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, 1997 COMMISSION FILE NUMBER 1-5805

THE CHASE MANHATTAN CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	13-2624428
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
270 PARK AVENUE, NEW YORK, NEW YORK	10017
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (212) 270-6000

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES X NO

COMMON STOCK, $1 PAR VALUE 423,482,309

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

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

	JUNE 30, 1997	December 31, 1996
ASSETS		
Cash and Due from Banks	$ 16,879	$ 14,605
Deposits with Banks	4,042	8,344
Federal Funds Sold and Securities Purchased Under Resale Agreements	39,228	28,966
Trading Assets:		
Debt and Equity Instruments	37,567	30,377
Risk Management Instruments	29,949	29,579
Securities:		
Available-for-Sale	39,463	44,691
Held-to-Maturity (Fair Value: $3,450 and $3,849)	3,463	3,855
Loans (Net of Allowance for Loan Losses of $3,446 and $3,549)	156,511	151,543
Premises and Equipment	3,676	3,642
Due from Customers on Acceptances	2,102	2,276
Accrued Interest Receivable	3,445	3,020
Other Assets	15,708	15,201
TOTAL ASSETS	$ 352,033	$ 336,099
LIABILITIES		
Deposits:		
Domestic:		
Noninterest-Bearing	$ 45,396	$ 42,726
Interest-Bearing	67,565	67,186
Foreign:		
Noninterest-Bearing	3,698	4,331
Interest-Bearing	67,085	66,678
Total Deposits	183,744	180,921
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	58,262	53,868
Commercial Paper	4,424	4,500
Other Borrowed Funds	7,874	9,231
Acceptances Outstanding	2,102	2,276
Trading Liabilities	46,706	38,136
Accounts Payable, Accrued Expenses and Other Liabilities	13,053	12,309
Long-Term Debt	13,135	12,714
Guaranteed Preferred Beneficial Interests in Corporation's Junior Subordinated Deferrable Interest Debentures	1,390	600
TOTAL LIABILITIES	330,690	314,555
COMMITMENTS AND CONTINGENCIES (SEE NOTE 6)		
PREFERRED STOCK OF SUBSIDIARY	550	550
STOCKHOLDERS' EQUITY		
Preferred Stock	1,980	2,650
Common Stock (Issued 440,743,176 and 440,747,317 Shares)	441	441
Capital Surplus	10,328	10,459
Retained Earnings	9,846	8,627
Net Unrealized Loss on Securities Available-for-Sale, Net of Taxes	(155)	(288)
Treasury Stock, at Cost (17,472,937 and 9,936,716 Shares)	(1,647)	(895)
TOTAL STOCKHOLDERS' EQUITY	20,793	20,994
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY	$ 352,033	$ 336,099

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

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

	1997	1996
INTEREST INCOME		
Loans	$ 3,082	$ 3,028
Securities	735	685
Trading Assets	705	388
Federal Funds Sold and Securities Purchased Under Resale Agreements	697	514
Deposits with Banks	114	156
Total Interest Income	5,333	4,771
INTEREST EXPENSE		
Deposits	1,568	1,458
Short-Term and Other Borrowings	1,510	1,087
Long-Term Debt	273	221
Total Interest Expense	3,351	2,766
NET INTEREST INCOME	1,982	2,005
Provision for Credit Losses	189	250
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,793	1,755
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	274	258
Trust, Custody and Investment Management Fees	321	302
Credit Card Revenue	248	233
Service Charges on Deposit Accounts	95	100
Fees for Other Financial Services	392	381
Trading Revenue	491	397
Securities Gains	30	24
Revenue from Equity-Related Investments	179	219
Other Revenue	128	35
Total Noninterest Revenue	2,158	1,949
NONINTEREST EXPENSE		
Salaries	1,110	1,046
Employee Benefits	219	225
Occupancy Expense	193	207
Equipment Expense	193	181
Foreclosed Property Expense	--	(8)
Restructuring Charge and Expenses	71	22
Other Expense	685	651
Total Noninterest Expense	2,471	2,324
INCOME BEFORE INCOME TAX EXPENSE	1,480	1,380
Income Tax Expense	555	524
NET INCOME	$ 925	$ 856
NET INCOME APPLICABLE TO COMMON STOCK	$ 874	$ 801
NET INCOME PER COMMON SHARE:		
Primary	$ 2.00	$ 1.80
Assuming Full Dilution	$ 2.00	$ 1.79

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)

	1997	1996
INTEREST INCOME		
Loans	$ 6,194	$ 6,269
Securities	1,457	1,405
Trading Assets	1,331	801
Federal Funds Sold and Securities Purchased Under Resale Agreements	1,256	1,015
Deposits with Banks	220	328
Total Interest Income	10,458	9,818
INTEREST EXPENSE		
Deposits	3,083	3,102
Short-Term and Other Borrowings	2,812	2,113
Long-Term Debt	530	448
Total Interest Expense	6,425	5,663
NET INTEREST INCOME	4,033	4,155
Provision for Credit Losses	409	495
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	3,624	3,660
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	442	482
Trust, Custody and Investment Management Fees	631	587
Credit Card Revenue	526	466
Service Charges on Deposit Accounts	186	199
Fees for Other Financial Services	775	759
Trading Revenue	913	752
Securities Gains	131	76
Revenue from Equity-Related Investments	343	442
Other Revenue	310	71
Total Noninterest Revenue	4,257	3,834
NONINTEREST EXPENSE		
Salaries	2,234	2,122
Employee Benefits	441	530
Occupancy Expense	380	428
Equipment Expense	383	365
Foreclosed Property Expense	3	(17)
Restructuring Charge and Expenses	101	1,678
Other Expense	1,376	1,311
Total Noninterest Expense	4,918	6,417
INCOME BEFORE INCOME TAX EXPENSE	2,963	1,077
Income Tax Expense	1,111	310
NET INCOME	$ 1,852	$ 767
NET INCOME APPLICABLE TO COMMON STOCK	$ 1,746	$ 658
NET INCOME PER COMMON SHARE:		
Primary	$ 3.99	$ 1.48
Assuming Full Dilution	$ 3.97	$ 1.46

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
SIX MONTHS ENDED JUNE 30,
(IN MILLIONS)

	1997	1996
PREFERRED STOCK:		
Balance at Beginning of Year	$ 2,650	$ 2,650
Redemption of Stock	(670)	--
Balance at End of Period	$ 1,980	$ 2,650
COMMON STOCK:		
Balance at Beginning of Year	$ 441	$ 458
Retirement of Treasury Stock	--	(20)
Balance at End of Period	$ 441	$ 438
CAPITAL SURPLUS:		
Balance at Beginning of Year	$ 10,459	$ 11,075
Retirement of Treasury Stock	--	(433)
Shares Issued for Employee Stock-Based Awards and Certain Related Tax Benefits	(131)	(210)
Balance at End of Period	$ 10,328	$ 10,432
RETAINED EARNINGS:		
Balance at Beginning of Year	$ 8,627	$ 7,997
Net Income	1,852	767
Retirement of Treasury Stock	--	(557)
Cash Dividends Declared:		
Preferred Stock	(106)	(109)
Common Stock	(528)	(572) (a)
Accumulated Translation Adjustment	1	8
Balance at End of Period	$ 9,846	$ 7,534
NET UNREALIZED LOSS ON SECURITIES AVAILABLE-FOR-SALE:		
Balance at Beginning of Year	$ (288)	$ (237)
Net Change in Fair Value of Securities Available-for-Sale, Net of Taxes	133	(403)
Balance at End of Period	$ (155)	$ (640)
COMMON STOCK IN TREASURY, AT COST:		
Balance at Beginning of Year	$ (895)	$ (1,107)
Retirement of Treasury Stock	--	1,010
Purchase of Treasury Stock	(1,242)	(885)
Reissuance of Treasury Stock	490	908
Balance at End of Period	$ (1,647)	$ (74)
TOTAL STOCKHOLDERS' EQUITY	$ 20,793	$ 20,340

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

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

THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30,
(IN MILLIONS)

	1997	1996
OPERATING ACTIVITIES		
Net Income	$ 1,852	$ 767
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Credit Losses	409	495
Restructuring Charge and Expenses	101	1,678
Depreciation and Amortization	471	406
Net Change In:		
Trading-Related Assets	(7,702)	1,574
Accrued Interest Receivable	(425)	7
Other Assets	(232)	(2,959)
Trading-Related Liabilities	8,711	(197)
Accrued Interest Payable	118	(152)
Other Liabilities	463	(1,527)
Other, Net	(47)	216
Net Cash Provided by Operating Activities	3,719	308
INVESTING ACTIVITIES		
Net Change In:		
Deposits with Banks	4,302	2,663
Federal Funds Sold and Securities Purchased Under Resale Agreements	(12,546)	(14,354)
Loans Due to Sales and Securitizations	10,525	20,976
Other Loans, Net	(15,532)	(22,288)
Other, Net	(123)	(429)
Proceeds from the Maturity of Held-to-Maturity Securities	420	613
Purchases of Held-to-Maturity Securities	(69)	(112)
Proceeds from the Maturity of Available-for-Sale Securities	4,130	5,826
Proceeds from the Sale of Available-for-Sale Securities	37,704	22,575
Purchases of Available-for-Sale Securities	(36,782)	(29,771)
Net Cash Used by Investing Activities	(7,971)	(14,301)
FINANCING ACTIVITIES		
Net Change In:		
Noninterest-Bearing Domestic Demand Deposits	2,670	(1,140)
Domestic Time and Savings Deposits	379	3,728
Foreign Deposits	(226)	(5,779)
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	6,678	16,097
Other Borrowed Funds	(1,433)	(55)
Other, Net	(174)	436
Proceeds from the Issuance of Long-Term Debt and Capital Securities	2,271	820
Repayments of Long-Term Debt	(1,069)	(917)
Proceeds from the Issuance of Stock	359	712
Redemption of Preferred Stock	(670)	--
Treasury Stock Purchased	(1,660)	(882)
Cash Dividends Paid	(613)	(532)
Net Cash Provided by Financing Activities	6,512	12,488
Effect of Exchange Rate Changes on Cash and Due from Banks	14	2
Net Increase (Decrease) in Cash and Due from Banks	2,274	(1,503)
Cash and Due from Banks at January 1,	14,605	14,794
Cash and Due from Banks at June 30,	$ 16,879	$ 13,291
Cash Interest Paid	$ 6,307	$ 5,815
Taxes Paid	$ 916	$ 915

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

The Corporation adopted, commencing January 1, 1997, the requirements of Statement of Financial Accounting Standards No. 125 entitled, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 125"), for the following types of transactions: securitizations, recognitions of servicing assets and liabilities, transfers of receivables with recourse, loan participations, and extinguishments of liabilities. The adoption of SFAS 125 did not have a material effect on the Corporation's earnings, liquidity, or capital resources.

In December 1996, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 127 entitled, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125" ("SFAS 127"), which deferred for one year, the effective date of SFAS 125 as applied to securities lending, repurchase agreements and other secured financing transactions. The Corporation believes that the adoption of SFAS 127 will not have a material effect on the Corporation's earnings, liquidity or capital resources.

NOTE 2- EARNINGS PER SHARE

For a discussion of the Corporation's current earnings per share policy, reference is made to Note One of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996 ("1996 Annual Report"). For a discussion of the FASB's Statement of Financial Accounting Standards No. 128 entitled, "Earnings per Share", see the Accounting and Reporting Developments section on page 43 of this Form 10-Q.

NOTE 3 - TRADING ACTIVITIES

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

TRADING ASSETS AND LIABILITIES

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

(in millions)	JUNE 30, 1997	December 31, 1996
Trading Assets - Debt and Equity Instruments:		
U.S. Government, Federal Agencies and Municipal Securities	$ 9,958	$ 8,523
Certificates of Deposit, Bankers' Acceptances, and Commercial Paper	2,380	1,486
Debt Securities Issued by Foreign Governments	12,035	12,284
Debt Securities Issued by Foreign Financial Institutions	5,940	3,569
Corporate Securities	2,553	1,873
Loans and Other	4,701	2,642
Total Trading Assets - Debt and Equity Instruments (a)	$ 37,567	$ 30,377
Trading Assets - Risk Management Instruments:		
Interest Rate Contracts	$ 15,173	$ 14,227
Foreign Exchange Contracts	13,619	13,760
Equity, Commodity and Other Contracts	1,232	1,667
Allowance for Credit Losses for Risk Management Instruments	(75)	(75)
Total Trading Assets - Risk Management Instruments	$ 29,949	$ 29,579
Trading Liabilities - Risk Management Instruments:		
Interest Rate Contracts	$ 15,705	$ 14,622
Foreign Exchange Contracts	13,814	12,867
Equity, Commodity and Other Contracts	1,173	1,202
Trading Liabilities - Risk Management Instruments	30,692	28,691
Securities Sold, Not Yet Purchased	13,302	7,242
Structured Notes	2,712	2,203
Total Trading Liabilities	$ 46,706	$ 38,136

(a) Includes emerging markets instruments of $5,692 million at June 30, 1997 and $5,500 million at December 31, 1996.

NOTE 4 - SECURITIES

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

The valuation of available-for-sale securities, including securities classified as loans which are subject to the provisions of Statement of Financial Accounting Standards No. 115 entitled, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"), resulted in a net after-tax unfavorable impact of $155 million on the Corporation's stockholders' equity at June 30, 1997, compared with a net after-tax unfavorable impact of $288 million at December 31, 1996. The change from the 1996 year-end was the result of decreases in U.S. dollar interest rates during the 1997 second quarter, thereby causing an increase in the market value of the securities portfolio.

Net gains from available-for-sale securities sold in the second quarter and first six months of 1997 amounted to $30 million (gross gains of $79 million and gross losses of $49 million) and $131 million (gross gains of $195 million and gross losses of $64 million), respectively. Net gains on such sales for the same periods in 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.

