

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1995 -- Commission File Number 1-6523

NATIONSBANK CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>

|     |   |   |
|-----|---|---|
| <S> | North Carolina<br>(STATE OF INCORPORATION)<br>NationsBank Corporate Center<br>Charlotte, North Carolina<br>(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)<br>704 / 386-5000<br>(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE) | <C><br>56-0906609<br>(IRS EMPLOYER IDENTIFICATION NO.)<br>28255<br>(ZIP CODE) |
|-----|---|---|

</TABLE>

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<TABLE>

<CAPTION>

| <S>                         | TITLE OF EACH CLASS | NAME OF EACH EXCHANGE ON WHICH REGISTERED<br><C>  |
|-----------------------------|---------------------|---|
| Common Stock                |                     | New York Stock Exchange<br>Pacific Stock Exchange<br>Tokyo Stock Exchange<br>American Stock Exchange<br>New York Stock Exchange |
| 7 3/4% Debentures, due 2002 |                     |   |
| 8 1/2% Notes, due 1996      |                     |   |

</TABLE>

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or in any amendment to this Form 10-K. ( )

Aggregate market value of shares of voting stock held by all persons, other than shares beneficially owned by persons who may be deemed to be affiliates (as defined in SEC Rule 405), is approximately \$21,637,312,000 computed by reference to the closing price of Common Stock of \$74.00 per share on March 15, 1996, on the New York Stock Exchange Composite Transactions List, as reported in published financial sources, and a stated price of \$42.50 for the ESOP Convertible Preferred Stock, Series C.

Of the registrant's only class of Common Stock, there were 300,462,332 shares outstanding as of March 1, 1996.

DOCUMENTS INCORPORATED BY REFERENCE

<TABLE>

<CAPTION>

| <S>                                | DOCUMENT OF THE REGISTRANT | FORM 10-K REFERENCE LOCATIONS<br><C> |
|------------------------------------|----------------------------|--------------------------------------|
| 1995 Annual Report to Shareholders |                            | PARTS I, II and IV                   |
| 1996 Proxy Statement               |                            | PART III                             |

</TABLE>

PART I

ITEM 1. BUSINESS

GENERAL

The registrant is a North Carolina corporation and a bank holding company registered under the Bank Holding Company Act of 1956, as amended (the "Act"), with its principal assets being the stock of its subsidiaries. Through its banking subsidiaries (the "Banks") and its various non-banking subsidiaries, the registrant provides banking and banking-related services, primarily throughout the Southeast and Mid-Atlantic states and Texas. The principal executive offices of the registrant are located at NationsBank Corporate Center in Charlotte, North Carolina 28255.

ACQUISITIONS AND DISPOSITIONS

On March 31, 1995, the registrant's mortgage banking subsidiary acquired a \$10 billion residential mortgage servicing portfolio from Source One Mortgage Services Corporation at a purchase price of approximately \$190 million.

On March 31, 1995, the registrant's mortgage banking subsidiary acquired the residential mortgage servicing business of KeyCorp Mortgage Inc. from KeyCorp and Key Bank of New York. The acquired assets included primarily a \$25 billion residential mortgage servicing portfolio, for which the registrant's subsidiary paid approximately \$339 million, and a mortgage servicing operation employing about 430 people and other servicing-related assets, for which this

subsidiary paid approximately \$150 million.

The registrant and BankAmerica Corporation formed MECA Software LLC ("MECA"), and, on June 30, 1995, MECA purchased MECA Software, Inc. and its "Managing Your Money" software for an aggregate purchase price of approximately \$35 million. First Bank System, Fleet Financial Group and Royal Bank of Canada subsequently joined MECA.

On December 4, 1995, the registrant completed the sale of the portion of its corporate trust business that deals with bond servicing and administration to The Bank of New York.

On December 13, 1995, the registrant completed the acquisition of Intercontinental Bank ("ICBK"). As of the acquisition date, ICBK had assets of approximately \$1.1 billion and deposits of approximately \$910 million. The registrant issued 0.4153 shares of its common stock in exchange for each outstanding share of ICBK common stock, for an aggregate purchase price of approximately 3 million shares of the registrant's common stock.

On December 21, 1995, the registrant completed the acquisition of North Florida Bank Corporation ("NFBC"). As of the acquisition date, NFBC had assets of approximately \$50 million and deposits of approximately \$44 million. The registrant issued 0.7797 shares of its common stock for each outstanding share of NFBC common stock, for an aggregate purchase price of approximately 103,000 shares of the registrant's common stock.

On January 9, 1996, the registrant completed the acquisition of Bank South Corporation ("BKSO"). As of the acquisition date, BKSO had assets of approximately \$7.4 billion and deposits of approximately \$5.1 billion. The registrant issued 0.44 shares of its common stock for each outstanding share of BKSO common stock, for an aggregate purchase price of approximately 26 million shares of the registrant's common stock.

On January 10, 1996, the registrant completed the acquisition of CSF Holdings, Inc. ("CSF"). As of the acquisition date, CSF had assets of approximately \$4.8 billion and deposits of approximately \$3.8 billion. The purchase price was approximately \$516 million and was paid in cash.

On January 25, 1996, the registrant entered into an agreement to acquire Charter Bancshares, Inc. ("CBI") by exchanging each outstanding share of CBI capital stock for 0.385 shares of the registrant's common stock, for an aggregate purchase price of approximately 1.4 million shares of the registrant's common stock. As of December 31, 1995, CBI had assets of approximately \$915 million and deposits of approximately \$734 million. Subject to certain regulatory approvals, the approval of CBI's shareholders and other closing conditions, this transaction is expected to be completed in the second quarter of 1996.

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On January 31, 1996, the registrant completed the acquisition of Sun World, N.A. ("Sun World"). As of the acquisition date, Sun World had assets of approximately \$136 million and deposits of approximately \$123 million. The purchase price was approximately \$16 million and was paid in cash.

On February 15, 1996, the registrant, through NationsCredit Commercial Corporation, its wholly owned, indirect subsidiary engaged primarily in the commercial financial services business, entered into an agreement to acquire LDI Corporation ("LDI") by purchasing all the outstanding shares of capital stock of LDI at an aggregate purchase price of approximately \$28 million, payable in cash. As of October 31, 1995, LDI had assets of approximately \$335 million. Subject to certain regulatory approvals, the approval of LDI's shareholders and other closing conditions, this transaction is expected to be completed in the second quarter of 1996.

As part of its operations, the registrant regularly evaluates the potential acquisition of, and holds discussions with, various financial institutions and other businesses of a type eligible for bank holding company investment. In addition, the registrant regularly analyzes the values of, and submits bids for, the acquisition of customer-based funds and other liabilities and assets of such financial institutions and other businesses. As a general rule, the registrant publicly announces such material acquisitions when a definitive agreement has been reached.

#### OPERATIONS

The registrant provides a diversified range of banking and certain nonbanking financial services and products through its various subsidiaries. The registrant manages its business activities through three major business units: the General Bank, Global Finance and Financial Services.

The General Bank provides comprehensive services in the commercial and retail banking fields, including trust and private banking operations, the origination and servicing of home mortgage loans, the issuance and servicing of credit cards (through a Delaware subsidiary), indirect lending, dealer finance and certain insurance services. The General Bank also offers full service brokerage services and discount brokerage services and provides investment advisory services to a proprietary mutual fund, as well as investment management, banking and fiduciary services through subsidiaries of the registrant. As of December 31, 1995, the General Bank operated approximately 1,833 banking offices through the following Banks: NationsBank, N.A. (serving the States of North Carolina, South Carolina, Maryland and Virginia and the District of Columbia); NationsBank, N.A. (South) (serving the States of Florida and Georgia); NationsBank of Kentucky, N.A.; NationsBank of Tennessee, N.A.; and NationsBank of Texas, N.A. The General Bank also provides fully automated, 24-hour cash dispensing and depositing services throughout the states in which it is located, through approximately 2,292 automated teller machines.

Global Finance provides comprehensive corporate banking and investment

banking services to domestic and international customers, including treasury management, loan syndication, asset-backed lending, leasing, factoring and arrangement of asset-backed and project financing, as well as underwriting, trading or distributing a wide range of securities (including bank-eligible securities and, to a limited extent, bank-ineligible securities as authorized by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") under Section 20 of the Glass-Steagall Act), and trading and distributing a wide range of derivative products in certain interest rate, foreign exchange, commodity and equity markets. Global Finance provides its services through various offices located in major United States cities as well as in London, Frankfurt, Singapore, Bogota, Mexico City, Grand Cayman, Nassau, Seoul, Tokyo, Osaka, Taipei and Hong Kong.

Financial Services consists of NationsCredit Consumer Corporation (formerly NationsCredit Corporation), primarily a consumer finance subsidiary, and NationsCredit Commercial Corporation (formerly Greyrock Capital Group Inc.), primarily a commercial finance subsidiary. NationsCredit Consumer Corporation, which has approximately 371 offices located in 34 states, provides personal, mortgage and automobile loans to consumers and retail finance programs to dealers. NationsCredit Commercial Corporation consists of six divisions that specialize in one or more of the following areas: equipment loans and leasing; loans for debt restructuring, mergers and acquisitions and working capital; real estate, golf/recreational and health care financing; and inventory financing to manufacturers, distributors and dealers.

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Additional information about the registrant and its operations is incorporated by reference from Table Two (page 16) and the narrative comments under the caption "Management's Discussion and Analysis -- Business Unit Operations" (pages 14 through 19) in the registrant's 1995 Annual Report to Shareholders.

#### GOVERNMENT SUPERVISION AND REGULATION

##### GENERAL

As a registered bank holding company, the registrant is subject to the supervision of, and to regular inspection by, the Federal Reserve Board. The Banks are organized as national banking associations, which are subject to regulation, supervision and examination by the Office of the Comptroller of the Currency (the "Comptroller"). The Banks are also subject to regulation by the Federal Deposit Insurance Corporation (the "FDIC") and other federal regulatory agencies. In addition to banking laws, regulations and regulatory agencies, the registrant and its subsidiaries and affiliates are subject to various other laws and regulations and supervision and examination by other regulatory agencies, all of which directly or indirectly affect the operations and management of the registrant and its ability to make distributions. The following discussion summarizes certain aspects of those laws and regulations that affect the registrant.

Under the Act, the activities of the registrant, and those of companies which it controls or in which it holds more than 5% of the voting stock, are limited to banking or managing or controlling banks or furnishing services to or performing services for its subsidiaries, or any other activity which the Federal Reserve Board determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In making such determinations, the Federal Reserve Board is required to consider whether the performance of such activities by a bank holding company or its subsidiaries can reasonably be expected to produce benefits to the public such as greater convenience, increased competition or gains in efficiency that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. Generally, bank holding companies, such as the registrant, are required to obtain prior approval of the Federal Reserve Board to engage in any new activity or to acquire more than 5% of any class of voting stock of any company.

The Act also requires bank holding companies to obtain the prior approval of the Federal Reserve Board before acquiring more than 5% of any class of voting stock of any bank which is not already majority-owned by the bank holding company. Pursuant to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Interstate Banking and Branching Act"), which became effective September 29, 1995, a bank holding company may acquire banks in states other than its home state subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the bank holding company, prior to or following the proposed acquisition, controls no more than 10% of the total amount of deposits of insured depository institutions in the United States and no more than 30% of such deposits in that state (or such lesser or greater amount set by state law).

The Interstate Banking and Branching Act also authorizes banks to merge across state lines, thereby creating interstate branches, beginning June 1, 1997. Under such legislation, each state has the opportunity either to "opt out" of this provision, thereby prohibiting interstate branching in such states, or to "opt in" at an earlier time, thereby allowing interstate branching within that state prior to June 1, 1997. Furthermore, pursuant to the Interstate Banking and Branching Act, a bank is now able to open new branches in a state in which it does not already have banking operations if such state enacts a law permitting such DE NOVO branching.

As previously described, the registrant regularly evaluates merger and acquisition opportunities, and it anticipates that it will continue to evaluate such opportunities in light of the new legislation.

Proposals to change the laws and regulations governing the banking industry

are frequently introduced in Congress, in the state legislatures and before the various bank regulatory agencies. In 1995, several bills were introduced in Congress that would have the effect of broadening the securities underwriting powers of bank holding companies and, possibly, permitting bank holding companies to engage in nonfinancial activities. The likelihood and timing of any such proposals or bills and the impact they might have on the registrant and its subsidiaries cannot be determined at this time.

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#### CAPITAL AND OPERATIONAL REQUIREMENTS

The Federal Reserve Board, the Comptroller and the FDIC have issued substantially similar risk-based and leverage capital guidelines applicable to United States banking organizations. In addition, those regulatory agencies may from time to time require that a banking organization maintain capital above the minimum levels, whether because of its financial condition or actual or anticipated growth. The guidelines are summarized in the narrative comments under the caption "Capital Resources and Capital Management" (page 40) set forth in the 1995 Annual Report to Shareholders of the registrant which are hereby incorporated by reference.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), among other things, identifies five capital categories for insured depository institutions (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized) and requires the respective Federal regulatory agencies to implement systems for "prompt corrective action" for insured depository institutions that do not meet minimum capital requirements within such categories. FDICIA imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the category in which an institution is classified. Failure to meet the capital guidelines could also subject a banking institution to capital raising requirements. An "undercapitalized" bank must develop a capital restoration plan and its parent holding company must guarantee that bank's compliance with the plan. The liability of the parent holding company under any such guarantee is limited to the lesser of 5% of the bank's assets at the time it became "undercapitalized" or the amount needed to comply with the plan. Furthermore, in the event of the bankruptcy of the parent holding company, such guarantee would take priority over the parent's general unsecured creditors. In addition, FDICIA requires the various regulatory agencies to prescribe certain non-capital standards for safety and soundness relating generally to operations and management, asset quality and executive compensation and permits regulatory action against a financial institution that does not meet such standards.

The various regulatory agencies have adopted substantially similar regulations that define the five capital categories identified by FDICIA, using the total risk-based capital, Tier 1 risk-based capital and leverage capital ratios as the relevant capital measures. Such regulations establish various degrees of corrective action to be taken when an institution is considered undercapitalized. Under the regulations, a "well capitalized" institution must have a Tier 1 capital ratio of at least 6 percent, a total capital ratio of at least 10 percent and a leverage ratio of at least 5 percent and not be subject to a capital directive order. An "adequately capitalized" institution must have a Tier 1 capital ratio of at least 4 percent, a total capital ratio of at least 8 percent and a leverage ratio of at least 4 percent, or 3 percent in some cases. Under these guidelines, each of the Banks is considered adequately or well capitalized.

Banking agencies have also adopted final regulations which mandate that regulators take into consideration concentrations of credit risk and risks from non-traditional activities, as well as an institution's ability to manage those risks, when determining the adequacy of an institution's capital. That evaluation will be made as a part of the institution's regular safety and soundness examination. Banking agencies also have proposed amendments to existing risk-based capital regulations to provide for the consideration of interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off-balance-sheet position) in the determination of a bank's minimum capital requirements. This proposal, while still under consideration, would require banks with interest rate risk in excess of defined thresholds to maintain additional capital beyond that generally required.

#### DISTRIBUTIONS

The registrant's funds for cash distributions to its shareholders are derived from a variety of sources, including cash and temporary investments. The primary source of such funds, however, is dividends received from the Banks. The amount of dividends that each Bank may declare in a calendar year without approval of the Comptroller is the Bank's net profits for that year, as defined by statute, combined with its net retained profits, as defined, for the preceding two years. In addition, from time to time the registrant applies for, and may receive, permission from the Comptroller for one or more of the Banks to declare special dividends. In 1996, the Banks can initiate dividend payments, without prior regulatory approval, of up to an aggregate of \$905 million plus an additional amount equal to their net profits for 1996 up to the date of any such dividend declaration.

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In addition to the foregoing, the ability of the registrant and the Banks to pay dividends may be affected by the various minimum capital requirements and the capital and non-capital standards established under FDICIA, as described

above. Furthermore, the Comptroller may prohibit the payment of a dividend by a national bank if it determines that such payment would constitute an unsafe or unsound practice. The right of the registrant, its shareholders and its creditors to participate in any distribution of the assets or earnings of its subsidiaries is further subject to the prior claims of creditors of the respective subsidiaries.

#### SOURCE OF STRENGTH

According to Federal Reserve Board policy, bank holding companies are expected to act as a source of financial strength to each subsidiary bank and to commit resources to support each such subsidiary. This support may be required at times when a bank holding company may not be able to provide such support. Similarly, under the cross-guarantee provisions of the Federal Deposit Insurance Act, in the event of a loss suffered or anticipated by the FDIC -- either as a result of default of a banking or thrift subsidiary of the registrant or related to FDIC assistance provided to a subsidiary in danger of default -- the other Banks may be assessed for the FDIC's loss, subject to certain exceptions.

#### ADDITIONAL INFORMATION

The following information set forth in the 1995 Annual Report to Shareholders of the registrant is hereby incorporated by reference:

Table Three (page 18) for average balance sheet amounts, related taxable-equivalent interest earned or paid, and related average yields earned and rates paid.

Table Four (page 20) and the narrative comments under the caption "Net Interest Income" (page 19) for changes in taxable-equivalent interest income and expense for each major category of interest-earning assets and interest-bearing liabilities.

The narrative comments under the caption "Securities" (pages 25 and 26) and Note Three (pages 54 through 56) of the Notes To Consolidated Financial Statements for information on the book values, maturities and weighted average yields of the securities (by category) of the registrant.

Tables Eight (page 26), Nine (page 27) and Twenty (page 39) for distribution of loans and leases, selected loan maturity data and interest-rate risk.

Table Fifteen (page 34), the narrative comments under the caption "Credit Risk Management And Credit Portfolio Review -- Nonperforming Assets" (pages 33 and 34), and Note One (page 52) of the Notes To Consolidated Financial Statements for information on the nonperforming assets of the registrant. The narrative comments under the captions "Credit Risk Management And Credit Portfolio Review" (pages 31 and 32) and "Loans and Leases" (pages 26 and 27) and Tables Seventeen, Eighteen and Nineteen (pages 36 and 37) for a discussion of the characteristics of the loan and lease portfolio.

Tables Thirteen (page 32) and Fourteen (page 33), the narrative comments under the captions "Provision for Credit Losses" (page 19) and "Credit Risk Management And Credit Portfolio Review -- Allowance for Credit Losses" (pages 32 and 33) and Note One (page 52) of the Notes To Consolidated Financial Statements for information on the credit loss experience of the registrant.

Table Three (page 18) and the narrative comments under the caption "Deposits" (page 27) for deposit information.

"Six-Year Consolidated Statistical Summary" (page 69) for return on assets, return on equity and dividend payout ratio for 1990 through 1995, inclusive.

Table Ten (page 28) and Note Six (pages 58 and 59) of the Notes To Consolidated Financial Statements for information on the short-term borrowings of the registrant.

All tables, graphs, charts, summaries and narrative on pages 14 through 45 and pages 68 and 69 for additional data on the consolidated operations of the registrant and its majority-owned subsidiaries.

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#### COMPETITION

The activities in which the registrant and its three major business units (the General Bank, Global Finance and Financial Services) engage are highly competitive. Generally, the lines of activity and markets served involve competition with other banks and non-bank financial institutions, such as investment banking firms, brokerage firms, mutual funds and insurance companies, as well as other entities which offer financial services, located both within and without the United States. The methods of competition center around various factors, such as customer services, interest rates on loans and deposits, lending limits and location of offices.

The commercial banking business in the various local markets served by the registrant's three major business units is highly competitive. The General Bank, Global Finance and Financial Services compete with other commercial banks, savings and loan associations, finance companies and other businesses which provide similar services. The three major business units actively compete in commercial lending activities with local, regional and international banks and non-bank financial organizations, some of which are larger than certain of the registrant's non-banking subsidiaries and the Banks. In its consumer lending operations, the competitors of the three major business units include other banks, savings and loan associations, credit unions, regulated small loan companies and other non-bank organizations offering financial services. In the investment banking, investment advisory and brokerage business, the registrant's non-banking subsidiaries compete with other banking and investment banking firms, investment advisory firms, brokerage firms and mutual funds. The

registrant's mortgage banking subsidiary competes with commercial banks, savings and loan associations, government agencies, mortgage brokers and other non-bank organizations offering mortgage banking services. In the trust business, the Banks compete with other banks, investment counselors and insurance companies in national markets for institutional funds and corporate pension and profit sharing accounts. The Banks also compete with other banks, insurance agents, financial counselors and other fiduciaries for personal trust business. The registrant and its three major business units also actively compete for funds. A primary source of funds for the Banks is deposits, and competition for deposits includes other deposit taking organizations, such as commercial banks, savings and loan associations and credit unions, as well as money market mutual funds.

The registrant's ability to expand into additional states remains subject to various federal and state laws. See "Government Supervision and Regulation -- General" for a more detailed discussion of interstate banking and branching legislation and certain state legislation.

#### EMPLOYEES

At December 31, 1995, the registrant and its subsidiaries had 58,322 full-time equivalent employees. Of the foregoing employees, 32,763 were employed by the General Bank, 5,429 were employed by Global Finance, 2,744 were employed by Financial Services, 13,300 were employed by NationsBank Services, Inc. (a subsidiary providing operational support services to the registrant and its subsidiaries) and the remainder were employed by the registrant holding company and the registrant's other subsidiaries.

#### ITEM 2. PROPERTIES

The principal offices of the registrant are located in the 60-story NationsBank Corporate Center in Charlotte, North Carolina, which is owned by a subsidiary of the registrant. The registrant occupies approximately 512,000 square feet at market rates under a lease which expires in 2002, and approximately 593,000 square feet of office space is available for lease to third parties at market rates. At December 31, 1995, approximately 99 percent was occupied by the registrant or subject to existing third party leases or letters of intention to lease.

The principal North Carolina offices of NationsBank, N.A. are located in leased space in the 40-story NationsBank Plaza, Charlotte, North Carolina. NationsBank, N.A. is the major tenant of the building with approximately 669,000 square feet of the net rentable space, of which approximately 438,000 square feet of space is under a lease which expires in 2009 and the remaining space is under leases of shorter duration.

The principal South Carolina offices of NationsBank, N.A. are located in approximately 91,000 square feet of leased space in the NationsBank Tower in Columbia under a lease which is in the process of being renewed. NationsBank, N.A., through subsidiaries, owns partnership interests in the building and the underlying land. In addition, NationsBank, N.A. maintains offices in approximately 81,000 square feet of leased space

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in NationsBank Plaza in Columbia under a lease that expires in 1999. NationsBank, N.A. has four five-year renewal options on this space.

The principal Virginia offices of NationsBank, N.A. are located in approximately 383,000 square feet of space in NationsBank Center in Richmond, Virginia, a facility that is owned by NationsBank, N.A. The remaining approximately 157,000 square feet are leased to a third party tenant.

The principal Maryland offices of NationsBank, N.A. are located in approximately 135,000 square feet of leased space in the Rockledge Executive Center in Bethesda under a lease that expires in 2002. NationsBank, N.A. has two five-year renewal options on this space. The approximately 19,000 square feet of space remaining is occupied by third parties under sub-leases with NationsBank, N.A. The sub-leases, which are at market rates, expire in 1997 and 2002.

The principal offices of NationsBank of Texas, N.A. ("NationsBank Texas") are located in approximately 680,000 square feet of leased space in the 72-story NationsBank Plaza in Dallas. NationsBank Texas is the major tenant of the building under a lease which expires in 2001 with renewal options through 2011.

The principal Florida offices of NationsBank, N.A. (South) ("NationsBank South") are located in approximately 238,000 square feet of leased space in the NationsBank Plaza in downtown Tampa. The lease expires in 2005. NationsBank South has four five-year renewal options on this space.

The principal Georgia offices of NationsBank South are located in leased space in the 55-story NationsBank Plaza in Atlanta. The registrant, through a subsidiary, is a partner in CSC Associates, L.P., a partnership that was formed with Cousins Properties Incorporated for the development and ownership of the office tower. NationsBank South is the major tenant of the building with approximately 579,000 square feet of the net rentable space, under a lease that expires in 2012. NationsBank South has three ten-year renewal options on this space. Of the approximately 684,000 remaining square feet, 596,000 square feet has been leased to third parties, with 88,000 remaining square feet available for lease to third parties at market rates.

The principal offices of NationsBank of Tennessee, N.A. ("NationsBank Tennessee") are located in approximately 220,000 square feet of leased space in NationsBank Plaza in Nashville under a lease that expires in 2012. NationsBank Tennessee has two ten-year and one five-year renewal options on this space.

The principal offices of NationsCredit Consumer Corporation are located in approximately 136,000 square feet of space in Allentown, Pennsylvania in a facility which it owns.

The principal offices of NationsCredit Commercial Corporation are located in approximately 42,880 square feet of leased space in Canterbury Green in

Stamford, Connecticut, under a lease which expires in 1997.

As of December 31, 1995, the registrant and its subsidiaries conducted their banking and bank-related activities in both leased and owned facilities throughout the jurisdictions in which the Banks are located, as follows:

<TABLE>

<CAPTION>

|  | APPROXIMATE<br>LEASED<br>FACILITIES<br><C> | APPROXIMATE<br>OWNED<br>FACILITIES<br><C> |
|--|--|---|
| <S>  |  |   |
| North Carolina, South Carolina, Virginia,<br>Maryland and the District of Columbia | 673  | 366                                       |
| Texas  | 203  | 152                                       |
| Florida and Georgia  | 253  | 416                                       |
| Tennessee  | 50   | 67  |
| Delaware   | 1  | 0   |
| Kentucky   | 3  | 3   |

</TABLE>

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#### ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, the registrant and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including several actions brought on behalf of various classes of claimants. In certain of these actions and proceedings substantial money damages are asserted against the registrant and its subsidiaries and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, banking and other laws. Management believes, based upon the advice of counsel, that these actions and proceedings and losses, if any, resulting from the final outcome thereof, will not be material in the aggregate to the registrant's financial position or results of operations.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to security holders in the fourth quarter of the registrant's fiscal year.

#### ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Pursuant to the Instructions to Form 10-K and Item 401(b) of Regulation S-K, the name, age and position of each executive officer and the principal accounting officer of the registrant are listed below along with such officer's business experience during the past five years. Officers are appointed annually by the Board of Directors at the meeting of directors immediately following the annual meeting of shareholders. There are no arrangements or understandings between any officer and any other person pursuant to which any officer was selected.

Fredric J. Figge, II, age 59, Chairman, Corporate Risk Policy of the registrant and of the Banks. Mr. Figge was named Chairman, Corporate Risk Policy in October, 1993 and prior to that time served as Chairman, Credit Policy of the registrant and of the Banks. He first became an officer in 1987.

James H. Hance, Jr., age 51, Vice Chairman and Chief Financial Officer of the registrant. Mr. Hance was named Chief Financial Officer in August, 1988, also served as Executive Vice President from March, 1987 to December 31, 1991 and was named Vice Chairman in October, 1993. He first became an officer in 1987. He also serves as a director of NationsBank, N.A., NationsBank Tennessee and various other subsidiaries of the registrant.

Kenneth D. Lewis, age 48, President of the registrant. Mr. Lewis was named to his present position in October, 1993. Prior to that time, from June, 1990 to October, 1993 he served as President of the registrant's General Bank. He first became an officer in 1971. Mr. Lewis also serves as a director of NationsBank, N.A., NationsBank South and NationsBank Texas.

Hugh L. McColl, Jr., age 60, Chairman of the Board and Chief Executive Officer of the registrant and Chief Executive Officer of the Banks. He first became an officer in 1962. Mr. McColl was Chairman of the registrant from September, 1983 until December 31, 1991, and was re-appointed Chairman on December 31, 1992. He also serves as a director of the registrant and NationsBank Texas.

Marc D. Oken, age 49, Executive Vice President and Principal Accounting Officer of the registrant. He first became an officer in 1989.

F. William Vandiver, Jr., age 54, President of NationsBank Global Finance, which includes Corporate Finance, Capital Markets and Specialized Lending. Mr. Vandiver was named President of NationsBank Global Finance in January, 1996. In 1984, he was named Investment Banking Company executive and president in 1988. He has been an officer since 1968.

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#### PART II

#### ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

The principal market on which the registrant's common stock (the "Common Stock") is traded is the New York Stock Exchange. The registrant also listed certain of its shares of Common Stock for trading on the Pacific Stock Exchange and on the Tokyo Stock Exchange. The high and low sales prices of Common Stock on the New York Stock Exchange Composite Transactions List, as reported in published financial sources, for each quarterly period indicated below are as follows:

<TABLE>

| <CAPTION> |        |    | HIGH   |    | LOW    |
|-----------|--------|----|--------|----|--------|
| <S>       | <C>    |    | <C>    |    | <C>    |
| 1994      | first  | \$ | 50 7/8 | \$ | 44 3/8 |
|           | second |    | 57 3/8 |    | 44 1/2 |
|           | third  |    | 56     |    | 47 1/8 |
|           | fourth |    | 50 3/4 |    | 43 3/8 |
| 1995      | first  |    | 51 3/4 |    | 44 5/8 |
|           | second |    | 57 3/4 |    | 49 5/8 |
|           | third  |    | 68 7/8 |    | 53 3/4 |
|           | fourth |    | 74 3/4 |    | 64     |

</TABLE>

As of December 31, 1995, there were 103,137 record holders of Common Stock. During 1994 and 1995, the registrant paid dividends on the Common Stock on a quarterly basis, which aggregated \$1.88 per share in 1994 and \$2.08 per share in 1995. For additional information regarding the registrant's ability to pay dividends, see "Government Supervision and Regulation -- Distributions." The eighth paragraph of Note Six (page 59) and Note Nine (page 60) of the Notes To Consolidated Financial Statements in the registrant's 1995 Annual Report to Shareholders are hereby incorporated by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information set forth in Table One (page 15) in the registrant's 1995 Annual Report to Shareholders is hereby incorporated by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All of the information set forth under the captions "Management's Discussion and Analysis -- 1995 Compared to 1994" (pages 14 through 41), "Management's Discussion and Analysis -- 1994 Compared to 1993" (pages 41 through 45), "Report of Management" (page 46) and all tables, graphs and charts presented under the foregoing captions in the 1995 Annual Report to Shareholders of the registrant is hereby incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following information set forth in the 1995 Annual Report to Shareholders of the registrant is hereby incorporated by reference:

The Consolidated Financial Statements and Notes To Consolidated Financial Statements of NationsBank Corporation and Subsidiaries, together with the report thereon of Price Waterhouse LLP dated January 12, 1996 (pages 46 through 67); the unaudited information presented in Table Twenty-One (page 42); and the narrative comments under the caption "Fourth Quarter Review" (page 41).

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in or disagreements with accountants on accounting and financial disclosure.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information set forth under the caption "Election of Directors" on pages 3 through 10 of the definitive 1996 Proxy Statement of the registrant furnished to shareholders in connection with its Annual Meeting to be held on April 24, 1996 (the "1996 Proxy Statement") with respect to the name of each nominee or director, that person's age, positions and offices with the registrant, business experience, directorships in other public companies, service on the registrant's Board and certain family relationships, and information set forth under the caption "Compliance with Section 16(a) of the Securities Exchange Act of 1934" on page 13 of the 1996 Proxy Statement with respect to Section 16 matters, is hereby incorporated by reference. The information required by Item 10 with respect to executive officers is set forth in Part I, Item 4A hereof.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to current remuneration of executive officers, certain proposed remuneration to them, their options and certain indebtedness and other transactions set forth in the 1996 Proxy Statement (i) under the caption "Board of Directors' Compensation" on pages 14 through 16 thereof, (ii) under the caption "Executive Compensation" on pages 16 through 18 thereof, (iii) under the caption "Retirement Plans" on pages 18 and 19 thereof, (iv) under the caption "Deferred Compensation Plan" on pages 19 and 20 thereof, (v) under the caption "Special Compensation Arrangements" on page 21 thereof, (vi) under the caption "Compensation Committee Interlocks and Insider Participation" on page 28 thereof, and (vii) under the caption "Certain Transactions" on pages 28 and 29 thereof, is, to the extent such information is required by Item 402 of Regulation S-K, hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The security ownership information required by Item 403 of Regulation S-K relating to persons who beneficially own more than 5% of the outstanding shares of Common Stock or ESOP Preferred Stock, as well as security ownership information relating to directors, nominees and named executive officers individually and directors and executive officers as a group, is hereby incorporated by reference to the ownership information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" on pages 10 through 13 of the 1996 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to relationships and related transactions between the registrant and any director, nominee for director, executive officer, security holder owning 5% or more of the registrant's voting securities or any



member of the immediate family of any of the above, as set forth in the 1996 Proxy Statement under the caption "Compensation Committee Interlocks and Insider Participation" on page 28 and under the caption "Certain Transactions" on pages 28 and 29 thereof, is, to the extent such information is required by Item 404 of Regulation S-K, hereby incorporated by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

a. The following documents are filed as part of this report:

<TABLE>  
<CAPTION>

| <u>&lt;S&gt;</u> | <u>&lt;C&gt;</u>   | <u>PAGE IN ANNUAL REPORT*</u> |
|------------------|--|-------------------------------|
| (1)              | Financial Statements:  | <u>&lt;C&gt;</u>              |
|                  | Report of Independent Accountants.....   | 46                            |
|                  | Consolidated Statement of Income for each of the three years ended December 31, 1995.....  | 47                            |
|                  | Consolidated Balance Sheet at December 31, 1995 and 1994.....  | 48                            |
|                  | Consolidated Statement of Cash Flows for each of the three years ended December 31, 1995.....  | 49                            |
|                  | Consolidated Statement of Changes in Shareholders' Equity for each of the three years ended December 31, 1995.....                           | 50                            |
|                  | Notes to Consolidated Financial Statements.....  | 51-67                         |
|                  | * Incorporated by reference from the indicated pages of the 1995 Annual Report to Shareholders.  |                               |
| (2)              | All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto. |                               |

</TABLE>

b. The following reports on Form 8-K have been filed by the registrant during the quarter ended December 31, 1995:  
 Current Report on Form 8-K dated and filed October 20, 1995, Items 5 and 7. (Two reports filed on that date.)  
 Current Report on Form 8-K dated and filed November 9, 1995, Items 5 and 7.  
 Current Report on Form 8-K dated and filed December 15, 1995, Items 5 and 7.

c. The exhibits filed as part of this report and exhibits incorporated herein by reference to other documents are listed in the Index to Exhibits to this Annual Report on Form 10-K (pages E-1 through E-5, including executive compensation plans and arrangements which are identified separately by asterisk).

With the exception of the information herein expressly incorporated by reference, the 1995 Annual Report to Shareholders and the 1996 Proxy Statement are not to be deemed filed as part of this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 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.

Date: March 29, 1996  
 By: \*/s/ HUGH L. MCCOLL, JR.  
 HUGH L. MCCOLL, JR.  
 CHAIRMAN OF THE BOARD  
 AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>  
<CAPTION>

| <u>&lt;C&gt;</u> | <u>SIGNATURE</u>                                    | <u>&lt;S&gt;</u> | <u>TITLE</u>   | <u>DATE</u>    |
|------------------|---|------------------|--|----------------|
|                  | */s/ HUGH L. MCCOLL, JR.<br>(HUGH L. MCCOLL, JR.)   |                  | Chairman of the Board and Chief Executive Officer<br>(Principal Executive Officer) | March 29, 1996 |
|                  | */s/ JAMES H. HANCE, JR.<br>(JAMES H. HANCE, JR.)   |                  | Vice Chairman and Chief Financial Officer<br>(Principal Financial Officer)         | March 29, 1996 |
|                  | */s/ MARC D. OKEN<br>(MARC D. OKEN)                 |                  | Executive Vice President<br>(Principal Accounting Officer)                         | March 29, 1996 |
|                  | */s/ RONALD W. ALLEN<br>(RONALD W. ALLEN)           |                  | Director   | March 29, 1996 |
|                  | */s/ WILLIAM M. BARNHARDT<br>(WILLIAM M. BARNHARDT) |                  | Director   | March 29, 1996 |
|                  | */s/ THOMAS E. CAPPS<br>(THOMAS E. CAPPS)           |                  | Director   | March 29, 1996 |
|                  | */s/ CHARLES W. COKER<br>(CHARLES W. COKER)         |                  | Director   | March 29, 1996 |
|                  | */s/ THOMAS G. COUSINS                              |                  | Director   | March 29, 1996 |

|                             |          |                |
|-----------------------------|----------|----------------|
| (THOMAS G. COUSINS)         |          |                |
| */s/ ALAN T. DICKSON        | Director | March 29, 1996 |
| (ALAN T. DICKSON)           |          |                |
| */s/ W. FRANK DOWD, JR.     | Director | March 29, 1996 |
| (W. FRANK DOWD, JR.)        |          |                |
| */s/ PAUL FULTON            | Director | March 29, 1996 |
| (PAUL FULTON)               |          |                |
| */s/ L. L. GELLERSTEDT, JR. | Director | March 29, 1996 |
| (L. L. GELLERSTEDT, JR.)    |          |                |

</TABLE>

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<TABLE>  
<CAPTION>

| SIGNATURE   | TITLE    | DATE           |
|---|----------|----------------|
| */s/ TIMOTHY L. GUZZLE<br>(TIMOTHY L. GUZZLE)       | Director | March 29, 1996 |
| */s/ W. W. JOHNSON<br>(W. W. JOHNSON)               | Director | March 29, 1996 |
| */s/ BUCK MICKEL<br>(BUCK MICKEL)                   | Director | March 29, 1996 |
| (JOHN J. MURPHY)                                    | Director | March 29, 1996 |
| */s/ JOHN C. SLANE<br>(JOHN C. SLANE)               | Director | March 29, 1996 |
| */s/ JOHN W. SNOW<br>(JOHN W. SNOW)                 | Director | March 29, 1996 |
| */s/ MEREDITH R. SPANGLER<br>(MEREDITH R. SPANGLER) | Director | March 29, 1996 |
| */s/ ROBERT H. SPILMAN<br>(ROBERT H. SPILMAN)       | Director | March 29, 1996 |
| */s/ RONALD TOWNSEND<br>(RONALD TOWNSEND)           | Director | March 29, 1996 |
| */s/ E. CRAIG WALL, JR.<br>(E. CRAIG WALL, JR.)     | Director | March 29, 1996 |
| */s/ JACKIE M. WARD<br>(JACKIE M. WARD)             | Director | March 29, 1996 |
| *By: /s/ CHARLES M. BERGER                          |          |                |
| CHARLES M. BERGER, ATTORNEY-IN-FACT                 |          |                |

</TABLE>

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INDEX TO EXHIBITS

<TABLE>  
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EXHIBIT NO.

| EXHIBIT NO. | DESCRIPTION  |
|-------------|--|
| 1.          | Not Applicable.  |
| 2.          | Not Applicable.  |
| 3.          | (a) Restated Articles of Incorporation of registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3(i) of registrant's Quarterly Report on Form 10-Q dated August 12, 1994.  |
|             | (b) Amended and Restated Bylaws of registrant, as in effect on the date hereof.  |
| 4.          | (a) Specimen certificate of registrant's Common Stock, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-45542.   |
|             | (b) Specimen certificate of registrant's ESOP Convertible Preferred Stock, Series C, incorporated by reference to Exhibit 4(c) of registrant's Annual Report on Form 10-K dated March 25, 1992.  |
|             | (c) Indenture dated as of August 1, 1982 between registrant and Morgan Guaranty Trust Company of New York, pursuant to which registrant issued its 7 3/4% Debentures, due 2002, incorporated by reference to Exhibit 4.2 of registrant's Registration No. 2-78530.   |
|             | (d) Indenture dated as of October 1, 1986 between registrant and Security Pacific National Trust Company (New York), pursuant to which registrant issued its 8 1/2% Notes, due 1996, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-7221.  |
|             | (e) Indenture dated as of September 1, 1989 between registrant and The Bank of New York, pursuant to which registrant issued its 9 3/8% Subordinated Notes, due 2009; its 10.20% Subordinated Notes, due 2015; its 9 1/8% Subordinated Notes, due 2001; and its 8 1/8% Subordinated Notes, due 2002, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-30717. |
|             | (f) Indenture dated as of January 1, 1992 between registrant and BankAmerica Trust Company of New York, pursuant to which registrant issued its 6 5/8% Senior Notes, due 1998, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-54784.   |
|             | (g) Indenture dated as of November 1, 1992 between registrant and The Bank of New York, pursuant to which registrant issued its 6 7/8% Subordinated Notes, due 2005, incorporated by reference to Exhibit 4.1 of registrant's Amendment to Application or Report on Form 8 dated March 1, 1993.  |
|             | (h) First Supplemental Indenture dated as of July 1, 1993 to the Indenture dated as of January 1, 1992 between registrant and BankAmerica National Trust Company (formerly BankAmerica Trust Company of New York), pursuant to which registrant issued its Senior Medium-Term Notes, Series A, B and C; its 4 3/4% Senior Notes, due 1996; its   |

- 5 1/8% Senior Notes, due 1998; its 5 3/8% Senior Notes, due 2000; and its 7 1/2% Senior Notes, due 1997, incorporated by reference to Exhibit 4.1 of registrant's Report on Form 8-K dated July 6, 1993.
- (i) First Supplemental Indenture dated as of July 1, 1993 to the Indenture dated as of November 1, 1992 between registrant and The Bank of New York, pursuant to which registrant issued its Subordinated Medium-Term Notes, Series A and B; its 6 1/2% Subordinated Notes, due 2003; and its 7 3/4% Subordinated Notes, due 2004, incorporated by reference to Exhibit 4.4 of registrant's Report on Form 8-K dated July 6, 1993.
- (j) Indenture dated as of January 1, 1995 between registrant and BankAmerica National Trust Company, pursuant to which registrant issued its Floating Rate Senior Notes, due 1998, and its Senior Medium-Term Notes, Series D and E, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-57533.
- (k) Indenture dated as of January 1, 1995 between registrant and The Bank of New York, pursuant to which registrant issued its 7 5/8% Subordinated Notes, due 2005; its 7 3/4% Subordinated Notes, due 2015; its 7 1/4% Subordinated Notes, due 2025; and its Subordinated Medium-Term Notes, Series D and E, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-57533.

</TABLE>

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<TABLE>  
<CAPTION>  
EXHIBIT NO.  
<C>

| <S> | <C> | DESCRIPTION   | <C> |
|-----|-----|---|-----|
| (l) |     | Fiscal and Paying Agency Agreement dated as of July 5, 1995, between registrant and The Chase Manhattan Bank, N.A. (London Branch), pursuant to which registrant issued its Floating Rate Senior Notes, due 2000.   |     |
| (m) |     | Agency Agreement dated as of November 8, 1995 between registrant and The Chase Manhattan Bank, N.A. (London Branch), pursuant to which registrant issued its Senior Euro Medium-Term Notes.   |     |
| (n) |     | Issuing and Paying Agency Agreement dated as of April 10, 1995 between NationsBank, N.A. (as successor to NationsBank, N.A. (Carolinas)), NationsBank of Texas, N.A. and NationsBank, N.A. (South) (as successor to NationsBank of Georgia, N.A.), as Issuers, and Bankers Trust Company, as Issuing and Paying Agent.  |     |
| (o) |     | Articles of Association of NationsBank, N.A. (South).   |     |
| (p) |     | Statement of Designation relating to the NationsBank, N.A. (South) Series H Preferred Stock.  |     |
| (q) |     | Statement of Designation relating to the NationsBank, N.A. (South) Series 1993A Preferred Stock.  |     |
| (r) |     | The registrant has other long-term debt agreements, but these are not material in amount. Copies of these agreements will be furnished to the Commission on request.  |     |
| 5.  |     | Not Applicable.   |     |
| 6.  |     | Not Applicable.   |     |
| 7.  |     | Not Applicable.   |     |
| 8.  |     | Not Applicable.   |     |
| 9.  |     | None.   |     |
| 10. | (a) | Limited Partnership Agreement of CSC Associates, L. P., between The Citizens and Southern Corporation and Cousins Properties Incorporated dated as of September 29, 1989, including Transfer of Partnership Interest between The Citizens and Southern Corporation and C&S Premises, Inc. and First Amendment thereto, both of which are incorporated by reference to Exhibit 10(ss) of registrant's Annual Report on Form 10-K dated March 25, 1992; and Second Amendment thereto dated as of December 31, 1990, incorporated by reference to Exhibit 10(a) of registrant's Annual Report on Form 10-K dated March 30, 1995. |     |
|     | (b) | The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(d) of registrant's Annual Report on Form 10-K dated March 30, 1994; Amendment thereto dated as of December 31, 1993, incorporated by reference to Exhibit 10(c) of registrant's Annual Report on Form 10-K dated March 30, 1995; and Amendments thereto dated as of December 31, 1994 and August 1, 1995.  | *   |
|     | (c) | Investment Trust Agreement Under The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(e) of registrant's Annual Report on Form 10-K dated March 30, 1994.   | *   |
|     | (d) | ESOP Trust Agreement Under The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(f) of registrant's Annual Report on Form 10-K dated March 30, 1994.   | *   |
|     | (e) | Ancillary Trust Agreement for the Investment Trust of The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(g) of registrant's Annual Report on Form 10-K dated March 30, 1994.  | *   |
|     | (f) | Independent Agency Agreement for the Investment Trust of The NationsBank Retirement Savings Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(h) of registrant's Annual Report on Form 10-K dated March 30, 1994.   | *   |
|     | (g) | NationsBank Corporation and Designated Subsidiaries Directors' Retirement Plan, incorporated by reference to Exhibit 10(f) of registrant's Annual Report on Form 10-K dated March 27, 1991; and Amendment thereto dated as of September 28, 1994, incorporated by reference to Exhibit 10(i) of registrant's Annual Report on Form 10-K dated March 30, 1995.   | *   |

</TABLE>

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<TABLE>  
<CAPTION>  
EXHIBIT NO.  
<C>

| <S> | <C> | DESCRIPTION   | <C> |
|-----|-----|---|-----|
| (h) |     | NationsBank Corporation and Designated Subsidiaries Supplemental Executive Retirement | *   |

Plan, incorporated by reference to Exhibit 10(j) of registrant's Annual Report on Form 10-K dated March 30, 1995; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(g) of registrant's Annual Report on Form 10-K dated March 28, 1990; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(g) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of registrant's Annual Report on Form 10-K dated March 25, 1992; Amendment thereto dated as of December 3, 1992 and Amendment thereto dated as of December 15, 1992, both of which are incorporated by reference to Exhibit 10(l) of registrant's Annual Report on Form 10-K dated March 24, 1993; and Amendment thereto dated as of September 28, 1994, incorporated by reference to Exhibit 10(j) of registrant's Annual Report on Form 10-K dated March 30, 1995.

- (i) NationsBank Corporation and Designated Subsidiaries Deferred Compensation Plan for Key Employees, incorporated by reference to Exhibit 10(k) of registrant's Annual Report on Form 10-K dated March 30, 1995; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(h) of registrant's Annual Report on Form 10-K dated March 28, 1990; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(h) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of registrant's Annual Report on Form 10-K dated March 25, 1992; and Amendment thereto dated as of December 3, 1992, incorporated by reference to Exhibit 10(m) of registrant's Annual Report on Form 10-K dated March 24, 1993. \*
- (j) 1986 Restricted Stock Award Plan of NationsBank Corporation, as amended, incorporated by reference to Exhibit 10(n) of registrant's Annual Report on Form 10-K dated March 24, 1993. \*
- (k) The NationsBank Pension Plan, as effective January 1, 1993, incorporated by reference to Exhibit 10(n) of registrant's Annual Report on Form 10-K dated March 30, 1994; Amendments thereto dated as of September 28, 1994, December 15, 1994 and December 28, 1994, incorporated by reference to Exhibit 10(m) of registrant's Annual Report on Form 10-K dated March 30, 1995; and Amendments thereto dated as of June 28, 1995, July 5, 1995, August 24, 1995 and September 28, 1995. \*
- (l) NationsBank Corporation and Designated Subsidiaries Supplemental Retirement Plan, incorporated by reference to Exhibit 10(o) of registrant's Annual Report on Form 10-K dated March 30, 1994; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(k) of registrant's Annual Report on Form 10-K dated March 28, 1990; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(k) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of registrant's Annual Report on Form 10-K dated March 25, 1992; Amendment thereto dated as of December 3, 1992 and Amendment thereto dated as of December 4, 1992, both of which are incorporated by reference to Exhibit 10(p) of registrant's Annual Report on Form 10-K dated March 24, 1993; and Amendment thereto dated as of July 5, 1995. \*

</TABLE>

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<TABLE>  
<CAPTION>  
EXHIBIT NO.  
<C>

| EXHIBIT NO. | DESCRIPTION   | <C> |
|-------------|---|-----|
| (m)         | NationsBank Corporation and Designated Subsidiaries Supplemental Executive Retirement Plan for Senior Management Employees, incorporated by reference to Exhibit 10(o) of registrant's Annual Report on Form 10-K dated March 30, 1995; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(l) of registrant's Annual Report on Form 10-K dated March 28, 1990; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(l) of registrant's Annual Report on Form 10-K dated March 27, 1991; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of registrant's Annual Report on Form 10-K dated March 25, 1992; Amendment thereto dated as of December 3, 1992 and Amendment thereto dated as of December 15, 1992, both of which are incorporated by reference to Exhibit 10(q) of registrant's Annual Report on Form 10-K dated March 24, 1993; and Amendment thereto dated as of September 28, 1994, incorporated by reference to Exhibit 10(o) of registrant's Annual Report on Form 10-K dated March 30, 1995. | *   |
| (n)         | Split Dollar Agreement dated as of February 1, 1990 between registrant and Hugh L. McColl III, as Trustee for the benefit of Hugh L. McColl, Jr. and Jane S. McColl, incorporated by reference to Exhibit 10(s) of registrant's Annual Report on Form 10-K dated March 27, 1991.  | *   |
| (o)         | NationsBank Corporation Benefit Security Trust dated as of June 27, 1990, incorporated by reference to Exhibit 10(t) of registrant's Annual Report on Form 10-K dated March 27, 1991; First Supplement thereto dated as of November 30, 1992, incorporated by reference to Exhibit 10(v) of registrant's Annual Report on Form 10-K dated March 24, 1993; and Trustee Removal/Appointment Agreement dated as of December 19, 1995.  | *   |
| (p)         | The NationsBank Retirement Savings Restoration Plan, as effective January 1, 1994, incorporated by reference to Exhibit 10(t) of registrant's Annual Report on Form 10-K dated March 30, 1994.  | *   |
| (q)         | Employment Arrangement with Fredric J. Figge, II dated July 27, 1987, incorporated by reference to Exhibit 10(tt) of registrant's Annual Report on Form 10-K dated March 25, 1992.  | *   |
| (r)         | NationsBank Corporation Executive Incentive Compensation Plan, as effective January 1, 1994 and Amendment thereto dated as of September 28, 1994, both of which are incorporated by reference to Exhibit 10(v) of registrant's Annual Report on Form 10-K dated March 30, 1995.   | *   |
| (s)         | NationsBank Corporation Key Employee Deferral Plan, as effective October 1, 1994,   | *   |

|     |   |   |
|-----|---|---|
|     | incorporated by reference to Exhibit 10(w) of registrant's Annual Report on Form 10-K dated March 30, 1995.   |   |
| (t) | NationsBank Corporation Director Deferral Plan, as effective January 1, 1995, incorporated by reference to Exhibit 10(x) of registrant's Annual Report on Form 10-K dated March 30, 1995.               | * |
| (u) | Special Trust Agreement under The NationsBank Pension Plan, as effective December 31, 1994, incorporated by reference to Exhibit 10(y) of registrant's Annual Report on Form 10-K dated March 30, 1995. | * |
| (v) | NationsBank Corporation Key Employee Stock Plan, incorporated by reference to Exhibit 10 of registrant's Quarterly Report on Form 10-Q dated May 15, 1995.  | * |
| (w) | Noncompetition Agreement with James W. Thompson dated January 31, 1996.   | * |
| (x) | Supplemental Retirement Agreement with James W. Thompson dated January 31, 1996.  | * |
| 11. | Earnings per share computation.   |   |
| 12. | (a) Ratio of Earnings to Fixed Charges.   |   |
|     | (b) Ratio of Earnings to Fixed Charges and Preferred Dividends.   |   |
| 13. | 1995 Annual Report to Shareholders. This exhibit contains only those portions of the Annual Report that are incorporated by reference.  |   |
| 14. | Not Applicable.   |   |
| 15. | Not Applicable.   |   |
| 16. | None.   |   |
| 17. | Not Applicable.   |   |

</TABLE>

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| <TABLE>     |     | <CAPTION>                           |  |     |
|-------------|-----|-------------------------------------|--|-----|
| EXHIBIT NO. |     | DESCRIPTION                         |  |     |
| <C>         | <S> | <C>                                 |  | <C> |
| 18.         |     | None.                               |  |     |
| 19.         |     | Not Applicable.                     |  |     |
| 20.         |     | Not Applicable.                     |  |     |
| 21.         |     | List of Subsidiaries of Registrant. |  |     |
| 22.         |     | None.                               |  |     |
| 23.         |     | Consent of Price Waterhouse LLP.    |  |     |
| 24.         |     | (a) Power of Attorney.              |  |     |
|             |     | (b) Corporate Resolution.           |  |     |
| 25.         |     | Not Applicable.                     |  |     |
| 26.         |     | Not Applicable.                     |  |     |
| 27.         |     | Financial Data Schedule.            |  |     |
| 28.         |     | None.                               |  |     |
| 99.         |     | None.                               |  |     |

</TABLE>

\* Denotes executive compensation plan or arrangements.

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AMENDED AND RESTATED  
BYLAWS  
OF  
NATIONSBANK CORPORATION

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ARTICLE I.

DEFINITIONS

Section 1. Definitions. In these Bylaws, unless otherwise specifically provided:

- (a) "Act" means the North Carolina Business Corporation Act, as contained in Chapter 55 of the North Carolina General Statutes, as the same now exists or may hereafter be amended.
- (b) "Articles of Incorporation" means the Articles of Incorporation of the Corporation, as amended and restated from time to time, including any amendments or statements of classification adopted in connection with the Corporation's outstanding shares of preferred stock.
- (c) "Common Stock" means the common stock of the Corporation.
- (d) "Corporation" means NationsBank Corporation, a North Carolina corporation, and any successor thereto.
- (e) "Principal office" means the office (in or out of the State of North Carolina) so designated in the Corporation's annual report filed pursuant to the Act where the principal executive offices of the Corporation are located.
- (f) "Public corporation" means any corporation that has a class of shares registered under Section 12 of the Securities Exchange Act of 1934, as amended (15 U.S.C. ss.781).
- (g) "Shares" means the Common Stock and other units into which the proprietary interests in the Corporation are divided.
- (h) "Shareholder" means the person in whose name shares are registered in the records of the Corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with the Corporation.
- (i) "Voting group" means all shares of one or more classes or series that under the Articles of Incorporation or the Act are entitled to vote and be counted together collectively on a matter at a meeting of shareholders. All shares entitled by the Articles of Incorporation or the Act to vote generally on a matter are for that purpose a single voting group.

Section 2. Cross-Reference to the Act. If any term used in these Bylaws and not otherwise defined herein is defined for purposes of the Act, such definition shall apply for purposes of these Bylaws, unless the context shall otherwise clearly require.

ARTICLE II.

OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be located in the City of Charlotte, County of Mecklenburg, State of North Carolina.

Section 2. Other Offices. The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may from time to time determine or as the affairs of the Corporation may require from time to time.

Section 3. Registered Office. The registered office of the Corporation required by the Act to be maintained in the State of North Carolina may be, but



need not be, identical with the principal office of the Corporation, and the address of the registered office may be changed from time to time as provided in the Act.

### ARTICLE III.

#### SHAREHOLDERS

Section 1. Annual Meeting. The annual meeting of the shareholders shall be held during the month of April of each year at a date and an hour fixed by the Board of Directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

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Section 2. Substitute Annual Meeting. If the annual meeting shall not be held within the period designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 3 of this Article III. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 3. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by the Act, may be called by the Chairman of the Board, the Chief Executive Officer, the President or by the Secretary acting under instructions of the Chairman of the Board or the Chief Executive Officer, or by the Board of Directors.

Section 4. Place of Meeting. The Board of Directors or the Chairman of the Board, the Chief Executive Officer or President of the Corporation, or the Secretary acting under instructions of the Chairman of the Board, the Chief Executive Officer or President may designate any place, either within or without the State of North Carolina, as the place of meeting for any annual meeting of shareholders or for any special meeting of shareholders called by the Board of Directors or the Chairman of the Board, the Chief Executive Officer or President or Secretary. If no designation is made, or if a special meeting of shareholders is otherwise called, the place of meeting shall be the principal office of the Corporation in the State of North Carolina.

Section 5. Notice of Meeting. Written or printed notice stating the date, time and place of the meeting shall be delivered not less than 10 nor more than 60 days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail with postage thereon prepaid and correctly addressed to the shareholder at such shareholder's address as shown in the Corporation's current record of shareholders.

In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless it is a matter, other than election of directors, on which the vote of shareholders is expressly required by the provisions of the Act. In the case of a special meeting, the notice of meeting shall state the purpose or purposes for which the meeting is called.

If a meeting is adjourned to a date more than 120 days after the date fixed for the original meeting, or if a new record date is fixed for the adjourned meeting, or if the new date, time or place for an adjourned meeting is not announced at the meeting before adjournment, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise, it is

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not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend or other distribution, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date for any such determination of shareholders, such date in any case to be not more than 60 days and, in case of a meeting of shareholders, not less than 10 days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or for determination of the shareholders entitled to receive payment of a dividend or other distribution, the close of business on the day before the first notice is delivered to shareholders or the date on which the resolution of the Board of Directors declaring or authorizing such dividend or distribution is adopted, as the case may be, shall be the record date for such determination. When a determination of shareholders entitled to vote at any

meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 7. Shareholders List. After the record date for a meeting of shareholders is fixed or determined, the officer or agent having charge of the stock transfer books for shares of the Corporation shall prepare an alphabetical list of the names of all shareholders of the Corporation who are entitled to notice of such shareholders meeting. The list will be arranged by voting group (and within each voting group by class or series of shares) and show the address of and number of shares held by each shareholder. Such shareholders list will be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder, or a shareholder's agent or attorney, is entitled on written demand to inspect and, subject to compliance with the applicable provisions of the Act, to copy the list, during regular business hours and at the shareholder's expense, during the period it is available for inspection. Such list shall also be available at the meeting of shareholders, and any shareholder, or such shareholder's agent or attorney, is entitled to inspect the list at any time during the meeting or any adjournment thereof.

Section 8. Quorum. A majority of the votes entitled to be cast on a particular matter by a voting group constitutes a quorum of that voting group

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for action on that matter unless the Act provides otherwise. Shares entitled to vote as a separate voting group may take action on a matter at a meeting of shareholders only if a quorum of those shares exists with respect to that matter, except that, in the absence of a quorum at the opening of any meeting of shareholders, such meeting may be adjourned from time to time by the vote of a majority of the shares voting on the motion to adjourn.

Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 9. Proxies. A shareholder may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by such shareholder's attorney-in-fact. A telegram, telex, facsimile or other form of wire or wireless communication appearing to have been transmitted by a shareholder, or a photocopy or equivalent reproduction of a writing appointing one or more proxies, shall be deemed a valid appointment form within the meaning of these Bylaws.

An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for 11 months unless a different period is expressly provided in the appointment form. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest, which may include any such interest specified in the Act.

Section 10. Voting of Shares. Each outstanding share of Common Stock is entitled to one vote on each matter voted on at a shareholders meeting. Other shares are entitled to vote only as provided in the Articles of Incorporation or the Act. If a quorum exists, action on a matter (other than election of directors) by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or the Act requires a greater number of affirmative votes. Classes or series of shares shall not be entitled to vote separately by voting group unless expressly required by the Articles of Incorporation or as otherwise provided in the Act.

Section 11. Voting for Directors. The directors of the Corporation shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present unless otherwise provided in the Articles of Incorporation. The shareholders do not have a right to cumulate their votes for directors.

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Section 12. Conduct of Meetings. The Chairman of the Board shall preside at each meeting of shareholders or, in the Chairman's absence, the Chief Executive Officer shall preside. At the request of the Chairman of the Board or the Chief Executive Officer, in both their absences, such other officer as the

Board of Directors shall designate shall preside at any such meeting. In the absence of a presiding officer determined in accordance with the preceding sentence, any person may be designated to preside at a shareholders meeting by a plurality vote of the shares represented and entitled to vote at the meeting. The Secretary or, in the absence or at the request of the Secretary, any person designated by the person presiding at a shareholders meeting shall act as secretary of such meeting.

Section 13. Inapplicability of the North Carolina Shareholder Protection Act and the North Carolina Control Share Acquisition Act. The provisions of Article 9 of Chapter 55 of the General Statutes of North Carolina, or such other successor statute, entitled "The North Carolina Shareholder Protection Act," shall not apply to the Corporation. The provisions of Article 9A of Chapter 55 of the General Statutes of North Carolina, or such other successor statute, entitled "The North Carolina Control Share Acquisition Act," shall not apply to the Corporation.

#### ARTICLE IV.

##### BOARD OF DIRECTORS

Section 1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, its Board of Directors, except as otherwise provided in the Articles of Incorporation or permitted under the Act.

Section 2. Number and Qualifications. The number of directors of the Corporation shall be not less than 5 nor more than 30, which number may be fixed or changed from time to time, within the minimum and maximum, by the Board of Directors. Directors need not be residents of the State of North Carolina or shareholders of the Corporation. A director of the Corporation shall at all times meet all statutory and regulatory qualifications for a director of a publicly held bank holding company.

Section 3. Terms of Directors. The terms of all directors shall expire at the next annual shareholders meeting following their election. A decrease in the number of directors does not shorten an incumbent director's term. The term of a director elected to fill a vacancy shall expire at the next shareholders meeting at which directors are elected. Despite the expiration of a director's term, however, such director shall continue to serve until the director's successor is elected and qualified.

