%, in the 1996 second quarter and $341 million, or 8%, in the first six months, reflecting consumer loan growth and higher levels of trading-related net interest income.

The net yield on interest-earning assets, which is the average rate for interest-earning assets less the average rate paid for all sources of funds, including the impact of interest-free funds, was 3.18% for the 1996 second quarter, compared with 3.39% for the 1995 second quarter. For the first six months, the net yield was 3.31% in 1996, versus 3.44% in 1995. The decline in both 1996 periods was due to the securitization of credit card receivables and an increase in lower-yielding securities and trading assets. Excluding the impact of credit card securitizations and the tax audit settlements, the net yield declined 9 basis points in the 1996 second quarter compared with the prior-year period, and declined 5 basis points the first six months of 1996 compared with the same prior-year period.

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

Average Interest-Earning Asset Mix

(in billions)	Second Quarter 1996		Second Quarter 1995	
Consumer Loans	$ 73.2	29%	$ 69.7	29%
Commercial Loans	77.4	30	77.1	32
Total Loans	150.6	59	146.8	61
Securities	42.5	17	34.7	14
Liquid Interest-Earning Assets	64.0	24	59.3	25
Total Interest-Earning Assets	$ 257.1	100%	$ 240.8	100%

(in billions)	Six Months 1996		Six Months 1995	
Consumer Loans	$ 72.8	29%	$ 68.1	28%
Commercial Loans	77.3	30	75.9	32
Total Loans	150.1	59	144.0	60
Securities	42.6	17	34.6	14
Liquid Interest-Earning Assets	63.2	24	60.8	26
Total Interest-Earning Assets	$ 255.9	100%	$ 239.4	100%

Average interest-earning assets increased during both 1996 periods, when compared with the respective 1995 periods, principally as a result of an increase in the available-for-sale securities portfolio, more liquid interest-earning assets (primarily trading assets) and a higher level of consumer lending. The Corporation increased its securities portfolio by $7.8 billion in the 1996 second quarter and $8.0 billion in the 1996 first six months, as part of its asset/liability management activities in connection with the merger of Chase and Chemical. Additionally, the Corporation's average total loans in the second quarter and first six months of 1996 increased by $3.8 billion and $6.1 billion, respectively, when compared with the comparable 1995 periods. The increases reflected the continued growth in consumer loans (despite the impact of a higher level of credit card securitizations) and, to a lesser extent, commercial lending, partially offset by the continued reduction in the commercial real estate portfolio.

The growth in interest-earning assets in the 1996 second quarter was funded by a $4.1 billion increase in interest-bearing liabilities. For the 1996 second quarter, average interest-bearing liabilities were $210.7 billion, compared with $206.6 billion in 1995 principally due to a higher level of Federal funds purchased and securities sold under repurchase agreements, partially offset by a decline in total interest-bearing deposits. The Corporation utilizes repurchase agreements as a source of short-term funding for trading-related positions and for its securities portfolio.

The negative impact on net interest income from nonperforming loans in the second quarter of 1996 was $20 million, compared with $29 million in 1995. For the first six months, the negative impact was $49 million in 1996, compared with $60 million in 1995. The improvement in both 1996 periods reflects the continued reduction in the level of the Corporation's nonperforming loans.

For additional information on average balances and net interest income on a taxable equivalent basis, see Average Consolidated Balance Sheet, Interest and Rates on pages 45 and 46.

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

Provision for Losses

The Corporation's provision for losses was $250 million for the 1996 second quarter, compared with $245 million in the 1996 first quarter, and $195 million in the 1995 second quarter. For the first six months, the provision for losses was $495 million in 1996 compared with $380 million in 1995. The increase in the provision for losses for both 1996 periods was primarily the result of higher commercial net charge-offs, as a result of a lower level of recoveries, partially offset by lower consumer net charge-offs due, in part, to a decline in the level of credit card receivables retained on the balance sheet.

Management anticipates that the provision for losses in 1996 will increase over the 1995 level due in part to a lower level of commercial loan recoveries. For a discussion of the Corporation's net charge-offs, see the Credit Risk Management Section on pages 31-36.

Noninterest Revenue

Noninterest revenue increased for the 1996 second quarter and six-month period when compared with the corresponding 1995 periods. The 1996 second quarter and six-month results each reflect increases in trading revenue, and fees and commissions (principally from corporate finance and syndication activities, credit card revenue and trust and investment management fees). These increases were partially offset by lower other revenue as the 1996 six-month period includes a loss of $60 million on the sale of a building in Japan while the 1995 period included a gain of $85 million on the sale of the Corporation's investment in Far East Bank and Trust Company.

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

	Second Quarter		Six Months	
(in millions)	1996	1995	1996	1995
Corporate Finance and Syndication Fees	$ 258	$ 197	$ 482	$ 366
Trust and Investment Management Fees	302	243	587	483
Credit Card Revenue	233	196	466	378
Service Charges on Deposit Accounts	100	107	199	211
Fees for Other Financial Services	381	353	759	720
Total Fees and Commissions	1,274	1,096	2,493	2,158
Trading Revenue	379	301	718	400
Securities Gains	24	72	76	54
Other Revenue	254	257	513	671
Total	$ 1,931	$ 1,726	$ 3,800	$ 3,283

Fees and Commissions

Corporate finance and syndication fees were a record $258 million in the 1996 second quarter, an increase of 31% from the prior-year period. For the first six months of 1996, such fees rose 32% from the comparable period a year ago. The increases from both 1995 periods were the result of strong loan syndication, securities underwriting and advisory activities. During the first six months of 1996, the Corporation acted as agent or co-agent for approximately $240 billion of syndicated credit facilities, a reflection of the Corporation's large client base and strong emphasis on distribution.

Trust and investment management fees rose 24% in the 1996 second quarter and 22% for the 1996 first six months, reflecting increased global services and securities processing activities, growth in the Vista mutual funds and higher trust fees attributable to growth in assets under management. Also contributing to the increases were higher fees due to the acquisition of the securities processing businesses of U.S. Trust Corporation ("US Trust") in September 1995, which contributed approximately $24 million of revenue in the second quarter and $48 million for the first half of 1996.

Credit card revenue increased $37 million for the 1996 second quarter and $88 million for the 1996 first six months, primarily the result of an increase in securitization volume as well as growth in managed outstandings and active accounts. Average managed credit card receivables (credit card receivables on the balance sheet plus securitized credit card receivables) grew to $23.3 billion for the second quarter of 1996, compared with $20.3 billion for the prior-year's comparable period. For the first six months of 1996, there was an approximate $6 billion increase in the level of securitized credit card receivables. The favorable impact on credit card revenues from the higher level of securitizations was $6 million in the 1996 second quarter and $55 million in the first six months of 1996. For a further discussion of the credit card portfolio and related securitization activity, see pages 33-34 of this Form 10-Q.

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

(in millions)	Second Quarter 1996	Second Quarter 1995	Six Months 1996	Six Months 1995
Fees for Other Financial Services:				
Commissions on Letters of Credit and Acceptances	$ 82	$ 83	$ 171	$ 174
Fees in Lieu of Compensating Balances	74	71	148	140
Mortgage Servicing Fees	54	53	104	107
Loan Commitment Fees	30	32	60	65
Other Fees	141	114	276	234
Total	$ 381	$ 353	$ 759	$ 720

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

Trading Revenue

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

(in millions)	Second Quarter 1996	Second Quarter 1995	Six Months 1996	Six Months 1995
Trading Revenue	$ 379	$ 301	$ 718	$ 400
Net Interest Income Impact (a)	142	108	290	192
Total Trading-Related Revenue	$ 521	$ 409	$ 1,008	$ 592
Product Diversification:				
Interest Rate Contracts (b)	$ 180	$ 118	$ 326	$ 184
Foreign Exchange Contracts (c)	93	143	233	317
Debt Instruments and Other (d)	248	148	449	91
Total Trading-Related Revenue	$ 521	$ 409	$ 1,008	$ 592

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

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

(c) Includes foreign exchange spot and option contracts.

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

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

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

Other Noninterest Revenue

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

(in millions)	Second Quarter 1996	Second Quarter 1995	Six Months 1996	Six Months 1995
Securities Gains	$ 24	$ 72	$ 76	$ 54
Other Revenue:				
Revenue from Equity-Related Investments	$ 219	$ 208	$ 442	$ 389
Net Losses on Emerging Markets Securities Sales	(30)	(50)	(65)	(26)
Gain on Sale of Investment in Far East Bank & Trust Company	--	--	--	85
Residential Mortgage Origination/Sales Activities	(2)	54	26	95
Loss on Sale of a Building in Japan	--	--	(60)	--
All Other Revenue	67	45	170	128
Total Other Revenue	$ 254	$ 257	$ 513	$ 671

All securities sales were from the available-for-sale portfolio and were made in connection with the Corporation's asset/liability management ("ALM") activities. For a further discussion of the Corporation's securities, see Note 5 - Securities of the Notes to Financial Statements.

The Corporation's other revenue for the second quarter of 1996 was consistent with the second quarter of 1995, and down $158 million for the first six months of 1996 when compared with the 1995 first six months. Revenue from equity-related investments, which includes income from venture capital activities and emerging markets investments, was $219 million in the 1996 second quarter, an increase of $11 million from the comparable 1995 quarter. For the first six months of 1996, revenue from equity-related investments was $442 million, an increase of 14% from 1995, and continues to benefit from a broad-based portfolio of investments in an active market. Revenue from equity-related investments has averaged approximately $170 million per quarter for the last eight quarters. At June 30, 1996, the Corporation had equity-related investments with a carrying value of approximately $2.7 billion. The Corporation believes that equity-related investments will continue to make contributions to the Corporation's earnings, although the timing of the recognition of gains from these activities is unpredictable and revenues from such activities could vary significantly from period to period.

Residential mortgage origination/sales activities declined $56 million in the second quarter of 1996, when compared with the second quarter of 1995, and $69 million for the first six months of 1996, when compared with the first six months of 1995. The decreases were largely the result of a favorable impact from the implementation of SFAS 122 relating to the accounting for originated mortgage servicing rights and sale of servicing rights, both of which occurred in the 1995 second quarter. Additionally, the 1996 second quarter was unfavorably impacted by rising interest rates.