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, 1997 (IN MILLIONS)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$20,490	$ 17	$ 200	$20,307
Collateralized Mortgage Obligations	2,148	2	2	2,148
Other, primarily U.S. Treasuries	7,738	--	232	7,506
Obligations of State and Political Subdivisions	230	--	--	230
Debt Securities Issued by Foreign Governments	7,292	61	17	7,336
Corporate Debt Securities	588	24	5	607
Equity Securities	906	169	78	997
Other, primarily Asset-Backed Securities (a)	346	1	15	332
Total Available-for-Sale Securities	$39,738	$ 274	$ 549	$39,463

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

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

HELD-TO-MATURITY SECURITIES

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

JUNE 30, 1997 (IN MILLIONS)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$1,464	$ 2	$ 10	$1,456
Collateralized Mortgage Obligations	1,890	4	9	1,885
Other, primarily U.S. Treasuries	53	--	--	53
Other, primarily Asset-Backed Securities (a)	56	--	--	56
Total Held-to-Maturity Securities	$3,463	$ 6	$ 19	$3,450

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

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

NOTE 5 - LOANS

For a discussion of the accounting policies relating to loans, including securities classified as loans which are subject to the provisions of SFAS 115, as well as impaired loans pursuant to SFAS 114, reference is made to Notes One and Four of the Corporation's 1996 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, 1997	$1,556	$ 152	$ 213	$1,495
December 31, 1996	$1,869	$ 93	$ 369	$1,593

There were no net gains or losses in the second quarter or first six months of 1997 related to the disposition of available-for-sale emerging market securities, compared with a net loss of $30 million in the 1996 second quarter and a net loss of $65 million in the 1996 first six months.

The following table sets forth information about the Corporation's impaired loans. The Corporation uses the discounted cash flow method as its primary method for valuing impaired loans.

(in millions)	JUNE 30, 1997	December 31, 1996
Impaired Loans with an Allowance	$ 482	$ 535
Impaired Loans without an Allowance (a)	140	182
Total Impaired Loans	$ 622	$ 717
Allowance for Impaired Loans under SFAS 114 (b)	$ 169	$ 194
Average Balance of Impaired Loans during the year-to-date period ended:	$ 671	$1,104
Interest Income Recognized on Impaired Loans during the year-to-date period ended:	$ 5	$ 30

(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 Loan Losses.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

NOTE 8 - PREFERRED STOCK OF SUBSIDIARY

Chase Preferred Capital Corporation ("CPCC"), a real estate investment trust established for the purpose of acquiring, holding and managing real estate mortgage assets, is a wholly-owned subsidiary of The Chase Manhattan Bank. On September 18, 1996, CPCC issued 22 million shares of 8.10% Cumulative Preferred Stock, Series A, with a liquidation preference of $25 per share. Dividends are cumulative, are payable quarterly and are recorded as minority interest expense by the Corporation. The Series A Preferred Shares are treated as Tier 1 Capital for the Corporation.

For a further discussion of the Corporation's Series A Preferred Shares, reference is made to Note Seven of the Corporation's 1996 Annual Report.

NOTE 9 - RISK-BASED CAPITAL

For a discussion of the calculation of the Corporation's risk-based capital ratios, as well as the various regulatory guidelines which are applicable to the Corporation, reference is made to Note Sixteen of the Corporation's 1996 Annual Report.

The following table presents capital ratios for the Corporation and its significant banking subsidiaries (reference is made to Note One of the 1996 Annual Report, for a discussion of the Corporation's significant banking subsidiaries). Assets and capital amounts for the Corporation's banking subsidiaries reflect intercompany transactions, whereas the respective amounts for the Corporation reflect the elimination of intercompany transactions.

JUNE 30, 1997 ($ in millions)	Corporation	The Chase Manhattan Bank	Texas Commerce	Chase USA
Tier 1 Capital Ratio (a)(c)	7.79% (d)	7.54%	7.72%	9.83%
Total Capital Ratio (a)(c)	11.38% (d)	11.03%	10.78%	12.56%
Tier 1 Leverage Ratio (b)(c)	6.63% (d)	6.08%	6.76%	10.49%
Tier 1 Capital	$ 20,752	$ 16,517	$ 1,403	$ 2,501
Total Qualifying Capital	30,325	24,153	1,959	3,196
Risk-Weighted Assets	266,494	218,960	18,174	25,443
Adjusted Average Assets	312,858	271,491	20,748	23,837

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

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

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

(d) Excludes the assets and off-balance sheet financial instruments of the Corporation's securities subsidiary, Chase Securities Inc., as well as the Corporation's investment in such subsidiary. Including the Corporation's securities subsidiary, the June 30, 1997 Tier 1 Capital, Total Capital and Tier 1 Leverage ratios were 8.02%, 11.89% and 6.21%, respectively.

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. These derivative and foreign exchange transactions involve, to varying degrees, credit risk and market risk. For a discussion of these risks, see Note Seventeen of the Corporation's 1996 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 3 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 (SUCH AS 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 55-58 of the Corporation's 1996 Annual Report. A discussion of the accounting policies relating to derivatives used for ALM activities is provided in Note One of the Corporation's 1996 Annual Report.

The following table summarizes the aggregate notional amounts of interest rate and foreign exchange contracts as well as the credit exposure related to these instruments (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 in Note Seventeen of the Corporation's 1996 Annual Report.

(in billions)	NOTIONAL AMOUNTS (a) JUNE 30, 1997	NOTIONAL AMOUNTS (a) December 31, 1996	CREDIT EXPOSURE JUNE 30, 1997	CREDIT EXPOSURE December 31, 1996
INTEREST RATE CONTRACTS				
Futures, Forwards and Forward Rate Agreements				
Trading	$ 1,635.4	$ 1,209.6	$ 0.3	$ 0.5
Asset and Liability Management	68.4	30.8	--	--
Interest Rate Swaps				
Trading	2,815.2	2,300.3	11.5	11.4
Asset and Liability Management	99.0	96.4	0.6	0.7
Purchased Options				
Trading	312.3	172.7	3.3	2.3
Asset and Liability Management	18.3	15.5	--	--
Written Options				
Trading	415.5	199.4	--	--
Asset and Liability Management	1.5	1.4	--	--
Total Interest Rate Contracts	$ 5,365.6	$ 4,026.1	$ 15.7	$ 14.9
FOREIGN EXCHANGE CONTRACTS				
Spot, Forward and Futures Contracts				
Trading	$ 1,502.5	$ 1,308.6	$ 9.9	$ 10.0
Asset and Liability Management	65.7	60.1	--	--
Other Foreign Exchange Contracts (b)				
Trading	320.2	267.4	3.7	3.8
Asset and Liability Management	3.6	4.2	--	--
Total Foreign Exchange Contracts	$ 1,892.0	$ 1,640.3	$ 13.6	$ 13.8
EQUITY, COMMODITY AND OTHER CONTRACTS				
Trading	$ 53.9	$ 45.7	$ 1.2	$ 1.7
Total Equity, Commodity and Other Contracts	$ 53.9	$ 45.7	$ 1.2	$ 1.7
Total Credit Exposure Recorded on the Balance Sheet			$ 30.5	$ 30.4

(a) The notional amounts of exchange-traded interest rate contracts, foreign exchange contracts, and equity, commodity and other contracts were $900.9 billion, $8.2 billion and $2.9 billion, respectively, at June 30, 1997, compared with $521.5 billion, $9.5 billion and $6.4 billion, respectively, at December 31, 1996. The credit risk amounts of these contracts were minimal since exchange-traded contracts principally settle daily in cash.

(b) Includes notional amounts of purchased options, written options and cross-currency interest rate swaps of $102.8 billion, $104.3 billion and $116.7 billion, respectively, at June 30, 1997, compared with $89.6 billion, $94.2 billion and $87.8 billion, respectively, at December 31, 1996.

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

The following table summarizes the Corporation's credit risk that is represented by contract amounts relating to lending-related financial instruments at June 30, 1997 and December 31, 1996. The table should be read in conjunction with the description of these products and their risks included in Note Eighteen of the Corporation's 1996 Annual Report.

OFF-BALANCE SHEET LENDING-RELATED FINANCIAL INSTRUMENTS

(in millions)	JUNE 30, 1997	December 31, 1996
Credit Card Lines	$ 58,305	$54,192
Other Commitments to Extend Credit	105,440	94,278
Standby Letters of Credit and Guarantees (Net of Risk Participations of $4,678 and $5,205)	33,507	30,843
Other Letters of Credit	5,812	5,588
Customers' Securities Lent	44,091	38,715

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

For a discussion of the Corporation's fair value methodologies, see Note Twenty of the Corporation's 1996 Annual Report. The following table presents the carrying value and estimated fair value at June 30, 1997 and December 31, 1996 of the Corporation's financial assets and liabilities valued under SFAS 107.

	JUNE 30, 1997			December 31, 1996		
(in millions)	CARRYING VALUE	ESTIMATED FAIR VALUE	APPRECIATION/ (DEPRECIATION)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)
Total Financial Assets	$ 344,124	$ 347,113	$ 2,989	$ 328,504	$ 330,831	$ 2,327
Total Financial Liabilities	$ 329,918	$ 330,465	(547)	$ 314,144	$ 314,626	(482)
Estimated Fair Value in Excess of Carrying Value			$ 2,442			$ 1,845

Derivative contracts used for ALM activities are included in the above amounts and are valued using market prices or pricing models consistent with methods used 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, 1997			December 31, 1996		
(in millions)	CARRYING VALUE	ESTIMATED FAIR VALUE	NET UNRECOGNIZED GAINS/(LOSSES)	Carrying Value	Estimated Fair Value	Net Unrecognized Gains/(Losses)
Total Financial Assets	$ 172	$ 28	$(144)(a)	$ 222	$ 135	$ (87)
Total Financial Liabilities	$ 265	$ 86	$(179)(a)	$ 76	$ (67)	$(143)

(a) Unrecognized gains and losses related to total financial assets were $229 million and $373 million, respectively, at June 30, 1997. Unrecognized gains and losses related to total financial liabilities were $251 million and $430 million, respectively, at June 30, 1997.

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

THE CHASE MANHATTAN CORPORATION
FINANCIAL HIGHLIGHTS
(IN MILLIONS, EXCEPT PER SHARE AND RATIO DATA)

	1997 SECOND QUARTER	1997 First Quarter	1996 Second Quarter	SIX MONTHS ENDED JUNE 30, 1997	1996
EARNINGS:					
Income Before Restructuring Costs	$ 969	$ 946	$ 870	$ 1,915	$ 1,807 (e)
Restructuring Costs (After-Tax) (a)	(44)	(19)	(14)	(63)	(1,040)
Net Income	$ 925	$ 927	$ 856	$ 1,852	$ 767
Net Income Applicable to Common Stock	$ 874	$ 872	$ 801	$ 1,746	$ 658
INCOME PER COMMON SHARE:					
Primary:					
Income Before Restructuring Costs	$ 2.11	$ 2.02	$ 1.83	$ 4.13	$ 3.81 (e)
Restructuring Costs (After-Tax) (a)	(0.11)	(0.04)	(0.03)	(0.14)	(2.33)
Net Income	$ 2.00	$ 1.98	$ 1.80	$ 3.99	$ 1.48
Assuming Full Dilution:					
Income Before Restructuring Costs	$ 2.11	$ 2.01	$ 1.82	$ 4.11	$ 3.77 (e)
Restructuring Costs (After-Tax) (a)	(0.11)	(0.04)	(0.03)	(0.14)	(2.31)
Net Income	$ 2.00	$ 1.97	$ 1.79	$ 3.97	$ 1.46
PER COMMON SHARE:					
Book Value	$ 44.44	$ 42.59	$ 40.47	$ 44.44	$ 40.47
Market Value	$ 97.06	$ 93.88	$ 70.63	$ 97.06	$ 70.63
Common Stock Dividends Declared (b)	$ 0.62	$ 0.62	$ 0.56	$ 1.24	$ 1.12
COMMON SHARES OUTSTANDING:					
Average Common and Common Equivalent Shares	434.9	441.0	444.8	438.0	445.4
Average Common Shares Assuming Full Dilution	436.0	442.6	448.4	439.7	450.2
Common Shares at Period End	423.3	428.3	437.1	423.3	437.1
PERFORMANCE RATIOS: (AVERAGE BALANCES)					
Income Before Restructuring Costs: (c)					
Return on Assets	1.11%	1.13%	1.10%	1.12%	1.15%
Return on Common Stockholders' Equity	20.20%	19.54%	19.00%	19.87%	19.27%(e)
Return on Total Stockholders' Equity	18.76%	18.15%	17.58%	18.45%	17.84%
Net Income: (c)					
Return on Assets	1.06%	1.11%	1.08%	1.09%	0.49%
Return on Common Stockholders' Equity	19.23%	19.12%	18.67%	19.18%	7.47%
Return on Total Stockholders' Equity	17.91%	17.78%	17.30%	17.84%	7.57%
Efficiency Ratio (d)	58.0%	57.6%	58.4%	57.8%	59.0%
Efficiency Ratio - Excluding Securitizations (d)	54.4%	54.5%	56.2%	54.4%	57.1%

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

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

(c) Based on annualized income amounts.

(d) Excludes restructuring costs, foreclosed property expense, and nonrecurring items.

(e) Includes nonrecurring items which had a $70 million net favorable impact on net income. Excluding these items, net income was $1,737 million, primary earnings per share was $3.66, fully-diluted earnings per share was $3.62 and return on common stockholders' equity was 18.48%.

Certain forward-looking statements contained herein are subject to risks and uncertainties. The Corporation's actual results 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 15, 1997, and the Corporation's Annual Report to Stockholders on Form 10-K for the year ended December 31, 1996 (the "1996 Annual Report") for a discussion of factors that may cause such differences to occur.

OVERVIEW

The Chase Manhattan Corporation (the "Corporation") reported second quarter 1997 operating net income of $969 million, compared with second quarter 1996 results of $870 million. Primary earnings per share ("primary EPS") in the second quarter of 1997 were $2.11, compared with $1.83 in the same 1996 period. Fully diluted earnings per share ("fully-diluted EPS") in the second quarter of 1997 were $2.11, a 16% increase from $1.82 in the comparable 1996 quarter. The return on common stockholders' equity on an operating basis was 20.2% for the second quarter of 1997 versus 19.0% for the comparable period of 1996. Operating net income excludes merger-related restructuring costs in both periods. Reported net income in the 1997 second quarter was $925 million, compared with $856 million in the prior-year second quarter. Primary and fully-diluted EPS were both $2.00 in 1997, compared with $1.80 and $1.79, respectively, in 1996.