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Section 4. Removal. Any director may be removed at any time with or without cause by a vote of the shareholders if the number of votes cast to remove such director exceeds the number of votes cast not to remove him or her unless otherwise provided in the Articles of Incorporation. A director may not be removed by the shareholders at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting is removal of the director. If any directors are so removed, new directors may be elected at the same meeting.

Any director may be removed by the Board of Directors if a director no longer meets the qualification requirements of Section 2 of this Article IV or as otherwise prescribed by law.

Section 5. Vacancies. Except in those instances where the Articles of Incorporation provide otherwise, the Board of Directors may fill a vacancy on the Board of Directors. A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

Section 6. Compensation. The Board of Directors may provide for the compensation of directors for their services as such and may provide for the payment or reimbursement of any or all expenses reasonably incurred by them in attending meetings of the Board or of any committee of the Board or in the performance of their other duties as directors. Nothing herein contained, however, shall prevent any director from serving the Corporation in any other capacity or receiving compensation therefor.

Section 7. Executive Committee. The Board of Directors, by resolution adopted by a majority of the number of directors fixed in the manner provided in Section 2 of this Article IV, may designate five or more directors who shall constitute the Executive Committee of the Corporation. The Executive Committee, between meetings of the Board of Directors and subject to such limitations as may be required by law or imposed by resolution of the Board of Directors, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation. The designation of the Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed

upon it or such director by law.

Meetings of the Executive Committee may be held at any time on call of its Chairman or any two members of the Committee. A majority of the members shall constitute a quorum at all meetings. The Executive Committee shall keep minutes of its proceedings and shall report its actions to the next succeeding meeting of the Board of Directors.

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Section 8. Compensation Committee. The Board of Directors, by resolution adopted by a majority of the number of Directors fixed in the manner provided in Section 2 of this Article IV, may designate three or more directors who shall not be otherwise employed by the Corporation or its subsidiaries who shall constitute the Compensation Committee of the Corporation.

The Compensation Committee shall provide overall guidance with respect to the establishment, maintenance and administration of the Corporation's compensation programs and employee benefit plans.

The Compensation Committee shall review and approve the annual compensation, including salary, incentive compensation and other benefits, direct and indirect, for officers who serve as executive officers of the Corporation. The Compensation Committee shall also approve and adopt proposals related to any employee benefit plan of the Corporation or its subsidiaries in which any officer participates who also serves as an executive officer of the Corporation, including proposals for the adoption, amendment, modification or termination of such plans. As to the salary, incentive compensation and other benefits, direct and indirect, for the Chief Executive Officer of the Corporation and of all other officers of the Corporation who are also Directors of the Corporation, the Compensation Committee shall submit recommendations to the Executive Committee for review and concurrence prior to their submission to the Board of Directors for approval.

The Compensation Committee shall have such other purposes and such other powers as the Board of Directors may from time to time determine.

Meetings of the Compensation Committee shall be held quarterly or at any time on call of the Chairman of the Compensation Committee. A majority of the members shall constitute a quorum at all meetings. The Compensation Committee shall keep minutes of its proceedings and shall report its actions in writing to the next succeeding meeting of the Board of Directors.

As used herein, the term "executive officer" means those officers of the Corporation who are designated as such from time to time.

The Compensation Committee may in its discretion delegate to the Management Compensation Committee any of its powers and authority set forth in this Section 8 with respect to any executive officer of the Corporation who is not a "named executive officer" of the Corporation within the meaning of Item 402 of Regulation S-K promulgated under the Securities Act of 1933 and the Securities Exchange Act of 1934.

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Section 9. Management Compensation Committee. The Board of Directors, by resolution adopted by a majority of the Directors fixed in the manner provided in Section 2 of this Article IV, may designate the Chief Executive Officer and such other officers as it deems appropriate to constitute the members of a Management Compensation Committee. The Chief Executive Officer shall be the Chairman of the Management Compensation Committee.

The Management Compensation Committee shall have the authority to establish the titles and the compensation, including salaries, incentive compensation and other benefits, direct and indirect, for all employees of the Corporation and its subsidiaries who are not officers and for all officers of the Corporation and its subsidiaries who do not serve as executive officers of the Corporation. In connection with its duties, the Management Compensation Committee shall approve all annual compensation budgets, all employee benefits plans, the salary guidelines for positions and all incentive compensation plans for such employees and officers of the Corporation and its subsidiaries.

The Management Compensation Committee may delegate to one or more officers of the Corporation the authority to establish titles and the compensation, including salaries, incentive compensation awards pursuant to incentive compensation plans previously approved by the Management Compensation Committee, and other benefits for all personnel within such officer's area of functional responsibility at the level of Senior Vice President or below. Any action taken by an officer to whom such authority has been delegated shall be subject to ratification by the Management Compensation Committee.

The Management Compensation Committee shall make recommendations from

time to time to the Compensation Committee regarding the establishment, amendment, modification and termination of any employee benefit plans sponsored by the Corporation and its subsidiaries in which any officer of the Corporation or its subsidiaries participates who also serves as an executive officer of the Corporation.

The Management Compensation Committee shall have such other purposes and such other powers as the Board of Directors may from time to time determine.

Meetings of the Management Compensation Committee shall be held quarterly or any time on call of the Chairman of the Management Compensation Committee. A majority of the members shall constitute a quorum at all meetings. The Management Compensation Committee shall

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keep minutes of its proceedings and shall report its actions to the Compensation Committee.

As used herein, the term "executive officer" means those officers of the Corporation who are designated as such from time to time.

In accordance with Section 8, the Management Compensation Committee may be delegated by the Compensation Committee certain of the powers and authority of the Compensation Committee set forth in Section 8 with respect to any executive officer of the Corporation who is not a "named executive officer" of the Corporation within the meaning of Item 402 of Regulation S-K promulgated under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Section 10. Audit Committee. The Board of Directors, by resolution adopted by a majority of the number of directors fixed in the manner provided in Section 2 of this Article IV, shall designate three or more directors who shall not be otherwise employed by Corporation or its subsidiaries to constitute the Audit Committee of the Board.

The Audit Committee shall have such powers and duties as described from time to time by resolutions of the Board of Directors. The Audit Committee shall keep minutes of its proceedings and shall report its actions to the next succeeding meeting of the Board of Directors.

Section 11. Other Committees. The Board of Directors may create one or more other committees and appoint members of the Board of Directors to serve on them. Each committee must have two or more members, who serve at the pleasure of the Board of Directors. The creation of a committee and appointment of members of the Board of Directors to it must be approved by the greater of a majority of all of the directors in office when the action is taken or the number of directors required by the Articles of Incorporation for the taking of action by the Board of Directors. The provisions of the Act and these Bylaws that govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors, shall apply to committees and their members as well. To the extent specified by the Board of Directors, each committee may exercise the authority of the Board of Directors, except as to the matters which the Act specifically excepts from the authority of such committees. Nothing contained in this Section shall preclude the Board of Directors from establishing and appointing any committee, whether of directors or otherwise, not having or exercising the authority of the Board of Directors.

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## ARTICLE V

### MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw provision immediately after, and at the same place as, the annual meeting of the shareholders. In addition, the Board of Directors may provide, by resolution, the date, time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be held at any date, time and place upon the call of the Chairman of the Board, the Chief Executive Officer or the President or of the Secretary acting under instructions from the Chairman of the Board or the Chief Executive Officer or the President, or upon the call of any three directors. Special meetings may be held at any date, time and place and without special notice by unanimous consent of the directors.

Section 3. Notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice may be communicated,

without limitation, in person; by telephone, telegraph, teletype or other form of wire or wireless communication, or by facsimile transmission; or by mail or private carrier. Written notice of a directors meeting is effective at the earliest of the following:

- (a) When received;
- (b) Upon its deposit in the United States mail, as evidenced by the postmark, if mailed with postage thereon prepaid and correctly addressed;
- (c) If by facsimile, by acknowledgment of the facsimile; or
- (d) On the date shown on the confirmation of delivery issued by a private carrier, if sent by private carrier to the address of the director last known to the Corporation.

Oral notice is effective when actually communicated to the director. Notice of an adjourned meeting of directors need not be given if the time and place are fixed at the meeting adjourning and if the period of adjournment does not exceed ten days in any one adjournment. The notice of any meeting of directors need not describe the purpose of the meeting unless otherwise required by the Act.

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Section 4. Waiver of Notice. A director may waive any notice required by the Act, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records, except that, notwithstanding the foregoing requirement of written notice, a director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting (or promptly upon the director's arrival) expressly objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5. Quorum. A majority of the number of directors in office immediately before the meeting begins, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of directors present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided by the Act. The vote of a majority of all of the directors in office when the action is taken shall be required for the creation of a committee and the appointment of members of the Board of Directors to it.

Section 7. Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken shall be deemed to have assented to the action taken unless the director expressly objects at the beginning of the meeting (or promptly upon the director's arrival) to holding it or transacting business at the meeting, unless the director's contrary vote is recorded or such director's dissent or abstention from the action shall be entered in the minutes of the meeting or unless the director shall file written notice of dissent or abstention to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after adjournment of the meeting. Such right of dissent or abstention shall not apply to a director who voted in favor of the action taken.

Section 8. Conduct of Meetings. The Chairman or the Chief Executive Officer shall preside at all meetings of the Board of Directors; provided, however, that in the absence or at the request of the Chairman of the Board, or if there shall not be a person holding such offices, the person selected to preside at a meeting of directors by a vote of a majority of the directors present shall preside at such meeting. The Secretary, or in the absence or at the

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request of the Secretary, any person designated by the person presiding at a meeting of the Board of Directors, shall act as secretary of such meeting.

Section 9. Action Without a Meeting. Any action required or permitted to be taken at a Board of Directors meeting may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents signed by each director before or after such action,

describing the action taken, which consent or consents shall be included in the minutes or filed with the corporate records. Action taken as provided in this Section is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed pursuant to this Section has the effect of a meeting vote and may be described as such in any document.

Section 10. Participation Other Than in Person. The Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at such meeting.

## ARTICLE VI.

### OFFICERS

Section 1. Officers of the Corporation. The officers of the Corporation may include a Chairman of the Board, a Chief Executive Officer, one or more Vice Chairmen, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers, assistant officers and agents, as may be appointed from time to time by or under the authority of the Board of Directors including that authority vested under Sections 8 or 9 of Article IV hereof. The same individual may simultaneously hold more than one office in the Corporation, but no individual may act in more than one capacity where action of two or more officers is required. The title of any officer may include any additional designation descriptive of such officer's duties as the Board of Directors may prescribe.

Section 2. Appointment and Term. The officers of the Corporation shall be appointed by the Board of Directors or by a committee or an officer authorized by the Board of Directors to appoint one or more officers or assistant officers; provided, however, that no officer may be authorized to appoint the Chairman of the Board, the Chief Executive Officer or the President. Each officer shall hold office until his or her death, resignation,

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retirement, removal or disqualification or until such officer's successor is elected and qualified.

Section 3. Compensation. The compensation of all officers of the Corporation shall be fixed by or under the authority of the Board of Directors or in accordance with Sections 8 and 9 of Article IV hereof. No officer shall be prevented from receiving such salary by reason of the fact that such officer is also a director.

Section 4. Resignation and Removal of Officers. An officer may resign at any time by communicating such officer's resignation to the Corporation. A resignation is effective when it is communicated unless it specifies in writing a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date. The Board of Directors, by the affirmative vote of a majority of its members, may remove the Chairman of the Board, the Chief Executive Officer or the President whenever in its judgment the best interests of the Corporation would be served thereby. In addition, the Board of Directors or a committee or an officer authorized by the Board of Directors may remove any other officer at any time with or without cause. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the directors or in accordance with Sections 8 or 9 of Article IV hereof for the unexpired portion of the term.

Section 5. Contract Rights of Officers. The appointment of an officer does not itself create contract rights. An officer's removal does not itself affect the officer's contract rights, if any, with the Corporation, and an officer's resignation does not itself affect the Corporation's contract rights, if any, with the officer.

Section 6. Bonds. The Board of Directors may by resolution require any officer, agent or employee of the Corporation to give bond to the Corporation, with sufficient sureties, conditioned on the faithful performance of the duties of the applicable office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors. Such bonds may be scheduled or blanket form and the premiums shall be paid by the Corporation.

Section 7. Chief Executive Officer. The Board of Directors may appoint a Chief Executive Officer. The Chief Executive Officer shall, subject to the direction and control of the Board of Directors, supervise and control the business and affairs of the Corporation. In general the Chief Executive Officer

shall perform all duties incident to the position of chief executive officer or as may be prescribed by the Board of Directors or these Bylaws from time to time.

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Section 8. Chairman of the Board. The Board of Directors may appoint from among its members an officer designated as the Chairman of the Board, but the appointment of a Chairman of the Board shall not be required. If a Chairman of the Board shall be appointed, then the Chairman of the Board shall have such other duties and authority as may be prescribed by the Board of Directors from time to time. In general the Chairman of the Board shall perform all duties incident to the position of chairman of the board or as may be prescribed by the Board of Directors or these Bylaws from time to time.

Section 9. President. The Board of Directors may appoint a President. The President, in the absence of the Chairman of the Board or in the event of the Chairman's death or inability or refusal to act, shall perform the duties and exercise the powers of that office and, in addition, the President shall perform such other duties and shall have such other authority as the Board of Directors shall prescribe. In general the President shall perform all duties incident to the position of president and or as may be prescribed by the Board of Directors or these Bylaws from time to time. The Board of Directors shall, if it deems such action necessary or desirable, designate the officer of the Corporation who is to perform the duties of the President in the event of such officer's absence or inability to act.

Section 10. Vice Chairman. The Board of Directors may appoint one or more officers designated as the Vice Chairman, but the appointment of one or more Vice Chairmen shall not be required. If one or more Vice Chairmen shall be appointed, then one or more Vice Chairmen shall have such duties and authority as may be prescribed by the Board of Directors from time to time.

Section 11. Executive Vice Presidents. Each Executive Vice President shall perform duties and shall have such powers as are normally incident to such office or as shall otherwise be prescribed by the Chief Executive Officer, the Board of Directors or a committee established under these Bylaws.

Section 12. Senior Vice President. Each Senior Vice President shall perform duties and shall have such powers as are normally incident to such office or as shall otherwise be prescribed by the Chief Executive Officer, the Board of Directors or a committee under these Bylaws.

Section 13. Vice Presidents. Each Vice President shall perform duties and shall have such powers as are normally incident to such office or as shall otherwise be prescribed by the Chief Executive Officer, the Board of Directors or a committee under these Bylaws.

Section 14. Secretary. The Secretary shall: (a) keep the minutes of meetings of the shareholders and of the Board of Directors in one or more

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books provided for that purpose; (b) have the responsibility and authority to maintain and authenticate the records of the Corporation; (c) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (d) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized; (e) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (f) sign with the Chairman of the Board, Chief Executive Officer or President, certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (g) have general charge of the stock transfer books of the Corporation; and (h) in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to the Secretary by the Chief Executive Officer of the Corporation, the Board of Directors or a committee under these Bylaws.

Section 15. Treasurer. The Treasurer shall: (a) have charge and custody of all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Section 4 of Article VII; and (b) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Chief Executive Officer of the Corporation, the Board of Directors or a committee under these Bylaws.

Section 16. Assistant Vice Presidents, Secretaries and Assistant



Treasurers. The Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers, if any, shall, in the event of the death or inability or refusal to act of the Secretary or the Treasurer, respectively, have all the powers and perform all of the duties of those offices, and they shall, in general, perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer of the Corporation or the Board of Directors. The Assistant Secretaries when authorized by the Board of Directors, may sign with the Chairman of the Board.

#### ARTICLE VII

##### CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. The Chief

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Executive Officer, the Chairman of the Board, the President and any Vice Chairman shall have the authority to execute deeds, mortgages, bonds, contracts or other instruments in the name and on behalf of the Corporation except in those cases where execution has been expressly delegated by the Board of Directors to some other officer or agent of the Corporation. Any resolution of the Board of Directors authorizing the execution of any deed, mortgage, bond, contract or other document by the proper officers of the Corporation or by the officers of the Corporation generally and not specifying particular officers shall be deemed to authorize such execution by the Chairman of the Board, the Chief Executive Officer, the President, any Vice Chairman or any Executive or Senior Vice President, or any other officer if such execution is within the scope of the duties of such other officer.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money and notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as may be selected by or under the authority of the Board of Directors.

#### ARTICLE VIII

##### SHARES AND THEIR TRANSFER

Section 1. Shares. Shares of the Corporation may but need not be represented by certificates.

When shares are represented by certificates, the Corporation shall issue such certificates in such form as shall be required by the Act and as determined by the Board of Directors, to every shareholder for the fully paid shares owned by such shareholder. Each certificate shall be signed by, or shall bear the facsimile signature of, the Chairman of the Board, the Chief Executive Officer or the President and the Secretary or an Assistant Secretary of the Corporation and may bear the corporate seal of the Corporation or its facsimile. All certificates for the Corporation's shares shall be consecutively numbered or otherwise identified. The name and address of the person to

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whom the shares represented by a certificate are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. Such information may be stored or retained on discs, tapes, cards or any other approved storage device relating to data processing equipment; provided that such device is capable of reproducing all information contained therein in legible and understandable form, for inspection by shareholders or for any other corporate purpose.

When shares are not represented by certificates, then within a reasonable time after the issuance or transfer of such shares, the Corporation shall send the shareholder to whom such shares have been issued or transferred a written statement of the information required by the Act to be on certificates.

Section 2. Stock Transfer Books and Transfer of Shares. The Corporation, or its agent, shall keep a book or set of books to be known as the stock transfer books of the Corporation, containing the name of each shareholder of record, together with such shareholder's address and the number and class or series of shares held by such shareholder. Transfer of shares of the Corporation represented by certificates shall be made on the stock transfer books of the Corporation only upon surrender of the certificates for the shares sought to be transferred by the holder of record thereof or by such holder's duly authorized agent, transferee or legal representative, who shall furnish proper evidence of authority to transfer with the Secretary. All certificates surrendered for transfer shall be cancelled before new certificates for the transferred shares shall be issued.

If shares of the Corporation

- (1) are in the custody of a clearing corporation or of a custodian bank or a nominee of either subject to the instructions of the clearing corporation; and
- (2) are in bearer form or endorsed in blank by an appropriate person or registered in the name of the clearing corporation or custodian bank or a nominee of either; and
- (3) are shown on the account of a transferor or pledgor on the books of the clearing corporation;

then in addition to other methods, a transfer or pledge of the shares or any interest therein may be effected by the making of appropriate entries on the books of the clearing corporation reducing the account of the transferor or pledgor and increasing the account of the transferee or pledgee by the number of shares transferred or pledged.

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Section 3. Lost Certificates. The Board of Directors or an officer so authorized by the Board may authorize the issuance of a new certificate in place of a certificate claimed to have been lost, destroyed or mutilated, upon receipt of an affidavit of such fact from the persons claiming the loss or destruction and any other documentation satisfactory to the Board of Directors or such officer. At the discretion of the party reviewing such claim, any such claimant may be required to give the Corporation a bond in such sum as it may direct to indemnify the Corporation against loss from any claim with respect to the certificate claimed to have been lost or destroyed.

Section 4. Holder of Record. Except as otherwise required by the Act, the Corporation may treat the person in whose name the shares stand of record on its books as the absolute owner of the shares and the person exclusively entitled to receive notification and distributions, to vote, and to otherwise exercise the rights, powers and privileges of ownership of such shares.

Section 5. Transfer Agent and Registrar; Regulations. The Corporation may, if and whenever the Board of Directors so determines, maintain in the State of North Carolina or any other state of the United States, one or more transfer offices or agencies and also one or more registry offices which officers and agencies may establish rules and regulations for the issue, transfer and registration of certificates. No certificates for shares of stock of the Corporation in respect of which a Transfer Agent and Registrar shall have been designated shall be valid unless countersigned by such Transfer Agent and registered by such Registrar. The Board may also make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates.

## ARTICLE IX

### INDEMNIFICATION

Section 1. Definitions. For purposes of this Article IX, the following definitions shall apply:

- (a) "Director" means an individual who is or was a director of the Corporation or an individual who, while a director of the Corporation, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. A director is considered to be serving an employee benefit plan at the Corporation's request if such director's duties to the Corporation also impose duties on, or otherwise involve services by, the director to the plan or to participants in or beneficiaries of the plan. "Director" includes,

unless the context requires otherwise, the estate or personal representative of a director.

- (b) "Expenses" means expenses of every kind incurred in defending a proceeding, including counsel fees.
- (c) "Indemnified Officer" shall mean each officer of the Corporation who is also a director of the Corporation and each other officer of the Corporation who is designated by the Board of Directors from time to time as an Indemnified Officer. An Indemnified Officer shall be entitled to indemnification hereunder to the same extent as a director, including, without limitation, indemnification with respect to service by the Indemnified Officer at the Corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.
- (d) "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) or reasonable expenses incurred with respect to a proceeding.
- (e) "Proceeding" means any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and any appeal therein (and any inquiry or investigation that could lead to such a proceeding).

Section 2. Indemnification. In addition to the indemnification otherwise provided by law, the Corporation shall indemnify and hold harmless its directors and Indemnified Officers (as defined herein) against all liability and expenses, including reasonable attorneys' fees, in any proceeding (including without limitation a proceeding brought by or on behalf of the Corporation itself) arising out of their status as directors or officers, or their service at the Corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or their activities in any such capacity; provided, however, that the Corporation shall not indemnify a director or Indemnified Officer against liability or litigation expense that such person may incur on account of activities of such person which at the time taken were known or believed by him or her to be clearly in conflict with the best interests of the Corporation. The Corporation shall also indemnify each director and Indemnified Officer for reasonable costs, expenses and attorneys' fees incurred in connection with the enforcement of the rights to indemnification granted herein, if it is determined in accordance with Section

3 of this Article IX that the director or Indemnified Officer is entitled to indemnification hereunder.

Section 3. Determination. Any indemnification under Section 2 of this Article IX shall be paid by the Corporation in a specific case only after a determination that the director or Indemnified Officer has met the standard of conduct set forth in such Section 2. Such determination shall be made:

- (a) by the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to the proceeding;
- (b) if a quorum cannot be obtained under subparagraph (a), by a majority vote of a committee duly designated by the Board of Directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;
- (c) by special legal counsel (i) selected by the Board of Directors or its committee in the manner prescribed in subparagraphs (a) or (b); or (ii) if a quorum of the Board of Directors cannot be obtained under subparagraph (a) and a committee cannot be designated under subparagraph (b), selected by a majority vote of the full Board of Directors (in which selection directors who are parties may participate); or
- (d) by the shareholders, but shares owned by or voted under the control of directors who are at the time parties to the proceeding may not be voted on the determination.

The Board of Directors shall take all such action as may be necessary and appropriate to enable the Corporation to pay the indemnification required by this Article IX.

Section 4. Advance for Expenses. The expenses incurred by a director or Indemnified Officer in defending a proceeding may be paid by the Corporation in advance of the final disposition of such proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director or Indemnified Officer to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Corporation against such expenses. Subject to receipt of such undertaking, the Corporation shall make reasonable periodic advances for expenses pursuant to this Section, unless the Board of Directors shall determine, in the manner provided in Section 3 of this Article IX and based on the facts then known, that indemnification under this Article is or will be precluded.

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Section 5. Reliance and Consideration. Any director or Indemnified Officer who at any time after the adoption of this Article IX serves or has served in any of the aforesaid capacities for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right, however, shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Article IX. No amendment, modification or repeal of this Article IX shall adversely affect the right of any director or Indemnified Officer to indemnification hereunder with respect to any activities occurring prior to the time of such amendment, modification or repeal.

Section 6. Insurance. The Corporation may purchase and maintain insurance on behalf of its directors, officers, employees and agents and those persons who were serving at the request of the Corporation in any capacity in another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against or incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article IX or otherwise. Any full or partial payment made by an insurance company under any insurance policy covering any director, officer, employee or agent made to or on behalf of a person entitled to indemnification under this Article IX shall relieve the Corporation of its liability for indemnification provided for in this Article or otherwise to the extent of such payment, and no insurer shall have a right of subrogation against the Corporation with respect to such payment.

#### ARTICLE X.

##### GENERAL PROVISIONS

Section 1. Voting of Shares. Authority to vote shares of another corporation or of any association held by the Corporation, and to execute proxies and written waivers and consents in relation thereto, shall be vested exclusively in such officers and employees of this Corporation as shall be expressly named from time to time by the Board of Directors of this Corporation in resolutions formally adopted for that purpose.

Section 2. Distributions. The Board of Directors may from time to time authorize, and the Corporation may pay or distribute, dividends or other distributions on its outstanding shares in such manner and upon such terms and conditions as are permitted by the Articles of Incorporation or the Act.

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Section 3. Seal. The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the words "corporate seal".

Section 4. Amendments. The Board of Directors may amend or repeal these Bylaws and may adopt new Bylaws by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors. The shareholders of the Corporation may also amend or repeal these Bylaws and may adopt new Bylaws.

Amended January 22, 1992

Amended April 26, 1995

STATEMENT OF DESIGNATION OF  
8.75% SERIES 1993A NONCUMULATIVE PREFERRED STOCK  
OF  
NATIONSBANK, N.A. (SOUTH)

WHEREAS, pursuant to Article 5 of the Articles of Association of NationsBank, N.A. (South) ("NationsBank South"), the Board of Directors of NationsBank South is authorized to divide NationsBank South's authorized Preferred Stock ("Preferred Stock") into series and, within the limitations set forth therein, fix and determine the relative rights and preferences of the shares of any series so established; and

WHEREAS, the Board of Directors desires to (i) establish a series of Preferred Stock, designating such series "8.75% Series 1993A Noncumulative Preferred Stock," (ii) allocate 2,400,000 shares of the authorized Preferred Stock to the 8.75% Series 1993A Noncumulative Preferred Stock, and (iii) fix and determine the relative rights and preferences of the shares of the 8.75% Series 1993A Noncumulative Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that 2,400,000 of the 10,000,000 shares of Preferred Stock authorized by the Articles of Association of NationsBank South be, and hereby are, determined to be and shall be of a series designated as 8.75% Series 1993A Noncumulative Preferred Stock (hereinafter referred to as the "Series 1993A Preferred Stock") and that the following is a statement fixing and determining the variations in the relative rights and preferences of the Series 1993A Preferred Stock pursuant to authority vested in the Board of Directors by the [Articles of Association] of NationsBank South:

I. Rank.

A. With respect to dividend rights, the Series 1993A Preferred Stock ranks senior to NationsBank South's Common Stock ("Common Stock") and to NationsBank South's 8.5% Series H Noncumulative Preferred Stock (the "Series H Preferred Stock").

B. With respect to rights upon liquidation, dissolution or winding-up of NationsBank South, the Series 1993A Preferred Stock ranks senior to the Common Stock to the extent of the liquidation preference of the Series 1993A Preferred Stock and ranks on a parity with the Series H Preferred Stock.

C. The Series 1993A Preferred Stock will be subject to the future authorization and issuance of additional series

of Preferred Stock that, as designated by the Board of Directors in its sole discretion, rank junior to ("Junior Stock"), on a parity with ("Parity Stock"), or senior to ("Senior Stock") the Series 1993A Preferred Stock with respect to any one or more of the following: (i) dividend rights; (ii) rights upon liquidation, dissolution or winding up of NationsBank South; (iii) redemption rights; or (iv) any other rights specified by the Board of Directors; provided, however, that NationsBank South may not issue any capital stock that constitutes Senior Stock without the approval of holders of at least two-thirds of the outstanding shares of Series 1993A Preferred Stock in accordance with Section V. hereof.

II. Dividends.

A. The holders of the Series 1993A Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors out of the funds of NationsBank South legally available for the payment of noncumulative cash dividends, payable quarterly in arrears, at the rate of \$2.1875 per share per annum. Declared dividends on the Series 1993A Preferred Stock shall accrue from the date of issuance which is deemed to be December 1, 1995, or the most recent date on which dividends were payable and shall be payable quarterly on the first day of March, June, September and December of each year (each a "Dividend Payment Date"), commencing March 1, 1996; provided,

however, that if any such day is a non-business day, the Dividend Payment Date will be the next business day. Each declared dividend shall be payable to holders of record as they appear at the close of business on the stock books of NationsBank South on such record dates, not more than 30 calendar days and not less than 10 calendar days preceding the Dividend Payment Date therefor, as determined by the Board of Directors (each of such dates a "Record Date"). Quarterly dividend periods (each a "Dividend Period") shall commence on and include the first day of March, June, September and December of each year and shall end on and include the day next preceding the next following Dividend Payment Date.

B. The initial dividend will be determined based upon the number of days from the date of issuance to March 1, 1996. Dividends payable for each full Dividend Period shall be computed by dividing the annual dividend rate by four. Dividends payable for any period other than a full Dividend Period shall be computed on the basis of a 365-day year and the actual number of days elapsed in such period.

C. Holders of the Series 1993A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of the dividends actually

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declared by the Board of Directors. The Series 1993A Preferred Stock shall not participate in dividends with the Common Stock.

D. No full dividends shall be declared and paid or set apart for payment on Preferred Stock of NationsBank South of any series ranking, as to dividends, on a parity with the Series 1993A Preferred Stock during any calendar quarter unless full dividends on the Series 1993A Preferred Stock for the Dividend Period ending during such calendar quarter have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment. When dividends are not so paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series 1993A Preferred Stock and any other Preferred Stock of NationsBank South of any series ranking as to dividends on a parity with the Series 1993A Preferred Stock, dividends upon shares of Series 1993A Preferred Stock and dividends on such other Preferred Stock payable during such calendar quarter shall be declared pro rata so that the amount of such dividends so payable per share on the Series 1993A Preferred Stock and such other Preferred Stock shall in all cases bear to each other the same ratio that full dividends for the then-current calendar quarter on the shares of Series 1993A Preferred Stock (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on shares of such other Preferred Stock, bear to each other.

E. If full dividends on the Series 1993A Preferred Stock have not been declared and paid or set apart for payment for the Dividend Payment Date falling in the then-current Dividend Period, then, with respect to such then-current Dividend Period, the following restrictions shall be applicable: (i) no dividend or distribution (other than in shares of Junior Stock) may be declared, set aside or paid on any shares of stock of any series ranking, as to dividends, junior to the Series 1993A Preferred Stock, (ii) NationsBank South may not repurchase, redeem or otherwise acquire any shares of its Junior Stock (except by conversion into or exchange for Junior Stock) and (iii) NationsBank South may not, directly or indirectly, repurchase, redeem or otherwise acquire (except by conversion into or exchange for Junior Stock) any shares of any class or series of equity securities of NationsBank South ranking on a parity with the Series 1993A Preferred Stock as to dividend rights, otherwise than pursuant to pro rata offers to purchase or a concurrent redemption of all, or a pro rata portion, of the outstanding shares of Series 1993A Preferred Stock and such other Parity Stock.

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F. Except as expressly otherwise limited herein, and

to the extent permitted by applicable law, the Board of Directors: (i) may declare and NationsBank South may pay or set apart for payment dividends on any Junior Stock or Parity Stock, (ii) may make any payment on account of or set apart payment for a sinking fund or other similar fund or agreement for the purchase or other acquisition, redemption, retirement or other requirement of, or with respect to, any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, (iii) may make any distribution with respect to any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, whether directly or indirectly, and whether in cash, obligations or securities of NationsBank South or other property and (iv) may purchase or otherwise acquire, redeem or retire any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock; and the holders of the Series 1993A Preferred Stock shall not be entitled to share or participate therein.

### III. Liquidation Preference.

A. In the event of any liquidation, dissolution or winding-up of NationsBank South, voluntary or involuntary, the holders of the Series 1993A Preferred Stock will be entitled to receive out of the assets of NationsBank South available for distribution to its stockholders, before any distribution of assets is made to the holders of the Common Stock or any other shares of capital stock of NationsBank South ranking junior to the Series 1993A Preferred Stock as to such distribution, liquidating distributions in the amount of \$25.00 per share plus dividends declared but unpaid for the then-current Dividend Period (without accumulation of unpaid dividends for prior Dividend Periods) to the date fixed for such liquidation, dissolution or winding-up.

B. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of NationsBank South, the amounts payable with respect to the Series 1993A Preferred Stock and any capital stock ranking on a parity with the Series 1993A Preferred Stock (including the Series H Preferred Stock) as to such distributions are not paid in full, the holders of the Series 1993A Preferred Stock and of such capital stock will share ratably in any such distribution of assets of NationsBank South in proportion to the full respective preferential amounts to which they are entitled (which, in the case of such capital stock, may include accumulated dividends).

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C. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series 1993A Preferred Stock will not be entitled to any further participation in any distribution of assets of NationsBank South. All distributions made with respect to the Series 1993A Preferred Stock in connection with such liquidation, dissolution or winding-up of NationsBank South shall be made pro rata to the holders entitled thereto.

D. Nothing set forth in this Section III. shall be deemed to prevent redemption of the Series 1993A Preferred Stock by NationsBank South in the manner provided in Section IV. hereof. Neither the merger nor consolidation of NationsBank South into or with any other entity or entities, nor the merger or consolidation of any other entity or entities into or with NationsBank South, nor a sale, transfer, lease or exchange (for cash, securities or other consideration) of all or any part of the assets of NationsBank South shall be deemed to be a dissolution, liquidation or winding-up of NationsBank South within the meaning of this Section III., unless such sale, transfer, lease or exchange shall be in connection with and intended to be a plan of complete liquidation, dissolution or winding-up of NationsBank South.

### IV. Redemption.

A. The Series 1993A Preferred Stock is not redeemable prior to June 1, 1998. At any time on or after June 1, 1998, NationsBank South shall have the right, at its option and by action of its Board of Directors, to redeem out of funds of



NationsBank South legally available therefor, in whole at any time or in part from time to time, the Series 1993A Preferred Stock upon payment in cash of \$25.00 per each share of Series 1993A Preferred Stock redeemed, plus declared but unpaid dividends for the then-current Dividend Period to the date fixed for redemption (without accumulation of unpaid dividends for prior Dividend Periods) without interest.

B. Notice of any redemption specifying the date fixed for said redemption and the place where the amount to be paid upon redemption is payable shall be mailed, postage prepaid, at least 30 days but not more than 60 days prior to said redemption date to the holders of record of the Series 1993A Preferred Stock to be redeemed, at their respective addresses as the same shall appear on the books of NationsBank South. If such notice of redemption shall have been so mailed, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by NationsBank South separate and apart from its other funds, in trust for the account of the holders of the shares so to be

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redeemed so as to be and continue to be available therefor, then, on and after said redemption date, notwithstanding that any certificate for shares of the Series 1993A Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, the right to receive dividends thereon shall cease to accrue, and all rights with respect to such shares of the Series 1993A Preferred Stock so called for redemption shall forthwith cease and terminate, except only the right of the holders thereof to receive out of the funds so set aside in trust the amount payable on redemption thereof, but without interest.

C. If less than all of the outstanding shares of the Series 1993A Preferred Stock are to be redeemed, the particular shares to be redeemed shall be allocated among the respective holders of Series 1993A Preferred Stock pro rata or by lot, as the Board of Directors may determine.

D. Shares of Series 1993A Preferred Stock redeemed or otherwise purchased or acquired by NationsBank South shall not be reissued as shares of Series 1993A Preferred Stock but shall assume the status of authorized but unissued shares of Preferred Stock of NationsBank South, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors.

E. Any redemption of the Series 1993A Preferred Stock shall not be subject to, or conditioned upon, the redemption of any other series of NationsBank South's Preferred Stock, including the Series H Preferred Stock.

#### V. Voting Rights.

A. Except as described in this Section V. and except as required by applicable law, the holders of the Series 1993A Preferred Stock will not be entitled to vote for any purpose.

B. So long as any shares of Series 1993A Preferred Stock are outstanding, NationsBank South will not, without the consent of the holders of a least two-thirds of the outstanding shares of Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which like voting rights have been conferred and are exercisable), create, authorize, issue or increase the authorized or issued amount of any class or series of any equity securities of NationsBank South, or any warrants, options or other rights convertible or exchangeable into any class or series of any equity securities of NationsBank South, ranking

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senior to the Series 1993A Preferred Stock either as to dividend rights or rights upon liquidation, dissolution or winding-up of NationsBank South.

C. The right of the holders of the Series 1993A Preferred Stock to approve an amendment that would adversely change the specific terms of the Series 1993A Preferred Stock shall be as provided by applicable law and the Rules and Regulations of the Office of the Comptroller of the Currency and, unless a greater vote is required by such law or regulations, such approval shall be by a vote of the holders of a majority of the outstanding shares of Series 1993A Preferred Stock; provided, however, that the creation or issuance of Parity Stock or Junior Stock with respect to the payment of dividends or rights upon liquidation, dissolution or winding-up of NationsBank South; or a merger, consolidation, reorganization or other business combination in which NationsBank South is not the surviving entity; or an amendment that increases the number of authorized shares of Preferred Stock or increases the number of authorized shares of a series of Preferred Stock constituting Junior Stock or Parity Stock, shall not be considered to be an adverse change to the terms of the Series 1993A Preferred Stock and shall not require a vote of or the approval of the holders of the Series 1993A Preferred Stock.

D. If NationsBank South shall fail to pay the equivalent of six full quarterly dividends payable on the Series 1993A Preferred Stock, the number of directors of NationsBank South shall be increased by (i) one, if the number of directors immediately prior to such increase totals nine or less, or (ii) two, if the number of directors immediately prior to such increase totals 10 or more, and the holders of the Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which parity voting rights with respect to the repayment of dividends have been conferred and are exercisable), will be entitled to elect such additional director or directors to fill such vacancy or vacancies, as the case may be. The director or directors elected pursuant to this Paragraph V.D. shall be entitled to one vote per director on any matter presented to the Board of Directors of NationsBank South, and otherwise shall be entitled to the same rights and privileges as all other directors of NationsBank South. Such right to elect such additional director or directors shall continue until full dividends have been paid or declared and set apart for payment for four consecutive Dividend Periods.

E. Whenever the voting right described in Paragraph V.D. shall vest, it may be exercised initially either at a special meeting of holders of the Series 1993A Preferred

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Stock (and Parity Stock, if any, with parity voting rights) or at any annual stockholders' meeting, but thereafter it shall be exercised only at annual stockholders' meetings or in accordance with Paragraph V.F. Any director who shall have been elected by the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) pursuant to Paragraph V.D. shall hold office for a term expiring at the earlier of (i) the next annual meeting of stockholders or (ii) the date upon which full dividends on the Series 1993A Preferred Stock shall have been paid, or declared and set apart for payment, for four consecutive Dividend Periods, and during such term such director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the outstanding shares of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) given at a special meeting of such holders called for such purpose, and any vacancy created by such removal may also be filled at such meeting. Upon the termination of the voting right described in Paragraph V.D., the term of office of the director or directors elected pursuant thereto then in office shall, without further action, thereupon terminate unless otherwise required by law. Upon such termination, the number of directors constituting the Board of Directors of NationsBank South shall, without further action, be reduced by one or by two, as the case may be, subject always to the subsequent increase of the number of directors pursuant to Paragraph V.D. in the event of the future right to elect directors as provided therein.

F. Unless otherwise required by law, in the event of any vacancy occurring among the directors elected pursuant to Paragraph V.D., the remaining director, if any, may appoint a successor to hold office for the unexpired term of the director

whose place shall be vacant. If all directors so elected shall cease to serve as directors before their terms shall expire, or if only one director is elected as provided by Paragraph V.D., the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may, at a meeting of such holders duly held, elect a successor or successors to hold office for such unexpired term or terms, as the case may be.

G. Whenever a meeting of the holders of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) is permitted or required to be held pursuant to this Section V., such meeting shall be held at the earliest practicable date and the Secretary of NationsBank South shall call such meeting, providing written notice in accordance with law to all holders of record of shares entitled to vote at such meeting, upon the earlier of the following:

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1. as soon as reasonably practicable following the occurrence of the event or events permitting or requiring such meeting hereunder; or

2. within 20 days following receipt by the Secretary of NationsBank South a written request for such a meeting, signed by the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding.

If such meeting shall not be called by the proper corporate officer within 20 days after the receipt of such request by the Secretary of NationsBank South, or within 25 days after the mailing of the same within the United States of America by registered mail addressed to the Secretary of NationsBank South at its principal executive office, then the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may designate one of their number to call such a meeting at the expense of NationsBank South, and such meeting may be called by such person in the manner and at the place provided in this Section V. Any holder so designated to call such meeting shall have access to the stock books of NationsBank South for the purpose of causing a meeting of such holders to be so called.

H. Any meeting of the holders of all outstanding Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) entitled to vote as a class shall be held at the place at which the last annual meeting of stockholders was held or in an accessible location in either of the counties in which the executive or administrative headquarters of NationsBank South are located. At such meeting, the presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at such meeting shall be required to constitute a quorum; in the absence of a quorum, a majority of the holders present in person or by proxy shall have the power to adjourn the meeting from time to time without notice, other than an announcement at the meeting, until a quorum shall be present.

I. Notwithstanding any provision of this Section V. to the contrary, no special meeting of the holders of shares of Series 1993A Preferred Stock shall be required to be called or held in violation of any law, rule or regulation.

VI. Sinking Fund. No sinking fund shall be provided for the purchase or redemption of shares of the Series 1993A Preferred Stock.

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VII. No Other Rights. The shares of Series 1993A Preferred Stock shall not have any preferences, voting powers or relative, participating, optional or other special rights, including, without limitation, preemptive or conversion rights, except as set forth above and in NationsBank South's Articles of Association or as otherwise required by law.

VIII. Amendments. The Board of Directors reserves the

right to amend these resolutions in accordance with applicable law.

STATEMENT OF DESIGNATION OF  
8.75% SERIES 1993A NONCUMULATIVE PREFERRED STOCK  
OF  
NATIONSBANK, N.A. (SOUTH)

WHEREAS, pursuant to Article 5 of the Articles of Association of NationsBank, N.A. (South) ("NationsBank South"), the Board of Directors of NationsBank South is authorized to divide NationsBank South's authorized Preferred Stock ("Preferred Stock") into series and, within the limitations set forth therein, fix and determine the relative rights and preferences of the shares of any series so established; and

WHEREAS, the Board of Directors desires to (i) establish a series of Preferred Stock, designating such series "8.75% Series 1993A Noncumulative Preferred Stock," (ii) allocate 2,400,000 shares of the authorized Preferred Stock to the 8.75% Series 1993A Noncumulative Preferred Stock, and (iii) fix and determine the relative rights and preferences of the shares of the 8.75% Series 1993A Noncumulative Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that 2,400,000 of the 10,000,000 shares of Preferred Stock authorized by the Articles of Association of NationsBank South be, and hereby are, determined to be and shall be of a series designated as 8.75% Series 1993A Noncumulative Preferred Stock (hereinafter referred to as the "Series 1993A Preferred Stock") and that the following is a statement fixing and determining the variations in the relative rights and preferences of the Series 1993A Preferred Stock pursuant to authority vested in the Board of Directors by the [Articles of Association] of NationsBank South:

I. Rank.

A. With respect to dividend rights, the Series 1993A Preferred Stock ranks senior to NationsBank South's Common Stock ("Common Stock") and to NationsBank South's 8.5% Series H Noncumulative Preferred Stock (the "Series H Preferred Stock").

B. With respect to rights upon liquidation, dissolution or winding-up of NationsBank South, the Series 1993A Preferred Stock ranks senior to the Common Stock to the extent of the liquidation preference of the Series 1993A Preferred Stock and ranks on a parity with the Series H Preferred Stock.

C. The Series 1993A Preferred Stock will be subject to the future authorization and issuance of additional series

of Preferred Stock that, as designated by the Board of Directors in its sole discretion, rank junior to ("Junior Stock"), on a parity with ("Parity Stock"), or senior to ("Senior Stock") the Series 1993A Preferred Stock with respect to any one or more of the following: (i) dividend rights; (ii) rights upon liquidation, dissolution or winding up of NationsBank South; (iii) redemption rights; or (iv) any other rights specified by the Board of Directors; provided, however, that NationsBank South may not issue any capital stock that constitutes Senior Stock without the approval of holders of at least two-thirds of the outstanding shares of Series 1993A Preferred Stock in accordance with Section V. hereof.

II. Dividends.

A. The holders of the Series 1993A Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors out of the funds of NationsBank South legally available for the payment of noncumulative cash dividends, payable quarterly in arrears, at the rate of \$2.1875 per share per annum. Declared dividends on the Series 1993A Preferred Stock shall accrue from the date of issuance which is deemed to be December 1, 1995, or the most recent date on which dividends were payable and shall be payable quarterly on the first day of March, June, September and December of each year (each a "Dividend Payment Date"), commencing March 1, 1996; provided,

however, that if any such day is a non-business day, the Dividend Payment Date will be the next business day. Each declared dividend shall be payable to holders of record as they appear at the close of business on the stock books of NationsBank South on such record dates, not more than 30 calendar days and not less than 10 calendar days preceding the Dividend Payment Date therefor, as determined by the Board of Directors (each of such dates a "Record Date"). Quarterly dividend periods (each a "Dividend Period") shall commence on and include the first day of March, June, September and December of each year and shall end on and include the day next preceding the next following Dividend Payment Date.

B. The initial dividend will be determined based upon the number of days from the date of issuance to March 1, 1996. Dividends payable for each full Dividend Period shall be computed by dividing the annual dividend rate by four. Dividends payable for any period other than a full Dividend Period shall be computed on the basis of a 365-day year and the actual number of days elapsed in such period.

C. Holders of the Series 1993A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of the dividends actually

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declared by the Board of Directors. The Series 1993A Preferred Stock shall not participate in dividends with the Common Stock.

D. No full dividends shall be declared and paid or set apart for payment on Preferred Stock of NationsBank South of any series ranking, as to dividends, on a parity with the Series 1993A Preferred Stock during any calendar quarter unless full dividends on the Series 1993A Preferred Stock for the Dividend Period ending during such calendar quarter have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment. When dividends are not so paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series 1993A Preferred Stock and any other Preferred Stock of NationsBank South of any series ranking as to dividends on a parity with the Series 1993A Preferred Stock, dividends upon shares of Series 1993A Preferred Stock and dividends on such other Preferred Stock payable during such calendar quarter shall be declared pro rata so that the amount of such dividends so payable per share on the Series 1993A Preferred Stock and such other Preferred Stock shall in all cases bear to each other the same ratio that full dividends for the then-current calendar quarter on the shares of Series 1993A Preferred Stock (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on shares of such other Preferred Stock, bear to each other.

E. If full dividends on the Series 1993A Preferred Stock have not been declared and paid or set apart for payment for the Dividend Payment Date falling in the then-current Dividend Period, then, with respect to such then-current Dividend Period, the following restrictions shall be applicable: (i) no dividend or distribution (other than in shares of Junior Stock) may be declared, set aside or paid on any shares of stock of any series ranking, as to dividends, junior to the Series 1993A Preferred Stock, (ii) NationsBank South may not repurchase, redeem or otherwise acquire any shares of its Junior Stock (except by conversion into or exchange for Junior Stock) and (iii) NationsBank South may not, directly or indirectly, repurchase, redeem or otherwise acquire (except by conversion into or exchange for Junior Stock) any shares of any class or series of equity securities of NationsBank South ranking on a parity with the Series 1993A Preferred Stock as to dividend rights, otherwise than pursuant to pro rata offers to purchase or a concurrent redemption of all, or a pro rata portion, of the outstanding shares of Series 1993A Preferred Stock and such other Parity Stock.

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F. Except as expressly otherwise limited herein, and

to the extent permitted by applicable law, the Board of Directors: (i) may declare and NationsBank South may pay or set apart for payment dividends on any Junior Stock or Parity Stock, (ii) may make any payment on account of or set apart payment for a sinking fund or other similar fund or agreement for the purchase or other acquisition, redemption, retirement or other requirement of, or with respect to, any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, (iii) may make any distribution with respect to any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, whether directly or indirectly, and whether in cash, obligations or securities of NationsBank South or other property and (iv) may purchase or otherwise acquire, redeem or retire any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock; and the holders of the Series 1993A Preferred Stock shall not be entitled to share or participate therein.

### III. Liquidation Preference.

A. In the event of any liquidation, dissolution or winding-up of NationsBank South, voluntary or involuntary, the holders of the Series 1993A Preferred Stock will be entitled to receive out of the assets of NationsBank South available for distribution to its stockholders, before any distribution of assets is made to the holders of the Common Stock or any other shares of capital stock of NationsBank South ranking junior to the Series 1993A Preferred Stock as to such distribution, liquidating distributions in the amount of \$25.00 per share plus dividends declared but unpaid for the then-current Dividend Period (without accumulation of unpaid dividends for prior Dividend Periods) to the date fixed for such liquidation, dissolution or winding-up.

B. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of NationsBank South, the amounts payable with respect to the Series 1993A Preferred Stock and any capital stock ranking on a parity with the Series 1993A Preferred Stock (including the Series H Preferred Stock) as to such distributions are not paid in full, the holders of the Series 1993A Preferred Stock and of such capital stock will share ratably in any such distribution of assets of NationsBank South in proportion to the full respective preferential amounts to which they are entitled (which, in the case of such capital stock, may include accumulated dividends).

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C. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series 1993A Preferred Stock will not be entitled to any further participation in any distribution of assets of NationsBank South. All distributions made with respect to the Series 1993A Preferred Stock in connection with such liquidation, dissolution or winding-up of NationsBank South shall be made pro rata to the holders entitled thereto.

D. Nothing set forth in this Section III. shall be deemed to prevent redemption of the Series 1993A Preferred Stock by NationsBank South in the manner provided in Section IV. hereof. Neither the merger nor consolidation of NationsBank South into or with any other entity or entities, nor the merger or consolidation of any other entity or entities into or with NationsBank South, nor a sale, transfer, lease or exchange (for cash, securities or other consideration) of all or any part of the assets of NationsBank South shall be deemed to be a dissolution, liquidation or winding-up of NationsBank South within the meaning of this Section III., unless such sale, transfer, lease or exchange shall be in connection with and intended to be a plan of complete liquidation, dissolution or winding-up of NationsBank South.

### IV. Redemption.

A. The Series 1993A Preferred Stock is not redeemable prior to June 1, 1998. At any time on or after June 1, 1998, NationsBank South shall have the right, at its option and by action of its Board of Directors, to redeem out of funds of

NationsBank South legally available therefor, in whole at any time or in part from time to time, the Series 1993A Preferred Stock upon payment in cash of \$25.00 per each share of Series 1993A Preferred Stock redeemed, plus declared but unpaid dividends for the then-current Dividend Period to the date fixed for redemption (without accumulation of unpaid dividends for prior Dividend Periods) without interest.

B. Notice of any redemption specifying the date fixed for said redemption and the place where the amount to be paid upon redemption is payable shall be mailed, postage prepaid, at least 30 days but not more than 60 days prior to said redemption date to the holders of record of the Series 1993A Preferred Stock to be redeemed, at their respective addresses as the same shall appear on the books of NationsBank South. If such notice of redemption shall have been so mailed, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by NationsBank South separate and apart from its other funds, in trust for the account of the holders of the shares so to be

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redeemed so as to be and continue to be available therefor, then, on and after said redemption date, notwithstanding that any certificate for shares of the Series 1993A Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, the right to receive dividends thereon shall cease to accrue, and all rights with respect to such shares of the Series 1993A Preferred Stock so called for redemption shall forthwith cease and terminate, except only the right of the holders thereof to receive out of the funds so set aside in trust the amount payable on redemption thereof, but without interest.

C. If less than all of the outstanding shares of the Series 1993A Preferred Stock are to be redeemed, the particular shares to be redeemed shall be allocated among the respective holders of Series 1993A Preferred Stock pro rata or by lot, as the Board of Directors may determine.

D. Shares of Series 1993A Preferred Stock redeemed or otherwise purchased or acquired by NationsBank South shall not be reissued as shares of Series 1993A Preferred Stock but shall assume the status of authorized but unissued shares of Preferred Stock of NationsBank South, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors.

E. Any redemption of the Series 1993A Preferred Stock shall not be subject to, or conditioned upon, the redemption of any other series of NationsBank South's Preferred Stock, including the Series H Preferred Stock.

#### V. Voting Rights.

A. Except as described in this Section V. and except as required by applicable law, the holders of the Series 1993A Preferred Stock will not be entitled to vote for any purpose.

B. So long as any shares of Series 1993A Preferred Stock are outstanding, NationsBank South will not, without the consent of the holders of a least two-thirds of the outstanding shares of Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which like voting rights have been conferred and are exercisable), create, authorize, issue or increase the authorized or issued amount of any class or series of any equity securities of NationsBank South, or any warrants, options or other rights convertible or exchangeable into any class or series of any equity securities of NationsBank South, ranking

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senior to the Series 1993A Preferred Stock either as to dividend rights or rights upon liquidation, dissolution or winding-up of NationsBank South.



C. The right of the holders of the Series 1993A Preferred Stock to approve an amendment that would adversely change the specific terms of the Series 1993A Preferred Stock shall be as provided by applicable law and the Rules and Regulations of the Office of the Comptroller of the Currency and, unless a greater vote is required by such law or regulations, such approval shall be by a vote of the holders of a majority of the outstanding shares of Series 1993A Preferred Stock; provided, however, that the creation or issuance of Parity Stock or Junior Stock with respect to the payment of dividends or rights upon liquidation, dissolution or winding-up of NationsBank South; or a merger, consolidation, reorganization or other business combination in which NationsBank South is not the surviving entity; or an amendment that increases the number of authorized shares of Preferred Stock or increases the number of authorized shares of a series of Preferred Stock constituting Junior Stock or Parity Stock, shall not be considered to be an adverse change to the terms of the Series 1993A Preferred Stock and shall not require a vote of or the approval of the holders of the Series 1993A Preferred Stock.

D. If NationsBank South shall fail to pay the equivalent of six full quarterly dividends payable on the Series 1993A Preferred Stock, the number of directors of NationsBank South shall be increased by (i) one, if the number of directors immediately prior to such increase totals nine or less, or (ii) two, if the number of directors immediately prior to such increase totals 10 or more, and the holders of the Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which parity voting rights with respect to the repayment of dividends have been conferred and are exercisable), will be entitled to elect such additional director or directors to fill such vacancy or vacancies, as the case may be. The director or directors elected pursuant to this Paragraph V.D. shall be entitled to one vote per director on any matter presented to the Board of Directors of NationsBank South, and otherwise shall be entitled to the same rights and privileges as all other directors of NationsBank South. Such right to elect such additional director or directors shall continue until full dividends have been paid or declared and set apart for payment for four consecutive Dividend Periods.

E. Whenever the voting right described in Paragraph V.D. shall vest, it may be exercised initially either at a special meeting of holders of the Series 1993A Preferred

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Stock (and Parity Stock, if any, with parity voting rights) or at any annual stockholders' meeting, but thereafter it shall be exercised only at annual stockholders' meetings or in accordance with Paragraph V.F. Any director who shall have been elected by the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) pursuant to Paragraph V.D. shall hold office for a term expiring at the earlier of (i) the next annual meeting of stockholders or (ii) the date upon which full dividends on the Series 1993A Preferred Stock shall have been paid, or declared and set apart for payment, for four consecutive Dividend Periods, and during such term such director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the outstanding shares of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) given at a special meeting of such holders called for such purpose, and any vacancy created by such removal may also be filled at such meeting. Upon the termination of the voting right described in Paragraph V.D., the term of office of the director or directors elected pursuant thereto then in office shall, without further action, thereupon terminate unless otherwise required by law. Upon such termination, the number of directors constituting the Board of Directors of NationsBank South shall, without further action, be reduced by one or by two, as the case may be, subject always to the subsequent increase of the number of directors pursuant to Paragraph V.D. in the event of the future right to elect directors as provided therein.

F. Unless otherwise required by law, in the event of any vacancy occurring among the directors elected pursuant to Paragraph V.D., the remaining director, if any, may appoint a successor to hold office for the unexpired term of the director

whose place shall be vacant. If all directors so elected shall cease to serve as directors before their terms shall expire, or if only one director is elected as provided by Paragraph V.D., the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may, at a meeting of such holders duly held, elect a successor or successors to hold office for such unexpired term or terms, as the case may be.

G. Whenever a meeting of the holders of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) is permitted or required to be held pursuant to this Section V., such meeting shall be held at the earliest practicable date and the Secretary of NationsBank South shall call such meeting, providing written notice in accordance with law to all holders of record of shares entitled to vote at such meeting, upon the earlier of the following:

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1. as soon as reasonably practicable following the occurrence of the event or events permitting or requiring such meeting hereunder; or

2. within 20 days following receipt by the Secretary of NationsBank South a written request for such a meeting, signed by the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding.

If such meeting shall not be called by the proper corporate officer within 20 days after the receipt of such request by the Secretary of NationsBank South, or within 25 days after the mailing of the same within the United States of America by registered mail addressed to the Secretary of NationsBank South at its principal executive office, then the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may designate one of their number to call such a meeting at the expense of NationsBank South, and such meeting may be called by such person in the manner and at the place provided in this Section V. Any holder so designated to call such meeting shall have access to the stock books of NationsBank South for the purpose of causing a meeting of such holders to be so called.

H. Any meeting of the holders of all outstanding Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) entitled to vote as a class shall be held at the place at which the last annual meeting of stockholders was held or in an accessible location in either of the counties in which the executive or administrative headquarters of NationsBank South are located. At such meeting, the presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at such meeting shall be required to constitute a quorum; in the absence of a quorum, a majority of the holders present in person or by proxy shall have the power to adjourn the meeting from time to time without notice, other than an announcement at the meeting, until a quorum shall be present.

I. Notwithstanding any provision of this Section V. to the contrary, no special meeting of the holders of shares of Series 1993A Preferred Stock shall be required to be called or held in violation of any law, rule or regulation.

VI. Sinking Fund. No sinking fund shall be provided for the purchase or redemption of shares of the Series 1993A Preferred Stock.

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VII. No Other Rights. The shares of Series 1993A Preferred Stock shall not have any preferences, voting powers or relative, participating, optional or other special rights, including, without limitation, preemptive or conversion rights, except as set forth above and in NationsBank South's Articles of Association or as otherwise required by law.

VIII. Amendments. The Board of Directors reserves the

right to amend these resolutions in accordance with applicable law.

STATEMENT OF DESIGNATION OF  
8.75% SERIES 1993A NONCUMULATIVE PREFERRED STOCK  
OF  
NATIONSBANK, N.A. (SOUTH)

WHEREAS, pursuant to Article 5 of the Articles of Association of NationsBank, N.A. (South) ("NationsBank South"), the Board of Directors of NationsBank South is authorized to divide NationsBank South's authorized Preferred Stock ("Preferred Stock") into series and, within the limitations set forth therein, fix and determine the relative rights and preferences of the shares of any series so established; and

WHEREAS, the Board of Directors desires to (i) establish a series of Preferred Stock, designating such series "8.75% Series 1993A Noncumulative Preferred Stock," (ii) allocate 2,400,000 shares of the authorized Preferred Stock to the 8.75% Series 1993A Noncumulative Preferred Stock, and (iii) fix and determine the relative rights and preferences of the shares of the 8.75% Series 1993A Noncumulative Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that 2,400,000 of the 10,000,000 shares of Preferred Stock authorized by the Articles of Association of NationsBank South be, and hereby are, determined to be and shall be of a series designated as 8.75% Series 1993A Noncumulative Preferred Stock (hereinafter referred to as the "Series 1993A Preferred Stock") and that the following is a statement fixing and determining the variations in the relative rights and preferences of the Series 1993A Preferred Stock pursuant to authority vested in the Board of Directors by the [Articles of Association] of NationsBank South:

I. Rank.

A. With respect to dividend rights, the Series 1993A Preferred Stock ranks senior to NationsBank South's Common Stock ("Common Stock") and to NationsBank South's 8.5% Series H Noncumulative Preferred Stock (the "Series H Preferred Stock").

B. With respect to rights upon liquidation, dissolution or winding-up of NationsBank South, the Series 1993A Preferred Stock ranks senior to the Common Stock to the extent of the liquidation preference of the Series 1993A Preferred Stock and ranks on a parity with the Series H Preferred Stock.

C. The Series 1993A Preferred Stock will be subject to the future authorization and issuance of additional series

of Preferred Stock that, as designated by the Board of Directors in its sole discretion, rank junior to ("Junior Stock"), on a parity with ("Parity Stock"), or senior to ("Senior Stock") the Series 1993A Preferred Stock with respect to any one or more of the following: (i) dividend rights; (ii) rights upon liquidation, dissolution or winding up of NationsBank South; (iii) redemption rights; or (iv) any other rights specified by the Board of Directors; provided, however, that NationsBank South may not issue any capital stock that constitutes Senior Stock without the approval of holders of at least two-thirds of the outstanding shares of Series 1993A Preferred Stock in accordance with Section V. hereof.

II. Dividends.

A. The holders of the Series 1993A Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors out of the funds of NationsBank South legally available for the payment of noncumulative cash dividends, payable quarterly in arrears, at the rate of \$2.1875 per share per annum. Declared dividends on the Series 1993A Preferred Stock shall accrue from the date of issuance which is deemed to be December 1, 1995, or the most recent date on which dividends were payable and shall be payable quarterly on the first day of March, June, September and December of each year (each a "Dividend Payment Date"), commencing March 1, 1996; provided,

however, that if any such day is a non-business day, the Dividend Payment Date will be the next business day. Each declared dividend shall be payable to holders of record as they appear at the close of business on the stock books of NationsBank South on such record dates, not more than 30 calendar days and not less than 10 calendar days preceding the Dividend Payment Date therefor, as determined by the Board of Directors (each of such dates a "Record Date"). Quarterly dividend periods (each a "Dividend Period") shall commence on and include the first day of March, June, September and December of each year and shall end on and include the day next preceding the next following Dividend Payment Date.

