FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. 0000793548-94-000012

FILER

MIDLANTIC CORP

CIK:**793548**| IRS No.: **222699903** | State of Incorp.:**NJ** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-15870** | Film No.: **94527927**
SIC: **6021** National commercial banks

Business Address
METRO PARK PLZ
P O BOX 600
EDISON NJ 08818
9083212000

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

(Mark One)
...X.... QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended....March 31, 1994....

OR

.... TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from....................to.........................

Commission file number 0-15870

MIDLANTIC CORPORATION
....
(Exact name of registrant as specified in its charter)

NEW JERSEY	22-2699903
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

METRO PARK PLAZA, P.O. BOX 600, EDISON, NEW JERSEY 08818
....
(Address of principal executive offices)
(Zip Code)

(908) 321-8000
....
(Registrant's telephone number, including area code)

....
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ..X...   No ......

SHARES OUTSTANDING ON APRIL 29, 1994
Common Stock, par value $3.00 per share - 52,249,267 shares

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Midlantic Corporation and Subsidiaries
FORM 10-Q

MARCH 31, 1994

PART I - FINANCIAL INFORMATION

INTRODUCTION The interim financial information disclosed in this Form 10-Q should be read in conjunction with Midlantic Corporation's 1993 Annual Report and Midlantic Corporation's 1993 Annual Report on Form 10-K as the disclosures contained within those reports are considered an integral part of this Form 10-Q.

ITEM 1. FINANCIAL STATEMENTS

The accompanying interim comparative consolidated financial statements of Midlantic Corporation ("MC") and Subsidiaries ("Midlantic" or the "Corporation") on pages 3 through 7 and related notes on pages 8 through 11 are unaudited and reflect adjustments of a normal recurring nature, unless otherwise disclosed in this Form 10-Q, which are, in the opinion of management, necessary for a fair statement of the results for the interim periods. Such statements were prepared in accordance with Article 10 of Regulation S-X.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The accompanying interim management's discussion on pages 12 through 28 provides an analysis of material changes in financial condition and results of operations in accordance with Item 303(b) of Regulation S-K and should be read in conjunction with the financial statements and related notes (see Item 1) and the tables presented on pages 29 through 46.

<TABLE>

Midlantic Corporation and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)

<CAPTION>

THREE MONTHS ENDED
MARCH 31

<S>	1994 <C>	1993 <C>
INTEREST INCOME		
Interest and fees on loans	$160,559	$163,027
Interest on investment securities		
Taxable interest income	27,526	25,053
Tax-exempt interest income	179	162
Interest on deposits with banks	4,964	4,779
Interest on other short-term investments	9,797	15,138
Total interest income	203,025	208,159
INTEREST EXPENSE		
Interest on deposits	53,868	77,097
Interest on short-term borrowings	5,123	3,071
Interest on long-term debt	8,660	9,808
Total interest expense	67,651	89,976
Net interest income	135,374	118,183
Provision for loan losses	7,499	20,000
Net interest income after provision for loan losses	127,875	98,183
NONINTEREST INCOME		
Trust income	9,782	10,233
Service charges on deposits	18,946	18,278
Investment securities gains	1,263	4,851
Income earned on factoring receivables	3,640	3,677
Other	15,621	15,457
Total noninterest income	49,252	52,496
	177,127	150,679
NONINTEREST EXPENSES		
Salaries and benefits	56,214	54,322
Net occupancy	12,235	11,299
Equipment rental and expense	6,925	7,927
Other real estate owned, net	4,169	56,609
FDIC assessment charges	7,194	9,224
Legal and professional fees	9,875	11,413
Other	24,894	28,378
Total noninterest expenses	121,506	179,172
Income (loss) before income taxes and cumulative effect of the changes in accounting principle	55,621	(28,493)
Income tax expense (benefit)	2,268	(13,026)
Income (loss) before cumulative effect of the changes in accounting principle	53,353	(15,467)

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Cumulative effect of the change in accounting for postemployment benefits	(7,528)	--
Cumulative effect of the change in accounting for income taxes	--	38,962
NET INCOME	$ 45,825	$ 23,495

(continued on next page)

Midlantic Corporation and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
(In thousands, except per share data)
(continued)

	THREE MONTHS ENDED MARCH 31	
	1994	1993
INCOME (LOSS) APPLICABLE TO PRIMARY COMMON SHARES		
Income (loss) before cumulative effect of the changes in accounting principle	$52,447	$(16,373)
Net income	44,919	22,589
INCOME (LOSS) APPLICABLE TO FULLY		

DILUTED COMMON SHARES		
Income (loss) before cumulative effect of the changes in accounting principle	53,453	(16,373)
Net income	45,925	22,589
	======	======
INCOME (LOSS) PER COMMON SHARE		
Income (loss) before cumulative effect of the changes in accounting principle		
Primary	$ .98	$(.35)
Fully diluted	.97	(.35)
Cumulative effect of the changes in accounting principle		
Postemployment benefits		
Primary	(.14)	--
Fully diluted	(.14)	--
Income taxes		
Primary	--	.83
Fully diluted	--	.83
Net income		
Primary	.84	.48
Fully diluted	.83	.48
	======	======
AVERAGE COMMON SHARES AND COMMON SHARE EQUIVALENTS		
Primary	53,473	46,973
Fully diluted	55,077	47,042
	======	======

<FN>
See Notes to Consolidated Financial Statements.
</TABLE>

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<TABLE>

Midlantic Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

<CAPTION>

<S>	MARCH 31 1994 <C>	December 31 1993 <C>
ASSETS		
Cash and due from banks	$ 659,410	$ 712,960
Interest-bearing deposits in other banks	632,002	488,821
Other short-term investments	890,000	1,290,000
Investment securities (market value 1994, $2,409,626; 1993, $2,467,793)	2,414,409	2,455,410
Total loans (net of unearned income of $138,447 in 1994 and $137,110 in 1993)	8,355,976	8,314,831
Less: allowance for loan losses	381,130	394,450
	___________	___________

Net loans	7,974,846	7,920,381
Premises and equipment, net	151,269	155,129
Due from customers on acceptances	13,866	11,084
Other real estate owned, net	121,002	132,670
Taxes receivable and net deferred tax assets	207,192	202,823
Other assets	644,887	577,304
Total assets	$13,708,883	$13,946,582
LIABILITIES AND SHAREHOLDERS' EQUITY		
Domestic deposits		
Noninterest-bearing demand	$ 2,758,783	$ 2,839,885
Interest-bearing demand	1,382,417	1,433,690
Savings	1,638,967	1,582,614
Retail money market accounts	2,163,599	2,193,582
CDs over $100,000	197,448	206,422
Other time	3,194,025	3,322,335
Overseas branch deposits	11,685	9,273
Total deposits	11,346,924	11,587,801
Short-term borrowings	622,699	674,497
Bank acceptances outstanding	13,866	11,084
Other liabilities	183,307	163,884
Long-term debt	375,000	386,752
Total liabilities	12,541,796	12,824,018

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Shareholders' equity		
Capital stock		
Preferred stock: no par value		
Authorized 40,000,000 shares		
Issued 500,000 shares in 1994 and 1993	50,000	50,000
Common stock: par value $3 per share		
Authorized 150,000,000 shares		
Issued 52,239,697 shares in 1994 and 52,173,999 shares in 1993	156,719	156,522
Surplus	604,980	603,732
Retained earnings	357,229	312,310
Net unrealized holding losses on available for sale securities, net of taxes	(1,841)	--
Total shareholders' equity	1,167,087	1,122,564
Total liabilities and shareholders' equity	$13,708,883	$13,946,582

<FN>
See Notes to Consolidated Financial Statements.
</TABLE>

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<TABLE>

Midlantic Corporation and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED MARCH 31	1994	1993
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 45,825	$ 23,495
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan and OREO losses	10,999	75,199
Depreciation of premises and equipment	5,799	6,507
Amortization of goodwill and other intangibles	1,605	1,605
Deferred income tax expense (benefit)	11,730	(15,613)
Cumulative effect of changes in accounting principle		
Income taxes	--	(38,962)
Postemployment benefits	7,528	--
Net accretion of investment securities	(4,322)	(4,303)
Accretion of net deferred loan fees	(2,281)	(2,609)
Net gains on the sales of assets	(4,785)	(5,884)
Net (increase) decrease in trading account assets	(13,096)	2,453
Net decrease in OREO	1,444	7,578
Net increase in accrued interest receivable	(29,496)	(28,042)
Net decrease in accrued interest payable	(173)	(5,937)
Net (increase) decrease in taxes receivable and net deferred tax assets	(14,797)	104,763
Net increase in other assets	(22,400)	(41,305)
Net increase in other liabilities	14,676	6,865
Other	4	(97)

Net cash provided by operating activities	8,260	85,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from bulk sales of loans	13,940	--
Proceeds from sales of OREO	13,366	13,171
Net decrease in money market investments with an original maturity of 3 months or less	664,819	249,770
Proceeds from money market investments with an original maturity of greater than 3 months	140,000	312,430
Purchases of money market investments with an original maturity of greater than 3 months	(548,000)	(931,000)
Proceeds from sales of available-for-sale securities	151,465	575,732
Proceeds from matured investment securities	403,295	164,805
Purchases of investment securities	(498,256)	(299,441)
Net decrease in loans	(98,353)	263,512
Purchases of premises and equipment	(2,038)	(6,446)
Proceeds from sale of stock warrants	1,500	--
Sales of premises and equipment	284	183
Net cash provided by investing activities	242,022	342,716

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CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in deposits	(240,877)	(553,793)
Net (decrease) increase in short-term borrowings	(51,798)	169,740
Payments on long-term debt	(11,752)	(50,000)
Proceeds from issuances of common stock	595	33
Net cash used by financing activities	(303,832)	(434,020)
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (53,550)	$ (5,591)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	712,960	799,194
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 659,410	$ 793,603

<FN>
See Notes to Consolidated Financial Statements.
</TABLE>

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<TABLE>

Midlantic Corporation and Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands, except share and per share data)

<CAPTION>

For the Three Months Ended March 31	1994	1993
<S>	<C>	<C>
PREFERRED STOCK AT JANUARY 1 AND MARCH 31	$ 50,000	$ 50,000
COMMON STOCK		
Balance at January 1	$ 156,522	$138,443
Issuance of 35,776 common shares in 1994 and 49,040 common shares in 1993 for preferred stock dividend	107	147
Issuance of 23,123 common shares and 2,042 common treasury shares in 1994 and 4,170 common shares in 1993 for stock awards	70	13
Issuance of 6,799 common shares in 1994 purchased by Midlantic's 401(k) plan	20	--
Balance at March 31	$ 156,719	$138,603
SURPLUS		
Balance at January 1	$ 603,732	$509,464
Issuance of common shares for preferred stock dividend	799	759
Issuance of common shares and common treasury shares for stock options and stock awards	284	(6)
Issuance of common shares purchased by Midlantic's 401(k) plan	165	--
Balance at March 31	$ 604,980	$510,217
RETAINED EARNINGS		
Balance at January 1	$ 312,310	$145,578
Net income	45,825	23,495
Issuance of common shares for preferred stock dividend	(906)	(906)
Balance at March 31	$ 357,229	$168,167

NET UNREALIZED HOLDING GAINS (LOSSES) ON AVAILABLE FOR SALE SECURITIES		
Cumulative effect of adoption of change in accounting for investment securities	$ 1,859	$ --
Change in unrealized holding gains	(3,700)	--
Balance at March 31	$ (1,841)	$ --
TREASURY STOCK		
Balance at January 1	$ --	$ (23)
Addition of 2,042 common shares in 1994 and 1,368 common shares in 1993	(56)	(27)
Issuance of 2,042 common treasury shares in 1994 and 1,057 common treasury shares in 1993 for stock options and stock awards	56	26
Balance at March 31	$ --	$ (24)

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TOTAL SHAREHOLDERS' EQUITY		
Balance at January 1	$1,122,564	$843,462
Net changes during period	44,523	23,501
Balance at March 31	$1,167,087	$866,963

</TABLE>

Midlantic Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RECLASSIFICATIONS - Certain captions in the financial statements presented for prior periods have been reclassified to conform with the 1994 presentation.

ASSETS HELD FOR ACCELERATED DISPOSITION - Assets held for accelerated disposition (included in other assets), which are carried at fair value less the estimated cost of disposing of the properties ("net realizable value"), amounted to $174.8 million at March 31, 1994. During the first quarter of 1994, the Corporation transferred loans and other real estate owned ("OREO") with a book value of $43.6 million ($30.6 million after related charge-offs) to assets held for accelerated disposition and resolved $12.3 million. During April 1994, a portfolio of assets was sold and certain loans and OREO, not previously identified for sale, were transferred to assets held for accelerated disposition. In the first quarter of 1993, Midlantic transferred loans and OREO with a book value of $244.0 million to assets held for accelerated disposition. These assets, which at March 31, 1993 had a net realizable value of $165.3 million, were subsequently sold in 1993.

PREFERRED STOCK - On April 13, 1994, the Board of Directors of MC declared a cash dividend on MC's Term Adjustable Rate Cumulative Preferred Stock - Series A (the "Preferred Stock") of $906 thousand, representing full payment of the first quarter 1994 dividend requirement, payable in the second quarter of 1994. Pursuant to an agreement between Midlantic and the holder of the Preferred Stock, Midlantic, at its discretion, may pay dividends in cash or in shares of common stock or in any combination thereof, so long as any such issuance would not result in the holder of the Preferred Stock being the beneficial owner of more than 4.99 percent of the outstanding shares of Midlantic's common stock.

FINANCIAL INSTRUMENTS - The following table summarizes Midlantic's significant 0ff-balance sheet financial instruments at March 31, 1994 and December 31, 1993:

<TABLE>
<CAPTION>

(In thousands)	MARCH 31 1994	December 31 1993
<S>	<C>	<C>
Unused commitments to extend credit	$2,751,549	$2,691,026
Financial standby letters of credit and similar arrangements	124,077	128,230
Performance standby letters of credit and similar arrangements	169,033	174,291
Commercial letters of credit and other short-term trade-related contingencies	55,773	48,993
Notional amount of interest rate swaps		
Agreements to receive a fixed rate of interest	3,358,783	3,369,117
Agreements to pay a fixed rate of interest	898,500	898,500
Agreements to receive and pay a variable rate of interest	200,000	--

Foreign exchange contracts	61,381	58,714
Forward interest rate swap agreements	300,000	300,000
	==========	==========

</TABLE>

STATEMENT OF CASH FLOWS - Cash paid during the first three months of 1994 and 1993 for interest on deposits, short-term borrowings and long-term debt amounted to $67.8 million and $95.9 million, respectively. Net cash paid for federal and state income taxes during the first three months of 1994 was $97.5 million and net cash received for income taxes during the first quarter of 1993 amounted to $86.7 million.

During the first three months of 1994 and 1993, $5.5 million and $53.3 million, respectively, of loans, net of charge-offs, were transferred into OREO. The transfer of loans into OREO and the transfer of loans and OREO to assets held for accelerated disposition constituted non-cash transactions and, accordingly, are not reflected in the statement of cash flows.

POSTEMPLOYMENT BENEFITS - In the first quarter of 1994, Midlantic adopted Statement of Financial Accounting Standards ("FAS") No. 112 "Employers' Accounting for Postemployment Benefits" as a cumulative effect of a change in accounting principle. The cumulative effect of this change in accounting principle reduced first quarter 1994 net income by $7.5 million or $.14 per fully-diluted common share (net of income taxes). FAS No. 112 requires accrual accounting for postemployment benefits (benefits such as severance and disability payments to former or inactive employees after employment but before retirement) under the following circumstances: if the employees' rights to those benefits are attributable to services already rendered and the rights to those benefits accumulate or vest and if payment of the benefits is probable and the amount of the benefits can be reasonably estimated. If the four criteria mentioned cannot be met, the employer should accrue an obligation for these benefits when payment is both probable and estimable. Prior to the adoption of FAS No. 112, Midlantic accounted for postemployment benefits on a pay-as-you-go basis.