The Corporation's operating net income for the first six months of 1997 was $1,915 million, compared with $1,737 million for the same 1996 period. Primary and fully-diluted EPS for the first six months of 1997 were $4.13 and $4.11, respectively, compared with $3.66 and $3.62, respectively, for the same periods of 1996. Operating net income excludes merger-related restructuring costs in both periods and the net effect of favorable nonrecurring items totaling $70 million in the first quarter of 1996. Reported net income for the first six months of 1997 was $1,852 million compared with $767 million for 1996. Primary and fully-diluted EPS were $3.99 and $3.97, respectively, for the first six months of 1997, compared with $1.48 and $1.46, respectively, for the same 1996 period.

The Corporation's total operating revenue (which excludes nonrecurring items) for the 1997 second quarter was $4,140 million, an increase of 5% from the same 1996 period. For the first six months of 1997, total operating revenue increased to $8,246 million or 3% from the comparable 1996 period. On a managed basis, which excludes the impact of credit card securitizations, total operating revenue for the 1997 second quarter increased 7% to $4,410 million and for the 1997 six months increased 6% to $8,748 million.

The 1997 second quarter included incremental merger savings of $185 million, which were offset by investment spending and increased incentive costs related to strong trading results. The quarter also included restructuring expenses of $71 million, bringing cumulative restructuring expenses to $265 million. The Corporation currently expects that merger-related expenses will rise $100 million to $125 million from its previous estimate of $250 million.

The Corporation's efficiency ratio improved to 58.0% for the second quarter of 1997, compared with 58.4% for the comparable 1996 period. Excluding the impact of credit card securitizations, the efficiency ratio for the second quarters of 1997 and 1996 was 54.4% and 56.2%, respectively.

The Corporation remains on track to achieve its 1997 financial goals, including annual earnings per share growth of 15%; return on common equity of 19%; an efficiency ratio of between 54% to 55% and incremental merger savings of $635 million to $680 million. The Corporation continues to target annual managed revenue growth of six to eight percent; however, due to investment spending in targeted growth businesses, the Corporation currently expects the growth in underlying noninterest operating expense (before merger savings) for the full year to exceed six percent.

During the 1997 second quarter, the Corporation purchased approximately 6.7 million common shares as part of a stock repurchase plan announced in October of 1996. The Corporation also reissued approximately 1.7 million treasury shares under the Corporation's employee benefit plans, resulting in a net repurchase of 5.0 million shares of its common stock. During the period from the inception of the program through June 30, 1997, the Corporation has repurchased 24.3 million common shares ($2.3 billion) and reissued approximately 6.9 million treasury shares under the Corporation's benefit plans, resulting in a net repurchase of 17.4 million shares ($1.8 billion) of its common stock.

RESULTS OF OPERATIONS

NET INTEREST INCOME

Reported net interest income for the 1997 second quarter was $1,982 million, down $23 million from the 1996 second quarter. For the first six months, reported net interest income was $4,033 million in 1997, a decrease of $122 million from the 1996 level. The 1996 first six months included $54 million of interest income related to Federal and State tax audit settlements. Excluding the impact of securitizations and the 1996 tax audit settlements, net interest income on a managed basis increased 3% in both the 1997 second quarter and first six months reflecting a higher level of liquid interest-earning assets to support the Corporation's trading businesses.

	SECOND QUARTER			SIX MONTHS		
	1997	1996	% Change	1997	1996	% Change
(in millions)						
NET INTEREST INCOME						
Managed Basis	$ 2,278	$ 2,213	2.9%	$ 4,627	$ 4,496(a)	2.9%
Impact of Securitizations	(296)	(208)	--	(594)	(395)	--
Reported	$ 1,982	$ 2,005	(1.1)%	$ 4,033	$ 4,101(a)	(1.7)%
(in billions)						
AVERAGE INTEREST-EARNING ASSETS						
Managed Basis	$ 298.2	$ 267.0	11.7%	$ 290.5	$ 265.0	9.6%
Impact of Securitizations	(14.1)	(9.9)	--	(13.7)	(9.1)	--
Reported	$ 284.1	$ 257.1	10.5%	$ 276.8	$ 255.9	8.2%
NET YIELD ON INTEREST-EARNING ASSETS (b)						
Managed Basis	3.08%	3.35%	--	3.22%	3.43% (a)	--
Impact of Securitizations	(.27)	(.20)	--	(.27)	(.19)	--
Reported	2.81%	3.15%	--	2.95%	3.24% (a)	--

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

(b) Reflected on a taxable equivalent basis in order to permit comparison of yields on tax-exempt and taxable assets. For net interest income on a taxable equivalent basis, and additional information on average balances and rates, see the Average Balance Sheets on pages 45 and 46.

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

Average interest-earning assets retained on the balance sheet increased by 11% in the second quarter of 1997 and 8% in the first six months of 1997, when compared with the same 1996 periods, principally as a result of the increase in liquid interest-earning assets. Liquid interest-earning assets (in particular trading-related assets) increased in the 1997 second quarter and first six months by 30% and 23%, respectively, versus the same 1996 periods. Both average total loans and securities also increased slightly in both 1997 periods, but decreased as a percentage of total interest-earning assets. The growth in interest-earning assets in the 1997 second quarter and first six months was largely funded by an increase in Federal funds purchased and securities sold under repurchase agreements, which provide short-term funding for trading-related positions.

AVERAGE INTEREST-EARNING ASSETS

(in billions)	SECOND QUARTER 1997		1996	
Loans	$156.4	55%	$150.6	58%
Securities	44.4	16	42.5	17
Liquid Assets	83.3	29	64.0	25
Total	$284.1	100%	$257.1	100%

	SIX MONTHS 1997		1996	
Loans	$154.8	56%	$150.1	59%
Securities	44.0	16	42.6	17
Liquid Assets	78.0	28	63.2	24
Total	$276.8	100%	$255.9	100%

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

PROVISION FOR CREDIT LOSSES

The Corporation's provision for credit losses, which has equaled net charge-offs, amounted to $189 million in the 1997 second quarter and $409 million for the first six months of 1997, compared with $250 million and $495 million, respectively, for the prior year's periods. The decreases in the provision were the result of lower commercial net charge-offs. Consumer net charge-offs on a retained basis remained relatively constant.

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

NONINTEREST REVENUE

Noninterest revenue increased 11% for both the 1997 second quarter and six month periods across a broad spectrum of fee-based and market sensitive categories, when compared with each of the corresponding 1996 periods. The Corporation continues to generate overall fee growth by offering clients integrated financing and advisory solutions and new products and by generating new business. Noninterest revenue in the first half of 1997 included a $44 million gain on the sale of a partially-owned foreign investment and in 1996 included a $60 million loss on the sale of a building in Japan.

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

(in millions)	SECOND QUARTER 1997	SECOND QUARTER 1996	SIX MONTHS 1997	SIX MONTHS 1996
Corporate Finance and Syndication Fees	$ 274	$ 258	$ 442	$ 482
Trust, Custody and Investment Management Fees	321	302	631	587
Credit Card Revenue	248	233	526	466
Service Charges on Deposit Accounts	95	100	186	199
Fees for Other Financial Services	392	381	775	759
Total Fees and Commissions	1,330	1,274	2,560	2,493
Trading Revenue	491	397	913	752
Securities Gains	30	24	131	76
Revenue from Equity-Related Investments	179	219	343	442
Other Revenue	128	35	310	71
Total	$2,158	$1,949	$4,257	$3,834

FEES AND COMMISSIONS

Corporate finance and syndication fees were a record $274 million in the 1997 second quarter, rebounding sharply from the first quarter 1997 level of $168 million and increasing by $16 million from the previous record level in the prior-year's second quarter. During the 1997 second quarter, investment banking deal flow increased across the full range of market and customer segments and revenues from securities underwriting grew as the volume of lead mandates increased in active high-yield and investment grade markets. While the 1997 first half reflects substantial growth in fees from securities underwriting and other new business initiatives, first half 1997 fees were lower than the 1996 first half as less activity in the leveraged lending market in the 1997 first quarter adversely impacted fee opportunities as well as 1996 results being favorably impacted by several significant transactions.

Trust, custody and investment management fees rose 6% to $321 million in the 1997 second quarter and rose 7% to $631 million in the 1997 first six months when compared with the same 1996 periods. These favorable results were largely the result of growth in assets under custody, new business initiatives, increased investment advisory activities, and appreciated market values resulting in a higher level of assets under management, including in the Corporation's proprietary Vista mutual funds.

(in millions)	SECOND QUARTER 1997	SECOND QUARTER 1996	SIX MONTHS 1997	SIX MONTHS 1996
Product Diversification:				
Institutional (a)	$170	$148	$330	$283
Personal (b)	102	102	203	201
Mutual Fund Fees (c)	24	23	47	42
Other Trust Fees	25	29	51	61
Total Trust, Custody and Investment Management Fees	$321	$302	$631	$587

(a) Represents fees for trustee, agency, registrar, securities lending, broker clearings, safekeeping and maintenance of securities.

(b) Represents fees for trustee, estate services, custody, advisory and investment management.

(c) Represents administrative, custody, trustee and other fees in connection with the Corporation's proprietary mutual funds.

Credit card revenue rose $15 million to $248 million in the 1997 second quarter and increased 13% for the first six months of 1997, as a result of growth in managed outstandings, including the new Wal-mart co-branded product. The increase in revenue for both 1997 periods was partially offset by a rise in net charge-offs on the securitized portfolio which reduces the excess servicing fees the Corporation receives from the securitizations. Average managed credit card receivables (credit card receivables on the balance sheet plus securitized credit card receivables) grew to $25.6 billion in the second quarter of 1997, when compared with $23.3 billion for the prior year's comparable period. For a further discussion of the credit card portfolio and related securitization activity, see pages 32-33 of this Form 10-Q.

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

(in millions)	SECOND QUARTER 1997	SECOND QUARTER 1996	SIX MONTHS 1997	SIX MONTHS 1996
Fees for Other Financial Services:				
Commissions on Letters of Credit and Acceptances	$ 74	$ 74	$146	$155
Fees in Lieu of Compensating Balances	74	74	155	148
Mortgage Servicing Fees	62	54	118	104
Loan Commitment Fees	29	30	56	60
Other Fees	153	149	300	292
Total	$392	$381	$775	$759

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

TRADING REVENUE

The following table sets forth the components of trading revenue for the second quarter and first six months of 1997 and 1996.

(in millions)	SECOND QUARTER 1997	SECOND QUARTER 1996	SIX MONTHS 1997	SIX MONTHS 1996
Trading Revenue	$491	$397	$ 913	$ 752
Net Interest Income Impact (a)	164	124	337	285
Total Trading-Related Revenue	$655	$521	$1,250	$1,037
Product Diversification:				
Interest Rate Contracts (b)	$217	$180	$ 400	$ 326
Foreign Exchange Contracts (c)	175	93	344	233
Debt Instruments and Other (d)	263	248	506	478
Total Trading-Related Revenue	$655	$521	$1,250	$1,037

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

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

(c) Includes foreign exchange spot and option contracts.

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

Trading-related revenues for the 1997 second quarter were at a record level, up 26% from the 1996 second quarter, as a result of a very strong performance across the breadth of the Corporation's trading and sales platforms amid favorable market conditions. The Corporation benefited from active market making and client business in its traditional foreign exchange and interest rate activities, strong growth in specialty derivative products and continued high levels of securities trading and underwriting.

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

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, revenue from equity-related investments and the composition of other revenue for the periods indicated.

(in millions)	SECOND QUARTER 1997	SECOND QUARTER 1996	SIX MONTHS 1997	SIX MONTHS 1996
Securities Gains	$ 30	$ 24	$ 131	$ 76
Revenue from Equity-Related Investments	179	219	343	442
Other Revenue:				
Residential Mortgage Origination/Sales Activities	$ 30	$ (2)	$ 61	$ 26
Gain on Sale of a Partially-Owned Foreign Investment	--	--	44	--
Loss on Sale of a Building in Japan	--	--	--	(60)
Net Losses on Emerging Markets Securities Sales	--	(30)	--	(65)
All Other Revenue	98	67	205	170
Total Other Revenue	$ 128	$ 35	$ 310	$ 71

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

Revenue from equity-related investments, which includes income from venture capital activities and emerging markets investments, was $179 million in the 1997 second quarter, higher than the recent quarterly average (approximately $163 million per quarter for the previous eight quarters), but $40 million lower than the strong results reported in the 1996 second quarter. For the first six months of 1997, revenue from equity-related investments was $343 million, compared with $442 million for the 1996 first half. These decreases were largely the result of a number of large deals recorded in the 1996 first half. At June 30, 1997, the Corporation had equity-related investments with a carrying value of approximately $3.0 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.

Other revenue increased $93 million in the 1997 second quarter and $239 million for the first six months, when compared with the prior year's periods. The 1997 results included higher residential mortgage origination and sales revenue resulting from favorable secondary market conditions and higher gains on portfolio sales. In addition, the 1996 second quarter and six-month results included net losses on the disposition of available-for-sale emerging markets securities of $30 million and $65 million, respectively. The 1997 six-month results also included a $44 million gain on the sale of a non-strategic, partially-owned foreign investment, while the 1996 first half results included a $60 million loss on the sale of a building in Japan.

All other revenue also includes the Corporation's investment in CIT Group Holdings, Inc., which contributed revenue of $18 million in the second quarter and $32 million for the first six months of 1997, compared with $14 million and $25 million in the respective 1996 periods.

NONINTEREST EXPENSE

Noninterest expense, excluding restructuring costs, was $2,400 million in the 1997 second quarter, an increase of 4% from the prior year's quarter, and was $4,817 million for the first half of 1997, an increase of 2% from the same 1996 period. The 1997 results for both periods included investment spending on new product offerings and technology as well as higher incentive costs related to strong trading results. Partially offsetting these expenses were incremental merger savings of $185 million and $390 million, respectively, in the 1997 second quarter and first six months.

For the 1997 second quarter and first six months, growth in underlying operating noninterest expense (which excludes restructuring costs, foreclosed property expense, nonrecurring items and expenses associated with preferred stock dividends issued by a real estate investment trust ("REIT") subsidiary of the Corporation, before giving effect to the merger-related cost savings) was 11% and 9%, respectively. Management of the Corporation believes that underlying noninterest expense growth for the full year of 1997 will exceed 6% due to investment spending in targeted growth businesses.

