FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. 0000701546-94-000008

FILER

UNION BANCSHARES INC /KS/

CIK:**701546**| IRS No.: **480936090** | State of Incorp.:**KS** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-11114** | Film No.: **94528133**
SIC: **6022** State commercial banks

Mailing Address
200 UNION CTR BLDG
150 NORTH MAIN
WICHITA KS 67202

Business Address
200 UNION CTR BLDG
150 NORTH MAIN
WICHITA KS 67202
3162614700

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarter ended March 31, 1994
Commission file number 0-11114

Union Bancshares, Inc.
(Exact name of registrant as specified in its charter)

Kansas	48-0936090
(State of incorporation)	(I.R.S. Employer Identification No.)

200 Union Center Building 150 North Main Wichita, Kansas	67202
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:
(316) 261-4700

Securities registered pursuant to Section 12(b) of the Act:

Common stock, Class A, $10 par value
(Title of class)

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

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 Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

The aggregate market value of the voting stock held by non-affiliates of the registrant cannot be determined since there is no public trading market for the stock.

The number of shares of Class A common stock outstanding as of March 31, 1994, was 350,690.

Union Bancshares, Inc. and Subsidiaries
Table of Contents

PART I

PART I

Item 1. Financial Statements

Set forth below are the consolidated financial statements of UBI and its subsidiaries appearing on pages A-3 to A-17 of the attached Appendix.

a. Condensed Consolidated Statement of Condition
b. Condensed Consolidated Statement of Income
c. Condensed Consolidated Statement of Cash Flows
d. Notes to Condensed Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 303 of Regulation S-K is contained on pages A-18 to A-29 of the attached Appendix under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations".

PART II

Item 1. Legal Proceedings

There were no legal proceedings pending during the fiscal quarter ended March 31, 1994, to which UBI or its subsidiaries was a party, other than ordinary routine litigation incidental to their business.

Item 2. Changes in Securities

There were no changes in securities during the fiscal quarter ended March 31, 1994.

Item 3. Defaults Upon Senior Securities

There were no defaults upon senior securities during the fiscal quarter ended March 31, 1994.

Item 4. Submission of Matters to a Vote of Security Holders

No information is required in response to this Item as no matters were submitted to a vote of UBI's security holders during the first quarter of 1994.

Item 5. Other Information

There is no other information required to be disclosed under this caption for the fiscal quarter ended March 31, 1994.

Item 6. Exhibits and Reports on Form 8-K

(1) Exhibits

None

(2) Reports on Form 8-K

During the period covered by this report, UBI filed one Form 8-K dated April 4, 1994, and was filed under Item 2., "Acquisition or Disposition of Assets" and discussed the execution of a merger agreement between UBI, UNB and First Community Federal Savings and Loan Association of Winfield, Kansas.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Union Bancshares, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNION BANCSHARES, INC.

/S/ WILLIAM G. WATSON By: William G. Watson President & Chief Executive Officer	/S/ STEVEN C. WORRELL By: Steven C. Worrell Vice President, Treasurer & Chief Financial Officer
(Principal Executive Officer)	(Principal Accounting Officer)
May 13, 1994 Date	May 13, 1994 Date

THIS PAGE LEFT BLANK INTENTIONALLY

APPENDIX A

FINANCIAL INFORMATION

Index to 1994 Financial Information

Union Bancshares, Inc. and Subsidiaries
Condensed Consolidated Statement of Condition

<TABLE>
(In thousands)
<CAPTION>

<S>	March 31, 1994 (Unaudited) <C>	December 31, 1993 * <C>
Assets		
Cash and due from banks	$ 32,708	$ 26,819
Federal funds sold and securities purchased under resale agreements	--	--
Total cash and cash equivalents	32,708	26,819
Investment securities held to maturity	133,755	190,901
Investment securities available for sale	35,465	--
Total investment securities (market value - $169,239 and $194,872)	169,220	190,901
Trading account securities	100	--
Loans	299,011	298,062
Less: Allowance for loan losses	(4,541)	(4,400)
Net loans	294,470	293,662
Premises and equipment	12,528	12,124
Other assets	9,665	9,351
Total assets	$ 518,691	$ 532,857
Liabilities and Stockholders' Equity		
Deposits:		
Non-interest bearing	$ 81,666	$ 86,708
Interest bearing	341,050	347,108
Total deposits	422,716	433,816
Federal funds purchased and securities sold under agreements to repurchase	17,993	24,493
Other short-term borrowings	3,275	4,034
FHLB advances	19,900	16,900
Long-term borrowings	7,500	8,000
Other liabilities	5,151	4,798
Total liabilities	476,535	492,041
Common stock, Class A, par value $10 per share; 1,000,000 shares authorized, 350,690 shares outstanding	3,507	3,507
Capital surplus	3,527	3,527
Retained earnings	35,069	33,782
Unrealized gain on securities available for sale, net	53	--
Total stockholders' equity	42,156	40,816
Total liabilities and stockholders' equity	$ 518,691	$ 532,857

<FN>
* Condensed from audited financial statements
</TABLE>

The accompanying notes are an integral part of these financial statements.

Union Bancshares, Inc. and Subsidiaries
Condensed Consolidated Statement of Income
<TABLE>
(Unaudited)
(In thousands except per share data)
<CAPTION>

	Three months ended March 31, 1994	Three months ended March 31, 1993
<S>	<C>	<C>
Interest income:		
Interest and fees on loans	$ 6,659	$ 6,851
Interest and dividends on investment securities	2,444	2,918
Interest on trading account securities	--	1
Interest on Federal funds sold and securities purchased under resale agreements	2	38
Total interest income	9,105	9,808
Interest expense:		
Interest on deposits	2,755	3,524
Interest on Federal funds purchased and securities sold under agreements to repurchase	209	132
Interest on other short-term borrowings	22	21
Interest on FHLB advances	148	43
Interest on long-term borrowings	166	207
Total interest expense	3,300	3,927
Net interest income	5,805	5,881
Provision for loan losses	605	625
Net interest income after provision for loan losses	5,200	5,256
Other income	2,422	1,903
Other expense	5,631	5,476
Income before income tax expense	1,991	1,683
Income tax expense	599	481
Net income	$ 1,392	$ 1,202
Earnings per share data:		
Net income	$3.97	$3.43
Dividends	$.30	$.30

</TABLE>

The accompanying notes are an integral part of these financial statements.

