SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 1998 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)	(IRS 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 856,457,308

NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK ON JULY 31, 1998.

FORM 10-Q INDEX

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

	JUNE 30, 1998	December 31, 1997
ASSETS		
Cash and Due from Banks	$ 15,691	$ 15,704
Deposits with Banks	5,970	2,886
Federal Funds Sold and Securities Purchased Under Resale Agreements	25,128	30,928
Trading Assets:		
Debt and Equity Instruments	33,651	34,641
Risk Management Instruments, Net of Allowance for Credit Losses of $75 in 1998 and 1997	33,280	37,752
Securities	54,928	52,738
Loans	168,705	168,454
Allowance for Credit Losses	(3,629)	(3,624)
Net Loans	165,076	164,830
Premises and Equipment	3,905	3,780
Due from Customers on Acceptances	1,260	1,719
Accrued Interest Receivable	2,867	3,359
Other Assets	25,239	17,184
TOTAL ASSETS	$ 366,995	$ 365,521
LIABILITIES		
Deposits:		
Domestic:		
Noninterest-Bearing	$ 47,966	$ 46,603
Interest-Bearing	75,418	71,576
Foreign:		
Noninterest-Bearing	4,109	3,205
Interest-Bearing	79,598	72,304
Total Deposits	207,091	193,688
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	45,672	56,126
Commercial Paper	5,299	4,744
Other Borrowed Funds	7,354	6,861
Acceptances Outstanding	1,260	1,719
Trading Liabilities	46,866	52,438
Accounts Payable, Accrued Expenses and Other Liabilities, Including the Allowance for Credit Losses of $170 in 1998 and 1997	13,902	12,526
Long-Term Debt	14,451	13,387
Guaranteed Preferred Beneficial Interests in Corporation's Junior Subordinated Deferrable Interest Debentures	1,940	1,740
TOTAL LIABILITIES	343,835	343,229
COMMITMENTS AND CONTINGENCIES (SEE NOTE 6)		
PREFERRED STOCK OF SUBSIDIARY	550	550
STOCKHOLDERS' EQUITY		
Preferred Stock	1,168	1,740
Common Stock (Issued 881,534,410 and 881,506,592 Shares)	882	441
Capital Surplus	9,738	10,360
Retained Earnings	12,211	11,086
Accumulated Other Comprehensive Income	113	112
Treasury Stock, at Cost (28,620,557 and 39,577,640 Shares)	(1,502)	(1,997)
TOTAL STOCKHOLDERS' EQUITY	22,610	21,742
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY	$ 366,995	$ 365,521

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

THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(IN MILLIONS, EXCEPT PER SHARE DATA)

	SECOND QUARTER		SIX MONTHS	
	1998	1997	1998	1997
INTEREST INCOME				
Loans	$ 3,316	$ 3,106	$ 6,721	$ 6,235
Securities	889	735	1,778	1,457
Trading Assets	716	705	1,392	1,331
Federal Funds Sold and Securities Purchased Under Resale Agreements	554	697	1,225	1,256
Deposits with Banks	148	114	300	220
Total Interest Income	5,623	5,357	11,416	10,499
INTEREST EXPENSE				
Deposits	1,784	1,568	3,599	3,083
Short-Term and Other Borrowings	1,478	1,510	2,987	2,812
Long-Term Debt	325	273	630	530
Total Interest Expense	3,587	3,351	7,216	6,425
NET INTEREST INCOME	2,036	2,006	4,200	4,074
Provision for Credit Losses	338	189	682	409
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,698	1,817	3,518	3,665
NONINTEREST REVENUE				
Investment Banking Fees	438	283	799	459
Trust, Custody and Investment Management Fees	383	321	731	631
Credit Card Revenue	365	224	665	485
Fees for Other Financial Services	509	487	1,019	961
Trading Revenue	333	491	813	896
Securities Gains	98	30	181	131
Revenue from Equity-Related Investments	370	192	663	356
Other Revenue	233	119	329	310
Total Noninterest Revenue	2,729	2,147	5,200	4,229
NONINTEREST EXPENSE				
Salaries	1,270	1,110	2,524	2,234
Employee Benefits	215	219	439	441
Occupancy Expense	191	193	380	380
Equipment Expense	212	193	421	383
Restructuring Costs	8	71	529	101
Other Expense	826	698	1,570	1,392
Total Noninterest Expense	2,722	2,484	5,863	4,931
INCOME BEFORE INCOME TAX EXPENSE	1,705	1,480	2,855	2,963
Income Tax Expense	631	555	1,056	1,111
NET INCOME	$ 1,074	$ 925	$ 1,799	$ 1,852
NET INCOME APPLICABLE TO COMMON STOCK	$ 1,050	$ 874	$ 1,741	$ 1,746
NET INCOME PER COMMON SHARE:				
Basic	$ 1.24	$ 1.03	$ 2.06	$ 2.04
Diluted	$ 1.20	$ 1.00	$ 2.00	$ 1.99

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)

	1998	1997
PREFERRED STOCK:		
Balance at Beginning of Year	$ 1,740	$ 2,650
Issuance of Stock	200	--
Redemption of Stock	(772)	(670)
Balance at End of Period	$ 1,168	$ 1,980
COMMON STOCK:		
Balance at Beginning of Year	$ 441	$ 441
Issuance of Common Stock for a Two-for-One Stock Split	441	--
Balance at End of Period	$ 882	$ 441
CAPITAL SURPLUS:		
Balance at Beginning of Year	$ 10,360	$ 10,459
Issuance of Common Stock for a Two-for-One Stock Split	(441)	--
Shares Issued and Commitments to Issue Common Stock for Employee Stock-Based Awards and Related Tax Effects	(181)	(131)
Balance at End of Period	$ 9,738	$ 10,328
RETAINED EARNINGS:		
Balance at Beginning of Year	$ 11,086	$ 8,610
Net Income	1,799	1,852
Cash Dividends Declared:		
Preferred Stock	(58)	(106)
Common Stock	(616)	(528)
Balance at End of Period	$ 12,211	$ 9,828
ACCUMULATED OTHER COMPREHENSIVE INCOME:		
Balance at Beginning of Year	$ 112	$ (271)
Other Comprehensive Income	1	134
Balance at End of Period	$ 113	$ (137)
COMMON STOCK IN TREASURY, AT COST:		
Balance at Beginning of Year	$ (1,997)	$ (895)
Purchase of Treasury Stock	(268)	(1,242)
Reissuance of Treasury Stock	763	490
Balance at End of Period	$ (1,502)	$ (1,647)
TOTAL STOCKHOLDERS' EQUITY	$ 22,610	$ 20,793
COMPREHENSIVE INCOME:		
Net Income	$ 1,799	$ 1,852
Other Comprehensive Income	1	134
Comprehensive Income	$ 1,800	$ 1,986

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)

	1998	1997
OPERATING ACTIVITIES		
Net Income	$ 1,799	$ 1,852
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Provision for Credit Losses	682	409
Restructuring Costs	529	101
Depreciation and Amortization	558	471
Net Change In:		
Trading-Related Assets	756	(7,702)
Accrued Interest Receivable	492	(425)
Other Assets	(2,854)	(232)
Trading-Related Liabilities	(6,202)	8,711
Accrued Interest Payable	16	118
Other Liabilities	1,568	463
Other, Net	(919)	(47)
Net Cash Provided (Used) by Operating Activities	(3,575)	3,719
INVESTING ACTIVITIES		
Net Change In:		
Deposits with Banks	(3,084)	4,302
Federal Funds Sold and Securities Purchased Under Resale Agreements	894	(12,546)
Loans Due to Sales and Securitizations	21,787	10,525
Other Loans, Net	(22,735)	(15,532)
Other, Net	(46)	(123)
Proceeds from the Maturity of Held-to-Maturity Securities	706	420
Purchases of Held-to-Maturity Securities	(54)	(69)
Proceeds from the Maturity of Available-for-Sale Securities	12,727	4,130
Proceeds from the Sale of Available-for-Sale Securities	78,887	37,704
Purchases of Available-for-Sale Securities	(94,334)	(36,782)
Net Cash (Used) by Investing Activities	(5,252)	(7,971)
FINANCING ACTIVITIES		
Net Change In:		
Noninterest-Bearing Domestic Demand Deposits	1,363	2,670
Domestic Time and Savings Deposits	3,842	379
Foreign Deposits	8,198	(226)
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	(5,548)	6,678
Other Borrowed Funds	1,048	(1,433)
Other, Net	(461)	(174)
Proceeds from the Issuance of Long-Term Debt and Capital Securities	2,257	2,271
Repayments of Long-Term Debt	(994)	(1,069)
Proceeds from the Issuance of Stock	782	359
Redemption of Preferred Stock	(772)	(670)
Treasury Stock Purchased	(268)	(1,660)
Cash Dividends Paid	(625)	(613)
Net Cash Provided by Financing Activities	8,822	6,512
Effect of Exchange Rate Changes on Cash and Due from Banks	(8)	14
Net Decrease in Cash and Due from Banks	(13)	2,274
Cash and Due from Banks at January 1,	15,704	14,605
Cash and Due from Banks at June 30,	$ 15,691	$ 16,879
Cash Interest Paid	$ 7,200	$ 6,307
Taxes Paid	$ 822	$ 916

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

See Glossary of Terms on page 38 for definition of terms used throughout the Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The unaudited financial statements of The Chase Manhattan Corporation and Subsidiaries ("Chase") are prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all necessary adjustments have been included for a fair presentation of this interim financial information. In addition, certain amounts have been reclassified to conform to the current presentation.

Effective January 1, 1998, Chase implemented SFAS 127, which had deferred the effective date of SFAS 125 relating to the accounting for securities lending, repurchase agreements and other secured financing transactions. Under SFAS 125, resale agreements and repurchase agreements are accounted for as secured lending and secured borrowing transactions, respectively, when certain criteria are met. The impact on Chase's earnings, liquidity and capital resources of adopting SFAS 127 is not material.

In March 1998, the AICPA issued SOP 98-1, which becomes effective for financial statements for calendar year 1999. Chase elected early adoption beginning in the first quarter of 1998. SOP 98-1 requires the capitalization of eligible costs of specified activities related to computer software developed or obtained for internal use. Chase capitalized $36 million of these costs during the first six months of 1998, of which $19 million was capitalized during the second quarter.

NOTE 2 - STOCK SPLIT

On May 19, 1998, the stockholders approved a two-for-one stock split of Chase common stock. The additional shares issued as a result of the split were distributed on June 12, 1998 to stockholders of record at the close of business on May 20, 1998. The split became effective as of the opening of business on June 15, 1998. A total of 440,767,205 shares of common stock were issued in connection with the split, including 14,176,530 shares held in treasury. As a result of the stock split, $441 million was reclassified from capital surplus to common stock and, as a result, the stock split did not cause any changes in the $1.00 par value per share for the common stock or in total stockholders' equity. All references to the number of common shares and per common share amounts have been restated to reflect the effects of the stock split.

NOTE 3 - EARNINGS PER SHARE

For a discussion of Chase's current earnings per share policy, see Note Ten of the 1997 Annual Report. For the calculation of basic and diluted EPS for the second quarter and six months ended June 30, 1998 and 1997, see Exhibit 11 on page 43.

NOTE 4 - COMPREHENSIVE INCOME

Effective with the first quarter 1998, Chase adopted SFAS 130, which defines and establishes the standards for reporting comprehensive income. Comprehensive income for Chase includes net income as well as the change in unrealized gains and losses on available-for-sale securities and foreign currency translation, each of which includes the impact of related derivatives. Chase has presented these items net of tax in the Statement of Changes in Stockholders' Equity.

Six Months Ended June 30,
(in millions)

	1998			1997		
	ACCUMULATED TRANSLATION ADJUSTMENT	NET UNREALIZED GAIN(LOSS) ON SECURITIES AVAILABLE-FOR-SALE	ACCUMULATED OTHER COMPREHENSIVE INCOME	Accumulated Translation Adjustment	Net Unrealized Gain(Loss) on Securities Available-for-Sale	Accumulated Other Comprehensive Income
Beginning Balance	$ 17	$ 95	$ 112	$ 17	$ (288)	$ (271)
Change During Period	--	1	1	1	133	134
Ending Balance	$ 17	$ 96 (a)	$ 113	$ 18	$(155) (a)	$ (137)

(a) Represents the after-tax difference between the fair value and amortized cost of both the available-for-sale securities portfolio and securities classified as loans, which are subject to the provisions of SFAS 115. See Note Five.

NOTE 5 - SECURITIES
For a discussion of the accounting policies relating to securities, see Note One of Chase's 1997 Annual Report.

The amortized cost and estimated fair value of Chase's securities, including the impact of related derivatives, are presented in the following table.

(in millions)	JUNE 30, 1998		December 31, 1997	
AVAILABLE-FOR-SALE SECURITIES	AMORTIZED COST	FAIR VALUE (a)	Amortized Cost	Fair Value (a)
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 27,209	$ 27,272	$ 27,849	$ 27,943
Collateralized Mortgage Obligations	2,189	2,195	2,013	2,018
Other, primarily U.S. Treasuries	15,229	15,223	11,492	11,461
Obligations of State and Political Subdivisions	223	223	274	276
Debt Securities Issued by Foreign Governments	6,130	6,093	6,153	6,138
Corporate Debt Securities	265	268	606	622
Equity Securities	817	946	876	1,015
Other Securities (b)	387	382	308	282
Total Available-for-Sale Securities (c)	$ 52,449	$ 52,602	$ 49,571	$ 49,755
HELD-TO-MATURITY SECURITIES				
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 1,067	$ 1,080	$ 1,256	$ 1,267
Collateralized Mortgage Obligations	1,201	1,201	1,660	1,661
Other, primarily U.S. Treasuries	55	55	52	52
Other Securities (b)	3	4	15	15
Total Held-to-Maturity Securities	$ 2,326	$ 2,340	$ 2,983	$ 2,995

(a) Gross unrealized gains and losses on available-for-sale securities were $320 million and $167 million, respectively, at June 30, 1998 and $386 million and $202 million, respectively, at December 31, 1997. Gross unrealized gains and losses on held-to-maturity securities were $16 million and $2 million, respectively, at June 30, 1998 and $16 million and $4 million, respectively, at December 31, 1997.
(b) Includes collateralized mortgage obligations of private issuers, which generally have underlying collateral consisting of obligations of U.S. Government and Federal agencies and corporations.
(c) Excludes securities classified as loans, which are subject to the provisions of SFAS 115. The amortized cost and fair value of these loans, including the impact of related derivatives, were $679 million and $675 million, respectively, at June 30, 1998. This compares with $1,005 million and $982 million, respectively, at December 31, 1997.