B. The initial dividend will be determined based upon the number of days from the date of issuance to March 1, 1996. Dividends payable for each full Dividend Period shall be computed by dividing the annual dividend rate by four. Dividends payable for any period other than a full Dividend Period shall be computed on the basis of a 365-day year and the actual number of days elapsed in such period.

C. Holders of the Series 1993A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of the dividends actually

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declared by the Board of Directors. The Series 1993A Preferred Stock shall not participate in dividends with the Common Stock.

D. No full dividends shall be declared and paid or set apart for payment on Preferred Stock of NationsBank South of any series ranking, as to dividends, on a parity with the Series 1993A Preferred Stock during any calendar quarter unless full dividends on the Series 1993A Preferred Stock for the Dividend Period ending during such calendar quarter have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment. When dividends are not so paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series 1993A Preferred Stock and any other Preferred Stock of NationsBank South of any series ranking as to dividends on a parity with the Series 1993A Preferred Stock, dividends upon shares of Series 1993A Preferred Stock and dividends on such other Preferred Stock payable during such calendar quarter shall be declared pro rata so that the amount of such dividends so payable per share on the Series 1993A Preferred Stock and such other Preferred Stock shall in all cases bear to each other the same ratio that full dividends for the then-current calendar quarter on the shares of Series 1993A Preferred Stock (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on shares of such other Preferred Stock, bear to each other.

E. If full dividends on the Series 1993A Preferred Stock have not been declared and paid or set apart for payment for the Dividend Payment Date falling in the then-current Dividend Period, then, with respect to such then-current Dividend Period, the following restrictions shall be applicable: (i) no dividend or distribution (other than in shares of Junior Stock) may be declared, set aside or paid on any shares of stock of any series ranking, as to dividends, junior to the Series 1993A Preferred Stock, (ii) NationsBank South may not repurchase, redeem or otherwise acquire any shares of its Junior Stock (except by conversion into or exchange for Junior Stock) and (iii) NationsBank South may not, directly or indirectly, repurchase, redeem or otherwise acquire (except by conversion into or exchange for Junior Stock) any shares of any class or series of equity securities of NationsBank South ranking on a parity with the Series 1993A Preferred Stock as to dividend rights, otherwise than pursuant to pro rata offers to purchase or a concurrent redemption of all, or a pro rata portion, of the outstanding shares of Series 1993A Preferred Stock and such other Parity Stock.

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F. Except as expressly otherwise limited herein, and

to the extent permitted by applicable law, the Board of Directors: (i) may declare and NationsBank South may pay or set apart for payment dividends on any Junior Stock or Parity Stock, (ii) may make any payment on account of or set apart payment for a sinking fund or other similar fund or agreement for the purchase or other acquisition, redemption, retirement or other requirement of, or with respect to, any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, (iii) may make any distribution with respect to any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, whether directly or indirectly, and whether in cash, obligations or securities of NationsBank South or other property and (iv) may purchase or otherwise acquire, redeem or retire any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock; and the holders of the Series 1993A Preferred Stock shall not be entitled to share or participate therein.

### III. Liquidation Preference.

A. In the event of any liquidation, dissolution or winding-up of NationsBank South, voluntary or involuntary, the holders of the Series 1993A Preferred Stock will be entitled to receive out of the assets of NationsBank South available for distribution to its stockholders, before any distribution of assets is made to the holders of the Common Stock or any other shares of capital stock of NationsBank South ranking junior to the Series 1993A Preferred Stock as to such distribution, liquidating distributions in the amount of \$25.00 per share plus dividends declared but unpaid for the then-current Dividend Period (without accumulation of unpaid dividends for prior Dividend Periods) to the date fixed for such liquidation, dissolution or winding-up.

B. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of NationsBank South, the amounts payable with respect to the Series 1993A Preferred Stock and any capital stock ranking on a parity with the Series 1993A Preferred Stock (including the Series H Preferred Stock) as to such distributions are not paid in full, the holders of the Series 1993A Preferred Stock and of such capital stock will share ratably in any such distribution of assets of NationsBank South in proportion to the full respective preferential amounts to which they are entitled (which, in the case of such capital stock, may include accumulated dividends).

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C. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series 1993A Preferred Stock will not be entitled to any further participation in any distribution of assets of NationsBank South. All distributions made with respect to the Series 1993A Preferred Stock in connection with such liquidation, dissolution or winding-up of NationsBank South shall be made pro rata to the holders entitled thereto.

D. Nothing set forth in this Section III. shall be deemed to prevent redemption of the Series 1993A Preferred Stock by NationsBank South in the manner provided in Section IV. hereof. Neither the merger nor consolidation of NationsBank South into or with any other entity or entities, nor the merger or consolidation of any other entity or entities into or with NationsBank South, nor a sale, transfer, lease or exchange (for cash, securities or other consideration) of all or any part of the assets of NationsBank South shall be deemed to be a dissolution, liquidation or winding-up of NationsBank South within the meaning of this Section III., unless such sale, transfer, lease or exchange shall be in connection with and intended to be a plan of complete liquidation, dissolution or winding-up of NationsBank South.

### IV. Redemption.

A. The Series 1993A Preferred Stock is not redeemable prior to June 1, 1998. At any time on or after June 1, 1998, NationsBank South shall have the right, at its option and by action of its Board of Directors, to redeem out of funds of

NationsBank South legally available therefor, in whole at any time or in part from time to time, the Series 1993A Preferred Stock upon payment in cash of \$25.00 per each share of Series 1993A Preferred Stock redeemed, plus declared but unpaid dividends for the then-current Dividend Period to the date fixed for redemption (without accumulation of unpaid dividends for prior Dividend Periods) without interest.

B. Notice of any redemption specifying the date fixed for said redemption and the place where the amount to be paid upon redemption is payable shall be mailed, postage prepaid, at least 30 days but not more than 60 days prior to said redemption date to the holders of record of the Series 1993A Preferred Stock to be redeemed, at their respective addresses as the same shall appear on the books of NationsBank South. If such notice of redemption shall have been so mailed, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by NationsBank South separate and apart from its other funds, in trust for the account of the holders of the shares so to be

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redeemed so as to be and continue to be available therefor, then, on and after said redemption date, notwithstanding that any certificate for shares of the Series 1993A Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, the right to receive dividends thereon shall cease to accrue, and all rights with respect to such shares of the Series 1993A Preferred Stock so called for redemption shall forthwith cease and terminate, except only the right of the holders thereof to receive out of the funds so set aside in trust the amount payable on redemption thereof, but without interest.

C. If less than all of the outstanding shares of the Series 1993A Preferred Stock are to be redeemed, the particular shares to be redeemed shall be allocated among the respective holders of Series 1993A Preferred Stock pro rata or by lot, as the Board of Directors may determine.

D. Shares of Series 1993A Preferred Stock redeemed or otherwise purchased or acquired by NationsBank South shall not be reissued as shares of Series 1993A Preferred Stock but shall assume the status of authorized but unissued shares of Preferred Stock of NationsBank South, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors.

E. Any redemption of the Series 1993A Preferred Stock shall not be subject to, or conditioned upon, the redemption of any other series of NationsBank South's Preferred Stock, including the Series H Preferred Stock.

#### V. Voting Rights.

A. Except as described in this Section V. and except as required by applicable law, the holders of the Series 1993A Preferred Stock will not be entitled to vote for any purpose.

B. So long as any shares of Series 1993A Preferred Stock are outstanding, NationsBank South will not, without the consent of the holders of a least two-thirds of the outstanding shares of Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which like voting rights have been conferred and are exercisable), create, authorize, issue or increase the authorized or issued amount of any class or series of any equity securities of NationsBank South, or any warrants, options or other rights convertible or exchangeable into any class or series of any equity securities of NationsBank South, ranking

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senior to the Series 1993A Preferred Stock either as to dividend rights or rights upon liquidation, dissolution or winding-up of NationsBank South.

C. The right of the holders of the Series 1993A Preferred Stock to approve an amendment that would adversely change the specific terms of the Series 1993A Preferred Stock shall be as provided by applicable law and the Rules and Regulations of the Office of the Comptroller of the Currency and, unless a greater vote is required by such law or regulations, such approval shall be by a vote of the holders of a majority of the outstanding shares of Series 1993A Preferred Stock; provided, however, that the creation or issuance of Parity Stock or Junior Stock with respect to the payment of dividends or rights upon liquidation, dissolution or winding-up of NationsBank South; or a merger, consolidation, reorganization or other business combination in which NationsBank South is not the surviving entity; or an amendment that increases the number of authorized shares of Preferred Stock or increases the number of authorized shares of a series of Preferred Stock constituting Junior Stock or Parity Stock, shall not be considered to be an adverse change to the terms of the Series 1993A Preferred Stock and shall not require a vote of or the approval of the holders of the Series 1993A Preferred Stock.

D. If NationsBank South shall fail to pay the equivalent of six full quarterly dividends payable on the Series 1993A Preferred Stock, the number of directors of NationsBank South shall be increased by (i) one, if the number of directors immediately prior to such increase totals nine or less, or (ii) two, if the number of directors immediately prior to such increase totals 10 or more, and the holders of the Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which parity voting rights with respect to the repayment of dividends have been conferred and are exercisable), will be entitled to elect such additional director or directors to fill such vacancy or vacancies, as the case may be. The director or directors elected pursuant to this Paragraph V.D. shall be entitled to one vote per director on any matter presented to the Board of Directors of NationsBank South, and otherwise shall be entitled to the same rights and privileges as all other directors of NationsBank South. Such right to elect such additional director or directors shall continue until full dividends have been paid or declared and set apart for payment for four consecutive Dividend Periods.

E. Whenever the voting right described in Paragraph V.D. shall vest, it may be exercised initially either at a special meeting of holders of the Series 1993A Preferred

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Stock (and Parity Stock, if any, with parity voting rights) or at any annual stockholders' meeting, but thereafter it shall be exercised only at annual stockholders' meetings or in accordance with Paragraph V.F. Any director who shall have been elected by the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) pursuant to Paragraph V.D. shall hold office for a term expiring at the earlier of (i) the next annual meeting of stockholders or (ii) the date upon which full dividends on the Series 1993A Preferred Stock shall have been paid, or declared and set apart for payment, for four consecutive Dividend Periods, and during such term such director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the outstanding shares of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) given at a special meeting of such holders called for such purpose, and any vacancy created by such removal may also be filled at such meeting. Upon the termination of the voting right described in Paragraph V.D., the term of office of the director or directors elected pursuant thereto then in office shall, without further action, thereupon terminate unless otherwise required by law. Upon such termination, the number of directors constituting the Board of Directors of NationsBank South shall, without further action, be reduced by one or by two, as the case may be, subject always to the subsequent increase of the number of directors pursuant to Paragraph V.D. in the event of the future right to elect directors as provided therein.

F. Unless otherwise required by law, in the event of any vacancy occurring among the directors elected pursuant to Paragraph V.D., the remaining director, if any, may appoint a successor to hold office for the unexpired term of the director



whose place shall be vacant. If all directors so elected shall cease to serve as directors before their terms shall expire, or if only one director is elected as provided by Paragraph V.D., the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may, at a meeting of such holders duly held, elect a successor or successors to hold office for such unexpired term or terms, as the case may be.

G. Whenever a meeting of the holders of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) is permitted or required to be held pursuant to this Section V., such meeting shall be held at the earliest practicable date and the Secretary of NationsBank South shall call such meeting, providing written notice in accordance with law to all holders of record of shares entitled to vote at such meeting, upon the earlier of the following:

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1. as soon as reasonably practicable following the occurrence of the event or events permitting or requiring such meeting hereunder; or

2. within 20 days following receipt by the Secretary of NationsBank South a written request for such a meeting, signed by the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding.

If such meeting shall not be called by the proper corporate officer within 20 days after the receipt of such request by the Secretary of NationsBank South, or within 25 days after the mailing of the same within the United States of America by registered mail addressed to the Secretary of NationsBank South at its principal executive office, then the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may designate one of their number to call such a meeting at the expense of NationsBank South, and such meeting may be called by such person in the manner and at the place provided in this Section V. Any holder so designated to call such meeting shall have access to the stock books of NationsBank South for the purpose of causing a meeting of such holders to be so called.

H. Any meeting of the holders of all outstanding Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) entitled to vote as a class shall be held at the place at which the last annual meeting of stockholders was held or in an accessible location in either of the counties in which the executive or administrative headquarters of NationsBank South are located. At such meeting, the presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at such meeting shall be required to constitute a quorum; in the absence of a quorum, a majority of the holders present in person or by proxy shall have the power to adjourn the meeting from time to time without notice, other than an announcement at the meeting, until a quorum shall be present.

I. Notwithstanding any provision of this Section V. to the contrary, no special meeting of the holders of shares of Series 1993A Preferred Stock shall be required to be called or held in violation of any law, rule or regulation.

VI. Sinking Fund. No sinking fund shall be provided for the purchase or redemption of shares of the Series 1993A Preferred Stock.

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VII. No Other Rights. The shares of Series 1993A Preferred Stock shall not have any preferences, voting powers or relative, participating, optional or other special rights, including, without limitation, preemptive or conversion rights, except as set forth above and in NationsBank South's Articles of Association or as otherwise required by law.

VIII. Amendments. The Board of Directors reserves the

right to amend these resolutions in accordance with applicable law.

STATEMENT OF DESIGNATION OF  
8.75% SERIES 1993A NONCUMULATIVE PREFERRED STOCK  
OF  
NATIONSBANK, N.A. (SOUTH)

WHEREAS, pursuant to Article 5 of the Articles of Association of NationsBank, N.A. (South) ("NationsBank South"), the Board of Directors of NationsBank South is authorized to divide NationsBank South's authorized Preferred Stock ("Preferred Stock") into series and, within the limitations set forth therein, fix and determine the relative rights and preferences of the shares of any series so established; and

WHEREAS, the Board of Directors desires to (i) establish a series of Preferred Stock, designating such series "8.75% Series 1993A Noncumulative Preferred Stock," (ii) allocate 2,400,000 shares of the authorized Preferred Stock to the 8.75% Series 1993A Noncumulative Preferred Stock, and (iii) fix and determine the relative rights and preferences of the shares of the 8.75% Series 1993A Noncumulative Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that 2,400,000 of the 10,000,000 shares of Preferred Stock authorized by the Articles of Association of NationsBank South be, and hereby are, determined to be and shall be of a series designated as 8.75% Series 1993A Noncumulative Preferred Stock (hereinafter referred to as the "Series 1993A Preferred Stock") and that the following is a statement fixing and determining the variations in the relative rights and preferences of the Series 1993A Preferred Stock pursuant to authority vested in the Board of Directors by the [Articles of Association] of NationsBank South:

I. Rank.

A. With respect to dividend rights, the Series 1993A Preferred Stock ranks senior to NationsBank South's Common Stock ("Common Stock") and to NationsBank South's 8.5% Series H Noncumulative Preferred Stock (the "Series H Preferred Stock").

B. With respect to rights upon liquidation, dissolution or winding-up of NationsBank South, the Series 1993A Preferred Stock ranks senior to the Common Stock to the extent of the liquidation preference of the Series 1993A Preferred Stock and ranks on a parity with the Series H Preferred Stock.

C. The Series 1993A Preferred Stock will be subject to the future authorization and issuance of additional series

of Preferred Stock that, as designated by the Board of Directors in its sole discretion, rank junior to ("Junior Stock"), on a parity with ("Parity Stock"), or senior to ("Senior Stock") the Series 1993A Preferred Stock with respect to any one or more of the following: (i) dividend rights; (ii) rights upon liquidation, dissolution or winding up of NationsBank South; (iii) redemption rights; or (iv) any other rights specified by the Board of Directors; provided, however, that NationsBank South may not issue any capital stock that constitutes Senior Stock without the approval of holders of at least two-thirds of the outstanding shares of Series 1993A Preferred Stock in accordance with Section V. hereof.

II. Dividends.

A. The holders of the Series 1993A Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors out of the funds of NationsBank South legally available for the payment of noncumulative cash dividends, payable quarterly in arrears, at the rate of \$2.1875 per share per annum. Declared dividends on the Series 1993A Preferred Stock shall accrue from the date of issuance which is deemed to be December 1, 1995, or the most recent date on which dividends were payable and shall be payable quarterly on the first day of March, June, September and December of each year (each a "Dividend Payment Date"), commencing March 1, 1996; provided,

however, that if any such day is a non-business day, the Dividend Payment Date will be the next business day. Each declared dividend shall be payable to holders of record as they appear at the close of business on the stock books of NationsBank South on such record dates, not more than 30 calendar days and not less than 10 calendar days preceding the Dividend Payment Date therefor, as determined by the Board of Directors (each of such dates a "Record Date"). Quarterly dividend periods (each a "Dividend Period") shall commence on and include the first day of March, June, September and December of each year and shall end on and include the day next preceding the next following Dividend Payment Date.

B. The initial dividend will be determined based upon the number of days from the date of issuance to March 1, 1996. Dividends payable for each full Dividend Period shall be computed by dividing the annual dividend rate by four. Dividends payable for any period other than a full Dividend Period shall be computed on the basis of a 365-day year and the actual number of days elapsed in such period.

C. Holders of the Series 1993A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of the dividends actually

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declared by the Board of Directors. The Series 1993A Preferred Stock shall not participate in dividends with the Common Stock.

D. No full dividends shall be declared and paid or set apart for payment on Preferred Stock of NationsBank South of any series ranking, as to dividends, on a parity with the Series 1993A Preferred Stock during any calendar quarter unless full dividends on the Series 1993A Preferred Stock for the Dividend Period ending during such calendar quarter have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment. When dividends are not so paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series 1993A Preferred Stock and any other Preferred Stock of NationsBank South of any series ranking as to dividends on a parity with the Series 1993A Preferred Stock, dividends upon shares of Series 1993A Preferred Stock and dividends on such other Preferred Stock payable during such calendar quarter shall be declared pro rata so that the amount of such dividends so payable per share on the Series 1993A Preferred Stock and such other Preferred Stock shall in all cases bear to each other the same ratio that full dividends for the then-current calendar quarter on the shares of Series 1993A Preferred Stock (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on shares of such other Preferred Stock, bear to each other.

E. If full dividends on the Series 1993A Preferred Stock have not been declared and paid or set apart for payment for the Dividend Payment Date falling in the then-current Dividend Period, then, with respect to such then-current Dividend Period, the following restrictions shall be applicable: (i) no dividend or distribution (other than in shares of Junior Stock) may be declared, set aside or paid on any shares of stock of any series ranking, as to dividends, junior to the Series 1993A Preferred Stock, (ii) NationsBank South may not repurchase, redeem or otherwise acquire any shares of its Junior Stock (except by conversion into or exchange for Junior Stock) and (iii) NationsBank South may not, directly or indirectly, repurchase, redeem or otherwise acquire (except by conversion into or exchange for Junior Stock) any shares of any class or series of equity securities of NationsBank South ranking on a parity with the Series 1993A Preferred Stock as to dividend rights, otherwise than pursuant to pro rata offers to purchase or a concurrent redemption of all, or a pro rata portion, of the outstanding shares of Series 1993A Preferred Stock and such other Parity Stock.

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F. Except as expressly otherwise limited herein, and

to the extent permitted by applicable law, the Board of Directors: (i) may declare and NationsBank South may pay or set apart for payment dividends on any Junior Stock or Parity Stock, (ii) may make any payment on account of or set apart payment for a sinking fund or other similar fund or agreement for the purchase or other acquisition, redemption, retirement or other requirement of, or with respect to, any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, (iii) may make any distribution with respect to any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, whether directly or indirectly, and whether in cash, obligations or securities of NationsBank South or other property and (iv) may purchase or otherwise acquire, redeem or retire any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock; and the holders of the Series 1993A Preferred Stock shall not be entitled to share or participate therein.

### III. Liquidation Preference.

A. In the event of any liquidation, dissolution or winding-up of NationsBank South, voluntary or involuntary, the holders of the Series 1993A Preferred Stock will be entitled to receive out of the assets of NationsBank South available for distribution to its stockholders, before any distribution of assets is made to the holders of the Common Stock or any other shares of capital stock of NationsBank South ranking junior to the Series 1993A Preferred Stock as to such distribution, liquidating distributions in the amount of \$25.00 per share plus dividends declared but unpaid for the then-current Dividend Period (without accumulation of unpaid dividends for prior Dividend Periods) to the date fixed for such liquidation, dissolution or winding-up.

B. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of NationsBank South, the amounts payable with respect to the Series 1993A Preferred Stock and any capital stock ranking on a parity with the Series 1993A Preferred Stock (including the Series H Preferred Stock) as to such distributions are not paid in full, the holders of the Series 1993A Preferred Stock and of such capital stock will share ratably in any such distribution of assets of NationsBank South in proportion to the full respective preferential amounts to which they are entitled (which, in the case of such capital stock, may include accumulated dividends).

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C. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series 1993A Preferred Stock will not be entitled to any further participation in any distribution of assets of NationsBank South. All distributions made with respect to the Series 1993A Preferred Stock in connection with such liquidation, dissolution or winding-up of NationsBank South shall be made pro rata to the holders entitled thereto.

D. Nothing set forth in this Section III. shall be deemed to prevent redemption of the Series 1993A Preferred Stock by NationsBank South in the manner provided in Section IV. hereof. Neither the merger nor consolidation of NationsBank South into or with any other entity or entities, nor the merger or consolidation of any other entity or entities into or with NationsBank South, nor a sale, transfer, lease or exchange (for cash, securities or other consideration) of all or any part of the assets of NationsBank South shall be deemed to be a dissolution, liquidation or winding-up of NationsBank South within the meaning of this Section III., unless such sale, transfer, lease or exchange shall be in connection with and intended to be a plan of complete liquidation, dissolution or winding-up of NationsBank South.

### IV. Redemption.

A. The Series 1993A Preferred Stock is not redeemable prior to June 1, 1998. At any time on or after June 1, 1998, NationsBank South shall have the right, at its option and by action of its Board of Directors, to redeem out of funds of

NationsBank South legally available therefor, in whole at any time or in part from time to time, the Series 1993A Preferred Stock upon payment in cash of \$25.00 per each share of Series 1993A Preferred Stock redeemed, plus declared but unpaid dividends for the then-current Dividend Period to the date fixed for redemption (without accumulation of unpaid dividends for prior Dividend Periods) without interest.

B. Notice of any redemption specifying the date fixed for said redemption and the place where the amount to be paid upon redemption is payable shall be mailed, postage prepaid, at least 30 days but not more than 60 days prior to said redemption date to the holders of record of the Series 1993A Preferred Stock to be redeemed, at their respective addresses as the same shall appear on the books of NationsBank South. If such notice of redemption shall have been so mailed, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by NationsBank South separate and apart from its other funds, in trust for the account of the holders of the shares so to be

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redeemed so as to be and continue to be available therefor, then, on and after said redemption date, notwithstanding that any certificate for shares of the Series 1993A Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, the right to receive dividends thereon shall cease to accrue, and all rights with respect to such shares of the Series 1993A Preferred Stock so called for redemption shall forthwith cease and terminate, except only the right of the holders thereof to receive out of the funds so set aside in trust the amount payable on redemption thereof, but without interest.

C. If less than all of the outstanding shares of the Series 1993A Preferred Stock are to be redeemed, the particular shares to be redeemed shall be allocated among the respective holders of Series 1993A Preferred Stock pro rata or by lot, as the Board of Directors may determine.

D. Shares of Series 1993A Preferred Stock redeemed or otherwise purchased or acquired by NationsBank South shall not be reissued as shares of Series 1993A Preferred Stock but shall assume the status of authorized but unissued shares of Preferred Stock of NationsBank South, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors.

E. Any redemption of the Series 1993A Preferred Stock shall not be subject to, or conditioned upon, the redemption of any other series of NationsBank South's Preferred Stock, including the Series H Preferred Stock.

#### V. Voting Rights.

A. Except as described in this Section V. and except as required by applicable law, the holders of the Series 1993A Preferred Stock will not be entitled to vote for any purpose.

B. So long as any shares of Series 1993A Preferred Stock are outstanding, NationsBank South will not, without the consent of the holders of a least two-thirds of the outstanding shares of Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which like voting rights have been conferred and are exercisable), create, authorize, issue or increase the authorized or issued amount of any class or series of any equity securities of NationsBank South, or any warrants, options or other rights convertible or exchangeable into any class or series of any equity securities of NationsBank South, ranking

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senior to the Series 1993A Preferred Stock either as to dividend rights or rights upon liquidation, dissolution or winding-up of NationsBank South.

C. The right of the holders of the Series 1993A Preferred Stock to approve an amendment that would adversely change the specific terms of the Series 1993A Preferred Stock shall be as provided by applicable law and the Rules and Regulations of the Office of the Comptroller of the Currency and, unless a greater vote is required by such law or regulations, such approval shall be by a vote of the holders of a majority of the outstanding shares of Series 1993A Preferred Stock; provided, however, that the creation or issuance of Parity Stock or Junior Stock with respect to the payment of dividends or rights upon liquidation, dissolution or winding-up of NationsBank South; or a merger, consolidation, reorganization or other business combination in which NationsBank South is not the surviving entity; or an amendment that increases the number of authorized shares of Preferred Stock or increases the number of authorized shares of a series of Preferred Stock constituting Junior Stock or Parity Stock, shall not be considered to be an adverse change to the terms of the Series 1993A Preferred Stock and shall not require a vote of or the approval of the holders of the Series 1993A Preferred Stock.

D. If NationsBank South shall fail to pay the equivalent of six full quarterly dividends payable on the Series 1993A Preferred Stock, the number of directors of NationsBank South shall be increased by (i) one, if the number of directors immediately prior to such increase totals nine or less, or (ii) two, if the number of directors immediately prior to such increase totals 10 or more, and the holders of the Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which parity voting rights with respect to the repayment of dividends have been conferred and are exercisable), will be entitled to elect such additional director or directors to fill such vacancy or vacancies, as the case may be. The director or directors elected pursuant to this Paragraph V.D. shall be entitled to one vote per director on any matter presented to the Board of Directors of NationsBank South, and otherwise shall be entitled to the same rights and privileges as all other directors of NationsBank South. Such right to elect such additional director or directors shall continue until full dividends have been paid or declared and set apart for payment for four consecutive Dividend Periods.

E. Whenever the voting right described in Paragraph V.D. shall vest, it may be exercised initially either at a special meeting of holders of the Series 1993A Preferred

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Stock (and Parity Stock, if any, with parity voting rights) or at any annual stockholders' meeting, but thereafter it shall be exercised only at annual stockholders' meetings or in accordance with Paragraph V.F. Any director who shall have been elected by the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) pursuant to Paragraph V.D. shall hold office for a term expiring at the earlier of (i) the next annual meeting of stockholders or (ii) the date upon which full dividends on the Series 1993A Preferred Stock shall have been paid, or declared and set apart for payment, for four consecutive Dividend Periods, and during such term such director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the outstanding shares of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) given at a special meeting of such holders called for such purpose, and any vacancy created by such removal may also be filled at such meeting. Upon the termination of the voting right described in Paragraph V.D., the term of office of the director or directors elected pursuant thereto then in office shall, without further action, thereupon terminate unless otherwise required by law. Upon such termination, the number of directors constituting the Board of Directors of NationsBank South shall, without further action, be reduced by one or by two, as the case may be, subject always to the subsequent increase of the number of directors pursuant to Paragraph V.D. in the event of the future right to elect directors as provided therein.

F. Unless otherwise required by law, in the event of any vacancy occurring among the directors elected pursuant to Paragraph V.D., the remaining director, if any, may appoint a successor to hold office for the unexpired term of the director

whose place shall be vacant. If all directors so elected shall cease to serve as directors before their terms shall expire, or if only one director is elected as provided by Paragraph V.D., the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may, at a meeting of such holders duly held, elect a successor or successors to hold office for such unexpired term or terms, as the case may be.

G. Whenever a meeting of the holders of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) is permitted or required to be held pursuant to this Section V., such meeting shall be held at the earliest practicable date and the Secretary of NationsBank South shall call such meeting, providing written notice in accordance with law to all holders of record of shares entitled to vote at such meeting, upon the earlier of the following:

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1. as soon as reasonably practicable following the occurrence of the event or events permitting or requiring such meeting hereunder; or

2. within 20 days following receipt by the Secretary of NationsBank South a written request for such a meeting, signed by the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding.

If such meeting shall not be called by the proper corporate officer within 20 days after the receipt of such request by the Secretary of NationsBank South, or within 25 days after the mailing of the same within the United States of America by registered mail addressed to the Secretary of NationsBank South at its principal executive office, then the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may designate one of their number to call such a meeting at the expense of NationsBank South, and such meeting may be called by such person in the manner and at the place provided in this Section V. Any holder so designated to call such meeting shall have access to the stock books of NationsBank South for the purpose of causing a meeting of such holders to be so called.

H. Any meeting of the holders of all outstanding Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) entitled to vote as a class shall be held at the place at which the last annual meeting of stockholders was held or in an accessible location in either of the counties in which the executive or administrative headquarters of NationsBank South are located. At such meeting, the presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at such meeting shall be required to constitute a quorum; in the absence of a quorum, a majority of the holders present in person or by proxy shall have the power to adjourn the meeting from time to time without notice, other than an announcement at the meeting, until a quorum shall be present.

I. Notwithstanding any provision of this Section V. to the contrary, no special meeting of the holders of shares of Series 1993A Preferred Stock shall be required to be called or held in violation of any law, rule or regulation.

VI. Sinking Fund. No sinking fund shall be provided for the purchase or redemption of shares of the Series 1993A Preferred Stock.

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VII. No Other Rights. The shares of Series 1993A Preferred Stock shall not have any preferences, voting powers or relative, participating, optional or other special rights, including, without limitation, preemptive or conversion rights, except as set forth above and in NationsBank South's Articles of Association or as otherwise required by law.

VIII. Amendments. The Board of Directors reserves the



right to amend these resolutions in accordance with applicable law.

STATEMENT OF DESIGNATION OF  
8.75% SERIES 1993A NONCUMULATIVE PREFERRED STOCK  
OF  
NATIONSBANK, N.A. (SOUTH)

WHEREAS, pursuant to Article 5 of the Articles of Association of NationsBank, N.A. (South) ("NationsBank South"), the Board of Directors of NationsBank South is authorized to divide NationsBank South's authorized Preferred Stock ("Preferred Stock") into series and, within the limitations set forth therein, fix and determine the relative rights and preferences of the shares of any series so established; and

WHEREAS, the Board of Directors desires to (i) establish a series of Preferred Stock, designating such series "8.75% Series 1993A Noncumulative Preferred Stock," (ii) allocate 2,400,000 shares of the authorized Preferred Stock to the 8.75% Series 1993A Noncumulative Preferred Stock, and (iii) fix and determine the relative rights and preferences of the shares of the 8.75% Series 1993A Noncumulative Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that 2,400,000 of the 10,000,000 shares of Preferred Stock authorized by the Articles of Association of NationsBank South be, and hereby are, determined to be and shall be of a series designated as 8.75% Series 1993A Noncumulative Preferred Stock (hereinafter referred to as the "Series 1993A Preferred Stock") and that the following is a statement fixing and determining the variations in the relative rights and preferences of the Series 1993A Preferred Stock pursuant to authority vested in the Board of Directors by the [Articles of Association] of NationsBank South:

I. Rank.

A. With respect to dividend rights, the Series 1993A Preferred Stock ranks senior to NationsBank South's Common Stock ("Common Stock") and to NationsBank South's 8.5% Series H Noncumulative Preferred Stock (the "Series H Preferred Stock").

B. With respect to rights upon liquidation, dissolution or winding-up of NationsBank South, the Series 1993A Preferred Stock ranks senior to the Common Stock to the extent of the liquidation preference of the Series 1993A Preferred Stock and ranks on a parity with the Series H Preferred Stock.

C. The Series 1993A Preferred Stock will be subject to the future authorization and issuance of additional series

of Preferred Stock that, as designated by the Board of Directors in its sole discretion, rank junior to ("Junior Stock"), on a parity with ("Parity Stock"), or senior to ("Senior Stock") the Series 1993A Preferred Stock with respect to any one or more of the following: (i) dividend rights; (ii) rights upon liquidation, dissolution or winding up of NationsBank South; (iii) redemption rights; or (iv) any other rights specified by the Board of Directors; provided, however, that NationsBank South may not issue any capital stock that constitutes Senior Stock without the approval of holders of at least two-thirds of the outstanding shares of Series 1993A Preferred Stock in accordance with Section V. hereof.

II. Dividends.

A. The holders of the Series 1993A Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors out of the funds of NationsBank South legally available for the payment of noncumulative cash dividends, payable quarterly in arrears, at the rate of \$2.1875 per share per annum. Declared dividends on the Series 1993A Preferred Stock shall accrue from the date of issuance which is deemed to be December 1, 1995, or the most recent date on which dividends were payable and shall be payable quarterly on the first day of March, June, September and December of each year (each a "Dividend Payment Date"), commencing March 1, 1996; provided,

however, that if any such day is a non-business day, the Dividend Payment Date will be the next business day. Each declared dividend shall be payable to holders of record as they appear at the close of business on the stock books of NationsBank South on such record dates, not more than 30 calendar days and not less than 10 calendar days preceding the Dividend Payment Date therefor, as determined by the Board of Directors (each of such dates a "Record Date"). Quarterly dividend periods (each a "Dividend Period") shall commence on and include the first day of March, June, September and December of each year and shall end on and include the day next preceding the next following Dividend Payment Date.

B. The initial dividend will be determined based upon the number of days from the date of issuance to March 1, 1996. Dividends payable for each full Dividend Period shall be computed by dividing the annual dividend rate by four. Dividends payable for any period other than a full Dividend Period shall be computed on the basis of a 365-day year and the actual number of days elapsed in such period.

C. Holders of the Series 1993A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of the dividends actually

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declared by the Board of Directors. The Series 1993A Preferred Stock shall not participate in dividends with the Common Stock.

D. No full dividends shall be declared and paid or set apart for payment on Preferred Stock of NationsBank South of any series ranking, as to dividends, on a parity with the Series 1993A Preferred Stock during any calendar quarter unless full dividends on the Series 1993A Preferred Stock for the Dividend Period ending during such calendar quarter have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment. When dividends are not so paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series 1993A Preferred Stock and any other Preferred Stock of NationsBank South of any series ranking as to dividends on a parity with the Series 1993A Preferred Stock, dividends upon shares of Series 1993A Preferred Stock and dividends on such other Preferred Stock payable during such calendar quarter shall be declared pro rata so that the amount of such dividends so payable per share on the Series 1993A Preferred Stock and such other Preferred Stock shall in all cases bear to each other the same ratio that full dividends for the then-current calendar quarter on the shares of Series 1993A Preferred Stock (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on shares of such other Preferred Stock, bear to each other.

E. If full dividends on the Series 1993A Preferred Stock have not been declared and paid or set apart for payment for the Dividend Payment Date falling in the then-current Dividend Period, then, with respect to such then-current Dividend Period, the following restrictions shall be applicable: (i) no dividend or distribution (other than in shares of Junior Stock) may be declared, set aside or paid on any shares of stock of any series ranking, as to dividends, junior to the Series 1993A Preferred Stock, (ii) NationsBank South may not repurchase, redeem or otherwise acquire any shares of its Junior Stock (except by conversion into or exchange for Junior Stock) and (iii) NationsBank South may not, directly or indirectly, repurchase, redeem or otherwise acquire (except by conversion into or exchange for Junior Stock) any shares of any class or series of equity securities of NationsBank South ranking on a parity with the Series 1993A Preferred Stock as to dividend rights, otherwise than pursuant to pro rata offers to purchase or a concurrent redemption of all, or a pro rata portion, of the outstanding shares of Series 1993A Preferred Stock and such other Parity Stock.

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F. Except as expressly otherwise limited herein, and

to the extent permitted by applicable law, the Board of Directors: (i) may declare and NationsBank South may pay or set apart for payment dividends on any Junior Stock or Parity Stock, (ii) may make any payment on account of or set apart payment for a sinking fund or other similar fund or agreement for the purchase or other acquisition, redemption, retirement or other requirement of, or with respect to, any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, (iii) may make any distribution with respect to any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, whether directly or indirectly, and whether in cash, obligations or securities of NationsBank South or other property and (iv) may purchase or otherwise acquire, redeem or retire any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock; and the holders of the Series 1993A Preferred Stock shall not be entitled to share or participate therein.

### III. Liquidation Preference.

A. In the event of any liquidation, dissolution or winding-up of NationsBank South, voluntary or involuntary, the holders of the Series 1993A Preferred Stock will be entitled to receive out of the assets of NationsBank South available for distribution to its stockholders, before any distribution of assets is made to the holders of the Common Stock or any other shares of capital stock of NationsBank South ranking junior to the Series 1993A Preferred Stock as to such distribution, liquidating distributions in the amount of \$25.00 per share plus dividends declared but unpaid for the then-current Dividend Period (without accumulation of unpaid dividends for prior Dividend Periods) to the date fixed for such liquidation, dissolution or winding-up.

B. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of NationsBank South, the amounts payable with respect to the Series 1993A Preferred Stock and any capital stock ranking on a parity with the Series 1993A Preferred Stock (including the Series H Preferred Stock) as to such distributions are not paid in full, the holders of the Series 1993A Preferred Stock and of such capital stock will share ratably in any such distribution of assets of NationsBank South in proportion to the full respective preferential amounts to which they are entitled (which, in the case of such capital stock, may include accumulated dividends).

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C. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series 1993A Preferred Stock will not be entitled to any further participation in any distribution of assets of NationsBank South. All distributions made with respect to the Series 1993A Preferred Stock in connection with such liquidation, dissolution or winding-up of NationsBank South shall be made pro rata to the holders entitled thereto.

D. Nothing set forth in this Section III. shall be deemed to prevent redemption of the Series 1993A Preferred Stock by NationsBank South in the manner provided in Section IV. hereof. Neither the merger nor consolidation of NationsBank South into or with any other entity or entities, nor the merger or consolidation of any other entity or entities into or with NationsBank South, nor a sale, transfer, lease or exchange (for cash, securities or other consideration) of all or any part of the assets of NationsBank South shall be deemed to be a dissolution, liquidation or winding-up of NationsBank South within the meaning of this Section III., unless such sale, transfer, lease or exchange shall be in connection with and intended to be a plan of complete liquidation, dissolution or winding-up of NationsBank South.

### IV. Redemption.

A. The Series 1993A Preferred Stock is not redeemable prior to June 1, 1998. At any time on or after June 1, 1998, NationsBank South shall have the right, at its option and by action of its Board of Directors, to redeem out of funds of

NationsBank South legally available therefor, in whole at any time or in part from time to time, the Series 1993A Preferred Stock upon payment in cash of \$25.00 per each share of Series 1993A Preferred Stock redeemed, plus declared but unpaid dividends for the then-current Dividend Period to the date fixed for redemption (without accumulation of unpaid dividends for prior Dividend Periods) without interest.

B. Notice of any redemption specifying the date fixed for said redemption and the place where the amount to be paid upon redemption is payable shall be mailed, postage prepaid, at least 30 days but not more than 60 days prior to said redemption date to the holders of record of the Series 1993A Preferred Stock to be redeemed, at their respective addresses as the same shall appear on the books of NationsBank South. If such notice of redemption shall have been so mailed, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by NationsBank South separate and apart from its other funds, in trust for the account of the holders of the shares so to be

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redeemed so as to be and continue to be available therefor, then, on and after said redemption date, notwithstanding that any certificate for shares of the Series 1993A Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, the right to receive dividends thereon shall cease to accrue, and all rights with respect to such shares of the Series 1993A Preferred Stock so called for redemption shall forthwith cease and terminate, except only the right of the holders thereof to receive out of the funds so set aside in trust the amount payable on redemption thereof, but without interest.

C. If less than all of the outstanding shares of the Series 1993A Preferred Stock are to be redeemed, the particular shares to be redeemed shall be allocated among the respective holders of Series 1993A Preferred Stock pro rata or by lot, as the Board of Directors may determine.

D. Shares of Series 1993A Preferred Stock redeemed or otherwise purchased or acquired by NationsBank South shall not be reissued as shares of Series 1993A Preferred Stock but shall assume the status of authorized but unissued shares of Preferred Stock of NationsBank South, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors.

E. Any redemption of the Series 1993A Preferred Stock shall not be subject to, or conditioned upon, the redemption of any other series of NationsBank South's Preferred Stock, including the Series H Preferred Stock.

#### V. Voting Rights.

A. Except as described in this Section V. and except as required by applicable law, the holders of the Series 1993A Preferred Stock will not be entitled to vote for any purpose.

B. So long as any shares of Series 1993A Preferred Stock are outstanding, NationsBank South will not, without the consent of the holders of a least two-thirds of the outstanding shares of Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which like voting rights have been conferred and are exercisable), create, authorize, issue or increase the authorized or issued amount of any class or series of any equity securities of NationsBank South, or any warrants, options or other rights convertible or exchangeable into any class or series of any equity securities of NationsBank South, ranking

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senior to the Series 1993A Preferred Stock either as to dividend rights or rights upon liquidation, dissolution or winding-up of NationsBank South.

C. The right of the holders of the Series 1993A Preferred Stock to approve an amendment that would adversely change the specific terms of the Series 1993A Preferred Stock shall be as provided by applicable law and the Rules and Regulations of the Office of the Comptroller of the Currency and, unless a greater vote is required by such law or regulations, such approval shall be by a vote of the holders of a majority of the outstanding shares of Series 1993A Preferred Stock; provided, however, that the creation or issuance of Parity Stock or Junior Stock with respect to the payment of dividends or rights upon liquidation, dissolution or winding-up of NationsBank South; or a merger, consolidation, reorganization or other business combination in which NationsBank South is not the surviving entity; or an amendment that increases the number of authorized shares of Preferred Stock or increases the number of authorized shares of a series of Preferred Stock constituting Junior Stock or Parity Stock, shall not be considered to be an adverse change to the terms of the Series 1993A Preferred Stock and shall not require a vote of or the approval of the holders of the Series 1993A Preferred Stock.

D. If NationsBank South shall fail to pay the equivalent of six full quarterly dividends payable on the Series 1993A Preferred Stock, the number of directors of NationsBank South shall be increased by (i) one, if the number of directors immediately prior to such increase totals nine or less, or (ii) two, if the number of directors immediately prior to such increase totals 10 or more, and the holders of the Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which parity voting rights with respect to the repayment of dividends have been conferred and are exercisable), will be entitled to elect such additional director or directors to fill such vacancy or vacancies, as the case may be. The director or directors elected pursuant to this Paragraph V.D. shall be entitled to one vote per director on any matter presented to the Board of Directors of NationsBank South, and otherwise shall be entitled to the same rights and privileges as all other directors of NationsBank South. Such right to elect such additional director or directors shall continue until full dividends have been paid or declared and set apart for payment for four consecutive Dividend Periods.

E. Whenever the voting right described in Paragraph V.D. shall vest, it may be exercised initially either at a special meeting of holders of the Series 1993A Preferred

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Stock (and Parity Stock, if any, with parity voting rights) or at any annual stockholders' meeting, but thereafter it shall be exercised only at annual stockholders' meetings or in accordance with Paragraph V.F. Any director who shall have been elected by the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) pursuant to Paragraph V.D. shall hold office for a term expiring at the earlier of (i) the next annual meeting of stockholders or (ii) the date upon which full dividends on the Series 1993A Preferred Stock shall have been paid, or declared and set apart for payment, for four consecutive Dividend Periods, and during such term such director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the outstanding shares of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) given at a special meeting of such holders called for such purpose, and any vacancy created by such removal may also be filled at such meeting. Upon the termination of the voting right described in Paragraph V.D., the term of office of the director or directors elected pursuant thereto then in office shall, without further action, thereupon terminate unless otherwise required by law. Upon such termination, the number of directors constituting the Board of Directors of NationsBank South shall, without further action, be reduced by one or by two, as the case may be, subject always to the subsequent increase of the number of directors pursuant to Paragraph V.D. in the event of the future right to elect directors as provided therein.

F. Unless otherwise required by law, in the event of any vacancy occurring among the directors elected pursuant to Paragraph V.D., the remaining director, if any, may appoint a successor to hold office for the unexpired term of the director

whose place shall be vacant. If all directors so elected shall cease to serve as directors before their terms shall expire, or if only one director is elected as provided by Paragraph V.D., the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may, at a meeting of such holders duly held, elect a successor or successors to hold office for such unexpired term or terms, as the case may be.

G. Whenever a meeting of the holders of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) is permitted or required to be held pursuant to this Section V., such meeting shall be held at the earliest practicable date and the Secretary of NationsBank South shall call such meeting, providing written notice in accordance with law to all holders of record of shares entitled to vote at such meeting, upon the earlier of the following:

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1. as soon as reasonably practicable following the occurrence of the event or events permitting or requiring such meeting hereunder; or

2. within 20 days following receipt by the Secretary of NationsBank South a written request for such a meeting, signed by the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding.

If such meeting shall not be called by the proper corporate officer within 20 days after the receipt of such request by the Secretary of NationsBank South, or within 25 days after the mailing of the same within the United States of America by registered mail addressed to the Secretary of NationsBank South at its principal executive office, then the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may designate one of their number to call such a meeting at the expense of NationsBank South, and such meeting may be called by such person in the manner and at the place provided in this Section V. Any holder so designated to call such meeting shall have access to the stock books of NationsBank South for the purpose of causing a meeting of such holders to be so called.

H. Any meeting of the holders of all outstanding Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) entitled to vote as a class shall be held at the place at which the last annual meeting of stockholders was held or in an accessible location in either of the counties in which the executive or administrative headquarters of NationsBank South are located. At such meeting, the presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at such meeting shall be required to constitute a quorum; in the absence of a quorum, a majority of the holders present in person or by proxy shall have the power to adjourn the meeting from time to time without notice, other than an announcement at the meeting, until a quorum shall be present.

I. Notwithstanding any provision of this Section V. to the contrary, no special meeting of the holders of shares of Series 1993A Preferred Stock shall be required to be called or held in violation of any law, rule or regulation.

VI. Sinking Fund. No sinking fund shall be provided for the purchase or redemption of shares of the Series 1993A Preferred Stock.

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VII. No Other Rights. The shares of Series 1993A Preferred Stock shall not have any preferences, voting powers or relative, participating, optional or other special rights, including, without limitation, preemptive or conversion rights, except as set forth above and in NationsBank South's Articles of Association or as otherwise required by law.

VIII. Amendments. The Board of Directors reserves the

right to amend these resolutions in accordance with applicable law.



STATEMENT OF DESIGNATION OF  
8.75% SERIES 1993A NONCUMULATIVE PREFERRED STOCK  
OF  
NATIONSBANK, N.A. (SOUTH)

WHEREAS, pursuant to Article 5 of the Articles of Association of NationsBank, N.A. (South) ("NationsBank South"), the Board of Directors of NationsBank South is authorized to divide NationsBank South's authorized Preferred Stock ("Preferred Stock") into series and, within the limitations set forth therein, fix and determine the relative rights and preferences of the shares of any series so established; and

WHEREAS, the Board of Directors desires to (i) establish a series of Preferred Stock, designating such series "8.75% Series 1993A Noncumulative Preferred Stock," (ii) allocate 2,400,000 shares of the authorized Preferred Stock to the 8.75% Series 1993A Noncumulative Preferred Stock, and (iii) fix and determine the relative rights and preferences of the shares of the 8.75% Series 1993A Noncumulative Preferred Stock;

NOW, THEREFORE, BE IT RESOLVED, that 2,400,000 of the 10,000,000 shares of Preferred Stock authorized by the Articles of Association of NationsBank South be, and hereby are, determined to be and shall be of a series designated as 8.75% Series 1993A Noncumulative Preferred Stock (hereinafter referred to as the "Series 1993A Preferred Stock") and that the following is a statement fixing and determining the variations in the relative rights and preferences of the Series 1993A Preferred Stock pursuant to authority vested in the Board of Directors by the [Articles of Association] of NationsBank South:

I. Rank.

A. With respect to dividend rights, the Series 1993A Preferred Stock ranks senior to NationsBank South's Common Stock ("Common Stock") and to NationsBank South's 8.5% Series H Noncumulative Preferred Stock (the "Series H Preferred Stock").

B. With respect to rights upon liquidation, dissolution or winding-up of NationsBank South, the Series 1993A Preferred Stock ranks senior to the Common Stock to the extent of the liquidation preference of the Series 1993A Preferred Stock and ranks on a parity with the Series H Preferred Stock.

C. The Series 1993A Preferred Stock will be subject to the future authorization and issuance of additional series

of Preferred Stock that, as designated by the Board of Directors in its sole discretion, rank junior to ("Junior Stock"), on a parity with ("Parity Stock"), or senior to ("Senior Stock") the Series 1993A Preferred Stock with respect to any one or more of the following: (i) dividend rights; (ii) rights upon liquidation, dissolution or winding up of NationsBank South; (iii) redemption rights; or (iv) any other rights specified by the Board of Directors; provided, however, that NationsBank South may not issue any capital stock that constitutes Senior Stock without the approval of holders of at least two-thirds of the outstanding shares of Series 1993A Preferred Stock in accordance with Section V. hereof.

II. Dividends.

A. The holders of the Series 1993A Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors out of the funds of NationsBank South legally available for the payment of noncumulative cash dividends, payable quarterly in arrears, at the rate of \$2.1875 per share per annum. Declared dividends on the Series 1993A Preferred Stock shall accrue from the date of issuance which is deemed to be December 1, 1995, or the most recent date on which dividends were payable and shall be payable quarterly on the first day of March, June, September and December of each year (each a "Dividend Payment Date"), commencing March 1, 1996; provided,

however, that if any such day is a non-business day, the Dividend Payment Date will be the next business day. Each declared dividend shall be payable to holders of record as they appear at the close of business on the stock books of NationsBank South on such record dates, not more than 30 calendar days and not less than 10 calendar days preceding the Dividend Payment Date therefor, as determined by the Board of Directors (each of such dates a "Record Date"). Quarterly dividend periods (each a "Dividend Period") shall commence on and include the first day of March, June, September and December of each year and shall end on and include the day next preceding the next following Dividend Payment Date.

B. The initial dividend will be determined based upon the number of days from the date of issuance to March 1, 1996. Dividends payable for each full Dividend Period shall be computed by dividing the annual dividend rate by four. Dividends payable for any period other than a full Dividend Period shall be computed on the basis of a 365-day year and the actual number of days elapsed in such period.

C. Holders of the Series 1993A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of the dividends actually

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declared by the Board of Directors. The Series 1993A Preferred Stock shall not participate in dividends with the Common Stock.

D. No full dividends shall be declared and paid or set apart for payment on Preferred Stock of NationsBank South of any series ranking, as to dividends, on a parity with the Series 1993A Preferred Stock during any calendar quarter unless full dividends on the Series 1993A Preferred Stock for the Dividend Period ending during such calendar quarter have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment. When dividends are not so paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series 1993A Preferred Stock and any other Preferred Stock of NationsBank South of any series ranking as to dividends on a parity with the Series 1993A Preferred Stock, dividends upon shares of Series 1993A Preferred Stock and dividends on such other Preferred Stock payable during such calendar quarter shall be declared pro rata so that the amount of such dividends so payable per share on the Series 1993A Preferred Stock and such other Preferred Stock shall in all cases bear to each other the same ratio that full dividends for the then-current calendar quarter on the shares of Series 1993A Preferred Stock (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on shares of such other Preferred Stock, bear to each other.

E. If full dividends on the Series 1993A Preferred Stock have not been declared and paid or set apart for payment for the Dividend Payment Date falling in the then-current Dividend Period, then, with respect to such then-current Dividend Period, the following restrictions shall be applicable: (i) no dividend or distribution (other than in shares of Junior Stock) may be declared, set aside or paid on any shares of stock of any series ranking, as to dividends, junior to the Series 1993A Preferred Stock, (ii) NationsBank South may not repurchase, redeem or otherwise acquire any shares of its Junior Stock (except by conversion into or exchange for Junior Stock) and (iii) NationsBank South may not, directly or indirectly, repurchase, redeem or otherwise acquire (except by conversion into or exchange for Junior Stock) any shares of any class or series of equity securities of NationsBank South ranking on a parity with the Series 1993A Preferred Stock as to dividend rights, otherwise than pursuant to pro rata offers to purchase or a concurrent redemption of all, or a pro rata portion, of the outstanding shares of Series 1993A Preferred Stock and such other Parity Stock.

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F. Except as expressly otherwise limited herein, and

to the extent permitted by applicable law, the Board of Directors: (i) may declare and NationsBank South may pay or set apart for payment dividends on any Junior Stock or Parity Stock, (ii) may make any payment on account of or set apart payment for a sinking fund or other similar fund or agreement for the purchase or other acquisition, redemption, retirement or other requirement of, or with respect to, any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, (iii) may make any distribution with respect to any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock, whether directly or indirectly, and whether in cash, obligations or securities of NationsBank South or other property and (iv) may purchase or otherwise acquire, redeem or retire any Junior Stock or Parity Stock or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stock or Parity Stock; and the holders of the Series 1993A Preferred Stock shall not be entitled to share or participate therein.

### III. Liquidation Preference.

A. In the event of any liquidation, dissolution or winding-up of NationsBank South, voluntary or involuntary, the holders of the Series 1993A Preferred Stock will be entitled to receive out of the assets of NationsBank South available for distribution to its stockholders, before any distribution of assets is made to the holders of the Common Stock or any other shares of capital stock of NationsBank South ranking junior to the Series 1993A Preferred Stock as to such distribution, liquidating distributions in the amount of \$25.00 per share plus dividends declared but unpaid for the then-current Dividend Period (without accumulation of unpaid dividends for prior Dividend Periods) to the date fixed for such liquidation, dissolution or winding-up.

B. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of NationsBank South, the amounts payable with respect to the Series 1993A Preferred Stock and any capital stock ranking on a parity with the Series 1993A Preferred Stock (including the Series H Preferred Stock) as to such distributions are not paid in full, the holders of the Series 1993A Preferred Stock and of such capital stock will share ratably in any such distribution of assets of NationsBank South in proportion to the full respective preferential amounts to which they are entitled (which, in the case of such capital stock, may include accumulated dividends).

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C. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series 1993A Preferred Stock will not be entitled to any further participation in any distribution of assets of NationsBank South. All distributions made with respect to the Series 1993A Preferred Stock in connection with such liquidation, dissolution or winding-up of NationsBank South shall be made pro rata to the holders entitled thereto.

D. Nothing set forth in this Section III. shall be deemed to prevent redemption of the Series 1993A Preferred Stock by NationsBank South in the manner provided in Section IV. hereof. Neither the merger nor consolidation of NationsBank South into or with any other entity or entities, nor the merger or consolidation of any other entity or entities into or with NationsBank South, nor a sale, transfer, lease or exchange (for cash, securities or other consideration) of all or any part of the assets of NationsBank South shall be deemed to be a dissolution, liquidation or winding-up of NationsBank South within the meaning of this Section III., unless such sale, transfer, lease or exchange shall be in connection with and intended to be a plan of complete liquidation, dissolution or winding-up of NationsBank South.

### IV. Redemption.

A. The Series 1993A Preferred Stock is not redeemable prior to June 1, 1998. At any time on or after June 1, 1998, NationsBank South shall have the right, at its option and by action of its Board of Directors, to redeem out of funds of

NationsBank South legally available therefor, in whole at any time or in part from time to time, the Series 1993A Preferred Stock upon payment in cash of \$25.00 per each share of Series 1993A Preferred Stock redeemed, plus declared but unpaid dividends for the then-current Dividend Period to the date fixed for redemption (without accumulation of unpaid dividends for prior Dividend Periods) without interest.

B. Notice of any redemption specifying the date fixed for said redemption and the place where the amount to be paid upon redemption is payable shall be mailed, postage prepaid, at least 30 days but not more than 60 days prior to said redemption date to the holders of record of the Series 1993A Preferred Stock to be redeemed, at their respective addresses as the same shall appear on the books of NationsBank South. If such notice of redemption shall have been so mailed, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside by NationsBank South separate and apart from its other funds, in trust for the account of the holders of the shares so to be

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redeemed so as to be and continue to be available therefor, then, on and after said redemption date, notwithstanding that any certificate for shares of the Series 1993A Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, the right to receive dividends thereon shall cease to accrue, and all rights with respect to such shares of the Series 1993A Preferred Stock so called for redemption shall forthwith cease and terminate, except only the right of the holders thereof to receive out of the funds so set aside in trust the amount payable on redemption thereof, but without interest.

C. If less than all of the outstanding shares of the Series 1993A Preferred Stock are to be redeemed, the particular shares to be redeemed shall be allocated among the respective holders of Series 1993A Preferred Stock pro rata or by lot, as the Board of Directors may determine.

D. Shares of Series 1993A Preferred Stock redeemed or otherwise purchased or acquired by NationsBank South shall not be reissued as shares of Series 1993A Preferred Stock but shall assume the status of authorized but unissued shares of Preferred Stock of NationsBank South, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors.

E. Any redemption of the Series 1993A Preferred Stock shall not be subject to, or conditioned upon, the redemption of any other series of NationsBank South's Preferred Stock, including the Series H Preferred Stock.

#### V. Voting Rights.

A. Except as described in this Section V. and except as required by applicable law, the holders of the Series 1993A Preferred Stock will not be entitled to vote for any purpose.

B. So long as any shares of Series 1993A Preferred Stock are outstanding, NationsBank South will not, without the consent of the holders of a least two-thirds of the outstanding shares of Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which like voting rights have been conferred and are exercisable), create, authorize, issue or increase the authorized or issued amount of any class or series of any equity securities of NationsBank South, or any warrants, options or other rights convertible or exchangeable into any class or series of any equity securities of NationsBank South, ranking

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senior to the Series 1993A Preferred Stock either as to dividend rights or rights upon liquidation, dissolution or winding-up of NationsBank South.

C. The right of the holders of the Series 1993A Preferred Stock to approve an amendment that would adversely change the specific terms of the Series 1993A Preferred Stock shall be as provided by applicable law and the Rules and Regulations of the Office of the Comptroller of the Currency and, unless a greater vote is required by such law or regulations, such approval shall be by a vote of the holders of a majority of the outstanding shares of Series 1993A Preferred Stock; provided, however, that the creation or issuance of Parity Stock or Junior Stock with respect to the payment of dividends or rights upon liquidation, dissolution or winding-up of NationsBank South; or a merger, consolidation, reorganization or other business combination in which NationsBank South is not the surviving entity; or an amendment that increases the number of authorized shares of Preferred Stock or increases the number of authorized shares of a series of Preferred Stock constituting Junior Stock or Parity Stock, shall not be considered to be an adverse change to the terms of the Series 1993A Preferred Stock and shall not require a vote of or the approval of the holders of the Series 1993A Preferred Stock.

D. If NationsBank South shall fail to pay the equivalent of six full quarterly dividends payable on the Series 1993A Preferred Stock, the number of directors of NationsBank South shall be increased by (i) one, if the number of directors immediately prior to such increase totals nine or less, or (ii) two, if the number of directors immediately prior to such increase totals 10 or more, and the holders of the Series 1993A Preferred Stock, voting separately as a class (together with the holders of shares of Parity Stock, if any, upon which parity voting rights with respect to the repayment of dividends have been conferred and are exercisable), will be entitled to elect such additional director or directors to fill such vacancy or vacancies, as the case may be. The director or directors elected pursuant to this Paragraph V.D. shall be entitled to one vote per director on any matter presented to the Board of Directors of NationsBank South, and otherwise shall be entitled to the same rights and privileges as all other directors of NationsBank South. Such right to elect such additional director or directors shall continue until full dividends have been paid or declared and set apart for payment for four consecutive Dividend Periods.

E. Whenever the voting right described in Paragraph V.D. shall vest, it may be exercised initially either at a special meeting of holders of the Series 1993A Preferred

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Stock (and Parity Stock, if any, with parity voting rights) or at any annual stockholders' meeting, but thereafter it shall be exercised only at annual stockholders' meetings or in accordance with Paragraph V.F. Any director who shall have been elected by the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) pursuant to Paragraph V.D. shall hold office for a term expiring at the earlier of (i) the next annual meeting of stockholders or (ii) the date upon which full dividends on the Series 1993A Preferred Stock shall have been paid, or declared and set apart for payment, for four consecutive Dividend Periods, and during such term such director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the outstanding shares of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) given at a special meeting of such holders called for such purpose, and any vacancy created by such removal may also be filled at such meeting. Upon the termination of the voting right described in Paragraph V.D., the term of office of the director or directors elected pursuant thereto then in office shall, without further action, thereupon terminate unless otherwise required by law. Upon such termination, the number of directors constituting the Board of Directors of NationsBank South shall, without further action, be reduced by one or by two, as the case may be, subject always to the subsequent increase of the number of directors pursuant to Paragraph V.D. in the event of the future right to elect directors as provided therein.

F. Unless otherwise required by law, in the event of any vacancy occurring among the directors elected pursuant to Paragraph V.D., the remaining director, if any, may appoint a successor to hold office for the unexpired term of the director

whose place shall be vacant. If all directors so elected shall cease to serve as directors before their terms shall expire, or if only one director is elected as provided by Paragraph V.D., the holders of the Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may, at a meeting of such holders duly held, elect a successor or successors to hold office for such unexpired term or terms, as the case may be.

G. Whenever a meeting of the holders of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) is permitted or required to be held pursuant to this Section V., such meeting shall be held at the earliest practicable date and the Secretary of NationsBank South shall call such meeting, providing written notice in accordance with law to all holders of record of shares entitled to vote at such meeting, upon the earlier of the following:

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1. as soon as reasonably practicable following the occurrence of the event or events permitting or requiring such meeting hereunder; or

2. within 20 days following receipt by the Secretary of NationsBank South a written request for such a meeting, signed by the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding.