Union Bancshares, Inc. and Subsidiaries
Condensed Consolidated Statement of Cash Flows
<TABLE>
(Unaudited) (in thousands)
<CAPTION>

	Three months ended March 31, 1994	Three months ended March 31, 1993
<S>	<C>	<C>
Cash lows from operating activities:		
Net income	$ 1,392	$ 1,202
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	626	199
Amortization of purchase premium	70	91
Provision for loan losses	605	625
Gain on sale of investment securities available for sale	(421)	--
Gain on sale of trading account securities	(4)	(10)
Net (increase) decrease in trading account securities	(95)	256
Gain on sale of premises and equipment	(8)	--
Net increase in other assets	(231)	(1,140)
Net increase in other liabilities	199	2,431
Net cash provided by operating activities	2,133	3,654
Cash flows from investing activities:		
Proceeds from sales of investment securities available for sale	12,096	--
Proceeds from maturities and paydowns of investment securities available for sale	4,478	--
Purchases of investment securities available for sale	(1,676)	--
Proceeds from sales of investment securities held to maturity	--	100
Proceeds from maturities and paydowns of investment securities held to maturity	12,950	43,654
Purchases of investment securities held to maturity	(6,058)	(54,967)
Mark to market adjustment for securities	(100)	--
Net increase in loans	(1,282)	(1,441)
Purchases of premises and equipment	(750)	(580)
Proceeds from sales of premises and equipment	8	--
Net cash provided (used) by investing activities	19,666	(13,234)
Cash flows from financing activities:		
Net decrease in demand deposits and savings accounts	(6,666)	(12,246)
Net decrease in time deposits	(4,433)	(11,171)
Net increase (decrease) in Federal funds purchased and securities sold under agreements to repurchase	(6,500)	1,649
Net decrease in other short-term borrowings	(759)	(1,567)
Net decrease in long-term borrowings	(500)	(500)
Net increase in FHLB advances	3,000	15,000
Adjustment to stockholders' equity for mark to market	53	--
Cash dividends paid	(105)	(105)
Net cash used by financing activities	(15,910)	(8,940)
Net increase (decrease) in cash and cash equivalents	5,889	(18,520)
Cash and cash equivalents at January 1	26,819	50,556
Cash and cash equivalents at March 31	$ 32,708	$ 32,036
Supplemental Disclosures:		
Cash payments for:		
Interest	$2,683	$3,341
Income taxes	$88	$4

</TABLE>

The accompanying notes are an integral part of these financial statements.

Union Bancshares, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements in 1994 and 1993 include Union Bancshares, Inc. (UBI) and its wholly-owned subsidiaries, Union National Bank of Wichita (UNB), UBI Growth Capital, Inc. (UBIGC) and UBI Financial Services, Inc. (UBIFS). All significant intercompany accounts and transactions have been eliminated. In addition, adjustments made to the unaudited interim financial statements were of a normal recurring nature.

The 1993 condensed consolidated financial statements have been reclassified to conform with 1994 presentation. Such reclassifications have no effect on net income.

Statement of Cash Flows

For purposes of reporting cash flows, cash equivalents include amounts due from banks, federal funds sold, and securities purchased under resale agreements. Generally, federal funds are sold for one-day periods.

Investment and Trading Account Securities

Effective January 1, 1994, UBI adopted Financial Accounting Standard No. 115 (FAS 115) which relates to accounting for certain investments in debt and equity securities. FAS 115 requires that banks classify all securities as "held to maturity", "available for sale" or "trading securities". Any new securities at time of purchase must be placed in one of these three categories for reporting purposes. Any security placed in the "available for sale" or "trading securities" must be marked to its fair value at that time. The fair value adjustment for "available for sale" securities will flow through the equity section on the financial reports. The fair value adjustment for the trading securities will continue to flow through the income statement.

Management of UBI has done an extensive evaluation of all of its securities to determine what securities will be placed in each of these categories. Management has considered several factors to determine these securities classifications including liquidity needs, loan demand, tax issues, credit quality, regulatory issues and asset/liability positioning.

For 1993, investment securities were stated at cost, adjusted for amortization of premium and accretion of discount. Gains or losses on security transactions were recognized upon realization and were reported as a separate component of non-interest income. The specific identification method was used in determining the cost of investment securities sold.

1. Summary of Significant Accounting Policies (Continued)

Investment and Trading Account Securities (Continued)

All investment securities were classified as "Investment Securities" because management had the intent and ability to hold the securities to maturity. Normal operations did not require the sale of investment securities. However, on occasion, UBI decided to sell investment securities prior to maturity for any of the following reasons: (a) to meet unanticipated short-term liquidity needs, (b) to reposition the maturity structure of the portfolio to meet projected future liquidity needs, (c) to reposition the rate cycle structure of the portfolio to meet projected asset/liability requirements, and (d) to reposition the relative portion of tax exempt securities versus taxable securities in response to projected levels of taxable income. UBI sold investment securities during the three months ended March 31, 1993 due to some or all of the aforementioned reasons.

Trading account securities are classified as such primarily based on the intent of management at the time the securities are purchased. The securities are held for resale to customers. Trading account securities are stated at market. Gains or losses on the sale of trading account securities are considered a normal part of operations and are included in other income.

Loans

Loans are stated at principal amount outstanding. Interest income on loans is accrued as earned. Loans are placed on nonaccrual status when principal or interest is due and has remained unpaid for 90 days or more unless the loan is both well secured and in the process of collection. Loans are also placed on nonaccrual status when there is reasonable doubt as to the ability of the borrower to pay interest or principal. At the time a loan is classified as nonaccrual, interest previously recorded as income but not collected is reversed. Interest payments received on such loans are generally recorded as a reduction in carrying value unless such carrying value is deemed to be collectible.

Allowance for Loan Losses

UBI's policy is to maintain a valuation allowance adequate to provide for potential losses on loans currently outstanding. The allowance for loan losses is determined by management on the basis of a detailed review of the risk factors affecting the loan portfolio, including changes in the portfolio size and mix, past loan loss experience, the financial condition of the borrowers, and the prevailing economic environment. The result of this review enables management to establish the allowance at a level considered adequate to absorb loan losses.