Net gains from available-for-sale securities sold in the second quarter of 1998 amounted to $98 million (gross gains of $144 million and gross losses of $46 million) and for the first six months of 1998 amounted to $181 million (gross gains of $278 million and gross losses of $97 million). Net gains on sales of these types of securities for the same periods in 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.

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

For a discussion of these business trusts, see page 58 of Chase's 1997 Annual Report.

The following is a summary of the outstanding capital securities, net of discount, issued by each trust and the junior subordinated deferrable interest debentures issued by Chase to each trust (which debentures are the sole assets of each trust) as of June 30, 1998:

Name of Trust	Amount of Capital Securities, Net of Discount Issued by Trust (in millions) (a)	Principal Amount of Chase Debentures Held by Trust (in millions) (b)	Stated Maturity of Capital Securities and Debentures	Interest Rate of Capital Securities and Debentures	Interest Payment/Distribution Dates
Chase Capital I	$ 600	$ 619	12/1/2026	7.67%	Semi-annual-commencing 6/1/97
Chase Capital II	494	516	2/1/2027	LIBOR + .50%	Quarterly-commencing 5/1/97
Chase Capital III	296	309	3/1/2027	LIBOR + .55%	Quarterly-commencing 6/1/97
Chase Capital IV	350	361	12/6/2027	7.34%	Quarterly-commencing 3/31/98
Chase Capital V	200	206	3/31/2028	7.03%	Quarterly-commencing 3/31/98
Total	$ 1,940	$ 2,011			

(a) Represents the amount of capital securities issued to the public by each trust. These amounts are reflected as liabilities of Chase.
(b) Represents the amount of Chase debentures held as assets by each trust. These amounts represent an intercompany transaction and are eliminated in Chase's consolidated financial statements.

NOTE 8 - RESTRUCTURING COSTS

During the 1998 first quarter, Chase incurred a one-time pre-tax charge of $510 million in connection with initiatives to streamline support functions and realign certain business activities. The majority of these costs relate to anticipated staff reductions of approximately 4,500 existing positions (approximately $338 million), costs in connection with planned dispositions of certain premises and equipment (approximately $144 million) and other expenses (approximately $28 million). As of June 30, 1998, the reserve balance was $471 million.

Residual merger-related expenses of $8 million and $71 million were incurred in the second quarters of 1998 and 1997, respectively, relating to the merger of The Chase Manhattan Corporation and Chemical Banking Corporation. Cumulative-to-date merger-related expenses have amounted to $375 million, in addition to the $1.65 billion restructuring charge taken at the March 31, 1996 merger date. No further residual merger-related expenses are expected to be taken by Chase. For a further discussion of Chase's merger-related restructuring costs, refer to Note Twelve and page 29 of Chase's 1997 Annual Report.

NOTE 9 - RISK-BASED CAPITAL
For a discussion of the calculation of risk-based capital ratios, see Note Seventeen of Chase's 1997 Annual Report.

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

JUNE 30, 1998	Chase (a)	The Chase Manhattan Bank	Chase Texas	Chase USA
($ in millions, except ratios)				
Tier 1 Capital Ratio (b)(d)	8.21%	7.35%	7.59%	7.55%
Total Capital Ratio(b)(d)	11.94%	10.90%	10.49%	11.27%
Tier 1 Leverage Ratio (c)(d)	6.30%	5.61%	6.27%	7.51%
Tier 1 Capital	$ 23,442	$ 17,031	$ 1,441	$ 2,291
Total Qualifying Capital	34,097	25,257	1,991	3,423
Risk-Weighted Assets	285,560	231,680	18,977	30,360
Adjusted Average Assets	372,354	303,710	22,980	30,494

(a) The assets and off-balance sheet financial instruments, and related capital, of Chase's securities subsidiary, Chase Securities Inc., are included in the calculation of these ratios.
(b) 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.
(c) Tier 1 Capital divided by adjusted average assets (net of allowance for credit losses, goodwill and certain intangible assets).
(d) The provisions of SFAS 115 do not apply to the calculation of these ratios.

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS
For a discussion of Chase's fair value methodologies, see Note Twenty-One of the 1997 Annual Report. The following table presents the financial assets and liabilities valued under SFAS 107.

	JUNE 30, 1998			December 31, 1997		
(in millions)	CARRYING VALUE	ESTIMATED FAIR VALUE	APPRECIATION/ (DEPRECIATION)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)
Total Financial Assets	$ 358,008	$ 360,966	$ 2,958	$ 357,077	$ 359,975	$ 2,898
Total Financial Liabilities	$ 343,004	$ 342,479	525	$ 342,501	$ 341,700	801
Estimated Fair Value in Excess of Carrying Value			$ 3,483			$ 3,699

Derivative contracts used for ALM activities had an unrecognized net loss of $134 million at June 30, 1998 and an unrecognized net loss of $489 million at December 31, 1997, both of which are included in the above amounts. Derivative contracts used by Chase to reduce its exposure to prepayment risks associated with its mortgage servicing rights that are not required to be fair valued under SFAS 107 are excluded from the above table. At June 30, 1998 and December 31, 1997, these derivative contracts had an unrecognized net gain of $127 million and $100 million, respectively. Also not included in the above table are gross unrecognized net losses from daily margin settlements on open future contracts of $3 million at December 31, 1997. At June 30, 1998, gross unrecognized net losses from daily margin settlements on open future contracts were insignificant.

NOTE 11 - DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

Chase utilizes various derivative and foreign exchange financial instruments for trading purposes and for purposes other than trading, such as asset/liability management ("ALM"). For a discussion of the various financial instruments used and the credit and market risks involved, see Note Eighteen of Chase's 1997 Annual Report.

The following table summarizes the aggregate notional amounts of derivative 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).

	NOTIONAL AMOUNTS		CREDIT EXPOSURE	
(in billions)	JUNE 30, 1998	December 31, 1997	JUNE 30, 1998	December 31, 1997
INTEREST RATE CONTRACTS				
Interest Rate Swaps				
Trading	$ 3,649.0	$ 3,206.0	$ 11.6	$ 14.0
ALM	103.4	98.2	0.3	0.6
Futures, Forwards and Forward Rate Agreements				
Trading	1,639.0	1,643.7	0.3	0.3
ALM	50.5	42.6	--	--
Purchased Options				
Trading	382.9	316.1	1.7	1.7
ALM	57.7	13.1	--	--
Written Options				
Trading	473.1	395.7	--	--
ALM	38.6	0.2	--	--
Total Interest Rate Contracts	$ 6,394.2	$ 5,715.6	$ 13.9	$ 16.6
FOREIGN EXCHANGE CONTRACTS				
Spot, Forward and Futures Contracts				
Trading	$ 1,527.5	$ 1,521.7	$ 9.7	$ 14.4
ALM	79.3	72.6	--	--
Other Foreign Exchange Contracts (a)				
Trading	375.1	358.7	6.4	5.8
ALM	6.6	5.2	--	--
Total Foreign Exchange Contracts	$ 1,988.5	$ 1,958.2	$ 16.1	$ 20.2
EQUITY, COMMODITY AND OTHER CONTRACTS				
Trading	$ 117.9	$ 64.4	$ 3.7	$ 1.6
Total Equity, Commodity and Other Contracts	$ 117.9	$ 64.4	$ 3.7	$ 1.6
Total Credit Exposure Recorded on the Balance Sheet			$ 33.7	$ 38.4

(a) Includes notional amounts of purchased options, written options and cross-currency interest rate swaps of $125.9 billion, $133.9 billion and $121.9 billion, respectively, at June 30, 1998, compared with $123.9 billion, $126.6 billion and $113.4 billion, respectively, at December 31, 1997.

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

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

(As of or for the period ended)	SECOND QUARTER 1998	Second Quarter 1997	% Inc/(Dec)	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997	% Inc/(Dec)
AS REPORTED BASIS:						
Total Revenues	$ 4,765	$ 4,153	15%	$ 9,400	$ 8,303	13%
Noninterest Expenses						
(excluding Restructuring Costs)	2,714	2,413	12	5,334	4,830	10
Restructuring Costs	8	71	(89)	529	101	424
Provision for Credit Losses	338	189	79	682	409	67
Net Income	$ 1,074	$ 925	16	$ 1,799	$ 1,852	(3)
Net Income Per Common Share:						
Basic	$ 1.24	$ 1.03	20	$ 2.06	$ 2.04	1
Diluted	1.20	1.00	20	2.00	1.99	1
Cash Dividends Declared	0.36	0.31	16	0.72	0.62	16
Book Value at Period End	25.14	22.22	13	25.14	22.22	13
Market Value at Period End	75.50	48.53	56	75.50	48.53	56
Performance Ratios:						
Return on Average Common Equity (a)	20.1%	19.2%		17.0%	19.2%	
Return on Average Total Assets (a)	1.15	1.06		0.97	1.09	
OPERATING BASIS: (b)						
Operating Revenues	$ 5,051	$ 4,420	14	$ 9,966	$ 8,740	14
Operating Noninterest Expenses	2,712	2,413	12	5,328	4,777	12
Credit Costs (c)	626	456	37	1,254	893	40
Operating Net Income	1,079	969	11	2,132	1,918	11
Cash Operating Earnings (d)	1,143	1,010	13	2,257	2,000	13
Shareholder Value Added (SVA)	441	369	20	868	712	22
Operating Net Income Per Common Share:						
Basic	$ 1.24	$ 1.08	15	$ 2.45	$ 2.12	16
Diluted	1.21	1.06	14	2.38	2.06	16
Performance Ratios:						
Return on Average Total Assets (a)	1.16%	1.11%		1.14%	1.12%	
Operating Return on Average Common Equity (a)	20.2	20.2		20.3	19.9	
Cash Return on Average Common Equity (a)	21.4	21.1		21.5	20.8	
Common Dividend Payout Ratio	29	29		30	29	
Efficiency Ratio	53	54		53	54	
Selected Balance Sheet Items: (e)						
Loans	$186,924	$173,948	7	$186,924	$173,948	7
Total Assets	385,214	366,024	5	385,214	366,024	5

(a) Based on annualized amounts.
(b) Excludes the impact of credit card securitizations, restructuring costs and special items. See Glossary of Terms on page 38.
(c) Includes provision for credit losses, foreclosed property expenses and charge-offs related to the securitized credit card portfolio.
(d) Cash Operating Earnings represent operating earnings excluding the amortization of goodwill and certain intangibles.
(e) Excludes the impact of credit card securitizations.

Certain forward-looking statements contained herein are subject to risks and uncertainties. Chase's actual results may differ materially from those set forth in such forward-looking statements. Reference is made to Chase's reports filed with the Securities and Exchange Commission, in particular the 1997 Annual Report, for a discussion of factors that may cause such differences to occur. See Glossary of Terms on page 38 for a definition of terms used throughout this Form 10-Q.

OVERVIEW

Operating net income for the 1998 second quarter increased 11% to $1.08 billion from the second quarter of 1997. Diluted operating earnings per share were $1.21 for the second quarter of 1998, a 14% increase when compared with $1.06 in the same 1997 period.

Operating net income for the 1998 first six months increased to $2.13 billion from $1.92 billion for the same 1997 period. Diluted operating earnings per share were $2.38 for the first six months of 1998, a 16% increase when compared with $2.06 in the same 1997 period. The results for the 1998 second quarter and first six months reflected strong performances in Global Banking, Global Services and National Consumer Services, all of which had double-digit increases in revenues and cash operating earnings, benefiting from their exceptional competitive positions and a corporate-wide focus on financial discipline.

For the second quarter of 1998, reported net income was $1.07 billion or $1.20 per share on a diluted basis, compared with $925 million or $1.00 per share on a diluted basis for the 1997 second quarter. For the first six months of 1998, reported net income was $1.80 billion or $2.00 per share on a diluted basis, compared with $1.85 billion or $1.99 per share on a diluted basis for the same 1997 period. The results for the 1998 first six months reflected a previously-announced, one-time charge of $510 million ($320 million after-tax) taken in connection with initiatives to streamline support functions and realign certain business functions. It is anticipated that annual savings from these actions will amount to approximately $460 million, which will be reinvested in Chase's high-growth businesses. For a reconciliation of operating earnings to reported net income, see page 19.

Second quarter 1998 financial highlights included:

- Total operating revenues increased 14%.
- Operating earnings rose 11%.
- Return on common stockholders' equity was 20.2%.
- Shareholder Value Added increased by 20% to $441 million.
- Asia's impact contained.

Total nonperforming assets at June 30, 1998 were $1.37 billion compared with $1.02 billion at December 31, 1997. Nonperforming assets related to Asia (including derivatives) increased to $286 million at June 30, 1998, while Asian commercial net charge-offs for the 1998 second quarter were $122 million. Total exposure to Indonesia, Korea and Thailand was reduced by 17% to $6.2 billion at June 30, 1998 from $7.5 billion at March 31, 1998. Total exposure to these countries has been reduced by 39% since December 31, 1997.

On May 19, 1998, the stockholders approved a two-for-one stock split of Chase common stock. The additional shares issued as a result of the split were distributed at the close of business on June 12, 1998 to stockholders of record at the close of business on May 20, 1998.

At June 30, 1998, Chase's Tier 1 Capital and Total Capital ratios were 8.2% and 11.9%, respectively, and at this date, Chase and each of its depository institutions was "well capitalized."

LINES OF BUSINESS RESULTS

As of January 1, 1998, Chase adopted Shareholder Value Added (SVA) as its primary measure of business unit performance. SVA represents operating earnings excluding the amortization of goodwill and certain intangibles (i.e., cash operating earnings) less an explicit charge for allocated capital. Additional refinements have been made to the methodology for the allocation of capital to the various lines of business during the 1998 second quarter. Prior periods have been restated to reflect these changes. For a further discussion of Chase's line of business franchises and its capital allocation method under SVA, reference is made to pages 21 and 24-25 of the 1997 Annual Report.

LINES OF BUSINESS RESULTS

Management measures Chase's financial performance and that of its business units based on operating earnings, which excludes the impact of credit card securitizations, restructuring costs and special items.

