

SECURITIES AND EXCHANGE COMMISSION

FORM POS AM

Post-Effective amendments for registration statement

Filing Date: **1994-01-11**
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FILER

BB&T FINANCIAL CORP

CIK: **13839** | IRS No.: **561056232** | State of Incorporation: **NC** | Fiscal Year End: **1231**
Type: **POS AM** | Act: **33** | File No.: **033-49749** | Film No.: **94500930**
SIC: **6022** State commercial banks

Business Address
223 W NASH ST
WILSON NC 27893
9193994291

As filed with the Securities and Exchange
Commission on January 10, 1994

Registration No. 33-49749

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 2
TO
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BB&T FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina

56-1056232

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

BB&T Financial Corporation
223 West Nash Street
Wilson, North Carolina 27893
919/399-4291

(Name, address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)

Scott E. Reed
Senior Executive Vice President and Treasurer
BB&T Financial Corporation
223 West Nash Street
Wilson, North Carolina 27893
919/399-4291

(Address, including zip code, and telephone
number, including area code,
of agent for service)

Please address a copy of all communications to:

L. Stevenson Parker, Esq.
Beth S. DeSimone, Esq.
Arnold & Porter
1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036
202/872-6986

Gary R. Bronstein, Esq.
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Housley, Goldberg & Kantarian, P.C.
Suite 700
1220 19th Street, N.W.
Washington, D.C. 20036
202/822-9611

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of
the Registration Statement.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box.

/ /

If any of the securities being registered on this Form are to be offered on a
delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or

interest reinvestment plans, check the following box.

/x/

SUBJECT TO COMPLETION, DATED JANUARY 10, 1994.

PROSPECTUS/PROXY STATEMENT

BB&T FINANCIAL CORPORATION
AN ESTIMATED 800,000 SHARES OF COMMON STOCK

BB&T Financial Corporation ("BB&T Financial") is hereby offering an estimated 800,000 shares of its common stock, par value \$2.50 per share ("BB&T Financial Common Stock"), for sale in a Subscription Offering ("Subscription Offering"), first to an Employee Stock Ownership Plan and Trust ("Home Savings ESOP") to be established for the benefit of employees of Home Savings Bank of Albemarle, S.S.B. ("Home Savings") and then to Eligible Member Subscribers (account holders of Home Savings who had deposits aggregating \$50 or more and borrowers, each at the close of business on January 31, 1993 ("Eligibility Record Date")) and Voting Members (all persons who held deposit accounts or borrowings at Home Savings on February 9, 1994 ("Voting Record Date") and continue to hold such deposit accounts or borrowings on the date of the Special Meeting (as defined herein) ("Voting Members")) of Home Savings. See "THE OFFERINGS--The Subscription Offering." Shares offered but not sold in the Subscription Offering are hereby offered in a Community Offering ("Community Offering") to (a) natural persons residing in Stanly, Anson, Cabarrus, Davidson, Montgomery, Rowan, Mecklenburg and Union counties, North Carolina ("Community Offering Area"), (b) IRA, Keogh and similar retirement accounts established by or for the benefit of natural persons residing in the Community Offering Area and (c) corporations, partnerships and similar entities headquartered in the Community Offering Area ("Community Offering Residents"). See "THE OFFERINGS--The Community Offering."

Home Savings is a North Carolina chartered mutual savings bank headquartered in Albemarle, North Carolina, which has agreed to be acquired by BB&T Financial in a "Conversion Merger" transaction, subject to approval of Home Savings' members pursuant to an Agreement and Plan of Reorganization, dated as of May 27, 1993 ("Reorganization Agreement"), and a Plan of Conversion adopted by the Board of Directors of Home Savings on May 27, 1993 and amended on December 13, 1993 and December 21, 1993 ("Plan of Conversion"). See "THE PLAN OF CONVERSION AND THE REORGANIZATION AGREEMENT" in Annex I attached hereto.

This Prospectus/Proxy Statement, together with Annex I hereto, also constitutes a Proxy Statement for the Voting Members of Home Savings at the Special Meeting of Voting Members of Home Savings to be held at 5.30 p.m. North Carolina time on March 1, 1994 ("Special Meeting") at the main office of Home Savings, 155 West South Street, Albemarle, North Carolina. The purpose of the Special Meeting is to consider and vote upon the Plan of Conversion. Approval of the Plan of Conversion at the Special Meeting is a condition to consummation of the Subscription Offering and the Community Offering (together, the "Offerings"). See "THE OFFERINGS--Conditions to Completion of the Offerings and Termination of the Offerings." Annex I herein contains important information you should consider if you are a Voting Member. Annex I is not part of the Prospectus for the shares offered hereby.

The subscription rights being provided to the Home Savings ESOP, Eligible Member Subscribers and Voting Members in the Subscription Offering ("Subscription Rights") are scheduled to expire, if not exercised, at 5:00 p.m., North Carolina time, on March 1, 1994 unless the Subscription Offering is otherwise extended to a date which may not be later than ("Subscription Expiration Date"). The Community Offering will expire at 5:00 p.m., North Carolina time, on March 1, 1994. However, the Community Offering may be extended and close at any date thereafter, but not later than ("Community Expiration Date"), assuming maximum extension of the Subscription Expiration Date. The Offerings are being managed on a best efforts basis by Trident Securities, Inc. ("Trident Securities") as sales agent. Trident Securities is not purchasing any shares of BB&T Financial Common Stock in the Offerings and has no obligation to purchase any such shares.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC"), ANY STATE SECURITIES COMMISSION, THE ADMINISTRATOR OF THE SAVINGS INSTITUTIONS DIVISION OF THE NORTH CAROLINA

DEPARTMENT OF COMMERCE ("ADMINISTRATOR"), THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") OR ANY OTHER GOVERNMENTAL AGENCY, NOR HAS THE SEC, ANY STATE SECURITIES COMMISSION, THE ADMINISTRATOR, THE FDIC OR ANY OTHER GOVERNMENTAL AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS/PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES OF BB&T FINANCIAL COMMON STOCK OFFERED HEREBY ARE NOT DEPOSITS AND ARE NOT INSURED BY THE FDIC OR ANY OTHER GOVERNMENTAL AGENCY.

<TABLE>
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		ESTIMATED GROSS PROCEEDS	ESTIMATED EXPENSES (2)	ESTIMATED NET PROCEEDS TO BB&T FINANCIAL
<S>	<C>	<C>	<C>	<C>
Per Share...	Estimated Minimum(1)	\$25.50	\$ 1.53	\$ 23.97
	Estimated Maximum(1)	\$25.50	\$ 1.23	\$ 24.27
Total.....	Estimated Minimum	\$17,340,000 (3)	\$1,040,000	\$16,300,000
	Estimated Maximum	\$23,460,000 (3)	\$1,135,000	\$22,325,000

</TABLE>

- (1) Estimated Minimum Per Share Price and Estimated Maximum Per Share Price are the 85% Price, assuming that the BB&T Market Price is \$30.00 (in which case the 95% Price would be \$28.50). The 85% Price, the 95% Price and the BB&T Market Price will be determined after the Offerings are concluded. Completion of the Offerings is not conditioned on a minimum or maximum price, and the price per share is only an estimate. See "THE OFFERINGS--General--Purchase Price."
- (2) Consists of estimated expenses which will be incurred by BB&T Financial in connection with the Offerings, assuming all shares offered are sold in the Subscription Offering at the 85% Price.
- (3) Minimum and maximum gross proceeds are based on the minimum and maximum of the Estimated Valuation Range, as defined below (see "THE OFFERINGS--Appraised Value of Home Savings"), assuming that all shares offered hereby are sold in the Subscription Offering at the 85% Price. Proceeds are determined by dividing the Estimated Valuation Range, as defined below, by the estimated BB&T Market Price (\$30.00) and multiplying that result by the 85% Price (\$25.50) See "THE OFFERINGS--The Subscription Offering--Number of Shares Offered." The actual number of shares and the BB&T Market Price may vary. The Plan of Conversion does not require a minimum number of shares to be sold in the Offerings in order to consummate the Conversion Merger, and it is possible that substantially fewer shares would be sold and that gross proceeds to BB&T Financial would be substantially lower. The Administrator, however, may condition his final approval of the Conversion Merger on a minimum number of shares being sold in the Conversion Merger. It is possible that unsold shares would be sold in a public offering. See "USE OF PROCEEDS."

TRIDENT SECURITIES, INC.

THE DATE OF THIS PROSPECTUS/PROXY STATEMENT IS JANUARY , 1994.

(Continued from previous page)

Subject to certain purchase limitations, Eligible Member Subscribers may elect to purchase BB&T Financial Common Stock at a price (the "85% Price") equal to 85% of the last sale price of a share of BB&T Financial Common Stock quoted on the National Association of Securities Dealers Automated Quotation System National Market System ("Nasdaq NMS") on the Community Expiration Date ("BB&T Market Price"). BB&T FINANCIAL COMMON STOCK PURCHASED AT THE 85% PRICE WILL BE SUBJECT TO A FOUR-MONTH TRANSFER RESTRICTION AS DESCRIBED IN THE NEXT PARAGRAPH. In addition, or alternatively, Eligible Member Subscribers may, subject to purchase limitations, elect to purchase BB&T Financial Common Stock at a price (the "95% Price") equal to 95% of the BB&T Market Price. In certain circumstances, Eligible Member Subscribers also may purchase BB&T Financial Common Stock at the BB&T Market Price in the Subscription Offering. BB&T Financial Common Stock purchased at the 95% Price and the BB&T Market Price

will not be subject to any transfer restriction. See "THE OFFERINGS--General--Purchase Price." On January , 1994, the last sale price of BB&T Financial Common Stock quoted on the Nasdaq NMS was \$ per share. If that price were the BB&T Market Price, the 85% Price would be \$ per share and the 95% Price would be \$ per share. Voting Members who are not also Eligible Member Subscribers also are eligible to purchase shares (subject to certain limitations) in the Subscription Offering at the BB&T Market Price with a priority in the event of oversubscription in either of the Offerings over persons subscribing for shares in the Community Offering.

Shares purchased by Eligible Member Subscribers in the Subscription Offering at the 85% Price will be subject to the restriction that such shares may not be sold or transferred, by sale, gift or otherwise, for a period of four months following the date of this Prospectus/Proxy Statement, except in the event of the death of the person who subscribed ("Subscriber") for the shares. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Four-Month Transfer Restriction" and "THE OFFERINGS--The Subscription Offering--Four-Month Transfer Restriction." Under regulations issued by the Administrator, no person may transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of Subscription Rights or the underlying shares of BB&T Financial Common Stock to the account of any other person prior to completion of the Conversion.

Subject to the availability of shares, BB&T Financial Common Stock is being offered in the Community Offering at the 95% Price. See "THE OFFERINGS--General--Purchase Price." No sale or transfer restriction will apply to shares purchased in the Community Offering. Those persons who are both Eligible Member Subscribers (or Voting Members) and Community Offering Residents may elect to purchase shares of BB&T Financial Common Stock in either the Subscription Offering or, subject to availability, the Community Offering or both, but before making such an election, should review the information contained in and referred to in "THE OFFERINGS--General--Participation in the Offerings by Eligible Member Subscribers or Voting Members Who Also Are Community Offering Residents" and "--Certain Federal Income Tax Consequences."

No sales commission will be paid by Subscribers for shares of BB&T Financial Common Stock purchased in either the Subscription Offering or the Community Offering.

Eligible Member Subscribers who purchase in the Subscription Offering at the 85% Price should recognize that there are risks associated with the requirement that shares purchased in the Subscription Offering at the 85% Price may not be transferred for four months after the date of this Prospectus/Proxy Statement (other than upon the death of the Subscriber). Among other things, such Subscribers will not be able to realize, through a sale, any profit they may have in the shares until after that time. Moreover, potential fluctuations in the market price of shares of BB&T Financial Common Stock between the date of subscription and the date Subscribers are permitted to sell shares purchased in the Offerings could be significant. THUS, THOSE WHO PURCHASE SHARES IN THE SUBSCRIPTION OFFERING AT THE 85% PRICE MAY NOT BE ABLE TO SELL THEIR SHARES AT A PRICE EQUAL TO OR GREATER THAN THE 85% PRICE. Purchasers of shares at the 95% Price or at the BB&T Market Price also should consider that, while such shares will not be subject to the four-month transfer restriction, delays may occur between the date the Stock Order Form is submitted and delivery of certificates for shares, and until such certificates are received, such purchasers may not be able to sell their shares. The 95% Price and the BB&T Market Price could be greater than the market price for the BB&T Financial Common Stock on the dates Subscribers receive certificates for shares. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--The Purchase Price," "THE OFFERINGS--General--Purchase Price" and "--Delivery of Stock Certificates" for additional discussion about these factors and related considerations. Eligible Member Subscribers, Voting Members and Community Offering Residents (collectively referred to herein as "Eligible Subscribers") also should consider carefully the other information set forth in "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS." This information relates to the discounts provided to Subscribers in the Subscription Offering and Community Offering, certain federal income tax considerations, certain proposed legislation relating to conversion mergers and the potential effects of extensions of the Offerings.