Union Bancshares, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

Loan losses are charged to the allowance and recoveries are credited to the allowance. A provision for loan losses is made to maintain the allowance at a level that, in management's judgment, is adequate to absorb potential losses inherent in the loan portfolio.

Loan Fees

Loan commitment and origination fees, net of the related direct loan origination costs, are amortized over the life of the related loans as an adjustment of yield. The unamortized balance of these deferred fees are reported as a reduction of total loans. Annual fees on bankcard loans are amortized on a straight-line basis over a twelve month period and the unamortized balance of these fees is included in other liabilities.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed by straight-line and accelerated methods over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to operating expenses as incurred. Significant renewals and betterments are capitalized.

Income Taxes

In January 1993, UBI adopted Statement of Financial Accounting Standards No. 109 (FAS 109), Accounting for Income Taxes. FAS 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in UBI's financial statements or tax returns. In estimating future tax consequences, FAS 109 generally considers all expected future events other than enactments of changes in the tax law or rates. Previously, UBI used the FAS 96 asset and liability approach that gave no recognition to future events other than the recovery of assets and settlement of liabilities at their carrying amounts.

2. Cash and Due From Banks

Federal Reserve Bank regulations require the subsidiary bank to maintain certain reserve balances relating to deposits. The reserves may be maintained in the form of vault cash or balances maintained with a Federal Reserve Bank. For the two-week reserve period inclusive of March 31, 1994, daily average reserves of $10,329,000 were maintained. For the two-week reserve period inclusive of December 31, 1993, daily average reserves of $10,553,000 were maintained.

3. Investment Securities

Investment Securities Held To Maturity

The book value and estimated market values of investments in securities being held to maturity are as follows (in thousands):
<TABLE>
<CAPTION>

	March 31, 1994			
	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Treasury securities	$ 22,416	$ 113	$ (246)	$ 22,283
U.S. government corporations and agencies	65,247	143	(798)	64,592
Obligations of states and political subdivisions	41,958	1,315	(526)	42,747
Corporate securities	4,084	18	--	4,102
Mortgage-backed securities	--	--	--	--
Other investments	50	--	--	50
Total	$ 133,755	$ 1,589	$ (1,570)	$ 133,774

<CAPTION>

	December 31, 1993			
	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Treasury securities	$ 24,500	$ 236	$ (7)	$ 24,729
U.S. government corporations and agencies	85,899	662	(261)	86,300
Obligations of states and political subdivisions	42,555	2,272	(16)	44,811
Corporate securities	4,107	51	--	4,158
Mortgage-backed securities	28,126	1,098	(64)	29,160
Other investments	5,714	--	--	5,714
Total	$ 190,901	$ 4,319	$ (348)	$ 194,872

</TABLE>

The book value and estimated market value of securities being held to maturity, by contractual maturity, are shown below in thousands. 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. Mortgage-backed securities have been included in the schedule of maturities based upon their expected estimated average life.

3. Investment Securities (Continued)

<TABLE>
<CAPTION>

	March 31, 1994	
	Book Value	Estimated Market Value
Due in one year or less	$ 31,466	$ 31,518
Due after one year through five years	85,100	84,831
Due after five years through ten years	14,970	15,019
Due after ten years	2,219	2,406
Total	$ 133,755	$ 133,774

</TABLE>

Investment Securities Available For Sale

The book value and estimated market values of investments in securities available for sale are as follows (in thousands):

<TABLE>
<CAPTION>

	March 31, 1994		
	Book	Gross Unrealized	Estimated Market

	Value	Gains	Losses	Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities	$ --	$ --	$ --	$ --
U.S. government corporations and agencies	10,108	3	(11)	10,100
Obligations of states and political subdivisions	2,503	35	(55)	2,483
Corporate securities	--	--	--	--
Mortgage-backed securities	17,069	329	(202)	17,196
Other investments	5,686	--	--	5,686
Total	$ 35,366	$ 367	$ (268)	$ 35,465

</TABLE>

The book value and estimated market value of securities available for sale, by contractual maturity, are shown below in thousands. 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. Mortgage-backed securities have been included in the schedule of maturities based upon their expected estimated average life.

<TABLE>
<CAPTION>

	March 31, 1994	
	Book Value	Estimated Market Value
<S>	<C>	<C>
Due in one year or less	$ 17,908	$ 18,022
Due after one year through five years	10,013	10,030
Due after five years through ten years	1,759	1,727
Due after ten years	5,686	5,686
Total	$ 35,366	$ 35,465

</TABLE>

Gross realized gains and losses from the sale of investment securities available for sale for the three months ended March 31, 1994 are as follows:

<TABLE>
<CAPTION>

	March 31, 1994
<S>	<C>
Realized gains	$ 421
Realized losses	(--)

</TABLE>

3. Investment Securities (Continued)

Investment securities being held to maturity with a book value of $39,345,000 and $41,322,000 were pledged to secure deposits of public funds at March 31, 1994, and December 31, 1993 respectively. Investment securities available for sale with a book value of $5,057,000 were pledged to secure deposits of public funds at March 31, 1994. Total pledgings required at March 31, 1994, and December 31, 1993, were $10,150,000 and $17,038,000, respectively.