For Three Months Ended June 30, (in millions, except ratios)	Global Banking (a) 1998	Global Banking (a) 1997	National Consumer Services (a) 1998	National Consumer Services (a) 1997	Global Services (Within CTS) (a) 1998	Global Services (Within CTS) (a) 1997	Total (b) 1998	Total (b) 1997
Net Interest Income-Operating (c)	$ 736	$ 798	$ 1,347	$ 1,277	$ 269	$ 249	$ 2,223	$ 2,162
Noninterest Revenue-Operating (c)	1,795	1,406	656	513	373	316	2,828	2,258
Noninterest Expense	1,167	1,012	1,040	952	466	406	2,712	2,413
Operating Margin	1,364	1,192	963	838	176	159	2,339	2,007
Credit Costs	104	102	550	457	1	1	626	456
Operating Income Before Taxes	1,260	1,090	413	381	175	158	1,713	1,551
Income Taxes	486	392	159	149	64	61	634	582
Operating Earnings	$ 774	$ 698	$ 254	$ 232	$ 111	$ 97	$ 1,079	$ 969
Cash Operating Earnings (d)	$ 785	$ 707	$ 298	$ 254	$ 116	$ 100	$ 1,143	$ 1,010
Average Common Equity	$ 14,034	$ 13,158	$ 6,578	$ 5,094	$ 1,726	$ 1,679	$ 20,954	$ 18,227
Average Assets - Operating	$269,679	$261,557	$106,375	$ 92,846	$ 9,834	$ 8,257	$392,274	$362,974
Shareholder Value Added	$ 315	$ 247	$ 78	$ 77	$ 59	$ 42	$ 441	$ 369
Cash Return on Common Equity	22.0%	20.5%	17.7%	19.0%	26.6%	23.0%	21.4%	21.1%
Efficiency Ratio - Operating	46%	46%	52%	53%	73%	72%	53%	54%

For Six Months Ended June 30, (in millions, except ratios)	Global Banking (a) 1998	Global Banking (a) 1997	National Consumer Services (a) 1998	National Consumer Services (a) 1997	Global Services (Within CTS) (a) 1998	Global Services (Within CTS) (a) 1997	Total (b) 1998	Total (b) 1997
Net Interest Income-Operating (c)	$ 1,522	$ 1,630	$ 2,707	$ 2,552	$ 553	$ 491	$ 4,523	$ 4,372
Noninterest Revenue-Operating (c)	3,490	2,714	1,228	1,009	719	632	5,443	4,368
Noninterest Expense	2,327	2,026	2,015	1,891	911	813	5,328	4,777
Operating Margin	2,685	2,318	1,920	1,670	361	310	4,638	3,963
Credit Costs	199	213	1,093	883	2	1	1,254	893
Operating Income Before Taxes	2,486	2,105	827	787	359	309	3,384	3,070
Income Taxes	945	771	317	307	133	118	1,252	1,152
Operating Earnings	$ 1,541	$ 1,334	$ 510	$ 480	$ 226	$ 191	$ 2,132	$ 1,918
Cash Operating Earnings (d)	$ 1,562	$ 1,352	$ 593	$ 525	$ 235	$ 197	$ 2,257	$ 2,000
Average Common Equity	$ 14,020	$ 13,035	$ 6,522	$ 5,113	$ 1,731	$ 1,682	$ 20,652	$ 18,359
Average Assets - Operating	$272,581	$255,827	$105,654	$ 92,104	$ 9,491	$ 8,541	$393,560	$357,872
Shareholder Value Added	$ 622	$ 444	$ 156	$ 170	$ 119	$ 80	$ 868	$ 712
Cash Return on Common Equity	22.0%	19.9%	17.8%	19.7%	26.9%	22.6%	21.5%	20.8%
Efficiency Ratio - Operating	46%	47%	51%	53%	72%	72%	53%	54%

(a) Only the global banking portion of Chase Texas is reported in the total Global Banking line of business results. The consumer- and global services-related results for Chase Texas are reported as part of National Consumer Services ("NCS") and Chase Technology Solutions ("CTS") lines of business results, respectively.

(b) Total column includes the non-Global Services portion of CTS and Corporate results. See description of CTS and Corporate on page 18.

(c) Trading-related net interest income is reflected in Noninterest Revenue - Operating.

(d) Cash Operating Earnings represent operating earnings excluding the amortization of goodwill and certain intangibles.

Chase's financial performance goals over the next several years include an average return on common equity of 18% or higher, growth in operating revenues accelerating to 10% per year and double-digit growth in operating earnings per share.

GLOBAL BANKING

Global Banking operating revenues rose 15% in both the 1998 second quarter and for the first six months, with cash operating earnings rising 11% and 16%, respectively. SVA increased by 28% to $315 million in the 1998 second quarter and by 40% to $622 million for the first six months of 1998. These favorable results were driven by higher investment banking fees and revenue from equity-related investments.

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

GLOBAL BANKING:

	1998			1997		
THREE MONTHS ENDED JUNE 30, (in millions, except ratios)	OPERATING REVENUES	CASH OPERATING EARNINGS	EFFICIENCY RATIO	Operating Revenues	Cash Operating Earnings	Efficiency Ratio
Global Markets	$ 820	$ 246	50%	$ 866	$ 301	47%
Global Investment Banking	392	94	59	254	79	48
Corporate Lending	388	122	32	367	112	33
Chase Capital Partners	344	201	8	181	99	13
Global Asset Management and Private Banking	211	45	64	178	33	68
Middle Market	193	43	55	211	53	49
Chase Texas (consolidated)	399	112	55	335	86	60
SIX MONTHS ENDED JUNE 30, (in millions, except ratios)						
Global Markets	$1,792	$ 585	48%	$1,775	$ 628	45%
Global Investment Banking	738	203	53	391	85	63
Corporate Lending	753	236	32	768	251	31
Chase Capital Partners	614	350	10	317	170	15
Global Asset Management and Private Banking	412	80	67	354	66	69
Middle Market	388	86	54	416	106	48
Chase Texas (consolidated)	776	210	57	666	167	61

GLOBAL MARKETS

Global Markets' activities encompass the trading and sales of foreign exchange, derivatives, fixed-income securities and commodities. As a leader in capital markets, Chase operates 24 hours a day covering the major international cross-border financial markets, as well as many local markets, in both developed and emerging countries. Global Markets is a recognized world leader in such key activities as foreign exchange, interest rate swaps and emerging markets debt. Trading-related revenue for the second quarter of 1998 was $517 million, a decrease of 18% from 1997 second quarter's results, as strong growth in client-driven business and foreign exchange trading was offset by lower fixed-income results, primarily related to emerging markets. For the first six months of 1998, trading-related revenue was up slightly due to an attractive foreign exchange environment. The 1998 six-month results reflect higher incentive costs. Also included within Global Markets are Chase's domestic and international treasury units, which have the primary responsibility for Chase's asset/liability management activities ("ALM"). ALM activities in the treasury units are managed on a total-return basis with one of the primary objectives being the creation of economic value over time. Total return combines the reported revenues (net interest income and securities gains/losses) and the change in the net unrealized appreciation/depreciation of all financial instruments and underlying balance sheet items. In the second quarter and first six months of 1998, the total return (pre-tax before expenses) from ALM activities amounted to $167 million and $252 million, respectively. The 1997 second quarter and first six months amounts were $222 million and $423 million, respectively.

GLOBAL INVESTMENT BANKING

Global Investment Banking finances and advises corporations, financial institutions, financial sponsors and governments by providing integrated one-stop financial solutions and industry expertise to clients globally. Client industry groups include chemicals, financial institutions, healthcare, insurance, media and telecommunications, multinationals, natural resources, oil and gas, power and environmental, real estate, retail, transportation and broker/dealers. The product offerings encompass syndicated finance, high-yield securities, mergers and acquisitions advisory, project finance, real estate advisory and placement, restructuring and private placements. Chase continues to maintain its lead position in loan syndications and in leveraged finance. Cash operating earnings in the second quarter of 1998 rose 19% to $94 million, and for the first six months of 1998 increased by $118 million to $203 million, when compared with the same 1997 periods. The 1998 results reflect strong revenue growth in a favorable market for all major business lines, including high-yield bond underwriting, loan syndications and mergers and acquisitions advisory activity.

CORPORATE LENDING

Corporate Lending provides credit and lending services to clients globally. The product offerings encompass global corporate lending, credit analysis and agent bank services for all industry groups. An active portfolio management effort is an integral part of corporate lending activities. Cash operating earnings in the second quarter of 1998 rose $10 million when compared with the 1997 second quarter due to a 6% increase in revenue from higher loan volume. For the first six months of 1998, cash operating earnings decreased 6% due to the sale of an investment in the 1998 first quarter, which had contributed revenues during 1997.

CHASE CAPITAL PARTNERS

Chase Capital Partners ("CCP") is a global private equity organization with approximately $6.1 billion under management, including $4.6 billion in equity-related investments. CCP provides equity and mezzanine financing in the United States and abroad. During the first half of 1998, CCP's direct investments approximated $870 million in 62 venture capital, management buyout, recapitalization, growth equity and mezzanine transactions, compared with approximately $250 million in 30 direct investments during the same period in 1997. CCP cash operating earnings rose by $102 million for the 1998 second quarter and by $180 million for the 1998 first six months, reflecting CCP's accelerated pace of investment activities over the last several years, as well as favorable market conditions thus far in 1998.

GLOBAL ASSET MANAGEMENT AND PRIVATE BANKING The Global Asset Management and Private Banking Group serves a global client base of high net worth individuals and families, and institutional, mutual fund and self-directed investors. Services include investment management for institutional investors globally, Chase Vista Mutual Funds (at June 30, 1998, the third largest bank-managed mutual fund family in the U.S.) and a full range of integrated private banking capabilities, investment management and advisory services, trust and estate planning, global custody, global mutual funds, credit and banking, and philanthropic advisory services. Total assets under management amounted to $177 billion at June 30, 1998. Earnings for the first half of 1998 were driven by a 16% growth in revenue, benefiting from increased fee income, particularly related to investment management, advisory and trust services, and the accelerating growth of Chase's asset management and mutual fund businesses.

MIDDLE MARKET

Chase is the premier provider of financial services to middle-market companies (companies with sales ranging from $10 million to $500 million) regionally, with a national focus in selected industries. It is also the market leader in the New York metropolitan tri-state area where it has relationships with 53% of middle market companies and is lead bank for 25% of these companies. Cash operating earnings decreased in the second quarter and first six months of 1998 when compared with the 1997 results reflecting lower spreads, an increase in expenses and lower securities gains.

CHASE TEXAS

Chase Texas is the primary bank for more large corporations and middle market companies than any other bank in Texas. Chase Texas also maintains a strong consumer banking presence through its 123 locations. Additionally, Chase Texas is the largest bank for personal and corporate trust services in the Southwest. Operating revenues increased 19% for the 1998 second quarter and 17% for the first six months of 1998 when compared with the same periods in 1997, reflecting increased overall business volume, record corporate finance fees in the second quarter, higher loan and deposit volumes, and securities gains.

NATIONAL CONSUMER SERVICES (NCS)

For the 1998 second quarter and first six months, NCS's cash operating earnings increased $44 million and $68 million, respectively, over the same 1997 periods. The six month increase in cash operating earnings is attributable to an 11% increase in revenue due primarily to the acquisition of The Bank of New York's ("BONY") credit card portfolio in November 1997. NCS's expenses increased in the first six months of 1998, primarily as a result of higher credit costs for credit cards and auto loans. SVA for the 1998 second quarter was consistent with the 1997 second quarter. SVA was down $14 million for the 1998 first six months from the 1997 comparable period. The decline in SVA was due to increased capital allocation to NCS as a result of recent acquisitions.

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

NATIONAL CONSUMER SERVICES:

THREE MONTHS ENDED JUNE 30, (in millions, except ratios)	1998			1997		
	OPERATING REVENUES	CASH OPERATING EARNINGS	EFFICIENCY RATIO	Operating Revenues	Cash Operating Earnings	Efficiency Ratio
Cardmember Services	$ 976	$ 123	37%	$ 788	$ 70	40%
Regional Consumer Banking	576	89	72	573	93	71
Chase Home Finance	247	61	55	246	66	50
Diversified Consumer Services (a)	192	23	59	170	22	56
SIX MONTHS ENDED JUNE 30, (in millions, except ratios)						
Cardmember Services	$1,907	$ 244	36%	$1,587	$ 157	40%
Regional Consumer Banking	1,136	171	72	1,123	182	71
Chase Home Finance	489	125	54	486	124	52
Diversified Consumer Services (a)	378	48	58	337	50	55

(a) Insurance products, which are managed within Diversified Consumer Services, but included for reporting purposes in Cardmember Services, Regional Consumer Banking, and Chase Home Finance, generated revenues of $29 million and $26 million in the second quarter of 1998 and 1997, respectively, and $58 million and $51 million for the first six months of 1998 and 1997, respectively.

CARDMEMBER SERVICES

Chase Cardmember Services ("CCS") ranks as the fourth largest bank card issuer in the United States. CCS also reflects the results of Chase's international consumer business, which includes The Manhattan Card Company Limited, the third-largest credit card issuer in Hong Kong (which became wholly owned in 1998), and includes consumer banking activities in Hong Kong, Panama and the Eastern Caribbean. At June 30, 1998, CCS has a $32 billion managed worldwide credit card portfolio. CCS's cash operating earnings for the second quarter of 1998 were $123 million, a $53 million or 76% increase, over 1997. Earnings for the first six months of 1998 rose 55% to $244 million. Revenues increased 24% for the second quarter (20% for the first half of 1998) as Chase's domestic portfolio continued to benefit from acquisitions and increased co-branding activities. These positive results were partially offset by increased charge-offs and the effect of the economic environment in Asia on Chase's international consumer businesses.

REGIONAL CONSUMER BANKING

At June 30, 1998, Regional Consumer Banking has a leading share of primary bank relationships among consumers and small businesses in the New York metropolitan tri-state area. It is also a leading retail institution in key Texas markets. Regional Consumer Banking offers customers convenient access to financial services through the largest branch and proprietary ATM networks in the NY metropolitan region plus state-of-the-art telephone, PC and Internet services. Cash operating earnings for the second quarter and first half of 1998 were lower when compared with 1997, reflecting higher expenses related to systems integration and enhancements, particularly within Chase Texas' retail businesses.

CHASE HOME FINANCE

At June 30, 1998, Chase Home Finance is the third-largest originator and servicer of residential mortgage loans in the U.S., serving more than 2 million customers nationwide. It is also a leading provider of home-equity secured lending and manufactured housing financing. At June 30, 1998, Chase's residential first mortgage servicing portfolio totaled $178 billion. During the first six months of 1998, $34 billion in residential first mortgage loans were originated which was a 110% increase over the same period last year. Chase Home Finance's operating revenues improved in 1998 reflecting strong mortgage banking activity offset by the impact of lower interest rates and prepayments on Chase's mortgage and home equity portfolios. Cash operating earnings declined $5 million in the 1998 second quarter to $61 million, and were flat for the first six months of 1998 when compared with comparable periods in 1997. Included in the 1997 results are revenues from certain divested businesses (recreational vehicles and marine). Cash operating earnings would have risen 4% excluding the impact from the discontinued product lines.

