

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarter Ended March 31, 1996

Commission file number 1-5805

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

Delaware
(State or other jurisdiction of
incorporation or organization)

13-2624428
(I.R.S. Employer
Identification No.)

270 Park Avenue, New York, New York
(address of principal executive offices)

10017
(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

435,237,903

Number of shares outstanding of each of the issuer's classes of common stock on April 30, 1996.

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

	March 31, 1996 -----	December 31, 1995 -----
ASSETS		
Cash and Due from Banks	\$ 10,846	\$ 14,794
Deposits with Banks	6,257	8,468
Federal Funds Sold and Securities Purchased Under Resale Agreements	19,292	17,461
Trading Assets:		
Debt and Equity Instruments	24,804	26,212
Risk Management Instruments	23,641	25,825
Securities:		
Available-for-Sale	38,646	37,141
Held-to-Maturity (Fair Value: \$4,382 and \$4,659)	4,398	4,628
Loans (Net of Unearned Income: \$1,199 and \$1,073)	149,331	150,207
Allowance for Credit Losses	(3,683)	(3,784)
Premises and Equipment	3,801	3,757
Due from Customers on Acceptances	2,053	1,896
Accrued Interest Receivable	2,489	2,541
Other Assets	20,109	14,843
	-----	-----
TOTAL ASSETS	\$ 301,984	\$ 303,989
	=====	=====
LIABILITIES		
Deposits:		
Domestic:		
Noninterest-Bearing	\$ 28,518	\$ 35,414
Interest-Bearing	68,085	64,640
Foreign:		
Noninterest-Bearing	3,898	3,702
Interest-Bearing	68,433	67,778
Total Deposits	168,934	171,534
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	37,369	37,263
Other Borrowed Funds	12,746	13,936
Acceptances Outstanding	2,060	1,915
Trading Liabilities	33,025	34,341
Accounts Payable, Accrued Expenses and Other Liabilities	15,106	11,339
Long-Term Debt	12,977	12,825
	-----	-----
TOTAL LIABILITIES	282,217	283,153
	-----	-----
COMMITMENTS AND CONTINGENCIES (See Note 9)		
STOCKHOLDERS' EQUITY		
Preferred Stock	2,650	2,650
Common Stock (Issued 438,170,891 and 457,587,675 Shares)	438	458
Capital Surplus	10,558	11,075
Retained Earnings	6,969	7,997
Net Unrealized Loss on Securities Available-for-Sale, Net of Taxes	(610)	(237)
Treasury Stock, at Cost (3,859,143 and 22,583,225 Shares)	(238)	(1,107)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	19,767	20,836
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 301,984	\$ 303,989
	=====	=====

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

THE CHASE MANHATTAN CORPORATION and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
Three Months Ended March 31,
(in millions, except per share data)

	1996	1995
	-----	-----
INTEREST INCOME		
Loans	\$ 3,241	\$ 3,069
Securities	720	618
Trading Assets	429	359
Federal Funds Sold and Securities Purchased Under Resale Agreements	501	468
Deposits with Banks	172	225
	-----	-----
Total Interest Income	5,063	4,739
	-----	-----
INTEREST EXPENSE		
Deposits	1,644	1,500
Short-Term and Other Borrowings	1,026	978
Long-Term Debt	227	234
	-----	-----
Total Interest Expense	2,897	2,712
	-----	-----
NET INTEREST INCOME	2,166	2,027
Provision for Losses	245	185
	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	1,921	1,842
	-----	-----
NONINTEREST REVENUE		
Corporate Finance and Syndication Fees	224	169
Trust and Investment Management Fees	285	240
Credit Card Revenue	233	182
Service Charges on Deposit Accounts	99	104
Fees for Other Financial Services	378	367
Trading Revenue	339	99
Securities Gains (Losses)	52	(18)
Other Revenue	259	414
	-----	-----
Total Noninterest Revenue	1,869	1,557
	-----	-----
NONINTEREST EXPENSE		
Salaries	1,076	997
Employee Benefits	305	234
Occupancy Expense	221	228
Equipment Expense	184	198
Foreclosed Property Expense	(9)	(25)
Restructuring Charge and Expenses	1,656	--
Other Expense	660	703
	-----	-----
Total Noninterest Expense	4,093	2,335
	-----	-----
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT) AND EFFECT OF ACCOUNTING CHANGE	(303)	1,064
Income Tax Expense (Benefit)	(214)	414
	-----	-----
INCOME (LOSS) BEFORE EFFECT OF ACCOUNTING CHANGE	(89)	650
Effect of Change in Accounting Principle	--	(11)
	-----	-----
NET INCOME (LOSS)	\$ (89)	\$ 639
	=====	=====
NET INCOME (LOSS) APPLICABLE TO COMMON STOCK	\$ (143)	\$ 578
	=====	=====
INCOME (LOSS) PER COMMON SHARE:		
Primary:		
Income (Loss) Before Effect of Accounting Change	\$ (0.32)	\$ 1.37
Effect of Change in Accounting Principle	--	(0.03)
	-----	-----
Net Income (Loss)	\$ (0.32)	\$ 1.34
	=====	=====
Assuming Full Dilution:		
Income (Loss) Before Effect of Accounting Change	\$ (0.32)	\$ 1.36
Effect of Change in Accounting Principle	--	(0.03)
	-----	-----
Net Income (Loss)	\$ (0.32)	\$ 1.33
	=====	=====

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

Part I
Item 1. (continued)

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

	Three Months Ended March 31,	
	1996	1995
Preferred Stock:		
Balance at Beginning and End of Period:	\$ 2,650	\$ 2,850
Common Stock:		
Balance at Beginning of Year	\$ 458	\$ 447
Retirement of Treasury Stock	(20)(a)	--
Issuance of Common Stock	--	1
Balance at End of Period	\$ 438	\$ 448
Capital Surplus:		
Balance at Beginning of Year	\$ 11,075	\$ 10,671
Retirement of Treasury Stock	(433)(a)	--
Issuance of Common Stock	(100)	44
Restricted Stock Granted, Net of Amortization	16	1
Balance at End of Period	\$ 10,558	\$ 10,716
Retained Earnings:		
Balance at Beginning of Year	\$ 7,997	\$ 6,045
Net Income (Loss)	(89)	639
Cash Dividends Declared:		
Preferred Stock	(54)	(61)
Common Stock	(328)(b)	(177)
Retirement of Treasury Stock	(557)(a)	--
Accumulated Translation Adjustment	--	10
Balance at End of Period	\$ 6,969	\$ 6,456
Net Unrealized Loss on Securities Available-for-Sale:		
Balance at Beginning of Year	\$ (237)	\$ (473)
Net Change in Fair Value of Securities Available-for-Sale, Net of Taxes	(373)	(37)
Balance at End of Period	\$ (610)	\$ (510)
Common Stock in Treasury, at Cost:		
Balance at Beginning of Year	\$ (1,107)	\$ (667)
Retirement of Treasury Stock	1,010(a)	--
Purchase of Treasury Stock	(708)	(189)
Issuance of Treasury Stock	567	6
Balance at End of Period	\$ (238)	\$ (850)
Total Stockholders' Equity	\$ 19,767	\$ 19,110

(a) Under the terms of the merger agreement, all of The Chase Manhattan Corporation's ("Chase") treasury stock was cancelled and retired. In accordance with existing accounting pronouncements, if the average price per share of the treasury stock at the time of retirement is higher than the average price per share in capital surplus, then the excess amount should be applied against retained earnings.

(b) Includes fourth quarter 1995 common stock dividends of \$80 million paid by Chase in February of 1996.

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

Part I
Item 1. (continued)

THE CHASE MANHATTAN CORPORATION and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
Three Months Ended March 31,
(in millions)

	1996	1995
	-----	-----
Operating Activities		

Net Income (Loss)	\$ (89)	\$ 639
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Effect of Change in Accounting Principle	--	11
Provision for Losses	245	185
Restructuring Charge and Expenses	1,656	--
Depreciation and Amortization	208	218
Net Change In:		
Trading-Related Assets	847	2,528
Accrued Interest Receivable	51	40
Other Assets	(1,504)	(108)
Trading-Related Liabilities	297	(408)
Accrued Interest Payable	(189)	46
Other Liabilities	(73)	(414)
Other, Net	262	(132)
	-----	-----
Net Cash Provided by Operating Activities	1,711	2,605
	-----	-----
Investing Activities		

Net Change In:		
Deposits with Banks	2,212	3,201
Federal Funds Sold and Securities Purchased Under Resale Agreements	(2,829)	(2,315)
Loans Due to Sales and Securitizations	10,433	4,249
Other Loans, Net	(10,051)	(7,552)
Other, Net	228	(780)
Proceeds from the Maturity of Held-to-Maturity Securities	300	447
Purchases of Held-to-Maturity Securities	(69)	(233)
Proceeds from the Maturity of Available-for-Sale Securities	3,032	1,201
Proceeds from the Sale of Available-for-Sale Securities	10,433	9,730
Purchases of Available-for-Sale Securities	(16,132)	(11,540)
Cash Used in Acquisitions	--	(98)
	-----	-----
Net Cash Used by Investing Activities	(2,443)	(3,690)
	-----	-----
Financing Activities		

Net Change In:		
Noninterest-Bearing Domestic Demand Deposits	(6,896)	(3,333)
Domestic Time and Savings Deposits	3,445	(1,184)
Foreign Deposits	851	1,773
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	1,104	2,440
Other Borrowed Funds	(1,190)	544
Other, Net	(206)	3
Proceeds from the Issuance of Long-Term Debt	725	594
Repayments of Long-Term Debt	(571)	(669)
Proceeds from the Issuance of Stock	513	50
Treasury Stock Purchased	(708)	(189)
Cash Dividends Paid	(284)	(238)
	-----	-----
Net Cash Provided by Financing Activities	(3,217)	(209)
	-----	-----
Effect of Exchange Rate Changes on Cash and Due from Banks	1	(8)
	-----	-----
Net Increase (Decrease) in Cash and Due from Banks	(3,948)	(1,302)
Cash and Due from Banks at January 1,	14,794	13,545
	-----	-----
Cash and Due from Banks at March 31,	\$ 10,846	\$ 12,243
	=====	=====
Cash Interest Paid	\$ 3,091	\$ 3,777
	-----	-----
Taxes Paid	\$ 335	\$ 95
	-----	-----

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - MERGER BETWEEN CHASE AND CHEMICAL

On March 31, 1996, The Chase Manhattan Corporation ("Chase") merged with and into Chemical Banking Corporation ("Chemical"). Upon consummation of the merger, Chemical changed its name to "The Chase Manhattan Corporation" (the "Corporation").

Under the terms of the merger agreement, 183 million shares of the Corporation's common stock were issued in exchange for all of the outstanding shares of Chase's common stock (based on an exchange ratio of 1.04 shares of the Corporation's common stock for each share of Chase's common stock). All of Chase's series of preferred stock were exchanged on a one-for-one basis for a corresponding series of the Corporation's preferred stock having substantially the same terms as the Chase preferred stock so converted. The merger was accounted for as a pooling-of-interests and, accordingly, the information included in the financial statements and consolidated notes of the Corporation presents the combined results of Chase and Chemical as if the merger had been in effect for all periods presented.

In connection with the merger, \$1.9 billion of one-time merger-related costs have been identified, of which \$1.65 billion was taken as a restructuring charge on March 31, 1996. In addition, \$6 million of merger-related expenses were incurred in the 1996 first quarter and included in the restructuring charge caption on the income statement. The remaining \$244 million of one-time merger-related costs will be incurred substantially over the next two years as these costs do not qualify for immediate recognition under a recently issued accounting pronouncement. These remaining costs will be reflected in the restructuring charge caption when incurred. The \$1.9 billion of merger-related costs reflects severance and other termination-related costs to be incurred in connection with anticipated staff reductions (approximately \$600 million), costs in connection with planned dispositions of certain facilities, premises and equipment (approximately \$700 million), and other merger-related expenses, including costs to eliminate redundant back office and other operations of Chemical and Chase and other expenses related directly to the merger (approximately \$600 million).

NOTE 3 - TREASURY STOCK

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

During the 1996 first quarter, the Corporation repurchased approximately 11.0 million shares of its outstanding common stock in the open market. The repurchases were largely undertaken to meet the anticipated needs of the Corporation's employee stock option and incentive plans in accordance with pooling-of-interest accounting rules. During the 1996 first quarter, approximately 10.4 million shares were issued (all of which were from treasury) under various employee stock option and incentive plans.

Under the terms of the merger agreement, all 18.6 million shares of Chase's treasury stock (which included approximately 9.0 million shares which were considered "tainted" under pooling-of-interests accounting rules), amounting to \$1,010 million at March 31, 1996, were cancelled and retired.

As of March 31, 1996, after taking into consideration the aforementioned shares held in Chase's treasury that were considered "tainted" along with the approximately 3.9 million shares held in treasury by Chemical that are considered "tainted", the aggregate number of the Corporation's shares deemed "tainted" under pooling-of-interest accounting rules approximated 12.9 million.

