FORM 8-K

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FILER

BB&T FINANCIAL CORP

CIK:**13839**| IRS No.: **561056232** | State of Incorp.:**NC** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-07871** | Film No.: **94500923**
SIC: **6022** State commercial banks

Business Address
223 W NASH ST
WILSON NC 27893
9193994291

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 30, 1993

BB&T FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina	0-7871	56-1056232
(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. employer identification no.)

223 West Nash Street, Wilson, North Carolina	27893
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (919)399-4291

Not Applicable

(Former name or former address, if changed since last report)

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits

(c) Exhibits

28.1 Unaudited interim financial statements of Old Stone Bank of North Carolina.

28.2 Unaudited interim financial statements of Citizens Savings Bank, SSB and subsidiary.

28.3 Unaudited interim financial statements of Asheville Savings Bank, SSB, and Subsidiary.

28.4 Audited financial statements of Home Savings Bank of Albemarle, S.S.B. and subsidiary.

28.5 Audited financial statements of L.S.B. Bancshares, Inc. of South Carolina and subsidiaries.

28.6 Unaudited interim financial statements of L.S.B. Bancshares, Inc. of South Carolina and subsidiaries.

SIGNATURES

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

BB&T FINANCIAL CORPORATION

DATE: December 30, 1993

BY: Scott E. Reed

Exhibit 28.1

OLD STONE BANK OF NORTH CAROLINA
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

<TABLE>
<CAPTION>

Assets	September 30, 1993	December 31, 1992
<S>	<C>	<C>
Cash and due from banks - noninterest bearing	$ 9,496,106	12,755,877
Interest bearing deposits in other banks	29,286,117	5,327,830
Investment securities	71,087,097	64,821,513
Mortgage-backed securities	43,109,072	54,195,034
Loans, net of allowance for loan losses	377,965,592	395,737,548
Loans held for sale	4,344,286	24,677,173
Accrued interest receivable	3,162,537	3,705,247
Real estate acquired in settlement of loans	817,236	1,162,392
Stock in the Federal Home Loan Bank, at cost	4,556,000	4,365,800
Premises and equipment, net	2,482,103	2,786,193
Other assets	2,416,184	2,180,826
Total assets	$548,722,330	571,715,433
Liabilities and stockholder's equity		
Deposit accounts	$483,236,498	495,537,389
Advances from the Federal Home Loan Bank	20,000,000	32,000,000
Advance payments by borrowers for property taxes and insurance	1,691,637	1,204,660
Accrued interest payable	122,318	152,439
Current income taxes payable	0	1,153,731
Other liabilities	5,735,033	4,706,054
Total liabilities	510,785,486	534,754,273
Stockholder's equity		
Common stock, $1 par value, 100 shares authorized, issued and outstanding	100	100
Additional paid-in capital	34,999,900	34,999,900
Retained earnings	2,936,844	1,961,160
Total stockholder's equity	37,936,844	36,961,160
Total liabilities and stockholder's equity	$548,722,330	571,715,433

</TABLE>

OLD STONE BANK OF NORTH CAROLINA
CONSOLIDATED STATEMENT OF INCOME

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1993	1992
<S>	<C>	<C>
Interest income:		
Interest-bearing deposits	$ 447,884	719,109
Investment securities	2,395,529	1,203,983
Mortgage-backed securities	2,557,528	3,247,686
Mortgage loans	15,380,605	17,197,625
Consumer loans	9,025,703	13,246,948
Other	271,036	322,257
Total interest income	30,078,285	35,937,608

Interest expense:		
Deposit accounts	14,483,209	18,526,155
Borrowings	1,009,044	1,911,140
Total interest expense	15,492,253	20,437,295
Net interest income	14,586,032	15,500,313
Provision for loan losses	1,245,601	2,047,000
Net interest income after provision for loan losses	13,340,431	13,453,313
Other income (expense):		
Loan servicing and other loan fees	969,471	929,866
Deposit and other service charge income	548,539	555,167
Gain on sales of loans, net	264,421	266,473
Gain on sales of foreclosed real estate, net	98,581	18,923
Gain on sale of mortgage-backed securities	0	80,182
Provision for loss on foreclosed real estate	(308,960)	(270,587)
Expense from foreclosed real estate operations, net	(106,309)	(18,910)
Other income	653,587	762,032
Total other income, net	2,119,330	2,323,146
General and administrative expenses:		
Compensation, payroll taxes and fringe benefits	4,085,331	4,035,009
Occupancy	851,511	922,668
Advertising	235,917	293,749
Telephone, postage, and supplies	496,969	545,379
Federal and other insurance premiums	998,092	990,447
Data processing fees	397,232	437,194
Other expenses	2,090,310	1,195,530
Total general and administrative expenses	9,155,362	8,419,976
Income before income taxes	6,304,399	7,356,483
Income taxes	2,328,715	2,845,652
Net Income before cumulative effect or change in accounting principle	3,975,684	4,510,831
Cumulative effect of change in accounting principle-adoption of SFAS Number 109	0	790,000
Net income	3,975,684	5,300,831

</TABLE>

OLD STONE BANK OF NORTH CAROLINA
CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1993	September 30, 1992
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$3,975,684	5,300,831
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of:		
Deferred loan origination fees	(822,463)	(428,645)
Premiums and discounts, net	346,932	(492,459)
Provision for loan losses	1,245,601	2,047,000
Provision for loss on foreclosed real estate	308,960	270,587
Deferred income tax benefit	-	(804,451)
Net gain (loss) on sales of assets	(329,203)	(388,776)

Depreciation of premises and equipment	294,977	257,551
Net loan origination fees deferred	445,900	944,213
Stock dividends on FHLB stock	(190,200)	(264,300)
Proceeds from loan sales	57,419,980	115,039,754
(Increase)decrease in other assets	307,290	(4,707)
(Decrease) in other liabilities	(122,247)	(442,450)
Total adjustments	58,905,527	115,733,317
Net cash provided by operating activities	62,881,211	121,034,148
Cash flows from investing avtivities:		
Net increase in loans from originations and repayments	(21,117,839)	(42,215,868)
Principal payments on mortgage-backed secruities	10,858,467	10,039,417
Proceeds from maturities of Investment securities	38,000,000	8,300,000
Proceeds from sales of real estate	1,321,743	2,063,917
Purchases of premises and equipment	(30,257)	(565,646)
Proceeds from disposal of premises and equipment	5,571	105,586
Proceeds from sale of Mortgage-backed securities	-	5,147,688
Purchases of investment and Mortgage-backed securities	(44,569,466)	(86,078,814)
Net cash used by Investing activities	($15,531,781)	(103,203,720)

</TABLE>

OLD STONE BANK OF NORTH CAROLINA
CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1993	September 30, 1992
<S>	<C>	<C>
Cash flows from financing activities:		
Net increase (decrease) in deposits	($12,137,891)	$12,300,841
Net decrease in FHLB advances	(12,000,000)	(50,287,000)
Net increase in advance payments by borrowers for property taxes and insurance	486,977	514,531
Dividends paid	(3,000,000)	(3,000,000)
Net cash used by financing activities	(26,650,914)	(40,471,628)
Net increase (decrease) in cash and cash equivalents	20,698,516	(22,641,200)
Cash and cash equivalents at beginning of period	18,083,707	35,483,247
Cash and cash equivalents at end of period	$38,782,223	$12,842,047

</TABLE>

Exhibit 28.2

CITIZENS SAVINGS BANK, SSB, INC.
AND SUBSIDIARY
CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL CONDITION

	September 30, 1993 (Unaudited)	September 30, 1992 (Note)
ASSESTS		
Cash:		
Interest-Bearing	$ 12,563,940	$ 10,088,763
Noninterest-Bearing	3,983,767	2,954,696
Certificates of Deposit	4,267,000	5,852,000
Investment Securities	20,522,247	15,957,211
Mortgage-Backed Securities	3,308,055	10,708,041
Loans Held For Sale	8,580,255	19,616,340
Loans Receivable, Net	198,951,138	200,277,506
Office Properties And Equipment, Net	4,713,765	5,193,243
Real Estate Owned, Net	810,631	826,175
Accrued Interest On Cash And Investment Securities	264,788	160,215
Accrued Interest On Mortgage-Backed Securities And Loans Receivable	1,248,890	1,476,561
Cost In Excess Of Fair Value Of Net Assets Acquired, Net	1,662,760	1,962,760
Prepaid And Other Assets	1,002,265	753,594
	$ 261,879,501	$ 275,827,105
LIABILTIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Savings Deposits	$ 223,547,424	$ 235,258,900
Advance Payments By Borrowers For Taxes And Insurance	514,522	1,437,074
Accounts Payable And Other Liabilities	750,616	760,703
Income Taxes Payable	69,048	201,123
Advances From The Federal Home Loan Bank	15,000,000	18,000,000
	$ 239,881,610	$ 255,657,800
Stockholders' Equity:		
Preferred Stock	$ -	$ -
Common Stock	1,245,043	1,212,413
Additional Paid-In Capital	5,335,694	5,038,717
Retained Earnings, Substantially Restricted	15,417,154	13,918,175
Total Stockholders' Equity	$ 21,997,891	$ 20,169,305
	$ 261,879,501	$ 275,827,105

Note: The Consolidated Condensed Statement of Financial Condition at September 30, 1992 has been taken from the audited financial statements at that date.

See Notes to Consolidated Condensed Financial Statements.

CITIZENS SAVINGS BANK, SSB, INC.
AND SUBSIDIARY
CONSOLIDATED CONDENSED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

<S>	THREE MONTHS ENDED SEPTMEBER 30, 1993 (Unaudited) <C>	THREE MONTHS ENDED SEPTMEBER 30, 1992 (Unaudited) <C>	YEAR ENDED SEPTEMBER 30, 1993 (Unaudited) <C>	YEAR ENDED SEPTEMBER 30, 1992 (Unaudited) <C>
Interest income:				
Loans	$ 4,807,879	$ 5,250,687	$ 19,818,657	$ 22,012,231
Mortgage-backed securities	64,519	181,528	448,948	700,857
Investment securities	272,208	237,658	1,013,673	1,023,044
Other short-term investments and interest-bearing deposits	136,094	165,623	570,882	738,368
	$ 5,280,700	$ 5,835,496	$ 21,852,160	$ 24,474,500
Interest expense:				
Savings deposits	$ 2,072,869	$ 2,774,823	$ 8,992,603	$ 12,767,867
Advances from Federal Home Loan Bank	253,359	311,763	1,169,137	985,253
	$ 2,326,228	$ 3,086,586	$ 10,161,740	$ 13,753,120
Net interest income	$ 2,954,472	$ 2,748,910	$ 11,690,420	$ 10,721,380
Provison for loan losses	352,500	35,242	708,730	190,492
Net interest income after provision for loan losses	$ 2,601,972	$ 2,713,668	$ 10,981,690	$ 10,530,888
Other income:				
Service charges on loans	$ 58,529	$ 53,294	230,703	188,166
Gains on sale of interest-earning assests, net	36,971	0	400,262	529,598
Other	319,623	345,782	1,252,168	1,335,473
	$ 415,123	$ 399,076	$ 1,883,133	$ 2,053,237
Other expenses:				
Compensation and employee benefits	$ 918,235	$ 986,195	$ 3,225,404	$ 3,360,461
Net occupancy	166,432	137,795	838,683	828,602
Federal insurance premiums	129,674	134,218	484,848	542,687
Computer service	83,259	81,950	348,865	347,108
Amortization of cost in excess of fair value of net assets acquired	75,000	75,000	300,000	300,000
Real estate owned expense (income), net	12,626	18,993	51,468	23,772
Other	250,007	299,655	1,241,563	1,248,716
	$ 1,635,233	$ 1,733,806	$ 6,490,831	$ 6,651,346
Income before income taxes	$ 1,381,862	$ 1,378,938	$ 6,373,992	$ 5,932,779
Income taxes	649,441	530,507	2,670,052	2,287,433
Net income	$ 732,421	$ 848,431	$ 3,703,940	$ 3,645,346
Average number of common shares outstanding	1,229,043	1,212,413	1,219,384	1,210,406
Net income per share of common stock	$0.60	$0.70	$3.04	$3.01
Dividends declared per share	$0.50	$0.00	$1.80	$0.55

</TABLE>

See Notes to Consolidated Condensed Financial Statements.

CITIZENS SAVINGS BANK, SSB, INC.
AND SUBSIDIARY
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
		(Unaudited)		
<S>	<C>	<C>	<C>	<C>
Year Ended September 30, 1993				
Balance at September 30, 1992	$ 1,212,413	$ 5,038,717	$ 13,918,175	$ 20,169,305
Issuance of 1,880 shares under option at $6.43 per share	1,880	10,202	-	12,082
Issuance of 12,400 shares under option at $9.50 per share	12,400	105,400	-	117,800
Issuance of 4,250 shares under option at $10.50 per share	4,250	40,375	-	44,625
Issuance of 14,100 shares under option at $11.00 per share	14,100	141,000	-	155,100
Cash dividends ($1.80 per share)	-	-	(2,204,961)	(2,204,961)
Net income	-	-	3,703,940	3,703,940
Balance at September 30, 1993	$ 1,245,043	$ 5,335,694	$ 15,417,154	$ 21,997,891
Year Ended September 30, 1992				
Balance at September 30, 1991	$ 1,207,552	$ 5,022,661	$ 10,938,441	$ 17,168,654
Issuance of 2,541 shares under option at $2.36 per share	2,541	3,459	-	6,000
Issuance of 2,320 shares under option at $6.43 per share	2,320	12,597	-	14,917
Cash dividends ($.55 per share)	-	-	(665,612)	(665,612)
Net income	-	-	3,645,346	3,645,346
Balance at September 30, 1992	$ 1,212,413	$ 5,038,717	$ 13,918,175	$ 20,169,305

</TABLE>

See Notes to Consolidated Condensed Financial Statements

CITIZENS SAVINGS BANK, SSB, INC.
AND SUBSIDIARY
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30, 1993	1992
	(Unaudited)	
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,703,940	$ 3,645,346
Adjustments to reconcile net income to net cash provided by operating activities:		