Stock Order Forms for the Offerings are being provided with this Prospectus/Proxy Statement for use by those Eligible Subscribers who wish to subscribe for BB&T Financial Common Stock. Subscribers should send or deliver the Stock Order Form, together with full payment for the BB&T Financial Common

Stock, in cash (if delivered by hand), by check or money order, or with appropriate instructions authorizing withdrawal from a Home Savings deposit account (but not a demand deposit account or Negotiable Order of Withdrawal ("NOW") account, on which a Subscriber must write a check) so that the Stock Order Form and payment are received by the Subscription Expiration Date or the Community Expiration Date, as applicable (currently expected to be 5:00 p.m., North Carolina time, on March 1, 1994). Home Savings reserves the right to reject orders submitted by facsimile transmission or payment submitted by wire transfer. NO PERSON IS REQUIRED TO SUBSCRIBE FOR SHARES IN THE SUBSCRIPTION OFFERING OR THE COMMUNITY OFFERING. For additional information about how to subscribe for shares in the Offerings, see "THE OFFERINGS--The Subscription Offering--How to Subscribe" and "---The Community Offering--How to Subscribe."

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Eligible Subscribers who wish to subscribe for shares of BB&T Financial Common Stock in either the Subscription Offering or the Community Offering must specify a minimum purchase of \$500 on their Stock Order Forms. The maximum number of shares of BB&T Financial Common Stock for which each Eligible Member Subscriber may subscribe at the 85% Price and/or the 95% Price is that number of whole shares which when multiplied by the 85% Price, and/or the 95% Price, as appropriate, does not exceed \$150,000 (or \$250,000 in the case of Eligible Member Subscribers with a single deposit account with a balance of at least \$25,000 or with an additional account relationship--which may include a loan account or an IRA, Keogh and other similar retirement account, if the Eligible Member Subscriber is the beneficiary of such account, in either case at Home Savings at the close of business on the Eligibility Record Date). An Eligible Member Subscriber with a single deposit account of less than \$25,000 at Home Savings or only a loan account, each on the Eligibility Record Date may purchase additional shares at the BB&T Market Price in the Subscription Offering, provided that the aggregate purchase price of shares purchased at the BB&T Market Price, the 85% Price and the 95% Price does not exceed \$250,000. Voting Members who are not Eligible Member Subscribers may purchase in the Subscription Offering, at the BB&T Market Price (and without a four-month transfer restriction), that number of shares of BB&T Financial Common Stock which, when multiplied by the BB&T Market Price, would not exceed \$250,000. The maximum amount of BB&T Financial Common Stock for which any person may subscribe in the Community Offering at the 95% Price is that number of shares of BB&T Financial Common Stock, which together with any shares subscribed for in the Subscription Offering, would have an aggregate purchase price equal to \$250,000. In addition, no person (other than the Home Savings ESOP), together with any associate or group of persons acting in concert with such person, may acquire, through the exercise of Subscription Rights in the Subscription Offering and/or the Community Offering, beneficial ownership of more than 5% of the outstanding BB&T Financial Common Stock in the aggregate (taking into account shares that may be held by such person) at the opening of business on the day following the Closing Date ("Outstanding BB&T Financial Common Stock"). Each Subscriber will receive, subject to these limitations, as many whole shares of BB&T Financial Common Stock as can be purchased at the 85% Price, the 95% Price and/or the BB&T Market Price, as applicable, with the amount of funds submitted by the Subscriber, subject to reduction in the event of oversubscription. No fractional shares will be issued, and Home Savings will refund to Subscribers any funds received in lieu of the issuance of fractional shares. See "THE OFFERINGS--The Subscription Offering--Maximum and Minimum Purchase Limitations" and "---The Community Offering--Maximum and Minimum Purchase Limitations."

All amounts received for the purchase of shares in the Subscription Offering (other than by designation for withdrawal from an eligible deposit account) will be placed in a special segregated Home Savings account for the Offerings. Interest will be paid on funds received at Home Savings' passbook rate, currently % per annum, from the date payment is received, and funds in deposit accounts for which withdrawal is authorized will continue to accrue interest at the account rate, until the date on which the Offerings either are consummated or terminated. See "THE OFFERINGS--The Subscription Offering--Method of Payment" and "--The Community Offering--Method of Payment." If the Offerings are terminated, all funds received from Subscribers, together with accrued interest, if any, will be promptly remitted to such Subscribers, and any funds authorized by Subscribers for withdrawal from Home Savings deposit accounts for the payment for shares of BB&T Financial Common Stock (pursuant to the procedures described herein) will be released. See "THE OFFERINGS--The

The number of shares of BB&T Financial Common Stock being offered in the Offerings, as reflected above, is based on an estimate. The actual number of shares of BB&T Financial Common Stock to be offered in the Subscription Offering will be determined by dividing the appraised value of Home Savings, as determined by an independent appraiser ("Appraised Value"), as updated, by the BB&T Market Price. The Appraised Value was determined, as of December 14, 1993, to be \$24 million, and will be updated promptly following the expiration of the Offerings. The number of shares to be offered in the Community Offering will equal the number of shares actually offered in the Subscription Offering, minus the number of shares actually purchased in the Subscription Offering. The total number of shares of BB&T Financial Common Stock to be offered, currently estimated to be 800,000, may increase or decrease without a resolicitation of Subscribers as a result of changes in the Appraised Value and/or changes in the market price of BB&T Financial Common Stock. However, if the final Appraised Value is lower than \$20.4 million or higher than \$27.6 million ("Estimated Valuation Range"), approval of the Administrator will be required in order to complete the Offerings. Such approval may, but would not necessarily, be conditioned upon a resolicitation of Subscribers. In such case, the subscription of any Subscriber who does not respond to the resolicitation may be automatically rescinded. The Plan of Conversion does not require a minimum number of shares to be sold in the Offerings in order to consummate the transactions contemplated by the Plan of Conversion. The Administrator, however, may condition his final approval of the Conversion and the Acquisition on a minimum number of shares being sold in the Offerings. It is possible unsold shares would be sold in a public offering. See "THE OFFERINGS--The Subscription Offering--Appraised Value of Home Savings" and "USE OF PROCEEDS."

The Offerings are being conducted pursuant to the Plan of Conversion and the Reorganization Agreement, which provide for the conversion ("Conversion") of Home Savings from a North Carolina chartered mutual savings bank to a North Carolina chartered stock savings bank and the simultaneous acquisition ("Acquisition") by BB&T Financial of all of the stock of Home Savings issued in the Conversion for cash in an amount equal to the Appraised Value of Home Savings less expenses incurred in the Conversion and the Acquisition (but in no event less than the current net worth of Home Savings). The Plan of Conversion further provides that some time after the Conversion and the Acquisition, Home Savings will be merged or otherwise combined ("Merger") with BB&T Financial's lead commercial bank subsidiary, Branch Banking and Trust Company ("BB&T"). The Conversion, the Acquisition and the Merger are collectively referred to herein as the "Conversion Merger." Completion of the Conversion Merger and the Offerings is subject to the receipt of approval of Home Savings' Voting Members at the Special Meeting, certain regulatory approvals, the satisfaction or waiver of certain other conditions and the rights of BB&T Financial and Home Savings to terminate the Conversion Merger in certain circumstances. See "THE OFFERINGS--Conditions to Completion of the Offerings and Termination of the Offerings."

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[A MAP WILL SHOW THE STATES OF NORTH CAROLINA AND SOUTH CAROLINA
AND BB&T BRANCH LOCATIONS]

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AVAILABLE INFORMATION

This Prospectus/Proxy Statement omits certain of the information contained in a registration statement ("Registration Statement") covering the shares offered hereby, which is on file with the SEC. BB&T Financial is subject to the informational requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and in accordance therewith files reports and other information with the SEC. Information as of particular dates concerning BB&T Financial's executive officers and directors, their remuneration, options granted to them, the amount of BB&T Financial Common Stock owned by BB&T Financial's directors and the principal holders of securities of BB&T Financial is disclosed in proxy statements distributed to the shareholders of BB&T Financial and filed with the SEC. Reports, proxy statements and other information filed by BB&T Financial or concerning BB&T Financial can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549,

and at its regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and 14th Floor, 75 Park Place, New York, New York 10007. Copies of such materials also can be obtained from the SEC's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates.

Information contained in this Prospectus/Proxy Statement regarding Home Savings and its subsidiary has been furnished by Home Savings and information herein regarding BB&T Financial and its subsidiaries has been furnished by BB&T Financial. Annex I hereto is not part of the Registration Statement or Prospectus used to solicit purchases in the Offerings and is provided solely for the solicitation of proxies by management of Home Savings from Voting Members for use at the Special Meeting.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents previously filed with the SEC by BB&T Financial are hereby incorporated by reference:

- (i) BB&T Financial's Annual Report on Form 10-K for the year ended December 31, 1992;
- (ii) BB&T Financial's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993;
- (iii) BB&T Financial's Amendment to Application or Report on Form 8 dated January 15, 1993, BB&T Financial's Amendment to Application or Report on Form 8 dated February 1, 1993 and BB&T Financial's Amendment to Application or Report on Form 8 dated March 30, 1993 (Amendment Nos. 2, 3 and 4, respectively, to BB&T Financial's Current Report on Form 8-K dated December 14, 1992);
- (iv) BB&T Financial's Current Reports on Form 8-K dated August 6, 1993 (filed August 9, 1993), October 29, 1993, December 10, 1993 and January 10, 1994.

All reports subsequently filed by BB&T Financial pursuant to Section 13(a) and 13(c) of the Exchange Act prior to the consummation of the Conversion Merger, any definitive proxy or information statements filed pursuant to Section 14 of the Exchange Act in connection with any subsequent shareholders' meeting and any reports filed pursuant to Section 15 of the Exchange Act prior to completion or termination of the Subscription Offering and the Community Offering, are deemed to be incorporated by reference in this Prospectus/Proxy Statement and are deemed to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus/Proxy Statement to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus/Proxy Statement, except as so modified or superseded.

BB&T Financial will provide without charge to each person to whom a copy of this Prospectus/Proxy Statement is delivered, upon the written or oral request of any such person, a copy of any or all of the documents herein incorporated by reference (other than exhibits to such documents unless such exhibits are specifically incorporated therein by reference). Written requests should be directed to the Secretary of BB&T Financial Corporation, 223 West Nash Street, Wilson, North Carolina 27893. Requests also may be directed to the Conversion Information Center, 155 West South Street, Albemarle, North Carolina 28002 (telephone no. (704)).

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SUMMARY

The following is a summary of certain information relating to the offering by BB&T Financial of shares of BB&T Financial Common Stock in the Subscription Offering and the Community Offering and to the solicitation of proxies by management of Home Savings for use in connection with the vote on the Plan of Conversion at the Special Meeting. This summary does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere or incorporated by reference in this Prospectus/Proxy Statement.

Information contained in this Prospectus/Proxy Statement regarding Home Savings has been furnished by Home Savings and information regarding BB&T

Financial and its subsidiaries has been furnished by BB&T Financial.

A glossary of defined terms is included as Annex III to this Prospectus/Proxy Statement.

THE SPECIAL MEETING

Completion of the Conversion Merger and the Offerings is subject to the approval of the Voting Members of Home Savings (who are those who held deposit accounts or borrowings or were obligated on a loan from Home Savings as of February 9, 1994 and continue to hold such accounts or borrowings or be obligated on such loan through the date of the Special Meeting) at the Special Meeting, scheduled to be held on March 1, 1994. Voting Members are not required to vote to be eligible to participate in the Offerings and Voting Members are not required to purchase shares to be eligible to vote.

Annex I hereto contains information concerning the Special Meeting and Home Savings, including a description of Home Savings' reasons for the Conversion Merger and benefits to be provided by BB&T Financial to the directors, officers and employees of Home Savings. Annex I hereto is not part of the Registration Statement or the Prospectus used to solicit purchases in the Offerings and is provided solely for the solicitation of proxies by management of Home Savings from Voting Members for use at the Special Meeting.

BB&T FINANCIAL CORPORATION

BB&T Financial, a North Carolina corporation headquartered in Wilson, North Carolina, is a bank holding company registered under the Bank Holding Company Act of 1956, as amended ("BHCA"). At September 30, 1993, BB&T Financial's total consolidated assets were approximately \$8.09 billion, total deposits were approximately \$6.1 billion and total consolidated shareholders' equity was approximately \$698.4 million.

BB&T Financial owns and operates two commercial bank subsidiaries: (i) BB&T, a North Carolina chartered commercial bank headquartered in Wilson, North Carolina, which had assets of approximately \$7.62 billion, deposit liabilities of approximately \$5.81 billion and shareholders' equity of approximately \$662.1 million at September 30, 1993; and (ii) through BB&T Financial Corporation of South Carolina (which is a wholly owned subsidiary of BB&T Financial), Branch Banking and Trust Company of South Carolina ("BB&T-SC"), a South Carolina chartered commercial bank headquartered in Greenville, South Carolina, which had assets of approximately \$501.0 million, deposit liabilities of approximately \$449.2 million and shareholders' equity of approximately \$42.3 million at September 30, 1993. The deposits of BB&T and BB&T-SC are insured by the FDIC. BB&T Financial also owns and operates Mutual Savings Bank of Rockingham County, Inc., S.S.B., Reidsville, North Carolina ("Mutual Savings"), Citizens Savings Bank, S.S.B., Inc., Newton, North Carolina ("Citizens of Newton"), Old Stone Bank of North Carolina, A Federal Savings Bank, High Point, North Carolina ("Old Stone") and Citizens Savings Bank S.S.B., Inc., Mooresville, North Carolina ("Citizens of Mooresville"). Citizens of Newton, Mutual Savings and Citizens of Mooresville are North Carolina chartered savings banks. Old Stone is a federally chartered savings bank. Together, these

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four institutions had assets of \$957 million and deposit liabilities of \$849 million at September 30, 1993. These institutions are expected to be merged or otherwise consolidated into BB&T in the future.