NOTE 4 - TRADING ACTIVITIES

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

Trading Assets and Liabilities

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

(in millions)	March 31, 1996	December 31, 1995
Trading Assets - Debt and Equity Instruments:		
U.S. Government, Federal Agencies and Municipal Securities Certificates of Deposit, Bankers' Acceptances, and Commercial Paper	\$ 8,848	\$ 9,601
Debt Securities Issued by Foreign Governments	2,427	2,560
Debt Securities Issued by Foreign Financial Institutions	5,904	6,318
Loans	3,510	3,467
Corporate Securities	595	666
Other	2,179	2,224
	1,341	1,376
	-----	-----
Total Trading Assets-Debt and Equity Instruments (a)	\$ 24,804	\$ 26,212
	=====	=====
Trading Assets - Risk Management Instruments:		
Interest Rate Contracts	\$ 10,940	\$ 12,408
Foreign Exchange Contracts	11,337	12,384
Stock Index Options and Commodity Contracts	1,364	1,033
	-----	-----
Total Trading Assets-Risk Management Instruments	\$ 23,641	\$ 25,825
	=====	=====
Trading Liabilities-Risk Management Instruments:		
Interest Rate Contracts	\$ 11,635	\$ 13,975
Foreign Exchange Contracts	11,045	13,295
Stock Index Options and Commodity Contracts	984	831
	-----	-----
Trading Liabilities-Risk Management Instruments	\$ 23,664	\$ 28,101
Securities Sold, Not Yet Purchased	\$ 9,361	\$ 6,240
	-----	-----
Total Trading Liabilities	\$ 33,025	\$ 34,341
	=====	=====

(a) Includes emerging markets instruments of \$4,285 million at March 31, 1996.

NOTE 5 - SECURITIES

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

The fair valuation of the securities classified as available-for-sale (including loans which are subject to the provisions of SFAS 115) resulted in a net after-tax unfavorable impact of \$610 million on the Corporation's stockholders' equity at March 31, 1996, compared with a net after-tax unfavorable impact of \$237 million at December 31, 1995. The change from the 1995 year-end was the result of an increase in interest rates during the 1996 first quarter.

Part I
Item 1. (continued)

Net gains from available-for-sale securities sold in the first quarter of 1996 amounted to \$52 million (gross gains of \$74 million and gross losses of \$22 million). Net losses on such sales for the same period in 1995 amounted to \$18 million (gross gains of \$38 million and gross losses of \$56 million).

Available-for-Sale Securities

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

March 31, 1996 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value(a)
-----	-----	-----	-----	-----
U.S. Government and Federal				
Agency/Corporation Obligations:				
Mortgage-Backed Securities	\$ 19,452	\$ 37	\$ 284	\$ 19,205
Collateralized Mortgage Obligations	899	--	3	896
Other, primarily U.S. Treasuries	7,090	2	232	6,860
Obligations of State and Political Subdivisions	623	2	--	625
Debt Securities Issued by Foreign Governments	8,299	60	58	8,301
Corporate Debt Securities	728	31	6	753
Collateralized Mortgage Obligations (b)	227	1	6	222
Equity Securities	1,033	152	3	1,182
Other, primarily Asset-Backed Securities	603	5	6	602
	-----	-----	-----	-----
Total Available-for-Sale Securities	\$ 38,954	\$ 290	\$ 598	\$ 38,646
	=====	=====	=====	=====

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

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

Part I
Item 1. (continued)

Held-to-Maturity Securities

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

March 31, 1996 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value(a)
U.S. Government and Federal				
Agency/Corporation Obligations:				
Mortgage-Backed Securities	\$ 1,723	\$ 4	\$ 11	\$ 1,716
Collateralized Mortgage Obligations	2,460	5	16	2,449
Other, primarily U.S. Treasuries	82	--	--	82
Collateralized Mortgage Obligations (b)	47	1	--	48
Other, primarily Asset-Backed Securities	86	1	--	87
Total Held-to-Maturity Securities	\$ 4,398	\$ 11	\$ 27	\$ 4,382
December 31, 1995 (in millions)				
U.S. Government and Federal				
Agency/Corporation Obligations:				
Mortgage-Backed Securities	\$ 1,782	\$ 24	\$ 1	\$ 1,805
Collateralized Mortgage Obligations	2,624	11	6	2,629
Other, primarily U.S. Treasuries	82	--	--	82
Collateralized Mortgage Obligations (b)	48	2	--	50
Other, primarily Asset-Backed Securities	92	1	--	93
Total Held-to-Maturity Securities	\$ 4,628	\$ 38	\$ 7	\$ 4,659

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

Part I
Item 1. (continued)

NOTE 6 - LOANS

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

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 1996	\$ 2,800	\$ 48	\$ 830	\$ 2,018
December 31, 1995	\$ 2,849	\$ 47	\$ 917	\$ 1,979

The first quarter of 1996 included a net loss of \$35 million related to the disposition of available-for-sale emerging market securities compared with a net gain of \$24 million in the same 1995 period.

For a discussion of the accounting policies relating to loans, see Note One of the Corporation's 1995 Annual Report. The following table sets forth impaired loan disclosures under SFAS 114. The Corporation uses the discounted cash flow method as its primary method for valuing impaired loans.

(in millions)	March 31, 1996	March 31, 1995
Impaired Loans with an Allowance	\$ 514	\$ 717
Impaired Loans without an Allowance (a)	714	944
Total Impaired Loans	\$ 1,228	\$ 1,661
Allowance for Impaired Loans under SFAS 114 (b)	\$ 153	\$ 235
Average Balance of Impaired Loans during the three months ended March 31,	\$ 1,212	\$ 1,682
Interest Income Recognized on Impaired Loans during the three months ended March 31,	\$ 8	\$ 7

- (a) Impaired loans for which the discounted cash flows, collateral value or market price equals or exceeds the carrying value of the loan. Such loans do not require an allowance under SFAS 114.
- (b) The Allowance for Impaired Loans under SFAS 114 is a part of the Corporation's overall Allowance for Credit Losses.

NOTE 7 - POSTRETIREMENT MEDICAL AND LIFE INSURANCE BENEFITS

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

NOTE 8 - RESTRUCTURING CHARGES

See Note 2 for a discussion of the \$1.65 billion merger-related restructuring charge. For a discussion of the Corporation's restructuring charges taken in prior years, reference is made to Note Fifteen of the Corporation's 1995 Annual Report. At March 31, 1996, the reserve balance related to the charge taken in connection with the Corporation's program to improve earnings per share was approximately \$108 million relating substantially to the disposition of certain facilities, premises and equipment and the termination of leases.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

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

NOTE 10 - DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

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

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

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

At March 31, 1996, gross deferred gains and gross deferred losses relating to closed derivative contracts used in ALM activities were \$547 million and \$721 million, respectively. See page 56 of the Corporation's 1995 Annual Report for the accounting method used for these contracts and see page 41 of this Form 10-Q for the Amortization of Net Deferred Gains (Losses) on Closed ALM Contracts.

The Corporation also uses selected derivative financial instruments to manage the sensitivity to changes in market interest rates on anticipated transactions; however, such transactions are not significant. Accordingly, at March 31, 1996, deferred gains and losses associated with such transactions were insignificant.

Part I
Item 1. (continued)

The following table summarizes the aggregate notional amounts of interest rate and foreign exchange contracts as well as the credit exposure related to these instruments (after taking into account the effects of legally enforceable master netting agreements) for the dates indicated below. The table should be read in conjunction with the descriptions of these products and their risks included on pages 73-75 of the Corporation's 1995 Annual Report.

(in billions)	Notional Amounts (a)		Credit Exposure	
	March 31, 1996	December 31, 1995	March 31, 1996	December 31, 1995
Interest Rate Contracts				
Futures, Forwards and Forward Rate Agreements				
Trading	\$ 1,132.1	\$ 1,047.5	\$ 0.7	\$ 1.3
Asset and Liability Management	31.1	40.0	---	0.1
Interest Rate Swaps				
Trading	1,839.4	1,692.6	9.7	10.4
Asset and Liability Management	81.4	69.7	0.2	0.3
Purchased Options				
Trading	159.1	147.2	0.5	0.7
Asset and Liability Management	40.0	26.0	---	---
Written Options				
Trading	177.5	161.0	---	---
Asset and Liability Management	19.6	6.4	---	---
Total Interest Rate Contracts	\$ 3,480.2	\$ 3,190.4	\$ 11.1	\$ 12.8
Foreign Exchange Contracts				
Spot, Forward and Futures Contracts				
Trading	\$ 1,349.2	\$ 1,352.1	\$ 8.1	\$ 8.8
Asset and Liability Management	23.1	10.9	---	---
Other Foreign Exchange Contracts (b)				
Trading	263.0	241.6	3.2	3.6
Asset and Liability Management	2.0	1.6	---	---
Total Foreign Exchange Contracts	\$ 1,637.3	\$ 1,606.2	\$ 11.3	\$ 12.4
Stock Index Options and Commodity Contracts				
Trading	\$ 46.1	\$ 37.7	\$ 1.4	\$ 1.0
Total Stock Index Options and Commodity Contracts	\$ 46.1	\$ 37.7	\$ 1.4	\$ 1.0
Total Credit Exposure Recorded on the Balance Sheet			\$ 23.8	\$ 26.2

(a) The notional amounts of exchange-traded interest rates contracts, foreign exchange contracts, and stock index options and commodity contracts were \$449.2 billion, \$15.2 billion and \$7.8 billion, respectively, at March 31, 1996, compared with \$417.7 billion, \$10.6 billion and \$5.1 billion, respectively, at December 31, 1995. The credit risk amounts of these contracts were minimal since exchange-traded contracts principally settle daily in cash.

(b) Includes notional amounts of purchased options, written options and cross-currency interest rate swaps of \$97.9 billion, \$102.1 billion and \$65.0 billion, respectively, at March 31, 1996, compared with \$92.2 billion, \$92.4 billion and \$58.6 billion, respectively, at December 31, 1995.

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

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

Off-Balance Sheet Lending-Related Financial Instruments (in millions)	March 31, 1996	December 31, 1995
-----	-----	-----
Commitments to Extend Credit	\$ 97,605(a)	\$ 95,555(a)
Standby Letters of Credit and Guarantees (Net of Risk Participations of \$4,524 and \$4,861)	24,922	24,745
Other Letters of Credit	5,985	5,907
Customers' Securities Lent	31,156	27,169

(a) Excludes credit card commitments of \$50.0 billion and \$47.6 billion at March 31, 1996 and December 31, 1995, respectively.

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

For a discussion of the Corporation's fair value methodologies, see pages 76 -77 of the Corporation's 1995 Annual Report. The following table presents the carrying value and estimated fair value at March 31, 1996 of financial assets and liabilities valued under SFAS 107 and certain derivatives contracts used for ALM activities related to such financial assets and liabilities.

(in millions)	Financial Assets/ Financial Liabilities		Derivative Contracts Used for ALM Activities			
	Carrying Value(a)(b)	Estimated Fair Value(a)(b)	Carrying Value(c)	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value(e)
Financial Assets:						
Assets for Which Fair Value						
Approximates Carrying Value	\$ 56,882	\$ 56,886	\$ (3)	\$ 4	\$ --	\$ 1
Trading Assets:						
Debt and Equity Instruments	24,804	24,804	---	---	---	---
Risk Management Instruments	23,641	23,641	---	---	---	---
Securities Available-for-Sale	38,646	38,646	80	---	---	80
Securities Held-to-Maturity	4,398	4,382	---	---	---	---
Loans, Net of Unearned Income	149,331	149,630	86	257	(299)	44
Allowance for Credit Losses	(3,683)	---	---	--	---	--
Derivatives in Lieu of Cash						
Market Instruments (d)	(3)	43	(3)	212	(166)	43
Other Assets	2,088	2,498	---	---	---	---
Total Financial Assets	\$ 296,104	\$ 300,530	\$ 160	\$ 473	\$ (465)	\$ 168
Financial Liabilities:						
Liabilities for Which Fair Value						
Approximates Carrying Value	\$ 213,942	\$ 213,985	\$ 39	\$ 97	\$ (140)	\$ (4)
Domestic Time Deposits	27,578	27,538	252	122	(177)	197
Trading Liabilities	33,025	33,025	---	---	---	---
Long-Term Debt	12,977	13,224	23	114	(184)	(47)
Total Financial Liabilities	\$ 287,522	\$ 287,772	\$ 314	\$ 333	\$ (501)	\$ 146

- (a) The carrying value and estimated fair value include the carrying value and estimated fair value of derivative contracts used for ALM activities.
- (b) The carrying value and estimated fair value of daily margin settlements on open futures contracts are primarily included in Other Assets on the balance sheet, except when used in connection with available-for-sale securities, which are carried at fair value and are included in securities available-for-sale on the balance sheet. The Corporation uses these contracts in its ALM activities to modify the interest rate characteristics of balance sheet instruments such as securities available-for-sale, loans and deposits. Gross unrecognized gains and losses from daily margin settlements on open futures contracts were \$25 million and \$19 million, respectively, at March 31, 1996.
- (c) The carrying value of derivatives used for ALM activities is recorded as receivables and payables and is primarily included in Other Assets on the balance sheet, except derivatives used in connection with available-for-sale securities which are carried at fair value and are included in securities available-for-sale on the balance sheet.
- (d) Represents derivative contracts that, as part of the Corporation's ALM activities are used in place of cash market instruments. For a discussion of the Corporation's accounting policy relative to these instruments, see page 56 of the Corporation's 1995 Annual Report.
- (e) Derivative Contracts Used for ALM Activities were valued using market prices or pricing models consistent with methods used by the Corporation in valuing similar instruments used for trading purposes.

In addition to the derivative contracts in the above table, the Corporation also uses derivative contracts (interest rate swaps, futures and purchased option contracts) to manage the risk associated with its mortgage servicing rights that are not required to be fair valued under SFAS 107. At March 31, 1996, the carrying value of such derivative contracts was \$32.5 million, and gross unrecognized gains and losses were \$18.8 million and \$55.4 million, respectively, resulting in an estimated negative fair value of \$4.1 million.