DIVERSIFIED CONSUMER SERVICES

Diversified Consumer Services ("DCS") is a leading provider of automobile financing, student lending, and unsecured consumer lending. At June 30, 1998, Chase Auto Finance had $13 billion in retained outstandings with $6 billion in new originations for the first half of 1998. In addition to its financing activities, DCS offers brokerage services, insurance and investment products nationwide. DCS's operating revenues increased 13% in the 1998 second quarter and 12% for the first six months from comparable 1997 periods as a result of strong growth in Chase's auto finance and investment businesses. However, cash operating earnings for both 1998 periods remained relatively flat with 1997, as a result of higher expenses and an increase in the credit provision associated with loan volume growth.

CHASE TECHNOLOGY SOLUTIONS

Chase Technology Solutions ("CTS") combines Chase's global services businesses, information technology and operations, and electronic commerce initiatives into a single group. Global Services is a leading provider of information and transaction services globally and includes custody, cash management, trust and other fiduciary services. As the world's largest provider of global custody and a leader in trust and agency services, Global Services was custodian for over $4 trillion in assets and serviced over $3 trillion in outstanding debt at June 30, 1998. 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. Cash operating earnings for Global Services in the second quarter of 1998 were $116 million, an increase of $16 million or 16% from second quarter 1997. For the first six months of 1998, cash operating earnings increased $38 million or 19% from the same 1997 period. SVA for Global Services in the 1998 second quarter and first six months increased 40% and 49%, respectively, when compared with the same 1997 periods. These improvements resulted from revenue growth across all three businesses within Global Services (Chase Treasury Solutions, global investor services and global trust), reflecting increased balances, new business initiatives, market appreciation, as well as higher fees resulting from an acquisition in the fourth quarter of 1997. Earnings also benefited from continued productivity gains, tempered by technology investments related to preparations for Year 2000 and European Monetary Union ("EMU").

CORPORATE

Corporate includes the effects remaining at the Corporate level after the implementation of management accounting policies, including residual credit provision and tax expense. Corporate also includes unallocated special items. For the second quarter of 1998, Corporate had a cash operating loss (including the nonglobal services portion of CTS) of $56 million compared with a cash operating loss of $51 million in 1997. For the first six months of 1998, Corporate had a cash operating loss of $133 million compared with a cash operating loss of $74 million in 1997.

RECONCILIATION OF REPORTED RESULTS TO OPERATING RESULTS

The following supplemental information provides a reconciliation between Chase's reported results and Chase's results on an operating basis.

	SECOND QUARTER 1998				Second Quarter 1997			
(in millions, except per share data) Revenue:	REPORTED RESULTS (a)	CREDIT CARD SECURITIZATIONS (b)	SPECIAL ITEMS (c)	OPERATING BASIS	Reported Results (a)	Credit Card Securitizations (b)	Special Items (d)	Operating Basis
Non-market-Sensitive	$ 3,342	$ 286	$ --	$ 3,628	$ 3,017	$ 267	$ --	$ 3,284
Market-Sensitive	1,423	--	--	1,423	1,136	--	--	1,136
Total Revenue	4,765	286	--	5,051	4,153	267	--	4,420
Noninterest Expense	2,712	--	--	2,712	2,413	--	--	2,413
Operating Margin	2,053	286	--	2,339	1,740	267	--	2,007
Credit Costs	340	286	--	626	189	267	--	456
Income Before Restructuring Costs	1,713	--	--	1,713	1,551	--	--	1,551
Restructuring Costs	8	--	(8)	--	71	--	(71)	--
Income Before Taxes	1,705	--	8	1,713	1,480	--	71	1,551
Tax Expense	631	--	3	634	555	--	27	582
Net Income	$ 1,074	$ --	$ 5	$ 1,079	$ 925	$ --	$ 44	$ 969
NET INCOME PER COMMON SHARE								
Basic	$ 1.24			$ 1.24	$ 1.03			$ 1.08
Diluted	$ 1.20			$ 1.21	$ 1.00			$ 1.06

	SIX MONTHS 1998				Six Months 1997			
Revenue:								
Non-market-Sensitive	$ 6,548	$ 566	$ --	$ 7,114	$ 6,164	$ 481	$ (44)	$ 6,601
Market-Sensitive	2,852	--	--	2,852	2,139	--	--	2,139
Total Revenue	9,400	566	--	9,966	8,303	481	(44)	8,740
Noninterest Expense	5,328	--	--	5,328	4,827	--	(50)	4,777
Operating Margin	4,072	566	--	4,638	3,476	481	6	3,963
Credit Costs	688	566	--	1,254	412	481	--	893
Income Before Restructuring Costs	3,384	--	--	3,384	3,064	--	6	3,070
Restructuring Costs	529	--	(529)	--	101	--	(101)	--
Income Before Taxes	2,855	--	529	3,384	2,963	--	107	3,070
Tax Expense	1,056	--	196	1,252	1,111	--	41	1,152
Net Income	$ 1,799	$ --	$ 333	$ 2,132	$ 1,852	$ --	$ 66	$ 1,918
NET INCOME PER COMMON SHARE								
Basic	$ 2.06			$ 2.45	$ 2.04			$ 2.12
Diluted	$ 2.00			$ 2.38	$ 1.99			$ 2.06

(a) Represents results as reported in Chase's financial statements, except restructuring costs have been separately displayed and foreclosed property expense is included in credit costs.

(b) Represents the impact of credit card securitizations. For the second quarter, the line items on the income statement impacted are net interest income ($371 million in 1998 and $296 million in 1997), provision for credit losses ($286 million in 1998 and $267 million in 1997), credit card revenue ($87 million in 1998 and $26 million in 1997) and other revenue (($2) million in 1998 and $3 million in 1997). For the first six months, the line items on the income statement impacted are net interest income ($719 million in 1998 and $594 million in 1997), provision for credit losses ($566 million in 1998 and $481 million in 1997), credit card revenue ($153 million in 1998 and $94 million in 1997) and other revenue (no impact in 1998 and $19 million in 1997).

(c) Includes restructuring costs and special items.Restructuring costs for the first six months of 1998 reflect the $510 million pre-tax charge ($320 million after-tax) taken in connection with initiatives to streamline support functions, and residual costs of $19 million pre-tax ($13 million after-tax) related to the merger restructuring charge.

(d) Includes restructuring costs and special items. Special items for the first six months of 1997 reflect a $44 million pre-tax gain from the sale of a partially-owned foreign investment, a $50 million pre-tax charge for the accelerated vesting of stock-based incentive awards, and merger-related restructuring costs.

To facilitate analysis of Chase's financial results, management categorizes the revenue components of the operating income statement as either market-sensitive or non-market-sensitive revenues. Chase's market-sensitive revenues include trading revenues (including trading-related net interest income), investment banking fees, securities gains and revenue from equity-related investments. Non-market-sensitive revenues, which are subject to less market volatility, include all the remaining revenue components on the income statement.

Market-sensitive revenues are affected by many factors, including Chase's credit standing and its success in proprietary positioning, as well as general economic conditions (both domestic and international), the fiscal policies of central banks and governments which affect the financial markets (including domestic and foreign interest rates), the volatility of interest rates, equity and debt markets and currencies (including volatility associated with the introduction of the euro), and other political, social and diplomatic developments. Accordingly, Chase expects its market-sensitive revenue will fluctuate as these factors vary from period to period.

Although Chase's market-sensitive revenues will experience volatility from time to time, over the past ten years Chase's market- sensitive revenues have increased at a compound annual growth rate ("CAGR") of 14%. Growth in market-sensitive revenues for both the 1998 second quarter and first half exceeded the trend line, benefiting from the good market environment and actions taken by Chase in offering a new array of products to customers.

Non-market-sensitive revenues increased by 10% in the 1998 second quarter and 8% for the 1998 first six months, when compared with the same 1997 periods. The increases were the result of higher trust, custody and investment management fees and credit card revenue.

REPORTED RESULTS OF OPERATIONS

The section below discusses Chase's reported results of operations. Reported results include the impact of credit card securitizations, restructuring costs and special items.

NET INTEREST INCOME

	Second Quarter			Six Months		
	1998	1997	Change	1998	1997	Change
NET INTEREST INCOME (in millions)						
Excluding Impact of Securitizations	$ 2,407	$ 2,302	5%	$ 4,919	$ 4,668	5%
Impact of Securitizations	(371)	(296)		(719)	(594)	
Reported	$ 2,036	$ 2,006	1%	$ 4,200	$ 4,074	3%
AVERAGE INTEREST-EARNING ASSETS (in billions)						
Excluding Impact of Securitizations	$ 317.5	$ 298.2	6%	$ 318.1	$ 290.5	10%
Impact of Securitizations	(18.2)	(14.1)		(17.7)	(13.7)	
Reported	$ 299.3	$ 284.1	5%	$ 300.4	$ 276.8	9%
NET YIELD ON INTEREST-EARNING ASSETS ON A TAXABLE EQUIVALENT BASIS						
Excluding Impact of Securitizations	3.05%	3.10%	(5)bp	3.13%	3.25%	(12)bp
Impact of Securitizations	(.31)	(.26)	(5)bp	(.30)	(.27)	(3)bp
Reported	2.74%	2.84%	(10) bp	2.83%	2.98%	(15)bp

bp - Denotes basis points

Reported net interest income for the 1998 second quarter was $2,036 million, an increase of $30 million from the 1997 second quarter. For the first six months, reported net interest income was $4,200 million in 1998, an increase of $126 million from 1997. Both 1998 periods reflect a higher level of average interest-earning assets, primarily loans (both consumer and commercial) and securities. Net yield on interest-earning assets declined 10 basis points during the 1998 second quarter and 15 basis points during the first six months of 1998 from comparable 1997 periods, primarily due to generally narrower spreads on commercial and consumer loans and a higher level of lower-yielding earning assets.

AVERAGE INTEREST-EARNING ASSETS
(in billions)

	Second Quarter			
	1998		1997	
Loans	$ 167.8	56%	$ 156.4	55%
Securities	57.0	19	44.4	16
Liquid Assets	74.5	25	83.3	29
Reported Average Interest-Earning Assets	$ 299.3	100%	$ 284.1	100%

	Six Months			
	1998		1997	
Loans	$ 169.1	56%	$ 154.8	56%
Securities	56.3	19	44.0	16
Liquid Assets	75.0	25	78.0	28
Reported Average Interest-Earning Assets	$ 300.4	100%	$ 276.8	100%

Average interest-earning assets retained on the balance sheet increased by 5% in the second quarter of 1998 and 9% in the first six months of 1998 when compared with the same 1997 periods, principally as a result of the increase in loan volume and securities. Average loans retained increased $11.4 billion in the 1998 second quarter and $14.3 billion in the first six months of 1998, when compared with the same periods in 1997. The increase in average loans retained was divided between the consumer and commercial portfolios, while the increase in securities was principally in the domestic available-for-sale portfolio. The growth in interest-earning assets in both 1998 periods was funded by higher deposit levels and, in the first six months of 1998, by higher levels of Federal funds purchased and securities sold under repurchase agreements, which provided short-term funding for trading-related positions.

PROVISION FOR CREDIT LOSSES
Chase's provision for credit losses, which equaled net charge-offs, amounted to $338 million in the 1998 second quarter and $682 million for the first six months of 1998, compared with $189 million and $409 million, respectively, for the prior-year periods. For a discussion of Chase's net charge-offs, see the Credit Risk Management Section on pages 26-29.

Management expects that the provision for credit losses for full-year 1998 will be higher than the full-year 1997 provision as a result of a higher volume of credit card outstandings as well as increased charge-offs from the Asian commercial portfolio.

NONINTEREST REVENUE
The 1998 second quarter and the 1998 first six months continued Chase's strong revenue trend with quarterly record results in several areas (notably investment banking and equity-related revenues as well as trust fees and credit card revenue).

NONINTEREST REVENUE	Second Quarter		Six Months	
(in millions)	1998	1997	1998	1997
Investment Banking Fees	$ 438	$ 283	$ 799	$ 459
Trust, Custody and Investment Management Fees	383	321	731	631
Credit Card Revenue	365	224	665	485
Fees for Other Financial Services	509	487	1,019	961
Total Fees and Commissions	1,695	1,315	3,214	2,536
Trading Revenue	333	491	813	896
Securities Gains	98	30	181	131
Revenue from Equity-Related Investments	370	192	663	356
Other Revenue	233	119	329	310
Total	$2,729	$2,147	$5,200	$4,229

Investment banking fees of $438 million (a record high) in the 1998 second quarter and $799 million for the 1998 first six months were higher by 55% and 74%, respectively, than the same 1997 periods. These results reflect strong revenue growth in a favorable market for all major business lines, including high-yield and investment-grade bond underwriting, loan syndications, and mergers and acquisitions advisory activity.

TRUST, CUSTODY AND INVESTMENT MANAGEMENT FEES	Second Quarter		Six Months	
(in millions)	1998	1997	1998	1997
Institutional (a)	$ 204	$ 170	$ 386	$ 330
Personal (a)	121	102	235	203
Mutual Fund Fees (a)	33	24	64	47
Other Trust Fees	25	25	46	51
Total Trust, Custody and Investment Management Fees	$ 383	$ 321	$ 731	$ 631

(a) For the definitions of the above captions, see page 26 of Chase's 1997 Annual Report.

Trust, custody and investment management fees continued the record setting pace of 1997 and first quarter 1998 by rising 19% to a new record of $383 million in the 1998 second quarter, and increasing 16% to $731 million in the first six months. These favorable results were largely attributable to growth in assets under custody, expanded securities lending activity, and a higher level of assets under management (including at Chase Vista mutual funds).

Credit card revenue rose $141 million, or 63%, in the 1998 second quarter and $180 million, or 37%, in the 1998 first half as a result of continued growth in managed credit card receivables, including the acquisition of BONY's credit card portfolio in late 1997, and increased co-branded activities. The increases in revenue were partially offset by a rise in net charge-offs on the securitized portfolio, which reduced the excess servicing fees Chase received from the securitizations. Average managed worldwide credit card receivables grew to $31.9 billion in the second quarter of 1998, compared with $26.1 billion for the prior year's second quarter. For a further discussion of the credit card portfolio, see page 27 of this Form 10-Q.

