

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1994-01-10** | Period of Report: **1993-09-30**  
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### FILER

#### MICHIGAN NATIONAL CORP

CIK: **65660** | IRS No.: **380111135** | State of Incorporation: **MI** | Fiscal Year End: **1231**  
Type: **10-Q/A** | Act: **34** | File No.: **000-07186** | Film No.: **94500860**  
SIC: **6021** National commercial banks

#### Mailing Address

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#### Business Address

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## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C., 20549

FORM 10-Q - A

AMENDMENT TO APPLICATION OR REPORT  
FILED PURSUANT TO SECTION 12, 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

MICHIGAN NATIONAL CORPORATION  
(Exact name of registrant as specified in charter)

AMENDMENT NO. 1

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 as set forth in the pages attached hereto:

- o Part I, Item 1. Financial Statements
- o Part I, Item 2. Management's Discussion & Analysis  
Financial Review  
Non-Interest Income and Non-Interest Expense  
Tables 1, 2, 3, 5, 6, 11, 12, 13, 14, 15, 16,  
17, & 18
- o Part I, Exhibit 11, Computation of Earnings Per Share

These amended items reflect the postponement, for accounting purposes, of the recognition of a sale of mortgage servicing rights from June of 1993 to November of 1993. As a result, second and third quarter earnings have been restated to reflect the delayed recognition of the gain on sale for accounting purposes. Substantially all of the gain on sale will be recognized in the fourth quarter of 1993.

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

MICHIGAN NATIONAL CORPORATION  
(Registrant)

January 10, 1994 Eric D. Booth  
Executive Vice President  
(Chief Financial Officer)

January 10, 1994 Robert V. Panizzi  
First Vice President and Controller  
(Chief Accounting Officer)

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MICHIGAN NATIONAL CORPORATION  
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

This is a revised schedule. Revised per  
form 10Q-A dated January 10, 1994

(IN THOUSANDS, EXCEPT PER SHARE)	THREE MONTHS ENDED		INCREASE (DECREASE)
	SEPTEMBER 30 1993	1992	
INTEREST INCOME			
<S>	<C>	<C>	<C>
Interest-bearing deposits with banks	\$ 282	\$ 1,291	\$ (1,009)
Federal funds sold and resale agreements	2,823	3,155	(332)
Money market investments	63	40	23
Investment securities	22,607	31,567	(8,960)
Trading securities	1,792	1,762	30
Loans and lease financing, including related fees	142,863	140,164	2,699
Income from covered assets		2,056	(2,056)
FDIC assistance		1,204	(1,204)
TOTAL GUARANTEED YIELD ON COVERED ASSETS		3,260	(3,260)
Note receivable-FDIC	5,623	9,140	(3,517)
TOTAL INTEREST INCOME	176,053	190,379	(14,326)
INTEREST EXPENSE			
Money market accounts	15,461	17,246	(1,785)
Savings deposits	7,675	7,415	260

Time deposits < \$100,000	38,984	49,330	(10,346)
Time deposits > \$100,000	7,728	11,366	(3,638)
Short-term borrowings	4,460	5,963	(1,503)
Long-term debt	1,574	1,664	(90)
FDIC assistance	(3,236)	(3,599)	363
-----			
TOTAL INTEREST EXPENSE	72,646	89,385	(16,739)
NET INTEREST INCOME	103,407	100,994	2,413
PROVISION FOR POSSIBLE CREDIT LOSSES	8,000	18,571	(10,571)
-----			
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE CREDIT LOSSES	95,407	82,423	12,984
-----			
NON-INTEREST INCOME			
Service charges	33,443	33,012	431
Trust and investment services income	4,619	4,164	455
Gains (losses) from sale of mortgage servicing rights		73	(73)
Securities gains (losses)	12	(170)	182
Other income	27,892	15,780	12,112
-----			
TOTAL NON-INTEREST INCOME	65,966	52,859	13,107
-----			
NON-INTEREST EXPENSE			
Salaries and wages	47,489	43,788	3,701
Other employee benefits	12,198	11,170	1,028
Net occupancy expense	7,460	7,632	(172)
Equipment expense	9,748	9,147	601
Outside services	8,795	7,698	1,097
Defaulted loan expense, net	6,026	4,997	1,029
Amortization of purchased mortgage servicing rights (Note B)	14,154	14,293	(139)
Other expenses	29,982	23,926	6,056
-----			
TOTAL NON-INTEREST EXPENSE	135,852	122,651	13,201
-----			
INCOME BEFORE INCOME TAXES	25,521	12,631	12,890
Income tax provision (benefit) (Note L)	(1,506)	1,078	(2,584)
-----			
NET INCOME	\$ 27,027	\$ 11,553	\$ 15,474

</TABLE>

The Consolidated Statement of Income is continued on the next page.

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MICHIGAN NATIONAL CORPORATION  
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME  
continued (UNAUDITED)

This is a revised schedule. Revised per  
Form 10Q-A dated January 10, 1994

(IN THOUSANDS, EXCEPT PER SHARE)	THREE MONTHS ENDED SEPTEMBER 30		INCREASE (DECREASE)
	1993	1992	
<S>	<C>	<C>	<C>
NET INCOME PER COMMON SHARE	\$1.77	\$0.76	\$1.01
AVERAGE COMMON SHARES OUTSTANDING	15,289	15,148	141
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$0.50	\$0.50	

Certain prior period amounts have been reclassified to conform to current year presentation.

</TABLE>

See notes to consolidated financial statements.

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MICHIGAN NATIONAL CORPORATION  
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

This is a revised schedule. Revised per  
Form 10Q-A dated January 10, 1994

(IN THOUSANDS, EXCEPT PER SHARE)	NINE MONTHS ENDED SEPTEMBER 30		INCREASE (DECREASE)
	1993	1992	
<S>	<C>	<C>	<C>
<b>INTEREST INCOME</b>			
Interest-bearing deposits with banks	\$ 2,477	\$ 4,576	\$ (2,099)
Federal funds sold and resale agreements	9,618	10,882	(1,264)
Money market investments	156	179	(23)
Investment securities	71,211	97,631	(26,420)
Trading securities	5,072	5,508	(436)
Loans and lease financing, including related fees	418,697	429,164	(10,467)
Income from covered assets		10,734	(10,734)
FDIC assistance		4,081	(4,081)
<b>TOTAL GUARANTEED YIELD ON COVERED ASSETS</b>			
Note receivable-FDIC	17,558	29,131	(11,573)
<b>TOTAL INTEREST INCOME</b>			
	524,789	591,886	(67,097)
<b>INTEREST EXPENSE</b>			
Money market accounts	45,982	55,765	(9,783)
Savings deposits	22,408	24,372	(1,964)
Time deposits < \$100,000	123,931	154,436	(30,505)
Time deposits > \$100,000	25,270	41,026	(15,756)
Short-term borrowings	12,747	22,899	(10,152)
Long-term debt	4,839	5,367	(528)
FDIC assistance	(10,168)	(10,177)	9
<b>TOTAL INTEREST EXPENSE</b>			
	225,009	293,688	(68,679)
<b>NET INTEREST INCOME</b>			
	299,780	298,198	1,582
<b>PROVISION FOR POSSIBLE CREDIT LOSSES</b>			
	33,000	55,353	(22,353)
<b>NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE CREDIT LOSSES</b>			
	266,780	242,845	23,935
<b>NON-INTEREST INCOME</b>			
Service charges	96,487	98,144	(1,657)
Trust and investment services income	14,600	13,363	1,237
Gains(losses) from sale of mortgage servicing rights	51	3,510	(3,459)
Securities gains(losses)	6,139	1,495	4,644
Other income	55,790	41,455	14,335
<b>TOTAL NON-INTEREST INCOME</b>			
	173,067	157,967	15,100
<b>NON-INTEREST EXPENSE</b>			
Salaries and wages	136,635	125,191	11,444
Other employee benefits	38,445	34,569	3,876
Net occupancy expense	22,326	22,850	(524)
Equipment expense	31,062	28,139	2,923
Outside services	24,567	20,888	3,679
Defaulted loan expense, net	12,326	12,156	170
Amortization of purchased mortgage servicing rights (Note B)	95,148	27,793	67,355
Other expenses	89,713	75,980	13,733
<b>TOTAL NON-INTEREST EXPENSE</b>			
	450,222	347,566	102,656
<b>INCOME BEFORE INCOME TAXES</b>			
	(10,375)	53,246	(63,621)
Income tax provision (benefit) (Note L)	(1,506)	5,330	(6,836)
<b>INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE</b>			
	(8,869)	47,916	(56,785)
Cumulative Effect of a Change in Accounting Principle		6,265	(6,265)
<b>NET INCOME</b>			
	\$ (8,869)	\$ 54,181	\$ (63,050)

</TABLE>  
The Consolidated Statement of Income is continued on the next page.

