FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

Commission file number 0-13270

UNB CORP.

(Exact name of Registrant as specified in its charter)

<TABLE>

Ohio	34-1442295
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
220 Market Avenue, South Canton, Ohio	44702
(Address of principal executive offices)	(Zip Code)

</TABLE>

Registrant's telephone number, including area code (216) 454-5821

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 report), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

<TABLE>

Common Stock, $1.00 Stated Value	Outstanding at October 31, 1996 5,772,500 Common Shares

</TABLE>

UNB CORP.

FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 1996

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

Interim financial information required by Regulation 210.10-01 of Regulation S-X is included in this Form 10Q as referenced below:

<TABLE>

<CAPTION>

</TABLE>

U N B C O R P.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<TABLE>
<CAPTION>

(In thousands)	SEPTEMBER 30, 1996	December 31, 1995
ASSETS		
Cash and cash equivalents	$ 33,947	$ 31,735
Federal funds sold	11,750	4,300
Interest bearing deposits with banks	8,274	515
Securities, net (Fair value: $71,392 and $65,116, respectively)(Note 2)	71,355	65,129
Mortgage-backed securities (Fair value: $44,578 and $63,399, respectively)(Note 2)	44,433	63,087
Loans:		
Total loans (Notes 3 and 6)	606,605	518,730
Allowance for loan losses (Note 4)	(8,286)	(7,242)
Net loans	598,319	511,488
Premises and equipment, net	9,362	8,811
Intangible assets	6,609	7,376
Accrued interest receivable and other assets	9,100	7,203
TOTAL ASSETS	$ 793,149	$ 699,644
LIABILITIES		
Deposits:		
Noninterest bearing deposits	$ 75,236	$ 73,708
Interest bearing deposits	509,031	473,479
Total deposits	584,267	547,187
Fed funds purchased and short-term borrowings	63,503	49,659
Federal Home Loan Bank advances (Note 6)	68,636	31,360
Accrued taxes, expenses and other liabilities	7,185	6,111
TOTAL LIABILITIES	723,591	634,317
SHAREHOLDERS' EQUITY		
Common stock ($1.00 stated value, 15,000,000 shares authorized; 5,772,500 and 2,873,977 issued and outstanding, respectively)	5,772	2,874
Paid-in capital	32,137	31,603
Retained earnings	30,700	30,005
Unrealized gain on securities available for sale, net of tax	949	845

TOTAL SHAREHOLDERS' EQUITY	69,558	65,327
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 793,149	$ 699,644

</TABLE>

See Notes to the Consolidated Financial Statements

U N B C O R P.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<TABLE>
<CAPTION>

(In thousands)	THREE MONTHS ENDED SEPTEMBER 30, 1996	THREE MONTHS ENDED SEPTEMBER 30, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1995
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME:				
Interest and fees on loans:				
Taxable	$ 13,026	$ 10,799	$ 37,547	$ 29,891
Tax exempt	56	70	174	207
Interest and dividends on investments & mortgage-backed securities:				
Taxable	1,723	1,693	5,364	5,661
Tax exempt	13	36	44	123
Interest on bank deposits and federal funds sold	172	150	435	468
Total interest income	14,990	12,748	43,564	36,350
INTEREST EXPENSE:				
Interest on deposits	5,479	4,690	15,801	12,557
Interest on short-term borrowings	686	517	2,046	1,626
Interest on FHLB advances	910	538	2,217	1,500
Total interest expense	7,075	5,745	20,064	15,683
NET INTEREST INCOME	7,915	7,003	23,500	20,667
PROVISION FOR LOAN LOSSES (NOTE 4)	920	480	2,350	1,220
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,995	6,523	21,150	19,447
OTHER INCOME:				
Service charges on deposits	599	596	1,770	1,795
Trust Department income	659	582	1,971	1,805
Other operating income	219	145	607	524
Securities gains, net	0	1	1	7
Gains on loans originated for resale and sold	0	16	0	67
Total other income	1,477	1,340	4,349	4,198
OTHER EXPENSES:				
Salary, wages and benefits	2,577	2,581	8,089	7,582
Occupancy	305	309	862	913
Equipment	711	489	1,856	1,570
Other operating expense	2,190	1,527	5,649	5,526
Total other expenses	5,783	4,906	16,456	15,591
INCOME BEFORE INCOME TAXES	2,689	2,957	9,043	8,054
PROVISION FOR INCOME TAXES	935	993	3,077	2,697
NET INCOME	$ 1,754	$ 1,964	$ 5,966	$ 5,357
EARNINGS PER SHARE (NOTE 1):				
Primary	$ 0.30	$ 0.34	$ 1.01	$ 0.91
Fully diluted	$ 0.30	$ 0.34	$ 1.01	$ 0.91

DIVIDENDS PER SHARE (NOTE 1)	$ 0.14	$ 0.13	$ 0.42	$ 0.37
WEIGHTED AVERAGE SHARES OUTSTANDING (NOTE 1):				
Primary	5,919,728	5,861,019	5,901,524	5,856,328
Fully diluted	5,921,850	5,862,368	5,916,753	5,860,192

</TABLE>

NOTE: Per share data is based on the average number of shares outstanding adjusted for all stock dividends and splits.

See Notes to the Consolidated Financial Statements

U N B CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

<TABLE>
<CAPTION>

(In thousands)	NINE MONTHS ENDED 9/30/96	9/30/95
Balance at beginning of period	$ 65,327	$ 58,640
Net Income	5,966	5,357
Shares issued through dividend reinvestment	527	0
Stock options exercised	24	28
Cash dividends $0.42 and $0.37 per share, respectively*	(2,390)	(2,125)
Change in market value on investment securities available for sale, net of deferred taxes	104	1,681
Balance at end of period	$ 69,558	$ 63,581

</TABLE>

*Dividends per share data adjusted for April, 1996 100% stock dividend.