If such meeting shall not be called by the proper corporate officer within 20 days after the receipt of such request by the Secretary of NationsBank South, or within 25 days after the mailing of the same within the United States of America by registered mail addressed to the Secretary of NationsBank South at its principal executive office, then the holders of record of at least 20% of the shares of Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) then outstanding may designate one of their number to call such a meeting at the expense of NationsBank South, and such meeting may be called by such person in the manner and at the place provided in this Section V. Any holder so designated to call such meeting shall have access to the stock books of NationsBank South for the purpose of causing a meeting of such holders to be so called.

H. Any meeting of the holders of all outstanding Series 1993A Preferred Stock (and Parity Stock, if any, with parity voting rights) entitled to vote as a class shall be held at the place at which the last annual meeting of stockholders was held or in an accessible location in either of the counties in which the executive or administrative headquarters of NationsBank South are located. At such meeting, the presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at such meeting shall be required to constitute a quorum; in the absence of a quorum, a majority of the holders present in person or by proxy shall have the power to adjourn the meeting from time to time without notice, other than an announcement at the meeting, until a quorum shall be present.

I. Notwithstanding any provision of this Section V. to the contrary, no special meeting of the holders of shares of Series 1993A Preferred Stock shall be required to be called or held in violation of any law, rule or regulation.

VI. Sinking Fund. No sinking fund shall be provided for the purchase or redemption of shares of the Series 1993A Preferred Stock.

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VII. No Other Rights. The shares of Series 1993A Preferred Stock shall not have any preferences, voting powers or relative, participating, optional or other special rights, including, without limitation, preemptive or conversion rights, except as set forth above and in NationsBank South's Articles of Association or as otherwise required by law.

VIII. Amendments. The Board of Directors reserves the

right to amend these resolutions in accordance with applicable law.

SUPPLEMENTAL RETIREMENT AGREEMENT

THIS SUPPLEMENTAL RETIREMENT AGREEMENT (the "Agreement") is made and entered into as of January 31, 1996 by and between NATIONSBANK CORPORATION, a North Carolina corporation ("NationsBank"), and JAMES W. THOMPSON ("Executive").

W I T N E S S E T H:

WHEREAS, as of the date hereof, Executive is retiring from NationsBank; and

WHEREAS, Executive has been employed by NationsBank or its subsidiaries for over thirty-two years and has contributed materially to the success which NationsBank has enjoyed during his period of employment; and

WHEREAS, contemporaneously with the execution of this Agreement NationsBank and Executive are entering into a Noncompetition Agreement pursuant to which Executive has agreed to certain restrictions on his business activities between the date hereof and June 30, 2001; and

WHEREAS, in consideration of Executive's prior service to NationsBank and his entering into the Noncompetition Agreement, NationsBank desires to provide Executive with certain supplemental retirement benefits in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. Enhanced Retirement Benefits. In consideration of Executive's prior services to NationsBank and Executive's compliance with the terms and conditions of the Noncompetition Agreement, NationsBank shall pay to Executive the following enhanced retirement benefits subject to the provisions of paragraph 2 below:

(a) A monthly benefit in the amount of Thirty-Five Thousand Five Hundred Dollars (\$35,500) for the remainder of Executive's life commencing on July 31, 2001 and continuing on the last day of each calendar month thereafter through the last day of the calendar month in which the death of Executive occurs. In addition, upon Executive's death (whether such death occurs before or after July 31, 2001), in the event Executive is survived by Executive's spouse on the date of this Agreement, NationsBank shall pay to Executive's surviving spouse a monthly benefit in the amount of Twenty-Six Thousand Five Hundred Dollars (\$26,500) commencing on the last day of the calendar month following the calendar month in which Executive dies and continuing on the last day of each

subsequent calendar month thereafter through the last day of the calendar month in which such spouse dies.

(b) A monthly benefit in the amount of Six Thousand Three Hundred Dollars (\$6,300) beginning on January 31, 1997 and continuing on the last day of each month thereafter for a period of fifteen (15) years. If Executive dies prior to the end of such fifteen (15) year period, NationsBank shall continue to pay any remaining unpaid monthly installments to the "beneficiary" of Executive designated under the NationsBank Corporation Deferred Compensation Plan for Key Employees.

2. Compliance With Noncompetition Agreement. The payment to Executive and his spouse or other beneficiary of enhanced retirement benefits under this Agreement is conditioned on and subject to Executive's compliance with the Noncompetition Agreement and the covenant set forth in paragraph 3 below. In the event Executive breaches the Noncompetition Agreement or the covenant set forth in paragraph 3 below, Executive and his spouse or other beneficiary shall forfeit and have no right to receive any benefits under this Agreement from and after the date of such breach.

3. Noncompetition Covenant. During the period that Executive is receiving payments under this Agreement, Executive agrees not to engage in any manner, whether as an officer, employee, owner, partner, stockholder, director, consultant or otherwise -- directly or indirectly -- in any business which is (i) a bank holding company, (ii) an operating commercial bank or (iii) a member of a group of trades or businesses under common control that includes a bank holding company or an operating commercial bank, all as determined by NationsBank in its reasonable discretion; provided, however, that Executive may (A) acquire an interest in a business entity so long as such interest is a passive investment of Executive not exceeding five percent (5%) of the total



ownership interest in such entity or (B) engage in any other activities as approved in writing in advance by NationsBank. Executive agrees that he will refrain from (x) authorizing any Affiliate to perform or (y) assisting in any manner any Affiliate in performing any activities that would be prohibited by the terms of this paragraph 3 if they were performed by Executive. For purposes of this paragraph, "Affiliate" means (i) any entity directly or indirectly controlling (including without limitation an entity for which Executive serves as an officer, director, employee, consultant or other agent), controlled by, or under common control with Executive, and (ii) each other entity in which Executive, directly or indirectly, owns any controlling interest or of which Executive serves as a general partner.

4. Withholding. Any payments to Executive hereunder shall be less any applicable payroll or withholding taxes.

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5. Miscellaneous Provisions.

(a) Binding Effect. Subject to any provisions hereof restricting assignment, all covenants and agreements in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors, assigns, heirs, and personal representatives. None of the parties hereto may assign any of its rights under this Agreement or attempt to have any other person or entity assume any of its obligations hereunder.

(b) Severability. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

(c) Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto shall be governed by and construed in accordance with the laws of the State of North Carolina, not including the choice-of-law rules thereof.

(d) Amendment; Waiver. Except as otherwise expressly provided in this Agreement, no amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the parties hereto. Any waiver by any party or consent by any party to any variation from any provision of this Agreement shall be valid only if in writing and only in the specific instance in which it is given, and such waiver or consent shall not be construed as a waiver of any other provision or as a consent with respect to any similar instance or circumstance.

(e) Headings. Paragraph and subparagraph headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

(f) Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or entity may require.

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(g) Execution in Counterparts. This Agreement may be executed in two or more counterparts, none of which need contain the signatures of all parties hereto and each of which shall be deemed an original.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement, or caused this Agreement to be duly executed on its behalf, as of the date first set forth above.

NATIONSBANK CORPORATION

By: /s/ C. J. Cooley  
Name: C. J. Cooley  
Title: Executive Vice Pres.

"NationsBank"

/s/ James W. Thompson  
James W. Thompson

[SEAL]

"Executive"

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THIS SUPPLEMENTAL RETIREMENT AGREEMENT (the "Agreement") is made and entered into as of January 31, 1996 by and between NATIONSBANK CORPORATION, a North Carolina corporation ("NationsBank"), and JAMES W. THOMPSON ("Executive").

W I T N E S S E T H:

WHEREAS, as of the date hereof, Executive is retiring from NationsBank; and

WHEREAS, Executive has been employed by NationsBank or its subsidiaries for over thirty-two years and has contributed materially to the success which NationsBank has enjoyed during his period of employment; and

WHEREAS, contemporaneously with the execution of this Agreement NationsBank and Executive are entering into a Noncompetition Agreement pursuant to which Executive has agreed to certain restrictions on his business activities between the date hereof and June 30, 2001; and

WHEREAS, in consideration of Executive's prior service to NationsBank and his entering into the Noncompetition Agreement, NationsBank desires to provide Executive with certain supplemental retirement benefits in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. Enhanced Retirement Benefits. In consideration of Executive's prior services to NationsBank and Executive's compliance with the terms and conditions of the Noncompetition Agreement, NationsBank shall pay to Executive the following enhanced retirement benefits subject to the provisions of paragraph 2 below:

(a) A monthly benefit in the amount of Thirty-Five Thousand Five Hundred Dollars (\$35,500) for the remainder of Executive's life commencing on July 31, 2001 and continuing on the last day of each calendar month thereafter through the last day of the calendar month in which the death of Executive occurs. In addition, upon Executive's death (whether such death occurs before or after July 31, 2001), in the event Executive is survived by Executive's spouse on the date of this Agreement, NationsBank shall pay to Executive's surviving spouse a monthly benefit in the amount of Twenty-Six Thousand Five Hundred Dollars (\$26,500) commencing on the last day of the calendar month following the calendar month in which Executive dies and continuing on the last day of each

subsequent calendar month thereafter through the last day of the calendar month in which such spouse dies.

(b) A monthly benefit in the amount of Six Thousand Three Hundred Dollars (\$6,300) beginning on January 31, 1997 and continuing on the last day of each month thereafter for a period of fifteen (15) years. If Executive dies prior to the end of such fifteen (15) year period, NationsBank shall continue to pay any remaining unpaid monthly installments to the "beneficiary" of Executive designated under the NationsBank Corporation Deferred Compensation Plan for Key Employees.

2. Compliance With Noncompetition Agreement. The payment to Executive and his spouse or other beneficiary of enhanced retirement benefits under this Agreement is conditioned on and subject to Executive's compliance with the Noncompetition Agreement and the covenant set forth in paragraph 3 below. In the event Executive breaches the Noncompetition Agreement or the covenant set forth in paragraph 3 below, Executive and his spouse or other beneficiary shall forfeit and have no right to receive any benefits under this Agreement from and after the date of such breach.

3. Noncompetition Covenant. During the period that Executive is receiving payments under this Agreement, Executive agrees not to engage in any manner, whether as an officer, employee, owner, partner, stockholder, director, consultant or otherwise -- directly or indirectly -- in any business which is (i) a bank holding company, (ii) an operating commercial bank or (iii) a member of a group of trades or businesses under common control that includes a bank holding company or an operating commercial bank, all as determined by NationsBank in its reasonable discretion; provided, however, that Executive may (A) acquire an interest in a business entity so long as such interest is a passive investment of Executive not exceeding five percent (5%) of the total

ownership interest in such entity or (B) engage in any other activities as approved in writing in advance by NationsBank. Executive agrees that he will refrain from (x) authorizing any Affiliate to perform or (y) assisting in any manner any Affiliate in performing any activities that would be prohibited by the terms of this paragraph 3 if they were performed by Executive. For purposes of this paragraph, "Affiliate" means (i) any entity directly or indirectly controlling (including without limitation an entity for which Executive serves as an officer, director, employee, consultant or other agent), controlled by, or under common control with Executive, and (ii) each other entity in which Executive, directly or indirectly, owns any controlling interest or of which Executive serves as a general partner.

4. Withholding. Any payments to Executive hereunder shall be less any applicable payroll or withholding taxes.

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(b) Severability. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

(c) Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto shall be governed by and construed in accordance with the laws of the State of North Carolina, not including the choice-of-law rules thereof.

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(e) Headings. Paragraph and subparagraph headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

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NATIONSBANK CORPORATION

By: /s/ C. J. Cooley  
Name: C. J. Cooley  
Title: Executive Vice Pres.

"NationsBank"

/s/ James W. Thompson  
James W. Thompson

[SEAL]

"Executive"

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W I T N E S S E T H:

WHEREAS, as of the date hereof, Executive is retiring from NationsBank; and

WHEREAS, Executive has been employed by NationsBank or its subsidiaries for over thirty-two years and has contributed materially to the success which NationsBank has enjoyed during his period of employment; and

WHEREAS, contemporaneously with the execution of this Agreement NationsBank and Executive are entering into a Noncompetition Agreement pursuant to which Executive has agreed to certain restrictions on his business activities between the date hereof and June 30, 2001; and

WHEREAS, in consideration of Executive's prior service to NationsBank and his entering into the Noncompetition Agreement, NationsBank desires to provide Executive with certain supplemental retirement benefits in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

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(a) A monthly benefit in the amount of Thirty-Five Thousand Five Hundred Dollars (\$35,500) for the remainder of Executive's life commencing on July 31, 2001 and continuing on the last day of each calendar month thereafter through the last day of the calendar month in which the death of Executive occurs. In addition, upon Executive's death (whether such death occurs before or after July 31, 2001), in the event Executive is survived by Executive's spouse on the date of this Agreement, NationsBank shall pay to Executive's surviving spouse a monthly benefit in the amount of Twenty-Six Thousand Five Hundred Dollars (\$26,500) commencing on the last day of the calendar month following the calendar month in which Executive dies and continuing on the last day of each

subsequent calendar month thereafter through the last day of the calendar month in which such spouse dies.

(b) A monthly benefit in the amount of Six Thousand Three Hundred Dollars (\$6,300) beginning on January 31, 1997 and continuing on the last day of each month thereafter for a period of fifteen (15) years. If Executive dies prior to the end of such fifteen (15) year period, NationsBank shall continue to pay any remaining unpaid monthly installments to the "beneficiary" of Executive designated under the NationsBank Corporation Deferred Compensation Plan for Key Employees.

2. Compliance With Noncompetition Agreement. The payment to Executive and his spouse or other beneficiary of enhanced retirement benefits under this Agreement is conditioned on and subject to Executive's compliance with the Noncompetition Agreement and the covenant set forth in paragraph 3 below. In the event Executive breaches the Noncompetition Agreement or the covenant set forth in paragraph 3 below, Executive and his spouse or other beneficiary shall forfeit and have no right to receive any benefits under this Agreement from and after the date of such breach.

3. Noncompetition Covenant. During the period that Executive is receiving payments under this Agreement, Executive agrees not to engage in any manner, whether as an officer, employee, owner, partner, stockholder, director, consultant or otherwise -- directly or indirectly -- in any business which is (i) a bank holding company, (ii) an operating commercial bank or (iii) a member of a group of trades or businesses under common control that includes a bank holding company or an operating commercial bank, all as determined by NationsBank in its reasonable discretion; provided, however, that Executive may (A) acquire an interest in a business entity so long as such interest is a passive investment of Executive not exceeding five percent (5%) of the total

ownership interest in such entity or (B) engage in any other activities as approved in writing in advance by NationsBank. Executive agrees that he will refrain from (x) authorizing any Affiliate to perform or (y) assisting in any manner any Affiliate in performing any activities that would be prohibited by the terms of this paragraph 3 if they were performed by Executive. For purposes of this paragraph, "Affiliate" means (i) any entity directly or indirectly controlling (including without limitation an entity for which Executive serves as an officer, director, employee, consultant or other agent), controlled by, or under common control with Executive, and (ii) each other entity in which Executive, directly or indirectly, owns any controlling interest or of which Executive serves as a general partner.

4. Withholding. Any payments to Executive hereunder shall be less any applicable payroll or withholding taxes.

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5. Miscellaneous Provisions.

(a) Binding Effect. Subject to any provisions hereof restricting assignment, all covenants and agreements in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors, assigns, heirs, and personal representatives. None of the parties hereto may assign any of its rights under this Agreement or attempt to have any other person or entity assume any of its obligations hereunder.

(b) Severability. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

(c) Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto shall be governed by and construed in accordance with the laws of the State of North Carolina, not including the choice-of-law rules thereof.

(d) Amendment; Waiver. Except as otherwise expressly provided in this Agreement, no amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the parties hereto. Any waiver by any party or consent by any party to any variation from any provision of this Agreement shall be valid only if in writing and only in the specific instance in which it is given, and such waiver or consent shall not be construed as a waiver of any other provision or as a consent with respect to any similar instance or circumstance.

(e) Headings. Paragraph and subparagraph headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

(f) Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or entity may require.

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement, or caused this Agreement to be duly executed on its behalf, as of the date first set forth above.

NATIONSBANK CORPORATION

By: /s/ C. J. Cooley  
Name: C. J. Cooley  
Title: Executive Vice Pres.

"NationsBank"

/s/ James W. Thompson  
James W. Thompson

[SEAL]

"Executive"



SUPPLEMENTAL RETIREMENT AGREEMENT

THIS SUPPLEMENTAL RETIREMENT AGREEMENT (the "Agreement") is made and entered into as of January 31, 1996 by and between NATIONSBANK CORPORATION, a North Carolina corporation ("NationsBank"), and JAMES W. THOMPSON ("Executive").

W I T N E S S E T H:

WHEREAS, as of the date hereof, Executive is retiring from NationsBank; and

WHEREAS, Executive has been employed by NationsBank or its subsidiaries for over thirty-two years and has contributed materially to the success which NationsBank has enjoyed during his period of employment; and

WHEREAS, contemporaneously with the execution of this Agreement NationsBank and Executive are entering into a Noncompetition Agreement pursuant to which Executive has agreed to certain restrictions on his business activities between the date hereof and June 30, 2001; and

WHEREAS, in consideration of Executive's prior service to NationsBank and his entering into the Noncompetition Agreement, NationsBank desires to provide Executive with certain supplemental retirement benefits in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. Enhanced Retirement Benefits. In consideration of Executive's prior services to NationsBank and Executive's compliance with the terms and conditions of the Noncompetition Agreement, NationsBank shall pay to Executive the following enhanced retirement benefits subject to the provisions of paragraph 2 below:

(a) A monthly benefit in the amount of Thirty-Five Thousand Five Hundred Dollars (\$35,500) for the remainder of Executive's life commencing on July 31, 2001 and continuing on the last day of each calendar month thereafter through the last day of the calendar month in which the death of Executive occurs. In addition, upon Executive's death (whether such death occurs before or after July 31, 2001), in the event Executive is survived by Executive's spouse on the date of this Agreement, NationsBank shall pay to Executive's surviving spouse a monthly benefit in the amount of Twenty-Six Thousand Five Hundred Dollars (\$26,500) commencing on the last day of the calendar month following the calendar month in which Executive dies and continuing on the last day of each

subsequent calendar month thereafter through the last day of the calendar month in which such spouse dies.

(b) A monthly benefit in the amount of Six Thousand Three Hundred Dollars (\$6,300) beginning on January 31, 1997 and continuing on the last day of each month thereafter for a period of fifteen (15) years. If Executive dies prior to the end of such fifteen (15) year period, NationsBank shall continue to pay any remaining unpaid monthly installments to the "beneficiary" of Executive designated under the NationsBank Corporation Deferred Compensation Plan for Key Employees.

2. Compliance With Noncompetition Agreement. The payment to Executive and his spouse or other beneficiary of enhanced retirement benefits under this Agreement is conditioned on and subject to Executive's compliance with the Noncompetition Agreement and the covenant set forth in paragraph 3 below. In the event Executive breaches the Noncompetition Agreement or the covenant set forth in paragraph 3 below, Executive and his spouse or other beneficiary shall forfeit and have no right to receive any benefits under this Agreement from and after the date of such breach.

3. Noncompetition Covenant. During the period that Executive is receiving payments under this Agreement, Executive agrees not to engage in any manner, whether as an officer, employee, owner, partner, stockholder, director, consultant or otherwise -- directly or indirectly -- in any business which is (i) a bank holding company, (ii) an operating commercial bank or (iii) a member of a group of trades or businesses under common control that includes a bank holding company or an operating commercial bank, all as determined by NationsBank in its reasonable discretion; provided, however, that Executive may (A) acquire an interest in a business entity so long as such interest is a passive investment of Executive not exceeding five percent (5%) of the total

ownership interest in such entity or (B) engage in any other activities as approved in writing in advance by NationsBank. Executive agrees that he will refrain from (x) authorizing any Affiliate to perform or (y) assisting in any manner any Affiliate in performing any activities that would be prohibited by the terms of this paragraph 3 if they were performed by Executive. For purposes of this paragraph, "Affiliate" means (i) any entity directly or indirectly controlling (including without limitation an entity for which Executive serves as an officer, director, employee, consultant or other agent), controlled by, or under common control with Executive, and (ii) each other entity in which Executive, directly or indirectly, owns any controlling interest or of which Executive serves as a general partner.

4. Withholding. Any payments to Executive hereunder shall be less any applicable payroll or withholding taxes.

2

5. Miscellaneous Provisions.

(a) Binding Effect. Subject to any provisions hereof restricting assignment, all covenants and agreements in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors, assigns, heirs, and personal representatives. None of the parties hereto may assign any of its rights under this Agreement or attempt to have any other person or entity assume any of its obligations hereunder.

(b) Severability. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

(c) Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto shall be governed by and construed in accordance with the laws of the State of North Carolina, not including the choice-of-law rules thereof.

(d) Amendment; Waiver. Except as otherwise expressly provided in this Agreement, no amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the parties hereto. Any waiver by any party or consent by any party to any variation from any provision of this Agreement shall be valid only if in writing and only in the specific instance in which it is given, and such waiver or consent shall not be construed as a waiver of any other provision or as a consent with respect to any similar instance or circumstance.

(e) Headings. Paragraph and subparagraph headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

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(g) Execution in Counterparts. This Agreement may be executed in two or more counterparts, none of which need contain the signatures of all parties hereto and each of which shall be deemed an original.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement, or caused this Agreement to be duly executed on its behalf, as of the date first set forth above.

NATIONSBANK CORPORATION

By: /s/ C. J. Cooley  
Name: C. J. Cooley  
Title: Executive Vice Pres.

"NationsBank"

/s/ James W. Thompson  
James W. Thompson

[SEAL]

"Executive"

SUPPLEMENTAL RETIREMENT AGREEMENT

THIS SUPPLEMENTAL RETIREMENT AGREEMENT (the "Agreement") is made and entered into as of January 31, 1996 by and between NATIONSBANK CORPORATION, a North Carolina corporation ("NationsBank"), and JAMES W. THOMPSON ("Executive").

W I T N E S S E T H:

WHEREAS, as of the date hereof, Executive is retiring from NationsBank; and

WHEREAS, Executive has been employed by NationsBank or its subsidiaries for over thirty-two years and has contributed materially to the success which NationsBank has enjoyed during his period of employment; and

WHEREAS, contemporaneously with the execution of this Agreement NationsBank and Executive are entering into a Noncompetition Agreement pursuant to which Executive has agreed to certain restrictions on his business activities between the date hereof and June 30, 2001; and

WHEREAS, in consideration of Executive's prior service to NationsBank and his entering into the Noncompetition Agreement, NationsBank desires to provide Executive with certain supplemental retirement benefits in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. Enhanced Retirement Benefits. In consideration of Executive's prior services to NationsBank and Executive's compliance with the terms and conditions of the Noncompetition Agreement, NationsBank shall pay to Executive the following enhanced retirement benefits subject to the provisions of paragraph 2 below:

(a) A monthly benefit in the amount of Thirty-Five Thousand Five Hundred Dollars (\$35,500) for the remainder of Executive's life commencing on July 31, 2001 and continuing on the last day of each calendar month thereafter through the last day of the calendar month in which the death of Executive occurs. In addition, upon Executive's death (whether such death occurs before or after July 31, 2001), in the event Executive is survived by Executive's spouse on the date of this Agreement, NationsBank shall pay to Executive's surviving spouse a monthly benefit in the amount of Twenty-Six Thousand Five Hundred Dollars (\$26,500) commencing on the last day of the calendar month following the calendar month in which Executive dies and continuing on the last day of each

subsequent calendar month thereafter through the last day of the calendar month in which such spouse dies.

(b) A monthly benefit in the amount of Six Thousand Three Hundred Dollars (\$6,300) beginning on January 31, 1997 and continuing on the last day of each month thereafter for a period of fifteen (15) years. If Executive dies prior to the end of such fifteen (15) year period, NationsBank shall continue to pay any remaining unpaid monthly installments to the "beneficiary" of Executive designated under the NationsBank Corporation Deferred Compensation Plan for Key Employees.

2. Compliance With Noncompetition Agreement. The payment to Executive and his spouse or other beneficiary of enhanced retirement benefits under this Agreement is conditioned on and subject to Executive's compliance with the Noncompetition Agreement and the covenant set forth in paragraph 3 below. In the event Executive breaches the Noncompetition Agreement or the covenant set forth in paragraph 3 below, Executive and his spouse or other beneficiary shall forfeit and have no right to receive any benefits under this Agreement from and after the date of such breach.

3. Noncompetition Covenant. During the period that Executive is receiving payments under this Agreement, Executive agrees not to engage in any manner, whether as an officer, employee, owner, partner, stockholder, director, consultant or otherwise -- directly or indirectly -- in any business which is (i) a bank holding company, (ii) an operating commercial bank or (iii) a member of a group of trades or businesses under common control that includes a bank holding company or an operating commercial bank, all as determined by NationsBank in its reasonable discretion; provided, however, that Executive may (A) acquire an interest in a business entity so long as such interest is a passive investment of Executive not exceeding five percent (5%) of the total

ownership interest in such entity or (B) engage in any other activities as approved in writing in advance by NationsBank. Executive agrees that he will refrain from (x) authorizing any Affiliate to perform or (y) assisting in any manner any Affiliate in performing any activities that would be prohibited by the terms of this paragraph 3 if they were performed by Executive. For purposes of this paragraph, "Affiliate" means (i) any entity directly or indirectly controlling (including without limitation an entity for which Executive serves as an officer, director, employee, consultant or other agent), controlled by, or under common control with Executive, and (ii) each other entity in which Executive, directly or indirectly, owns any controlling interest or of which Executive serves as a general partner.

4. Withholding. Any payments to Executive hereunder shall be less any applicable payroll or withholding taxes.

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5. Miscellaneous Provisions.

(a) Binding Effect. Subject to any provisions hereof restricting assignment, all covenants and agreements in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors, assigns, heirs, and personal representatives. None of the parties hereto may assign any of its rights under this Agreement or attempt to have any other person or entity assume any of its obligations hereunder.

(b) Severability. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

(c) Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto shall be governed by and construed in accordance with the laws of the State of North Carolina, not including the choice-of-law rules thereof.

(d) Amendment; Waiver. Except as otherwise expressly provided in this Agreement, no amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the parties hereto. Any waiver by any party or consent by any party to any variation from any provision of this Agreement shall be valid only if in writing and only in the specific instance in which it is given, and such waiver or consent shall not be construed as a waiver of any other provision or as a consent with respect to any similar instance or circumstance.

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NATIONSBANK CORPORATION

By: /s/ C. J. Cooley  
Name: C. J. Cooley  
Title: Executive Vice Pres.

"NationsBank"

/s/ James W. Thompson  
James W. Thompson

[SEAL]

"Executive"

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THIS SUPPLEMENTAL RETIREMENT AGREEMENT (the "Agreement") is made and entered into as of January 31, 1996 by and between NATIONSBANK CORPORATION, a North Carolina corporation ("NationsBank"), and JAMES W. THOMPSON ("Executive").

W I T N E S S E T H:

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WHEREAS, Executive has been employed by NationsBank or its subsidiaries for over thirty-two years and has contributed materially to the success which NationsBank has enjoyed during his period of employment; and

WHEREAS, contemporaneously with the execution of this Agreement NationsBank and Executive are entering into a Noncompetition Agreement pursuant to which Executive has agreed to certain restrictions on his business activities between the date hereof and June 30, 2001; and

WHEREAS, in consideration of Executive's prior service to NationsBank and his entering into the Noncompetition Agreement, NationsBank desires to provide Executive with certain supplemental retirement benefits in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. Enhanced Retirement Benefits. In consideration of Executive's prior services to NationsBank and Executive's compliance with the terms and conditions of the Noncompetition Agreement, NationsBank shall pay to Executive the following enhanced retirement benefits subject to the provisions of paragraph 2 below:

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NATIONSBANK CORPORATION

By: /s/ C. J. Cooley  
Name: C. J. Cooley  
Title: Executive Vice Pres.



"NationsBank"

/s/ James W. Thompson  
James W. Thompson

[SEAL]

"Executive"

Exhibit 11

Fully Diluted Earnings Per Common Share and Fully Diluted Average Common Shares Outstanding

For fully diluted earnings per common share, net income available to common shareholders can be affected by the conversion of the registrant's convertible preferred stock. Where the effect of this conversion would have been dilutive, net income available to common shareholders is adjusted by the associated preferred dividends and any resulting tax effect, if applicable. This adjusted net income is divided by the weighted average number of common shares outstanding for each period plus amounts representing the dilutive effect of stock options outstanding and the dilution resulting from the conversion of the registrant's convertible preferred stock, if applicable. The effect of convertible preferred stock is excluded from the computation of fully diluted earnings per common share in periods in which the effect would be antidilutive.

Fully diluted earnings per common share was determined as follows (shares in thousands, dollars in millions except per-share information):

<TABLE>  
<CAPTION>

|  | Year Ended December 31 |          |          |
|--|------------------------|----------|----------|
|  | 1995                   | 1994     | 1993     |
| <S>  | <C>                    | <C>      | <C>      |
| Average common shares outstanding.....                         | 272,480                | 274,656  | 257,969  |
| Dilutive effect of   |                        |          |          |
| Convertible preferred stock.....                               | 2,291                  | 2,513    | 2,453    |
| Stock options.....   | 2,363                  | 1,404    | 2,031    |
| Total fully dilutive shares.....                               | 277,134                | 278,573  | 262,453  |
| Income available to common shareholders before effect          |                        |          |          |
| of change in method of accounting for income taxes.....        | \$ 1,942               | \$ 1,680 | \$ 1,291 |
| Preferred dividends paid on dilutive convertible               |                        |          |          |
| preferred stock.....   | 8                      | 10       | 10       |
| Income available to common shareholders adjusted for           |                        |          |          |
| full dilution and before effect of change in method            |                        |          |          |
| of accounting for income taxes.....                            | 1,950                  | 1,690    | 1,301    |
| Effect of change in method of accounting for income taxes..... | -                      | -        | 200      |
| Total net income available for common shareholders             |                        |          |          |
| adjusted for full dilution.....                                | \$ 1,950               | \$ 1,690 | \$ 1,501 |
| Fully diluted earnings per common share before effect          |                        |          |          |
| of change in method of accounting for income taxes.....        | \$ 7.04                | \$ 6.06  | \$ 4.95  |
| Fully diluted earnings per common share.....                   | \$ 7.04                | \$ 6.06  | \$ 5.72  |

</TABLE>

Exhibit 12(b)

NationsBank Corporation and Subsidiaries  
 Ratio of Earnings to Fixed Charges and Preferred Dividends  
 (Dollars in Millions)

<TABLE>  
 <CAPTION>

|  | Year Ended December 31 |          |          |          |      |
|--|------------------------|----------|----------|----------|------|
|  | 1995                   | 1994     | 1993     | 1992     | 1991 |
|  | <C>                    | <C>      | <C>      | <C>      |      |
| Excluding Interest on Deposits   |                        |          |          |          |      |
| Income before taxes .....  | \$ 2,991               | \$ 2,555 | \$ 1,991 | \$ 1,396 | \$   |
| 109  |                        |          |          |          |      |
| Equity in undistributed earnings<br>of unconsolidated subsidiaries ..... | (7)                    | (3)      | (5)      | (1)      |      |
| (1)  |                        |          |          |          |      |
| Fixed charges:   |                        |          |          |          |      |
| Interest expense (including<br>capitalized interest) .....               | 4,480                  | 2,896    | 1,421    | 916      |      |
| 1,291  |                        |          |          |          |      |
| Amortization of debt discount and<br>appropriate issuance costs .....    | 12                     | 8        | 6        | 3        |      |
| 2  |                        |          |          |          |      |
| 1/3 of net rent expense .....  | 125                    | 114      | 96       | 91       |      |
| 82   |                        |          |          |          |      |
| Total fixed charges .....  | 4,617                  | 3,018    | 1,523    | 1,010    |      |
| 1,375  |                        |          |          |          |      |
| Preferred dividend requirements .....                                    | 13                     | 15       | 16       | 29       |      |
| 31   |                        |          |          |          |      |
| Earnings (excluding capitalized interest) .....                          | \$ 7,601               | \$ 5,570 | \$ 3,509 | \$ 2,398 | \$   |
| 1,471  |                        |          |          |          |      |
| Fixed charges .....  | \$ 4,630               | \$ 3,033 | \$ 1,539 | \$ 1,039 | \$   |
| 1,406  |                        |          |          |          |      |
| Ratio of Earnings to Fixed Charges .....                                 | 1.64                   | 1.84     | 2.28     | 2.31     |      |
| 1.05   |                        |          |          |          |      |
| Including Interest on Deposits   |                        |          |          |          |      |
| Income before taxes .....  | \$ 2,991               | \$ 2,555 | \$ 1,991 | \$ 1,396 | \$   |
| 109  |                        |          |          |          |      |
| Equity in undistributed earnings<br>of unconsolidated subsidiaries ..... | (7)                    | (3)      | (5)      | (1)      |      |
| (1)  |                        |          |          |          |      |
| Fixed charges:   |                        |          |          |          |      |
| Interest expense (including<br>capitalized interest) .....               | 7,761                  | 5,310    | 3,570    | 3,688    |      |
| 5,611  |                        |          |          |          |      |
| Amortization of debt discount and<br>appropriate issuance costs .....    | 12                     | 8        | 6        | 3        |      |
| 2  |                        |          |          |          |      |
| 1/3 of net rent expense .....  | 125                    | 114      | 96       | 91       |      |
| 82   |                        |          |          |          |      |
| Total fixed charges .....  | 7,898                  | 5,432    | 3,672    | 3,782    |      |
| 5,695  |                        |          |          |          |      |
| Preferred dividend requirements .....                                    | 13                     | 15       | 16       | 29       |      |
| 31   |                        |          |          |          |      |
| Earnings (excluding capitalized interest) .....                          | \$ 10,882              | \$ 7,984 | \$ 5,658 | \$ 5,170 | \$   |
| 5,791  |                        |          |          |          |      |
| Fixed charges .....  | \$ 7,911               | \$ 5,447 | \$ 3,688 | \$ 3,811 | \$   |
| 5,726  |                        |          |          |          |      |
| Ratio of Earnings to Fixed Charges .....                                 | 1.38                   | 1.47     | 1.53     | 1.36     |      |
| 1.01   |                        |          |          |          |      |

</TABLE>

Exhibit 12(b)

NationsBank Corporation and Subsidiaries  
 Ratio of Earnings to Fixed Charges and Preferred Dividends  
 (Dollars in Millions)

<TABLE>  
 <CAPTION>

|  | Year Ended December 31 |          |          |          |      |
|--|------------------------|----------|----------|----------|------|
|  | 1995                   | 1994     | 1993     | 1992     | 1991 |
| <S>  | <C>                    | <C>      | <C>      | <C>      |      |
| <C>  |                        |          |          |          |      |
| Excluding Interest on Deposits   |                        |          |          |          |      |
| Income before taxes .....  | \$ 2,991               | \$ 2,555 | \$ 1,991 | \$ 1,396 | \$   |
| 109  |                        |          |          |          |      |
| Equity in undistributed earnings<br>of unconsolidated subsidiaries ..... | (7)                    | (3)      | (5)      | (1)      |      |
| (1)  |                        |          |          |          |      |
| Fixed charges:   |                        |          |          |          |      |
| Interest expense (including<br>capitalized interest) .....               | 4,480                  | 2,896    | 1,421    | 916      |      |
| 1,291  |                        |          |          |          |      |
| Amortization of debt discount and<br>appropriate issuance costs .....    | 12                     | 8        | 6        | 3        |      |
| 2  |                        |          |          |          |      |
| 1/3 of net rent expense .....  | 125                    | 114      | 96       | 91       |      |
| 82   |                        |          |          |          |      |
| Total fixed charges .....  | 4,617                  | 3,018    | 1,523    | 1,010    |      |
| 1,375  |                        |          |          |          |      |
| Preferred dividend requirements .....                                    | 13                     | 15       | 16       | 29       |      |
| 31   |                        |          |          |          |      |
| Earnings (excluding capitalized interest) .....                          | \$ 7,601               | \$ 5,570 | \$ 3,509 | \$ 2,398 | \$   |
| 1,471  |                        |          |          |          |      |
| Fixed charges .....  | \$ 4,630               | \$ 3,033 | \$ 1,539 | \$ 1,039 | \$   |
| 1,406  |                        |          |          |          |      |
| Ratio of Earnings to Fixed Charges .....                                 | 1.64                   | 1.84     | 2.28     | 2.31     |      |
| 1.05   |                        |          |          |          |      |
| Including Interest on Deposits   |                        |          |          |          |      |
| Income before taxes .....  | \$ 2,991               | \$ 2,555 | \$ 1,991 | \$ 1,396 | \$   |
| 109  |                        |          |          |          |      |
| Equity in undistributed earnings<br>of unconsolidated subsidiaries ..... | (7)                    | (3)      | (5)      | (1)      |      |
| (1)  |                        |          |          |          |      |
| Fixed charges:   |                        |          |          |          |      |
| Interest expense (including<br>capitalized interest) .....               | 7,761                  | 5,310    | 3,570    | 3,688    |      |
| 5,611  |                        |          |          |          |      |
| Amortization of debt discount and<br>appropriate issuance costs .....    | 12                     | 8        | 6        | 3        |      |
| 2  |                        |          |          |          |      |
| 1/3 of net rent expense .....  | 125                    | 114      | 96       | 91       |      |
| 82   |                        |          |          |          |      |
| Total fixed charges .....  | 7,898                  | 5,432    | 3,672    | 3,782    |      |
| 5,695  |                        |          |          |          |      |
| Preferred dividend requirements .....                                    | 13                     | 15       | 16       | 29       |      |
| 31   |                        |          |          |          |      |
| Earnings (excluding capitalized interest) .....                          | \$ 10,882              | \$ 7,984 | \$ 5,658 | \$ 5,170 | \$   |
| 5,791  |                        |          |          |          |      |
| Fixed charges .....  | \$ 7,911               | \$ 5,447 | \$ 3,688 | \$ 3,811 | \$   |
| 5,726  |                        |          |          |          |      |
| Ratio of Earnings to Fixed Charges .....                                 | 1.38                   | 1.47     | 1.53     | 1.36     |      |
| 1.01   |                        |          |          |          |      |

</TABLE>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1995 COMPARED TO 1994 OVERVIEW

NationsBank Corporation (NationsBank or the Corporation), a multi-bank holding company headquartered in Charlotte, North Carolina, provides financial products and services both domestically and internationally. On December 31, 1995, NationsBank had \$187 billion in assets, making it the third-largest banking company in the United States.

The Corporation provides a diversified range of banking and certain nonbanking financial services. Business activities are managed through three major Business Units: the GENERAL BANK, GLOBAL FINANCE and FINANCIAL SERVICES.

The power and breadth of the Corporation's franchise, the diversity of its fee-generating activities and continued emphasis on expense control were demonstrated through a 15-percent increase in net income in 1995 over 1994. The Corporation earned \$1.95 billion in 1995 compared to \$1.69 billion in 1994. Earnings per common share for 1995 increased 17 percent to \$7.13 from \$6.12 for 1994.

Key performance highlights for 1995 were:

- [ ] Return on average common shareholders' equity rose to 17.01 percent from 16.10 percent in 1994.
- [ ] Fifteen-percent growth in average loans led to an increase in taxable-equivalent net interest income to \$5.6 billion in 1995.
- [ ] Provision for credit losses totaled \$382 million in 1995 compared to \$310 million in 1994. Net charge-offs remained at historical lows in 1995, totaling \$421 million, or .38 percent, versus .33 percent in 1994. Nonperforming assets declined 25 percent to \$853 million on December 31, 1995 from \$1.1 billion on December 31, 1994.
- [ ] Noninterest income increased 19 percent to \$3.1 billion in 1995, reflecting the diverse fee-generating activities of the Corporation. Capital markets revenues, deposit and other service fees and acquisition-related mortgage servicing fees were factors in the year-over-year increase.
- [ ] Noninterest expense increased four per cent to \$5.2 billion. Excluding the impact of acquisitions, noninterest expense increased only three percent reflecting additional investment in personnel in selected areas, expanded marketing efforts to support revenue growth and increased expenditures related to technology initiatives, partially offset by reduced deposit insurance expense.
- [ ] Revenue growth outpaced expense growth in 1995, bringing the efficiency ratio to 59.77 percent, a 277 basis-point improvement over 1994.

Highlights from a Business Unit perspective were:

- [ ] The GENERAL BANK'S 1995 earnings of \$1.2 billion increased 26 percent. Return on equity increased to 19 percent in 1995 from 17 percent in 1994. Revenue growth and expense control led to a 365 basis-point improvement in the efficiency ratio in 1995 to 63.8 percent.
- [ ] GLOBAL FINANCE produced a return on equity of 16 percent in 1995, consistent with the return in 1994. Earnings were \$609 million compared to \$631 million in 1994. Increased investment in personnel resulted in a 27 basis-point rise in the efficiency ratio to 54.2 percent in 1995.
- [ ] FINANCIAL SERVICES' earnings increased 25 percent to \$129 million in 1995. Return on equity increased to 14 percent in 1995 from 13 percent in the prior year. The efficiency ratio improved 352 basis points in 1995 to 42.1 percent.

The remainder of management's discussion and analysis of the consolidated results of operations and financial condition of NationsBank should be read together with the consolidated financial statements and related notes presented on pages 47 through 67.

### BUSINESS UNIT OPERATIONS

The Business Units are managed with a focus on numerous performance objectives including return on equity, operating efficiency and net income. TABLE TWO summarizes key performance measures for each of the Business Units.

The net interest income of the Business Units reflects the results of a funds transfer pricing process which derives net interest income by matching assets and liabilities with similar interest rate sensitivity and maturity characteristics. Equity capital is allocated to each Business Unit based on an assessment of its inherent risk.

The GENERAL BANK provides comprehensive services in the commercial and retail banking fields. Within the GENERAL BANK, the BANKING GROUP, which contains the retail banking network, is the service provider for small and medium-size companies and individuals. On December 31, 1995, the BANKING GROUP had 1,833 banking centers located in the states of

TABLE ONE

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA  
(DOLLARS IN MILLIONS EXCEPT PER-SHARE INFORMATION)

|  | 1995      | 1994      | 1993     | 1992      | 1991      |
|--|-----------|-----------|----------|-----------|-----------|
| <b>INCOME STATEMENT</b>  |           |           |          |           |           |
| <S>  | <C>       | <C>       | <C>      | <C>       | <C>       |
| Income from earning assets.....  | \$ 13,220 | \$ 10,529 | \$ 8,327 | \$ 7,780  | \$ 9,398  |
| Interest expense.....  | 7,773     | 5,318     | 3,690    | 3,682     | 5,599     |
| Net interest income (taxable-equivalent).....  | 5,560     | 5,305     | 4,723    | 4,190     | 3,940     |
| Net interest income.....   | 5,447     | 5,211     | 4,637    | 4,098     | 3,799     |
| Provision for credit losses.....   | 382       | 310       | 430      | 715       | 1,582     |
| Gains (losses) on sales of securities.....   | 29        | (13)      | 84       | 249       | 454       |
| Noninterest income.....  | 3,078     | 2,597     | 2,101    | 1,913     | 1,742     |
| Other real estate owned expense (income).....  | 18        | (12)      | 78       | 183       | 127       |
| Restructuring expense.....   | -         | -         | 30       | -         | 330       |
| Other noninterest expense.....   | 5,163     | 4,942     | 4,293    | 3,966     | 3,847     |
| Income before income taxes and effect of change<br>in method of accounting for income taxes..... | 2,991     | 2,555     | 1,991    | 1,396     | 109       |
| Income tax expense (benefit).....  | 1,041     | 865       | 690      | 251       | (93)      |
| Income before effect of change in method of<br>accounting for income taxes.....                  | 1,950     | 1,690     | 1,301    | 1,145     | 202       |
| Effect of change in method of accounting for<br>income taxes.....                                | -         | -         | 200      | -         | -         |
| Net income.....  | 1,950     | 1,690     | 1,501    | 1,145     | 202       |
| Net income applicable to common shareholders.....  | 1,942     | 1,680     | 1,491    | 1,121     | 171       |
| Average common shares issued (in thousands).....   | 272,480   | 274,656   | 257,969  | 243,748   | 226,305   |
| <b>PER COMMON SHARE</b>  |           |           |          |           |           |
| Earnings before effect of change in method of<br>accounting for income taxes.....                | \$ 7.13   | \$ 6.12   | \$ 5.00  | \$ 4.60   | \$ .76    |
| Earnings.....  | 7.13      | 6.12      | 5.78     | 4.60      | .76       |
| Cash dividends paid.....   | 2.08      | 1.88      | 1.64     | 1.51      | 1.48      |
| Shareholders' equity (year-end).....   | 46.52     | 39.70     | 36.39    | 30.80     | 27.03     |
| <b>BALANCE SHEET (YEAR-END)</b>  |           |           |          |           |           |
| Total assets.....  | 187,298   | 169,604   | 157,686  | 118,059   | 110,319   |
| Total loans, leases and factored accounts receivable,<br>net of unearned income.....             | 117,033   | 103,371   | 92,007   | 72,714    | 69,108    |
| Total deposits.....  | 100,691   | 100,470   | 91,113   | 82,727    | 88,075    |
| Long-term debt.....  | 17,775    | 8,488     | 8,352    | 3,066     | 2,876     |
| Common shareholders' equity.....   | 12,759    | 10,976    | 9,859    | 7,793     | 6,252     |
| Total shareholders' equity.....  | 12,801    | 11,011    | 9,979    | 7,814     | 6,518     |
| <b>PERFORMANCE RATIOS</b>  |           |           |          |           |           |
| Return on average assets.....  | 1.03%     | 1.02%     | .97%     | 1.00%     | .17%      |
| Return on average common shareholders' equity (1)....  | 17.01     | 16.10     | 15.00    | 15.83     | 2.70      |
| <b>Risk-based capital ratios</b>   |           |           |          |           |           |
| Tier 1.....  | 7.24      | 7.43      | 7.41     | 7.54      | 6.38      |
| Total.....   | 11.58     | 11.47     | 11.73    | 11.52     | 10.30     |
| Leverage capital ratio.....  | 6.27      | 6.18      | 6.00     | 6.16      | 5.07      |
| Total equity to total assets.....  | 6.83      | 6.49      | 6.33     | 6.62      | 5.91      |
| <b>MARKET PRICE PER SHARE OF COMMON STOCK</b>  |           |           |          |           |           |
| Close at the end of the year.....  | \$ 69 5/8 | \$ 45 1/8 | \$ 49    | \$ 51 3/8 | \$ 40 5/8 |
| High for the year.....   | 74 3/4    | 57 3/8    | 58       | 53 3/8    | 42 3/4    |
| Low for the year.....  | 44 5/8    | 43 3/8    | 44 1/2   | 39 5/8    | 21 1/2    |

(1) AVERAGE COMMON SHAREHOLDERS' EQUITY DOES NOT INCLUDE THE EFFECT OF MARKET VALUE ADJUSTMENTS TO SECURITIES AVAILABLE FOR SALE AND MARKETABLE EQUITY SECURITIES.

IN 1993, RETURN ON AVERAGE ASSETS AND RETURN ON AVERAGE COMMON SHAREHOLDERS' EQUITY AFTER THE TAX BENEFIT FROM THE IMPACT OF ADOPTING A NEW INCOME TAX



Florida, Georgia, Kentucky, Maryland, North Carolina, South Carolina, Tennessee, Texas and Virginia and the District of Columbia. In addition, fully automated, 24-hour cash dispensing and depositing services are provided throughout these states through 2,292 automated teller machines. Specialized services, such as the origination and servicing of home mortgage loans, the issuance and servicing of credit cards, indirect lending, dealer finance and certain insurance services, are provided throughout the Corporation's franchise, and on a nationwide basis for certain products, through the FINANCIAL PRODUCTS group of the GENERAL BANK. The GENERAL BANK also contains the ASSET MANAGEMENT GROUP which contains NATIONSBANK INVESTMENTS AND INVESTMENT MANAGEMENT, which includes the full-service and discount brokerage companies and provides mutual fund and investment management services, and the PRIVATE CLIENT GROUP, which offers investment management, banking and fiduciary services.

The GENERAL BANK earned \$1.2 billion in 1995, an increase of 26 percent over 1994. The BANKING GROUP, reflecting strong loan growth, improved asset quality and growth in fee income, accounted for most of the increased earnings over last year. The GENERAL BANK'S return on equity rose 200 basis points to 19 percent. Taxable-equivalent net interest income in the GENERAL BANK increased \$128 million led by broad-based loan growth. Loans in the GENERAL BANK increased \$10.1 billion, or 17 percent, on average. Most of the increase was in the BANKING GROUP, with growth in residential mortgages, and in FINANCIAL PRODUCTS, which experienced strong credit card loan growth.

Noninterest income rose 23 percent to \$2.1 billion led by increases in deposit service fee income, mortgage servicing income, brokerage income as a result of the acquisition of the third-party interest in the Corporation's full-service brokerage company and the \$80-million gain on the sale of the Corporate Trust business. Noninterest expense increased four percent, which was significantly below the total revenue growth

1995 EARNINGS  
CONTRIBUTION BY  
BUSINESS UNIT\*  
(percent)

(Bar graph appears here with the following plot points.)

|                    |     |
|--------------------|-----|
| General Bank       | 61% |
| Global Finance     | 32% |
| Financial services | 7%  |

\* excludes other

TABLE TWO

BUSINESS UNIT SUMMARY  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

| SERVICES                                      | GENERAL BANK |          | GLOBAL FINANCE |          | FINANCIAL |    |
|---|--------------|----------|----------------|----------|-----------|----|
|   | 1995         | 1994     | 1995           | 1994     | 1995      |    |
| 1994  |              |          |                |          |           |    |
| <S>   | <C>          | <C>      | <C>            | <C>      | <C>       |    |
| <C>   |              |          |                |          |           |    |
| Net interest income (taxable-equivalent)..... | \$ 3,817     | \$ 3,689 | 1,186          | \$ 1,180 | 527       | \$ |
| 413   |              |          |                |          |           |    |
| Noninterest income.....                       | 2,100        | 1,712    | 910            | 834      | 68        |    |
| 51  |              |          |                |          |           |    |
| Total revenue.....                            | 5,917        | 5,401    | 2,096          | 2,014    | 595       |    |
| 464   |              |          |                |          |           |    |
| Provision for credit losses.....              | 267          | 283      | -              | (46)     | 115       |    |
| 73  |              |          |                |          |           |    |
| Other real estate owned expense (income)..... | 11           | 8        | (7)            | (27)     | 14        |    |
| 7   |              |          |                |          |           |    |
| Noninterest expense.....                      | 3,776        | 3,644    | 1,136          | 1,087    | 250       |    |
| 212   |              |          |                |          |           |    |
| Income before income taxes.....               | 1,863        | 1,466    | 967            | 1,000    | 216       |    |
| 172   |              |          |                |          |           |    |
| Income tax expense.....                       | 688          | 534      | 358            | 369      | 87        |    |
| 69  |              |          |                |          |           |    |
| Net income (1).....                           | 1,175        | \$ 932   | 609            | \$ 631   | 129       | \$ |

|   |          |          |           |           |         |
|---|----------|----------|-----------|-----------|---------|
| Net interest yield.....                                   | 4.58%    | 4.52%    | 2.85% (2) | 2.81% (2) | 7.30%   |
| 7.45%   |          |          |           |           |         |
| Return on equity.....                                     | 19%      | 17%      | 16%       | 16%       | 14%     |
| 13%   |          |          |           |           |         |
| Efficiency ratio.....                                     | 63.8%    | 67.5%    | 54.2%     | 54.0%     | 42.1%   |
| 45.6%   |          |          |           |           |         |
| Average (3)   |          |          |           |           |         |
| Total loans and leases, net of unearned income... \$5,537 | \$68,675 | \$58,582 | \$ 34,191 | \$ 31,109 | \$7,204 |
| Total deposits.....                                       | 77,330   | 77,665   | 14,645    | 11,273    | -       |
| -   |          |          |           |           |         |
| Total assets.....   | 88,957   | 86,860   | 80,842    | 66,496    | 7,699   |
| 6,064   |          |          |           |           |         |
| Year-end (3)  |          |          |           |           |         |
| Total loans and leases, net of unearned income... 6,380   | 74,108   | 63,578   | 35,566    | 33,193    | 7,798   |
| Total deposits.....                                       | 79,596   | 79,905   | 11,205    | 13,614    | -       |
| -   |          |          |           |           |         |

&lt;/TABLE&gt;

(1) BUSINESS UNIT RESULTS ARE PRESENTED ON A FULLY ALLOCATED BASIS BUT DO NOT INCLUDE \$37 MILLION AND \$24 MILLION OF NET INCOME FOR 1995 AND 1994, RESPECTIVELY, WHICH REPRESENTS EARNINGS ASSOCIATED WITH UNASSIGNED CAPITAL, GAINS ON SALES OF SECURITIES AND OTHER CORPORATE ACTIVITIES.

(2) GLOBAL FINANCE'S NET INTEREST YIELD EXCLUDES THE IMPACT OF TRADING-RELATED ACTIVITIES. INCLUDING TRADING-RELATED ACTIVITIES, THE NET INTEREST YIELD WAS 1.70 PERCENT FOR 1995 AND 1.98 PERCENT FOR 1994.

(3) THE SUMS OF BALANCE SHEET AMOUNTS DIFFER FROM CONSOLIDATED AMOUNTS DUE TO ACTIVITIES BETWEEN THE BUSINESS UNITS.

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#### BUSINESS UNIT DISTRIBUTION OF LOANS AND REVENUES

(percent)

LOANS  
(year-end)

(Bar graph appears with the following plot points.)

|                    |     |
|--------------------|-----|
| General Bank       | 63% |
| Global Finance     | 30% |
| Financial Services | 7%  |

#### REVENUES\*

(Bar graph appears with the following plot points.)

|                    |     |
|--------------------|-----|
| General Bank       | 69% |
| Global Finance     | 24% |
| Financial Services | 7%  |

\* excludes other

of 10 percent. The expense growth included several mortgage and banking acquisitions, the purchase of the third-party interest in the full-service brokerage company and increased marketing costs associated with credit card solicitations. These increases were partly offset by reduced deposit insurance expense and efforts to reduce banking center delivery costs. With 10-percent growth in revenues and four-percent expense growth, the efficiency ratio improved 365 basis points.

GLOBAL FINANCE provides comprehensive corporate banking and investment banking services to domestic and international customers. This unit includes the CORPORATE FINANCE, SPECIALIZED FINANCE and CAPITAL MARKETS groups. Treasury management, loan syndication, asset-backed lending, leasing, factoring and

arrangement of asset-backed and project financing for clients are representative of the services provided by GLOBAL FINANCE. The CAPITAL MARKETS group underwrites, trades and distributes a wide range of securities (including bank-eligible securities and, to a limited extent, bank-ineligible securities as authorized by the Board of Governors of the Federal Reserve System under Section 20 of the Glass-Steagall Act) and trades and distributes financial futures, forward settlement contracts, option contracts, swap agreements and other derivative products in certain interest rate, foreign exchange, commodity and equity markets and spot and forward foreign exchange contracts through two principal units, NATIONSBANC - CRT (CRT) and NATIONSBANC CAPITAL MARKETS, INC. (NCMI). GLOBAL FINANCE services are provided through various offices located in major U.S. cities as well as in London, Frankfurt, Singapore, Bogota, Mexico City, Grand Cayman, Nassau, Seoul, Tokyo, Osaka, Taipei and Hong Kong.

GLOBAL FINANCE generated a consistent return on equity of 16 percent and earned \$609 million in 1995 compared to \$631 million in 1994. Taxable-equivalent net interest income in GLOBAL FINANCE increased \$6 million over 1994. The benefit to net interest income of the \$3.1-billion, or 10-percent increase in loans over 1994 was partially offset by the increased use of market-based funds to support earning asset growth. Loan growth, primarily commercial, was concentrated in the CORPORATE FINANCE and SPECIALIZED FINANCE groups. Continued progress was made in reducing average real estate outstandings by \$586 million in 1995. Asset quality continued to improve, though at a slower pace than in 1994, leading to no provision for credit losses in 1995.

Noninterest income increased nine percent over last year, with most of the growth concentrated in investment banking fees, while noninterest expense rose five percent. The CAPITAL MARKETS group generated \$30 million in noninterest, trading-related revenue growth. An increased level of investment, mostly personnel related, to expand CAPITAL MARKETS activities was a primary contributor to the \$49-million increase in noninterest expense in GLOBAL FINANCE.

FINANCIAL SERVICES is composed of the holding company, NATIONSCREDIT CORPORATION, which includes NATIONSCREDIT CONSUMER CORPORATION, a consumer finance operation, and NATIONSCREDIT COMMERCIAL CORPORATION, a commercial finance operation. NATIONSCREDIT CONSUMER CORPORATION, which has 371 branches in 34 states, provides personal, mortgage and automobile loans to consumers and retail finance programs to dealers. NATIONSCREDIT COMMERCIAL CORPORATION consists of six divisions that specialize in the following commercial financing areas: equipment loans and leasing; loans for debt restructuring, mergers and acquisitions and working capital; real estate, golf/recreational and health care financing; and inventory financing to manufacturers, distributors and dealers.