All other revenue in the 1996 second quarter included a $23 million gain on the sale of nonstrategic assets. All other revenue also reflected lower income of $6 million in the 1996 second quarter and $14 million in the first half of 1996 from the Corporation's investment in CIT, as a result of the sale of half of the Corporation's investment in CIT in December 1995.

Noninterest Expense

Noninterest expense in the 1996 second quarter was $2,302 million compared with $2,344 million in the second quarter of 1995 (excluding restructuring charges). The decrease in noninterest expense in the 1996 second quarter reflects merger-related expense savings of $120 million, primarily reflecting lower salaries and benefits related to personnel reductions and other merger integration efforts. Also contributing to the decrease in the 1996 second quarter were lower FDIC expenses, partially offset by higher incentive costs related to stronger revenue growth.

For the first six months, noninterest expense was $4,739 million in 1996 compared with $4,679 million in 1995 (excluding restructuring charges). Excluding foreclosed property expense and a $40 million charge to conform retirement benefits provided to foreign employees, noninterest expense decreased by approximately $16 million during the first half of 1996, when compared with the same 1995 period, primarily due to merger integration efforts and lower FDIC expenses. Additionally, the results for the first six months of 1996 include noninterest expense as a result of the acquisition of the U.S. Trust processing business in September 1995, which is largely offset by the absence of expenses due to the sale of the southern and central New Jersey banking operations in the fourth quarter of 1995.

(in millions)	Second Quarter 1996	Second Quarter 1995	Six Months 1996	Six Months 1995
Salaries	$ 1,046	$ 1,007	$ 2,122	$ 2,004
Employee Benefits	225	246	530	480
Occupancy Expense	207	218	428	446
Equipment Expense	181	193	365	391
Foreclosed Property Expense	(8)	(28)	(17)	(53)
Other Expense	651	708	1,311	1,411
Total Before Restructuring Charge	2,302	2,344	4,739	4,679
Restructuring Charge and Expenses	22	15	1,678	15
Total	$ 2,324	$ 2,359	$ 6,417	$ 4,694

The Corporation's efficiency ratio improved in the 1996 second quarter and first six months to 58.4% and 59.0%, respectively, from 63.2% and 65.2%, respectively, in 1995. The computation of the efficiency ratio (noninterest expense as a percentage of the total of net interest income and noninterest revenue) excludes restructuring charges, foreclosed property expense, and nonrecurring items. During the first six months of 1996, nonrecurring items reflected the receipt of interest related to Federal and State tax audit settlements, a loss on sale of a building in Japan and costs incurred in combining the Corporation's foreign retirement plans. The 1995 first six months excluded the gain on the sale of the Corporation's investment in Far East Bank and Trust Company.

Salaries and Employee Benefits

The increase in salaries for the 1996 second quarter and first six months was primarily due to higher incentive costs as a result of stronger earnings for most businesses. Also contributing to the increase in salaries was the vesting in the first quarter of 1996 of certain stock-based incentive awards due to the improvement in the Corporation's stock price, the continued investment in the Corporation's securities underwriting business and the additional staff costs resulting from the U.S. Trust processing business acquisition in September 1995. Partially offsetting these increases were the impact of reductions of approximately 5,000 full-time equivalent employees since June 30, 1995 as well as the aforementioned sale of the southern and central New Jersey banking operations.

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

	June 30, 1996	December 31, 1995
Domestic Offices	58,136	60,904
Foreign Offices	10,692	11,792
Total Full-Time Equivalent Employees	68,828	72,696

Employee benefits in the 1996 second quarter decreased $21 million from the prior-year's second quarter due to personnel reductions. The increase in employee benefits in the first six months of 1996 was primarily the result of a $40 million charge to conform retirement benefits provided to foreign employees, and other expenses associated with a newly consolidated foreign investment. Also impacting employee benefits was an increase in FICA expenses associated with the exercise of options granted under broad-based employee plans and the vesting of certain stock-based incentive awards in the first quarter of 1996.

Occupancy and Equipment Expense

Occupancy expense in the 1996 second quarter and first six months decreased by $11 million and $18 million, respectively, largely as a result of the consolidation of operations and branch facilities (from a previously announced program).

The lower level of equipment expense in both 1996 periods was primarily the result of expense reduction initiatives relating to software costs and equipment rentals.

Foreclosed Property Expense

Foreclosed property expense was a credit of $8 million compared with a credit of $28 million in the second quarter of 1995. For the first six months, foreclosed property expense was a credit of $17 million in 1996, compared with a credit of $53 million in 1995. The results reflect continued progress in reducing the Corporation's real estate portfolio as a result of improved real estate market conditions. The 1995 amounts included proceeds received from the sale of certain foreclosed properties previously written down.

Restructuring Charge

In connection with the merger, $1.9 billion of one-time merger-related costs have been identified, of which $1.65 billion was taken as a restructuring charge on March 31, 1996. In addition, $22 million of merger-related expenses were incurred in the 1996 second quarter and $28 million for the first six months of 1996 and were included in the restructuring charge and expenses caption on the income statement. For a further discussion of the restructuring charge, see Note 2 on page 8.

Management does not anticipate that the restructuring charge will have a material impact on the Corporation's future liquidity. Because of the inherent uncertainties associated with merging two large corporations, there can be no assurance that the $1.9 billion of merger-related costs will reflect the actual costs ultimately incurred by the Corporation in implementing the merger or that the Corporation would not deem it appropriate to take additional charges, as the merger implementation process continues.

Other Expense
The following table presents the components of other expense for the periods indicated.

(in millions)	Second Quarter 1995	Second Quarter 1996	Six Months 1996	Six Months 1995
Other Expense:				
Professional Services	$ 141	$ 142	$ 270	$ 277
Marketing Expense	73	104	163	185
FDIC Assessments	1	55	2	112
Telecommunications	82	84	167	165
Amortization of Intangibles	42	47	85	94
All Other	312	276	624	578
Total	$ 651	$ 708	$ 1,311	$ 1,411

Other expense decreased $57 million, or 8%, in the 1996 second quarter when compared with the second quarter of 1995. For the first six months of 1996, other expense decreased $100 million, or 7%, from the 1995 comparable period. The improvement reflected a $31 million decline in marketing expense in the 1996 second quarter primarily as a result of expense reduction initiatives. Lower FDIC assessments of $54 million in the second quarter of 1996 and $110 million for the first six months of 1996 resulted from the elimination of a FDIC assessment, with the exception of deposits associated with the acquisition of former savings and loan branches. Partially offsetting these declines were increases in other expenses largely as a result of the aforementioned acquisition from U.S. Trust and consolidation of a foreign investment.

Income Taxes
The Corporation recognized income tax expense of $524 million in the second quarter of 1996, compared with $471 million in the second quarter of 1995. For the first six months, the Corporation recorded income tax expense of $310 million in 1996, compared with $885 million in 1995. The 1996 six-month amount includes tax benefits related to the restructuring charge and aggregate tax benefits and refunds of $132 million. The Corporation's effective tax rates were 38.0% and 39.3% for the second quarters of 1996 and 1995, respectively, and were 38.0% (excluding the aforementioned tax benefits and refunds) and 39.1% for the first six months of 1996 and 1995, respectively.

LINES OF BUSINESS RESULTS

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

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

For the three months ended June 30, (in millions, except ratios)	Global Bank 1996	Global Bank 1995	Regional and Consumer Banking 1996	Regional and Consumer Banking 1995	Global Services 1996	Global Services 1995
Net Interest Income	$ 606	$ 564	$ 1,452	$ 1,375	$ 210	$ 178
Noninterest Revenue	1,038	888	533	539	306	265
Noninterest Expense	753	724	1,102	1,223	397	355
Operating Margin	891	728	883	691	119	88
Credit Provision (a)	61	73	345	270	4	--
Foreclosed Property Expense	--	(1)	(4)	(12)	--	--
Income Before Taxes	830	656	542	433	115	88
Income Taxes	310	253	220	173	48	33
Operating Net Income	520	403	322	260	67	55
Restructuring Charge & Expenses	(5)	(9)	(6)	--	(2)	--
Net Income	$ 515	$ 394	$ 316	$ 260	$ 65	$ 55
Average Assets	$ 208,286	$ 187,537	$ 110,767	$ 106,013	$ 9,699	$ 9,592
Return on Common Equity (b)	24.9%	21.5%	18.8%	14.8%	20.2%	16.0%
Return on Assets (b)	1.00%	.86%	1.17%	.98%	2.78%	2.30%
Efficiency Ratio (c)	45.8%	49.9%	55.5%	63.9%	76.9%	80.1%

For the three months ended June 30, (in millions, except ratios)	Terminal (LDC and Real Estate) 1996	Terminal (LDC and Real Estate) 1995	Total(d) 1996	Total(d) 1995
Net Interest Income	$ 18	$ 21	$ 2,023	$ 2,028
Noninterest Revenue	(6)	(18)	1,931	1,726
Noninterest Expense	14	16	2,310	2,372
Operating Margin	(2)	(13)	1,644	1,382
Credit Provision (a)	23	(5)	250	195
Foreclosed Property Expense	(4)	(21)	(8)	(28)
Income (Loss) Before Taxes (Benefits)	(21)	13	1,402	1,215
Income Taxes (Benefits)	(3)	10	532	477
Operating Net Income (Loss)	(18)	3	870	738
Restructuring Charge & Expenses	--	--	(14)	(9)
Net Income (Loss)	$ (18)	$ 3	$ 856	$ 729
Average Assets	$ 4,295	$ 8,364	$ 317,579	$ 308,346
Return on Common Equity (b)	NM	NM	19.0%	16.5%
Return on Assets (b)	NM	NM	1.10%	.96%
Efficiency Ratio (c)	NM	NM	58.4%	63.2%

(a) The provision is allocated to business units using a credit risk methodology applied consistently across the Corporation and a risk-grading system appropriate for a business unit's portfolio. The difference between the risk-based provision and the Corporation's provision is included in the Corporate results.
(b) Based on annualized operating net income amounts.
(c) The computation of the efficiency ratio excludes restructuring charges, foreclosed property expense and, if applicable, nonrecurring items.
(d) Total column includes Corporate results. See description of Corporate results on page 30.
NM - Not meaningful.