See Notes to the Consolidated Financial Statements

UNB CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

(In thousands)	NINE MONTHS ENDED SEPTEMBER 30, 1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 5,966	$ 5,357
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	568	580
Provision for loan losses	2,350	1,220
Net securities gains	(1)	(7)
Net accretion on securities	(105)	(401)
Amortization of intangible assets	767	833

Loans originated for resale	0	(4,505)
Proceeds from sale of loan originations	0	4,716
Changes in:		
Interest receivable	(354)	(230)
Interest payable	(303)	405
Other assets and liabilities, net	(217)	(535)
Deferred income	(3)	(4)
Net cash from operating activities	8,668	7,429
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in interest bearing deposits with banks	(7,759)	(75)
Net increase in funds sold	(7,450)	(9,725)
Investment and mortgage-backed securities:		
Proceeds from sales of securities available for sale	2,001	3,124
Proceeds from maturities of securities held to maturity	17,329	28,178
Proceeds from maturities of securities available for sale	18,970	24,134
Purchases of securities held to maturity	(16,958)	(27,698)
Purchases of securities available for sale	(30,722)	(8,415)
Principal payments received on mortgage-backed securities held to maturity	7,555	5,849
Principal payments received on mortgage-backed securities available for sale	14,517	2,183
Net increase in loans made to customers	(87,541)	(84,050)
Loans purchased	(1,761)	(3,296)
Purchases of premises and equipment, net	(1,119)	(773)
Principal payments received under leases	121	103
Net cash from investing activities	(92,817)	(70,461)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in deposits	37,080	36,866
Cash dividends paid, net of shares issued through dividend reinvestment	(1,863)	(2,125)
Proceeds from issuance of stock	24	28
Net increase in short-term borrowings	13,844	10,187
Proceeds from FHLB advances	47,000	25,000
Repayments of FHLB advances	(9,724)	(10,065)
Net cash from financing activities	86,361	59,891
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,212	(3,141)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,735	30,211
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 33,947	$ 27,070

</TABLE>

See the Notes to the Consolidated Financial Statements

UNB CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of UNB Corp. and its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

These interim financial statements are prepared without audit and reflect all adjustments of a normal recurring nature which, in the opinion of Management, are necessary to present fairly the consolidated financial position of UNB Corp. at September 30, 1996, and its results of operations and cash flows for the periods presented. The accompanying consolidated financial statements do not purport to contain all the necessary financial disclosures required by generally accepted accounting principles that might otherwise be necessary in the circumstances. The Annual Report for UNB Corp. for the year ended December 31, 1995, contains consolidated financial statements and related notes which should be read in conjunction with the accompanying consolidated financial statements.

For consolidated financial statement classification and cash flow reporting purposes, cash and cash equivalents include currency on hand and non-interest bearing deposits with banks. For the nine months ended September 30, 1996, and September 30, 1995, UNB Corp. paid interest in the amount of $20.4 million and

$15.3 million, respectively. For the same nine month period, federal income taxes paid totaled $3,990,000 and $3,090,000, respectively.

The Corporation accounts for its investment portfolio under the provisions of Statement of Financial Accounting Standards No. 115 (SFAS No. 115), "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 requires the Corporation to classify debt and equity securities as held to maturity, trading or available for sale.

Securities classified as held to maturity are those that management has the positive intent and ability to hold to maturity. Securities classified as available for sale are those that management intends to sell or that could be sold for liquidity, investment management, or similar reasons, even if there is not a present intention for such a sale. Trading securities are purchased principally for sale in the near term and are reported at fair value with unrealized gains and losses included in earnings. The Corporation held no trading securities during the periods reported.

Securities held to maturity are stated at cost, adjusted for amortization of premiums and accretion of discounts. Securities available for sale are carried at fair value with unrealized gains and losses included as a separate component of shareholders' equity, net of tax. Gains or losses on dispositions are based on net proceeds and the adjusted carrying amount of securities sold, using the specific identification method.

On January 1, 1995, the Corporation adopted Financial Accounting Standards Board Statements No. 114, "Accounting by Creditors for Impairment of a Loan", and No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures." SFAS No. 114 specifies that the allowances for loan losses on impaired loans be measured at the present value of expected future cash flows, discounted at the loan's original effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral, if the loan is collateral dependent. SFAS No. 118 allows a creditor to use existing methods for income

recognition on an impaired loan.

Management analyzes loans on an individual basis and classifies a loan as impaired when an analysis of the borrower's operating results and financial condition indicates that underlying cash flows are not adequate to meet its debt service requirements. Often this is associated with a delay or shortfall in payments of 30 days or more. Smaller-balance homogeneous loans are evaluated for impairment in total. Such loans include residential first mortgage loans secured by one-to-four family residences, residential construction loans and consumer automobile, boat, RV, home equity and credit card loans with balances less than $300,000. In addition, loans held for sale and leases are excluded from consideration as impaired.

Impaired loans are fully or partially charged off when in Management's opinion an event or events have occurred which provide reasonable certainty that a loss is probable. When Management determines that a loss is probable, a full or partial charge off is recorded for the amount the book value of the impaired loan exceeds the present value of the cash flows or the fair value of the collateral, for collateral dependent loans.

SFAS No. 118 allows a creditor to use existing methods for income recognition on an impaired loan. All impaired loans for purposes of SFAS No. 114 are placed on non-accrual status. However, all non-accrual loans are not considered impaired because non-accrual loans which have been brought current are included on non-accrual status for six months and would not be considered impaired.

Under this standard, loans considered to be impaired are reduced to the present value of expected future cash flows or to the fair value of collateral by allocating a portion of the allowance for loan losses to such loans. Any reduction in carrying value through impairment or any change in impairment based on cash payments received or revised cash flow estimates as determined on a quarterly basis would be applied against the unallocated portion of the allowance for loan losses and become a specific allocation of the allowance or as an addition to the provision for loan losses if the unallocated portion of the allowance was insufficient to cover the impairment.

Primary and fully diluted earnings per share at September 30, 1996 and 1995 are computed based on the weighted average shares outstanding during the period.

Primary earnings per common share has been computed assuming the exercise of stock options less the treasury shares assumed to be purchased from the proceeds using the average market price of UNB Corp.'s stock for the periods presented. Fully diluted earnings per common share represents the additional dilution related to the stock options due to the use of the market price as of the period end.

The Corporation declared a 100% stock dividend to shareholders of record on April 16, 1996, payable on April 30, 1996. This was recorded by a transfer from retained earnings to common stock at stated value. All earnings per share and cash dividends per share have been adjusted for this stock dividend.

In June 1996, the FASB issued SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". The standard provides that, following a transfer of financial assets, an entity is to recognize the financial and servicing assets it controls and the liabilities it has incurred, derecognize financial assets when control has been surrendered and derecognize liabilities when extinguished. SFAS NO. 125 is effective for transactions occurring after

UNB CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

December 31, 1996. Management has not yet determined the impact of adoption of SFAS No. 125 on the Corporation's consolidated financial statements.

NOTE 2 - INVESTMENT SECURITIES

The amortized cost and estimated fair value of the investment and mortgage-backed securities, available for sale and held to maturity, as presented on the consolidated balance sheet at September 30, 1996, and December 31, 1995, are as follows:

<TABLE>
<CAPTION>

	September 30, 1996			
(in thousands of dollars)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
Securities available for sale:				
U.S. Treasury securities	$ 25,080	$ 33	($55)	$ 25,058
Obligations of U.S. government agencies and corporations	32,250	29	(157)	32,122
Securities held to maturity:				
Obligations of U.S. government agencies and corporations	356	4	--	360
Obligations of state and political subdivision	1,251	14	--	1,265
Corporate bonds and other debt securities	822	24	--	846
Total debt securities	59,759	104	(212)	59,651
Equity securities available for sale	10,011	1,737	(2)	11,746
Total investment securities	69,770	1,841	(214)	71,397
Mortgage-backed securities available for sale	29,389	82	(228)	29,243
Mortgage-backed securities held to maturity	15,190	145	--	15,335
Total mortgage-backed securities	44,579	227	(228)	44,578
Total investment and mortgage-backed securities	$114,349	$2,068	($442)	$115,975

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

<TABLE>
<CAPTION>

	December 31, 1995			
(in thousands of dollars)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
Securities available for sale				
U.S. Treasury securities	$ 22,093	$ 111	($33)	$ 22,171
Obligations of U.S. government agencies and corporations	28,966	72	(226)	28,812
Securities held to maturity:				
Obligations of U.S. government agencies and corporations	3,007	--	(3)	3,004
Obligations of state and political subdivisions	1,238	6	--	1,244
Corporate bonds and other debt securities	2,131	10	(26)	2,115
Total debt securities	57,435	199	(288)	57,346
Equity securities available for sale	6,275	1,495	--	7,770
Total investment securities	63,710	1,694	(288)	65,116
Mortgage-backed securities available for sale	40,497	139	(278)	40,358
Mortgage-backed securities held to maturity	22,729	319	(7)	23,041
Total mortgage-backed securities	63,226	458	(285)	63,399
Total investment and mortgage-backed securities	$126,936	$2,152	($573)	$128,515

</TABLE>

During the nine month periods ended September 30, 1996 and September 30, 1995, the proceeds from sales of securities available for sale were $2,000,625 and $3,123,963, respectively. Gross gains of $925 and $7,007 were recognized in those sales, respectively. For the first nine months of 1996, the net unrealized increase in market value on available for sale securities was approximately $159,000. There were no sales or transfers of securities classified as held to maturity.

The amortized cost and estimated fair value of mortgage-backed and debt securities at September 30, 1996, by contractual maturity, are shown on page 9. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

<TABLE>
<CAPTION>

	September 30, 1996		
(in thousands of dollars)	Amortized Cost	Estimated Fair Value	Weighted Average Yield
<S>	<C>	<C>	<C>

Securities available for sale:			
U.S. Treasuries			
Due in one year or less	$ 8,011	$ 8,016	5.80%
Due after one year through five years	17,069	17,042	5.85
Total	25,080	25,058	5.84
U.S. Government agencies and corporations			
Due in one year or less	26,230	26,116	5.62
Due after one year through five years	6,020	6,006	6.22
Total	32,250	32,122	5.73
Total debt securities available for sale	$57,330	$57,180	5.78%
Securities held to maturity:			
U.S. Treasuries			
Due in one year or less	$ 356	$ 360	5.07%
Total	356	360	5.07
Obligations of state and political subdivisions			
Due in one year or less	946	957	5.12
Due after one year through five years	305	308	4.65
Total	1,251	1,265	5.00
Corp bonds and other debt securities			
Due in one year or less	79	79	---
Due after one year through five years	743	767	8.44
Total	822	846	7.63
Total securities held to maturity	$ 2,429	$ 2,471	5.16%
Mortgage-backed and collateralized mortgage obligations available for sale	$29,389	$29,243	5.51%
Mortgage-backed and collateralized mortgage obligations held to maturity	15,190	15,335	7.46
Total mortgage-backed and debt securities	$44,579	$44,578	6.17%

</TABLE>

UNB CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At September 30, 1996 there were no holdings of securities of any one issuer, other than the U.S. government and its agencies and corporations with an aggregate book value which exceeds 10% of shareholders' equity.

NOTE 3 - LOANS

Total loans as presented on the balance sheet are comprised of the following classifications:

<TABLE>
<CAPTION>

(in thousands of dollars) <S>	September 30, 1996 <C>	December 31, 1995 <C>
Commercial, financial and agricultural	$ 73,350	$ 59,638
Commercial, tax exempt	4,719	5,173
Commercial real estate	63,357	60,478
Residential real estate	227,256	172,283
Consumer loans	237,923	221,158
Total loans	$606,605	$518,730

</TABLE>

There were no loans determined to be impaired at September 30, 1996.

At September 30, 1996 and December 31, 1995, loans on non-accrual status and/or past due more than 90 days approximated $1,536,000 and $1,320,000, respectively. The Other Real Estate Owned balance, net of allowance, at September 30, 1996, is $335,000.

NOTE 4 - ALLOWANCE FOR LOAN LOSSES

A summary of activity in the allowance for loan losses for the nine months ended September 30, 1996, and September 30, 1995, are as follows:

<TABLE>
<CAPTION>

(in thousands of dollars)	1996	1995
<S>	<C>	<C>
Balance - January 1	$7,242	$6,348
Provision charged to operating expense	2,350	1,220
Loans charged off, net of recoveries	(1,306)	(518)
Balance - September 30	$8,286	$7,050

</TABLE>

NOTE 5 - CONCENTRATIONS OF CREDIT RISK AND FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Corporation offers commercial and consumer credit products to customers within Stark and surrounding counties. The Corporation maintains a diversified credit portfolio, with residential and commercial real estate and consumer loans comprising approximately 87.1% of the portfolio. Indirect loans accounted for 88.6% of installment loans and 79.6% of all consumer loans at September 30, 1996. The dealer network from which the indirect loans are generated includes 140 active relationships, the largest of which was responsible for 6.2% of total indirect dollar volume for the year-to-date 1996.

The Corporation is a party to financial instruments with off-balance sheet risk. These instruments are required in the normal course of business to meet the financial needs of its customers. The contract or notional amounts of these instruments are not included in the consolidated financial statements. At September 30, 1996, the contract or notional amounts of these instruments, which primarily include commitments to extend credit, standby letters of credit and financial guarantees, and interest rate swaps totaled $158,625,000.

At September 30, 1996, the Corporation held one interest rate swap agreement with a notional amount of $5.5 million. The notional amount of the interest rate swap does not represent an amount exchanged by the parties and is not a measure of the Corporation's exposure through its use of derivatives. The amounts exchanged are determined by reference to the notional amount and the other terms of the interest rate swap. The agreement calls for quarterly reductions in the notional amount with a final expiration of November 27, 2000. Variable interest payments received are based on the three month LIBOR rate which is adjusted on a quarterly basis. The LIBOR rate in effect at September 30, 1996 was 5.49% while the fixed rate to be paid through the remainder of the contract is 2.88%. The income from this agreement for the nine months ended September 30, 1996 was $122,100. For the nine months ended September 30, 1995 the income was $168,200. The market value of this swap at September 30, 1996 was a positive $356,300. Under the terms of this contract, future changes in LIBOR will affect the payments received, the income or expense generated by the swap and its market value.

NOTE 6 - FHLB ADVANCES

Long-term debt at September 30, 1996 is comprised of advances from the Federal Home Loan Bank (FHLB). Pursuant to collateral agreements with the FHLB, advances are secured by all FHLB stock and qualifying first mortgage loans. Interest expense on FHLB advances for the nine months ending September 30, 1996 was approximately $2,217,000.

A summary of FHLB advances outstanding follows (in thousands):

Maturity	Interest Rate	Amount
1996	4.90%-6.70%	$ 1,429
1997	5.15%-6.70%	7,189
1998	5.35%-7.85%	10,025
1999	5.50%-7.95%	30,378
2000	6.00%-8.00%	16,257
2001	6.10%-6.70%	2,678
2002	6.25%	330
2003	6.25%	350
Total		$68,636

UNB CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

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

INTRODUCTION

The following areas of discussion pertain to the consolidated financial statements of UNB Corp. at September 30, 1996, compared to December 31, 1995, and the results of operations for the three months and year-to-date periods ending September 30, 1996, compared to the same periods in 1995. It is the intent of this discussion to provide the reader with a more thorough understanding of the consolidated financial statements and supporting schedules, and should be read in conjunction with those consolidated financial statements and schedules.

UNB Corp. is not aware of any trends, events, or uncertainties that might have a material effect on the soundness of operations; neither is UNB Corp. aware of any proposed recommendations by regulatory authorities which would have a similar effect if implemented.

FINANCIAL CONDITION

Total assets at September 30, 1996 were $793,149,000, an increase of $93,505,000, or 13.4%, over year-end 1995. Increases in cash and cash equivalents, federal funds sold and interest bearing deposits with banks of $2,212,000, $7,450,000 and $7,759,000, respectively, combined for a total increase of $17,421,000 in highly liquid balances which are available to fund existing loan commitments and anticipated loan growth for the fourth quarter of 1996 and early into 1997. Net runoff of $12,428,000 in the investment and mortgage-backed securities portfolios was used to fund a portion of the loan portfolio growth of $87,875,000, a 16.9% increase since year-end 1995.

All of the loan categories experienced continued loan growth for the first nine months of the year. The residential mortgage loan portfolio increased by $54,973,000, or 31.9%, over year-end 1995 levels. The consumer loan portfolio increased by $23,966,000, or 10.8%, over year-end 1995 levels, excluding a one-time reclassification of approximately $7.2 million in business installment loans from the consumer loan portfolio to the commercial loan portfolio during the first quarter of 1996. Commercial loans experienced a 9.3%, or $6,058,000, increase from year-end 1995, excluding the one-time reclassification from the consumer portfolio. Earning assets at September 30, 1996 increased to $742,417,000 from $651,761,000 at December 31, 1995, an increase of $90,656,000 or 13.9%. The ratio of earning assets to total assets increased slightly from 93.2% at year-end 1995 to 93.6% at September 30, 1996.

Total deposits at September 30, 1996 increased by $37,080,000, or 6.8%, from year-end 1995. Non-interest bearing deposits have increased by $1,528,000 over 1995 year-end levels, showing recovery and growth from the normal seasonal declines experienced after year-end. Interest bearing demand balances declined 2.9%, while savings balances increased by $8,546,000, or 5.5%, from year-end levels, influenced to a great extent by the popularity of the new Money Market Access account which is a variable rate savings product whose tiered rate structure fluctuates weekly with the 13 Week U.S. Treasury Bill rate. Marketing efforts aimed at non-bank customers to raise balances in this new product have been very successful. Balances raised

through Money Market Access were partially offset by transfers from passbook and statement savings accounts to higher earning certificates of deposit and alternative investments found outside the banking industry.

Certificate of Deposit balances grew by $29,175,000, or 12.0%. The majority of this growth, $14,960,000, came from the issuance of brokered certificates of deposit through Merrill Lynch. Another significant factor was the 24 and 36 month Anniversary CD products introduced in the first quarter of 1996 and offered through May, which allow customers to raise their interest rate on the anniversary of the certificate to the current rate in effect on certificates with the same original maturity term. A special 24 month certificate offered in the third quarter with a 6.25% annual percentage yield was also successful in raising deposit balances.

Other significant sources of funding for balance sheet growth were term and sweep repurchase agreements. The majority of growth in these balances occurred in the first quarter of 1996. Since year-end 1995 both have grown a combined $13,874,000, a 30.0% increase. Federal Home Loan Bank advances have been relied upon as a source of funding during the second and third quarter of 1996, with growth in borrowings of $37,276,000, or 118.9% from year-end 1995. More than half of the advances drawn have been five year, amortizing instruments, whose cash flows more match those of the assets they are funding and whose rates are lower than single maturity advances due to their amortizing feature. The remaining advances were taken at fixed rates with three year maturities.

In March of 1996, Management recommended and the Board approved an amendment to the loan policy, for the calculation of the loan-to-deposit ratio. The ratio was redefined as gross loans divided by total deposits plus Federal Home Loan Bank advances. The limit was set at 95%, with a provision that allows Management to exceed the limit for 30 consecutive days without being in violation of the policy. This was done to reflect what is becoming an industry norm, dependence on these borrowings as a source of balance sheet funding considered to be less volatile than deposits. Advances with varying maturities and flexible repayment options are considered more stable than the most stable of bank deposits, certificates of deposit, which are liable to early withdrawal and are difficult to attract in longer maturity ranges even at rates competitive to other market instruments. The Board agreed that the changes in funding alternatives experienced by the Bank make the new measure a more accurate indication of actual liquidity risk.

The loan-to-deposit ratio at September 30, 1996 was 92.9% compared to 89.7% at December 31, 1995. The growth in this ratio for 1996 reflects continued strong loan demand and dependence on short-term borrowings and cash flows from the investment portfolio to fund that growth. The Bank continues to face the difficulty of raising local deposits due to strong local market competition and the attractive returns depositors find on alternative forms of investment offered outside the banking industry, especially mutual funds. Depositors' aversion to extending maturities on deposits as well as the ability to raise deposits at relatively attractive rates with longer maturities in the national market will encourage the future use of brokered deposits to fund balance sheet growth. Current rates on brokered certificates and single maturity advances for various maturities are very comparable.

Balances in net premises and equipment for the Corporation increased by $551,000, or 6.3%, from year-end 1995, primarily the result of completion in renovations to the United Bank Operations Center, construction of a new Hartville Branch to consolidate two existing branch facilities, one of which was leased, into one location, and purchases of computer equipment and software to enable the Bank to begin offering new electronic and upgraded telephone banking services to its customer base.

Total shareholders' equity at September 30, 1996 was $69,558,000, an increase of $4,231,000, or 6.5%, from year-end 1995. The major contributor to this increase was year-to-date net income for 1996 of $5,966,000. Additional increases to capital were the result of shares issued through the dividend reinvestment program and the exercise of executive stock options as well as the net increase in market value, net of deferred taxes, of investment securities available for sale of $104,000. These increases were partially offset by the payment of $2,390,000 in quarterly cash dividends.

RESULTS OF OPERATIONS

UNB Corp.'s net income for the third quarter of 1996 was $1,754,000, or $0.30 per share, compared with $1,964,000, or $0.34 per share for the third quarter of 1995, a decrease of 10.7%. The decrease in profitability for the third quarter was the result of the one-time assessment from the FDIC to recapitalize the Savings Association Insurance Fund (SAIF) of $593,000, or $391,000 on an after tax basis, SAIF insures approximately $127,000,000 in deposits which the Bank acquired in "Oakar transactions" from the Resolution Trust Company (RTC) in the First Savings and Loan Company, F.A. of Massillon and the Transohio Federal Savings Bank acquisitions. Excluding the assessment, net income for the third quarter would have been $2,145,000, which is $181,000 or 9.2% greater than the same period in 1995. Earnings per share for the quarter would have been $0.36 or an increase of 5.9% over the same period in 1995. On a year-to-date basis, net income of $5,966,000 was $609,000, or 11.4%, greater than the same period last year. Excluding the SAIF assessment, net income would have been $1,000,000 greater than prior year and year-to-date earnings per share would have been $1.08, both representing an 18.7% increase over 1995. All earnings per share have been adjusted for the April, 1996 100% stock dividend.

Net interest income for the quarter and year-to-date continued to be the major cause of this positive earnings performance, a result of balance sheet growth and shift in asset mix from lower yielding investment securities to higher yielding loans. Net interest income grew from $20,667,000 for the first nine months of 1995 to $23,500,000 for the same period in 1996, an increase of 13.7%. For the third quarter of 1996, net interest income was $912,000, or 13.0%, over the same period in 1995.

Total interest income for the third quarter and year-to-date was $14,990,000 and $43,564,000, increases of 17.6% and 19.8%, respectively, from the same periods of 1995. Total interest expense for third quarter and year-to-date was $7,075,000 and $20,064,000, increases of 23.2% and 27.9%, respectively, over the same periods last year.

The net interest margin for the first nine months of 1996 was 4.48%, a decrease from 4.71%, or 23 basis points, from the same period of 1995. At the Bank level, several areas contributed to the decline in margin. The most significant impact on the net

interest margin has been in the Bank's cost of funds. The overall rate paid on interest bearing liabilities increased 30 basis points for the first nine months of 1996 versus the same period in 1995. The new Money Market Access product, paying a tiered rate based on the 13 Week U.S. Treasury Bills has attracted some funds out of the lower rate money market account as well as regular savings products. Rates offered on certificates of deposit throughout 1995 and into 1996 were kept at very competitive levels within the local market to attract funding for strong loan demand. These rates, coupled with a decrease of 10 basis points on savings rates early in 1996, caused some savings balances to switch into certificates of deposit, thus increasing their cost. Due to depositors' aversion to extend maturities in the deposit markets, the Bank turned to brokered certificates of deposit and Federal Home Loan Bank advances to lengthen liability maturities and lock in spreads on the loans being funded.

While the cost of funds increased, the overall yield on earning assets between the two periods remained flat. Returns on the investment portfolio decreased 17 basis points, the result of repricing of variable rate mortgage-backed securities and the rollover of maturities at lower market rates. Overall yields in the loan portfolio decreased by four basis points, led by the repricing of commercial, commercial real estate and home equity loans which are tied to the Prime rate. This was partially offset by an increase in yields in the installment loan portfolio due to the runoff of lower yielding older loans.

The yield on earning assets held constant over the two periods despite the 17 basis point decline in investment yields due to the change in earning asset mix from the investment portfolio to higher yielding loans and the differential in yields earned on the respective portfolios.

Aggressive growth in balance sheet size and the resulting decrease in the net interest margin has been as Asset/Liability management strategy over the past several years. The resulting increase in overall revenue has enabled the Corporation to leverage capital and increase its return on equity. Return on equity for the first nine months of 1996 was 11.75% compared to 11.79% for the same period last year, a decrease of less than 1.0%. However, return on equity adjusted for the after-tax effect of the SAIF assessment yields 12.52%, an increase of 6.2%. Year-to-date return on assets for 1996 was 1.07% versus 1.13% for 1995. With the adjustment for the SAIF assessment, return on assets was 1.14%, a slight increase over the same period in 1995.

Non-interest income for the third quarter of 1996 shows a 10.2% increase from the same period last year while posting a 3.6% gain on a year-to-date basis. The most significant factors for the increase in non-interest income for the third quarter were increases in Trust fee income and other operating income, partially a result of increased revenues from the sales of annuities, mutual fund investments and other financial services. During the second quarter of 1996, the Bank finalized an agreement with a new vendor, American Express Financial Advisors, to provide a full range of financial products and financial planning services through a staff of financial advisors, dedicated exclusively to servicing Bank customers. Management expects this source of fee income to reach beyond levels achieved in the past due to this vendor's experience and reputation in the market. No gains on sales of mortgage loans in the secondary market were recorded for 1996 primarily due to the mix of mortgage loan products generated during the year. In the future, as the interest rate environment creates opportunities for gains on the sales of mortgages,

Management intends to resume originating loans with the intention of selling them in the secondary market.

Non-interest expense for the third quarter and year-to-date increased by $877,000 and $865,000, respectively, from the same periods in 1995. The most significant reason for the increase in other expense, both for the quarter and year-to-date, was the one-time SAIF assessment of $593,000. Also in the third quarter, increases in equipment expense of $222,000 represent lease payments on a new computer mainframe, a wide area network (WAN), teller and platform computer systems and related software which will improve operating efficiencies and position the bank to take advantage of advances in technology through the end of the decade, in addition to offering new products to its customers through high tech and traditional telephone delivery systems. Additional increases for the quarter were recorded in franchise taxes and Mastercard processing expenses. These were partially offset by reductions in office supplies and pension expense.

Management expects the trend in increased equipment expense to continue into 1997 with a full year of expenses on the new mainframe, expanded WAN and teller and platform equipment. Management also anticipates increases in occupancy expenses in 1997 with a full year's impact of depreciation on the renovations of United Bank Center and the new Hartville Branch, in addition to two planned in-store branch facilities in the Green and Alliance communities as well as a new branch to be located in the Portage-Frank area of northern Stark county, all to be completed in 1997.

It is expected now that the SAIF assessment has been accounted for, the Bank's regular assessment on SAIF insured deposits will be similar to the current premiums being paid on deposits insured under the Bank Insurance Fund (BIF) of the FDIC which are determined on the basis of capital adequacy and other regulatory risk assessments. Additionally, in 1997 the Bank will be subject to FICO assessments for the payment of interest on bonds issued to finance the takeover of unsafe thrift institutions by the Resolution Trust Company. These annual assessments will be approximately 1.29 cents per $100 of deposits insured under BIF and 6.44 cents per $100 of deposits insured by SAIF. Management estimates this expense to be approximately $150,000 in 1997.

The Bank has continued involvement in legal proceedings concerning a seven and one half acre parcel of OREO property located in the northwest quadrant of Stark County. Negotiations continue with a large national petroleum company, owner of the facility at the date it was taken out of service and also the party responsible for the cleanup according to the State of Ohio's Bureau of Underground Storage Tanks (BUSTER) regulations. Several environmental assessments by the Bank and the petroleum company have been filed with the State agency. A decision by the agency was anticipated in the third quarter, however cutbacks in BUSTER staffing levels have delayed resolution of this matter. The Bank, through legal counsel is attempting to get the project prioritized with the agency. Discussions with the petroleum company's engineering consultants indicate they are submitting a remediation plan to BUSTER which indicates acknowledgment of some level of responsibility for the clean-up. Because the issue has not been resolved with the State, the Bank is prohibited from actively marketing the property. The estimated costs, should they become the responsibility of the Bank, are not material to the business or financial condition of the Registrant and

have been set up as an allowance against the property's value on the Bank's Consolidated Balance Sheet.

The Bank is also party to a legal proceeding in which the Bank has been issued an injunction to permit the continued use of an easement on a piece of property used as a driveway allowing access into the Bank's Lake Cable branch property. The driveway owner has filed a counterclaim for $2,000,000 alleging trespass and claims the driveway has been subject to wear and tear as a result of its use by the Bank and its customers. During the third quarter of 1996, the Stark County Court of Common Pleas ordered the case to mediation which was unsuccessful and a hearing regarding the injunction is scheduled in November, 1996. A trial date has been set for mid-1997.

ALLOWANCE FOR LOAN LOSSES

The provision for loan losses for the year-to-date ended September 30, 1996 of $2,350,000 was an increase of $1,130,000 over the same period in 1995. The Bank's reserve-to-loan ratio of 1.37% is an increase from 1.35% at June 30, 1996 and is three basis points below the ratio at December 31, 1995. The increase in provision was made primarily due to the 16.9% increase in the loan portfolio since year-end 1995 as well as to cover increased current net charge-offs in the consumer loan portfolio. The provision for loan losses charged to operating expense was based on management's evaluation of the loan portfolio, the adequacy of the allowance for loan losses under current economic conditions and current and anticipated loan growth. An analyses of the allowance for loan losses is provided on page 22. During the third quarter of 1995, a change in methodology used to determine the allocation of the allowance for loan losses among the various loan categories was approved by the Executive Committee of the Board of Directors and instituted by Management. Management continues to use the same three methodologies it has historically used to determine the allocation of the allowance, however, it now selects the single methodology that results in the highest aggregate calculation for allocation of the allowance among the various loan categories, and not the highest specific allocation for each loan category from among the three methodologies. Management believes this change reflects a more reliable analysis of the Bank's risk of loan loss. An analysis of the allocation of the allowance for loan losses is found on page 23.

The Bank held no impaired loans at September 30, 1996, a reduction of $566,269 from the impaired loan balance at December 31, 1995. Non-performing loans, which include non-accrual loans and loans past due 90 days or more, were $1,536,000 at September 30, 1996 compared to $1,320,000 at December 31, 1995. The ratio of non-performing loans to total loans outstanding at September 30, 1996, was 0.25%. This is unchanged from year-end 1995 and compared favorably to the ratio of 0.78% for the Bank's peer group, all insured commercial banks having assets between $500 million and $1 billion. For the third quarter of 1996, net-chargeoffs as a percentage of average loans outstanding were 0.10% versus 0.05% for the same period in 1995, primarily the result of increased net chargeoffs in the installment loan portfolio. Due to the record levels of consumer debt currently outstanding nationally, and the trend experienced throughout the financial services industry of increased consumer loan delinquencies and losses, Management anticipates the trend the Bank experienced in the third quarter of 1996 of increased net charge-offs in the consumer, Mastercard and residential mortgage loan portfolios to continue through the remainder of 1996 and into the first half of 1997.

CAPITAL RESOURCES

Shareholders' equity totaled $69,558,000 at September 30, 1996, an increase of $4,231,000, or 6.5%, compared to $65,327,000 at December 31, 1995. The ratio of equity-to-assets at September 30, 1996 was 8.77% versus 9.34% at December 31, 1995, with the decrease of 57 basis points reflecting the impact of continued balance sheet growth in the loan portfolio. The rate of primary capital (shareholders' equity plus the allowance for loan losses less intangible assets) to total adjusted assets was 13.41%. The risk-based capital ratio was 12.83% while the Tier 1 and core leverage ratios reached 11.58% and 7.90%, respectively. The levels achieved in these ratios are above required regulatory minimums and maintain the Corporation in the "well capitalized" category under the guidelines of the Federal Deposit Insurance Corporation Act of 1991 (FDICIA).

The cash dividend of $0.42 per share (adjusted for the April, 1996 100% stock dividend) for the first nine months of 1996 was 13.5% above the $0.37 dividend paid for the same period in 1995. Dividends, representing 40.1% of year-to-date earnings, fall within the Corporation's dividend policy which provides for cash dividend payouts within a range of 35% to 45% of earnings.

SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", requires that securities which the Bank has classified as "Available-for-Sale" are recorded at market value with any adjustments recorded to equity. At September 30, 1996, an unrealized gain in securities available for sale, net of deferred taxes of $489,000, reflects an increase in shareholders' equity of $104,000 since year-end 1995 and $261,000 from June 30, 1996. The unrealized gain in market value of the Available-for-Sale securities has increased due to several factors. A change in portfolio mix occurred from longer term, relatively lower yielding mortgage-backed securities to shorter term treasuries and agencies whose rate are closer market rates. There was growth in the equity securities portfolio whose market value is approximately 17.3% over book value. In addition, during the third quarter of 1996 a decrease in market rates has caused the value of all fixed rate securities to rise.

On April 16, 1996, the Corporation's Board of Directors declared a 100% stock dividend on the Corporation's common stock, payable to shareholders of record as of April 30, 1996.

LIQUIDITY

Liquidity measures the Corporation's ability to meet the cash demands and credit needs of its customers and is provided by the ability to readily convert assets to cash and raise funds in the market place. Total cash, federal funds sold and investments available for sale (including money market investments) of $152,140,000 represent 19.2% of total assets at September 30, 1996. Of the investments available for sale, $57,180,000 are held in U.S. Treasury and Agency securities, 59.7% of which mature within one year. Approximately $86,700,000 of total Corporate securities is pledged as collateral to secure public funds or other obligations. The Corporation's ability to raise funds in the market place is provided by the Bank's branch network, in addition to the availability of Federal Home Loan Bank (FHLB) advance borrowings, brokered deposits, Federal Funds purchased and securities sold under agreement to

repurchase. The strong loan demand experienced throughout 1996, coupled with the funding of a significant portion of that growth with maturities and cash flows from the investment portfolio and short-term borrowings in the form of sweep and term repurchase agreements, have resulted in a loan-to-deposit ratio of 92.9%, up from the 1995 year-end ratio of 89.7%.

The liquidity needs of the Holding Company, primarily cash dividends and other corporate purposes, are met through cash, short term investments and dividends from the Bank.

INTEREST RATE SENSITIVITY

Interest rate sensitivity measures the potential effects on earnings and capital to changes in market interest rates. The objective of the Corporation's Asset and Liability Management Policy is to help Management establish a profit plan for the Corporation through the coordination of asset mix and volume controls, liquidity, capital and dividend policies, interest margin management, sound investment and loan portfolio management, loan pricing policies, purchased funds policies and cash management techniques. This profit plan seeks to maximize profitability while minimizing the adverse effects on net interest margin and capital resulting from fluctuations in interest rates.

All assets and liabilities are designated as being either rate sensitive or non-rate sensitive during some assigned time period such as one month or one year. Interest rate sensitivity relates to that time period when assets and liabilities can be repriced. Management attempts to match rate sensitive assets and rate sensitive liabilities in an effort to maintain an acceptable net interest margin regardless of the level or direction of interest rates for both assets and liabilities. The GAP measures the variance in this matching process and is defined as the difference between rate sensitive assets and rate sensitive liabilities within an assigned time frame. The Bank uses a modified GAP position in which the majority of traditional savings and NOW account balances are placed in the five year time frame which considers this portion of these deposits to be rate insensitive. The remainder are placed in the one month time frame reflecting the assumption that they are sensitive to changing interest rates and will reprice into certificates of deposits with rising interest rates. The Bank periodically analyzes the historical sensitivity of these liability products to validate its modified GAP assumptions and will redefine its modified GAP position should it be warranted.

The GAP position can be either positive or negative, and is viewed as the dollar measure of the Bank's exposure to changes in interest rates over a certain time frame. A negative GAP benefits net interest income when rates are decreasing, while a positive GAP benefits net interest income in a rising rate environment. The reverse is also true for each of these.

The Bank's cumulative GAP position at September 30, 1996 reflects a 6.09% liability sensitive position in the time frame of less than one year. In its Asset and Liability Policy, the Bank has set limits of +/- 10% for the one year time frame and attempts to manage its portfolio of rate sensitive assets and liabilities to remain within those limits. It is unclear what impact this negative GAP position will have

on the Bank's net interest margin with the uncertainty in the direction of future interest rates due the financial market's reaction to the results of the Presidential elections and the mixed signals of various recently reported economic indicators. See the GAP table on page 21 for more detailed data on the Bank's GAP position.

CONCENTRATION OF CREDIT RISK

The Corporation maintains a diversified credit portfolio, with relatively smaller balance, homogeneous consumer installment, credit card and residential mortgage loans comprising 76.7% of total loans outstanding at September 30, 1996. Commercial and commercial real estate loans comprise the remaining 12.9% and 10.4% of loans outstanding, respectively. The largest industry concentration identified within the total portfolio is the medical industry. The total commitment to this industry represents 24.4% of total corporate capital. Within the commercial real estate portfolio, real estate is mainly held as collateral while the cash flows of the business are considered the primary source of repayment on the loans. With all loan types, Management attempts to balance credit risk versus return by employing conservative credit standards and comprehensive underwriting guidelines in addition to the loan review function which monitors credits during and after the approval process.

IMPACT OF FDICIA

The Federal Deposit Insurance Corporation Improvement Act (FDICIA) applies to banks with total assets in excess of $500 million. Management has spent considerable time ensuring compliance with requirements for documenting internal control reporting. The 1995 Annual Report contained a statement from Management attesting to the internal control structure of the Corporation, including policies, procedures and compliance with laws and regulations within the Banking industry. In addition, the Bank's independent external auditor attested to the accuracy of Management's assertions regarding internal control systems over financial reporting.

UNITED NATIONAL BANK & TRUST

12 MO CUM ADJ GAP TREND

[GRAPHIC]

GAP Analysis Ratios:

<TABLE>
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Cumulative Bank GAP	74,051	71,341	71,805	73,340	77,756	77,688	76,731	79,155	80,719	81,104	85,993	80,766	78,146
Rate Sensitive Asset to Rate Sensitive Liability (%)	114.01%	113.20%	113.11%	113.24%	113.95%	113.52%	113.09%	113.12%	113.20%	113.23%	114.15%	113.14%	112.20%
Adjusted GAP Percentage:													
3 Months Cum GAP %	-4.55%	-4.17%	-4.38%	-5.20%	-9.07%	-9.17%	-11.38%	-11.06%	-10.70%	-10.32%	-8.86%	-10.22%	-8.08%
6 Months Cum GAP %	-6.25%	-4.33%	-5.98%	-7.15%	-12.27%	-13.34%	-13.60%	-12.06%	-11.76%	-12.04%	-10.35%	-9.79%	-7.98%
12 Months Cum GAP %	-5.95%	-4.18%	-3.28%	-5.52%	-7.77%	-5.50%	-6.98%	-6.82%	-6.19%	-7.17%	-6.17%	-8.58%	-6.09%

</TABLE>

United Bank policy/guideline limits: +/- 10%

UNB CORP.
ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES

(VALUATION RESERVES)

SEPTEMBER 30, 1996

(000'S omitted)

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Balance at December 31, 1995	$ 7,242
Charge-Offs (Domestic):	
Commercial, Financial, Agricultural	$ 53
Real Estate - Commercial	0
Real Estate - Residential	58
Consumer Loans	1,970
Total Charge-Offs	$ 2,081
Recoveries (Domestic):	
Commercial, Financial, Agricultural	$ 3
Real Estate - Commercial	39
Real Estate - Residential	55
Consumer Loans	678
Total Recoveries	$ 775
Net Charge-Offs	$ 1,306
Additions Charged to Operations	$ 2,350
Balance at September 30, 1996	$ 8,286
Ratio of net charge-offs during this quarter to average loans outstanding	.10%

Allowance as a percentage of total loans	1.37%

</TABLE>

UNB CORP.
ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

SEPTEMBER 30, 1996

(000'S omitted)

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	Amount	Percent of loans in each category to total loans
Commercial, Financial, Agricultural	$ 2,720	12.87%
Real Estate - Commercial	663	10.45%
Real Estate - Residential	207	37.46%
Consumer Loans	2,688	39.22%
Unallocated:	2,008	N/A
Valuation Reserve on September 30, 1996	$ 8,286	100.00%

</TABLE>

UNB CORP.
PART II - OTHER INFORMATION

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

UNB Corp. held its Annual Meeting of Shareholders on April 16, 1996, for the purpose of electing directors and to adopt a proposed amendment to the Articles of Incorporation to increase the number of no par value Common Shares from the 5,000,000 currently authorized to 15,000,000 shares. The purposes for increasing the number of authorized Common Shares are to have additional shares available for issuance in the future for stock splits, stock dividends, acquisitions, and other corporate purposes. These additional shares may be issued on authorization of the Board of Directors without further approval of Shareholders, except as may be required by law. The adoption of the proposed amendment required the affirmative vote of the holders of 66-2/3% of the outstanding shares of the Corporation. Shareholders received proxy materials containing the information required by this item. Results of shareholder voting on these issues were as follows:

<TABLE>
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	Election of Directors		Proposed Amendment to
	E. Lang D'Atri	Robert L. Mang	Articles of Incorporation
For	2,514,690	2,514,690	2,512,615
Against	9,896	9,896	61,724
Abstain			31,449
Shares not voted by Brokers	85,375	85,375	85,375

</TABLE>

ITEM 5 - OTHER INFORMATION

N/A

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibit

Number	Exhibit
27	Financial Data Schedule (1)

B. Reports - Form 8-K - No reports on Form 8-K were filed by the Registrant during the first nine months of 1996.

(1) Filed only in electronic format pursuant to Item 601(b)(27) of Regulation S-K.

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.

	UNB CORP. (Registrant)
Date _________________________	___________________________________
	James J. Pennetti (Duly authorized officer and Treasurer, UNB Corp.)

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<LOANS-NON>	1,253

<LOANS-PAST>	282
<LOANS-TROUBLED>	710
<LOANS-PROBLEM>	3,712
<ALLOWANCE-OPEN>	7,242
<CHARGE-OFFS>	2,081
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