4. Allowance for Loan Losses

Changes in the allowance for loan losses were as follows (in thousands):

<TABLE>
<CAPTION>

	1994	1993
<S>	<C>	<C>

Balance at January 1	$ 4,400	$ 3,400
Provision charged to income	605	625
Recoveries of amounts charged off	122	96
Losses charged to the allowance	(586)	(468)
Balance at March 31	$ 4,541	$ 3,653

</TABLE>

5. Premises and Equipment

Premises and equipment are summarized as follows (in thousands):

<TABLE>
<CAPTION>

At March 31, 1994	Cost	Accumulated Depreciation	Book Value
<S>	<C>	<C>	<C>
Land	$ 2,150	$ --	$ 2,150
Building and improvements	16,196	8,447	7,749
Furniture and equipment	6,178	3,549	2,629
	$ 24,524	$ 11,996	$ 12,528

<CAPTION>

At December 31, 1993	Cost	Accumulated Depreciation	Book Value
<S>	<C>	<C>	<C>
Land	$ 2,150	$ --	$ 2,150
Building and improvements	15,820	8,288	7,532
Furniture and equipment	5,804	3,362	2,442
	$ 23,774	$ 11,650	$ 12,124

</TABLE>

6. Deposits

Interest bearing deposits at March 31, 1994 and December 31, 1993, were as follows (in thousands):

<TABLE>
<CAPTION>

	March 31, 1994	December 31, 1993
<S>	<C>	<C>
Demand deposits	$ 74,107	$ 75,111
Savings deposits	106,772	107,393
Time deposits under $100,000	147,714	152,396
Time deposits $100,000 and over	12,457	12,208
	$ 341,050	$ 347,108

</TABLE>

7. Short-term Borrowings

Short-term borrowings of Union Bancshares, Inc. consist of the following (in thousands):

<TABLE>
<CAPTION>

	March 31, 1994	December 31, 1993
<S>	<C>	<C>
Demand note collateralized by stock of UNB at lender's prime rate of 6.25% at March 31, 1994 and 5.50% at December 31, 1993	$ --	$ --
Treasury tax and loan demand note collateralized by pledged U.S. Treasury securities	3,275	4,034
	$ 3,275	$ 4,034

</TABLE>

8. FHLB Advances

Federal Home Loan Bank (FHLB) advances outstanding at March 31, 1994 for UBI are detailed below. The advances provide one of many funding alternatives that are used by UBI in its asset/liability management process for acquiring funds to meet customer loan needs and as a source of funds for other asset/liability strategies. Currently all FHLB advances are at a fixed rate to maturity. Maturities and weighted average rates of the FHLB advances are as follows (in thousands):

<TABLE>
<CAPTION>

Year	Rate	Amount
<S>	<C>	<C>
1994	3.82	$ 18,400
1995	6.00	1,500
	3.98%	$ 19,900

</TABLE>

9. Long-term Borrowings

At March 31, 1994 and December 31, 1993 UBI had a note payable to Harris Bank for $7,500,000 and $8,000,000, respectively, at a fixed rate of 8.28% until March 31, 1995. After this date the rate will float at Harris Banks' base rate. The note is collateralized by stock of Union National Bank. Principal payments of $500,000 per quarter began on March 31, 1993 with the final payment on December 31, 1997. Interest is payable quarterly.

The note payable agreement with Harris Bank contains a restriction on the amount of dividends that UBI can declare or pay during any one calendar year without the prior written consent of Harris Bank. Dividends declared or paid may not exceed 25% of consolidated net income for the calendar year. Other restrictions include minimum capital levels and maximum nonperforming asset ratios. Maturities of this note payable are as follows (in thousands):

9. Long-term Borrowings (Continued)

<TABLE>
<CAPTION>

Remaining Maturities for:	
<S>	<C>
1994	$ 1,500
1995	2,000
1996	2,000
1997	2,000
	$ 7,500

</TABLE>

10. Financial Instruments with Off-Balance-Sheet Risk

UBI is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit.

UBI's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. UBI uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Financial instruments whose contract amounts represent credit risk at March 31, 1994 and December 31, 1993 (in thousands):

	At March 31, 1994	At December 31, 1993
Commitments to extend credit:		
Credit card lines	$207,116	$208,695
Standby letters of credit	2,562	2,191
Other loan commitments	45,917	50,384

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. UBI evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by UBI upon extension of credit, is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable, inventory, property, plant, equipment, and income-producing commercial properties.

Standby letters of credit are a conditional commitment issued by UBI to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Credit card lines represent the unused portion of many different customers that have credit card loans.

10. Financial Instruments with Off-Balance-Sheet Risk (Continued)

UBI grants agribusiness, commercial, individual, bankcard, and residential loans to customers throughout the State of Kansas and bankcard loans in the States of Nebraska, Mississippi, and Louisiana. UBI has a diversified loan portfolio, without what it considers undue concentration in any one economic sector.

11. Dividend Availability

Approval of the Comptroller of the Currency is required if total dividends declared by a national bank in any calendar year exceed the bank's net profits for that year combined with its retained profits for the preceding two years. At March 31, 1994, dividends of approximately $6,392,000 were available from the bank subsidiary without the approval of the Comptroller of the Currency.

12. Retirement Plan

UBI's bank subsidiary has an employee thrift plan covering substantially all of its employees after one year of service. Contributions are made based on a percentage of each participant's contribution. The total expense for the three months ended March 31, 1994 and 1993, was $52,000 and $44,000 respectively.

Union Bancshares, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

13. Supplementary Income Statement Information

Items included on the Consolidated Statement of Income under the captions of other income and other expense which exceed one percent of gross income are as follows (in thousands):

	Three months ended March 31, 1994	Three months ended March 31, 1993
Other income:		
Bankcard fees	$ 664	$ 702
Service charges	623	561
Trust fees	412	362
Gain on sale of investment securities available for sale	421	--
Other	302	278
	$ 2,422	$ 1,903
Other expense:		
Salaries and benefits	$ 2,574	$ 2,437
Bankcard fees	507	497
Data processing	295	290
Equipment	429	389
Occupancy, net of revenues of $107 and $110	356	356
Postage	148	164
Marketing	167	151
Supplies	220	193
Amortization of purchase premium	70	91
FDIC insurance	242	264
Other	623	644
	$ 5,631	$ 5,476

14. Parent Company Only Financial Statements

Union Bancshares, Inc.
Statement of Condition (Parent Only)
(In thousands)

	March 31, 1994	December 31, 1993
Assets		
Cash	$ 1,122	$ 1,328
Investment in subsidiaries	48,751	47,910
Other assets	4	6
Total assets	$ 49,877	$ 49,244
Liabilities and Stockholders' Equity		
Short-term borrowings	$ 20	$ 20
Long-term borrowings	7,500	8,000
Other liabilities	254	408
Total liabilities	7,774	8,428
Common stock, Class A, par value $10 per share; 1,000,000 shares authorized, 350,690 shares outstanding	3,507	3,507
Capital surplus	3,527	3,527