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

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

	1996		1995		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
EARNINGS:					
Income Before Restructuring Charge	\$ 937	\$ 827	\$ 764	\$ 729	\$ 650
Restructuring Charge (after-tax) (a)	(1,026)	--	--	--	--
Income (Loss) After Restructuring Charge and Before Effect of Accounting Change	(89)	827	764	729	650
Effect of Change in Accounting Principle	--	--	--	--	(11)(b)
Net Income (Loss)	\$ (89)	\$ 827	\$ 764	\$ 729	\$ 639
Net Income (Loss) Applicable to Common Stock	\$ (143)	\$ 773	\$ 708	\$ 673	\$ 578
INCOME (LOSS) PER COMMON SHARE:					
Primary:					
Income Before Restructuring Charge	\$ 1.98	\$ 1.73	\$ 1.58	\$ 1.54	\$ 1.37
Restructuring Charge	(2.30)	--	--	--	--
Income (Loss) After Restructuring Charge and Before Effect of Accounting Change	(0.32)	1.73	1.58	1.54	1.37
Effect of Change in Accounting Principle	--	--	--	--	(0.03)(b)
Net Income (Loss)	\$ (0.32)	\$ 1.73	\$ 1.58	\$ 1.54	\$ 1.34
Assuming Full Dilution:					
Income Before Restructuring Charge	\$ 1.97	\$ 1.73	\$ 1.55	\$ 1.52	\$ 1.36
Restructuring Charge	(2.29)	--	--	--	--
Income (Loss) After Restructuring Charge and Before Effect of Accounting Change	(0.32)	1.73	1.55	1.52	1.36
Effect of Change in Accounting Principle	--	--	--	--	(0.03)(b)
Net Income (Loss)	\$ (0.32)	\$ 1.73	\$ 1.55	\$ 1.52	\$ 1.33
PER COMMON SHARE:					
Book Value	\$ 39.41	\$ 41.81	\$ 40.93	\$ 39.66	\$ 38.22
Market Value	\$ 70.50	\$ 58.75	\$ 60.88	\$ 47.25	\$ 37.75
Common Stock Dividends Declared (c)	\$ 0.56	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.44
COMMON SHARES OUTSTANDING:					
Average Common and Common Equivalent Shares	446.1	446.0	448.4	436.2	430.5
Average Common Shares Assuming Full Dilution	449.1	447.7	456.4	444.4	439.5
Common Shares at Period End	434.3	435.0	438.6	430.9	425.4
PERFORMANCE RATIOS: (Average Balances) (d)					
Income Before Restructuring Charge:					
Return on Assets	1.20%	1.04%	.99%	.95%	.87%
Return on Common Stockholders' Equity	19.53%	17.33%	16.17%	16.31%	14.64%
Return on Total Stockholders' Equity	18.09%	16.13%	15.14%	15.13%	13.74%
Net Income (Loss):					
Return on Assets	N/M	1.04%	.99%	.95%	.87%
Return on Common Stockholders' Equity	N/M	17.33%	16.17%	16.31%	14.64%
Return on Total Stockholders' Equity	N/M	16.13%	15.14%	15.13%	13.74%
Efficiency Ratio (e)	59.5%	61.9%	61.9%	63.2%	67.4%

(a) Reflects restructuring charge taken in connection with the merger of The Chase Manhattan Corporation and Chemical Banking Corporation on March 31, 1996.

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

(c) The Corporation increased its quarterly common stock dividend from \$0.50 per share to \$0.56 per share in the first quarter of 1996.

(d) Quarterly performance ratios are based on annualized net income amounts.

(e) Excludes restructuring charges, foreclosed property expense, and nonrecurring items. During the 1996 first quarter, such nonrecurring items were the receipt of interest related to Federal and State tax audit settlements, loss on the sale of a building in Japan and costs incurred in combining the Corporation's foreign retirement plans. The 1995 first quarter excluded the gain on the sale of the Corporation's investment in Far East Bank and Trust Company.

N/M - As a result of the loss, these ratios are not meaningful.

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

OVERVIEW

The Chase Manhattan Corporation (the "Corporation") reported first quarter 1996 net income of \$937 million, before a merger-related restructuring charge, a 44 percent increase from first quarter 1995 results of \$650 million. Primary earnings per share in the first quarter of 1996 were \$1.98, before the charge, compared with \$1.37 in the same 1995 period. Fully diluted earnings per share in the first quarter of 1996 were \$1.97, before the charge, compared with \$1.36 in the first quarter of 1995. Including the merger-related charge of \$1.65 billion (\$1.026 billion after-tax), the Corporation reported a net loss of \$89 million in the first quarter of 1996.

The Corporation's 1996 first quarter results reflected strong revenue growth, coupled with continued success in managing its expenses. The Corporation achieved solid and balanced performances in each of its global banking, regional banking and nationwide consumer businesses, which placed the Corporation in a strong position to achieve the performance targets it has announced for 1996.

The Corporation's return on average common stockholders' equity excluding the restructuring charge was 19.5% for the first quarter of 1996, compared with 14.6% for the 1995 comparable quarter. The Corporation's efficiency ratio improved to 59.5% for the first quarter of 1996, compared with 67.4% for the first quarter of 1995.

During the 1996 first quarter, the Corporation recognized a number of special items including a charge of \$102 million against the Corporation's allowance for credit losses, as a result of conforming charge-off policies with respect to credit card receivables; a loss of \$60 million (\$37 million after-tax) on the sale of a building in Japan; a charge of \$40 million (\$25 million after-tax) related to conforming its foreign retirement plans; and aggregate tax benefits and refunds of \$132 million.

At March 31, 1996, the Corporation's Tier 1 Capital and Total Capital ratios were 7.92% and 11.99%, respectively (excluding the assets and off-balance sheet financial instruments of the Corporation's securities subsidiaries, as well as the Corporation's investment in these subsidiaries). These risk-based capital ratios were well in excess of the minimum ratios specified by the Board of Governors of the Federal Reserve System ("Federal Reserve Board") and at March 31, 1996, the Corporation was "well capitalized" as defined by the Federal Reserve Board.

The Corporation's nonperforming assets at March 31, 1996 were \$1,686 million, compared with \$1,664 million on December 31, 1995, and declined \$371 million from \$2,057 million at March 31, 1995. Nonperforming assets have declined by approximately \$9.8 billion, or 85%, from their peak level of \$11.5 billion in 1991.

RESULTS OF OPERATIONS

Net Interest Income

(in millions)	First Quarter	
	1996	1995
Net Interest Income		
Domestic	\$ 1,733	\$ 1,588
Overseas	433	439
Total Net Interest Income	2,166	2,027
Taxable-Equivalent Adjustment	5	14
Net Interest Income-Taxable-Equivalent Basis (a)	\$ 2,171	\$ 2,041
Average Interest-Earning Assets:		
Domestic	\$ 181,890	\$ 170,391
Overseas	72,771	67,474
Total Average Interest-Earning Assets	\$ 254,661	\$ 237,865
Net Yield on Interest-Earning Assets:		
Domestic	3.84%	3.81%
Overseas	2.40	2.64
Consolidated Net Yield on Interest-Earning Assets	3.43%	3.48%

(a) Reflected on a taxable equivalent basis in order to permit comparison of yields on tax-exempt and taxable assets.

Reported net interest income for the first quarter of 1996 was \$2,166 million, compared with \$2,027 million for the same 1995 period. The 1996 first quarter results included \$54 million of interest related to Federal and State tax audit settlements. Excluding the impact of the interest related to the aforementioned settlements, net interest income for the 1996 first quarter increased \$85 million from 1995 due to a higher level of interest-earning assets (led by growth in consumer loans) as well as higher levels of trading-related net interest income, partially offset by the effect of a higher level of credit card securitizations.

The interest rate spread, which is the difference between the average rate on interest-earning assets and the average rate on interest-bearing liabilities, was 2.58% for the 1996 first quarter, compared with 2.75% for the 1995 first quarter. The net yield on interest-earning assets, which is the average rate for interest-earning assets less the average rate paid for all sources of funds, including the impact of interest-free funds, was 3.43% in 1996, compared with 3.48% in 1995. Excluding the impact of credit card securitizations in both years and the impact of the interest on the tax settlements in 1996, the net yield in the 1996 first quarter was 3.52%, compared with 3.54% in the prior year period.

The following table reflects the composition of interest-earning assets as a percentage of total earning assets, as well as the interest rate spread and the net yield on interest-earning assets, for the periods indicated.

Part I
Item 2 (continued)

Average Interest-Earning Asset Mix ----- (in billions) -----	First Quarter			
	1996		1995	
Consumer Loans	\$ 72.3	28%	\$ 66.0	28%
Commercial Loans	77.3	30	75.2	32
	-----	-----	-----	-----
Total Loans	149.6	58	141.2	60
Securities	42.7	17	34.6	14
Liquid Interest-Earning Assets	62.4	25	62.1	26
	-----	-----	-----	-----
Total Interest-Earning Assets	\$ 254.7	100%	\$ 237.9	100%
	=====	=====	=====	=====
Interest Rate Spread	2.58%		2.75%	
	=====		=====	
Net Yield on Interest-Earning Assets	3.43%		3.48%	
	=====		=====	

The Corporation's average total loans in the first quarter of 1996 were \$149.6 billion, compared with \$141.2 billion in the comparable 1995 period. The increase reflected the continued growth in consumer loans (despite the impact of a higher level of credit card securitizations) and commercial lending, partially offset by the continued reduction in the commercial real estate portfolio.

The growth in interest-earning assets was funded by a \$9.0 billion increase in interest-bearing liabilities. For the 1996 first quarter, average interest-bearing liabilities were \$214.6 billion, compared with \$205.6 billion for the first quarter of 1995, principally due to a higher level of foreign interest-bearing deposits and Federal funds purchased and securities sold under repurchase agreements. The Corporation utilizes repurchase agreements as a source of short-term funding for trading-related positions and for its securities portfolio.

The negative impact on net interest income from nonperforming loans in the first quarter of 1996 was \$29 million, compared with \$31 million in the same quarter in 1995, reflecting the reduction in the level of the Corporation's nonperforming loans.

For additional information on average balances and net interest income, see Average Consolidated Balance Sheet, Interest and Rates on page 45.

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

Provision for Losses

The Corporation's provision for losses was \$245 million for the 1996 first quarter, compared with \$186 million in the 1995 fourth quarter, and \$185 million in the 1995 first quarter. The increase in the provision for losses from the 1995 first quarter was primarily the result of slightly higher credit card net charge-offs, as well as higher commercial net charge-offs as a result of a lower level of recoveries.

Management anticipates that the provision for losses in 1996 will increase over the 1995 level due to a lower level of commercial loan recoveries and higher credit card charge-offs. For a discussion of the Corporation's net charge-offs, see the Credit Risk Management Section on pages 30-35.

Noninterest Revenue

Noninterest revenue totaled \$1,869 million in the 1996 first quarter, an increase of \$312 million, or 20%, when compared with the same period last year. The 1996 first quarter results reflect a \$240 million improvement in trading revenue, a 15% increase in fees and commissions (principally from corporate finance and syndication activities, credit card revenue and trust and investment management fees), and higher securities gains. These increases were partially offset by lower other revenue as the 1996 quarter includes a loss of \$60 million on the sale of a building in Japan while the 1995 quarter included a gain of \$85 million on the sale of the investment in Far East Bank and Trust Company.

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

(in millions)	First Quarter	
	1996	1995
Corporate Finance and Syndication Fees	\$ 224	\$ 169
Trust and Investment Management Fees	285	240
Credit Card Revenue	233	182
Service Charges on Deposit Accounts	99	104
Fees for Other Financial Services	378	367
Total Fees and Commissions	1,219	1,062
Trading Revenue	339	99
Securities Gains (Losses)	52	(18)
Other Revenue	259	414
Total	\$ 1,869	\$ 1,557

Fees and Commissions

Corporate finance and syndication fees were a record \$224 million in the 1996 first quarter, an increase of 33% from the prior year period. This resulted from a higher level of investment banking activity in both loan syndications and new issues of high-yield securities. During the 1996 first quarter, the Corporation acted as agent or co-agent for approximately \$98 billion of syndicated credit facilities, a reflection of the Corporation's large client base and strong emphasis on distribution.

Trust and investment management fees rose \$45 million in the 1996 first quarter due to higher global services activity, reflecting, in part, the acquisition of the securities processing businesses of U.S. Trust Corporation ("U.S. Trust") in September 1995 which contributed approximately \$24 million of revenue. The remainder of the increase reflects higher fees resulting from growth in assets under management.

Credit card revenue increased \$51 million to \$233 million for the 1996 first quarter, primarily the result of an increase in securitization volume as well as growth in outstandings and active accounts. During the 1996 first quarter, \$2.9 billion of credit card receivables were securitized. The favorable impact of the securitizations on credit card revenue was \$75 million in the 1996 first quarter compared with \$26 million in the same 1995 period. Average managed credit card receivables (credit card receivables on the balance sheet plus securitized credit card receivables) grew to \$23.2 billion for the first quarter of 1996, compared with \$19.3 billion for the prior year's comparable period. For a further discussion of the credit card portfolio and related securitization activity, see pages 32-33 of this Form 10-Q.

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

(in millions)	First Quarter	
	1996	1995
Fees for Other Financial Services:		
Commissions on Letters of Credit and Acceptances	\$ 89	\$ 91
Fees in Lieu of Compensating Balances	74	69
Mortgage Servicing Fees	50	54
Loan Commitment Fees	30	33
Other Fees	135	120
Total	\$ 378	\$ 367

Contributing to the rise in other fees for the first quarter of 1996 were increased brokerage commissions of \$6 million, largely due to higher transaction volume and a larger customer base at the Corporation's discount brokerage firm, Brown and Company.