ACCOUNTING FOR INVESTMENTS IN DEBT AND EQUITY SECURITIES - As of January 1, 1994, Midlantic adopted FAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities" which establishes the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. In accordance with FAS No. 115, those investments are classified and accounted for in three categories: (1) held to maturity securities, which are reported at amortized cost; (2) trading securities, which are reported at fair value with unrealized gains and losses included in earnings (which is consistent with Midlantic's prior accounting policy for such securities); and (3) available-for-sale securities, which are reported at fair value with unrealized gains and losses reported as a separate component of shareholders' equity and excluded from earnings. Data for periods prior to January 1, 1994 have not been restated.

Net unrealized holding losses on available-for-sale securities were $1.8 million at March 31, 1994, compared to a $1.9 million gain which was recorded on January 1, 1994 when FAS No. 115 was adopted, and were included as a component of shareholders' equity.

The investment securities portfolio at March 31, 1994 was comprised of the following:

(In thousands)	MARCH 31, 1994
Securities held to maturity	$1,589,810
Securities available for sale	792,118
Trading securities	32,481
Total investment securities	$2,414,409

The following table presents the maturity distribution for available-for-sale and held-to-maturity securities at March 31, 1994:

(In thousands)	AVAILABLE-FOR-SALE AMORTIZED COST	AVAILABLE-FOR-SALE FAIR VALUE	HELD-TO-MATURITY AMORTIZED COST	HELD-TO-MATURITY FAIR VALUE
0-1 years	$524,923	$523,686	$ 5,922	$ 5,979
1-5 years	209,002	208,031	626,556	624,716
5-10 years	--	--	832,273	838,671
10 + years	35,091	32,520	125,059	115,661
No maturity	26,289	27,881	--	--
	$795,305	$792,118	$1,589,810	$1,585,027

For a breakout of realized and unrealized gains/losses on investment securities, see Table V "Investment Securities - Carrying and Fair Values and Gross Unrealized Gains and Losses" and Table VI "Investment Securities - Gross Realized Gains and Losses" on page 35.

INCOME TAXES - In the first quarter of 1993, the Corporation adopted FAS No. 109 "Accounting for Income Taxes" as a cumulative effect of a change in accounting principle. The cumulative effect of this change in accounting principle increased first quarter 1993 net income by $39.0 million or $.83 per fully diluted common share. FAS No. 109 requires a change from the "deferred tax method", utilized prior to 1993, to a comprehensive tax allocation using the "liability method" of accounting for income taxes. Under the liability method, deferred income taxes are provided for temporary differences based upon the expected tax rates in the years that payment or receipt of such taxes is expected, and adjustment of the deferred tax asset or liability is required to reflect subsequent changes in income tax rates. The establishment of a valuation allowance is required for that portion of a deferred tax asset for which a tax benefit is not expected to be realized. As of March 31, 1994, the Corporation had approximately $84 million of FAS No. 109 valuation reserves which represent currently unrecognized federal and state income tax benefits.

Midlantic recorded an income tax expense of $2.3 million and a benefit of $13.0 million in the first quarters of 1994 and 1993, respectively. The income tax benefit is exclusive of the cumulative effect of Midlantic's adoption of FAS No. 109. The tax expense recorded for the first quarter of 1994 was comprised of a tax benefit of $23 million related to a reduction in the FAS No. 109 tax valuation reserve less $25 million of federal and state income tax expenses on first quarter operating earnings. The valuation

reserve adjustments are the result of Midlantic's assessment of the realization of its deferred tax asset based upon estimated future profitability.

POSTRETIREMENT BENEFIT EXPENSES

In the first quarter of 1993, the Corporation adopted FAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" which requires that the projected future cost of providing postretirement health care and other benefits be recognized on an accrual basis during the periods employees provide services to earn those benefits. The transition obligation, which is the unfunded and unrecognized accumulated postretirement benefit obligation for all plan participants at the time of adoption, is amortized by the Corporation (at its election) on a straight-line basis over a period of 20 years, beginning in 1993 and is included as a component of net periodic postretirement cost. The effect of the change in accounting for postretirement benefits from a cash basis to an accrual basis did not significantly impact the Corporation's earnings.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT - In May, 1993, the Financial Accounting Standards Board ("FASB") issued FAS No. 114 "Accounting by Creditors for Impairment of a Loan" which is effective for fiscal years beginning after December 15, 1994. Under FAS No. 114 an impaired loan is defined as a loan for which it is probable, based on current information, that the lender will not collect all amounts due under the contractual terms of the loan agreement. FAS No. 114 requires that impaired loans be measured based upon either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. Midlantic has not determined the effect of adoption and, at this time, does not plan to elect early adoption.

MIDLANTIC CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SUMMARY
Midlantic Corporation and Subsidiaries ("Midlantic" or the "Corporation") reported net income for the three months ended March 31, 1994 of $45.8 million or $.83 per fully diluted common share as compared to net income of $23.5 million, or $.48 per fully diluted common share for the corresponding period of 1993.

Income before taxes, credit provisions and certain nonrecurring gains or charges ("operating margin") amounted to $65.4 million in the first quarter of 1994, nearly sixty percent over the level recorded in the first quarter of 1993. The increase in operating margin reflects an increase in net interest income due to declining funding costs as well as higher loan yields resulting from lower levels of nonaccruing loans and growth in the Corporation's consumer loan portfolio. In addition, operating expenses were lower primarily due to reduced FDIC assessment charges and loan workout costs as well as Midlantic's continued commitment to expense management.

The following table summarizes Midlantic's results of operations for the three months ended March 31, 1994 and 1993:
<TABLE>
MAJOR COMPONENTS OF THE RESULTS OF OPERATIONS
(In thousands)
<CAPTION>

	THREE MONTHS ENDED MARCH 31 1994	1993
INCOME BEFORE CREDIT PROVISIONS, NONRECURRING ITEMS, INCOME TAXES AND THE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE		
<S>	<C>	<C>
Net interest income	$135,374	$118,183
Noninterest income	47,989	47,645
Noninterest expenses		
Salaries and benefits	56,214	54,322
OREO expenses, net (excluding OREO provision)	669	1,410
Other	61,123	68,241
OPERATING MARGIN	65,357	41,855
ADDITIONS		
Investment securities gains	1,263	4,851
DEDUCTIONS		
Provision for loan losses	7,499	20,000
Provision for OREO*	3,500	55,199
Income (loss) before income taxes and cumulative effect of changes in accounting principle	55,621	(28,493)
Income tax expense (benefit)	2,268	(13,026)
Income (loss) before cumulative effect of changes in accounting principle	53,353	(15,467)
Cumulative effect of changes in accounting principle	(7,528)	38,962
NET INCOME	$ 45,825	$ 23,495

<FN>
* Results of operations for the three months ended March 31, 1993 include a $34

million special provision for OREO that was identified for accelerated disposition.
</TABLE>

RECENT ACTIVITIES OF THE CORPORATION

Following Midlantic's recent significant improvements in financial condition and performance, asset quality and capital ratios, the Federal Reserve Bank of New York ("FRB") and the Office of the Comptroller of the Currency ("OCC") in March 1994, terminated the written agreements under which the Corporation and its lead bank, Midlantic National Bank ("MNB") operated. In addition, in April 1994, the Board of Directors approved a cash dividend on Midlantic's common stock, to be paid in the second quarter, of $.10 per share, the first dividend paid to common shareholders since the third quarter of 1990.

On April 21, 1994, the Corporation filed an application with the OCC to merge Continental Bank ("CB") into MNB. Upon completion of this proposed merger, the merged bank will be renamed Midlantic Bank, N.A.. Pending regulatory approval, it is anticipated that this merger will be completed by the end of 1994.

During 1993, the Corporation completed a bulk sales program, initiated early in the year, of distressed real estate assets with a book value of $293.6 million. The assets sold were predominantly commercial real estate loans and other real estate owned ("OREO") properties in New Jersey, Pennsylvania and Florida. In December 1993, the Corporation determined to proceed with a second major bulk sales program involving loans and OREO with an aggregate book value, before charge-offs, that totalled approximately $335 million at March 31, 1994. The assets for sale, which have been reclassified in the Corporation's balance sheet to other assets as "assets held for accelerated disposition," predominantly represent real estate development loans and holdings of land in New Jersey and Pennsylvania. By the end of April 1994, Midlantic resolved or sold approximately 20 percent of these assets. Disposition of the balance of assets held for accelerated disposition, anticipated to be completed during the remainder of 1994, is subject to satisfaction of various conditions including customary closing conditions and in some cases successful negotiation of terms and execution of definitive agreements. No assurance can be given that the disposition of these assets will be consummated or that, if consummated, all of the assets presently anticipated to be included in such bulk sales will be sold. At March 31, 1994, assets held for accelerated disposition, which are carried at fair value less the estimated cost of disposing of the properties ("net realizable value"), amounted to $174.8 million. In April 1994, the Corporation added certain loans and OREO, not previously identified for sale, to assets held for accelerated disposition.

During the third quarter of 1993 the Corporation announced its Business Value Banking sm program for the purpose of providing banking services to small businesses in Midlantic's market area. In conjunction with the program, the Corporation also announced a $1 billion lending initiative to small and medium-sized commercial businesses. A major marketing program has recently commenced to communicate Midlantic's commitment to build a greater presence in its business market.

In the second quarter of 1993, the Corporation bolstered its capital base through the issuance, in a public offering, of 5.75 million shares of common stock for net proceeds of $107.1 million.

RESULTS OF OPERATIONS
FIRST QUARTER 1994 VS FIRST QUARTER 1993

NET INTEREST INCOME
Net interest income ("NII") for the first quarter of 1994 exceeded that of the first quarter of 1993 by $17.2 million or 14.5 percent.

<TABLE>
NET INTEREST INCOME/NET INTEREST MARGIN

(Dollars in thousands)
<CAPTION>

<S>	THREE MONTHS ENDED MARCH 31 1994 <C>	1993 <C>	Increase (Decrease) <C>
Net interest income	$135,374	$118,183	$17,191
Net interest margin*	4.42%	3.76%	.66%

<FN>
* Net interest income (not on a tax-equivalent basis) as a percent of those average assets which generate contractual interest receivables.
</TABLE>

NII for the first quarter of 1994 as compared with the first quarter of 1993 was primarily affected by declining funding costs relative to asset yields. Lower levels of nonaccrual assets moderated the unfavorable affect of a decline in interest-earning assets on NII.

Average interest-earning assets declined $326.1 million for the three months ended March 31, 1994 when compared with average interest-earning assets for the corresponding period of 1993. This primarily reflected a contraction in average loans of $438.3 million. Loans sold in bulk sales or identified for accelerated disposition and charge offs were partly responsible for the decrease in loans in the first quarter of 1994. On average, consumer loans were $666.1 million or 40.4 percent higher than in the first quarter of 1993. However, commercial loans fell by $409.4 million or 12.3 percent when comparing average balances for the first quarters of 1994 and 1993. Excluding real estate loans, which continue to decline as older credits runoff, loan growth during the first quarter of 1994 was stronger than in recent quarterly periods. Commercial loans and consumer loans increased in the aggregate by $190.7 million or 3.6 percent from the balance at December 31, 1993.

The small net decline in average interest-earning assets reflects a lower level of interest-bearing funding. There is evidence that the decrease in interest-bearing deposits may be partially a result of an industry-wide movement of depositors' funds to non-deposit instruments.

<TABLE>
AVERAGE BALANCES
(In millions)
<CAPTION>

<S>	THREE MONTHS ENDED MARCH 31 1994 <C>	1993 <C>	Increase (Decrease) <C>
Average interest-earning assets	$12,422	$12,748	$(326)
Average interest-bearing			

sources of funds	9,775	10,472	(697)
Average noninterest-bearing sources of funds*	2,647	2,276	371

<FN>
* Primarily comprised of noninterest-bearing demand deposits.
</TABLE>

The net interest margin in the first quarter of 1994 was 66 basis points higher than in the corresponding period of 1993. The increase in net interest margin reflected a 65 basis points decline in the rate paid on total sources of funds (particularly retail deposits) and a 1 basis point increase in the yield on interest-earning assets.

PROVISION FOR LOAN LOSSES
The provision for loan losses was $7.5 million for the first quarter of 1994 and $20.0 million for the first quarter of 1993. Based upon Midlantic's methodology for establishing an allowance for loan losses as discussed under the "Asset Quality" and "Allowance for Loan Losses" sections of this report, Midlantic concluded that its allowance for loan losses, after giving effect to the 1994 loan loss provision, was adequate at March 31, 1994 to absorb estimated losses in its credit portfolios.

NONINTEREST INCOME

<TABLE>
NONINTEREST INCOME
(In thousands)

<CAPTION>

THREE MONTHS ENDED MARCH 31	1994	1993	Increase (Decrease)
<S>	<C>	<C>	<C>
Trust income	$ 9,782	$10,233	$ (451)
Service charges on deposit accounts	18,946	18,278	668
Investment securities gains	1,263	4,851	(3,588)
Income earned on factoring receivables	3,640	3,677	(37)
Miscellaneous	15,621	15,457	164
TOTAL NONINTEREST INCOME	$49,252	$52,496	$(3,244)

</TABLE>

Trust fees were unfavorably affected by the termination of a small number of employee benefit accounts, but benefitted from a higher level of investment advisory fees from the "Compass Capital Group", Midlantic's proprietary mutual fund group and fees generated from "Enhanced Asset Management", a financial tool that matches asset allocation to the trust or investment client's risk and return objectives.

Service charge income grew by $668 thousand or 3.7 percent for the first quarter of 1994. The repricing of services contributed to higher income levels.

Net investment securities gains amounted to $1.3 million for the three months ended March 31, 1994 compared with net gains of $4.9 million during the first quarter of 1993. Gains in 1994 were realized primarily from the sale of nearly $150 million of U.S. Treasury securities in the Corporation's available for sale investment portfolio. Gains in 1993 were realized from the sale of $562 million of U.S. Treasury securities that were previously identified for sale.

NONINTEREST EXPENSES

<TABLE>
NONINTEREST EXPENSES
(In thousands)
<CAPTION>

THREE MONTHS ENDED MARCH 31	1994	1993	Increase (Decrease)
<S>	<C>	<C>	<C>
Salaries and benefits	$ 56,214	$ 54,322	$ 1,892
Net occupancy	12,235	11,299	936
Equipment rental and expense	6,925	7,927	(1,002)
Other real estate owned, net	4,169	56,609	(52,440)
FDIC assessment charges	7,194	9,224	(2,030)
Legal and professional fees	9,875	11,413	(1,538)
Miscellaneous	24,894	28,378	(3,484)
TOTAL NONINTEREST EXPENSES	$121,506	$179,172	$(57,666)

</TABLE>

Salaries and benefits expense increased $1.9 million or 3.5 percent for the three months ended March 31, 1994. The increase in salaries and benefits expense primarily reflected expenses incurred for Midlantic's "401(k)" employee savings plan which was established during the third quarter of 1993 and other employee incentive plans, partially offset by an approximate 8 percent decline in the number of full-time equivalent employees.

In regard to net occupancy and equipment related expenses, higher repairs and maintenance expenses, due largely to heavier than normal snow and ice removal costs, were more than offset by the renegotiation of equipment rental contracts and a decline in depreciation.