FEES FOR OTHER FINANCIAL SERVICES	Second Quarter		Six Months	
(in millions)	1998	1997	1998	1997
Service Charges on Deposit Accounts	$ 92	$ 95	$ 183	$ 186
Fees in Lieu of Compensating Balances	91	74	171	155
Commissions on Letters of Credit and Acceptances	72	74	146	146
Mortgage Servicing Fees	49	62	106	118
Loan Commitment Fees	32	29	70	56
Other Fees	173	153	343	300
Total	$ 509	$ 487	$ 1,019	$ 961

The rise in fees in lieu of compensating balances reflects, in part, higher fees for services paid by customers, rather than customers maintaining a higher level of compensating balances in the current lower interest-rate environment. Mortgage servicing fees declined in both the 1998 second quarter and first six months largely due to the impact of prepayments as a result of a lower interest-rate environment; however, lower interest rates benefited mortgage originations and sales revenues, which are reported in other revenues, as discussed on page 23 of this Form 10-Q. The higher level of loan commitment fees for both 1998 periods was largely a reflection of increased activity in Chase's acquisition financing business. Higher fees related to insurance products, investment services and loans securitized contributed to the increase in other fees.

TRADING REVENUE	Second Quarter		Six Months	
(in millions)	1998	1997	1998	1997
Trading Revenue	$ 333	$ 491	$ 813	$ 896
Net Interest Income Impact (a)	184	140	396	297
Total Trading-Related Revenue	$ 517	$ 631	$ 1,209	$ 1,193
Product Diversification:				
Interest Rate Contracts (b)	$ 95	$ 217	$ 236	$ 382
Foreign Exchange Contracts (b)	270	171	556	336
Debt Instruments and Other (b)	152	243	417	475
Total Trading-Related Revenue	$ 517	$ 631	$ 1,209	$ 1,193

(a) For a definition of trading-related net interest income, see Note Two of Chase's 1997 Annual Report.

(b) For the classes of financial instruments included, see Note Two of Chase's 1997 Annual Report.

Total trading revenues were $517 million for the 1998 second quarter, a decline from the second quarter of 1997, as strong growth in client-driven business and foreign exchange trading was offset by lower fixed income results, primarily related to emerging markets. Total trading revenues for the 1998 first six months were up slightly from the same 1997 period, due to strong 1998 first quarter results, primarily reflecting a favorable foreign exchange environment.

Interest rate contract revenues declined for both periods, mainly due to weaker results in the U.S., especially in several structured products. The rise in foreign exchange revenue reflected strong earnings across a broad spectrum of currencies, with particular emphasis on Asian markets where volatility continued to remain high. The decline in debt instruments and other revenue was attributable to weak markets in Eastern European and Latin American debt instruments partially offset by strong performances from various non-interest rate derivative product lines.

Securities gains of $98 million in the 1998 second quarter (more than triple the 1997 second quarter's results) and $181 million in the 1998 first half (an increase of 38% from the same 1997 period) were realized in connection with Chase's asset/liability management activities. The higher gains in the 1998 periods were largely from sales of U.S. Government and agency securities in the available-for-sale portfolio.

Revenue from equity-related investments includes income from a wide variety of investments both in the United States and abroad. The 1998 second quarter results of $370 million were again a record for Chase and were significantly higher than the prior year's quarter (increasing 93%) and the quarterly average of approximately $206 million for the previous eight quarters. First half 1998 results increased 86% to $663 million. The higher revenues in both periods reflect the continued benefit of Chase's accelerated pace of investment activities over the last several years as well as the favorable market conditions during 1998. At June 30, 1998, the carrying value of Chase's equity-related investments approximated $4.6 billion.

OTHER NONINTEREST REVENUE	Second Quarter		Six Months	
(in millions)	1998	1997	1998	1997
Residential Mortgage Origination/Sales Activities	$ 84	$ 30	$ 136	$ 61
Gain on Sale of a Partially-Owned Foreign Investment	--	--	--	44
All Other Revenue	149	89	193	205
Total Other Noninterest Revenue	$ 233	$ 119	$ 329	$ 310

Other revenue, which includes gains and losses from the sale of nonstrategic assets and from securitizations, amounted to $233 million for the second quarter of 1998, a rise of $114 million from the prior year's second quarter, and was $329 million for the first half of 1998. The 1998 second quarter and first six months results included higher revenue from residential mortgage originations and portfolio sales activities, a reflection of a favorable interest-rate environment. Also contributing to the improvement in other revenue in both 1998 periods were gains on a variety of nonstrategic assets and the reclassification of income (from net interest income to other revenue) from a loan and securities portfolio that was transferred into a trust, the shares of which are being sold to private banking and institutional investors. The 1997 first half results included a $44 million gain on the sale of a partially-owned foreign investment. The 1997 second quarter and first half also included $18 million and $32 million, respectively, of equity income from Chase's investment in CIT Group Holdings, Inc. (Chase's remaining 20% interest in CIT was sold in the fourth quarter of 1997).

NONINTEREST EXPENSE

Noninterest expense, excluding restructuring costs, was $2,714 million in the 1998 second quarter, an increase of 12% from the prior year's quarter, and was $5,334 million for the first half of 1998, an increase of 10% from the same 1997 period. Increased revenues across a spectrum of Global Banking businesses contributed to an increase in incentive costs. The balance of the increase for both 1998 periods reflects operating costs related to portfolio acquisitions, investment spending on new product offerings and Year 2000, EMU integration and other technology spending. Noninterest expense including restructuring costs was $2,722 million in the 1998 second quarter and $5,863 million for the first six months of 1998, an increase of 10% and 19%, respectively, from the 1997 second quarter and first six months, respectively.

NONINTEREST EXPENSE	Second Quarter		Six Months	
(in millions, except ratios)	1998	1997	1998	1997
Salaries	$ 1,270	$ 1,110	$ 2,524	$ 2,234
Employee Benefits	215	219	439	441
Occupancy Expense	191	193	380	380
Equipment Expense	212	193	421	383
Other Expense	826	698	1,570	1,392
Total Before Restructuring Costs	2,714	2,413	5,334	4,830
Restructuring Costs	8	71	529	101
Total	$ 2,722	$ 2,484	$ 5,863	$ 4,931
Efficiency Ratio (a)	57%	58%	56%	58%
Efficiency Ratio - Operating (a) (b)	53%	54%	53%	54%

(a) Excludes the REIT.
(b) Excludes the impact of credit card securitizations.

The increase in salaries for the 1998 second quarter and first six months was primarily due to higher incentive costs as a result of higher earnings across a number of businesses and competitive market pressures across many segments of Global Banking. Included in the 1997 six month period was a charge of $50 million reflecting the accelerated vesting of stock-based incentive awards.

FULL-TIME EQUIVALENT EMPLOYEES	JUNE 30, 1998	June 30, 1997
Domestic Offices	60,074	57,984
Foreign Offices	10,619	10,148
Total Full-Time Equivalent Employees	70,693	68,132

The increased staff levels during the 1998 second quarter were primarily in NCS, reflecting increased staffing demands as a result of portfolio acquisitions and volume growth.

The higher level of equipment expense during the 1998 second quarter and first six months was primarily the result of increased software expense related to Year 2000 and EMU efforts as well as the integration of processing systems throughout Chase and technology expenditures necessary to support targeted growth businesses.

OTHER EXPENSE	Second Quarter		Six Months	
(in millions)	1998	1997	1998	1997
Professional Services	$ 161	$ 136	$ 303	$ 269
Marketing Expense	108	107	198	210
Telecommunications	91	73	168	148
Travel and Entertainment	67	61	119	112
Amortization of Intangibles	64	41	125	82
Minority Interest	12	20	24	39
Foreclosed Property Expense	2	--	6	3
All Other	321	260	627	529
Total	$ 826	$ 698	$ 1,570	$ 1,392

Other expense for the 1998 second quarter and first six months increased $128 million and $178 million, respectively, when compared with the second quarter and first six months of 1997. Professional services costs for both 1998 periods reflected higher levels of contract computer professionals associated with planned Year 2000 and the EMU efforts. The $18 million rise in telecommunications costs in the 1998 second quarter and $20 million increase for the first half of 1998, primarily reflects the growth in business volume at all of Chase's major business franchises, covering both installation and usage. Travel and entertainment expense increased 10% in the 1998 second quarter and 6% for the first six months of 1998 due, in part, to increased staff levels. The purchase of the BONY credit card portfolio in late 1997 contributed to the increase in amortization of intangibles expense, while the increased servicing costs for the portfolio contributed to the increase in all other expense. These increases were partially offset by a decline in minority interest expense due to the acquisition of minority interest in a foreign investment in the 1998 first quarter.

For a discussion of Chase's restructuring costs, see Note Eight on page 9 of this Form 10-Q.

Year 2000 and EMU: For a discussion of Chase's Year 2000 and the EMU efforts, see pages 28-29 of Chase's 1997 Annual Report. The information below updates Chase's Year 2000 and EMU disclosures:

Chase continues to work actively on its Year 2000 computer readiness. During the first half of 1998, Chase made substantial progress in remediating and testing its internal systems, as well as in working with external parties (vendors, outside service providers, infrastructure suppliers (e.g., telecom providers), customers, industry groups, clearing houses and regulatory agencies) to determine their Year 2000 readiness.

Chase tracks its Year 2000 progress against a set of detailed milestones. During the second quarter of 1998, Chase reached a major project milestone: Year 2000 compliance of its technical infrastructure (e.g., data center equipment, LAN servers) and systems software. This internal milestone was met with 97% of Chase's identified technical components being made Year 2000 compliant. In addition, by June 30, 1998, over half of Chase's software applications had been remediated for the Year 2000. The balance of this remediation work remains on schedule for completion.

Third party vendor-supplied software packages are being closely tracked, with approximately 70% of the total number of packages identified as needing upgrade having been delivered to-date. Year 2000 internal and external test schedules have been established, and a significant portion of testing is in progress. External testing has begun for securities clearance and electronic payments, and schedules are being coordinated with financial markets infrastructure organizations, such as the New York Clearing House, Depository Trust Company, Federal Reserve, and Securities Industry Association. Testing with third parties is critical since a failure of a major external interface could have a material adverse effect on the operations of Chase.

During the remainder of 1998, Chase will be completing the major internal systems work. Efforts will continue to evolve from a focus on remediation and testing to identifying and assessing areas of additional business risk (including any business risks that could occur upon the failure of an external party) and adjusting or creating contingency plans as appropriate.

As a worldwide provider of foreign exchange, custody, cash management, and funds transfer services, and because Chase has an extensive international branch and subsidiary network, Chase has also been actively preparing for the introduction of the "euro", currently scheduled to occur on January 1, 1999. A dedicated EMU project team has been in place since November 1996 so that Chase products, technology, business operations and customer service functions worldwide will be appropriately modified and "euro-capable" by January 1, 1999. Risk assessment reviews are made regularly to track progress against a detailed timeline. Remediation of all critical operating systems is intended to be completed by August 31, 1998 with the testing of all systems, involving Chase locations worldwide that will be impacted by the euro conversion, scheduled over the remaining four months of the year. As part of its preparations, Chase has been working closely with its customers, counterparties and regulatory agencies in order to mitigate the payment and settlement risks resulting from the euro's introduction. Chase has also been actively developing contingency plans to deal with any liquidity issues that may result from misrouted funds because of these changes in payment or settlement procedures.

INCOME TAXES

Chase recognized income tax expense of $631 million in the second quarter of 1998 compared with $555 million in the second quarter of 1997. The effective tax rate for each period was 37.0% and 37.5%, respectively. For the first six months, Chase recorded income tax expense of $1.06 billion in 1998, compared with $1.11 billion in 1997, at an effective tax rate of 37.0% and 37.5%, respectively.

CREDIT RISK MANAGEMENT

The following discussion of Chase's credit risk management focuses primarily on developments since December 31, 1997 and should be read in conjunction with pages 29-37 and 52 of Chase's 1997 Annual Report.

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

	CREDIT-RELATED ASSETS		NONPERFORMING ASSETS		PAST DUE 90 DAYS OR MORE & STILL ACCRUING	
(in millions)	JUNE 30, 1998	Dec 31, 1997	JUNE 30, 1998	Dec 31, 1997	JUNE 30, 1998	Dec 31, 1997
Consumer:						
Domestic Consumer:						
1-4 Family Residential Mortgages	$ 41,218	$ 38,680	$ 374	$ 340	$ 2	$ 2
Credit Card	13,034	15,631	--	--	267	256
Auto Financings	13,080	13,243	42	31	13	20
Other Consumer	8,355	8,543	8	7	115	142
Total Domestic Consumer	75,687	76,097	424	378	397	420
Foreign Consumer	3,882	3,976	20	21	9	7
TOTAL CONSUMER	79,569	80,073	444	399	406	427
COMMERCIAL:						
Domestic Commercial:						
Commercial and Industrial	40,790	37,931	342	258	23	18
Commercial Real Estate(a)	4,552	5,030	67	75	7	14
Financial Institutions	7,604	6,652	--	1	--	--
Total Domestic Commercial	52,946	49,613	409	334	30	32
Total Foreign Commercial	36,190	38,768	369	175	57	--
TOTAL COMMERCIAL	89,136	88,381	778	509	87	32
TOTAL LOANS (b)	$ 168,705	$ 168,454	1,222	908	$ 493	$ 459
Derivative and FX Contracts	$ 33,654	$ 38,476	28	--	$ 4	$ 1
Assets Acquired as Loan Satisfactions			115	110		
TOTAL NONPERFORMING ASSETS			$ 1,365	$ 1,018		

	NET CHARGE-OFFS			
	Second Quarter		Six Months	
(in millions)	1998	1997	1998	1997
CONSUMER:				
Domestic Consumer:				
1-4 Family Residential Mortgages	$ 6	$ 6	$ 16	$ 13
Credit Card	184	121	363	271
Auto Financings	18	15	41	27
Other Consumer	43	48	84	88
Total Domestic Consumer	251	190	504	399
Foreign Consumer	5	3	8	6
TOTAL CONSUMER	256	193	512	405
COMMERCIAL:				
Domestic Commercial:				
Commercial and Industrial	(27)	4	(18)	18
Commercial Real Estate(a)	(3)	(6)	(6)	(10)
Total Domestic Commercial	(30)	(2)	(24)	8
Total Foreign Commercial	102	(2)	172	(4)
TOTAL COMMERCIAL	72	(4)	148	4
DERIVATIVE AND FX CONTRACTS	10	--	22	--
TOTAL NET CHARGE-OFFS	$ 338	$ 189	$ 682	$ 409

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

(b) Total loans, excluding the impact of credit card securitizations, at June 30, 1998 and December 31, 1997 were $186,924 million and $185,306 million, respectively.