Trading Revenue

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

(in millions)	First Quarter	
	1996	1995
Trading Revenue	\$ 339	\$ 99
Net Interest Income Impact (a)	148	84
Total Trading-Related Revenue	\$ 487	\$ 183
Product Diversification:		
Interest Rate Contracts (b)	\$ 146	\$ 66
Foreign Exchange Contracts (c)	140	174
Debt Instruments and Other (d)	201	(57)
Total Trading-Related Revenue	\$ 487	\$ 183

- (a) Net interest income attributable to trading activities includes accruals on interest-earning and interest-bearing trading-related positions as well as management allocations reflecting the funding cost or benefit associated with trading positions. This amount is included in the net interest income caption on the Consolidated Statement of Income.
- (b) Includes interest rate swaps, cross-currency interest rate swaps, foreign exchange forward contracts, interest rate futures, and forward rate agreements and related hedges.
- (c) Includes foreign exchange spot and option contracts.
- (d) Includes U.S. and foreign government and government agency securities, corporate debt securities, emerging markets debt instruments, debt-related derivatives, equity securities, equity derivatives, and commodity derivatives.

Part I
Item 2 (continued)

The \$80 million increase in revenue from interest rate contracts during the 1996 first quarter was primarily due to anticipated volatility in certain Western European, Asian and U.S. interest rate markets. Foreign exchange revenue in 1996, while down from the first quarter 1995 level, continued to benefit from volatility in the currency markets and from the Corporation's market-making activities. The increase in debt instrument revenue during the 1996 first quarter, when compared to the same 1995 period, was primarily the result of the 1995 first quarter results being adversely affected by major declines in the prices of emerging markets debt instruments.

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

Other Noninterest Revenue

The following table presents securities gains (losses) and the composition of other revenue for the first quarter of 1996 and 1995.

(in millions)	First Quarter	
	1996	1995
Securities Gains (Losses)	\$ 52	\$ (18)
Other Revenue:		
Revenue from Equity-Related Investments	\$ 223	\$ 181
Net Gains (Losses) on Emerging Markets Securities Sales	(35)	24
Gain on Sale of Investment in Far East Bank & Trust Company	--	85
Residential Mortgage Origination/Sales Activities	28	41
Loss on Sale of a Building in Japan	(60)	--
All Other Revenue	103	83
Total Other Revenue	\$ 259	\$ 414

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

The Corporation's other revenue was \$259 million for the first quarter of 1996, compared with \$414 million for the first quarter of 1995. Revenue from equity-related investments, which includes income from venture capital activities and emerging markets investments, was \$223 million in the 1996 first quarter, an increase of \$42 million from the comparable 1995 quarter, benefiting from a broad-based portfolio of investments in an active market. Revenue from equity-related investments has averaged approximately \$157 million per quarter, based on revenues during the last eight quarterly periods. At March 31, 1996, the Corporation had equity-related investments with a carrying value of approximately \$2.8 billion. The Corporation believes that equity-related investments will continue to make contributions to the Corporation's earnings, although the timing of the recognition of gains from these activities is unpredictable and revenues from such activities could vary significantly from period to period.

The first quarter of 1996 included net losses of \$35 million related to the disposition of available-for-sale emerging market securities. The comparable period in 1995 included a net gain of \$24 million on the sale of available-for-sale emerging market securities.

Part I
Item 2 (continued)

The \$13 million decline in residential mortgage origination/sales activities is entirely attributable to a lower level of gains from the sale of mortgage servicing rights in the 1996 first quarter.

All other revenue in the 1996 first quarter included \$11 million in net gains from the securitization of automobile financing loans and credit card receivables. All other revenue reflected \$8 million lower income from the Corporation's investment in CIT, as a result of the sale of half of the Corporation's investment in CIT in December 1995.

Noninterest Expense

Noninterest expense in the 1996 first quarter was \$2,437 million (excluding the restructuring charge and other expenses relating to the merger of \$1,656 million), compared with \$2,364 million in the 1995 fourth quarter and \$2,335 million in the first quarter of 1995. The Corporation recognized a special charge of \$40 million in the 1996 first quarter to conform retirement benefits provided to foreign employees. Excluding the restructuring charge, the special conformity adjustment for the foreign retirement plans, and foreclosed property expense, noninterest expense increased 2% from the comparable quarter last year, and 1% from the preceding quarter. The increases from the prior quarters primarily reflect costs related to stronger revenues, including higher incentive costs. Additionally, the first quarter of 1996 includes approximately \$35 million of noninterest expense as a result of the acquisition of the U.S. Trust processing business in September 1995, and the consolidation of a foreign investment previously recorded on an equity basis, partially offset by the absence of expenses due to the sale of the southern and central New Jersey banking operations in the fourth quarter of 1995.

(in millions)	First Quarter	
	1996	1995
Salaries	\$ 1,076	\$ 997
Employee Benefits	305	234
Occupancy Expense	221	228
Equipment Expense	184	198
Foreclosed Property Expense	(9)	(25)
Other Expense	660	703
Total Before Restructuring Charge	2,437	2,335
Restructuring Charge and Expenses	1,656	--
Total	\$ 4,093	\$ 2,335

The Corporation's efficiency ratio improved to 59.5% in the 1996 first quarter, compared with 67.4% in the 1995 first quarter. The computation of the efficiency ratio (noninterest expense as a percentage of the total of net interest income and noninterest revenue) excludes restructuring charges, foreclosed property expense, and nonrecurring items. During the 1996 first quarter, nonrecurring items reflected the receipt of interest related to Federal and State tax audit settlements, a loss on sale of a building in Japan and costs incurred in combining the Corporation's foreign retirement plans. The 1995 first quarter excluded the gain on the sale of the Corporation's investment in Far East Bank and Trust Company.

Salaries and Employee Benefits

The increase in salaries for the 1996 first quarter was primarily due to higher incentive costs as a result of stronger earnings for most businesses. Also contributing to the increase in salaries was the vesting of various stock-based incentive awards due to the improvement in the Corporation's stock price, the continued growth in the Corporation's securities underwriting business and the additional staff costs resulting from the U.S. Trust acquisition in September 1995. Partially offsetting these increases were the impact of personnel reductions undertaken since March 31, 1995 and the aforementioned sale of Chemical New Jersey Holdings.

Part I
Item 2 (continued)

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

	March 31, 1996	December 31, 1995
Domestic Offices	59,818	60,904
Foreign Offices	11,493	11,792
Total Full-Time Equivalent Employees	71,311	72,696

Employee benefits in the 1996 first quarter increased \$71 million from the prior year's first quarter primarily as a result of the \$40 million charge to conform retirement benefits provided to foreign employees, and other expenses associated with a newly consolidated foreign investment. Also impacting employee benefits was an increase in FICA expenses associated with the vesting of stock-based incentive awards.

Occupancy and Equipment Expense

Occupancy expense in the 1996 first quarter decreased by \$7 million from the prior year's comparable quarter. The decline from 1995 is largely the result of the consolidation of operational and branch facilities and other expense-reduction initiatives.

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

Foreclosed Property Expense

Foreclosed property expense was a credit of \$9 million in the 1996 first quarter compared with a credit of \$25 million in the first quarter of 1995. The results reflected continued progress in reducing the Corporation's real estate portfolio as a result of improved real estate market conditions. The 1995 amount included proceeds received from the sale of certain foreclosed properties previously written down.

Restructuring Charge

In connection with the merger, \$1.9 billion of one-time merger-related costs have been identified, of which \$1.65 billion was taken as a restructuring charge on March 31, 1996. In addition, \$6 million of merger-related expenses were incurred in the 1996 first quarter and included in the restructuring charge caption on the income statement. The remaining \$244 million of one-time merger-related costs will be incurred substantially over the next two years as these costs do not qualify for immediate recognition under a recently issued accounting pronouncement. These remaining costs will be reflected in the restructuring charge caption when incurred. The \$1.9 billion of merger-related costs reflect severance and other termination-related costs to be incurred in connection with anticipated staff reductions (approximately \$600 million), costs in connection with the planned disposition of certain facilities, premises and equipment (approximately \$700 million), and other merger-related expenses, including costs to eliminate redundant back office and other operations and other expenses related directly to the merger (approximately \$600 million). Management does not anticipate that the restructuring charge will have a material impact on the Corporation's future liquidity. Because of the inherent uncertainties associated with merging two large corporations, there can be no assurance that the \$1.9 billion of merger-related costs will reflect the actual costs ultimately incurred by the Corporation in implementing the merger or that the Corporation would not deem it appropriate to take additional charges, as the merger implementation process continues.

Other Expense

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

(in millions)	First Quarter	
	1996	1995
Other Expense:		
Professional Services	\$ 129	\$ 135
Marketing Expense	90	81
FDIC Assessments	1	57
Telecommunications	85	81
Amortization of Intangibles	43	47
All Other	312	302
Total	\$ 660	\$ 703

Other expense for the 1996 first quarter was \$660 million, a decrease of \$43 million, or 6%, from the first quarter of 1995. The improvement reflected a \$56 million decline in FDIC assessments compared with the first quarter of 1995 resulting from the elimination of a FDIC assessment, with the exception of deposits associated with the acquisition of former savings and loan branches. Partially offsetting the 1996 first quarter decline were slight increases in other expenses as a result of the aforementioned U.S. Trust acquisition, and consolidation of a foreign investment.

Income Taxes

The Corporation recognized income tax benefits of \$214 million in the first quarter of 1996, compared with income tax expense of \$414 million in the first quarter of 1995. The 1996 amount includes tax benefits related to the restructuring charge, as well as aggregate tax benefits and refunds of \$132 million. Excluding the tax benefits and refunds of \$132 million, the Corporation's effective tax rate was 38.0% in the first quarter of 1996 compared with 38.9% in the comparable 1995 quarter.

PRO FORMA LINES OF BUSINESS RESULTS

Profitability of the Corporation is tracked with an internal management information system that produces lines-of-business performance for all sectors. The current presentation of lines-of-business results is based on existing management accounting policies at both Chemical and Chase. A uniform set of management accounting policies is being developed and is expected to be implemented in the second quarter of 1996. Lines-of-business results are subject to restatement as appropriate whenever there are refinements in management reporting policies, changes to the management organization or to reflect future changes in internal management reporting.

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

Part I
Item 2 (continued)

For the three months ended	Global Bank		Regional and Consumer Banking		Global Services	
	1996	1995	1996	1995	1996	1995
March 31, (in millions, except ratios)						
Net Interest Income	\$ 667	\$ 538	\$ 1,425	\$ 1,374	\$ 213	\$ 184
Noninterest Revenue	1,146	716	623	569	308	264
Noninterest Expense	896	831	1,197	1,277	388	352
Operating Margin	917	423	851	666	133	96
Credit Provision (a)	68	72	343	255	4	--
Foreclosed Property Expense	--	--	2	(19)	--	--
Income Before Taxes	849	351	506	430	129	96
Income Taxes	316	123	198	171	55	37
Operating Net Income	533	228	308	259	74	59
Special Items (b)	--	51	--	--	--	--
Net Income	\$ 533	\$ 279	\$ 308	\$ 259	\$ 74	\$ 59
Average Assets	\$ 192,741	\$ 179,780	\$ 111,470	\$ 103,510	\$ 9,852	\$ 9,614
Return on Common Equity (c)	28.1%	11.7%	18.6%	14.8%	20.2%	17.4%
Return on Assets (c)	1.11%	.51%	1.11%	1.01%	3.02%	2.49%
Efficiency Ratio (d)	49.4%	66.3%	58.5%	65.7%	74.5%	78.6%

For the three months ended March 31,	Terminal (LDC and Real Estate)		Total(e)	
	1996	1995	1996	1995
(in millions, except ratios)				
Net Interest Income	\$ 19	\$ 30	\$ 2,112	\$ 2,027
Noninterest Revenue	(19)	58	1,929	1,472
Noninterest Expense	14	18	2,406	2,360
Operating Margin	(14)	70	1,635	1,139
Credit Provision (a)	10	(3)	245	185
Foreclosed Property Expense	(11)	(13)	(9)	(25)
Income (Loss) Before Taxes (Benefits)	(13)	86	1,399	979
Income Taxes (Benefits)	(1)	36	532	380
Operating Net Income (Loss)	(12)	50	867	599
Restructuring Charge	--	--	(1,026)	--
Special Items (b)	--	--	70	51
Accounting Change	--	--	--	(11)
Net Income (Loss)	\$ (12)	\$ 50	\$ (89)	\$ 639
Average Assets	\$ 5,620	\$ 8,870	\$ 312,925	\$ 299,298
Return on Common Equity (c)	NM	NM	18.0%	13.6%
Return on Assets (c)	NM	NM	1.11%	.81%
Efficiency Ratio (d)	NM	NM	59.5%	67.4%

(a) The provision is allocated to each sector utilizing a credit risk methodology which is computed using a risk grading system for that sector's loan portfolio that is consistently applied throughout the Corporation. The difference between the risk-based provision and the Corporation provision is included in the Corporate sector.

(b) Special items in the 1996 first quarter include the loss on the sale of a building in Japan and costs incurred in combining the Corporation's foreign retirement plans as well as aggregate tax benefits and refunds. The 1995 first quarter included the gain on the sale of the Corporation's investment in Far East Bank and Trust Company.

(c) Based on annualized operating net income amounts.

(d) The computation of the efficiency ratio excludes restructuring charges, foreclosed property expense and the nonrecurring items discussed in (b) above.

(e) Total column includes Corporate sector. See description of Corporate sector on page 29.

NM - Not meaningful.

GLOBAL BANK

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

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

The Global Bank's net income in the first quarter of 1996 was \$533 million, an increase of \$254 million from the first quarter of 1995. The sector's return on equity in the first quarter of 1996 was 28.1%, compared with 11.7% in 1995 first quarter. The increase in the first quarter was primarily due to a 13% increase in fee revenue, securities gains, and equity investment gains.

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

----- (\$ in millions)	First Quarter	
	----- 1996	----- 1995
-----	-----	-----
Total Revenue:		
Client Management and Investment Banking	\$ 533	\$ 523
Global Markets	587	267
Regional Centers	279	200(a)
Equity Investments	213	83
Global Asset Management & Private Banking	199	170

(a) Excludes \$85 million gain on sale of investment in Far East Bank and Trust Company.