Retained earnings	35,069	33,782
Total stockholders' equity	42,103	40,816
Total liabilities and stockholders' equity	$ 49,877	$ 49,244

</TABLE>

Union Bancshares, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

14. Parent Company Only Financial Statements (Continued)

Union Bancshares, Inc.
Statement of Income (Parent Only)
(In thousands)
<TABLE>
<CAPTION>

	Three months ended March 31, 1994	1993
<S>	<C>	<C>
Income:		
Dividends from subsidiaries	$ 750	$ 700
Interest income	7	14
Total income	757	714
Expenses:		
Interest expense	166	207
Other expense	143	139
Total expenses	309	346
Income before income tax benefit and equity in undistributed net income of subsidiaries	448	368
Income tax benefit	103	113
Income before equity in undistributed net income of subsidiaries	551	481
Equity in undistributed net income of subsidiaries	841	721
Net income	$ 1,392	$ 1,202

</TABLE>

Union Bancshares, Inc.
Statement of Cash Flows (Parent Only)
(In thousands)
<TABLE>
<CAPTION>

	Three months ended March 31, 1994	1993
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 1,392	$ 1,202
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiaries	(841)	(721)
Decrease in other assets	2	5
Decrease in other liabilities	(154)	(66)
Net cash provided by operating activities	399	420
Cash flows from investing activities:		
Net decrease in loans	--	304
Net cash provided by investing activities	--	304
Cash flows from financial activities:		
Decrease in long-term borrowings	(500)	(500)
Cash dividends paid	(105)	(105)
Net cash used by financing activities	(605)	(605)

Net increase in cash	206	119
Cash at January 1	1,328	1,314
Cash at March 31	$ 1,122	$ 1,433

</TABLE>

Union Bancshares, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

15. Acquisitions

On April 4, 1994, First Community Federal Savings and Loan Association (First Community) of Winfield, Kansas, was merged into Union National Bank of Wichita (UNB) in accordance with the merger agreement between Union Bancshares, Inc. (UBI), UNB and First Community dated October 13, 1993. Under the merger agreement, each outstanding share of First Community common stock was converted into $35.00 in cash. Stock options of First Community were converted into $35.00 in cash less the strike price of the options.

The total cost of the transaction was $12,646,520. The purchase price was determined by assessing the worth in dollars of the ongoing income stream generation from First Community, taking into consideration market value of assets and liabilities. The transaction, which will be accounted for as a purchase, was financed with a $7,000,000 loan from Harris Bank and Trust in Chicago and the remaining $5,646,520 from internal funds. The merger passed all regulatory approvals and the approval of First Community shareholders.

First Community was a savings and loan institution with total assets as of April 4, 1994 of $148,000,000, and offered full service banking from three branches. These facilities are located one each in Winfield, Arkansas City and Derby, Kansas. All three of these offices were part of the merger and will be ran as branches of UNB.

Union Bancshares, Inc. and Subsidiaries

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three months ended March 31, 1994, net income was $1,392,000, an increase of $190,000 or 15.8% from the $1,202,000 earned during the same period in 1993. Annualized, this produced a return on average assets of 1.07%, compared to .90% for the preceding year.

The increase in earnings for the first quarter of 1994 was due to security gains from investment sales. The sales were made from the available for sale portfolio in anticipation of the merger of First Community Federal Savings and Loan Association (First Community) with and into UNB. This was done to position the combined portfolio for asset liability needs of the combined institutions. The gains after income taxes increased net income approximately $295,000.

The net interest margin was down slightly from a year ago due to reducing spreads. Interest rates on loans were repricing downward at a faster rate than were deposit rates during the later half of 1993 and into the first quarter of 1994. While there were increases in interest rates late in the first quarter of 1994, this did not have any significant impact on increasing net interest margins. The net interest margin for the remainder of 1994 is anticipated to be up due the addition of First Community. First Community will add approximately $150,000,000 in assets to the balance sheet.

Trust fees and service charge income were up in the first quarter of 1994 due to increased business. Trust fees were up some 13% while service charge income was up 11%. UNB continues to look for increased fee income business through new products, new markets and new sales.

Expenses in the first quarter of 1994 were up only 2.8% over the same period in 1993. Management continues to look for ways to reduce its expenses through new technological advances, redesign of work flows or lower cost providers of services. Salaries and benefits were the largest dollar increase over 1993 at $137,000. This is from normal salary and benefit increases.

The balance sheet was down $6,098,000 on average in the first quarter of 1994. This is smaller than the $10,034,000 decrease in the first quarter of 1993. The reduction is attributable to lower deposit levels. It is managements belief that customers have used their deposits to reduce debt loads as well as investing in higher rate and higher risk products in stocks and mutual funds. With the increase in rates during the later part of the first quarter of 1994, management believes that deposits may stop their decline and begin increasing.

Management believes earnings will be up over 1993 levels from increased business at UNB and also from the addition of First Community. First Community will add new assets to UNB's existing balance sheet. The addition of First Community will add mortgage lending expertise to UNB's existing markets, while UNB will bring commercial and consumer banking and trust expertise and products to the First Community markets. The merger will also bring reduced costs to the combined entities from back room consolidations.

On October 13, 1993, UBI and its wholly owned subsidiary, UNB, signed an Acquisition Merger Agreement with First Community. The agreement has been approved by stockholders and by regulators. The actual merger of the two institutions took place on April 4, 1994. The three locations of First Community became three new branches of UNB on April 4, 1994. The completion of back room consolidations are expected to be completed late third quarter to early fourth quarter of 1994. UBI borrowed $7,000,000 from Harris Bank and Trust in Chicago to finance this transaction.

Management continues to evaluate potential acquisition candidates. It is the belief of management that growth through acquisitions will help to provide increased future shareholder value and assist in meeting competition through cost efficiencies.