FINANCIAL SERVICES' earnings of \$129 million increased 25 percent over 1994 and represented seven percent of consolidated earnings compared to six percent in 1994. This improvement was the result of \$1.7-billion, or 30-percent growth in average loans and leases. Market demand in the consumer lending, commercial real estate and distribution finance businesses coupled with new office expansion in consumer lending contributed to loan growth. The increase in provision for credit losses was driven mainly by loan growth, but also because of somewhat higher consumer loss rates. The net interest yield of 7.30 percent was down 15 basis points from 1994, due to higher funding costs. Noninterest expense increased \$38 million, or 18 percent, driven by the expansion of consumer finance operations. The efficiency ratio of 42.1 percent for 1995 improved from 45.6 percent last year as the rate of revenue growth exceeded the growth rate in expenses. The return on equity rose to 14 percent in

TABLE THREE

12-MONTH TAXABLE-EQUIVALENT DATA  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

| 1993   |                          | 1995               |               |                  | 1994               |               |                  |
|--|--------------------------|--------------------|---------------|------------------|--------------------|---------------|------------------|
|  |                          | AVERAGE<br>BALANCE | INCOME        | YIELDS/<br>OR    | AVERAGE<br>BALANCE | INCOME        | YIELDS/<br>OR    |
| INCOME   |                          |                    |               |                  |                    |               |                  |
| OR   | YIELDS/<br>EXPENSE RATES | SHEET<br>AMOUNTS   | OR<br>EXPENSE | YIELDS/<br>RATES | SHEET<br>AMOUNTS   | OR<br>EXPENSE | YIELDS/<br>RATES |
| <S>  |                          | <C>                | <C>           | <C>              | <C>                | <C>           | <C>              |
| <C>  | <C>                      |                    |               |                  |                    |               |                  |
| Earning assets   |                          |                    |               |                  |                    |               |                  |
| Loans and leases, net of unearned income (1)                                   |                          |                    |               |                  |                    |               |                  |
| Commercial (2).....\$ 46,358 \$ 3,797 8.19% \$ 41,606 \$ 3,147 7.56% \$ 35,050 |                          |                    |               |                  |                    |               |                  |
| \$2,438  | 6.96%                    |                    |               |                  |                    |               |                  |

|       |  |           |        |       |           |          |       |           |
|-------|--|-----------|--------|-------|-----------|----------|-------|-----------|
| 506   | Real estate commercial.....                                | 7,195     | 669    | 9.30  | 7,780     | 636      | 8.18  | 6,667     |
|       | 7.59   |           |        |       |           |          |       |           |
| 217   | Real estate construction.....                              | 3,106     | 302    | 9.73  | 3,155     | 268      | 8.49  | 2,894     |
|       | 7.50   |           |        |       |           |          |       |           |
| 3,161 | Total commercial.....                                      | 56,659    | 4,768  | 8.42  | 52,541    | 4,051    | 7.71  | 44,611    |
|       | 7.09   |           |        |       |           |          |       |           |
| 902   | Residential mortgage.....                                  | 20,562    | 1,600  | 7.78  | 14,980    | 1,141    | 7.62  | 10,904    |
|       | 8.27   |           |        |       |           |          |       |           |
| 596   | Credit card.....   | 5,013     | 641    | 12.78 | 3,956     | 508      | 12.84 | 4,376     |
|       | 13.62  |           |        |       |           |          |       |           |
| 1,521 | Other consumer.....  | 21,940    | 2,209  | 10.07 | 19,768    | 1,831    | 9.26  | 16,462    |
|       | 9.24   |           |        |       |           |          |       |           |
| 3,019 | Total consumer.....  | 47,515    | 4,450  | 9.37  | 38,704    | 3,480    | 8.99  | 31,742    |
|       | 9.51   |           |        |       |           |          |       |           |
| 52    | Foreign.....   | 2,036     | 157    | 7.71  | 1,417     | 86       | 6.10  | 961       |
|       | 5.49   |           |        |       |           |          |       |           |
| 133   | Lease financing.....                                       | 3,277     | 249    | 7.59  | 2,344     | 176      | 7.50  | 1,670     |
|       | 7.96   |           |        |       |           |          |       |           |
| 6,365 | Total loans and leases, net.....                           | 109,487   | 9,624  | 8.79  | 95,006    | 7,793    | 8.20  | 78,984    |
|       | 8.06   |           |        |       |           |          |       |           |
|       | Securities   |           |        |       |           |          |       |           |
| 1,375 | Held for investment.....                                   | 15,521    | 864    | 5.57  | 15,048    | 761      | 5.06  | 24,823    |
|       | 5.54   |           |        |       |           |          |       |           |
| 49    | Available for sale (3).....                                | 10,272    | 642    | 6.25  | 12,386    | 644      | 5.20  | 1,017     |
|       | 4.80   |           |        |       |           |          |       |           |
| 1,424 | Total securities.....                                      | 25,793    | 1,506  | 5.84  | 27,434    | 1,405    | 5.12  | 25,840    |
|       | 5.51   |           |        |       |           |          |       |           |
| 53    | Loans held for sale.....                                   | 322       | 24     | 7.47  | 339       | 23       | 6.63  | 790       |
|       | 6.73   |           |        |       |           |          |       |           |
| 14    | Federal funds sold.....                                    | 774       | 47     | 6.10  | 983       | 45       | 4.59  | 441       |
|       | 3.16   |           |        |       |           |          |       |           |
| 180   | Securities purchased under agreements to resell..          | 14,385    | 890    | 6.19  | 12,406    | 502      | 4.05  | 5,608     |
|       | 3.21   |           |        |       |           |          |       |           |
| 79    | Time deposits placed and other short-term investments..... | 2,066     | 142    | 6.87  | 1,762     | 90       | 5.12  | 2,037     |
|       | 3.91   |           |        |       |           |          |       |           |
| 298   | Trading account securities (4).....                        | 14,177    | 1,100  | 7.76  | 10,451    | 765      | 7.32  | 5,482     |
|       | 5.43   |           |        |       |           |          |       |           |
| 8,413 | Total earning assets (5).....                              | 167,004   | 13,333 | 7.98  | 148,381   | 10,623   | 7.16  | 119,182   |
|       | 7.06   |           |        |       |           |          |       |           |
|       | Cash and cash equivalents.....                             | 7,820     |        |       | 8,271     |          |       | 7,275     |
|       | Factored accounts receivable.....                          | 1,163     |        |       | 1,252     |          |       | 1,074     |
|       | Other assets, less allowance for credit losses.....        | 12,560    |        |       | 8,415     |          |       | 6,869     |
|       | Total assets.....  | \$188,547 |        |       | \$166,319 |          |       | \$134,400 |
|       | Interest-bearing liabilities                               |           |        |       |           |          |       |           |
| 161   | Savings.....   | 8,575     | 204    | 2.37  | \$ 9,116  | 212      | 2.33  | \$ 6,774  |
|       | 2.38   |           |        |       |           |          |       |           |
| 641   | NOW and money market deposit accounts.....                 | 27,640    | 740    | 2.68  | 29,724    | 696      | 2.34  | 28,641    |
|       | 2.24   |           |        |       |           |          |       |           |
| 1,057 | Consumer CDs and IRAs.....                                 | 24,840    | 1,290  | 5.19  | 23,937    | 999      | 4.17  | 23,387    |
|       | 4.52   |           |        |       |           |          |       |           |
| 167   | Negotiated CDs, public funds and other time deposits.....  | 2,992     | 166    | 5.56  | 3,319     | 133      | 4.02  | 4,211     |
|       | 3.97   |           |        |       |           |          |       |           |
| 123   | Foreign time deposits.....                                 | 14,103    | 881    | 6.25  | 7,544     | 375      | 4.98  | 3,033     |
|       | 4.05   |           |        |       |           |          |       |           |
| 196   | Federal funds purchased.....                               | 5,455     | 322    | 5.91  | 5,397     | 219      | 4.07  | 6,479     |
|       | 3.03   |           |        |       |           |          |       |           |
| 540   | Securities sold under agreements to repurchase (6)         | 30,336    | 1,863  | 6.14  | 24,903    | 1,075    | 4.32  | 17,283    |
|       | 3.13   |           |        |       |           |          |       |           |
| 45    | Commercial paper.....                                      | 2,804     | 171    | 6.10  | 2,482     | 111      | 4.46  | 1,379     |
|       | 3.26   |           |        |       |           |          |       |           |
| 138   | Other short-term borrowings.....                           | 5,690     | 354    | 6.20  | 5,015     | 213      | 4.25  | 4,006     |
|       | 3.45   |           |        |       |           |          |       |           |
| 230   | Trading account liabilities (4).....                       | 12,025    | 896    | 7.45  | 10,526    | 735      | 6.98  | 4,146     |
|       | 5.54   |           |        |       |           |          |       |           |
| 392   | Long-term debt (7).....                                    | 12,652    | 886    | 7.00  | 8,033     | 550      | 6.85  | 5,268     |
|       | 7.44   |           |        |       |           |          |       |           |
| 3,690 | Total interest-bearing liabilities.....                    | 147,112   | 7,773  | 5.28  | 129,996   | 5,318    | 4.09  | 104,607   |
|       | 3.53   |           |        |       |           |          |       |           |
|       | Noninterest-bearing sources                                |           |        |       |           |          |       |           |
|       | Noninterest-bearing deposits.....                          | 21,128    |        |       | 20,097    |          |       | 17,425    |
|       | Other liabilities.....                                     | 8,856     |        |       | 5,742     |          |       | 3,717     |
|       | Shareholders' equity.....                                  | 11,451    |        |       | 10,484    |          |       | 8,651     |
|       | Total liabilities and shareholders' equity....             | \$188,547 |        |       | \$166,319 |          |       | \$134,400 |
|       | Net interest spread.....                                   |           |        | 2.70  |           |          | 3.07  |           |
|       | 3.53   |           |        |       |           |          |       |           |
|       | Impact of noninterest-bearing sources.....                 |           |        | .63   |           |          | .51   |           |
|       | .43  |           |        |       |           |          |       |           |
|       | Net interest income/yield on earning assets.....           | \$5,560   |        | 3.33% |           | \$ 5,305 | 3.58% |           |
|       | \$4,723 3.96%  |           |        |       |           |          |       |           |

(1) NONPERFORMING LOANS ARE INCLUDED IN THE RESPECTIVE AVERAGE LOAN BALANCES.

INCOME ON SUCH NONPERFORMING LOANS IS RECOGNIZED ON A CASH BASIS.

(2) COMMERCIAL LOAN INTEREST INCOME INCLUDES NET INTEREST RATE SWAP REVENUES RELATED TO SWAPS CONVERTING VARIABLE-RATE COMMERCIAL LOANS TO FIXED RATE. SUCH INCREASES (DECREASES) IN INTEREST INCOME WERE (\$209), \$62 AND \$120 IN 1995, 1994 AND 1993, RESPECTIVELY.

(3) THE AVERAGE BALANCE SHEET AMOUNTS AND YIELDS ON SECURITIES AVAILABLE FOR SALE ARE BASED ON THE AVERAGE OF HISTORICAL AMORTIZED COST BALANCES.

(4) THE FAIR VALUES OF DERIVATIVES-DEALER POSITIONS ARE REPORTED IN OTHER ASSETS AND LIABILITIES, RESPECTIVELY.

(5) INTEREST INCOME INCLUDES TAXABLE-EQUIVALENT ADJUSTMENTS OF \$113, \$94 AND \$86 FOR 1995, 1994 AND 1993, RESPECTIVELY.

(6) SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE INTEREST EXPENSE INCLUDES NET INTEREST RATE SWAP EXPENSE RELATED TO SWAPS FIXING THE COST OF CERTAIN OF THESE LIABILITIES. SUCH INCREASES IN INTEREST EXPENSE WERE \$28, \$35 AND \$3 IN 1995, 1994 AND 1993, RESPECTIVELY.

(7) LONG-TERM DEBT INTEREST EXPENSE INCLUDES NET INTEREST RATE SWAP EXPENSE RELATED TO SWAPS PRIMARILY CONVERTING THE COST OF CERTAIN FIXED-RATE DEBT TO VARIABLE RATE. THE INCREASE IN INTEREST EXPENSE WAS \$2 IN 1995.

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#### NET INTEREST INCOME (billions)

(Bar graph appears here with the following plot points.)

| 91   | 92   | 93   | 94   | 95   |
|------|------|------|------|------|
| 3.94 | 4.19 | 4.72 | 5.31 | 5.56 |

1995 compared to 13 percent in 1994. These returns reflect a 13-percent equity-to-asset ratio.

#### RESULTS OF OPERATIONS NET INTEREST INCOME

An analysis of the Corporation's taxable-equivalent net interest income and average balance sheet levels for the last three years is presented in TABLE THREE. TABLE FOUR presents an analysis of the changes in net interest income from year to year.

Taxable-equivalent net interest income increased \$255 million to \$5.6 billion in 1995, driven by growth in average earning assets, principally loans and leases, which increased \$14.5 billion to \$109.5 billion. The increase in net interest income resulting primarily from loan growth was partially offset by the use of higher cost market-based funds and term debt. As the growth in earning assets outpaced customer deposit growth, the Corporation shifted to alternative funding sources such as term debt.

Loan growth is expected to continue, but is dependent on economic conditions as well as various discretionary factors, such as decisions to securitize certain loan portfolios, the retention of residential mortgage loans generated by the Corporation's mortgage subsidiary and the management of borrower, industry, product or geographic concentrations.

The net interest yield of 3.33 percent in 1995 reflected the funding of earning asset growth principally with market-based funds and term debt and the addition of \$6.5 billion in low-spread trading-related assets when compared to 1994. Had the relative mix of low-spread trading-related assets to total average earning assets remained constant in 1995 compared to 1994, the net interest yield in 1995 would have been 3.41 percent.

#### PROVISION FOR CREDIT LOSSES

The provision for credit losses was \$382 million in 1995 compared to \$310 million in the prior year, reflecting increased loans, the continuing shift in the mix of the loan portfolio towards consumer lending and the maturing credit cycle. The level of provision expense in 1995 was consistent with credit quality indicators. Net charge-offs in 1995 increased by \$105 million compared to 1994 due to higher levels of credit card and other consumer loan charge-offs coupled with a lower level of recoveries in 1995. Management expects the higher level of charge-offs experienced in 1995 to continue in 1996 as the Corporation continues its efforts to shift the mix of the loan portfolio to a higher consumer concentration, and credit losses continue to be at more normalized levels. Nonperforming commercial assets continued to decline during 1995 compared to

1994.

The allowance for credit losses was \$2.2 billion, or 1.85 percent of net loans, leases and factored accounts receivable, on December 31, 1995 compared to \$2.2 billion, or 2.11 percent, at the end of 1994. The allowance for credit losses was 306 percent of nonperforming loans on December 31, 1995 compared to 273 percent on December 31, 1994. Future economic conditions will impact credit quality.

TABLE THIRTEEN provides an analysis of the activity in the Corporation's allowance for credit losses for each of the last five years. Allowance levels, net charge-offs and nonperforming assets are discussed in the Credit Risk Management and Credit Portfolio Review section beginning on page 31.

SECURITIES GAINS AND LOSSES

Gains from the sales of securities were \$29 million in 1995, primarily reflecting the Corporation's fourth quarter repositioning of the portfolios in an effort to maintain its neutral interest sensitivity position in light of completed and pending acquisitions. Losses from sales of securities were \$13 million in 1994.

NONINTEREST INCOME

As presented in TABLE FIVE, noninterest income increased \$481 million to \$3.1 billion in 1995, reflecting strong growth in most categories as described below:

[ ] Trading account profits and fees, including foreign exchange income, totaled \$306million in 1995, an increase of \$33 million from \$273 million in 1994.

The Corporation engages in corporate and government bond trading and sales and maintains trading positions in a variety of cash instruments and derivative contracts. The Corporation offers a number of products primarily to institutional customers and enters into transactions for its own account. In set tingtrading strategies, the Corporation manages these activities to maximize trading revenues, while, at the same time, taking controlled risks.

MANAGEMENT'S DISCUSSION AND ANALYSIS 19

Capital markets activities are managed in the CAPITAL MARKETS group and are conducted in two principal divisions, NCMI and CRT. Major trading sites include Charlotte, Chicago, New York, London and Singapore. NCMI underwrites, distributes and trades fixed-income securities and has the power to underwrite equity securities. Its business activities include both customer and proprietary trading activities. Additionally, NCMI is a primary dealer of U.S. Government securities. CRT manages the Corporation's derivatives and foreign exchange business activities. Interest rate derivatives are the primary component of CRT'S customer-

TABLE FOUR

CHANGES IN TAXABLE-EQUIVALENT NET INTEREST INCOME  
(DOLLARS IN MILLIONS)

THIS TABLE PRESENTS AN ANALYSIS OF THE YEAR-TO-YEAR CHANGES IN NET INTEREST INCOME ON A FULLY TAXABLE-EQUIVALENT BASIS FOR THE YEARS SHOWN. THE CHANGES FOR EACH CATEGORY OF INCOME AND EXPENSE ARE DIVIDED BETWEEN THE PORTION OF CHANGE ATTRIBUTABLE TO THE VARIANCE IN AVERAGE LEVELS OR YIELDS/RATES FOR THAT CATEGORY. THE AMOUNT OF CHANGE THAT CANNOT BE SEPARATED IS ALLOCATED TO EACH VARIANCE PROPORTIONATELY.

<TABLE>  
<CAPTION>

| PERCENTAGE             | FROM 1994 TO 1995  |         |       |            | FROM 1993 TO 1994  |         |       |  |
|------------------------|--|---------|-------|------------|--|---------|-------|--|
|                        | INCREASE (DECREASE)<br>IN INCOME/EXPENSE<br>DUE TO CHANGE IN |         |       |            | INCREASE (DECREASE)<br>IN INCOME/EXPENSE<br>DUE TO CHANGE IN |         |       |  |
|                        | PERCENTAGE   |         |       |            |  |         |       |  |
|                        | AVERAGE  | YIELDS/ |       |            | AVERAGE  | YIELDS/ |       |  |
| INCREASE<br>(DECREASE) | LEVELS   | RATES   | TOTAL | (DECREASE) | LEVELS   | RATES   | TOTAL |  |

| <S>   | <C>    | <C>    | <C>    | <C>   | <C>    | <C>    | <C>    | <C> |
|---|--------|--------|--------|-------|--------|--------|--------|-----|
| Income from earning assets                                    |        |        |        |       |        |        |        |     |
| Loans and leases, net of unearned income                      |        |        |        |       |        |        |        |     |
| Commercial.....   | \$ 377 | \$ 273 | \$ 650 | 20.7% | \$ 483 | \$ 226 | \$ 709 |     |
| 29.1%   |        |        |        |       |        |        |        |     |
| Real estate commercial.....                                   | (50)   | 83     | 33     | 5.2   | 89     | 41     | 130    |     |
| 25.7  |        |        |        |       |        |        |        |     |
| Real estate construction.....                                 | (4)    | 38     | 34     | 12.7  | 21     | 30     | 51     |     |
| 23.5  |        |        |        |       |        |        |        |     |
| Total commercial.....   | 331    | 386    | 717    | 17.7  | 595    | 295    | 890    |     |
| 28.2  |        |        |        |       |        |        |        |     |
| Residential mortgage.....                                     | 434    | 25     | 459    | 40.2  | 315    | (76)   | 239    |     |
| 26.5  |        |        |        |       |        |        |        |     |
| Credit card.....  | 135    | (2)    | 133    | 26.2  | (55)   | (33)   | (88)   |     |
| (14.8)  |        |        |        |       |        |        |        |     |
| Other consumer.....   | 211    | 167    | 378    | 20.6  | 306    | 4      | 310    |     |
| 20.4  |        |        |        |       |        |        |        |     |
| Total consumer.....   | 820    | 150    | 970    | 27.9  | 633    | (172)  | 461    |     |
| 15.3  |        |        |        |       |        |        |        |     |
| Foreign.....  | 44     | 27     | 71     | 82.6  | 27     | 7      | 34     |     |
| 65.4  |        |        |        |       |        |        |        |     |
| Lease financing.....  | 71     | 2      | 73     | 41.5  | 51     | (8)    | 43     |     |
| 32.3  |        |        |        |       |        |        |        |     |
| Total loans and leases, net.....                              | 1,246  | 585    | 1,831  | 23.5  | 1,312  | 116    | 1,428  |     |
| 22.4  |        |        |        |       |        |        |        |     |
| Securities  |        |        |        |       |        |        |        |     |
| Held for investment.....                                      | 24     | 79     | 103    | 13.5  | (503)  | (111)  | (614)  |     |
| (44.7)  |        |        |        |       |        |        |        |     |
| Available for sale.....                                       | (120)  | 118    | (2)    | (.3)  | 591    | 4      | 595    |     |
| n/m   |        |        |        |       |        |        |        |     |
| Total securities.....   | (88)   | 189    | 101    | 7.2   | 85     | (104)  | (19)   |     |
| (1.3)   |        |        |        |       |        |        |        |     |
| Loans held for sale.....                                      | (1)    | 2      | 1      | 4.3   | (31)   | 1      | (30)   |     |
| (56.6)  |        |        |        |       |        |        |        |     |
| Federal funds sold.....                                       | (11)   | 13     | 2      | 4.4   | 23     | 8      | 31     |     |
| 221.4   |        |        |        |       |        |        |        |     |
| Securities purchased under agreements<br>to resell.....       | 90     | 298    | 388    | 77.3  | 264    | 58     | 322    |     |
| 178.9   |        |        |        |       |        |        |        |     |
| Time deposits placed and other<br>short-term investments..... | 17     | 35     | 52     | 57.8  | (12)   | 23     | 11     |     |
| 13.9  |        |        |        |       |        |        |        |     |
| Trading account securities.....                               | 287    | 48     | 335    | 43.8  | 339    | 128    | 467    |     |
| 156.7   |        |        |        |       |        |        |        |     |
| Total income from earning assets....                          | 1,413  | 1,297  | 2,710  | 25.5  | 2,089  | 121    | 2,210  |     |
| 26.3  |        |        |        |       |        |        |        |     |
| Interest expense  |        |        |        |       |        |        |        |     |
| Savings.....  | (13)   | 5      | (8)    | (3.8) | 55     | (4)    | 51     |     |
| 31.7  |        |        |        |       |        |        |        |     |
| NOW and money market deposit accounts...                      | (51)   | 95     | 44     | 6.3   | 26     | 29     | 55     |     |
| 8.6   |        |        |        |       |        |        |        |     |
| Consumer CDs and IRAs.....                                    | 39     | 252    | 291    | 29.1  | 24     | (82)   | (58)   |     |
| (5.5)   |        |        |        |       |        |        |        |     |
| Negotiated CDs, public funds<br>and other time deposits.....  | (14)   | 47     | 33     | 24.8  | (36)   | 2      | (34)   |     |
| (20.4)  |        |        |        |       |        |        |        |     |
| Foreign time deposits.....                                    | 391    | 115    | 506    | 134.9 | 219    | 33     | 252    |     |
| 204.9   |        |        |        |       |        |        |        |     |
| Federal funds purchased.....                                  | 2      | 101    | 103    | 47.0  | (36)   | 59     | 23     |     |
| 11.7  |        |        |        |       |        |        |        |     |
| Securities sold under agreements<br>to repurchase.....        | 268    | 520    | 788    | 73.3  | 287    | 248    | 535    |     |
| 99.1  |        |        |        |       |        |        |        |     |
| Commercial paper.....   | 16     | 44     | 60     | 54.1  | 45     | 21     | 66     |     |
| 146.7   |        |        |        |       |        |        |        |     |
| Other short-term borrowings.....                              | 32     | 109    | 141    | 66.2  | 39     | 36     | 75     |     |
| 54.3  |        |        |        |       |        |        |        |     |
| Trading account liabilities.....                              | 109    | 52     | 161    | 21.9  | 432    | 73     | 505    |     |
| 219.6   |        |        |        |       |        |        |        |     |
| Long-term debt.....   | 323    | 13     | 336    | 61.1  | 191    | (33)   | 158    |     |
| 40.3  |        |        |        |       |        |        |        |     |
| Total interest expense.....                                   | 764    | 1,691  | 2,455  | 46.2  | 982    | 646    | 1,628  |     |
| 44.1  |        |        |        |       |        |        |        |     |
| Net interest income.....                                      | 636    | (381)  | \$ 255 | 4.8   | 1,076  | (494)  | \$ 582 |     |
| 12.3  |        |        |        |       |        |        |        |     |
| N/M - NOT MEANINGFUL.   |        |        |        |       |        |        |        |     |
| </TABLE>  |        |        |        |       |        |        |        |     |

An analysis of trading account profits and fees by major business activity follows (in millions):

|   | 1995  | 1994  | 1993  |
|---|-------|-------|-------|
| Securities trading.....                     | \$103 | \$ 82 | \$ 73 |
| Interest rate contracts.....                | 151   | 119   | 21    |
| Foreign exchange contracts...               | 26    | 27    | 27    |
| Other.....                                  | 26    | 45    | 31    |
| Total trading account profits and fees..... | \$306 | \$273 | \$152 |

In addition to trading account profits and fees, the CAPITAL MARKETS group also generates investment banking income and brokerage income.

[ ] GENERAL BANK asset management and fiduciary service fees were \$444 million in 1995, compared to \$435 million in 1994, reflecting growth in PRIVATE CLIENT GROUP revenues and mutual fund advisory fees, partially offset by a decline in retirement service fees. An analysis of asset management and fiduciary service fees by major business activity for 1995 and 1994 as well as the market values of assets under management and administration on December 31 are presented below (in millions):

|  | 1995    | 1994      |
|--|---------|-----------|
| ASSET MANAGEMENT AND FIDUCIARY SERVICE FEES            |         |           |
| Private Client Group.....                              | 259     | \$ 246    |
| Retirement services and corporate trust.....           | 128     | 138       |
| Mutual funds.....                                      | 27      | 22        |
| Investment management subsidiaries and other..         | 30      | 29        |
| Total asset management and fiduciary service fees..... | 444     | \$ 435    |
| MARKET VALUE OF ASSETS                                 |         |           |
| Assets under management.....                           | 66,200  | \$ 57,400 |
| Assets under administration.....                       | 183,200 | 163,600   |

PRIVATE CLIENT GROUP fees include fees for investment management, fiduciary and tax services provided primarily to individuals and investors. These fees increased \$13 million in 1995 over 1994, principally due to increased sales and market appreciation associated with assets under management. Retirement services and corporate trust encompass a wide range of services including investment advisory, administrative and record-keeping services for customers' employee benefit plans, securities lending and investment management services offered to corporations, municipalities and others. The decline in retirement services and corporate trust fees in 1995 reflects the impact of management's repositioning of this business in an effort to concentrate on the most profitable product lines. Mutual fund revenues reflect fees received as advisor to the Nations Fund family. Fee growth of \$5 million in 1995 was primarily driven by increased assets under management, reflecting both market conditions and increased sales. Fees from investment management subsidiaries include revenues of SOVRAN CAPITAL MANAGEMENT and ASB CAPITAL MANAGEMENT which serve institutional investors.

During the fourth quarter of 1995, the Corporation completed the previously announced sale of the portion of its trust business that deals with bond servicing and administration, known as Corporate Trust, resulting in a gain of approximately \$80 million, which is included in miscellaneous income. The decision to sell this unit was based upon management's desire to focus on investment management, retirement and fiduciary services. Historically, the Corporate Trust business has generated only 10 percent of the Corporation's asset management and Corporation's asset management and fiduciary service fees.

[ ] Service charges on deposit accounts increased \$87 million, or 11 percent, over 1994, attributable to higher fees, growth in number of households served, in part due to smaller banking organization acquisitions in late 1994, and emphasis on fee collection.

[ ] Mortgage servicing and related fees grew \$52 million, or 61 percent, to \$138 million in 1995, primarily due to acquisitions of several mortgage banking operations and servicing portfolios. In the latter part of 1994, the Corporation's mortgage banking subsidiary acquired \$7.6 billion in servicing. In addition, \$35.0 billion in servicing was acquired by the mortgage banking subsidiary on March 31, 1995. Including acquisitions, the average portfolio of loans serviced increased 95 percent from \$35.5 billion in 1994 to \$69.3 billion in 1995. On December 31, 1995, the servicing portfolio, including loans serviced on behalf of the Corporation's banking subsidiaries, totaled \$81.4 billion compared



to \$39.0 billion on December 31, 1994. Mortgage loan originations through the Corporation's mortgage banking subsidiary increased \$4.2 billion to \$11.1 billion in 1995 compared to \$6.9 billion in 1994, primarily reflecting changes in the interest rate environment. Origination volume in 1995 consisted of approximately \$4.3 billion of retail loan volume and \$6.8 billion of correspondent loan volume.

In conducting its mortgage banking activities, the Corporation is exposed to fluctuations in interest rates. Loans originated for sale to third parties expose the Corporation to interest rate risk for the period between loan commitment date and subsequent delivery. Additionally, the value of the Corporation's mortgage servicing rights is affected by changes in prepayment rates. To manage risks associated with mortgage banking activities, the Corporation enters into various instruments including option contracts, forward delivery contracts and certain rate swaps. The contract/notional amount of these instruments approximated \$5.2 billion on December 31, 1995. Net unrealized gains associated with these contracts were \$48 million on December 31, 1995.

[ ] Investment banking income totaled \$192 million in 1995, an increase of 39 percent over 1994, primarily reflecting higher syndication fees. The GLOBAL FINANCE syndication group was agent or co-agent on 420 deals totaling \$281.6 billion in 1995, compared to 362 deals totaling \$195.5 billion in 1994. Additionally, fee income associated with the CAPITAL MARKETS group's asset-backed financing arrangements on behalf of customers increased as this group arranged 40 asset-backed financings totaling \$2.0 billion in 1995.

[ ] The higher level of brokerage income in 1995 was primarily attributable to the full-year impact of the acquisition of the third-party interest in the Corporation's full-service brokerage company. This company was a joint venture arrangement prior to November 15, 1994, accounted for under the equity method.

[ ] During the second quarter of 1995, the Corporation and a third party formed a joint venture to market merchant credit card authorization, processing and settlement services to regional and local

TABLE FIVE

NONINTEREST INCOME  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

| CHANGE   | 1995   |  | 1994   |  | AMOUNT |
|--|--------|--|--------|--|--------|
|  | AMOUNT | PERCENT OF TAXABLE-EQUIVALENT NET INTEREST | AMOUNT | PERCENT OF TAXABLE-EQUIVALENT NET INTEREST |        |
| PERCENT  |        |  |        |  |        |
| <S>  | <C>    | <C>  | <C>    | <C>  | <C>    |
| <C>  |        |  |        |  |        |
| Service charges on deposit accounts.....         | \$ 884 | 15.9%                                      | \$ 797 | 15.0%                                      | \$ 87  |
| 10.9%  |        |  |        |  |        |
| Nondeposit-related service fees                  |        |  |        |  |        |
| Safe deposit rent.....                           | 27     | .5   | 27     | .5   | -      |
| -  |        |  |        |  |        |
| Mortgage servicing and related fees.....         | 138    | 2.5  | 86     | 1.6  | 52     |
| 60.5   |        |  |        |  |        |
| Fees on factored accounts receivable.....        | 68     | 1.2  | 74     | 1.4  | (6)    |
| (8.1)  |        |  |        |  |        |
| Investment banking income.....                   | 192    | 3.5  | 138    | 2.6  | 54     |
| 39.1   |        |  |        |  |        |
| Other service fees.....                          | 129    | 2.3  | 111    | 2.1  | 18     |
| 16.2   |        |  |        |  |        |
| Total nondeposit-related service fees.....       | 554    | 10.0                                       | 436    | 8.2  | 118    |
| 27.1   |        |  |        |  |        |
| Asset management and fiduciary service fees..... | 444    | 8.0  | 435    | 8.2  | 9      |
| 2.1  |        |  |        |  |        |
| Credit card income                               |        |  |        |  |        |
| Merchant discount fees.....                      | 7      | .1   | 27     | .5   | (20)   |
| (74.1)   |        |  |        |  |        |
| Annual credit card fees.....                     | 24     | .4   | 21     | .4   | 3      |
| 14.3   |        |  |        |  |        |
| Other credit card fees.....                      | 246    | 4.5  | 232    | 4.4  | 14     |
| 6.0  |        |  |        |  |        |



|   |         |       |         |       |       |        |
|---|---------|-------|---------|-------|-------|--------|
| Personnel.....                              | \$2,491 | 28.8% | \$2,311 | 29.1% | \$180 | 7.8%   |
| Occupancy, net.....                         | 495     | 5.7   | 487     | 6.2   | 8     | 1.6    |
| Equipment.....                              | 397     | 4.6   | 364     | 4.6   | 33    | 9.1    |
| Marketing.....                              | 217     | 2.5   | 161     | 2.0   | 56    | 34.8   |
| Professional fees.....                      | 182     | 2.1   | 171     | 2.2   | 11    | 6.4    |
| Amortization of intangibles.....            | 119     | 1.4   | 141     | 1.8   | (22)  | (15.6) |
| Credit card.....                            | 55      | .6    | 71      | .9    | (16)  | (22.5) |
| Deposit insurance.....                      | 118     | 1.4   | 211     | 2.7   | (93)  | (44.1) |
| Data processing.....                        | 229     | 2.7   | 235     | 3.0   | (6)   | (2.6)  |
| Telecommunications.....                     | 150     | 1.7   | 137     | 1.7   | 13    | 9.5    |
| Postage and courier.....                    | 135     | 1.6   | 126     | 1.6   | 9     | 7.1    |
| Other general operating.....                | 411     | 4.8   | 388     | 4.9   | 23    | 5.9    |
| General administrative and miscellaneous... | 164     | 1.9   | 139     | 1.8   | 25    | 18.0   |
|   | \$5,163 | 59.8% | \$4,942 | 62.5% | \$221 | 4.5    |

</TABLE>

#### MANAGEMENT'S DISCUSSION AND ANALYSIS 23

A discussion of the significant components of noninterest expense in 1995 compared to 1994 is as follows:

[ ] Personnel expense increased \$180 million over 1994, primarily due to the impact of acquisitions discussed above, partially offset by decreases from dispositions. Continued investment in personnel in the CAPITAL MARKETS group to strategically expand trading and other capital markets activities and investments to enhance the consumer lending businesses in FINANCIAL SERVICES and the FINANCIAL PRODUCTS group also contributed to the increase in personnel expense. These increases were partially offset by further optimization of the GENERAL BANK retail banking center delivery network as well as increased efficiencies in commercial banking and the ASSET MANAGEMENT GROUP.

[ ] Equipment expense increased nine percent in 1995 over 1994, reflecting enhancements to computer resources primarily in the CAPITAL MARKETS group and increased costs related to enhancement of product delivery systems.

[ ] Marketing expense increased \$56 million to \$217 million in 1995, attributable to expanded credit card solicitations in the FINANCIAL PRODUCTS group and other promotional efforts to enhance revenues. Marketing expense in 1995 also included certain costs associated with the Corporation's Olympic sponsorship.

[ ] The Corporation's deposit insurance expense decreased 44 percent to \$118 million in 1995 from \$211 million in 1994, primarily reflecting reductions in insurance rates charged by the FDIC beginning June 1, 1995.

[ ] The Corporation's combined other general operating and general administrative and miscellaneous expenses increased \$48 million to \$575 million in 1995. Included in 1995 expense was a \$30-million charge reflecting a proposed settlement associated with the resolution of litigation involving the sale of Nations Government Income Term Trusts 2003 and 2004 and acquisition-related expenses, partially offset by lower loan and collection expenses and the results of focused expense management efforts.

#### INCOME TAXES

The Corporation's income tax expense for 1995 was \$1.0 billion, for an effective tax rate of 34.8 percent of pretax income. Tax expense for 1994 was \$865 million, reflecting an effective tax rate of 33.9 percent.

Note Twelve to the consolidated financial statements includes a reconciliation of federal income tax expense computed using the federal statutory rate of 35 percent to the actual income tax expense reported for 1995 and 1994.

See Notes One and Twelve to the consolidated financial statements for additional information on income taxes.

#### BALANCE SHEET REVIEW AND LIQUIDITY RISK MANAGEMENT

The Corporation utilizes an integrated approach in managing its balance sheet which includes management of interest rate sensitivity, credit risk, liquidity risk and capital position.

TABLE SEVEN provides an analysis of the sources and uses of funds for 1995 and 1994 based on average levels. In response to earning asset growth coupled with customers seeking higher-yielding investment alternatives to deposits, during 1995 the Corporation shifted its funding mix toward the use of term debt, an alternative stable source of funds, and market-based funds. Market-based funds increased \$14.0 billion over 1994 levels and comprised a larger portion of total sources of funds, at 38 percent for 1995 compared to 35 percent in 1994. Average long-term debt increased \$4.6 billion in 1995 and represented seven

percent of total sources of funds in 1995 compared to five percent in 1994.

Customer-based funds, though relatively flat between 1995 and 1994, decreased as a percentage of total sources to 44 percent in 1995 compared to 51 percent in 1994.

Loans and leases, the Corporation's primary use of funds, increased 15 percent and represented 58 percent of total uses in 1995. The ratio of average loans and leases to customer-based funds increased to 131 percent in 1995 compared to 113 percent in 1994 due to strong loan growth and the use of market-based funds and term debt to support earning asset growth.

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Cash and cash equivalents were \$8.4 billion on December 31, 1995, a decrease of \$1.1 billion from December 31, 1994. During 1995, net cash used in operating activities was \$4.9 billion, net cash used in investing activities was \$6.2 billion and net cash provided from financing activities was \$10.0 billion. For further information on cash flows, see the Consolidated Statement of Cash Flows in the consolidated financial statements.

Liquidity is a measure of the Corporation's ability to fulfill its cash requirements and is managed by the Corporation through its asset and liability management process. The Corporation assesses the level of liquidity necessary to meet its cash requirements by monitoring its assets and liabilities and modifying these positions as liquidity requirements change. This process, coupled with the Corporation's ability to raise capital and debt financing, is designed to cover the liquidity needs of the Corporation. The following discussion provides an overview of significant on-and off-balance sheet components.

SECURITIES

The securities portfolio on December 31, 1995 consisted of securities held for investment totaling \$4.4 billion and securities available for sale totaling \$19.4 billion compared to \$17.8 billion and \$8.0 billion, respectively, on December 31, 1994. As discussed in Note Three to the consolidated financial statements, in December 1995, the Corporation transferred \$8.6 billion of securities from the held for investment category to the available for sale category providing added flexibility in future interest rate and liquidity management.

On December 31, 1995, the market value of the Corporation's portfolio of securities held for investment equaled the book value of the portfolio. This compared to unrealized net depreciation of \$699 million on December 31, 1994.

The valuation reserve for securities available for sale and marketable equity securities increased shareholders' equity by \$323 million on December 31, 1995, reflecting pretax appreciation of \$418 million and \$97 million on securities available for sale and marketable equity securities, respectively. The valuation amount reduced shareholders' equity by \$136 million on December 31, 1994. The changes in the valuation amounts for both the securities held for investment and the securities available for sale portfolios were primarily due to the decrease in interest rates during 1995.

The estimated average maturities of the securities held for investment and securities available for sale portfolios were 1.65 and

TABLE SEVEN

<TABLE>  
<CAPTION>  
SOURCES AND USES OF FUNDS  
(AVERAGE DOLLARS IN MILLIONS)

|   | 1995          |                | 1994          |                |
|---|---------------|----------------|---------------|----------------|
|   | AMOUNT<br><C> | PERCENT<br><C> | AMOUNT<br><C> | PERCENT<br><C> |
| <S>   |               |                |               |                |
| Composition of sources  |               |                |               |                |
| Savings, NOW , money market deposit accounts and consumer CDs and IRAs..... | \$ 61,055     | 32.4%          | \$ 62,777     | 37.7%          |
| Noninterest-bearing deposits.....   | 21,128        | 11.2           | 20,097        | 12.1           |
| Customer-based portion of negotiated CDs.....                               | 1,534         | .8             | 1,328         | .8             |
| Customer-based funds.....   | 83,717        | 44.4           | 84,202        | 50.6           |
| Market-based funds.....   | 71,871        | 38.1           | 57,858        | 34.8           |
| Long-term debt.....   | 12,652        | 6.7            | 8,033         | 4.8            |
| Other liabilities.....  | 8,856         | 4.7            | 5,742         | 3.5            |
| Shareholders' equity.....   | 11,451        | 6.1            | 10,484        | 6.3            |
| Total sources.....  | \$188,547     | 100.0%         | \$166,319     | 100.0%         |

Composition of uses



|                                  |           |        |           |        |          |        |          |        |          |
|----------------------------------|-----------|--------|-----------|--------|----------|--------|----------|--------|----------|
| Credit card.....                 | 6,532     | 5.6    | 4,753     | 4.6    | 3,728    | 4.1    | 4,297    | 5.9    | 4,178    |
| 6.0                              |           |        |           |        |          |        |          |        |          |
| Other consumer.....              | 22,287    | 19.0   | 20,511    | 19.9   | 19,326   | 21.0   | 14,152   | 19.4   | 14,645   |
| 21.2                             |           |        |           |        |          |        |          |        |          |
| Total consumer.....              | 52,845    | 45.2   | 42,508    | 41.2   | 35,743   | 38.9   | 27,711   | 38.0   | 26,394   |
| 38.2                             |           |        |           |        |          |        |          |        |          |
| Lease financing.....             | 3,264     | 2.8    | 2,440     | 2.4    | 1,729    | 1.9    | 1,301    | 1.8    | 1,229    |
| 1.8                              |           |        |           |        |          |        |          |        |          |
| Factored accounts receivable...  | 991       | .8     | 1,004     | 1.0    | 1,001    | 1.1    | 917      | 1.3    | 817      |
| 1.2                              |           |        |           |        |          |        |          |        |          |
|                                  | 114,248   | 97.6   | 100,947   | 97.7   | 90,776   | 98.7   | 71,578   | 98.4   | 68,109   |
| 98.6                             |           |        |           |        |          |        |          |        |          |
| Foreign                          |           |        |           |        |          |        |          |        |          |
| Commercial and industrial        |           |        |           |        |          |        |          |        |          |
| companies.....                   | 1,635     | 1.4    | 1,183     | 1.1    | 510      | .5     | 634      | .9     | 634      |
| .9                               |           |        |           |        |          |        |          |        |          |
| Banks and other financial        |           |        |           |        |          |        |          |        |          |
| institutions.....                | 609       | .5     | 795       | .8     | 446      | .5     | 304      | .4     | 177      |
| .2                               |           |        |           |        |          |        |          |        |          |
| Governments and                  |           |        |           |        |          |        |          |        |          |
| official institutions.....       | 7         | -      | 6         | -      | 22       | -      | 2        | -      | 42       |
| .1                               |           |        |           |        |          |        |          |        |          |
| Lease financing.....             | 534       | .5     | 440       | .4     | 253      | .3     | 196      | .3     | 146      |
| .2                               |           |        |           |        |          |        |          |        |          |
|                                  | 2,785     | 2.4    | 2,424     | 2.3    | 1,231    | 1.3    | 1,136    | 1.6    | 999      |
| 1.4                              |           |        |           |        |          |        |          |        |          |
| Total loans, leases and factored |           |        |           |        |          |        |          |        |          |
| accounts receivable, net         |           |        |           |        |          |        |          |        |          |
| of unearned income.....          | \$117,033 | 100.0% | \$103,371 | 100.0% | \$92,007 | 100.0% | \$72,714 | 100.0% | \$69,108 |
| 100.0%                           |           |        |           |        |          |        |          |        |          |

</TABLE>

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### AVERAGE LOANS AND LEASES (billions)

(Bar graph appears here with the following plot points.)

|      |      |      |      |       |
|------|------|------|------|-------|
| 91   | 92   | 93   | 94   | 95    |
| 69.4 | 68.2 | 79.0 | 95.0 | 109.5 |

A significant source of liquidity for the Corporation is the repayment and maturities of loans. TABLE NINE shows selected loan maturity data on December 31, 1995 and indicates that approximately 45 percent of the selected loans had maturities of one year or less. The securitization and sale of certain loans and the use of loans as collateral in asset-backed financing arrangements are also sources of liquidity. In December 1995, the Corporation securitized approximately \$1.1 billion of indirect auto loans. Additionally, during 1995 the Corporation issued approximately \$3.0 billion of mortgage-backed bonds and \$1.1 billion of credit card-backed financing.

### OTHER EARNING ASSETS

As presented in TABLE SEVEN, aggregate federal funds sold, securities purchased under agreements to resell and trading account securities increased \$5.5 billion to \$29.3 billion in 1995 compared to 1994 and represented 16 percent of total uses of funds in 1995 compared to 14 percent in 1994. Increased trading activities were the primary reason for these increases.

### DEPOSITS

TABLE THREE provides information on the average amounts of deposits and the rates paid by deposit category. Through the Corporation's diverse retail banking network, deposits remain a primary, highly stable source of funds for the Corporation. As the Corporation has diversified its sources of funds, customer-based funds have remained relatively flat although declining as a percentage of total sources from 51 percent in 1994 to 44 percent in 1995. Declines of \$1.5 billion were experienced in certain customer-based deposits, reflecting industry-wide trends of customers seeking higher-yielding investment alternatives. Average noninterest-bearing deposits increased \$1.0 billion during 1995 compared to 1994.

On December 31, 1995, the Corporation had domestic certificates of deposit greater than \$100 thousand totaling \$6.5 billion, with \$3.1 billion maturing within three months or less, \$1.2 billion maturing within three to six months,

\$1.1 billion maturing within six to twelve months and \$1.1 billion maturing after twelve months. Additionally, on December 31, 1995, the Corporation had other domestic time deposits greater than \$100 thousand totaling \$304 million, with \$30 million maturing within three months or less, \$29 million maturing within three to six months, \$38 million maturing within six to twelve months and \$207 million maturing after twelve months. Foreign office certificates of deposit and other time deposits of \$100 thousand or more amounted to \$12.9 billion and \$12.6 billion on December 31, 1995 and 1994, respectively.

TABLE NINE

SELECTED LOAN MATURITY DATA  
DECEMBER 31, 1995  
(DOLLARS IN MILLIONS)

THIS TABLE PRESENTS THE MATURITY DISTRIBUTION AND INTEREST SENSITIVITY OF SELECTED LOAN CATEGORIES (EXCLUDING RESIDENTIAL MORTGAGE, CREDIT CARD, OTHER CONSUMER LOANS, LEASE FINANCING AND FACTORED ACCOUNTS RECEIVABLE). MATURITIES ARE PRESENTED ON A CONTRACTUAL BASIS.

<TABLE>  
<CAPTION>

|   | DUE IN 1<br>YEAR<br>OR LESS | DUE AFTER<br>1 YEAR<br>THROUGH<br>5 YEARS | DUE AFTER<br>5 YEARS | TOTAL    |
|---|-----------------------------|---|----------------------|----------|
| <S>   | <C>                         | <C>                                       | <C>                  | <C>      |
| Commercial.....   | \$ 21,141                   | \$ 19,153                                 | \$ 7,695             | \$47,989 |
| Real estate commercial.....   | 2,008                       | 3,446                                     | 729                  | 6,183    |
| Real estate construction.....   | 1,781                       | 1,139                                     | 56                   | 2,976    |
| Foreign.....  | 1,668                       | 325                                       | 258                  | 2,251    |
| Total selected loans, net of unearned income.....                             | \$ 26,598                   | \$ 24,063                                 | \$ 8,738             | \$59,399 |
| Percent of total.....   | 44.8%                       | 40.5%                                     | 14.7%                | 100.0%   |
| Cumulative percent of total.....  | 44.8                        | 85.3                                      | 100.0                |          |
| Sensitivity of loans to changes in interest rates-loans<br>due after one year |                             |   |                      |          |
| Predetermined interest rate.....  |                             | \$ 6,363                                  | \$ 3,508             | \$ 9,871 |
| Floating or adjustable interest rate.....                                     |                             | 17,700                                    | 5,230                | 22,930   |
|   |                             | \$ 24,063                                 | \$ 8,738             | \$32,801 |

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS 27

SHORT-TERM BORROWINGS AND  
TRADING ACCOUNT LIABILITIES

The Corporation uses short-term borrowings as a funding source and in its management of interest rate risk. TABLE TEN presents the categories of short-term borrowings.

In 1995, the banking subsidiaries increased the maximum available issuance under the bank note program by \$3.0 billion to \$9.0 billion. As of December 31, 1995, short-term bank notes outstanding under this program were \$3.1 billion compared to \$4.5 billion on December 31, 1994.

Average securities sold under agreements to repurchase increased \$5.4 billion in 1995 and short sales increased \$1.5 billion on average over 1994 levels, primarily reflecting the expanded trading activities of the CAPITAL MARKETS group.

LONG-TERM DEBT

On December 31, 1995 and 1994, long-term debt was \$17.8 billion and \$8.5 billion, respectively. The Corporation issued approximately \$11.4 billion in long-term senior and subordinated debt. The Corporation continued to diversify its funding sources through the issuances of \$3.0 billion of mortgage-backed bonds, a \$1.1-billion credit card-backed financing, a \$500-million Eurobond offering and the issuance of \$2.2 billion in long-term debt by the banking subsidiaries under the previously mentioned bank note program. In addition, the Corporation issued approximately \$4.6 billion of senior and subordinated debt including medium-term notes.

Proceeds from the issuance of long-term debt were used primarily to fund average earning asset growth of 13 percent, fund the common stock repurchase programs, replace debt which matured and fund certain mortgage and banking acquisitions. See Note Six to the consolidated financial statements for further details on long-term debt.

TABLE TEN

SHORT-TERM BORROWINGS  
(DOLLARS IN MILLIONS)

FEDERAL FUNDS PURCHASED GENERALLY REPRESENT OVERNIGHT BORROWINGS, AND REPURCHASE AGREEMENTS REPRESENT BORROWINGS WHICH GENERALLY RANGE FROM ONE DAY TO THREE MONTHS IN MATURITY. COMMERCIAL PAPER IS ISSUED IN MATURITIES NOT TO EXCEED NINE MONTHS. OTHER SHORT-TERM BORROWINGS PRINCIPALLY CONSIST OF BANK NOTES AND U.S. TREASURY NOTE BALANCES.

<TABLE>  
<CAPTION>

| <S>  | 1995          |             | 1994          |             | 1993          |             |
|--|---------------|-------------|---------------|-------------|---------------|-------------|
|  | AMOUNT<br><C> | RATE<br><C> | AMOUNT<br><C> | RATE<br><C> | AMOUNT<br><C> | RATE<br><C> |
| Federal funds purchased                        |               |             |               |             |               |             |
| On December 31.....                            | \$ 5,940      | 5.26%       | \$ 3,993      | 5.19%       | \$ 7,135      | 2.92%       |
| Average during year.....                       | 5,455         | 5.91        | 5,397         | 4.07        | 6,479         | 3.03        |
| Maximum month-end balance during year.....     | 7,317         | -           | 7,264         | -           | 7,899         | -           |
| Securities sold under agreements to repurchase |               |             |               |             |               |             |
| On December 31.....                            | 23,034        | 5.66        | 21,977        | 5.36        | 21,236        | 3.11        |
| Average during year.....                       | 30,336        | 6.14        | 24,903        | 4.32        | 17,283        | 3.13        |
| Maximum month-end balance during year.....     | 38,926        | -           | 27,532        | -           | 22,733        | -           |
| Commercial paper                               |               |             |               |             |               |             |
| On December 31.....                            | 2,773         | 5.65        | 2,519         | 5.22        | 2,056         | 3.26        |
| Average during year.....                       | 2,804         | 6.10        | 2,482         | 4.46        | 1,379         | 3.26        |
| Maximum month-end balance during year.....     | 2,930         | -           | 2,871         | -           | 2,056         | -           |
| Other short-term borrowings                    |               |             |               |             |               |             |
| On December 31.....                            | 4,143         | 5.94        | 5,640         | 7.21        | 5,522         | 3.08        |
| Average during year.....                       | 5,690         | 6.20        | 5,015         | 4.25        | 4,006         | 3.45        |
| Maximum month-end balance during year.....     | 7,378         | -           | 6,634         | -           | 8,187         | -           |

</TABLE>

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OTHER

The Corporation has commercial paper back-up lines totaling \$1.5 billion which mature in 1997. No borrowings have been made under these lines.

The strength of the Corporation's overall financial position is reflected in the following December 31, 1995 debt ratings:

|                          | COMMERCIAL<br>PAPER | SENIOR<br>DEBT |
|--------------------------|---------------------|----------------|
| Moody's Investors        |                     |                |
| Service.....             | P-1                 | A2             |
| Standard & Poor's        |                     |                |
| Corporation.....         | A-1                 | A              |
| Duff and Phelps, Inc.... | D-1+                | A+             |
| Fitch Investors          |                     |                |
| Service, Inc.....        | F-1                 | A+             |
| Thomson BankWatch.....   | TBW-1               | A+             |
| IBCA.....                | A1                  | A              |

In managing liquidity, the Corporation takes into consideration the ability of the subsidiary banks to pay dividends to the parent company. See Note Nine to the consolidated financial statements for further details on dividend capabilities of the subsidiary banks.

OFF-BALANCE SHEET

As discussed in the Market Risk Management section beginning on page 38, the Corporation utilizes interest rate swaps in its asset and liability management process. Interest rate swaps allow the Corporation to adjust its interest rate risk position without exposure to risk of loss of principal and funding requirements, as swaps do not involve the exchange of notional amounts, only net interest payments. The interest payments can be based on a fixed rate or a variable index.

The Corporation uses non-leveraged generic, index amortizing, collateralized mortgage obligation (CMO) and basis swaps. Generic swaps involve the exchange of fixed and variable interest rates based on the contractual underlying notional amounts. Index amortizing and CMO swaps also involve the exchange of fixed and variable interest rates; however, their notional amounts decline and their maturities vary based on certain interest rate indices in the case of index



amortizing swaps, or mortgage prepayment rates in the case of CMO swaps. Basis swaps involve the exchange of payments based on the contractual underlying notional amounts where both the pay rate and the receive rate are floating rates based on different indices.

As presented in the footnotes to TABLE THREE, net interest receipts and payments on these swaps have been included in interest income and expense on the underlying instruments. On December 31, 1995, there were no realized deferred gains or losses associated with terminated contracts.

TABLE ELEVEN summarizes the notional contracts and the activity for the year ended December 31, 1995 of asset and liability management interest rate swaps (ALM swap or swaps). As reflected in the table, the gross notional amount of the Corporation's ALM swap program on December 31, 1995 was \$24.3 billion, with the Corporation receiving fixed on \$13.8 billion, converting variable-rate commercial loans to fixed rate and converting the cost of certain fixed-rate long-term debt to variable rate, and receiving variable on \$10.0 billion, fixing the cost of certain variable-rate liabilities, primarily market-based funds. On December 31, 1995, the net receive fixed position was \$3.9 billion, representing a reduction from the net receive fixed position of \$8.9 billion on December 31, 1994.

TABLE TWELVE summarizes the maturities, average pay and receive rates and the market value on December 31, 1995 of the Corporation's ALM swaps. The weighted

TABLE ELEVEN

ASSET AND LIABILITY MANAGEMENT INTEREST RATE SWAPS NOTIONAL CONTRACTS  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|                                 | GENERIC          |              | INDEX                          | CMO              |              | TOTAL            |              | BASIS  |
|---------------------------------|------------------|--------------|--------------------------------|------------------|--------------|------------------|--------------|--------|
|                                 | RECEIVE<br>FIXED | PAY<br>FIXED | AMORTIZING<br>RECEIVE<br>FIXED | RECEIVE<br>FIXED | PAY<br>FIXED | RECEIVE<br>FIXED | PAY<br>FIXED |        |
| TOTAL                           |                  |              |                                |                  |              |                  |              |        |
| <S>                             | <C>              | <C>          | <C>                            | <C>              | <C>          | <C>              | <C>          | <C>    |
| <C>                             |                  |              |                                |                  |              |                  |              |        |
| Balance on December 31, 1994... | \$ 6,528         | \$ 8,446     | \$ 8,450                       | \$ 2,504         | \$ 97        | \$ 17,482        | \$ 8,543     | \$ -   |
| \$ 26,025                       |                  |              |                                |                  |              |                  |              |        |
| Additions.....                  | 2,923            | 1,561        | -                              | -                | -            | 2,923            | 1,561        | 486    |
| 4,970                           |                  |              |                                |                  |              |                  |              |        |
| Maturities.....                 | (3,488)          | (99)         | (2,539)                        | (540)            | (22)         | (6,567)          | (121)        | -      |
| (6,688)                         |                  |              |                                |                  |              |                  |              |        |
| Balance on December 31, 1995... | \$ 5,963         | \$ 9,908     | \$ 5,911                       | \$ 1,964         | \$ 75        | \$ 13,838        | \$ 9,983     | \$ 486 |
| \$ 24,307                       |                  |              |                                |                  |              |                  |              |        |

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS 29

TABLE TWELVE

ASSET AND LIABILITY MANAGEMENT INTEREST RATE SWAPS  
DECEMBER 31, 1995  
(DOLLARS IN MILLIONS, AVERAGE MATURITY IN YEARS)

<TABLE>  
<CAPTION>

| AFTER                         | AVERAGE  | MARKET | MATURITIES |          |          |          |       |     |      |
|-------------------------------|----------|--------|------------|----------|----------|----------|-------|-----|------|
|                               |          |        | VALUE      | TOTAL    | 1996     | 1997     | 1998  |     | 1999 |
| 2000                          | MATURITY |        |            |          |          |          |       |     |      |
| <S>                           |          | <C>    | <C>        | <C>      | <C>      | <C>      | <C>   | <C> | <C>  |
| <C>                           |          |        |            |          |          |          |       |     |      |
| ASSET CONVERSION SWAPS        |          |        |            |          |          |          |       |     |      |
| Receive fixed generic.....    |          |        |            |          |          |          |       |     |      |
|                               |          | \$ (6) |            |          |          |          |       |     |      |
| .96                           |          |        |            |          |          |          |       |     |      |
| -                             |          |        | \$ 4,275   | \$ 2,700 | \$ 575   | \$ 1,000 | -     | -   |      |
| -                             |          |        |            | 4.85%    | 4.62%    | 4.45%    | 5.67% | -   | -    |
| -                             |          |        |            | 5.84     |          |          |       |     |      |
| Receive fixed amortizing..... |          |        |            |          |          |          |       |     |      |
|                               |          | (42)   |            |          |          |          |       |     |      |
| .70                           |          |        |            |          |          |          |       |     |      |
| -                             |          |        | \$ 5,911   | \$ 4,497 | \$ 1,220 | \$ 194   | -     | -   |      |
| -                             |          |        |            | 4.88%    | 4.88%    | 4.87%    | 5.08% | -   | -    |

|                                     |                                   |          |          |         |         |        |         |    |
|-------------------------------------|-----------------------------------|----------|----------|---------|---------|--------|---------|----|
| -                                   | Weighted average pay rate.....    | 5.85     |          |         |         |        |         |    |
| Receive fixed CMO.....              | (11)                              |          |          |         |         |        |         |    |
| 1.72                                | Notional value.....               | \$ 1,964 | \$ 656   | \$ 418  | \$ 469  | \$ 421 | -       |    |
| -                                   | Weighted average receive rate.... | 5.12%    | 5.10%    | 5.11%   | 5.08%   | 5.21%  | -       |    |
| -                                   | Weighted average pay rate.....    | 5.92     |          |         |         |        |         |    |
| Total asset conversion swaps.....   | \$ (59)                           |          |          |         |         |        |         |    |
| -                                   | Notional value.....               | \$12,150 | \$ 7,853 | \$2,213 | \$1,663 | \$ 421 | -       |    |
| LIABILITY CONVERSION SWAPS          |                                   |          |          |         |         |        |         |    |
| Receive fixed generic.....          | \$ 65                             |          |          |         |         |        |         |    |
| 5.70                                | Notional value.....               | \$ 1,688 | \$ 4     | -       | \$ 3    | -      | \$1,308 | \$ |
| 373                                 | Weighted average receive rate.... | 6.73%    | 8.76%    | -       | 6.58%   | -      | 6.56%   |    |
| 7.32%                               | Weighted average pay rate.....    | 5.96     |          |         |         |        |         |    |
| Pay fixed generic.....              | (82)                              |          |          |         |         |        |         |    |
| .74                                 | Notional value.....               | \$ 9,908 | \$ 8,798 | \$ 925  | \$ 100  | -      | \$ 74   | \$ |
| 11                                  | Weighted average pay rate.....    | 6.62%    | 6.53%    | 7.52%   | 6.10%   | -      | 7.42%   |    |
| 9.78%                               | Weighted average receive rate.... | 5.92     |          |         |         |        |         |    |
| Pay fixed CMO.....                  | 1                                 |          |          |         |         |        |         |    |
| 1.55                                | Notional value.....               | \$ 75    | \$ 22    | \$ 16   | \$ 37   | -      | -       |    |
| -                                   | Weighted average pay rate.....    | 4.44%    | 4.44%    | 4.44%   | 4.44%   | -      | -       |    |
| -                                   | Weighted average receive rate.... | 5.94     |          |         |         |        |         |    |
| Total liability conversion swaps... | \$ (16)                           |          |          |         |         |        |         |    |
| 384                                 | Notional value.....               | \$11,671 | \$ 8,824 | \$ 941  | \$ 140  | -      | \$1,382 | \$ |
| Basis swaps.....                    | \$ -                              |          |          |         |         |        |         |    |
| 1.59                                | Notional value.....               | \$ 486   | \$ 100   | \$ 371  | -       | -      | -       | \$ |
| 15                                  | Weighted average receive rate.... | 5.75%    |          |         |         |        |         |    |
|                                     | Weighted average pay rate.....    | 5.82     |          |         |         |        |         |    |
| Total swaps.....                    | \$ (75)                           |          |          |         |         |        |         |    |
| 399                                 | Notional value.....               | \$24,307 | \$16,777 | \$3,525 | \$1,803 | \$ 421 | \$1,382 | \$ |
| Total receive fixed rate swaps....  | \$ 6                              |          |          |         |         |        |         |    |
| 1.54                                | Notional value.....               | \$13,838 | \$ 7,857 | \$2,213 | \$1,666 | \$ 421 | \$1,308 | \$ |
| 373                                 | Weighted average receive rate.... | 5.13%    | 4.81%    | 4.81%   | 5.44%   | 5.21%  | 6.56%   |    |
| 7.32%                               | Weighted average pay rate.....    | 5.87     |          |         |         |        |         |    |
| Total pay fixed rate swaps.....     | \$ (81)                           |          |          |         |         |        |         |    |
| .74                                 | Notional value.....               | \$ 9,983 | \$ 8,820 | \$ 941  | \$ 137  | -      | \$ 74   | \$ |
| 11                                  | Weighted average pay rate.....    | 6.61%    | 6.52%    | 7.47%   | 5.65%   | -      | 7.42%   |    |
| 9.78%                               | Weighted average receive rate.... | 5.92     |          |         |         |        |         |    |

FLOATING RATES REPRESENT THE LAST REPRICING AND WILL CHANGE IN THE FUTURE BASED ON MOVEMENTS IN ONE-, THREE- AND SIX-MONTH LIBOR RATES.

MATURITIES FOR CMO AND AMORTIZING SWAPS ARE BASED ON INTEREST RATES IMPLIED BY THE FORWARD CURVE ON DECEMBER 31, 1995 AND MAY DIFFER FROM ACTUAL MATURITIES, DEPENDING ON FUTURE INTEREST RATE MOVEMENTS AND RESULTANT PREPAYMENT PATTERNS.

ON DECEMBER 31, 1995, IN ADDITION TO THE ABOVE INTEREST RATE SWAPS, THE CORPORATION HAD APPROXIMATELY \$1.2 BILLION NOTIONAL OF RECEIVE FIXED GENERIC INTEREST RATE SWAPS ASSOCIATED PRIMARILY WITH A CREDIT CARD SECURITIZATION. ON DECEMBER 31, 1995, THESE POSITIONS HAD AN UNREALIZED MARKET VALUE OF NEGATIVE \$1 MILLION, A WEIGHTED AVERAGE RECEIVE RATE OF 5.19 PERCENT, A PAY RATE OF 5.66 PERCENT AND AN AVERAGE MATURITY OF 3.76 YEARS. ADDITIONALLY, THE CORPORATION HAD

average interest receive rates and pay rates were 5.13 percent and 5.87 percent, respectively, for receive fixed ALM swaps and 5.92 percent and 6.61 percent, respectively, for receive floating ALM swaps as of December 31, 1995.

The net unrealized depreciation of the ALM swap portfolio on December 31, 1995 was \$75 million compared to \$726 million on December 31, 1994, reflecting the reduction in interest rates and maturities. The unrealized depreciation in the estimated value of the ALM swap portfolio should be viewed in the context of the overall balance sheet. The value of any single component of the balance sheet or off-balance sheet position should not be viewed in isolation.

#### CREDIT RISK MANAGEMENT AND CREDIT PORTFOLIO REVIEW

In conducting business activities, the Corporation is exposed to the possibility that borrowers or counterparties may default on their obligations to the Corporation. Credit risk arises through the extension of loans, leases, factored accounts receivable, certain securities, letters of credit, financial guarantees and through counterparty risk on trading and capital markets transactions. To manage this risk, the Credit Policy group establishes policies and procedures to manage both on- and off-balance sheet credit risk and communicates and monitors the application of these policies and procedures throughout the Corporation.

The Corporation's overall objective in managing credit risk is to minimize the adverse impact of any single event or set of occurrences. To achieve this objective, the Corporation strives to maintain a credit risk profile that is diverse in terms of product type, industry concentration, geographic distribution and borrower or counterparty concentration.

The Credit Policy group works with lending officers, trading personnel and various other line personnel in areas that conduct activities involving credit risk and is involved in the implementation, refinement and monitoring of credit policies and procedures.

The Corporation manages credit exposure to individual borrowers and counterparties on an aggregate basis. Included in the aggregate measure of exposure to an individual borrower or counterparty are loans, leases, factored accounts receivable, securities, letters of credit, bankers' acceptances, derivatives in a gain position and unfunded commitments. The creditworthiness of a borrower or counterparty is determined by experienced personnel, and limits are established for the total credit exposure to any one borrower or counterparty. Credit limits are subject to varying levels of approval by senior line and credit policy management. Total exposure to a borrower or counterparty is aggregated and measured against established limits.