Revenue from Client Management and Investment Banking increased \$10 million in the first quarter of 1996 reflecting a higher level of investment banking activity, including loan syndications and new issues of high-yield bonds.

Trading-related revenue at Global Markets was higher in the first quarter of 1996 when compared with 1995 because the trading results in the first quarter of 1995 were adversely affected by major declines in the prices of emerging markets debt instruments. Also contributing to the revenue increase was higher securities gains.

Revenue increased \$79 million at the Regional Centers in the first quarter of 1996 compared with last year's first quarter reflecting higher net interest income due to a 12% increase in loan volume and an increase in trading revenues.

Revenue from equity-related investments increased in the first quarter of 1996 compared with 1995 resulting from the benefit from a broad-based portfolio of investments in an active market.

Revenue at Global Asset Management and Private Banking rose \$29 million, in part, since the 1995 first quarter results were adversely affected by the permanent impairment of Barings Bank PLC securities. Also, contributing to the favorable results was an increase in net interest income resulting from higher loan and deposit volume.

REGIONAL AND CONSUMER BANKING

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

Regional and Consumer Banking's net income of \$308 million in the first quarter of 1996 increased \$49 million from last year's first quarter results of \$259 million. The increase in earnings for the first quarter of 1996 were due primarily to lower noninterest expense of \$80 million reflecting the reduced FDIC premium expense and the absence of expenses for Chemical New Jersey Holdings Inc. (which was sold in October 1995). Also contributing were increases in noninterest revenue and net interest income of \$54 million and \$51 million, respectively. These favorable results were partially offset by higher loan loss provision of \$88 million and an increase in foreclosed property expense of \$21 million. The higher credit provision in 1996 reflects the substantial growth in credit card outstandings.

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

----- (\$ in millions) -----	----- First Quarter -----	
	1996 ----	1995 ----
Total Revenue:		
Credit Cards	\$ 669	\$ 610
Deposits and Investments	453	470
Mortgage Banking	165	143
Chase Consumer Credit	181	145
International Consumer	60	51
Middle Market and Community Development	243	223
Texas Commerce	309	276

Credit Cards revenue increased \$59 million, or 10%, in the first quarter of 1996, compared with last year's first quarter due to a 20% increase in the loan portfolio and a 7% increase in fee revenue reflecting higher late charges.

The \$17 million decrease at Deposits and Investments in the first quarter of 1996 from last year's first quarter is due to a decline in net interest income reflecting less favorable spreads.

Revenue from Mortgage Banking rose \$22 million in the first quarter of 1996 from the same period in 1995 due to higher net interest income resulting from a 31% increase in loan volume, higher deposit volume and improved loan spreads.

Chase Consumer Credit revenues increased \$36 million, or 25%, in the first quarter of 1996 compared with last year's first quarter. This favorable result is due to higher retail banking fees and an increase in net interest income reflecting a 9% increase in loan outstandings.

The revenue for International Consumer increased \$9 million in the first quarter of 1996 from the same period in 1995 due to higher net interest income reflecting increased loan volumes for international residential mortgages and credit cards and improved loan spreads.

Part I
Item 2 (continued)

Middle Market and Community Development revenues increased 9% in the first quarter of 1996, when compared with last year's first quarter, due to higher corporate finance fees and an increase in net interest income reflecting higher loan volume and improved spreads.

Texas Commerce's revenue increased \$33 million, or 12%, in the first quarter of 1996 when compared with the first quarter of 1995. The improvement in 1996 was due to higher net interest income resulting from 14% growth in loan volume as well as an increase in securities. Also contributing to the increase was an 8% increase in fee revenue and higher securities gains. These favorable results were partially offset by higher foreclosed property expense in the 1996 first quarter, when compared with the prior year period, as the 1995 first quarter reflected the recognition of recoveries in the Texas real estate market.

GLOBAL SERVICES

Global Services include custody, cash management, payments, trade services, trust and other fiduciary services. At March 31, 1996, the Corporation was custodian or trustee for approximately \$3.4 trillion of assets. The strategy for Global Services is to build world class product capabilities in transaction and information services. The earnings for Global Services in the first quarter of 1996 increased \$15 million when compared with the same period in 1995. The increase is due primarily to higher noninterest revenue and a 16% increase in net interest income partially offset by higher noninterest expense due to the acquisition of the securities processing businesses of U.S. Trust in September 1995. Noninterest revenue rose \$44 million, reflecting a 22% increase in fee revenue; due to trust fees as a result of the U.S. Trust acquisition coupled with earnings growth in custody services. The increase in net interest income is due primarily to higher investable balances and the U.S. Trust acquisition.

TERMINAL BUSINESSES (LDC AND REAL ESTATE)

Terminal Businesses represents discontinued portfolios, which are primarily refinancing country debt and the Corporation's commercial real estate problem asset and nonperforming portfolio, primarily at The Chase Manhattan Bank N.A. and Chemical Bank. Terminal businesses had a net loss of \$12 million for the first quarter of 1996, compared with \$50 million in net income for the first quarter of 1995 primarily due to a \$35 million net loss related to the disposition of available-for-sale emerging markets securities in the first quarter of 1996 (compared with a net gain of \$24 million from sales of such securities in last year's first quarter). Also, net interest income decreased \$11 million in the first quarter of 1996 compared with the same period in 1995, due to a decline in loan outstandings.

CORPORATE

Corporate includes the management results attributed to the parent company; the Corporation's investment in CIT; the impact of credit card securitizations; and some effects remaining at the corporate level after the implementation of management accounting policies, including residual credit provision and tax expense. Corporate had a net loss of \$992 million including the restructuring charge of \$1.026 billion (after-tax) related to the merger and the following special items: \$132 million (after-tax) in tax refunds and benefits; \$37 million loss(after-tax) on the sale of a building in Japan and \$25 million loss (after-tax) related to the costs incurred in combining the Corporation's foreign retirement plans. For the first quarter of 1995, Corporate had a net loss of \$8 million which included an \$11 million after-tax charge due to the adoption of SFAS 106 for foreign employees and a \$6 million writedown associated with certain nonperforming residential mortgages.

CREDIT RISK MANAGEMENT

For a discussion of the Corporation's procedures for the management of its credit risk, reference is made to pages 31-32 of the Corporation's 1995 Annual Report.

LOAN PORTFOLIO

The following loan discussion focuses primarily on developments since December 31, 1995 and should be read in conjunction with the Loan Portfolio section on pages 32 through 39 of the Corporation's 1995 Annual Report.

The Corporation's loans outstanding totaled \$149.3 billion at March 31, 1996, a decrease of \$0.9 billion from year-end 1995, but an increase of \$4.3 billion from March 31, 1995. The growth in loans outstanding from the 1995 first quarter reflects increases in both the consumer and commercial loan portfolios and the decrease from the prior quarter reflects \$2.9 billion of securitizations completed during the 1996 first quarter.

The Corporation's nonperforming assets at March 31, 1996 were \$1,686 million, an increase of \$22 million from the 1995 year-end level but a decrease of \$371 million, or 18%, from last year's comparable quarter. The reduction in nonperforming assets from March 31, 1995 reflects the improvement in the Corporation's credit profile as a result of a lower level of loans being placed on nonperforming status, repayments, charge-offs, and the Corporation's continuing loan workout and collection activities. For a description of the Corporation's accounting policies for its nonperforming loans, renegotiated loans and assets acquired as loan satisfactions, see Note One of the Notes to the Consolidated Financial Statements on page 57 of the Corporation's 1995 Annual Report.

Total net charge-offs were \$347 million in the first quarter of 1996, compared with \$207 million for the comparable period in 1995. The 1996 amount included a charge of \$102 million related to conforming the credit card charge-off policies of Chase and Chemical. For a further discussion of nonperforming assets and net charge-offs, see the provision for losses section on page 19 and the various credit portfolio sections that follow.

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

(in millions)	Loans			Nonperforming Assets		
	March 31, 1996	Dec 31, 1995	March 31, 1995	March 31, 1996	Dec 31, 1995	March 31, 1995
Domestic Consumer:						
Residential Mortgage(a)	\$ 35,908	\$ 34,060	\$ 29,449	\$ 246	\$ 238	\$ 211
Credit Card	13,704	17,078	16,145	--	--	--
Auto Loans	6,235	6,290	8,367	23	20	8
Other Consumer(b)	13,214	12,003	10,328	14	19	37
Total Domestic Consumer	69,061	69,431	64,289	283	277	256
Domestic Commercial:						
Commercial and Industrial	31,833	32,276	31,875	474	496	495
Commercial Real Estate(c)	6,514	6,660	7,847	442	375	635
Financial Institutions	6,268	5,714	4,784	2	2	29
Total Domestic Commercial	44,615	44,650	44,506	918	873	1,159
Total Domestic	113,676	114,081	108,795	1,201	1,150	1,415
Foreign, primarily Commercial	35,655	36,126	36,258	336	343	487
Total Loans	\$ 149,331	\$ 150,207	\$ 145,053	1,537	1,493	1,902
Assets Acquired as Loan Satisfactions				149	171	155
Total Nonperforming Assets				\$ 1,686	\$ 1,664	\$ 2,057

(in millions)	Net Charge-offs		Past Due 90 Days and Over & Still Accruing		
	First Quarter 1996	First Quarter 1995	March 31, 1996	Dec 31, 1995	March 31, 1995
Domestic Consumer:					
Residential Mortgage(a)	\$ 8	\$ 12	\$ --	\$ --	\$ --
Credit Card	165	158	283	352	310
Auto Loans	8	4	15	13	7
Other Consumer(b)	29	27	161	151	153
Total Domestic Consumer	210	201	459	516	470
Domestic Commercial:					
Commercial and Industrial	48	23	25	38	55
Commercial Real Estate(c)	(4)	(1)	22	66	31
Financial Institutions	--	(5)	--	--	--
Total Domestic Commercial	44	17	47	104	86
Total Domestic	254	218	506	620	556
Foreign, primarily Commercial	(9)	(11)	12	44	173
Total Loans	245	207	\$ 518	\$ 664	\$ 729
Charge Related to Conforming Credit Card Charge-off Policies	102	--			
Total	\$ 347	\$ 207			

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

(b) Consists of installment loans (direct and indirect types of consumer finance) and student loans. There are essentially no credit losses in the student loan portfolio due to the existence of Federal and State government agency guarantees. Student loans which were past due 90 days and over and still accruing were approximately \$106 million, \$107 million, and \$103 million at March 31, 1996, December 31, 1995 and March 31, 1995, respectively.

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

Domestic Consumer Portfolio

The domestic consumer loan portfolio consists of one-to-four family residential mortgages, credit cards, auto and other consumer loans. The domestic consumer loan portfolio totaled \$69.1 billion at March 31, 1996, a decrease of \$0.3 billion from the 1995 year-end but an increase of 7% from March 31, 1995. As a percentage of the total loan portfolio, consumer loans grew to 46% at the end of the 1996 first quarter, from 44% at March 31, 1995.

Residential Mortgage Loans: Residential mortgage loans at March 31, 1996 were \$35.9 billion, an increase of \$1.8 billion from the 1995 year-end and an increase of \$6.5 billion from March 31, 1995, primarily reflecting increases in adjustable-rate loan outstandings.

Total nonperforming residential mortgage loans at March 31, 1996 were \$246 million, compared with \$238 million at December 31, 1995 and \$211 million at March 31, 1995. At March 31, 1996, nonperforming domestic residential mortgage loans as a percentage of the domestic residential mortgage portfolio was 0.69%, compared with 0.70% at the 1995 year-end and 0.72% at March 31, 1995. Total net charge-offs of residential mortgage loans were \$8 million in the first quarter of 1996, a decrease from \$12 million in the comparable 1995 period. The percentage of net charge-offs to average residential mortgage loan outstandings for the first quarter of 1996 declined to 0.09% from 0.17% for the comparable period in the prior year.

The Corporation's residential mortgage servicing portfolio amounted to \$133.1 billion at March 31, 1996, compared with \$119.7 billion at March 31, 1995. A discussion of the Corporation's mortgage servicing and loan origination activities is included on page 34 of the Corporation's 1995 Annual Report. The following table presents the residential mortgage servicing portfolio activity for the first quarters of 1996 and 1995.

(in billions)	First Quarter	
	1996	1995
Balance at Beginning of Year	\$ 132.1	\$ 118.3
Originations	7.5	2.6
Acquisitions	1.1	3.8
Repayments and Sales	(7.6)	(5.0)
Balance at March 31,	\$ 133.1	\$ 119.7

Mortgage servicing rights (included in other assets) amounted to \$1,203 million at March 31, 1996, compared with \$1,037 million at March 31, 1995. The increase from the prior year's comparable period reflects the corresponding increase in the Corporation's residential mortgage servicing portfolio and the aforementioned adoption of SFAS 122. For a discussion of derivatives used in connection with mortgage servicing, see page 15 of this Form 10-Q.

Credit Card Loans: The Corporation evaluates its credit card exposure based on its "managed receivables" which include credit card receivables on the balance sheet as well as credit card receivables which have been securitized. During the 1996 first quarter, the Corporation securitized \$2.9 billion of credit card receivables, compared with \$1.0 billion in the 1995 first quarter. At March 31, 1996, the Corporation had \$23.1 billion of managed receivables (\$13.7 billion of receivables on the balance sheet), compared with \$23.7 billion (\$17.1 billion on the balance sheet) at year-end 1995 and \$19.6 billion at March 31, 1995 (\$16.1 billion on the balance sheet). The increase in managed receivables from March 31, 1995 reflects the continued strong growth in credit card outstandings, principally due to the co-branded Shell MasterCard and other solicitation programs.

