JOINT STATEMENT

Of

NATIONSBANK CORPORATION AND BANKAMERICA CORPORATION

to the

HOUSE COMMITTEE ON THE JUDICIARY

WEDNESDAY, JUNE 3, 1998

Witnesses: Paul J. Polking, General Counsel (NationsBank Corporation)

James N. Roethe, General Counsel (BankAmerica Corporation)

Testimony to the House Committee on the Judiciary

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Mr. Chairman, members of the committee. I am Paul Polking, General Counsel of NationsBank Corporation. My partner, Jim Roethe, general Counsel of BankAmerica Corporation, and I are pleased to be here this afternoon to discuss the effects of consolidation on the state of competition in the financial services industry.

In assessing the competitive effects of the mergers involving financial institutions, it is important to keep in mind that each of the mergers before the committee today is unique.

For example, the Citicorp/Travelers transaction is based on a product diversification model - a bundling of the broadest possible array of financial services, while the Banc One/First Chicago NBD transaction represents a regional geographic diversification -- the merger of two midwestern banking organizations operating in contiguous markets to create a broad regional franchise.

The merger of NationsBank and BankAmerica is simply the combination of an east coast bank and a west coast bank to create the first truly nationwide banking franchise.

NationsBank holds approximately $311 billion in assets and $174 billion in deposits. NationsBank is geographically diversified with commercial banking operations in sixteen Southeastern, Mid-Atlantic, Mid-Western and Southwestern states and the District of Columbia. This diversification has enabled NationsBank to reduce the credit risk associated with any one region or industry group such that NationsBank has been able not only to weather regional recessions without significant problems, but to prosper and improve its capital and liquidity position in recent years.

BankAmerica holds approximately $265 billion in assets and $174 billion in deposits. Like NationsBank, BankAmerica is geographically diversified with commercial bank subsidiaries operating primarily in eleven Northwestern, Western, and Southwestern states. The merger with NationsBank will bring much greater diversification, with the combined franchise being focused in high growth markets across the nation.

The new BankAmerica will hold approximately $576 billion in assets and $348 billion in deposits. Notwithstanding the overall size of the resulting institution, the proposed merger of equals between NationsBank and BankAmerica raises almost no competitive issues with respect to banking activities.

For the most part, the parties are complementary in geographic scope; the commercial banking operations of our companies overlap locally in only two states -- Texas and New Mexico. The safe-harbor thresholds for deposit market concentration established by the Federal Reserve Board and the Department of Justice appear to be exceeded only in the Albuquerque, Clovis and McKinley County markets in New Mexico and in Dallas, Texas. In the other overlap markets in New Mexico and Texas, the deposit concentration levels are within the 1800/200 safe harbor threshold.

In order to minimize competitive concerns, we are discussing with federal authorities the divestiture of branches holding sufficient deposits and associated loans to bring market concentration within safe harbor levels in the New Mexico markets of Albuquerque, Clovis and McKinley County. We believe that deposit market concentration, based on eleven-month old data, is overstated in the Dallas market, and that substantial mitigating factors warrant the conclusion that no divestitures are required in the Dallas market.

Keeping in mind the nature of the NationsBank/BankAmerica transaction -- the creation of the first nationwide banking franchise -- and the fact that there is very little overlap of banking markets served by the two companies, we think it is clear that there are virtually no competitive issues raised by the proposed merger.

The idea that the combination of two large banks, or any other companies, results, solely because of their size, in a situation that is anti-competitive or otherwise bad for our customers, or consumers, businesses, and the economy generally, is simply not true. Following the mergers that you will hear about today, there will still be thousands of banks and other financial services companies serving consumers and businesses in the United States.

In the NationsBank/BankAmerica merger, we believe that consumers are the real winners. We will have the ability to offer our customers a new level of services with coast to coast branches and ATMs. Our presence across the nation will translate into convenience and value.

Scale and efficiency are already translating into lower prices, NationsBank has just recently passed on the advantages of scale to 5 million individual deposit customers by eliminating a number of fees and freezing monthly fees on our two most popular checking accounts through the year 2000. We estimate that these changes alone will result in annual savings in fees of approximately $24 million for our customers in 1998. These changes have also resulted in increased customer retention and new accounts.

Just as importantly, the combined company will have the financial resources to sponsor the development of superior technology to make banking increasingly convenient to our customers through telephones, personal computers and even interactive television. The time for developing alternatives to the branch delivery system is now. Today, NationsBank and BankAmerica customers conduct more transactions outside traditional branches than inside them - over the telephone, at ATMs, through personal computers and at grocery store banking centers.

The merger will also result in an institution that is better able to meet the credit needs of the communities it serves. NationsBank and BankAmerica customers and the communities in which they live will benefit from the most comprehensive community investment program ever to be offered -- NationsBank and BankAmerica have announced a $350 billion/10 year commitment to CRA activities.

The merger is simply a reflection of the marketplace's drive to give customers what they want more efficiently and effectively.

As for the impact of the merger on the overall economy, the combined company will act as a powerful engine by efficiently and effectively providing capital to a wide range of businesses - from the smallest to the largest. At the same time, the combined company will have tremendous stability as a result of its capital position and economic and geographic diversification.

The last point I would like to cover is the impact of our merger on competition both relative to small banks and in the international arena. As I mentioned earlier, despite the consolidation that the banking industry has undergone and the mergers we're discussing today there are still thousands of banks and other financial services providers, including many small banks, serving consumers and businesses. In addition, more than two hundred new bank charters were granted last year alone. Most of these banks are community banks perceiving an opportunity to provide an alternative to the kind of companies represented here today.

Internationally, as evidenced by the recently announced mergers of UBS and Swiss Bank, Royal Bank of Canada and Bank of Montreal and Canadian Imperial Bank of Commerce and Toronto Dominion, consolidation is happening all around us. U.S. banks must be allowed to keep pace in order to maintain the preeminence of the U.S. financial services industry and to fuel economic growth.

This concludes my remarks. Mr. Chairman and members of the committee, we thank you for the opportunity to appear before you.