Expenses associated with OREO declined $52.4 million for the first quarter of 1994 when compared with the corresponding period of 1993. Included in the first quarter 1994 and 1993 expenses were charges of $3.5 million and $21.1 million, respectively, which adjusted the carrying value of certain OREO properties to approximate net realizable value. The $17.7 million or 83.5 percent decline in such adjustments is due to lower levels of OREO holdings and to an apparent price stabilization in many real estate markets as reflected by appraisals received on OREO properties. In the first quarter of 1993, $34.0 million was also provided against those OREO properties that were transferred to "assets held for accelerated disposition" and subsequently sold later in the year. Such special provision represented the adjustment to carrying values necessary in the Corporation's judgment to reflect the net realizable value of those assets when liquidated in an accelerated manner in bulk sales transactions. OREO expenses in both 1994 and 1993 also included operating costs, net of rental income for OREO properties and net gains or losses on the sale of OREO.

The Federal Deposit Insurance Corporation ("FDIC") assessment decreased by $2.0 million or 22.0 percent for the three months ended March 31, 1994, as a result of a decline in the premium paid by Midlantic's bank subsidiaries. The level of expenses in the first quarter of 1993 had increased following imposition of a new risk-based assessment system which was adopted by the FDIC as of January 1, 1993. The assessment fees on Midlantic's bank subsidiaries were reduced later in 1993 and again as of January 1, 1994.

The decline in legal and professional fees of $1.5 million or 13.5 percent for the first quarter of 1994, was primarily due to a reduction in loan workout expenses primarily reflecting the Corporation's lower level of problem assets.

Miscellaneous expenses decreased $3.5 million or 12.3 percent in the first quarter of 1994 compared to the first quarter of the previous year. Expense levels were generally lower than those of last year reflecting the Corporation's continued dedication to expense management.

INCOME TAXES

ADOPTION OF FAS NO. 109

In the first quarter of 1993, Midlantic adopted Financial Accounting Standards ("FAS") No. 109. FAS No. 109 requires a shift from the "deferred tax method", formerly utilized, to the "liability method" of accounting for income taxes and the establishment, when required, of a valuation allowance for deferred tax assets. Midlantic adopted FAS No. 109 by recognizing the effect of adoption as a cumulative change in accounting principle. The adoption of FAS No. 109 provided the Corporation with an income credit, realized in the first quarter of 1993, of $39.0 million or $.83 per fully diluted common share. As of March 31, 1994, the Corporation had approximately $84 million of FAS No. 109 valuation reserves, which represent currently unrecognized federal and state income tax benefits.

GENERAL

Midlantic recorded an income tax expense of $2.3 million in the first quarter of 1994 and a tax benefit of $13.0 million in the first quarter 1993. The tax expense recorded for the first quarter of 1994 was comprised of a tax benefit of $23 million related to a reduction in the FAS No. 109 tax valuation reserve and $25 million of federal and state income tax expenses on first quarter operating earnings. The tax benefit for the first quarter of 1993 was related to a reduction in the FAS No. 109 tax valuation reserve. The valuation reserve adjustments are the result of Midlantic's assessment of the realization of its deferred tax asset based upon estimated future profitability.

POSTEMPLOYMENT BENEFIT EXPENSES

In the first quarter of 1994, Midlantic adopted FAS No. 112 "Employers' Accounting for Postemployment Benefits" as a cumulative effect of a change in accounting principle amounting to a charge of $7.5 million, net of income taxes, or $.14 per fully diluted common share. FAS No. 112 requires accrual accounting for certain postemployment benefits (benefits such as disability and health coverage to former or inactive employees after employment but before retirement) under the following circumstances: if the employees' rights to those benefits are attributable to services already rendered, the rights to those benefits accumulate or vest, and if payment of the benefits is probable and the amount of the benefits can be reasonably estimated. If the four criteria mentioned cannot be met, the employer should accrue an obligation for these benefits when payment is both probable and estimable. Midlantic previously accounted for postemployment benefits on a pay-as-you-go basis.

POSTRETIREMENT BENEFIT EXPENSES

In the first quarter of 1993, the Corporation adopted FAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" which requires that the projected future cost of providing postretirement health care and other benefits be recognized on an accrual basis during the periods employees provide services to earn those benefits. The transition obligation, which is the unfunded and unrecognized accumulated postretirement benefit obligation for all plan participants at the time of adoption, is amortized by the Corporation (at its election) on a straight-line basis over a period of 20 years, beginning in 1993 and is included as a component of net periodic postretirement cost. The effect of the change in accounting for postretirement benefits from a cash basis to an accrual basis did not significantly impact the Corporation's earnings.

FINANCIAL CONDITION
MARCH 31, 1994 VS. DECEMBER 31, 1993

ASSET QUALITY

Midlantic has made significant progress in improving asset quality in recent years as nonaccrual loans and OREO were reduced from the peak levels experienced in 1991, amounting to over 12 percent of loans and OREO outstanding at that time, to less than 5 percent at the end of 1993 (excluding assets held for accelerated disposition which are carried at net realizable value). Further improvement is expected but, with a much smaller level of nonaccruing and OREO assets, management expects that the rate of improvement will likely be somewhat less rapid than in the preceding two years. As of March 31, 1994, nonaccrual loans and OREO assets totalled $374.5 million or 4.4 percent of loans and OREO outstanding compared to $398.0 million or 4.7 percent at the end of 1993.

Changes in nonaccrual loan totals are summarized in Table XV. At March 31, 1994, nonaccrual loans were primarily comprised of commercial and financial (50.4 percent of the total), long-term commercial mortgages (21.1 percent of the total) and construction and development loans (15.9 percent of the total). The relationship of each of these categories of nonaccrual loans to its respective loan portfolio was 4.2 percent commercial and financial; 3.3 percent long-term commercial mortgage; and 5.1 percent construction and development.

Construction and development loans and long-term commercial mortgage loans ("commercial real estate loans") that were nonaccrual at quarter-end 1994 collectively amounted to $93.9 million, of which 27.4 percent comprised industrial/warehouse, 18.0 percent land, 15.3 percent residential properties, and 9.0 percent office buildings. Total commercial real estate loans declined significantly during the past twelve months as indicated in the following table:

<TABLE>
COMMERCIAL REAL ESTATE LOANS
(In millions)
<CAPTION>

FOR THE QUARTER ENDED	MARCH 31 1994	Dec. 31 1993	March 31 1993
<S>	<C>	<C>	<C>
Long-term commercial mortgage loans	$1,631	$1,665	1,839
Construction and development loans	789	834	1,227
Total commercial real estate loans	$2,420	$2,499	$3,066

</TABLE>

The decline in total commercial real estate loans was primarily due to principal paydowns, the transfer of loans to OREO, loan charge-offs and loans sold in bulk sales or identified for possible bulk sale. In anticipation of possible bulk sales, during the fourth quarter of 1993 and the first quarter of 1994, the Corporation transferred commercial real estate loans with an aggregate book value of approximately $260 million to other assets as "assets held for accelerated disposition." Management's intention is to further reduce construction and development loan exposure through sales and paydowns.

The level of commercial nonaccrual loans, which increased $13.2 million since December 31, 1993, reflects the continued impact of a relatively weak business recovery in Midlantic's core market area.

Future levels of nonaccrual loans will continue to be dependent upon the economy. Stronger than expected economic growth would tend to result in reductions in nonaccrual loans while a deterioration in economic conditions would tend to have the opposite effect.

It is not possible to precisely predict the extent of losses which may ultimately be incurred from Midlantic's remaining nonaccrual loans at the end of the first quarter of 1994. Such loans are often partially or fully secured and since the total is much lower than the comparable totals of a year ago, the relative aggregate risk of loss to the Corporation has been reduced.

Midlantic has restructured certain loans in accordance with the requirements of FAS No. 15 "Accounting by Debtors and Creditors for Troubled Debt Restructurings" in instances where a determination was made that greater economic value would be realized under new terms than through foreclosure, liquidation or other disposition. When restructured loans can demonstrate performance (as generally evidenced by six months of pre- or post-restructuring payment performance in accordance with the restructured terms, or by the presence of other significant factors) such loans are classified by the Corporation as "renegotiated loans" and accrual of interest resumes. Prior to demonstrating performance, restructured loans are classified as nonaccrual. Renegotiated loans amounted to $165.5 million at March 31, 1994 compared with $172.1 million at year-end 1993 (see Table XIII). The average current yield recognized as interest on accruing renegotiated loans is 6.42 percent. The effective interest rate as calculated under FAS No. 15 on these renegotiated loans is 7.33 percent. In those cases in which average current yield differs from the effective yield, Midlantic's management has elected to recognize income prospectively on the more conservative average current yield basis until certain contingencies are met.

OREO (in-substance foreclosures and acquired OREO properties) amounted to $121.0 million at March 31, 1994, down $11.7 million or 8.8 percent from the December 31, 1993 level of $132.7 million. At March 31, 1994, in-substance foreclosures amounted to $33.5 million and acquired OREO properties were $87.5 million as compared with levels of $35.4 million and $97.2 million, respectively, at December 31, 1993. The decline in total OREO since December 31, 1993 primarily reflected OREO properties sold of $13.1 million, writedowns of $3.5 million and additions to OREO totalling $5.7 million (see Table XVIII).

Accruing loans past due ninety days or more as to interest or principal payments amounted to $20.9 million and $36.2 million at March 31, 1994 and December 31, 1993, respectively.

As of the end of the first quarter of 1994, Midlantic had identified an additional $54.0 million of currently performing loans outstanding for which there is serious doubt as to whether the borrowers will be able to fully comply with the present repayment terms of the loans.

Midlantic originated or participated in highly leveraged transactions ("HLTs"), which represent loans for the buyout, acquisition or recapitalization of an existing business resulting in a significant increase in the leverage of the borrower. Based upon the bank regulators' February 1992 revised supervisory definition, 20 HLTs in the amount of $177.7 million were outstanding at March 31, 1994 and Midlantic is committed to lend an additional $97.9 million primarily to these HLT borrowers. At December 31, 1993, Midlantic had 22 reportable HLT outstandings amounting to $198.9 million

and unfunded commitments to HLT borrowers of $107.6 million. Midlantic's entire HLT exposure is comprised of senior debt. HLTs comprised 2.1 percent of total loans at March 31, 1994 and their contribution to total revenue was modest.

The Corporation's foreign outstandings (principally money market assets) at March 31, 1994, all of which were dollar denominated, amounted to $680.6 million or 5.0 percent of total consolidated assets as compared with $637.9 million or 4.6 percent at year-end, 1993. The majority of foreign outstandings are short-term money market investments with domestic subsidiaries of foreign banks. At March 31, 1994, foreign outstandings to individual countries exceeding .75 percent of total assets, were France, Canada and Germany (amounting to 1.3 percent, .9 percent and .8 percent, respectively, of total assets). At December 31, 1993, foreign outstandings to France, Japan and Switzerland amounted to 1.1 percent, .9 percent and .9 percent of total assets, respectively. Substantially all of these outstandings were with banks.

ALLOWANCE FOR LOAN LOSSES

Midlantic considers various factors in determining the appropriate level of the allowance for loan losses, including an assessment of the financial condition of individual borrowers, a determination of the value and adequacy of underlying collateral (based on appraisals, where appropriate or required), the composition and balance of the credit portfolio, a review of historical loss experience and an analysis of the levels and trends of delinquencies, charge-offs and the risk ratings of the various loan categories and criticized loans. Such factors as the condition of the national and regional economies and the level and trend of interest rates are also considered. Additions to the allowance are made through provisions charged against current operations and through any recoveries on loans previously charged off. Midlantic's allowance for loan losses amounted to 4.56 percent and 4.74 percent of total loans, net of unearned income, at March 31, 1994 and December 31, 1993, respectively. The decline in this ratio reflects the decrease in nonaccrual loans and the related allowances allocated to those nonaccrual loans. At both March 31, 1994 and December 31, 1993, the ratio of the allowance for loan losses to nonaccrual loans amounted to approximately 150 percent.

As part of its process for assessing asset quality and the allowance for loan losses, Midlantic refers to third party sources for data concerning economic trends. This information indicates that the economies of Midlantic's primary real estate lending markets have been adversely affected by overall corporate downsizing, increasing unemployment, declining real estate values, diminishing consumer confidence levels and relatively high debt levels. While certain markets began to show signs of improvement or stabilization since late 1992, this followed two years (1990 and 1991) of significant deterioration in the value and marketability of all real estate types.

In connection with the bulk sale or designation for possible bulk sale of distressed real estate loans, during 1993, the Corporation charged-off a net $181.9 million of loans. During the first three months of 1994 a net $7.9 million was charged-off on loans designated during this period as held for accelerated disposition.

Midlantic's net charge-offs of $12.9 million for the first three months of 1994 compared with $28.9 million for the corresponding period of 1993 (which

does not include the above-mentioned charge-offs on loans sold in bulk sales transactions or loans identified for possible bulk sale). Net charge-offs as a percent of average loans, on an annualized basis, amounted to .63 percent, as compared with 1.35 percent for the first three months of 1993 and 1.95 percent for the year ended December 31, 1993. Net charge-offs in 1994 principally reflected net losses incurred on commercial and financial loans ($5.1 million), commercial real estate loans ($4.1 million) and loans to individuals ($3.3 million).

As part of its process to assess credit quality, Midlantic utilizes its risk rating system to analyze its loans. The risk rating system monitors the risk trends in Midlantic's loan portfolio and assists in establishing an adequate allowance for loan losses. The rating system assigns a separate numerical rating to each credit based upon an assessment of the degree of risk inherent in each loan. Regular audits and reviews test the risk ratings, the integrity of the loan management information system and the adherence to credit policies and procedures. Reviews are also conducted to test portfolio, industry and borrower risk trends.

Midlantic considers its allowance for loan losses to be adequate based upon the size and risk characteristics of the credit portfolio outstanding at March 31, 1994, including the uncertainties that prevail in the economy, most notably in the real estate market. If economic conditions were to deteriorate significantly, future provisions for loan losses could increase above the level taken in the first quarter of 1994 in order to maintain an adequate allowance for loan losses.

INVESTMENT SECURITIES

In the first quarter of 1994, Midlantic adopted FAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities". FAS No. 115 established the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. Under the provisions of FAS No. 115, those investments have been classified into three categories: (1) held to maturity securities which the Corporation has both the positive intent and ability to hold until maturity are reported at amortized/accreted cost; (2) trading securities, which are purchased and held principally for the purpose of selling in the near-term, are reported at fair value with unrealized gains and losses included in earnings, (which is consistent with Midlantic's prior accounting policy for such securities); and

(3) available for sale securities ("AFS securities"), which do not meet the criteria of the other two categories, are reported at fair value with unrealized gains or losses, net of applicable income taxes, reported as "net unrealized holding gains (losses) on available for sale securities, net of taxes," a separate category of shareholders' equity.

At March 31, 1994, investment securities totalled $2.4 billion (based upon the provisions of FAS No. 115), virtually unchanged from the $2.5 billion recorded at December 31, 1993. The investment securities portfolio at March 31, 1994 included $1.6 billion of held to maturity securities, $792.1 million of AFS securities and $32.5 million of trading account securities. On March 31, 1994, Midlantic recorded as a component of shareholders' equity, an unrealized holding loss on AFS securities of $1.8 million, compared to a $1.9 million gain recorded at the beginning of the year, when FAS No. 115 was adopted. Increasing interest rates, particularly on U.S. government securities, resulted in the unrealized holding loss.

Net unrealized depreciation on Midlantic's held to maturity portfolio amounted to $4.8 million at March 31, 1994, which was comprised of gross unrealized losses of $11.4 million and gross unrealized gains of $6.6 million (see Table V). At December 31, 1993, the Corporation had net unrealized appreciation of $12.4 million on its total investment securities portfolio, which was comprised of gross unrealized gains of $13.9 million and gross unrealized losses of $1.5 million.