Part I
Item 2 (continued)

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

As of or for the three months ended March 31,
(in millions)

	1996 -----	1995 -----
Average Managed Credit Card Receivables	\$ 23,183	\$ 19,276
Past Due 90 Days & Over and Accruing	\$ 495	\$ 439
As a Percentage of Average Credit Card Receivables	2.15%	2.28%
Net Charge-offs	\$ 270(a)	\$ 189(a)
As a Percentage of Average Credit Card Receivables	4.66%	3.92%

(a) Includes \$105 million and \$31 million, respectively, of net charge-offs related to securitized credit card receivables. Excludes \$102 million charge related to conforming the credit card charge-off policies of Chase and Chemical.

Net charge-offs on managed credit card receivables were \$270 million in the first quarter of 1996, compared with \$189 million in the 1995 first quarter reflecting growth in average managed credit card outstandings and continuing higher levels of personal bankruptcies. While net charge-offs as a percentage of average managed credit card receivables were 4.66% in the 1996 first quarter, the Corporation has indicated that the ratio for the full year 1996 will approximate 4.5%. Management anticipates continued growth in credit card outstandings and continued higher levels of charge-offs, especially related to higher personal bankruptcies in 1996. If bankruptcies and delinquencies accelerate at greater than expected levels or if the anticipated growth in outstandings is slower than anticipated, or both, the ratio of net charge-offs as a percentage of average managed credit card outstandings in 1996 could be higher than the anticipated 4.5%.

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

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

Favorable (Unfavorable) Impact (in millions) -----	First Quarter	
	1996 -----	1995 -----
Net Interest Income	\$ (187)	\$ (57)
Provision for Losses	105	31
Credit Card Revenue	75	26
Other Revenue	3	7
	-----	-----
Pre-tax Income Impact of Securitizations	\$ (4)	\$ 7
	=====	=====

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

Automobile financing loans were \$6.2 billion at March 31, 1996, compared with \$6.3 billion at December 31, 1995 and \$8.4 billion at March 31, 1995. The decrease in automobile financing loans was due mainly to the securitization of approximately \$3.0 billion of these loans during the last nine months of 1995, partially offset by increased demand during the year. Net charge-offs of auto loans were \$8 million in the 1996 first quarter, compared with \$4 million in the same period in 1995.

Other consumer loans were \$13.2 billion at March 31, 1996, an increase of 10% when compared with \$12.0 billion at December 31, 1995, and an increase of \$2.9 billion from March 31, 1995. Net charge-offs of other consumer loans were \$29 million in the first quarter of 1996, an increase of \$2 million from the 1995 comparable period.

Domestic Commercial Portfolio

Domestic Commercial and Industrial Portfolio: The domestic commercial and industrial portfolio totaled \$31.8 billion at March 31, 1996, a decrease from \$32.3 billion at December 31, 1995 and \$31.9 billion at March 31, 1995. The portfolio consists primarily of loans made to large corporate and middle market customers and is diversified geographically and by industry. At March 31, 1996, there was no concentration of loans to any industry which exceeded 2% of total loans.

The Corporation is a leading participant in loan originations and sales. This activity is comprised of the sale of loans and lending commitments to investors, generally without recourse. These sales include syndication, assignment and participation, and include both short- and medium-term transactions. This loan distribution capability allows the Corporation to compete aggressively and profitably in wholesale lending markets by enabling it to reduce larger individual credit exposures and thereby to price more flexibly than if all loans were held as permanent investments. The Corporation also benefits from increased liquidity. During the first three months of 1996, the Corporation acted as agent or co-agent for approximately \$98 billion in syndicated credit facilities.

Nonperforming domestic commercial and industrial loans were \$474 million at March 31, 1996, compared with \$495 million at March 31, 1995. In the first quarter of 1996, the Corporation had net charge-offs of domestic commercial and industrial loans of \$48 million, compared with net charge-offs of \$23 million in the first quarter of 1995.

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

Domestic Commercial Real Estate Portfolio: The domestic commercial real estate portfolio represents loans secured primarily by real property, other than loans secured by one-to-four family residential properties (which are included in the consumer loan portfolio). The domestic commercial real estate loan portfolio totaled \$6.5 billion at March 31, 1996, a decrease from \$6.7 billion at December 31, 1995 and from \$7.8 billion at March 31, 1995. The decreases are principally attributable to repayments from borrowers.

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

(in millions)	March 31, 1996	December 31, 1995	March 31, 1995
Commercial Mortgages	\$ 5,308	\$ 5,512	\$ 6,296
Construction	1,206	1,148	1,551
Total Domestic Commercial Real Estate Loans	\$ 6,514	\$ 6,660	\$ 7,847

Commercial mortgages provide financing for the acquisition or refinancing of commercial properties, and typically have terms ranging from two to five years. Construction loans are generally originated to finance the construction of real estate projects. When the real estate project has cash flows sufficient to support a commercial mortgage, the loan is transferred from construction status to commercial mortgage status.

The largest concentration of domestic commercial real estate loans is in the New York/New Jersey and Texas markets, representing 52% and 24%, respectively, of the domestic commercial real estate portfolio. No other state represented more than 5% of the domestic commercial real estate loan portfolio.

Nonperforming domestic commercial real estate loans were \$442 million at March 31, 1996, an 18% increase from the December 31, 1995 level, but a decrease of \$193 million, or 30%, from March 31, 1995. The improvement in nonperforming domestic commercial real estate asset levels since March 31, 1995 is the result of increased liquidity in the commercial real estate markets coupled with successful workout activities. The increase from the 1995 year-end resulted from the classification of certain retail-related loans as nonperforming.

Part I
Item 2 (continued)

Net recoveries of domestic commercial real estate loans in the first quarter of 1996 totaled \$4 million, compared with \$1 million in the same period a year ago.

Domestic Financial Institutions Portfolio: The domestic financial institutions portfolio includes loans to commercial banks and companies whose businesses primarily involve lending, financing, investing, underwriting, or insurance. Loans to domestic financial institutions were \$6.3 billion, or 4% of total loans outstanding, at March 31, 1996, compared with \$5.7 billion at December 31, 1995 and \$4.8 billion at March 31, 1995. Loans to domestic financial institutions are predominantly secured loans to broker-dealers, domestic commercial banks and domestic branches of foreign banks.

FOREIGN PORTFOLIO

Foreign portfolio includes commercial and industrial loans, loans to financial institutions, commercial real estate, loans to governments and official institutions, and consumer loans. At March 31, 1996, the Corporation's total foreign loans were \$35.7 billion, compared with \$36.1 billion at December 31, 1995, and \$36.3 billion at March 31, 1995.

Included in foreign loans were foreign commercial and industrial loans of \$22.0 billion at March 31, 1996, an increase of \$1.2 billion from the 1995 year-end and an increase of \$2.5 billion from March 31, 1995. Total foreign commercial real estate loans at March 31, 1996 were \$0.8 billion, unchanged from each of December 31, 1995 and March 31, 1995.

Foreign nonperforming loans at March 31, 1996 were \$336 million, a decrease from \$343 million at December 31, 1995 and from \$487 million at March 31, 1995. Net recoveries of foreign loans were \$9 million in the first quarter of 1996, compared with net recoveries of \$11 million in the 1995 first quarter.

ASSETS HELD FOR ACCELERATED DISPOSITION

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

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

(in millions)	Carrying Value	
	First Quarter	
	1996	1995
- - - - -	- - - - -	- - - - -
Balance at January 1,	\$ 412	\$ 526
Additions	--	--
Sales	(200)	(124)
	- - - - -	- - - - -
Balance at March 31, (a)	\$ 212	\$ 402
	=====	=====

(a) Includes \$212 million and \$18 million of loans that were performing at March 31, 1996 and 1995, respectively.

DERIVATIVE AND FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

In the normal course of its business, the Corporation utilizes various derivative and foreign exchange financial instruments to meet the financial needs of its customers, to generate revenues through its trading activities, and to manage its exposure to fluctuations in interest and currency rates.

Derivative and foreign exchange instruments represent contracts with counterparties where payments are made to or received from the counterparty based upon specific interest rates, currency levels, other market rates, or on terms predetermined by the contract. These instruments can provide a cost-effective alternative to assuming and mitigating risks associated with traditional on-balance sheet instruments.

Derivative and foreign exchange transactions involve, to varying degrees, credit risk and market risk. The effective management of credit and market risk is vital to the success of the Corporation's trading and asset/liability management activities. Because of the changing market environment, the monitoring and managing of these risks is a continual process. For a further discussion of credit risk, reference is made to pages 38 and 39 of the Corporation's 1995 Annual Report.

A discussion of the derivative and foreign exchange financial instruments utilized in connection with the Corporation's trading activities and asset/liability management activities is provided in Notes 4, 10 and 12 of this Form 10-Q and pages 40-44 of the Corporation's 1995 Annual Report.

Many of the Corporation's derivative and foreign exchange contracts are short-term, which mitigates credit risk as transactions settle quickly. The following table provides the remaining maturities of derivative and foreign exchange contracts outstanding at March 31, 1996 and December 31, 1995. Percentages are based upon remaining contract life of mark-to-market exposure amounts. For the notional amounts and credit exposure outstandings of the Corporation's interest rate contracts and foreign exchange contracts, see Note 10 of this Form 10-Q.

	At March 31, 1996			At December 31, 1995		
	Interest Rate Contracts	Foreign Exchange Contracts	Total	Interest Rate Contracts	Foreign Exchange Contracts	Total
Less than 3 months	16%	60%	35%	11%	55%	29%
3 to 6 months	7	27	13	8	27	15
6 to 12 months	9	11	11	8	13	10
1 to 5 years	54	2	33	45	5	29
Over 5 years	14	--	8	28	--	17
Total	100%	100%	100%	100%	100%	100%

The Corporation routinely enters into derivative and foreign exchange transactions with regulated financial institutions, which the Corporation believes have relatively low credit risk. At March 31, 1996, approximately 86% of the mark-to-market exposure of such transactions were with commercial bank and financial institution counterparties, most of which are dealers in these products. Non-financial institutions accounted for only approximately 14% of the Corporation's derivative and foreign exchange mark-to-market exposure.

The Corporation does not deal, to any significant extent, in derivatives, which dealers of derivatives (such as other banks and financial institutions) consider to be "leveraged". As a result, the mark-to-market exposure as well as the notional amount of such derivatives were insignificant at March 31, 1996.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is available to absorb potential credit losses from the entire loan portfolio, as well as derivative and foreign exchange transactions. The Corporation deems its allowance for credit losses at March 31, 1996 to be adequate. Although the Corporation considers that it has sufficient reserves to absorb losses that may currently exist in the portfolio, but are not yet identifiable, the precise loss content is subject to continuing review based on quality indicators, industry and geographic concentrations, changes in business conditions, and other external factors such as competition and legal and regulatory requirements. The Corporation will continue to reassess the adequacy of the allowance for credit losses.

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

The Corporation's actual credit losses arising from derivative and foreign exchange transactions were immaterial during the first quarters of 1996 and 1995. Additionally, at March 31, 1996 and 1995, nonperforming derivatives contracts were immaterial.

The accompanying table reflects the activity in the Corporation's allowance for credit losses for the first quarters of 1996 and 1995.

(in millions)	First Quarter	
	1996	1995
Total Allowance at Beginning of Period	\$ 3,784	\$ 3,894
Provision for Losses	245	185
Charge-Offs	(312)	(283)
Recoveries	67	76
Subtotal Net Charge-Offs	(245)	(207)
Charge Related to Conforming Credit Card Charge-off Policies	(102)	--
Total Net Charge-offs	(347)	(207)
Other	1	2
Total Allowance at End of Period	\$ 3,683	\$ 3,874

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

Allowance Coverage Ratios

	March 31, 1996	December 31, 1995	March 31, 1995
For the Period Ended:			
Allowance for Credit Losses to:			
Loans at Period-End	2.47%	2.52%	2.67%
Average Loans	2.46	2.58	2.74
Nonperforming Loans	239.62	253.45	203.68

MARKET RISK MANAGEMENT

TRADING ACTIVITIES

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

[Graph Number 1]

The preceding chart contains a histogram of the Corporation's daily market risk-related revenue. Market risk-related revenue is defined as the daily change in value in marked-to-market trading portfolios plus any trading-related net interest income or other revenue. Based on actual trading results for the twelve months ended March 31, 1996 which capture the historical correlation among business units, 95% of the variation in the Corporation's daily trading results fell within a \$22 million band centered on the daily average amount of \$8 million for the quarter. For the twelve months ended March 31, 1996, the Corporation posted positive daily market risk-related revenue for 238 out of 259 business trading days for international and domestic units. For 237 of the 259 days, the Corporation's daily market risk-related revenue or losses occurred within the negative \$5 million to positive \$15 million range, which is representative of the Corporation's emphasis on market-making and sales activities. For a further discussion of measuring market risk, see pages 40-41 of the Corporation's 1995 Annual Report.