	SECOND QUARTER		SIX MONTHS	
(in millions)	1997	1996	1997	1996
Salaries	$ 1,110	$ 1,046	$ 2,234	$ 2,122
Employee Benefits	219	225	441	530
Occupancy Expense	193	207	380	428
Equipment Expense	193	181	383	365
Foreclosed Property Expense	--	(8)	3	(17)
Other Expense	685	651	1,376	1,311
Total Before Restructuring Charge	2,400	2,302	4,817	4,739
Restructuring Charge and Expenses	71	22	101	1,678
Total	$ 2,471	$ 2,324	$ 4,918	$ 6,417
Efficiency Ratio (a)	58.0%	58.4%	57.8%	59.0%
Efficiency Ratio Excluding Securitizations (a)	54.4%	56.2%	54.4%	57.1%

(a) The computation of the efficiency ratio (noninterest expense as a percentage of the total of net interest income and noninterest revenue) excludes restructuring costs, foreclosed property expense, and nonrecurring items. Nonrecurring items in the first half of 1997 included the gain on a sale of a non-strategic, partially-owned foreign investment and costs due to the accelerated vesting of stock-based incentive awards. Nonrecurring items in the first six months of 1996 included aggregate tax benefits and refunds, loss on a sale of a building in Japan and costs incurred in combining the Corporation's foreign retirement plans.

SALARIES AND EMPLOYEE BENEFITS

The increase in salaries for the 1997 second quarter and first six months was primarily due to higher incentive costs as a result of strong trading results. Also contributing to the increase in salaries for the 1997 six month period was $50 million of costs incurred in the first quarter of 1997 for the accelerated vesting of stock-based incentive awards as a result of the improvement in the Corporation's stock price.

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

	JUNE 30, 1997	December 31, 1996	June 30, 1996
Domestic Offices	57,984	57,592	58,136
Foreign Offices	10,148	10,193	10,692
Total Full-Time Equivalent Employees	68,132	67,785	68,828

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

Employee benefits in the 1997 second quarter and first six months decreased by $6 million and $89 million, respectively, from the comparable periods in 1996. Included in the results for the first six months of 1996 was a $40 million charge related to conforming retirement benefits provided to foreign employees. Contributing to the decline in employee benefits during 1997 were lower social security expenses associated with a lower volume of employee stock options being exercised during 1997, and to a lesser extent, a slight decline in staff levels from the prior year period, which reduced medical costs and other staff benefits.

OCCUPANCY AND EQUIPMENT EXPENSE

Occupancy expense in the 1997 second quarter and first six months decreased by $14 million and $48 million, respectively, largely as a result of the consolidation of operations and branch facilities from merger integration efforts. The higher level of equipment expense was primarily the result of increased software expenses to enhance processing systems throughout the Corporation, and technology expenditures necessary to support targeted growth businesses.

RESTRUCTURING CHARGE AND EXPENSES

In connection with the merger of The Chase Manhattan Corporation ("Chase") and Chemical Banking Corporation ("Chemical"), $1.9 billion of one-time merger-related costs were identified, of which $1.65 billion was taken as a restructuring charge on March 31, 1996. The remaining merger-related expenses originally estimated at $250 million, did not qualify for immediate recognition under an existing accounting pronouncement and were not included in the $1.65 billion charge. Merger-related expenses of $71 million were incurred in the second quarter 1997, resulting in cumulative to date merger-related expenses of $265 million.

The Corporation currently expects that merger-related expenses will rise by $100 million to $125 million from its previous estimate of $250 million. These additional costs primarily relate to technology and systems integration costs, most of which are expected to be incurred by year-end 1997.

At June 30, 1997, the reserve balance associated with the merger-related $1.65 billion restructuring charge was approximately $675 million, of which $187 million related to severance and other termination-related costs, $442 million related to the disposition of certain facilities, premises and equipment, and $46 million related to other merger costs, including costs to eliminate redundant back office and other operations.

OTHER EXPENSE

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

	SECOND QUARTER		SIX MONTHS	
(in millions)	1997	1996	1997	1996
OTHER EXPENSE:				
Professional Services	$ 136	$ 141	$ 269	$ 270
Marketing Expense	107	73	210	163
Telecommunications	73	82	148	167
Amortization of Intangibles	41	42	82	85
Minority Interest	20	11	39	20
All Other	308	302	628	606
Total	$ 685	$ 651	$1,376	$1,311

Other expense for the 1997 second quarter and first six months increased by $34 million and $65 million, respectively, when compared with the second quarter and first six months of 1996. The increase reflected expenses of $25 million and $48 million, for the respective periods, related to marketing and other costs for the co-branded Wal-Mart MasterCard and approximately $11 million per quarter of minority interest expense associated with the REIT, both of which commenced in the 1996 fourth quarter. Partially offsetting these increases were lower telecommunications expenses of $9 million and $19 million in the 1997 second quarter and first six months, respectively, due to the Corporation's sourcing and other expense-reduction initiatives.

INCOME TAXES

The Corporation recognized income tax expense of $555 million in the second quarter of 1997, compared with $524 million in the second quarter of 1996. For the first six months, the Corporation recorded income tax expense of $1,111 million in 1997, compared with $310 million in 1996. The 1996 amount includes tax benefits related to the restructuring charge as well as aggregate tax benefits and refunds of $132 million. The Corporation's effective tax rate was 37.5% for both the second quarter and first six months of 1997 and 38.0% (excluding the aforementioned tax benefits and refunds) for both comparable 1996 periods.

LINES OF BUSINESS RESULTS

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

LINES OF BUSINESS RESULTS

For Three Months Ended June 30,	Global Wholesale Banking		Regional and Nationwide Consumer Banking		Total (a)	
(in millions, except ratios)	1997	1996	1997	1996	1997	1996
Net Interest Income	$ 853	$ 809	$ 1,544	$ 1,474	$ 1,982	$ 2,005
Noninterest Revenue	1,478	1,340	638	543	2,158	1,949
Noninterest Expense	1,192	1,178	1,161	1,107	2,400	2,310
Operating Margin	1,139	971	1,021	910	1,740	1,644
Credit Costs	76	79	476	342	189	242
Income Before Taxes	1,063	892	545	568	1,551	1,402
Income Taxes	378	340	215	222	582	532
Operating Net Income	685	552	330	346	969	870
Restructuring Costs	(22)	(7)	(15)	(5)	(44)	(14)
Net Income	$ 663	$ 545	$ 315	$ 341	$ 925	$ 856
Average Common Equity	$ 9,465	$ 9,619	$ 6,570	$ 6,455	$ 18,227	$ 17,252
Average Assets	$ 240,563	$ 219,432	$ 119,494	$ 112,141	$ 348,895	$ 317,579
Return on Common Equity	27.9%	21.8%	19.0%	20.3%	20.2%	19.0%
Efficiency Ratio	51%	55%	53%	55%	58%	58%

For Six Months Ended June 30,	Global Wholesale Banking		Regional and Nationwide Consumer Banking		Total (a)	
(in millions, except ratios)	1997	1996	1997	1996	1997	1996
Net Interest Income	$ 1,755	$ 1,721	$ 3,085	$ 2,922	$ 4,033	$ 4,101
Noninterest Revenue	2,887	2,632	1,251	1,121	4,257	3,894
Noninterest Expense	2,380	2,332	2,310	2,256	4,814	4,716
Operating Margin	2,262	2,021	2,026	1,787	3,476	3,279
Credit Costs	151	152	924	687	412	478
Income Before Taxes	2,111	1,869	1,102	1,100	3,064	2,801
Income Taxes	772	703	434	430	1,149	1,064
Operating Net Income	1,339	1,166	668	670	1,915	1,737
Restructuring Costs	(33)	(7)	(19)	(5)	(63)	(1,040)
Nonrecurring Items (b)	--	--	--	--	--	70
Net Income	$ 1,306	$ 1,159	$ 649	$ 665	$ 1,852	$ 767
Average Common Equity	$ 9,454	$ 9,683	$ 6,575	$ 6,415	$ 18,359	$ 17,720
Average Assets	$ 236,658	$ 214,926	$ 118,791	$ 111,179	$ 344,108	$ 315,252
Return on Common Equity	27.4%	23.0%	19.3%	19.8%	19.9%	18.5%
Efficiency Ratio	51%	54%	53%	56%	58%	59%

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

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

GLOBAL WHOLESALE BANKING

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

Global Wholesale Banking's operating net income for the second quarter of 1997 was $685 million, an increase of $133 million over the 1996 second quarter. Operating return on equity in the second quarter of 1997 was 27.9%, compared with 21.8% in 1996. Global Wholesale Banking's operating net income of $1,339 million and operating return on equity of 27.4% for the first six months of 1997 increased from last year's results of $1,166 million and 23.0%, respectively. These favorable results were due primarily to significant revenue growth throughout the Corporation's global markets businesses reflecting higher trading-related revenue due to increases in foreign exchange and interest rate activities, strong growth in specialty derivative products and continued high levels of securities trading and underwriting.

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

Three Months Ended June 30, (in millions, except ratios)	1997				1996			
	REVENUES	NET INCOME	ROCE	EFFICIENCY RATIO	Revenues	Net Income	ROCE	Efficiency Ratio
Global Wholesale Banking:								
Global Investment Banking and Corporate Lending	$ 560	$ 180	20.2%	36%	$ 556	$ 172	19.1%	38%
Global Markets	840	296	55.0	47	683	204	35.1	54
Chase Capital Partners	178	99	34.4	12	212	122	44.8	8
Global Asset Management and Private Banking	178	33	26.9	69	169	32	25.7	66
Global Services	522	80	28.7	75	483	62	22.3	79
Terminal Businesses	24	(2)	NM	NM	18	(12)	NM	NM

Six Months Ended June 30, (in millions, except ratios)	1997				1996			
	REVENUES	NET INCOME	ROCE	EFFICIENCY RATIO	Revenues	Net Income	ROCE	Efficiency Ratio
Global Wholesale Banking:								
Global Investment Banking and Corporate Lending	$1,040	$ 315	17.6%	39%	$1,099	$ 352	19.6%	36%
Global Markets	1,721	610	56.5	45	1,307	380	31.8	56
Chase Capital Partners	314	170	29.8	14	460	268	50.7	7
Global Asset Management and Private Banking	355	66	26.7	69	336	60	24.1	67
Global Services	1,035	156	28.3	76	963	125	22.5	79
Terminal Businesses	25	(20)	NM	NM	29	(21)	NM	NM

NM - Not meaningful.

GLOBAL INVESTMENT BANKING AND CORPORATE LENDING

Global Investment Banking and Corporate Lending finances and advises corporations, financial sponsors and governments by providing integrated one-stop financial solutions and industry expertise to clients globally. Client industries include broker/dealers, chemicals, healthcare, insurance, media and telecommunications, multinationals, natural resources, oil and gas, power and environmental, real estate, retail and transportation. The product offerings encompass syndicated finance, high-yield securities, mergers and acquisitions, project finance, restructurings, private placements, lease financing, and lending. The Corporation continued to maintain its lead position in loan syndication and in leveraged finance. Net income for the second quarter of 1997 was $180 million, an increase of $8 million from the second quarter of 1996. The increase reflected higher corporate finance and loan syndication fees, as investment banking deal flow increased across the full range of market and customer segments. Contributing to fee growth was a substantial increase in revenue from securities underwriting as the volume of lead mandates and market share increased in an active high yield market. For the first six months of 1997, net income of $315 million decreased $37 million compared with the same period in 1996 due to a decline in net interest income and from less activity in the leveraged loan market in the first quarter of 1997 adversely impacting fee opportunities. In addition, while the 1997 first half reflects substantial growth in fees from new business initiatives, the 1996 results were favorably impacted by several significant transactions.

GLOBAL MARKETS

Global Markets' activities encompass the trading and sales of foreign exchange, derivatives, fixed income securities and commodities, including related origination functions. A leader in capital markets, the Corporation operates 24 hours a day covering the major international cross-border financial markets, as well as many local markets, in both developed and developing countries. Global Markets is a recognized world leader in such key activities as foreign exchange, interest rate swaps and emerging markets debt. The strong growth in trading-related revenue contributed to the favorable 1997 results. For the second quarter of 1997, net income was $296 million with a return on common equity of 55%, compared with the 1996 second quarter results of $204 million and 35%, respectively. For the first six months of 1997, net income was $610 million with a return on common equity of 57%, representing a substantial increase from the 1996 first six months results of $380 million and 32%, respectively. Trading-related revenue of $655 million for the 1997 second quarter reflected record trading results and an increase of 27% from last year's second quarter results. These results were driven by a very strong performance across the breadth of the Corporation's trading and sales platforms amid favorable market conditions. For the first six months of 1997, trading-related revenue was $1,235 million, an increase of 24% from last year's results, reflecting higher foreign exchange, derivatives, and securities results worldwide. Also included within Global Markets are the domestic and international treasury units which have the primary responsibility of managing the Corporation's asset/liability and investment securities activities. ALM activities in the treasury units are managed on a total return basis with one of the major objectives being the creation of economic value over time. The gross total return from ALM activities for the second quarter of 1997 is $222 million and for the first six months of 1997 is $423 million.

CHASE CAPITAL PARTNERS

Chase Capital Partners ("CCP") is a global private equity organization with approximately $4.3 billion under management, including $3.0 billion in equity-related investments. Through professionals focused on investing in the United States, Europe, Asia and Latin America, CCP provides equity and mezzanine financing for a wide variety of investment opportunities. During the first six months of 1997, CCP's direct investments totaled $270 million in 34 venture capital, management buyout, recapitalization, growth equity and mezzanine transactions. Net income for the second quarter of 1997 was $99 million, a 19% decrease from the 1996 second quarter. For the first six months of 1997, net income was $170 million, a $98 million decrease from last year's six month results. These results were primarily due to a decline in equity investment gains, reflecting a lower number of large transactions in 1997 when compared with the same periods in 1996.

GLOBAL ASSET MANAGEMENT AND PRIVATE BANKING

The Global Asset Management and Private Banking group serves a global client base of wealthy individuals and institutional, mutual fund and self-directed investors. Services include a full range of private banking capabilities, including trust and estates, custody, investment management for individuals and institutional investors globally and Vista Mutual Funds (at June 30, 1997, the fourth largest bank-managed mutual fund family in the U.S.). The Corporation's total assets under management amounted to $138 billion at June 30, 1997. Net income of $33 million in the 1997 second quarter was flat compared with the same 1996 period. For the first six months of 1997, net income grew 10% to $66 million, with a return on common equity of 27%, as a result of higher assets under management and increased investment advisory activities. The second quarter and first six months of 1996 included a $23 million pre-tax gain on the sale of deposits.