Borrowers or counterparties receive an initial risk rating by the originating credit officer. This rating is based on the amount of inherent credit risk and is reviewed for appropriateness by senior line and credit policy personnel. Credits are monitored by line and credit policy personnel for deterioration in a borrower's or counterparty's financial condition which would impact the ability of the borrower or counterparty to perform under the contract. Risk ratings are adjusted as necessary.

For consumer lending, credit scoring systems are utilized to provide standards for extension of credit. Consumer portfolio credit risk is monitored primarily using statistical models to predict portfolio behavior.

In certain circumstances, the Corporation obtains collateral to support credit extensions and commitments. Generally, such collateral is in the form of real and personal property, cash on deposit or other highly liquid instruments. Whenever possible, the Corporation obtains real property as security for some loans that are made on the general creditworthiness of the borrower and whose proceeds were not used for real estate-related purposes.

The Corporation also manages exposure to a single borrower, industry, product-type or other concentration through syndications of credits, participations, loan sales and securitizations. Through the Corporation's GLOBAL FINANCE group, the Corporation is a major participant in the syndications market. In a syndicated facility, each participating lender funds only its portion of the syndicated facility, therefore limiting its exposure to the borrower. The Corporation also identifies and reduces its exposure to funded borrower, product or industry concentrations through loan sales. Generally, these sales are without recourse to the Corporation. For instance, in December 1995, to further reduce real estate exposures, the Corporation sold two pools of loans with book values of \$125 million, consisting primarily of selected lower quality real estate loans.

In conducting derivatives activities, in certain jurisdictions, the Corporation reduces

MANAGEMENT'S DISCUSSION AND ANALYSIS 31

risk to any one counterparty through the use of legally enforceable master netting agreements which allow the Corporation to settle positive and negative positions with the same counterparty on a net basis.

An independent credit review group conducts ongoing reviews of credit activities and portfolios, re-examining on a regular basis risk assessments for credit exposures and overall compliance with policy.

LOAN AND LEASE PORTFOLIO- The Corporation's credit exposure is centered in its loan and lease portfolio which on December 31, 1995 totaled \$116.0 billion, or 69 percent of total earning assets. TABLE EIGHT on page 26 presents a distribution of loans by product type.

ALLOWANCE FOR CREDIT LOSSES - The

TABLE THIRTEEN

ALLOWANCE FOR CREDIT LOSSES  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|  | 1995     | 1994     | 1993     | 1992     |     |
|--|----------|----------|----------|----------|-----|
| 1991   |          |          |          |          |     |
| <S>  | <C>      | <C>      | <C>      | <C>      | <C> |
| Balance on January 1.....  | \$ 2,186 | \$ 2,169 | \$ 1,454 | \$ 1,605 | \$  |
| 1,322  |          |          |          |          |     |
| Loans, leases and factored accounts receivable charged off                             |          |          |          |          |     |
| Commercial.....  | (98)     | (113)    | (107)    | (245)    |     |
| (436)  |          |          |          |          |     |
| Real estate commercial.....  | (25)     | (32)     | (84)     | (279)    |     |
| (316)  |          |          |          |          |     |
| Real estate construction.....  | (17)     | (27)     | (17)     | (114)    |     |
| (276)  |          |          |          |          |     |
| Total commercial.....  | (140)    | (172)    | (208)    | (638)    |     |
| (1,028)  |          |          |          |          |     |
| Residential mortgage.....  | (8)      | (7)      | (10)     | (18)     |     |
| (33)   |          |          |          |          |     |
| Credit card.....   | (189)    | (126)    | (184)    | (172)    |     |
| (138)  |          |          |          |          |     |
| Other consumer.....  | (263)    | (192)    | (172)    | (166)    |     |
| (185)  |          |          |          |          |     |
| Total consumer.....  | (460)    | (325)    | (366)    | (356)    |     |
| (356)  |          |          |          |          |     |
| Foreign.....   | -        | -        | -        | (7)      |     |
| (3)  |          |          |          |          |     |
| Lease financing.....   | (2)      | (4)      | (5)      | (8)      |     |
| (7)  |          |          |          |          |     |
| Factored accounts receivable.....  | (34)     | (32)     | (30)     | (17)     |     |
| (23)   |          |          |          |          |     |
| Total loans, leases and factored accounts<br>receivable charged off.....               | (636)    | (533)    | (609)    | (1,026)  |     |
| (1,417)  |          |          |          |          |     |
| Recoveries of loans, leases and factored accounts<br>receivable previously charged off |          |          |          |          |     |
| Commercial.....  | 78       | 69       | 67       | 62       |     |
| 36   |          |          |          |          |     |
| Real estate commercial.....  | 15       | 17       | 21       | 13       |     |
| 5  |          |          |          |          |     |
| Real estate construction.....  | 9        | 26       | 12       | 8        |     |
| 3  |          |          |          |          |     |
| Total commercial.....  | 102      | 112      | 100      | 83       |     |
| 44   |          |          |          |          |     |
| Residential mortgage.....  | 2        | 2        | 3        | 4        |     |
| 3  |          |          |          |          |     |
| Credit card.....   | 26       | 22       | 19       | 13       |     |
| 19   |          |          |          |          |     |
| Other consumer.....  | 72       | 67       | 65       | 48       |     |
| 37   |          |          |          |          |     |
| Total consumer.....  | 100      | 91       | 87       | 65       |     |
| 59   |          |          |          |          |     |
| Foreign.....   | -        | -        | 1        | 1        |     |
| 1  |          |          |          |          |     |
| Lease financing.....   | 1        | 3        | 2        | 2        |     |
| 2  |          |          |          |          |     |

|  |           |           |          |          |
|--|-----------|-----------|----------|----------|
| Factored accounts receivable.....  | 12        | 11        | 7        | 9        |
| 3 Total recoveries of loans, leases and factored accounts receivable previously charged off.....   | 215       | 217       | 197      | 160      |
| 109 Net charge-offs.....   | (421)     | (316)     | (412)    | (866)    |
| (1,308)  |           |           |          |          |
| Provision for credit losses.....   | 382       | 310       | 430      | 715      |
| 1,582  |           |           |          |          |
| Allowance applicable to loans of purchased companies and other.....  | 16        | 23        | 697      | -        |
| 9  |           |           |          |          |
| Balance on December 31.....  | 2,163     | \$ 2,186  | \$ 2,169 | \$ 1,454 |
| 1,605  |           |           |          | \$       |
| Loans, leases and factored accounts receivable, net of unearned income, outstanding on December 31.....  | \$117,033 | \$103,371 | \$92,007 | \$72,714 |
| \$69,108   |           |           |          |          |
| Allowance for credit losses as a percentage of loans, leases and factored accounts receivable, net of unearned income, outstanding on December 31..... | 1.85%     | 2.11%     | 2.36%    | 2.00%    |
| 2.32%  |           |           |          |          |
| Average loans, leases and factored accounts receivable, net of unearned income, outstanding during the year.....                                       | \$110,650 | \$ 96,258 | \$80,058 | \$69,136 |
| \$70,196   |           |           |          |          |
| Net charge-offs as a percentage of average loans, leases and factored accounts receivable, net of unearned income, outstanding during the year.....    | .38%      | .33%      | .51%     | 1.25%    |
| 1.86%  |           |           |          |          |
| Ratio of the allowance for credit losses on December 31 to net charge-offs.....  | 5.14      | 6.93      | 5.27     | 1.68     |
| 1.23   |           |           |          |          |
| Allowance for credit losses as a percentage of nonperforming loans.....  | 306.49%   | 273.07%   | 193.38%  | 103.11%  |
| 81.82%   |           |           |          |          |

</TABLE>

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#### NET CHARGE-OFFS AS A PERCENTAGE OF AVERAGE NET LOANS (percent)

(Bar graph appears here with the following plot points.)

|      |      |     |     |     |
|------|------|-----|-----|-----|
| 91   | 92   | 93  | 94  | 95  |
| 1.86 | 1.25 | .51 | .33 | .38 |

Corporation's allowance for credit losses was \$2.2 billion on both December 31, 1995 and 1994. TABLE THIRTEEN provides an analysis of the changes in the allowance for credit losses. The provision for credit losses was \$72 million higher in 1995 than in 1994, because of both higher charge-offs and higher loan growth, principally in the consumer loan portfolios. Total net charge-offs increased \$105 million in 1995 to \$421 million, or .38 percent of average loans, leases and factored accounts receivable, versus \$316 million, or .33 percent, in 1994. The increases were experienced in credit card and other consumer net charge-offs which increased \$59 million and \$66 million, respectively. The 27-percent growth in 1995 in average credit card loan levels and 11-percent growth in average other consumer loan levels over 1994 average levels led to increased charge-offs which generally occur as the portfolios season. Additionally, an increased rate of personal bankruptcies in 1995 contributed to higher charge-offs. Management anticipates that the credit losses experienced in 1995 reflect more typical loss levels for this type of lending than the lower charges experienced in the prior two years and that losses at these or higher levels will continue for the near future. Furthermore, future economic conditions also will impact credit quality and may result in increased net charge-offs and higher provisions for credit losses.

Based on the risk rating process described above, an amount is allocated within the allowance for credit losses to cover the amount of loss estimated to be inherent in particular risk categories of loans. The allocation of the allowance for credit losses, as presented in TABLE FOURTEEN, is based upon the Corporation's loss experience within risk categories of loans over a period of years and is adjusted for existing economic conditions, as well as performance trends within specific industries.

In addition to the allocation by risk category, the Corporation reviews significant individual credits and concentrations of credit and makes additional allocations to the allowance when deemed necessary. The nature of the process by

which the Corporation determines the appropriate allowance for credit losses requires the exercise of considerable judgment. Management believes the allowance for credit losses is appropriate given inherent credit losses on December 31, 1995.

NONPERFORMING ASSETS - On December 31, 1995, nonperforming assets were \$853 million, or .73 percent of net loans, leases, factored accounts receivable and other real estate owned, compared to \$1.1 billion, or 1.10 percent, on December 31, 1994. As presented in TABLE FIFTEEN, nonperforming loans were \$706 million at the end of 1995 compared to \$801 million at the end of 1994. At the beginning of 1995, upon adoption of the loan impairment accounting policies discussed more fully in Notes One and Five to the consolidated financial statements, approximately \$80 million of in-substance foreclosed loans previously reported as other real estate owned was reclassified to nonperforming loans. After reflecting this reclassification in the December 31, 1994 amounts,

TABLE FOURTEEN

ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES  
DECEMBER 31  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|                                 | 1995    |         | 1994    |         | 1993    |         | 1992    |         |         |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1991                            | AMOUNT  | PERCENT | AMOUNT  | PERCENT | AMOUNT  | PERCENT | AMOUNT  | PERCENT | AMOUNT  |
| PERCENT                         |         |         |         |         |         |         |         |         |         |
| <S>                             | <C>     | <C>     | <C>     | <C>     | <C>     | <C>     | <C>     | <C>     | <C>     |
| <C>                             |         |         |         |         |         |         |         |         |         |
| Commercial.....                 | \$ 450  | 20.8%   | \$ 444  | 20.3%   | \$ 403  | 18.6%   | \$ 303  | 20.9%   | \$ 524  |
| 32.6%                           |         |         |         |         |         |         |         |         |         |
| Real estate commercial.....     | 176     | 8.1     | 214     | 9.8     | 230     | 10.6    | 220     | 15.1    | 282     |
| 17.6                            |         |         |         |         |         |         |         |         |         |
| Real estate construction.....   | 69      | 3.2     | 83      | 3.8     | 123     | 5.7     | 141     | 9.7     | 252     |
| 15.7                            |         |         |         |         |         |         |         |         |         |
| Total commercial.....           | 695     | 32.1    | 741     | 33.9    | 756     | 34.9    | 664     | 45.7    | 1,058   |
| 65.9                            |         |         |         |         |         |         |         |         |         |
| Residential mortgage.....       | 48      | 2.2     | 34      | 1.6     | 24      | 1.1     | 21      | 1.4     | 50      |
| 3.1                             |         |         |         |         |         |         |         |         |         |
| Credit card.....                | 164     | 7.6     | 117     | 5.4     | 92      | 4.2     | 125     | 8.6     | 104     |
| 6.5                             |         |         |         |         |         |         |         |         |         |
| Other consumer.....             | 251     | 11.7    | 228     | 10.4    | 224     | 10.4    | 135     | 9.3     | 161     |
| 10.0                            |         |         |         |         |         |         |         |         |         |
| Total consumer.....             | 463     | 21.5    | 379     | 17.4    | 340     | 15.7    | 281     | 19.3    | 315     |
| 19.6                            |         |         |         |         |         |         |         |         |         |
| Foreign.....                    | 11      | .5      | 11      | .5      | 13      | .6      | 17      | 1.2     | 6       |
| .4                              |         |         |         |         |         |         |         |         |         |
| Lease financing.....            | 25      | 1.2     | 17      | .8      | 13      | .6      | 12      | .8      | 12      |
| .7                              |         |         |         |         |         |         |         |         |         |
| Factored accounts receivable... | 20      | .9      | 23      | 1.0     | 19      | .9      | 18      | 1.2     | 17      |
| 1.1                             |         |         |         |         |         |         |         |         |         |
| Unallocated.....                | 949     | 43.8    | 1,015   | 46.4    | 1,028   | 47.3    | 462     | 31.8    | 197     |
| 12.3                            |         |         |         |         |         |         |         |         |         |
|                                 | \$2,163 | 100.0%  | \$2,186 | 100.0%  | \$2,169 | 100.0%  | \$1,454 | 100.0%  | \$1,605 |
| 100.0%                          |         |         |         |         |         |         |         |         |         |

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS 33

nonperforming loans decreased \$175 million, or 20 percent, primarily reflecting declines of \$119 million in nonperforming commercial loans and \$107 million in nonperforming real estate commercial and construction loans. Approximately \$30 million of the \$107-million decline in real estate commercial and construction nonperforming loans was related to the previously mentioned December 1995 pool sales. Declines in nonperforming loans primarily reflect payments resulting from the improved financial condition of borrowers and the results of the Corporation's continuing loan workout activities. Declines were partially offset by an increase of \$57 million in total nonperforming consumer loans at December 31, 1995 compared to year-end 1994 amounts. The allowance coverage of nonperforming loans increased to 306 percent on December 31, 1995, up from 273 percent at the end of 1994.

Other real estate owned declined \$190 million. After adjusting for the previously dis-cussed \$80-million reclassification from other real estate owned to nonperforming loans, it declined \$110 million, or 43 percent.

Internal loan workout units are devoted to the management and/or collection of certain nonperforming assets, as well as certain performing loans. Aggressive collection strategies and a proactive approach to managing overall credit risk has expedited the Corporation's disposition, collection and renegotiation of

nonperforming and other lower-quality assets and allowed loan officers to concentrate on generating new business.

The Corporation continues its efforts to expedite disposition, collection and renegotiation of nonperforming and other lower-quality assets. As part of this process, the Corporation routinely evaluates all reasonable alternatives, including the sale of assets individually or in groups. The final decision to proceed with any alternative is evaluated in the context of the overall credit-risk profile of the Corporation.

NONPERFORMING ASSETS  
(BILLIONS)

(Bar graph appears here with the following plot points.)

|                     | 91    | 92    | 93    | 94   | 95   |
|---------------------|-------|-------|-------|------|------|
| OREO                | .843  | .587  | .661  | .337 | .147 |
| Nonperforming Loans | 1.961 | 1.410 | 1.122 | .801 | .706 |

TABLE FIFTEEN

NONPERFORMING ASSETS  
DECEMBER 31  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|  | 1995  | 1994    | 1993    | 1992    | 1991    |
|--|-------|---------|---------|---------|---------|
| <S>  | <C>   | <C>     | <C>     | <C>     | <C>     |
| Nonperforming loans  |       |         |         |         |         |
| Commercial.....  | \$271 | \$ 362  | \$ 474  | \$ 650  | \$ 831  |
| Real estate commercial.....  | 196   | 201     | 318     | 404     | 535     |
| Real estate construction.....  | 16    | 66      | 142     | 210     | 480     |
| Total commercial.....  | 483   | 629     | 934     | 1,264   | 1,846   |
| Residential mortgage.....  | 87    | 66      | 77      | 88      | 114     |
| Other consumer (1).....  | 130   | 94      | 93      | 34      | -       |
| Total consumer.....  | 217   | 160     | 170     | 122     | 114     |
| Foreign.....   | -     | 3       | 8       | 9       | 1       |
| Lease financing (1).....   | 6     | 9       | 10      | 15      | -       |
| Total nonperforming loans.....   | 706   | 801     | 1,122   | 1,410   | 1,961   |
| Other real estate owned.....   | 147   | 337     | 661     | 587     | 843     |
| Total nonperforming assets.....  | \$853 | \$1,138 | \$1,783 | \$1,997 | \$2,804 |
| Nonperforming assets as a percentage of  |       |         |         |         |         |
| Total assets.....  | .46%  | .67%    | 1.13%   | 1.69%   | 2.54%   |
| Loans, leases and factored accounts receivable,<br>net of unearned income, and other real estate<br>owned..... | .73   | 1.10    | 1.92    | 2.72    | 4.01    |
| Total loans past due 90 days or more and<br>not classified as nonperforming.....                               | \$174 | \$ 146  | \$ 167  | \$ 215  | \$ 223  |

The loss of income associated with nonperforming loans on December 31 and the cost of carrying other real estate owned were:

|  | 1995  | 1994  | 1993  | 1992   | 1991   |
|--|-------|-------|-------|--------|--------|
| Income that would have been recorded in accordance with<br>original terms..... | \$102 | \$ 96 | \$ 80 | \$ 105 | \$ 205 |
| Less income actually recorded.....   | (27)  | (31)  | (34)  | (31)   | (82)   |
| Loss of income.....  | \$ 75 | \$ 65 | \$ 46 | \$ 74  | \$ 123 |
| Cost of carrying other real estate owned.....                                  | \$ 13 | \$ 24 | \$ 18 | \$ 25  | \$ 36  |

</TABLE>

ON DECEMBER 31, 1995, THERE WERE NO MATERIAL COMMITMENTS TO LEND ADDITIONAL FUNDS WITH RESPECT TO NONPERFORMING LOANS.

(1) INCLUDED IN COMMERCIAL NONPERFORMING LOANS IN 1991.

DERIVATIVES ACTIVITIES - Credit risk associated with derivatives positions is measured as the net replacement cost the Corporation could incur should counterparties with contracts in a gain position completely fail to perform under the terms of those contracts and any collateral underlying the contracts proves to be of no value to the Corporation. In managing derivatives credit risk, the Corporation considers both the current exposure, which is the replacement cost of contracts on the measurement date, as well as an estimate of the potential change in value of contracts over their remaining lives.

TABLE SIXTEEN presents both the notional/contract amounts on December 31,

1995 and 1994 and the current credit risk amounts (the net replacement cost of contracts in a gain position on December 31, 1995) of the Corporation's derivatives-dealer positions. The notional or contract amounts indicate the total volume of transactions and significantly exceed the amount of the Corporation's credit or market risk associated with these instruments. The credit risk amounts presented in TABLE SIXTEEN do not consider the value of any collateral, but generally take into consideration the effects of legally enforceable master netting agreements. TABLES ELEVEN and TWELVE present the notional/contract amounts of the Corporation's asset and liability management swaps. On December 31, 1995, the credit risk associated with these swaps was not significant.

In managing credit risk associated with its derivatives activities, the Corporation deals with creditworthy counterparties, primarily U.S. and foreign commercial banks and broker-dealers.

A portion of the Corporation's derivatives-dealer activity is exchange-traded. Because exchange-traded instruments conform to standard terms and are subject to policies set by the exchange involved, including counter-party approval, margin requirements and security deposit requirements, the credit risk to the Corporation is minimal. Of the \$3.8-billion credit risk amount reported in TABLE SIXTEEN, \$791 million related to exchange-traded instruments. This compares to a total credit risk amount of \$1.8 billion on December 31, 1994, which included \$354 million related to exchange-traded instruments.

During 1995 there were no credit losses associated with derivatives transactions. In addition, on December 31, 1995, there were

TABLE SIXTEEN

DERIVATIVES-DEALER POSITIONS  
DECEMBER 31  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|                                       | 1995                         | 1994                             |
|---------------------------------------|------------------------------|----------------------------------|
|                                       | CONTRACT/<br>NOTIONAL<br><C> | CREDIT RISK<br>AMOUNT (1)<br><C> |
|                                       |                              | CONTRACT/<br>NOTIONAL<br><C>     |
| <S>                                   |                              |                                  |
| Interest Rate Contracts               |                              |                                  |
| Swaps.....                            | \$123,946                    | \$ 45,179                        |
| Futures and forwards.....             | 193,774                      | 124,620                          |
| Written options.....                  | 233,976                      | 114,928                          |
| Purchased options.....                | 236,317                      | 118,839                          |
| Foreign Exchange Contracts            |                              |                                  |
| Swaps.....                            | 1,196                        | 470                              |
| Spot, futures and forwards.....       | 70,199                       | 26,987                           |
| Written options.....                  | 42,227                       | 13,398                           |
| Purchased options.....                | 44,273                       | 13,507                           |
| Commodity and Other Contracts         |                              |                                  |
| Swaps.....                            | 757                          | 570                              |
| Futures and forwards.....             | 3,231                        | 1,984                            |
| Written options.....                  | 15,476                       | 12,608                           |
| Purchased options.....                | 16,344                       | 11,591                           |
| Total before cross product netting... |                              | 3,983                            |
| Cross product netting.....            |                              | 183                              |
| Net replacement cost.....             |                              | \$3,800                          |

</TABLE>

(1) REPRESENTS THE NET REPLACEMENT COST THE CORPORATION COULD INCUR SHOULD COUNTERPARTIES WITH CONTRACTS IN A GAIN POSITION TO THE CORPORATION COMPLETELY FAIL TO PERFORM UNDER THE TERMS OF THOSE CONTRACTS. AMOUNTS INCLUDE ACCRUED INTEREST.

no nonperforming derivatives positions.

CONCENTRATIONS OF CREDIT RISK - As previously discussed, in an effort to minimize the adverse impact of any single event or set of occurrences, the Corporation strives to maintain a diverse credit portfolio. Summarized below are areas of credit risk with exposures in excess of 25 percent of period-end shareholders' equity and a discussion of foreign outstandings.

REAL ESTATE - Total nonresidential real estate commercial and construction loans, the portion of such loans which are nonperforming, OREO and other credit exposures are presented in TABLES SEVENTEEN and EIGHTEEN. Other credit



exposures, as presented in the tables, include letters of credit and loans held for sale. The exposures presented represent credit extensions for real estate-related purposes to borrowers or counterparties who are primarily in the real estate development or investment business and for which the ultimate repayment of the credit is dependent on the sale, lease, rental or refinancing of the real estate.

Total nonresidential real estate commercial and construction loans continued to decline in 1995 and totaled \$9.2 billion, or eight percent of net loans, leases and factored accounts receivable, on December 31, 1995 compared to \$10.3 billion, or 10 percent, at the end of 1994. During 1995, the Corporation recorded real estate net charge-offs of \$18 million, or .17 percent of average real estate loans, compared to net charge-offs of \$16 million, or .15 percent, in 1994. The December 1995 real estate pool sales accounted for \$11 million of the \$18-million total net charge-offs. Nonperforming real estate commercial and construction loans totaled \$212 million and \$267 million on December 31, 1995 and 1994, respectively.

TABLE SEVENTEEN

REAL ESTATE COMMERCIAL AND CONSTRUCTION LOANS, OTHER REAL ESTATE OWNED  
AND OTHER REAL ESTATE CREDIT EXPOSURES BY GEOGRAPHIC REGION  
DECEMBER 31, 1995  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|  | LOANS (1)   |               | OREO  | OTHER CREDIT<br>EXPOSURES (2) |
|--|-------------|---------------|-------|-------------------------------|
|  | OUTSTANDING | NONPERFORMING |       |                               |
| <S>  | <C>         | <C>           | <C>   | <C>                           |
| Maryland, District of Columbia and Virginia... | \$2,269     | \$ 99         | \$ 59 | \$ 434                        |
| Florida.....                                   | 2,061       | 45            | 22    | 114                           |
| North Carolina and South Carolina.....         | 1,585       | 31            | 12    | 79                            |
| Other states.....                              | 3,244       | 37            | 16    | 793                           |
|  | \$9,159     | \$212         | \$109 | \$1,420                       |

</TABLE>

DISTRIBUTION BASED ON GEOGRAPHIC LOCATION OF COLLATERAL.

(1) ON DECEMBER 31, 1995, THE CORPORATION HAD UNFUNDED BINDING REAL ESTATE COMMERCIAL AND CONSTRUCTION LOAN COMMITMENTS.

(2) OTHER CREDIT EXPOSURES INCLUDE LETTERS OF CREDIT AND LOANS HELD FOR SALE.

TABLE EIGHTEEN

REAL ESTATE COMMERCIAL AND CONSTRUCTION LOANS, OTHER REAL ESTATE OWNED  
AND OTHER REAL ESTATE CREDIT EXPOSURES BY PROPERTY TYPE  
DECEMBER 31, 1995  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|                              | LOANS (1)   |               | OREO  | OTHER CREDIT<br>EXPOSURES (2) |
|------------------------------|-------------|---------------|-------|-------------------------------|
|                              | OUTSTANDING | NONPERFORMING |       |                               |
| <S>                          | <C>         | <C>           | <C>   | <C>                           |
| Shopping centers/retail..... | \$1,671     | \$ 20         | \$ 11 | \$ 72                         |
| Apartments.....              | 1,539       | 9             | 1     | 611                           |
| Office buildings.....        | 1,492       | 30            | 14    | 22                            |
| Residential.....             | 926         | 10            | 4     | 22                            |
| Hotels.....                  | 841         | 9             | -     | 62                            |
| Land and land development... | 759         | 46            | 61    | 84                            |
| Industrial/warehouse.....    | 570         | 25            | 3     | 48                            |
| Commercial-other.....        | 386         | 35            | 7     | 341                           |
| Resorts/golf courses.....    | 196         | 1             | -     | -                             |
| Multiple use.....            | 78          | 3             | -     | 6                             |
| Other.....                   | 701         | 24            | 8     | 152                           |
|                              | \$9,159     | \$212         | \$109 | \$1,420                       |

</TABLE>

(1) ON DECEMBER 31, 1995, THE CORPORATION HAD UNFUNDED BINDING REAL ESTATE COMMERCIAL AND CONSTRUCTION LOAN COMMITMENTS.

(2) OTHER CREDIT EXPOSURES INCLUDE LETTERS OF CREDIT AND LOANS HELD FOR SALE.

The exposures included in TABLES SEVENTEEN and EIGHTEEN do not include credit extensions which were made on the general creditworthiness of the borrower for which real estate was obtained as security or as an abundance of caution and for which the ultimate repayment of the credit is not dependent on the sale, lease, rental or refinancing of the real estate. Accordingly, the exposures presented do not include commercial loans secured by owner-occupied real estate, except where the borrower is a real estate developer. In addition to the amounts presented in the tables, on December 31, 1995, the Corporation had approximately \$8.6 billion of commercial loans which were not real estate dependent but for which the Corporation had obtained real estate as secondary repayment security.

OTHER INDUSTRIES - TABLE NINETEEN presents selected industry credit exposures. Commercial loans, factored accounts receivable and lease financings are included in the table. Other credit exposures as presented include loans held for sale, letters of credit, bankers' acceptances and derivatives exposures in a gain position. Commercial loan outstandings totaled \$48.0 billion, or 41 percent of net loans, leases and factored accounts receivable, on December 31, 1995 compared to \$44.7 billion, or 43 percent, at the end of 1994. Net charge-offs of commercial loans totaled \$20 million, or .04 percent of average commercial loans in 1995, versus \$44 million, or .11 percent, in 1994. Nonperforming commercial loans were \$271 million and \$362 million on December 31, 1995 and 1994, respectively.

As presented in TABLE NINETEEN and indirectly through other industry exposures, the Corporation has credit exposure to the retail industry. Given the current softness in this industry, management anticipates that credit quality in the retail sector may experience deterioration in 1996.

CONSUMER - On December 31, 1995, consumer loan outstandings totaled \$52.8 billion, representing 45 percent of net loans, leases and factored accounts receivable. This compares to outstandings of \$42.5 billion, or 41 percent, on December 31, 1994. TABLE EIGHT details the components of the Corporation's consumer loan portfolio. Net charge-offs in the consumer portfolio were \$360 million in 1995 compared to \$234 million in 1994, reflecting significant loan growth. In addition to credit card loans reported in the financial statements, the Corporation manages certain credit card receivables which have been securitized (\$1.3 billion). Total average managed credit card receivables totaled \$6.3 billion in 1995 compared to \$5.2 billion in 1994. In December 1995, the Corporation securitized approximately \$1.1 billion of indirect auto loans. On a managed portfolio basis, that is, taking into account the credit card and indirect auto loan securitizations, net charge-offs as a percentage of average managed

TABLE NINETEEN

SELECTED INDUSTRY CREDIT EXPOSURES  
DECEMBER 31, 1995  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|                              | LOANS, LEASES AND FACTORED ACCOUNTS<br>RECEIVABLE, NET OF UNEARNED INCOME |               |                         | OTHER<br>CREDIT<br>EXPOSURES (1) |
|------------------------------|---|---------------|-------------------------|----------------------------------|
|                              | OUTSTANDING   | NONPERFORMING | UNFUNDED<br>COMMITMENTS |                                  |
| <S>                          | <C>   | <C>           | <C>                     | <C>                              |
| Communications.....          | \$3,953   | \$ 2          | \$4,252                 | \$ 335                           |
| Health care.....             | 3,400   | 16            | 2,495                   | 688                              |
| Leisure and sports.....      | 2,989   | 18            | 1,782                   | 417                              |
| Oil and gas.....             | 2,837   | 34            | 3,538                   | 740                              |
| Food.....                    | 2,715   | 16            | 2,698                   | 416                              |
| Textiles and apparel.....    | 2,556   | 38            | 1,113                   | 370                              |
| Automotive.....              | 2,493   | 12            | 1,404                   | 80                               |
| Machinery and equipment..... | 2,475   | 7             | 2,370                   | 275                              |
| Retail.....                  | 2,282   | 34            | 2,756                   | 655                              |
| Electronics.....             | 1,681   | 11            | 2,150                   | 150                              |
| Construction.....            | 1,577   | 23            | 1,174                   | 167                              |
| Forest products and paper... | 1,374   | 7             | 1,602                   | 245                              |
| Utilities.....               | 818   | -             | 2,533                   | 223                              |
| Finance companies.....       | 775   | -             | 4,531                   | 69                               |
| Banks.....                   | 668   | -             | 1,438                   | 2,053                            |
| Brokers and dealers.....     | 278   | -             | 1,164                   | 773                              |

(1) OTHER CREDIT EXPOSURES INCLUDE LOANS HELD FOR SALE, LETTERS OF CREDIT, BANKERS' ACCEPTANCES AND DERIVATIVES EXPOSURES IN A GAIN POSITION.

consumer loans in 1995 were 3.81 percent for credit card, .03 percent for residential mortgage and .87 percent for other consumer loans. This compares to net charge-off ratios of 3.46 percent, .03 percent and .63 percent, respectively, in 1994.

FOREIGN - Foreign outstandings, which exclude contingencies and the local currency transactions of each country, include loans and leases, interest-bearing deposits with foreign banks, bankers' acceptances and other investments. The Corporation has no significant medium- or long-term outstandings to restructuring countries. The Corporation's foreign outstandings totaled \$3.8 billion on December 31, 1995 compared to \$4.6 billion on December 31, 1994.

#### MARKET RISK MANAGEMENT

In the normal course of conducting business activities, the Corporation is exposed to market risk which includes both price and liquidity risk. Price risk arises from fluctuations in interest rates, foreign exchange rates and commodity and equity prices that may result in changes in the values of financial instruments. Liquidity risk arises from the possibility that the Corporation may not be able to satisfy current and future financial commitments or that the Corporation may not be able to liquidate financial instruments at market prices. Risk management procedures and policies have been established and are utilized to manage the Corporation's exposure to market risk. The strategy of the Corporation with respect to market risk is to maximize net income while maintaining an acceptable level of risk to changes in market rates. While achievement of this goal requires a balance between profitability, liquidity and market price risk, there are opportunities to enhance revenues through controlled risks.

Market risk is managed by the Corporation's Finance Committee which formulates policy based on desirable levels of market risk. In setting desirable levels of market risk, the Finance Committee considers the impact on earnings and capital of the current outlook in market rates, potential changes in the outlook in market rates, world and regional economies, liquidity, business strategies and other factors.

The Corporation's asset and liability management process is utilized to manage interest rate risk through the structuring of balance sheet and off-balance sheet portfolios. To effectively measure and manage interest rate risk, the Corporation uses computer simulations which determine the impact on net interest income of numerous interest rate scenarios, balance sheet trends and strategies. These simulations incorporate assumptions about balance sheet dynamics, such as loan and deposit growth, loan and deposit pricing, changes in funding mix and asset and liability repricing and maturity characteristics. Simulations are run under various interest rate scenarios to determine the impact on net income and capital. From these scenarios, interest rate risk is quantified and appropriate strategies are developed and implemented. The overall interest rate risk position and strategies are reviewed on an ongoing basis by executive management.

Additionally, duration and market value sensitivity measures are selectively utilized where they provide added value to the overall interest rate risk management process.

In implementing strategies to manage interest rate risk, the primary tools used by the Corporation are the securities portfolio and interest rate swaps, and management of the mix, yields or rates and maturities of assets and of the wholesale and retail funding sources of the Corporation.

TABLE TWENTY represents the Corporation's interest rate gap position on December 31, 1995. Based on contractual maturities or repricing dates (or anticipated dates where no contractual maturity or repricing date exists), interest-sensitive assets and liabilities are placed in maturity categories. The Corporation's near-term cumulative interest rate gap position is a reflection of the strength of the customer-deposit gathering franchise which provides the Corporation with a relatively stable core deposit base. These funds have been deployed in longer-term interest earning assets, primarily loans and securities. A gap analysis is limited in its usefulness as it represents a one-day position, which is continually changing and not necessarily indicative of the Corporation's position at any other time. Additionally, the gap analysis does not consider the many factors accompanying interest rate movements.

On December 31, 1995, the interest rate risk position of the Corporation was relatively neutral as the impact of a gradual parallel 100 basis-point rise or fall in interest rates over the next 12 months was estimated to be less than one percent of net income when compared to stable rates. Additionally, on December 31, 1995, a 100 basis-point parallel increase in interest rates from December 31,

1995 levels was estimated to result in a change of less than one percent in the market value of the Corporation's total shareholders' equity.

The Corporation manages its exposure to market risk resulting from trading activities through a risk management function which is independent of the business units. Each major trading site in Charlotte, Chicago, New York and London is monitored by these risk management units. Risk limits and stress scenario guidelines have been approved by the Corporation's Finance Committee, and daily earnings at risk limits are generally allocated to the business units. In addition to limits placed on these individual business units, limits also are imposed on the risks individual traders can take and on the amount of risk that can be concentrated in a particular product or market. Risk positions are monitored by business unit, risk management personnel and senior management on a daily basis. Business unit and risk management personnel are responsible for continual monitoring of the changing aggregate position of the portfolios under their responsibility, including projection of the profit or loss levels that could result from market moves. If any market risk limits are exceeded, the risk management units ensure that senior management is aware and that appropriate actions are taken.

To estimate potential losses that could result from adverse market movements, the Corporation uses a daily earnings at risk methodology. Earnings at risk estimates are measured on a daily basis at the individual trading unit level, by type of trading activity and for all trading activities in the aggregate. Daily reports of estimates compared to respective limits are reviewed by senior management, and trading strategies are adjusted accordingly. In addition to these simulations, portfolios which have significant option positions are stress tested continually to simulate the potential loss that might occur

TABLE TWENTY

INTEREST RATE GAP ANALYSIS  
DECEMBER 31, 1995  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

12

OVER

MONTHS AND

| NONINTEREST-<br>SENSITIVE   | TOTAL     | INTEREST-SENSITIVE |          |          |           | TOTAL | <C> |
|---|-----------|--------------------|----------|----------|-----------|-------|-----|
|   |           | 30-DAY             | 3-MONTH  | 6-MONTH  | 12-MONTH  |       |     |
| <S>   | <C>       | <C>                | <C>      | <C>      | <C>       | <C>   |     |
| Earning assets  |           |                    |          |          |           |       |     |
| Loans and leases, net of unearned income... \$ 49,437                             | \$ 42,887 | \$ 11,097          | \$ 4,662 | \$ 7,959 | \$ 73,155 |       |     |
| Securities held for investment..... 80  | 2,905     | 221                | 286      | 940      | 1,527     |       |     |
| Securities available for sale..... 5  | 16,556    | 2,117              | 278      | 459      | 2,859     |       |     |
| Loans held for sale..... 1,663  | -         | -                  | -        | -        | 1,663     |       |     |
| Time deposits placed and other short-term investments..... 894                    | -         | 179                | 107      | 116      | 1,296     |       |     |
| Trading account securities..... 14,848  | -         | -                  | -        | -        | 14,848    |       |     |
| Federal funds sold and securities purchased under agreements to resell..... 6,230 | -         | -                  | -        | -        | 6,230     |       |     |
| Total..... 73,157   | 62,348    | 13,614             | 5,333    | 9,474    | 101,578   |       |     |
| Interest-bearing liabilities  |           |                    |          |          |           |       |     |
| Savings..... 8,257  | -         | -                  | -        | -        | 8,257     |       |     |
| NOW and money market deposit accounts..... 28,160                                 | -         | -                  | -        | -        | 28,160    |       |     |
| Consumer CDs and IRAs..... 3,105  | 7,254     | 3,674              | 4,374    | 6,503    | 17,656    |       |     |
| Negotiated CDs, public funds and other time deposits..... 906                     | 467       | 933                | 486      | 269      | 2,594     |       |     |
| Foreign time deposits..... 6,606  | 4         | 3,205              | 1,398    | 1,676    | 12,885    |       |     |
| Borrowed funds..... 30,790  |           | 1,733              | 2,579    | 788      | 35,890    |       |     |

|          |  |             |             |             |             |             |
|----------|--|-------------|-------------|-------------|-------------|-------------|
| -        | 35,890                                     |             |             |             |             |             |
|          | Short sales.....                           | 11,782      | -           | -           | -           | 11,782      |
| -        | 11,782                                     |             |             |             |             |             |
|          | Long-term debt.....                        | 4,444       | 4,403       | 139         | 630         | 9,616       |
| 8,159    | 17,775                                     |             |             |             |             |             |
|          | Total.....                                 | 94,050      | 13,948      | 8,976       | 9,866       | 126,840     |
| 15,884   | 142,724                                    |             |             |             |             |             |
|          | Noninterest-bearing, net.....              | -           | -           | -           | -           | -           |
| 21,202   | 21,202                                     |             |             |             |             |             |
|          | Total.....                                 | 94,050      | 13,948      | 8,976       | 9,866       | 126,840     |
| 37,086   | \$163,926                                  |             |             |             |             |             |
|          | Interest rate gap.....                     | (20,893)    | (334)       | (3,643)     | (392)       | (25,262)    |
| 25,262   |  |             |             |             |             |             |
|          | Effect of asset and liability management   |             |             |             |             |             |
|          | interest rate swaps, futures and           |             |             |             |             |             |
|          | other off-balance sheet items.....         | (3,766)     | 3,431       | 167         | (5,999)     | (6,167)     |
| 6,167    |  |             |             |             |             |             |
|          | Adjusted interest rate gap.....            | \$ (24,659) | \$ 3,097    | \$ (3,476)  | \$ (6,391)  | \$ (31,429) |
| \$31,429 |  |             |             |             |             |             |
|          | Cumulative adjusted interest rate gap..... | \$ (24,659) | \$ (21,562) | \$ (25,038) | \$ (31,429) |             |

MANAGEMENT'S DISCUSSION AND ANALYSIS 39

due to unexpected market movements.

Earnings at risk represents a one-day measurement of pre-tax earnings at risk from movements in market prices using the assumption that positions cannot be rehedged during the period of any prescribed price and volatility change. A 99-percent confidence level is utilized, which indicates that actual trading profits and losses may deviate from expected levels and exceed estimates approximately one day out of every 100 days of trading activity. Earnings at risk is measured on both a gross and uncorrelated basis. The gross measure assumes that adverse market movements occur simultaneously across all segments of the trading portfolio, an unlikely assumption. On December 31, 1995, the gross estimates for aggregate interest rate, foreign exchange and equity and commodity trading activities were \$36.6 million, \$1.3 million and \$2.7 million, respectively. Alternatively, using a statistical measure which is more likely to capture the effects of market movements, the estimate on December 31, 1995 for aggregate trading activities was \$14.5 million.

Average daily CAPITAL MARKETS-related revenues in 1995 approximated \$1.4 million. During 1995, the Corporation's CAPITAL MARKETS-related activities resulted in positive daily revenues for approximately 73 percent of total trading days.

The CAPITAL MARKETS-related revenue stream is quite stable. In 1995 the standard deviation of CAPITAL MARKETS-related revenues was \$2.8 million. Using this data, one can conclude that the aggregate CAPITAL MARKETS activities should not result in exposure of more than \$5.1 million for any one day, assuming 99-percent confidence. Daily earnings at risk will average considerably more than this due to the assumption of no evasive actions as well as the assumption that adverse market movements occur simultaneously across all segments of the trading portfolio.

CAPITAL RESOURCES AND  
CAPITAL MANAGEMENT

Shareholders' equity on December 31, 1995 was \$12.8 billion compared to \$11.0 billion on December 31, 1994. Net earnings retention of \$1.4 billion coupled with net appreciation of \$460 million, on an after tax basis, in the market value of securities available for sale were the primary reasons for the increase. Issuances of common stock in acquisitions and under various employee benefit plans were offset by common stock repurchases in the open market as discussed more fully in Note Seven to the consolidated financial statements.

The Federal Reserve Board, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have issued risk-based capital guidelines for U.S. banking organizations. These guidelines provide a capital framework that is sensitive to differences in credit risk profiles among banking companies.

Under the risk-based capital guidelines, there are two tiers of capital. Tier 1 Capital includes common shareholders' equity and qualifying preferred stock, less goodwill and other adjustments. Tier 2 Capital consists of preferred stock not qualifying as Tier 1, mandatory convertible debt, limited amounts of subordinated debt, other qualifying term debt and the allowance for credit losses up to 1.25 percent of risk-weighted assets. Total Capital consists of Tier 1 Capital and Tier 2 Capital.

The risk-based capital guidelines are designed to measure Tier 1 and Total Capital in relation to the credit risk of both on- and off-balance sheet items.

Under the guidelines, one of four risk weights is applied to the different on-balance sheet assets. Off-balance sheet items, such as loan commitments and derivatives contracts, are also applied a risk weight after conversion to balance sheet-equivalent amounts.

The leverage ratio guidelines establish a minimum ratio of Tier 1 Capital to quarterly average assets, excluding goodwill and certain other items, of three percent, although most banking organizations are expected to maintain ratios of at least 100 to 200 basis points above the three-percent minimum.

Presented below are the Corporation's regulatory capital ratios on December 31:

|                           | 1995  | 1994  |
|---------------------------|-------|-------|
| Risk-Based Capital Ratios |       |       |
| Tier 1 Capital.....       | 7.24% | 7.43% |
| Total Capital.....        | 11.58 | 11.47 |
| Leverage Capital Ratio... | 6.27  | 6.18  |

The Corporation's regulatory capital ratios on December 31, 1995 compare favorably with the regulatory minimums of four percent for Tier 1, eight percent for total risk-based capital and the leverage guidelines of 100 to 200 basis points above the minimum ratio of three percent.

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#### FOURTH QUARTER REVIEW

During the fourth quarter of 1995, the Corporation recorded net income of \$510 million compared to \$405 million in the fourth quarter of 1994. TABLE TWENTY-ONE presents selected quarterly operating results for each quarter of 1995 and 1994.

TABLE TWENTY-TWO presents an analysis of the Corporation's taxable-equivalent net interest income for each of the last five quarters in the period ended December 31, 1995. Taxable-equivalent net interest income was \$1.4 billion in the fourth quarter of 1995 compared to \$1.3 billion in the comparable 1994 period. The net interest yield was 3.38 percent in the fourth quarter of 1995 compared to 3.40 percent in the fourth quarter of 1994. The slight decline in the net interest yield resulted from the funding of earning asset growth principally with market-based funds and term debt, partially offset by improved spreads on the securities and ALM swaps portfolios.

The provision for credit losses was \$142 million in the fourth quarter of 1995 compared to \$70 million in the same quarter of 1994. Net charge-offs for the fourth quarter of 1995 were \$156 million compared to \$98 million in the fourth quarter of 1994. The increases in the provision for credit losses and net charge-offs resulted from strong consumer loan growth and credit quality trends.

Securities gains in the fourth quarter of 1995 were \$21 million compared to losses of \$28 million in the same 1994 period. The gains resulted from the Corporation's repositioning of the portfolios in an effort to maintain neutral interest sensitivity in light of recent and pending acquisitions.

Noninterest income was \$846 million and \$639 million in the fourth quarters of 1995 and 1994, respectively. The \$207-million increase was due primarily to higher service charge fees on deposit accounts, higher trading account profits and fees, acquisition-related mortgage servicing income and the previously mentioned \$80-million gain on the sale of a portion of the Corporate Trust business.

Noninterest expense increased \$81 million in the fourth quarter of 1995 compared to the fourth quarter of 1994, primarily due to acquisitions and the previously mentioned \$30-million proposed litigation settlement, partially offset by reduced deposit insurance and the Corporation's continued emphasis on management of expense levels.

Income tax expense was \$278 million in the fourth quarter of 1995, reflecting an effective tax rate of 35 percent of pretax income. This compared to income tax expense of \$183 million or an effective tax rate of 31 percent in the fourth quarter of 1994.

#### 1994 COMPARED TO 1993

The following discussion and analysis provides a comparison of the Corporation's results of operations for the years ended December 31, 1994 and 1993. This discussion should be read in conjunction with the consolidated financial statements and related notes on pages 47 through 67.

OVERVIEW

The Corporation's net income of \$1.7 billion represented an increase of \$389 million over 1993 earnings of \$1.3 billion, excluding the 1993 impact of adopting a new income tax accounting standard. Earnings per common share were \$6.12 and \$5.00 for 1994 and 1993, respectively. Return on average common shareholders' equity increased to 16.10 percent in 1994 from 15.00 percent in 1993. Including the impact of adopting a new income tax accounting standard, 1993 net income, earnings per share and return on average common shareholders' equity were \$1.5 billion, \$5.78 and 17.33 percent, respectively. The Corporation's results for 1994 reflected strong earnings in most operating units and improved credit quality.

BUSINESS UNIT OPERATIONS

The GENERAL BANK earned \$932 million in 1994 compared to \$740 million in 1993. Return on equity for the GENERAL BANK was 17 percent in 1994 compared to 16 percent in 1993. The efficiency ratio improved from 68.1 percent in 1993 to 67.5 percent in 1994.

GLOBAL FINANCE earned \$631 million in 1994 compared to \$492 million in 1993. The return on equity for GLOBAL FINANCE was 16 percent for both 1994 and 1993. The efficiency ratio increased to 54.0 percent for 1994 from 47.9 percent in 1993 reflecting investments committed to expand capital markets activities and the full-year impact of CRT.

MANAGEMENT'S DISCUSSION AND ANALYSIS 41

FINANCIAL SERVICES, which was formed in 1993, earned \$103 million in 1994 compared to \$35 million in 1993, primarily reflecting a full year of earnings in 1994. The return on equity for FINANCIAL SERVICES was 13 percent for both 1994 and 1993. The efficiency ratio improved to 45.6 percent for 1994 compared to 61.6 percent for 1993.

NETINTEREST INCOME

Taxable-equivalent net interest income was \$5.3 billion in 1994, an increase of \$582 million over \$4.7 billion in 1993. This increase was due to higher earning asset levels, principally loans and leases.

The net interest yield declined 38 basis points to 3.58 percent in 1994 from 3.96 percent in 1993, reflecting the decreased spread between fixed-rate investment securities and market-based funds, partially offset by increased net interest yields resulting from loan growth and deposit cost containment efforts.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was \$310 million in 1994 compared to \$430 million in the prior year. Net charge-offs declined \$96 million to \$316 million in 1994. On December 31, 1994, the allowance for credit losses was \$2.2 billion, or 2.11 percent of net loans, leases and factored accounts receivable, compared to \$2.2 billion, or 2.36 percent, at the end of 1993. The allowance for credit losses was 273 percent of nonperforming loans on December 31, 1994 compared to 193 percent on December 31, 1993.

TABLE TWENTY-ONE

SELECTED QUARTERLY OPERATING RESULTS  
(DOLLARS IN MILLIONS EXCEPT PER-SHARE INFORMATION)

<TABLE>  
<CAPTION>

| QUARTERS                                    | 1995 QUARTERS |          |          |          | 1994     |          |          |          |
|---|---------------|----------|----------|----------|----------|----------|----------|----------|
|   | SECOND        | FIRST    | FOURTH   | THIRD    | SECOND   | FIRST    | FOURTH   | THIRD    |
| <S>   |               |          |          |          |          |          |          |          |
| <C>   |               |          |          |          |          |          |          |          |
| Income from earning assets.....             | \$ 2,512      | \$ 2,398 | \$ 3,361 | \$ 3,398 | \$ 3,391 | \$ 3,070 | \$ 2,918 | \$ 2,701 |
| Interest expense.....                       | 1,195         | 1,110    | 1,438    | 2,007    | 2,055    | 1,763    | 1,618    | 1,395    |
| Net interest income (taxable-equivalent)... | 1,339         | 1,310    | 1,438    | 1,420    | 1,367    | 1,335    | 1,326    | 1,330    |

|  |           |            |            |            |            |           |            |
|--|-----------|------------|------------|------------|------------|-----------|------------|
| Net interest income.....                   | 1,413     | 1,391      | 1,336      | 1,307      | 1,300      | 1,306     |            |
| 1,317                                      | 1,288     |            |            |            |            |           |            |
| Provision for credit losses.....           | 142       | 100        | 70         | 70         | 70         | 70        |            |
| 70   | 100       |            |            |            |            |           |            |
| Gains (losses) on sales of securities..... | 21        | 3          | 4          | 1          | (28)       | (4)       |            |
| 5  | 14        |            |            |            |            |           |            |
| Noninterest income.....                    | 846       | 776        | 730        | 726        | 639        | 649       |            |
| 629  | 680       |            |            |            |            |           |            |
| Other real estate owned expense (income).  | 8         | 7          | 1          | 2          | (8)        | (6)       |            |
| (3)  | 5         |            |            |            |            |           |            |
| Noninterest expense.....                   | 1,342     | 1,245      | 1,288      | 1,288      | 1,261      | 1,234     |            |
| 1,228                                      | 1,219     |            |            |            |            |           |            |
| Income before income taxes.....            | 788       | 818        | 711        | 674        | 588        | 653       |            |
| 656  | 658       |            |            |            |            |           |            |
| Income tax expense.....                    | 278       | 288        | 244        | 231        | 183        | 222       |            |
| 219  | 241       |            |            |            |            |           |            |
| Net income.....                            | 510       | 530        | 467        | 443        | 405        | 431       |            |
| 437  | 417       |            |            |            |            |           |            |
| Earnings per common share.....             | 1.87      | 1.95       | 1.71       | 1.60       | 1.46       | 1.55      |            |
| 1.58                                       | 1.52      |            |            |            |            |           |            |
| Dividends per common share.....            | .58       | .50        | .50        | .50        | .50        | .46       |            |
| .46  | .46       |            |            |            |            |           |            |
| Yield on average earning assets.....       | 7.95%     | 8.08%      | 7.98%      | 7.93%      | 7.54%      | 7.24%     |            |
| 7.00%                                      | 6.81%     |            |            |            |            |           |            |
| Rate on average interest-                  |           |            |            |            |            |           |            |
| bearing liabilities.....                   | 5.22      | 5.38       | 5.39       | 5.13       | 4.71       | 4.22      |            |
| 3.80                                       | 3.57      |            |            |            |            |           |            |
| Net interest spread.....                   | 2.73      | 2.70       | 2.59       | 2.80       | 2.83       | 3.02      |            |
| 3.20                                       | 3.24      |            |            |            |            |           |            |
| Net interest yield.....                    | 3.38      | 3.35       | 3.19       | 3.41       | 3.40       | 3.54      |            |
| 3.70                                       | 3.69      |            |            |            |            |           |            |
| Average total assets.....                  | \$191,693 | \$ 190,501 | \$ 194,302 | \$ 177,515 | \$ 174,554 | \$167,283 | \$ 161,989 |
| \$ 161,294                                 |           |            |            |            |            |           |            |
| Average total deposits.....                | 98,602    | 98,671     | 100,569    | 99,285     | 98,574     | 94,656    |            |
| 91,358                                     | 90,260    |            |            |            |            |           |            |
| Average total shareholders' equity.....    | 11,903    | 11,487     | 11,213     | 11,192     | 10,906     | 10,665    |            |
| 10,272                                     | 10,080    |            |            |            |            |           |            |
| Return on average assets.....              | 1.06%     | 1.10%      | .96%       | 1.01%      | .92%       | 1.02%     |            |
| 1.08%                                      | 1.05%     |            |            |            |            |           |            |
| Return on average common                   |           |            |            |            |            |           |            |
| shareholders' equity.....                  | 16.98     | 18.29      | 16.69      | 16.03      | 14.68      | 16.00     |            |
| 17.04                                      | 16.82     |            |            |            |            |           |            |
| Market price per share of common stock     |           |            |            |            |            |           |            |
| High for the quarter.....                  | 74 3/4    | \$ 68 7/8  | \$ 57 3/4  | \$ 51 3/4  | \$ 50 3/4  | \$ 56     | \$ 57 3/8  |
| \$ 50 7/8                                  |           |            |            |            |            |           |            |
| Low for the quarter.....                   | 64        | 53 3/4     | 49 5/8     | 44 5/8     | 43 3/8     | 47 1/8    | 44 1/2     |
| 44 3/8                                     |           |            |            |            |            |           |            |
| Close at the end of the quarter.....       | 69 5/8    | 67 1/4     | 53 5/8     | 50 3/4     | 45 1/8     | 49        | 51 3/8     |
| 45 3/4                                     |           |            |            |            |            |           |            |
| Risk-based capital ratios                  |           |            |            |            |            |           |            |
| Tier 1.....                                | 7.24%     | 7.16%      | 7.03%      | 7.25%      | 7.43%      | 7.48%     |            |
| 7.63%                                      | 7.50%     |            |            |            |            |           |            |
| Total.....                                 | 11.58     | 11.23      | 10.90      | 11.06      | 11.47      | 11.57     |            |
| 11.57                                      | 11.66     |            |            |            |            |           |            |

</TABLE>

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##### SECURITIES GAINS AND LOSSES

Losses from the sales of securities were \$13 million in 1994 compared to gains of \$84 million in 1993. The losses in 1994 were attributable to securities sold in the fourth quarter of 1994 as a part of interest rate risk repositioning efforts.

##### NONINTEREST INCOME

Noninterest income increased 24 percent to \$2.6 billion in 1994 from \$2.1 billion in 1993. Adjusted for acquisitions, growth in noninterest income was 11 percent in 1994. Growth occurred in most major categories of noninterest income during 1994.

##### OTHER REAL ESTATE OWNED EXPENSE

OREO expense declined \$90 million to a net recovery of \$12 million in 1994 compared to expense of \$78 million in 1993, consistent with the improvement in asset quality. Improved real estate markets resulted in lower OREO writedowns



and increased gains on sales of these properties.

NONINTEREST EXPENSE

Noninterest expense increased 15 percent in 1994 compared to 1993. Most categories of noninterest expense were significantly influenced by acquisitions. Adjusting for the impact of acquisitions, noninterest expense in 1994 increased approximately two and one-half percent.

INCOME TAXES

The Corporation's income tax expense for 1994 was \$865 million, for an effective tax rate of 33.9 percent of pretax income. Tax expense for 1993 was \$690 million, for an effective tax rate of 34.7 percent.

MANAGEMENT'S DISCUSSION AND ANALYSIS 43

TABLE TWENTY-TWO

QUARTERLY TAXABLE-EQUIVALENT DATA  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

| YIELDS/<br><S>  | FOURTH QUARTER 1995         |                |                  | THIRD QUARTER 1995          |                |              |
|---|-----------------------------|----------------|------------------|-----------------------------|----------------|--------------|
|   | AVERAGE<br>BALANCE<br>SHEET | INCOME<br>OR   | YIELDS/<br>RATES | AVERAGE<br>BALANCE<br>SHEET | INCOME<br>OR   | RATES        |
|   | AMOUNTS<br><C>              | EXPENSE<br><C> | RATES<br><C>     | AMOUNTS<br><C>              | EXPENSE<br><C> | RATES<br><C> |
| Earning assets  |                             |                |                  |                             |                |              |
| Loans and leases, net of unearned income (1)            |                             |                |                  |                             |                |              |
| Commercial (2).....                                     | \$ 47,077                   | 971            | 8.18%            | \$ 46,574                   | \$ 953         |              |
| 8.12%   |                             |                |                  |                             |                |              |
| Real estate commercial.....                             | 6,649                       | 157            | 9.39             | 7,116                       | 168            | 9.38         |
| Real estate construction.....                           | 3,016                       | 72             | 9.44             | 3,091                       | 75             | 9.63         |
| Total commercial.....                                   | 56,742                      | 1,200          | 8.39             | 56,781                      | 1,196          |              |
| 8.36  |                             |                |                  |                             |                |              |
| Residential mortgage.....                               | 23,573                      | 459            | 7.78             | 21,581                      | 420            | 7.78         |
| Credit card.....  | 5,709                       | 182            | 12.69            | 5,014                       | 164            | 12.94        |
| Other consumer.....                                     | 22,852                      | 581            | 10.09            | 22,638                      | 583            | 10.19        |
| Total consumer.....                                     | 52,134                      | 1,222          | 9.33             | 49,233                      | 1,167          |              |
| 9.41  |                             |                |                  |                             |                |              |
| Foreign.....  | 2,100                       | 40             | 7.65             | 2,034                       | 40             | 7.73         |
| Lease financing.....                                    | 3,628                       | 68             | 7.48             | 3,407                       | 65             | 7.65         |
| Total loans and leases, net.....                        | 114,604                     | 2,530          | 8.77             | 111,455                     | 2,468          | 8.79         |
| Securities  |                             |                |                  |                             |                |              |
| Held for investment.....                                | 12,945                      | 186            | 5.72             | 14,101                      | 205            | 5.77         |
| Available for sale (3).....                             | 10,689                      | 174            | 6.45             | 11,891                      | 188            | 6.28         |
| Total securities.....                                   | 23,634                      | 360            | 6.05             | 25,992                      | 393            |              |
| 6.01  |                             |                |                  |                             |                |              |
| Loans held for sale.....                                | 644                         | 12             | 7.34             | 424                         | 8              |              |
| 7.36  |                             |                |                  |                             |                |              |
| Time deposits placed and other                          |                             |                |                  |                             |                |              |
| short-term investments.....                             | 1,634                       | 28             | 6.77             | 2,031                       | 32             | 6.32         |
| Federal funds sold.....                                 | 534                         | 8              | 6.02             | 747                         | 11             | 6.14         |
| Securities purchased under agreements to resell.....    | 12,088                      | 163            | 5.36             | 14,740                      | 240            | 6.45         |
| Trading account securities (4).....                     | 16,196                      | 285            | 6.99             | 13,063                      | 275            | 8.37         |
| Total earning assets (5).....                           | 169,334                     | 3,386          | 7.95             | 168,452                     | 3,427          | 8.08         |
| Cash and cash equivalents.....                          | 7,500                       |                |                  | 7,449                       |                |              |
| Factored accounts receivable.....                       | 1,221                       |                |                  | 1,201                       |                |              |
| Other assets, less allowance for credit losses.....     | 13,638                      |                |                  | 13,399                      |                |              |
| Total assets.....                                       | \$191,693                   |                |                  | \$190,501                   |                |              |
| Interest-bearing liabilities                            |                             |                |                  |                             |                |              |
| Savings.....  | 8,287                       | 49             | 2.34             | \$ 8,455                    | 51             | 2.37         |
| NOW and money market deposit accounts.....              | 27,233                      | 185            | 2.71             | 27,160                      | 183            | 2.67         |
| Consumer CDs and IRAs.....                              | 24,682                      | 339            | 5.44             | 24,786                      | 335            | 5.36         |
| Negotiated CDs, public funds and other time             |                             |                |                  |                             |                |              |
| deposits.....   | 2,946                       | 42             | 5.74             | 2,830                       | 41             | 5.72         |
| Foreign time deposits.....                              | 13,546                      | 211            | 6.18             | 13,921                      | 220            | 6.27         |
| Federal funds purchased.....                            | 5,599                       | 81             | 5.78             | 6,109                       | 90             | 5.84         |
| Securities sold under agreements to repurchase (6)..... | 30,136                      | 440            | 5.79             | 30,179                      | 465            | 6.11         |
| Commercial paper.....                                   | 2,871                       | 43             | 5.89             | 2,803                       | 43             | 6.10         |
| Other short-term borrowings.....                        | 4,550                       | 78             | 6.72             | 5,833                       | 93             | 6.30         |
| Trading account liabilities (4).....                    | 11,125                      | 185            | 6.60             | 11,891                      | 240            | 8.03         |
| Long-term debt (7).....                                 | 17,276                      | 295            | 6.83             | 14,127                      | 246            | 6.98         |
| Total interest-bearing liabilities.....                 | 148,251                     | 1,948          | 5.22             | 148,094                     | 2,007          | 5.38         |
| Noninterest-bearing sources                             |                             |                |                  |                             |                |              |
| Noninterest-bearing deposits.....                       | 21,908                      |                |                  | 21,519                      |                |              |

|  |           |       |           |
|--|-----------|-------|-----------|
| Other liabilities.....                           | 9,631     |       | 9,401     |
| Shareholders' equity.....                        | 11,903    |       | 11,487    |
| Total liabilities and shareholders' equity.....  | \$191,693 |       | \$190,501 |
| Net interest spread.....                         |           | 2.73  |           |
| 2.70   |           |       |           |
| Impact of noninterest-bearing sources.....       |           | .65   |           |
| .65  |           |       |           |
| Net interest income/yield on earning assets..... | \$1,438   | 3.38% | \$1,420   |
| 3.35%  |           |       |           |

</TABLE>

(1) NONPERFORMING LOANS ARE INCLUDED IN THE RESPECTIVE AVERAGE LOAN BALANCES. INCOME ON SUCH NONPERFORMING LOANS IS RECOGNIZED ON A CASH BASIS.