In the last three years, BB&T Financial has acquired fourteen savings institutions with aggregate assets of billion. Seven of the institutions acquired were mutual institutions acquired in "conversion merger" transactions, and the other seven institutions were stock institutions. All but four of these fourteen institutions (Citizens of Newton, Mutual Savings, Citizens of Mooresville and Old Stone) have been merged into BB&T. BB&T Financial also has acquired several branches of a fifteenth savings institution having \$185 million in deposits.

BB&T Financial has pending as of the date of this Prospectus/Proxy Statement the acquisition, through conversion mergers, of three savings institutions with aggregate assets of million at September 30, 1993, including its pending acquisition of Home Savings. BB&T Financial also has pending the acquisition of L.S.B. Bancshares, Inc. of South Carolina, Lexington, South Carolina ("LSB"), a

South Carolina-chartered bank holding company with total assets of \$646 million at September 30, 1993. These acquisitions are expected to be consummated in the first half of 1994. See "DESCRIPTION OF BB&T FINANCIAL--Savings Institution Acquisitions and Operations" and "--BB&T Financial's Commercial Bank Acquisitions and Operations."

BB&T Financial continues to evaluate the possibility of acquiring additional mutual and stock savings institutions, commercial banks and other financial services companies located in North Carolina, South Carolina and Virginia. BB&T Financial expects to enter into acquisition agreements with one or more of such institutions after the date of this Prospectus/Proxy Statement.

BB&T Financial's executive offices are located at 223 West Nash Street, Wilson, North Carolina 27893 and its telephone number is (919) 399-4291.

For further information concerning BB&T Financial, see "DESCRIPTION OF BB&T FINANCIAL."

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

Home Savings is a North Carolina chartered mutual savings bank headquartered in Albemarle, North Carolina. As a "mutual" institution, Home Savings has no stockholders. Home Savings had assets of \$157.9 million, deposit liabilities of \$139.7 million and retained income of \$16.5 million as of September 30, 1993. The deposits of Home Savings are insured by the Savings Association Insurance Fund ("SAIF") of the FDIC. Home Savings' principal business consists of soliciting deposit accounts from the general public and making mortgage loans to finance the acquisition and construction of residential dwellings.

THE OFFERINGS

Purchase Price and Transfer Restriction for Shares Purchased at the 85% Price. Shares are being offered to Eligible Member Subscribers in the Subscription Offering (subject to certain purchase limitations) at either the 85% Price, which is equal to 85% of the BB&T Market Price, and/or the 95% Price, which is equal to 95% of the BB&T Market Price, and to Voting Members who are not also Eligible Member Subscribers at the BB&T Market Price. Under certain circumstances, shares subscribed for by Eligible Member Subscribers in excess of specified purchase limitations in the Subscription Offering may be purchased at the BB&T Market Price. See "--Additional Information About The Subscription Offering--Subscription Limitations" and "THE OFFERINGS--The Subscription Offering--Maximum and Minimum Purchase Limitations."

SHARES PURCHASED AT THE 85% PRICE IN THE SUBSCRIPTION OFFERING WILL BE SUBJECT TO THE RESTRICTION THAT SUCH SHARES MAY NOT BE SOLD OR TRANSFERRED BY SALE, GIFT OR OTHERWISE, FOR A PERIOD OF FOUR MONTHS FOLLOWING THE DATE OF THIS PROSPECTUS/PROXY STATEMENT, EXCEPT IN THE EVENT OF THE DEATH OF THE SUBSCRIBER. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Four-Month Transfer Restriction" and "THE OFFERINGS--The Subscription Offering--Four-Month Transfer Restriction." Shares purchased at the 95% Price and the BB&T Market Price will not be subject to any transfer restriction.

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The price of any shares offered in the Community Offering (subject to certain purchase limitations) is the 95% Price. No sale or transfer restriction will apply to shares purchased in the Community Offering. See "THE OFFERINGS--General--Purchase Price."

No sales commissions will be paid by Subscribers for shares of BB&T Financial Common Stock purchased in either the Subscription Offering or the Community Offering.

Although the 85% Price and the 95% Price will be set at a discount to the market price of the BB&T Financial Common Stock at the time the 85% Price and 95% Price are established, for a variety of reasons, Subscribers may be unable to sell the shares for which they subscribe at a price equal to or greater than the 85% Price or the 95% Price. This is particularly true for purchasers who subscribe in the Subscription Offering at the 85% Price, and who therefore may not sell or otherwise transfer their shares until four months after the date of

this Prospectus/Proxy Statement. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Four-Month Transfer Restriction," "--The Purchase Price," and "THE OFFERINGS--General--Purchase Price."

Eligibility. Eligible Member Subscribers are eligible to participate in the Subscription Offering. Eligible Member Subscribers are borrowers and account holders of Home Savings who had loans outstanding on deposits aggregating \$50 or more, each as of the close of business on the Eligibility Record Date (January 31, 1993). Such account holders may include trusts that hold eligible accounts, including IRA, Keogh and similar retirement accounts. Voting Members who are not also Eligible Member Subscribers also are eligible to participate in the Subscription Offering. Voting Members are all persons who held deposit accounts or borrowings at, or were obligated on a loan from, Home Savings on the Voting Record Date and who continue to hold such accounts or borrowings, or be obligated on such a loan, through the date of the Special Meeting scheduled for March 1, 1994. No person is required to subscribe for any shares of BB&T Financial Common Stock in the Subscription Offering, and Voting Members may vote at the Special Meeting whether or not they purchase shares. Under the Administrator's regulations, no person may transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of Subscription Rights or the underlying shares of BB&T Financial Common Stock to the account of any other person prior to completion of the Conversion. Additional information concerning the Subscription Offering can be found below under "--Additional Information About The Subscription Offering" and "THE OFFERINGS--The Subscription Offering."

Community Offering Residents are eligible to participate in the Community Offering. Community Offering Residents are (a) natural persons residing in the Community Offering Area, (b) IRA, Keogh and similar retirement accounts established by or for the benefit of natural persons residing in the Community Offering Area and (c) corporations, partnerships and similar entities headquartered in the Community Offering Area. Additional information concerning the Community Offering can be found below under "--Additional Information About The Community Offering" and "THE OFFERINGS--The Community Offering."

An Eligible Member Subscriber or Voting Member who also is a Community Offering Resident is eligible to participate in either the Subscription Offering, the Community Offering or both. Before deciding whether to purchase in the Subscription Offering or the Community Offering, persons eligible for each of the Offerings should review carefully the information contained or referred to below in "--Certain Federal Income Tax Consequences" and in "THE OFFERINGS--General--Participation in the Offerings by Eligible Member Subscribers or Voting Members Who Also Are Community Offering Residents" and "--Certain Federal Income Tax Consequences."

Settlement for Shares. Each Subscriber generally may subscribe for as many whole shares of BB&T Financial Common Stock as can be purchased at the 85% Price, the 95% Price and/or the BB&T Market Price, as applicable, with the amount of funds submitted by the Subscriber (or, in the case of Subscribers who designate funds for withdrawal from certain eligible Home Savings deposit accounts, the amount designated for withdrawal from such accounts), subject to the purchase limitations described under "THE

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OFFERINGS--The Subscription Offering--Maximum and Minimum Purchase Limitations" and "--The Community Offering--Maximum and Minimum Purchase Limitations." No fractional shares will be issued and any excess amount of funds for fractional shares will be refunded or, with respect to any funds designated for withdrawal from deposit accounts, released. Refunds (or release of funds designated for withdrawal from eligible deposit accounts) also will be made in the event and to the extent of oversubscription or termination of the Offerings, and the interest earned on funds remitted will be paid in cash, or released to the deposit accounts of such Subscribers. See "THE OFFERINGS--The Subscription Offering--Refunds" and "--The Community Offering--Refunds."

BB&T Financial will notify each Subscriber of the 85% Price, the 95% Price and the BB&T Market Price and will cause the certificates representing the BB&T Financial Common Stock purchased by each Subscriber to be mailed as promptly as practicable after the consummation of the Conversion and the Acquisition ("Closing Date"). Any refund and/or any interest earned on the amount remitted other than by authorized withdrawal also will be mailed by check to each Subscriber promptly after the Closing Date.

Number of Shares Offered. The total number of shares of BB&T Financial Common Stock to be offered in the Subscription Offering, currently estimated to be 800,000 shares, will be determined by dividing the Appraised Value of Home Savings, as it will be updated, by the BB&T Market Price. See "THE OFFERINGS--Appraised Value of Home Savings." The total number of shares of BB&T Financial Common Stock to be offered in the Community Offering will equal the number of shares offered but not subscribed for in the Subscription Offering. See "THE OFFERINGS--The Community Offering."

Trident Financial Corporation ("Trident Financial") has determined the Appraised Value of Home Savings to be \$24 million as of December 14, 1993. Trident Financial will update the Appraised Value immediately following the expiration of the Offerings. See "THE OFFERINGS--Appraised Value of Home Savings." The Appraised Value is not intended and must not be construed as a recommendation as to the advisability of purchasing the shares of BB&T Financial Common Stock being offered hereby or as any form of assurance that such shares may be resold at the price paid by the Subscriber. Trident Financial also acted as financial advisor to Home Savings in connection with the Conversion Merger.

Sales Agent. BB&T Financial has retained Trident Securities to act as sales agent for the sale of shares in the Offerings. Trident Securities is an affiliate of Trident Financial, which is responsible for determining the Appraised Value of Home Savings. See "THE OFFERINGS--Plan of Distribution."

Conditions to Completion of Offerings. Completion of the Offerings is subject to receipt of required regulatory approvals and satisfaction of certain other conditions contained in the Reorganization Agreement, including approval of the Plan of Conversion by Voting Members at the Special Meeting scheduled to be held on March 1, 1994. The Reorganization Agreement may be terminated under certain circumstances prior to the Closing Date. See "THE OFFERINGS--Timing of Completion of the Conversion Merger and Sale of Shares" and "--Conditions to Completion of the Offerings and Termination of the Offerings."

ADDITIONAL INFORMATION ABOUT THE SUBSCRIPTION OFFERING

How to Subscribe. Stock Order Forms, together with full payment or instructions for payment for the BB&T Financial Common Stock subscribed for may, be sent by mail in the postage-paid return envelope accompanying this Prospectus/Proxy Statement, or returned by hand to the Conversion Information Center, 155 West South Street, Albemarle, North Carolina 28002 (telephone no. (704)) or to any of the Home Savings offices or to any BB&T office in the Community Offering Area. Such Stock Order Forms must be received, whether mailed or hand delivered, at any of the above locations by the Subscription Expiration Date (currently expected to be 5:00 p.m., North Carolina time, on March 1, 1994, unless extended). Home Savings reserves the right to reject orders submitted by facsimile transmission. Stock Order Forms, once received by Home Savings, may not be amended, modified or rescinded by Eligible Member

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Subscribers or Voting Members unless permitted in Home Savings' discretion to correct immaterial irregularities. See "THE OFFERINGS--The Subscription Offering--How to Subscribe."

Payment for Shares. Payment for shares of BB&T Financial Common Stock may be made in cash (if made in person), by check or money order or by including instructions on the Stock Order Form for withdrawal from a Home Savings deposit account (other than a demand deposit account or NOW account, on which a Subscriber must write a check). Home Savings reserves the right to reject orders submitted by wire transfer. Home Savings will pay interest on the funds received at Home Savings' passbook rate, currently % per annum, and interest on funds in deposit accounts for which withdrawal is authorized at the account rate, from the date payment is received or withdrawal is authorized until the Offerings are either completed or terminated. The amount of interest earned will NOT be applied toward the purchase of BB&T Financial Common Stock and will be paid or released to each Subscriber following either consummation or termination of the Offerings. See "THE OFFERINGS--The Subscription Offering--How to Subscribe" and "--Method of Payment."

Special procedures must be followed for subscriptions by IRA, Keogh and similar retirement accounts. See "THE OFFERINGS--The Subscription Offering--

Subscriptions by Beneficial Owners of IRA, Keogh or Similar Retirement Accounts" and "--Certain Federal Income Tax Consequences."

Home Savings will permit an Eligible Member Subscriber or Voting Member to pay for any shares of BB&T Financial Common Stock subscribed for by withdrawal from a Home Savings certificate of deposit account without the assessment of an early withdrawal penalty. See "THE OFFERINGS--The Subscription Offering--Method of Payment."