Provision for loan losses	708,730	190,492
Provision for loss on real estate owned	39,000	75,000
Amortization (accretion) of premiums (discounts) on mortgage-backed securities	99,829	30,656
Amortization (accretion) of premiums (discounts) on investment securities	62,795	(25,806)
Accretion of discount on loans	(2,857)	(4,590)
Gain on sale of loans	(363,291)	(287,972)
Net gain on sale of mortgage-backed securities	(36,971)	(241,626)
FHLB stock dividend	(130,300)	(145,600)
Gain on sale of real estate owned	(21,497)	(96,863)
Provision for depreciation	538,390	502,756
Amortization of deferred loan fees	(838,145)	(578,101)
Amortization of goodwill	300,000	300,000
(Gain) loss on sale of office properties and equipment	(10,033)	-
Changes in operation assets and liabilities:		
Decrease in interest receivable	123,098	211,681
Decrease in interest payable	(106,486)	(298,777)
(Increase) in prepaid and other assets	(245,668)	(188,490)
Increase (decrease) in accounts payable	(142,162)	13,099
Net cash provided by operating activities	$ 3,678,372	$ 3,101,205
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in certificates of deposits	$ 1,585,000	$ 3,653,338
Proceeds from maturities of investment securities	5,900,000	5,520,000
Purchases of investment securities	(10,397,531)	(6,969,396)
Purchases of mortgage-backed securities	-	(11,234,996)
Proceeds from sale of mortgage-backed securities	2,923,437	10,778,525
Proceeds from sale of loans	11,240,252	9,265,776
Originations and principal payments on loans receivable, net	1,492,476	(11,203,052)
Principal collected on mortgage-backed securities	4,413,691	1,531,963
Proceeds from sale of real estate owned	248,142	370,321
(Investment) reduction in foreclosed real estate	(127,816)	17,407
Proceeds from sale of office properties and equipment	80,000	-
Purchase of office properties and equipment	(128,879)	(309,662)
Net cash provided by investing activities	$ 17,228,772	$ 1,420,224

</TABLE>

CITIZENS SAVINGS BANK, SSB, INC.
AND SUBSIDIARY
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	YEAR ENDED SEPTEMBER 30,	
	1993	1992
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in deposits	$ (11,604,990)	$ (9,758,500)
(Increase) decrease in advance payments by borrowers for taxes and insurance	(922,552)	55,723
Proceeds from FHLB advances	-	14,000,000
Payments of FHLB advances	(3,000,000)	(6,500,000)
Cash dividends	(2,204,961)	(665,612)
Options exercised	329,607	20,917
Net cash used in financing activities	$ (17,402,896)	$ (2,847,472)
Net increase (decrease) in cash and cash equivalents	$ 3,504,248	$ 1,673,957
Cash and cash equivalents:		
Beginning	13,043,459	11,369,502

Ending	$ 16,547,707	$ 13,043,459

SUPPLEMENTAL SCHEDULE OF CASH AND CASH EQUIVALENTS

Cash:		
Interest-bearing deposits	$ 12,563,940	$ 10,088,763
Noninterest bearing	3,983,767	2,954,696
Cash and cash equivalents, ending	$ 16,547,707	$ 13,043,459

SUPPLEMENTAL DISCLOSURES

Cash payments for:		
Interest	$ 10,161,897	$ 14,051,897
Income taxes, net	$ 2,802,127	$ 2,460,065
Transfers from loans receivable to real estate acquired in settlement of loans	$ 156,288	$ 318,560
Loans originated to finance the sale of real estate acquired in settlement of loans	$ 31,000	$ 105,000

See Notes to Consolidated Condensed Financial Statements

CITIZENS SAVINGS BANK, SSB, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (all which were normal recurring accruals) necessary for a fair presentation.

2. Advances From Federal Home Loan Bank

Advances from the Federal Home Loan Bank consist of the following:

<TABLE>
<CAPTION>

Maturity Year Ending September 30,	Interest	September 30, 1993	September 30, 1992
1993	8.40%-8.75%	$ -	$ 1,000,000
1994	5.30%-8.30%	4,000,000	6,000,000
1995	6.05%-7.68%	2,500,000	2,500,000
1996	6.50%-8.00%	3,000,000	3,000,000
1997	6.85%-7.04%	2,500,000	2,500,000
Thereafer	7.33%	3,000,000	3,000,000
		$ 15,000,000	$ 18,000,000

</TABLE>

Citizens Savings has pledged, in addition to all of its stock in the Federal Home Loan Bank, real estate loans of approximately $23,120,000 as collateral for such borrowings.

3. Capital Requirements

On August 9, 1989, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA") was signed into law. This legislation, among other things, strengthened the deposit insurance for savings institutions' customers by creating a new fund called the Savings Association Insurance Fund ("SAIF"). SAIF is backed by the full faith and credit of the U.S. Government and administered by the Federal Deposit Insurance Corporation ("FDIC"), FIRREA significantly restructured the regulation of thrift institutions, increased the capital requirements applicable to thrift institutions and contained other revisions that may materially impact the future operations of thrift institutions.

Prior to its conversion to a North Carolina-chartered savings bank on October 1, 1992, Citizens Savings was subject to capital requirements of the Office of Thrift Supervision (OTS). Upon its conversion to a state savings bank, Citizens Savings ceased to be subject to the OTS capital requirements and became subject to the capital requirements of the FDIC and the North Carolina Administrator. The FDIC requires Citizens Savings to have a minimum leverage ratio of Tier I capital (principally consisting of common shareholders equity, noncumulative perpetual preferred stock and a limited amount of cumulative perpetual preferred stock, less certain goodwill items) to adjusted assets (adjusted for goodwill and any other items deducted from capital to arrive at

Tier I capital) of at least 3%; provided, however that all institutions, other than those (i) receiving the hightest rating during the examination process and (ii) not anticipating or experiencing any significant growth, are required to maintain a ratio of 1% or 2% above the stated minimum, with an absolute minimum leverage ratio of not less than 4%. The FDIC also requires Citizens Savings to have a ratio of Tier II capital (primarily Tier I capital plus general loss reserves) to risk-weighted assets of least 8%. The NC Administrator requires a net worth equal to at least 5% of total assets.

At September 30, 1993, Citizens Savings had Tier I capital as a percentage of adjusted assets of 7.8%, Tier II capital as a percentage of risk-weighted assets of 15.3% and total capital as a percentage of total assets of 8.4%.

Pursuant to Section 7 of the Federal Deposit Insurance Act, as amended by Section 302 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FIDICA), the FDIC has implemented the Risk-Related Premium System (RRPS) beginning with the assessment period starting January 1, 1993. In the RRPS, the FDIC has placed institutions into RRPS capital groups and supervisory subgroups. Assignment to one of three capital groups, coupled with assignment to one of three supervisory subgroups, will determine which of the nine risk classifications is appropriate for an institution. Risk classifications of institutions, in turn, determine the appropriate premium rate, ranging from .23% to .31% of domestic deposits. Citizens Savings has been notified by the FDIC that it will be assessed its insurance premium at a rate of .23%.

4. Pending Change of Ownership of Citizens Savings Bank

On January 19, 1993 Citizens Savings and BB&T Financial Corporation ("BB&T"), a registered North Carolina bank holding company headquarted in Wilson, North Carolina, entered into an Agreement and Plan of Reorganization and related Plan of Share Exchange for Aquisition of Shares of Citizens Savings Bank, SSB, Inc. by BB&T Financial Corporation (the "Agreements") which provided for the acquisition of Citizens Savings by BB&T through an exchange of all of the issued and outstanding stock of Citizens for common stock of BB&T (the "Acquisition").

The Acquisition was completed on October 25, 1993. Shareholders of Citizens Savings received .9389 shares of BB&T Financial Corporation common stock for each outstanding share of Citizens Savings common stock. All assets and liabilities at the merger date became the responsibility of BB&T as of October 26, 1993.

Exhibit 28.3

ASHEVILLE SAVINGS BANK, SSB AND SUBSIDIARY
Statements of Income
(Unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1993	Nine Months Ended September 30, 1992
	(in thousands)	
<S>	<C>	<C>
INTEREST INCOME:		
Interest on loans	$15,363	$17,614
Interest on investment and mortgage-banking securities	2,117	3,158
Total interest income	17,480	20,772
INTEREST EXPENSE:		
Interest on deposits	8,235	11,951
Interest on borrowed funds	1,583	2,514
Total interest expense	9,818	14,465
NET INTEREST INCOME	7,662	6,307
PROVISION FOR LOAN LOSSES	464	463
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,198	5,844
NONINTEREST INCOME	3,900	3,845
NONINTEREST EXPENSE:		
Personnel expense	3,550	3,194
Occupancy	1,463	1,375
Other	4,383	2,754
Total noninterest expense	9,396	7,323
Income before income taxes	1,702	2,366
*Income taxes	207	1,183
Net Income	$ 1,495	$ 1,183

</TABLE>

* - Net of SFAs 109 Cumulative Effect Adjustment of $643.

ASHEVILLE SAVINGS BANK, SSB AND SUBSIDIARIES
BALANCE SHEET (000's) -- UNAUDITED

<TABLE>
<CAPTION>

<S>	<C> 9-30-93
ASSETS	
Cash and Due from Banks (Including Interest-Bearing Deposits of $19,606)	$29,540
Federal Funds Sold	1,150
Investment and Mortgage-Backed Securities	33,685
Loans	242,825
Less Allowance for Loan Losses	1,758
Net Loans	241,067
Bank Premises and Equipment	5,927
Accrued Interest Receivable	2,121
Other Assets	9,897
Total Assets	$323,387
LIABILITIES AND RETAINED EARNINGS	
Deposits	
Non-interest Bearing	$9,381
Interest Bearing	269,820
Total Deposits	279,201
Advances from Federal Home Loan Bank	17,000
Other Borrowed Funds	59
Accrued Interest Payable	268
Other Liabilities	1,952
Total Liabilities	298,480
Retained Earnings	24,907
Total Liabilities and Retained Earnings	$323,387

</TABLE>

ASHEVILLE SAVINGS BANK, SSB AND SUBSIDIARY
Statement of Cash Flows
(Unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1993	Nine Months Ended September 30, 1992
	(in thousands)	
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net Income	$ 1,495	$ 1,183
Adjustment to reconcile net income to cash provided by (used in) operating activities		
Provision for loan losses and foreclosed real estate	1,054	463
Depreciation and amortization	1,706	2,186
Gain on sale of loans, net	(571)	(706)
Increase (decrease) in income taxes payable	(26)	(489)
Deferred income tax cumulative adjustment	(634)	
Dividends on Federal Home Loan Bank stock	(195)	(208)
Increase (decrease) in accrued interest receivable	450	1,480
Increase (decrease) in accrued interest payable	18	(6)
Other	(304)	1,482
Net Cash Provided by Operating Activities	2,993	5,385
Investing Activities:		
Loans originated or acquired	(83,385)	(85,754)
Loan principal repayments	49,174	50,372
Loans sold	46,762	49,182
Proceeds from maturities of investment securities	8,000	13,998
Purchase of investment securities	(10,052)	(10,036)
Purchase of mortgage-backed securities	0	(5,394)
Mortgage-backed securities principal repayments	2,620	1,588
Other	326	(50)
Cash Provided by Investing Activities	13,445	13,906

FINANCING ACTIVITIES:		
Net decrease in deposits	(7,741)	(29,736)
Decrease in borrowed funds	(2,005)	(5,004)
	--------	--------
Cash Used in Financing Activities	(9,746)	(34,740)
	--------	--------
Increase (decrease) in Cash and Cash Equivalents	6,692	(15,449)
Cash and Cash Equivalents -- January 1	22,776	49,931
	--------	--------
Cash and Cash Equivalents -- June 30	$ 29,468	$34,482
	========	========

</TABLE>

Exhibit 28.4

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Home Savings Bank of Albemarle, S.S.B.
Albemarle, North Carolina

We have audited the accompanying consolidated statements of financial condition of Home Savings Bank of Albemarle, S.S.B. and subsidiary as of September 30, 1993 and 1992, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended September 30, 1993. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these 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 Home Savings Bank of Albemarle, S.S.B. and subsidiary as of September 30, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1993, in conformity with generally accepted accounting principles.

(SIGNATURE APPEARS HERE)

Charlotte, North Carolina
November 10, 1993

HOME SAVINGS BANK OF ALBEMARLE, S.S.B. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
September 30, 1993 and 1992

<TABLE>
<CAPTION>

ASSETS	1993	1992
<S>	<C>	<C>
Cash and cash equivalents:		
Noninterest-bearing deposits (Note 2)	$ 3,532,000	$ 2,594,000
Interest-bearing deposits	7,038,000	6,303,000
Investment securities, estimated market value 1993 $20,663,000; 1992 $21,136,000 (Notes 3 and 9)	20,269,000	20,600,000
Mortgage-backed certificates, estimated market value 1993 $7,554,000; 1992 $8,547,000 (Note 4)	7,076,000	8,175,000
Loans receivable, net (Note 5)	117,055,000	113,116,000
Real estate acquired in settlement of loans	119,000	81,000
Accrued interest receivable (Note 6)	1,138,000	1,239,000
Office properties and equipment, net (Note 7)	1,029,000	781,000
Prepaid expenses and other assets (Note 8)	653,000	481,000
	$157,909,000	$153,370,000

<CAPTION>

LIABILITIES AND RETAINED EARNINGS		
<S>	<C>	<C>
Liabilities:		
Deposits (Note 9)	$139,685,000	$138,753,000

Advance payments by borrowers for taxes and insurance	485,000	448,000
Accounts payable and other liabilities	706,000	477,000
Checks outstanding on disbursement account	530,000	493,000
Total liabilities	$141,406,000	$140,171,000
Commitments (Notes 10 and 17)		
Retained earnings, substantially restricted (Notes 11 and 12)	16,503,000	13,199,000
	$157,909,000	$153,370,000

</TABLE>
See Notes to Consolidated Financial Statements.

HOME SAVINGS BANK OF ALBEMARLE, S.S.B. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
Years Ended September 30, 1993, 1992 and 1991

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Interest income:			
Loans	$10,805,000	$11,663,000	$11,690,000
Mortgage-backed certificates	636,000	606,000	514,000
Investment securities	1,334,000	1,122,000	813,000
Other interest-bearing deposits	197,000	334,000	272,000
	$12,972,000	$13,725,000	$13,289,000
Interest expense:			
Deposits (Note 9)	$ 6,037,000	$ 8,042,000	$ 9,084,000
Advances from FHLB	-	-	26,000
	$ 6,037,000	$ 8,042,000	$ 9,110,000
Net interest income	$ 6,935,000	$ 5,683,000	$ 4,179,000
Provision for loan losses (Note 5)	-	-	100,000
Net interest income after provision for loan losses	$ 6,935,000	$ 5,683,000	$ 4,079,000
Noninterest income	$ 278,000	$ 300,000	$ 249,000
Noninterest expenses:			
Compensation (Notes 8 and 10)	$ 1,051,000	$ 1,059,000	$ 989,000
Net occupancy	202,000	189,000	174,000
Federal insurance premium expense	290,000	337,000	292,000
Data processing	188,000	134,000	130,000
Other (Note 14)	413,000	636,000	571,000
	$ 2,144,000	$ 2,355,000	$ 2,156,000
Income before income taxes	$ 5,069,000	$ 3,628,000	$ 2,172,000
Income taxes (Note 11)	1,765,000	1,215,000	798,000
Net income	$ 3,304,000	$ 2,413,000	$ 1,374,000

</TABLE>
See Notes to Consolidated Financial Statements.