(2) COMMERCIAL LOAN INTEREST INCOME INCLUDES NET INTEREST RATE SWAP REVENUES RELATED TO SWAPS CONVERTING VARIABLE-RATE COMMERCIAL LOANS TO FIXED RATE. INTEREST RATE SWAPS DECREASED INTEREST INCOME \$34, \$49, \$65 AND \$61 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1995, RESPECTIVELY, AND \$32 IN THE FOURTH QUARTER OF 1994.

(3) THE AVERAGE BALANCE SHEET AMOUNTS AND YIELDS ON SECURITIES AVAILABLE FOR SALE ARE BASED ON THE AVERAGE OF HISTORICAL AMORTIZED COST BALANCES.

(4) THE FAIR VALUES OF DERIVATIVES-DEALER POSITIONS ARE REPORTED IN OTHER ASSETS AND LIABILITIES, RESPECTIVELY.

(5) INTEREST INCOME INCLUDES TAXABLE-EQUIVALENT ADJUSTMENTS OF \$25, \$29, \$31 AND \$28 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1995, RESPECTIVELY, AND \$26 IN THE FOURTH QUARTER OF 1994.

(6) SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE INTEREST EXPENSE INCLUDES NET INTEREST RATE SWAP EXPENSE RELATED TO SWAPS FIXING THE COST OF CERTAIN OF THESE LIABILITIES. SUCH INCREASES (DECREASES) IN INTEREST EXPENSE WERE \$12, \$4, (\$1) AND \$13 IN THE FOURTH, THIRD, SECOND AND FIRST QUARTERS OF 1995, RESPECTIVELY, AND \$21 IN THE FOURTH QUARTER OF 1994.

(7) LONG-TERM DEBT INTEREST EXPENSE INCLUDES NET INTEREST RATE SWAP EXPENSE RELATED TO SWAPS PRIMARILY CONVERTING THE COST OF CERTAIN FIXED-RATE DEBT TO VARIABLE RATE. SUCH INCREASES IN INTEREST EXPENSE WERE \$1 IN BOTH THE SECOND AND FIRST QUARTERS OF 1995, RESPECTIVELY.

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<TABLE>

<CAPTION>

| SECOND QUARTER 1995           |                   |              | FIRST QUARTER 1995            |                   |              | FOURTH QUARTER 1994           |                   |              |
|-------------------------------|-------------------|--------------|-------------------------------|-------------------|--------------|-------------------------------|-------------------|--------------|
| AVERAGE BALANCE SHEET AMOUNTS | INCOME OR EXPENSE | YIELDS/RATES | AVERAGE BALANCE SHEET AMOUNTS | INCOME OR EXPENSE | YIELDS/RATES | AVERAGE BALANCE SHEET AMOUNTS | INCOME OR EXPENSE | YIELDS/RATES |
| <S>                           | <C>               | <C>          | <C>                           | <C>               | <C>          | <C>                           | <C>               | <C>          |
| \$ 46,525                     | \$ 954            | 8.22%        | \$ 45,238                     | \$ 919            | 8.24%        | \$ 43,587                     | \$ 855            | 7.78%        |
| 7,395                         | 171               | 9.29         | 7,630                         | 173               | 9.16         | 7,289                         | 162               | 8.86         |
| 3,216                         | 78                | 9.76         | 3,100                         | 77                | 10.07        | 3,038                         | 72                | 9.33         |
| 57,136                        | 1,203             | 8.45         | 55,968                        | 1,169             | 8.47         | 53,914                        | 1,089             | 8.01         |
| 19,242                        | 378               | 7.84         | 17,780                        | 343               | 7.76         | 16,680                        | 321               | 7.68         |
| 4,775                         | 156               | 13.13        | 4,543                         | 139               | 12.36        | 4,357                         | 141               | 12.80        |
| 21,609                        | 544               | 10.11        | 20,624                        | 501               | 9.85         | 20,294                        | 486               | 9.50         |
| 45,626                        | 1,078             | 9.47         | 42,947                        | 983               | 9.25         | 41,331                        | 948               | 9.11         |
| 2,048                         | 41                | 7.96         | 1,961                         | 36                | 7.50         | 1,764                         | 30                | 6.79         |
| 3,114                         | 58                | 7.43         | 2,951                         | 58                | 7.86         | 2,755                         | 53                | 7.71         |
| 107,924                       | 2,380             | 8.84         | 103,827                       | 2,246             | 8.76         | 99,764                        | 2,120             | 8.44         |
| 17,457                        | 235               | 5.40         | 17,648                        | 238               | 5.45         | 17,966                        | 245               | 5.40         |
| 10,730                        | 170               | 6.33         | 7,728                         | 110               | 5.80         | 8,560                         | 117               | 5.44         |
| 28,187                        | 405               | 5.76         | 25,376                        | 348               | 5.56         | 26,526                        | 362               | 5.42         |
| 153                           | 3                 | 8.06         | 61                            | 1                 | 9.10         | 109                           | 3                 | 7.65         |
| 2,310                         | 42                | 7.29         | 2,297                         | 40                | 7.01         | 2,231                         | 32                | 5.75         |
| 714                           | 12                | 6.24         | 1,105                         | 16                | 6.02         | 1,360                         | 18                | 5.39         |
| 16,820                        | 273               | 6.53         | 13,909                        | 214               | 6.23         | 14,799                        | 185               | 4.97         |
| 15,834                        | 307               | 7.77         | 11,574                        | 233               | 8.16         | 10,318                        | 224               | 8.64         |
| 171,942                       | 3,422             | 7.98         | 158,149                       | 3,098             | 7.93         | 155,107                       | 2,944             | 7.54         |
| 8,024                         |                   |              | 8,321                         |                   |              | 8,674                         |                   |              |
| 1,181                         |                   |              | 1,048                         |                   |              | 1,235                         |                   |              |
| 13,155                        |                   |              | 9,997                         |                   |              | 9,538                         |                   |              |
| \$194,302                     |                   |              | \$177,515                     |                   |              | \$174,554                     |                   |              |
| \$ 8,656                      | 51                | 2.40         | \$ 8,911                      | 53                | 2.39         | \$ 9,143                      | 54                | 2.37         |
| 27,608                        | 185               | 2.68         | 28,577                        | 187               | 2.66         | 29,442                        | 190               | 2.53         |
| 25,075                        | 325               | 5.20         | 24,818                        | 291               | 4.76         | 25,136                        | 277               | 4.40         |
| 3,046                         | 42                | 5.51         | 3,151                         | 41                | 5.30         | 2,825                         | 35                | 4.80         |
| 15,107                        | 239               | 6.36         | 13,844                        | 211               | 6.18         | 11,576                        | 162               | 5.57         |
| 5,654                         | 87                | 6.17         | 4,438                         | 64                | 5.83         | 4,267                         | 56                | 5.17         |
| 34,445                        | 547               | 6.37         | 26,547                        | 411               | 6.28         | 26,591                        | 367               | 5.48         |
| 2,806                         | 44                | 6.30         | 2,734                         | 41                | 6.13         | 2,730                         | 37                | 5.42         |
| 6,546                         | 101               | 6.16         | 5,847                         | 82                | 5.74         | 5,354                         | 69                | 5.08         |
| 13,660                        | 249               | 7.31         | 11,427                        | 222               | 7.87         | 11,168                        | 227               | 8.08         |
| 10,209                        | 185               | 7.22         | 8,888                         | 160               | 7.22         | 8,147                         | 144               | 7.08         |

|           |         |       |           |         |       |           |         |       |
|-----------|---------|-------|-----------|---------|-------|-----------|---------|-------|
| 152,812   | 2,055   | 5.39  | 139,182   | 1,763   | 5.13  | 136,379   | 1,618   | 4.71  |
| 21,077    |         |       | 19,984    |         |       | 20,452    |         |       |
| 9,200     |         |       | 7,157     |         |       | 6,817     |         |       |
| 11,213    |         |       | 11,192    |         |       | 10,906    |         |       |
| \$194,302 |         |       | \$177,515 |         |       | \$174,554 |         |       |
|           |         | 2.59  |           |         | 2.80  |           |         | 2.83  |
|           |         | .60   |           |         | .61   |           |         | .57   |
|           | \$1,367 | 3.19% |           | \$1,335 | 3.41% |           | \$1,326 | 3.40% |

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS 45

REPORT OF MANAGEMENT

The management of NationsBank Corporation is responsible for the preparation, integrity and objectivity of the consolidated financial statements of the Corporation. The consolidated financial statements and notes have been prepared by the Corporation in accordance with generally accepted accounting principles and, in the judgment of management, present fairly the Corporation's financial position and results of operations. The financial information contained elsewhere in this report is consistent with that in the financial statements. The financial statements and other financial information in this report include amounts that are based on management's best estimates and judgments and give due consideration to materiality.

The Corporation maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Management recognizes that even a highly effective internal control system has inherent risks, including the possibility of human error and the circumvention or overriding of controls, and that the effectiveness of an internal control system can change with circumstances. However, management believes that the internal control system provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected on a timely basis and corrected through the normal course of business. As of December 31, 1995, management believes that the internal controls are in place and operating effectively.

The Internal Audit Division of the Corporation reviews, evaluates, monitors and makes recommendations on both administrative and accounting control, which acts as an integral, but independent, part of the system of internal controls.

The independent accountants were engaged to perform an independent audit of the consolidated financial statements. In determining the nature and extent of their auditing procedures, they have evaluated the Corporation's accounting policies and procedures and the effectiveness of the related internal control system. An independent audit provides an objective review of management's responsibility to report operating results and financial condition. Their report appears below.

The Board of Directors discharges its responsibility for the Corporation's financial statements through its Audit Committee. The Audit Committee meets periodically with the independent accountants, internal auditors and management. Both the independent accountants and internal auditors have direct access to the Audit Committee to discuss the scope and results of their work, the adequacy of internal accounting controls and the quality of financial reporting.

(Signature of Hugh L. McColl Jr.)  
 Hugh L. McColl Jr.  
 Chairman

(Signature of James H. Hance Jr.)  
 James H. Hance Jr.  
 Vice Chairman And  
 Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND  
 SHAREHOLDERS OF NATIONSBANK CORPORATION

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of NationsBank Corporation and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these

statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note Twelve to the consolidated financial statements, the Corporation changed its method of accounting for income taxes in 1993.

(Signature of Price Waterhouse LLP)  
Charlotte, North Carolina  
January 12, 1996

46 NATIONSBANK CORPORATION ANNUAL REPORT 1995

NationsBank Corporation And Subsidiaries  
CONSOLIDATED STATEMENT OF INCOME  
(DOLLARS IN MILLIONS EXCEPT PER-SHARE INFORMATION)

<TABLE>  
<CAPTION>

|  | YEAR ENDED DECEMBER 31 |          |          |
|--|------------------------|----------|----------|
|  | 1995                   | 1994     | 1993     |
| <S>  | <C>                    | <C>      | <C>      |
| <b>INCOME FROM EARNING ASSETS</b>                                |                        |          |          |
| Interest and fees on loans.....                                  | \$ 9,331               | \$ 7,577 | \$ 6,198 |
| Lease financing income.....                                      | 221                    | 150      | 110      |
| Interest and dividends on securities                             |                        |          |          |
| Held for investment.....   | 851                    | 755      | 1,347    |
| Available for sale.....  | 617                    | 623      | 49       |
| Interest and fees on loans held for sale.....                    | 24                     | 23       | 53       |
| Interest on time deposits placed and                             |                        |          |          |
| other short-term investments.....                                | 142                    | 90       | 79       |
| Federal funds sold.....  | 47                     | 45       | 14       |
| Securities purchased under agreements to resell.....             | 890                    | 502      | 180      |
| Trading account securities.....                                  | 1,097                  | 764      | 297      |
| Total income from earning assets.....                            | 13,220                 | 10,529   | 8,327    |
| <b>INTEREST EXPENSE</b>  |                        |          |          |
| Deposits.....  | 3,281                  | 2,415    | 2,149    |
| Borrowed funds.....  | 2,710                  | 1,618    | 919      |
| Trading account liabilities.....                                 | 896                    | 735      | 230      |
| Long-term debt.....  | 886                    | 550      | 392      |
| Total interest expense.....                                      | 7,773                  | 5,318    | 3,690    |
| NET INTEREST INCOME.....   | 5,447                  | 5,211    | 4,637    |
| PROVISION FOR CREDIT LOSSES.....                                 | 382                    | 310      | 430      |
| NET CREDIT INCOME.....   | 5,065                  | 4,901    | 4,207    |
| GAINS (LOSSES) ON SALES OF SECURITIES.....                       | 29                     | (13)     | 84       |
| NONINTEREST INCOME.....  | 3,078                  | 2,597    | 2,101    |
| OTHER REAL ESTATE OWNED EXPENSE (INCOME).....                    | 18                     | (12)     | 78       |
| RESTRUCTURING EXPENSE.....                                       | -                      | -        | 30       |
| OTHER NONINTEREST EXPENSE.....                                   | 5,163                  | 4,942    | 4,293    |
| <b>INCOME BEFORE INCOME TAXES AND EFFECT OF CHANGE IN METHOD</b> |                        |          |          |
| OF ACCOUNTING FOR INCOME TAXES.....                              | 2,991                  | 2,555    | 1,991    |
| INCOME TAX EXPENSE.....  | 1,041                  | 865      | 690      |
| <b>INCOME BEFORE EFFECT OF CHANGE IN METHOD</b>                  |                        |          |          |
| OF ACCOUNTING FOR INCOME TAXES.....                              | 1,950                  | 1,690    | 1,301    |
| <b>EFFECT OF CHANGE IN METHOD OF ACCOUNTING FOR INCOME</b>       |                        |          |          |
| TAXES.....   | -                      | -        | 200      |
| NET INCOME.....  | 1,950                  | \$ 1,690 | \$ 1,501 |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS.....                 | 1,942                  | \$ 1,680 | \$ 1,491 |
| <b>PER-SHARE INFORMATION</b>                                     |                        |          |          |
| Earnings per common share before effect of change in             |                        |          |          |
| method of  |                        |          |          |
| accounting for income taxes.....                                 | 7.13                   | \$ 6.12  | \$ 5.00  |
| Effect of change in method of accounting for income              |                        |          |          |
| taxes.....   | -                      | -        | .78      |
| Earnings per common share.....                                   | 7.13                   | \$ 6.12  | \$ 5.78  |
| Fully diluted earnings per common share before effect            |                        |          |          |
| of change  |                        |          |          |
| in method of accounting for income taxes.....                    | 7.04                   | \$ 6.06  | \$ 4.95  |
| Effect of change in method of accounting for income              |                        |          |          |
| taxes.....   | -                      | -        | .77      |
| Fully diluted earnings per common share.....                     | 7.04                   | \$ 6.06  | \$ 5.72  |
| Dividends per common share.....                                  | 2.08                   | \$ 1.88  | \$ 1.64  |
| AVERAGE COMMON SHARES ISSUED (in thousands).....                 | 272,480                | 274,656  | 257,969  |

</TABLE>

## CONSOLIDATED FINANCIAL STATEMENTS 47

NationsBank Corporation And Subsidiaries  
CONSOLIDATED BALANCE SHEET  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|   | DECEMBER 31 |           |
|---|-------------|-----------|
|   | 1995        | 1994      |
| <S>   | <C>         | <C>       |
| <b>ASSETS</b>   |             |           |
| Cash and cash equivalents.....  | \$ 8,448    | \$ 9,582  |
| Time deposits placed and other short-term investments.....                                      | 1,296       | 2,159     |
| Securities  |             |           |
| Held for investment, at cost (market value - \$4,432 and \$17,101).....                         | 4,432       | 17,800    |
| Available for sale.....   | 19,415      | 8,025     |
| Total securities.....   | 23,847      | 25,825    |
| Loans held for sale.....  | 1,663       | 318       |
| Federal funds sold.....   | 111         | 960       |
| Securities purchased under agreements to resell.....  | 6,119       | 10,152    |
| Trading account assets.....   | 18,867      | 9,941     |
| Loans and leases, net of unearned income.....   | 116,042     | 102,367   |
| Factored accounts receivable.....   | 991         | 1,004     |
| Loans, leases and factored accounts receivable, net of unearned income.....                     | 117,033     | 103,371   |
| Allowance for credit losses.....  | (2,163)     | (2,186)   |
| Premises, equipment and lease rights, net.....  | 2,508       | 2,439     |
| Customers' acceptance liability.....  | 918         | 684       |
| Interest receivable.....  | 1,597       | 1,408     |
| Mortgage servicing rights.....  | 707         | 195       |
| Goodwill.....   | 1,139       | 1,047     |
| Core deposit and other intangibles.....   | 375         | 470       |
| Other assets.....   | 4,833       | 3,239     |
|   | \$187,298   | \$169,604 |
| <b>LIABILITIES</b>  |             |           |
| Deposits  |             |           |
| Noninterest-bearing.....  | 23,414      | \$ 21,380 |
| Savings.....  | 8,257       | 9,037     |
| NOW and money market deposit accounts.....  | 28,160      | 29,752    |
| Time.....   | 27,971      | 27,698    |
| Foreign time.....   | 12,889      | 12,603    |
| Total deposits.....   | 100,691     | 100,470   |
| Federal funds purchased.....  | 5,940       | 3,993     |
| Securities sold under agreements to repurchase.....   | 23,034      | 21,977    |
| Trading account liabilities.....  | 15,177      | 11,426    |
| Commercial paper.....   | 2,773       | 2,519     |
| Other short-term borrowings.....  | 4,143       | 5,640     |
| Liability to factoring clients.....   | 580         | 586       |
| Acceptances outstanding.....  | 918         | 684       |
| Accrued expenses and other liabilities.....   | 3,466       | 2,810     |
| Long-term debt.....   | 17,775      | 8,488     |
| Total liabilities.....  | 174,497     | 158,593   |
| Contingent liabilities and other financial commitments (Notes Eight and Ten)                    |             |           |
| <b>SHAREHOLDERS' EQUITY</b>   |             |           |
| Preferred stock: authorized - 45,000,000 shares   |             |           |
| ESOP Convertible, Series C: issued - 2,473,081 and 2,606,657 shares.....                        | 105         | 111       |
| Common stock: authorized - 800,000,000 shares; issued - 274,268,773 and 276,451,552 shares..... | 4,655       | 4,740     |
| Retained earnings.....  | 7,826       | 6,451     |
| Other , including loan to ESOP trust.....   | 215         | (291)     |
| Total shareholders' equity.....   | 12,801      | 11,011    |
|   | \$187,298   | \$169,604 |

&lt;/TABLE&gt;

NationsBank Corporation And Subsidiaries  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|  | YEAR ENDED DECEMBER 31 |          |          |
|--|------------------------|----------|----------|
|  | 1995                   | 1994     | 1993     |
| <S>  | <C>                    | <C>      | <C>      |
| <b>OPERATING ACTIVITIES</b>  |                        |          |          |
| Net income.....  | \$ 1,950               | \$ 1,690 | \$ 1,501 |
| Reconciliation of net income to net cash (used) provided by operating activities                           |                        |          |          |
| Provision for credit losses.....   | 382                    | 310      | 430      |
| (Gains) losses on sales of securities.....   | (29)                   | 13       | (84)     |
| Depreciation and premises improvements amortization.....   | 280                    | 265      | 242      |
| Amortization of intangibles.....   | 119                    | 141      | 110      |
| Deferred income tax expense.....   | 192                    | 372      | 210      |
| Effect of change in method of accounting for income taxes.....   | -                      | -        | (200)    |
| Net change in trading instruments.....   | (5,175)                | 3,796    | 707      |
| Net increase in interest receivable.....   | (182)                  | (282)    | (93)     |
| Net increase in interest payable.....  | 208                    | 299      | 93       |
| Net (increase) decrease in loans held for sale.....  | (1,345)                | 1,379    | (406)    |
| Net increase (decrease) in liability to factoring clients.....   | (6)                    | 52       | 52       |
| Other operating activities.....  | (1,327)                | 1,083    | (425)    |
| Net cash (used) provided by operating activities.....  | (4,933)                | 9,118    | 2,137    |
| <b>INVESTING ACTIVITIES</b>  |                        |          |          |
| Proceeds from maturities of securities held for investment.....  | 5,547                  | 5,864    | 9,182    |
| Purchases of securities held for investment.....   | (545)                  | (10,293) | (10,493) |
| Proceeds from sales and maturities of securities available for sale.....                                   | 25,556                 | 23,762   | 18,295   |
| Purchases of securities available for sale.....  | (27,594)               | (16,055) | (15,805) |
| Net (increase) decrease in federal funds sold and securities purchased under agreements to resell.....     | 4,931                  | (3,805)  | (410)    |
| Net (increase) decrease in time deposits placed and other short-term investments.....                      | 863                    | (670)    | 816      |
| Net originations of loans and leases.....  | (11,977)               | (12,656) | (12,473) |
| Purchases of loans and leases.....   | (6,354)                | (2,936)  | (3,830)  |
| Proceeds from sales and securitizations of loans.....  | 4,681                  | 4,126    | 8,682    |
| Purchases and originations of mortgage servicing rights.....   | (598)                  | (124)    | (40)     |
| Purchases of factored accounts receivable.....   | (7,856)                | (7,612)  | (7,343)  |
| Collections of factored accounts receivable.....   | 7,834                  | 7,577    | 7,229    |
| Net purchases of premises and equipment.....   | (307)                  | (327)    | (65)     |
| Proceeds from sales of other real estate owned.....  | 204                    | 369      | 261      |
| Sales (acquisitions) of business activities, net of cash.....  | (567)                  | 3,778    | (4,606)  |
| Net cash used in investing activities.....   | (6,182)                | (9,002)  | (10,600) |
| <b>FINANCING ACTIVITIES</b>  |                        |          |          |
| Net increase (decrease) in deposits.....   | (158)                  | 4,261    | (1,581)  |
| Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase..... | 2,909                  | (2,562)  | 4,503    |
| Net increase (decrease) in other short-term borrowings and commercial paper.....                           | (1,244)                | 491      | 1,958    |
| Proceeds from issuance of long-term debt.....  | 11,393                 | 1,198    | 4,125    |
| Retirement of long-term debt.....  | (2,061)                | (1,017)  | (405)    |
| Preferred stock repurchased and redeemed.....  | -                      | (94)     | -        |
| Proceeds from issuance of common stock.....  | 239                    | 267      | 197      |
| Cash dividends paid.....   | (575)                  | (527)    | (433)    |
| Common stock repurchased.....  | (522)                  | (180)    | -        |
| Other financing activities.....  | -                      | (20)     | (23)     |
| Net cash provided by financing activities.....   | 9,981                  | 1,817    | 8,341    |
| Net increase (decrease) in cash and cash equivalents.....  | (1,134)                | 1,933    | (122)    |
| Cash and cash equivalents on January 1.....  | 9,582                  | 7,649    | 7,771    |
| Cash and cash equivalents on December 31.....  | 8,448                  | \$ 9,582 | \$ 7,649 |
| <b>Supplemental cash flow disclosure</b>   |                        |          |          |
| Cash paid for interest.....  | 7,565                  | \$ 5,020 | \$ 3,477 |
| Cash paid for income taxes.....  | 675                    | 718      | 360      |

</TABLE>

LOANS TRANSFERRED TO OTHER REAL ESTATE OWNED AMOUNTED TO \$98, \$207 AND \$251 IN 1995, 1994 AND 1993, RESPECTIVELY.

NationsBank Corporation And Subsidiaries  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(DOLLARS IN MILLIONS, SHARES IN THOUSANDS)

<TABLE>  
<CAPTION>

| TOTAL<br>SHARE-<br>HOLDERS'<br>EQUITY<br><S><br><C> | PREFERRED<br>STOCK<br><C> | COMMON STOCK  |               | RETAINED<br>EARNINGS<br><C> | LOAN TO              |              |       |
|---|---------------------------|---------------|---------------|-----------------------------|----------------------|--------------|-------|
|   |                           | SHARES<br><C> | AMOUNT<br><C> |                             | ESOP<br>TRUST<br><C> | OTHER<br><C> |       |
| BALANCE ON DECEMBER 31, 1992.....                   | \$119                     | 252,990       | \$3,702       | \$4,179                     | \$ (98)              | \$ (88)      | \$    |
| 7,814   |                           |               |               |                             |                      |              |       |
| Net income.....                                     |                           |               |               | 1,501                       |                      |              |       |
| 1,501   |                           |               |               |                             |                      |              |       |
| Cash dividends                                      |                           |               |               |                             |                      |              |       |
| Common.....   |                           |               |               | (423)                       |                      |              |       |
| (423)   |                           |               |               |                             |                      |              |       |
| Preferred.....                                      |                           |               |               | (10)                        |                      |              |       |
| (10)  |                           |               |               |                             |                      |              |       |
| Issued in MNC acquisition                           |                           |               |               |                             |                      |              |       |
| Series CC and DD preferred stock.....               | 93                        |               |               |                             |                      |              |       |
| 93  |                           |               |               |                             |                      |              |       |
| Common stock.....                                   |                           | 13,608        | 701           |                             |                      |              |       |
| 701   |                           |               |               |                             |                      |              |       |
| Common stock issued under dividend                  |                           |               |               |                             |                      |              |       |
| reinvestment and employee plans.....                |                           | 4,213         | 187           |                             |                      |              | 10    |
| 197   |                           |               |               |                             |                      |              |       |
| Valuation reserve for securities available          |                           |               |               |                             |                      |              |       |
| for sale and marketable equity securities...        |                           |               |               |                             |                      |              | 104   |
| 104   |                           |               |               |                             |                      |              |       |
| Other.....  | (4)                       | 94            | 4             |                             | 10                   | (8)          |       |
| 2   |                           |               |               |                             |                      |              |       |
| BALANCE ON DECEMBER 31, 1993.....                   | 208                       | 270,905       | 4,594         | 5,247                       | (88)                 | 18           |       |
| 9,979   |                           |               |               |                             |                      |              |       |
| Net income.....                                     |                           |               |               | 1,690                       |                      |              |       |
| 1,690   |                           |               |               |                             |                      |              |       |
| Cash dividends                                      |                           |               |               |                             |                      |              |       |
| Common.....   |                           |               |               | (517)                       |                      |              |       |
| (517)   |                           |               |               |                             |                      |              |       |
| Preferred.....                                      |                           |               |               | (10)                        |                      |              |       |
| (10)  |                           |               |               |                             |                      |              |       |
| Preferred stock repurchased and redeemed.....       | (93)                      |               | (1)           |                             |                      |              |       |
| (94)  |                           |               |               |                             |                      |              |       |
| Common stock issued under dividend                  |                           |               |               |                             |                      |              |       |
| reinvestment and employee plans.....                |                           | 5,351         | 254           |                             |                      |              | 13    |
| 267   |                           |               |               |                             |                      |              |       |
| Common stock issued in acquisitions.....            |                           | 3,510         | 64            | 41                          |                      |              |       |
| 105   |                           |               |               |                             |                      |              |       |
| Common stock repurchased.....                       |                           | (3,524)       | (180)         |                             |                      |              |       |
| (180)   |                           |               |               |                             |                      |              |       |
| Net change in unrealized gains (losses)             |                           |               |               |                             |                      |              |       |
| on securities available for sale and                |                           |               |               |                             |                      |              |       |
| marketable equity securities.....                   |                           |               |               |                             |                      |              | (240) |
| (240)   |                           |               |               |                             |                      |              |       |
| Other.....  | (4)                       | 210           | 9             |                             | 12                   | (6)          |       |
| 11  |                           |               |               |                             |                      |              |       |
| BALANCE ON DECEMBER 31, 1994.....                   | 111                       | 276,452       | 4,740         | 6,451                       | (76)                 | (215)        |       |
| 11,011  |                           |               |               |                             |                      |              |       |
| Net income.....                                     |                           |               |               | 1,950                       |                      |              |       |
| 1,950   |                           |               |               |                             |                      |              |       |
| Cash dividends                                      |                           |               |               |                             |                      |              |       |
| Common.....   |                           |               |               | (567)                       |                      |              |       |
| (567)   |                           |               |               |                             |                      |              |       |
| Preferred.....                                      |                           |               |               | (8)                         |                      |              |       |
| (8)   |                           |               |               |                             |                      |              |       |
| Common stock issued under dividend                  |                           |               |               |                             |                      |              |       |
| reinvestment and employee plans.....                |                           | 4,439         | 214           |                             |                      |              | 25    |
| 239   |                           |               |               |                             |                      |              |       |
| Common stock issued in acquisitions.....            |                           | 2,998         | 217           |                             |                      |              |       |
| 217   |                           |               |               |                             |                      |              |       |
| Common stock repurchased.....                       |                           | (9,733)       | (522)         |                             |                      |              |       |
| (522)   |                           |               |               |                             |                      |              |       |
| Net change in unrealized gains (losses)             |                           |               |               |                             |                      |              |       |

|   |       |         |         |         |         |  |        |
|---|-------|---------|---------|---------|---------|--|--------|
| on securities available for sale and<br>marketable equity securities..... |       |         |         |         |         |  | 460    |
| 460   |       |         |         |         |         |  |        |
| Other.....  | (6)   | 113     | 6       |         | 13      |  | 8      |
| 21  |       |         |         |         |         |  |        |
| BALANCE ON DECEMBER 31, 1995.....   | \$105 | 274,269 | \$4,655 | \$7,826 | \$ (63) |  | \$ 278 |
| \$12,801  |       |         |         |         |         |  |        |

</TABLE>

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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NationsBank Corporation And Subsidiaries  
NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS

NationsBank Corporation (the Corporation) is a multi-bank holding company organized under the laws of North Carolina in 1968 and registered under the Bank Holding Company Act of 1956, as amended. As discussed more fully in the second paragraph beginning on page 15 and the first and fourth full paragraphs on page 17, through its banking subsidiaries and its various nonbanking subsidiaries, the Corporation provides banking and banking-related services, primarily throughout the Southeast and Mid-Atlantic states and Texas.

NOTE ONE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of NationsBank Corporation and its subsidiaries conform with generally accepted accounting principles and prevailing industry practices. Certain prior year amounts have been reclassified to conform to current year classifications. A description of the significant accounting policies is presented below.

PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The consolidated financial statements include the accounts of NationsBank Corporation and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Results of operations of companies purchased are included from the dates of acquisition.

Net assets of companies acquired in purchase transactions are recorded at fair value at the date of acquisition. Identified intangibles are amortized on an accelerated or straight-line basis over the period benefited. Goodwill is amortized on a straight-line basis over 25 years.

Prior year financial statements are restated to include accounts of significant companies acquired and accounted for as poolings of interests.

Assets held in an agency or fiduciary capacity are not included in the consolidated financial statements.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Significant estimates made by management are discussed in these footnotes as applicable.

CASH AND CASH EQUIVALENTS

Cash on hand, cash items in the process of collection and amounts due from correspondent banks and the Federal Reserve Bank are included in cash and cash equivalents.

SECURITIES

Securities are classified based on management's intention on the date of purchase. Securities which management has the intent and ability to hold to maturity are classified as held for investment and reported at amortized cost. All other securities are classified as available for sale and carried at fair value with net unrealized gains and losses included in shareholders' equity on an after-tax basis. In addition, marketable equity securities are carried at fair value with net unrealized gains and losses included in shareholders' equity, net of tax.

Interest and dividends on securities, including amortization of premiums and accretion of discounts, are included in interest income. Realized gains and losses from the sales of securities are determined using the specific identification method.



## LOANS HELD FOR SALE

Loans held for sale include residential mortgage, commercial real estate and other loans and are carried at the lower of aggregate cost or market value. Generally, such loans are originated with the intent of sale.

## TRADING INSTRUMENTS

Instruments utilized in trading activities include both securities and derivatives and are stated at fair value. Fair value is generally based on quoted market prices. If quoted market prices are not available, fair values are estimated on the basis of dealer quotes, pricing models or quoted prices for instruments with similar characteristics. Gross unrealized gains and losses on trading derivatives positions with the same counter-party are generally presented on a net basis for balance sheet reporting purposes where legally enforceable master netting agreements have been executed. Realized and unrealized gains and losses are recognized as noninterest income.

## SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. It is the Corporation's policy to obtain control or take possession of securities purchased under agreements to resell. The Corporation monitors the market value of the underlying securities which collateralize the related receivable on resale agreements, including accrued interest, and requests additional collateral when deemed appropriate.

## LOANS

Loans are reported at their outstanding principal balances net of any charge-offs, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans.

Loan origination fees and certain direct origination costs are deferred and recognized as adjustments to income over the lives of the related loans.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 51

Discounts and premiums are amortized to income using methods that approximate the interest method.

## ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is available to absorb losses inherent in the credit extension process including the loan and lease portfolio and other extensions of credit, such as off-balance sheet credit exposures. Credit exposures deemed to be uncollectible are charged against the allowance for credit losses. Recoveries of previously charged-off amounts are credited to the allowance for credit losses.

Individually identified impaired loans are measured based on the present value of payments expected to be received, using the historical effective loan rate as the discount rate. Alternatively, measurement also may be based on observable market prices or, for loans that are solely dependent on the collateral for repayment, measurement may be based on the fair value of the collateral. Loans that are to be foreclosed are measured based on the fair value of the collateral. If the recorded investment in the impaired loan exceeds the measure of fair value, a valuation allowance is established as a component of the allowance for credit losses. Changes to the valuation allowance are recorded as a component of the provision for credit losses.

The Corporation's process for determining an appropriate allowance for credit losses includes management judgment and use of estimates. The adequacy of the allowance for credit losses is reviewed regularly by management. Additions to the allowance for credit losses are made by charges to the provision for credit losses. On a quarterly basis, a comprehensive review of the adequacy of the allowance for credit losses is performed. This assessment is made in the context of historical losses as well as existing economic conditions.

## NONPERFORMING LOANS

Commercial loans and leases that are past due 90 days or more as to principal or interest, or where reasonable doubt exists as to timely collection, including loans that are individually identified as being impaired, are

generally classified as nonperforming loans unless well secured and in the process of collection. Loans whose contractual terms have been restructured in a manner which grants a concession to a borrower experiencing financial difficulties, and loans similarly restructured prior to 1995 that are impaired, are classified as non-performing until such time as the loan is not impaired based on the terms of the restructured agreement and the interest rate is a market rate as measured at the restructuring date. Generally, loans which are past due 180 days or more as to principal or interest are classified as nonperforming regardless of collateral or collection status. Generally, interest accrued but not collected is reversed when a loan or lease is classified as nonperforming.

Interest collections on nonperforming loans and leases for which the ultimate collectibility of principal is uncertain are applied as principal reductions. Otherwise, such collections are credited to income when received.

Consumer loans, including credit card loans, that are past due 90 days or more are not generally classified as nonperforming assets. Generally, consumer loans are liquidated or charged off soon after becoming 90 days past due or 180 days past due for credit card loans. Income is generally recognized on past-due consumer and credit card loans until the loan is charged off.

#### OTHER REAL ESTATE OWNED

Loans are classified as other real estate owned when the Corporation forecloses on a property or when physical possession of the collateral is taken regardless of whether foreclosure proceedings have taken place. Prior to 1995, other real estate owned included in-substance foreclosed loans including certain loans for which the Corporation had not taken physical possession of the collateral. In addition, other real estate owned includes premises no longer used for business operations.

Other real estate owned is carried at the lower of (1) the recorded amount of the loan or lease for which the property previously served as collateral, or (2) the fair value of the property minus estimated costs to sell. Prior to foreclosure, the recorded amount of the loan or lease is reduced, if necessary, to the fair value, minus estimated costs to sell, of the real estate to be acquired by charging the allowance for credit losses.

Subsequent to foreclosure, gains or losses on the sale of and losses on the periodic revaluation of other real estate owned are credited or charged to expense. Net costs of maintaining and operating foreclosed properties are expensed as incurred.

#### PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized principally using the straight-line method over the estimated useful lives of the assets.

#### MORTGAGE SERVICING RIGHTS

Beginning April 1, 1995, the Corporation revised its accounting for mortgage servicing rights (MSRs).

The total cost of mortgage loans originated or purchased after this date is allocated between the cost of the loans and the MSRs based on the relative fair values of the loans and the MSRs. MSRs acquired separately are capitalized at their cost. During 1995, the Corporation capitalized \$676 million of MSRs principally due to separately acquired servicing rights, including those acquired in connection with the acquisitions discussed in Note Two. Previously, only MSRs purchased separately were recorded as assets. The cost of MSRs is amortized in proportion to and over the estimated period of net servicing revenues. During 1995, amortization was \$86 million.

The fair value on December 31, 1995 of servicing for which the Corporation has capitalized an acquisition cost was \$792 million compared to a carrying value of \$707 million. Additionally, there is value associated with servicing originated prior to April 1995 for which the carrying value is zero. Total loans serviced approximated \$81.4 billion on December 31, 1995, including loans serviced on behalf of the Corporation's banking subsidiaries. The Corporation evaluates MSRs strata for impairment by estimating the fair value based on anticipated future net cash flows, taking into consideration prepayment predictions. The predominant

fair value, a valuation allowance is established. Changes to the valuation allowance are charged against or credited to mortgage servicing income and fees. The valuation allowance on December 31, 1995 and changes in the valuation allowance during 1995 were not significant.

#### INCOME TAXES

There are two components of income tax provision: current and deferred.

Current income tax provisions approximate taxes to be paid or refunded for the applicable period.

Balance sheet amounts of deferred taxes are recognized on the temporary differences between the bases of assets and liabilities as measured by tax laws and their bases as reported in the financial statements. Deferred tax expense or benefit is then recognized for the change in deferred tax liabilities or assets between periods.

Recognition of deferred tax balance sheet amounts is based on management's belief that it is more likely than not that the tax benefit associated with certain temporary differences, tax operating loss carryforwards and tax credits will be realized. A valuation allowance is recorded for those deferred tax items for which it is more likely than not that realization will not occur.

#### RETIREMENT BENEFITS

The Corporation has established qualified retirement plans covering full-time, salaried employees and certain part-time employees. Pension expense under these plans is accrued each year. The costs are charged to current operations and consist of several components of net pension cost based on various actuarial assumptions regarding future experience under the plans.

In addition, the Corporation and its subsidiaries have established unfunded supplemental benefit plans providing any benefits that could not be paid from a qualified retirement plan because of Internal Revenue Code restrictions and supplemental executive retirement plans for selected officers of the Corporation and its subsidiaries. These plans are nonqualified and, therefore, in general, a participant's or beneficiary's claim to benefits is as a general creditor.

The Corporation and its subsidiaries have established several postretirement medical benefit plans which are not funded.

#### RISK MANAGEMENT INSTRUMENTS

Risk management instruments are utilized to modify the interest rate characteristics of related assets or liabilities or hedge against changes in interest rates, currency fluctuations or other such exposures as part of the Corporation's asset and liability management process.

Instruments must be designated as hedges and must be effective throughout the hedge period.

Swaps, principally interest rate, used in the asset and liability management process are accounted for on the accrual basis with revenues or expenses recognized as adjustments to income or expense on the underlying linked assets or liabilities. Risk management swaps generally are not terminated. When terminations do occur, gains or losses are recorded as adjustments to the carrying value of the underlying assets or liabilities and recognized as income or expense over the remaining expected lives of such underlying assets or liabilities. In circumstances where the underlying assets or liabilities are sold, any remaining carrying value adjustments and the cumulative change in value of any open positions are recognized immediately as a component of the gain or loss on disposition of such underlying assets or liabilities.

Gains and losses associated with futures and forward contracts used as effective hedges of existing risk positions or anticipated transactions are deferred as an adjustment to the carrying value of the related asset or liability and recognized in income over the remaining term of the related asset or liability.

Risk management instruments used to hedge or modify the interest rate characteristics of debt securities classified as available for sale are carried at fair value with unrealized gains or losses deferred as a component of shareholders' equity.

The Corporation also purchases options in the interest rate market to protect the value of certain assets, principally mortgage servicing rights, against changes in prepayment rates. Option premiums are amortized over the option life on a straight-line basis. Such contracts are designated as hedges, and gains and losses are recorded as adjustments to the carrying value of the underlying assets. As such, they are included in the basis of mortgage servicing rights which are subjected to impairment valuations as described in the Mortgage

Servicing Rights accounting policy on page 52.

The Corporation also utilizes forward delivery contracts and options for the sale of mortgage-backed securities to reduce the interest rate risk inherent in mortgage loans held for sale and the commitments made to borrowers for mortgage loans which have not been funded. These financial instruments are considered in the Corporation's valuation of its mortgage loans held for sale which are carried at the lower of cost or market.

#### EARNINGS PER COMMON SHARE

Earnings per common share are computed by dividing net income, reduced by dividends on preferred stock, by the weighted average number of common shares outstanding for each period presented.

#### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" which is effective for awards granted in fiscal years beginning after December 15, 1995. This standard defines a fair value-based method of measuring employee stock options or similar equity instruments. In lieu of recording the value of such options as compensation expense, companies may provide pro forma disclosures quantifying the difference between compensation cost included in net income as prescribed by current accounting standards and the related cost measured by such fair value-based method.

The Corporation will provide such disclosure in its annual financial statements after the effective date of the standard.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 53

#### NOTE TWO

##### ACQUISITION ACTIVITY

On January 9, 1996, the Corporation completed the acquisition of Bank South Corporation (Bank South), headquartered in Atlanta, Georgia. Each outstanding share of Bank South common stock was converted into .44 shares of Corporation common stock, resulting in the issuance of 26,304,617 shares of common stock by the Corporation. Bank South's total assets, total deposits and total shareholders' equity were \$7.4 billion, \$5.1 billion and \$685 million, respectively, on the date of acquisition. This acquisition was accounted for as a pooling of interests and will not have a material impact on the results of operations or financial condition of the Corporation. In the first quarter of 1996, the Corporation will record a one-time restructuring charge for merger costs, consisting mainly of severance packages and facilities consolidations and closures.

During January and February 1996, the Corporation acquired a banking organization in Florida and one in Texas. Combined total loans and deposits of these entities acquired were \$3.1 billion and \$3.9 billion, respectively. During December 1995, the Corporation completed the acquisitions of two small banking organizations in Florida. Combined total loans and deposits of these entities acquired were \$697 million and \$954 million, respectively. These acquisitions were accounted for as purchases and will not have a material impact on the results of operations or financial condition of the Corporation.

On March 31, 1995, the Corporation's mortgage banking subsidiary completed the acquisition of KeyCorp Mortgage Inc. from KeyCorp and Key Bank of New York. The acquisition included a \$25-billion residential mortgage servicing portfolio, for which the Corporation's subsidiary paid approximately \$339 million, a mortgage servicing operation employing approximately 430 associates and other servicing-related assets.

On March 31, 1995, the Corporation's mortgage banking subsidiary acquired from Source One Mortgage Services Corporation a \$10-billion residential mortgage servicing portfolio.

#### NOTE THREE

##### SECURITIES

The book and market values of securities held for investment and securities available for sale on December 31 were (dollars in millions):

<TABLE>  
<CAPTION>



|  |         |       |          |       |       |       |       |       |          |
|--|---------|-------|----------|-------|-------|-------|-------|-------|----------|
| Market value of securities               |         |       |          |       |       |       |       |       |          |
| held for investment.....                 | \$1,322 |       | \$ 3,031 |       | \$ 46 |       | \$ 33 |       | \$       |
| 4,432                                    |         |       |          |       |       |       |       |       |          |
| Market value of securities available     |         |       |          |       |       |       |       |       |          |
| for sale                                 |         |       |          |       |       |       |       |       |          |
| U.S. Treasury securities                 |         |       |          |       |       |       |       |       |          |
| and agency debentures.....               | \$2,656 | 4.59% | \$14,523 | 6.31% | \$112 | 5.77% | \$ 39 | 7.43% | \$17,330 |
| 6.04%                                    |         |       |          |       |       |       |       |       |          |
| Foreign sovereign securities.....        | -       | -     | 1,613    | 5.81  | -     | -     | -     | -     |          |
| 1,613                                    | 5.81    |       |          |       |       |       |       |       |          |
| Other taxable securities.....            | 105     | 5.83  | 59       | 6.80  | 47    | 6.60  | 218   | 6.02  | 429      |
| 6.14                                     |         |       |          |       |       |       |       |       |          |
| Total taxable.....                       | 2,761   | 4.64  | 16,195   | 6.24  | 159   | 6.02  | 257   | 6.24  |          |
| 19,372                                   | 6.00    |       |          |       |       |       |       |       |          |
| Tax-exempt securities.....               | 3       | 11.31 | 7        | 9.91  | 6     | 9.47  | 27    | 13.63 |          |
| 43                                       | 12.20   |       |          |       |       |       |       |       |          |
| Total.....                               | \$2,764 | 4.64  | \$16,202 | 6.24  | \$165 | 6.14  | \$284 | 6.93  | \$19,415 |
| 6.02                                     |         |       |          |       |       |       |       |       |          |
| Cost of securities available for sale... | \$2,770 |       | \$15,781 |       | \$163 |       | \$283 |       |          |
| \$18,997                                 |         |       |          |       |       |       |       |       |          |

The components of gains and losses on sales of available for sale securities for the years ended December 31 were (dollars in millions):

|  | 1995 | 1994    | 1993  |
|--|------|---------|-------|
| Gross gains on sales of securities.....  | 74   | \$ 36   | \$166 |
| Gross losses on sales of securities..... | (45) | (49)    | (82)  |
| Gains (losses) on sales of securities... | 29   | \$ (13) | \$ 84 |

There were no sales of securities held for investment in 1995, 1994 or 1993.

There were no investments in obligations of states and political subdivisions that were payable from and secured by the same source of revenue or taxing authority and that exceeded 10 percent of consolidated shareholders' equity on December 31, 1995 or 1994.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 55

The income tax expense attributable to securities transactions was \$10 million for 1995 compared to an income tax benefit of \$5 million and expense of \$29 million for 1994 and 1993, respectively.

Securities are pledged or assigned to secure borrowed funds, government and trust deposits and for other purposes. The carrying value of pledged securities was \$22.5 billion on December 31, 1995 compared to \$23.1 billion on December 31, 1994.

In December 1995, the Corporation reclassified \$8.6 billion from the held for investment category to the available for sale category. The securities were adjusted to market value resulting in net unrealized gains of approximately \$220 million which were included in shareholders' equity at \$143 million net of tax.

On December 31, 1995, the valuation reserve for securities available for sale and marketable equity securities, including the impact of the December 1995 reclassification, increased shareholders' equity by \$323 million, reflecting \$418 million of pretax appreciation on securities available for sale and \$97 million of pretax appreciation on marketable equity securities.

#### NOTE FOUR

##### TRADING ACCOUNT ASSETS AND LIABILITIES

The fair values on December 31 and the average fair values for the years ended December 31 of the components of trading account assets and liabilities were (dollars in millions):

<TABLE>  
<CAPTION>

| <S>   | AVERAGE BALANCES |          |          |          |
|---|------------------|----------|----------|----------|
|   | 1995             | 1994     | 1995     | 1994     |
| <C>   | <C>              | <C>      | <C>      | <C>      |
| Securities owned  |                  |          |          |          |
| U.S. Treasury securities.....                                       | \$10,364         | \$ 5,958 | \$10,254 | \$ 7,713 |
| Securities of other U .S. Government agencies and corporations..... | 1,508            | 1,185    | 1,541    | 1,322    |
| Certificates of deposit, bankers' acceptances and                   |                  |          |          |          |

|   |          |          |          |          |
|---|----------|----------|----------|----------|
| commercial paper.....   | 555      | 371      | 524      | 409      |
| Corporate debentures.....   | 1,443    | 581      | 1,031    | 722      |
| Foreign sovereign instruments.....                                  | 576      | 10       | 200      | -        |
| Other securities.....   | 402      | 259      | 627      | 285      |
| Total securities owned.....   | 14,848   | 8,364    | 14,177   | 10,451   |
| Derivatives-dealer positions.....                                   | 4,019    | 1,577    | 3,230    | 1,158    |
| Total trading account assets.....                                   | \$18,867 | \$ 9,941 | \$17,407 | \$11,609 |
| Short sales   |          |          |          |          |
| U.S. Treasury securities.....                                       | \$11,066 | \$ 9,352 | \$11,416 | \$ 9,840 |
| Securities of other U .S. Government agencies and corporations..... | 16       | 182      | 12       | 550      |
| Corporate debentures.....   | 683      | 278      | 591      | 134      |
| Other securities.....   | 17       | -        | 6        | 2        |
| Total short sales.....  | 11,782   | 9,812    | 12,025   | 10,526   |
| Derivatives-dealer positions.....                                   | 3,395    | 1,614    | 2,970    | 1,063    |
| Total trading account liabilities.....                              | \$15,177 | \$11,426 | \$14,995 | \$11,589 |

</TABLE>

A discussion of the Corporation's trading activities and an analysis of the revenues associated with the Corporation's trading activities is presented in the noninterest income section beginning on page 19. The Corporation's derivatives-dealer positions are presented in the discussion beginning on page 35 and TABLE SIXTEEN.

The net change in the unrealized gain or loss on trading securities held on December 31, 1995 and 1994, included in noninterest income for those years, was a gain of \$44 million for 1995 and a loss of \$3 million for 1994.

Derivatives-dealer positions presented in the table above represent the fair values of interest rate, foreign exchange, equity and commodity-related products including financial futures, forward settlement and option contracts and swap agreements associated with the Corporation's derivatives trading activities.

A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts and indices. Financial futures or forward settlement contracts are agreements to buy or sell a quantity of a financial instrument or commodity at a predetermined future date and rate or price. An option contract is an agreement that conveys to the purchaser the right, but not the obligation, to buy or sell a quantity of a financial instrument, index or commodity at a predetermined rate or price at a time or during a period in the future.

These agreements can be transacted on organized exchanges or directly between parties.

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NOTE FIVE

LOANS, LEASES AND FACTORED ACCOUNTS RECEIVABLE

Loans, leases and factored accounts receivable on December 31 were (dollars in millions):

<TABLE>

<CAPTION>

| <S>   | <C>       | <C>       |
|---|-----------|-----------|
| LOANS   |           |           |
| Commercial.....   | 48,186    | \$ 44,804 |
| Real estate commercial.....   | 6,183     | 7,350     |
| Real estate construction.....   | 2,976     | 2,981     |
| Total commercial.....   | 57,345    | 55,135    |
| Residential mortgage.....   | 24,043    | 17,311    |
| Credit card.....  | 6,532     | 4,756     |
| Other consumer.....   | 22,751    | 20,853    |
| Total consumer.....   | 53,326    | 42,920    |
| Foreign.....  | 2,251     | 1,984     |
| Factored accounts receivable.....   | 991       | 1,004     |
| Total loans and factored accounts receivable.....                           | 113,913   | 101,043   |
| Less unearned income.....   | (678)     | (552)     |
| Loans and factored accounts receivable, net of unearned income.....         | 113,235   | 100,491   |
| LEASES  |           |           |
| Lease receivables.....  | 3,915     | 3,056     |
| Estimated residual value.....   | 1,192     | 934       |
| Less unearned income.....   | (1,309)   | (1,110)   |
| Leases, net of unearned income.....   | 3,798     | 2,880     |
| Loans, leases and factored accounts receivable, net of unearned income..... | \$117,033 | \$103,371 |

</TABLE>

Transactions in the allowance for credit losses were (dollars in millions):

|  | 1995    | 1994    | 1993    |
|--|---------|---------|---------|
| Balance on January 1.....  | \$2,186 | \$2,169 | \$1,454 |
| Loans, leases and factored accounts charged off.....                                     | (636)   | (533)   | (609)   |
| Recoveries of loans, leases and factored accounts receivable previously charged off..... | 215     | 217     | 197     |
| Net charge-offs.....   | (421)   | (316)   | (412)   |
| Provision for credit losses.....   | 382     | 310     | 430     |
| Allowance applicable to loans of purchased companies and other.....                      | 16      | 23      | 697     |
| Balance on December 31.....  | \$2,163 | \$2,186 | \$2,169 |

Loans to directors and executive officers of the Corporation were \$35 million and \$100 million on January 1 and December 31, 1995, respectively. An analysis of activity for 1995 with respect to such aggregate loans is as follows (dollars in millions):

| BALANCE<br>JANUARY 1 | NEW<br>LOANS | PAYMENTS | BALANCE<br>DECEMBER 31 |
|----------------------|--------------|----------|------------------------|
| \$35                 | \$ 306       | \$ 241   | \$ 100                 |

Loans to immediate family members of directors and executive officers of the Corporation totaled \$17 million and \$7 million on January 1 and December 31, 1995, respectively.

Loans to directors and executive officers who were solely directors and/or executive officers of the Corporation's significant subsidiaries, excluding the aggregate loan amount of any loans to members of their immediate families, amounted to \$575 million on December 31, 1995.

Extensions of credit to such persons have been made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time in comparable transactions with others and did not involve more than normal risk of collectibility or present other unfavorable features.

On January 1, 1995, the recorded investment in certain loans that were considered to be impaired totaled \$712 million (including \$80 million of in-substance foreclosed loans previously reported as other real estate owned). On December 31, 1995, the recorded investment in certain loans that were considered to be impaired was \$483 million, all of which was classified as nonperforming. Impaired loans on December 31, 1995 were comprised of commercial loans of \$271 million, real estate commercial loans of \$196 million and real estate construction loans of \$16 million. Of these impaired loans, \$316 million had a related valuation allowance of \$40 million and \$167 million did not have a valuation allowance primarily due to application of interest payments against book balances or write-downs previously taken on these loans. The average recorded investment in certain impaired loans for the year ended December 31, 1995 was approximately \$598 million. For the year ended December 31, 1995, interest income recognized on impaired loans totaled \$26 million, all of which was recognized on a cash basis.

On December 31, 1995, 1994 and 1993, nonperforming loans, including certain loans which are considered impaired, totaled \$706 million, \$801 million and \$1.1 billion, respectively.

The net amount of interest recorded during each year on loans that were classified as nonperforming or restructured on December 31, 1995, 1994 and 1993 was \$27 million, \$31 million and \$34 million, respectively. If these loans had been accruing interest at their originally contracted rates, related income would have been \$102 million in 1995,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 57

\$96 million in 1994 and \$80 million in 1993.

Other real estate owned amounted to \$147 million, \$337 million and \$661 million on December 31, 1995, 1994 and 1993, respectively. On January 1, 1995, \$80 million of in-substance foreclosed loans previously reported as other real estate owned was reclassified to nonperforming loans. The cost of carrying other real estate owned amounted to \$13 million, \$24 million and \$18 million in 1995, 1994 and 1993, respectively.



SHORT-TERM BORROWINGS AND LONG-TERM DEBT

The Corporation's banking subsidiaries, NationsBank, N.A., NationsBank, N.A. (South) and NationsBank of Texas, N.A., jointly maintain a program to offer from time to time up to \$9.0 billion in bank notes with fixed or floating rates and maturities from 30 days to 15 years from date of issue. On December 31, 1995, short-term and long-term bank notes outstanding were \$3.1 billion and \$1.9 billion, respectively. On December 31, 1994, short-term bank notes outstanding were \$4.5 billion.

On December 31, 1995 and 1994, the Corporation had unused commercial paper back-up lines of credit totaling \$1.5 billion which expire in 1997. These lines were supported by fees paid directly by the Corporation to unaffiliated banks.

The maturities of long-term debt on December 31 were (dollars in millions):

<TABLE>  
<CAPTION>

| 1994<br>AMOUNT<br>OUTSTANDING<br><S><br>PARENT COMPANY | VARIOUS<br>FIXED-RATE      | 1995<br>VARIOUS<br>FLOATING-RATE |                              |     |
|--|----------------------------|----------------------------------|------------------------------|-----|
|  | DEBT<br>OBLIGATIONS<br><C> | DEBT<br>OBLIGATIONS<br><C>       | AMOUNT<br>OUTSTANDING<br><C> | <C> |
| Senior debt  |                            |                                  |                              |     |
| Due in 1995.....                                       | \$ -                       | \$ -                             | \$ -                         | \$  |
| 969 Due in 1996.....                                   | 721                        | 473                              | 1,194                        |     |
| 1,194 Due in 1997.....                                 | 338                        | 405                              | 743                          |     |
| 183 Due in 1998.....                                   | 889                        | 525                              | 1,414                        |     |
| 889 Due in 1999.....                                   | 117                        | 800                              | 917                          |     |
| 558 Due in 2000.....                                   | 949                        | 564                              | 1,513                        |     |
| 448 Thereafter.....                                    | 150                        | 821                              | 971                          |     |
| 149  | 3,164                      | 3,588                            | 6,752                        |     |
| 4,390 Subordinated debt                                |                            |                                  |                              |     |
| Due in 1995.....                                       | -                          | -                                | -                            |     |
| 3 Due in 1996.....                                     | -                          | -                                | -                            |     |
| 3 Due in 1997.....                                     | 75                         | -                                | 75                           |     |
| 76 Due in 1999.....                                    | 399                        | -                                | 399                          |     |
| 399 Thereafter.....                                    | 3,708                      | 265                              | 3,973                        |     |
| 2,727  | 4,182                      | 265                              | 4,447                        |     |
| 3,208 Total parent company long-term debt.....         | 7,346                      | 3,853                            | 11,199                       |     |
| 7,598  |                            |                                  |                              |     |
| BANKING AND NONBANKING SUBSIDIARIES                    |                            |                                  |                              |     |
| Senior debt  |                            |                                  |                              |     |
| Due in 1995.....                                       | -                          | -                                | -                            |     |
| 284 Due in 1996.....                                   | 144                        | 100                              | 244                          |     |
| 198 Due in 1997.....                                   | 11                         | 897                              | 908                          |     |
| 49 Due in 1998.....                                    | 3                          | 1,806                            | 1,809                        |     |
| 3 Due in 1999.....                                     | 9                          | 75                               | 84                           |     |
| 13 Due in 2000.....                                    | 54                         | 2,947                            | 3,001                        |     |
| 3 Thereafter.....                                      | 11                         | 189                              | 200                          |     |
| 7  | 232                        | 6,014                            | 6,246                        |     |
| 557 Subordinated debt                                  |                            |                                  |                              |     |
| Due in 2004 and thereafter.....                        | 300                        | 8                                | 308                          |     |
| 309  | 300                        | 8                                | 308                          |     |
| 309  |                            |                                  |                              |     |

|   |          |           |        |
|---|----------|-----------|--------|
| Total banking and nonbanking subsidiaries long-term debt..... | 532      | 6,022     | 6,554  |
| 866   |          |           |        |
|   | \$ 7,878 | \$ 9,875  | 17,753 |
| 8,464   |          |           |        |
| Obligations under capital leases.....                         |          |           | 22     |
| 24  |          |           |        |
| Total long-term debt.....                                     |          | \$ 17,775 | \$     |
| 8,488   |          |           |        |

</TABLE>

As part of its interest rate risk management activities, the Corporation enters into interest rate swap agreements for certain long-term debt issuances. Through the use of interest rate swaps, \$1.7 billion of fixed-rate debt with rates ranging from 5.72 percent to 8.57 percent have been effectively converted to floating rates primarily at spreads over LIBOR. In addition, \$550 million of notes with floating rates have been converted to fixed rates ranging from 7.32 percent to 8.12 percent.

On December 31, 1995, including the effects of interest rate swap agreements entered into for certain long-term debt

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issuances, the weighted average effective interest rates for total long-term debt, total fixed-rate debt and total floating-rate debt (based on the rates in effect on December 31, 1995) were 6.52 percent, 7.44 percent and 5.79 percent, respectively.

Two series of mortgage-backed bonds were issued during 1995 through Main Place Funding Corporation (MPFC), a wholly-owned, limited-purpose subsidiary of the Corporation's Texas banking subsidiary. Outstandings under these issuances were \$3.0 billion on December 31, 1995. Both series are collateralized primarily by pools of 1-to-4 family mortgage loans which had a book value of \$4.5 billion on December 31, 1995. As of February 22, 1996, \$1.0 billion was available for issuance under a shelf registration statement filed by MPFC.

During 1995, the Corporation's Delaware credit card bank subsidiary issued asset-backed certificates through the NationsBank credit card master trust. Asset-backed certificates outstanding totaled \$1.1 billion on December 31, 1995.

The indentures covering the parent company's senior long-term debt include provisions that limit funded debt, long-term lease commitments, issuance of subsidiary preferred stock, creation of liens upon the property of the Corporation and the payment of dividends. Under the most restrictive of the provisions, approximately \$2.3 billion was available for payment of dividends on December 31, 1995.

Certain debt obligations may be redeemed prior to maturity at the option of the Corporation. On January 24, 1996, the Corporation announced its intention to redeem \$300 million of 10 1/2-percent subordinated notes originally due 1999 effective March 15, 1996. Of total long-term debt on December 31, 1995, \$18 million of debt scheduled to mature in 2002 has been redeemable since 1982, \$500 million scheduled to mature in 2000 is redeemable beginning in 1998, \$25 million scheduled to mature in 2010 is redeemable beginning in 1999 and an aggregate of \$130 million scheduled to mature in either 2005 or 2010 is redeemable beginning in 2000.

As of February 22, 1996, \$2.6 billion of corporate debt securities and preferred and common stock was available for issuance under a shelf registration statement.