For the six months ended June 30, (in millions, except ratios)	Global Bank 1996	Global Bank 1995	Regional and Consumer Banking 1996	Regional and Consumer Banking 1995	Global Services 1996	Global Services 1995
Net Interest Income	$ 1,319	$ 1,098	$ 2,885	$ 2,741	$ 428	$ 361
Noninterest Revenue	2,049	1,488	1,106	1,049	606	521
Noninterest Expense	1,508	1,436	2,236	2,439	778	699
Operating Margin	1,860	1,150	1,755	1,351	256	183
Credit Provision (a)	125	145	688	525	8	--
Foreclosed Property Expense	--	(2)	(2)	(29)	--	--
Income Before Taxes	1,735	1,007	1,069	855	248	183
Income Taxes	646	379	430	341	105	69
Operating Net Income	1,089	628	639	514	143	114
Restructuring Charge & Expenses	(5)	(9)	(7)	--	(2)	--
Special Items (b)	--	51	--	--	--	--
Net Income	$ 1,084	$ 670	$ 632	$ 514	$ 141	$ 114
Average Assets	$ 202,034	$ 183,955	$ 109,973	$ 104,472	$ 9,769	$ 9,594
Return on Common Equity (c)	26.2%	16.5%	18.8%	14.8%	21.4%	16.7%
Return on Assets (c)	1.08%	.69%	1.17%	.99%	2.94%	2.40%
Efficiency Ratio (d)	44.8%	55.5%	56.0%	64.4%	75.2%	79.3%

For the six months ended June 30, (in millions, except ratios)	Terminal (LDC and Real Estate) 1996	Terminal (LDC and Real Estate) 1995	Total(e) 1996	Total(e) 1995
Net Interest Income	$ 45	$ 51	$ 4,135	$ 4,055
Noninterest Revenue	(26)	40	3,860	3,198
Noninterest Expense	29	35	4,716	4,732
Operating Margin	(10)	56	3,279	2,521
Credit Provision (a)	39	(7)	495	380
Foreclosed Property Expense	(14)	(34)	(17)	(53)
Income (Loss) Before Taxes (Benefits)	(35)	97	2,801	2,194
Income Taxes (Benefits)	(7)	44	1,064	857
Operating Net Income (Loss)	(28)	53	1,737	1,337
Restructuring Charge & Expenses	--	--	(1,040)	(9)
Special Items (b)	--	--	70	51
Accounting Change	--	--	--	(11)
Net Income (Loss)	$ (28)	$ 53	$ 767	$ 1,368
Average Assets	$ 4,548	$ 8,641	$ 315,252	$ 303,847
Return on Common Equity (c)	NM	NM	18.5%	15.1%
Return on Assets (c)	NM	NM	1.11%	.89%
Efficiency Ratio (d)	NM	NM	59.0%	65.2%

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

Global Bank

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

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

The Global Bank's operating net income in the second quarter of 1996 was $520 million, an increase of $117 million from the 1995 second quarter.
Return on equity in the second quarter of 1996 was 24.9%, compared with 21.5% in 1995. The Global Bank's operating net income of $1,089 million and return on equity of 26.2% for the first six months of 1996 increased from last year's results of $628 million and 16.5%, respectively. These favorable results were due primarily to higher trading-related revenue, strong growth in net interest income and an increase in corporate finance fees.

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

	Second Quarter		Six Months	
(in millions)	1996	1995	1996	1995
Total Revenue:				
Global Client Management and Investment Banking	$ 578	$ 538	$ 1,162	$ 1,060
Global Markets	629	586	1,322	891
Chase Capital Partners	212	152	460	277
Global Asset Management & Private Banking	219	177	416	346

Revenue from Global Client Management and Investment Banking increased $40 million, or 7%, in the 1996 second quarter and $102 million, or 10%, for the first six months of 1996 reflecting a higher level of investment banking activity including loan syndications, securities underwriting and advisory activity and new issues of high-yield bonds.

Trading-related revenue at Global Markets was higher in the second quarter of 1996 and the first six months of 1996 due to the particularly strong performance in the emerging markets. Also, the 1995 six-month results had been adversely affected by the major declines in the prices of emerging markets debt instruments during that period.

Revenue from Chase Capital Partners increased in the second quarter of 1996 and the first six months of 1996 due to higher revenue from equity-related investments reflecting a broad-based portfolio of investments in an active market.

Revenues at Global Asset Management and Private Banking increased $42 million, or 24%, in the 1996 second quarter and $70 million, or 20%, for the first six months of 1996, when compared to the same 1995 periods. The increase in the second quarter and first six months of 1996 reflects a $23 million gain on the sale of deposits as well as higher revenue in Latin America, growth in net interest income reflecting higher loan volume and an increase in trust fees related to the growth in the Vista mutual funds.

Regional and Consumer Banking

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

Regional and Consumer Banking's operating net income of $322 million in the second quarter of 1996 increased $62 million from last year's second quarter results of $260 million due primarily to lower noninterest expense and higher net interest income, partially offset by a higher credit provision. For the first six months of 1996, Regional and Consumer's operating net income was $639 million, an increase of $125 million from the same period last year. This increase is due to lower noninterest expense and increases in net interest income and noninterest revenue, partially offset by a higher credit provision and an increase in foreclosed property expense. The decrease in noninterest expense for both the 1996 three months and six months periods is the result of reduced FDIC premium expense and the absence of expenses as a result of the sale of the southern and central New Jersey banking operations in the fourth quarter of 1995. The growth in net interest income for both 1996 periods reflects higher volumes at Credit Cards and Mortgage Banking; the higher credit provision is the result of the substantial growth in managed credit card outstandings.

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

(in millions)	Second Quarter 1996	Second Quarter 1995	Six Months 1996	Six Months 1995
Total Revenue:				
Credit Cards	$ 642	$ 572	$ 1,280	$ 1,136
Deposits and Investments	471	463	933	931
Mortgage Banking	152	164	318	304
National Consumer Finance	151	130	301	257
International Consumer	63	51	122	101
Middle Market and Community Development	223	225	463	448
Texas Commerce	303	277	612	552

Credit Cards revenue increased $70 million, or 12%, in the second quarter of 1996. For the first six months of 1996, Credit Cards revenue rose $144 million, or 13%. The improvement in both 1996 periods compared with last year's results is due to higher net interest income, reflecting the substantial growth in the loan portfolio and the implementation of a risk-adjusted pricing policy for delinquent credit card receivables, and higher fee revenue reflecting increased receivables.

Deposits and Investments revenue increased $8 million, or 2%, in the 1996 second quarter and $2 million for the first six months of 1996, compared with the same periods in 1995. The slight improvement in revenue reflects growth in service charges on deposit accounts and trust fees in the first six months of 1996 and higher deposit volume in the second quarter of 1996.

Revenue from Mortgage Banking decreased $12 million in the second quarter of 1996 from the same period in 1995. For the first six months of 1996, Mortgage Banking revenue increased $14 million when compared with 1995. The decrease in the second quarter of 1996 is due to the 1995 second quarter being favorably affected by the implementation of SFAS 122 (relating to the accounting for originated mortgage servicing rights) and gains on the sale of mortgage servicing rights. The 1996 second quarter results were favorably affected by higher net interest income (resulting from a 21% increase in loan volume) and improved loan spreads. For the first six months of 1996, the increase in revenue is due to higher net interest income of $64 million (resulting from a 26% increase in loan volume) and improved loan spreads, partially offset by lower noninterest revenue due to the impact of SFAS 122 and a decline in the sale of mortgage servicing rights.

National Consumer Finance revenues increased $21 million, or 16%, in the 1996 second quarter and $44 million, or 17%, for the first six months of 1996, when compared with 1995. The favorable results in both 1996 periods is due to an increase in net interest income reflecting the strong growth in loan volume and higher retail banking fees.

The revenue for International Consumer increased $12 million in the second quarter of 1996 and $21 million for the first six months of 1996 when compared to the prior year periods. Improvement in both 1996 periods is due to higher net interest income reflecting increased loan volumes for residential mortgages and improved loan spreads.

Middle Market and Community Development revenues were essentially flat for the second quarter of 1996 and increased $15 million in the first six months of 1996, when compared with last year's results, primarily due to higher corporate finance fees.

Texas Commerce's revenue rose $26 million, or 9%, in the 1996 second quarter and $60 million, or 11%, for the first six months of 1996 when compared to prior year periods. The improvements were due to higher net interest income resulting from 14% growth in loan volume in the first six months of 1996. Also contributing to the 1996 six-month increase was a 5% increase in fee revenue. These favorable results were partially offset by higher foreclosed property expense in the first six months of 1996, as the first six months of 1995 reflected the recognition of recoveries from customers in the Texas real estate market.

Global Services

Global Services includes custody, cash management, payments, trade services, trust and other fiduciary services. The strategy for Global Services is to build world class product capabilities in transaction and information services. At June 30, 1996, the Corporation was custodian or trustee for approximately $3.5 trillion of assets. The operating net income for Global Services increased $12 million in the second quarter of 1996 and $29 million for the first six months of 1996 when compared with the same 1995 periods. Improvement in both 1996 periods is due primarily to increases in noninterest revenue and net interest income partially offset by higher noninterest expense, all which resulted from the acquisition of the securities processing businesses of U.S. Trust in September 1995. Furthermore, the increases in noninterest revenue in both periods reflect higher fee revenue as a result of earnings growth in custody services, and the increase in net interest income reflects higher investable balances.