UBI received approval from the Federal Reserve Bank on September 16, 1993 to form a Community Development Corporation, UBI Financial Services, Inc. (UBIFS). UBI in joint partnership with Mennonite Housing Rehabilitation Services, Inc., (Mennonite Housing), is assisting with the construction of a low to moderate income elder housing project in south central Wichita near the Broadway branch of UNB. UBI is also working with Mennonite Housing to complete a low to moderate income elder housing project on 21st Street of Wichita. UBI is also working with the City of Wichita, Sedgwick County, State of Kansas and community individuals of the area to help build a new commercial business center at the same area on

21st Street. It is also working with the Federal National Mortgage Association to provide lease purchase low income home ownership for individuals in the area. In conjunction with 21st street community leaders and residents UBI is assisting to help revitalize this low to moderate income area. UBI through its subsidiary, UBIFS, will be looking for other projects with Mennonite Housing or others to help fund low to moderate income projects in all the communities it serves.

The significant elements of income and expense affecting net income are detailed separately in the ensuing analyses.

Union Bancshares, Inc. and Subsidiaries

Condensed Consolidated Statement of Condition - Average Balances and Interest Rates
(Taxable equivalent basis in thousands of dollars)
<TABLE>
<CAPTION>

	Three Months Ended March 31, 1994		1993	
	Average Balance	Average Rates	Average Balance	Average Rates
<S>	<C>	<C>	<C>	<C>
Assets				
Loans (1)(2)	$ 295,919	9.13%	$ 283,662	9.80%
Investment securities:				
Taxable	140,201	5.38	160,531	5.98
Nontaxable (2)	41,416	8.64	36,106	9.37
Trading account securities (2)	1	13.09	109	7.44
Federal funds sold and securities purchased under resale agreements	288	3.21	5,063	3.07
Total earning assets	477,825	7.99	485,471	8.43
Cash and due from banks	31,093		30,095	
Premises and equipment	12,364		11,956	
Other assets	9,652		8,569	
Allowance for loan losses	(4,567)		(3,626)	
Total assets	$ 526,367		$ 532,465	
Liabilities & Stockholders' Equity				
Interest bearing demand deposits	$ 75,343	1.97	$ 73,873	2.22
Interest bearing savings deposits	106,912	2.13	115,609	2.58
Interest bearing time deposits under $100,000	153,809	4.63	179,081	5.16
Interest bearing time deposits over $100,000	8,048	3.56	10,526	4.11
Federal funds purchased and securities sold under agreements to repurchase	28,800	2.94	20,317	2.64
Other short-term borrowings	3,226	2.82	2,946	2.83
FHLB advances	17,200	3.49	3,800	4.55
Long-term borrowings	7,989	8.41	9,995	8.40
Total costing liabilities	401,327	3.33	416,147	3.83
Non-interest bearing demand	78,485		75,152	
Other liabilities	4,925		4,516	
Total liabilities	484,737		495,815	
Stockholders' equity	41,630		36,650	
Total liabilities and stockholders' equity	$ 526,367		$ 532,465	
Interest spread		4.66%		4.60%
Net interest margin (3)		5.19%		5.15%

<FN>

(1) Includes nonaccrual loans at principal amount outstanding.
Interest on loans includes loan fees of $161 in 1994 and $175 in 1993.

(2) Income and rates are calculated using a marginal Federal tax rate of 34%.

(3) Net interest margin equals net interest income divided by average earning assets.

</TABLE>

Analysis of Net Interest Income

Net interest income, the most significant element of UBI's earnings, represents the difference between the interest earned on loans and other investments, and the interest incurred for deposits and other sources of funds. For purposes of the analysis below, net interest income is adjusted to convert tax-exempt income to a fully tax- equivalent basis. This adjustment does not affect net income since a statement of income prepared on a tax-equivalent basis includes an offsetting amount in income tax expense.

The following table reflects net interest income on a tax-equivalent basis (1) for the three months ended March 31, 1994, and 1993 (in thousands):
<TABLE>
<CAPTION>

	Three Months Ended March 31,		
	1994	1993	Change
<S>	<C>	<C>	<C>
Interest income	$ 9,105	$ 9,808	$ (703)
Tax-equivalent adjustment	305	289	16
Interest income--tax-equivalent basis	9,410	10,097	(687)
Interest expense	3,299	3,927	(628)
Net interest income	$ 6,111	$ 6,170	$ (59)
Average earning assets	$ 477,825	$ 485,471	$ (7,646)
Net interest margin	5.19%	5.15%	(.04)%

</TABLE>

The $59,000 reduction in net interest income was due mainly to a more rapid downward change in loan rates than deposit rates that began in the latter half of 1993. Deposit rates had fallen early in 1993, but then leveled off during the last half of 1993. Refinancing and early pay offs of loans continued with new loans being booked at lower yields. This trend continued in the first quarter of 1994. With the slight rise in interest rates late in the first quarter of 1994 due to pressures from the Federal Reserve, the margin should improve slightly. Loan growth in the latter half of 1993 and first quarter of 1994 has helped to improve the margin. For the year 1994, it is anticipated that margins will be squeezed from the levels of 1993, reducing net interest income levels. However, net interest income should be up due to the addition of First Community as discussed on page A 18.

(1) Tax-equivalent basis is calculated using a marginal Federal tax rate of 34%.

Changes in Tax-equivalent Net Interest Income

The following table analyzes the increase in tax-equivalent net interest income in terms of the respective amounts attributable to changes in interest rate, changes in average balances, and changes in both rate and balance.

<TABLE>
(In thousands)
<CAPTION>

	Three Months Ended March 31, 1994 vs 1993			
		Change attributable to		
	Total Change	Rate	Volume	Rate/ Volume
<S>	<C>	<C>	<C>	<C>
Increase (decrease) in:				
Interest income:				
Loans (1)	$ (191)	$ (467)	$ 296	$ (20)
Investment securities:				
Taxable	(507)	(237)	(300)	30
Nontaxable (1)	49	(64)	122	(9)
Trading account securities (1)	(2)	2	(2)	(2)
Federal funds sold and securities purchased under resale agreements	(36)	2	(36)	(2)
Total	(687)	(764)	80	(3)
Interest expense:				
Interest-bearing demand deposits	(40)	(47)	8	(1)
Interest-bearing savings deposits	(172)	(126)	(55)	9
Interest-bearing time deposits under $100,000	(522)	(233)	(321)	32
Interest-bearing time deposits over $100,000	(36)	(14)	(25)	3
Federal funds purchased and securities sold under agreements to repurchase	76	15	55	6
Other short-term borrowings	2	--	2	--
FHLB advances	105	(10)	150	(35)
Long-term borrowings	(41)	--	(41)	--
Total	(628)	(415)	(227)	14
Increase in net interest income	$ (59)	$ (349)	$ 307	$ (17)

<FN>
(1) Tax-equivalent basis is calculated using a marginal Federal tax rate of 34%.
</TABLE>

Analysis of Non-Interest Income

Non-interest income for the three months ended March 31, 1994, was $2,422,000, representing an increase of $519,000, or 27.3% from the same period in the preceding year. This increase resulted primarily from the security gains category. In the first quarter of 1994, UBI sold $11,593,000 of U.S. Agency and mortgage-backed securities from the "available for sale" category with the proceeds being partially reinvested in nontaxable municipal securities. This was done in anticipation of the merger that occurred on April 4, 1994 with First Community Federal, which had no nontaxable investment securities. All other categories remained relatively unchanged.

Each major category of non-interest income is analyzed in the following table (in thousands):

	Three Months Ended March 31,		Change	
	1994	1993	$	%
Bankcard fees	$ 664	$ 702	$ (38)	(5.4)%
Service charges	623	561	62	11.1
Trust fees	412	362	50	13.8
Gain on sale of investment securities available for sale	421	--	421	0.0
Other	302	278	24	8.2
Total non-interest income	$ 2,422	$ 1,903	$ 519	27.3%

Analysis of Non-Interest Expense

Non-interest expense for the three months ended March 31, 1994 totaled $5,631,000, an increase of $155,000 or 2.8% from the first quarter of 1993. The one category that made up a significant dollar portion of this increase was salaries and benefits. This increase was the result of normal pay increases and the increasing costs of employee benefits and training. Also, equipment expense was up due to new systems put in place to improve customer service. All other categories remained relatively unchanged.

Each major category of non-interest expense is detailed in the following table (in thousands):

	Three Months Ended March 31,		Change	
	1994	1993	$	%
Salaries and benefits	$ 2,574	$ 2,437	$ 137	5.6%
Bankcard fees	507	497	10	2.0
Data processing	295	290	5	1.7
Equipment	429	389	40	10.3
Occupancy, net of revenues of $107 and $110	356	356	--	0.0
Postage	148	164	(16)	(9.8)
Marketing	167	151	16	10.6
Supplies	220	193	27	14.0
Amortization of purchase premium	70	91	(21)	(23.1)
FDIC insurance	242	264	(22)	(8.3)
Other	623	644	(21)	(3.3)
Total non-interest expense	$ 5,631	$ 5,476	$ 155	2.8%

Analysis of Under-Performing Assets

UBI continues to place strong emphasis on the close monitoring of under-performing assets. It is UBI's policy to treat as under-performing assets (a) loans that are accounted for on a nonaccrual basis, (b) loans, the terms of which have been renegotiated to provide for a reduction or deferral of interest or principal because of a deterioration in the financial position of the borrower, (c) other real estate, and (d) loans which are past due 90 days or more and still accruing interest.

Under-performing assets at March 31, 1994, were $2,278,000, a slight increase of $65,000 from $2,213,000 at December 31, 1993. Nonaccrual loans decreased $51,000, while loans 90 days past due increased $114,000.

Loans are placed on nonaccrual status when principal or interest is due and has remained unpaid for 90 days or more unless the loan is both well secured and in the process of collection. Loans are also placed on nonaccrual status when there is reasonable doubt as to the ability of the borrower to pay interest or principal. At the time a loan is classified as nonaccrual, interest previously recorded but not collected is reversed. Interest payments received on such loans are generally recorded as a reduction in carrying value unless such carrying value is deemed to be collectible.

Under-performing assets at March 31, 1994 and December 31, 1993, are set forth in the following table (in thousands):
<TABLE>
<CAPTION>

<S>	March 31, 1994 <C>	December 31, 1993 <C>
Nonaccrual loans	$ 634	$ 685
Past due loans (90 days or more)	1,583	1,469
	2,217	2,154
Other real estate held	61	59
Total	$ 2,278	$ 2,213

</TABLE>

Analysis of Allowance for Loan Losses

In the normal course of business, banks recognize that a relatively small percentage of the loans they make will eventually be charged off. These future charge-offs are currently provided for through the allowance for loan losses. Additions made to this allowance are charged to operating expenses as the provision for loan losses. Loans are charged against the allowance when they are deemed to be uncollectible. Recoveries are credited directly to the allowance.

The required level for the allowance for loan losses is determined by management on the basis of a detailed review of the risk factors affecting the loan portfolio. In addition to evaluating the financial condition of individual borrowers, management assesses the entire portfolio as to past loan loss experience, volumes, mix and maturity, concentration of credit, prevailing economic conditions both locally and nationally, and off-balance sheet risk. Management specifically reviews all under-performing assets of $100,000 or more for loan loss adequacy as well as for potential partial or complete charge-offs. The results of these reviews along with the other above factors enable management to establish the allowance at a level considered adequate to absorb loan losses.

At March 31, 1994, the allowance for loan losses was $4,541,000, or 1.52% of outstanding loans. This compares with $4,400,000, or 1.48%, reported at December 31, 1993. Net charge-offs for the first three months of 1994 were $464,000, or .16% of average net loans. This compares with net charge-offs of $372,000, or .13% of average net loans for the same period in the preceding year.

Management believes that the allowance for loan losses of $4,541,000 is adequate to cover the potential losses which may be present in the loan portfolio at March 31, 1994.

Analysis of Capital Resources

Stockholders' equity increased $1,340,000, or 3.2%, to $42,156,000 at March 31, 1994, from the $40,816,000 reported at December 31, 1993. The ratio of equity capital to total assets was 8.1 % at March 31, 1994, compared to 7.7% for December 31, 1993. This increase was the result of reinvested earnings and lower levels of total assets. The dividend payout ratio was 7.6% for the first quarter of 1994. It is UBI's policy to maintain an appropriate balance between earnings returned to stockholders in the form of dividends and earnings retained to provide internal capital growth.