LOAN SUMMARY

The slight increase in retained loans outstanding is the result of an increase in commercial loans. Based upon industry classifications utilized by Chase, there were no commercial and industrial industry segments which exceeded 5% of total commercial and industrial loans outstanding. During the 1998 second quarter, exposures to Asia continued to decrease and Asian charge-offs were partially offset by recoveries in the rest of the commercial portfolio.

Chase's nonperforming assets at June 30, 1998 increased $347 million from the 1997 year-end level primarily due to an increase in nonperforming Asian assets and, to a lesser extent, domestic commercial loans. Management expects that during the remainder of 1998, there will be an increase in nonperforming assets from the June 30, 1998 level, primarily as a result of continuing uncertainty in the financial conditions of certain Asian countries.

Total net charge-offs on a retained basis increased by $149 million during the 1998 second quarter and by $273 million for the first six months, when compared to the same 1997 periods. Total net charge-offs on a managed basis were $624 million in the 1998 second quarter, compared with $456 million in the second quarter of 1997. For the first six months of 1998, total net charge-offs on a managed basis were $1,248 million, compared with $890 million in 1997. The increase in net charge-offs on both a managed and retained basis is due to the generally lower credit quality of a recently acquired credit card portfolio, a factor which was anticipated at the time of its acquisition, and increased foreign commercial charge-offs, primarily as a result of conditions in Asia.

CONSUMER PORTFOLIO

Residential Mortgage Loans: Residential mortgage loans were $41.2 billion at June 30, 1998, a $2.5 billion increase from year-end, reflecting higher activity due to lower interest rates. At June 30, 1998, nonperforming domestic residential mortgage loans, as a percentage of the domestic residential mortgage loan portfolio, was 0.91%, slightly up from the 1997 year-end level.

Credit Card Loans: Chase analyzes its credit card portfolio on a managed basis, which includes credit card receivables on the balance sheet as well as credit card receivables that have been securitized.

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

	As of or for the Three Months Ended June 30, (a)		As of or for the Six months Ended June 30, (a)	
(in millions, except ratios)	1998	1997	1998	1997
Average Managed Domestic Credit Card Receivables	$ 31,326	$ 25,567	$ 31,581	$ 25,443
Past Due 90 Days or More and Accruing	$ 649	$ 520	$ 649	$ 520
As a Percentage of Average Credit Card Receivables	2.07%	2.03%	2.06%	2.04%
Net Charge-offs	$ 471	$ 383	$ 930	$ 741
As a Percentage of Average Credit Card Receivables	6.01%	5.99%	5.89%	5.83%

(a) For the three months ended June 30, 1998, and 1997 and for the six months ended June 30, 1998 and 1997, Chase's average aggregate domestic and international managed credit card receivables were $31.9 billion, $26.1 billion, $32.2 billion and $25.9 billion, respectively. Net charge-offs as a percentage of average aggregate domestic and international managed credit card receivables for each of these periods were 5.94%, 5.92%, 5.82% and 5.75%, respectively.

The increases in domestic average managed credit card receivables for both the three and six month periods ended June 30, 1998, when compared with the same periods in 1997, were largely the result of the purchase of a credit card portfolio in late 1997, totaling approximately $4.0 billion in outstandings. The increase in net charge-off percentage for both 1998 periods is due to the generally lower credit quality of that acquired portfolio, partially offset by a lower charge-off percentage in the core portfolio. Management expects that domestic credit card net charge-offs, as a percentage of average domestic managed credit card receivables, will increase modestly in 1998 when compared with 1997.

Auto Financings: Auto financings outstanding remained relatively stable and reflected continued strong consumer demand due to favorable pricing programs, partially offset by the impact of auto loan securitizations. Total originations were $5.9 billion in the first half of 1998, compared with $5.0 billion in the same 1997 period. Net charge-offs related to auto financings increased in the 1998 second quarter and in the first six months, compared with the same 1997 periods. The increased level of net charge-offs for both 1998 periods primarily reflects growth in the portfolio and the unfavorable performance in a discontinued product line.

COMMERCIAL PORTFOLIO

Domestic Commercial: Net charge-off levels in the domestic commercial portfolio remained low during the 1998 second quarter and the portfolio continued to maintain its strong credit quality.

Foreign Commercial: The foreign commercial portfolio totaled $36.2 billion at June 30, 1998, a decrease of $2.6 billion from the 1997 year-end. Nonperforming loan levels at June 30, 1998, as well as net charge-off levels for the 1998 second quarter and first six months, increased in comparison with the respective prior year periods, due to financial conditions in Asia.

Total nonperforming assets in Asia, including derivatives, increased by $204 million from year-end levels and by $43 million from March 31, 1998 to $286 million at June 30, 1998. Asian commercial net charge-offs, including derivatives, for the 1998 second quarter were $122 million and for the first half of 1998 were $214 million, compared with $3 million and $2 million, respectively, in the same 1997 periods.

DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

For a discussion of the derivative and foreign exchange financial instruments utilized in connection with Chase's trading and ALM activities, see pages 35-36 and Notes One and Eighteen of Chase's 1997 Annual Report. At June 30, 1998, the majority of these transactions were with commercial bank and financial institution counterparties, most of which are dealers in these products. The following table provides the remaining maturities of derivative and foreign exchange contracts outstanding at June 30, 1998 and December 31, 1997. The lengthening of the maturity profile since year-end is the result of the improved creditworthiness of Chase over the last several years (as evidenced by credit rating upgrades) and the maturation of the derivatives market where longer maturities are becoming more commonplace.

	AT JUNE 30, 1998				At December 31, 1997			
	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 1 year	19%	91%	43%	43%	27%	95%	51%	54%
1 to 5 years	49	6	54	35	47	5	48	32
Over 5 years	32	3	3	22	26	--	1	14
Total	100%	100%	100%	100%	100%	100%	100%	100%

Chase's net charge-offs arising from derivative and foreign exchange transactions were $10 million in the 1998 second quarter and $22 million for the first six months of 1998. There were no net charge-offs on these types of transactions during the second quarter and first six months of 1997. At June 30, 1998, nonperforming derivative contracts were $28 million, compared with none in 1997. The increases in both net charge-offs and nonperforming derivative contracts were due to the financial conditions in Asia.

CROSS-BORDER EXPOSURE

Credits denominated in a currency other than that of the country in which a borrower is located, such as dollar-denominated loans made overseas, are called "cross-border" credits. The Asian financial turmoil, which started in July 1997, affected many countries where Chase has had long-standing banking relationships. The following table presents Chase's cross-border exposure to selected Asian countries. For a further discussion of Chase's cross-border exposure to Asian countries, see pages 34-35 of Chase's 1997 Annual Report.

SELECTED ASIAN COUNTRIES (in billions)	JUNE 30,1998 LENDING-RELATED AND OTHER (a)	FOREIGN EXCHANGE & DERIVATIVES (b)	TOTAL CROSS-BORDER EXPOSURE	December 31, 1997 Lending-Related and Other (a)	Foreign Exchange & Derivatives (b)	Total Cross-Border Exposure
Korea	$ 2.6	$ 0.6	$ 3.2	$ 3.4	$ 2.0	$ 5.4
Hong Kong	2.0	0.4	2.4	3.1	0.5	3.6
Indonesia	1.1	0.5	1.6	1.8	0.8	2.6
Thailand	1.2	0.2	1.4	1.5	0.6	2.1
Singapore	1.1	0.2	1.3	1.2	0.6	1.8
Philippines	0.7	--	0.7	1.1	--	1.1
Malaysia	0.8	0.1	0.9	0.9	0.2	1.1
China	0.6	0.2	0.8	0.7	0.1	0.8
Taiwan	0.8	--	0.8	0.8	--	0.8
India	0.1	--	0.1	0.2	--	0.2
Total Selected Countries	$ 11.0	$ 2.2	$ 13.2	$ 14.7	$ 4.8	$ 19.5

(a) Includes loans and accrued interest, interest-bearing deposits with banks, trading debt and equity instruments, acceptances, other monetary assets, issued letters of credit, undrawn commitments to extend credit and local currency assets, net of local currency liabilities.

(b) Foreign exchange largely represents the mark-to-market exposure of spot and forward contracts. Derivatives largely represent the mark-to-market exposure of risk management instruments. Mark-to-market exposure is a measure, at a point in time, of the value of a foreign exchange or derivative contract in the open market. The impact of legally enforceable master netting agreements on these foreign exchange and derivative contracts reduced exposure by $0.7 billion at both June 30, 1998 and December 31, 1997.

ALLOWANCE FOR CREDIT LOSSES

The following discussion of Chase's allowance for credit losses focuses primarily on developments since December 31, 1997 and should be read in conjunction with pages 36-37 and Note Five of Chase's 1997 Annual Report.

The accompanying tables reflect the activity in and composition of Chase's allowance for credit losses and certain coverage ratios related to the allowance for credit losses on loans for the periods indicated.

	Second Quarter		Six Months	
(in millions, except ratios)	1998	1997	1998	1997
Aggregate Allowance at Beginning of Period	$ 3,867	$ 3,695	$ 3,869	$ 3,694
Provision for Credit Losses	338	189	682	409
Charge-Offs	(437)	(258)	(856)	(531)
Recoveries	99	69	174	122
Net Charge-Offs	(338)	(189)	(682)	(409)
Other, Primarily Allowance Related to Purchased Portfolio	7	(4)	5	(3)
Aggregate Allowance at End of Period	$ 3,874(a)	$ 3,691	$ 3,874(a)	$ 3,691

	JUNE 30, 1998	June 30, 1997
Composition of Allowance for Credit Losses:		
Loans	$ 3,629	$ 3,446
Derivative and Foreign Exchange Contracts	75	75
Lending-Related Commitments	170	170
Aggregate Allowance	$ 3,874	$ 3,691
Allowance for Credit Losses on Loans to:		
Nonperforming Loans	297%	356%
Loans at Period-End	2.15	2.15
Average Loans (Six Months)	2.15	2.23

(a) The increases in the aggregate allowance from the June 30, 1997 levels is due in large part to the acquisition of the Bank of New York credit card portfolio in late 1997.

The allowance for credit losses provides for risks of losses inherent in the credit extension process for loans, derivative and foreign exchange financial instruments and lending-related commitments. Chase deems its allowance for credit losses at June 30, 1998 to be adequate (i.e., sufficient to absorb losses that may currently exist for all credit activities, but are not yet identifiable). Estimating potential future losses is inherently uncertain and depends on many factors, including general macroeconomic and political conditions, rating migration, structural changes within industries which alter competitive positions, event risk, unexpected correlations within the portfolio, and other external factors such as legal and regulatory requirements. Chase periodically reviews such factors and reassesses the adequacy of the allowance for credit losses.

MARKET RISK MANAGEMENT

The following discussion of Chase's market risk management focuses primarily on developments since December 31, 1997 and should be read in conjunction with pages 37-41 and Notes One and Eighteen of Chase's 1997 Annual Report.

Chase uses both historic simulation and Monte Carlo statistical techniques to estimate a daily value-at-risk ("VAR"). The VAR calculation is performed for all material trading portfolios and market risk-related ALM portfolios, with results reported by business unit and in the aggregate. The total VAR for Chase's trading portfolio and market risk-related ALM portfolio as of or for the twelve-month period ended June 30, 1998 was as follows:

	Marked-to-Market Trading Portfolio				Market Risk-Related ALM Activities			
	Twelve-Month Period Ending June 30, 1998			At	Twelve-Month Period Ending June 30, 1998			At
(in millions)	Average VAR	Minimum VAR	Maximum VAR	June 30, 1998 VAR	Average VAR	Minimum VAR	Maximum VAR	June 30, 1998 VAR
Interest Rate VAR	$ 22.6	$ 15.1	$ 51.4	$ 27.3	$ 47.0	$ 36.6	$ 67.3	$ 45.0
Foreign Exchange VAR	7.4	2.9	17.7	6.8	---	---	---	---
Commodities VAR	2.8	1.1	4.9	3.7	---	---	---	---
Equities VAR	4.1	2.1	9.4	4.9	---	---	---	---
Less:								
Portfolio Diversification	(12.6)	NM	NM	(13.8)	---	---	---	---
Total VAR	$ 24.3	$ 15.6	$ 51.5	$ 28.9	$ 47.0	$ 36.6	$ 67.3	$ 45.0

	Twelve-Month Period Ending June 30, 1998 Average VAR	At June 30, 1998 VAR
Marked-to-Market Trading Portfolio	$ 24.3	$ 28.9
Market Risk-Related ALM Activities	47.0	45.0
Less: Portfolio Diversification	(17.5)	(23.2)
Aggregate VAR	$ 53.8	$ 50.7

NM: Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect.

Chase's average aggregate VAR (VAR for both trading and ALM activities), for the twelve-month period ended June 30, 1998, was $53.8 million. Chase's aggregate VAR at June 30, 1998 was $50.7 million. Chase's aggregate average and period end VAR are less than the sum of the respective trading and ALM VARs shown in the above table (by $17.5 million and $23.2 million, respectively) due to risk-offsets resulting from portfolio diversification which occur across the trading and ALM portfolios.

Chase was among the earliest adopters of the Basle Committee on Banking Supervision market risk capital rules. Both for regulatory compliance with the Basle rules and for internal evaluation of VAR, Chase conducts daily backtesting of its VAR against trading revenues. For mark-to-market activities, there were no days in the second quarter of 1998 in which VAR was exceeded by a daily trading loss.

Management believes stress tests are an essential complement to VAR. At Chase, stress tests are an integral part of an effective risk management process, and have assumed an equal standing to VAR as a risk measurement and control technique for market risk. As of June 30, 1998, Chase's corporate monthly stress tests consist of five historical and three hypothetical scenarios for all material trading portfolios and market risk-related ALM portfolios. Since December 31, 1997, stress test results have been incorporated into Chase's internal capital allocation methodology, which provides a significant incentive for active management of aggregate exposures to difficult market environments.

TRADING ACTIVITIES

The following chart contains a histogram of Chase's daily market risk-related revenue, which is defined as the daily change in value of marked-to-market trading portfolios plus any trading-related net interest income.

[Graphic of Daily Changes in Market Risk-Related Trading Revenue - See Appendix 1]

Based on actual trading results for the twelve months ended June 30, 1998, Chase posted positive daily market risk-related revenue for 220 out of 259 business trading days with 84 days exceeding positive $15 million over the past twelve months. This compares with 53 days exceeding positive $15 million for the twelve months ended June 30, 1997. The large increase in days exceeding positive $15 million reflected continued efforts to build key trading activities. Chase incurred six daily trading losses in excess of negative $15 million over the past twelve months. Four of these six days of losses resulted from sharp price declines and a loss of liquidity for certain securities, particularly emerging market debt instruments, during the difficult and unusually volatile trading markets in late October 1997.