GLOBAL SERVICES

Global Services is a leading provider of information and transaction services globally. As the world's largest provider of global custody and a leader in trust and agency services, Global Services was custodian for over $4.0 trillion in assets at June 30, 1997 and serviced over $1.5 trillion in outstanding debt. Global Services also operates the largest U.S. dollar funds transfer business in the world and is a market leader in FedWire, ACH and CHIPS volume. Net income in the second quarter of 1997 was $80 million, an increase of $18 million or 29%

from the 1996 second quarter. For the first six months of 1997, net income increased 25% from last year's results to $156 million. Return on common equity for the 1997 second quarter was 29% and for the first six months of 1997, it was 28%; excluding the impact of goodwill, the return on tangible common equity was 39% and 38%, respectively. These favorable results are due to strong revenue growth reflecting an increase in assets under custody and new business initiatives, as well as continued productivity gains.

REGIONAL AND NATIONWIDE CONSUMER BANKING (RNCB)

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

RNCB's operating net income for the second quarter of 1997 was $330 million, a $16 million decrease from the 1996 second quarter. For the first six months of 1997, RNCB's operating net income of $668 million was essentially flat when compared with last year's results. Higher revenues resulting from increased loan volume in credit cards and mortgage banking, and the benefit of merger-related savings, were offset by higher credit provisions for credit cards and auto loans, and expenses related to marketing initiatives and the development of new product offerings.

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

Three Months Ended June 30, (in millions, except ratios)	1997				1996			
	REVENUES (a)	NET INCOME	ROCE	EFFICIENCY RATIO	Revenues	Net Income	ROCE	Efficiency Ratio
Regional and Nationwide Consumer Banking:								
Credit Cards	$720	$ 39	9.9%	38%	$640	$ 81	21.8%	37%
Retail Payments and Investments	526	80	29.7	73	508	81	30.3	72
Middle Market	214	56	21.0	47	199	44	16.0	54
Mortgage Banking	186	47	15.1 (b)	54	159	27	8.2	67
National Consumer Finance	162	29	25.3	39	153	37	32.1	43
International Consumer	64	14	72.5	62	63	15	76.2	59
Texas Commerce	325	72	19.2	61	302	65	18.2	64

Six Months Ended June 30, (in millions, except ratios)	1997				1996			
	REVENUES (a)	NET INCOME	ROCE	EFFICIENCY RATIO	Revenues	Net Income	ROCE	Efficiency Ratio
Regional and Nationwide Consumer Banking:								
Credit Cards	$1,450	$ 94	12.3%	39%	$1,275	$ 153	20.6%	38%
Retail Payments and Investments	1,028	157	28.9	73	1,005	142	26.8	75
Middle Market	423	111	21.1	47	416	97	18.0	52
Mortgage Banking	373	93	14.9 (b)	55	324	49	7.4	70
National Consumer Finance	317	56	24.1	41	303	70	31.2	42
International Consumer	129	29	76.6	60	124	29	76.5	59
Texas Commerce	645	138	18.5	62	611	133	18.8	63

(a) Insurance products are managed within Retail Payments and Investments but are included for reporting purposes in Credit Cards, Mortgage Banking, and National Consumer Finance, and generated revenues for the second quarter of $25 million and $16 million in 1997 and 1996, respectively, and for the first six months of $49 million and $35 million in 1997 and 1996, respectively.

(b) Excluding the impact of goodwill, the return on tangible common equity was 22% for both the second quarter and the first six months of 1997.

CREDIT CARDS

Chase Cardmember Services ranks as the fourth-largest bank-card issuer in the United States as of June 30, 1997, with a $26 billion managed portfolio, inclusive of the co-branded Shell MasterCard (which now totals $4.7 billion in outstandings). For the second quarter of 1997, net income (reflected on a managed basis) was $39 million, a $42 million decrease from the 1996 second quarter. For the first six months of 1997, net income on a managed basis was $94 million, a $59 million decrease from the same period in 1996. Earnings for the first six months of 1997 were driven by a 14% revenue increase generated from growth in average managed receivables and the effects of higher fees and risk-based pricing initiatives. These revenues were more than offset by higher credit card charge-offs and expenses related to the launch of the Wal-Mart co-branded credit card.

RETAIL PAYMENTS & INVESTMENTS

At June 30, 1997, Retail Payments and Investments has the leading share of primary bank relationships among consumers and small businesses in the New York metropolitan tri-state area. In addition to its tri-state businesses, Retail Payments and Investments includes discount brokerage services and insurance and investment products nationwide. Retail Payments and Investments allows customers to choose the way they handle their financial relationships, offering telephone, PC and Internet banking in addition to branches and ATMs. Net income in the second quarter of 1997 of $80 million was flat, compared with the 1996 second quarter. For the first six months of 1997, net income was $157 million, an increase of $15 million from the first six months of 1996. The improvement in net income is due primarily to lower noninterest expense, reflecting staff reductions and branch consolidations, coupled with the impact of higher deposit volumes.

MIDDLE MARKET

The Corporation is the premier provider of financial services to middle-market companies regionally, with a national focus in selected industries (companies with sales ranging from $10 to $500 million). Also, it is the market leader in the New York metropolitan tri-state area where it has relationships with 53% of middle-market companies and is the lead bank for 25% of such companies. Net income for the 1997 second quarter was $56 million, a $12 million increase when compared with the 1996 second quarter. For the first six months of 1997, net income was $111 million, a 14% increase from last year's six month results. These favorable results are due to higher deposit volume and staff reductions.

MORTGAGE BANKING

At June 30, 1997, Mortgage Banking is the third-largest originator and second-largest servicer of residential mortgage loans in the U.S., serving more than 1.8 million customers nationwide. In 1997, the Corporation completed the acquisition of Source One's $17 billion portfolio of mortgage servicing rights. In the first six months of 1997, the Corporation originated $15 billion in loans and at June 30, 1997, the Corporation's servicing portfolio totaled $163 billion. Net income in the second quarter of 1997 was $47 million, a $20 million increase from the 1996 second quarter. For the first six months of 1997, net income was $93 million, a $44 million increase from last year's six month results. For both the 1997 second quarter and the first six months, return on common equity was 15%; however, excluding the impact of goodwill, the return on tangible common equity was 22% for both periods. The 1997 six month results were favorably affected by a 15% increase in revenue reflecting a higher level of servicing assets, an increase in net interest income due to loan volume growth, and a 9% decrease in expenses due to merger saves and productivity gains resulting from the reengineering of the mortgage origination business.

NATIONAL CONSUMER FINANCE

National Consumer Finance is a leading provider of auto financing, home equity-secured lending, student lending, unsecured consumer lending (Chase Advantage Credit) and manufactured housing financing. At June 30, 1997, Chase Auto Finance had approximately $11 billion in outstandings with $4.5 billion in new originations for the first six months of 1997. Net income in the second quarter of 1997 was $29 million, an $8 million decrease from the 1996 second quarter. For the first six months of 1997, net income was $56 million, a $14 million decrease from last year's six month results. The results for both periods in 1997 include revenue growth due to an increase in loan volume, which was offset by a higher credit provision. The growth in revenue for the first six months of 1997, when compared to the same 1996 period, was partially offset by the impact of a joint venture formed with Sallie Mae in the 1996 fourth quarter, which is accounted for on the equity basis. Excluding the effects of this joint venture, revenue grew by 14%.

INTERNATIONAL CONSUMER

International Consumer provides loan, deposit, investment and insurance products for individuals in Hong Kong. Also included is The Manhattan Card Company Limited (the Corporation's 54% owned subsidiary) which is the third-largest credit card issuer in Hong Kong. Additionally, the Corporation has a leading full-service banking presence in Panama and the Eastern Caribbean, providing deposit, investment and asset products for individuals, small businesses, large corporations and government entities. Net income for the second quarter of 1997 was $14 million and, for the first six months of 1997, was $29 million, which was essentially unchanged when compared with the same 1996 periods. The 1997 six month results were driven by a 4% growth in revenue reflecting higher loan volumes, which were offset by higher expenses, primarily due to investment spending, and higher credit costs.

TEXAS COMMERCE

Texas Commerce is the primary bank for more large corporations and middle market companies than any other bank in Texas. Texas Commerce also maintains a strong consumer banking presence through its 123 locations. Additionally, Texas Commerce is the largest bank for personal and corporate trust services in the Southwest. As of June 30, 1997, Texas Commerce had $23 billion in total assets. Net income for the second quarter of 1997 was $72 million, a $7 million increase when compared with the 1996 second quarter. For the first six months of 1997, net income was $138 million, a $5 million increase from last year's six month results. Return on common equity for both the 1997 second quarter and the first six months of 1997 was 19%; excluding the impact of goodwill, the return on tangible common equity was 25% and 24%, respectively. Texas Commerce continues to contribute solid revenue growth reflecting an increase in corporate finance fees and higher loan and deposit volumes, partially offset by higher expenses.

CORPORATE

Corporate includes the management results attributed to the Corporation's investment in CIT and some effects remaining at the Corporate level after the implementation of management accounting policies, including residual credit provision and tax expense. The securitized portion of the credit card portfolio is included in Corporate. Corporate also includes one-time unallocated special items such as merger-related restructuring charges and expenses as well as tax refunds. For the second quarter of 1997, Corporate had an operating net loss of $46 million, compared with a $28 million operating net loss in the 1996 second quarter. For the first six months, Corporate had an operating net loss of $92 million in 1997, compared with a $99 million operating net loss in 1996. The economic risk-based methodology for capital is allocated on a business unit level basis for credit, market and operating risk, with the unallocated portion included in Corporate. In 1997, Corporate had unallocated equity of $2,192 million in the second quarter and $2,330 million in the first six months, compared with $1,178 million in the 1996 second quarter and $1,622 million in the first six months of 1996, reflecting the continued improvement of the overall risk profile of the Corporation and the generation of retained earnings.

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

Guidelines exist for assigning expenses that are not directly incurred by the businesses, such as overhead and taxes, as well as for allocating shareholders' equity and the provision for credit losses, utilizing a risk-based methodology. Also, incorporated in the guidelines is a process for matching assets and liabilities with similar maturity, liquidity and interest characteristics within each business. Noninterest expenses of the Corporation are fully allocated to the business units except for special corporate one-time charges. The provision for credit losses is allocated to the wholesale bank and commercial businesses based on a consistently applied credit risk methodology and a risk-grading system appropriate for a business unit's portfolio. For the retail consumer businesses, provision for credit losses are assigned utilizing a net charge-off methodology. Long-term expected tax rates are assigned in evaluating the Corporation's businesses.

CREDIT RISK MANAGEMENT

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

LOAN PORTFOLIO

The Corporation's loans outstanding totaled $160.0 billion at June 30, 1997, compared with $155.1 billion at the 1996 year-end. The increase reflects increased demand for consumer and commercial loans and was partially offset by the impact of credit card, auto loan and residential and commercial mortgage securitizations.

The Corporation's nonperforming assets at June 30, 1997 were $1,106 million, a decrease of $45 million from the 1996 year-end level. 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 continuing loan workout and collection activities.

Total net charge-offs were $189 million in the second quarter of 1997, compared with $250 million for the comparable period in 1996. For the first six months, net charge-offs were $409 million, compared with $495 million in 1996. The 1996 first six month's amount excludes a charge of $102 million related to conforming the credit card charge-off policies of Chase and Chemical. Total net charge-offs (on a managed basis, which excludes the impact of credit card securitizations) were $451 million in the 1997 second quarter, compared with $384 million in the second quarter of 1996. For the first six months, total net charge-offs (on a managed basis) were $879 million in 1997, compared with $735 million in 1996 (excluding the aforementioned charge of $102 million).

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

(in millions)	LOANS JUNE 30, 1997	LOANS Dec 31, 1996	NONPERFORMING ASSETS JUNE 30, 1997	NONPERFORMING ASSETS Dec 31, 1996	PAST DUE 90 DAYS AND OVER & STILL ACCRUING JUNE 30, 1997	PAST DUE 90 DAYS AND OVER & STILL ACCRUING Dec 31, 1996
DOMESTIC CONSUMER:						
Residential Mortgage(a)	$ 37,425	$ 36,621	$ 292	$ 249	$ 2	$ 7
Credit Card	12,597	12,157	--	--	209	267
Auto Financings	11,618	11,121	27	28	12	6
Other Consumer(b)	9,268	9,185	5	7	117	115
Total Domestic Consumer	70,908	69,084	324	284	340	395
DOMESTIC COMMERCIAL:						
Commercial and Industrial	36,578	34,742	344	444	29	19
Commercial Real Estate(c)	5,679	5,934	176	156	2	8
Financial Institutions	5,555	5,540	1	2	--	--
Total Domestic Commercial	47,812	46,216	521	602	31	27
Total Domestic	118,720	115,300	845	886	371	422
FOREIGN:						
Commercial and Industrial	26,318	23,109	75	79	--	6
Commercial Real Estate	363	800	--	1	--	--
Financial Institutions & Foreign Gov't	11,074	12,597	30	38	--	--
Consumer	3,482	3,286	19	17	13	6
Total Foreign	41,237	39,792	124	135	13	12
TOTAL LOANS	$159,957	$155,092	969	1,021	$ 384	$ 434
Assets Acquired as Loan Satisfactions			137	130		
TOTAL NONPERFORMING ASSETS			$ 1,106	$ 1,151		

(in millions)	NET CHARGE-OFFS SECOND QUARTER 1997	SECOND QUARTER 1996	SIX MONTHS ENDED JUNE 30, 1997	SIX MONTHS ENDED JUNE 30, 1996
DOMESTIC CONSUMER:				
Residential Mortgage(a)	$ 6	$ 7	$ 13	$ 15
Credit Card	121	145	271	310
Auto Financings	15	7	27	15
Other Consumer(b)	48	33	88	62
Total Domestic Consumer	190	192	399	402
DOMESTIC COMMERCIAL:				
Commercial and Industrial	4	46	18	94
Commercial Real Estate(c)	(6)	30	(10)	26
Financial Institutions	--	--	--	--
Total Domestic Commercial	(2)	76	8	120
Total Domestic	188	268	407	522
FOREIGN:				
Commercial and Industrial	(1)	(11)	(3)	(20)
Commercial Real Estate	--	(2)	--	(2)
Financial Institutions & Foreign Gov't	(1)	(6)	(1)	(8)
Consumer	3	1	6	3
Total Foreign	1	(18)	2	(27)
TOTAL LOANS	189	250	409	495
Charge Related to Conforming Credit Card Charge-off Policies	--	--	--	102
TOTAL	$ 189	$ 250	$ 409	$ 597

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

(b) Consists of installment loans (direct and indirect types of consumer finance), student loans and unsecured revolving lines of credit. There are essentially no credit losses in the student loan portfolio due to the existence of Federal and State government agency guarantees. Student loans which were past due 90 days and over and still accruing were approximately $43 million and $54 million at June 30, 1997 and

December 31, 1996, respectively.