ASSET/LIABILITY MANAGEMENT

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

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

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

(in millions) At March 31, 1996	1-3 Months	4-6 Months	7-12 Months	1-5 Years	Over 5 Years	Total
Balance Sheet	\$ (23,557)	\$ 405	\$ 1,526	\$ 32,938	\$ (11,312)	\$ ---
Derivative Instruments Affecting Interest-Rate Sensitivity (a)	2,083	144	1,410	(10,933)	7,296	---
Interest-Rate-Sensitivity Gap	(21,474)	549	2,936	22,005	(4,016)	---
Cumulative Interest-Rate Sensitivity Gap	(21,474)	(20,925)	(17,989)	4,016	---	---
% of Total Assets	(7)%	(7)%	(6)%	1%	---	---
(in millions) At December 31, 1995	1-3 Months	4-6 Months	7-12 Months	1-5 Years	Over 5 Years	Total
Balance Sheet	\$ (18,402)	\$ 2,454	\$ (800)	\$ 32,239	\$ (15,491)	\$ ---
Derivative Instruments Affecting Interest-Rate Sensitivity (a)	(787)	(799)	(3,137)	(1,945)	6,668	---
Interest-Rate-Sensitivity Gap	(19,189)	1,655	(3,937)	30,294	(8,823)	---
Cumulative Interest-Rate Sensitivity Gap	\$ (19,189)	\$ (17,534)	\$ (21,471)	\$ 8,823	\$ ---	---
% of Total Assets	(6)%	(6)%	(7)%	3%	---	---

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

At March 31, 1996, the Corporation had \$17,989 million more liabilities than assets repricing within one year (including net repricing effect of derivative positions), amounting to 6% of total assets. This compares with \$21,471 million, or 7%, of total assets at December 31, 1995.

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

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

The following table summarizes the outstanding ALM interest rate swap notional amounts at March 31, 1996, by twelve-month intervals (i.e., April 1, 1996 to March 31, 1997). The decrease in notional amounts from one period to the next period represents maturities of the underlying contracts. The weighted-average interest rates to be received and paid on such swaps are presented for each twelve-month interval. Variable rates presented are generally based on the short-term interest rates for relevant currencies, such as the London Interbank Offered Rate (LIBOR). Basis swaps are interest rate swaps based on two floating rate indices (e.g., LIBOR and prime). The table was prepared under the assumption that variable interest rates remain constant at March 31, 1996 levels and, accordingly, the actual interest rates to be received or paid will be different to the extent that such variable rates fluctuate from March 31, 1996 levels. However, the Corporation expects the impact of any interest rate changes to be largely mitigated by corresponding changes in the interest rates and values associated with the linked assets and liabilities.

For the twelve-month period beginning April 1, (in millions)	1996	1997	1998	1999	2000	Thereafter
Receive fixed swaps						
Notional amount	\$ 32,559	\$ 23,789	\$ 16,623	\$ 14,615	\$ 12,893	\$ 10,821
Weighted-average:						
Receive rate	6.88%	6.72%	6.72%	6.71%	6.56%	6.38%
Pay rate	5.63	5.50	5.56	5.63	5.60	5.71
Pay fixed swaps						
Notional amount	\$ 38,039	\$ 26,860	\$ 20,927	\$ 13,458	\$ 9,008	\$ 6,030
Weighted-average:						
Receive rate	5.33%	5.42%	5.42%	5.45%	5.71%	5.49%
Pay rate	6.57	6.39	6.31	6.51	6.89	6.97
Basis Swaps						
Notional amount	\$ 10,782	\$ 8,989	\$ 8,168	\$ 7,749	\$ 851	\$ 611
Weighted-average:						
Receive rate	8.84%	5.47%	5.46%	5.44%	5.53%	5.55%
Pay rate	8.81	5.36	5.49	5.49	5.46	5.49
Total Notional Amount (a)	\$ 81,380	\$ 59,638	\$ 45,718	\$ 35,822	\$ 22,752	\$ 17,462

(a) At March 31, 1996 approximately \$14 billion of notional amounts are interest rate swaps that, as part of the Corporation's asset/liability management, are used in place of cash market instruments. Of this amount, \$6 billion is expected to mature in 1996, \$5 billion in 1997 with the remaining \$3 billion in 1998 and thereafter. For a discussion of the accounting policies relating to derivatives used for ALM activities, see Note One of the Corporation's 1995 Annual Report.

The following table summarizes the Corporation's assets and liabilities at March 31, 1996 with the notional amount of related derivatives used for ALM purposes.

(in millions)	Balance Sheet Amount	Notional Amount (a)	
		Interest Rate Swaps	Other ALM Contracts(b)
Deposits with Banks	\$ 6,257	\$ 68	\$ 220
Securities - Available for Sale	38,646	4,872	1,170
Loans	149,331	35,603	60,780
Other Assets	20,109	3,873	5,590
Deposits	168,934	17,392	21,905
Long-Term Debt	12,977	5,654	581

(a) At March 31, 1996, notional amounts of approximately \$14 billion for interest rate swaps and \$1 billion for other ALM contracts, both of which are used in place of cash market instruments, have been excluded from the above table.

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

Part I
Item 2 (continued)

The favorable impact on net interest income from the Corporation's ALM derivative activities, whereby derivative instruments are used to alter the yield on certain of the Corporation's assets and liabilities, was \$11 million for the first quarter of 1996, compared with \$54 million for the first quarter of 1995.

Approximately \$5.6 billion notional amount of derivatives related to mortgage servicing assets and approximately \$7.7 billion notional amount of derivatives related to mortgage and consumer loans held for sale were outstanding at March 31, 1996. The weighted average maturity of contracts linked to mortgage servicing assets is approximately four years. Contracts related to loans held for sale generally mature within one year.

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

(in millions)	March 31, 1996	December 31, 1995	Change
-----	-----	-----	-----
ALM Derivative Contracts:			
Net Deferred Gains (Losses)	\$ (174)	\$ (98)	\$ (76)
Net Unrecognized Gains (Losses)(a)	(191)	184	(375)
	-----	-----	-----
Net ALM Derivative Gains (Losses)	\$ (365)	\$ 86	\$ (451)
	=====	=====	=====

(a) The March 31, 1996 amount includes \$37 million in net unrecognized losses from derivatives related to mortgage servicing rights, and \$6 million in net unrecognized gains from daily margin settlements on open futures contracts. At December 31, 1995, there was \$69 million in net unrecognized gains from derivatives related to mortgage servicing rights and \$99 million in net unrecognized losses from daily margin settlements on open future contracts.

The net deferred losses at March 31, 1996 are expected to be amortized as yield adjustments in interest income or interest expense, as applicable, over the periods reflected in the following table.

Amortization of Net Deferred Gains (Losses) on Closed ALM Contracts

(in millions)		

1996	\$	9
1997		(35)
1998		(73)
1999		(58)
2000		(60)
2001 and After		43
	-----	-----
Total	\$	(174)
	=====	=====

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

Amortization of Premiums on Open ALM Option Contracts

(in millions)		

1996	\$	23
1997		22
1998		21
1999		18
2000		16
2001 and After		46
	-----	-----
Total	\$	146
	=====	=====

OPERATING RISK MANAGEMENT

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

CAPITAL AND LIQUIDITY RISK MANAGEMENT

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

CAPITAL

The Corporation's level of capital at March 31, 1996 remained strong, with capital ratios well in excess of regulatory guidelines. The Corporation's Tier 1 and Total Capital ratios were 7.92% and 11.99%, respectively. These ratios, as well as the leverage ratio, exclude the assets and off-balance sheet financial instruments of the Corporation's securities subsidiaries as well as the Corporation's investment in such subsidiaries. In addition, the provisions of SFAS 115 do not apply to the calculation of these ratios.

Total capitalization (the sum of Tier 1 Capital and Tier 2 Capital) decreased by \$726 million during the first quarter of 1996 to \$27.6 billion at March 31, 1996 primarily due to the impact of the restructuring charge. The Corporation manages its capital to execute its strategic business plans and support its growth and investments, including acquisition strategies in its core businesses.

During the first quarter of 1996, the Corporation repurchased approximately 11.0 million shares of its outstanding common stock in the open market. These repurchases were largely undertaken to meet the needs of the Corporation's employee stock option and incentive plans. During the 1996 first quarter, approximately 10.4 million shares were issued (all of which were from treasury) under various employee stock option and incentive plans. The buy-back program under which these repurchases were made has been revised to terminate at September 30, 1996. For a further discussion see Note 3 of this Form 10-Q.

The Corporation raised the cash dividend on its common stock to \$.56 per share, an increase from \$.50 per share, commencing with the dividend payable on April 30, 1996. Management's current expectation is that the dividend policy of the Corporation will generally be to pay a common stock dividend equal to approximately 25- 35% of the Corporation's net income (excluding restructuring charges) less preferred dividends. Future dividend policies will be determined by the Board of Directors in light of the earnings and financial condition of the Corporation and its subsidiaries and other factors, including applicable governmental regulations and policies.

Total stockholders' equity at March 31, 1996 was \$19.8 billion, compared with \$20.8 billion at December 31, 1995. The \$1.0 billion decrease from the 1995 year-end primarily reflects the after-tax impact of the restructuring charge on net income (\$1,026 million), a \$373 million unfavorable impact on the fair value of available-for-sale securities accounted for under SFAS 115 and the effects of common and preferred stock dividends totaling \$382 million. These declines were partially offset by \$937 million of net income generated during the quarter before the restructuring charge. The market valuation of the available-for-sale securities does not include the impact of related funding sources.

Part I
Item 2 (continued)

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

Capital Ratios

	March 31, 1996	December 31, 1995	Minimum Regulatory Requirement
Tier 1 Capital Ratio (a)(c)	7.92%	8.22%	4.00%
Total Capital Ratio (a)(c)	11.99	12.27	8.00
Tier 1 Leverage Ratio (b)(c)	6.38	6.68	3.00 -5.00
Common Stockholders' Equity to Total Assets	5.67	5.98	--
Total Stockholders' Equity to Total Assets	6.54	6.85	--

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

(b) Tier 1 Capital divided by adjusted average assets.

(c) Including the Corporation's securities subsidiaries, the March 31, 1996 Tier 1 Capital, Total Capital and Tier 1 Leverage ratios were 8.10%, 12.42% and 6.06%, respectively, compared with 8.37%, 12.67% and 6.27%, respectively, at December 31, 1995.

Components of Capital

(in millions)	March 31, 1996	December 31, 1995
Tier 1 Capital		
Common Stockholders' Equity	\$ 17,727	\$ 18,424
Nonredeemable Preferred Stock	2,650	2,650
Minority Interest	177	162
Less: Goodwill	1,426	1,446
Non-Qualifying Intangible Assets	110	116
50% Investment in Securities and Unconsolidated Subsidiaries	771	698
Tier 1 Capital	\$ 18,247	\$ 18,976
Tier 2 Capital		
Long-Term Debt Qualifying as Tier 2	\$ 7,224	\$ 7,139
Qualifying Allowance for Credit Losses	2,898	2,907
Less: 50% Investment in Securities and Unconsolidated Subsidiaries	771	698
Tier 2 Capital	\$ 9,351	\$ 9,348
Total Qualifying Capital	\$ 27,598	\$ 28,324
Risk-Weighted Assets (a)	\$ 230,248	\$ 230,887

(a) Includes off-balance sheet risk-weighted assets in the amount of \$67,628 million and \$68,153 million, respectively, at March 31, 1996 and December 31, 1995.

As part of the Corporation's commitment to a disciplined capital policy, management has targeted a Tier 1 capital ratio for the Corporation of 8 to 8.25%. In addition, as stated above, the Corporation has revised its previously announced buy-back program to terminate at September 30, 1996 and to provide that purchases of shares of common stock of the Corporation under the plan to such date would be in accordance with the pooling-of-interests accounting rules.

LIQUIDITY

The primary source of liquidity for the bank subsidiaries of the Corporation derives from their ability to generate core deposits (which includes all deposits except noninterest-bearing time deposits, foreign deposits and certificates of deposit of \$100,000 or more). The Corporation considers funds from such sources to comprise its subsidiary banks' "core" deposit base because of the historical stability of such sources of funds. These deposits fund a portion of the Corporation's asset base, thereby reducing the Corporation's reliance on other, more volatile, sources of funds. The average core deposits at the Corporation's bank subsidiaries for the first three months of 1996 were \$79 billion, and represented 53% of average loans for the period. Foreign deposits generated in the Corporation's global wholesale and retail businesses are also considered to be an additional source of liquidity for the Corporation.

The Corporation is an active participant in the capital markets. In addition to issuing commercial paper and medium-term notes, the Corporation raises funds through the issuance of long-term debt, common stock and preferred stock. The Corporation's long-term debt at March 31, 1996 was \$12,977 million, an increase of \$152 million from the 1995 year-end. The increase resulted from additions to the Corporation's long-term debt of \$725 million (including \$250 million of senior medium-term notes, \$75 million of subordinated medium-term notes, \$200 million of other senior notes and \$200 million of other subordinated notes). These increases were partially offset by maturities of \$566 million of the Corporation's long-term debt (including \$201 million of senior medium-term notes, \$115 million of other senior notes and \$250 million of other subordinated notes) and the redemption of \$5 million of medium-term notes. The Corporation will continue to evaluate the opportunity for future redemptions of its outstanding debt in light of current market conditions.

SUPERVISION AND REGULATION

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

DIVIDENDS

At March 31, 1996, in accordance with the dividend restrictions applicable to them, the Corporation's bank subsidiaries could, during 1996, without the approval of their relevant banking regulators, pay dividends in the aggregate of approximately \$2.1 billion to their respective bank holding companies, plus an additional amount equal to their net income from April 1, 1996 through the date in 1996 of any such dividend payment.