ASSET/LIABILITY MANAGEMENT
Measuring Interest Rate Sensitivity: Chase, as part of its ALM process, employs a variety of cash (primarily securities) and derivatives instruments in managing its exposure to fluctuations in market interest rates. In managing exposure, Chase uses quantifications of net gap exposure and measurements of earnings at risk (the risk to earnings from adverse movements in interest rates) based on earnings simulations. An example of aggregate net gap analysis is presented below.

CONDENSED INTEREST-RATE SENSITIVITY TABLE

(in millions) AT JUNE 30, 1998	1-3 MONTHS	4-6 MONTHS	7-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL
Balance Sheet	$ (22,486)	$ 4,470	$ 2,627	$ 34,177	$ (18,788)	$ --
Derivative Instruments Affecting Interest-Rate Sensitivity	13,456	(8,923)	(5,567)	(2,872)	3,906	--
Interest-Rate Sensitivity Gap	(9,030)	(4,453)	(2,940)	31,305	(14,882)	--
Cumulative Interest-Rate Sensitivity Gap	(9,030)	(13,483)	(16,423)	14,882	--	--
% of Total Assets	(2%)	(4%)	(4%)	4%	--	--

At June 30, 1998, Chase had $16.4 billion more liabilities than assets repricing within one year (including the net repricing effects of derivative positions), or 4% of total assets. This compares with $17.8 billion more liabilities than assets repricing within one year, or 5% of total assets, at December 31, 1997. This negative gap (more liabilities repricing than assets), will benefit earnings in a declining interest rate environment and will detract from earnings in a rising interest rate environment.

At June 30, 1998, based on Chase's simulation model and applying immediate increases in various market interest rates (100 bp increase for US dollar-denominated positions and a range from 100 bp to 1500 bp increases for non-US dollar-denominated positions), earnings at risk over the next twelve months are estimated to be approximately 2.8% of projected 1998 after-tax income (before restructuring costs). Chase's earnings at risk to an immediate rise in interest rates was estimated to be approximately 3.5% of after-tax net income at December 31, 1997 and 5.5% of after-tax net income at March 31, 1998. The lower earnings at risk at June 30, 1998, when compared with the March 31, 1998 amount, reflects a lower level of fixed-rate securities funded by floating-rate liabilities. The hypothetical rate shocks are used to calibrate risk that Chase believes to be reasonably possible of occurring in the near-term, but these scenarios do not necessarily represent management's current view of future market developments.

Impact of ALM Derivative Activity:
The following table reflects the deferred gains/losses on closed derivative contracts and unrecognized gains/losses on open derivative contracts utilized in Chase's ALM activities at June 30, 1998 and December 31, 1997.

(in millions)	JUNE 30, 1998	December 31, 1997	Change
ALM Derivative Contracts:			
Net Deferred Gains (Losses)	$ 44	$ -	$ 44
Net Unrecognized Gains (Losses) (a)	(7)	(392)	385
Net ALM Derivative Gains (Losses)	$ 37	$ (392)	$ 429

(a) These net unrecognized losses do not include the net favorable impact from the assets/liabilities being hedged by these derivative contracts.

OPERATING RISK MANAGEMENT

For a discussion of Chase's management of its operating risk, see page 41 of Chase's 1997 Annual Report.

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 41-43 and Note Seventeen of Chase's 1997 Annual Report.

CAPITAL
Chase's capital levels at June 30, 1998 remained well in excess of regulatory guidelines. At June 30, 1998, Tier 1 and Total Capital ratios were 8.2% and 11.9%, respectively, and the Tier 1 leverage ratio was 6.3%. At June 30, 1998, the total capitalization of Chase (the sum of Tier 1 and Tier 2 Capital) was $34.1 billion, an increase of $.8 billion from December 31, 1997. This increase for the first half of 1998 reflects retained earnings (net income less common and preferred dividends) generated during the period together with the issuance of $200 million (net of discount) of capital securities issued by certain Chase subsidiaries (see Note Seven of this Form 10-Q) and the issuance of $200 million of fixed/adjustable rate noncumulative preferred stock. The increase was partially offset by the redemption of $772 million of preferred stock bearing higher dividend rates.

In the first quarter of 1998, Chase raised the cash dividend on its Common Stock to $.36 per share from $.31 per share. (See Note 2 for a discussion of Chase's two-for-one stock split.) Chase has over the past several years been paying a common stock dividend that has generally been equal to approximately 25% to 35% of Chase's operating net income, less the amount of preferred stock dividends. Chase's future dividend policies will be determined by its Board of Directors taking into consideration Chase's earnings and financial condition and applicable governmental regulation and policies.

From inception of a stock buy-back program authorized by Chase's Board of Directors in October 1996 through June 30, 1998, Chase repurchased 69.3 million shares of its Common Stock ($3.5 billion) and reissued from treasury approximately 40.8 million shares of its Common Stock ($2.0 billion) under its benefit plans, resulting in a net repurchase of 28.5 million shares.

Management is committed to maintaining a disciplined capital policy for Chase. That policy is intended to increase SVA, to employ capital to support growth, including through acquisitions or other investment opportunities, and to return excess capital to stockholders. In light of this policy, management utilized capital during the first six months of 1998 to increase Chase's regulatory capital ratios to within management's target range of 8% - 8.25%. For the remainder of the year, management intends that capital generated in excess of target capital ratios will be used to support pending acquisitions and to repurchase additional shares of common stock under the buyback program, although the exact amount of common stock that will be purchased by Chase during the remainder of the year will depend on Chase's future earnings, internal asset growth and future investment and acquisition opportunities.

LIQUIDITY

Chase manages its liquidity in order to ensure the availability of sufficient cash flows to meet all of Chase's financial commitments and to capitalize on opportunities for Chase's business expansion. Chase is an active participant in the capital markets and issues commercial paper, medium-term notes, long-term debt, and common and preferred stock. At June 30, 1998, Chase's long-term debt was $14.5 billion. Chase issued $2.1 billion of long-term debt during the first six months of 1998; during the same period, $566 million of long-term debt matured and $428 million was redeemed. During the second quarter of 1998, Chase issued $200 million of fixed/adjustable rate preferred stock and redeemed $200 million of its 7.58% cumulative preferred stock and $200 million of its 7.50% cumulative preferred stock. An additional $140 million of Chase's fixed-rate preferred stock becomes callable during the remainder of 1998. Chase constantly evaluates the opportunities to redeem its outstanding debt and preferred stock and to issue new 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 1-5 of Chase's 1997 Annual Report.

DIVIDENDS

Chase's bank subsidiaries could, without the approval of their relevant banking regulators, pay dividends to their respective bank holding companies in amounts up to the limitations imposed upon such banks by regulatory restrictions. These dividend limitations, in the aggregate, totaled approximately $2.1 billion at June 30, 1998.

ACCOUNTING DEVELOPMENTS

In June 1998, the FASB issued SFAS 133, which establishes accounting and reporting standards for all derivative instruments, including certain derivative instruments embedded in other financial instruments (collectively referred to as derivatives), and for hedging activities. SFAS 133 requires that an entity measure all derivatives at fair value and recognize those derivatives as either assets or liabilities in the balance sheet. The change in a derivative's fair value is generally recognized in current period earnings. However, if certain conditions are met, a derivative may be specifically designated as a hedge of an exposure to changes in fair value, variability of cash flows, or certain foreign currency exposures. Based on the hedge designation, special hedge accounting rules allow the derivative's change in value to be recognized either in current period earnings together with the offsetting change in value of the risk being hedged, or, to the extent the hedge is effective, in comprehensive income and subsequently reclassified into earnings when the hedged item affects earnings.

SFAS 133 is effective for all fiscal years beginning after June 15, 1999, with early adoption permitted. Chase already recognizes the derivatives used in its trading activities on its balance sheet at fair value with changes in the fair values of such derivatives included in earnings. This represents the substantial majority of the derivatives utilized by Chase. With respect to those other derivatives used as hedges of its assets, liabilities and commitments, Chase is beginning to assess the impact of the adoption of SFAS 133 on its hedging activities and its effect on its financial condition and operating performance.

OTHER EVENTS

On May 7, 1998, Chase and Morgan Stanley Dean Witter & Co. ("Morgan Stanley") reached a definitive agreement under which Chase will acquire the global custody business of Morgan Stanley, which has more than $400 billion of assets under custody. The acquisition is expected to be completed during the latter part of 1998. The clients and staff joining Chase will be integrated into Chase Global Investor Services, which is part of Chase's Global Services Business included in CTS.

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, 1998			Three Months Ended June 30, 1997		
	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)	Average Balance	Interest	Rate (Annualized)
ASSETS						
Deposits with Banks	$ 4,611	$ 148	12.88%	$ 4,185	$ 114	10.91%
Federal Funds Sold and Securities Purchased Under Resale Agreements	35,409	554	6.27%	42,715	697	6.54%
Trading Assets-Debt and Equity Instruments	34,442	716	8.34%	36,358	705	7.78%
Securities:						
Available-for-Sale	54,515	855	6.29% (b)	40,850	679	6.67%(b)
Held-to-Maturity	2,518	40	6.37%	3,535	60	6.78%
Loans	167,807	3,319	7.93%	156,459	3,108	7.97%
Total Interest-Earning Assets	299,302	5,632	7.55%	284,102	5,363	7.57%
Allowance for Credit Losses on Loans	(3,548)			(3,437)		
Cash and Due from Banks	14,907			13,334		
Risk Management Instruments	33,288			31,991		
Other Assets	30,102			22,905		
Total Assets	$374,051			$348,895		
LIABILITIES						
Domestic Retail Deposits	$ 59,554	596	4.01%	$ 57,369	529	3.70%
Domestic Negotiable Certificates of Deposit and Other Deposits	16,780	179	4.30%	8,750	153	7.01%
Deposits in Foreign Offices	75,294	1,009	5.37%	68,588	886	5.18%
Total Time and Savings Deposits	151,628	1,784	4.72%	134,707	1,568	4.67%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	66,835	886	5.32%	66,149	924	5.60%
Commercial Paper	4,568	60	5.25%	4,035	55	5.42%
Other Borrowings (c)	16,610	532	12.84%	21,993	531	9.69%
Total Short-Term and Other Borrowings	88,013	1,478	6.74%	92,177	1,510	6.57%
Long-Term Debt	16,492	325	7.89%	14,035	273	7.81%
Total Interest-Bearing Liabilities	256,133	3,587	5.62%	240,919	3,351	5.58%
Noninterest-Bearing Deposits	45,757			41,064		
Risk Management Instruments	35,032			32,189		
Other Liabilities	14,370			13,452		
Total Liabilities	351,292			327,624		
PREFERRED STOCK OF SUBSIDIARY	550			550		
STOCKHOLDERS' EQUITY						
Preferred Stock	1,255			2,494		
Common Stockholders' Equity	20,954			18,227		
Total Stockholders' Equity	22,209			20,721		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$374,051			$348,895		
INTEREST RATE SPREAD			1.93%			1.99%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$2,045(a)	2.74%		$2,012 (a)	2.84%

(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, 1998 and June 30, 1997, the annualized rate for available-for-sale securities based on historical cost was 6.31% and 6.58%, respectively.
(c) 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, 1998			Six Months Ended June 30, 1997		
	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)	Average Balance	Interest	Rate (Annualized)
ASSETS						
Deposits with Banks	$ 4,397	$ 300	13.78%	$ 4,834	$ 220	9.19%
Federal Funds Sold and Securities Purchased Under Resale Agreements	36,639	1,225	6.74%	39,427	1,256	6.42%
Trading Assets-Debt and Equity Instruments	33,879	1,392	8.29%	33,786	1,331	7.95%
Securities:						
Available-for-Sale	53,637	1,703	6.40%(b)	40,337	1,343	6.72%(b)
Held-to-Maturity	2,676	86	6.47%	3,631	122	6.77%
Loans	169,142	6,724	8.02%	154,754	6,239	8.13%
Total Interest-Earning Assets	300,370	11,430	7.67%	276,769	10,511	7.66%
Allowance for Credit Losses on Loans	(3,553)			(3,444)		
Cash and Due from Banks	14,542			12,703		
Risk Management Instruments	36,312			34,317		
Other Assets	28,141			23,763		
Total Assets	$ 375,812			$344,108		
LIABILITIES						
Domestic Retail Deposits	$ 59,244	1,168	3.98%	$ 57,511	1,058	3.71%
Domestic Negotiable Certificates of Deposit and Other Deposits	16,115	366	4.58%	8,991	303	6.79%
Deposits in Foreign Offices	76,110	2,065	5.47%	66,919	1,722	5.19%
Total Time and Savings Deposits	151,469	3,599	4.79%	133,421	3,083	4.66%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	67,543	1,833	5.47%	62,828	1,709	5.48%
Commercial Paper	4,352	114	5.27%	4,164	110	5.31%
Other Borrowings (c)	17,044	1,040	12.30%	19,695	993	10.17%
Total Short-Term and Other Borrowings	88,939	2,987	6.77%	86,687	2,812	6.54%
Long-Term Debt	16,102	630	7.89%	13,780	530	7.75%
Total Interest-Bearing Liabilities	256,510	7,216	5.67%	233,888	6,425	5.54%
Noninterest-Bearing Deposits	45,165			40,981		
Risk Management Instruments	37,043			34,262		
Other Liabilities	14,425			13,497		
Total Liabilities	353,143			322,628		
PREFERRED STOCK OF SUBSIDIARY	550			550		
STOCKHOLDERS' EQUITY						
Preferred Stock	1,467			2,571		
Common Stockholders' Equity	20,652			18,359		
Total Stockholders' Equity	22,119			20,930		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$ 375,812			$344,108		
INTEREST RATE SPREAD			2.00%			2.12%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$ 4,214(a)	2.83%		$ 4,086(a)	2.98%

(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, 1998 and June 30, 1997, the annualized rate for available-for-sale securities based on historical cost was 6.43% and 6.63%, respectively.
(c) 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)