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

DOMESTIC CONSUMER PORTFOLIO

Residential Mortgage Loans: Residential mortgage loans were $37.4 billion at June 30, 1997, compared with $36.6 billion at December 31, 1996, primarily reflecting a higher level of adjustable-rate loan outstandings.

At June 30, 1997, nonperforming domestic residential mortgage loans as a percentage of the portfolio was 0.78%, compared with 0.68% at the 1996 year-end. The $43 million increase from December 31, 1996 reflects a higher level of delinquencies and foreclosure activity. For the first six months of 1997, the percentage of domestic residential mortgage net charge-offs to average loan outstandings was 0.07%, down from 0.09% for the same 1996 period.

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

	SECOND QUARTER		SIX MONTHS	
(in millions)	1997	1996	1997	1996
Balance at Beginning of Period	$160.3	$133.1	$140.7	$132.1
Originations	8.1	8.1	15.2	15.6
Acquisitions	--	--	16.8 (a)	1.1
Repayments and Sales	(5.5)	(7.9)	(9.8)	(15.5)
Balance at June 30,	$162.9	$133.3	$162.9	$133.3

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

Mortgage servicing rights (included in other assets) amounted to $1,767 million at June 30, 1997, compared with $1,404 million at December 31, 1996, reflecting the corresponding increase in the Corporation's residential mortgage servicing portfolio due to the acquisition of Source One servicing portfolio in February 1997. The Corporation continually evaluates prepayment exposure of the servicing portfolio, adjusting the balance and remaining life of the servicing rights as a result of prepayments, and utilizes derivative contracts (interest rate swaps and purchased option contracts) to reduce its exposure to such prepayment risks. At June 30, 1997, the carrying value of these derivative contracts was $125 million, and gross unrecognized gains and losses were $40 million and $78 million, respectively, resulting in an estimated positive fair value of $87 million. The net unrecognized losses do not include the favorable impact from the mortgage servicing rights being hedged by these derivative contracts.

Credit Card Loans: The Corporation analyzes its credit card portfolio on a "managed basis", which includes credit card receivables on the balance sheet as well as credit card receivables which have been securitized. During the 1997 second quarter, the Corporation did not securitize any credit card receivables, compared with the securitization of $2.9 billion in the 1996 second quarter. During the first six months of 1997, the Corporation securitized $1.4 billion of credit card receivables, compared with $5.8 billion in the same 1996 period. For the second quarter of 1997, average managed receivables were $25.6 billion, compared with $23.3 billion in the 1996 second quarter, reflecting the continued growth in credit card outstandings.

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

(in millions)	AS OF OR FOR THE THREE MONTHS ENDED JUNE 30, 1997	1996	AS OF OR FOR THE SIX MONTHS ENDED JUNE 30, 1997	1996
Average Managed Credit Card Receivables	$25,567	$23,348	$25,443	$23,296
Past Due 90 Days & Over and Accruing	$ 520	$ 461	$ 520	$ 461
As a Percentage of Average Credit Card Receivables	2.03%	1.97%	2.04%	1.98%
Net Charge-offs (a)	$ 383	$ 279	$ 741	$ 549
As a Percentage of Average Credit Card Receivables	5.99%	4.78%	5.83%	4.71%

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

The increase in net charge-offs on managed credit card receivables for both the three month and six month periods ending June 30, 1997, when compared with the same 1996 periods, reflects growth in average managed credit card outstandings and higher levels of personal bankruptcies and delinquencies. Management currently expects that credit card net charge-offs have peaked in the second quarter of 1997 and will decline in the third and fourth quarters. Additionally, management expects that the Corporation's credit card net charge-offs, as a percentage of average managed credit card receivables, will be approximately 5.6% to 5.7% for the full year 1997.

Credit Card Securitizations: For a discussion of the Corporation's credit card securitizations, see page 51 of the Corporation's 1996 Annual Report.

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

Favorable (Unfavorable) Impact (in millions)	SECOND QUARTER 1997	1996	SIX MONTHS 1997	1996
Net Interest Income	$(296)	$(208)	$(594)	$(395)
Provision for Credit Losses	267	156	481	261
Credit Card Revenue	26	47	94	122
Other Revenue	--	8	(2)	11
Pre-tax Income (Loss) Impact of Securitizations	$ (3)	$ 3	$ (21)	$ (1)

Auto Financings: The auto financings portfolio, which consists of auto loans and leases, was $11.6 billion at June 30, 1997 and $11.1 billion at December 31, 1996. The increase reflected continued strong consumer demand due to favorable pricing programs, partially offset by the impact of auto loan securitizations. Total originations were $5.0 billion in the first half of 1997, compared with $6.4 billion in the same 1996 period. The Corporation securitized approximately $2.1 billion of auto loans during the first six months of 1997, compared with $1.5 billion during the first six months of 1996. Net charge-offs related to auto financings were $15 million in the 1997 second quarter, compared with $7 million in the same period in 1996. For the first six months, net charge-offs of auto financings were $27 million in 1997, compared with $15 million in 1996. The increased level of net charge-offs related to auto financings in both 1997 periods primarily reflects growth in the portfolio and unfavorable performance in a discontinued product line.

Other Consumer Loans: Other consumer loans, which includes secured installment loans (primarily loans related to recreational vehicles and manufactured housing financing), student loans and unsecured revolving lines of credit, were $9.3 billion at June 30, 1997, compared with $9.2 billion at December 31, 1996. The increase in net charge-offs for the 1997 second quarter and first six months reflects higher personal bankruptcies related to unsecured revolving lines of credit when compared with the same periods in 1996.

DOMESTIC COMMERCIAL PORTFOLIO

Domestic Commercial and Industrial Portfolio: The domestic commercial and industrial portfolio totaled $36.6 billion at June 30, 1997, an increase from $34.7 billion at December 31, 1996. The portfolio consists primarily of loans made to large corporate and middle market customers and is diversified geographically and by industry.

Nonperforming domestic commercial and industrial loans were $344 million at June 30, 1997, compared with $444 million at December 31, 1996. In the second quarter and first six months of 1997, the Corporation had net charge-offs of $4 million and $18 million, respectively, compared with $46 million and $94 million in the same 1996 periods.

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

Domestic Commercial Real Estate Portfolio: The domestic commercial real estate portfolio represents loans secured primarily by real property, other than loans secured by one-to-four family residential properties (which are included in the consumer loan portfolio). The domestic commercial real estate loan portfolio totaled $5.7 billion at June 30, 1997, slightly lower when compared with $5.9 billion at December 31, 1996. The decrease reflects sales primarily in the terminal commercial real estate portfolio during the second quarter of 1997.

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

(in millions)	JUNE 30, 1997	December 31, 1996
Commercial Mortgages	$4,746	$5,040
Construction	933	894
Total Domestic Commercial Real Estate Loans	$5,679	$5,934

Nonperforming domestic commercial real estate loans were $176 million at June 30, 1997, a $20 million increase from the December 31, 1996 level.

Domestic Financial Institutions Portfolio: The domestic financial institutions portfolio includes loans to commercial banks and companies whose businesses primarily involve lending, financing, investing, underwriting, or insurance. Loans to domestic financial institutions were $5.6 billion, or 3% of total loans outstanding, at June 30, 1997, essentially consistent with $5.5 billion at December 31, 1996. The portfolio continued to maintain its strong credit quality during the first half of 1997, with no net charge-offs.

FOREIGN PORTFOLIO

Foreign portfolio includes commercial and industrial loans, loans to financial institutions, commercial real estate, loans to foreign governments and official institutions, and consumer loans. At June 30, 1997, the Corporation's total foreign loans were $41.2 billion, compared with $39.8 billion at December 31, 1996. The portfolio included foreign commercial and industrial loans of $26.3 billion at June 30, 1997, an increase of $3.2 billion from the 1996 year-end.

Foreign nonperforming loans at June 30, 1997 were $124 million, a decrease of $11 million from December 31, 1996. Net charge-offs of foreign loans were $1 million in the 1997 second quarter, compared with net recoveries of $18 million in the 1996 second quarter. For the first six months, net charge-offs were $2 million in 1997, compared with net recoveries of $27 million in 1996.

INDUSTRY DIVERSIFICATION

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

DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

In the normal course of its business, 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 3 and 10 of this Form 10-Q and pages 52-58 and Notes One and Seventeen of the Corporation's 1996 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, 1997 and December 31, 1996. Percentages are based upon remaining contract life of mark-to-market exposure amounts.

	AT JUNE 30, 1997				At December 31, 1996			
	INTEREST RATE CONTRACTS	FOREIGN EXCHANGE CONTRACTS	EQUITY, COMMODITY AND OTHER CONTRACTS	TOTAL	Interest Rate Contracts	Foreign Exchange Contracts	Equity, Commodity and Other Contracts	Total
Less than 3 months	14%	52%	12%	30%	15%	59%	26%	31%
3 to 6 months	6	25	12	14	5	21	5	11
6 to 12 months	6	18	27	11	8	15	28	10
1 to 5 years	52	5	48	32	52	5	40	35
Over 5 years	22	--	1	13	20	--	1	13
Total	100%	100%	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, 1997, approximately 86% 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. Nonfinancial institutions accounted for approximately 14% of the Corporation's derivative and foreign exchange mark-to-market exposure. Additionally, at June 30, 1997 and 1996, nonperforming derivatives contracts were immaterial.

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, 1997.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is available to absorb potential credit losses from the entire loan portfolio, as well as derivative and foreign exchange contracts, letters of credit, guarantees and undrawn legal commitments. As of June 30, 1997, the allowance for credit losses has been allocated into three components: a $3,446 million allowance for loan losses, which is reported net in Loans; a $75 million allowance for credit losses on derivative and foreign exchange financial instruments, which is reported net in Trading Assets-Risk Management Instruments; and a $170 million allowance for credit losses on letters of credit, guarantees and undrawn legal commitments, which is reported in Other Liabilities. During the 1997 first six months, there were no provisions or charge-offs made to either the allowance for credit losses on derivatives and foreign exchange financial instruments or the allowance for credit losses on letters of credit, guarantees and undrawn legal commitments. However, there was a transfer of $100 million from the allowance for loan losses to the allowance for credit losses on letters of credit, guarantees and undrawn legal commitments during the 1997 second quarter as a result of the inclusion of undrawn legal commitments in the evaluation of the allowance. The 1996 amounts have not been reclassified due to immateriality.

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

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

(in millions)	SECOND QUARTER 1997	SECOND QUARTER 1996	SIX MONTHS 1997	SIX MONTHS 1996
Total Allowance at Beginning of Period	$ 3,550	$ 3,683	$ 3,549	$ 3,784
Provision for Credit Losses	189	250	409	495
Charge-Offs	(258)	(318)	(531)	(630)
Recoveries	69	68	122	135
Subtotal Net Charge-Offs	(189)	(250)	(409)	(495)
Charge Related to Conforming Credit Card Charge-off Policies	--	--	--	(102)
Total Net Charge-offs	(189)	(250)	(409)	(597)
Transfer to Allowance for Credit Losses on Letters of Credit, Guarantees and Undrawn Legal Commitments	(100)	--	(100)	--
Other	(4)	9	(3)	10
Total Allowance at End of Period	$ 3,446	$ 3,692	$ 3,446	$ 3,692

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

For the Period Ended:	JUNE 30, 1997	December 31, 1996	June 30, 1996
Allowance for Loan Losses to:			
Loans at Period-End	2.15%	2.29%	2.44%
Average Loans	2.23	2.37	2.46
Nonperforming Loans	355.62	347.60	246.46

MARKET RISK MANAGEMENT

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

TRADING ACTIVITIES

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

[SEE GRAPH NUMBER 1 AT APPENDIX 1]

The preceding chart contains a histogram of the Corporation's daily market risk-related revenue. Market risk-related revenue is defined as the daily change in value in marked-to-market trading portfolios plus any trading-related net interest income or other revenue. Net interest income related to funding and investment activity is excluded. Based on actual trading results for the twelve months ended June 30, 1997, which captures the historical correlation among business units, 95% of the variation in the Corporation's daily trading results fell within a $28 million band centered on the daily average amount of $9 million. For the twelve months ended June 30, 1997, the Corporation posted positive daily market risk-related revenue for 245 out of 259 business trading days for international and domestic units. For 204 of the 259 days, the Corporation's daily market risk-related revenue or losses occurred within the negative $5 million through positive $15 million range, which is representative of the Corporation's emphasis on market-making, sales and arbitrage activities.

ASSET/LIABILITY MANAGEMENT ACTIVITIES

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

Measuring Interest Rate Sensitivity:

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

(IN MILLIONS) AT JUNE 30, 1997	1-3 MONTHS	4-6 MONTHS	7-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL
Balance Sheet	$ (7,556)	$ (1,009)	$ 3,309	$ 27,814	$(22,558)	$ --
Derivative Instruments Affecting Interest-Rate Sensitivity	11,972	3,332	(8,436)	(11,280)	4,412	--
Interest-Rate Sensitivity Gap	4,416	2,323	(5,127)	16,534	(18,146)	--
Cumulative Interest-Rate Sensitivity Gap	4,416	6,739	1,612	18,146	--	--
% of Total Assets	1%	2%	--	5%	--	--

At June 30, 1997, the Corporation had $1,612 million more assets than liabilities repricing within one year (including net repricing effect of derivative positions). This compares with $7,945 million more liabilities than assets repricing within one year, or 2% of total assets, at December 31, 1996.