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MICHIGAN NATIONAL CORPORATION  
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME  
continued (UNAUDITED)

This is a revised schedule. Revised per  
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NINE MONTHS ENDED  
SEPTEMBER 30

INCREASE  
(DECREASE)

(IN THOUSANDS, EXCEPT PER SHARE)	1993	1992	
<S>	<C>	<C>	<C>
NET INCOME PER COMMON SHARE			
Income before cumulative effect of accounting change	\$ (0.59)	\$3.18	\$ (3.77)
Cumulative effect of accounting change		\$0.42	\$ (0.42)
Net income	\$ (0.59)	\$3.60	\$ (4.19)
AVERAGE COMMON SHARES OUTSTANDING	15,057	15,064	(7)
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 1.50	\$1.50	

</TABLE>  
 Certain prior period amounts have been reclassified to conform to current year presentation.

See notes to consolidated financial statements.

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MICHIGAN NATIONAL CORPORATION  
 AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CONDITION  
 (UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	SEPTEMBER 30, 1993	DECEMBER 31, 1992
<S>	<C>	<C>
ASSETS		
Cash and due from banks	\$ 524,077	\$ 547,697
Federal funds sold and resale agreements	311,581	466,298
Total Cash and Cash Equivalents	835,658	1,013,995
Interest-bearing deposits with banks	32,597	136,565
Money market investments	9,487	6,469
Trading securities	103,058	79,668
Investments available for sale (Note F)	894	189,880
Investment securities, (market value of \$1,356,157 and \$1,348,098 at 09/30/93 and 12/31/92, respectively) (Note F)		
Mortgage-backed securities	1,037,293	1,049,303
Government and other securities	277,481	256,371
Covered assets and FDIC assistance (Note G)		18,524
Residential mortgages held for sale (Note H)	635,363	670,800
Loans and lease financing (Note H)	6,079,411	6,057,593
Total Loans and Lease Financing	6,714,774	6,746,917
Less: Unearned income	(18,192)	(15,869)
Less: Allowance for possible credit losses	(189,055)	(175,471)
Net Loans and Lease Financing	6,507,527	6,555,577
Note receivable-FDIC	462,535	624,828
Premises and equipment, net	202,675	202,056
Due from customers on acceptances	551	183
Accrued income receivable	77,170	69,111
Purchased mortgage servicing rights, net (Note B)	70,524	155,083
Capitalized excess service fees, net (Note B)	10,052	22,277
Property from defaulted loans and other real estate owned, net	122,451	152,207
Other assets	645,457	149,751
TOTAL ASSETS	\$10,395,410	\$10,663,324

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 The Consolidated Statement of Condition is continued on the next page.

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(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)	SEPTEMBER 30, 1993	DECEMBER 31, 1992
<S>	<C>	<C>
LIABILITIES		
Non-interest bearing demand deposits	\$ 1,870,817	\$ 1,787,771
Interest-bearing deposits:		
Money market accounts	2,093,296	2,168,453
Savings deposits	1,135,284	1,026,132
Time deposits < \$100,000	2,647,169	2,996,756
Time deposits > \$100,000	807,980	996,181
Total Deposits	8,554,546	8,975,293
Short-term borrowings (Note I)	556,432	528,094
Customer acceptances outstanding	551	183
Accrued liabilities	424,486	271,328
Long-term debt	77,998	82,651
TOTAL LIABILITIES	9,614,013	9,857,549

Contingencies and Commitments (Notes E and J)

SHAREHOLDERS' EQUITY (NOTE K)

Preferred stock, authorized 6,000,000 shares: 6% cumulative, convertible, \$36 stated value, no shares authorized at September 30, 1993, 166,667 shares authorized at December 31, 1992; Series B junior participating, \$10 par value, authorized 500,000 shares, none outstanding		6,000
Common stock, \$10 par value, authorized 50,000,000 shares	151,263	149,079
Surplus	193,960	185,759
Retained earnings	451,386	482,949
Note receivable-ESOP	(15,212)	(18,012)
TOTAL SHAREHOLDERS' EQUITY	781,397	805,775
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$10,395,410	\$10,663,324

Preferred stock outstanding		166,667
Common stock outstanding	15,126,197	14,907,895

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See notes to consolidated financial statements.

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(IN THOUSANDS)	CONVERTIBLE PREFERRED STOCK	COMMON STOCK	SURPLUS	RETAINED EARNINGS	NOTE RECEIVABLE ESOP	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, JANUARY 1, 1992	\$ 6,000	\$146,372	\$181,527	\$446,811	\$ (20,812)	\$759,898
Net income				54,181		54,181
Common stock issued, net		1,680	2,102			3,782
ESOP payment					2,800	2,800
Cash dividends						
Common stock				(22,117)		(22,117)
Convertible preferred stock				(270)		(270)
BALANCE, SEPTEMBER 30, 1992	6,000	148,052	183,629	478,605	(18,012)	\$798,274
BALANCE, JANUARY 1, 1993	\$ 6,000	\$149,079	\$185,759	\$482,949	\$ (18,012)	805,775
Net income / (loss)				(8,869)		(8,869)
Unrealized loss on marketable equity securities				14		14

Common stock issued, net		984	3,401		4,385
Conversion of preferred stock	(6,000)	1,200	4,800		
ESOP payment				2,800	2,800
Cash dividends					
Common stock			(22,618)		(22,618)
Convertible preferred stock (Note K)			(90)		(90)
-----					
BALANCE, SEPTEMBER 30, 1993		151,263	193,960	451,386	(15,212) \$781,397
-----					

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MICHIGAN NATIONAL CORPORATION  
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

NINE MONTHS ENDED SEPTEMBER 30 (IN THOUSANDS)		1993	1992
<S>		<C>	<C>
<b>OPERATING ACTIVITIES</b>			
Net income		\$ (8,869)	\$ 54,181
Adjustments to reconcile net income to net cash (used) provided by operating activities:			
Provision for possible credit losses		33,000	55,353
Depreciation and amortization expense		129,451	58,791
Net amortization (accretion) associated with investment securities		746	1,269
Write-downs of property from defaulted loans		8,249	10,087
Net deferred income taxes		(29,830)	(13,019)
Gain from sale of securities		(6,139)	(1,494)
Gain from sale of mortgage servicing rights		(51)	(3,510)
(Gain) Loss from sale of fixed assets		776	(371)
(Gain) Loss from sale of property from defaulted loans		(2,793)	(1,873)
(Increase) decrease in operating assets:			
Trading account securities		(23,390)	(43,233)
Accrued interest receivable		(8,059)	6,134
Residential mortgages held for sale		35,437	(138,159)
Pending investment and trading securities sales		(151,931)	(25,399)
Capitalized excess service fees		5,101	(8,960)
Other assets		(314,605)	(20,593)
Increase (decrease) in operating liabilities:			
Accrued interest payable		(2,382)	1,770
Pending investment and trading securities purchases		38,042	54,113
Accrued liabilities		116,276	32,911
Other, net		2,587	1,627
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		<b>\$ (178,384)</b>	<b>\$ 19,625</b>
<b>INVESTING ACTIVITIES</b>			
Payments for:			
Purchase of investment securities		\$ (397,230)	\$ (491,418)
Purchase of premises and equipment		(21,699)	(26,301)
Purchase of mortgage servicing rights		(10,588)	(16,442)
Capital expenditures on property from defaulted loans		(4,604)	(2,437)
Purchase of subsidiary, net of cash and cash equivalents acquired		3,373	(198,693)
Proceeds from:			
Sale of investment securities		266,116	80,242
Principal collection of investment securities		330,854	386,049
Sale of premises and equipment		108	580
Sale of mortgage servicing rights			8
Sales and principal collection of property from defaulted loans		33,866	26,641
Net decrease (increase) in:			
Interest-bearing deposits with banks		103,968	67,924
Money market investments		(3,018)	(1,501)
Loans and lease financing		34,338	(170,380)
Covered assets and FDIC assistance		18,410	210,282
Note receivable-FDIC		162,293	105,491
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<b>\$ 516,187</b>	<b>\$ (29,955)</b>

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The Consolidated Statement of Cash Flows is continued on the next page.