HOME SAVINGS BANK OF ALBEMARLE, S.S.B. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
Years Ended September 30, 1993, 1992 and 1991

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Balance, beginning	$13,199,000	$10,786,000	$ 9,412,000
Net income	3,304,000	2,413,000	1,374,000
Balance, ending	$16,503,000	$13,199,000	$10,786,000

</TABLE>
See Notes to Consolidated Financial Statements.

HOME SAVINGS BANK OF ALBEMARLE, S.S.B. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 1993, 1992 and 1991

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 3,304,000	$ 2,413,000	$ 1,374,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	-	-	100,000
Write down of real estate owned to net realizable value	-	-	48,000
Donation of real estate owned	-	68,000	-
Accretion of premiums and discounts on investment and mortgaged-backed certificates, net	(3,000)	(3,000)	(53,000)
Amortization of deferred loan fees	(247,000)	(362,000)	(38,000)
FHLB stock dividends	(75,000)	(62,000)	(86,000)
Gain on recalled securities	(33,000)	-	-
Loss (gain) on sale of real estate acquired in settlement of loans	(41,000)	(21,000)	1,000
Provision for depreciation	59,000	58,000	49,000
Change in operating assets and liabilities:			
Increase (decrease) in accrued interest receivable	101,000	(124,000)	(149,000)
Increase in prepaid and other assets	(195,000)	(111,000)	(59,000)
Increase (decrease) in accounts payable and other liabilities	229,000	(230,000)	100,000
(Increase) decrease in interest payable	(4,000)	(152,000)	37,000
Increase (decrease) in checks outstanding on disbursement account	37,000	(38,000)	(30,000)
Increase (decrease) in deferred income tax charges	23,000	54,000	(62,000)
Net cash provided by operating activities	$ 3,155,000	$ 1,490,000	$ 1,232,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities and recalls of investment securities	$10,400,000	$ 7,522,000	$ 1,920,000
Purchases of investment securities	(9,952,000)	(15,444,000)	(5,498,000)
Purchases of mortgage-backed			

certificates	(1,020,000)	(3,785,000)	-
Principal payments on mortgage- backed certificates	2,113,000	1,357,000	624,000
Loan originations and principal payments on loans, net	(3,786,000)	4,313,000	(9,433,000)
Purchases of loans	-	(405,000)	-
Purchase of office properties and equipment	(307,000)	(103,000)	(197,000)

</TABLE>

HOME SAVINGS BANK OF ALBEMARLE, S.S.B. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 1993, 1992 and 1991

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Proceeds from sale of real estate owned	$ 112,000	$ 75,000	$ 6,000
Investment reduction in foreclosed real estate	(15,000)	-	-
Net cash used in investing activities	$(2,455,000)	$(6,470,000)	$(12,578,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in certificates of deposit, demand deposits, NOW accounts and passbook savings accounts	$ 936,000	$ 5,381,000	$ 19,025,000
Net decrease in short-term borrowings	-	-	(955,000)
Net increase (decrease) in advance payments by borrowers for taxes and insurance	37,000	(7,000)	36,000
Repayment of FHLB advances	-	-	(1,000,000)
Net cash provided by financing activities	$ 973,000	$ 5,374,000	$ 17,106,000
Increase in cash and cash equivalents	$ 1,673,000	$ 394,000	$ 5,760,000
Cash and cash equivalents:			
Beginning	8,897,000	8,503,000	2,743,000
Ending	$10,570,000	$ 8,897,000	$ 8,503,000
SUPPLEMENTAL SCHEDULE OF CASH AND CASH EQUIVALENTS			
Cash:			
Interest-bearing deposits	$ 7,038,000	$ 6,303,000	$ 5,915,000
Noninterest-bearing deposits	3,532,000	2,594,000	2,588,000
	$10,570,000	$ 8,897,000	$ 8,503,000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash payments for:			
Interest	$ 6,042,000	$ 8,194,000	$ 9,073,000
Income taxes	$ 1,520,000	$ 1,253,000	$ 855,000
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS			
Transfer of loans to real estate owned	$ 376,000	$ 113,000	$ 339,000
Loans originated to finance the sale of foreclosed real estate	$ 282,000	$ 106,000	$ 181,000

</TABLE>

See Notes to Consolidated Financial Statements.

HOME SAVINGS BANK OF ALBEMARLE, S.S.B. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business:

Home Savings Bank of Albemarle, S.S.B. (the "Bank"), formerly Home Savings and Loan Association as discussed in Note 16, is primarily engaged in the business of obtaining savings deposits and originating single-family residential loans within its primary lending area, the Stanly County, North Carolina area. The Bank's underwriting policies require such loans to be made 80% loan-to-value based upon appraised values unless private mortgage insurance is obtained. These loans are secured by the underlying properties.

The following is a description of the significant accounting policies used in the preparation of the accompanying consolidated financial statements:

Principles of consolidation:

These financial statements include the accounts of the Bank and its wholly-owned subsidiary, Stanly County Service Corp. The service corporation is inactive except for income received from its investment in the Investors Title Agency partnership. All significant intercompany transactions and balances have been eliminated in consolidation.

Cash and cash equivalents:

For purposes of reporting the consolidated statements of cash flows, the Bank includes cash on hand and demand deposits at other financial institutions as cash equivalents. The Bank may have deposits with financial institutions which are in excess of the federally-insured amounts.

Investment securities:

Bonds and notes are carried at cost, adjusted for premiums and discounts that are recognized in interest income using a method which approximates the interest method over the period to maturity. Management has the ability and intends to hold such investments to maturity. In determining whether securities can be held to maturity, management considers whether there are conditions, such as liquidity or regulatory requirements which would impair its ability to hold such securities.

Equity securities that are nonmarketable are carried at cost. All other equity securities are carried at the lower of cost or estimated market value in the aggregate.

Gains and losses on the sale of investment securities are determined using the specific-identification method.

Mortgage-backed certificates:

Mortgage-backed certificates are stated at cost, adjusted for amortization of premiums and accretion of fees and discounts using a method that approximates level yield. The Bank has adequate liquidity and capital, and it is generally management's intention, and it has the ability to hold such assets to maturity. Should any be sold, gains and losses will be recognized based on the specific-identification method. All sales are made without recourse.

At September 30, 1993, the Bank had no outstanding commitments to sell loans or mortgage-backed certificates.

Loans receivable:

Loans receivable are stated at unpaid principal balances, less the allowance for loan losses, the undisbursed portion of construction loans, participations sold and net deferred loan origination fees.

The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Bank's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions.

Loan origination fees:

Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income using the interest method over the contractual life of the loans, adjusted for actual prepayments.

Real estate acquired in settlement of loans:

Real estate acquired in settlement of loans ("REO") is initially recorded at the lower of cost (loan value of real estate acquired in settlement of loans plus incidental expenses) or estimated fair value.

Prior to September 30, 1992, the carrying values were reduced when they exceeded net realizable value. Subsequent to September 30, 1992, the Bank complied with SOP 92-3, *Accounting for Foreclosed Assets*. Subsequent to September 30, 1992, the carrying values of REO are reduced when they exceed fair value minus the estimated costs to sell. Costs relating to the development and improvement of the property are capitalized, while holding costs of the property are charged to expense in the period incurred.

Office properties and equipment:

Office properties and equipment are stated at cost less accumulated depreciation which is computed principally by the straight-line method.

Off-balance-sheet risk:

The Bank is a party to financial instruments with off-balance-sheet risk such as commitments to extend credit and lines of credit. Management assesses the risk related to these instruments for potential losses on an ongoing basis.

Pension plan:

The Bank has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. To be eligible, an employee must be 21 years of age and have completed 1 year of continuous service. The plan provides benefits based on a final average salary and service and is integrated with Social Security. The employee's benefits are subject to certain reductions if the employee retires before 35 years of service or before reaching the age of 65. The Bank's funding policy is to make the maximum annual contribution that is deductible for income tax purposes.

Income taxes:

The Bank and its subsidiary file a consolidated tax return. Deferred income taxes result from timing differences in the recognition of certain items of income and expense for tax and financial statement purposes as explained more fully in Note 11.

Fair value of financial instruments:

The estimated fair values required under SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*, have been determined by the Bank using available market information and appropriate valuation methodologies; however, considerable judgment is required to develop the estimates of fair value. Accordingly, the estimates presented for the fair value of the Bank's financial instruments are not necessarily indicative of the amounts the Bank could realize in a current market exchange. The use of different market assumptions or estimation methodologies may have a material effect on the estimated fair market value amounts.

The fair value of the Bank's cash and cash equivalents is estimated to be equal to their recorded amounts. Investment securities' and mortgage-backed certificates' fair value is estimated using quoted market values obtained from independent pricing services. The fair value of loans is estimated by the use of discounted cash flows adjusted by a credit risk factor equal to the Bank's recorded loss allowances. Borrowings and savings deposits, other than deposits with no stated maturities, are estimated to have a fair value determined on the discounted value of contractual cash flows. The fair value of deposits with no stated maturities, primarily checking and statement savings accounts, is estimated to be equal to the amount payable on demand.

The fair value estimates presented are based on pertinent information available to management as of September 30, 1993. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and therefore, current estimates of fair value may differ significantly from the amounts presented here.

Note 2. Cash

Noninterest-bearing cash amounting to approximately $47,000, and $59,000 was held by a trustee at September 30, 1993 and 1992, respectively, and was required to be used to repay loan principal and interest due to the Federal National Mortgage Association and taxes and insurance for the related loans.

Note 3. Investment Securities

The amortized cost and estimated market value of investment securities are summarized as follows:

<TABLE>
<CAPTION>

	September 30, 1993			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U. S. Government and Federal agency obligations	$18,941,000	$ 394,000	$ -	$19,335,000
Federal Home Loan Bank stock	1,313,000	-	-	1,313,000
Other securities	15,000	-	-	15,000
	$20,269,000	$ 394,000	$ -	$20,663,000

<CAPTION>

	September 30, 1992			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U. S. Government and Federal agency obligations	$18,946,000	$ 552,000	$ -	$19,498,000
Corporate bonds	400,000	-	16,000	384,000
Federal Home Loan Bank stock	1,238,000	-	-	1,238,000
Other securities	16,000	-	-	16,000
	$20,600,000	$552,000	$16,000	$21,136,000

The amortized cost and estimated market value of debt securities by contractual maturity are shown below. 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.

	September 30, 1993 Amortized Cost	September 30, 1993 Estimated Market Value
Due in one year or less	$ 500,000	$ 511,000
Due after one year through five years	16,455,000	16,676,000
Due after five years through ten years	1,986,000	2,148,000
	$ 18,941,000	$19,335,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Federal Home Loan Bank ("FHLB") stock and other securities, which consist of stock in the Bank's service center, have been excluded from the maturity table above because they do not have a contractual maturity associated with debt securities. The Bank, as a member of the FHLB system, is required to maintain an investment in capital stock of the FHLB in an amount equal to the greater of 1% of its outstanding home loans or 5% of advances from the FHLB. No ready market exists for such stock, and it has no quoted market value. For presentation purposes, such stock is assumed to have a market value which is equal to cost.

Results from investment securities are as follows:

	Year Ended September 30, 1993	1992	1991
Gross proceeds from maturities and recalled securities	$1,000,000	$ -	$ -
Gross realized gains	$ 33,000	$ -	$ -
Gross realized losses	-	-	-
Net realized gains	$ 33,000	$ -	$ -

Net realized gains are included in noninterest income on the consolidated statements of income.

Note 4. Mortgage-Backed and Related Securities

The carrying values and estimated market values of mortgage-backed and related securities are summarized as follows:

September 30, 1993	Principal Balance	Unamortized Premiums	Unearned Discounts	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
GNMA certificates	$3,702,000	$41,000	$20,000	$3,723,000	$240,000	$ -	$3,963,000
FHLMC certificates	1,848,000	17,000	42,000	1,823,000	126,000	-	1,949,000
FNMA certificates	1,381,000	2,000	-	1,383,000	117,000	-	1,500,000
Small Business Administration	134,000	13,000	-	147,000	-	5,000	142,000

	$7,065,000	$73,000	$62,000	$7,076,000	$483,000	$ 5,000	$7,554,000

<CAPTION>

	September 30, 1992						
	Principal Balance	Unamortized Premiums	Unearned Discounts	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
GNMA certificates	$4,940,000	$50,000	$22,000	$4,968,000	$274,000	$ -	$5,242,000
FHLMC certificates	2,493,000	19,000	47,000	2,465,000	96,000	-	2,561,000
FNMA certificates	565,000	3,000	-	568,000	14,000	-	582,000
Small Business Administration	159,000	15,000	-	174,000	-	12,000	162,000
	$8,157,000	$87,000	$69,000	$8,175,000	$384,000	$12,000	$8,547,000

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Loans Receivable

Loans receivable are summarized as follows:

<TABLE>
<CAPTION>

	September 30,	
	1993	1992
<S>	<C>	<C>
First mortgage loans (principally conventional):		
Principal balances:		
Secured by one-to-four family residences	$ 98,135,000	$ 96,452,000
Secured by other properties	11,648,000	10,557,000
Construction loans	6,644,000	5,919,000
	$116,427,000	$112,928,000
Other loans:		
Principal balances:		
Home equity and second mortgage	$ 3,715,000	$ 3,358,000
Other	392,000	376,000
Total other loans	$ 4,107,000	$ 3,734,000
Allowance for loan losses	$ (144,000)	$ (144,000)
Undisbursed portion of construction loans	(2,895,000)	(3,096,000)
Net deferred loan origination fees	(440,000)	(306,000)
	$ (3,479,000)	$ (3,546,000)
	$117,055,000	$113,116,000

</TABLE>

The following is an analysis of the allowance for loan losses:

<TABLE>
<CAPTION>

	Year Ended September 30,		
	1993	1992	1991
<S>	<C>	<C>	<C>

Balance, beginning	$144,000	$177,000	$103,000
Provisions charged to operations	-	-	100,000
Loans charged off	(600)	(33,000)	(26,000)
Recoveries	600	-	-
Balance, ending	$144,000	$144,000	$177,000

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nonaccrual loans for which interest has been reduced totaled approximately $844,000 and $-0- at September 30, 1993 and 1992, respectively. Interest income that would have been recorded under the original terms of such loans and the interest income actually recognized is summarized below:

<TABLE>
<CAPTION>

	Year Ended September 30,		
	1993	1992	1991
<S>	<C>	<C>	<C>
Interest income that would have been recorded	$80,000	$ -	$ -
Interest income recognized	33,000	-	-
Interest income foregone	$47,000	$ -	$ -

</TABLE>

The Bank is not committed to lend additional funds to debtors whose loans have been modified.

Mortgage loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balances of these loans are summarized as follows:

<TABLE>
<CAPTION>

	September 30,	
	1993	1992
<S>	<C>	<C>
Mortgage loan portfolios serviced for FNMA	$1,776,000	$2,853,000

</TABLE>

Custodial escrow balances maintained in connection with the foregoing loan servicing was approximately $50,000 and $40,000 at September 30, 1993 and 1992, respectively.

Note 6. Accrued Interest Receivable

Accrued interest receivable is summarized as follows:

<TABLE>
<CAPTION>

	September 30,	
	1993	1992
<S>	<C>	<C>
Investment securities	$ 303,000	$ 325,000
Mortgage-backed certificates	74,000	86,000
Loans receivable	761,000	828,000
	$1,138,000	$1,239,000

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Office Properties and Equipment

Office properties and equipment consist of the following:

<TABLE>
<CAPTION>

<S>	September 30, 1993 <C>	1992 <C>
Land	$ 138,000	$ 138,000
Buildings and improvements	1,244,000	1,006,000
Furniture and equipment	426,000	392,000
	$1,808,000	$1,536,000
Accumulated depreciation	779,000	755,000
	$1,029,000	$ 781,000

</TABLE>

Note 8. Employee Pension Plan

The Bank has a defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and the employee's compensation during the last five years of employment. The Bank's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes.

The following table sets forth the plan's funded status and amounts recognized in the Bank's consolidated statements of financial condition:

<TABLE>
<CAPTION>

<S>	September 30, 1993 <C>	1992 <C>
Actuarial present value of benefit obligations:		
Accumulated benefit obligation:		
Vested	$ (953,000)	$ (819,000)
Nonvested	(1,000)	(3,000)
	$ (954,000)	$ (822,000)
Effect of projected future compensation	(242,000)	(237,000)
Projected benefit obligation for service rendered to date	$(1,196,000)	$(1,059,000)
Plan assets at fair value; primarily cash and short-term investments	1,344,000	1,146,000
Plan assets in excess of projected benefit obligation	$ 148,000	$ 87,000

</TABLE>

<TABLE>
<CAPTION>

<S>	September 30, 1993 <C>	1992 <C>
Unrecognized net loss from past experience different from that assumed and effects of changes in assumptions	$131,000	$ 95,000

Unrecognized net transition obligation from adoption of FASB Statement No. 87 being amortized over 17 years	5,000	6,000
Prepaid pension cost (included in prepaid and other assets)	$284,000	$188,000

</TABLE>

The components of net pension expense are as follows:

<TABLE>
<CAPTION>

	Year Ended September 30,		
	1993	1992	1991
Service cost-benefits earned during the period	$ 44,000	$ 42,000	$ 39,000
Interest cost on projected benefit obligation	85,000	75,000	64,000
Actual return on plan assets	(97,000)	(79,000)	(67,000)
Net amortization and deferral	1,000	-	2,000
Net pension expense	$ 33,000	$ 38,000	$ 38,000
Assumptions used to develop the net periodic pension cost were:			
Discount rate	8.0%	8.0%	8.0%
Expected long-term rate of return on assets	8.0	8.0	8.0
Rate of increase in compensation levels	4.0	4.0	4.0

</TABLE>

The pension plan has all plan assets deposited with the bank.

On September 14, 1993, the Bank's Board of Directors voted to terminate the employee pension plan. The effective date of the plan's termination is November 10, 1993.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Deposits

Deposits are summarized as follows:

<TABLE>
<CAPTION>

	Weighted Average Rate at September 30, 1993	September 30, 1993 Amount	1993 Percent	1992 Amount	1992 Percent
Demand and NOW accounts, including noninterest-bearing deposits of $507,000 at September 30, 1993 and $481,000 at September 30, 1992	3.00%	$ 6,372,000	4.56%	$ 5,162,000	3.72%
Money market	3.25	11,219,000	8.03	9,632,000	6.94
Passbook savings	3.00	17,984,000	12.87	16,142,000	11.64
		$ 35,575,000	25.46%	$ 30,936,000	22.30%
Certificates of deposit:					
2.00% to 3.99%		$ 53,554,000	38.34%	$ 38,000	.03%
4.00% to 5.99%		46,725,000	33.45	76,768,000	55.33
6.00% to 7.99%		3,684,000	2.64	19,295,000	13.90
8.00% to 9.99%		39,000	.03	11,603,000	8.36
	4.08	$104,002,000	74.46%	$107,704,000	77.62%

Accrued interest payable	$ 108,000	.08%	$ 113,000	.08%
	$139,685,000	100.00%	$138,753,000	100.00%
Weighted average cost of savings deposits	3.82%		4.93%	

</TABLE>

The aggregate amount of short-term jumbo certificates of deposit with a minimum denomination of $100,000 was approximately $6,819,000 and $6,892,000 at September 30, 1993 and 1992, respectively.

At September 30, 1993, scheduled maturities of certificates of deposit are as follows:

<TABLE>
<CAPTION>

	Years Ended September 30,			
	1994	1995	1996	Total
<S>	<C>	<C>	<C>	<C>
2.00% to 3.99%	$53,554,000	$ -	$ -	$ 53,554,000
4.00% to 5.99%	29,290,000	13,913,000	3,522,000	46,725,000
6.00% to 7.99%	3,684,000	-	-	3,684,000
8.00% to 9.99%	-	39,000	-	39,000
	$86,528,000	$13,952,000	$3,522,000	$104,002,000

</TABLE>

Interest expense on deposits is summarized as follows:

<TABLE>
<CAPTION>

	Year Ended September 30,		
	1993	1992	1991
<S>	<C>	<C>	<C>
Passbook savings	$ 553,000	$ 643,000	$ 736,000
NOW and money market	545,000	535,000	591,000
Certificates of deposit	4,939,000	6,864,000	7,757,000
	$ 6,037,000	$ 8,042,000	$9,084,000

</TABLE>

The Bank has pledged investment securities with a book value of $1,000,000 at September 30, 1993 as collateral for public deposits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Deferred Compensation Agreements

The Bank has entered into unfunded deferred compensation agreements providing retirement and death benefits for six directors and supplemental retirement and death benefits income agreements for two executive officers. Vested benefits under the deferred compensation agreements are payable in monthly installments over a 10-year period upon death or retirement and over a 15-year and 18-year period for the supplemental income agreements. The present value of the liability for the benefits is being accrued over the vesting period per the underlying agreements. The total of the deferred compensation expense and supplemental income amounted to approximately $-0-, $55,000 and $72,000 for the years ended September 30, 1993, 1992 and 1991, respectively.

Note 11. Income Taxes

Under the Internal Revenue Code and North Carolina Income Tax Law, the Bank is allowed a special bad debt deduction related to additions to tax bad debt reserves established for the purpose of absorbing losses. The applicable provisions of the law permit the Bank to deduct from taxable income an allowance for bad debts based on the greater of 8% of taxable income before such deduction or actual loss experience. Because the Bank does not intend to use the reserve for purposes other than to absorb losses, deferred income taxes have not been provided.

Retained earnings include approximately $3,957,000 and $3,576,000 at September 30, 1993 and 1992, respectively, for which no provision for federal income taxes has been made. This amount represents allocations of income to bad debt deductions for tax purposes only. If the amounts that qualify as deductions for federal income tax purposes are later used for purposes other than bad debt losses, or adjustments arising from carryback of net operating losses, they will be subject to federal income tax at the then current corporate rate. As discussed in Note 16, the Bank has reached an agreement to provide for the acquisition of the Bank by BB&T Financial Corporation. In the event of a successful merger, the retained earnings discussed above will be subject to federal income taxes.

Income tax consists of the following:

	Year Ended September 30,		
	1993	1992	1991
Current	$1,742,000	$1,161,000	$860,000
Deferred (reduction)	23,000	54,000	(62,000)
	$1,765,000	$1,215,000	$798,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred taxes result from timing differences in the recognition of income and expense for tax and financial reporting purposes, primarily from deferred loan fees, FHLB stock dividends, pension expense, deferred compensation and supplemental income expense.

The following is a reconciliation of the federal income tax rate of 34% to the effective tax rate:

	Year Ended September 30,		
	1993	1992	1991
Statutory federal income tax rate	34.0%	34.0%	34.0%
Increase (decrease) in taxes resulting from:			
Tax bad debt deduction	(2.9)	(2.5)	(1.0)
State income taxes	4.2	4.6	3.2
Other	(.5)	(2.6)	.5
	34.8%	33.5%	36.7%

In August 1993, the United States' Congress passed the Omnibus Budget Reconciliation Act of 1993. Although the effects of this new tax legislation have not yet been determined, management does not expect the impact to be material to the consolidated financial statements viewed on an overall basis.

Note 12. Capital Requirements

Prior to its conversion to a North Carolina-chartered savings bank on October 1, 1992, Home Savings Bank of Albemarle, S.S.B. was subject to capital requirements of the Office of Thrift Supervision (OTS). Upon its conversion to a state savings bank, (as discussed in Note 16) the Bank ceased to be subject to the OTS capital requirements and became subject to the capital requirements of the FDIC and the Administrator of the North Carolina Savings Institutions Division ("the Administrator").

The FDIC requires Home Savings Bank of Albemarle, S.S.B. to have a minimum leverage ratio of Tier I Capital (principally consisting of retained earnings and any future common stockholders' equity, less any intangible assets) to total assets of at least 3%, provided that it receives the highest rating during the examination process. For institutions that receive less than the highest rating, the Tier I capital requirement is 1% to 2% above the stated minimum. The FDIC also requires the Bank to have a ratio of total capital to risk-weighted assets of 8%, of which at least 4% must be in the form of Tier I capital. The FDIC capital requirements are very similar to the OTS's core capital and risk-based capital requirements, but the FDIC does not impose tangible capital requirement. The Administrator requires a net worth equal to at least 5% of total assets.

At September 30, 1993, Home Savings Bank of Albemarle, S.S.B. complied with all the capital requirements described above as shown below:

<TABLE>
<CAPTION>

	September 30, 1993			
	Leverage Ratio of Tier I Capital	Tier I Risk-Adjusted Capital	Risk-Based Capital	N. C. Savings Bank Capital
	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
Retained earnings (GAAP)	$ 16,503	$16,503	$16,503	$ 16,503
Intangible assets	-	-	-	-
Supplemental capital items:				
General valuation allowance	-	-	144	144
Regulatory capital	$ 16,503	$16,503	$16,647	$ 16,647
Minimum capital requirement	6,316	2,953	5,906	7,895
Excess regulatory capital	$ 10,187	$13,550	$10,741	$ 8,752
Total assets at September 30, 1993	$157,909	$ -	$ -	$157,909
Risk-weighted assets at September 30, 1993	-	73,825	73,825	-
Capital as a percentage of assets:				
Actual	10.45%	22.35%	22.55%	10.54%
Required	4.00	4.00	8.00	5.00
Excess	6.45%	18.35%	14.55%	5.54%

</TABLE>

The Bank has not received a rating from the FDIC. For purposes of computing the leverage ratio of Tier I Capital, the midpoint of the required capital range is presented.

Note 13. Related Party Matters

Officers and directors of the Bank were indebted to the Bank for loans made in the ordinary course of business. The balance of such loans was $886,000 and $702,000 at September 30, 1993 and 1992, respectively.

Note 14. Other Noninterest Expense

Other noninterest expenses are summarized as follows:

<TABLE>
<CAPTION>

Year Ended September 30,

	1993	1992	1991
<S>	<C>	<C>	<C>
Contributions	$ -	$253,000	$ 43,000
Other	413,000	383,000	528,000
	$413,000	$636,000	$571,000

</TABLE>

Note 15. FASB Statements and Proposed Regulations

The Financial Accounting Standards Board has issued FASB Statement No. 106, Employer's Accounting for Postretirement Benefits Other Than Pensions, which the Bank has not adopted as of September 30, 1993, relative to postretirement health care, life insurance and other welfare benefits. The Bank's current accounting policy is in compliance with paragraph 13 of FASB Statement No. 106 (see Note 10) at September 30, 1993.

The Statement, which will be in effect for the Bank's fiscal year beginning October 1, 1993 will revise the financial accounting and reporting for an employer that offers certain postretirement benefits to its employees. This statement is not expected to have a material effect on the Bank's financial statements.

The FASB has issued Statement No. 109 which has not been adopted by the Bank as of September 30, 1993. FASB Statement No. 109 is effective for the Bank's fiscal year ending September 30, 1994.

FASB Statement No. 109, Accounting for Income Taxes, establishes financial accounting and reporting standards for the effects of income taxes that result from an enterprise's activities during the current and preceding years. It requires an asset and liability approach for financial accounting and reporting for income taxes. The future effect on retained earnings of adopting this statement is estimated to be approximately $485,000 which represents a net deferred tax liability.

In June 1993, the FASB issued SFAS No. 114, Accounting by Creditors for Impairment of Loans, relating to the accounting for impaired loans. SFAS No. 114 requires that specified impaired loans be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate. The effective rate of a loan is defined as the contractual interest rate adjusted for any deferred loan fees or costs, premiums or discounts existing at the inception or acquisition of the loan. Implementation of SFAS No. 114 is required for fiscal years beginning after December 15, 1994. SFAS No. 114 is not expected to have a material effect on the Bank's results of operations.

In June 1993, the FASB issued SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, relating to the accounting for investments such as debt securities and equity securities which have a readily determined fair value. Implementation of SFAS No. 115 is required for fiscal years beginning after December 15, 1993. This statement classifies securities as either securities that the holder has the positive intent and ability to hold to maturity, securities that were bought with the intention to sell in the near future which are defined as trading securities, or securities that are available for sale. Securities that will be held until maturity will be reported at amortized cost. Securities that are classified as trading securities will be reported at fair value, with unrealized gains and losses included in the statement of operations. Securities that are not classified as held to maturity or trading will be recorded at fair value with unrealized gains and losses excluded from earnings and shown as a component of stockholders' equity. The impact of SFAS No. 115 upon the results of operations of the Bank has not been determined.

The Federal Deposit Insurance Corporation Improvement Act (FDICIA) was enacted on December 19, 1991, and requires the implementation of uniform accounting standards for all financial institutions that are no less stringent than generally accepted accounting principles, the development of a risk-based insurance assessment system (implemented and effective January 1, 1993), gives the federal banking agencies broad corrective action powers, additional restrictions on brokered deposits, and new disclosure requirements for savings accounts, among many other aspects of the Act.

Note 16. Charter and Stock Conversion

On October 29, 1992, Home Savings and Loan Association of Albemarle converted from a state-chartered savings and loan association operating under Chapter 54B to a state-chartered savings bank under Chapter 54C of the North Carolina General Statutes. In connection therewith, it adopted the name of Home Savings Bank of Albemarle, S.S.B.

On May 27, 1993, BB&T Financial Corporation ("BB&T") and the Bank reached a definitive agreement providing for BB&T's acquisition of the Bank contemporaneously with the Bank's conversion from a state mutual savings bank to a state capital stock savings bank. The acquisition will be accomplished by the offering of BB&T's common stock. Priority will be given to eligible members of the Bank in a Subscription Offering and in a simultaneous Community Offering to residents of Stanly County, North Carolina. It is currently anticipated that any shares remaining unsold after the Subscription and Community Offerings will not be sold in a public offering or otherwise. The net proceeds from the issuance and sale of BB&T's common stock will be infused as additional capital for the Bank and as consideration of BB&T's

acquisition of the Bank as a wholly-owned subsidiary. Acquisition and merger costs of approximately $64,000 are included in prepaids and other assets and will be netted out of the proceeds. In the event the acquisition is unsuccessful, these costs will be charged to operations.

The acquisition and conversion are subject to the approval of the Federal Reserve, the FDIC and the Administrator and the deposit base. The acquisition will be accounted for under the purchase method of accounting which requires that all assets and liabilities of the Bank be adjusted to their estimated fair value as of the date of the acquisition. As of September 30, 1993, no significant transactions between BB&T and the Bank have occurred, nor are any anticipated by management.

The Plan of Conversion requires that the converted institution establish a "Liquidation Account" for the benefit of eligible account holders. This liquidation account will be assumed by BB&T upon consummation of the Merger. In the unlikely event of liquidation of the Bank or BB&T, assets would be first applied against the claims of all creditors, including claims of all depositors. Any remaining assets would then be distributed pro rata to eligible account holders who continue to hold deposits at the Bank and following merger, BB&T.

Note 17. Financial Instruments With Off-Balance-Sheet Risk

The Bank 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. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial position. The contract or notional amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

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

<TABLE>
<CAPTION>

	Fixed Rate	Variable Rate
<S>	<C>	<C>
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit, mortgage loans	$5,349,000	$ -

Undisbursed lines of credit	-	2,434,000

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 many require payment of a fee. The total commitment amounts do not necessarily represent future requirements, since some may expire without being drawn upon. The Bank evaluates each customer's credit worthiness on a case-by-case basis.

Note 18. Reclassification of Financial Statements

Certain amounts in the consolidated financial statements for 1992 have been reclassified to conform with classifications used in the September 30, 1993 consolidated financial statements. These reclassifications had no effect on 1992 or 1991 net income or retained earnings.

Note 19. Disclosures About Fair Value of Financial Instruments

The fair value of the Bank's cash and cash equivalents, is estimated to be equal to its recorded amount. For investment securities and mortgage-backed certificates, the fair value is estimated using quoted market values obtained from independent pricing services.

The fair value of loans has been estimated by discounting projected cash flows at September 30, 1993, using nationally published rates including those published by the Federal Reserve Bank and the Federal Home Loan Bank of Atlanta. These rates have been adjusted as necessary to conform with the attributes of the specific loan types in the portfolio. The valuation has also been adjusted for prepayment risk using prepayment percentages published by the Federal Home Loan Bank of Atlanta, which approximate the Bank's estimates of actual prepayment activity experienced in the portfolio. Nonperforming loans are valued at their recorded book values, because it is not practicable to reasonably assess the credit adjustment that would be applied in the marketplace for such loans. Management believes that the Bank's general valuation allowances at September 30, 1993 are an appropriate indication of the applicable credit risk associated with determining the fair value of its loan portfolio and such allowances have been deducted from the estimated fair value of loans.

The fair value of deposits with no stated maturities, including checking accounts and statement savings accounts, is estimated to be equal to the amount payable on demand as of September 30, 1993. The fair value of certificates of deposit is based upon the discounted value of the contractual cash flows. The discount rates used in these calculations approximate the current rates offered for deposits of similar remaining maturities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of checks outstanding on disbursement account is presumed to be its recorded book value.

The estimated fair value of commitments to extend credit is estimated using fees currently charged for similar arrangements adjusted for changes in interest rates and credit risk that has occurred subsequent to origination. Because the Bank believes that the credit risk associated with available but undisbursed commitments would essentially offset fees that could be recognized under similar arrangements, and because the commitments are either short term in nature or subject to immediate repricing, no fair value has been assigned to these off-balance-sheet commitments.

<TABLE>
<CAPTION>

	Recorded Book Value	Estimated Fair Value
<S>	<C>	<C>
Financial Assets:		
Cash and cash equivalents	$ 10,570,000	$ 10,570,000
Investment securities	20,269,000	21,136,000

Mortgage-backed securities	7,076,000	7,554,000
Loans receivable, net	117,055,000	122,298,000
Financial Liabilities:		
Savings deposits with no stated maturities	35,575,000	35,575,000
Savings deposits with stated maturities	104,002,000	104,647,000
Checks outstanding on disbursement account	530,000	530,000

</TABLE>

EXHIBIT 28.5

Independent Auditors' Report

The Stockholders and Board of Directors
of L.S.B. Bancshares, Inc. of South Carolina

We have audited the consolidated balance sheet of L.S.B. Bancshares, Inc. of South Carolina and subsidiaries as of December 31, 1992 and 1991, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1992. These consolidated financial statements are the responsibility of the Company'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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 financial statements referred to above present fairly, in all material respects, the financial position of L.S.B. Bancshares, Inc. of South Carolina ans subsidiaries as of December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

[SIGNATURE APPEARS HERE]

Columbia, South Carolina
March 11, 1993

Consolidated Balance Sheet

L.S.B. Bancshares, Inc. of South Carolina

(Dollars in thousands)

<TABLE>
<CAPTION>

	December 31, 1992	December 31, 1991
<S>	<C>	<C>
Assets		
Cash and due from banks (Note 3)..	$ 38,741	$ 31,963
Time deposits in other banks..		100
Investment securities (estimated fair value -- 1992-$141,274; 1991-$142,492)(Note 4)..	137,779	137,589
Federal funds sold and securities purchased under agreements to resell........	36,725	14,400
Other investments (Note 5)..	16,567	9,348
Loans (Note 6 and 20)...	372,017	325,041
Unearned income...	(2,246)	(4,392)
Allowance for loan losses...	(4,716)	(4,037)
Loans - net...	365,055	316,612
Premises and equipment - net (Note 7).......................................	12,931	10,674
Other assets (Note 8)...	12,005	13,232
Total assets..	$619,803	$533,918
Liabilities		
Deposits (Note 9)		
Noninterest bearing...	$ 64,950	$ 47,431
Interest bearing..	474,562	430,186
Total deposits..	539,512	477,617
Short-term borrowings (Note 10)...	32,628	14,730
Long-term debt (Note 11)..	4,000	2,000
Other liabilities...	2,831	3,219

Total liabilities	578,971	497,566
Commitments and contingent liabilities (Note 17)		
Stockholders' equity (Note 12)		
Common stock - $2.50 par value; 5,000,000 shares authorized; issued and outstanding 2,658,219 for 1992 and 2,634,057 for 1991	6,646	6,585
Capital surplus	18,827	18,507
Retained earnings	15,416	11,260
Net unrealized loss on marketable equity securities	(57)	
Total stockholders' equity	40,832	36,352
Total liabilities and stockholders' equity	$619,803	$533,918

</TABLE>
See notes to consolidated financial statements.

Consolidated Statement of Income

L.S.B. Bancshares, Inc. of South Carolina

(Amounts in thousands, except per share)

<TABLE>
<CAPTION>

	Years Ended December 31,		
	1992	1991	1990
<S>	<C>	<C>	<C>
Interest income			
Loans, including fees	$33,244	$34,253	$34,421
Investment securities			
Taxable	8,917	8,884	8,819
Tax-exempt	1,546	1,669	1,837
Trading account interest	49		
Federal funds sold and securities purchased under agreements to resell	774	972	1,492
Time deposits in other banks	2	14	9
Other dividends and interest	1,052	877	451
Total interest income	45,584	46,669	47,029
Interest expense			
Deposits	18,974	24,927	26,657
Short-term borrowings	878	1,337	2,061
Long-term debt	202	175	69
Total interest expense	20,054	26,439	28,787
Net interest income	25,530	20,230	18,242
Provision for loan losses (Note 6)	2,463	3,598	2,110
Net interest income after provision	23,067	16,632	16,132
Other operating income			
Service charges on deposit accounts	3,074	2,989	2,705
Credit life insurance commissions	153	329	401
Gain on sale of investment securities	256	190	44
Other income	2,321	1,435	1,093
Total other operating income	5,804	4,943	4,243
Other operating expenses (Note 13)			
Salaries and employee benefits	10,957	9,278	8,330
Net occupancy expense	1,087	945	940
Furniture and equipment expense	1,680	1,631	1,462
Other expense	6,971	5,560	4,743
Total other operating expenses	20,695	17,414	15,475
Income before income taxes	8,176	4,161	4,900
Income tax expense (Note 15)	2,407	948	841

Net income	$ 5,769	$ 3,213	$ 4,059
Per share			
Average shares outstanding	2,643	2,621	2,599
Net income	$ 2.18	$ 1.23	$ 1.56

</TABLE>

See notes to consolidated financial statements.

Consolidated Statement of Changes in Stockholders' Equity

L.S.B. Bancshares, Inc. of South Carolina

(Dollars in thousands, except per share)

<TABLE>
<CAPTION>

	Common Stock				Net Unrealized Loss on Marketable Equity Securities	
	Number of Shares	Amount	Capital Surplus	Retained Earnings		Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance January 1, 1990	2,591,410	$6,479	$18,050	$ 7,015	$ (153)	$31,391
Net income				4,059		4,059
Cash dividends declared by merged company				(30)		(30)
Cash dividends declared by LSB - $.60 per share				(1,425)		(1,425)
Sale of common stock	20,098	50	222			272
Valuation adjustment on marketable equity securities					40	40
Balance December 31, 1990	2,611,508	6,529	18,272	9,619	(113)	34,307
Net income				3,213		3,213
Cash dividends declared - $.60 per share				(1,572)		(1,572)
Sale of common stock	22,549	56	235			291
Valuation adjustment on marketable equity securities					113	113
Balance December 31, 1991	2,634,057	6,585	18,507	11,260		36,352
Net income				5,769		5,769
Cash dividends declared - $.61 per share				(1,613)		(1,613)
Sale of common stock	24,162	61	320			381
Valuation adjustment on marketable equity securities					(57)	(57)
Balance December 31, 1992	2,658,219	$6,646	$18,827	$15,416	$ (57)	$40,832

</TABLE>

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows
L.S.B. Bancshares, Inc. of South Carolina

<TABLE>
<CAPTION>

(Dollars in thousands)

	Years Ended December 31,		
	1992	1991	1990
<S>	<C>	<C>	<C>
Operating activities			
Net income	$ 5,769	$ 3,213	$ 4,059
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for loan losses	2,463	3,598	2,110
Depreciation and amortization	1,186	997	1,004
Writedowns of other real estate	274	244	177
Deferred income taxes	(394)	51	(305)

Amortization of intangibles	183	51	62
Amortization of net loan fees and costs	216	291	410
Accretion and premium amorization	130	140	(123)
Gain on sale of investment securities	(256)	(190)	(44)
(Gain) loss on sale of other investments	(126)	3	
(Gain) loss on sale of other real estate	253	90	(66)
(Increase) decrease in interest receivable	973	339	(748)
Increase (decrease) in interest payable	(599)	(338)	148
Decrease (increase) in prepaid expenses and other receivables.	733	(897)	(325)
Increase (decrease) in other accrued expenses	110	(107)	(57)
Net cash provided by operating activities	10,915	7,485	6,302
Investing activities			
Net decrease in prime deposits in other banks	100	100	1
Sales of investment securities	29,773	10,836	7,487
Maturities of investment securities	84,734	41,964	49,270
Purchases of investment securities	(114,571)	(59,637)	(75,814)
Sales of other investments	57,980	5,043	
Purchases of other investments	(65,130)	(9,348)	
Net increase in loans made to customers	(30,552)	(28,771)	(15,642)
Purchases of premises and equipment	(3,356)	(589)	(640)
Sales of other real estate	2,674	1,719	1,233
Branch office acquisitions (Note 2)	15,712		
Other			(40)
Net cash used by investing activities	(22 ,636)	(38,683)	(34,145)
Financing activities			
Net increase in demand deposits, interest checking and savings accounts	37,318	39,847	27,725
Net increase (decrease) in certificates of deposit and other time deposits	(15,160)	2,590	11,180
Net increase (decrease) in short-term borrowings	17,898	(3,294)	(10,618)
Proceeds from long-term debt	2,000		2,000
Repayment of long-term debt		(450)	(50)
Sale of common stock	381	291	272
Cash dividends paid	(1,613)	(1,572)	(1,455)
Net cash provided by financing activities	40,824	37,412	29,054
Increase in cash and cash equivalents	29,103	6,214	1,211
Cash and cash equivalents, beginning	46,363	40,149	38,938
Cash and cash equivalents, ending	$ 75,466	$ 46,363	$ 40,149

</TABLE>

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

L.S.B. Bancshares, Inc. of South Carolina

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation -- L.S.B. Bancshares, Inc. of South Carolina (LSB), a bank holding company, and its wholly-owned subsidiaries, The Lexington State Bank (including its wholly-owned subsidiary, Carolina Securities Corporation) and The Community Bank of South Carolina, provide banking services to domestic markets principally in Lexington, Richland, Beaufort, and Hampton Counties of South Carolina. The consolidated financial statements include the accounts of the parent company and its subsidiaries after elimination of all significant intercompany balances and transactions. The accounting and reporting policies of LSB and its subsidiaries are in conformity with generally accepted accounting principles and general practices within the banking industry.

Securities -- Investment securities are those securities that management acquires with the intent and ability to hold until maturity. Securities chosen for investment are selected according to several criteria including current funding opportunities, anticipated cash flow needs, analysis of overall expected net yield and pledging requirements. Investment securities are stated at cost, increased by accretion of discounts and decreased by amortization of premiums using the interest method. The gain or loss recognized on the sale of an investment security is based on the adjusted cost of the specific certificate on a trade date basis.

Trading account securities, primarily debt securities, are those securities that have been purchased for resale. The carrying amounts for trading account securities are adjusted to estimated fair value. Realized and unrealized gains and losses resulting from such adjustments, and from recording the effects of sales of trading account securities, are recognized in noninterest income on a trade date basis.

Other investments include shares in mutual funds which are stated at the lower of aggregate cost or estimated fair value. Unrealized losses on mutual funds are recorded directly in a separate stockholders' equity account. Realized gains or losses are determined using the specific identification method and are reflected in income on a trade date basis.

Interest and Fees on Loans -- Interest income on installment loans is generally recognized using the sum-of-the-months digits method. The results of using this method were not materially different from those obtained by using the interest method. Interest income on all other loans is recognized using the interest method based upon the principal amounts outstanding. Loan origination and commitment fees and certain direct loan origination costs (principally salaries and employee benefits) are being deferred and amortized as an adjustment of the related loan yields. Generally, these amounts are being amortized over the contractual life of the related loans or commitments.

When a loan is 90 days past due as to interest or principal or there is serious doubt as to collectibility, the accrual of interest income is generally discontinued unless the estimated net realizable value of collateral is sufficient to assure collection of the principal balance and accrued interest. Previously accrued interest on loans placed in a nonaccrual status is reversed against current income, and subsequent interest income is recognized when received. When the collectibility of a significant amount of principal is in serious doubt, the principal balance is reduced to the estimated net realizable value of collateral by charge-off to the allowance for loan losses and any subsequent payments are credited to the outstanding principal balance until the loan is repaid; then, such payments are credited to the allowance for loan losses as recoveries. A nonaccrual loan is not returned to accrual status unless principal and interest are current and the borrower has demonstrated the ability to continue making payments as agreed.

Allowance for Loan Losses -- An allowance for possible loan losses is maintained at a level deemed appropriate by management to provide adequately for known and inherent risks in the loan portfolio. The allowance is based upon a continuing review of past loan loss experience, current economic conditions which may affect the borrowers' ability to pay the underlying collateral value of the loans. When it is determined that a loan will not perform substantially as agreed, a review of the loan is initiated to ascertain whether it is more likely than not that a loss has occurred. If it is determined that a loss is likely, the estimated loss amount is charged off and deducted from the allowance. The provision for possible loan losses and recoveries on loans previously charged off are added to the allowance.

Premises and Equipment -- Premises and equipment are stated at cost, less accumulated depreciation and amortization. The provision for depreciation and amortization is computed by using the straight-line method. Rates of depreciation are generally based on the following estimated useful lives: buildings - 33 to 40 years; furniture and equipment - 3 to 15 years; leasehold improvements - 3 to 10 years.

Other Real Estate -- Other real estate includes properties acquired through foreclosure or acceptance of a deed in lieu of foreclosure, and loans accounted for as in-substance foreclosures. Collateral is considered foreclosed in substance when the borrower has little or no equity in its current fair value, proceeds for repayment of the related loan can be expected to come only from the operation or sale of the collateral, and the borrower has either formally or effectively abandoned control of the collateral to LSB or has retained control but it is doubtful that the borrower can rebuild equity or otherwise repay the loan in the foreseeable future. Other real estate is initially recorded at the lower of cost or the estimated fair market value less estimated selling costs.

Loan losses arising from the acquisition of such property and in recognition of in-substance foreclosures are charged to the allowance for loan losses. An allowance for losses on other real estate is maintained for subsequent downward valuation adjustments.

Employee Benefit Plans -- LSB sponsors a trusteed non-contributory defined benefit pension plan covering substantially all officers and employees meeting certain age and service requirements. The benefits are based on years of service and compensation during the five consecutive calendar years that produces the highest average level of annual compensation within the last ten years of participation. It is LSB's policy to find an amount between the minimum funding amount required by ERISA and the maximum tax deductible contribution. 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.

LSB also provides a trusteed profit-sharing plan which provides retirement and other benefits to substantially all officers and employees who meet certain age and service requirements. The plan includes a "salary reduction" feature pursuant to Section 401(k) of the Internal Revenue Code. Under the plan and present policies, participants are permitted to make discretionary contributions up to 10% of annual compensation. LSB makes marching contributions of 50% of each participants contributions until the participant's contributions reach 6% of annual compensation.

In December 1990, the Financial Accounting Standards Board issued Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This Statement requires the implementation, no later than 1993, of new accounting and disclosure rules for benefits other than pensions, such as postretirement health care programs. In addition, Statement No. 112, "Employers' Accounting for Postemployment Benefits," was issued in November 1992, by the Financial Accounting Standards Board. Statement No. 112 requires, no later than 1994, the implementation of new accounting and disclosure rules for postemployment benefits such as payments to employees for disability, layoff, or other event. LSB and its subsidiaries do not sponsor any postretirement benefits, nor are any material postemployment benefits provided. Therefore, the new requirements are not expected to have any material effect on the consolidated financial position or results of operations of LSB.

Income Taxes -- Amounts provided for income taxes are based on income reported for financial statement purposes. Deferred income taxes are provided for timing differences between the period in which certain income and expense items are recognized for financial reporting purposes and the period in which they affect taxable income.

Earnings Per Share -- Earnings per share is calculated using the weighted average number of shares outstanding during the year.

Statement of Cash Flows -- The statement of cash flows reports net cash provided or used by operating, investing and financing activities and the net effect of those flows on cash and cash equivalents. Cash equivalents include amounts due from banks and federal funds sold and securities purchased under agreements to recall.

During 1992, 1991 and 1990, interest paid on deposits, short-term borrowings and long-term debt amounted to $20,653,000, $26,777,000, and $28,639,000, respectively. Income tax payments of $2,257,000, $1,599,000, and $759,000 were made in 1992, 1991 and 1990, respectively.

Fair Value Estimates -- Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time LSB's entire holdings of a particular financial instrument. Because no active trading market exists for a significant portion of LSB's financial instruments, fair value estimates are based on management's judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing 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. For example, LSB has a substantial trust department that contributes net fee income annually. The trust department is not a financial instrument, and its value has not been considered into the fair value estimates. Other significant assets and liabilities that are not considered financial assets or liabilities include net deferred tax assets, premises and equipment and intangible assets. In addition, the income tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

For cash and due from banks, federal funds sold and securities purchased under agreements to resell, accrued interest receivable and payable and short-term borrowings, the carrying amount approximates fair value because these instruments generally mature in 90 days or less and do not present unanticipated credit concerns.

NOTE 2 -- BRANCH ACQUISITION

On May 7, 1992, LSB's subsidiary, The Community Bank of South Carolina, acquired substantially all of the assets and assumed substantially all of the liabilities of three branch offices in Beaufort, South Carolina which formerly belonged to NationsBank of South Carolina, NA. The transaction was accounted for using the purchase method. Accordingly, the consolidated financial statements reflect the results of operations and the assets and liabilities of the acquired offices since the date of acquisition. The pro forma effect of this transaction on the consolidated operations of LSB is not material.

The principal assets acquired and liabilities assumed in the purchase are summarized below.

	(Dollars in thousands)
Loans, net	$ 22,477
Premises, equipment and other assets	111
Intangible core deposit premium	1,537
Deposits and other liabilities	(39,837)
Cash received for net liabilities assumed	$(15,712)

The intangible value of core deposits represents the estimated net present value of the future economic benefits related to use of the deposits purchased. Such amount is being amortized in proportion to the estimated annual benefit to be derived over a period not to exceed fifteen years.

NOTE 3 -- CASH AND DUE FROM BANKS

The banking subsidiaries are required by regulation to maintain average cash reserve balances based on a percentage of deposits. The average amounts of the cash reserve balances at December 31, 1992 and 1991 were approximately $13,000,000 and $12,971,000, respectively.

NOTE 4 -- INVESTMENT SECURITIES

The aggregate carrying amount estimated fair value of investment accurities were:

	December 31,			
	1992		1991	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(Dollars in thousands)			
U.S. Treasury and U.S. Government agencies and corporations	$ 99,733	$102,357	$104,376	$108,639
Obligations of states and political subdivisions	22,098	22,918	25,618	26,260
Mortgage-backed securities	15,948	15,999	7,594	7,593
Other			1	
Total	$137,779	$141,274	$137,589	$142,492

The aggregate carrying amount and estimated fair value of investment securities by maturity date were as follows:

	December 31,			
	1992		1991	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(Dollars in thousands)			
Due in one year or less	$ 32,506	$ 33,169	$ 43,400	$ 44,002
Due after one through five years	73,403	75,487	66,905	70,359

Due after five through ten years	15,922	16,619	19,689	20,538
	121,831	125,275	129,994	134,899
Mortgage-backed securities	15,948	15,999	7,594	7,593
Other			1	
Total	$137,779	$141,274	$137,589	$142,492

</TABLE>

The fair value of investment securities, except certain obligations of states and political subdivisions, is estimated based on published closing quotations or dealers' quotes. The fair value of certain obligations of states and political subdivisions is not readily available from market sources other than dealer quotations; consequently, fair value estimates are based on quoted market prices of similar instruments, adjusted for differences between the quoted instruments and the instruments being valued.

Following are the approximate gross unrealized gains and gross unrealized losses for investment securities:

<TABLE>
<CAPTION>

	December 31,			
	1992		1991	
	Gross Unrealized Gains	Gross Unrealized Losses	Gross Unrealized Gains	Gross Unrealized Losses
	(Dollars in thousands)			
<S>	<C>	<C>	<C>	<C>
U.S. Treasury and U.S. Government agencies and corporations	$ 2,679	$ 55	$ 4,263	$
Obligations of states and political subdivisions	827	7	886	244
Mortage-backed securities	220	169		1
Other				1
Total	$ 3,276	$ 231	$ 5,149	$ 246

</TABLE>

The proceeds from sales of investment securities and the gross realized gains and gross realized losses on such sales were as follows.

<TABLE>
<CAPTION>

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands)		
<S>	<C>	<C>	<C>
Proceeds from sales	$29,733	$10,836	$7,487
Gross realized gains	256	190	44

</TABLE>

At December 31, 1992 and 1991, investment securities with a book value of $122,694,000 and $97,827,000, respectively, were pledged as collateral to secure public deposits, securities sold under agreements to repurchase, and for other purposes.

NOTE 5 -- OTHER INVESTMENTS

Other investments are presented in the balance sheet as follows:

<TABLE>
<CAPTION>

	December 31,	
	1992	1991
	(Dollars in thousands)	
<S>	<C>	<C>
Aggregate carrying amount	$16,624	$9,348
Gross unrealized gains		6
Gross unrealized losses	(57)	
Estimated fair value	$16,567	$9,354

</TABLE>

The fair value of other investments is estimated based on closing quotations published in financial newspapers.

NOTE 6 -- LOANS

Loans consisted of the following:

	December 31, 1992 Carrying Amount	1992 Estimated Fair Value	1991 Carrying Amount
	(Dollars in thousands)		
Commercial, financial and agricultural	$ 56,443	$ 56,526	$ 46,034
Real estate -- construction	15,247	15,231	16,775
Real estate -- mortgage	235,361	236,442	193,242
Consumer installment loans	64,966	65,657	68,990
Total loans	$ 372,017	$373,856	$325,041

Included in the above carrying amounts were nonperforming loans as follows:

	December 31, 1992	1991
	(Dollars in thousands)	
Nonaccrual loans	$2,914	$3,544
Accruing loans 90 days or more past due	298	1,224
Total	$3,212	$4,768

interest income that would have been recorded if nonaccrual loans had been in accordance with their original terms amounted to $322,000, $430,000 and $428,000 for the years ended December 31, 1992, 1991 and 1990, respectively. Recognized interest income on these loans was $102,000, $252,000 and $206,000 for the years ended December 31, 1992, 1991 and 1990, respectively. There were no outstanding commitments at December 31, 1992, to lend additional funds to debtors owing nonaccrual loans.

Fair values are estimated for loan categories with similar financial characteristics. Within each category, the fair value of loans is calculated by discounting estimated cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the loan. For certain categories of loans, such as variable rate loans, credit card receivables, and other lines of credit, the carrying amount, adjusted for credit risk, is a reasonable estimate of fair value because there is no contractual maturity or because LSB has the ability to reprice the loans as interest rate shifts occur. Since the discount rates are based on current loan rates offered as well as management's estimates, the fair values presented may not necessarily be indicative of the value negotiated in an actual sale.

Transactions in the allowance for loan losses are summarized below:

	Years Ended December 31, 1992	1991	1990
	(Dollars in thousands)		
Balance at January 1	$ 4,037	$ 3,838	$ 3,570
Provision charged to expense	2,463	3,598	2,110
Recoveries	288	216	202
Charge-offs	(2,072)	(3,615)	(2,044)
Balance at December 31	$ 4,716	$ 4,037	$ 3,838

</TABLE>

As of December 31, 1992, there were no significant concentrations of credit risk in any single borrower or groups of borrowers. The loan portfolio consists of extensions of credit to businesses and individuals principally in Lexington, Richland, Beaufort and Hampton Counties of South Carolina. Approximately 82% of LSB's loans were made in the Lexington-Richland County area, 12% in the Hampton County area, and 6% in the Beaufort County area. The economy of the Lexington-Richland County area is diversified and the area is a major center of state and county government, banking, insurance, manufacturing, service industries and higher education. Beaufort County's economy is influenced by tourism, the Paris Island Marine Depot and Training Center, retail businesses and agriculture. The county is increasingly attracting retirees to live in its coastal area. Hampton County is a rural area whose economy consists primarily of agriculture, timber and wood products, and plastics industries. LSB's management has established loan policies and practices that include set limitations on loan-to-collateral value for various types of collateral, requirements for appraisals, obtaining and maintaining current credit and financial information to borrowers, and credit approvals.

NOTE 7 -- PREMISES AND EQUIPMENT

Premises and equipment consisted of the following:

<TABLE>
<CAPTION>

	December 31, 1992	December 31, 1991
	(Dollars in thousands)	
<S>	<C>	<C>
Land	$ 2,086	$ 1,952
Buildings	9,766	8,549
Leasehold improvements	229	228
Furniture and equipment	9,599	7,623
Total	21,680	18,352
Accumulated depreciation and amortization	(8,749)	(7,678)
Premises and equipment - net	$ 12,931	$ 10,674

</TABLE>

Depreciation and amortization expense for the years ended December 31, 1992, 1991 and 1990, was $1,186,000, $997,000 and $1,004,000, respectively.

As of December 31, 1992, commitments totaling $1,769,000 had been entered into for construction, renovations, computer equipment and software purchases for 1993.

NOTE 8 -- OTHER REAL ESTATE

Other real estate of $1,690,000 and $3,331,000, is included in other assets at December 31, 1992 and 1991, respectively. At December 31, 1992, an allowance of $188,000 for other real estate losses subsequent to acquisition has been established by charges to net cost of operation of other real estate.

NOTE 9 -- DEPOSITS

Deposits consisted of the following:

<TABLE>
<CAPTION>

	December 31, 1992		December 31, 1991
	Carrying Amount	Estimated Fair Value	Carrying Amount
	(Dollars in thousands)		
<S>	<C>	<C>	<C>
Noninterest bearing demand	$ 64,950	$ 64,950	$ 47,431
Interest bearing transaction accounts	208,306	208,306	171,900
Savings	40,630	40,630	28,537
Time deposits $100M and over	42,579	43,067	42,685
Other time deposits	183,047	184,247	187,064
Total deposits	$539,512	$541,200	$477,617

======== ======== ========

</TABLE>

The fair value of deposits with no stated maturity (noninterest bearing demand, interest bearing transaction accounts and savings) is equal to the amount payable on demand, or carrying amount, as of December 31, 1992. The fair value of time deposits is estimated based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered as of December 31, 1992, for deposits of similar remaining maturities.

NOTE 10 -- SHORT-TERM BORROWINGS

Short-term borrowings payable were:

	December 31, 1992	December 31, 1991
	(Dollars in thousands)	
Federal funds purchased and securities sold under agreements to repurchase............	$31,628	$13,730
Interest bearing demand notes issued to the U.S. Treasury..................................	1,000	1,000
Total..	$32,628	$14,730

Federal funds purchased and securities sold under agreements to repurchase generally mature on a one to thirty-one day basis. At December 31, 1992 and 1991, the combined weighted average interest rates related to Federal funds purchased and securities sold under agreements to repurchase were 2.96% and 3.77%, respectively. At December 31, 1992 and 1991, the interest rates on interest bearing notes issued to the U.S. Treasury were 2.85% and 4.02%, respectively.

At December 31, 1992, the banking subsidiaries had unused short-term lines of credit to purchase federal funds from unrelated banks totaling $18,500,000. These lines of credit are available on a one to seven day basis for general corporate purposes of the banks. All of the lenders have reserved the right to withdraw these lines at their option.

NOTE 11--LONG-TERM DEBT

Long-term debt consisted of the following:

	December 31, 1992	December 31, 1991
	(Dollars in thousands)	
L.S.B. Bancshares, Inc. of South Carolina- 5.82%, $4 million subordinated capital note, dated 1990, with interest only due quarterly until annual principal installments of $1,000,000 begin in 1996 with final maturity in 1999.............	$4,000	$2,000

As of December 31, 1992, the carrying amount of LSB's long-term debt approximates fair value because the interest rate on such debt reprices immediately with changes in the lender's prime rate, and management is not aware of any significant change in the credit risk associated with the debt.

Future debt maturities are as follows:

Year Ended December 31,	(Dollars in thousands)
1996................................	$1,000

1997	1,000
1998	1,000
1999	1,000
Total	$4,000

Interest on the subordinated note fluctuates at 97% of the lender's prime rate with LSB having certain options to fix the interest rate. The note is subordinate to the claims of depositors. In a related loan agreement, LSB has agreed to certain covenants including: maintenance of specified amounts of net worth; minimum ratios of capital adequacy, income to average assets and income to average equity; a maximum ratio of loans to deposits; maximum ratios of problem loans and other problem assets to total loans, and that ratios of the allowance for loan losses to problem loans and other problem assets be maintained above prescribed levels. The loan agreement also restricts the disposition of subsidiaries' common stock, the pledging of certain assets to secure indebtedness, additional borrowings, and the payment of cash dividends. Under the provisions of the loan agreement, $5,769,000 of consolidated retained earnings are available for cash dividends after December 31, 1992, provided that such payments would not thereafter cause net worth and ratios of capital adequacy to decrease below the specified levels. LSB was in compliance with each of the covenants as of December 31, 1992.

NOTE 12 -- STOCKHOLDERS' EQUITY

Sale of Common Stock -- As of July 14, 1992, LSB registered 200,000 shares of its authorized but unissued common stock for sale through its Dividend Reinvestment and Shareholder Stock Purchase Plan. Under this new plan, LSB is offering all holders of its common stock the opportunity to reinvest automatically their cash dividends in shares of common stock, and to invest up to $1,000 in cash contributions per calendar quarter to purchase additional shares. The price paid for shares purchased through the plan is the bid price of the common stock reported on the NASDAQ over-the-counter market on the trading day preceding the date an investment is made. Prior to this plan, a dividend reinvestment plan was in effect that permitted only the reinvestment of cash dividends to purchase shares. Shares issued under the Dividend Reinvestment and Stock Purchase plan generally are newly issued shares. However, LSB may purchase shares for participants in the open market.

Following is a summary of the activity in the aforementioned plans:

	Years Ended December 31,		
	1992	1991	1990
Shares reserved for Dividend Reinvestment and Shareholder Stock Purchase Plans -- beginning	11,743	34,292	54,390
Registration of additional shares	200,000		
Shares issued to participants:			
First quarter	5,371	6,274	4,494
Second quarter	5,269	5,551	4,723
Third quarter	4,607	5,407	4,625
Fourth quarter	8,915	5,317	6,256
Total shares issued	24,162	22,549	20,098
Shares reserved for Dividend Reinvestment and Shareholder Stock Purchase Plans -- ending	187,581	11,743	34,292

Regulatory Capital -- LSB and its banking subsidiaries are subject to regulatory risk-based capital adequacy standards. Under these standards, bank holding companies and banks are required to maintain various minimum ratios of capital to risk-weighted assets and average assets.

The following table sets forth the risk-based capital ratios of LSB and its banking subsidiaries compared to the minimum levels prescribed by regulation:

	Tier 1	Total Capital	Leverage
LSB	10.49%	12.65%	6.41%
The Lexington State Bank	11.18%	12.39%	7.00%

The Community Bank of South Carolina......	11.94%	13.19%	6.34%
Minimum required..........................	4.00%	8.00%	3.00%

</TABLE>

NOTE 13 -- OTHER OPERATING EXPENSES

Other operating expenses are summarized as follows:

<TABLE>
<CAPTION>

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands)		
Salaries and employee benefits.......................	$10,957	$ 9,278	$ 8,330
Net occupancy expense................................	1,087	945	940
Furniture and equipment expense......................	1,680	1,631	1,462
Other expense			
Stationary, printing and supplies..................	904	746	730
Postage..	612	546	467
Telephone..	368	264	236
Advertising..	427	377	400
Net cost of operation of other real estate.........	509	522	251
Amortization of intangibles........................	183	51	62
FDIC insurance assessment..........................	1,114	914	475
Other..	2,854	2,140	2,122
Total..	$20,695	$17,414	$15,475

</TABLE>

NOTE 14 -- RETIREMENT PLANS

The following table sets forth the funded status of LSB's pension plan and amounts recognized in the consolidated balance sheet:

<TABLE>
<CAPTION>

	December 31,	
	1992	1991
	(Dollars in thousands)	
Actuarial present value of benefit obligations:		
Accumulated benefit obligations, including vested benefits of $2,272 for 1992 and $1.033 for 1991.......................	$ 2,354	$ 1,080
Projected benefit obligation for service rendered to date.................	$(4,074)	$(1,714)
Plan assets at fair value, primarily listed stocks and bonds..............	2,026	1,381
Projected benefit obligation greater than plan assets.....................	(2,048)	(333)
Unrecognized prior service cost...	1,400	129
Unrecognized net loss...	818	248
Adjustment required to recognize minimum liability........................	(327)	
(Accrued) prepaid pension cost included in other (liabilities) assets......	$ (157)	$ 44

</TABLE>

In accordance with Statement of Financial Accounting Standards No. 87, LSB has recorded an adjustment, as shown in the table above, to recognize a minimum pension liability for 1992. A corresponding offsetting asset, "Deferred pension costs," has been recorded and included in other assets in the consolidated balance sheet.

Net pension cost consisted of the following components:

<TABLE>
<CAPTION>

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands)		
Service cost...	$ 282	$ 376	$ 357
Interest cost..	228	90	59
Actual return on plan assets.........................	(69)	(42)	(43)
Net amortization and deferral........................	41	(38)	10

Net periodic pension cost	$ 482	$ 386	$ 383

Assumptions used in accounting for the plan were:

	Years Ended December 31,	
	1992	1991
Weighted average discount rate	6.75%	7.50%
Average rate of increase in future compensation levels	5.50%	5.50%
Expected long-term rate of return on assets	8.00%	8.00%

Included in expenses were contributions to the banking subsidiaries' profit-sharing plans of $125,000, $107,000 and $83,000 for the years ended December 31, 1992, 1991 and 1990, respectively.

NOTE 15--INCOME TAXES

Income tax expense is summarized below:

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands)		
Currently payable			
Federal	$2,505	$ 750	$ 980
State	296	147	166
Total current	2,801	897	1,146
Deferred			
Federal	(360)	48	(286)
State	(34)	3	(19)
Total deferred	(394)	51	(305)
Total	$2,407	$ 948	$ 841

Deferred income taxes of $786,000 and $392,000 at December 31, 1992 and 1991, respectively, are included in other assets. Deferred income taxes result from timing differences in the recognition of certain items of income and expense for tax and financial reporting purposes.

The principal sources of these differences and the related deferred tax effects are as follows:

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands)		
Provision for loan losses	$ (471)	$ 65	$ (317)
Accelerated depreciation	39	61	124
Deferred net loan costs	(14)	(64)	(87)
Other	52	(11)	(25)
Total	$ (394)	$ 51	$ (305)

A reconciliation between the income tax expense and the amount computed by applying the federal statutory rate of 34% to income before income taxes follows:

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands)		
Tax expense at statutory rate	$ 2,780	$ 1,415	$ 1,666
State income tax, net of federal income tax benefit	173	99	111
Tax-exempt interest income	(680)	(661)	(720)
Non-deductible interest expense to carry tax-exempt instruments	75	91	115
Tax credit for rehabilitation of historic structure			(145)
Other	59	4	37
Restoration of net deferred tax charges of merged company			(223)
Net operating loss of merged company for which no tax benefits were recognized			
Total	$ 2,407	$ 948	$ 841

Income tax expense related to investment security gains was $92,000, $68,000, and $16,000 for 1992, 1991, and 1990 respectively.

In February 1992, the Financial Accounting Standards Board issued Statement No. 109, "Accounting for Income Taxes," which requires a change in the method of accounting primarily for deferred income taxes. LSB has elected to adopt the new accounting rule as of January 1, 1993, without restatement of prior periods. The effects of adopting Statement No. 109 as of the adoption date have been calculated and found by management to have no material adverse or beneficial effect on consolidated financial position or results of operations.

NOTES 16 -- L.S.B. BANCSHARES, INC. OF SOUTH CAROLINA (PARENT COMPANY ONLY)

	December 31,	
	1992	1991
	(Dollars in thousands)	
Balance Sheet		
Assets		
Cash	$ 171	$ 41
Time deposits in other banks		100
Other investments	452	1,308
Investment in banking subsidiaries	44,003	36,699
Land	75	170
Other assets	416	115
Total assets	$45,117	$38,433
Liabilities		
Long-term debt	$ 4,000	$ 2,000
Other liabilities	285	81
Stockholders' equity	40,832	36,352
Total liabilities and stockholders' equity	$45,117	$38,433

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands)		
Statement of Income			
Income			
Dividends from banking subsidiaries	$ 1,607	$ 1,574	$ 1,446
Other dividends and interest	39	98	110
Other income		2	9
Total income	1,646	1,674	1,565

Expenses			
Interest expense	202	167	42
Other expense	286	94	229
Total expenses	488	261	271
Income before income taxes and equity in undistributed earnings of banking subsidiaries	1,158	1,413	1,294
Income tax expense (credit)	(153)	(55)	7
Equity in undistributed earnings of banking subsidiaries	4,458	1,745	2,772
Net income	$ 5,769	$ 3,213	$ 4,059

<CAPTION>

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands)		
<S>	<C>	<C>	<C>
Statement of Cash Flows			
Operating activities			
Net income	$ 5,769	$ 3,213	$ 4,059
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed earnings of banking subsidiaries	(4,458)	(1,745)	(2,772)
(Gain) loss on sale of other investments	2	(2)	
Decrease in interest receivable	2	4	5
Increase in interest payable	14	1	24
(Increase) decrease in prepaid expenses and receivables	(303)	(109)	4
Increase (decrease) in other accrued expenses and payables	190	49	(13)
Net cash provided by operating activities	1,216	1,411	1,307
Investing activities			
Net decrease in time deposits in other banks	100	50	1
Sales of other investments	951	997	
Purchase of other investments	(100)	(1,307)	
Investment in banking subsidiaries	(2,900)		(2,000)
Purchases of land			(75)
Sales of land	95	1	86
Net cash used by investing activities	(1,854)	(259)	(1,988)
Financing activities			
Sale of common stock	381	291	272
Net decrease in short-term borrowings			(178)
Proceeds from long-term debt	2,000		2,000
Cash dividends paid	(1,613)	(1,572)	(1,455)
Net cash provided (used) by financing activities	768	(1,281)	639
Increase (decrease) in cash and cash equivalents	130	(129)	(42)
Cash and cash equivalents, beginning	41	170	212
Cash and cash equivalents, ending	$ 171	$ 41	$ 170

NOTE 17--COMMITMENTS AND CONTINGENT LIABILITIES

Commitments--In the normal course of business, LSB's banking subsidiaries are parties to financial instruments with off-balance-sheet risk. These financial instruments include commitments to extend credit, standby letters of credit and securities lent, and have elements of credit risk in excess of the amount recognized in the balance sheet. The exposure to credit loss in the event of nonperformance by the other parties to these financial instruments is represented by the contractual notional amount of those instruments. Generally, the same credit policies used for on-balance-sheet instruments, such as loans, are used in extending commitments, standby letters of credit, and securities lent.

Following are the off-balance-sheet financial instruments whose contract amounts represent credit risk:

</TABLE>
<TABLE>
<CAPTION>

	December 31, 1992	December 31, 1991
	(Dollars in thousands)	
Loan commitments	$60,291	$44,891
Standby letters of credit	1,751	2,144
Securities lent	8,059	

</TABLE>

Loan commitments involve 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 some involve payment of a fee. Many of the commitments are expected to expire without being fully drawn; therefore, the total amount of loan commitments does not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if any, upon extension of credit is based on management's credit evaluation of the borrower. Collateral held varies but may include commercial and residential real properties, accounts receivable, inventory and equipment.

Standby letters of credit are conditional commitments to guarantee the performance of a customer to a third party. All of the standby letters of credit expire within 1993. The credit risk involved in issuing standby letters of credit is the same as that involved in making loan commitments to customers. As of December 31, 1992 and 1991, approximately $499,000 and $286,000, respectively, of the standby letters of credit were unsecured. Collateral for secured standby letters of credit varies but may include commercial and residential real properties, accounts receivable, inventory, equipment, marketable securities and certificates of deposit. Since most of the letters of credit are expected to expire without being drawn upon, the contract amounts do not necessarily represent future cash requirements.