Risk-based capital guidelines established by the Federal Reserve Bank (FRB), UBI's primary regulator, started in 1991. These guidelines began phase in on January 1, 1991, with final implementation on December 31, 1992. Under these guidelines, the FRB will monitor three ratios for capital levels. They are Tier I capital, Tier II capital and a Leverage ratio. Currently the FRB is requiring a minimum Tier I capital guideline of 4.00%, a Tier II capital guideline of 8.00%, and a Leverage ratio of 3.00%. At March 31, 1994, UBI had a 11.9% Tier I capital ratio, a 13.2% Tier II capital ratio, and a 7.8% Leverage ratio. All of UBI's capital ratios are above the regulatory guidelines and placed UBI in the "well capitalized" category currently defined by regulators. Well capitalized institutions are defined as those institutions having a Tier I capital level of 6.0%, a Tier II capital level of 10.0% and a Leverage ratio of 5.0%. This is the highest capital level category defined by regulators.

Analysis of Liquidity

Liquidity for UBI's bank subsidiary, UNB, is represented by UNB's ability to generate a continuing stream of funds to satisfy its financial needs and the credit and deposit demands of its customers. Liquidity and interest sensitivity are managed in a coordinated asset/liability management program within the bank.

Asset liquidity is derived from loan repayments and scheduled maturities of loans and other assets, primarily investment securities. At March 31, 1994, loan repayments and scheduled loan maturities within one year or less totaled $88,242,000. At March 31, 1994, investment securities, federal funds sold, FHLB overnight deposits, securities purchased under resale agreements and other investments, all of which are maturing within one year or less, totaled $49,373,000. These short term investment funds equaled 10.5% of aggregate interest-earning assets. This liquidity provides UNB with a substantial capacity to fund customers new credit demands, internal financial needs, deposit payouts and to take advantage of other attractive market conditions as they arise.

On the liability side, the most significant sources of liquidity for UNB consist of customers new savings and time deposits under $100,000 and the renewal of customers maturing deposits. Other sources of liquidity include customers certificates of deposit of $100,000 or more, FHLB advances, and the purchase of federal funds and securities sold under agreements to repurchase.

UBI relies on dividends and tax benefit payments from its subsidiaries and borrowings from unaffiliated banks to generate cash flow. Federal regulations restrict the payment of dividends by national banks by requiring approval of the Comptroller of the Currency if total dividends declared by a national bank in any calendar year exceed the bank's net profits for that year combined with its retained profits for the preceding two years. At March 31, 1994, dividends of approximately $6,392,000 were available from the bank subsidiary without such approval. UBI also has available for cash flow needs a $1,000,000 line-of-credit with Harris Bank and Trust Company of Chicago. As of March 31, 1994 the line-of-credit had a $0 balance.

Analysis of Interest Sensitivity

Interest sensitivity is the cornerstone of UBI's asset/liability margin management system. Key asset and liability decisions are reviewed in the framework of this system with the objective of optimizing long-term profitability at an acceptable level of risk.

The tables that follow summarize the asset/liability margin management status at March 31, 1994 (in thousands). Yields and rates shown in the table are interest income and expense only. Factors such as loan fees are not included in the summary.
<TABLE>
<CAPTION>

Repricing Maturity (In thousands)	0-3 Months	3-6 Months	6-12 Months	1-5 Years	5+ Years	Non-Rate Sensitive	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets:							
Loans	$127,034	$ 47,436	$20,235	$85,743	$15,726	$ 0	$296,174
Securities-Taxable	14,837	7,896	20,782	74,978	6,841	0	125,334
Securities-Nontaxable	1,543	1,793	2,892	19,996	17,762	0	43,986
Fed Funds Sold	0	0	0	0	0	0	0
Nonearning Assets	0	0	0	0	0	53,197	53,197
Total Assets	143,414	57,125	43,909	180,717	40,329	53,197	518,691
Liabilities and Stockholders' Equity:							
Interest-Bearing Demand Deposits	11,628	62,479	0	0	0	0	74,107
Savings Deposits	24,754	82,019	0	0	0	0	106,773
Other Time Deposits	31,857	28,005	29,476	53,989	16,844	0	160,171
Short-term Borrowings	21,268	0	0	0	0	0	21,268
Long-term Borrowings	18,700	500	1,200	7,000	0	0	27,400
Noncosting Liabilities	0	0	0	0	0	86,816	86,816
Stockholders' Equity	0	0	0	0	0	42,156	42,156

Total Liabilities and Stockholders' Equity	108,207	173,003	30,676	60,989	16,844	128,972	518,691
Repricing Gap	$ 35,207	$(115,878)	$13,233	$119,728	$23,485	$(75,775)	$ 0
Cumulative Repricing Gap	$ 35,207	$(80,671)	$(67,438)	$52,290	$75,775	$ 0	$ 0

<CAPTION>

Interest Rate Analysis	0-3 Months	3-6 Months	6-12 Months	1-5 Years	5+ Years	Non-Rate Sensitive	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets:							
Loans	7.64%	12.24%	7.63%	7.82%	8.84%		8.49%
Securities-Taxable	5.27	5.20	6.06	5.25	7.85		5.53
Securities-Nontaxable (1)	5.98	7.68	8.30	8.86	8.39		8.49
Fed Funds Sold	0.00	0.00	0.00	0.00	0.00		0.00
Nonearning Assets						0.00	0.00
Total Assets	7.38	11.12	6.93	6.87	8.47	0.00	6.90
Liabilities and Stockholders' Equity:							
Interest-Bearing Demand Deposits	1.97	1.97	0.00	0.00	0.00		1.97
Savings Deposits	2.09	2.15	0.00	0.00	0.00		2.16
Other Time Deposits	3.51	3.53	3.89	5.59	6.16		4.56
Short-term Borrowings	3.17	0.00	0.00	0.00	0.00		3.17
Long-term Borrowings	3.92	8.28	7.87	7.79	0.00		5.16
Noncosting Liabilities						0.00	0.00
Stockholders' Equity						0.00	0.00
Total Liabilities and Stockholders' Equity	3.02	2.33	4.05	5.84	6.16	0.00	2.54
Net Yield	4.36%	8.79%	2.88%	1.03%	2.31%	0.00%	4.36%

<FN>
(1) Tax-equivalent basis is calculated using a marginal federal tax rate of 34%.
</TABLE>