Additionally, in late 1995, the Corporation announced plans to offer up to \$1.5 billion of senior or subordinated notes exclusively to non-United States residents under a Euro medium-term note program. The notes may bear interest at fixed or floating rates. As of February 22, 1996, the Corporation had issued \$229 million under this program.

NOTE SEVEN

SHAREHOLDERS' EQUITY

The Corporation has authorized 45 million shares of preferred stock. As of December 31, 1995, the Corporation had issued 2.5 million shares of ESOP Convertible Preferred Stock, Series C (ESOP Preferred Stock). The ESOP Preferred Stock has a stated and liquidation value of \$42.50 per share, provides for an annual cumulative dividend of \$3.30 per share and is convertible into .84 shares of the Corporation's common stock at an initial conversion price of \$42.50 per .84 shares of the Corporation's common stock. ESOP Preferred Stock in the amount of \$6.0 million in 1995 and \$4.0 million in both 1994 and 1993 was converted into the Corporation's common stock.

On September 28, 1994, the Board authorized the Corporation to purchase up to 20 million shares of its common stock from time to time in open market or privately negotiated transactions. Additionally, in July 1994 and July

1995, the Board authorized annual repurchase amounts of up to 10 million and 5 million shares, respectively, of its common stock for its dividend reinvestment and stock purchase plan and its various other employee benefit plans. During 1995 and 1994, 9.7 million shares and 3.5 million shares, respectively, were repurchased under these various stock repurchase programs.

Other shareholders' equity on December 31 was comprised of the following (dollars in millions):

|  | 1995    | 1994     |
|--|---------|----------|
| Restricted stock award plan  |         |          |
| deferred compensation.....   | \$ (37) | \$ (62)  |
| Net unrealized gains (losses) on available for sale securities and marketable equity securities, net of tax..... | 323     | (136)    |
| Foreign exchange adjustment and other.....   | (8)     | (17)     |
|  | \$ 278  | \$ (215) |

#### NOTE EIGHT

#### COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Corporation enters into a number of off-balance sheet commitments. These instruments expose the Corporation to varying degrees of credit and market risk and are subject to the same credit and risk limitation reviews as those recorded on the balance sheet. See the discussion of credit risk policies and procedures and concentrations of credit risk beginning on page 31.

#### CREDIT EXTENSION COMMITMENTS

The Corporation enters into commitments to extend credit, standby letters of credit and commercial letters of credit to meet the financing needs of its customers. The commitments shown below have been reduced by amounts collateralized by cash and participated to other financial institutions. The following summarizes commitments outstanding on December 31 (dollars in millions):

|   | 1995     | 1994     |
|---|----------|----------|
| Commitments to extend credit                            |          |          |
| Credit card commitments.....                            | \$21,033 | \$15,921 |
| Other loan commitments.....                             | 66,638   | 58,813   |
| Standby letters of credit and financial guarantees..... | 8,356    | 6,884    |
| Commercial letters of credit...                         | 986      | 1,282    |

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 59

Commitments to extend credit are legally binding, generally have specified rates and maturities and are for specified purposes. The Corporation manages the credit risk on these commitments by subjecting these commitments to normal credit approval and monitoring processes and protecting against deterioration in the borrowers' abilities to pay through adverse-change clauses which require borrowers to maintain various credit and liquidity measures. Credit card lines are unsecured commitments which are reviewed at least annually by management. Upon evaluation of the customers' creditworthiness, the Corporation has the right to change or terminate the terms of the credit card lines. Of the December 31, 1995 total other loan commitments, \$28.7 billion is scheduled to expire in less than one year, \$29.1 billion in one to five years and \$8.8 billion after five years.

Standby letters of credit (SBLC) and financial guarantees are issued to support the debt obligations of customers. If a SBLC or financial guarantee is drawn upon, the Corporation looks to its customer for payment. SBLCs and financial guarantees are subject to the same approval and collateral policies as other extensions of credit. Of the December 31, 1995 total SBLCs and financial guarantees, \$5.0 billion is scheduled to expire in less than one year, \$3.1 billion in one to five years and \$296 million after five years.

Commercial letters of credit, issued primarily to facilitate customer trade finance activities, are collateralized by the underlying goods being shipped by the customer and are generally short term.

For each of these types of instruments, the Corporation's maximum exposure to credit loss is represented by the contractual amount of these instruments. Many of the commitments are collateralized or are expected to expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent risk of loss or future cash requirements.

## DERIVATIVES

Derivative transactions are entered into by the Corporation to meet the financing needs of its customers, to manage its own interest rate and currency risks, and as part of its trading activities. See TABLES ELEVEN and TWELVE on pages 29 and 30 and the discussion under Off-Balance Sheet beginning on page 29 regarding the Corporation's use of derivatives for risk management purposes. See TABLE SIXTEEN on page 35, the discussion under Derivatives Activities beginning on page 35 and Note Four regarding the Corporation's derivative trading activities.

## SECURITIES LENDING

The Corporation executes securities lending transactions on behalf of certain customers. In certain instances, the Corporation indemnifies the customer against certain losses. The Corporation obtains collateral with a market value in excess of the market value of the securities loaned. On December 31, 1995 and 1994, indemnified securities lending transactions totaled \$2.6 billion and \$5.7 billion, respectively. Collateral with a market value of \$2.7 billion and \$5.9 billion on December 31, 1995 and 1994, respectively, was obtained by the Corporation in support of these transactions.

## WHEN ISSUED SECURITIES

When issued securities are commitments entered into to purchase or sell securities in the time period between the announcement of a securities offering and the issuance of those securities. On December 31, 1995, the Corporation had commitments to purchase and sell when issued securities of \$4.4 billion and \$4.3 billion, respectively. This compares to commitments to purchase and sell when issued securities of \$2.2 billion and \$2.5 billion, respectively, on December 31, 1994.

## LITIGATION

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including several actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, substantial money damages are asserted against the Corporation and its subsidiaries and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, banking and other laws. Management believes, based upon the advice of counsel, that the actions and proceedings and losses, if any, resulting from the final outcome thereof, will not be material in the aggregate to the Corporation's financial position or results of operations.

## NOTE NINE

### REGULATORY REQUIREMENTS AND RESTRICTIONS

The Corporation's banking subsidiaries are required to maintain average reserve balances with the Federal Reserve Bank based on a percentage of certain deposits. The average of those reserve balances amounted to \$1.1 billion and \$1.4 billion for 1995 and 1994, respectively.

Funds for cash distributions by the Corporation to its shareholders are derived from a variety of sources, including cash and investments. The primary source of such funds, however, is dividends received from its banking subsidiaries. The subsidiary banks can initiate dividend payments in 1996, without prior regulatory approval, of \$905 million plus an additional amount equal to their net profits, as defined by statute, for 1996 up to the date of any such dividend declaration. The amount of dividends that each subsidiary bank may declare in a calendar year without approval by the OCC is the bank's net profits for that year combined with its net retained profits, as defined, for the preceding two years.

Regulations also restrict banking subsidiaries in lending funds to affiliates. On December 31, 1995, the total amount which could be loaned to the Corporation by its banking subsidiaries was approximately \$1.4 billion. On December 31, 1995, no loans to the Corporation from its banking subsidiaries were outstanding.

On December 31, 1995, as a result of the above regulatory restrictions, substantially all of the net assets of the Corporation's banking subsidiaries, in excess of the allowable amounts mentioned above, were restricted from transfer to the Corporation in the form of cash dividends, loans or advances.

## EMPLOYEE BENEFIT PLANS

The Corporation sponsors noncontributory trustee pension plans that cover substantially all officers and employees. The plans provide defined benefits based on an employee's compensation, age at retirement and years of service. It is the policy of the Corporation to fund not less than the minimum funding amount required by the Employee Retirement Income Security Act.

The following table sets forth the plans' estimated status on December 31 (dollars in millions):

|  | 1995       | 1994     |
|--|------------|----------|
| <TABLE>  |            |          |
| <CAPTION>  |            |          |
| <S>  | <C>        | <C>      |
| Actuarial present value of benefit obligation  |            |          |
| Accumulated benefit obligation, including vested benefits of \$864 and \$711.....                | \$ (884)   | \$ (734) |
| Projected benefit obligation for service rendered to date.....                                   | \$ (1,047) | \$ (869) |
| Plan assets at fair value, primarily listed stocks, fixed-income securities and real estate..... | 1,091      | 964      |
| Plan assets in excess of projected benefit obligation.....                                       | 44         | 95       |
| Unrecognized net loss.....   | 398        | 135      |
| Unrecognized net transition asset being amortized.....   | (13)       | (15)     |
| Unrecognized prior service benefit being amortized.....  | (29)       | (34)     |
| Deferred investment (gain) loss.....   | (97)       | 126      |
| Prepaid pension cost.....  | \$ 303     | \$ 307   |
| </TABLE>   |            |          |

Net periodic pension expense (income) for the years ended December 31 included the following components (dollars in millions):

|   | 1995  | 1994  | 1993   |
|---|-------|-------|--------|
| <TABLE>   |       |       |        |
| <CAPTION>   |       |       |        |
| <S>   | <C>   | <C>   | <C>    |
| Service cost-benefits earned during the period... | \$ 35 | \$ 39 | \$ 31  |
| Interest cost on projected benefit obligation...  | 74    | 72    | 58     |
| Actual return on plan assets.....                 | (199) | 22    | (101)  |
| Net amortization and deferral.....                | 95    | (121) | 3      |
| Net periodic pension expense (income).....        | \$ 5  | \$ 12 | \$ (9) |
| </TABLE>  |       |       |        |

For December 31, 1995, the weighted average discount rate and rate of increase in future compensation used in determining the actuarial present value of the projected benefit obligation were 7.50 percent and 4.0 percent, respectively. The related expected long-term rate of return on plan assets was 10.0 percent. For December 31, 1994, the weighted average discount rate, rate of increase in future compensation and expected long-term rate of return on plan assets were 8.50 percent, 4.25 percent and 10.0 percent, respectively.

## HEALTH AND LIFE BENEFIT PLANS

In addition to providing retirement benefits, the Corporation provides health care and life insurance benefits for active and retired employees. Substantially all of the Corporation's employees, including certain employees in foreign countries, may become eligible for postretirement benefits if they reach early retirement age while employed by the Corporation and they have the required number of years of service. Under the Corporation's current plan, eligible retirees are entitled to a fixed dollar amount for each year of service. Additionally, certain current retirees are eligible for different benefits attributable to prior plans.

All of the Corporation's accrued postemployment benefit liability was unfunded at year-end 1995. The "projected unit credit" actuarial method was used to determine the normal cost and actuarial liability.

A reconciliation of the estimated status of the postretirement benefit obligation on December 31 is as follows (dollars in millions):

|   | 1995     | 1994     |
|---|----------|----------|
| Accumulated postretirement benefit obligation |          |          |
| Retirees.....                                 | \$ (136) | \$ (128) |
| Fully eligible active participants.....       | (2)      | (3)      |
| Other active plan participants.....           | (49)     | (47)     |
|   | (187)    | (178)    |
| Unamortized transition obligation.....        | 118      | 125      |
| Unrecognized net loss (gain).....             | 3        | (9)      |
| Accrued postemployment benefit liability...   | \$ (66)  | \$ (62)  |

Net periodic postretirement benefit cost for the years ended December 31

included the following (dollars in millions):

|   | 1995  | 1994  | 1993  |
|---|-------|-------|-------|
| Service cost.....   | \$ 2  | \$ 3  | \$ 2  |
| Interest cost on accumulated<br>postretirement<br>benefit obligation..... | 15    | 14    | 15    |
| Amortization of transition<br>obligation over 20 years...                 | 7     | 7     | 7     |
| Amortization of gains.....  | (5)   | (6)   | -     |
| Net periodic postretirement<br>benefit cost.....                          | \$ 19 | \$ 18 | \$ 24 |

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 61

The health care cost trend rates used in determining the accumulated postretirement benefit obligation were 6.0 percent for pre-65 benefits and 4.75 percent for post-65 benefits. A one-percent change in the average health care cost trend rates would increase the accumulated postretirement benefit obligation by 5.50 percent and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost by 4.56 percent. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.50 percent in 1995 and 8.50 percent in 1994.

#### SAVINGS AND PROFIT SHARING PLANS

In addition to the retirement plans, the Corporation maintains several defined contribution savings and profit sharing plans, one of which features a leveraged employee stock ownership (ESOP) provision.

For 1995, 1994 and 1993, the Corporation contributed to the plans approximately \$43 million, \$41 million and \$35 million, respectively, in cash which was utilized primarily to purchase the Corporation's common stock under the terms of these plans.

Under the terms of the ESOP provision, payments to the plan for dividends on the ESOP Preferred Stock were \$8 million for 1995 and \$9 million for both 1994 and 1993. Interest incurred to service the ESOP debt amounted to \$4 million for 1995 and \$5 million for both 1994 and 1993.

#### STOCK OPTION AND AWARD PLANS

Under the 1992 Associates Stock Option Plan, on July 1, 1992, eligible full-time and part-time employees received a one-time award of a predetermined number of stock options entitling them to purchase shares of the Corporation's common stock at the closing market price of \$48 3/8 per share. The options are exercisable until June 30, 1997. Additional options under a former plan and restricted stock and stock options assumed in connection with various acquisitions remain outstanding. No further options or rights will be granted under such plans.

Under the Corporation's Restricted Stock Award Plan, key employees were awarded shares of the Corporation's common stock subject to certain vesting requirements. Generally, vesting occurred in five equal annual installments with related deferred compensation expensed over the same period.

The Key Employee Stock Plan, approved by shareholders in 1995, replaced the Restricted Stock Award Plan and provides for different types of awards including stock options, restricted stock and performance shares. Under this plan, certain key employees received stock options effective July 1, 1995, entitling them to purchase shares of the Corporation's common stock at the previous day's closing market price of \$53 5/8 per share. Options to purchase 3.96 million shares of common stock were granted. Twenty-five percent of the options immediately vested and became exercisable. The remaining 75 percent vest and become exercisable in three equal installments on July 1, 1996, 1997 and 1998. Any unexercised options will expire on July 1, 2005.

Under the Key Employee Stock Plan, on January 2, 1996, ten-year options to purchase 1.8 million shares of common stock at \$69 3/8 per share were granted to certain employees. Additionally, on February 1, 1996, ten-year options to purchase .9 million shares of common stock at \$68 3/4 per share were granted to certain employees. For both grants, twenty-five percent of the options immediately vested and became exercisable. The remainder vest and become exercisable in three equal annual installments.

The following table summarizes activity under the option and award plans for 1995 and the status on December 31, 1995:

<TABLE>

<CAPTION>

| Employee Stock Option Plans                         | OUTSTANDING<br>OPTIONS |                            | EXERCISABLE<br>OPTIONS |                            |
|---|------------------------|----------------------------|------------------------|----------------------------|
|   | SHARES                 | AVERAGE<br>OPTION<br>PRICE | SHARES                 | AVERAGE<br>OPTION<br>PRICE |
| <S>   | <C>                    | <C>                        | <C>                    | <C>                        |
| Balance on December 31, 1994.....                   | 6,370,751              | \$ 40.68                   | 6,358,151              | \$40.69                    |
| Shares due to acquisition.....                      | 132,223                | 39.10                      | 83,552                 | 34.41                      |
| Became exercisable.....                             | -                      | -                          | 1,015,462              | 53.34                      |
| Additional stock grants.....                        | 3,960,000              | 53.63                      | -                      | -                          |
| Less  |                        |                            |                        |                            |
| Exercised.....                                      | (3,845,593)            | 42.78                      | (3,845,593)            | 42.78                      |
| Expired or canceled.....                            | (223,000)              | 50.86                      | (208,600)              | 50.97                      |
| Balance on December 31, 1995.....                   | 6,394,381              | 47.04                      | 3,402,972              | 41.32                      |
|   |                        | AVERAGE<br>GRANT<br>PRICE  |                        |                            |
| Restricted Stock Award Plan                         | SHARES                 |                            |                        |                            |
| Outstanding unvested grants on December 31, 1994... | 1,816,852              | \$ 45.86                   |                        |                            |
| Additional stock grants.....                        | 62,500                 | 49.00                      |                        |                            |
| Less  |                        |                            |                        |                            |
| Shares vested.....                                  | (568,366)              | 44.77                      |                        |                            |
| Shares canceled.....                                | (50,540)               | 45.49                      |                        |                            |
| Outstanding unvested grants on December 31, 1995... | 1,260,446              | 46.46                      |                        |                            |

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NOTE ELEVEN

NONINTEREST INCOME AND EXPENSE

The significant components of noninterest income and expense for the years ended December 31 are presented below (dollars in millions):

<TABLE>  
<CAPTION>

|  | 1995    | 1994    | 1993    |
|--|---------|---------|---------|
| <S>  | <C>     | <C>     | <C>     |
| NONINTEREST INCOME                             |         |         |         |
| Service charges on deposit accounts.....       | \$ 884  | \$ 797  | \$ 681  |
| Mortgage servicing and related fees.....       | 138     | 86      | 77      |
| Fees on factored accounts receivable.....      | 68      | 74      | 74      |
| Investment banking income.....                 | 192     | 138     | 94      |
| Other nondeposit-related service fees.....     | 156     | 138     | 118     |
| Asset management and fiduciary service fees... | 444     | 435     | 371     |
| Credit card income.....                        | 277     | 280     | 198     |
| Trading account profits and fees.....          | 306     | 273     | 152     |
| Other income.....                              | 613     | 376     | 336     |
|  | \$3,078 | \$2,597 | \$2,101 |

NONINTEREST EXPENSE

|   |         |         |         |
|---|---------|---------|---------|
| Personnel.....                                | \$2,491 | \$2,311 | \$1,903 |
| Occupancy, net.....                           | 495     | 487     | 434     |
| Equipment.....                                | 397     | 364     | 317     |
| Marketing.....                                | 217     | 161     | 138     |
| Professional fees.....                        | 182     | 171     | 168     |
| Amortization of intangibles.....              | 119     | 141     | 110     |
| Credit card.....                              | 55      | 71      | 86      |
| Deposit insurance.....                        | 118     | 211     | 205     |
| Data processing.....                          | 229     | 235     | 190     |
| Telecommunications.....                       | 150     | 137     | 122     |
| Postage and courier.....                      | 135     | 126     | 120     |
| Other general operating.....                  | 411     | 388     | 370     |
| General administrative and miscellaneous..... | 164     | 139     | 130     |
|   | \$5,163 | \$4,942 | \$4,293 |

</TABLE>

NOTE TWELVE

INCOME TAXES

The components of income tax expense for the years ended December 31 were (dollars in millions):

|                 | 1995   | 1994  | 1993  |
|-----------------|--------|-------|-------|
| Current expense |        |       |       |
| Federal.....    | \$ 776 | \$451 | \$419 |

|                      |         |       |       |
|----------------------|---------|-------|-------|
| State.....           | 58      | 37    | 54    |
| Foreign.....         | 15      | 5     | 7     |
|                      | 849     | 493   | 480   |
| Deferred expense     |         |       |       |
| Federal.....         | 179     | 350   | 218   |
| State.....           | 13      | 21    | (11)  |
| Foreign.....         | -       | 1     | 3     |
|                      | 192     | 372   | 210   |
| Total tax expense... | \$1,041 | \$865 | \$690 |

The Corporation's current income tax expense of \$849 million, \$493 million and \$480 million for 1995, 1994 and 1993, respectively, includes amounts computed under the regular and alternative minimum tax (AMT) systems and approximates the amounts payable for those years.

Deferred expense represents the change in the deferred tax asset or liability and is discussed further below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 63

A reconciliation of the expected federal tax expense, based on the federal statutory rate of 35 percent for 1995, 1994 and 1993, to the actual consolidated tax expense for the years ended December 31 is as follows (dollars in millions):

<TABLE>  
<CAPTION>

|   | 1995    | 1994  | 1993  |
|---|---------|-------|-------|
| <S>   | <C>     | <C>   | <C>   |
| Expected federal tax expense.....                         | \$1,047 | \$894 | \$697 |
| Increase (decrease) in taxes resulting from               |         |       |       |
| Tax-exempt income.....                                    | (32)    | (35)  | (33)  |
| State tax expense, net of federal benefit.....            | 52      | 46    | 30    |
| Tax rate change on beginning net deferred tax assets..... | -       | -     | (6)   |
| Other.....  | (26)    | (40)  | 2     |
| Total tax expense.....                                    | \$1,041 | \$865 | \$690 |

</TABLE>

Significant components of the Corporation's deferred tax (liabilities) and assets on December 31 are as follows (dollars in millions):

|  | 1995     | 1994     |
|--|----------|----------|
| Deferred tax liabilities                             |          |          |
| Equipment lease financing.....                       | \$ (789) | \$ (599) |
| Securities available for sale.....                   | (192)    | -        |
| Depreciation.....                                    | (108)    | (115)    |
| Intangibles.....                                     | (48)     | (62)     |
| Employee retirement benefits.....                    | (21)     | (36)     |
| Other, net.....                                      | (207)    | (202)    |
| Gross deferred tax liabilities.....                  | (1,365)  | (1,014)  |
| Deferred tax assets                                  |          |          |
| Allowance for credit losses.....                     | 751      | 755      |
| Loan fees and expenses.....                          | 35       | 32       |
| Other real estate owned.....                         | 20       | 37       |
| Net operating loss carryforwards.....                | 12       | 16       |
| Securities available for sale.....                   | -        | 80       |
| AMT credit carryforwards.....                        | -        | 10       |
| Other, net.....                                      | 155      | 166      |
| Gross deferred tax assets.....                       | 973      | 1,096    |
| Valuation allowance.....                             | (30)     | (47)     |
| Deferred tax assets, net of valuation allowance..... | 943      | 1,049    |
| Net deferred tax (liabilities) assets....            | \$ (422) | \$ 35    |

The Corporation's deferred tax assets include a valuation allowance of \$30 million representing primarily state net operating loss carryforwards for which realization is uncertain. The net change in the valuation allowance for deferred tax assets was a decrease of \$17 million, due to the realization of certain state deferred tax assets.

During the first quarter of 1993, the Corporation adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109), which superseded Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes." SFAS 109 allows for the recognition of deferred tax assets with respect to previously unrecognized operating loss and AMT credit carryforwards. The cumulative benefit of adopting the accounting principle was \$200 million.



## FAIR VALUES OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments" (SFAS 107), requires the disclosure of the estimated fair values of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair values of financial instruments. Because no quoted market prices exist for a significant part of the Corporation's financial instruments, the fair values of such instruments have been derived based on management's assumptions with respect to future economic conditions, the amount and timing of future cash flows and estimated discount rates. The estimation methods for individual classifications of financial instruments are described more fully below. Different assumptions could significantly affect these estimates. Accordingly, the net realizable values could be materially different from the estimates presented below.

In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the combined Corporation.

The provisions of SFAS 107 do not require the disclosure of nonfinancial instruments, including intangible assets. The value of the Corporation's intangibles such as franchise, credit card and trust relationships and mortgage servicing rights is significant.

## SHORT-TERM FINANCIAL INSTRUMENTS

The carrying values of short-term financial instruments, including cash and cash equivalents, federal funds sold and purchased, resale and repurchase agreements and commercial paper and short-term borrowings, approximate the fair values

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of these instruments. These financial instruments generally expose the Corporation to limited credit risk and have no stated maturities, or have an average maturity of less than 30 days and carry interest rates which approximate market.

## FINANCIAL INSTRUMENTS TRADED IN THE SECONDARY MARKET WITH QUOTED MARKET PRICES OR DEALER QUOTES

Securities held for investment, securities available for sale, loans held for sale, trading account instruments and long-term debt which are traded actively in the secondary market have been valued using quoted market prices.

## LOANS

Fair values were estimated for groups of similar loans based upon type of loan, credit quality and maturity. The fair value of fixed-rate loans was estimated by discounting estimated cash flows using corporate bond rates adjusted by credit risk and servicing costs for commercial and real estate commercial and construction loans; and for consumer loans, the Corporation's December 31 origination rate for similar loans. Contractual cash flows for consumer loans were adjusted for prepayments using published industry data. For variable-rate loans, the carrying amount was considered to approximate fair value. Where credit deterioration has occurred, cash flows for fixed- and variable-rate loans have been reduced to incorporate estimated losses. Where quoted market prices were available, primarily for certain residential mortgage loans, such market prices were utilized as estimates for fair value.

## DEPOSITS

The fair value for fixed-rate deposits with stated maturities was calculated by discounting the difference between the cash flows on a contractual basis and current market rates for instruments with similar maturities. For variable-rate deposits, the carrying amount was considered to approximate fair value.

The book and fair values of financial instruments on December 31 were (dollars in millions):

<TABLE>  
<CAPTION>

|  | 1995          |               | 1994          |               |
|--|---------------|---------------|---------------|---------------|
|  | BOOK<br>VALUE | FAIR<br>VALUE | BOOK<br>VALUE | FAIR<br>VALUE |

| <S>   | <C>      | <C>      | <C>      | <C>      |
|---|----------|----------|----------|----------|
| FINANCIAL ASSETS  |          |          |          |          |
| Cash and cash equivalents.....  | \$ 8,448 | \$ 8,448 | \$ 9,582 | \$ 9,582 |
| Time deposits placed and other short-term investments.....                  | 1,296    | 1,296    | 2,159    | 2,159    |
| Securities held for investment.....   | 4,432    | 4,432    | 17,800   | 17,101   |
| Securities available for sale.....  | 19,415   | 19,415   | 8,025    | 8,025    |
| Loans held for sale.....  | 1,663    | 1,663    | 318      | 318      |
| Federal funds sold and securities purchased under agreements to resell..... | 6,230    | 6,230    | 11,112   | 11,112   |
| Trading account assets.....   | 18,867   | 18,867   | 9,941    | 9,941    |
| Loans, net of unearned income   |          |          |          |          |
| Commercial and foreign.....   | 50,240   | 50,495   | 46,649   | 46,375   |
| Real estate commercial and construction.....                                | 9,159    | 9,182    | 10,330   | 10,227   |
| Residential mortgage.....   | 24,026   | 24,198   | 17,244   | 16,251   |
| Credit card.....  | 6,532    | 6,581    | 4,753    | 4,782    |
| Other consumer.....   | 22,287   | 22,329   | 20,511   | 20,328   |
| Allowance for credit losses.....  | (2,163)  | -        | (2,186)  | -        |

FINANCIAL LIABILITIES

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| Deposits  |        |        |        |        |
| Noninterest-bearing.....  | 23,414 | 23,414 | 21,380 | 21,380 |
| Savings.....  | 8,257  | 8,257  | 9,037  | 9,037  |
| NOW and money market deposit accounts.....                                      | 28,160 | 28,160 | 29,752 | 29,752 |
| Consumer CDs.....   | 19,545 | 19,593 | 19,369 | 19,001 |
| Other time deposits.....  | 21,315 | 21,419 | 20,932 | 20,721 |
| Federal funds purchased and securities sold under agreements to repurchase..... |        |        |        |        |
| .....   | 28,974 | 28,974 | 25,970 | 25,970 |
| Trading account liabilities.....  | 15,177 | 15,177 | 11,426 | 11,426 |
| Commercial paper.....   | 2,773  | 2,773  | 2,519  | 2,519  |
| Other short-term borrowings.....  | 4,143  | 4,143  | 5,640  | 5,640  |
| Long-term debt.....   | 17,753 | 18,077 | 8,464  | 8,199  |

</TABLE>

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The fair value of the Corporation's asset and liability management and other interest rate swaps is presented in TABLE TWELVE on page 30.

The fair value of liabilities on binding commitments to lend is based on the net present value of cash flow streams using fee rates currently charged for similar agreements versus original contractual fee rates, taking into account the creditworthiness of the borrowers. The fair value was a liability of \$111 million and \$92 million on December 31, 1995 and 1994, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 65

NOTE FOURTEEN

PARENT COMPANY FINANCIAL INFORMATION

The following tables present consolidated parent company financial information:

NationsBank Corporation (Parent Company)  
CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

| <S>  | YEAR ENDED DECEMBER 31 |         |        |
|--|------------------------|---------|--------|
|  | 1995                   | 1994    | 1993   |
| <C>  | <C>                    | <C>     | <C>    |
| Income   |                        |         |        |
| Dividends from consolidated  |                        |         |        |
| Subsidiary banks and bank holding companies.....   | \$ 999                 | \$1,864 | \$ 894 |
| Other subsidiaries.....  | 7                      | 5       | -      |
| Interest from consolidated subsidiaries.....   | 635                    | 355     | 172    |
| Other income.....  | 547                    | 501     | 533    |
|  | 2,188                  | 2,725   | 1,599  |
| Expenses   |                        |         |        |
| Interest on borrowed funds.....  | 835                    | 582     | 389    |
| Noninterest expense.....   | 462                    | 442     | 453    |
|  | 1,297                  | 1,024   | 842    |
| Earnings   |                        |         |        |
| Income before equity in undistributed earnings of consolidated subsidiaries and taxes..... | 891                    | 1,701   | 757    |
| Equity in undistributed earnings of consolidated   |                        |         |        |
| Subsidiary banks and bank holding companies.....   | 830                    | (247)   | 742    |
| Other subsidiaries.....  | 208                    | 140     | 73     |

|   |         |         |         |
|---|---------|---------|---------|
|   | 1,038   | (107)   | 815     |
| Income before income taxes and effect of change in method of accounting for income taxes..... | 1,929   | 1,594   | 1,572   |
| Income tax benefit.....   | (21)    | (96)    | (56)    |
| Income before effect of change in method of accounting for income taxes.....                  | 1,950   | 1,690   | 1,628   |
| Effect of change in method of accounting for income taxes.....                                | -       | -       | (127)   |
| Net income.....   | \$1,950 | \$1,690 | \$1,501 |
| Net income available to common shareholders.....  | \$1,942 | \$1,680 | \$1,491 |

NationsBank Corporation (Parent Company)  
CONDENSED CONSOLIDATED BALANCE SHEET  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|  | DECEMBER 31 |          |
|--|-------------|----------|
|  | 1995        | 1994     |
| <S>  | <C>         | <C>      |
| Assets   |             |          |
| Cash held at subsidiary banks.....             | \$ 8        | \$ 4     |
| Temporary investments.....                     | 396         | 583      |
| Receivables from consolidated                  |             |          |
| Subsidiary banks and bank holding companies... | 3,116       | 1,187    |
| Other subsidiaries.....                        | 8,633       | 7,407    |
| Investment in consolidated                     |             |          |
| Subsidiary banks and bank holding companies... | 12,255      | 10,739   |
| Other subsidiaries.....                        | 1,728       | 1,173    |
| Other assets.....                              | 1,095       | 616      |
|  | \$27,231    | \$21,709 |
| Liabilities and Shareholders' Equity           |             |          |
| Commercial paper and other notes payable.....  | \$ 2,494    | \$ 2,426 |
| Accrued expenses and other liabilities.....    | 737         | 674      |
| Long-term debt.....                            | 11,199      | 7,598    |
| Shareholders' equity.....                      | 12,801      | 11,011   |
|  | \$27,231    | \$21,709 |

</TABLE>

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NationsBank Corporation (Parent Company)  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(DOLLARS IN MILLIONS)

<TABLE>  
<CAPTION>

|   | YEAR ENDED DECEMBER 31 |          |          |
|---|------------------------|----------|----------|
|   | 1995                   | 1994     | 1993     |
| <S>   | <C>                    | <C>      | <C>      |
| Operating Activities  |                        |          |          |
| Net income.....   | \$ 1,950               | \$ 1,690 | \$ 1,501 |
| Reconciliation of net income to net cash provided by operating activities |                        |          |          |
| Equity in undistributed earnings of consolidated subsidiaries.....        | (1,038)                | 107      | (815)    |
| Effect of change in method of accounting for income taxes.....            | -                      | -        | 127      |
| Other operating activities.....   | (380)                  | 142      | 113      |
| Net cash provided by operating activities.....                            | 532                    | 1,939    | 926      |
| Investing Activities  |                        |          |          |
| Net (increase) decrease in temporary investments.....                     | 187                    | (271)    | (134)    |
| Net increase in receivables from consolidated subsidiaries.....           | (3,155)                | (1,416)  | (231)    |
| Additional capital investment in subsidiaries.....                        | (384)                  | (764)    | (1,428)  |
| (Acquisitions) sales of subsidiaries, net of cash.....                    | -                      | 101      | (4,220)  |
| Net cash used in investing activities.....                                | (3,352)                | (2,350)  | (6,013)  |
| Financing Activities  |                        |          |          |
| Net increase in commercial paper and other notes payable.....             | 68                     | 144      | 1,332    |
| Proceeds from issuance of long-term debt.....                             | 4,606                  | 1,159    | 4,125    |
| Retirement of long-term debt.....   | (1,005)                | (438)    | (174)    |
| Preferred stock repurchased and redeemed.....                             | -                      | (94)     | -        |

|  |       |       |       |
|--|-------|-------|-------|
| Proceeds from issuance of common stock.....        | 239   | 267   | 197   |
| Common stock repurchased.....                      | (522) | (180) | -     |
| Cash dividends paid.....                           | (575) | (527) | (433) |
| Other financing activities.....                    | 13    | 73    | 30    |
| Net cash provided by financing activities.....     | 2,824 | 404   | 5,077 |
| Net increase (decrease) in cash held at subsidiary |       |       |       |
| banks.....   | 4     | (7)   | (10)  |
| Cash held at subsidiary banks on January 1.....    | 4     | 11    | 21    |
| Cash held at subsidiary banks on December 31.....  | \$ 8  | \$ 4  | \$ 11 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 67

NationsBank Corporation And Subsidiaries  
SIX-YEAR CONSOLIDATED STATISTICAL SUMMARY

<TABLE>  
<CAPTION>

|  | 1995  | 1994  | 1993  | 1992  | 1991  |
|--|-------|-------|-------|-------|-------|
|  | <C>   | <C>   | <C>   | <C>   | <C>   |
| 1990   |       |       |       |       |       |
| TAXABLE-EQUIVALENT YIELDS EARNED                         |       |       |       |       |       |
| Loans and leases, net of unearned income                 |       |       |       |       |       |
| Commercial.....  | 8.19% | 7.56% | 6.96% | 7.08% | 8.70% |
| 10.44%   |       |       |       |       |       |
| Real estate commercial.....                              | 9.30  | 8.18  | 7.59  | 7.78  | 9.13  |
| 10.49  |       |       |       |       |       |
| Real estate construction.....                            | 9.73  | 8.49  | 7.50  | 7.17  | 8.82  |
| 10.84  |       |       |       |       |       |
| Total commercial.....                                    | 8.42  | 7.71  | 7.09  | 7.20  | 8.78  |
| 10.50  |       |       |       |       |       |
| Residential mortgage.....                                | 7.78  | 7.62  | 8.27  | 9.33  | 10.47 |
| 9.55   |       |       |       |       |       |
| Credit card.....   | 12.78 | 12.84 | 13.62 | 14.45 | 15.22 |
| 15.78  |       |       |       |       |       |
| Other consumer.....                                      | 10.07 | 9.26  | 9.24  | 10.07 | 11.13 |
| 12.47  |       |       |       |       |       |
| Total consumer.....                                      | 9.37  | 8.99  | 9.51  | 10.50 | 11.47 |
| 11.81  |       |       |       |       |       |
| Foreign.....   | 7.71  | 6.10  | 5.49  | 6.63  | 8.47  |
| 13.28  |       |       |       |       |       |
| Lease financing.....                                     | 7.59  | 7.50  | 7.96  | 8.25  | 10.89 |
| 9.53   |       |       |       |       |       |
| Total loans and leases, net.....                         | 8.79  | 8.20  | 8.06  | 8.49  | 9.83  |
| 11.00  |       |       |       |       |       |
| Securities   |       |       |       |       |       |
| Held for investment.....                                 | 5.57  | 5.06  | 5.54  | 6.84  | 8.61  |
| 9.15   |       |       |       |       |       |
| Available for sale.....                                  | 6.25  | 5.20  | 4.80  | 5.77  | -     |
| -  |       |       |       |       |       |
| Total securities.....                                    | 5.84  | 5.12  | 5.51  | 6.76  | 8.61  |
| 9.15   |       |       |       |       |       |
| Loans held for sale.....                                 | 7.47  | 6.63  | 6.73  | 7.22  | 8.74  |
| 11.49  |       |       |       |       |       |
| Federal funds sold and securities                        |       |       |       |       |       |
| purchased under agreements to resell.....                | 6.18  | 4.09  | 3.21  | 3.77  | 5.89  |
| 8.16   |       |       |       |       |       |
| Time deposits placed and other short-term investments... | 6.87  | 5.12  | 3.91  | 5.09  | 6.89  |
| 8.95   |       |       |       |       |       |
| Trading account securities.....                          | 7.76  | 7.32  | 5.43  | 4.64  | 6.99  |
| 8.43   |       |       |       |       |       |
| Total earning assets.....                                | 7.98  | 7.16  | 7.06  | 7.70  | 9.25  |
| 10.37  |       |       |       |       |       |
| RATES PAID   |       |       |       |       |       |
| Savings.....   | 2.37  | 2.33  | 2.38  | 2.86  | 4.55  |
| 5.15   |       |       |       |       |       |
| NOW and money market deposit accounts.....               | 2.68  | 2.34  | 2.24  | 2.82  | 4.96  |
| 6.02   |       |       |       |       |       |
| Consumer CDs and IRAs.....                               | 5.19  | 4.17  | 4.52  | 5.58  | 7.01  |
| 7.94   |       |       |       |       |       |
| Negotiated CDs, public funds and other time deposits.... | 5.56  | 4.02  | 3.97  | 4.93  | 7.08  |
| 8.13   |       |       |       |       |       |
| Foreign time deposits.....                               | 6.25  | 4.98  | 4.05  | 5.52  | 6.70  |
| 8.89   |       |       |       |       |       |
| Borrowed funds and trading account liabilities.....      | 6.40  | 4.87  | 3.45  | 3.33  | 5.64  |
| 7.93   |       |       |       |       |       |
| Long-term debt.....                                      | 7.00  | 6.85  | 7.44  | 8.92  | 8.88  |
| 9.18   |       |       |       |       |       |

|   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| Special Asset Division net funding allocation.....<br>(7.49)      | -         | -         | -         | -         | (6.20)    |
| Total interest-bearing liabilities.....<br>7.37                   | 5.28      | 4.09      | 3.53      | 4.12      | 6.09      |
| PROFIT MARGINS  |           |           |           |           |           |
| Net interest spread.....<br>3.00                                  | 2.70      | 3.07      | 3.53      | 3.58      | 3.16      |
| Net interest yield.....<br>3.75                                   | 3.33      | 3.58      | 3.96      | 4.10      | 3.82      |
| YEAR-END DATA<br>(DOLLARS IN MILLIONS)                            |           |           |           |           |           |
| Loans, leases and factored accounts                               |           |           |           |           |           |
| receivable, net of unearned income.....<br>\$ 70,891              | \$117,033 | \$103,371 | \$ 92,007 | \$ 72,714 | \$ 69,108 |
| Securities held for investment.....<br>25,530                     | 4,432     | 17,800    | 13,584    | 23,355    | 16,275    |
| Securities available for sale.....<br>-                           | 19,415    | 8,025     | 15,470    | 1,374     | 8,904     |
| Loans held for sale.....<br>315                                   | 1,663     | 318       | 1,697     | 1,236     | 585       |
| Time deposits placed and other short-term investments...<br>1,289 | 1,296     | 2,159     | 1,479     | 1,994     | 1,622     |
| Total earning assets.....<br>98,754                               | 167,945   | 151,722   | 140,890   | 103,872   | 96,491    |
| Total assets (1).....<br>112,791                                  | 187,298   | 169,604   | 157,686   | 118,059   | 110,319   |
| Noninterest-bearing deposits.....<br>16,850                       | 23,414    | 21,380    | 20,723    | 17,702    | 16,356    |
| Domestic savings and time deposits.....<br>70,091                 | 64,388    | 66,487    | 66,356    | 62,988    | 70,359    |
| Foreign time deposits.....<br>2,124                               | 12,889    | 12,603    | 4,034     | 2,037     | 1,360     |
| Total savings and time deposits.....<br>72,215                    | 77,277    | 79,090    | 70,390    | 65,025    | 71,719    |
| Total deposits.....<br>89,065                                     | 100,691   | 100,470   | 91,113    | 82,727    | 88,075    |
| Borrowed funds and trading account liabilities.....<br>15,474     | 51,067    | 45,555    | 44,248    | 21,957    | 9,846     |
| Long-term debt.....<br>2,766                                      | 17,775    | 8,488     | 8,352     | 3,066     | 2,876     |
| Total shareholders' equity.....<br>6,283                          | 12,801    | 11,011    | 9,979     | 7,814     | 6,518     |

(1) EXCLUDES ASSETS OF NATIONSBANK OF TEXAS SPECIAL ASSET DIVISION IN 1991 AND 1990.

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|  | 1995  | 1994  | 1993  | 1992  | 1991  |
|--|-------|-------|-------|-------|-------|
| <TABLE><br><CAPTION>   |       |       |       |       |       |
| 1990   |       |       |       |       |       |
| <S>  | <C>   | <C>   | <C>   | <C>   | <C>   |
| <C>  |       |       |       |       |       |
| EARNINGS RATIOS  |       |       |       |       |       |
| Return on average  |       |       |       |       |       |
| Total assets (1).....<br>.52%  | 1.03% | 1.02% | .97%  | 1.00% | .17%  |
| Earning assets (1).....<br>.59   | 1.17  | 1.14  | 1.09  | 1.12  | .20   |
| Common shareholders' equity.....<br>9.56   | 17.01 | 16.10 | 15.00 | 15.83 | 2.70  |
| EARNINGS ANALYSIS (TAXABLE-EQUIVALENT)   |       |       |       |       |       |
| Noninterest income as a percentage of net interest<br>income.....<br>42.56   | 55.36 | 48.96 | 44.48 | 45.65 | 44.22 |
| Noninterest expense, excluding restructuring,<br>as a percentage of net interest income.....<br>92.10  | 92.85 | 93.16 | 90.90 | 94.64 | 97.62 |
| Efficiency ratio: noninterest expense, excluding<br>restructuring, divided by the sum of net interest<br>income and noninterest income.....<br>64.60 | 59.77 | 62.54 | 62.91 | 64.98 | 67.69 |
| Overhead ratio: noninterest expense, excluding<br>restructuring, less noninterest income<br>divided by net interest income.....<br>49.54             | 37.50 | 44.20 | 46.42 | 48.99 | 53.40 |
| Net income as a percentage of net  |       |       |       |       |       |

|  |           |           |          |           |           |
|--|-----------|-----------|----------|-----------|-----------|
| interest income.....                                     | 35.07     | 31.86     | 31.79    | 27.33     | 5.12      |
| 15.77  |           |           |          |           |           |
| ASSET QUALITY  |           |           |          |           |           |
| FOR THE YEAR   |           |           |          |           |           |
| Net charge-offs as a percentage of average               |           |           |          |           |           |
| loans, leases and factored accounts receivable.....      | .38       | .33       | .51      | 1.25      | 1.86      |
| .88  |           |           |          |           |           |
| Net charge-offs as a percentage of the                   |           |           |          |           |           |
| provision for credit losses.....                         | 110.21    | 101.79    | 95.76    | 121.15    | 82.70     |
| 59.24  |           |           |          |           |           |
| AT YEAR END  |           |           |          |           |           |
| Allowance for credit losses as a percentage of net       |           |           |          |           |           |
| loans, leases and factored accounts receivable.....      | 1.85      | 2.11      | 2.36     | 2.00      | 2.32      |
| 1.86   |           |           |          |           |           |
| Allowance for credit losses as a percentage of           |           |           |          |           |           |
| nonperforming loans.....                                 | 306.49    | 273.07    | 193.38   | 103.11    | 81.82     |
| 100.46   |           |           |          |           |           |
| Nonperforming assets as a percentage of net              |           |           |          |           |           |
| loans, leases, factored accounts receivable              |           |           |          |           |           |
| and other real estate owned.....                         | .73       | 1.10      | 1.92     | 2.72      | 4.01      |
| 2.32   |           |           |          |           |           |
| Nonperforming assets as a percentage of total assets (1) |           |           |          |           |           |
| .....  | .46       | .67       | 1.13     | 1.69      | 2.54      |
| 1.46   |           |           |          |           |           |
| Nonperforming assets (in millions).....                  | \$ 853    | \$ 1,138  | \$ 1,783 | \$ 1,997  | \$ 2,804  |
| \$ 1,651   |           |           |          |           |           |
| RISK-BASED CAPITAL RATIOS                                |           |           |          |           |           |
| Tier 1.....  | 7.24%     | 7.43%     | 7.41%    | 7.54%     | 6.38%     |
| 5.79%  |           |           |          |           |           |
| Total.....   | 11.58     | 11.47     | 11.73    | 11.52     | 10.30     |
| 9.58   |           |           |          |           |           |
| Common shareholders' equity as a                         |           |           |          |           |           |
| percentage of total assets at year end (1).....          | 6.81      | 6.47      | 6.25     | 6.60      | 5.67      |
| 5.23   |           |           |          |           |           |
| Dividend payout ratio (per common share).....            |           |           |          |           |           |
| 29.17  | 30.78     | 28.38     | 33.07    | 215.36    |           |
| 61.54  |           |           |          |           |           |
| Shareholders' equity per common share                    |           |           |          |           |           |
| Average.....   | \$ 41.89  | \$ 37.99  | \$ 33.36 | \$ 29.05  | \$ 27.97  |
| \$ 27.31   |           |           |          |           |           |
| At year end.....   | 46.52     | 39.70     | 36.39    | 30.80     | 27.03     |
| 27.30  |           |           |          |           |           |
| OTHER STATISTICS   |           |           |          |           |           |
| Number of full-time equivalent employees.....            |           |           |          |           |           |
| 58,322   | 61,484    | 57,742    | 50,828   | 57,177    |           |
| 58,449   |           |           |          |           |           |
| Rate of increase (decrease) in average                   |           |           |          |           |           |
| Total loans and leases, net of unearned income.....      | 15.24%    | 20.29%    | 15.83%   | (1.70)%   | 1.82%     |
| 8.36%  |           |           |          |           |           |
| Earning assets.....                                      |           |           |          |           |           |
| 12.55  | 24.50     | 16.59     | (.84)    | 2.42      |           |
| 12.42  |           |           |          |           |           |
| Total assets (1).....                                    |           |           |          |           |           |
| 13.36  | 23.75     | 16.82     | (.64)    | 1.85      |           |
| 12.19  |           |           |          |           |           |
| Total deposits.....                                      |           |           |          |           |           |
| 5.91   | 12.30     | .97       | (5.59)   | 3.44      |           |
| 8.99   |           |           |          |           |           |
| Total shareholders' equity.....                          |           |           |          |           |           |
| 9.22   | 21.19     | 18.73     | 10.31    | 6.16      |           |
| 18.15  |           |           |          |           |           |
| COMMON STOCK INFORMATION                                 |           |           |          |           |           |
| Market price per share                                   |           |           |          |           |           |
| High for the year.....                                   | \$ 74 3/4 | \$ 57 3/8 | \$ 58    | \$ 53 3/8 | \$ 42 3/4 |
| \$ 47 1/4  |           |           |          |           |           |
| Low for the year.....                                    | 44 5/8    | 43 3/8    | 44 1/2   | 39 5/8    | 21 1/2    |
| 16 7/8   |           |           |          |           |           |
| Close at the end of the year.....                        |           |           |          |           |           |
| 69 5/8   | 45 1/8    | 49        | 51 3/8   | 40 5/8    |           |
| 22 7/8   |           |           |          |           |           |
| Daily average trading volume.....                        |           |           |          |           |           |
| 726,467  | 753,515   | 666,591   | 727,578  | 397,054   |           |
| 405,087  |           |           |          |           |           |
| Number of shareholders of record.....                    |           |           |          |           |           |
| 103,137  | 105,774   | 108,435   | 89,371   | 102,209   |           |
| 30,824   |           |           |          |           |           |

Subsidiaries of NationsBank Corporation and Its Subsidiaries at 12/31/95  
(100% Owned by NationsBank Corporation Unless Otherwise Noted)

American Security Insurance Corporation  
ASB Capital Management, Inc.  
Atlantic Equity Corporation  
Carolina Mountain Holding Company  
Equitable Bancorporation Overseas Finance N.V.  
Export Funding Corporation  
Fayette Insurance Corporation  
MAR, Inc.  
MN Credit Corporation  
MN World Trade Corporation  
MNC Affiliates Group, Inc.  
    MNC American Corporation 1  
    MNC Credit Corp 1  
        A/M Properties, Inc. 2  
        American Financial Service Group, Inc. (LEASEFIRST)2  
        Maryland National Realty Investors, Inc. 2  
        MNC Capital Corporation 2  
        Maryland National Leasing Services Corporation 2  
        MNC Canadian Real Property, Inc. 2  
Nations Credit Funding Corporation  
    Greyrock Capital Group Inc. 3  
        ALS II, Inc. 4  
        ALS Superior, Inc. 4  
        American Acceptance Corporation 4  
        Cape Canterbury, Ltd. 4  
        Central Texas Small Business Investment Corporation 4  
        Portfolio Acceptance Corp. 4  
            Canterbury Indiana Holdings, Inc. 5  
        SunStar Acceptance Corporation 4  
        SunStar Acceptance Corporation (Hawaii) 4  
        USW SIS I, Inc. 4  
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    NationsCredit Commercial Corporation 8  
        Ariens Credit Corporation 9  
        Gravely Credit Corporation 9  
        Komatsu Forklift Credit Corporation 9  
        Korg Acceptance Corporation 9  
        Mercury Marine Acceptance Corporation 9  
        NationsCredit Commercial Corporation Ltd. 9  
        NIMAC Finance Corp. 9  
        Sea Ray Credit Corporation 9  
        Winnebago Acceptance Corporation 9  
    NationsCredit Consumer Discount Company 8  
    NationsCredit Consumer Services, Inc. 8  
    NationsCredit Finance Group Inc. 8  
    NationsCredit Financial Acceptance Corporation 8  
  
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    NationsCredit Financial Services Corporation 8  
    NationsCredit Financial Services Corporation of Alabama 8  
    NationsCredit Financial Services Corporation of America 8  
    NationsCredit Financial Services Corporation of Florida 8  
        NationsCredit Mortgage Corporation of Florida 10  
    NationsCredit Financial Services Corporation of Nevada 8  
    NationsCredit Financial Services Corporation of Virginia 8  
    NationsCredit Home Equity Corporation of Kentucky 8  
    NationsCredit Home Equity Corporation of Virginia 8  
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Tryon Assurance Company, Ltd.

- -----  
1 MNC Affiliates Group, Inc. owns 100% of this entity.  
2 MNC Credit Corp owns 100% of this entity.  
3 Nations Credit Funding Corporation owns 100% of this entity.  
4 Greyrock Capital Group Inc. owns 100% of this entity.  
5 Portfolio Acceptance Corp. owns 100% of this entity.  
6 Greyrock Capital Group Inc. owns 67.33% of this entity.  
7 Greyrock Capital Group Inc. owns 62.5% of this entity.  
8 NationsCredit Corporation owns 100% of this entity.  
9 NationsCredit Commercial Corporation owns 100% of this entity.  
10 NationsCredit Financial Services Corporation of Florida owns 100% of this entity.  
11 NationsBank Leasing Corporation owns 100% of this entity.  
12 NationsBank Mortgage Capital Corporation owns 100% of this entity.  
13 NB Holdings Corporation owns 100% of this entity.  
14 NationsBank, N.A. owns 100% of this entity.  
15 BT Building Corporation has a 19% general partnership interest and a 43% limited partnership interest in this entity.  
16 NationsBank, N.A. owns up to 22.26% of this entity; definitive % depends on total number of participants.  
17 NationsBank, N.A. holds 100% of this entity in trust.  
18 Marco Properties, Inc. owns 100% of this entity.  
19 Maryland National Community Development Corporation owns 99% of this entity.  
20 Maryland National Community Development Corporation and NationsBank, N.A., each, has a 33% interest in this entity.  
21 Maryland National Community Development Corporation owns 98.99% of this entity.  
22 MNC Consumer Discount Company owns 100% of this entity.  
23 MYM Holdings Corporation owns 50% of this entity.

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24 NationsBank Enterprise, Inc. and NationsBank Discount Brokerage, Inc., each, has a 50% interest in this general partnership.  
25 NationsSecurities and NationsBank Enterprise, Inc. have 99% and 1% interests, respectively, in this entity.  
26 NationsBank Carolinas Merchant Services, Inc. and NationsBank Florida Merchant Services, Inc. own 51% and 49%, respectively, of this entity.  
27 NationsBank Merchant Services owns 20% of this entity.  
28 Unified Merchant Services owns 100% of this entity.  
29 NationsBank Europe Limited owns 100% of this entity.  
30 NationsBank Panmure Investment Management Limited owns 100% of this entity.  
31 Panmure Gordon & Co. Limited owns 100% of this entity.  
32 NationsBank Overseas Corporation owns 100% of this entity.  
33 AF Funding (1993), Inc. holds a 1% general partnership and a 49% limited partnership interest in this entity.  
34 Kill Devil Hills Finance Limited Partnership owns 100% of this entity.  
35 Air France/NationsBank (Grantor Trust) owns 100% of this entity.  
36 AF Funding II (1993), Inc. holds a 1% general partnership and a 34% limited partnership interest in this entity.  
37 Kill Devil Hills II Limited Partnership owns 100% of this entity.  
38 Air France/KDHF II (NGHGI) (Grantor Trust) owns 100% of this entity.  
39 Cathay Pacific/NationsBank Trust I (Grantor Trust) owns 100% of this entity.  
40 NationsBank Overseas Corporation owns 99.5% of this entity.  
41 Japan Airlines/NCNB 1993-1 (Grantor Trust) owns 100% of this entity.  
42 Nations-CRT U.K. & Co. and Nations-CRT International, Inc., respectively, have 1% and 99% general partnership interests in this entity.

43 Nations-CRT U.K. & Co. and Nations-CRT Overseas, Inc., respectively, have 1% and 99% general partnership interests in this entity.  
44 NationsBank Overseas Corporation and NationsBank, N.A. own 99.33% and .67%, respectively, of this entity.  
45 NCNB Lease Atlantic, Inc. owns 100% of this entity.  
46 NCNB Lease Finance III owns 100% of this entity.  
47 NCNB Lease Finance owns 100% of this entity.  
48 NCNB Lease Finance IV owns 100% of this entity.  
49 NCNB Lease Finance V owns 100% of this entity.  
50 NCNB Lease Finance VI owns 100% of this entity.  
51 NCNB Lease International, Inc. owns 99.9% of this entity.  
52 NCNB Lease Offshore, Inc. owns 100% of this entity.  
53 NCNB Lease Finance II owns 100% of this entity.  
54 NationsBank Overseas Corporation owns 50% of this entity.  
55 NationsBank Overseas Corporation owns 98% of this entity.  
56 NationsBank Overseas Corporation owns 66% of this entity.  
57 TransPacific Funding (1993), Inc. holds a 1% general partnership and a 65% limited partnership interest in this entity.  
58 TransPacific Finance Limited Partnership owns 100% of this entity.  
59 ANA II (Grantor Trust) owns 100% of this entity.  
60 NB Partner Corp. owns 50% of this entity.  
61 NationsBank, N.A. is the sole member of this non-profit corporation.  
62 NCNB Community Development Corporation owns 100% of this entity.  
63 Washington View, Inc. owns 69% of this entity.  
64 NationsBank, N.A. (South) owns 100% of this entity.  
65 NationsBanc Leasing Corporation of North Carolina owns 100% of this entity.  
66 NationsBank of Tennessee, N.A. owns 100% of this entity.  
67 NationsBank Texas Bancorporation, Inc. owns 100% of this entity.  
68 NationsBank of Texas, N.A. owns 100% of this entity.  
69 NB Holdings Corporation owns 70% of this entity.  
70 NationsBank, N.A. (South), NationsBank, N.A. and NationsBank of Texas, N.A. own, respectively, 34%, 37% and 29% of this entity.

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71 NationsBank Community Development Corporation ("NBCDC") has a 95.4% general partnership interest in this entity.  
72 NBCDC owns 100% of this entity.  
73 NBCDC and NCNB Community Development Corporation have 99% and 1% interests, respectively, in this entity.  
74 NBCDC has a 94.89% interest in this entity.  
75 NBCDC owns 70% of this entity.  
76 NBCDC owns 80% of this entity.  
77 NBCDC has a 50.26% interest in this entity.  
78 NBCDC owns 99% of this entity.  
79 NBCDC owns 98% of this entity.  
80 NBCDC owns 81% of this entity.  
81 NationsBank, N.A. and NationsBank of Texas, N.A., each, owns 25% of the voting stock of this entity, and NationsBank, N.A. (South) owns 50%.  
82 NationsBank Housing Fund Investment Corporation has a 99% limited partnership interest in this entity.

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Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-44826, 33-57533 and 33-63097); the Registration Statements on Form S-8 (Nos. 2-91958; 2-73761; 2-80406; 33-45279; 33-48883 and 33-60695) and the Post-Effective Amendments No. 1 on Form S-8 to Registration Statements on Form S-4 (Nos. 33-43125; 33-55145; 33-63351; 33-62069 and 33-62208) of NationsBank Corporation of our report dated January 12, 1996, which appears on page 46 of the 1995 Annual Report to Shareholders of NationsBank Corporation, which is incorporated by reference in the NationsBank Corporation Annual Report on Form 10-K for the year ended December 31, 1995.

PRICE WATERHOUSE LLP

Charlotte, North Carolina  
March 29, 1996

NATIONSBANK CORPORATION

BOARD OF DIRECTORS  
RESOLUTION

March 27, 1996

RESOLVED, that the Corporation's Annual Report on Form 10-K for the year ended December 31, 1995 (the "10-K Report"), be, and it hereby is, authorized and approved substantially in the form presented to and considered at this meeting, with such changes in form or content or attachment of exhibits as the signing officers shall approve, their approval to be conclusively evidenced by their signature thereof;

RESOLVED FURTHER, that the proper officers of the Corporation be, and they hereby are, authorized and empowered on behalf of the Corporation to execute the 10-K Report and file it with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, and with such other governmental agencies or instrumentalities as such officers deem necessary or desirable, and to make, execute and file any amendment or amendments to the 10-K Report, as they may deem necessary or appropriate;

RESOLVED FURTHER, that J. W. Kiser and Charles M. Berger be, and each of them with full power to act without the other hereby is, authorized and empowered to sign the aforesaid 10-K Report and any amendment or amendments thereto on behalf of and as attorneys for NationsBank Corporation and on behalf of and as attorneys for any of the following, to wit: the Principal Executive Officer, the Principal Financial Officer, the Principal Accounting Officer, and any other officer of NationsBank Corporation.

RESOLVED FURTHER, that the officers of NationsBank Corporation be, and they hereby are, authorized and directed to do all things necessary, appropriate or convenient to carry into effect, the foregoing resolutions.

CERTIFICATE OF SECRETARY

I, ALLISON L. GILLIAM, Assistant Secretary of NationsBank Corporation, a corporation duly organized and existing under the laws of the State of North Carolina, do hereby certify that the foregoing is a true and correct copy of resolutions duly adopted by a majority of the entire Board of Directors of said corporation at a meeting of said Board of Directors held March 27, 1996, at which meeting a quorum was present and acted throughout and that said resolutions are in full force and effect and have not been amended or rescinded as of the date hereof.

IN WITNESS WHEREOF, I have hereupon set my hand and affixed the seal of said corporation this 28th day of March, 1996.

(CORPORATE SEAL)

(Signature of Allison L. Gilliam appears here)  
Assistant Secretary

NATIONSBANK CORPORATION

BOARD OF DIRECTORS  
RESOLUTION

March 27, 1996

RESOLVED, that the Corporation's Annual Report on Form 10-K for the year ended December 31, 1995 (the "10-K Report"), be, and it hereby is, authorized and approved substantially in the form presented to and considered at this meeting, with such changes in form or content or attachment of exhibits as the signing officers shall approve, their approval to be conclusively evidenced by their signature thereof;

RESOLVED FURTHER, that the proper officers of the Corporation be, and they hereby are, authorized and empowered on behalf of the Corporation to execute the 10-K Report and file it with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, and with such other governmental agencies or instrumentalities as such officers deem necessary or desirable, and to make, execute and file any amendment or amendments to the 10-K Report, as they may deem necessary or appropriate;

RESOLVED FURTHER, that J. W. Kiser and Charles M. Berger be, and each of them with full power to act without the other hereby is, authorized and empowered to sign the aforesaid 10-K Report and any amendment or amendments thereto on behalf of and as attorneys for NationsBank Corporation and on behalf of and as attorneys for any of the following, to wit: the Principal Executive Officer, the Principal Financial Officer, the Principal Accounting Officer, and any other officer of NationsBank Corporation.

RESOLVED FURTHER, that the officers of NationsBank Corporation be, and they hereby are, authorized and directed to do all things necessary, appropriate or convenient to carry into effect, the foregoing resolutions.

CERTIFICATE OF SECRETARY

I, ALLISON L. GILLIAM, Assistant Secretary of NationsBank Corporation, a corporation duly organized and existing under the laws of the State of North Carolina, do hereby certify that the foregoing is a true and correct copy of resolutions duly adopted by a majority of the entire Board of Directors of said corporation at a meeting of said Board of Directors held March 27, 1996, at which meeting a quorum was present and acted throughout and that said resolutions are in full force and effect and have not been amended or rescinded as of the date hereof.

IN WITNESS WHEREOF, I have hereupon set my hand and affixed the seal of said corporation this 28th day of March, 1996.

(CORPORATE SEAL)

(Signature of Allison L. Gilliam appears here)  
Assistant Secretary

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THE SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE DECEMBER 31,  
1995 FORM 10-K FOR NATIONSBANK CORPORATION AND IS QUALIFIED IN ITS ENTIRETY  
BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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