At quarter-end 1994, the available for sale portfolio consisted of $731.5 million of U.S. Treasury obligations with a remaining maturity of approximately 1.0 years and debt, equity and state and municipal securities totalling $60.6 million. The held to maturity portfolio, which had an average maturity of 3.8 years at March 31, 1994, is comprised of $1.0 billion of federal agency mortgage-backed securities (with a weighted average maturity of approximately six years) and $577.0 million of shorter-term U.S. Treasury securities. The average maturity of the investment portfolio outstanding on December 31, 1993 amounted to approximately 3 years.

MONEY MARKET INVESTMENTS

The Corporation presently invests a sizable portion of its available funds in short-term money market investments, including federal funds sold, term federal funds sold, interest-bearing deposits in other banks, repurchase agreements and commercial paper. At March 31, 1994, money market investments totalled $1.5 billion or 12.3 percent of total interest-earning assets compared with $1.8 billion or 14.1 percent of interest-earning assets at year-end 1993. Midlantic anticipates that over time a portion of these liquid assets will be utilized to fund loan demand.

INTEREST SENSITIVITY MANAGEMENT

Interest rate risk refers to the periodic and cumulative exposure from changes in interest rates on earnings and capital. While Midlantic, like any financial intermediary, will typically incur some amount of interest rate risk in the normal course of providing services to its borrowing customers and depositors, the Corporation's policy is to protect its earnings and capital from undue exposure to volatile interest rates. Midlantic's Asset-Liability Committee ("ALCO") assesses the degree of this risk by simulating the Corporation's earnings under alternative balance sheet structures and under a variety of interest rate scenarios, with the actual amount of such risk typically maintained at a manageable percentage of core net interest income and capital.

Earnings exposure to interest rates arises from a variety of factors, a primary source being any mismatches in the maturity and repricing distribution of the Corporation's assets and liabilities. For example, at any point in time, if more of the Corporation's outstanding assets are scheduled to mature or to reprice earlier than its liabilities, the Corporation's earnings may be vulnerable to a decline in the general level of interest rates because in this circumstance the Corporation's asset yields would decline sooner than its funding costs. Conversely, if more of the Corporation's liabilities reprice or mature earlier than its assets, earnings may be exposed to an increase in the general level of interest rates since funding costs would tend to rise before asset yields. This type of risk is approximately illustrated in the "static gap" model which expresses the assets and liabilities due to mature, to be repriced, or assumed to be repriced in various time intervals. Within one year of March 31, 1994, Midlantic had approximately $545 million more liabilities maturing or repricing than assets. This March 31, 1994 gap indicated a possible decline in NII if interest rates increase immediately.

The calculated amount of prospective NII at risk to interest rate changes within one year is estimated to be about 3 percent (assuming interest rate volatility is similar to that experienced during the past several years) and in line with the Corporation's policy parameters in this regard. Midlantic manages its interest sensitivity position with an objective of avoiding material mismatching of the amounts of assets and liabilities subject to rate changes within each time interval.

In order to maintain earnings and capital exposure to interest rate changes within prudent bounds, Midlantic utilizes interest rate swaps to hedge existing balance sheet items that have a high degree of inverse rate correlation to the swap. Most of the interest rate swaps outstanding as of March 31, 1994 entitled Midlantic to receive or pay a fixed rate of interest to the final maturity of each swap in exchange for a variable rate of interest, which is reset quarterly and generally tied to the three month LIBOR (an internationally recognized interest rate index).

<TABLE>

INTEREST RATE SWAPS

<CAPTION>

	MARCH 31, 1994			
(In millions)	Notional Amounts	Fixed Rate	Variable Rate	Net Exchange Rate
<S>	<C>	<C>	<C>	<C>
Receive a fixed rate of interest	$3,358	5.38%	3.50%	1.88%
Pay a fixed rate of interest	$ 899	5.15%	3.49%	1.66%
Receive and pay a variable rate of interest	$ 200	N/A	3.88% (receive) 3.58% (pay)	} }.30%
	======	====	====	====

</TABLE>

The notional amounts listed in the above table represent the base on which interest due each counterparty is calculated. The notional amounts do not represent amounts actually exchanged by the counterparties and are therefore not recorded on the balance sheet. At March 31, 1994, Midlantic did not have any interest swaps or forward interest rate swap agreements tied other than to a fixed rate, LIBOR or prime rate, nor did the Corporation maintain or utilize, at that time, any exchange traded futures contracts, options or other exchange traded off-balance sheet derivative transactions. At that date, Midlantic did not engage in any swap transactions as an intermediary, although the Corporation may decide to do so in the future if customer demand warrants.

At March 31, 1994, the Corporation used interest rate swaps for which it received interest at a fixed rate to hedge certain loans and fixed cost deposits and other funding. For those swaps on which Midlantic has agreed to pay a fixed rate, the hedged items are generally investment securities bearing fixed rates of interest with stated maturities of five to seven years.

During the first quarter of 1994, the Corporation entered into $200.0 million (notional amount) of swap contracts in which it pays an interest rate tied to the prime rate and receives LIBOR (representing the only significant activity in the Corporation's interest rate swap accounts during the quarter). The purpose of these contracts is to hedge against the risk that funding costs could rise faster than the interest earned on earnings assets whose yields adjust to changes in the prime rate. As of March 31, 1994, there were no terminated swap contracts and accordingly, no deferred gains or losses.

Credit risk associated with interest rate swap contracts arises from the potential for a counterparty to default on its obligations. Midlantic attempts to limit credit risk by transacting only with the most creditworthy counterparties. All counterparties to contracts in place as of March 31, 1994 were associated with organizations having securities rated as investment grade by independent rating agencies.

As of March 31, 1994, the estimated credit exposure associated with interest rate swap contracts was approximately $85 million representing those swaps that show a positive (favorable) mark-to-market position (see table below). The following table summarizes the maturities of the notional amounts of all swap contracts in place as of March 31, 1994. Net interest income recorded by the Corporation in the first quarter of 1994 for all interest rate swap contracts amounted to $14.3 million. Management believes that the swap contracts it has in place as of March 31, 1994 have been effective tools in the control of interest rate risk.

<TABLE>

MATURITY OF DISTRIBUTION OF SWAP CONTRACTS IN PLACE AS OF MARCH 31, 1994*

<CAPTION>

	Notional Amounts		
(In millions)	Receive Fixed	Pay Fixed	Receive and Pay Variable
<S>	<C>	<C>	<C>
1994 - Second quarter	$ 50	$ --	$ --
- Third quarter	50	--	--
- Fourth quarter	709	--	--
1995 - First quarter	400	--	--
- Second quarter	--	--	--
- Third quarter	--	--	--
- Fourth quarter	1,000	--	--
1996	900	--	200
1997	250	599	--
1998 and after	--	300	--
Total interest rate swaps	$3,359	$ 899	$ 200
Fair value of interest rate swaps (gross)	$ 50	$ 35	$ (1)

<FN>

* Excludes $300 million of forward interest rate swap agreements for which Midlantic had a firm commitment for delivery, which occurred in early April, 1994.

</TABLE>

LIQUIDITY

GENERAL

Liquidity represents the Corporation's ability to efficiently fulfill its funding obligations at reasonable cost. Through its ALCO, Midlantic addresses the liquidity requirements of its holding companies and its major bank and nonbank subsidiaries on both a short-term and long-term basis using a variety of operating scenarios that take into account the effect of both quantitative and qualitative influences. These influences include national and regional economic conditions, the interest rate environment, loan quality, unfunded commitments, projections of deposit and loan growth and key ratio analyses. On a longer-term basis, liquidity is projected using investment and funding alternatives that take into consideration the Corporation's strategic objectives.

Major sources of liquidity include short-term money market investments, maturing investments in U.S. government and other investment securities and proceeds from loan maturities or paydowns, as well as core deposits and the ability to access large liability funding sources (primarily large CD's, federal funds purchased and repurchase agreements). Such sources of liquidity may be used to fund loan originations, depositor withdrawals and other demands on the Corporation's liquid resources.

To fund future loan growth, Midlantic expects to first utilize a major portion of its money market investments and proceeds from scheduled loan payments. Liquidity may also continue to be generated by the possible sale or securitization of existing assets as well as through increases in core deposits to the extent available.

<TABLE>

LIQUIDITY RATIOS

<CAPTION>

<S>	MARCH 31 1994 <C>	December 31 1993 <C>	March 31 1993 <C>
Liquidity ratio (1)	28.6%	31.6%	30.3%
Funding ratio (2)	(21.0)	(25.0)	(23.9)
Total loans, net of unearned income, as a % of total deposits	73.6	71.8	70.2
Core deposits as a % of total loans, net of unearned income	133.3	136.8	136.1
Unfunded loan commitments as a % of loans outstanding	32.9	32.4	33.0

<FN>
(1) Ratio of net short-term assets to net funding liabilities.
(2) Total purchased funds and money market investments less investment securities due in one year as a percent of investment securities due in more than one year and total loans, net of unearned income.
</TABLE>

At March 31, 1994, Midlantic had unfunded loan commitments outstanding of $2.8 billion as compared with $2.7 billion at December 31, 1993. Takedowns on commitments have been occurring during the normal course of business at levels that are historically predictable.

PARENT COMPANIES

Midlantic Corporation ("MC") and its lower-tier holding company, Midlantic Banks Inc. ("parent companies") require sources of funds to meet contractual obligations, including servicing long-term debt, and cash dividend payments on the Corporation's preferred and common stock.

The parent companies' liquidity (cash on hand, money market investments and available for sale securities), which is managed in conjunction with the short-term resources of the Corporation's nonbank subsidiaries, aggregated $224.5 million at March 31, 1994 compared to $234.6 million at December 31, 1993. During the first quarter of 1993, the Corporation paid at maturity $50 million of its 11.35% Notes and obtained a federal income tax refund of approximately $40 million. The parent companies' liquidity position was enhanced in the second quarter of 1993 by the proceeds of $107.1 million from the issuance of common stock (see "Recent Activities of the Corporation"). In the first quarter of 1994, the Corporation redeemed at par value ($11.8 million), the remaining outstanding 7 3/4% Debentures. Ongoing parent company

operating and interest expenses and dividends are expected to be fully funded from dividend payments and management fees from MNB and CB.

As a result of MNB's financial progress over the past several quarterly periods, on April 13, 1994, the Board of Directors approved a cash dividend by MNB to its parent (the last dividend paid by MNB was in the first quarter of 1990). Under certain circumstances, CB requires advance approval from the FDIC and the Pennsylvania Department of Banking to pay dividends. CB has remitted uninterrupted dividends since the third quarter of 1992.

CAPITAL ADEQUACY

Midlantic places a high priority on capital adequacy in order to exceed minimum bank regulatory guidelines and position the organization to compete effectively in its market areas.

In recent years, Midlantic has increased its capital position through a variety of actions including common stock offerings in August 1992 and May 1993. As a result, the Corporation's capital ratios as well as the capital ratios of MNB and CB have significantly improved. Federal bank regulators utilize risk-based and leverage ratios to assess capital adequacy. As of March 31, 1994, Midlantic reported a tier 1 risk-based capital ratio of 9.95 percent, a total risk-based capital ratio (tier 1 plus tier 2 capital) of 13.98 percent and a leverage ratio of 7.35 percent. These ratios compare with minimum regulatory guidelines of 4.00 percent for tier 1, 8.00 percent for total capital and 3.00 percent for leverage.

As of March 31, 1994, MNB had a tier 1 risk-based capital ratio of 11.97 percent and a total risk-based capital ratio of 13.26 percent. MNB's leverage ratio as of March 31, 1994 was 8.52 percent. At March 31, 1994, CB exceeded all risk-based capital requirements with a tier 1 risk-based capital ratio of 9.99 percent, a total risk-based capital ratio of 11.26 percent and a leverage ratio of 8.12 percent.

<TABLE>
CAPITAL RATIOS (1)

<CAPTION>

FOR THE THREE MONTHS ENDED	MARCH 31 1994	Dec. 31 1993	Sept. 30 1993	June 30 1993	March 31 1993
<S>	<C>	<C>	<C>	<C>	<C>
Tier 1 risk-based					
Midlantic	9.95%	9.28%	9.04%	8.45%	7.03%
MNB	11.97	11.03	10.71	9.96	9.50
CB	9.99	9.88	9.75	9.62	9.38
Total risk-based					
Midlantic	13.98%	13.29%	13.13%	12.52%	11.07%
MNB	13.26	12.32	12.03	11.28	10.82
CB	11.26	11.15	11.03	10.90	10.66
Leverage					
Midlantic	7.35%	6.81%	6.86%	6.32%	5.24%
MNB	8.52	7.89	7.91	7.23	6.93
CB	8.12	7.79	8.11	7.97	7.63

<FN>
(1) Capital ratios take into account regulatory changes that became effective during 1993 including (i) a limitation in the amount of deferred tax assets includable in tier 1 capital and (ii) a revision to the capital guidelines which specifies those intangibles that are includable in tier 1 capital.
</TABLE>

On March 23, 1994, the Board of Directors approved the payment of the second quarter dividend on the Term Adjustable Rate Cumulative Preferred Stock - Series A (the "Preferred Stock") in cash. Prior to this, based upon a July 22, 1992 agreement between Midlantic and the holders of the Preferred Stock, dividends on the Preferred Stock were paid through the issuance of shares of Midlantic's common stock in lieu of a cash payment. Pursuant to the agreement, Midlantic may at its discretion pay dividends in cash or shares of common stock or any combination thereof, so long as any such issuance would not result in the holder of the Preferred Stock being the beneficial owner of more than 4.99 percent of the outstanding shares of Midlantic's common stock.

As mentioned in "Recent Activities of the Corporation," on April 13, 1994, the Board of Directors reinstated a quarterly cash dividend on Midlantic's common stock of $.10 per common share.