Subscription Limitations. Eligible Member Subscribers or Voting Members who wish to subscribe for BB&T Financial Common Stock in the Subscription Offering must specify a minimum purchase of \$500 on the Stock Order Form. Subject to the oversubscription procedures described herein (see "THE OFFERINGS--The Subscription Offering--Oversubscription Procedures"), the maximum number of shares of BB&T Financial Common Stock for which each Eligible Member Subscriber may subscribe at the 85% Price and/or the 95% Price is that number of whole shares which when multiplied by the 85% Price and/or the 95% Price would equal \$150,000 (or \$250,000 in the case of an Eligible Member Subscriber with a single deposit account with a balance of at least \$25,000 or with an additional account at Home Savings (which may include a loan), in either case at the close of business on the Eligibility Record Date). In addition, an Eligible Member Subscriber holding only a loan account or a single deposit account with a balance of less than \$25,000 on the Eligibility Record Date may purchase additional shares at the BB&T Market Price, provided that the aggregate purchase price of shares purchased in the Offerings does not exceed \$250,000. Voting Members may purchase in the Subscription Offering at the BB&T Market Price that number of shares of BB&T Financial Common Stock which, when multiplied by the BB&T Market Price, would not exceed \$250,000. An Eligible Member Subscriber or Voting Member who also is a Community Offering Resident may purchase shares in both the Subscription Offering and the Community Offering, provided that the aggregate purchase price of shares purchased does not exceed \$250,000. See "THE OFFERINGS--The Subscription Offering--Maximum and Minimum Purchase Limitations."

The Home Savings ESOP. BB&T Financial has agreed to establish the Home Savings ESOP for the benefit of the full-time employees of Home Savings. It currently is expected that the Home Savings ESOP will subscribe for 68,293 shares (approximately 8.54% of the estimated number of shares offered in the Subscription Offering) of BB&T Financial Common Stock in the Subscription Offering at the 85% Price. The Home Savings ESOP is established for the benefit of all Home Savings full-time employees, and will not benefit non-employee directors of Home Savings. The Home Savings ESOP will receive priority over Eligible Member Subscribers and Voting Members in the case of an oversubscription for shares in the Subscription Offering. See "THE OFFERINGS--The Subscription Offering--The Home Savings ESOP," "--Oversubscription Procedures" and "DESCRIPTION OF CAPITAL STOCK OF BB&T FINANCIAL--Certain Provisions Which May Have an Anti-Takeover Effect--Employee Stock Ownership Plans."

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ADDITIONAL INFORMATION ABOUT THE COMMUNITY OFFERING

How to Subscribe. Stock Order Forms, together with full payment or instructions for payment for the BB&T Financial Common Stock subscribed for, may be sent by mail in the postage-paid return envelope accompanying this Prospectus/Proxy Statement to the Conversion Information Center, 155 West South Street, Albemarle, North Carolina 28002 (telephone no. (704)) or by hand delivery to any of Home Savings' offices or to any BB&T office in the Community Offering Area. Such Stock Order Forms must be received, whether mailed or hand delivered, at any of the above locations by the Community Expiration Date (currently expected to be 5:00 p.m., North Carolina time, on March 1, 1994). Home Savings reserves the right to reject orders submitted by facsimile transmission. Stock Order Forms, once received by Home Savings, may not be amended, modified or rescinded by Community Offering Residents, unless permitted in Home Savings' discretion to correct immaterial irregularities. See "THE OFFERINGS--The Community Offering--How to Subscribe."

Payment for Shares. Payment for shares of BB&T Financial Common Stock may be made in cash (if made in person), by check or money order or by including instructions on the Stock Order Form for withdrawal from a Home Savings deposit account (other than a demand deposit account or NOW account, on which a

Subscriber must write a check). Home Savings reserves the right to reject payment submitted by wire transfer. Home Savings will pay interest on the funds received at Home Savings' passbook rate, currently % per annum, and interest on funds in deposit accounts for which withdrawal is authorized at the account rate, from the date payment is received or withdrawal is authorized until the Offerings are either completed or terminated. The amount of interest earned will NOT be applied toward the purchase of additional shares of BB&T Financial Common Stock and will be paid or released to each Subscriber following either consummation or termination of the Offerings. See "THE OFFERINGS--The Community Offering--How to Subscribe" and "--Method of Payment."

Special procedures must be followed for subscriptions by IRA, Keogh and similar accounts. See "THE OFFERINGS--The Community Offering--Subscription by Beneficial Owners of IRA, Keogh or Similar Retirement Accounts" and "--Certain Federal Income Tax Consequences."

Home Savings will permit a Community Offering Resident to pay for any shares of BB&T Financial Common Stock subscribed for by withdrawal from a Home Savings certificate of deposit account without the assessment of an early withdrawal penalty. See "THE OFFERINGS--The Community Offering--Method of Payment."

Subscription Limitations. Community Offering Residents who wish to subscribe for BB&T Financial Common Stock must specify a minimum purchase of \$500 on their Stock Order Form. Subject to the oversubscription procedures described herein (see "THE OFFERINGS--The Community Offering--Oversubscription Procedures"), the maximum number of shares of BB&T Financial Common Stock for which any person may subscribe in the Community Offering is that number of whole shares of BB&T Financial Common Stock which when multiplied by the 95% price would not exceed \$250,000. An Eligible Member Subscriber or Voting Member who also is a Community Offering Resident may purchase shares in both the Subscription Offering and the Community Offering, provided that the aggregate purchase price of shares purchased does not exceed \$250,000. See "THE OFFERINGS--The Community Offering--Maximum and Minimum Purchase Limitations."

SUMMARY OF PURCHASE OPTIONS

The following briefly summarizes, by category of Subscriber, the purchase options in the Subscription Offering and the Community Offering. The summary should be read in conjunction with "THE OFFERINGS--The Subscription Offering--Maximum and Minimum Purchase Limitations," "--The Community Offering--Maximum and Minimum Purchase Limitations" and "--General--Purchase Price".

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(1) Eligible Member Subscribers who had a single deposit account with a balance of less than \$25,000 or only a loan account on the Eligibility Record Date and who are also Community Offering Residents may subscribe for up to:

- . \$150,000 at the 85% Price and/or the 95% Price in the Subscription Offering (with shares purchased at the 85% Price being subject to the four-month transfer restriction), and
- . \$150,000 at the BB&T Market Price in the Subscription Offering, and/or
- . \$250,000 at the 95% Price in the Community Offering.

In all cases, the total amount subscribed for together in the Subscription Offering and the Community Offering cannot exceed \$250,000.

(2) Eligible Member Subscribers who had a single deposit account with a balance of less than \$25,000 or only a loan account on the Eligibility Record Date and who are NOT also Community Offering Residents may subscribe in the Subscription Offering for up to:

- . \$150,000 at the 85% Price and/or the 95% Price (with shares purchased at the 85% Price being subject to the four-month transfer restriction), and
- . \$150,000 at the BB&T Market Price.

In all cases, the total amount subscribed for cannot exceed \$250,000.

(3) Eligible Member Subscribers who had a single deposit account with a

balance of at least \$25,000 or who had an additional (second) account (which may be a loan) on the Eligibility Record Date who are also Community Offering Residents may subscribe for up to:

- . \$250,000 at the 85% Price and/or the 95% Price in the Subscription Offering (with shares purchased at the 85% Price being subject to the four-month transfer restriction), and/or
- . \$250,000 at the 95% Price in the Community Offering.

In all cases, the total amount subscribed for together in the Subscription Offering and the Community Offering cannot exceed \$250,000.

(4) Eligible Member Subscribers who had a single deposit account with a balance of at least \$25,000 or who had an additional (second) account (which may be a loan) on the Eligibility Record Date who are NOT also Community Offering Residents may subscribe for up to:

- . \$250,000 at the 85% Price and/or the 95% Price in the Subscription Offering (with shares purchased at the 85% Price being subject to the four-month transfer restriction).

(5) Voting Members who are also Community Offering Residents but who are not Eligible Member Subscribers may subscribe for up to:

- . \$250,000 at the 95% Price in the Community Offering, and/or
- . \$250,000 at the BB&T Market Price in the Subscription Offering.

In all cases, the total amount subscribed for together in the Subscription Offering and the Community Offering cannot exceed \$250,000.

(6) Voting Members who are neither Community Offering Residents nor Eligible Member Subscribers may subscribe for up to:

- . \$250,000 at the BB&T Market Price in the Subscription Offering.

(7) Community Offering Residents who are neither Eligible Member Subscribers nor Voting Members may subscribe for up to:

- . \$250,000 at the 95% Price in the Community Offering.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

BB&T Financial and Home Savings have received an opinion of KPMG Peat Marwick, BB&T Financial's tax advisor, to the effect that consummation of the Conversion and the Acquisition will not be taxable to Home Savings or its members, except to the extent that Subscription Rights issued in connection with the Conversion have an ascertainable fair market value.

Under the general rules that have developed in recent years, gain, if any, realized by recipients of Subscription Rights, as a result of the Conversion, must be recognized. The amount of such gain required to be recognized by an Eligible Member Subscriber or Voting Member will not exceed the sum of (i) the fair market value, if any, of the interest in the liquidation account received by the Eligible Member Subscriber, and (ii) the fair market value of the Subscription Rights received pursuant to the Plan of Conversion.

In several recent private letter rulings, the Internal Revenue Service ("IRS") has concluded that an interest in a liquidation account has only nominal, if any, fair market value. Private letter rulings, while potentially instructive, however, may not be relied upon in the present situation as any expression of the policy of the IRS or as any expression of the present state of the law in this area.

Recipients of Subscription Rights in the Subscription Offering will be required to recognize gain, if any, with respect to the receipt of Subscription Rights, whether or not such Subscription Rights are exercised, because the 85% Price and/or 95% Price in the Subscription Offering may be less than the fair market value of the BB&T Financial Common Stock purchased. It is unclear as to

how the Subscription Rights should be valued (particularly in the case of shares issued with the four-month transfer restriction) or how to determine the number of Subscription Rights issued to each Eligible Member Subscriber for this purpose. Under one approach, all Eligible Member Subscribers will recognize gain attributable to the receipt of Subscription Rights in some amount regardless of whether they exercise any or all of their Subscription Rights. In this case, the recipient of Subscription Rights will be able to claim a loss upon the expiration of any unexercised Subscription Rights. Alternatively, an Eligible Member Subscriber may be able to claim that gain should be recognized with respect to such Subscription Rights only to the extent of the fair market value, if any, of any Subscription Rights actually exercised. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Receipt of Taxable Gain by Subscribers in the Subscription Offering" and "THE OFFERINGS--Certain Federal Income Tax Consequences."

ELIGIBLE MEMBER SUBSCRIBERS AND VOTING MEMBERS ARE URGED, THEREFORE, TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES OF THE CONVERSION MERGER TO THEM, AND ANY PURCHASE OF BB&T FINANCIAL COMMON STOCK PURSUANT TO THE SUBSCRIPTION OFFERING, INCLUDING, WITHOUT LIMITATION, TAX RETURN REPORTING REQUIREMENTS, THE APPLICATION AND EFFECT OF FEDERAL, FOREIGN, STATE, LOCAL AND OTHER TAX LAWS AND THE IMPLICATIONS OF ANY PROPOSED CHANGES IN THE TAX LAWS.

No income, gain or loss will be recognized by a purchaser of BB&T Financial Common Stock in the Community Offering. A purchaser of BB&T Financial Common Stock in the Community Offering will have a tax basis in such stock equal to the purchase price thereof and will have a holding period for such stock commencing on the day following the date on which such stock is purchased.

USE OF PROCEEDS

The net proceeds from the sale of BB&T Financial Common Stock in the Offerings, assuming all shares offered are purchased in the Subscription Offering at the 85% Price, are estimated to range from \$16.3 million to \$22.3 million. The Plan of Conversion does not require that a minimum number of shares be sold in the Offerings in order to consummate the Conversion Merger. Net proceeds from the Offerings thus could be substantially less than the range indicated above, depending on the number of shares purchased in the Offerings. However, the Administrator may condition his final approval on a minimum number of shares being sold in the Conversion Merger. It is possible that shares not sold in the Offerings may be sold in a public offering. The net proceeds from the sale of the BB&T Financial Common Stock will be used by BB&T

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Financial (along with additional funds of BB&T Financial from other sources) to acquire the stock of Home Savings issued in the Conversion. It is possible, however, that BB&T Financial will use the proceeds from the Offerings for general corporate purposes in the event that the FDIC takes certain actions under legislation proposed in the U.S. Congress. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Potential Effects of Pending Legislation." The purchase price for the stock to be issued to BB&T Financial by Home Savings in the Conversion will equal the Appraised Value of Home Savings less expenses incurred in the Conversion and the Acquisition, but will in no event be less than the current net worth of Home Savings. See "USE OF PROCEEDS."

CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS

For a discussion of certain important factors relating to the four-month transfer restriction imposed on shares purchased at the 85% Price, certain other factors relating to the 85% Price, the 95% Price, certain tax consequences of purchasing in the Subscription Offering, the potential effects on the Conversion Merger of legislation pending in the U.S. Congress and the effects of extensions in the expiration of the Offerings, see "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS."