During the first quarter of 1997, management took actions to reduce the Corporation's interest rate sensitivity, and as of June 30, 1997, the Corporation's earnings at risk to an immediate 100 basis point rise in interest rates is estimated to be approximately 1% of the Corporation's projected after-tax net income for the next twelve months. An immediate 100 basis point rise in interest rates is an hypothetical rate scenario, used to measure risk, and does not necessarily represent management's current view of future market developments. At December 31, 1996, the Corporation's earnings at risk to a similar increase in market rates was estimated to be approximately 3.5% of projected 1997 after-tax net income.

Interest Rate Swaps: Interest rate swaps are one of the various financial instruments used in the Corporation's ALM activities. The following table summarizes the outstanding ALM interest rate swap notional amounts at June 30, 1997, by twelve-month intervals (i.e., July 1, 1997 through June 30, 1998). The decrease in notional amounts from one period to the next period represents maturities of the underlying contracts. The weighted-average fixed interest rates to be received and paid on such swaps are presented for each twelve-month interval. The three-month London Interbank Offered Rate (LIBOR), provided for reference in the following table, reflects the average implied forward yield curve for that index as of June 30, 1997. However, actual repricings will be based on the applicable rates in effect at the actual repricing date. To the extent rates change, the variable rates paid or received will change. The Corporation expects the impact of any interest rate changes on these swaps to be largely mitigated by corresponding changes in the interest rates and values associated with the linked assets and liabilities.

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

For the twelve-month period beginning July 1, (in millions)	1997	1998	1999	2000	2001	Thereafter
Receive fixed swaps						
Notional amount	$33,339	$22,369	$18,685	$15,279	$12,043	$ 9,386
Weighted-average fixed rate	6.36%	6.28%	6.24%	6.55%	6.67%	6.65%
Pay fixed swaps						
Notional amount	$41,017	$27,539	$14,683	$10,234	$ 8,111	$ 2,881
Weighted-average fixed rate	6.43%	6.55%	6.92%	7.14%	7.22%	7.27%
Basis Swaps						
Notional amount	$24,633	$16,689	$ 4,931	$ 2,246	$ 2,048	$ 1,202
Average Three-Month Implied Forward LIBOR Rates	5.89%	6.33%	6.36%	6.50%	6.56%	6.65%
Total Notional Amount	$98,989	$66,597	$38,299	$27,759	$22,202	$13,469

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

DERIVATIVE CONTRACTS AND RELATED BALANCE SHEET POSITIONS

		Notional Amount (a)	
(in millions)	Balance Sheet Amount	Interest Rate Swaps	Other ALM Contracts(b)
Deposits with Banks	$ 4,042	$ 2,140	$ 2,531
Securities - Available-for-Sale	39,463	2,832	7,107
Loans	156,511	49,935	29,813
Other Assets	15,708	3,900	9,429
Deposits	183,744	27,880	42,258
Other Borrowed Funds	7,874	1,013	--
Long-Term Debt	13,135	5,677	1,138

(a) At June 30, 1997, notional amounts of approximately $6 billion for interest rate swaps, which are used in place of cash market instruments, have been excluded from the above table. See Note One of the 1996 Annual Report for a discussion of the Corporation's accounting policy relative to derivatives used in place of cash market instruments.

(b) Includes futures, forwards, forward rate agreements and options.

The unfavorable impact on net interest income from the Corporation's ALM derivative activities was $25 million in the second quarter and $49 million for the first six months of 1997, compared with an unfavorable impact of $46 million for the second quarter of 1996 and $35 million for the first six months of 1996. The Corporation also has derivatives that affect noninterest revenue (such as derivatives linked to mortgage servicing rights).

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

(in millions)	JUNE 30, 1997	December 31, 1996	Change
ALM Derivative Contracts:			
Net Deferred Gains (Losses)	$ (32)	$ (42)	$ 10
Net Unrecognized Gains (Losses)	(371)	(243)	(128)
Net ALM Derivative Gains (Losses)	$(403)	$(285)	$(118)

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

Included in the table above are gross unrecognized gains and losses from daily margin settlements on open futures contracts which were $3 million and $13 million, respectively, at June 30, 1997. The net unrecognized losses shown above do not include the net favorable impact from the assets/liabilities being hedged by these derivative contracts. For a further discussion, see Note 12 on page 15.

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

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

(in millions)	Deferred Gains/(Losses)	Premiums
1997	$ 21	$ 13
1998	2	31
1999	(20)	40
2000	(15)	40
2001 and After	(20)	68
Total	$ (32)	$ 192

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 should be read in conjunction with the Capital and Liquidity Risk Management section on pages 58-59 and Note Sixteen of the Corporation's 1996 Annual Report.

CAPITAL

The Corporation's level of capital at June 30, 1997 remained strong, with capital ratios well in excess of regulatory guidelines. At June 30, 1997, the Corporation's Tier 1 and Total Capital ratios were 7.79% and 11.38%, respectively. These ratios, as well as the leverage ratio, exclude the assets and off-balance sheet financial instruments of the Corporation's securities subsidiary, Chase Securities Inc., 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. The Corporation manages its capital to execute its strategic business plans and support its growth and investments, including acquisition strategies in its core businesses. 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%.

Total capitalization (the sum of Tier 1 Capital and Tier 2 Capital) increased by $960 million during the first half of 1997 to $30.3 billion reflecting, in part, $790 million of capital securities, net of discount, issued by subsidiary trusts of the Corporation (see Note 7 of this Form 10-Q), partially offset by the redemption of $670 million of preferred stock.

In October 1996, the Corporation announced a common stock purchase program in which the Corporation is authorized until December 31, 1998 to purchase up to $2.5 billion of its common stock, in addition to such amount of common stock as may be necessary to provide for expected issuances under its dividend reinvestment plan and its various stock-based director and employee benefit plans. During the period from the inception of the program through June 30, 1997, the Corporation has repurchased 24.3 million common shares ($2.3 billion) and reissued approximately 6.9 million treasury shares ($0.5 billion) under the Corporation's benefit plans, resulting in a net repurchase of 17.4 million shares ($1.8 billion) of its common stock. Management intends to purchase equity on a more accelerated time schedule than originally announced and believes it is likely that the buy-back program will be completed in late 1997 or early 1998.

The Corporation raised the cash dividend on its common stock to $.62 per share, an increase from $.56 per share, in the first quarter of 1997. 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 stock 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.

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

COMPONENTS OF CAPITAL

(in millions)	JUNE 30, 1997	December 31, 1996
TIER 1 CAPITAL		
Common Stockholders' Equity	$ 18,968	$ 18,632
Nonredeemable Preferred Stock	1,980	2,650
Minority Interest (a)	2,130	1,294
Less: Goodwill	1,321	1,353
Non-Qualifying Intangible Assets	177	128
50% Investment in Securities Subsidiary	828	780
Tier 1 Capital	$ 20,752	$ 20,315
TIER 2 CAPITAL		
Long-Term Debt Qualifying as Tier 2	$ 7,066	$ 6,709
Qualifying Allowance for Credit Losses	3,335	3,121
Less: 50% Investment in Securities Subsidiary	828	780
Tier 2 Capital	$ 9,573	$ 9,050
TOTAL QUALIFYING CAPITAL	$ 30,325	$ 29,365
RISK-WEIGHTED ASSETS (b)	$266,494	$ 249,215

(a) Minority interest includes Guaranteed Preferred Beneficial Interests in Corporation's Junior Subordinated Deferrable Interest Debentures and in the Preferred Stock of Subsidiary. For a further discussion, see Notes 7 and 8 of this Form 10-Q.

(b) Includes off-balance sheet risk-weighted assets in the amount of $88,490 million and $79,099 million, respectively, at June 30, 1997 and December 31, 1996.

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 Corporation's average core deposits for the first six months of 1997 were $80 billion and represented 52% of average loans for the period.

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, 1997 was $13,135 million, an increase of $421 million from the 1996 year-end. The increase resulted largely from issuances of the Corporation's long-term debt of $1,481 million, partially offset by maturities of $1,069 million of long-term debt. The Corporation will continue to evaluate the opportunity for future redemptions of its outstanding debt and preferred stock in light of current market conditions.

SUPERVISION AND REGULATION

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

DIVIDENDS

At June 30, 1997, in accordance with the dividend restrictions applicable to them, the Corporation's bank subsidiaries could, during 1997, without the approval of their relevant banking regulators, pay dividends in an aggregate amount of approximately $2.1 billion to their respective bank holding companies, plus an additional amount equal to their net income from July 1, 1997 through the date in 1997 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 Federal Deposit Insurance Corporation ("FDIC") have authority under the Financial Institutions Supervisory Act to prohibit or to limit the payment of dividends by the banking organizations they supervise, including the Corporation and its subsidiaries that are banks or bank holding companies, if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization.

FDICIA

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

ACCOUNTING AND REPORTING DEVELOPMENTS

DERIVATIVE AND MARKET RISK DISCLOSURES

In January 1997, the Securities and Exchange Commission ("SEC") issued a Release (Nos. 33-7386 and 34-38223) which requires (i) quantitative and qualitative disclosures outside the financial statements about the market risk inherent in derivatives and other financial instruments and (ii) enhanced descriptions of accounting policies for derivatives in the footnotes to the financial statements.

The market risk disclosure requirements of this release will be applicable commencing with the Corporation's 1997 Annual Report. The Corporation is currently evaluating this release and expects to comply with the requirements of the release in its 1997 Annual Report.

EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128 entitled, "Earnings per Share" ("SFAS 128"). This statement establishes standards for computing and presenting earnings per share (EPS) and simplifies the previously issued accounting standards for computing earnings per share. It replaces the computation and presentation of "primary EPS" with a computation and presentation of "basic EPS". It revises the computation and presentation of "fully-diluted EPS" with a computation and presentation of "diluted EPS". It also requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997.

While SFAS 128 is not yet effective, the Corporation believes that with the adoption of SFAS 128, basic EPS would have been approximately $0.05 higher than primary EPS for the 1997 second quarter and approximately $0.09 higher for the 1997 first six months. The impact of converting from fully-diluted EPS to diluted EPS for the same periods would have been negligible.

REPORTING COMPREHENSIVE INCOME

In June 1997, the FASB issued SFAS 130 entitled, "Reporting Comprehensive Income" ("SFAS 130"). This statement establishes standards for the reporting and display of comprehensive income which includes, in addition to net income as reported, such items as unrealized holding gains and losses on available-for-sale securities, foreign currency translation adjustments and certain other items that are not included in the income statement as presently configured. SFAS 130 requires that an enterprise classify items of comprehensive income in a financial statement that is displayed with the same prominence as other financial statements. SFAS 130 permits the display of comprehensive income within the statement of changes in stockholders' equity. In addition, SFAS 130 requires that an enterprise display the accumulated balance of comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the consolidated balance sheet.

This statement is effective for fiscal years beginning after December 15, 1997. The Corporation is currently assessing the manner in which it will disclose the required information. The adoption of SFAS 130 will not affect the Corporation's earnings, liquidity, or capital resources.

SEGMENTS

In June 1997, the FASB issued SFAS 131 entitled, "Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131"). This statement establishes quantitative and qualitative criteria that an enterprise must use to determine the number and nature of its operating segments. SFAS 131 requires the reporting of selected information about these operating segments in annual financial statements and interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers.

This statement is effective for fiscal years beginning after December 15, 1997. The Corporation is currently assessing the manner in which it will disclose the required information. The adoption of SFAS 131 will not affect the Corporation's earnings, liquidity, or capital resources.

MARKET RISK

On August 29, 1996, the Banking Regulatory Authorities issued an amendment to the risk-based capital standards to incorporate a measure for market risk consistent with the principles adopted by the Basle Committee on Banking Supervision under the Basle Capital Accord. The amendment, which is effective January 1, 1998 and permits adoption during 1997 with prior regulatory approval, requires banks and bank holding companies that have significant market risk exposure, to measure that risk utilizing a value-at-risk model, based on the parameters contained in the amendment, and to maintain a commensurate amount of capital.

The Corporation currently expects to adopt the amendment during 1997. Management anticipates that the adoption will have a modestly favorable impact on the Corporation's reported Tier 1 and Total Capital ratios largely as a result of the inclusion of the assets and off-balance sheet financial instruments, and related capital, of the Corporation's securities subsidiary, Chase Securities Inc., in these ratios.

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, 1997			THREE MONTHS ENDED JUNE 30, 1996		
	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)
ASSETS						
Deposits with Banks	$ 4,185	$ 114	10.91%	$ 7,307	$ 156	8.58%
Federal Funds Sold and Securities Purchased Under Resale Agreements	42,715	697	6.54%	29,354	514	7.05%
Trading Assets-Debt and Equity Instruments	36,358	705	7.78%	27,293	388	5.72%
Securities:						
Available-for-Sale	40,850	679	6.67%(b)	38,295	610	6.41% (b)
Held-to-Maturity	3,535	60	6.78%	4,245	81	7.61%
Loans	156,459	3,084 (c)	7.91%	150,612	3,034 (c)	8.09%
Total Interest-Earning Assets	284,102	5,339	7.54%	257,106	4,783	7.48%
Allowance for Credit Losses	(3,437)			(3,681)		
Cash and Due from Banks	13,334			11,849		
Risk Management Instruments	31,991			26,280		
Other Assets	22,905			26,025		
Total Assets	$ 348,895			$ 317,579		
LIABILITIES						
Domestic Retail Deposits	$ 57,369	529	3.70%	$ 55,451	490	3.56%
Domestic Negotiable Certificates of Deposit and Other Deposits	8,750	153	7.01%	7,808	131	6.76%
Deposits in Foreign Offices	68,588	886	5.18%	64,858	837	5.19%
Total Time and Savings Deposits	134,707	1,568	4.67%	128,117	1,458	4.58%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	66,149	924	5.60%	52,222	665	5.13%
Commercial Paper	4,035	55	5.42%	4,714	59	5.09%
Other Borrowings (d)	21,993	531	9.69%	16,437	363	8.85%
Total Short-Term and Other Borrowings	92,177	1,510	6.57%	73,373	1,087	5.96%
Long-Term Debt	14,035	273	7.81%	12,916	221	6.86%
Total Interest-Bearing Liabilities	240,919	3,351	5.58%	214,406	2,766	5.19%
Noninterest-Bearing Deposits	41,064			39,658		
Risk Management Instruments	32,189			28,518		
Other Liabilities	13,452			15,095		
Total Liabilities	327,624			297,677		
PREFERRED STOCK OF SUBSIDIARY	550			--		
STOCKHOLDERS' EQUITY						
Preferred Stock	2,494			2,650		
Common Stockholders' Equity	18,227			17,252		
Total Stockholders' Equity	20,721			19,902		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$ 348,895			$ 317,579		
INTEREST RATE SPREAD			1.96%			2.29%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$ 1,988(a)	2.81%		$ 2,017(a)	3.15%

(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, 1997 and June 30, 1996, the annualized rate for available-for-sale securities based on historical cost was 6.58% and 6.32%, respectively.