MIDLANTIC CORPORATION AND SUBSIDIARIES

STATISTICAL TABLES TO
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS
OF OPERATIONS

<TABLE>

Midlantic Corporation And Subsidiaries
TABLE I - ANALYSIS OF CHANGES IN NET INTEREST INCOME
(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED MARCH 31, 1994 VS. 1993	VOLUME(c)	RATE(c)	TOTAL
<S>	<C>	<C>	<C>
INTEREST-EARNING ASSETS			
Interest-bearing deposits in other banks	$ 205	$ (20)	$ 185
Other short-term investments	(3,890)	(1,451)	(5,341)
Investment securities	8,846	(6,356)	2,490
Commercial, financial and foreign loans (a)(b)	(8,013)	707	(7,306)
Real estate loans(a)(b)	(15,801)	10,224	(5,577)
Loans to individuals(a)(b)	12,898	(2,483)	10,415
Total interest-earning assets	(5,755)	621	(5,134)
INTEREST-BEARING SOURCES OF FUNDS USED TO FINANCE INTEREST-EARNING ASSETS			
Domestic savings and time deposits	(6,955)	(16,205)	(23,160)
Overseas branch deposits	(61)	(8)	(69)
Short-term borrowings	2,045	7	2,052
Long-term debt	(1,014)	(134)	(1,148)
Total interest-bearing sources of funds used to finance interest-earning assets	(5,985)	(16,340)	(22,325)
CHANGE IN NET INTEREST INCOME	$ 230	$ 16,961	$ 17,191

<FN>
(a) Includes income from loan fees which is not significant.
(b) Includes nonaccrual loans.
(c) The changes which cannot be attributed solely to changes in the balances (volume) or to changes in the rates are allocated to these categories on the basis of their respective percentage changes.
</TABLE>

31 1of2
<TABLE>

Midlantic Corporation and Subsidiaries
TABLE II - COMPARATIVE CONSOLIDATED AVERAGE BALANCE SHEET
WITH RESULTANT INTEREST AND AVERAGE RATES*
(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED	MARCH 31, 1994			MARCH 31, 1993		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-earning assets						
Interest-bearing deposits	$ 568,474	$ 4,964	3.54%	$ 545,018	$ 4,779	3.56%
Other short-term investments	1,194,109	9,797	3.33	1,653,908	15,138	3.71
U.S. Treasury securities	1,260,779	12,056	3.88	1,088,310	12,809	4.77
Obligations of U.S. government agencies	1,041,042	14,533	5.66	666,943	11,227	6.83
Obligations of states and political subdivisions	14,372	178	5.02	8,791	162	7.47
Other securities	69,410	938	5.48	72,952	1,017	5.65
Total investment securities	2,385,603	27,705	4.71	1,836,996	25,215	5.57
Commercial, financial and foreign loans	2,913,274	56,968	7.93	3,322,624	64,274	7.85
Real estate loans	3,047,675	57,889	7.70	3,742,747	63,466	6.88
Loans to individuals	2,312,681	45,702	8.01	1,646,578	35,287	8.69
Total loans(1)(2)(3)	8,273,630	160,559	7.87	8,711,949	163,027	7.59
Total interest-earning assets	12,421,816	203,025	6.63	12,747,871	208,159	6.62
Noninterest-earning assets						
Cash and due from banks	773,911			784,090		
Other assets	1,074,339			1,202,234		
Allowance for loan losses	(395,888)			(670,932)		
Total noninterest-earning assets	1,452,362			1,315,392		
Total assets	$13,874,178			$14,063,263		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities						
Domestic savings and time deposits	$ 8,671,784	53,793	2.52	$ 9,602,896	76,953	3.25
Overseas branch deposits	9,696	75	3.14	17,615	144	3.32
Short-term borrowings	717,393	5,123	2.90	430,981	3,071	2.89
Long-term debt	376,563	8,660	9.33	420,445	9,808	9.46
Total interest-bearing liabilities	9,775,436	67,651	2.81	10,471,937	89,976	3.48

Noninterest-bearing liabilities and shareholders' equity						
Demand deposits	2,774,197			2,521,818		
Other liabilities	181,164			215,861		
Total noninterest-bearing liabilities	2,955,361			2,737,679		
Shareholders' equity	1,143,381			853,647		
Total liabilities and shareholders' equity	$13,874,178			$14,063,263		
NET INTEREST INCOME		$135,374			$118,183	
INTEREST INCOME AS A % OF AVERAGE INTEREST-EARNING ASSETS			6.63%			6.62%
INTEREST EXPENSE AS A % OF AVERAGE INTEREST-EARNING ASSETS			2.21%			2.86%
NET INTEREST MARGIN (4)			4.42%			3.76%

<FN>
See Notes to Comparative Consolidated Average Balance Sheet with Resultant Interest and Average Rates.

Midlantic Corporation and Subsidiaries
NOTES TO COMPARATIVE CONSOLIDATED AVERAGE BALANCE SHEET
WITH RESULTANT INTEREST AND AVERAGE RATES

*   Interest income and average rates are not presented on a tax-equivalent basis.

(1) Includes loan fees. Such income is not significant.
(2) Includes nonaccrual loans.
(3) Net of unearned income.
(4) Net interest margin is net interest income as a percent of average interest-earning assets.

</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries

TABLE III - INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES WITH RESULTANT INTEREST AND AVERAGE RATES*

(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED	MARCH 31 1994	DEC. 31 1993	SEPT. 30 1993	JUNE 30 1993	MARCH 31 1993

<S> <C> <C> <C> <C> <C>

INTEREST-EARNING ASSETS					
Interest-bearing deposits					
Average balance	$ 568,474	$ 431,521	$ 528,817	$ 615,984	$ 545,018
Interest income	4,964	3,919	4,727	4,894	4,779
Average rate	3.54%	3.60%	3.55%	3.19%	3.56%
Other short-term investments					
Average balance	$ 1,194,109	$ 1,085,775	$ 1,364,439	$ 1,554,658	$ 1,653,908
Interest income	9,797	8,797	13,087	14,748	15,138
Average rate	3.33%	3.21%	3.81%	3.80%	3.71%
Investment securities					
Average balance	$ 2,385,603	$ 2,286,719	$ 1,902,459	$ 1,714,446	$ 1,836,996
Interest income	27,705	24,109	21,441	21,283	25,215
Average rate	4.71%	4.18%	4.47%	4.98%	5.57%
Total loans					
Average balance	$ 8,273,630	$ 8,481,633	$ 8,455,081	$ 8,391,929	$ 8,711,949
Interest income	160,559	163,851	163,931	163,961	163,027
Average rate	7.87%	7.66%	7.69%	7.84%	7.59%
Total average interest earning assets	$12,421,816	$12,285,648	$12,250,796	$12,277,017	$12,747,871
Total interest income	203,025	200,676	203,186	204,886	208,159
Total average rate on interest earning assets	6.63%	6.48%	6.58%	6.69%	6.62%
INTEREST-BEARING LIABILITIES					
Deposits					
Average balance	$ 8,681,480	$ 8,798,017	$ 8,994,483	$ 9,252,429	$ 9,620,511
Interest expense	53,868	57,217	61,581	66,991	77,097
Average rate	2.52%	2.58%	2.72%	2.90%	3.25%
Short-term borrowings					
Average balance	$ 717,393	$ 421,955	$ 348,547	$ 376,081	$ 430,981
Interest expense	5,123	3,080	2,581	2,854	3,071
Average rate	2.90%	2.90%	2.94%	3.04%	2.89%
Long-term debt					
Average balance	$ 376,563	$ 386,749	$ 386,805	$ 390,869	$ 420,445
Interest expense	8,660	8,856	8,857	8,864	9,808
Average rate	9.33%	9.08%	9.08%	9.10%	9.46%
Total average interest bearing liabilities	$ 9,775,436	$ 9,606,721	$ 9,729,835	$10,019,379	$10,471,937
Total interest expense	67,651	69,153	73,019	78,709	89,976
Total average rate on interest- bearing liabilities	2.81%	2.86%	2.98%	3.15%	3.48%
NET INTEREST INCOME	$ 135,374	$ 131,523	$ 130,167	$ 126,177	$ 118,183
NET INTEREST MARGIN	4.42%	4.25%	4.22%	4.12%	3.76%

<FN>
*Interest income and average rates are not presented on a tax-equivalent basis.
</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries
TABLE IV - AVERAGE FUNDING SOURCES - BALANCES AND RATES PAID
(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED	MARCH 31 1994	DEC. 31 1993	SEPT. 30 1993	JUNE 30 1993	MARCH 31 1993

<S> <C> <C> <C> <C> <C>

AVERAGE BALANCES					
DEPOSITS					
Noninterest-bearing demand	$ 2,774,197	$ 2,762,169	$ 2,620,355	$ 2,560,630	$ 2,521,818
Interest-bearing demand	1,413,953	1,401,206	1,386,514	1,379,754	1,367,582
Savings	1,602,128	1,565,158	1,545,556	1,493,326	1,414,204
Retail money market accounts	2,195,337	2,230,982	2,289,938	2,322,228	2,454,160
CDs over $100,000	199,317	234,735	308,509	410,514	459,458
Other time	3,261,049	3,356,802	3,455,474	3,636,876	3,907,492
Overseas branch deposits	9,696	9,134	8,492	9,731	17,615
Total average deposits	$11,455,677	$11,560,186	$11,614,838	$11,813,059	$12,142,329
SHORT-TERM BORROWINGS					
Federal funds purchased	$ 35,672	$ 43,312	$ 51,546	$ 41,190	$ 50,856
Repurchase agreements	653,096	354,592	268,096	307,038	346,214
Other short-term borrowings	28,625	24,051	28,905	27,853	33,911
Total average short-term borrowings	$ 717,393	$ 421,955	$ 348,547	$ 376,081	$ 430,981
LONG-TERM DEBT	$ 376,563	$ 386,749	$ 386,805	$ 390,869	$ 420,445
AVERAGE RATES					
DEPOSITS					
Interest-bearing demand	1.20%	1.28%	1.57%	1.87%	2.09%
Savings	2.07	2.08	2.17	2.36	2.55
Retail money market accounts	2.35	2.37	2.48	2.58	2.76
CDs over $100,000	3.96	3.89	3.95	3.32	3.67
Other time	3.33	3.41	3.47	3.68	4.17
Overseas branch deposits	3.14	3.08	3.04	3.67	3.32
Total average rate paid on deposits	2.52%	2.58%	2.72%	2.90%	3.25%
SHORT-TERM BORROWINGS					
Federal funds purchased	3.16%	2.98%	3.06%	2.93%	2.99%
Repurchase agreements	2.86	2.92	2.87	2.99	2.88
Other short-term borrowings	3.30	2.46	3.34	3.83	2.83
Total average rate paid on short-term borrowings	2.90%	2.90%	2.94%	3.04%	2.89%
LONG-TERM DEBT	9.33%	9.08%	9.08%	9.10%	9.46%

</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries
TABLE V - INVESTMENT SECURITIES - CARRYING AND FAIR VALUES
AND GROSS UNREALIZED GAINS AND LOSSES
MARCH 31, 1994
(In thousands)

<CAPTION>

HELD-TO-MATURITY	BOOK VALUE	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
<S>	<C>	<C>	<C>	<C>
United States Treasury securities	$ 576,988	$ --	$ 7,592	$ 569,396

Obligations of United States government agencies	1,001,090	6,616	3,812	1,003,894
Obligations of states and political subdivisions	3,444	2	--	3,446
Other securities	8,288	8	5	8,291
	$1,589,810	$6,626	$11,409	$1,585,027

AVAILABLE-FOR-SALE	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
United States Treasury securities	$ 733,706	$ --	$ 2,208	$ 731,498
Obligations of states and political subdivisions	1,763	--	243	1,520
Other securities	59,836	1,623	2,359	59,100
	$ 795,305	$1,623	$ 4,810	$ 792,118

</TABLE>

<TABLE>

TABLE VI - INVESTMENT SECURITIES - GROSS REALIZED GAINS AND LOSSES

(In thousands)

<CAPTION>

<S>	THREE MONTHS ENDED MARCH 31 1994(*) <C>	1993 <C>
Gross realized investment securities gains	$1,263	$5,315
Gross realized investment securities losses	--	(464)
Investment securities gains	$1,263	$4,851

<FN>

(*) Represents gains/losses on available-for-sale securities.

</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries

TABLE VII - LOANS

(In thousands)

<CAPTION>

<S>	MARCH 31 1994 <C>	DEC. 31 1993 <C>	SEPT. 30 1993 <C>	JUNE 30 1993 <C>	MARCH 31 1993 <C>
Commercial and financial and lease financing receivables	$3,046,075	$2,897,656	$2,966,619	$3,158,737	$3,248,438
Real estate					
Construction and development	789,445	834,013	1,015,701	1,063,419	1,226,765

Long term commercial mortgage	1,631,406	1,664,757	1,795,809	1,849,367	1,838,946
Long-term 1-4 family residential	566,278	636,632	414,112	456,467	371,431
Loans to individuals	2,457,718	2,415,391	2,302,193	2,067,278	1,781,279
Foreign	3,501	3,492	4,520	5,409	65,150
Total loans	8,494,423	8,451,941	8,498,954	8,600,677	8,532,009
Less: unearned income	138,447	137,110	127,218	113,113	101,489
Total loans, net of unearned income	$8,355,976	$8,314,831	$8,371,736	$8,487,564	$8,430,520

</TABLE>

<TABLE>

TABLE VIII - GEOGRAPHIC DISTRIBUTION OF REAL ESTATE LOANS
(In thousands)

<CAPTION>

MARCH 31, 1994	CONSTRUCTION AND DEVELOPMENT LOANS	LONG-TERM COMMERCIAL MORTGAGE LOANS	LONG-TERM 1-4 FAMILY RESIDENTIAL LOANS	TOTAL PORTFOLIO
<S>	<C>	<C>	<C>	<C>
PORTFOLIO				
New Jersey	$481,636	$ 950,628	$378,293	$1,810,557
Pennsylvania	162,161	583,818	140,546	886,525
New York	42,392	48,684	31,855	122,931
Florida	28,228	9,812	2,918	40,958
Other	75,028	38,464	12,666	126,158
Total	$789,445	$1,631,406	$566,278	$2,987,129
NONACCRUAL SEGMENT				
New Jersey	$ 33,273	$ 35,750	$ 123	$ 69,146
Pennsylvania	3,510	16,757	3,932	24,199
New York	465	1,043	--	1,508
Florida	376	--	--	376
Other	2,773	--	13	2,786
Total	$ 40,397	$ 53,550	$ 4,068	$ 98,015
PERCENT OF NONACCRUAL TO PORTFOLIO	5.12%	3.28%	.72%	3.28%

</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries
TABLE IX - CONSTRUCTION AND DEVELOPMENT LOANS - PROPERTY TYPE BY STATE
(In thousands)

<CAPTION>

MARCH 31, 1994	NEW JERSEY	PENNSYLVANIA	NEW YORK	FLORIDA	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PORTFOLIO						
Office buildings	$129,455	$ 57,075	$14,600	$ --	$11,615	$212,745
Shopping centers	137,614	34,673	4,267	4,000	20,419	200,973
Residential	93,445	30,527	1,234	7,958	6,500	139,664
Land	40,642	24,761	3,237	1,744	5,073	75,457

Hotels/motels	16,687	1,485	353	14,150	15,729	48,404
Industrial/warehouse	25,540	6,780	10,634	--	--	42,954
Other	38,253	6,860	8,067	376	15,692	69,248
Total	$481,636	$162,161	$42,392	$28,228	$75,028	$789,445
NONACCRUAL SEGMENT						
Office buildings	$ 3,803	$ 291	$ --	$ --	$ --	$ 4,094
Shopping centers	--	--	--	--	--	--
Residential	9,395	1,033	291	--	--	10,719
Land	14,145	2,186	--	--	623	16,954
Hotels/motels	1,372	--	--	--	--	1,372
Industrial/warehouse	158	--	--	--	--	158
Other	4,400	--	174	376	2,150	7,100
Total	$ 33,273	$ 3,510	$ 465	$ 376	$ 2,773	$ 40,397
PERCENT OF NONACCRUAL TO PORTFOLIO	6.91%	2.16%	1.10%	1.33%	3.70%	5.12%

</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries

TABLE X - LONG-TERM COMMERCIAL MORTGAGE LOANS - PROPERTY TYPE BY STATE

(In thousands)

<CAPTION>

MARCH 31, 1994	NEW JERSEY	PENNSYLVANIA	NEW YORK	FLORIDA	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PORTFOLIO						
Industrial/warehouse	$359,986	$185,821	$40,475	$ 992	$13,104	$ 600,378
Office buildings	199,661	142,302	4,465	--	4,167	350,595
Shopping centers	66,573	55,775	--	--	5,864	128,212
Apartment houses and other rental properties	50,502	61,247	982	1,487	7,091	121,309
Hospitals, medical centers and nursing						

homes	83,559	19,790	--	--	--	103,349
Retail businesses	48,442	47,212	603	--	394	96,651
Automobile and truck sales	40,090	17,339	70	--	--	57,499
Hotels/motels	43,967	7,182	461	--	296	51,906
Other	57,848	47,150	1,628	7,333	7,548	121,507
Total	$950,628	$583,818	$48,684	$9,812	$38,464	$1,631,406
NONACCRUAL SEGMENT						
Industrial/warehouse	$ 18,585	$ 6,605	$ 348	$ --	$ --	$ 25,538
Office buildings	3,379	965	--	--	--	4,344
Shopping centers	700	393	--	--	--	1,093
Apartment houses and other rental properties	1,954	1,711	--	--	--	3,665
Hospitals, medical centers and nursing homes	--	--	--	--	--	--
Retail businesses	2,793	1,078	--	--	--	3,871
Automobile and truck sales	1,213	723	--	--	--	1,936
Hotels/motels	1,341	5,000		--	--	6,341
Other	5,785	282	695	--	--	6,762
Total	$ 35,750	$16,757	$ 1,043	$ --	$ --	$ 53,550
PERCENT OF NONACCRUAL TO PORTFOLIO	3.76%	2.87%	2.14%	--%	--%	3.28%