INTERESTS OF THE DIRECTORS, OFFICERS AND EMPLOYEES OF HOME SAVINGS IN THE CONVERSION MERGER

Following the Conversion and the Acquisition, the directors of Home Savings will continue to serve on the Home Savings Board of Directors, and following the Merger, they will serve on an advisory board established by BB&T. In consideration of such service, BB&T will pay each outside director fees of

\$12,000 per year. In addition, for as long as each director (including Mr. Hill and Mr. Swanner) remains on the advisory board, BB&T Financial will reimburse such director for expenses incurred in attending one convention per year which is related to the business of Home Savings. Moreover, the outside directors of Home Savings will be granted, as a group, options to purchase a total of 17,072 shares (which is a number equal to approximately 2.13% of the shares offered in the Subscription Offering) of BB&T Financial Common Stock and awarded a total of 25,608 shares (approximately 3.20% of the shares offered in the Subscription Offering) of restricted stock of BB&T Financial. The directors also will be entitled to participate in a BB&T Financial director retirement plan. See "BENEFITS TO BE OFFERED BY BB&T FINANCIAL TO DIRECTORS AND OFFICERS OF HOME SAVINGS--Director Benefits" in Annex I.

Messrs. Hill and Swanner are expected to become parties to employment agreements with BB&T Financial and Home Savings (and after the Merger, BB&T), providing for employment terms of five years (subject to annual extension at the option of BB&T Financial or, after the Merger, BB&T, beginning on the fourth anniversary until, in the case of Mr. Hill, age 70, and in the case of Mr. Swanner, age 65), specified minimum salaries of \$150,000 for Mr. Hill and \$115,000 for Mr. Swanner (which will be higher than their salaries at the time the Reorganization Agreement was signed), and certain other benefits. In addition, these two officers will be granted, as a group, options to purchase a total of 30,732 shares (which equals approximately 3.84% of the shares being offered to Eligible Member Subscribers) of BB&T Financial Common Stock and awarded a total of 46,098 shares (which equals approximately 5.76% of the shares being offered to Eligible Member Subscribers) of restricted stock of BB&T Financial. Nine other officers will be granted, as a group, options to purchase a total of 20,484 shares (which is a number equal to approximately 2.56% of the shares being offered to Eligible Member Subscribers) of BB&T Financial Common Stock. All employees of Home Savings (including officers other than Mr. Hill and Mr. Swanner) will be awarded, as a group, a total of 30,732 shares (which equals approximately 3.84% of the shares being offered to Eligible Member Subscribers) of restricted stock of BB&T Financial. Shares of restricted stock of BB&T Financial and options for shares of BB&T Financial Common Stock awarded to directors, officers and employees of Home Savings are in addition to, and are not a part of, the estimated 800,000 shares being offered to Eligible Member Subscribers. Those directors, officers and employees receiving restricted stock also will be given cash bonuses to compensate them for a portion of the tax liability associated with the receipt of restricted stock. Certain additional benefits will be provided to employees of Home Savings following the Acquisition, including participation in the Home Savings ESOP, which is expected to hold 68,293 shares

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(approximately 8.54% of the shares offered in the Subscription Offering) of BB&T Financial Common Stock and a one-time cash bonus equal to one month's salary. For a more detailed description of the benefits to be offered to the Home Savings directors, officers and employees, see "BENEFITS TO BE OFFERED BY BB&T FINANCIAL TO DIRECTORS AND OFFICERS OF HOME SAVINGS--Officer Benefits" and "ADDITIONAL BENEFITS TO BE OFFERED BY BB&T FINANCIAL--Benefits to All Employees" in Annex I.

The directors and executive officers of Home Savings (and their affiliates) anticipate subscribing for a total of \$560,000 of BB&T Financial Common Stock in the Subscription Offering. The subscriptions of the directors and executive officers of Home Savings are subject to the same terms and limitations as the subscriptions of all other Eligible Members Subscribers, except that any shares of BB&T Financial Common Stock purchased in the Offerings by directors and executive officers shall be subject to the restriction that such shares shall not be sold without the prior written permission of the Administrator for a period of one year following the Closing Date, except in the event of the death of the director or executive officer. See "ANTICIPATED SUBSCRIPTIONS FOR SHARES OF BB&T FINANCIAL COMMON STOCK BY HOME SAVINGS' DIRECTORS AND EXECUTIVE OFFICERS IN THE OFFERINGS."

BENEFITS OFFERED TO CERTAIN DEPOSITORS OF HOME SAVINGS AND THE HOME SAVINGS COMMUNITY IN THE CONVERSION MERGER

BB&T Financial will pay to each Eligible Member Subscriber a one-time bonus equal to 2% of such Eligible Member Subscriber's balances in any deposit accounts (including certificates of deposit, money market deposit accounts, and individual retirement accounts) outstanding with Home Savings on the

Eligibility Record Date (January 31, 1993). This one-time bonus will be paid to Eligible Member Subscribers within 30 days of the consummation of the Conversion and the Acquisition. This cash bonus may not be applied toward the purchase of BB&T Financial Common Stock in the Offerings.

BB&T Financial also anticipates making charitable contributions over a five-year period to the communities served by Home Savings in an amount equal to \$2.1 million. Such contributions will be established in a trust to be administered by BB&T with the beneficiaries of the trust to be recommended by the current members of the Home Savings Board of Directors. See "ADDITIONAL BENEFITS TO BE OFFERED BY BB&T FINANCIAL--Community Benefits" in Annex I.

THE SHARES OF BB&T FINANCIAL COMMON STOCK OFFERED HEREBY ARE NOT DEPOSITS AND ARE NOT INSURED BY THE FDIC OR ANY OTHER GOVERNMENTAL AGENCY.

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BB&T FINANCIAL SUMMARY FINANCIAL INFORMATION
(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table sets forth summary historic financial data of BB&T Financial at or for the nine-month periods ended September 30, 1993 and 1992 and at or for the fiscal years ended December 31, 1992, 1991 and 1990. This information is derived from the historical consolidated financial statements of BB&T Financial. The information set forth below should be read in conjunction with the historical consolidated financial statements and the notes thereto of BB&T Financial, which are incorporated by reference herein. See "INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE."

The data at or for the nine-month periods ended September 30, 1993 and 1992 are unaudited, but have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and reflect all adjustments, consisting of only normal recurring adjustments, which in the opinion of BB&T Financial's management, are necessary for a fair presentation of the results for such interim periods. All performance ratios for such interim periods have been annualized. The results of operations and the ratios for the nine-month period ended September 30, 1993 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 1993 or for any other interim period.

<TABLE>
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	AT OR FOR THE NINE MONTHS ENDED SEPTEMBER 30,		AT OR FOR THE FISCAL YEARS ENDED DECEMBER 31,		
	1993	1992	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
EARNINGS AND DIVIDENDS					
Net income.....	\$69,815	\$ 59,087	\$ 76,076	\$ 60,172	\$ 53,615
Per share data:					
Primary net income....	\$ 2.31	\$ 2.14	\$ 2.89	\$ 2.57	\$ 2.49
Fully diluted net income.....	2.26	2.05	2.75	2.44	2.37
Cash dividends declared.....	.75	.66	.91	.85	.81
Average primary shares outstanding (in thousands).....	30,249	27,574	26,313	23,427	21,493
BALANCE SHEET ITEMS					
Assets.....	\$8,089,293	\$7,037,159	\$6,691,484	\$6,229,014	\$5,158,726
Securities(1).....	1,999,655	1,880,399	1,725,014	1,585,935	1,257,751
Loans.....	5,558,878	4,734,747	4,524,665	4,233,429	3,423,810
Deposits.....	6,084,242	5,620,620	5,346,320	5,203,499	4,406,442
Shareholders' equity..	698,370	581,010	560,908	486,502	373,506
Book value per share, end of period.....	22.62	20.96	21.32	19.19	17.51
RATIOS					
Performance Ratios(3):					
Return on average assets.....	1.24%	1.18%	1.18%	1.06%	1.05%
Return on average					

equity.....	14.29	14.47	14.50	14.11	15.01
Net interest margin, taxable equivalent...	4.63	4.64	4.69	4.48	4.40
Capital Ratios:					
Average equity to average assets.....	8.71%	8.17%	8.15%	7.52%	6.97%
Equity to assets (period-end).....	8.63	8.26	8.38	7.81	7.24
Risk-based capital ratios(2):					
Tier 1 capital.....	12.80	12.36	12.35	11.13	9.72
Total capital.....	14.80	15.42	15.24	14.33	13.04
Leverage ratio(2).....	8.64	8.56	8.24	7.76	7.06
Asset Quality Ratios:					
Allowance for loan losses to loans outstanding.....	1.51%	1.53%	1.56%	1.46%	1.25%
Nonperforming assets to total assets.....	.50	.89	.70	1.29	.93
Net charge-offs to average loans outstanding(3).....	.17	.44	.48	.66	.40
Allowance for loan losses times nonperforming loans..	3.24x	1.85x	2.61x	1.08x	1.12x

</TABLE>

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- (1) Includes investment securities and securities available for sale.
- (2) Calculated in accordance with applicable regulations of the Board of Governors of the Federal Reserve System ("Federal Reserve"). See "SUPERVISION AND REGULATION OF BB&T FINANCIAL--Capital Adequacy Guidelines for Bank Holding Companies."
- (3) Annualized for interim periods.

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CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS

Eligible Subscribers should consider the following factors before electing to purchase in the Subscription Offering or the Community Offering:

Four-Month Transfer Restriction. As described more fully below (see "THE OFFERINGS--The Subscription Offering--Four-Month Transfer Restriction"), shares purchased in the Subscription Offering at the 85% Price generally may not be transferred until four months after the date of this Prospectus/Proxy Statement. (Shares purchased in the Subscription Offering at the 95% Price or the BB&T Market Price and shares purchased in the Community Offering at the 95% Price will not be subject to the four-month transfer restriction.) Purchasers of shares at the 85% Price thus will not be able to sell such shares for this period and thus will not be able to realize any profit that may exist by virtue of the discount reflected in the 85% Price during this period. The four-month delay imposed on any transfer potentially decreases the chance that the market price of the BB&T Financial Common Stock will exceed the 85% Price on the date the Subscriber finally is able to sell the shares. Subscribers seeking liquidity should consider the effect of the four-month transfer restriction before subscribing for shares in the Subscription Offering at the 85% Price. Subscribers also should consider what, if any, effect the restriction might have on the ability to borrow against shares subject to the restriction.

Receipt of Taxable Gain by Subscribers in the Subscription Offering. Eligible Member Subscribers who elect to purchase shares in the Subscription Offering at the 85% Price and/or the 95% Price will recognize gain attributable to the receipt of Subscription Rights in the year in which the shares are purchased. It is unclear as to how the Subscription Rights should be valued or how to determine the number of Subscription Rights issued to each Eligible Member Subscriber for this purpose.

Under one approach, all Eligible Member Subscribers will recognize gain attributable to the receipt of Subscription Rights in some amount regardless of whether they exercise any or all of their Subscription Rights. In this case, a recipient of Subscription Rights will be able to claim a loss upon the expiration of any unexercised Subscription Rights. Under another approach, only Eligible Member Subscribers who actually exercise Subscription Rights will

recognize gain attributable to the receipt of Subscription Rights, and the value of Subscription Rights received will be determined based on the actual number of shares acquired pursuant to Subscription Rights.

BB&T Financial is uncertain as to whether it will be required to file information returns with the IRS related to the value of Subscription Rights received by Eligible Member Subscribers and, if required, how the value will be determined for purposes of the information returns (particularly in light of the four-month restriction imposed on shares purchased at the 85% Price). Accordingly, Eligible Member Subscribers are urged to consult their own tax advisors as to the specific tax consequences to them of purchasing BB&T Financial Common Stock in either the Subscription Offering or the Community Offering. See "THE OFFERINGS--Certain Federal Income Tax Consequences" for further discussion.

The Purchase Price. Although Subscribers may purchase BB&T Financial Common Stock at a discount to the BB&T Market Price, because of potential fluctuations in the market price of BB&T Financial Common Stock, there can be no assurance that the 85% Price or the 95% Price actually will be less than, or equal to, the market price for BB&T Financial Common Stock on the date the Offerings are consummated and/or on the date Subscribers receive certificates for their shares or are entitled to sell their shares. Subscribers thus should consider carefully the volatility of the market for equity securities in determining whether to subscribe for shares of BB&T Financial Common Stock in the Subscription Offering and/or the Community Offering. The market price for BB&T Financial Common Stock may be affected by, among other things, BB&T Financial's earnings and capital, changes in interest rates, general economic conditions and other factors affecting the banking industry and the stock market in general.

Subscribers purchasing in the Subscription Offering at the 85% Price in particular should consider the potential for price fluctuation in the context of the four-month transfer restriction. See "THE OFFERINGS--The Subscription Offering--Four-Month Transfer Restriction." Moreover, while certificates for shares of BB&T Financial Common Stock will be mailed as soon as practicable after the Closing Date, until such stock

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certificates are delivered to Subscribers, Subscribers in the Subscription Offering who purchase shares at the 95% Price and the BB&T Market Price and Subscribers in the Community Offering (i.e., those who purchase shares without the transfer restriction) may not be able to sell the shares of BB&T Financial Common Stock for which they have subscribed. See "THE OFFERINGS--General--Delivery of Stock Certificates."