	1998		1997			
	SECOND QUARTER	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
INTEREST INCOME						
Loans	$ 3,316	$ 3,405	$ 3,392	$ 3,294	$ 3,106	$ 3,129
Securities	889	889	851	720	735	722
Trading Assets	716	676	707	732	705	626
Federal Funds Sold and Securities Purchased Under Resale Agreements	554	671	728	623	697	559
Deposits with Banks	148	152	156	149	114	106
Total Interest Income	5,623	5,793	5,834	5,518	5,357	5,142
INTEREST EXPENSE						
Deposits	1,784	1,815	1,764	1,714	1,568	1,515
Short-Term and Other Borrowings	1,478	1,509	1,640	1,451	1,510	1,302
Long-Term Debt	325	305	320	284	273	257
Total Interest Expense	3,587	3,629	3,724	3,449	3,351	3,074
NET INTEREST INCOME	2,036	2,164	2,110	2,069	2,006	2,068
Provision for Credit Losses	338	344	205	190	189	220
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	1,698	1,820	1,905	1,879	1,817	1,848
NONINTEREST REVENUE						
Investment Banking Fees	438	361	369	308	283	176
Trust, Custody and Investment Management Fees	383	348	338	338	321	310
Credit Card Revenue	365	300	322	281	224	261
Fees for Other Financial Services	509	510	517	505	487	474
Trading Revenue	333	480	(78)	505	491	405
Securities Gains	98	83	123	58	30	101
Revenue from Equity-Related Investments	370	293	226	249	192	164
Other Revenue	233	96	163	102	119	191
Total Noninterest Revenue	2,729	2,471	1,980	2,346	2,147	2,082
NONINTEREST EXPENSE						
Salaries	1,270	1,254	1,072	1,292	1,110	1,124
Employee Benefits	215	224	192	206	219	222
Occupancy Expense	191	189	193	194	193	187
Equipment Expense	212	209	217	192	193	190
Restructuring Costs	8	521	20	71	71	30
Other Expense	826	744	802	712	698	694
Total Noninterest Expense	2,722	3,141	2,496	2,667	2,484	2,447
INCOME BEFORE INCOME TAX EXPENSE	1,705	1,150	1,389	1,558	1,480	1,483
Income Tax Expense	631	425	515	576	555	556
NET INCOME	$ 1,074	$ 725	$ 874	$ 982	$ 925	$ 927
NET INCOME APPLICABLE TO COMMON STOCK	$ 1,050	$ 691	$ 839	$ 941	$ 874	$ 872
NET INCOME PER COMMON SHARE:						
Basic	$ 1.24	$ 0.82	$ 1.00	$ 1.11	$ 1.03	$ 1.01
Diluted	$ 1.20	$ 0.80	$ 0.97	$ 1.08	$ 1.00	$ 0.99

GLOSSARY OF TERMS

The page numbers included after each definition represents the pages in the 10-Q where the term is primarily used.

1997 Annual Report: Annual Report on Form 10-K for the year ended December 31, 1997. (Pages 7-11, 13-14, 22, 25-26, 28-30, 32-33, 39, 43)

AICPA: "American Institute of Certified Public Accountants." (Page 7)

Asset/Liability Management ("ALM"): The management and control of the sensitivity of Chase's income to changes in market interest rates and other market risks. (Page 31)

Derivative and Foreign Exchange ("FX") Instruments: Interest rate swaps, forward rate agreements, futures, forwards, options, equity, commodity and other contracts used for asset and liability management or trading purposes. The 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. (Pages 11, 28)

Efficiency Ratio: Noninterest expense as a percentage of the total of net interest income and noninterest revenue (excluding restructuring costs, foreclosed property expense, special items and costs associated with the REIT). (Pages 12, 24)

FASB: Financial Accounting Standards Board. (Page 34)

Managed Credit Card Receivables or Managed Basis: Consistent with industry practice, Chase uses this terminology to define its credit card receivables on the balance sheet plus securitized credit card receivables. (Page 27)

Net Yield on Interest-Earning Assets: The average rate for interest-earning assets less the average rate paid for all sources of funds. (Page 20)

Operating Basis or Operating Earnings: Reported results excluding the impact of credit card securitizations, restructuring costs and special items. (Pages 12, 19)

Operating Net Income: Reported net income excluding restructuring costs and special items. (Pages 12-13)

REIT: A real estate investment trust subsidiary of Chase. (Page 24)

SFAS 107: Statement of Financial Accounting Standards No. 107, entitled, "Disclosures About Fair Value of Financial Instruments." (Page 10)

SFAS 115: Statement of Financial Accounting Standards No. 115, entitled, "Accounting for Certain Investments in Debt and Equity Securities." (Pages 7-8, 10)

SFAS 125: Statement of Financial Accounting Standards No. 125, entitled, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." (Page 7)

SFAS 127: Statement of Financial Accounting Standards No. 127, entitled, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125." (Page 7)

SFAS 130: Statement of Financial Accounting Standards No. 130, entitled, "Reporting Comprehensive Income." (Page 7)

SFAS 133: Statement of Financial Accounting Standards No 133, entitled "Accounting for Derivative Instruments and Hedging Activities." (Page 34)

Shareholder Value Added ("SVA"): Represents operating earnings excluding the amortization of goodwill and certain intangibles (i.e., cash operating earnings) less an explicit charge for allocated capital. (Page 14)

Special Items: There were no special items in either the 1998 or 1997 second quarters. Special items in the 1997 first six months included a gain on the sale of a partially owned foreign investment and costs incurred for accelerated vesting of stock- based incentive awards. (Page 12, 19)

Statement of Position ("SOP") 98-1: "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." (Page 7)

Value-at-Risk ("VAR"): The potential overnight loss from adverse market movements. (Page 30)

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	31	Bar Graph entitled "Histogram of Daily Changes in Market Risk-Related Trading Revenue for the twelve months ended June 30, 1998" presenting the following information:

Millions of Dollars	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	Over 35
Number of trading days revenue was within the above prescribed positive range	32	54	50	34	26	12	6	6

Millions of Dollars	0 - (5)	(5) - (10)	(10) - (15)	(15) - (20)	(20) - (25)	(25) - (30)	Over (30)
Number of trading days revenue was within the above prescribed negative range	18	10	5	1	1	2	2

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of Legal Proceedings, see Chase's 1997 Annual Report on page 6.

Item 2. Sales of Unregistered Common Stock

During the second quarter of 1998, shares of common stock of Chase were issued in transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) thereof, as follows: On April 1, 1998, 155 shares of common stock were issued to retired directors who had deferred receipt of such common stock pursuant to the Deferred Compensation Plan for Non-Employee Directors.

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 Chase. The Annual Meeting of Stockholders was held on May 19, 1998. A total of 369,827,777 shares, or 86.9% of the 425,699,980 shares entitled to vote at the Annual Meeting, were represented at the meeting.

(A) Election of Directors

The following seventeen (17) directors were elected to hold office until the 1999 Annual Meeting or until their successors are elected and have qualified.

	Votes Received	Votes Withheld
Hans W. Becherer	368,437,911	1,389,866
Frank A. Bennack Jr.	368,402,230	1,425,547
Susan V. Berresford	368,350,846	1,476,931
M. Anthony Burns	368,499,235	1,328,542
H. Laurance Fuller	368,434,100	1,393,677
Melvin R. Goodes	368,448,837	1,378,940
William H. Gray III	368,152,240	1,675,537
George V. Grune	368,320,811	1,506,966
William B. Harrison Jr.	368,405,105	1,422,672
Harold S. Hook	367,749,982	2,077,795
Helene L. Kaplan	368,391,816	1,435,961
Thomas G. Labrecque	368,377,787	1,449,990
Henry B. Schacht	368,442,683	1,385,094
Walter V. Shipley	368,336,286	1,491,491
Andrew C. Sigler	368,360,265	1,467,512
John R. Stafford	368,444,064	1,383,713
Marina v.N. Whitman	368,365,477	1,462,300

(B) (1) Ratifying Independent Accountants

A proposal to ratify PricewaterhouseCoopers LLP (formerly known as Price Waterhouse LLP) as independent accountants was approved by 99.86% of the votes cast. The proposal received a "for" vote of 368,699,139 and an "against" vote of 518,229. The number of votes abstaining was 610,409. There were no broker non-votes.

PART II - OTHER INFORMATION

Item 4 continued

(2) Approving the Amendment to the Certificate of Incorporation and the Stock Split

A proposal to amend the Certificate of Incorporation to increase the authorized common stock and effect the two-for-one stock split was approved by 99.74% of the votes cast. The proposal received a "for" vote of 366,966,089 and an "against" vote of 949,736. The number of votes abstaining was 1,911,952. There were no broker non-votes.

(3) Stockholder Proposal Re: Location of Annual Meeting

A proposal by Evelyn Y. Davis that the Board of Directors take the necessary steps to rotate the location of the annual meetings was rejected by 97.63% of the votes cast. The vote "for" was 7,407,624 and the vote "against" was 305,172,026. The number of votes abstaining was 15,103,744 and there were 42,144,383 broker non-votes.

(4) Stockholder Proposal Re: Cumulative Voting

A proposal by John J. and Margaret R. Gilbert that the Board of Directors take the steps necessary to provide for cumulative voting in the election of directors was rejected by 63.77% of the votes cast. The vote "for" was 112,393,367 and the vote "against" was 197,793,061. The number of votes abstaining was 17,496,966 and there were 42,144,383 broker non-votes.

(5) Stockholder Proposal Re: Executive Compensation and Dividends

A proposal by Edward S. George recommending that if a dividend were cut, executive salaries would not be increased or executive stock options awarded until the dividend was restored, was rejected by 95.76% of the votes cast. The vote "for" was 13,341,485 and the vote "against" was 301,058,811. The number of votes abstaining was 13,283,098 and there were 42,144,383 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:

Chase filed three reports on Form 8-K during the quarter ended June 30, 1998, as follows:

Form 8-K dated April 21, 1998: Chase announced the results of operations for the first quarter of 1998.

Form 8-K dated May 20, 1998: Chase announced shareholder approval of a two-for-one common stock split.

Form 8-K dated June 15, 1998: Chase filed financial information restated for the two-for-one common stock split.

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, 1998 By /s/ Joseph L. Sclafani

Joseph L. Sclafani

Executive Vice President and Controller
[Principal Accounting Officer]

INDEX TO EXHIBITS

SEQUENTIALLY NUMBERED

EXHIBIT 11

THE CHASE MANHATTAN CORPORATION AND SUBSIDIARIES

COMPUTATION OF NET INCOME PER SHARE

Net income for basic and diluted EPS is computed by subtracting from the applicable earnings the dividend requirements on preferred stock to arrive at earnings applicable to common stock. Basic EPS is computed by dividing net income available to common shares outstanding by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed using the same method as basic EPS, but reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For a further discussion of Chase's earnings per share computation, see Note Ten of Chase's 1997 Annual Report.

(in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
EARNINGS PER SHARE	1998	1997	1998	1997
BASIC				
Earnings:				
Net Income	$1,074	$ 925	$1,799	$1,852
Less: Preferred Stock Dividend Requirements	24	51	58	106
Net Income Applicable to Common Stock	$1,050	$ 874	$1,741	$1,746
Shares:				
Weighted-Average Basic Shares Outstanding	848.8	848.6	846.8	854.8
Basic Earnings Per Share:				
Net Income	$ 1.24	$ 1.03	$ 2.06	$ 2.04
DILUTED				
Earnings:				
Net Income Applicable to Common Stock	$1,050	$ 874	$1,741	$1,746
Shares:				
Weighted-Average Basic Shares Outstanding	848.8	848.6	846.8	854.8
Additional Shares Issuable Upon Exercise of Stock Options for Dilutive Effect	26.7	20.2	24.7	24.7
Weighted-Average Diluted Shares Outstanding	875.5	868.8	871.5	879.5
Diluted Earnings Per Share:				
Net Income	$ 1.20	$ 1.00	$ 2.00	$ 1.99

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, 1998
EXCLUDING INTEREST ON DEPOSITS	
Income before income taxes	$ 2,855
Fixed charges:	
Interest expense	3,617
One third of rents, net of income from subleases (a)	53
Total fixed charges	3,670
Less: Equity in undistributed income of affiliates	(10)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 6,515
Fixed charges, as above	$ 3,670
Ratio of earnings to fixed charges	1.78
INCLUDING INTEREST ON DEPOSITS	
Fixed charges, as above	$ 3,670
Add: Interest on deposits	3,599
Total fixed charges and interest on deposits	$ 7,269
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 6,515
Add: Interest on deposits	3,599
Total earnings before taxes, fixed charges, and interest on deposits	$ 10,114
Ratio of earnings to fixed charges	1.39

(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, 1998
EXCLUDING INTEREST ON DEPOSITS	
Income before income taxes	$ 2,855
Fixed charges:	
Interest expense	3,617
One third of rents, net of income from subleases (a)	53
Total fixed charges	3,670
Less: Equity in undistributed income of affiliates	(10)
Earnings before taxes and fixed charges, excluding capitalized interest	$ 6,515
Fixed charges, as above	$ 3,670
Preferred stock dividends	58
Fixed charges including preferred stock dividends	$ 3,728
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.75
INCLUDING INTEREST ON DEPOSITS	
Fixed charges including preferred stock dividends, as above	$ 3,728
Add: Interest on deposits	3,599
Total fixed charges including preferred stock dividends and interest on deposits	$ 7,327
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$ 6,515
Add: Interest on deposits	3,599
Total earnings before taxes, fixed charges, and interest on deposits	$ 10,114
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.38

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

This schedule contains selected summary financial information extracted from the Consolidated Balance Sheet at June 30, 1998, Consolidated Statement of Income for the six months ended June 30, 1998 as well as other financial information contained in the report on Form 10-Q for the quarter ended June 30, 1998 and is qualified in its entirety by reference to such financial statements and accompanying disclosures in such Form 10-Q.

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


                   6-MOS
                            DEC-31-1998
                               JAN-01-1998
                                 JUN-30-1998
                                        1
                                            15,691
                             5,970
                                  25,128
                                  66,931
                       52,602
                             2,326
                               2,340
                                          168,705
                                        3,629
                                   366,995
                                       207,091
                                      58,325
                               60,768
                                       14,451
                                  0
                                        1,168
                                             882
                                        20,560
                   366,995
                                     6,721
                                  1,778
                                   1,525
                                  11,416
                                 3,599
                                 7,216
                              4,200
                                        682
                                   181
                                    5,863
                                    2,855
                         1,799
                                        0
                                              0
                                       1,799
                                       2.06
                                       2.00
                                      2.83
                                        1,222
                                         493
                                       0
                                        0
                                   3,624
                                        856
                                         174
                                  3,629
                                   0
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On May 19, 1998, stockholders of Chase approved a 2 for 1 common stock split, effective June 15, 1998. Prior Financial Data schedules have not been restated for the stock split.