</TABLE>

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<TABLE>

Midlantic Corporation and Subsidiaries

TABLE XI - SUMMARY OF LOAN LOSS EXPERIENCE/ALLOWANCE FOR LOAN LOSSES

(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED	MARCH 31 1994	DEC. 31 1993	SEPT. 30 1993	JUNE 30 1993	MARCH 31 1993
<S>	<C>	<C>	<C>	<C>	<C>
Allowance at beginning of period	$394,450	$499,250	$541,243	$576,227	$663,901
Allowances of divested subsidiaries	--		--	(712)	--
Provision charged to operating expense	7,499	30,000	14,000	15,000	20,000
Charge-offs related to loans sold in bulk sales or transferred to "assets held for accelerated disposition"	(7,901)	(97,407)	(15,362)	9,676	(78,770)
Loans charged off*					

Commercial and financial and lease financing receivables	10,064	21,640	23,135	14,736	12,440
Real estate					
Construction and development	4,335	7,569	9,597	41,572	18,481
Long-term commercial mortgage	2,449	10,245	7,690	2,904	4,446
Long-term 1-4 family residential	422	666	172	--	116
Loans to individuals	5,887	8,089	5,424	7,117	3,379
Foreign	--	--	--	--	--
Total loans charged off	23,157	48,209	46,018	66,329	38,862
Recoveries on loans					
Commercial and financial and lease financing receivables	4,955	7,307	2,678	4,087	3,612
Real estate					
Construction and development	2,029	1,824	382	868	3,001
Long-term commercial mortgage	674	340	626	319	1,117
Long-term 1-4 family residential	1	2	8	7	9
Loans to individuals	2,580	1,343	1,693	2,100	2,212
Foreign	--	--	--	--	7
Total recoveries on loans	10,239	10,816	5,387	7,381	9,958
Net loans charged off	12,918	37,393	40,631	58,948	28,904
Allowance at end of period	$381,130	$394,450	$499,250	$541,243	$576,227

<FN>
* Excludes charge-offs related to loans sold in bulk sales or transferred to "assets held for accelerated disposition".
</TABLE>

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<TABLE>

TABLE XII - SUMMARY OF ALLOWANCE FOR OTHER REAL ESTATE OWNED ("OREO")
(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED	MARCH 31 1994	DEC. 31 1993	SEPT. 30 1993	JUNE 30 1993	MARCH 31 1993
<S>	<C>	<C>	<C>	<C>	<C>
Balance at beginning of period	$ 37,032	$ 67,731	$ 71,276	$51,935	$ 46,101
Allowances of divested subsidiaries	--	--	--	--	--
Allowances related to OREO transferred to "Assets held for accelerated disposition"	--	(36,672)	--	--	(40,355)
Provision charged to OREO expense	3,500	31,497	15,116	28,733	55,199
Write-downs and sales	(5,793)	(25,524)	(18,661)	(9,392)	(9,010)
Balance at end of period	$ 34,739	$ 37,032	$ 67,731	$71,276	$ 51,935

</TABLE>

40
<TABLE>

Midlantic Corporation and Subsidiaries
TABLE XIII- NONACCRUAL LOANS, OTHER REAL ESTATE OWNED, NET
RENEGOTIATED LOANS AND PAST DUE LOANS
(In thousands)

<CAPTION>

<S>	MARCH 31 1994 <C>	DEC. 31 1993 <C>	SEPT. 30 1993 <C>	JUNE 30 1993 <C>	MARCH 31 1993 <C>
NONACCRUAL LOANS					
Commercial and financial and lease financing receivables	$127,799	$114,632	$137,233	$165,055	$189,486
Real estate					
Construction and development	40,397	50,143	160,937	174,423	206,347
Long-term commercial mortgage	53,550	63,431	132,269	146,011	150,422
Long-term 1-4 family residential	4,068	4,489	5,222	4,474	4,625
Loans to individuals	27,641	32,604	32,948	38,942	47,463
Foreign	--	--	--	--	243
TOTAL NONACCRUAL LOANS	$253,455	$265,299	$468,609	$528,905	$598,586
ALLOWANCE FOR LOAN LOSSES AS A % OF NONACCRUAL LOANS	150.4%	148.7%	106.5%	102.3%	96.3%

OTHER REAL ESTATE OWNED, NET					
Foreclosures	$ 87,503	$ 97,238	$178,313	$208,578	$149,876
In-substance foreclosures	33,499	35,432	94,762	117,617	216,069
Total other real estate owned, net	$121,002	$132,670	$273,075	$326,195	$365,945
TOTAL NONACCRUAL LOANS AND OTHER REAL ESTATE OWNED, NET	$374,457	$397,969	$741,684	$855,100	$964,531
TOTAL RENEGOTIATED LOANS	$165,516	$172,058	$181,320	$162,974	$162,833
ACCRUING LOANS PAST DUE 90 DAYS OR MORE AS TO INTEREST OR PRINCIPAL PAYMENTS	$ 20,862	$ 36,161	$ 50,389	$ 35,735	$ 33,712

</TABLE>

<TABLE>

TABLE XIV - YEAR-TO-DATE LOSS OF INTEREST INCOME ON NONACCRUAL AND RENEGOTIATED LOANS OUTSTANDING AT END OF PERIOD
(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED MARCH 31	1994	1993
<S>	<C>	<C>
NONACCRUAL LOANS		
Interest income that would have been recorded on nonaccrual loans in accordance with original terms	$4,684	$12,768
Interest income actually recorded on nonaccrual loans	137	348
Loss of interest income on nonaccrual loans	$4,547	$12,420
RENEGOTIATED LOANS		
Interest income that would have been recorded on renegotiated loans in accordance with original terms	$2,336	$ 2,866
Interest income actually recorded on renegotiated loans	1,860	2,122
Loss of interest income on renegotiated loans	$ 476	$ 744

</TABLE>

<TABLE>

TABLE XV - NONACCRUAL LOANS ACTIVITY
(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED MARCH 31	1994	1993
<S>	<C>	<C>
Balance at beginning of year	$265,299	$ 809,669
Additions	56,523	94,457
Payments	(33,321)	(64,951)
Returned to accrual status	(9,447)	(10,788)
Charge-offs	(20,747)	(36,640)
Transfers to OREO	(3,675)	(53,189)
Transfer to renegotiated loans	--	(2,987)
Transfers to "assets held for accelerated disposition"	(884)	(135,970)
Other (primarily transfers to other repossessed assets)	(293)	(1,015)
Balance at March 31	$253,455	$ 598,586

</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries
TABLE XVI - IN-SUBSTANCE FORECLOSURES - PROPERTY TYPE BY STATE
(In thousands)

<CAPTION>

MARCH 31, 1994	NEW JERSEY	PENNSYLVANIA	NEW YORK	FLORIDA	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Land	$14,055	$ --	$ 447	$979	$15,481
Office buildings	10,431	--	--	--	10,431
Industrial/warehouse	808	1,800	87	--	2,695
Residential tract	375	--	--	--	375
Other	4,031	--	486	--	4,517
TOTAL	$29,700	$1,800	$1,020	$979	$33,499

</TABLE>

<TABLE>

TABLE XVII - ACQUIRED OREO PROPERTIES - PROPERTY TYPE BY STATE
(In thousands)

<CAPTION>

MARCH 31, 1994	NEW JERSEY	PENNSYLVANIA	NEW YORK	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Land	$32,507	$ 3,988	$ --	$ 41	$36,536
Residential tract	10,086	2,552	745	2,547	15,930
Office buildings	4,569	2,244	1,270	1,991	10,074
Industrial/warehouse	6,444	3,395	--	--	9,839
Shopping centers	2,506	143	205	--	2,854
Hotels/motels	1,266	--	--	--	1,266

Other	8,351	1,516	1,137	--	11,004
TOTAL	$65,729	$13,838	$3,357	$4,579	$87,503

</TABLE>

<TABLE>

TABLE XVIII - OTHER REAL ESTATE OWNED ACTIVITY
(In thousands)

<CAPTION>

FOR THE THREE MONTHS ENDED MARCH 31, 1994	IN-SUBSTANCE FORECLOSURES	ACQUIRED OREO PROPERTIES	TOTAL
<S>	<C>	<C>	<C>
Balance December 31, 1993	$35,432	$ 97,238	$132,670
Transfers from loans	--	5,517	5,517
Advances	40	101	141
Charges to operating expenses to absorb declines in net realizable value	(238)	(3,262)	(3,500)
Transfers from in-substance foreclosures to foreclosed properties	(340)	340	--
Sales of properties and payments	(1,448)	(11,651)	(13,099)
Transfers to "assets held for accelerated disposition"	--	(876)	(876)
Other	53	96	149
Balance March 31, 1994	$33,499	$ 87,503	$121,002

</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries
TABLE XIX - SUPPLEMENTAL DATA ON NONACCRUAL LOANS AND
IN-SUBSTANCE FORECLOSURES (1)
(In thousands)

<CAPTION>

	AT MARCH 31, 1994			CASH INTEREST PAYMENTS IN 1994 APPLIED AS(3)	
	Nonaccrual Loans	In-substance Foreclosures	Performance Ratio(2)	Interest Income	Reduction of Principal
<S>	<C>	<C>	<C>	<C>	<C>
CONTRACTUALLY CURRENT					
Payment in full of principal and interest expected	$16,766	$ --	14.3%	$99	$324
Payment in full of principal or interest in doubt	--	--	--	--	--
CONTRACTUALLY PAST DUE					
Substantial performance(4)	$15,638	$ --	13.3%	$--	$374
Limited performance(5)	12,898	10,117	11.0	--	680
No performance	72,147	23,382	61.4	--	455

<FN>

(1) Disclosure has been limited to nonaccrual loans and in-substance foreclosures whose principal balance at March 31, 1994 was $500 thousand or above at Midlantic National Bank ("MNB") and Continental Bank ("CB"). Nonaccrual loans of $500 thousand or more at MNB and CB comprised 46.3 percent of total consolidated nonaccrual loans. All in-

substance foreclosures outstanding at March 31, 1994 have been disclosed.
(2) Nonaccrual loans as a percent of total nonaccrual loans of MNB and CB of over $500 thousand.
(3) Represents the cash interest payments received since loans outstanding as of March 31, 1994 were categorized as nonaccrual or in-substance foreclosures.
(4) Periodic (at least quarterly) payments received represent at least 75 percent of the contractual principal and/or interest due.
(5) Periodic (at least quarterly) payments received represent between 1 percent and 75 percent of the contractual principal and/or interest due.
</TABLE>

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<TABLE>

Midlantic Corporation and Subsidiaries
TABLE XX - CONSOLIDATED SUMMARY OF INCOME
(In thousands, except per share data)

<CAPTION>

FOR THE THREE MONTHS ENDED	MARCH 31 1994	DEC. 31 1993	SEPT. 30 1993	JUNE 30 1993	MARCH 31 1993
<S>	<C>	<C>	<C>	<C>	<C>
INTEREST INCOME					
Interest and fees on loans	$160,559	$163,851	$163,931	$163,961	$163,027
Interest on investment securities	27,705	24,109	21,441	21,283	25,215
Interest on deposits with banks	4,964	3,919	4,727	4,894	4,779
Interest on other short-term investments	9,797	8,797	13,087	14,748	15,138
Total interest income	203,025	200,676	203,186	204,886	208,159
INTEREST EXPENSE					
Interest on deposits	53,868	57,217	61,581	66,991	77,097
Interest on short-term borrowings	5,123	3,080	2,581	2,854	3,071
Interest on long-term debt	8,660	8,856	8,857	8,864	9,808
Total interest expense	67,651	69,153	73,019	78,709	89,976
Net interest income	135,374	131,523	130,167	126,177	118,183
Provision for loan losses	7,499	30,000	14,000	15,000	20,000
Net interest income after provision for loan losses	127,875	101,523	116,167	111,177	98,183
NONINTEREST INCOME					
Trust income	9,782	10,396	10,499	10,091	10,233

Service charges on deposits	18,946	20,951	19,523	20,063	18,278
Investment securities gains	1,263	2,142	3	9	4,851
Income on factoring receivables	3,640	3,921	4,054	4,171	3,677
Other	15,621	12,028	11,395	13,351	15,457
Total noninterest income	49,252	49,438	45,474	47,685	52,496
	177,127	150,961	161,641	158,862	150,679
NONINTEREST EXPENSES					
Salaries and benefits	56,214	57,212	55,738	52,060	54,322
Net occupancy	12,235	11,456	10,970	10,897	11,299
Equipment rental and expense	6,925	6,372	5,777	6,805	7,927
Other real estate owned, net	4,169	41,293	13,251	23,184	56,609
FDIC assessment charges	7,194	8,135	8,102	8,380	9,224
Legal and professional fees	9,875	13,628	13,566	12,904	11,413
Other	24,894	19,503	22,501	20,884	28,378
Total noninterest expenses	121,506	157,599	129,905	135,114	179,172
Income (loss) before income taxes and cumulative effect of the changes in accounting principle	55,621	(6,638)	31,736	23,748	(28,493)
Income tax expense (benefit)	2,268	(65,698)	(15,151)	(17,168)	(13,026)
Income (loss) before cumulative effect of the changes in accounting principle	53,353	59,060	46,887	40,916	(15,467)

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Cumulative effect of the change in accounting for postemployment benefits	(7,528)	--	--	--	--
Cumulative effect of the change in accounting for income taxes	--	--	--	--	38,962
NET INCOME	$ 45,825	$ 59,060	$ 46,887	$ 40,916	$ 23,495

(continued on next page)

Midlantic Corporation and Subsidiaries
TABLE XX - CONSOLIDATED SUMMARY OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(continued)

FOR THE THREE MONTHS ENDED	MARCH 31 1994	DEC. 31 1993	SEPT. 30 1993	JUNE 30 1993	MARCH 31 1993
INCOME (LOSS) APPLICABLE TO PRIMARY COMMON SHARES					
Income (loss) before cumulative effect of the changes in accounting principle	$52,447	$58,153	$45,981	$40,010	$(16,373)
Net income	44,919	58,153	45,981	40,010	22,589
INCOME (LOSS) APPLICABLE TO FULLY DILUTED COMMON SHARES					
Income (loss) before cumulative effect of the changes in accounting principle	53,453	59,174	47,002	41,031	(16,373)
Net income	45,925	59,174	47,002	41,031	22,589
INCOME (LOSS) PER COMMON SHARE					
Income (loss) before cumulative effect of the changes in accounting principle					
Primary	$.98	$1.10	$.87	$.79	$(.35)
Fully diluted	.97	1.08	.86	.78	(.35)
Cumulative effect of the changes in accounting principle					
Postemployment benefits					
Primary	(.14)	--	--	--	--
Fully diluted	(.14)	--	--	--	--
Income taxes					
Primary	--	--	--	--	.83
Fully diluted	--	--	--	--	.83
Net income					
Primary	.84	1.10	.87	.79	.48
Fully diluted	.83	1.08	.86	.78	.48

AVERAGE COMMON SHARES AND COMMON SHARE EQUIVALENTS					
Primary	53,473	53,030	52,969	50,715	46,973
Fully diluted	55,077	54,610	54,601	52,277	47,042