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MICHIGAN NATIONAL CORPORATION  
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

NINE MONTHS ENDED SEPTEMBER 30 (IN THOUSANDS)	1993	1992
<S>	<C>	<C>
Financing Activities		
Payments for:		
Long-term debt	\$ (4,137)	\$ (8,591)
Common stock dividends	(22,618)	(22,117)
Preferred stock dividends	(90)	(270)
Repurchase of common stock	(29)	
Proceeds from issuance of:		
Common stock	4,414	3,782
Long-term debt		
Payments on note receivable--ESOP	2,800	2,800
Net (decrease) increase in:		
Deposits	(524,818)	43,578
Short-term borrowings	28,338	(136,306)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	\$ (516,140)	\$ (117,124)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (178,337)	\$ (127,454)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,013,995	811,161
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30	\$ 835,658	\$ 683,707
Supplemental disclosures of cash flow information:		
a.) Cash transactions:		
Interest paid	\$ 227,391	\$ 291,918
Federal income taxes paid (net of refunds)	10,016	1,515
State taxes paid (net of refunds)	634	570
b.) Non-cash transactions in property from defaulted loan accounts:		
Transfer from loans to property from defaulted loans	12,547	51,226
Loans originated to finance sales of property from defaulted loans	5,288	2,355
Transfer from covered assets to assets held for sale		4,581
c.) Non-cash transactions in covered assets:		
Transfer from covered assets to loans and lease financings	114	
d.) Fair market value of assets acquired less liabilities assumed (Note D)	16,746	203,786

</TABLE>  
See notes to consolidated financial statements.

Certain prior period amounts have been reclassified in order to conform to current year presentation.

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Michigan National Corporation  
and Subsidiaries

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MANAGEMENT'S DISCUSSION AND ANALYSIS

	1993	1993	1993	1992	1992
TABLE 1 SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING RESULTS (IN THOUSANDS)					
Interest income	\$176,053	\$177,591	\$171,142	\$187,187	\$190,379
Interest expense	72,646	73,682	78,678	84,274	89,385
Net interest income	103,407	103,909	92,464	102,913	100,994
Provision for possible credit losses	8,000	12,494	12,506	15,317	18,571
Non-interest income	65,966	55,674	51,427	66,826	52,859
Non-interest expense	135,852	138,187	176,183	141,210	122,651
Income (loss) before income tax expense	25,521	8,902	(44,798)	13,212	12,631
Income tax provision (benefit)	(1,506)			1,322	1,078



Net income (loss)	\$ 27,027	\$ 8,902	\$(44,798)	\$ 11,890	\$ 11,553
PER COMMON SHARE					
Net income (loss)	\$ 1.77	\$ 0.58	\$(3.00)	\$ 0.78	\$ 0.76
Cash dividends declared	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Book value end-of-period	\$51.66	\$50.19	\$50.11	\$53.65	\$53.51
Market value end-of-period	\$58.88	\$56.50	\$60.00	\$51.25	\$44.00
Closing market value: high	\$59.88	\$61.63	\$64.25	\$52.25	\$50.38
Closing market value: low	\$54.50	\$52.00	\$50.00	\$44.00	\$43.50
SELECTED PERIOD-END BALANCES (IN MILLIONS)					
Total assets	\$ 10,395	\$ 10,517	\$ 10,442	\$ 10,663	\$ 10,705
Earning assets	8,932	9,388	9,291	9,540	9,507
Total loans and lease financing, net of unearned income	6,697	6,929	6,534	6,731	6,788
Non-performing assets	276	290	293	304	309
Deposits	8,555	8,613	8,582	8,975	8,699
Long-term debt	78	81	82	83	83
Shareholders' equity	781	759	757	806	798
SELECTED AVERAGE BALANCES (IN MILLIONS)					
Total assets	\$ 10,390	\$ 10,372	\$ 10,184	\$ 10,658	\$ 10,471
Earning assets	9,292	9,255	9,117	9,529	9,405
Total loans and lease financing, net of unearned income	6,880	6,742	6,477	6,737	6,560
Deposits	8,610	8,718	8,550	8,867	8,687
Long-term debt	79	82	82	83	88
Shareholders' equity	770	766	810	806	801
SELECTED FINANCIAL RATIOS					
Return on average shareholders' equity	14.04%	4.65%	(22.13)%	5.90%	5.77%
Return on average total assets	1.04	0.34	(1.76)	0.45	0.44
Average equity to average total assets	7.41	7.38	7.95	7.56	7.65
Allowance to period-end loans	2.82	2.68	2.79	2.61	2.56
Non-performing assets to total loans (net of unearned income) plus property from defaulted loans and other reo , net	4.05	4.11	4.38	4.42	4.44
Net interest spread	3.84	3.95	3.67	3.92	3.87
Net interest margin	4.65	4.74	4.38	4.67	4.62
Equity to asset ratio (period end)	7.51	7.22	7.25	7.56	7.45
Leverage ratio	7.09	6.90	7.12	7.24	7.27
Tier 1 risk based capital ratio	9.01	8.79	9.12	9.69	9.54
Total risk based capital ratio	11.16	10.99	11.34	11.91	11.76
Dividend payout ratio	28.25	86.21	N/M	64.10	65.79

</TABLE>

N/M = Not meaningful

Certain prior period amounts have been reclassified to conform to current period presentation.

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Michigan National Corporation  
and Subsidiaries

(This is revised text.  
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dated January 10,1994)

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

##### FINANCIAL REVIEW

Earnings for the third quarter 1993 were \$27.0 million, or \$1.77 per share, which includes a one-time pre-tax gain of \$10.1 million. Net income for the same period last year was \$11.6 million, or \$0.76 per share.

A major contributor to the increase in earnings is a sustained trend of improvement in credit quality over the past fifteen months. This was a significant factor in a \$10.6 million decrease in the provision for possible credit losses to \$8.0 million in the third quarter 1993 from \$18.6 million in the third quarter 1992. At September 30, 1993, Watch Credits were \$450 million, down \$244 million, or 35%, from a high of \$694 million at June 30, 1992; and total Non-performing Assets were \$276 million, down \$48 million, or 15%, from \$324 million at June 30, 1992. Net charge-offs for the nine months ended September 30, 1993, were \$20.3 million, down \$18.2 million, or 47%, from the same period last year. In addition, the allowance for possible credit losses as a percentage of total loans increased to 2.82% at September 30, 1993, from 2.50% at June 30, 1992, and the allowance as a percentage of Non-performing Loans increased to 123% from 93% over the same period.

The one-time \$10.1 million gain came from the sale of approximately \$300 million of prime-rate-based residential mortgage loans originated and held for investment by IOMC. The loans were sold principally to prevent possible future economic loss associated with the prepayment risk inherent in this portfolio.

IOMC continues to experience unprecedented mortgage refinancing activity resulting in accelerated prepayments in its mortgage servicing portfolio. The runoff rates attributable to loan prepayments in the servicing portfolios associated with PMSR and ESF for the first nine months of 1993 were slightly higher than 40%. Since the third quarter 1992, the Corporation has aggressively addressed the effect of these prepayment trends through accelerated amortization of its PMSR and ESF assets. This accelerated amortization has resulted in dramatic declines in these

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Michigan National Corporation  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

asset balances. Therefore, although the amortization rate for these assets remained high in the third quarter 1993, actual amortization expense of \$18.9 million was \$7.1 million lower than in the second quarter 1993. The total PMSR and ESF asset balance declined 59% to \$81 million at September 30, 1993, from \$198 million at September 30, 1992.

Recent tax law changes resulted in an increase in the value of the Corporation's September 30, 1993, deferred tax assets contributing to an income tax benefit of \$1.5 million in the third quarter of 1993.