In addition, because the 85% Price and the 95% Price initially may be less than the market price for BB&T Financial Common Stock, some Subscribers (as well as purchasers of BB&T Financial Common Stock in other similar acquisitions at a similar discount) may be inclined immediately to sell their shares (in the case of purchases at the 95% Price) or after the expiration of the four-month transfer restriction (in the case of purchases in the Subscription Offering at the 85% Price) or effect other transactions in an attempt to realize any profit between the 85% Price and/or the 95% Price and the then-market price for the BB&T Financial Common Stock. Depending upon their timing and volume, such transactions by themselves conceivably could cause the market price for BB&T Financial Common Stock to decline.

For these and other reasons, Subscribers may be unable to sell the shares for which they have subscribed in the Subscription Offering and/or the Community Offering at a price equal to or greater than the 85% Price and/or the 95% Price.

Moreover, because the market price of the BB&T Financial Common Stock could increase between now and the date the 85% Price, the 95% Price and/or the BB&T Market Price are determined, Eligible Subscribers might be able to purchase BB&T Financial Common Stock in the open market prior to that date at a price lower than the 85% Price, the 95% Price and/or the BB&T Market Price. Any such open market purchase would permit the purchaser to obtain the shares immediately, which would not be the case if the Eligible Subscriber purchased the shares in the Offerings, with the attendant delay in receipt of the shares from the date the Stock Order Form is submitted.

Potential Effects of Pending Legislation. On November 22, 1993, three members of the House Banking Committee, including the Chairman, introduced a bill in the U.S. Congress, H.R. 3615, which, if enacted, would permit state savings banks like Home Savings to convert from mutual to stock form on or after November 22, 1993 only in accordance with regulations adopted by the FDIC which do not now exist. If H.R. 3615 is enacted into law in its present form, the FDIC would be required to adopt regulations governing conversions of state savings banks which are substantially similar to the regulations of the Office of Thrift Supervision ("OTS") governing conversions of federal savings banks and savings and loan associations.

The apparent intent of the proposed legislation is to create a uniform standard for conversions, applied nationwide and under rules imposed by the federal government. Although BB&T Financial and Home Savings cannot predict the final outcome, content or effect of H.R. 3615, it is possible that if H.R. 3615 is enacted into law in its current form, the FDIC would require lower levels of benefits to the directors, officers and employees, as well as lower levels of benefits to depositors and communities because the OTS generally has approved transactions with lower levels of such benefits than are provided in this transaction. Any precise determination, however, is difficult to make because the OTS has historically approved benefits on a case by case basis.

As drafted, H.R. 3615 would purport to apply to the Conversion Merger of Home Savings, although the Plan of Conversion was adopted by the Home Savings Board of Directors well before H.R. 3615 was introduced on November 22, 1993.

If H.R. 3615 were enacted in its current form, the FDIC could take the position that the Conversion Merger was not consummated in accordance with FDIC standards under the new law. BB&T Financial and Home Savings, along with other banks and savings institutions, are seeking to have H.R. 3615 modified to "'grandfather" (i.e., exempt from compliance with the statute) certain pending conversion merger transactions, including the Conversion Merger of Home Savings. If this effort is not successful, if H.R. 3615 is voted into law in its current form and if it is determined that the Conversion Merger was not in compliance with the FDIC regulations, it is possible that the FDIC would pursue remedies against BB&T Financial and

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Home Savings, which conceivably could include efforts to unwind the transaction. BB&T Financial and Home Savings would resist any such action vigorously.

It is not possible at this time to predict the effect of the legislation if it is passed. If, for example, the FDIC sought to unwind the Conversion Merger, it could seek to return Home Savings to its mutual form, in which case BB&T Financial would no longer own the stock of Home Savings. The employee bonus, employment contracts, deposit bonus, charitable contributions and all other components of the Conversion Merger could be reversed, although it is impossible at this stage to predict exactly what the FDIC would try to do. BB&T Financial may take the position that the sales of BB&T Financial Common Stock to Subscribers would not be rescinded and that, instead of using the proceeds of the Offerings for the purchase of Home Savings, BB&T Financial would use the proceeds for its general corporate purposes. If this position is successfully taken (which cannot be assured), whether or not the Conversion Merger is undone, sales to Subscribers of BB&T Financial Common Stock at the 85% Price, the 95% Price and/or BB&T Market Price in the Subscription Offering and Community Offering would not be affected. For further information on how the proceeds from the Offerings would be used, see "USE OF PROCEEDS."

Potential Effects of Extensions of the Expiration of the Offerings. The Subscription Offering and the Community Offering are currently scheduled to expire on March 1, 1994. It is possible, however, that, up until 5:00 p.m. on March 1, 1994, the Subscription Offering could be extended to a date no later than _____, 1994 and that the Community Offering could be extended to a date no later than _____, 1994. The Offerings could be extended for a variety of reasons, including adverse market conditions, the results of the Offerings, Congressional or regulatory action in connection with H.R. 3615 (see "-- Potential Effects of Pending Legislation") or other developments affecting the Conversion Merger. Subscribers whose subscription decision might be affected by the per share purchase price should consider the possibility that the price of BB&T Financial Common Stock will fluctuate between March 1, 1994 and the date of any extension of the Offerings.

DESCRIPTION OF BB&T FINANCIAL

BB&T Financial was chartered under North Carolina law in 1973 for the purpose of holding the stock of BB&T. Primarily through BB&T, BB&T Financial concentrates on attracting deposits and on lending to middle-market businesses in the Carolinas. In the 1970s and 1980s, BB&T Financial expanded into new markets throughout the state through mergers and acquisitions of other North Carolina commercial banks. In 1987, BB&T Financial acquired a bank holding company and its subsidiary commercial bank in South Carolina. In 1989, BB&T Financial began to focus on further expanding its markets in North Carolina through acquisitions of healthy thrift institutions, as discussed below under "--Savings Institution Acquisitions and Operations."

BB&T Financial continues to evaluate the possibility of acquiring additional mutual and stock institutions, commercial banks, insurance agencies and other financial services companies and it currently anticipates, after the date of this Prospectus/Proxy Statement, entering into acquisition agreements with one or more of such institutions. The institutions, banks and companies being evaluated are located in North Carolina, South Carolina and Virginia.

BB&T FINANCIAL CORPORATION

BB&T Financial is a bank holding company, the principal assets of which are all of the outstanding shares of common stock of BB&T and BB&T Financial Corporation of South Carolina (which in turn owns all of the outstanding shares of capital stock of BB&T-SC). BB&T Financial also includes among its assets the shares of Citizens of Newton, Mutual Savings, Citizens of Mooresville and Old Stone and interest-bearing bank balances with, and loans to, BB&T. BB&T Financial's principal sources of revenue are interest, dividends and management fees received from its subsidiaries. There are limitations on the subsidiaries' ability to pay dividends to BB&T Financial. See "SUPERVISION AND REGULATION OF BB&T FINANCIAL--BB&T and BB&T-SC" and "MARKET PRICE AND DIVIDENDS." At September 30, 1993, BB&T Financial had consolidated assets of approximately \$8.09 billion and consolidated shareholders' equity of approximately \$698.4 million.

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BB&T FINANCIAL'S COMMERCIAL BANK ACQUISITIONS AND OPERATIONS

Branch Banking and Trust Company. BB&T is a North Carolina-chartered commercial bank and is the fourth largest bank in the state. As of September 30, 1993, BB&T operated 223 offices in 118 cities and towns in North Carolina and had approximately 3,832 full-time and part-time employees. BB&T provides a wide range of commercial banking, consumer banking, trust and investment services primarily through its branch network. BB&T also operates an insurance department and a travel department and is a broker dealer in government and municipal securities. As of September 30, 1993, BB&T had assets of approximately \$7.62 billion and deposit liabilities of \$5.81 billion. As of that date, its tangible capital was \$649.8 million, or 8.51% of assets, and its total risk-based capital was \$735.8 million, or 14.91% of risk-weighted assets. BB&T's net income was \$64.2 million, \$69.7 million and \$51.5 million for the nine month period ended September 30, 1993 and the years ended December 31, 1992 and 1991, respectively.

Branch Banking and Trust Company of South Carolina. BB&T-SC, a South Carolina-chartered commercial bank, is among the ten largest banks in South Carolina. As of September 30, 1993, BB&T-SC operated 17 offices in five counties in the Piedmont region of South Carolina and had approximately 185 employees. BB&T-SC provides a full range of commercial banking, consumer banking, trust and investment services through its branch network. As of September 30, 1993, BB&T-SC had assets of \$501.0 million and deposit liabilities of \$449.2 million. As of that date, its tangible capital was \$42.3 million, or 8.44% of assets, and its total risk-based capital was \$47.2 million, or 11.95% of risk-weighted assets. BB&T-SC's net income was \$5.7 million, \$5.7 million and \$4.6 million for the nine month period ended September 30, 1993 and the years ended December 31, 1992 and 1991, respectively.

On December 7, 1993, BB&T Financial agreed to acquire all of the outstanding shares of LSB, a South Carolina-chartered bank holding company with 23 offices in South Carolina, in exchange for approximately 3,834,625 shares of BB&T

Financial Common Stock (subject to adjustment). As of September 30, 1993, LSB had total assets of \$646 million, deposits of \$545 million and shareholders equity of \$45 million. The transaction is intended to qualify as a tax-free exchange and to be accounted for as a pooling of interests. LSB also granted BB&T Financial an option, exercisable under certain circumstances, to acquire 771,894 shares of LSB common stock (subject to adjustment) at a price of \$30 per share.

SAVINGS INSTITUTION ACQUISITIONS AND OPERATIONS

BB&T Financial believes that many savings institutions (which include savings and loan associations and savings banks) will be acquired by, merged or otherwise consolidated into, bank holding companies and commercial banks over the next several years. There are a number of healthy, well-managed savings institutions located in BB&T Financial's market area. Although no assurance can be provided that its goals will be realized, BB&T Financial has determined that the acquisition of what it believes are financially sound, well-managed savings institutions within North Carolina, South Carolina and possibly Virginia could improve BB&T Financial's market share, enhance BB&T Financial's ability to compete with other financial institutions by expanding and improving the efficiency of BB&T Financial's branch network, and, it is hoped, ultimately increase earnings and book value per share. The primary focus of its acquisition strategy has been and is expected to continue to be the acquisition of such financially sound savings institutions, although BB&T Financial is considering the acquisition of commercial banks and may, under certain circumstances, acquire an undercapitalized savings institution or certain of its assets or liabilities, perhaps with government assistance.

BB&T Financial primarily has focused its business and strategy on meeting the commercial banking needs of the retail and small and middle market commercial customer through an extensive branch network. The acquisitions by BB&T Financial of savings institutions, such as Home Savings, are designed to complement BB&T Financial's branch expansion and branching strategy. BB&T Financial generally intends to merge or otherwise consolidate these entities with and into either BB&T or BB&T-SC, as appropriate. Following any such mergers, BB&T Financial expects to seek to reorient the focus of the business of acquired savings institutions to include a higher percentage of consumer and business loans and to offer services that

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produce noninterest income, such as insurance, trust and safe deposit services, while maintaining such institutions' mortgage origination and servicing capacities.

Since it began acquiring savings institutions in August 1990, BB&T Financial has acquired fourteen savings institutions in North Carolina with aggregate assets of \$3.1 billion, and several branches of a fifteenth savings institution. Seven of the institutions acquired were mutual institutions and were acquired in "conversion merger" transactions, and the other seven were stock institutions. BB&T Financial currently has pending the acquisition of three additional savings institutions, including Home Savings, with total assets of \$537 million at September 30, 1993. See "PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS" and "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF BB&T FINANCIAL." BB&T Financial continues to pay assessments to the SAIF on the portion of deposits attributable to its savings institution acquisitions, which assessments may in the future be higher than the deposit insurance assessments on deposits insured by the Bank Insurance Fund ("BIF") which insures deposits of commercial banks. See "SUPERVISION AND REGULATION OF BB&T FINANCIAL-- Acquisitions of Savings Institutions."

Savings institution acquisitions have accounted for a significant percentage of BB&T Financial's growth during the past several years. Although BB&T Financial believes that there continue to be a number of thrift institutions that meet its acquisition criteria in the Carolinas and possibly Virginia, no assurance can be given that BB&T Financial can continue to make savings institution acquisitions at the same rate or on the same terms as previously. For example, the regulatory standards for approval of conversion mergers may change. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Potential Effects of Pending Legislation" for a discussion of pending legislation which could affect conversion mergers. In addition, other bank holding companies in the Carolinas have begun to acquire mutual savings institutions, which has

increased the competition for attractive acquisition candidates and resulted in conversion mergers on less favorable terms to the acquirors.

ACQUISITION OF INSURANCE AGENCIES AND OTHER INSTITUTIONS

In the last three years, BB&T Financial has acquired, in exchange for 497,440 shares of BB&T Financial Common Stock, the operations of eight insurance agencies with operations in several cities throughout North Carolina. The agencies write commercial and personal insurance policies as agents on behalf of various insurance underwriters. The insurance operations have been merged into BB&T and are conducted through a department of BB&T in the communities where the acquired agencies operated. BB&T Financial has pending the acquisition of two additional insurance agencies and anticipates acquiring additional agencies after the date of this Prospectus/Proxy Statement.