Terminal Businesses (LDC and Real Estate)

Terminal Businesses represents discontinued portfolios, which are primarily refinancing country debt and the Corporation's commercial real estate problem asset and nonperforming portfolio, primarily at The Chase Manhattan Bank, N.A. and Chemical Bank. Terminal businesses had net losses of $18 million for the second quarter of 1996 and $28 million for the first six months of 1996, compared with net income of $3 million in last year's second quarter and $53 million the first six months of 1995. The 1996 second quarter results include a $30 million loss related to the disposition of available-for-sale emerging markets securities compared with a $50 million loss from sales of such securities in last year's second quarter. For the first six months of 1996, the results include a $65 million loss related to the disposition of available-for-sale emerging markets securities, compared with $26 million in losses from the sales of such securities last year.

Corporate

Corporate includes the management results attributed to the parent company; the Corporation's investment in CIT; the impact of credit card securitizations; and some effects remaining at the corporate level after the implementation of management accounting policies, including residual credit provision and tax expense. Corporate had a net loss of $22 million for the 1996 second quarter, a decrease of $39 million from last year's second quarter. For the first six months of 1996, Corporate had a net loss of $1,062 million including the restructuring charge of $1,026 million (after-tax) related to the merger and the following special items: $132 million (after-tax) in tax refunds and benefits; $37 million loss (after-tax) on the sale of a building in Japan and $25 million loss (after-tax) related to the costs incurred in combining the Corporation's foreign retirement plans. For the six months of 1995, Corporate had net income of $17 million which included an $11 million after-tax charge due to the adoption of SFAS 106 for its foreign plans.

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CREDIT RISK MANAGEMENT

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

Loan Portfolio

The Corporation's loans outstanding totaled $151.3 billion at June 30, 1996, an increase from $150.2 billion at the 1995 year-end, and $149.5 billion at June 30, 1995. The growth in loans outstanding from December 31,1995 and June 30, 1995 reflects increases in both the consumer and commercial loan portfolios (excluding commercial real estate), partially offset by a decline in credit card balances resulting from securitizations completed during the first half of 1996.

The Corporation's nonperforming assets at June 30, 1996 were $1,639 million, down $25 million from the 1995 year-end level and $372 million, or 18%, from last year's comparable quarter. The reduction in nonperforming assets reflects the ongoing improvement in the Corporation's credit profile as a result of a lower level of loans being placed on nonperforming status, repayments, charge-offs, and the Corporation's continuing loan workout and collection activities.

Total net charge-offs were $250 million in the second quarter of 1996, compared with $222 million in the 1995 second quarter. For the first six months, net charge-offs were $597 million in 1996, compared with $429 million in 1995. The 1996 amount included a charge of $102 million, recorded in the 1996 first quarter, related to conforming the credit card charge-off policies of Chase and Chemical. Total net charge-offs (on a managed basis) were $386 million in the 1996 second quarter, compared with $256 million in the second quarter of 1995. For the first six months, total net charge-offs were $839 million in 1996, compared with $494 million in 1995.

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

(in millions)	Loans June 30, 1996	Loans Dec 31, 1995	Loans June 30, 1995	Nonperforming Assets June 30, 1996	Nonperforming Assets Dec 31, 1995	Nonperforming Assets June 30, 1995
Domestic Consumer:						
Residential Mortgage(a)	$ 35,388	$ 34,060	$ 32,208	$ 241	$ 238	$ 224
Credit Card	11,447	17,078	15,898	--	--	--
Auto Financings	11,262	8,327	10,058	28	20	10
Other Consumer(b)	10,674	9,966	9,198	11	19	24
Total Domestic Consumer	68,771	69,431	67,362	280	277	258
Domestic Commercial:						
Commercial and Industrial	32,429	32,276	31,731	514	496	516
Commercial Real Estate(c)	6,556	6,660	7,559	439	375	577
Financial Institutions	5,741	5,714	5,527	--	2	25
Total Domestic Commercial	44,726	44,650	44,817	953	873	1,118
Total Domestic	113,497	114,081	112,179	1,233	1,150	1,376
Foreign, primarily Commercial	37,777	36,126	37,324	265	343	488
Total Loans	$ 151,274	$ 150,207	$ 149,503	1,498	1,493	1,864
Assets Acquired as Loan Satisfactions				141	171	147
Total Nonperforming Assets				$ 1,639	$ 1,664	$ 2,011

(in millions)	Net Charge-offs Second Quarter 1996	Net Charge-offs Second Quarter 1995	Net Charge-offs Six Months Ended June 30, 1996	Net Charge-offs Six Months Ended June 30, 1995	Past Due 90 Days and Over & Still Accruing June 30, 1996	Past Due 90 Days and Over & Still Accruing Dec 31, 1995	Past Due 90 Days and Over & Still Accruing June 30 1995
Domestic Consumer:							
Residential Mortgage(a)	$ 7	$ 19	$ 15	$ 31	$ 14	$ 12	$ 12
Credit Card	145	173	310	331	221	352	309
Auto Financings	7	4	15	8	16	15	10
Other Consumer(b)	33	24	62	51	148	149	127
Total Domestic Consumer	192	220	402	421	399	528	458
Domestic Commercial:							
Commercial and Industrial	46	(1)	94	22	35	38	49
Commercial Real Estate(c)	30	15	26	14	36	54	49
Financial Institutions	--	--	--	(5)	--	--	--
Total Domestic Commercial	76	14	120	31	71	92	98
Total Domestic	268	234	522	452	470	620	556
Foreign, primarily Commercial	(18)	(12)	(27)	(23)	16	44	167
Total Loans	250	222	495	429	$ 486	$ 664	$ 723
Charge Related to Conforming Credit Card Charge-off Policies	--	--	102	--			
Total	$ 250	$ 222	$ 597	$ 429			

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

(b) Consists of installment loans (direct and indirect types of consumer finance) and student loans. 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 $104 million, $107 million, and $87 million at June 30, 1996, December 31, 1995 and June 30, 1995, respectively.

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

Domestic Consumer Portfolio
The domestic consumer loan portfolio consists of one-to-four family residential mortgages, credit cards, auto financings and other consumer loans. The domestic consumer loan portfolio totaled $68.8 billion at June 30, 1996, a decrease of $0.6 billion from the 1995 year-end but an increase of $1.4 billion from $67.4 billion at June 30, 1995. Domestic consumer loans were 45% of the total loan portfolio at June 30, 1996.

Residential Mortgage Loans: Residential mortgage loans at June 30, 1996 were $35.4 billion, an increase of $1.3 billion from the 1995 year-end and an increase of $3.2 billion from June 30, 1995, primarily reflecting an increase in adjustable-rate loan outstandings.

Total nonperforming residential mortgage loans at June 30, 1996 were $241 million, compared with $238 million at December 31, 1995 and $224 million at June 30, 1995. At June 30, 1996, nonperforming domestic residential mortgage loans as a percentage of the domestic residential mortgage portfolio was 0.68%, compared with 0.70% at both the 1995 year-end and at June 30, 1995. Total net charge-offs of residential mortgage loans were $7 million in the second quarter of 1996, a decrease of $12 million from the 1995 comparable period. For the first six months of 1996, such total net charge-offs were $15 million, a 52% decline from $31 million for the first six months of 1995. For the first six months, the percentage of net charge-offs to average residential mortgage loan outstandings was 0.09% in 1996, down from 0.21% in 1995.

The Corporation's residential mortgage servicing portfolio amounted to $133.3 billion at June 30, 1996, compared with $125.5 billion at June 30, 1995. A discussion of the Corporation's mortgage servicing and loan origination activities is included on page 34 of the Corporation's 1995 Annual Report. The following table presents the residential mortgage servicing portfolio activity for the periods indicated.

	Second Quarter		Six Months	
(in billions)	1996	1995	1996	1995
Balance at Beginning of Period	$ 133.1	$ 119.7	$ 132.1	$ 118.3
Originations	8.1	6.9	15.6	9.5
Acquisitions	--	5.4	1.1	9.2
Repayments and Sales	(7.9)	(6.5)	(15.5)	(11.5)
Balance at June 30,	$ 133.3	$ 125.5	$ 133.3	$ 125.5

Mortgage servicing rights (included in other assets) amounted to $1,207 million at June 30, 1996, compared with $1,122 million at June 30, 1995, reflecting the corresponding increase in the Corporation's residential mortgage servicing portfolio and the aforementioned adoption of SFAS 122. The Corporation uses derivative contracts (interest rate swaps and purchased option contracts) to manage the risk associated with its mortgage servicing portfolio. At June 30, 1996, the carrying value of such derivative contracts was $30 million, and gross unrecognized gains and losses were $10 million and $84 million, respectively, resulting in an estimated negative fair value of $44 million.

Credit Card Loans: The Corporation evaluates its credit card exposure based on its "managed receivables" which include credit card receivables on the balance sheet as well as credit card receivables which have been securitized. During the 1996 second quarter, the Corporation securitized $2.9 billion of credit card receivables, compared with $1.5 billion in the 1995 second quarter. During the first six months of 1996, the Corporation securitized $5.8 billion of credit card receivables, compared with $2.5 billion in the same 1995 period. For the second quarter of 1996, average managed receivables were $23.3 billion, compared with $20.3 billion in the 1995 second quarter, reflecting the continued growth in credit card outstandings.

The following table presents the Corporation's average managed credit card receivables, the amount of these receivables past due 90 days and over and accruing, net charge-offs and related ratios for the managed credit card portfolio for the periods indicated.

(in millions)	As of or For The Three Months Ended June 30, 1996	As of or For The Three Months Ended June 30, 1995	As of or For The Six Months Ended June 30, 1996	As of or For The Six Months Ended June 30, 1995
Average Managed Credit Card Receivables	$ 23,348	$ 20,255	$ 23,296	$ 19,768
Past Due 90 Days & Over and Accruing	$ 461	$ 390	$ 461	$ 390
As a Percentage of Average Credit Card Receivables	1.97%	1.93%	1.98%	1.97%
Net Charge-offs	$ 279(a)	$ 207	$ 549(a)	$ 396
As a Percentage of Average Credit Card Receivables	4.78%	4.09%	4.71%	4.01%

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

The increases in net charge-offs on managed credit card receivables for both the three-month and six-month periods ending June 30, 1996, when compared with the same 1995 periods, reflect growth in average managed credit card outstandings and continuing higher levels of personal bankruptcies. Management currently expects that the Corporation's credit card net charge-offs, as a percentage of average managed credit card receivables, for full year 1996 will be higher than the 1996 second quarter net charge off percentage, but will be lower than 5% (as compared with approximately 4.0% for full year 1995), principally as a result of (i) continuing higher levels of personal bankruptcies and delinquency charge-offs in 1996 when compared to 1995 levels and (ii) slower growth in credit card outstandings in 1996 than previously anticipated.

Credit Card Securitizations: For a discussion of the Corporation's credit card securitizations, see page 35 of the Corporation's 1995 Annual Report.

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

Favorable (Unfavorable) Impact (in millions)	Second Quarter 1996	Second Quarter 1995	Six Months 1996	Six Months 1995
Net Interest Income	$ (208)	$ (77)	$ (395)	$ (134)
Provision for Losses	156	34	261	65
Credit Card Revenue	47	41	122	67
Other Revenue	8	10	11	17
Pre-tax Income (Loss) Impact of Securitizations	$ 3	$ 8	$ (1)	$ 15

Auto Financings and Other Consumer Loans: These consumer loans consist of auto loans and leases, installment loans (direct and indirect types of consumer finance) and student loans.

Auto financings were $11.3 billion at June 30, 1996, up from $8.3 billion at December 31, 1995 and $10.1 billion at June 30, 1995. The increase in auto financings reflected stronger demand during both periods, partially offset by securitizations of auto loans. The Corporation securitized approximately $3.0 billion of auto loans during the last two quarters of 1995 and approximately $1.5 billion during the 1996 first six months. Net charge-offs of auto financings were $7 million in the 1996 second quarter, compared with $4 million in the same period in 1995. For the first six months, net charge-offs of auto financings were $15 million in 1996, compared with $8 million in 1995.

Other consumer loans were $10.7 billion at June 30, 1996, compared with $10.0 billion at December 31, 1995, and $9.2 billion at June 30, 1995. Net charge-offs of other consumer loans were $33 million in the second quarter of 1996, compared with $24 million in the 1995 comparable period. Net charge-offs of other consumer loans in the first six months of 1996 were $62 million, compared with $51 million in the comparable 1995 period.

Domestic Commercial Portfolio

Domestic Commercial and Industrial Portfolio: The domestic commercial and industrial portfolio totaled $32.4 billion at June 30, 1996, an increase from $32.3 billion at December 31, 1995 and $31.7 billion at June 30, 1995. The portfolio consists primarily of loans made to large corporate and middle market customers and is diversified geographically and by industry. At June 30, 1996, the largest industry concentration in this portfolio was to the oil and gas industry which approximated $2.6 billion, or 1.7% of the Corporation's total loan portfolio.

Nonperforming domestic commercial and industrial loans were $514 million at June 30, 1996, compared with $516 million at June 30, 1995. In the second quarter of 1996, the Corporation had net charge-offs of $46 million, compared with net recoveries of $1 million in the second quarter of 1995. For the first six months, such net charge-offs were $94 million in 1996, compared with $22 million in 1995.

Management believes that the credit quality of the Corporation's commercial and industrial loan portfolio will remain relatively stable in 1996, as compared with 1995 (although it expects to have higher net charge-offs in its commercial and industrial loan portfolio in 1996 - rather than net recoveries of $4 million as it did in 1995 - because of lower gross recoveries).

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 June 30, 1996, a decrease from $6.7 billion at December 31, 1995 and from $7.6 billion at June 30, 1995. The decreases are principally attributable to repayments from borrowers.

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

(in millions)	June 30, 1996	December 31, 1995	June 30, 1995
Commercial Mortgages	$ 5,327	$ 5,512	$ 6,055
Construction	1,229	1,148	1,504
Total Domestic Commercial Real Estate Loans	$ 6,556	$ 6,660	$ 7,559

Nonperforming domestic commercial real estate loans were $439 million at June 30, 1996, a 17% increase from the December 31, 1995 level, but a decrease of $138 million, or 24%, from June 30, 1995. The improvement in nonperforming domestic commercial real estate asset levels since June 30, 1995 is the result of increased liquidity in the commercial real estate markets coupled with successful workout activities. The increase from the 1995 year-end resulted from the classification of two large retail-related loans as nonperforming in the first quarter of 1996.

Net charge-offs of domestic commercial real estate loans in the second quarter of 1996 totaled $30 million, compared with $15 million in the same period a year ago. For the first six months, such net charge-offs were $26 million in 1996, compared with $14 million in 1995.

Domestic Financial Institutions Portfolio: The domestic financial institutions portfolio includes loans to commercial banks and companies whose businesses primarily involve lending, financing, investing, underwriting, or insurance. Loans to domestic financial institutions were $5.7 billion, or 4% of total loans outstanding, at June 30, 1996, unchanged from December 31, 1995 and an increase from $5.5 billion at June 30, 1995. Loans to domestic financial institutions are predominantly secured loans to broker-dealers, domestic commercial banks and domestic branches of foreign banks.

Foreign Portfolio

Foreign portfolio includes commercial and industrial loans, loans to financial institutions, commercial real estate, loans to governments and official institutions, and consumer loans. At June 30, 1996, the Corporation's total foreign loans were $37.8 billion, compared with $36.1 billion at December 31, 1995 and $37.3 billion at June 30, 1995.

Included in foreign loans were foreign commercial and industrial loans of $23.9 billion at June 30, 1996, an increase of $3.1 billion from the 1995 year-end and an increase of $3.5 billion from June 30, 1995. The majority of the increase at June 30, 1996 related primarily to loans which were short-term in nature and, therefore, do not add significant credit risk to the portfolio since these loans are generally due within a year. Total foreign commercial real estate loans at June 30, 1996 were $0.8 billion, unchanged from each of December 31, 1995 and June 30, 1995.

Foreign nonperforming loans at June 30, 1996 were $265 million, a decrease from $343 million at December 31, 1995 and from $488 million at June 30, 1995. Net recoveries of foreign loans were $18 million in the second quarter of 1996, compared with net recoveries of $12 million in the 1995 second quarter. In the first six months of 1996, net recoveries of foreign loans were $27 million, compared with $23 million in the first six months of 1995.

Assets Held for Accelerated Disposition

For a discussion of the Corporation's Assets Held for Accelerated Disposition portfolio, reference is made to page 38 of the Corporation's 1995 Annual Report.

The following table presents the reconciliation of Assets Held for Accelerated Disposition for the periods indicated.

Carrying Value (in millions)	For the Six Months Ended June 30, 1996	1995
Balance at January 1,	$ 412	$ 526
Additions	--	--
Sales	(242)	(286)
Balance at June 30, (a)	$ 170	$ 240

(a) Includes $170 million and $8 million of loans that were performing at June 30, 1996 and 1995, respectively.

Derivative and Foreign Exchange Financial Instruments

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

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

	At June 30, 1996			At December 31, 1995		
	Interest Rate Contracts	Foreign Exchange Contracts	Total	Interest Rate Contracts	Foreign Exchange Contracts	Total
Less than 3 months	16%	54%	31%	11%	55%	29%
3 to 6 months	8	23	14	8	27	15
6 to 12 months	9	19	13	8	13	10
1 to 5 years	51	4	32	45	5	29
Over 5 years	16	--	10	28	--	17
Total	100%	100%	100%	100%	100%	100%

The Corporation routinely enters into derivative and foreign exchange transactions with regulated financial institutions, which the Corporation believes have relatively low credit risk. At June 30, 1996, approximately 91% of the mark-to-market exposure of such transactions was with commercial bank and financial institution counterparties, most of which are dealers in these products. Non-financial institutions accounted for only approximately 9% of the Corporation's derivative and foreign exchange mark-to-market exposure.

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

Allowance for Credit Losses

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

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

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

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

	Second Quarter		Six Months	
(in millions)	1996	1995	1996	1995
Total Allowance at Beginning of Period	$ 3,683	$ 3,874	$ 3,784	$ 3,894
Provision for Losses	250	195	495	380
Charge-Offs	(318)	(323)	(630)	(606)
Recoveries	68	101	135	177
Subtotal Net Charge-Offs	(250)	(222)	(495)	(429)
Charge Related to Conforming Credit Card Charge-off Policies	---	---	(102)	--
Total Net Charge-offs	(250)	(222)	(597)	(429)
Other	9	(1)	10	1
Total Allowance at End of Period	$ 3,692	$ 3,846	$ 3,692	$ 3,846

The following table presents the Corporation's allowance coverage ratios at June 30, 1996, December 31, 1995 and June 30, 1995.

Allowance Coverage Ratios

For the Period Ended:	June 30, 1996	December 31, 1995	June 30, 1995
Allowance for Credit Losses to:			
Loans at Period-End	2.44%	2.52%	2.57%
Average Loans	2.46	2.58	2.67
Nonperforming Loans	246.46	253.45	206.33

MARKET RISK MANAGEMENT

Trading Activities

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

[GRAPH NUMBER 1]

The preceding chart contains a histogram of the Corporation's daily market risk-related revenue. Market risk-related revenue is defined as the daily change in value in marked-to-market trading portfolios plus any trading-related net interest income or other revenue. Based on actual trading results for the twelve months ended June 30, 1996, which captures the historical correlation among business units, 95% of the variation in the Corporation's daily trading results fell within a $22 million band centered on the daily average amount of $8 million. For the twelve months ended June 30, 1996, the Corporation posted positive daily market risk-related revenue for 243 out of 259 business trading days for international and domestic units. For 231 of the 259 days, the Corporation's daily market risk-related revenue or losses occurred within the negative $5 million to positive $15 million range, which is representative of the Corporation's emphasis on non-proprietary activities, including market-making, sales and arbitrage. For a further discussion of measuring market risk, see pages 40-41 of the Corporation's 1995 Annual Report.

Asset/Liability Management

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

Measuring Interest Rate Sensitivity:

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

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

Condensed Interest Sensitivity Table

(in millions) At June 30, 1996	1-3 Months	4-6 Months	7-12 Months	1-5 Years	Over 5 Years	Total
Balance Sheet	$ (15,742)	$ 1,409	$ (1,504)	$ 32,557	$ (16,720)	$ ---
Derivative Instruments Affecting Interest-Rate Sensitivity (a)	3,811	2,410	(1,216)	(8,416)	3,411	---
Interest-Rate Sensitivity Gap	(11,931)	3,819	(2,720)	24,141	(13,309)	---
Cumulative Interest-Rate Sensitivity Gap	(11,931)	(8,112)	(10,832)	13,309	---	---
% of Total Assets	(4)%	(3)%	(3)%	4%	---	---

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

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

At June 30, 1996, the Corporation had $10,832 million more liabilities than assets repricing within one year (including net repricing effect of derivative positions), amounting to 3% of total assets. This compares with $21,471 million, or 7% of total assets, at December 31, 1995.

At June 30, 1996, based on the Corporation's simulation models, which are comprehensive simulations of net interest income under a variety of market interest rate scenarios, earnings at risk to an immediate 100 basis point rise in market interest rates over the next twelve months was estimated to be slightly over 2% of projected 1996 after-tax net income excluding the restructuring charge. At December 31, 1995, the Corporation's earnings at risk to a similar increase in market rates was estimated at approximately 3% of projected after-tax net income excluding the restructuring charge. An immediate 100 basis point rise in interest rates is a hypothetical rate scenario, used to calibrate risk, and does not necessarily represent management's current view of future market developments.

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

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

Outstanding Interest Rate Swaps Notional Amounts and Receive/Pay Rates by Yearly Intervals

For the twelve-month period beginning July 1, (in millions)	1996	1997	1998	1999	2000	Thereafter
Receive fixed swaps						
Notional amount	$ 33,033	$ 24,457	$ 18,419	$ 15,463	$ 13,371	$ 9,597
Weighted-average Fixed rate	6.29%	6.09%	6.57%	6.86%	6.59%	6.58%
Pay fixed swaps						
Notional amount	$ 40,242	$ 27,941	$ 21,417	$ 12,326	$ 8,604	$ 4,967
Weighted-average Fixed rate	6.39%	6.44%	6.50%	6.68%	6.69%	6.86%
Basis Swaps						
Notional amount	$ 23,492	$ 18,929	$ 12,803	$ 1,039	$ 751	$ 601
Average Three-Month Implied Forward LIBOR Rates	6.04%	6.59%	6.80%	7.03%	7.18%	7.45%
Total Notional Amount (a)	$ 96,767	$ 71,327	$ 52,639	$ 28,828	$ 22,726	$ 15,165

(a) At June 30, 1996, approximately $13 billion of notional amounts are interest rate swaps that, as part of the Corporation's asset/liability management, are used in place of cash market instruments. Of this amount, $4 billion is expected to mature in the twelve month period beginning July 1, 1996, $2 billion for the twelve month period beginning July 1, 1997, with the remaining $7 billion on July 1, 1998 and thereafter.

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

Derivative Contracts and Related Balance Sheet Positions

(in millions)	Balance Sheet Amount	Notional Amount (a) Interest Rate Swaps	Other ALM Contracts(b)
Deposits with Banks	$ 5,805	$ 503	$ 129
Securities - Available for Sale	37,855	6,827	4,770
Loans	151,274	40,949	68,614
Other Assets	19,714	3,050	3,455
Deposits	168,343	27,215	80,316
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	54,584	--	10,210
Long-Term Debt	12,770	5,596	290

(a) At June 30, 1996, notional amounts of approximately $13 billion for interest rate swaps and $1 billion for other ALM contracts, both of which are used in place of cash market instruments, have been excluded from the above table.
(b) Includes futures, forwards, forward rate agreements and options.

Approximately $6.5 billion notional amount of derivatives related to mortgage servicing assets and approximately $15.6 billion notional amount of derivatives related to mortgage and consumer loans held for sale were outstanding at June 30, 1996. The weighted average maturity of contracts linked to mortgage servicing assets is approximately four years. Contracts related to loans held for sale generally mature within one year.

The Corporation's ALM derivative activities, whereby derivative instruments alter the yield on certain of the Corporation's assets and liabilities, had an unfavorable $46 million impact on the Corporation's net interest income in the second quarter of 1996, compared with a favorable impact of $27 million for the second quarter of 1995. For the first six months, the unfavorable impact on net interest income was $35 million in 1996, compared with a favorable impact of $81 million in 1995.

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

(in millions)	June 30, 1996	December 31, 1995	Change
ALM Derivative Contracts:			
Net Deferred Gains (Losses)	$ (68)	$ (98)	$ 30
Net Unrecognized Gains (Losses)(a)	(577)	184	(761)
Net ALM Derivative Gains (Losses)	$ (645)	$ 86	$ (731)

(a) The June 30, 1996 amount includes $74 million in net unrecognized losses from derivatives related to mortgage servicing rights, and $2 million in net unrecognized losses from daily margin settlements on open futures contracts. At December 31, 1995, there was $69 million in net unrecognized gains from derivatives related to mortgage servicing rights and $99 million in net unrecognized losses from daily margin settlements on open future contracts.

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

Amortization of Net Deferred Gains (Losses) on Closed ALM Contracts (in millions)	
1996	$ 17
1997	1
1998	(48)
1999	(50)
2000	(54)
2001 and After	66
Total	$ (68)

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

Amortization of Premiums on Open ALM Option Contracts (in millions)	
1996	$ 21
1997	29
1998	27
1999	35
2000	33
2001 and After	49
Total	$ 194

OPERATING RISK MANAGEMENT

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

CAPITAL AND LIQUIDITY RISK MANAGEMENT

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

Capital

The Corporation's level of capital at June 30, 1996 remained strong, with capital ratios well in excess of regulatory guidelines. The Corporation's Tier 1 and Total Capital ratios were 7.96% and 11.82%, respectively. These ratios, as well as the leverage ratio, exclude the assets and off-balance sheet financial instruments of the Corporation's securities subsidiary as well as the Corporation's investment in such subsidiary. In addition, the provisions of SFAS 115 do not apply to the calculation of these ratios.

Total capitalization (the sum of Tier 1 Capital and Tier 2 Capital) decreased by $176 million during the first six months of 1996 to $28.1 billion at June 30, 1996, primarily due to the impact of the merger-related restructuring charge. The Corporation manages its capital to execute its strategic business plans and support its growth and investments, including acquisition strategies in its core businesses.

During the first six months of 1996, the Corporation issued 15.7 million shares of common stock and repurchased approximately 13.5 million shares of its outstanding common stock in the open market. These repurchases were largely undertaken to meet the needs of the Corporation's employee stock option and incentive plans. The Corporation has revised its previously announced buy-back program to terminate at September 30, 1996 and to provide that purchases of shares of common stock of the Corporation under the plan to such date would be in accordance with the pooling-of-interests accounting rules. As a result of calculating the number of "tainted" shares held in the Corporation's treasury after merger-consummation date in accordance with a recent clarification statement of Staff Accounting Bulletin No. 96 (SAB 96), the Corporation would have authority to repurchase during the third quarter of 1996 an additional 2.0 million shares of its common stock. The Corporation expects it will issue more than such amount of its common stock during this period as a result of exercises by its employees of options issued under the Corporation's various employee benefit programs. Accordingly, the Corporation expects the number of common shares outstanding in the third quarter of 1996 to be somewhat higher than the 1996 second quarter. For a further discussion see Note 3 of this Form 10-Q.

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

Total stockholders' equity at June 30, 1996 was $20.3 billion, compared with $20.8 billion at December 31, 1995. The $496 million decrease from the 1995 year-end primarily reflects the after-tax impact of the merger-related restructuring charge and expenses ($1,040 million), a $403 million unfavorable impact on the fair value of available-for-sale securities accounted for under SFAS 115 and the effects of common and preferred stock dividends totaling $681 million. These declines were partially offset by $1,807 million of net income generated during the first six months of 1996 before the restructuring charge.

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

Capital Ratios

	June 30, 1996	December 31, 1995	Minimum Regulatory Requirement
Tier 1 Capital Ratio (a)(c)	7.96%	8.22%	4.00%
Total Capital Ratio (a)(c)	11.82	12.27	8.00
Tier 1 Leverage Ratio (b)(c)	6.56	6.68	3.00 -5.00
Common Stockholders' Equity to Total Assets	5.49	5.98	--
Total Stockholders' Equity to Total Assets	6.32	6.85	--

(a) Tier 1 Capital or Total Capital divided by risk-weighted assets. Risk-weighted assets include assets and off-balance sheet positions, weighted by the type of instrument and the risk weight of the counterparty, collateral or guarantor.
(b) Tier 1 Capital divided by adjusted average assets.
(c) Including the Corporation's securities subsidiary, the June 30, 1996 Tier 1 Capital,Total Capital and Tier 1 Leverage ratios were 8.14%, 12.28% and 6.22%, respectively, compared with 8.37%, 12.67% and 6.27%, respectively, at December 31, 1995.

Components of Capital

(in millions)	June 30, 1996	December 31, 1995
Tier 1 Capital		
Common Stockholders' Equity	$ 18,329	$ 18,424
Nonredeemable Preferred Stock	2,650	2,650
Minority Interest	200	162
Less: Goodwill	1,382	1,446
Non-Qualifying Intangible Assets	104	116
50% Investment in Securities and Unconsolidated Subsidiaries	749	698
Tier 1 Capital	$ 18,944	$ 18,976
Tier 2 Capital		
Long-Term Debt Qualifying as Tier 2	$ 6,968	$ 7,139
Qualifying Allowance for Credit Losses	2,985	2,907
Less: 50% Investment in Securities and Unconsolidated Subsidiaries	749	698
Tier 2 Capital	$ 9,204	$ 9,348
Total Qualifying Capital	$ 28,148	$ 28,324
Risk-Weighted Assets (a)	$ 238,092	$ 230,887

(a) Includes off-balance sheet risk-weighted assets in the amount of $72,382 million and $68,153 million, respectively, at June 30, 1996 and December 31, 1995.

As part of the Corporation's commitment to a disciplined capital policy, management has targeted a Tier 1 capital ratio for the Corporation of 8 to 8.25%.

Liquidity

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

The Corporation is an active participant in the capital markets. In addition to issuing commercial paper and medium-term notes, the Corporation raises funds through the issuance of long-term debt, common stock and preferred stock. The Corporation's long-term debt at June 30, 1996 was $12,770 million, a decrease of $55 million from the 1995 year-end. The decrease resulted largely from maturities of the Corporation's long-term debt of $897 million (including $532 million of senior medium-term notes, $115 million of other senior notes, and $250 million of subordinated notes) and the redemption of $20 million of senior medium-term notes. These decreases were partially offset by issuances of $820 million of the Corporation's long-term debt (including $250 million of senior medium-term notes, $75 million of subordinated medium-term notes, $295 million of other senior notes and $200 million of other subordinated notes). The Corporation will continue to evaluate the opportunity for future redemptions of its outstanding debt in light of current market conditions.

The Corporation is evaluating the opportunity for future redemptions of its outstanding preferred stock in light of the fact that it currently has approximately $1.1 billion of fixed-rate preferred stock that becomes callable in 1997. In that regard, a subsidiary of the Corporation, organized as a real estate investment trust (REIT), has recently filed a registration statement covering $500 million of preferred stock intended to be issued to pre-fund some of the Corporation's preferred stock that may be redeemed. The Corporation expects that, given the tax deductible features of the REIT preferred stock, the cost to the Corporation of issuing the REIT preferred would be approximately 150-200 basis points lower than traditional preferred stock.

SUPERVISION AND REGULATION

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

Dividends

At June 30, 1996, in accordance with the dividend restrictions applicable to them, the Corporation's bank subsidiaries could, during 1996, without the approval of their relevant banking regulators, pay dividends in the aggregate of approximately $2.9 billion to their respective bank holding companies, plus an additional amount equal to their net income from July 1, 1996 through the date in 1996 of any such dividend payment.

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

FDICIA

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

ACCOUNTING DEVELOPMENTS

Accounting for Stock-Based Compensation

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

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

	Three Months Ended June 30, 1996			Three Months Ended June 30, 1995		
	Average Balance	Interest	Rate (Annualized)	Average Balance	Interest	Rate (Annualized)
ASSETS						
Deposits with Banks	$ 7,307	$ 156	8.58%	$ 10,757	$ 218	8.12%
Federal Funds Sold and Securities Purchased Under Resale Agreements	29,354	514	7.05%	30,114	482	6.41%
Trading Assets-Debt and Equity Instruments	27,293	406	5.98%	18,529	343	7.40%
Securities:						
Available-for-Sale	38,295	610	6.41%(b)	24,293	448	7.37%(b)
Held-to-Maturity	4,245	81	7.61%	10,374	174	6.74%
Loans	150,612	3,034	8.09%	146,757	3,247	8.86%
Total Interest-Earning Assets	257,106	4,801	7.51%	240,824	4,912	8.17%
Allowance for Credit Losses	(3,681)			(3,877)		
Cash and Due from Banks	11,849			13,097		
Risk Management Instruments	26,280			35,877		
Other Assets	26,025			22,425		
Total Assets	$ 317,579			$ 308,346		
LIABILITIES						
Domestic Retail Deposits	$ 52,589	479	3.67%	$ 55,694	533	3.85%
Domestic Negotiable Certificates of Deposit and Other Deposits	10,671	142	5.34%	12,574	142	4.51%
Deposits in Foreign Offices	61,119	837	5.50%	64,067	921	5.74%
Total Time and Savings Deposits	124,379	1,458	4.72%	132,335	1,596	4.82%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	52,222	665	5.13%	43,578	647	5.95%
Commercial Paper	4,714	59	5.09%	5,577	83	5.98%
Other Borrowings (c)	16,437	363	8.85%	12,051	308	10.25%
Total Short-Term and Other Borrowings	73,373	1,087	5.96%	61,206	1,038	6.79%
Long-Term Debt	12,916	221	6.86%	13,018	238	7.33%
Total Interest-Bearing Liabilities	210,668	2,766	5.28%	206,559	2,872	5.57%
Demand Deposits	43,396			34,660		
Risk Management Instruments	28,518			36,807		
Other Liabilities	15,095			10,999		
Total Liabilities	297,677			289,025		
STOCKHOLDERS' EQUITY						
Preferred Stock	2,650			2,773		
Common Stockholders' Equity	17,252			16,548		
Total Stockholders' Equity	19,902			19,321		
Total Liabilities and Stockholders' Equity	$ 317,579			$ 308,346		
INTEREST RATE SPREAD			2.23%			2.60%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$ 2,035(a)	3.18%		$ 2,040(a)	3.39%

(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 June 30, 1996 and June 30, 1995, the annualized rate for securities available-for-sale based on historical cost was 6.32% and 7.36%, respectively.
(c) Includes securities sold but not yet purchased.

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

	Six Months Ended June 30, 1996			Six Months Ended June 30, 1995		
	Average Balance	Interest	Rate (Annualized)	Average Balance	Interest	Rate (Annualized)
ASSETS						
Deposits with Banks	$ 7,772	$ 328	8.48%	$ 11,884	$ 443	7.51%
Federal Funds Sold and Securities Purchased Under Resale Agreements	28,075	1,015	7.27%	29,694	950	6.45%
Trading Assets-Debt and Equity Instruments	27,291	835	6.15%	19,153	702	7.38%
Securities:						
Available-for-Sale	38,242	1,255	6.60%(b)	24,167	890	7.42%(b)
Held-to-Maturity	4,381	161	7.38%	10,477	358	6.90%
Loans	150,123	6,275	8.41%	143,978	6,322	8.85%
Total Interest-Earning Assets	255,884	9,869	7.76%	239,353	9,665	8.14%
Allowance for Credit Losses	(3,729)			(3,884)		
Cash and Due from Banks	12,450			13,364		
Risk Management Instruments	25,925			32,850		
Other Assets	24,722			22,164		
Total Assets	$ 315,252			$ 303,847		
LIABILITIES						
Domestic Retail Deposits	$ 53,940	968	3.61%	$ 55,809	1,015	3.67%
Domestic Negotiable Certificates of Deposit and Other Deposits	10,850	215	3.98%	12,582	290	4.64%
Deposits in Foreign Offices	64,836	1,919	5.95%	64,175	1,791	5.61%
Total Time and Savings Deposits	129,626	3,102	4.81%	132,566	3,096	4.70%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	48,588	1,286	5.32%	42,839	1,275	6.00%
Commercial Paper	5,146	134	5.26%	5,350	156	5.89%
Other Borrowings (c)	16,323	693	8.53%	12,282	585	9.60%
Total Short-Term and Other Borrowings	70,057	2,113	6.07%	60,471	2,016	6.72%
Long-Term Debt	12,946	448	6.95%	13,036	472	7.30%
Total Interest-Bearing Liabilities	212,629	5,663	5.36%	206,073	5,584	5.46%
Demand Deposits	40,524			35,067		
Risk Management Instruments	28,036			32,879		
Other Liabilities	13,693			10,736		
Total Liabilities	294,882			284,755		
STOCKHOLDERS' EQUITY						
Preferred Stock	2,650			2,812		
Common Stockholders' Equity	17,720			16,280		
Total Stockholders' Equity	20,370			19,092		
Total Liabilities and Stockholders' Equity	$ 315,252			$ 303,847		
INTEREST RATE SPREAD			2.40%			2.68%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$ 4,206(a)	3.31%		$4,081(a)	3.44%

(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 six months ended June 30, 1996 and June 30, 1995, the annualized rate for securities available-for-sale based on historical cost was 6.53% and 7.39%, respectively.
(c) Includes securities sold but not yet purchased.

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

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

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to page 6 of the Chemical 1995 Form 10-K relating to the investigation commenced by the Securities and Exchange Commission pertaining to the $70 million loss incurred by the Corporation in the fourth quarter of 1994 resulting from unauthorized foreign exchange transactions involving the Mexican peso. The Corporation is cooperating with this investigation. The Corporation cannot determine at this time the outcome of the investigation but believes it will not have a material adverse effect on the consolidated financial condition of the Corporation.

Litigation Relating to the Merger
On August 28, 1995, three complaints were filed in the Court of Chancery for New Castle County, Delaware, in actions entitled Simon v. Chase Manhattan Corporation, et al., Civil Action No. 14505, Rampel & Rampel, P.A. Profit Sharing Plan v. Chase Manhattan Corp., et. al., Civil Action No. 14506 and Goldstein v. Chase Manhattan Corp., et al., Civil Action No. 14508. The complaints, each of which purports to initiate a class action on behalf of all Chase stockholders, name Chase, the Corporation and certain current and former directors of Chase as defendants. The complaints allege that (i) the merger entails breaches of fiduciary duties owed by the director defendants to Chase stockholders, (ii) the consideration provided in the merger by the Corporation is inadequate, (iii) the merger is unfair to Chase stockholders and is a product of Chase's directors' acting out of self-interest and (iv) the Corporation aided and abetted the Chase directors' alleged breach of fiduciary duties. The complaints seek, among other relief, damages in unspecified amounts. The Corporation believes the actions to be without merit and intends to contest them vigorously.

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

Item 4. Submission of Matters to a Vote of Security Holders

The following is a summary of matters submitted to vote at the Annual Meeting of Stockholders of the Corporation. The Annual Meeting of the Stockholders was held on May 21, 1996. A total of 373,272,730 shares, or 85.9% of the 434,637,133 shares entitled to vote at the Annual Meeting, were represented at the meeting.

(a) Election of Directors

The following twenty (20) directors were elected to hold office until the 1997 Annual Meeting or until their successors are elected and have qualified.