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Michigan National Corporation  
and Subsidiaries

This is a revised schedule. Revised per  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 2 SUMMARY OF CONSOLIDATED NET INTEREST INCOME (FULLY TAXABLE EQUIVALENT) (UNAUDITED)  
THREE MONTHS ENDED

	SEPTEMBER 30, 1993			JUNE 30, 1993			MARCH 31, 1993		
(IN THOUSANDS)	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<b>ASSETS</b>									
Investment securities-taxable	\$ 1,334,885	\$ 22,012	6.54%	\$ 1,343,584	\$ 23,373	6.98%	\$ 1,226,335	\$ 22,041	7.29%
Investment securities-tax-exempt	39,405	848	8.54%	40,447	868	8.61%	41,833	919	8.91%
Investments available for sale	8			3,088	92	11.95%	89,703	1,816	8.21%
Trading securities	168,314	1,881	4.43%	136,627	1,628	4.78%	147,484	1,942	5.34%
<b>Total securities</b>	<b>1,542,612</b>	<b>24,741</b>	<b>6.36%</b>	<b>1,523,746</b>	<b>25,961</b>	<b>6.83%</b>	<b>1,505,355</b>	<b>26,718</b>	<b>7.20%</b>
Federal funds sold and resale agreements	365,674	2,823	3.06%	367,004	2,707	2.96%	541,073	4,089	3.06%
Interest-bearing deposits with banks	31,809	282	3.52%	152,005	1,220	3.22%	116,390	974	3.39%
Money market funds	9,201	62	2.67%	7,817	50	2.57%	7,397	44	2.41%
Loans and lease financing	6,879,707	143,368	8.27%	6,742,123	142,702	8.49%	6,474,169	134,135	8.40%
Covered assets and FDIC assistance							2,540		
Note receivable-FDIC	462,535	8,519	7.31%	462,535	8,778	7.61%	469,748	9,302	8.03%
<b>Total interest-earning assets</b>	<b>9,291,538</b>	<b>179,795</b>	<b>7.68%</b>	<b>9,255,230</b>	<b>181,418</b>	<b>7.86%</b>	<b>9,116,672</b>	<b>175,262</b>	<b>7.80%</b>
Allowance for possible credit losses	(188,908)			(184,655)			(179,584)		
Cash and due from banks	543,804			543,738			493,074		
Other assets	743,659			758,048			753,535		
<b>TOTAL ASSETS</b>	<b>\$10,390,093</b>			<b>\$10,372,361</b>			<b>\$10,183,697</b>		
<b>LIABILITIES</b>									
Money market accounts	2,117,822	\$ 15,462	2.90%	2,110,664	\$ 14,807	2.81%	2,109,653	\$ 15,713	3.02%
Savings deposits	1,134,487	7,675	2.68%	1,099,960	7,517	2.74%	1,024,817	7,215	2.86%
Time deposits < \$100,000	2,698,401	34,090	5.01%	2,827,961	35,982	5.10%	2,936,855	38,477	5.31%
Time deposits > \$100,000	754,192	7,721	4.06%	780,401	8,088	4.16%	903,338	9,438	4.24%
<b>Total interest-bearing deposits</b>	<b>6,704,902</b>	<b>64,948</b>	<b>3.84%</b>	<b>6,818,986</b>	<b>66,394</b>	<b>3.91%</b>	<b>6,974,663</b>	<b>70,843</b>	<b>4.12%</b>
Federal funds purchased & repurchase agreements	410,691	3,282	3.17%	333,313	2,592	3.12%	242,503	1,853	3.10%
Dollar repurchase agreements				29,117	310	4.27%	128,055	1,451	4.60%

Other short-term borrowings	145,466	1,178	3.21%	116,182	1,006	3.47%	128,623	1,077	3.40%
Subordinated notes	58,446	1,220	8.28%	58,682	1,222	8.35%	59,067	1,228	8.43%
Long-term debt	15,808	240	6.02%	18,187	273	6.02%	18,187	270	6.02%
Capital lease obligations	4,356	114	10.38%	4,931	134	10.90%	5,107	138	10.96%
<b>Total interest-bearing liabilities</b>	<b>7,339,669</b>	<b>70,982</b>	<b>3.84%</b>	<b>7,379,398</b>	<b>71,931</b>	<b>3.91%</b>	<b>7,556,205</b>	<b>76,860</b>	<b>4.13%</b>
Demand deposits	1,905,196			1,899,393			1,575,036		
Other liabilities	375,257			328,004			242,598		
<b>Total Liabilities</b>	<b>9,620,122</b>			<b>9,606,795</b>			<b>9,373,839</b>		
Shareholders' equity	769,971			765,566			809,858		
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$10,390,093</b>			<b>\$10,372,361</b>			<b>\$10,183,697</b>		
Net interest income (fully taxable equivalent basis)		\$108,813			\$109,487			\$ 98,402	
Tax equivalent adjustment		5,406			5,578			5,938	
<b>Net interest income</b>		<b>\$103,407</b>			<b>\$103,909</b>			<b>\$ 92,464</b>	
Net interest rate spread			3.84%			3.95%			3.67%
Net interest margin			4.65%			4.74%			4.38%

</TABLE>  
Certain prior period amounts have been reclassified to conform to current period presentation.

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<TABLE>  
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Michigan National Corporation  
and Subsidiaries

This is a revised schedule. Revised per form 10Q-A dated January 10, 1994

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 3 CHANGE IN NET INTEREST INCOME (FULLY TAXABLE EQUIVALENT)

Quarter-to-Date (IN THOUSANDS)	Change in Average Balance 9/30/93 vs 6/30/93	Change in Interest 9/30/93 vs 6/30/93	Change in Average Rate 9/30/93 vs 6/30/93
<S>	<C>	<C>	<C>
<b>ASSETS</b>			
Investment securities-taxable	\$ (8,699)	\$ (1,361)	-0.44%
Investment securities-tax-exempt	(1,042)	(20)	-0.07%
Investments available for sale	(3,080)	(92)	-11.95%
Trading securities	31,687	253	-0.35%
<b>Total securities</b>	<b>\$ 18,866</b>	<b>\$ (1,220)</b>	<b>-0.47%</b>
Federal funds sold and resale agreements	\$ (1,330)	\$ 116	0.10%
Interest-bearing deposits with banks	(120,196)	(938)	0.30%
Money market funds	1,384	12	0.10%
Loans and lease financing	137,584	666	-0.22%
Covered assets and FDIC assistance			
Note receivable-FDIC		(259)	-0.30%
<b>Total interest-earning assets</b>	<b>\$ 36,308</b>	<b>\$ (1,623)</b>	<b>-0.18%</b>
Allowance for possible credit losses	\$ (4,253)		
Cash and due from banks	66		
Other assets	(14,389)		
<b>TOTAL ASSETS</b>	<b>\$ 17,732</b>		
<b>LIABILITIES</b>			
Money market accounts	\$ 7,158	\$ 655	0.09%
Savings deposits	34,527	158	-0.06%
Time deposits < \$100,000	(129,560)	(1,892)	-0.09%
Time deposits > \$100,000	(26,209)	(367)	-0.10%
<b>Total interest-bearing deposits</b>	<b>\$ (114,084)</b>	<b>\$ (1,446)</b>	<b>-0.07%</b>

Federal funds purchased & repurchase agreements	\$ 77,378	\$ 690	0.05%
Dollar repurchase agreements	(29,117)	(310)	-4.27%
Other short-term borrowings	29,284	172	-0.26%
Subordinated notes	(236)	(2)	-0.07%
Long-term debt	(2,379)	(33)	
Capital lease obligations	(575)	(20)	-0.52%
<hr/>			
Total interest-bearing liabilities	\$ (39,729)	\$ (949)	-0.07%
Demand deposits	\$ 5,803		
Other liabilities	47,253		
<hr/>			
Total Liabilities	\$ 13,327		
Shareholders' equity	\$ 4,405		
<hr/>			
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 17,732		
<hr/>			
Net interest income (fully taxable equivalent basis)		\$ (674)	
Tax equivalent adjustment		(172)	
<hr/>			
Net interest income		\$ (502)	
<hr/>			
Net interest rate spread			-0.11%
<hr/>			
Net interest margin			-0.09%
<hr/>			

</TABLE>

Certain prior period amounts have been reclassified to conform to current period presentation.

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<TABLE>  
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Michigan National Corporation  
and Subsidiaries

This is a revised schedule. Revised per  
form 10Q-A dated January 10, 1994

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 3 CHANGE IN NET INTEREST INCOME (FULLY TAXABLE EQUIVALENT)

Quarter-to-Date ( in thousands)	Change in Average Balance 9/30/93 vs 9/30/92	Change in Interest 9/30/93 vs 9/30/92	Change in Average Rate 9/30/93 vs 9/30/92
<S>	<C>	<C>	<C>
<b>ASSETS</b>			
Investment securities-taxable	\$ (184,329)	\$ (8,826)	-1.54%
Investment securities-tax-exempt	(5,577)	(157)	-0.35%
Investments available for sale	8		
Trading securities	18,531	(36)	-0.66%
<hr/>			
Total securities	\$ (171,367)	\$ (9,019)	-1.48%
Federal funds sold and resale agreements	\$ (21,363)	\$ (332)	-0.18%
Interest-bearing deposits with banks	(83,227)	(1,009)	-0.94%
Money market funds	4,865	22	-1.00%
Loans and lease financing	536,573	2,687	-0.55%
Covered assets and FDIC assistance	(216,646)	(3,880)	-7.12%
Note receivable-FDIC	(162,293)	(5,328)	-1.51%
<hr/>			
Total interest-earning assets	\$ (113,458)	\$ (16,859)	-0.64%
Allowance for possible credit losses	\$ (14,342)		
Cash and due from banks	82,635		
Other assets	(35,812)		
<hr/>			
TOTAL ASSETS	\$ (80,977)		
<hr/>			
<b>LIABILITIES</b>			
Money market accounts	\$ 40,579	\$ (1,784)	-0.40%
Savings deposits	155,827	260	-0.33%
Time deposits < \$100,000	(388,498)	(9,794)	-0.65%
Time deposits > \$100,000	(196,059)	(3,638)	-0.70%

Total interest-bearing deposits	\$ (388,151)	\$ (14,956)	-0.64%
Federal funds purchased & repurchase agreements	\$ 160,965	\$ 1,241	-0.08%
Dollar repurchase agreements	(265,642)	(2,799)	-4.19%
Other short-term borrowings	20,573	55	-0.37%
Subordinated notes	(1,269)	(27)	-0.03%
Long-term debt	(7,492)	(33)	1.36%
Capital lease obligations	(1,100)	(31)	-0.19%
<b>Total interest-bearing liabilities</b>	<b>\$ (482,116)</b>	<b>\$ (16,550)</b>	<b>-0.61%</b>
Demand deposits	\$ 311,525		
Other liabilities	120,185		
<b>Total Liabilities</b>	<b>\$ (50,406)</b>		
Shareholders' equity	\$ (30,571)		
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ (80,977)</b>		
Net interest income (fully taxable equivalent basis)		\$ (309)	
Tax equivalent adjustment		(2,722)	
<b>Net interest income</b>		<b>\$ 2,413</b>	
Net interest rate spread			-0.03%
Net interest margin			0.03%

</TABLE>  
Certain prior period amounts have been reclassified to conform to current period presentation.

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<TABLE>  
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Michigan National Corporation  
and Subsidiaries

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form 10Q-A dated January 10, 1994

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 5 SUMMARY OF CONSOLIDATED NET INTEREST INCOME (FULLY TAXABLE EQUIVALENT)  
NINE MONTHS ENDED

SEPTEMBER 30, 1993

SEPTEMBER 30, 1992

(in thousands)	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<b>ASSETS</b>						
Investment securities-taxable	\$ 1,301,999	\$ 67,424	6.92%	\$ 1,531,579	\$ 95,404	8.32%
Investment securities-tax-exempt	40,553	2,635	8.69%	46,307	3,061	8.83%
Investments available for sale	30,605	1,908	8.34%			
Trading securities	150,885	5,451	4.83%	151,606	5,929	5.22%
<b>Total securities</b>	<b>\$ 1,524,042</b>	<b>\$ 77,418</b>	<b>6.79%</b>	<b>\$ 1,729,492</b>	<b>\$104,394</b>	<b>8.06%</b>
Federal funds sold and resale agreements	\$ 423,941	\$ 9,618	3.03%	\$ 394,882	\$ 10,882	3.68%
Interest-bearing deposits with banks	99,758	2,477	3.32%	129,742	4,576	4.71%
Money market funds	8,145	156	2.56%	6,493	179	3.68%
Loans and lease financing	6,699,588	420,205	8.39%	6,395,582	430,960	9.00%
Covered assets and FDIC assistance	837			291,126	16,917	7.76%
Note receivable-FDIC	464,913	26,600	7.65%	625,213	44,133	9.43%
<b>Total interest-earning assets</b>	<b>\$ 9,221,224</b>	<b>\$ 536,474</b>	<b>7.78%</b>	<b>\$ 9,572,530</b>	<b>\$612,041</b>	<b>8.54%</b>
Allowance for possible credit losses	\$ (184,417)			\$ (167,394)		
Cash and due from banks	516,849			466,190		
Other assets	752,312			761,972		
<b>TOTAL ASSETS</b>	<b>\$10,305,968</b>			<b>\$10,633,298</b>		
<b>LIABILITIES</b>						
Money market accounts	\$ 2,112,736	\$ 45,982	2.91%	\$ 2,041,667	\$ 55,765	3.65%

Savings deposits	1,086,834	22,408	2.76%	968,935	24,372	3.36%
Time deposits < \$100,000	2,820,188	108,550	5.15%	3,109,169	139,191	5.98%
Time deposits > \$100,000	812,109	25,246	4.16%	1,083,453	40,984	5.05%
-----						
Total interest-bearing deposits	\$ 6,831,867	\$ 202,186	3.96%	\$ 7,203,224	\$260,312	4.83%
-----						
Federal funds purchased & repurchase agreements	\$ 329,451	\$ 7,727	3.14%	\$ 273,744	\$ 7,604	3.71%
Dollar repurchase agreements	51,922	1,761	4.53%	357,179	11,122	4.16%
Other short-term borrowings	130,152	3,259	3.35%	134,860	4,173	4.13%
Subordinated notes	58,729	3,671	8.36%	59,703	3,725	8.33%
Long-term debt	17,385	783	6.02%	25,949	1,054	5.43%
Capital lease obligations	4,795	385	10.74%	5,570	450	10.79%
-----						
Total interest-bearing liabilities	\$ 7,424,301	\$ 219,772	3.96%	\$ 8,060,229	\$288,440	4.78%
-----						
Demand deposits	\$ 1,784,250			\$ 1,534,970		
Other liabilities	315,723			252,052		
-----						
Total Liabilities	\$ 9,524,274			\$ 9,847,251		
-----						
Shareholders' equity	781,694			786,047		
-----						
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$10,305,968			\$10,633,298		
-----						
-----						
Net interest income (fully taxable equivalent basis)	\$ 316,702			\$323,601		
Tax equivalent adjustment	16,922			25,403		
-----						
Net interest income	\$ 299,780			\$298,198		
-----						
-----						
Net interest rate spread			3.82%			3.76%
-----						
-----						
Net interest margin			4.59%			4.52%
-----						
-----						

</TABLE>

Certain prior period amounts have been reclassified to conform to current period presentation.

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<TABLE>  
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Michigan National Corporation  
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form 10Q-A dated January 10, 1994

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 6 CHANGE IN NET INTEREST INCOME (FULLY TAXABLE EQUIVALENT)

Year-to-Date	Change in Average Balance 9/30/93 vs 9/30/92	Change in Interest 9/30/93 vs 9/30/92	Change in Average Rate 9/30/93 vs 9/30/92
(IN THOUSANDS)			
-----			
<S>	<C>	<C>	<C>
ASSETS			
Investment securities-taxable	\$ (229,580)	\$ (27,980)	-1.40%
Investment securities-tax-exempt	(5,754)	(426)	-0.14%
Investments available for sale	30,605	1,908	8.34%
Trading securities	(721)	(478)	-0.39%
-----			
Total securities	\$ (205,450)	\$ (26,976)	-1.27%
-----			
Federal funds sold and resale agreements	\$ 29,059	\$ (1,264)	-0.65%
Interest-bearing deposits with banks	(29,984)	(2,099)	-1.39%
Money market funds	1,652	(23)	-1.12%
Loans and lease financing	304,006	(10,755)	-0.61%
Covered assets and FDIC assistance	(290,289)	(16,917)	-7.76%
Note receivable-FDIC	(160,300)	(17,533)	-1.78%
-----			
Total interest-earning assets	\$ (351,306)	\$ (75,567)	-0.76%
-----			
Allowance for possible credit losses	\$ (17,023)		
Cash and due from banks	50,659		
Other assets	(9,660)		
-----			
TOTAL ASSETS	\$ (327,330)		
-----			
-----			

LIABILITIES			
Money market accounts	\$ 71,069	\$ (9,783)	-0.74%
Savings deposits	117,899	(1,964)	-0.60%
Time deposits < \$100,000	(288,981)	(30,641)	-0.83%
Time deposits > \$100,000	(271,344)	(15,738)	-0.89%
-----			
Total interest-bearing deposits	\$ (371,357)	\$ (58,126)	-0.87%
Federal funds purchased & repurchase agreements	\$ 55,707	\$ 123	-0.57%
Dollar repurchase agreements	(305,257)	(9,361)	0.37%
Other short-term borrowings	(4,708)	(914)	-0.78%
Subordinated notes	(974)	(54)	0.03%
Long-term debt	(8,564)	(271)	0.59%
Capital lease obligations	(775)	(65)	-0.05%
-----			
Total interest-bearing liabilities	\$ (635,928)	\$ (68,668)	-0.82%
Demand deposits	\$ 249,280		
Other liabilities	63,671		
-----			
Total Liabilities	\$ (322,977)		
Shareholders' equity	(4,353)		
-----			
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ (327,330)		
-----			
Net interest income (fully taxable equivalent basis)		\$ (6,899)	
Tax equivalent adjustment		(8,481)	
-----			
Net interest income		\$ 1,582	
-----			
Net interest rate spread			0.06%
-----			
Net interest margin			0.07%
-----			

</TABLE>

Certain prior period amounts have been reclassified to conform to current period presentation.

Michigan National Corporation  
and Subsidiaries

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#### MANAGEMENT'S DISCUSSION AND ANALYSIS

##### NON-INTEREST INCOME AND NON-INTEREST EXPENSE

Non-interest income for the third quarter and first nine months of 1993 increased \$13.1 million and \$15.1 million, respectively over the same periods in 1992. Non-interest expenses for the third quarter and first nine months of 1993 increased \$13.2 million and \$102.7 million over the same periods in 1992. Activity at the Corporation's mortgage banking subsidiary was the significant contributor to these results.

Non-interest income for the three months ended September 30, 1993, included a \$10.1 million gain from the sale of prime plus residential mortgage loans, reflected in the mortgage banking gains category. This sale is discussed in the Net Interest Margin section. Partially offsetting this one-time gain was a decrease in mortgage servicing fee income due to a lower balance in the Corporation's mortgage servicing portfolios. Accelerated prepayments in the Corporation's servicing portfolios contributed to the lower level of mortgage servicing fees in the third quarter compared to prior quarters.

During the second quarter 1993, the Corporation recognized a \$4.6 Million one-time write-down of the assets of the Corporation's Dallas, Texas software subsidiary, Banca Corporation, due to a longer than expected sales cycle for bank software products. Virtually all the assets of Banca Corporation were sold effective October 1, 1993. The sale transaction did not result in any further loss to the Corporation.

Other employee benefits for the third quarter and first nine months of 1993 reflects \$1.7 million and \$5.2 million, respectively, of expense related to SFAS No. 106 which was adopted January 1, 1993. See Note C. Postretirement Benefits for further discussion.

Falling interest rates since the beginning of the year have resulted in another mortgage refinancing boom and, therefore, continued increases in prepayment trends in the Corporation's mortgage servicing portfolios. In keeping with its commitment to balance sheet integrity, the Corporation continues to aggressively acknowledge the effect of these trends on the carrying value of its mortgage servicing assets through accelerated amortization of those assets. PMSR and ESF amortization expense for the third quarter and first nine months of 1993 remained high, but actual amortization expense in the third quarter was \$7.1 million lower than in this year's second quarter due to a lower balance in the Corporation's servicing portfolios.

The extraordinarily high volume of refinancing activity at IOMC has also resulted in increases in a variety of other indirect origination and servicing related administrative expenses.

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Michigan National Corporation  
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Revised per Form 10-QA  
dated January 10,1994)

MANAGEMENT'S DISCUSSION AND ANALYSIS

On June 30, 1993, the Corporation executed an agreement to sell approximately \$2.2 billion of mortgage servicing rights for an aggregate sale price of approximately \$29 million. The servicing rights were being sold as part of the Corporation's strategy to reposition its mortgage banking business and reduce the earnings volatility resulting from acquired servicing.

Because the terms of the sale provide the purchaser with protection against certain contingencies through the date of physical delivery of the underlying mortgages, the sale will be recognized for accounting purposes in the fourth quarter of this year. The fourth quarter gain on sale is approximately \$7.8 million. In addition, approximately \$1.5 million of gain associated with the sale will be deferred until certain other contingencies are eliminated on June 30, 1996.

The June 30, 1993, carrying value of the PMSR assets associated with these servicing rights to be sold was approximately \$19 million, which continues to be amortized to operating expense until the sale is recognized in the fourth quarter. The amortization expense on these PMSR assets recognized during the third quarter was \$4.2 million and the September 30, 1993, carrying value was approximately \$15 million. In addition, the Corporation continues to accrue normal servicing income on these servicing rights until the sale is recognized in the fourth quarter. Servicing fee income associated with these servicing rights of approximately \$2.8 million was accrued during the third quarter.

The major components of the Corporation's non-interest income and non-interest expense are presented in Table 11 and Table 12, respectively, for the five most recent quarters. The non-interest income and expense components of the new businesses are presented in Tables 11a and 12a. For the comparable nine month periods of 1993 and 1992, the Corporation's non-interest income and expense components are presented in Tables 13 and 14, respectively. Similar information for the new businesses is presented in Tables 13a and 14a. Also, refer to Table 15 Business Review for summary financial information regarding the Corporations principal subsidiaries.

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<TABLE>  
<CAPTION>

Michigan National Corporation  
and Subsidiaries

This is a revised schedule. Revised per  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 11 NON-INTEREST INCOME (UNAUDITED)

Three Months Ended (in thousands)	9/30/93	6/30/93	3/31/93	12/31/92	9/30/92
<S>	<C>	<C>	<C>	<C>	<C>
Service charges on deposit accounts	\$15,176	\$15,362	\$13,888	\$13,494	\$13,558
Merchant card processing fees	4,578	4,319	3,465	4,363	4,147
Mortgage servicing fees	15,482	16,656	16,512	17,051	16,653
Amortization of capitalized excess service fees	(4,711)	(4,266)	(8,200)	(2,378)	(3,964)
Loan service charges	2,918	1,955	3,352	2,226	2,618
Service charges	33,443	34,026	29,017	34,756	33,012
Trust and investment services income	4,619	4,837	5,143	4,514	4,164



Gains (losses) from sale of mortgage servicing rights			53	2,289	73
Investment securities gains, net				7,754	(170)
Investments available for sale gains	12	160	5,968		
Other Income:					
Trading profits	195	818	950	936	1,486
Mortgage banking gains (losses)	16,984	4,681	998	6,516	4,193
Other	10,713	11,099	9,351	10,061	10,101
Other income	27,892	16,598	11,299	17,513	15,780
Total Non-Interest Income	\$65,966	\$55,674	\$51,427	\$66,826	\$52,859

</TABLE>  
Certain prior period amounts were reclassified to conform to current period presentation.

<TABLE>  
<CAPTION>

Table 11a. NON-INTEREST INCOME-NEW BUSINESSES (Peoples National Bank - Pasadena, Peoples Bank - Houston, Community National Bank of Houston, acquired 4/1/93. (UNAUDITED)

Three Months Ended (in thousands)	9/30/93	6/30/93
<S>	<C>	<C>
Service charges on deposit accounts	\$455	\$416
Merchant card processing fees		
Loan service charges	39	41
Service charges	494	457
Trust and investment services income		
Gains (losses) from sale of mortgage servicing rights		
Investment securities gains, net		
Investments available for sale gains		
Other Income:		
Trading profits		
Mortgage banking gains (losses)		
Other	31	73
Other Income	31	73
Total Non-Interest Income	\$525	\$530

</TABLE>

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<TABLE>  
<CAPTION>

Michigan National Corporation  
and Subsidiaries

This is a revised schedule. Revised per  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 12 NON-INTEREST EXPENSE (UNAUDITED)

Three Months Ended (in thousands)	9/30/93	6/30/93	3/31/93	12/31/92	9/30/92
<S>	<C>	<C>	<C>	<C>	<C>
Salaries and wages	\$ 47,489	\$ 44,586	\$ 44,560	\$ 40,356	\$ 43,788
Other employee benefits	12,198	13,257	12,990	10,301	11,170
Net occupancy	7,460	7,529	7,337	6,273	7,632
Equipment	9,748	10,600	10,714	10,157	9,147
Outside services	8,795	8,052	7,735	7,819	7,698
Defaulted loan expense, net	6,026	2,819	3,480	10,073	4,997
Amortization of purchased mortgage servicing rights	14,154	21,654	59,340	25,207	14,293
Other Expenses:					
FDIC Insurance	5,406	5,526	5,474	5,003	4,957
Assets held for sale, net (income) loss	8	(92)	(129)	6	(387)
Communications	2,434	2,322	2,441	2,389	2,365
Stationery and supplies	2,264	2,382	2,466	2,393	2,201
Advertising	1,971	2,060	1,906	939	850
Michigan single business tax	1,827	2,062	2,209	319	1,820
Postage	1,470	1,589	1,631	1,433	1,378
Amortization of goodwill	300	300	223	265	203
Uncollected interest on early payoffs of loans serviced	3,648	2,827	1,901	3,015	1,439
Provision for foreclosure costs on loans serviced	873	837	1,985	4,606	2,192
Other	9,781	9,877	9,920	10,656	6,908
Other expenses	29,982	29,690	30,027	31,024	23,926

Total non-interest expense	\$135,852	\$138,187	\$176,183	\$141,210	\$122,651
Net overhead ratio (1)	3.01%	3.25%	5.47%	3.12%	2.97%
Efficiency ratio (2)	77.73%	83.67%	117.59%	79.00%	75.72%

</TABLE>

- (1) Non-interest expense less non-interest income divided by average earning assets.
- (2) Non-interest expense divided by the sum of net interest income on a fully taxable basis and non-interest income. Certain prior period amounts were reclassified to conform to current period presentation.

<TABLE>

<CAPTION>

Table 12 a. NON-INTEREST EXPENSE-NEW BUSINESSES (Peoples National Bank - Pasadena, Peoples Bank - Houston, Community National Bank of Houston, acquired 4/1/93. (UNAUDITED)

Three Months Ended (in thousands)	9/30/93	6/30/93
<S>	<C>	<C>
Salaries and wages	\$ 487	\$ 493
Other employee benefits	82	113
Net occupancy	41	71
Equipment	82	64
Outside services	196	121
Defaulted loan expense, net	10	22
Amortization of purchased mortgage servicing rights		
Other Expenses:		
FDIC Insurance	19	52
Assets held for sale, net (income) loss		
Communications	14	11
Stationery and supplies	80	20
Advertising	5	7
Michigan single business tax		
Postage	21	20
Amortization of goodwill	77	76
Uncollected interest on early payoffs of loans serviced		
Provision for foreclosure costs on loans serviced		
Other	39	115
Other expenses	255	301
Total non-interest expense	\$1,153	\$1,185

</TABLE>

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<TABLE>

<CAPTION>

Michigan National Corporation and Subsidiaries

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 13 NON-INTEREST INCOME (UNAUDITED)

NINE MONTHS ENDED (IN THOUSANDS)	9/30/93	9/30/92
<S>	<C>	<C>
Service charges on deposit accounts	\$ 44,426	\$ 39,108
Merchant card processing fees	12,362	10,824
Mortgage servicing fees	48,650	49,286
Amortization of capitalized excess service fees	(17,176)	(7,107)
Loan service charges	8,225	6,033
Service charges	96,487	98,144
Trust and investment services income	14,600	13,363
Gains (losses) from sale of mortgage servicing rights	51	3,510
Investment securities gains, net		1,495
Investments available for sale gains	6,139	
Other income:		
Trading profits	1,962	6,771
Mortgage banking gains (losses)	22,663	4,960

Other	31,165	29,724
Other income	55,790	41,455
Total non-interest income	\$173,067	\$157,967

</TABLE>

Certain prior year amounts were reclassified to conform to current year presentation.

<TABLE>

<CAPTION>

Table 13a. NON-INTEREST INCOME-NEW BUSINESSES (First Collateral Services, Inc, acquired 4/14/92, results for the period January 1, 1993 to March 31, 1993 only; Banca Corporation, aquired 7/29/92, results for the period January 1, 1993 to July 31, 1993; and Peoples National Bank-Pasadena, Peoples Bank-Houston, Community National Bank of Houston, acquired 4/1/93. (UNAUDITED)

NINE MONTHS ENDED (IN THOUSANDS)	9/30/93
<S>	<C>
Service charges on deposit accounts	\$ 872
Merchant card processing fees	
Mortgage servicing fees	
Loan service charges	443
Service charges	1,315
Trust and investment services income	
Gains (losses) from sale of mortgage servicing rights	
Investment securities gains, net	
Investments available for sale gains	
Other income:	
Trading profits	
Mortgage banking gains (losses)	
Other	804
Other income	804
Total non-interest income	\$2,119

</TABLE>

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<TABLE>

<CAPTION>

Michigan National Corporation  
and Subsidiaries

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 14 NON-INTEREST EXPENSE (UNAUDITED)

NINE MONTHS ENDED (IN THOUSANDS)	9/30/93	9/30/92
<S>	<C>	<C>
Salaries and wages	\$136,635	\$125,191
Other employee benefits	38,445	34,569
Net occupancy	22,326	22,850
Equipment	31,062	28,139
Outside services	24,567	20,888
Defaulted loan expense, net	12,326	12,156
Amortization of purchased mortgage servicing rights	95,148	27,793
Other Expenses:		
FDIC Insurance	16,406	14,729
Assets held for sale, net (income) expense	(213)	(388)
Communications	7,197	7,211
Stationery and supplies	7,112	6,697
Advertising	5,937	3,182
Michigan single business tax	6,098	4,976
Postage	4,690	4,466
Amortization of goodwill	823	608
Uncollected interest on early payoffs of loans serviced	8,377	4,529
Provision for foreclosure costs on loans serviced	3,695	8,047
Other	29,591	21,923
Other expenses	89,713	75,980
Total non-interest expense	\$450,222	\$347,566

Net overhead ratio (1)	4.01%	2.64%
Efficiency ratio (2)	91.93%	72.17%

</TABLE>

- (1) Non-interest expense less non-interest income, annualized, divided by average earning assets.  
(2) Non-interest expense divided by the sum of net interest income on a fully taxable basis and non-interest income.

Certain prior year amounts were reclassified to conform to current year presentation.

<TABLE>  
<CAPTION>

Table 14a. NON-INTEREST EXPENSE-NEW BUSINESSES (First Collateral Services, Inc, acquired 4/14/92, results for the period January 1, 1993 to March 31, 1993 only; Banca Corporation, aquired 7/29/92, results for the period January 1, 1993 to July 31, 1993; and Peoples National Bank-Pasadena, Peoples Bank-Houston, Community National Bank of Houston, acquired 4/1/93. (UNAUDITED)

NINE MONTHS ENDED (IN THOUSANDS)	9/30/93
<S>	<C>
Salaries and wages	\$ 3,155
Other employee benefits	587
Net occupancy	482
Equipment	295
Outside services	762
Defaulted loan expense, net	32
Amortization of purchased mortgage servicing rights	
Other Expenses:	
FDIC Insurance	71
Assets held for sale, net (income) expense	
Communications	74
Stationery and supplies	140
Advertising	57
Michigan single business tax	
Postage	46
Amortization of goodwill	174
Uncollected interest on early payoffs of loans serviced	
Provision for foreclosure costs on loans serviced	
Other	4,788
Other expenses	5,350
Total non-interest expense	\$10,663

</TABLE>

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<TABLE>  
<CAPTION>

Michigan National Corporation and Subsidiaries

This is a revised schedule. Revised per Form 10Q-A dated January 10, 1994.

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 15 BUSINESS REVIEW (UNAUDITED)

Three Months Ended September 30 (in thousands)	MNB (excluding IOMC)		IOMC		IOBOC	
	1993	1992	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income after provision for possible credit losses	\$ 74,138	\$ 65,852	\$ 8,247	\$ 6,104	\$ 7,004	\$ 5,840
Non-interest income	33,262	30,283	33,153	21,740	1,011	421
Gains from sale of mortgage servicing rights				73		
Amortization of capitalized excess service fees			(4,711)	(3,964)		
Amortization of purchased mortgage servicing rights			(14,154)	(14,293)		
Other non-interest expense	(83,578)	(78,850)	(20,980)	(19,263)	(4,778)	(3,423)
Income before taxes	\$ 23,822	\$ 17,285	\$ 1,555	\$ (9,603)	\$ 3,237	\$ 2,838
At September 30						
Total assets	\$8,908,801	\$9,223,478	\$1,274,126	\$1,239,845	\$1,001,480	\$1,111,847

Total Liabilities	\$8,270,987	\$8,581,750	\$1,251,265	\$1,208,147	\$ 871,969	\$ 991,586
Total Equity	\$ 637,814	\$ 641,728	\$ 22,861	\$ 31,698	\$ 129,511	\$ 120,261

Mortgage Servicing Portfolio (2):

Originated Servicing	\$ 4,223	\$ 3,557
Purchased Servicing	\$ 6,567	\$10,981
Total	\$10,790	\$14,538

</TABLE>

- (1) Amounts include intercompany eliminations  
(2) A sale of approximately \$2.2 billion of servicing will be recognized, for accounting purposes, in the fourth quarter, 1993. The mortgage servicing portfolio at September 30, 1993, excludes the loans associated with this transaction.

Certain prior period amounts have been reclassified to conform to current period presentation.

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<TABLE>  
<CAPTION>

Michigan National Corporation and Subsidiaries  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This is a revised schedule. Revised per  
Form 10Q-A dated January 10, 1994.

TABLE 15 BUSINESS REVIEW (Continued)

Three Months Ended September 30 (in thousands)	Texas Bank Subsidiaries		Holding Company and other operations (1)		Consolidated MNC	
	1993	1992	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income after provision for possible credit losses	\$ 6,193	\$ 4,589	\$ (175)	\$ 38	\$ 95,407	\$ 82,423
Non-interest income	1,486	944	1,765	3,362	70,677	56,750
Gains from sale of mortgage servicing rights						73
Amortization of capitalized excess service fees					(4,711)	(3,964)
Amortization of purchased mortgage servicing rights					(14,154)	(14,293)
Other non-interest expense	(5,001)	(3,462)	(7,361)	(3,360)	(121,698)	(108,358)
Income before taxes	\$ 2,678	\$ 2,071	\$ (5,771)	\$ 40	\$ 25,521	\$ 12,631
At September 30						
Total assets	\$576,526	\$469,394	\$ (1,365,523)	\$ (1,339,967)	\$10,395,410	\$10,704,597
Total Liabilities	\$529,066	\$433,130	\$ (1,309,274)	\$ (1,308,290)	\$ 9,614,013	\$ 9,906,323
Total Equity	\$ 47,460	\$ 36,264	\$ (56,249)	\$ (31,677)	\$ 781,397	\$ 798,274

</TABLE>

- (1) Amounts include intercompany eliminations

Certain prior period amounts have been reclassified to conform to current period presentation.

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<TABLE>  
<CAPTION>

Michigan National Corporation and Subsidiaries  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This is a revised schedule. Revised per  
Form 10Q-A dated January 10, 1994.

TABLE 16 BUSINESS REVIEW (UNAUDITED)

Nine Months Ended September 30 (in thousands)	MNB (excluding IOMC)		IOMC		IOBOC	
	1993	1992	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income after						

provision for possible credit losses	\$ 213,672	\$ 196,307	\$ 17,723	\$ 16,687	\$ 19,152	\$ 16,381
Non-interest income	101,512	91,146	73,279	56,704	2,278	855
Gains from sale of mortgage servicing rights			51	3,510		
Amortization of capitalized excess service fees			(17,176)	(7,107)		
Amortization of purchased mortgage servicing rights			(95,148)	(27,793)		
Other non-interest expense	(242,834)	(235,036)	(61,750)	(54,985)	(14,014)	(10,288)
Income before taxes	\$ 72,350	\$ 52,417	\$ (83,021)	\$ (12,984)	\$ 7,416	\$ 6,948

</TABLE>

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<TABLE>  
<CAPTION>

Michigan National Corporation and Subsidiaries  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This is a revised schedule. Revised per  
Form 10Q-A dated January 10, 1994.

TABLE 16 BUSINESS REVIEW (Continued)

Nine Months Ended September 30 (in thousands)	Texas Bank Subsidiaries		Holding Company and other operations (1)		Consolidated MNC	
	1993	1992	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net interest income after provision for possible credit losses	\$ 16,677	\$ 13,389	\$ (444)	\$ 81	\$ 266,780	\$ 242,845
Non-interest income	5,015	2,860	8,108	9,999	190,192	161,564
Gains from sale of mortgage servicing rights					51	3,510
Amortization of capitalized excess service fees					(17,176)	(7,107)
Amortization of purchased mortgage servicing rights					(95,148)	(27,793)
Other non-interest expense	(13,642)	(10,204)	(22,834)	(9,260)	(355,074)	(319,773)
Income before taxes	\$ 8,050	\$ 6,045	\$ (15,170)	\$ 820	\$ (10,375)	\$ 53,246

</TABLE>

(1) Amounts include intercompany eliminations.

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<TABLE>  
<CAPTION>

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TABLE 17 CAPITAL RATIOS (UNAUDITED)

Quarter Ended (in thousands)	9/30/93	6/30/93	3/31/93	12/31/92	9/30/92
<S>	<C>	<C>	<C>	<C>	<C>
Tier 1:					
Common shareholders' equity	\$ 753,822	\$ 733,564	\$ 730,884	\$ 779,093	\$ 771,853
Convertible preferred stock			6,000	6,000	6,000
Intangible assets	(14,239)	(14,702)	(10,550)	(10,936)	(11,366)
Total Tier 1 capital	\$ 739,583	\$ 718,862	\$ 726,334	\$ 774,157	\$ 766,487
Tier 2:					
Allowance for possible credit losses (1)	\$ 103,718	\$ 103,208	\$ 100,609	\$ 100,798	\$ 101,476
Equity commitment note	15,212	18,012	18,012	18,012	18,012
Equity contract note	57,944	58,184	58,504	58,735	58,722
Qualified subordinated debt					
Total Tier 2 capital	\$ 176,874	\$ 179,404	\$ 177,125	\$ 177,545	\$ 178,210
Total qualifying capital	\$ 916,457	\$ 898,266	\$ 903,459	\$ 951,702	\$ 944,697
Risk-weighted assets	7,389,159	7,540,523	7,319,376	7,379,667	7,427,746
Risk-weighted off-balance sheet exposure	922,510	730,814	739,858	695,090	690,305
Less: disallowance for loan loss & intangibles	101,496	97,333	92,507	86,027	83,705

Total risk-weighted assets and off-balance sheet exposure	\$8,210,173	\$8,174,004	\$7,966,727	\$7,988,730	\$8,034,346
---	-------------	-------------	-------------	-------------	-------------

Tier 1 risk based capital ratio	9.01%	8.79%	9.12%	9.69%	9.54%
Total risk based capital ratio	11.16%	10.99%	11.34%	11.91%	11.76%
Leverage ratio	7.09%	6.90%	7.12%	7.24%	7.27%

</TABLE>  
(1) The allowance for possible credit losses is limited to 1.25% of the total risk-weighted assets and off-balance sheet exposure.

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<TABLE>  
<CAPTION>

This is a revised schedule. Revised per form 10Q-A dated January 10, 1994

TABLE 18 LIQUIDITY (UNAUDITED) Quarter Ended (in thousands)	9/30/93	6/30/93	3/31/93	12/31/92	9/30/92
<S>	<C>	<C>	<C>	<C>	<C>
Parent Company:					
Subsidiaries' retained earnings available for dividends (1)	\$52,029	\$31,426	\$40,817	\$51,315	\$50,096
Subsidiary Companies (2):					
Core deposits as a percent of total assets	75.28%	75.78%	74.41%	75.19%	72.45%
Short-term borrowings as a percent of total assets	5.41%	6.28%	5.14%	4.98%	6.61%

</TABLE>  
(1) Retained earnings available for dividends is calculated based on current year-to-date net income plus two years' prior income less certain adjustments.  
(2) Certain prior period amounts have been reclassified to conform to current period presentation.

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31  
<TABLE>  
<CAPTION>

MICHIGAN NATIONAL CORPORATION AND SUBSIDIARIES  
This is a revised schedule. Revised per Form 10-QA dated January 10, 1994.

PART 1 EXHIBIT

EXHIBIT (11) COMPUTATION OF EARNINGS PER COMMON SHARE (UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	1993	1992	1993	1992
<S> (in thousands, except per share)	<C>	<C>	<C>	<C>
PRIMARY				
Net Income	\$27,027	\$11,553	\$(8,869)	\$54,181
Average common shares outstanding	15,135	14,797	15,057	14,718
Common stock equivalents	154 (1)	351		346

AVERAGE PRIMARY SHARES OUTSTANDING	15,289	15,148	15,057	15,064
-----				
-----				
PRIMARY EARNINGS PER SHARE	\$ 1.77	\$ 0.76	\$ (0.59)	\$ 3.60
-----				
-----				
FULLY DILUTED				
Net Income	\$27,027	\$11,553	\$ (8,869)	\$54,181
-----				
Average common shares outstanding	15,135	14,797	15,057	14,718
Common stock equivalents	189 (1)	351		346
-----				
-----				
AVERAGE FULLY DILUTED SHARES				
OUTSTANDING	15,324	15,148	15,057	15,064
-----				
-----				
FULLY DILUTED EARNINGS PER SHARE	\$ 1.76	\$ 0.76	\$ (0.59)	\$ 3.60
-----				
-----				

</TABLE>

- (1) The Corporation has changed from the "if converted" method to the "treasury stock" method to calculate the dilutive effect of its Cancelable Mandatory Stock Purchase Contracts (Equity Contracts).