Securities lent represent customer securities lent to third parties. LSB's banking subsidiaries assume credit risk on these instruments by indemnifying the customer against the borrower's failure to return the securities. To minimize this risk, the banking subsidiaries evaluate the creditworthiness of the borrower on a case-by-case basis, and collateral with a market value exceeding 100% of the contract amount of securities lent is obtained.

Statement of Financial Accounting Standards No. 107 requires the discosure of the estimated fair values of off-balance-sheet financial instruments for which it is practicable to estimate fair value. The estimated fair values of such off-balance-sheet financial instruments are generally based upon fees charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' creditworthiness. The vast majority of LSB's loan commitments do not involve the charging of a fee, and the fees associated with outstanding standby letters of credit and securities lent are not material. Therefore, as of December 31, 1992, the estimated fair value of LSB's off-balance-sheet financial instruments is nominal. For loan commitments and standby letters of credit, the committed interest rates are either variable or approximate current interest rates offered for similar commitments. Management is not aware of any significant change in the credit risk associated with these commitments. Securities lent positions mature on a demand basis and do not present unanticipated credit concerns.

Contingent Liabilities--LSB and its subsidiaries are, from time to time, involved as defendants in various legal proceedings arising in the normal course of business. As of December 31, 1992, one of LSB's subsidiaries banks was named as a defendant in a lawsuit in which the plaintiff seeks damages arising from the bank's repossession and foreclosure of collateral securing a loan. Management believes that the bank has meritorious defenses available

and intends to vigorously contest this lawsuit. Although the amount of any ultimate liability with respect to this matter cannot be determined with certainty, in the opinion of management and legal counsel, these proceedings will not have a material adverse effect on LSB's consolidated financial position. Management and legal counsel are not aware of any other pending or threatened litigation, or unasserted claims or assessments that could result in losses, if any, that would be material to the consolidated financial statements.

NOTE 18--RESTRICTIONS ON SUBSIDIARY DIVIDENDS, LOANS OR ADVANCES

South Carolina banking regulations restrict the amount of dividends that can be paid to stockholders. All of the banking subsidiaries' dividends to LSB are subject to the prior approval of the Commissioner of Banking and are payable only from their undivided profits. At December 31, 1992, the banking subsidiaries' undivided profits totaled $16,505,000. Under Federal Reserve Board regulations, the amounts of loans or advances from the banking subsidiaries to the parent company are also restricted.

NOTE 19--LEASING

The annual minimum rental commitments under the terms of noncancelable operating leases as of December 31, 1992, are as follows:

	(Dollars in thousands)
1993	$ 81
1994	78
1995	73
1996	41
1997	37
Thereafter	293
Total minimum lease payments	$603

Rental expense for all operating leases was $63,000, $265,000, and $278,000 for the years ended December 31, 1992, 1991 and 1990, respectively. Some leases provide for the payment of executory costs and contain options to renew.

NOTE 20--LOANS TO RELATED PARTIES

Certain executive officers and directors of the consolidated companies, their immediate families and business interests were loan customers of, and had other transactions in the normal course of business with, the banking subsidiaries. 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 $2,977,000 and $2,962,000 at December 31, 1992 and 1991, respectively. During 1992, $1,473,000 of new loans were made and repayments totaled $1,458,000.

NOTE 21--PENDING TRANSACTION

LSB entered into an Agreement and Plan of Merger (Agreement), as amended, dated November 10, 1992 whereby LSB will exchange previously unissued shares of its authorized common stock for all of the 20,000 outstanding common shares of The Dorn Banking Company (Dorn), McCormick, South Carolina. Dorn provides banking services to domestic markets principally in McCormick and Greenwood Counties of South Carolina. Under the terms of the Agreement, Dorn will be merged into LSB's subsidiary, The Lexington State Bank. The proposed business combination is expected to be accounted for using the pooling-of-interests method.

Under terms of the Agreement, 418,944 shares of LSB common stock will be exchanged for the 20,000 outstanding shares of Dom. Therefore, the exchange ratio is 20.95 shares of LSB common stock for one share of Dom common stock. The agreement is subject to approval by the stockholders of Dom and by regulatory authorities. The Agreement may be terminated at any time prior to the effective date of the merger by the mutual consent of the LSB and Dom Boards of Directors, or by either party should material adverse changes occur in the business of the other party.

The following table presents selected consolidated financial data for LSB and Dom on an historical basis and on a pro forma combined basis:

	Years Ended December 31,		
	1992	1991	1990
	(Dollars in thousands, except per share)		
Results of operations			
Total interest income			
LSB	$ 45,584	$ 46,669	$ 47,029
Dom	2,141	2,099	2,149

LSB and Dom pro forma............	47,725	48,768	49,178
Total interest expense			
LSB..............................	$ 20,054	$ 26,439	$ 28,787
Dom..............................	1,039	1,087	1,084
LSB and Dom pro forma............	21,093	27,526	29,871
Net interest income			
LSB..............................	$ 25,530	$ 20,230	$ 18,242
Dom..............................	1,102	1,012	1,065
LSB and Dom pro forma............	26,632	21,242	19,307
Provision for loan losses			
LSB..............................	$ 2,463	$ 3,598	$ 2,110
Dom..............................	65	10	11
LSB and Dom pro forma............	2,528	3,608	2,121
Investment securities gains			
LSB..............................	$ 256	$ 190	$ 44
Dom..............................			
LSB and Dom pro forma............	256	190	44
Total other operating income			
LSB..............................	$ 5,548	$ 4,753	$ 4,199
Dom..............................	160	156	141
LSB and Dom pro forma............	5,708	4,909	4,340
Total other operating expenses			
LSB..............................	$ 20,695	$ 17,414	$ 15,475
Dom..............................	800	766	735
LSB and Dom pro forma............	21,495	18,180	16,210
Income (loss) before income taxes			
LSB..............................	$ 8,176	$ 4,161	$ 4,900
Dom..............................	397	392	460
LSB and Dom pro forma............	8,573	4,553	5,360
Income tax expense (credit)			
LSB..............................	$ 2,407	$ 948	$ 841
Dom..............................	27	(11)	8
LSB and Dom pro forma............	2,434	937	849
Net income (loss)			
LSB..............................	$ 5,769	$ 3,213	$ 4,059
Dom..............................	370	403	452
LSB and Dom pro forma............	6,139	3,616	4,511

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>
Financial condition			
Total assets (end of period)			
LSB......................................	$619,803	$533,918	$493,625
Dom......................................	31,518	26,950	24,578
LSB and Dom pro forma......................	651,321	560,868	518,203
Loans, net of unearned income (end of period)			
LSB......................................	$369,771	$320,649	$299,202
Dom......................................	8,727	8,169	8,127
LSB and Dom pro forma......................	378,498	328,818	307,329
Total deposits (end of period)			
LSB......................................	$539,512	$477,617	$435,180
Dom......................................	23,912	19,680	17,690
LSB and Domn pro forma.....................	563,424	497,297	452,870
Long-term debt (end of period)			
LSB......................................	$ 4,000	$ 2,000	$ 2,450
Dorm.....................................			
LSB and Dom pro forma......................	4,000	2,000	2,450
Stockholders' equity (end of period)			
LSB......................................	$ 40,832	$ 36,352	$ 34,307
Dom......................................	6,760	6,490	6,187
LSB and Dom pro forma......................	47,592	42,842	40,494
Per share			
Net income per share			
LSB......................................	$ 2.18	$ 1.23	$ 1.56
Dom......................................	18.50	20.15	22.60
LSB and Dom pro forma......................	2.00	1.19	1.49
Book value per share at year end			
LSB......................................	$ 15.36	$ 13.80	$ 13.14
Dom......................................	338.00	324.50	309.35
LSB and Dom pro forma......................	15.47	14.03	13.36

</TABLE>

EXHIBIT 28.6

L.S.B. Bancshares, Inc. of South Carolina

CONSOLIDATED STATEMENTS OF CONDITION
(Unaudited)

	Sept. 30, 1993	Sept. 30, 1992
ASSETS		
Cash and due from banks	$35,294,305.28	$32,531,957.48
Time deposits due from banks	.00	.00
Investment securities	168,600,162.34	142,081,479.38
FHLB stock	1,551,100.00	.00
Federal funds sold and sec purch	12,100,000.00	2,375,000.00
Other investments	31,745,215.63	16,622,815.05
Securities trading account	1,561,268.31	3,000,000.00
Loans, net of unearned income	372,767,547.19	368,674,130.08
Allowance for loan losses	(4,895,380.09)	(4,535,167.34)
Net loans	367,872,167.10	364,138,962.74
Premises and equipment	14,378,645.54	12,874,938.47
Other real estate owned	1,866,542.29	2,109,433.07
Intangible assets	1,280,618.09	1,596,743.38
Other assets	9,818,193.57	8,921,341.86
TOTAL ASSETS	$646,068,218.15	$586,252,671.43
LIABILITIES		
Deposits		
Non-interest bearing demand	$73,027,945.17	$59,181,299.59
Interest bearing	472,106,430.32	450,610,610.01
Total deposits	545,134,375.49	509,791,909.60
Short-term borrowings	45,014,923.75	29,181,673.57
Long-term debt	8,000,000.00	4,000,000.00
Other liabilities	2,955,965.89	3,781,954.16
TOTAL LIABILITIES	601,105,265.13	546,755,537.33

STOCKHOLDERS' EQUITY		
Common stock	6,720,070.00	6,623,260.00
Surplus	19,380,457.91	18,701,892.91
Undivided profits	14,135,288.27	10,071,192.02
Market valuation adjustment	(26,697.75)	(681.50)
Net income	4,753,834.59	4,101,470.67
TOTAL STOCKHOLDERS' EQUITY	44,962,953.02	39,497,134.10
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$646,068,218.15	$586,252,671.43

</TABLE>

L.S.B. BANCSHARES, INC. OF SOUTH CAROLINA

CONSOLIDATED STATEMENTS OF EARNINGS

<TABLE>
<CAPTION>

	Nine Months Ended	
	Sept. 30, 1993	Sept. 30, 1992
<S>	<C>	<C>
INTEREST INCOME		
Loans, including fees	$24,648,758.63	$24,726,630.29
Investment securities:		
Taxable	6,426,034.45	6,772,229.58
Tax-exempt	989,570.66	1,167,228.39
Total Investment Securities	7,415,605.11	7,939,457.97
Securities trading account	58,772.79	28,782.21
Dividends on FHLB stock	34,794.62	.00
Federal funds sold & sec purch	353,113.17	616,192.09
Tax refunds	.00	48.17
Time balances	(451.63)	1,989.45
Other investments	839,131.05	873,894.77
TOTAL INTEREST INCOME	33,349,723.74	34,186,994.95
INTEREST EXPENSE		
Deposits	11,990,017.97	14,762,939.59
Federal funds purch. & sec. sold	794,020.61	635,986.17

Short-term borrowings	20,547.51	27,511.80
Long-term debt	200,340.06	144,934.22
TOTAL INTEREST EXPENSE	13,004,926.15	15,571,371.78
Net interest income	20,344,797.59	18,615,623.17
Less: Provision for Loan Losses	1,162,000.00	1,880,000.00
Net interest income after provision	19,182,797.59	16,735,623.17

</TABLE>

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

OTHER OPERATING INCOME		
Trust department income	286,324.84	166,013.49
Service charges on deposit accounts	2,860,332.56	2,245,520.69
Insurance commissions	132,220.50	108,225.19
Other service charges & commissions	1,263,432.24	1,080,701.18
Net securities gains	132,749.01	326,649.10
Trading account gains	74,851.03	.00
Net gain on sale of ORE	6,130.90	.00
Gain on disposition of assets	(7,866.98)	.00
Other income	561,946.47	353,728.72
TOTAL OTHER OPERATING INCOME	5,310,120.57	4,280,838.37
OTHER OPERATING EXPENSE		
Salaries & employee benefits	9,364,018.08	8,031,790.91
Occupancy expense	911,058.97	817,951.29
Furniture & equipment expense	1,462,673.45	1,238,850.61
Net securities losses	.00	.00
Trading account losses	.00	.00
Net loss on sale of ORE	.00	236,495.81
FDIC assessment	896,978.95	822,735.67
Other expense	5,111,006.12	4,126,276.58
TOTAL OTHER OPERATING EXPENSE	17,745,735.57	15,274,100.87
Income before income taxes	6,747,182.59	5,742,360.67
Less: Provision for income taxes	1,993,348.00	1,640,890.00
NET INCOME	$4,753,834.59	$4,101,470.67

</TABLE>

L.S.B. BANCSHARES, INC. OF SOUTH CAROLINA
Consolidated Statements of Cash Flows
(Dollars in thousands)

<TABLE>
<CAPTION>

	Ended September 30, 1993	1992
	(unaudited)	
<S>	<C>	<C>
Operating Activities		
Net income	$ 4,754	$ 4,101
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	1,162	1,880
Depreciation and amortization	1,107	800
Writedowns of other real estate	215	222
Amortization of intangibles	255	2
Amortization of net loan fees and costs	156	144
Accretion and premium amortization	732	155
Gain on sale of investment securities	(133)	(192)
Realized gain on sales of other investments		(126)
Net securities trading account activities	(1,561)	(3,000)
Net mortgage loans held for sale activities	(50)	687
Gain (loss) on sale of other real estate	(6)	236
Decrease in interest receivable	441	818
Decrease in interest payable	(315)	(455)
(Increase) decrease in prepaid expenses and other receivables	(1,676)	1
Increase in other accrued expenses	440	1,005
Net cash provided by operating activities	5,521	6,278
Investing Activities		
Net decrease in time deposits in other banks		100
Sales of investment securities	4,681	26,050
Maturities of investment securities	57,104	71,836
Purchases of investment securities	(94,756)	(102,341)
Increase in other investments	(15,145)	(7,150)
Net increase in loans made to customers	(5,772)	(41,789)
Purchases of premises and equipment	(2,555)	(2,914)
Sales of other real estate	1,497	2,197
Net cash received in branch office acquisitions		20,968

Net cash used by investing activities	(54,949)	(33,043)
Financing Activities		
Net increase (decrease) in demand deposits, interest checking and savings accounts	(5,916)	6,999
Net increase (decrease) in certificates of deposits and other time deposits	11,538	(7,187)
Net increase in short-term borrowings	12,387	14,452
Additional long-term debt	4,000	2,000
Sale of common stock	628	233
Cash dividends paid	(1,281)	(1,188)
Net cash provided by financing activities	21,356	15,309
Increase (decrease) in cash and cash equivalents	(28,072)	(11,456)
Cash and cash equivalents, January 1	75,466	46,363
Cash and cash equivalents, September 30	$47,394	$34,907

</TABLE>