(c) For the three months ended June 30, 1997 and June 30, 1996, the negative impact from nonperforming loans on net interest income was $18 million and $20 million, respectively.

(d) Includes securities sold but not yet purchased and structured notes.

THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES
AVERAGE CONSOLIDATED BALANCE SHEET, INTEREST AND RATES
(TAXABLE-EQUIVALENT INTEREST AND RATES; IN MILLIONS)

	SIX MONTHS ENDED JUNE 30, 1997			SIX MONTHS ENDED JUNE 30, 1996		
	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)
ASSETS						
Deposits with Banks	$ 4,834	$ 220	9.19%	$ 7,772	$ 328	8.48%
Federal Funds Sold and Securities Purchased Under Resale Agreements	39,427	1,256	6.42%	28,075	1,015	7.27%
Trading Assets-Debt and Equity Instruments	33,786	1,331	7.95%	27,291	801	5.90%
Securities:						
Available-for-Sale	40,337	1,343	6.72%(b)	38,242	1,255	6.60% (b)
Held-to-Maturity	3,631	122	6.77%	4,381	161	7.38%
Loans	154,754	6,198 (c)	8.08%	150,123	6,275 (c)	8.41%
Total Interest-Earning Assets	276,769	10,470	7.63%	255,884	9,835	7.73%
Allowance for Credit Losses	(3,444)			(3,729)		
Cash and Due from Banks	12,703			12,450		
Risk Management Instruments	34,317			25,925		
Other Assets	23,763			24,722		
Total Assets	$ 344,108			$ 315,252		
LIABILITIES						
Domestic Retail Deposits	$ 57,511	1,058	3.71%	$ 55,766	976	3.52%
Domestic Negotiable Certificates of Deposit and Other Deposits	8,991	303	6.79%	7,838	207	5.30%
Deposits in Foreign Offices	66,919	1,722	5.19%	67,344	1,919	5.73%
Total Time and Savings Deposits	133,421	3,083	4.66%	130,948	3,102	4.76%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	62,828	1,709	5.48%	48,588	1,286	5.32%
Commercial Paper	4,164	110	5.31%	5,146	134	5.26%
Other Borrowings (d)	19,695	993	10.17%	16,323	693	8.53%
Total Short-Term and Other Borrowings	86,687	2,812	6.54%	70,057	2,113	6.07%
Long-Term Debt	13,780	530	7.75%	12,946	448	6.95%
Total Interest-Bearing Liabilities	233,888	6,425	5.54%	213,951	5,663	5.32%
Noninterest-Bearing Deposits	40,981			39,203		
Risk Management Instruments	34,262			28,036		
Other Liabilities	13,497			13,692		
Total Liabilities	322,628			294,882		
PREFERRED STOCK OF SUBSIDIARY	550			--		
STOCKHOLDERS' EQUITY						
Preferred Stock	2,571			2,650		
Common Stockholders' Equity	18,359			17,720		
Total Stockholders' Equity	20,930			20,370		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$ 344,108			$ 315,252		
INTEREST RATE SPREAD			2.09%			2.41%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$ 4,045(a)	2.95%		$ 4,172(a)	3.28%

(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, 1997 and June 30, 1996, the annualized rate for available-for-sale securities based on historical cost was 6.63% and 6.53%, respectively.

(c) For the six months ended June 30, 1997 and June 30, 1996, the negative impact from nonperforming loans on net interest income was $35 million and $49 million, respectively.

(d) Includes securities sold but not yet purchased and structured notes.

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

	1997		1996			
	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER
INTEREST INCOME						
Loans	$ 3,082	$ 3,112	$ 3,048	$ 3,042	$ 3,028	$ 3,241
Securities	735	722	767	690	685	720
Trading Assets	705	626	615	482	388	413
Federal Funds Sold and Securities Purchased Under Resale Agreements	697	559	571	549	514	501
Deposits with Banks	114	106	97	112	156	172
Total Interest Income	5,333	5,125	5,098	4,875	4,771	5,047
INTEREST EXPENSE						
Deposits	1,568	1,515	1,520	1,416	1,458	1,644
Short-Term and Other Borrowings	1,510	1,302	1,304	1,213	1,087	1,026
Long-Term Debt	273	257	233	220	221	227
Total Interest Expense	3,351	3,074	3,057	2,849	2,766	2,897
NET INTEREST INCOME	1,982	2,051	2,041	2,026	2,005	2,150
Provision for Credit Losses	189	220	182	220	250	245
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,793	1,831	1,859	1,806	1,755	1,905
NONINTEREST REVENUE						
Corporate Finance and Syndication Fees	274	168	213	234	258	224
Trust, Custody and Investment Management Fees	321	310	294	295	302	285
Credit Card Revenue	248	278	320	277	233	233
Service Charges on Deposit Accounts	95	91	98	97	100	99
Fees for Other Financial Services	392	383	377	393	381	378
Trading Revenue	491	422	289	347	397	355
Securities Gains	30	101	25	34	24	52
Revenue From Equity-Related Investments	179	164	172	112	219	223
Other Revenue	128	182	109	110	35	36
Total Noninterest Revenue	2,158	2,099	1,897	1,899	1,949	1,885
NONINTEREST EXPENSE						
Salaries	1,110	1,124	1,070	1,040	1,046	1,076
Employee Benefits	219	222	185	211	225	305
Occupancy Expense	193	187	192	204	207	221
Equipment Expense	193	190	180	179	181	184
Foreclosed Property Expense	--	3	(1)	2	(8)	(9)
Restructuring Charge and Expenses	71	30	104	32	22	1,656
Other Expense	685	691	677	652	651	660
Total Noninterest Expense	2,471	2,447	2,407	2,320	2,324	4,093
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)	1,480	1,483	1,349	1,385	1,380	(303)
Income Tax Expense (Benefit)	555	556	513	527	524	(214)
NET INCOME (LOSS)	$ 925	$ 927	$ 836	$ 858	$ 856	$ (89)
NET INCOME (LOSS) APPLICABLE TO COMMON STOCK	$ 874	$ 872	$ 781	$ 803	$ 801	$ (143)
NET INCOME (LOSS) PER COMMON SHARE:						
Primary	$ 2.00	$ 1.98	$ 1.74	$ 1.80	$ 1.80	$ (0.32)
Assuming Full Dilution	$ 2.00	$ 1.97	$ 1.74	$ 1.78	$ 1.79	$ (0.32)

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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 2. Sales of Unregistered Common Stock

During the second quarter of 1997, shares of common stock of the Corporation were issued in transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) thereof. On April 1, 1997, 278 shares of common stock were issued to retired executive officers who had deferred receipt of such common stock pursuant to the Corporate Performance Incentive Plan.

Item 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 Stockholders was held on May 20, 1997. A total of 365,840,089 shares, or 85.1%, of the 429,687,495 shares entitled to vote at the Annual Meeting, were represented at the meeting.

(A) Election of Directors

The following sixteen (16) directors were elected to hold office until the 1998 Annual Meeting or until their successors are elected and have qualified.

	Votes Received	Votes Withheld
Frank A. Bennack, Jr.	364,219,004	1,621,085
Susan V. Berresford	364,131,098	1,708,991
M. Anthony Burns	364,164,590	1,675,499
H. Laurance Fuller	364,180,329	1,659,760
Melvin R. Goodes	364,196,071	1,644,018
William H. Gray III	363,907,511	1,932,578
George V. Grune	364,102,917	1,737,172
William B. Harrison, Jr.	364,163,479	1,676,610
Harold S. Hook	364,178,045	1,662,044
Helene L. Kaplan	361,231,130	4,608,959
Thomas G. Labrecque	364,024,573	1,815,516
Henry B. Schacht	364,184,640	1,655,449
Walter V. Shipley	364,106,325	1,733,764
Andrew C. Sigler	364,130,338	1,709,751
John R. Stafford	364,182,173	1,657,916
Marina v.N. Whitman	364,134,943	1,705,146

(B) (1) Ratifying Independent Accountants

A proposal to ratify Price Waterhouse LLP as independent accountants was approved by 99.81% of the votes cast. The proposal received a "for" vote of 364,243,182 and an "against" vote of 676,523. The number of votes abstaining was 920,384. There were no broker non-votes.

Item 4 continued

(2) 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 96.45% of the votes cast. The vote "for" was 11,059,836 and the vote "against" was 300,584,539. The number of votes abstaining was 9,683,282 and there were 44,512,432 broker non-votes.

(3) Stockholder Proposal Re: Cumulative Voting

A proposal by John J. Gilbert that the Board of Directors take the steps necessary to provide for cumulative voting in the election of directors was rejected by 67.27% of the votes cast. The vote "for" was 104,190,738 and the vote "against" was 214,139,891. The number of votes abstaining was 2,997,029 and there were 44,512,431 broker non-votes.

(4) Stockholder Proposal Re: Independent Director as Chairman of the Board

A proposal by the Teamsters Affiliates Pension Plan that the Board of Directors amend the By-laws to require that an independent director who is not currently the chief executive of the Corporation serve as chair of the board was rejected by 94.35% of the votes cast. The vote "for" was 17,545,540 and the vote "against" was 292,835,747. The number of votes abstaining was 10,946,369 and there were 44,512,433 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, 1997, as follows:

Form 8-K dated April 18, 1997: The Corporation announced the results of operations for the first quarter of 1997.

SIGNATURE

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

THE CHASE MANHATTAN CORPORATION
(Registrant)

Date August 14, 1997 By /s/ Joseph L. Sclafani

Joseph L. Sclafani

Executive Vice President and 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	56

EXHIBIT 11
THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET INCOME PER SHARE

Net income for primary and fully-diluted EPS are computed by subtracting from the applicable earnings the dividend requirements on preferred stock to arrive at earnings applicable to common stock and dividing this amount by the weighted-average number of common and common equivalent shares outstanding during the period. For a further discussion of the Corporation's earnings per share computation, see Note One of the Corporation's 1996 Annual Report.

(in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
EARNINGS PER SHARE	1997	1996	1997	1996
PRIMARY				
Earnings:				
Net Income	$ 925	$ 856	$ 1,852	$ 767
Less: Preferred Stock Dividend Requirements	51	55	106	109
Net Income Applicable to Common Stock	$ 874	$ 801	$ 1,746	$ 658
Shares:				
Average Common and Common Equivalent Shares Outstanding	434.9	444.8	438.0	445.4
Primary Earnings Per Share:				
Net Income	$ 2.00	$ 1.80	$ 3.99	$ 1.48
ASSUMING FULL DILUTION				
Earnings:				
Net Income Applicable to Common Stock	$ 874	$ 801	$ 1,746	$ 658
Shares:				
Average Common and Common Equivalent Shares Outstanding	434.9	444.8	438.0	445.4
Additional Shares Issuable Upon Exercise of Stock Options for Dilutive Effect	1.1	3.6	1.7	4.8
Adjusted Shares of Common and Equivalent Shares Outstanding	436.0	448.4	439.7	450.2
Earnings Per Share Assuming Full Dilution:				
Net Income	$ 2.00	$ 1.79	$ 3.97	$ 1.46

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, 1997
EXCLUDING INTEREST ON DEPOSITS	
Income before income taxes	$ 2,963
Fixed charges:	
Interest expense	3,342
One third of rents, net of income from subleases (a)	57
Total fixed charges	3,399
Less: Equity in undistributed income of affiliates	(38)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 6,324
Fixed charges, as above	$ 3,399
Ratio of earnings to fixed charges	1.86
INCLUDING INTEREST ON DEPOSITS	
Fixed charges, as above	$ 3,399
Add: Interest on deposits	3,083
Total fixed charges and interest on deposits	$ 6,482
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 6,324
Add: Interest on deposits	3,083
Total earnings before taxes, fixed charges, and interest on deposits	$ 9,407
Ratio of earnings to fixed charges	1.45

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

EXHIBIT 12(b)

THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS
(IN MILLIONS, EXCEPT RATIOS)

	Six Months Ended June 30, 1997
EXCLUDING INTEREST ON DEPOSITS	
Income before income taxes	$ 2,963
Fixed charges:	
Interest expense	3,342
One third of rents, net of income from subleases (a)	57
Total fixed charges	3,399
Less: Equity in undistributed income of affiliates	(38)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 6,324
Fixed charges, as above	$ 3,399
Preferred stock dividends	106
Fixed charges including preferred stock dividends	$ 3,505
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.80
INCLUDING INTEREST ON DEPOSITS	
Fixed charges including preferred stock dividends, as above	$ 3,505
Add: Interest on deposits	3,083
Total fixed charges including preferred stock dividends and interest on deposits	$ 6,588
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 6,324
Add: Interest on deposits	3,083
Total earnings before taxes, fixed charges, and interest on deposits	$ 9,407
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.43

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

APPENDIX 1

NARRATIVE DESCRIPTION OF GRAPHIC IMAGE MATERIAL

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

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

Millions of Dollars	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30
Number of trading days revenue was within the above prescribed positive range	58	67	67	36	11	6

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

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

6-MOS
DEC-31-1997
JAN-01-1997
JUN-30-1997
1
16,879
4,042
39,228
67,516
39,463
3,463
3,450
159,957
3,446
352,033
183,744
70,560
59,759
13,135
0
1,980
441
18,372
352,033
6,194
1,457
1,476
10,458
3,083
6,425
4,033
409
131
4,918
2,963
1,852
0
0
1,852
3.99
3.97
2.95
969
384
0
0
3,549
531
122
3,446
0
0
0