MANAGEMENT OF BB&T FINANCIAL

The following tables set forth the current directors and executive officers of BB&T Financial and certain information concerning their backgrounds.

<TABLE>
<CAPTION>

NAME	AGE AS OF 12/31/93	PRINCIPAL OCCUPATION(S) DURING LAST FIVE YEARS	DIRECTOR OF BB&T FINANCIAL SINCE
----	-----	-----	-----
<S>	<C>	<C>	<C>
DIRECTORS			
Joseph B. Alala, Jr. ...	60	Senior Partner, Alala, Mullen, Holland and Cooper, P.A. (Attorneys), Gastonia, N.C.	1983
John A. Allison IV.....	45	Chairman of the Board and Chief Executive Officer, BB&T Financial and Branch Banking and Trust Company, Wilson, N.C.	1986
W. Watson Barnes.....	57	President, Wilson Petroleum Company, Inc. (Distributor of petroleum products), Wilson, N.C.	1981

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<TABLE>
<CAPTION>

NAME	AGE AS OF 12/31/93	PRINCIPAL OCCUPATION(S) DURING LAST FIVE YEARS	DIRECTOR OF BB&T FINANCIAL SINCE
----	-----	-----	-----
<S>	<C>	<C>	<C>
Paul B. Barringer.....	63	President and Chief Executive Officer, Coastal Lumber Company (Dealer in lumber products), Weldon, N.C.	1975
Robert L. Brady.....	63	Senior Vice President, Branch Banking and Trust Company, Greensboro, N.C. Prior to April 1992, President, Gate City Federal Savings & Loan Association, Greensboro, N.C.	1991
W.G. Clark III.....	60	President, Clark Industries, Inc. (Farming), Tarboro, N.C.	1981
Jesse W. Corbett, Jr. ..	57	Personal Investments, Morehead City, N.C. Prior to June 1988, President, Corbett Motor Company, Inc. (Automobile dealership), Wilson, N.C.	1981
W.R. Cuthbertson, Jr. ..	63	Senior Vice President, Branch Banking and Trust Company, Charlotte, N.C.	1983
Fred H. Deaton, Jr.....	62	Personal Investments, Statesville, N.C.	1974
Joe L. Dudley, Sr.	56	President and Chief Executive Officer, Dudley Products, Inc. (Hair care products), Greensboro, N.C.	1992
Tom D. Efird.....	54	President, Standard Distributors, Inc. (Beverage wholesaler), Gastonia, N.C.	1982

O. William Fenn, Jr. ...	67	Personal Investments, High Point, N.C. Prior to April 1992, Vice Chairman, LADD Furniture Company (Furniture manufacturer), High Point, N.C.	1991
James E. Heins.....	63	Telecommunications Consultant, Pinehurst, N.C. Prior to August, 1991, Vice President of Government Relations, ALLTEL Corporation (Telecommunications), Sanford, N.C.	1985
Raymond A. Jones, Jr. ...	69	Personal Investments, Charlotte, N.C.	1975
Kelly S. King.....	45	Senior Executive Vice President, BB&T Financial Corporation, and President, Branch Banking and Trust Company, Wilson, N.C.	1991
David R. LaFar III.....	64	Chairman, LaFar Industries, Inc. (Textile manufacturer), Gastonia, N.C.	1990
J. Ernest Lathem, M.D...	60	Urologist, The Willow Practice, P.A., Greenville, S.C.	1987
James H. Maynard.....	54	Chairman, Investors Management Corporation (Restaurants), Raleigh, N.C.	1985

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<TABLE>
<CAPTION>

NAME	AGE AS OF 12/31/93	PRINCIPAL OCCUPATION(S) DURING LAST FIVE YEARS	DIRECTOR OF BB&T FINANCIAL SINCE
----	-----	-----	-----
<S>	<C>	<C>	<C>
Dorothy G. Owen.....	59	Chairman of Board of Directors, Owen Steel Co., Inc. (Steel fabricator), Columbia, S.C.	1992
W.H. Parks.....	55	President, Branch Banking and Trust Company of South Carolina, Greenville, S.C.	1987
A. Winniett Peters.....	67	Chairman of the Board, Standard Commercial Tobacco Company (Tobacco processors and exporters), Wilson, N.C.	1977
Richard L. Player, Jr. .	59	President, Player, Inc. (Commercial and industrial general contractor), Fayetteville, N.C.	1990
S.B. Tanner III.....	66	Chairman of the Board, Tanner Companies, Inc. (Manufacturer of ladies' apparel), Rutherfordton, N.C.	1982
Larry J. Waggoner.....	58	Real Estate Development and Investments, Naples, Fla. Prior to August 1991, President, Rental Towel & Uniform Services, Inc. (Rental services), Graham, N.C.	1985
Henry G. Williamson, Jr.	46	President and Chief Operating Officer, BB&T Financial Corporation and Chief Operating Officer, Branch Banking and Trust Company, Wilson, N.C.	1986
William B. Young, M.D...	68	Retired Specialist in Internal Medicine, Wilson, N.C.	1974

EXECUTIVE OFFICERS

NAME	AGE AS OF 12/31/93	PRINCIPAL OCCUPATION(S) DURING LAST FIVE YEARS	EMPLOYEE OF BB&T SINCE
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John A. Allison IV.....	45	Chairman of the Board and Chief Executive Officer, BB&T Financial Corporation and Branch Banking and Trust Company	1971
Henry G. Williamson, Jr.	46	President and Chief Operating Officer, BB&T Financial Corporation and Chief Operating Officer, Branch Banking and Trust Company	1972
Kelly S. King.....	45	Senior Executive Vice President, BB&T	1972

		Financial Corporation and President, Branch Banking and Trust Company	
W. Kendall Chalk.....	48	Senior Executive Vice President, BB&T Financial Corporation and Branch Banking and Trust Company	1975
Scott E. Reed.....	45	Senior Executive Vice President and Treasurer, BB&T Financial Corporation and Senior Executive Vice President, Branch Banking and Trust Company	1972

</TABLE>

THE OFFERINGS

GENERAL

The Offerings are being made pursuant to the terms of the Plan of Conversion and the Reorganization Agreement. The following discussion does not purport to be complete and is subject to and is qualified in its entirety by reference to all of the provisions of the Plan of Conversion, which is attached hereto as Annex II, and the Reorganization Agreement, which has been filed as an exhibit to the Registration Statement. See "AVAILABLE INFORMATION."

Purchase Price. Shares are being offered in the Subscription Offering to Eligible Member Subscribers at three different prices. Eligible Member Subscribers may elect to purchase shares either at the 85% Price, which will be a price equal to 85% of the BB&T Market Price, and/or at the 95% Price, which will be a price equal to 95% of the BB&T Market Price. Shares are also being offered in the Subscription Offering at the BB&T Market Price (without any four-month transfer restriction) to (i) Voting Members who are not also Eligible Member Subscribers and (ii) Eligible Member Subscribers who had a single deposit account with a balance of less than \$25,000 on deposit or only a loan account, each at Home Savings as of the Eligibility Record Date, if they subscribe for more than \$150,000 of BB&T Financial Common Stock. Shares offered but not sold in the Subscription Offering will be offered in the Community Offering to Community Offering Residents at the 95% Price (subject to maximum and minimum purchase limitations), see "--The Community Offering--Maximum and Minimum Purchase Limitations."

SHARES PURCHASED IN THE SUBSCRIPTION OFFERING AT THE 85% PRICE WILL BE SUBJECT TO THE RESTRICTION THAT SUCH SHARES MAY NOT BE SOLD OR TRANSFERRED, BY SALE, GIFT OR OTHERWISE, FOR A PERIOD OF FOUR MONTHS FOLLOWING THE DATE OF THIS PROSPECTUS/PROXY STATEMENT, EXCEPT IN THE EVENT OF THE DEATH OF THE SUBSCRIBER. Shares purchased in the Subscription Offering at the 95% Price or the BB&T Market Price and in the Community Offering at the 95% Price will not be subject to any transfer restriction.

Although the 85% Price and the 95% Price will be set at a discount to the market price of the BB&T Financial Common Stock at the time the 85% Price and the 95% Price are established, Subscribers may be unable to sell the shares for which they subscribe at a price equal to or greater than the 85% Price or the 95% Price. Moreover, because shares purchased in the Subscription Offering at the 85% Price may not be transferred for a period of four months, the market price of BB&T Financial Common Stock on the date that such shares may be sold could be substantially different than the market price of such shares on the dates on which they are subscribed for and received. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Four-Month Transfer Restriction" and "--the Purchase Price."

Participation in the Offerings by Eligible Member Subscribers or Voting Members Who Also Are Community Offering Residents. An Eligible Member Subscriber or Voting Member who also is a Community Offering Resident is eligible to participate in either the Subscription Offering, the Community Offering or both. Eligible Member Subscribers who elect to subscribe for shares in the Subscription Offering at the 85% Price will be entitled to a lower purchase price than in the Community Offering, but, unlike the shares purchased at the 95% Price in the Subscription Offering or in the Community Offering, shares purchased in the Subscription Offering at the 85% Price are subject to the four-month transfer restriction. See "--The Subscription Offering--Four-Month Transfer Restriction." However, Voting Members who are not Eligible Member Subscribers and who subscribe in the Subscription Offering will pay the

BB&T Market Price rather than the lower 95% Price they would be entitled to pay in the Community Offering if they are Community Offering Residents.

In the event of an oversubscription for the shares of BB&T Financial Common Stock in the Subscription Offering and/or the Community Offering, Eligible Member Subscribers and Voting Members who subscribe in the Subscription Offering will be entitled to priority over Subscribers in the Community Offering. Thus, in the event of an oversubscription, shares may not be available to fill subscriptions of those Eligible Member Subscribers and Voting Members subscribing in the Community Offering. BB&T Financial cannot predict the extent to which Eligible Member Subscribers and Voting Members will subscribe for shares in the Subscription Offering or the likelihood of an oversubscription. See "THE OFFERINGS--The Subscription Offering--Oversubscription Procedures."

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There also may be certain important differences in the tax consequences between participating in the Subscription Offering and participating in the Community Offering, including the fact that Eligible Member Subscribers and Voting Members who are also Community Offering Residents should not recognize taxable gain as a result of purchasing shares in the Community Offering, whereas Eligible Member Subscribers and Voting Members who elect to purchase shares in the Subscription Offering will recognize taxable gain attributable to the receipt and exercise of Subscription Rights. However, under one theory even those Eligible Member Subscribers who elect not to exercise their Subscription Rights may be required to recognize taxable gain due to the receipt of these Subscription Rights, although in most cases such Eligible Member Subscribers would be entitled to recognize offsetting losses when the unexercised Subscription Rights expire. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Receipt of Taxable Gain by Subscribers in the Subscription Offering" and "--Certain Federal Income Tax Consequences." Those who are eligible to participate in both the Subscription Offering and the Community Offering and who wish to subscribe should consider these factors and the other information concerning the Offerings contained herein before deciding whether to elect to participate in the Subscription Offering, the Community Offering or both. For a discussion of purchase limitations for such persons, see "--The Subscription Offering--Maximum and Minimum Purchase Limitations" and "--The Community Offering--Maximum and Minimum Purchase Limitations."

Delivery of Stock Certificates. Stock certificates representing shares of BB&T Financial Common Stock purchased in the Offerings will be mailed by BB&T Financial's transfer agent to the persons entitled thereto at the address noted on the Stock Order Form as soon as practicable after the completion of the Offerings. Any certificates returned as undeliverable will be held by BB&T Financial until claimed by the persons legally entitled thereto or otherwise disposed of in accordance with applicable law. Subscribers should note that there may be delays from the date the Stock Order Form is submitted until Subscribers receive their stock certificates. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--The Purchase Price."

THE SUBSCRIPTION OFFERING

BB&T Financial and Home Savings have caused this Prospectus/Proxy Statement and Annexes hereto, a Stock Order Form and additional information concerning the Subscription Offering to be mailed or otherwise delivered to each Eligible Member Subscriber and Voting Member of Home Savings. Additional copies of any of these documents are available upon request from the Conversion Information Center, 155 West South Street, Albemarle, North Carolina 28002 (telephone no. (704) -). Any questions or requests for additional information regarding the Conversion Merger or the Offerings may be directed to the Conversion Information Center.

Eligible Member Subscribers and Voting Members may subscribe for shares of BB&T Financial Common Stock in the Subscription Offering. Eligible Member Subscribers are holders of Home Savings deposit accounts aggregating \$50 or more or loan accounts, each on the Eligibility Record Date (which is January 31, 1993). Voting Members consist of holders of deposit accounts or borrowings at, and persons obligated on a loan from, Home Savings on the Voting Record Date (which is February 9, 1994) who continue to hold such accounts or borrowings or be obligated on such loan through the date of the Special Meeting, scheduled to be held March 1, 1994.

Under the Administrator's regulations, no person may transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of Subscription Rights or the underlying shares of BB&T Financial Common Stock to the account of any other person prior to completion of the Conversion. No person is required to subscribe for any shares of BB&T Financial Common Stock. Voting Members may vote at the Special Meeting whether or not they purchase shares.