</TABLE>

<TABLE>

Midlantic Corporation and Subsidiaries

TABLE XXI - CONSOLIDATED SHARE AND PER SHARE INFORMATION AND PERFORMANCE RATIOS

<CAPTION>

FOR THE THREE MONTHS ENDED	MARCH 31 1994	DEC. 31 1993	SEPT. 30 1993	JUNE 30 1993	MARCH 31 1993
<S>	<C>	<C>	<C>	<C>	<C>
BOOK VALUE AT QUARTER-END	$21.38	$20.56	$19.44	$18.56	$17.68
MARKET PRICES OF COMMON STOCK					
High	$30.88	$28.63	$27.75	$25.13	$22.38
Low	24.25	22.25	21.13	17.50	18.13
Close	28.13	25.50	27.50	21.13	21.88
OPERATING RATIOS					
Net interest margin	4.42%	4.25%	4.22%	4.12%	3.76%
Return on average assets	1.34	1.72	1.37	1.20	.68
Return on average common equity	16.66	22.43	18.69	18.12	11.40
Return on average total equity	16.25	21.72	18.13	17.54	11.16
LIQUIDITY AND FUNDING RATIOS					
Liquidity ratio (1)	28.6%	31.6%	28.7%	31.0%	30.3%
Funding ratio (2)	(21.0)	(25.0)	(30.9)	(33.7)	(23.9)
CAPITAL RATIOS					
Risk-adjusted ratios					
Tier 1 capital ratio (3)	9.95%	9.28%	9.04%	8.45%	7.03%
Total capital ratio (3)	13.98	13.29	13.13	12.52	11.07
Leverage ratio	7.35	6.81	6.86	6.3	5.24
Average equity as a % of average assets	8.24	7.91	7.56	6.82	6.07
LOAN QUALITY RATIOS					
As a % of total period-end loans, net of unearned income					
Allowance for loan losses at period-end	4.56%	4.74%	5.96%	6.38%	6.84%
Nonaccrual loans at period-end	3.03	3.19	5.60	6.23	7.10
As a % of average loans, net of unearned income					
Net charge-offs (4)	.63	1.75	1.91	2.82	1.35
Provision for loan losses	.37	1.40	.66	.72	.93
AVERAGE TOTAL LOANS, NET OF UNEARNED INCOME, AS A % OF					

AVERAGE TOTAL DEPOSITS	72.22%	73.37%	72.80%	71.04%	71.75%
NONFINANCIAL DATA					
Total number of employees	5,928	5,863	5,861	6,024	6,316
Total number of full-time equivalent employees	5,129	5,090	5,100	5,256	5,567
Total number of banking offices	326	326	330	331	330

<FN>
(1) Ratio of net short-term assets to net funding liabilities.
(2) Total purchased funds less investment securities due in one year and money market investments as a percentage of investment securities due in more than one year and total loans, net of unearned income.
(3) Based upon full implementation regulatory standards in effect at December 31, 1992.
(4) Ratios exclude net charge-offs on loans that were sold in bulk sales or transferred to assets held for accelerated disposition.
</TABLE>

ITEM 1. LEGAL PROCEEDINGS

As Midlantic Corporation ("MC") reported in "Item 3 - Legal Proceedings" of its Annual Report on Form 10-K for the fiscal year ended December 31, 1993, MC and various present and former directors and officers of MC are defendants in a consolidated action, initially commenced in March 1990, pending in Federal District Court in New Jersey (the "Action"). The Action has been instituted by shareholders of MC, either on behalf of MC against various directors and officers of MC, or directly against MC and various directors and officers of MC. In general, the Action seeks damages payable either to MC or to the shareholders and holders of certain debt securities because of alleged discrepancies between certain public statements made by MC and later results of MC's operations. The Action includes claims that certain actions of MC are void. The claims are based upon alleged violations of the United States securities laws and New Jersey common law. In their pleadings, plantiffs do not seek damages in a stated dollar amount.

In June 1990, the plaintiffs filed a motion for class certification. The defendants moved to dismiss the complaint on July 31, 1990. On October 11, 1990, the Court filed an opinion denying the defendants' motion to dismiss the complaint. On December 3, 1990, an answer to the complaint was served on behalf of those defendants who had been served with the complaint. The parties have stipulated to the certification of a plaintiff class, which stipulation was reflected in an order entered by the Court on March 6, 1991. On May 6, 1991, the court entered a consent order setting forth a discovery schedule for the production of documents by MC. Currently, documents are being produced and depositions are being conducted.

ITEM 6A. EXHIBITS

10 Agreement and Plan of Merger among Midlantic Banks Inc., Midlantic National Bank and Continental Bank as amended through May 5, 1994.

ITEM 6B. REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the period covered by this report:

SIGNATURES

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

Midlantic Corporation
____
Registrant

By Howard I. Atkins
____
Howard I. Atkins
Executive Vice President and
Chief Financial Officer

Date May 13, 1994
____

By James E. Kelly
____
James E. Kelly
Controller

Date May 13, 1994
____

INDEX OF EXHIBITS

EXHIBIT 10
____

AGREEMENT AND PLAN OF MERGER

among

MIDLANTIC BANKS INC.,

MIDLANTIC NATIONAL BANK

and

CONTINENTAL BANK

This AGREEMENT AND PLAN OF MERGER is made as of March 23, 1994 among MIDLANTIC BANKS INC. ("MBI"), a New Jersey corporation, MIDLANTIC NATIONAL BANK ("MNB"), a national banking association and CONTINENTAL BANK ("CB"), a Pennsylvania banking institution.

WHEREAS, MNB is a national banking association duly organized under the laws of the United States of America with its principal office in Newark, Essex County, New Jersey. The authorized capital stock of MNB as of December 31, 1993 was $114,128,105 divided into 3,511,634 common shares of the par value of $32.50 each (the "MNB Common Stock"), all of which shares were issued and outstanding as of December 31, 1993. As of December 31, 1993, MNB had surplus of $689,051,052.15 and undivided profits of $97,582,432.74; and

WHEREAS, CB is a bank duly organized under the laws of the Commonwealth of Pennsylvania with its principal office in Norristown, Montgomery County, Pennsylvania. The authorized capital stock of CB as of December 31, 1993 was $30,625,000 divided into 6,125,000 shares of Common Stock of the par value of $5.00 each (the "CB Common Stock"), of which 4,706,180 shares were issued and outstanding as of December 31, 1993. As of December 31, 1993, CB had surplus of $81,259,566.47 and undivided profits of $187,823,416.86; and

WHEREAS, all of the outstanding CB Common Stock is owned by Midlantic Corporation and all of the outstanding MNB Common Stock is owned by MBI, which is a wholly-owned subsidiary of Midlantic Corporation; and

WHEREAS, the sole director of MBI, a majority of the entire Board of Directors of MNB and a majority of the entire Board of Directors of CB have, respectively, approved and made this Agreement and Plan of Merger and authorized its execution.

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained, the parties agree as follows:

1. CB shall be merged into and under the Charter and Articles of Association of MNB pursuant to the provisions of, and with the effect provided in, Section 2 of Chapter 209 of the Act of Congress, of November 7, 1918, as amended (12 U.S.C. 215a).

2. Upon the merger becoming effective, (i) the name of the receiving association (hereinafter called the "Continuing Bank" whenever reference is made to it as of the time of the merger or thereafter) shall be "Midlantic Bank, National Association", (ii) its Articles of Association shall be as set forth in Schedule A attached hereto and made a part hereof with such amendments authorized by the respective shareholders of MNB and CB at or before the time the merger becomes effective, (iii) the By-Laws of MNB in effect immediately prior to the effective date of the merger shall be the By-Laws of the Continuing Bank, subject to amendment as therein provided, and (iv) the Main Office and established branches of MNB shall become the Main Office and the established and authorized branches of the Continuing Bank and the Main Office and established branches of CB shall become the established and authorized branches of the Continuing Bank.

3. Upon the merger becoming effective, the corporate existence of MNB and CB shall, as provided by the aforementioned Act of Congress, be merged into and continued in the Continuing Bank, and the Continuing Bank shall be deemed to be the same corporation as CB and MNB. All rights, franchises and interests of CB and MNB, respectively, in and to every type of property (real, personal and mixed) and choses in action shall be transferred to and vested in the Continuing Bank by virtue of such merger without any deed or other transfer, and the Continuing Bank, without any order or other action on the part of any court or otherwise, shall hold and enjoy all rights of property, franchises, and interests, including appointments, designations and nominations and all other rights and interests as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics, and in every other fiduciary capacity in the same manner and to the same extent as such rights, franchises and interests were held or enjoyed by MNB and CB respectively, at the time the merger becomes effective. The Continuing Bank

shall be liable for all liabilities of CB, and all deposits, debts, liabilities, obligations and contracts of CB and of MNB, respectively, matured or unmatured, whether accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of CB or MNB, as the case may be, shall be those of the Continuing Bank, and shall not be released or impaired by the merger, and all rights of creditors and other obligees and all liens on property of either CB or MNB shall be preserved unimpaired.

4. Upon the merger becoming effective:

(a) The holder of the outstanding shares of CB Common Stock shall be entitled to receive from MBI in exchange for the aggregate of all shares of CB Common Stock held by such holder 600 shares of the Common Stock of MBI, of no par value (the "MBI Common Stock").

(b) On the date the merger becomes effective, each outstanding share of CB Common Stock, shall ipso facto and without any action on the part of the holder thereof, become and be converted into such number of shares of MBI Common Stock, as are issuable in the merger with respect thereto.

Outstanding certificates evidencing shares of CB Common Stock shall, after the time the merger becomes effective, evidence only the right of the holder thereof to receive certificates for shares of MBI Common Stock. Upon the effective date of the merger, MBI will deliver to the CB Common Stock shareholder a certificate for the aggregate number of shares of MBI Common Stock to which such shareholder shall be entitled, determined as provided herein. Upon surrender of said certificates representing CB Common Stock and acceptance thereof by MBI, the CB Common Stock shareholder will receive in exchange therefor a certificate for the number of whole shares of MBI Common Stock to which such shareholder is entitled hereunder.

(c) The amount and the number of shares of the capital stock of the Continuing Bank outstanding upon the merger becoming effective shall be $114,128,105 divided into 3,511,634 shares of the par value of $32.50 each.

(d) The shares of capital stock of MNB issued and outstanding at the time the merger becomes effective shall continue to be issued and outstanding shares of the Continuing Bank.

5. The members of the Board of Directors of MNB and the members of the Board of Directors of CB immediately prior to the effective date of the merger shall serve as the Board of Directors of the Continuing Bank until the next annual meeting of its shareholders and until such time as their successors have been elected and qualified. The officers of MNB immediately prior to the effective date of the merger shall serve as the officers of the Continuing Bank until their successors have been elected and qualified, subject to the By-Laws of the Continuing Bank and applicable law.

6. This Agreement and Plan of Merger shall be submitted to the sole shareholders of CB and MNB for ratification and confirmation in accordance with the applicable provisions of law and their respective charters and by-laws. CB and MNB shall proceed expeditiously and cooperate fully in the procurement of any other consents and approvals and in the taking of any other action, and the satisfaction of all other requirements prescribed by law or otherwise, necessary for consummation of the merger, and the other transactions contemplated hereby, on the terms herein provided.

7. Effectuation of the merger herein provided for is subject to the following conditions:

(a) This Agreement and Plan of Merger shall have been ratified and confirmed by the vote of the sole shareholder of each of CB and MNB, as required by law.

(b) The unconditional consents and approvals of all regulatory authorities having jurisdiction in the premises free of any restriction or requirement by reason of the acceptance of any such consent or approval or by reason of any action taken pursuant thereto, shall have been procured, all waiting periods prescribed by law have expired and all other requirements prescribed by law shall have been satisfied, which are necessary for the consummation of the merger and the other transactions contemplated hereby, for the continuation by the Continuing Bank after the merger of the banking business of CB and MNB at all of the locations at which such business is carried on immediately before the merger becomes effective, and for the Continuing Bank to have and exercise full right of ownership with respect thereto and with respect to all property of CB and MNB.

(c) No suit, action or other proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement and Plan of Merger, or the consummation of the merger; and the time for appeal of any judgment or order in any such suit, action or other proceeding theretofore entered shall have expired.

8. This Agreement and Plan of Merger may be terminated at any time before the merger becomes effective by written notice by any one of CB, MNB and MBI to the other parties hereto, authorized and approved by resolution adopted by the Board of Directors of the party giving such notice. Upon termination as provided in this Section, this Agreement and Plan of Merger shall be void and of no further effect, and there shall be no liability by reason of this Agreement and Plan of Merger or the termination thereof on the part of CB, MNB, MBI or the directors, officers, employees, agents or shareholders of any of them.

9. Upon satisfaction of all requirements of law and subject to the terms and conditions specified in this Agreement and Plan of Merger, including, among other conditions, receipt of the approval of the Comptroller of the Currency specified in the Act of Congress referred to in Section 1 hereof, the merger shall become effective at the time specified in the certificate to be issued by the Comptroller of the Currency under the seal of his office approving the merger.

10. This Agreement and Plan of Merger shall be governed and construed according to the laws of the State of New Jersey.

11. The parties hereto by mutual consent of their respective Boards of Directors or the responsible officers authorized by such Boards of Directors may amend, modify or supplement this Agreement and Plan of Merger in such a manner as may be agreed upon in writing.

12. This Agreement and Plan of Merger shall be binding upon and inure to the benefit of the parties named herein and their respective successors and assigns, provided that neither this Agreement and Plan of Merger nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of each of the other parties.

13. This Agreement and Plan of Merger may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement and Plan of Merger to be executed by their duly authorized officers and their corporate seals to be hereunto affixed as of the 23rd day of March, 1994, and directors constituting a majority of the Board of Directors of each of MNB and CB have hereunto subscribed their names.

{SEAL}

MIDLANTIC BANKS INC.

By ______________________________
Garry J. Scheuring
Chairman of the Board,
President & Chief Executive Officer

Attest:

____
John M. Sperger
Senior Vice President & Secretary

[signatures continued on next page]

{SEAL} MIDLANTIC NATIONAL BANK

By ________________________________
Garry J. Scheuring
Chairman of the Board,
President & Chief Executive
Officer

Attest:

____
John M. Sperger
Senior Vice President & Cashier

A majority of the Directors of Midlantic National Bank:

__________________________ Charles E. Ehinger	__________________________ Marcy Syms Merns
__________________________ Kevork S. Hovnanian	__________________________ Ralph H. O'Brien
__________________________ Aubrey C. Lewis	__________________________ Ernest L. Ransome, III
__________________________ David F. McBride	__________________________ B. P. Russell
__________________________ Desmond P. McDonald	__________________________ Garry J. Scheuring
__________________________ William E. McKenna	__________________________ Fred R. Sullivan

[signatures continued on next page]

{SEAL}

CONTINENTAL BANK

By ____________________________
James J. Lynch
President

ATTEST:

____
John M. Sperger
Senior Vice President & Secretary

A majority of the Directors of Continental Bank:

____________________________ David F. Girard-diCarlo	____________________________ Roy T. Peraino
____________________________ Frederick C. Haab	____________________________ Ronald Rubin
____________________________ Arthur J. Kania	____________________________ Garry J. Scheuring
____________________________ James J. Lynch	____________________________ Harold L. Yoh, Jr.

Schedule A

MIDLANTIC BANK, NATIONAL ASSOCIATION

ARTICLES OF ASSOCIATION

FIRST: The title of this Association shall be Midlantic Bank, National Association.

SECOND: The main office of this Association shall be in the City of Newark, County of Essex, State of New Jersey. The general business of this Association shall be conducted at its main office and its branches.

THIRD: The Board of Directors of this Association shall consist of not less than five nor more than twenty-five persons, the exact number of directors within such minimum and maximum limits to be fixed and determined, from time to time, by resolution of a majority of the full Board of Directors or by resolution of the shareholders at any annual or special meeting thereof. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

FOURTH: The annual meeting of the shareholders for the election of directors and the transaction of whatever other business as may be brought before said meeting shall be held at the main office or such other place as the Board of Directors may designate, on the day of each year specified therefor in the By-Laws but if no election is held on that day, it may be held on any subsequent day according to the provisions of law; and all elections shall be held according to such lawful regulations as may be prescribed by the Board of Directors.

Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if all the shareholders consent thereto in writing. The written consents of the shareholders shall be filed with the minutes of proceedings of shareholders.

FIFTH: The amount of capital stock of this Association shall be One Hundred Fourteen Million One Hundred Twenty-eight Thousand One Hundred Five Dollars ($114,128,105) divided into 3,511,634 shares of common stock of the par value of Thirty-two Dollars and Fifty Cents ($32.50) each; but said capital stock may be increased or decreased from time to time, in accordance with the provisions of the laws of the United States.

No holder of shares of the capital stock of any class of this Association shall have any pre-emptive or preferential right of subscription to any shares of any class of stock of this Association, whether now or hereafter authorized, or to any obligations convertible into stock of this Association, issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors, in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time fix.

This Association, at any time and from time to time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders.

SIXTH: The Board of Directors shall appoint one of its members President of this Association, who shall be Chairman of the Board, unless the Board appoints another director to be the Chairman. The Board of Directors shall have the power to appoint a Vice Chairman of the Board, and one or more Vice Presidents; and to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association.

The Board of Directors shall have the power to define the duties of the officers and employees of this Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of this Association shall be made; to manage and administer the business and affairs of this Association; to make all By-Laws that it may be lawful for them to make; and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH: The Board of Directors shall have the power to change the location of the main office to any other place within the limits of the City of Newark, without the approval of the shareholders, but subject to the approval of the Comptroller of the Currency; and shall have the power to establish or change the location of any branch or branches of this Association to any other location without the approval of the shareholders but subject to the approval of the Comptroller of the Currency.

EIGHTH: The corporate existence of this Association shall continue until terminated in accordance with the laws of the United States.

NINTH: The Board of Directors of this Association, or any one or more shareholders owing, in the aggregate, not less than ten percent (10%) of the stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place and purpose of every annual and special meeting of the shareholders shall be given by first class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his address as shown upon the books of this Association.

TENTH: This Association shall indemnify to the full extent from time to time permitted by New Jersey law, any person made, or threatened to be made, a party to, or a witness or other participant in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, legislative, investigative or of any other kind, by reason of the fact that such person is or was a director, officer, employee or agent of this Association or any subsidiary of this Association or serves or served any other enterprise at the request of this Association (including service as a fiduciary with respect to any employee benefit plan) against expenses, judgments, fines, penalties and amounts paid in settlement, actually and reasonably incurred by such person in connection with such action, suit or proceeding, or any appeal therein; provided, that no indemnification shall be granted for expenses, civil penalties or other payments incurred by any such person in an administrative proceeding by a federal bank regulatory agency resulting in a final unappealable order assessing such penalties or requiring payments to this Association; and provided further, that as long as this Association is controlled directly or indirectly by Midlantic Corporation or any successors thereto, no indemnification shall be granted to any such person without the approval of Midlantic Corporation or such successor thereto. The rights provided by this Article to any person shall inure to the benefit of such person's legal representative. Neither the amendment or repeal of this Article, nor the adoption of any provision of these Articles of Association inconsistent with this Article, shall deprive any person of rights hereunder arising out of any matter which occurred prior to such amendment, repeal or adoption.

This Association shall have the authority to purchase and maintain insurance covering its directors, officers, employees and agents against expenses and liabilities incurred in connection with any action or proceeding in which any of such persons is a participant because of such person's service to this Association, any subsidiary of this Association or any other enterprise at the request of this Association.

To the full extent from time to time permitted by New Jersey law, expenses incurred by a person in defending a civil or criminal action, suit or proceeding shall be paid by this Association in advance of the final disposition of such action upon receipt of an undertaking by or on behalf of such person to repay such amount to the extent the expenses so advanced exceed the indemnification to which it is ultimately determined that such person is entitled; provided that as long as this Association is controlled directly or indirectly by Midlantic Corporation or any successors thereto, no advancement of expenses shall be granted to any such person without the approval of Midlantic Corporation or such successor thereto.

To the full extent from time to time permitted by New Jersey law, no director or officer of this Association shall be personally liable to this Association or its shareholders for damages for breach of any duty owed to this Association or its shareholders. Neither the amendment or repeal of this Article, nor the adoption of any provision of these Articles of Association inconsistent with this Article, shall eliminate or reduce the protection afforded by this Article to a director or officer of this Association with respect to any matter which occurred, or any cause of action, suit or claim which but for this Article would have accrued or arisen, prior to such amendment, repeal or adoption.

ELEVENTH: These Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this Association, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount.

AMENDMENT NO. 1

to

AGREEMENT AND PLAN OF MERGER

among

MIDLANTIC BANKS INC.,

MIDLANTIC NATIONAL BANK

and

CONTINENTAL BANK

THIS AMENDMENT NO. 1 is made as of May 5, 1994 among MIDLANTIC BANKS INC. ("MBI"), a New Jersey corporation, MIDLANTIC NATIONAL BANK ("MNB"), a national banking association and CONTINENTAL BANK ("CB"), a Pennsylvania banking institution.

WHEREAS, MBI, MNB and CB entered into an Agreement and Plan of Merger dated as of March 23, 1994 (the "Merger Agreement"), providing for the merger of CB into MNB under the charter of MNB and the title "Midlantic Bank, National Association"; and

WHEREAS, it has been proposed that, prior to the effective date of the merger, MBI will be merged with and into its parent holding company, Midlantic Corporation ("MC"), and the separate existence of MBI shall cease; and

WHEREAS, MBI, MNB and CB wish to amend the Merger Agreement to reflect the proposed merger of MBI into MC.

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained, the parties agree as follows:

1. Each capitalized term used herein which is defined in the Merger Agreement shall have the meaning specified therein.

2. Section 2 of the Merger Agreement is hereby amended to provide that upon the merger becoming effective, the Articles of Association of the Continuing Bank shall be as set forth in Schedule 1 attached to this Amendment No. 1 and made a part hereof, with such amendments authorized by the respective shareholders of MNB and CB at or before the time the merger becomes effective.

3. Section 4 of the Merger Agreement is hereby amended and restated to read in its entirety as follows:

"4. Upon the merger becoming effective:

"(a) The holder of the outstanding shares of CB Common Stock shall be entitled to receive from the Continuing Bank, in exchange for the aggregate of all shares of CB Common Stock held by such holder, 3,224,322 shares of the Common Stock of the Continuing Bank, $32.50 par value (the "Continuing Bank Common Stock").

"(b) On the date the merger becomes effective, each outstanding share of CB Common Stock, shall ipso facto and without any action on the part of the holder thereof, become and be converted into such number of shares of Continuing Bank Common Stock, as are issuable in the merger with respect thereto.

"Outstanding certificates evidencing shares of CB Common Stock shall, after the time the merger becomes effective, evidence only the right of the holder thereof to receive certificates for shares of Continuing Bank Common Stock. Upon the effective date of the merger, the Continuing Bank will deliver to the CB Common Stock shareholder a certificate for the aggregate number of shares of Continuing Bank Common Stock to which such shareholder shall be entitled, determined as provided herein. Upon surrender of said certificates representing CB Common Stock and acceptance thereof by the Continuing Bank, the CB Common Stock shareholder will receive in exchange therefor a certificate for the number of whole shares of Continuing Bank Common Stock to which such shareholder is entitled hereunder.

"(c) The amount and the number of shares of the capital stock of the Continuing Bank outstanding upon the merger becoming effective shall be $218,918,570 divided into 6,735,956 shares of the par value of $32.50 each.

"(d) The shares of capital stock of MNB issued and outstanding at the time the merger becomes effective shall continue to be issued and outstanding shares of the Continuing Bank."

4. The first sentence of Section 5 of the Merger Agreement is hereby amended and restated to read in its entirety as follows:

"Each of the following persons and such other persons as may subsequently be chosen by the Boards of Directors of MNB and CB shall serve as the Board of Directors of the members of the Board of Directors of the Continuing Bank until the next annual meeting of its shareholders and until such time as their successors have been elected and qualified, provided that such person continues to serve as a director of either CB or MNB immediately prior to the effective date of the merger: Charles E. Ehinger, David F. Girard-diCarlo, Frederick C. Haab, Kevork S. Hovnanian, Arthur J. Kania, Aubrey C. Lewis, David F. McBride, Desmond P. McDonald, William E. McKenna, Marcy Syms Merns, Ralph H. O'Brien, Roy T. Peraino, Ernest L. Ransome, III, Ronald Rubin, B. P. Russell, Garry J. Scheuring, Fred R. Sullivan and Harold L. Yoh, Jr.

5. Except as otherwise provided herein, the Merger Agreement shall remain in full force and effect.

6. This Amendment No. 1 may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be executed by their duly authorized officers and their corporate seals to be hereunto affixed as of the 5th day of May, 1994, and directors constituting a majority of the Board of Directors of each of MNB and CB have hereunto subscribed their names.

{SEAL} MIDLANTIC BANKS INC.

By ______________________________
Garry J. Scheuring
Chairman of the Board,
President & Chief Executive
Officer

Attest:

____
John M. Sperger
Senior Vice President & Secretary

[signatures continued on next page]

{SEAL} MIDLANTIC NATIONAL BANK

By ______________________________
Garry J. Scheuring
Chairman of the Board,
President & Chief Executive
Officer

Attest:

____
John M. Sperger
Senior Vice President & Cashier

A majority of the Directors of Midlantic National Bank:

________________________	________________________
Charles E. Ehinger	Marcy Syms Merns
________________________	________________________
Kevork S. Hovnanian	Ralph H. O'Brien
________________________	________________________
Aubrey C. Lewis	Ernest L. Ransome, III
________________________	________________________
David F. McBride	B. P. Russell
________________________	________________________
Desmond P. McDonald	Garry J. Scheuring
________________________	________________________
William E. McKenna	Fred R. Sullivan

[signatures continued on next page]

{SEAL} CONTINENTAL BANK

By ____________________________
James J. Lynch
President

ATTEST:

____
John M. Sperger
Senior Vice President & Secretary

A majority of the Directors of Continental Bank:

__________________________ David F. Girard-diCarlo

__________________________ Roy T. Peraino

__________________________ Frederick C. Haab

__________________________ Ronald Rubin

__________________________ Arthur J. Kania

__________________________ Garry J. Scheuring

__________________________ James J. Lynch

__________________________ Harold L. Yoh, Jr.

Schedule 1

MIDLANTIC BANK, NATIONAL ASSOCIATION

ARTICLES OF ASSOCIATION

FIRST: The title of this Association shall be Midlantic Bank, National Association.

SECOND: The main office of this Association shall be in the City of Newark, County of Essex, State of New Jersey. The general business of this Association shall be conducted at its main office and its branches.

THIRD: The Board of Directors of this Association shall consist of not less than five nor more than twenty-five persons, the exact number of directors within such minimum and maximum limits to be fixed and determined, from time to time, by resolution of a majority of the full Board of Directors or by resolution of the shareholders at any annual or special meeting thereof. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

FOURTH: The annual meeting of the shareholders for the election of directors and the transaction of whatever other business as may be brought before said meeting shall be held at the main office or such other place as the Board of Directors may designate, on the day of each year specified therefor in the By-Laws but if no election is held on that day, it may be held on any subsequent day according to the provisions of law; and all elections shall be held according to such lawful regulations as may be prescribed by the Board of Directors.

Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if all the shareholders consent thereto in writing. The written consents of the shareholders shall be filed with the minutes of proceedings of shareholders.

FIFTH: The amount of capital stock of this Association shall be Two Hundred Eighteen Million Nine Hundred Eighteen Thousand Five Hundred Seventy Dollars ($218,918,570) divided into 6,735,956 shares of common stock of the par value of Thirty-two Dollars and Fifty Cents ($32.50) each; but said capital stock may be increased or decreased from time to time, in accordance with the provisions of the laws of the United States.

No holder of shares of the capital stock of any class of this Association shall have any pre-emptive or preferential right of subscription to any shares of any class of stock of this Association, whether now or hereafter authorized, or to any obligations convertible into stock of this Association, issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors, in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time fix.

This Association, at any time and from time to time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders.

SIXTH: The Board of Directors shall appoint one of its members President of this Association, who shall be Chairman of the Board, unless the Board appoints another director to be the Chairman. The Board of Directors shall have the power to appoint a Vice Chairman of the Board, and one or more Vice Presidents; and to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association.

The Board of Directors shall have the power to define the duties of the officers and employees of this Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of this Association shall be made; to manage and administer the business and affairs of this Association; to make all By-Laws that it may be lawful for them to make; and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH: The Board of Directors shall have the power to change the location of the main office to any other place within the limits of the City of Newark, without the approval of the shareholders, but subject to the approval of the Comptroller of the Currency; and shall have the power to establish or change the location of any branch or branches of this Association to any other location without the approval of the shareholders but subject to the approval of the Comptroller of the Currency.

EIGHTH: The corporate existence of this Association shall continue until terminated in accordance with the laws of the United States.

NINTH: The Board of Directors of this Association, or any one or more shareholders owing, in the aggregate, not less than ten percent (10%) of the stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place and purpose of every annual and special meeting of the shareholders shall be given by first class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his address as shown upon the books of this Association.

TENTH: This Association shall indemnify to the full extent from time to time permitted by New Jersey law, any person made, or threatened to be made, a party to, or a witness or other participant in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, legislative, investigative or of any other kind, by reason of the fact that such person is or was a director, officer, employee or agent of this Association or any subsidiary of this Association or serves or served any other enterprise at the request of this Association (including service as a fiduciary with respect to any employee benefit plan) against expenses, judgments, fines, penalties and amounts paid in settlement, actually and reasonably incurred by such person in connection with such action, suit or proceeding, or any appeal therein; provided, that no indemnification shall be granted for expenses, civil penalties or other payments incurred by any such person in an administrative proceeding by a federal bank regulatory agency resulting in a final unappealable order assessing such penalties or requiring payments to this Association; and provided further, that as long as this Association is controlled directly or indirectly by Midlantic Corporation or any successors thereto, no indemnification shall be granted to any such person without the approval of Midlantic Corporation or such successor thereto. The rights provided by this Article to any person shall inure to the benefit of such person's legal representative. Neither the amendment or repeal of this Article, nor the adoption of any provision of these Articles of Association inconsistent with this Article, shall deprive any person of rights hereunder arising out of any matter which occurred prior to such amendment, repeal or adoption.

This Association shall have the authority to purchase and maintain insurance covering its directors, officers, employees and agents against expenses and liabilities incurred in connection with any action or proceeding in which any of such persons is a participant because of such person's service to this Association, any subsidiary of this Association or any other enterprise at the request of this Association.

To the full extent from time to time permitted by New Jersey law, expenses incurred by a person in defending a civil or criminal action, suit or proceeding shall be paid by this Association in advance of the final disposition of such action upon receipt of an undertaking by or on behalf of such person to repay such amount to the extent the expenses so advanced exceed the indemnification to which it is ultimately determined that such person is entitled; provided that as long as this Association is controlled directly or indirectly by Midlantic Corporation or any successors thereto, no advancement of expenses shall be granted to any such person without the approval of Midlantic Corporation or such successor thereto.

To the full extent from time to time permitted by New Jersey law, no director or officer of this Association shall be personally liable to this Association or its shareholders for damages for breach of any duty owed to this Association or its shareholders. Neither the amendment or repeal of this Article, nor the adoption of any provision of these Articles of Association inconsistent with this Article, shall eliminate or reduce the protection afforded by this Article to a director or officer of this Association with respect to any matter which occurred, or any cause of action, suit or claim which but for this Article would have accrued or arisen, prior to such amendment, repeal or adoption.

ELEVENTH: These Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this Association, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount.