FORM 8-K

Current report filing

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UJB FINANCIAL CORP /NJ/

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report:
(Date of Earliest Event Reported)

March 18, 1994

UJB Financial Corp.

(Exact Name of Registrant as Specified in its Charter)

New Jersey	1-6451	22-1903313
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

301 Carnegie Center, P.O. Box 2066
Princeton, New Jersey 08543-2066

(Address of Principal Executive Offices)
(Zip Code)

(609) 987-3200

\- --

(Registrant's Telephone Number, including Area Code)

<TABLE>
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Item 5. Other Events.

The Registrant hereby files certain financial statements and other materials from Registrant's 1993 Annual Report to Shareholders.

Item 7. Financial Statements and Exhibits.

(c) Exhibits:

(1) Selected portions of the UJB Financial Corp. 1993 Annual Report to Shareholders, namely:

Consolidated Balance Sheets at December 31, 1993 and December 31, 1992; Consolidated Statements of Income for the years ended December 31, 1993, December 31, 1992 and December 31, 1991; Consolidated Statements of Shareholders' Equity at December 31, 1993, December 31, 1992 and December 31, 1991; Consolidated Statements of Cash Flows for the years ended December 31, 1993, December 31, 1992 and December 31, 1991; and Notes to Consolidated Financial Statements.

</TABLE>

SIGNATURE

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 hereunto duly authorized.

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

Dated: March 18, 1994 UJB FINANCIAL CORP.

By:

/s/ WILLIAM J. HEALY

\--------------------------

William J. Healy
Executive Vice President
and Comptroller

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EXHIBIT INDEX

<TABLE>
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Exhibit No.	Description
<S>	<C>
(1)	Selected portions of the UJB Financial Corp. 1993 Annual Report to Shareholders, namely: Consolidated Balance Sheets at December 31, 1993 and December 31, 1992; Consolidated Statements of Income for the years ended December 31, 1993, December 31, 1992 and December 31, 1991; Consolidated Statements of Shareholders' Equity at December 31, 1993, December 31, 1992 and December 31, 1991; Consolidated Statements of Cash Flows for the years ended December 31, 1993, December 31, 1992 and December 31, 1991; and Notes to Consolidated Financial Statements.

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UJB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<TABLE>
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Dollars in thousands	December 31 1993	December 31 1992
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents:		
Cash and due from banks (Note 3)	$ 720,404	$ 885,047
Federal funds sold and securities purchased under agreements to resell	99,500	234,500
Total cash and cash equivalents	819,904	1,119,547
Interest bearing deposits with banks	19,962	13,819
Trading account securities	29,735	21,961
Investment securities available for sale (Note 4) (Market value of $1,177,585 in 1993 and $886,577 in 1992)	1,162,088	881,278
Investment securities (Note 5) (Market value of $2,495,849 in 1993 and $2,677,274 in 1992)	2,456,713	2,633,543
Loans (Notes 6 and 7)	8,607,094	8,782,409
Less: Allowance for loan losses (Note 8)	242,104	275,296
Net loans	8,364,990	8,507,113
Premises and equipment (Note 9)	167,477	173,160
Other real estate owned, net (Note 10)	72,275	121,774
Accrued interest receivable	71,728	79,496
Due from customers on acceptances	20,126	21,378
Other assets (Notes 1 and 18)	225,551	197,802
Total Assets	$13,410,549	$13,770,871
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing demand deposits	$ 2,802,496	$ 2,586,997
Interest bearing deposits:		
Savings and time deposits	8,427,272	8,954,921
Commercial certificates of deposit $100,000 and over	226,586	244,743
Total deposits	11,456,354	11,786,661
Commercial paper	33,359	62,861
Other borrowed funds (Notes 5 and 11)	549,449	641,004
Long-term debt (Note 12)	208,459	216,570
Accrued interest payable	22,786	36,704
Bank acceptances outstanding	20,126	21,378
Accrued expenses and other liabilities (Note 15)	143,942	85,423
Total liabilities	12,434,475	12,850,601
Commitments and contingent liabilities (Notes 19, 20 and 21)		
Shareholders' equity (Notes 12, 13, 15 and 16):		
Preferred stock: Authorized 4,000,000 shares without par value:		
Series B: Authorized 1,200,000 shares; issued and outstanding 600,166 in 1993 and 1992, adjustable-rate cumulative, $50 stated value	30,008	30,008
Common stock par value $1.20:		
Authorized 65,000,000 shares; issued and outstanding 51,631,856 in 1993 and 50,864,031 in 1992	61,958	61,037
Surplus	384,229	370,345
Retained earnings	499,879	458,880
Total shareholders' equity	976,074	920,270
Total Liabilities and Shareholders' Equity	$13,410,549	$13,770,871

</TABLE>

See accompanying notes to consolidated financial statements.

UJB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

Dollars in thousands, except per share data	Year Ended December 31 1993	1992	1991
<S>	<C>	<C>	<C>
INTEREST INCOME			
Interest and fees on loans (Note 7)	$659,433	$700,478	$ 816,420
Interest on investment securities (Note 5):			
Taxable	165,391	205,451	223,999
Tax-exempt	25,448	30,206	37,272
Interest on investment securities available for sale (Note 4)	31,023	10,782	3,244
Interest on Federal funds sold and securities purchased under agreements to resell	932	4,379	21,277
Trading account interest	1,297	1,367	1,219
Interest on bank balances	651	668	2,237
Total interest income	884,175	953,331	1,105,668
INTEREST EXPENSE			
Interest on savings and time deposits	261,145	351,450	478,946
Interest on commercial certificates of deposit $100,000 and over	7,319	16,320	46,526
Interest on borrowed funds (Notes 11 and 12)	52,576	47,336	88,865
Total interest expense	321,040	415,106	614,337
Net interest income	563,135	538,225	491,331
Provision for loan losses (Note 8)	95,500	139,000	167,350
Net interest income after provision for loan losses	467,635	399,225	323,981
NON-INTEREST INCOME			
Service charges on deposit accounts	60,126	54,031	41,972
Service and loan fee income	34,437	32,711	29,873
Trust income	21,852	19,837	16,875
Investment securities gains (Notes 4 and 5)	8,877	18,195	13,874
Trading account gains	1,884	1,804	1,620
Gain on securitized loan sale	--	--	5,601
Other	51,099	49,641	39,736
Total non-interest income	178,275	176,219	149,551
NON-INTEREST EXPENSES			
Salaries	182,892	176,576	169,881
Pension and other employee benefits (Note 15)	57,940	50,733	44,087
Occupancy, net (Notes 9 and 19)	47,775	47,122	43,339
Furniture and equipment (Notes 9 and 19)	45,570	42,373	38,895
Other real estate owned expenses (Note 10)	40,154	37,640	17,588
FDIC insurance assessment	28,617	25,262	22,119
Restructuring charges	21,500	--	--
Advertising and public relations	10,241	10,282	9,712
Other (Note 17)	112,175	113,576	102,735
Total non-interest expenses	546,864	503,564	448,356
Income before income taxes	99,046	71,880	25,176
Federal and state income taxes (Note 18)	24,807	18,056	2,741
Income before cumulative effect of a change in accounting principle	74,239	53,824	22,435
Cumulative effect of a change in accounting principle	3,816	--	--
Net Income	$ 78,055	$ 53,824	$ 22,435
Net Income Per Common Share:			
Income before cumulative effect of a change in accounting principle	$ 1.42	$ 1.09	$ .45
Cumulative effect of a change in accounting principle	.07	--	--
Net Income Per Common Share	$ 1.49	$ 1.09	$ .45
Average Common Shares Outstanding (in thousands)	51,288	47,769	45,650

</TABLE>

See accompanying notes to consolidated financial statements.

UJB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Dollars in thousands	Preferred Stock	Common Stock	Surplus	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 1990	$30,008	$54,117	$284,904	$438,274	$807,303
Net income, 1991	--	--	--	22,435	22,435
Cash dividends declared:					
Preferred stock--Series B	--	--	--	(2,055)	(2,055)
Common stock	--	--	--	(27,448)	(27,448)
Common stock issued:					
Dividend reinvestment and other stock plans (782,568 shares)	--	940	7,262	--	8,202
Exercise of stock options, net (6,480 shares)	--	7	79	--	86
Change in valuation allowance for marketable equity securities	--	--	--	3,276	3,276
Balance, December 31, 1991	30,008	55,064	292,245	434,482	811,799
Net income, 1992	--	--	--	53,824	53,824
Proceeds from issuance of common stock, net of related expense (4,000,000 shares)	--	4,800	63,545	--	68,345
Cash dividends declared:					
Preferred stock--Series B	--	--	--	(1,847)	(1,847)
Common stock	--	--	--	(29,091)	(29,091)
Common stock issued:					
Dividend reinvestment and other stock plans (779,140 shares)	--	935	12,984	--	13,919
Exercise of stock options, net (198,396 shares)	--	238	1,571	--	1,809
Change in valuation allowance for marketable equity securities	--	--	--	1,512	1,512
Balance, December 31, 1992	30,008	61,037	370,345	458,880	920,270
Net income, 1993	--	--	--	78,055	78,055
Cash dividends declared:					
Preferred stock--Series B	--	--	--	(1,801)	(1,801)
Common stock	--	--	--	(35,515)	(35,515)
Common stock issued:					
Dividend reinvestment and other stock plans (459,430 shares)	--	551	9,537	--	10,088
Exercise of stock options, net (308,395 shares)	--	370	4,347	--	4,717
Change in valuation allowance for marketable equity securities	--	--	--	260	260
Balance, December 31, 1993	$30,008	$61,958	$384,229	$499,879	$976,074

See accompanying notes to consolidated financial statements.

UJB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in thousands	Year Ended December 31 1993	1992	1991
OPERATING ACTIVITIES			
Net income	$ 78,055	$ 53,824	$ 22,435
Adjustments to reconcile net income to net cash provided by operating activities:			
Provisions for loan losses and other real estate owned	127,063	166,728	177,750
Depreciation, amortization and accretion, net	27,008	22,181	18,555
Restructuring charges	21,500	--	--
Deferred income tax benefit	(5,782)	(4,929)	(14,027)
Gains on sales of investment and trading account securities	(10,761)	(19,999)	(15,494)

Gain on sale of securitized loans	--	--	(5,601)
Gains on sales of mortgages held for sale	(2,922)	(3,340)	(1,294)
Proceeds from sales of other real estate owned	56,791	77,939	45,767
Proceeds from sales of mortgages held for sale	276,659	296,124	143,925
Originations of mortgages held for sale	(224,065)	(309,317)	(155,159)
Purchases of investment securities available for sale	(316,303)	--	--
Proceeds from maturities of investment securities available for sale	192,605	178,961	--
Proceeds from sales of investment securities available for sale	517,906	1,051,453	219,587
Net (increase) decrease in trading account securities	(5,890)	(16,902)	5,465
(Increase) decrease in accrued interest receivable and other assets	(26,505)	16,850	13,958
Increase (decrease) in accrued interest payable, accrued expenses and other liabilities	30,684	(6,090)	8,301
Net cash provided by operating activities	736,043	1,503,483	464,168
INVESTING ACTIVITIES			
Proceeds from sales of investment securities	--	183,819	638,224
Proceeds from maturities of investment securities	1,215,293	895,861	773,488
Purchases of investment securities	(1,712,194)	(2,428,917)	(2,045,036)
Net (increase) decrease in interest bearing deposits with banks	(6,143)	12,087	23,024
Proceeds from sale of loans	84,836	--	50,061
Net increase in loans	(120,992)	(213,687)	(373,939)
Purchases of loans	--	(26,905)	--
Sale of building and sale-leaseback of equipment	--	17,732	--
Purchases of premises and equipment	(14,500)	(25,764)	(27,495)
Net cash used in investing activities	(553,700)	(1,585,774)	(961,673)
FINANCING ACTIVITIES			
Net increase in demand and savings deposits	358,886	1,181,149	693,166
Demand and savings deposits acquired	--	--	91,437
Net decrease in time deposits	(689,193)	(708,035)	(270,107)
Time deposits acquired	--	--	170,807
Net decrease in short-term borrowings	(121,273)	(330,574)	(131,361)
Principal payments on long-term debt, net	(27,895)	(26,769)	(6,897)
Proceeds from issuance of debt, net of related expenses	20,000	172,489	--
Dividends paid	(34,059)	(30,223)	(29,438)
Proceeds from issuance of common stock, net of related expense	--	68,345	--
Proceeds from issuance of common stock under dividend reinvestment and other stock plans	14,805	15,728	8,288
Other, net	(3,257)	(715)	(65)
Net cash (used) provided by financing activities	(481,986)	341,395	525,830
(Decrease) increase in cash and cash equivalents	(299,643)	259,104	28,325
Cash and cash equivalents at beginning of year	1,119,547	860,443	832,118
Cash and cash equivalents at end of year	$ 819,904	$1,119,547	$ 860,443
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid:			
Interest payments	$ 334,958	$ 436,715	$ 625,536
Income tax payments	27,094	21,669	19,619
Noncash investing activities:			
Transfer of investments to investment securities available for sale	666,687	1,737,999	573,601
Transfer of loans to other real estate owned	51,092	135,062	124,360

</TABLE>

See accompanying notes to consolidated financial statements.

UJB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS:
UJB Financial Corp. (UJB Financial) commenced operations on October 1, 1970 as a New Jersey Corporation and as a bank holding company registered under the Bank Holding Company Act of 1956. Through its subsidiaries UJB Financial provides a full range of banking services and certain non-bank services in a competitive environment to individual and corporate customers. UJB Financial is regulated by various state and Federal agencies and is subject to periodic examinations by those regulatory authorities.

PRINCIPLES OF CONSOLIDATION:
The accompanying consolidated financial statements include the accounts of UJB

Financial and all of its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the financial statement presentation for 1993. The reclassifications have no effect on shareholders' equity or net income or loss as previously reported.

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could significantly differ from these estimates.

CASH AND CASH EQUIVALENTS:
For the purposes of cash flow, cash and cash equivalents include cash on hand, amounts due from banks, Federal funds sold, and securities purchased under agreements to resell. Generally, Federal funds are sold for one day periods and securities purchased under agreements to resell are short-term, highly liquid assets.

SECURITIES:
Securities are classified into one of three investment categories: trading account securities, investment securities available for sale and investment securities. Securities that are purchased and held principally with the intent of selling in the near future are classified as trading account securities. Securities which are intended to be held to maturity are classified as investment securities. All other securities, including equity securities, are classified as investment securities available for sale.

Trading account securities are reported at market value on a specific identification basis, with gains and losses included in non-interest income. This category includes securities purchased specifically for short-term appreciation.

Investment securities available for sale are reported at the lower of the aggregate cost or market.

Investments classified as available for sale may be sold in response to changing market and interest rate conditions or as part of an overall asset/liability management strategy. Included in investment securities available for sale are marketable equity securities.

Investment securities are held for long-term investment and are recorded at amortized cost. UJB Financial has both the intent and ability to hold all securities in this category until maturity.

LOANS:
Loans are stated at principal amounts outstanding, net of unearned discount and net deferred loan origination fees and costs. Interest income on loans is accrued and credited to interest income as earned. Loan origination fees and certain direct loan origination costs are deferred and recognized over the estimated life of the loan as an adjustment to the loan's yield. Other loan fees are recorded as earned and included in non-interest income.

NON-PERFORMING LOANS:
Non-performing loans consist of commercial non-accrual and renegotiated loans. Non-accrual loans include loans that are past due 90 days or more as to principal or interest, or where reasonable doubt exists as to timely collectibility. At the time a loan is placed on non-accrual status, previously accrued and uncollected interest is reversed against interest income. Interest collections on non-accrual loans are generally credited to interest income when received. However, if ultimate collectibility of principal is in doubt, interest collections are applied as principal reductions. After principal and interest payments are brought current and future collectibility is reasonably assured, loans are returned to accrual status.

Renegotiated loans are loans whose contractual interest rates have been reduced to below market rates or other significant concessions made due to a borrower's financial difficulties. Interest income on renegotiated loans is generally credited to interest income as received.

Consumer loans are charged off when they are 120 days past due. For home equity loans, accruals cease at 180 days and uncollected interest is reversed against interest income. Past due residential mortgage loans and home equity loans are monitored and charged off when deemed uncollectible.

ALLOWANCE FOR LOAN LOSSES:
The loan portfolio and other extensions of credit are regularly reviewed to determine the adequacy of the allowance for loan losses. The impact of economic conditions on the credit worthiness of the borrowers is given consideration, as well as loan loss experience, changes in the composition and volume of the loan

portfolio, and management's assessment of the risk inherent in the loan portfolio. These and other factors are used in assessing the overall adequacy of the allowance for loan losses and the resulting provision for loan losses.

The allowance for loan losses is established through charges to earnings in the form of a provision for loan losses. Losses on loans and loans which are determined to be uncollectible are deducted from the allowance and subsequent recoveries, if any, are added back to the allowance.

PREMISES AND EQUIPMENT:

Premises, furniture and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization charges are computed using the straight-line method. Premises, furniture and equipment are depreciated over the estimated useful life of the assets, except for leasehold improvements, which are amortized over the term of the lease or the estimated useful life of the asset, if shorter. Estimated useful lives are ten to forty years for premises, and three to ten years for furniture and equipment.

Expenditures for maintenance and repairs are expensed as incurred. The costs of major renewals and improvements are capitalized. Premises and major items of furniture and equipment are removed from the property accounts upon disposition at their carrying amount, and gains or losses on such transactions are included in other non-interest income or expense.

OTHER REAL ESTATE OWNED:

Other real estate owned includes both formally foreclosed and in-substance foreclosed property. In-substance foreclosed property includes properties for which borrowers have little or no equity or prospects for building equity in the collateral and for which the loan repayment can only be expected from the operation or sale of the collateral. In-substance foreclosed properties are generally in the process of formal foreclosure. When a property is acquired through foreclosure or in-substance foreclosure, the excess of the carrying amount over fair value, if any, is charged to the allowance for loan losses.

An allowance for other real estate owned has been established to maintain these properties at the lower of cost or fair value less estimated cost to sell. Other real estate owned is shown net of the allowance.

The allowance is established through charges to other real estate owned expenses. Operating results of other real estate owned, including rental income, operating expenses, and gains and losses realized from the sales of properties owned, are recorded in other real estate owned expense.

OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS:

Interest rate swap and cap agreements are periodically used to manage interest rate risk. The income or expense associated with these transactions is recognized over the lives of the agreements as an adjustment to interest income or interest expense.

INCOME TAXES:

The amount provided for income taxes is based on income reported for consolidated financial statement purposes after elimination of income which is exempt for Federal tax purposes. Such tax-exempt income is derived primarily from investment securities of states and political subdivisions and certain commercial and mortgage loans.

Prior to January 1, 1993, deferred income taxes were provided for timing differences in the recognition of revenues and expenses for tax reporting and financial statement purposes, pursuant to Accounting Principles Board Opinion No. 11. Effective January 1, 1993, Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109), was adopted. SFAS 109 requires a change from the deferred method to the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date, whereas under the deferred method, deferred taxes were not adjusted for subsequent changes in tax rates. The cumulative effect at January 1, 1993 of this change in the method of accounting for income taxes has been included in the Consolidated Statement of Income, for the year ended December 31, 1993.

UJB Financial and its subsidiaries file a consolidated Federal income tax return and the amount of income tax expense or benefit is computed and allocated to its subsidiaries within the consolidated group on a separate return basis.

INTANGIBLE ASSETS:

Excess of cost over fair value of net assets acquired (goodwill) relating to subsidiaries purchased is included in other assets and is amortized on a straight-line basis over periods ranging from ten to forty years. Goodwill amounted to $13,561,000 and $14,775,000 at December 31, 1993 and 1992, respectively.

Other intangible assets are amortized on an accelerated basis over periods ranging from five to ten years. Other intangibles amounted to $15,003,000 and $16,781,000 at December 31, 1993 and 1992, respectively.

RETIREMENT PLANS:

UJB Financial and its subsidiaries have several formal non-contributory retirement plans which cover substantially all employees. Annual contributions are made to the plans in amounts not less than the minimum regulatory requirements. In 1993 UJB Financial adopted, on a prospective basis, Statement of Financial Accounting Standards No. 106, "Employers' Accounting for

Postretirement Benefits Other Than Pensions" (SFAS 106). The costs associated with these benefits are accrued based on actuarial assumptions and included in non-interest expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

INCOME PER SHARE:

Income per common share is calculated by dividing net income, less the dividend requirement on the adjustable-rate cumulative preferred stock, by the average daily number of common shares outstanding during the period. Common stock equivalents are not included in the calculation as they are not material.

NOTE 2 ACQUISITIONS

On December 16, 1993, UJB Financial announced a definitive agreement to acquire VSB Bancorp, Inc., headquartered in Closter, N.J. with total assets of approximately $379,000,000. The merger is expected to occur in the second or third quarter of 1994.

NOTE 3 RESTRICTIONS ON CASH AND DUE FROM BANKS

The subsidiary banks are required to maintain reserve balances with a Federal Reserve Bank based principally upon deposits. These reserve balances averaged $332,881,000 in 1993 and $262,577,000 in 1992.

NOTE 4 INVESTMENT SECURITIES AVAILABLE FOR SALE

The following is a comparative summary of investment securities available for sale at December 31:

In thousands	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
1993				
U.S. Government and				
Federal agencies	$ 669,841	$ 8,051	$ 174	$ 677,718
Other securities:				
Mortgage-backed	474,554	3,914	816	477,652
Other debt	3,500	--	30	3,470
Equities, net	14,193	4,552	--	18,745
Total other	492,247	8,466	846	499,867
	$1,162,088	$16,517	$1,020	$1,177,585
1992				
U.S. Government and				
Federal agencies.	$741,428	$5,567	$ 854	$746,141
Other securities:				
Mortgage-backed	125,982	44	1	126,025
Other debt	3,985	--	17	3,968
Equities, net	9,883	1,256	696	10,443
Total other	139,850	1,300	714	140,436
	$881,278	$6,867	$1,568	$886,577

The amortized cost and market value of investment securities available for sale at December 31, 1993 are distributed by contractual maturity. However, mortgage-backed securities and other securities which may have prepayment provisions are distributed to a maturity category based on the estimated average life. These principal prepayments are not scheduled over the life of the investment, but are reflected as adjustments to the final maturity distribution. The distribution follows:

In thousands	Amortized Cost	Market Value
Due in one year or less	$ 563	$ 566
Due after one year through five years	542,237	548,560
Due after five years through ten years	294,487	297,081
Due after ten years	310,608	312,633

Marketable equity securities, net	14,193	18,745
	$1,162,088	$1,177,585

Gains and losses were realized on sales of investment securities available for sale as follows:

In thousands	1993	1992	1991
Investments in debt securities:			
Gross gains	$11,147	$14,783	$4,965
Gross losses	(2,816)	(63)	(6)
Net gains	$ 8,331	$14,720	$4,959

Interest income on investment securities available for sale was as follows:

In thousands	1993	1992	1991
U.S. Government and Federal agencies	$17,082	$10,290	$2,085
States and political subdivisions	--	--	515
Other securities	13,941	492	644
	$31,023	$10,782	$3,244

NOTE 5 INVESTMENT SECURITIES
The following is a comparative summary of investment securities at December 31:

In thousands	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
1993				
U.S. Government and Federal agencies	$1,267,613	$18,930	$7,390	$1,279,153
States and political subdivisions	308,004	28,274	520	335,758
Other securities:				
Mortgage-backed	852,133	1,751	1,866	852,018
Other debt	28,963	2	45	28,920
Total other	881,096	1,753	1,911	880,938
	$2,456,713	$48,957	$9,821	$2,495,849
1992				
U.S. Government and Federal agencies	$2,199,506	$32,864	$15,867	$2,216,503
States and political subdivisions	378,198	26,836	754	404,280
Other securities:				
Mortgage-backed	25,664	661	17	26,308
Other debt	30,175	172	164	30,183
Total other	55,839	833	181	56,491
	$2,633,543	$60,533	$16,802	$2,677,274

The amortized cost and the market value of investment securities at December 31, 1993 are distributed by contractual maturity. However, mortgage-backed securities and other securities which may have prepayment provisions are distributed to a maturity category based on the estimated average life. These principal prepayments are not scheduled over the life of the investment, but are reflected as adjustments to the final maturity distribution. The distribution follows:

In thousands	Amortized Cost	Market Value
Due in one year or less	$ 111,434	$ 114,237
Due after one year through five years	893,476	909,911
Due after five years through ten years	968,320	982,999
Due after ten years	483,483	488,702
	$2,456,713	$2,495,849

Gains and losses were realized on sales and early redemptions of investment securities as follows:

In thousands	1993	1992	1991
Investments in debt securities:			
Gross gains	$ 732	$3,899	$ 11,542
Gross losses	(186)	(850)	(94)
Net gains	546	3,049	11,448
Net gains (losses) on marketable equity securities	--	426	(2,533)
Net securities gains	$ 546	$3,475	$ 8,915

Interest income on investment securities was as follows:

In thousands	1993	1992	1991
U.S. Government and Federal agencies	$135,860	$190,795	$191,476
States and political subdivisions	25,204	30,514	36,635
Other securities	29,775	14,348	33,160
	$190,839	$235,657	$261,271

The carrying value of securities pledged to secure public funds, securities sold under agreements to repurchase, and for other purposes required by law was $1,091,951,000 at December 31, 1993.

NOTE 6 LOANS

The composition of the loan portfolio, net of unearned discount and net deferred loan origination fees and costs, at December 31, was as follows:

In thousands	1993	1992
Commercial and industrial	$3,368,568	$3,409,819
Construction and development	867,063	1,002,859
Total commercial loans	4,235,631	4,412,678
Commercial mortgages	1,544,921	1,487,420
Residential mortgages	832,519	839,943
Total mortgage loans	2,377,440	2,327,363
Home equity	1,373,672	1,486,681
Auto loans	422,747	335,911
Other instalment	197,604	219,776
Total instalment	1,994,023	2,042,368

	$8,607,094	$8,782,409

Most of UJB Financial's business is with customers located within New Jersey and eastern Pennsylvania. A portion of the total loan portfolio is secured by real estate. The principal areas of exposure are construction and development, which are primarily commercial and residential projects and commercial mortgage loans. Commercial mortgage loans are completed projects and are generally owner-occupied, creating cash flow.

The ultimate collectibility of the loan portfolio and realization of the carrying value of real estate are subject to changes in the region's real estate market and future economic conditions.

Residential mortgage loans held for sale amounted to $33,788,000 at December 31, 1993 and $44,731,000 at December 31, 1992. These loans are accounted for at the lower of aggregate cost or market.

Subsidiaries of UJB Financial have granted loans to officers and directors of the company and its significant subsidiaries and to their associates. Related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectibility. The aggregate dollar amount of these loans was $80,046,000 and $98,043,000 at December 31, 1993 and 1992, respectively. During 1993, there were $64,801,000 of new loans made and repayments totaled $82,798,000.

NOTE 7 NON-PERFORMING LOANS

Non-performing loans consist of commercial non-accrual and renegotiated loans. Non-accrual loans are those on which income under the accrual method has been discontinued with subsequent interest payments credited to interest income when received, or if ultimate collectibility of principal is in doubt, applied as principal reductions. Renegotiated loans are loans whose contractual interest rates have been reduced to below market rates, or other significant concessions made, due to a borrower's financial difficulties. Interest on these loans is either accrued or credited directly to interest income as received.

At December 31, non-performing loans were as follows:

In thousands	1993	1992
Non-accrual loans	$248,144	$339,980
Renegotiated loans	3,582	21,836
	$251,726	$361,816

The following information is presented for those loans classified as non-performing at December 31:

In thousands	1993	1992	1991
Income that would have been recorded under original contract terms	$21,382	$27,538	$43,405
Interest income received and recorded	3,787	3,843	8,463
Lost income on non-performing loans at year end	$17,595	$23,695	$34,942

NOTE 8 ALLOWANCE FOR LOAN LOSSES

Transactions in the allowance for loan losses were as follows:

In thousands	1993	1992	1991
Balance, January 1	$275,296	$288,770	$258,691
Add provision charged to expense	95,500	139,000	167,350
	370,796	427,770	426,041

Less net charge offs:			
Loans charged off	142,987	165,208	149,325
Less recoveries	14,295	12,734	12,054
Net loans charged off	128,692	152,474	137,271
Balance, December 31	$242,104	$275,296	$288,770

NOTE 9 PREMISES AND EQUIPMENT

The major components of premises, furniture and equipment at December 31, were as follows:

In thousands	1993	1992
Land	$ 17,005	$ 17,828
Premises and leasehold improvements	185,546	179,921
Furniture and equipment	127,636	121,408
	330,187	319,157
Less accumulated depreciation and amortization	162,710	145,997
	$167,477	$173,160

Amounts charged to non-interest expenses for depreciation and amortization amounted to $20,183,000 in 1993, $20,311,000 in 1992 and $18,380,000 in 1991.

NOTE 10 OTHER REAL ESTATE OWNED

At December 31, other real estate owned consisted of the following:

In thousands	1993	1992
Other real estate owned	$ 69,075	$ 86,643
In-substance foreclosures	34,093	48,258
	103,168	134,901
Less allowance for other real estate owned	30,893	13,127
	$ 72,275	$121,774

Transactions in the allowance for other real estate owned were as follows:

In thousands	1993	1992
Balance, January 1	$13,127	$ 2,388
Add provision charged to expense	31,563	27,728
	44,690	30,116
Less losses on sales	13,797	16,989
Balance, December 31	$30,893	$13,127

NOTE 11 OTHER BORROWED FUNDS

Other borrowed funds at December 31, consisted of the following:

In thousands	1993	1992
Securities sold under agreements to repurchase	$274,255	$357,734
Federal funds purchased	160,554	198,275
Treasury tax and loan deposits	85,322	55,095
Bank borrowings	--	5,250
Other	29,318	24,650
	$549,449	$641,004

</TABLE>

Lines of credit are available to support commercial paper borrowings and for general corporate purposes, on which interest approximates the prime lending rate at the time of borrowing. Unused lines amounted to $48,000,000 at December 31, 1993.

Commitment fees on the credit facilities and the lines of credit amounted to $161,000 in 1993, $236,000 in 1992 and $782,000 in 1991.

NOTE 12 LONG-TERM DEBT

Long-term debt at December 31, consisted of the following:

<TABLE>
<CAPTION>

In thousands	1993	1992
8.625% Subordinated notes due December 10, 2002	$175,000	$175,000
7.95% Senior notes due August 25, 2003	20,000	--
7.75% Sinking fund debentures	10,715	11,600
12.95% Mortgage note	--	18,270
11.50% Senior notes	--	3,000
13% Subordinated debentures	--	2,387
Private placement notes	--	2,080
Other	2,744	4,233
	$208,459	$216,570

</TABLE>

The 8.625% subordinated notes were issued in 1992 and are unsecured. Interest is payable semi-annually on June 10 and December 10 of each year. The notes are not subject to redemption prior to maturity. No sinking fund is provided for the notes.

On August 19,1993 the Company issued $20,000,000 of 7.95% ten year maturity, private placement notes with interest payable quarterly on the twenty-fifth day of each February, May, August and November. The notes are to mature on August 25, 2003. The Company shall have the option, on any interest payment date, to prepay the notes in whole or in part, but in no event shall the prepayment be less than $1,000,000 subject to certain contractual prepayment options.

The 7.75% sinking fund debentures are currently redeemable at the option of UJB Financial at 100% of the principal amount, plus accrued interest. An annual sinking fund of $700,000 is calculated to retire 52.5% of this issue prior to maturity on November 1, 1997. UJB Financial may, at its option, increase its sinking fund payment in any year by making an additional payment not in excess of the mandatory sinking fund payment. The debentures are redeemable, through the sinking fund, at the principal amount thereof plus accrued interest.

The 12.95% mortgage note was prepaid in whole on June 28, 1993, as permitted by the original agreement, at a premium of $913,500. The private placement notes were paid in full in 1993.

The 11.50% senior notes and the 13% subordinated debentures are included in other borrowed funds as they are expected to be paid in full in 1994.

Certain of the above long-term debt agreements include restrictions upon the creation of liens by UJB Financial, the disposition of stock of subsidiaries, the payment of cash dividends and the creation of funded debt, as defined. At December 31, 1993, under the most restrictive limitations, consolidated retained earnings of $208,483,000 were unrestricted and available for dividends and the amount of additional funded debt, as defined, that could be created was $249,808,000.

The principal amount of long-term debt due in the following year is included in other borrowed funds. Principal amounts due, including sinking fund payments, for the years 1994 through 1998 are $6,867,000, $1,225,000, $831,000, $832,000 and $833,000, respectively.

NOTE 13 COMMON AND PREFERRED STOCK

At December 31, 1993, approximately 8,241,000 common shares were reserved for issuance under the Dividend Reinvestment Plan, Incentive Stock and Option Plan, Stock Option Plans, Savings Incentive Plan, Long-Term Performance Stock Plan and the 1983 Equity Contracts.

At December 31, 1993, UJB Financial had 4,000,000 shares of preferred stock authorized of which 600,166 shares of Series B Preferred Stock were outstanding. Each outstanding share of Series B $50 stated value preferred stock is non-convertible and has no voting rights. Dividends are cumulative and are payable quarterly on February 1, May 1, August 1, and November 1 of each year. For each quarterly period, the dividend rate will be determined in advance of such period, and the dividend rate will be 1.5% less than the highest of the Three Month Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate. The dividend rate for any dividend period will not be less than 6% per annum or greater than 11% per annum.

The preferred stock is redeemable at the option of UJB Financial, in whole or in part, plus accrued and unpaid dividends. The preferred stock may be redeemed prior to May 1, 1995 at a redemption price of $51.50 per share and, thereafter, at $50 per share. Dividends in the amounts of $3.00 per share were declared on the Series B Preferred Stock during 1993.

A Shareholder Rights Plan exists which is designed to ensure fair and equal treatment for all UJB Financial shareholders in the event of any proposal to acquire UJB Financial. The terms of the plan provide that, effective August 28, 1989, each share of common stock also represents one "right." Each right will entitle the holder to buy one one-hundredth of a share of a new series of preferred stock upon the occurrence of certain events. In addition, upon the occurrence of certain other events, holders of the rights will be entitled to purchase either shares of this new preferred stock or shares in an "acquiring person" at half their fair market value, as determined under the plan.

NOTE 14 RESTRICTIONS ON SUBSIDIARY BANK DIVIDENDS
Certain bank regulatory limitations exist on the availability of subsidiary bank undistributed net assets for the payment of dividends to UJB Financial Parent Corporation without the prior approval of the bank regulatory authorities.

The National Bank Act which affects the three nationally-chartered banks and the Federal Reserve Act which affects one state-member bank, restrict the payment of dividends in any calendar year to the net profit of the current year combined with retained net profits of the preceding two years. Each of the three state-chartered banks may declare a dividend only if, after payment thereof, its capital would be unimpaired and its remaining surplus would equal 50 percent of its capital (New Jersey) or 100 percent of its capital (Pennsylvania). At December 31, 1993, the total undistributed net assets of the subsidiary banks were $858,299,000 of which $96,920,000 was available under the most restrictive limitations for the payment of dividends to UJB Financial Parent Corporation.

NOTE 15 BENEFIT PLANS
UJB Financial has several trusteed non-contributory defined benefit retirement plans covering substantially all of its employees. The benefits are based on years of service and the employees' final average compensation. The funding policy of UJB Financial is to contribute annually an amount that can be deducted for Federal income tax purposes. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

The following table sets forth the plans' funding status and amounts recognized in the consolidated financial statements of UJB Financial at December 31:

<TABLE>
<CAPTION>

In thousands	1993	1992	1991
<S>	<C>	<C>	<C>
Accumulated benefit obligation, including vested benefits of $107,481 in 1993, $90,202 in 1992 and $75,301 in 1991	$(114,972)	$ (97,108)	$ (80,535)
Projected benefit obligation for service rendered to date	$(145,285)	$ (125,198)	$ (107,336)
Plan assets at fair value	142,903	132,918	124,405
Plan assets in excess of projected benefit obligation	(2,382)	7,720	17,069
Unrecognized net asset at January 1	(10,931)	(13,297)	(15,663)
Unrecognized net (gain) loss from past experience which is different from that assumed, and effect of changes in assumptions	6,043	2,310	(2,728)
Accrued pension cost	$ (7,270)	$ (3,267)	$ (1,322)
Net pension expense consisted of the following components:			
Service cost	$ 6,716	$ 5,965	$ 5,428
Interest cost	10,424	9,534	8,554
Actual return on plan assets	(14,879)	(11,599)	(27,979)
Net amortization and deferral	2,057	(376)	16,723
Net pension expense	$ 4,318	$ 3,524	$ 2,726

</TABLE>

The plans' assets were principally invested in units of mutual funds.

The weighted average discount rate was 7.5% in 1993, 8.0% in 1992, and 8.5% in 1991. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 5.5% in 1993, 6.0% in 1992, and 6.5% in 1991. The expected long-term rate of return on plan assets was 9.0% in 1993, 1992 and 1991.

Management incentive plans have been established with the intention of providing added incentive to key executives to increase the profits of the company. The executives and the amount of the awards are subject to limits as set forth in the plans. Accruals for the plans amounted to $1,640,000, $1,420,000 and $958,000 in 1993, 1992 and 1991, respectively.

There is a Savings Incentive Plan which covers substantially all employees with one or more years of service. The Plan permits eligible employees to make basic contributions to the Plan up to 3% of base compensation in 1993, 1992 and 1991, and additional contributions up to 12% of base compensation. Under the Plan, the employer provides a matching contribution equal to 65% in 1993 and 1992 and 55% in 1991 of the basic contributions. Matching contributions to the Plan amounted to $2,084,000, $1,863,000, and $1,651,000, in 1993, 1992 and 1991, respectively.

Certain subsidiaries have other incentive plans and profit sharing agreements. Accruals under these plans amounted to $1,622,000, $1,402,000, and $949,000, in 1993, 1992 and 1991, respectively.

The Incentive Stock and Option Plan and previous Long-Term Performance Stock Plans provide for the grant of shares of common stock in the form of Restricted Stock Awards. Shares issued as stock awards were 68,702 in 1993, 83,210 in 1992 and 134,160 in 1991. The shares awarded are subject to certain forfeiture restrictions as set forth in the Plan.

In addition to pension benefits, certain health care and life insurance benefits are made available to retired employees. In 1993 UJB Financial adopted, on a prospective basis, Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106). Under SFAS 106 the costs of such benefits are accrued based on actuarial assumptions from the date of hire to the date the employee is fully eligible to receive the benefits. Prior to the adoption of SFAS 106, the costs of these benefits were expensed as paid and amounted to $1,039,000 in 1992 and $847,000 in 1991.

The following table sets forth the net periodic postretirement benefit cost and accumulated postretirement benefit obligation (APBO) at December 31, 1993:

<TABLE>
<CAPTION>

In thousands	
Accumulated postretiremcnt benefit obligation (APBO)	$(35,009)
Fair value of assets	--
Projected benefit obligation funded status	(35,009)
Unrecognized transition obligation	26,414
Unrecognized loss	5,731
Accrued APBO	$ (2,864)
Net postretirement benefit cost consisted of the following components:	
Service cost	$ 305
Interest cost	2,303
Amortization of transition obligation	1,390
Net postretirement benefit cost	$ 3,998

</TABLE>

For measurement purposes, the cost of medical benefits was projected to increase at a rate of 15.0% in 1993, thereafter decreasing linearly to 6.0% over 9 years. Increasing the assumed health care cost trend by one percent in each year would increase the accumulated postretirement benefit obligation as of January 1, 1993 by $1,464,000 and the aggregate of the service and interest components of net periodic postretirement benefit cost for the year ended December 31, 1993 by $100,000. The present value of the accumulated benefit obligation assumed a 7.5% discount rate. The rate of increase used in future compensation levels was 5.5% in 1993.

NOTE 16 STOCK OPTION PLANS

The Stock Option Plans permit UJB Financial common stock to be issued to key employees of the company and its subsidiaries. The options granted under the Plans are intended to be either Incentive Stock Options or Non-Qualified Options.

Options have been granted to purchase common stock principally at the fair market value of the stock at the date of grant. Options are exercisable starting one year after the date of grant and generally expire ten years from the date of grant. Upon the exercise of options, proceeds received in excess of par value of the shares are credited to surplus.

Changes in options outstanding during the past three years were as follows:

	Shares	Price Range Per Share
Outstanding, December 31, 1990		
(1,114,369 shares exercisable) . . .	1,706,527	$11.027 to $29.438
Granted during 1991	956,300	7.875 to 14.688
Exercised during 1991	6,480	8.807 to 14.313
Expired or cancelled during 1991 . .	64,070	7.875 to 29.438
Outstanding, December 31, 1991		
(1,635,977 shares exercisable) . . .	2,592,277	7.875 to 29.438
Granted during 1992	539,560	16.500 to 17.000
Exercised during 1992	242,975	7.875 to 20.375
Expired or cancelled during 1992 . .	30,997	7.875 to 29.438
Outstanding, December 31, 1992		
(2,318,305 shares exercisable) . . .	2,857,865	7.875 to 29.438
Granted during 1993	474,500	24.000 to 25.063
Exercised during 1993	348,164	7.875 to 29.438
Expired or cancelled during 1993 . .	24,957	7.875 to 29.438
Outstanding, December 31, 1993		
(2,484,744 shares exercisable) . . .	2,959,244	$ 7.875 to $29.438

NOTE 17 OTHER EXPENSES

Other expenses consisted of the following:

In thousands	1993	1992	1991
Professional and other fees	$ 39,799	$ 44,399	$ 32,089
Communications (postage and telephone)	18,389	17,222	16,639
Merchant card processing fees	14,464	12,534	11,247
Other	39,523	39,421	42,760
	$112,175	$113,576	$102,735

NOTE 18 INCOME TAXES

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). This Statement

changes the method of accounting for income taxes from the deferred method, required under Accounting Principles Board Opinion No. 11, to the asset and liability method. The Statement addresses temporary differences and the basis of certain assets and liabilities for tax and financial statement reporting purposes. A deferred tax liability is recognized for all taxable temporary differences and a deferred tax asset is recognized for all deductible temporary differences.

Effective January 1, 1993, SFAS 109 was adopted on a prospective basis. The cumulative effect of the adoption resulted in a positive effect to earnings of $3.8 million or $.07 per share.

The provision (benefit) for income taxes in the consolidated statement of income consists of the following:

<TABLE>
<CAPTION>

In thousands	1993	1992	1991
Current			
Federal	$21,293	$19,156	$ 6,070
State	9,296	3,829	10,698
	30,589	22,985	16,768
Deferred			
Federal	(739)	(4,929)	(14,027)
State	(5,043)	--	--
	(5,782)	(4,929)	(14,027)
Total income tax provision	$24,807	$18,056	$ 2,741

A summary of the differences between the actual income tax provision (benefit) and the amounts computed by applying the statutory Federal income tax rate to income is as follows:

	1993	1992	1991
Federal tax at statutory rate	$ 34,666	$ 24,439	$ 8,560
Increase (decrease) in taxes resulting from:			
Tax-exempt interest income	(10,492)	(12,373)	(14,773)
State taxes, net of Federal tax effect	2,764	2,527	7,061
Other, net	(2,131)	3,463	1,893
Total income tax provision	$ 24,807	$ 18,056	$ 2,741

The significant temporary differences of the income tax provision which affected the net deferred tax asset were as follows:

In thousands	1993	1992	1991
Provision for loan losses and other real estate on tax return in excess of (less than) provision charged to operating expense	$ 2,875	$ 383	$(13,647)
Loan interest income recognized on tax return less than (in excess of) amount included in operating income	1,829	33	(2,726)
Depreciation expense on tax return less than amount charged to operating expense	(1,625)	(584)	(1,684)
Income from loan securitization included in operating income, but not reflected on tax return	--	(2,532)	2,532
Adjustment of securities to market value not reflected on tax return	(261)	134	1,113
Restructuring charges	(8,773)	--	--
Utilization of the alternative minimum tax credit carryforward	5,090	--	--
Other, net	(4,917)	(2,363)	385
	$(5,782)	$(4,929)	$(14,027)

The significant Federal and state temporary differences which comprise UJB Financial's deferred tax assets and liabilities are presented at December 31, 1993 as follows:

In thousands	
Deferred tax assets:	
Provision for loan losses	$ 98,295
Provision for other real estate owned	12,662
Restructuring charges	8,773
Alternative minimum tax credit carryforwards	3,055
Other	12,049
	134,834
Deferred tax liabilities:	
Leasing operations	(10,601)

Other	(6,458)
	(17,059)
Net deferred tax asset	$117,775

</TABLE>

Included in deferred tax assets "Other" is a valuation allowance which has been established against certain Federal and state temporary differences. The valuation allowance was $7,346,000 at December 31, 1993 compared with $7,150,000 at January 1, 1993. At December 31, 1993, there was a deferred state tax asset of $3,975,000 resulting from operating loss carryforwards. This asset was reserved by the valuation allowance.

UJB Financial is not aware of any factors which would generate significant differences between taxable income and pretax book income in future years except for the effects of the reversal of current or future net deductible temporary differences. However, there can be no assurances that there will not be any significant differences in the future, if circumstances change.

Management believes, based upon current facts, that more likely than not there will be sufficient taxable income in future years to realize the net deferred tax asset. However, there can be no assurance about the level of future earnings.

NOTE 19 LEASE COMMITMENTS

Non-interest expenses include rentals for premises and equipment of $34,435,000 in 1993, $31,969,000 in 1992 and $28,955,000 in 1991, after reduction for sublease rentals of $2,894,000, $3,164,000, and $2,873,000 in each of the respective years. At December 31, 1993, UJB Financial and its subsidiaries were obligated under a number of non-cancellable leases for premises and equipment, many of which provide for increased rentals based upon increases in real estate taxes and the cost of living index. These leases, most of which have renewal provisions, are principally non-financing leases. Minimum rentals under the terms of these leases for years 1994 through 1998 are $33,014,000, $28,382,000, $23,287,000, $16,167,000, and $10,275,000, respectively. Minimum rentals due after 1998 are $26,143,000.

NOTE 20 CONTINGENT LIABILITIES

UJB Financial and its subsidiaries may, from time to time, be defendants in legal proceedings relating to the conduct of their business. UJB Financial is a defendant in a purported class action lawsuit brought by plaintiffs alleged to have owned or purchased securities of UJB Financial. Violations of Federal securities laws and New Jersey common law are alleged. Discovery by both parties is in process.

The Board and management of UJB Financial believe the allegations contained in the lawsuit to be lacking in merit and intend to defend this lawsuit vigorously. Management believes the consolidated financial position of UJB Financial and subsidiaries will not be affected materially by the final outcome of any pending legal proceedings.

NOTE 21 OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS

UJB Financial and its subsidiaries enter into a variety of financial instruments with off-balance-sheet risk in the normal course of business. These financial instruments include interest rate swaps, commitments to extend credit and standby letters of credit, each of which involve, to varying degrees, elements of risk in excess of the amounts recognized in the financial statements.

Included in financial instruments with off-balance-sheet risk are derivatives which are primarily attributable to asset and liability management efforts. The notional amount of interest rate swaps at December 31, 1993 and 1992 was $1,019,000,000 and $161,300,000 respectively.

Credit risk, the risk that a counterparty of a particular financial instrument will fail to perform, is the contract amount of commitments to extend credit and standby letters of credit. The credit risk associated with these financial instruments is essentially the same as that involved in extending loans to customers. Credit risk is managed by limiting the total amount of arrangements outstanding and by applying normal credit policies to all activities with credit risk. Collateral may be obtained based on management's credit assessment of the customer.

The contract amounts of off-balance-sheet financial instruments at December 31, 1993 and 1992 for commitments to extend credit were $3,656,141,000 and $3,431,459,000, respectively, and for standby letters of credit were $224,291,000 and $258,302,000, respectively.

Many of the commitments to extend credit are expected to expire without being drawn upon and, therefore, the total commitment amounts do not necessarily represent future cash flow requirements.

NOTE 22 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument. Because no market value exists for a significant portion of the financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature, involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are determined for on and off-balance-sheet financial instruments, without attempting to estimate the value of anticipated future business, and the value of assets and liabilities that are not considered financial instruments. Additionally, tax consequences related to the realization of the unrealized gains and losses can have a potential effect on fair value estimates and have not been considered in many of the estimates.

The following methods and assumptions were used to estimate the fair value of significant financial instruments.

FINANCIAL ASSETS:

The carrying amounts of cash, short-term investments, due from customers on acceptances, and bank acceptances outstanding are considered to approximate fair value. Short-term investments include Federal funds sold, securities purchased under agreements to resell, and interest bearing deposits with banks. The fair values of investment securities, including available for sale, are generally based on quoted market prices. The fair value of loans are estimated using a combination of techniques, including discounting estimated future cash flows and quoted market prices of similar instruments, where available.

FINANCIAL LIABILITIES:

The carrying amounts of deposit liabilities payable on demand, commercial paper and other borrowed funds are considered to approximate fair value. For fixed maturity deposits, fair value is estimated by discounting estimated future cash flows using currently offered rates for deposits of similar remaining maturities. The fair value of long-term debt is based on rates currently available to UJB Financial for debt with similar terms and remaining maturities.

OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS:

The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements. The fair value of interest rate swaps and caps, entered into in order to manage interest rate risk, are based on dealer quotes. At December 31, 1993 the fair value of these instruments was ($1,233,000).

The estimated fair value of financial instruments at December 31, is summarized as follows:

<TABLE>
<CAPTION>

In thousands	1993	1992
<S>	<C>	<C>
Financial Assets:		
Cash and short-term investments	$ 839,866	$ 1,133,366
Trading account securities	29,735	21,961
Investment securities available for sale	1,177,585	886,577
Investment securities	2,495,849	2,677,274
Loans	8,898,788	8,870,187
Due from customers on acceptances	20,126	21,378
Financial Liabilities:		
Deposits	$11,480,996	$11,819,544
Other borrowed funds and commercial paper	582,808	703,842
Bank acceptances outstanding	20,126	21,378
Long-term debt	225,513	224,975

</TABLE>

NOTE 23 PARENT CORPORATION INFORMATION

UJB Financial Parent Corporation formed UJB Financial Service Corporation, a bank service corporation, and transferred $28,300,000 of assets to the new company as of December 31, 1991. This company is wholly owned by the subsidiary banks. UJB Financial Service Corporation provides data processing and other back office services to these subsidiaries. Beginning in 1992, the Condensed Statements of Income include UJB Financial Parent Corporation only, and not the operating results of UJB Financial Service Corporation.

UJB Financial Parent Corporation information is as follows:

CONDENSED BALANCE SHEETS

In thousands	December 31 1993	1992
ASSETS		
Cash and cash equivalents	$ 152,024	$ 216,674
Interest bearing deposits with banks	5,000	--
Investment securities	3,738	3,380
Investment in subsidiaries	920,228	812,501
Due from subsidiaries	149,410	173,171
Premises and equipment	20,665	23,110
Other assets	24,467	13,777
Total Assets	$1,275,532	$1,242,613
LIABILITIES AND SHAREHOLDERS' EQUITY		
Commercial paper	$ 33,359	$ 62,861
Borrowed funds	--	5,250
Accrued expenses and other liabilities	57,927	44,230
Long-term debt	208,172	210,002
Total liabilities	299,458	322,343
Total shareholders' equity	976,074	920,270
Total Liabilities and Shareholders' Equity	$1,275,532	$1,242,613

CONDENSED STATEMENTS OF INCOME

In thousands	Year Ended December 31 1993	1992	1991
OPERATING INCOME			
Management and service charges to subsidiaries	$38,994	$40,177	$96,562
Dividends from subsidiaries	40,311	33,266	33,310
Interest from subsidiaries	16,356	10,763	23,696
Investment securities gains (losses)	--	422	(2,419)
Other interest	120	390	896
Other	12	(204)	54
Total operating income	95,793	84,814	152,099
OPERATING EXPENSES			
Salaries and employee benefits	32,887	28,924	55,022
Interest	20,044	11,247	23,402
Occupancy and equipment	5,768	5,776	29,681
Other	11,797	14,098	22,278
Total operating expenses	70,496	60,045	130,383
Income before income taxes and equity in undistributed net income of subsidiaries	25,297	24,769	21,716
Federal and state income taxes (benefit)	(701)	450	(2,079)
	25,998	24,319	23,795
Equity in undistributed net income (loss) of subsidiaries	52,057	29,505	(1,360)
Net Income	$78,055	$53,824	$22,435

CONDENSED STATEMENTS OF CASH FLOWS

<CAPTION>

In thousands	Year Ended December 31 1993	1992	1991
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$ 78,055	$ 53,824	$ 22,435
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,481	3,070	5,447
(Gains) losses on sales of investment securities	--	(422)	2,419
Loss on sale of assets	--	209	--
(Increase) decrease in other assets	(10,677)	(478)	3,892
Increase (decrease) in accrued expenses and other liabilities	13,697	7,759	(982)
Equity in undistributed net (income) loss of subsidiaries	(52,057)	(29,505)	1,360
Net cash provided by operating activities	31,499	34,457	34,571
INVESTING ACTIVITIES			
Proceeds from sales of investment securities	--	9,354	7,261
Net (increase) decrease in short-term investments	(5,000)	10	--
Payments received on advances to subsidiaries	191,761	128,300	210,265
Advances to subsidiaries	(168,000)	(216,709)	(119,950)
Proceeds from sale of assets	--	17,732	--
Purchases of premises and equipment, net	(817)	(1,242)	(17,148)
Capital contributions to subsidiaries	(55,000)	(35,000)	--
Net cash (used in) provided by investing activities	(37,056)	(97,555)	80,428
FINANCING ACTIVITIES			
Net decrease in commercial paper	(29,502)	(17,950)	(124,420)
Net decrease in borrowed funds	(5,250)	(74,750)	(30,000)
Proceeds from issuance of long-term debt, net of related expenses	20,000	172,489	--
Principal payments on long-term debt	(21,830)	(18,047)	(4,431)
Dividends paid	(34,059)	(30,223)	(29,438)
Proceeds from issuance of common stock, net	--	68,345	--
Proceeds from issuance of common stock under dividend reinvestment and other stock plans	14,805	15,728	8,288
Other, net	(3,257)	(715)	(65)
Net cash provided by (used in) financing activities	(59,093)	114,877	(180,066)
(Decrease) increase in cash and cash equivalents	(64,650)	51,779	(65,067)
Cash and cash equivalents at beginning of year	216,674	164,895	229,962
Cash and cash equivalents at end of year	$152,024	$216,674	$164,895

</TABLE>

MANAGEMENT'S REPORT

The management of UJB Financial Corp. and its subsidiaries has the responsibility for preparing the accompanying financial statements and for their integrity and objectivity. The statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and include amounts that are based on management's best estimates and judgments. Other financial information presented throughout this annual report is prepared on a basis consistent with these financial statements.

The financial statements of UJB Financial Corp. have been audited by KPMG Peat Marwick, independent auditors, whose selection has been ratified by the shareholders. Their audit was made in accordance with generally accepted auditing standards and considered the internal control structure to the extent deemed necessary to support their independent auditors' report appearing herein.

Management has the responsibility for establishing and maintaining an internal control structure designed to provide reasonable assurance that assets are safeguarded and protected and financial reporting is reliable. Judgments are required to assess and balance the relative cost and the expected benefits of these controls. To monitor compliance, UJB Financial Corp. maintains an internal auditing program. This program includes a review for compliance with written policies and procedures and a review of the adequacy and effectiveness of internal controls.

The Audit Committee of the Board of Directors of UJB Financial Corp., composed exclusively of outside directors, meets periodically with the independent auditors, management, and internal auditors to review the work of each and ensure that each is properly discharging its responsibilities. The internal auditors and independent auditors have full and free access to the Committee to discuss the results of their audit work and their evaluation of internal controls and the quality of financial reporting.

INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors
UJB Financial Corp,:

We have audited the accompanying consolidated balance sheets of UJB Financial Corp. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1993. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UJB Financial Corp. and subsidiaries at December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1993 in conformity with generally accepted accounting principles.

As discussed in Note 18 to the consolidated financial statements, the Corporation adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" in 1993.

/s/ KPMG Peat Marwick

Short Hills, New Jersey
January 17, 1994

UNAUDITED QUARTERLY FINANCIAL DATA

<TABLE>
<CAPTION>

	1993			
	Dec. 31	Sept. 30	June 30	Mar. 31
<S>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS (IN THOUSANDS)				
Interest income	$ 213,905	$ 221,307	$ 225,455	$ 223,508
Interest expense	72,296	78,722	83,138	86,884
Net interest income	141,609	142,585	142,317	136,624
Provision for loan losses	21,500	24,000	25,000	25,000
Income from earning assets . . .	120,109	118,585	117,317	111,624
Non-interest income	45,651	44,294	41,168	47,162
Non-interest expense	131,765	150,451	127,892	136,756
Income before income taxes . . .	33,995	12,428	30,593	22,030

Federal and state income taxes	10,551	585	8,168	5,503
Income before cumulative effect of a change in accounting principle	23,444	11,843	22,425	16,527
Cumulative effect of a change in accounting principle	--	--	--	3,816
Net income	$ 23,444	$ 11,843	$ 22,425	$ 20,343
COMMON SHARE DATA				
Net income	$ .45	$ .22	$ .43	$ .39
Cash dividends declared	.21	.16	.16	.16
Book value	18.32	18.07	18.02	17.75
Market value	24.00	30.00	24.50	27.13
Common stock dividend payout	46.31%	46.15%	39.02%	41.03%
Number of registered common shareholders	20,652	20,813	21,040	21,302
Average shares outstanding (in thousands)	51,579	51,361	51,186	51,019
Common shares outstanding (in thousands)	51,632	51,517	51,231	51,115
BALANCE SHEET DATA (AT QUARTER END, IN THOUSANDS)				
Total assets	$13,410,549	$13,597,403	$13,537,672	$13,755,398
Total deposits	11,456,354	11,400,504	11,465,417	11,375,376
Total loans	8,607,094	8,705,889	8,700,460	8,748,892
Shareholders' equity	976,074	960,686	953,019	937,383
Allowance for loan losses	242,104	246,836	248,727	253,086
Long-term debt	208,459	212,696	195,151	216,121
OPERATING RATIOS				
Return on average assets	.68%	.34%	.65%	.61%
Return on average common equity	9.65	4.81	9.58	8.90
Return on average total equity	9.54	4.84	9.47	8.81
LOAN QUALITY RATIOS				
Allowance for loan losses to quarter-end loans	2.81%	2.84%	2.86%	2.89%
Net charge offs to quarterly average loans	1.20	1.18	1.35	2.19
Non-performing loans to quarter-end loans	2.92	3.14	3.40	3.65
CAPITAL RATIOS				
Tier I capital to average assets (leverage)	7.07%	6.90%	6.80%	6.82%
Tier I capital to risk-adjusted assets	9.37	9.14	9.07	8.88
Total capital to risk-adjusted assets	12.43	12.20	12.14	11.94

</TABLE>
<TABLE>
<CAPTION>

	1992			
	Dec. 31	Sept. 30	June 30	Mar. 31
<S>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS (IN THOUSANDS)				
Interest income	$ 229,584	$ 238,475	$ 242,439	$ 242,833
Interest expense	91,332	99,670	107,666	116,438
Net interest income	138,252	138,805	134,773	126,395
Provision for loan losses	26,000	32,000	41,000	40,000
Income from earning assets	112,252	106,805	93,773	86,395
Non-interest income	47,887	39,448	43,842	45,042
Non-interest expense	134,852	123,349	125,062	120,301
Income before income taxes	25,287	22,904	12,553	11,136
Federal and state income taxes	7,569	6,589	2,309	1,589
Income before cumulative effect of a change in accounting principle	17,718	16,315	10,244	9,547
Cumulative effect of a change in accounting principle	--	--	--	--
Net income	$ 17,718	$ 16,315	$ 10,244	$ 9,547
COMMON SHARE DATA				
Net income	$ .35	$ .33	$ .21	$ .20
Cash dividends declared	.15	.15	.15	.15

Book value	17.50	17.31	17.15	17.09
Market value	24.25	17.50	19.63	18.38
Common stock dividend payout	55.05%	60.81%	73.17%	75.00%
Number of registered common shareholders	21,595	21,677	21,704	21,836
Average shares outstanding (in thousands)	50,717	48,017	46,246	46,060
Common shares outstanding (in thousands)	50,864	50,503	46,292	46,164
BALANCE SHEET DATA (AT QUARTER END, IN THOUSANDS)				
Total assets	$13,770,871	$13,516,194	$13,643,040	$13,302,473
Total deposits	11,786,661	11,412,934	11,534,688	11,253,391
Total loans	8,782,409	8,890,120	8,882,298	8,710,586
Shareholders' equity	920,270	903,974	823,699	818,763
Allowance for loan losses	275,296	291,458	294,300	289,755
Long-term debt	216,570	61,240	61,805	62,461
OPERATING RATIOS				
Return on average assets	.52%	.48%	.31%	.29%
Return on average common equity	7.76	7.61	4.94	4.64
Return on average total equity	7.71	7.56	4.99	4.70
LOAN QUALITY RATIOS				
Allowance for loan losses to quarter-end loans	3.13%	3.28%	3.31%	3.33%
Net charge offs to quarterly average loans	1.90	1.56	1.67	1.80
Non-performing loans to quarter-end loans	4.12	4.34	4.55	4.83
CAPITAL RATIOS				
Tier I capital to average assets (leverage)	6.67%	6.58%	6.05%	6.07%
Tier I capital to risk-adjusted assets	8.94	8.72	7.93	8.12
Total capital to risk-adjusted assets	12.05	10.19	9.41	9.62

</TABLE>