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

FDICIA

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

ACCOUNTING DEVELOPMENTS

ACCOUNTING FOR STOCK-BASED COMPENSATION

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

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

	Three Months Ended March 31, 1996			Three Months Ended March 31, 1995		
	Average Balance	Rate Interest	Average (Annualized)	Rate Balance	Interest	(Annualized)
ASSETS						
Deposits with Banks	\$ 8,238	\$ 172	8.39%	\$ 13,023	\$ 225	7.01%
Federal Funds Sold and Securities Purchased Under Resale Agreements	26,793	501	7.55%	29,270	468	6.49%
Trading Assets-Debt and Equity Instruments	27,290	429	6.33%	19,783	359	7.36%
Securities:						
Available-for-Sale	38,191	645	6.79%(b)	24,040	442	7.46%(b)
Held-to-Maturity	4,515	80	7.16%	10,581	184	7.06%
Loans	149,634	3,241	8.71%	141,168	3,075	8.83%
Total Interest-Earning Assets	254,661	5,068	8.01%	237,865	4,753	8.10%
Allowance for Credit Losses	(3,776)			(3,890)		
Cash and Due from Banks	13,051			13,633		
Risk Management Instruments	25,570			29,790		
Other Assets	23,419			21,900		
Total Assets	\$ 312,925			\$ 299,298		
LIABILITIES						
Domestic Retail Deposits	\$ 55,290	489	3.55%	\$ 55,924	482	3.49%
Domestic Negotiable Certificates of Deposit and Other Deposits	11,029	73	2.66%	12,590	148	4.78%
Deposits in Foreign Offices	68,554	1,082	6.35%	64,284	870	5.49%
Total Time and Savings Deposits	134,873	1,644	4.90%	132,798	1,500	4.58%
Short-Term and Other Borrowings:						
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	44,953	621	5.57%	42,092	628	6.05%
Commercial Paper	5,578	75	5.40%	5,137	73	5.77%
Other Borrowings (c)	16,211	330	8.21%	12,499	277	8.99%
Total Short-Term and Other Borrowings	66,742	1,026	6.20%	59,728	978	6.64%
Long-Term Debt	12,976	227	7.05%	13,054	234	7.28%
Total Interest-Bearing Liabilities	214,591	2,897	5.43%	205,580	2,712	5.35%
Demand Deposits	37,652			35,478		
Risk Management Instruments	27,554			28,907		
Other Liabilities	12,290			10,472		
Total Liabilities	292,087			280,437		
STOCKHOLDERS' EQUITY						
Preferred Stock	2,650			2,850		
Common Stockholders' Equity	18,188			16,011		
Total Stockholders' Equity	20,838			18,861		
Total Liabilities and Stockholders' Equity	\$ 312,925			\$ 299,298		
INTEREST RATE SPREAD			2.58%			
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS			\$2,171(a)	\$2,041(a)	3.48%	

(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 March 31, 1996 and March 31, 1995, the annualized rate for securities available-for-sale based on historical cost was 6.82% and 7.41%, respectively.

(c) Includes securities sold but not yet purchased.

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

	1996	1995			
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest Income					
Loans	\$ 3,241	\$ 3,252	\$ 3,280	\$ 3,241	\$ 3,069
Securities	720	718	639	616	618
Trading Assets	429	402	360	343	359
Federal Funds Sold and Securities Purchased Under Resale Agreements	501	491	448	482	468
Deposits with Banks	172	187	194	218	225
Total Interest Income	5,063	5,050	4,921	4,900	4,739
Interest Expense					
Deposits	1,644	1,602	1,593	1,596	1,500
Short-Term and Other Borrowings	1,026	1,139	1,020	1,038	978
Long-Term Debt	227	231	239	238	234
Total Interest Expense	2,897	2,972	2,852	2,872	2,712
Net Interest Income	2,166	2,078	2,069	2,028	2,027
Provision for Losses	245	186	192	195	185
Net Interest Income After Provision For Losses	1,921	1,892	1,877	1,833	1,842
Noninterest Revenue					
Corporate Finance and Syndication Fees	224	220	210	197	169
Trust and Investment Management Fees	285	277	258	243	240
Credit Card Revenue	233	246	210	196	182
Service Charges on Deposit Accounts	99	101	105	107	104
Fees for Other Financial Services	378	363	370	353	367
Trading Revenue	339	274	342	301	99
Securities Gains (Losses)	52	25	53	72	(18)
Other Revenue	259	259	162	257	414
Total Noninterest Revenue	1,869	1,765	1,710	1,726	1,557
Noninterest Expense					
Salaries	1,076	1,130	1,074	1,007	997
Employee Benefits	305	206	213	246	234
Occupancy Expense	221	224	227	218	228
Equipment Expense	184	187	177	193	198
Foreclosed Property Expense	(9)	(15)	(7)	(28)	(25)
Restructuring Charge and Expenses	1,656	---	---	15	---
Other Expense	660	632	648	708	703
Total Noninterest Expense	4,093	2,364	2,332	2,359	2,335
Income (Loss) Before Income Tax Expense (Benefit) and Effect of Accounting Change	(303)	1,293	1,255	1,200	1,064
Income Tax Expense (Benefit)	(214)	466	491	471	414
Income (Loss) Before Effect of Accounting Change Effect of Change in Accounting Principle	(89)	827	764	729	650
	---	---	---	---	(11)
Net Income (Loss)	\$ (89)	\$ 827	\$ 764	\$ 729	\$ 639
Net Income (Loss) Applicable To Common Stock	\$ (143)	\$ 773	\$ 708	\$ 673	\$ 578
Earnings Per Share:					
Primary:					
Income (Loss) Before Effect of Accounting Change Effect of Change in Accounting Principle	\$ (0.32)	\$ 1.73	\$ 1.58	\$ 1.54	\$ 1.37
	---	---	---	---	(0.03)
Net Income (Loss)	\$ (0.32)	\$ 1.73	\$ 1.58	\$ 1.54	\$ 1.34
Assuming Full Dilution:					
Income (Loss) Before Effect of Accounting Change Effect of Change in Accounting Principle	\$ (0.32)	\$ 1.73	\$ 1.55	\$ 1.52	\$ 1.36
	---	---	---	---	(0.03)
Net Income (Loss)	\$ (0.32)	\$ 1.73	\$ 1.55	\$ 1.52	\$ 1.33

Item 1. Legal Proceedings

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

Litigation Relating to the Merger

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

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

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits:

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

(B) Reports on Form 8-K:

The Corporation filed six reports on Form 8-K during the quarter ended March 31, 1996, as follows:

Form 8-K Dated January 12, 1996: Announcing Chemical Banking Corporation and The Chase Manhattan Corporation have received all regulatory approvals necessary to consummate their merger.

Form 8-K Dated January 18, 1996: January 16, 1996 Press Release announcing results of operations for the fourth quarter of 1995.

Form 8-K dated January 19, 1996: January 18, 1996 Press Release announcing Chemical Banking Corporation would redeem all outstanding rights issued under its shareholders' rights plan.

Form 8-K dated February 6, 1996: February 1, 1996 Press Release announcing the effective date of the merger of the holding companies of Chemical Banking Corporation and The Chase Manhattan Corporation.

Form 8-K dated March 25, 1996: March 19, 1996 Press Release announcing Chemical Banking Corporation raises dividend; March 21, 1996 Press Release announcing Chemical Banking Corporation and The Chase Manhattan Corporation raise estimates of annual expense savings and one-time costs of their merger.

Form 8-K dated March 31, 1996 - April 1, 1996 Press Release announcing consummation of merger and change of common stock symbol; April 1, 1996 Press Release announcing changes in preferred stock trading symbols.

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 May 15, 1996

By \s\ JOSEPH L. SCLAFANI

Joseph L. Sclafani
Controller
[Principal Accounting Officer]

APPENDIX 1

NARRATIVE DESCRIPTION OF GRAPHIC IMAGE MATERIAL

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

GRAPHIC NUMBER	PAGE	DESCRIPTION																				
1	38	<p>Bar Graph entitled "Histogram of Daily Market Risk-related Trading Revenue for the Twelve Months ended March 31, 1996" presenting the following information:</p> <table border="1"> <thead> <tr> <th>Millions of Dollars</th> <th>0 - 5</th> <th>5 - 10</th> <th>10 - 15</th> <th>15 - 20</th> <th>20 - 25</th> </tr> </thead> <tbody> <tr> <td>Number of days trading revenue was within the above prescribed positive range</td> <td>54</td> <td>102</td> <td>63</td> <td>16</td> <td>3</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Millions of Dollars</th> <th>0 -(5)</th> <th>(5)-(10)</th> <th>(10)-(15)</th> </tr> </thead> <tbody> <tr> <td>Number of days trading revenue was within the above prescribed negative range</td> <td>18</td> <td>2</td> <td>1</td> </tr> </tbody> </table> <p>The Histogram includes all business trading days for international and domestic units.</p>	Millions of Dollars	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	Number of days trading revenue was within the above prescribed positive range	54	102	63	16	3	Millions of Dollars	0 -(5)	(5)-(10)	(10)-(15)	Number of days trading revenue was within the above prescribed negative range	18	2	1
Millions of Dollars	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25																	
Number of days trading revenue was within the above prescribed positive range	54	102	63	16	3																	
Millions of Dollars	0 -(5)	(5)-(10)	(10)-(15)																			
Number of days trading revenue was within the above prescribed negative range	18	2	1																			

INDEX TO EXHIBITS
SEQUENTIALLY NUMBERED

EXHIBIT NO.	EXHIBITS	PAGE AT WHICH LOCATED
11	Computation of net income per share	51
12 (a)	Computation of ratio of earnings to fixed charges	52
12 (b)	Computation of ratio of earnings to fixed charges and preferred stock dividend requirements	53
27	Financial Data Schedule	54

EXHIBIT 11
THE CHASE MANHATTAN CORPORATION and Subsidiaries
Computation of net income per share

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

(in millions, except per share amounts):

	Three Months Ended March 31,	
EARNINGS PER SHARE	1996	1995
Primary Earnings:		
Income (Loss) Before Effect of Accounting Change	\$ (89)	\$ 650
Effect of Change in Accounting Principle	--	(11)(a)
Net Income (Loss)	\$ (89)	639
Less: Preferred Stock Dividend Requirements	54	61
Net Income (Loss) Applicable to Common Stock	\$ (143)	\$ 578
Shares:		
Average Common and Common Equivalent Shares Outstanding	446.1	430.5
Primary Earnings Per Share:		
Income (Loss) Before Effect of Accounting Change	\$ (0.32)	\$ 1.37
Effect of Change in Accounting Principle	--	(0.03)(a)
Net Income (Loss)	\$ (0.32)	\$ 1.34
Assuming Full Dilution Earnings:		
Net Income (Loss) Applicable to Common Stock	\$ (143)	\$ 578
Add: Applicable Dividend on Convertible Preferred Stock	--	5
Adjusted Net Income (Loss)	\$ (143)	\$ 583
Shares:		
Average Common and Common Equivalent Shares Outstanding	446.1	430.5
Additional Shares Issuable Upon Exercise of Stock Options for maximum dilutive effect and Conversion of Preferred Stock (b)	3.0	9.0
Adjusted Shares of Common and Equivalent Shares Outstanding	449.1	439.5
Earnings Per Share Assuming Full Dilution:		
Income (Loss) Before Effect of Accounting Change	\$ (0.32)	\$ 1.36
Effect of Change in Accounting Principle	--	(0.03)(a)
Net Income (Loss)	\$ (0.32)	\$ 1.33

- (a) On January 1, 1995, the Corporation adopted SFAS 106 for accounting for other postretirement benefits relating to the Corporation's foreign plans.
- (b) During the second quarter of 1995, the Corporation called all of the outstanding shares of its 10% convertible preferred stock for redemption. Substantially all of the 10% convertible preferred stock was converted, at the option of the holders thereof, to common stock. The common stock was issued from treasury.

EXHIBIT 12(a)

THE CHASE MANHATTAN CORPORATION and Subsidiaries

Computation of ratio of earnings to fixed charges
(in millions, except ratios)Three Months Ended
March 31, 1996

EXCLUDING INTEREST ON DEPOSITS

Loss before Income Tax Benefit	\$ (303)
Fixed charges:	
Interest expense	1,253
One third of rents, net of income from subleases (a)	31
Total fixed charges	1,284
Less: Equity in undistributed income of affiliates	(11)
Earnings before taxes and fixed charges, excluding capitalized interest	\$ 970
Fixed charges, as above	\$ 1,284
Ratio of earnings to fixed charges	0.76(b)

INCLUDING INTEREST ON DEPOSITS

Fixed charges, as above	\$ 1,284
Add: Interest on deposits	1,644
Total fixed charges and interest on deposits	\$ 2,928
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 970
Add: Interest on deposits	1,644
Total earnings before taxes, fixed charges, and interest on deposits	\$ 2,614
Ratio of earnings to fixed charges	0.89(b)

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

(b) Earnings did not cover fixed charges by \$314 million as a result of a \$1,650 million restructuring charge and \$6 million of merger related expenses incurred in the 1996 first quarter.

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)Three Months Ended
March 31, 1996

EXCLUDING INTEREST ON DEPOSITS	-----
Loss before Income Tax Benefit	\$ (303)
Fixed charges:	
Interest expense	1,253
One third of rents, net of income from subleases (a)	31
Total fixed charges	1,284
Less: Equity in undistributed income of affiliates	(11)
Earnings before taxes and fixed charges, excluding capitalized interest	\$ 970
Fixed charges, as above	\$ 1,284
Preferred stock dividends	54
Fixed charges including preferred stock dividends	\$ 1,338
Ratio of earnings to fixed charges and preferred stock dividend requirements	0.72(b)
INCLUDING INTEREST ON DEPOSITS	-----
Fixed charges including preferred stock dividends	\$ 1,338
Add: Interest on deposits	1,644
Total fixed charges including preferred stock dividends and interest on deposits	\$ 2,982
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 970
Add: Interest on deposits	1,644
Total earnings before taxes, fixed charges, and interest on deposits	\$ 2,614
Ratio of earnings to fixed charges and preferred stock dividend requirements	0.88(b)

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

(b) Earnings did not cover fixed charges and preferred stock dividend requirements by \$368 million as a result of a \$1,650 million restructuring charge and \$6 million of merger related expenses incurred in the 1996 first quarter.

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THE CHASE MANHATTAN CORPORATION

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UNITED STATES DOLLAR

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JAN-01-1996

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38,646

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