	Votes Received	Votes Withheld
Frank A. Bennack, Jr.	371,725,318	1,547,412
Susan V. Berresford	371,557,164	1,715,566
M. Anthony Burns	371,800,931	1,471,799
H. Laurance Fuller	371,823,739	1,448,991
Melvin R. Goodes	371,787,536	1,485,194
William H. Gray III	371,627,999	1,644,731
George V. Grune	371,763,501	1,509,229
William B. Harrison, Jr.	371,814,485	1,458,245
Harold S. Hook	371,848,361	1,424,369
Helene L. Kaplan	371,717,688	1,555,042
E. Michel Kruse	371,785,988	1,486,742
Thomas G. Labrecque	371,746,391	1,526,339
J. Bruce Llewellyn	371,734,847	1,537,883

Edward D. Miller	371,818,608	1,454,122
Edmund T. Pratt, Jr.	371,704,426	1,568,304
Henry B. Schacht	371,838,906	1,433,824
Walter V. Shipley	371,763,618	1,509,112
Andrew C. Sigler	371,814,770	1,457,960
John R. Stafford	371,817,005	1,455,725
Marina N. Whitman	371,732,109	1,540,621

(b) (1) Ratifying Independent Accountants

A proposal to ratify Price Waterhouse LLP as independent accountants was approved by 99.8% of the votes cast. The proposal received a "for" vote of 370,670,844 and an "against" vote of 590,558. The number of votes abstaining was 2,011,328. There were no broker non-votes.

(2) Approval of the 1996 Long-Term Incentive Plan

A proposal to approve the 1996 Long-Term Incentive Plan was approved by 63.4% of the votes cast. The proposal received a "for" vote of 209,065,352 and an "against" vote of 120,431,228. The number of shares abstaining was 3,276,158 and there were 40,499,992 broker non-votes.

(3) Stockholder Proposal Re: Term Limits for Directors

A proposal by Evelyn Y. Davis that the Board of Directors take the necessary steps so that future outside directors shall not serve for more than six years was rejected by 91.7% of the votes cast. The vote "for" was 26,859,566 and the vote "against" was 297,553,351. The number of votes abstaining was 5,880,674 and there were 42,979,139 broker non-votes.

(4) Stockholder Proposal Re: Efforts of G-7 Ministers

A proposal by the Sisters of Charity of the Incarnate Word and other religious groups requesting that the Board of Directors endorse and work to implement the efforts of the G-7 Ministers was approved by 93.6% of the votes cast. The vote "for" was 335,414,883 and the vote "against" was 22,807,243. The number of votes abstaining was 15,050,604 and there were no broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits:

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

(B) Reports on Form 8-K:

The Corporation filed one report on Form 8-K during the quarter ended June 30, 1996, as follows:

Form 8-K Dated April 16, 1996: The Corporation announced the following: Results of operations for the first quarter of 1996, management's discussion and analysis and audited financial statements from the 1995 Annual Report of the Corporation; and supervision and regulation of The Chase Manhattan Corporation.

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 August 14, 1996

By /s/ Joseph L. Sclafani

Joseph L. Sclafani

Controller
[Principal Accounting Officer]

INDEX TO EXHIBITS
SEQUENTIALLY NUMBERED

EXHIBIT NO.	EXHIBITS	PAGE AT WHICH LOCATED
11	Computation of net income per share	52
12 (a)	Computation of ratio of earnings to fixed charges	53
12 (b)	Computation of ratio of earnings to fixed charges and preferred stock dividend requirements	54
27	Financial Data Schedule	55

EXHIBIT 11

THE CHASE MANHATTAN CORPORATION and Subsidiaries

Computation of Net Income Per Share

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

(in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
EARNINGS PER SHARE	1996	1995	1996	1995
Primary				
Earnings:				
Income Before Effect of Accounting Change	$ 856	$ 729	$ 767	$ 1,379
Effect of Change in Accounting Principle	--	--	--	(11)(a)
Net Income	$ 856	$ 729	$ 767	$ 1,368
Less: Preferred Stock Dividend Requirements	55	56	109	117
Net Income Applicable to Common Stock	$ 801	$ 673	$ 658	$ 1,251
Shares:				
Average Common and Common Equivalent Shares Outstanding	444.8	436.2	445.4	433.5
Primary Earnings Per Share:				
Income Before Effect of Accounting Change	$ 1.80	$ 1.54	$ 1.48	$ 2.91
Effect of Change in Accounting Principle	--	--	--	(0.02)(a)
Net Income	$ 1.80	$ 1.54	$ 1.48	$ 2.89
Assuming Full Dilution				
Earnings:				
Net Income Applicable to Common Stock	$ 801	$ 673	$ 658	$ 1,251
Add: Applicable Dividend on Convertible Preferred Stock	--	2	--	7
Adjusted Net Income	$ 801	$ 675	$ 658	$ 1,258
Shares:				
Average Common and Common Equivalent Shares Outstanding	444.8	436.2	445.4	433.5
Additional Shares Issuable Upon Exercise of Stock Options for Dilutive Effect and Conversion of Preferred Stock (b)	3.6	8.2	4.8	11.2
Adjusted Shares of Common and Equivalent Shares Outstanding	448.4	444.4	450.2	444.7
Earnings Per Share Assuming Full Dilution:				
Income Before Effect of Accounting Change	$ 1.79	$ 1.52	$ 1.46	$ 2.85
Effect of Change in Accounting Principle	--	--	--	(0.02)(a)
Net Income	$ 1.79	$ 1.52	$ 1.46	$ 2.83

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

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

EXHIBIT 12(a)

THE CHASE MANHATTAN CORPORATION and Subsidiaries

Computation of ratio of earnings to fixed charges
(in millions, except ratios)

	Six Months Ended June 30, 1996
EXCLUDING INTEREST ON DEPOSITS	
Income before Income Taxes	$ 1,077
Fixed charges:	
Interest expense	2,561
One third of rents, net of income from subleases (a)	62
Total fixed charges	2,623
Less: Equity in undistributed income of affiliates	(30)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 3,670
Fixed charges, as above	$ 2,623
Ratio of earnings to fixed charges	1.40
INCLUDING INTEREST ON DEPOSITS	
Fixed charges, as above	$ 2,623
Add: Interest on deposits	3,102
Total fixed charges and interest on deposits	$ 5,725
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 3,670
Add: Interest on deposits	3,102
Total earnings before taxes, fixed charges, and interest on deposits	$ 6,772
Ratio of earnings to fixed charges	1.18

(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)

	Six Months Ended June 30, 1996
EXCLUDING INTEREST ON DEPOSITS	
Income before Income Taxes	$ 1,077
Fixed charges:	
Interest expense	2,561
One third of rents, net of income from subleases (a)	62
Total fixed charges	2,623
Less: Equity in undistributed income of affiliates	(30)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 3,670
Fixed charges, as above	$ 2,623
Preferred stock dividends	109
Fixed charges including preferred stock dividends	$ 2,732
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.34
INCLUDING INTEREST ON DEPOSITS	
Fixed charges including preferred stock dividends	$ 2,732
Add: Interest on deposits	3,102
Total fixed charges including preferred stock dividends and interest on deposits	$ 5,834
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 3,670
Add: Interest on deposits	3,102
Total earnings before taxes, fixed charges, and interest on deposits	$ 6,772
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.16

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

[ARTICLE]	9
[CIK]	0000019617
[NAME]	THE CHASE MANHATTAN CORPORATION
[MULTIPLIER]	1,000,000
[CURRENCY]	UNITED STATES DOLLAR

[PERIOD-TYPE]	6-MOS
[FISCAL-YEAR-END]	DEC-31-1996
[PERIOD-START]	JAN-01-1996
[PERIOD-END]	JUN-30-1996
[EXCHANGE-RATE]	1
[CASH]	13,291
[INT-BEARING-DEPOSITS]	5,805
[FED-FUNDS-SOLD]	33,039
[TRADING-ASSETS]	51,711
[INVESTMENTS-HELD-FOR-SALE]	37,855
[INVESTMENTS-CARRYING]	4,125
[INVESTMENTS-MARKET]	4,080
[LOANS]	151,274
[ALLOWANCE]	3,692
[TOTAL-ASSETS]	321,761
[DEPOSITS]	168,343
[SHORT-TERM]	68,465
[LIABILITIES-OTHER]	49,398
[LONG-TERM]	12,770
[PREFERRED-MANDATORY]	0
[PREFERRED]	2,650
[COMMON]	438
[OTHER-SE]	17,252
[TOTAL-LIABILITIES-AND-EQUITY]	321,761
[INTEREST-LOAN]	6,269
[INTEREST-INVEST]	1,405
[INTEREST-OTHER]	1,343
[INTEREST-TOTAL]	9,852
[INTEREST-DEPOSIT]	3,102
[INTEREST-EXPENSE]	5,663
[INTEREST-INCOME-NET]	4,189
[LOAN-LOSSES]	495
[SECURITIES-GAINS]	76
[EXPENSE-OTHER]	6,417
[INCOME-PRETAX]	1,077
[INCOME-PRE-EXTRAORDINARY]	767
[EXTRAORDINARY]	0
[CHANGES]	0
[NET-INCOME]	767
[EPS-PRIMARY]	1.48
[EPS-DILUTED]	1.46
[YIELD-ACTUAL]	3.31
[LOANS-NON]	1,498
[LOANS-PAST]	486
[LOANS-TROUBLED]	0
[LOANS-PROBLEM]	0
[ALLOWANCE-OPEN]	3,784
[CHARGE-OFFS]	732
[RECOVERIES]	135
[ALLOWANCE-CLOSE]	3,692
[ALLOWANCE-DOMESTIC]	0
[ALLOWANCE-FOREIGN]	0
[ALLOWANCE-UNALLOCATED]	0

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.

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

Millions of Dollars	0 -5	5 - 10	10 -15	15 - 20	20 -25
Number of days trading revenue was within the above prescribed positive range	62	96	59	22	4

Millions of Dollars	0 -(5)	(5)-(10)	(10)-(15)
Number of days trading revenue was within the above prescribed negative range	14	1	1

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