Four-Month Transfer Restriction. SHARES PURCHASED IN THE SUBSCRIPTION OFFERING AT THE 85% PRICE ARE SUBJECT TO THE RESTRICTION THAT SUCH SHARES MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, BY SALE, GIFT OR OTHERWISE, FOR A PERIOD OF FOUR MONTHS FOLLOWING THE DATE OF THIS PROSPECTUS/PROXY STATEMENT, EXCEPT IN THE EVENT OF THE DEATH OF THE SUBSCRIBER. Any shares purchased in the Subscription Offering at the 95% Price or the BB&T

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Market Price will not be subject to this restriction. Each certificate representing any shares subject to the four-month transfer restriction will bear an appropriate notice of such restriction. Shares issued as a dividend, stock split or otherwise with respect to any such restricted shares will be subject to the same restriction for the remainder of such four-month period. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Four-Month Transfer Restriction."

Number of Shares Offered. The total number of shares of BB&T Financial Common Stock to be offered in the Subscription Offering will be determined by dividing (i) the Appraised Value of Home Savings as it will be updated after the Offerings are completed (see "--Appraised Value of Home Savings") by (ii) the BB&T Market Price. No fractional shares will be issued.

How to Subscribe. Eligible Member Subscribers and Voting Members may subscribe for shares of BB&T Financial Common Stock by properly completing and signing the Stock Order Form and hand delivering it to any Home Savings office or to any BB&T office in the Community Offering Area or by mailing it in the postage-paid return envelope accompanying this Prospectus/Proxy Statement to the Conversion Information Center, in each case accompanied by full payment, or instructions for payment, for the subscribed shares by the Subscription Expiration Date (currently anticipated to be 5:00 p.m., North Carolina time, on March 1, 1994, although the Subscription Offering may be extended to a date not later than , 1994).

Home Savings reserves the right to reject orders submitted by facsimile transmission. Failure of Home Savings for any reason to receive from any Eligible Member Subscriber or Voting Member a properly completed and executed Stock Order Form and payment or withdrawal instructions by such time will be deemed a waiver and release by such Eligible Member Subscriber or Voting Member of any rights that such Eligible Member Subscriber or Voting Member may have in the Subscription Offering. A Stock Order Form, once received by Home Savings, cannot be amended, modified or rescinded by the Subscriber. Home Savings may, but is not required to, waive any immaterial irregularities in any Stock Order Form or require the submission of a corrected Stock Order Form or the remittance of full payment for subscribed shares by such date as Home Savings may specify.

Method of Payment. Full payment or instructions for withdrawal from a Home Savings deposit account (other than a demand deposit account or NOW account, on which a Subscriber must write a check) of the Eligible Member Subscriber or Voting Member for the amount of the BB&T Financial Common Stock for which the Subscriber has subscribed must accompany each properly executed Stock Order Form for subscriptions to be valid. The actual number of shares issued to each such Eligible Member Subscriber or Voting Member will be equal to the amount received from such Eligible Member Subscriber or Voting Member, subject to adjustment for maximum purchase limitations (see "--Maximum and Minimum Purchase Limitations") and oversubscriptions (see "--Oversubscription Procedures"), divided by the 85% Price, the 95% Price and/or the BB&T Market Price, as applicable. Because no fractional shares will be issued, the Eligible Member Subscriber or Voting Member will receive as a refund an amount equal to (i) the total dollar amount for which each person subscribed minus (ii) the product of the number of whole shares to be received by such Eligible Member Subscriber or Voting Member and the applicable purchase price or prices.

All shares of BB&T Financial Common Stock purchased in the Subscription

Offering (other than by the Home Savings ESOP) may be paid for in cash (if delivered in person), or by check or money order. Home Savings reserves the right to reject payment submitted by wire transfer. If an Eligible Member Subscriber or Voting Member has a deposit account with Home Savings (other than a demand deposit account or NOW account, on which a Subscriber must write a check), such Subscriber may pay for the shares subscribed for by authorizing and directing Home Savings on the Stock Order Form to make a withdrawal from such deposit account in an amount equal to the aggregate dollar amount for which such Subscriber wishes to subscribe. In the case of withdrawal requests, funds for which such withdrawal is authorized will remain in the Subscriber's account until withdrawn by Home Savings on the Closing Date, and may not be withdrawn by such Subscriber unless and until the Subscription Offering has been completed or terminated. Prior to such withdrawal by Home Savings, any interest payable on such accounts will continue to be paid in accordance with the account's contractual rate of interest.

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All amounts received for the purchase of shares in the Subscription Offering (other than by designation for withdrawal from an eligible deposit account) will be placed in a special segregated Home Savings account for the Offerings. Home Savings will pay interest to the Subscriber on funds deposited in this account at Home Savings' passbook rate, currently % per annum, from the date payment is received until the Offerings are either completed or terminated. The amount of interest earned will be paid to each Subscriber and will NOT be applied toward the purchase of additional shares of BB&T Financial Common Stock.

Home Savings will permit an Eligible Member Subscriber or Voting Member to pay for any shares of BB&T Financial Common Stock subscribed for by withdrawal from a Home Savings certificate of deposit account (including withdrawal from an IRA invested in a certificate of deposit account if the procedures described in the next paragraph are followed) without the assessment of an early withdrawal penalty. If the authorized withdrawal is from a certificate account and the remaining balance does not meet the applicable minimum balance requirement, the entire certificate will be cancelled at the time of the withdrawal and the remaining balance will earn interest thereafter at Home Savings' passbook rate, currently % per annum.

Subscriptions by Beneficial Owners of IRA, Keogh or Similar Retirement Accounts. Beneficial owners of IRA, Keogh or similar retirement accounts are not themselves Eligible Member Subscribers or Voting Members by virtue of owning such accounts, but the account itself may be an Eligible Member Subscriber or Voting Member. Payment for the BB&T Financial Common Stock may be made with funds from an IRA, Keogh or similar retirement account only if the beneficial owner of such account(s) authorizes and directs Home Savings to transfer such account(s) to a self-directed account at an independent trustee that permits the account to hold stock. The independent trustee then must be directed by the beneficial owner to complete a Stock Order Form for such shares and to deliver such Stock Order Form, together with funds from such account, in an amount equal to the aggregate dollar amount of shares subscribed for. Any shares so subscribed for and purchased would become part of the IRA, Keogh or other retirement account. Those who are interested in utilizing IRA, Keogh or similar retirement account funds to subscribe for shares of BB&T Financial Common Stock should contact the Conversion Information Center prior to the Subscription Expiration Date for appropriate instructions.

For purposes of determining compliance with maximum purchase limitations, purchases by the beneficial owner of any IRA, Keogh or similar retirement account will be aggregated with purchases by such retirement account. See "--Maximum and Minimum Purchase Limitations."

Refunds. Refunds to Subscribers in the Subscription Offering will be remitted (and funds designated by Subscribers for withdrawal from deposit accounts released) (a) in lieu of the issuance of fractional shares in the Subscription Offering, (b) in the event and to the extent of an oversubscription in the Subscription Offering (see "--Oversubscription Procedures") and (c) in the event that the Subscription Offering is terminated. In addition, any interest payable to a Subscriber on funds delivered as payment for shares will be remitted. Any refunds and/or interest due to Subscribers on funds remitted will be mailed to the Subscriber at the address designated on the Stock Order Form promptly after the Closing Date or

the termination of the Conversion Merger, as the case may be.

The Home Savings ESOP. BB&T Financial has agreed to cause BB&T to establish the Home Savings ESOP for the benefit of the full-time employees of Home Savings. The purchase of the shares of BB&T Financial Common Stock by the Home Savings ESOP will be funded by a five-year loan from BB&T Financial to the Home Savings ESOP, which will be repaid through contributions each year to the Home Savings ESOP by BB&T Financial on behalf of the Home Savings ESOP participants. It currently is expected that the Home Savings ESOP will subscribe for 68,293 shares of BB&T Financial Common Stock in the Subscription Offering at the 85% Price. The Home Savings ESOP will receive priority over Eligible Member Subscribers and Voting Members in the case of an oversubscription for shares in the Subscription Offering. See "--Oversubscription Procedures." For additional information concerning the voting and tendering of shares in the Home Savings ESOP, see "DESCRIPTION OF CAPITAL STOCK OF BB&T FINANCIAL--Certain Provisions Which May Have an Anti-Takeover Effect--Employee Stock Ownership Plans."

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Maximum and Minimum Purchase Limitations. The Plan of Conversion provides for certain limitations to be placed on the purchase of shares in the Subscription Offering:

(a) Each Eligible Member Subscriber or Voting Member who wishes to subscribe for BB&T Financial Common Stock in the Subscription Offering must specify a minimum purchase of \$500 on the Stock Order Form. An Eligible Member Subscriber or Voting Member who also is a Community Offering Resident and who wishes to subscribe for shares of BB&T Financial Common Stock in both the Subscription Offering and the Community Offering must specify a minimum purchase of \$500 in each Offering.

(b) Each Eligible Member Subscriber with a single deposit account with a balance of at least \$25,000 at Home Savings or with an additional account relationship (including a loan) at Home Savings, in each case on the Eligibility Record Date (January 31, 1993), may subscribe at the 85% Price and/or the 95% Price for that number of whole shares of BB&T Financial Common Stock which, when multiplied by the 85% Price and/or the 95% Price, as applicable, would not exceed \$250,000. An additional account relationship may consist of a demand deposit account, savings account, certificate of deposit, IRA, Keogh and/or similar retirement account or a loan at Home Savings. Home Savings will require any Eligible Member Subscriber claiming an additional account relationship or a deposit balance of at least \$25,000 with Home Savings to provide evidence satisfactory to Home Savings of the existence of such additional account relationship or deposits as of the Eligibility Record Date. All determinations as to whether such Eligible Member Subscriber has submitted sufficient evidence of such additional account relationship or deposits shall be made by Home Savings in its sole discretion and shall be final and conclusive. If sufficient evidence of such additional account relationship or deposits is not provided, Home Savings in its sole discretion may reject orders received in the Subscription Offering by such Eligible Member Subscriber in excess of the limit set forth in paragraph (c).

(c) Each Eligible Member Subscriber with only a loan account or with a single deposit account with a balance of less than \$25,000 with Home Savings at the Eligibility Record Date may purchase at the 85% Price and/or the 95% Price that number of whole shares of BB&T Financial Common Stock which, when multiplied by the 85% Price and/or the 95% Price, as applicable, would not exceed \$150,000. Additional shares may be purchased by such persons at the BB&T Market Price, provided that the aggregate purchase price of shares purchased at the 85% Price, the 95% Price and/or the BB&T Market Price does not exceed \$250,000 in the aggregate.

(d) Voting Members (who are not also Eligible Member Subscribers) may purchase in the Subscription Offering at the BB&T Market Price, that number of whole shares of BB&T Financial Common Stock which, when multiplied by the BB&T Market Price, would not exceed \$250,000.

(e) An Eligible Member Subscriber or Voting Member who also is a Community Offering Resident may subscribe in the Community Offering at the 95% Price for that number of whole shares of BB&T Financial Common Stock

which, when added to the amount subscribed for in the Subscription Offering, would not exceed \$250,000.

(f) The Home Savings ESOP may subscribe at the 85% Price and/or the 95% Price for that number of shares of BB&T Financial Common Stock which, when multiplied by the 85% Price and/or the 95% Price, would not exceed 1% of the Outstanding BB&T Financial Common Stock. It currently is anticipated that the Home Savings ESOP will subscribe for 68,293 shares of BB&T Financial Common Stock at the 85% Price, or less than . % of the Outstanding BB&T Financial Common Stock.

(g) No Subscriber may acquire, through the purchase of BB&T Financial Common Stock in the Subscription Offering and/or the Community Offering, beneficial ownership in the aggregate (taking into account shares that may be held by such person) of more than 5% of the Outstanding BB&T Financial Common Stock, except that the number of shares of BB&T Financial Common Stock owned in the aggregate by the Home Savings ESOP and any other employee stock ownership plan which BB&T Financial has established or may establish may not exceed 10% of the Outstanding BB&T Financial Common Stock.

(h) For purposes of determining compliance with maximum subscription limitations, purchases by the beneficial owner of any IRA, Keogh or similar retirement account will be aggregated with purchases by such retirement account.

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Oversubscription Procedures. In the event of an oversubscription for the shares of BB&T Financial Common Stock in the Subscription Offering, shares will first be allocated to the Home Savings ESOP (see "--The Home Savings ESOP"). Remaining shares then will be allocated among Eligible Member Subscribers and Voting Members as follows:

(a) Shares subscribed for at the 85% Price and/or the 95% Price will be allocated among subscribing Eligible Member Subscribers who qualified as such by virtue of deposit account(s) held on the Eligibility Record Date so as to permit each such Eligible Member Subscriber to purchase the lesser of (x) the number of whole shares for which such Eligible Member Subscriber subscribed for at the 85% Price and/or the 95% Price, and (y) the number of shares equal to the proportion that the amount held in Home Savings qualifying deposit accounts by each such Eligible Member Subscriber at the close of business on the Eligibility Record Date bears to the total amount held in Home Savings qualifying deposit accounts by all Eligible Member Subscribers whose subscriptions remain unsatisfied. If the amount so allocated exceeds the amount subscribed for by any one or more such Eligible Member Subscriber, the excess shall be reallocated (one or more times as necessary) among such Eligible Member Subscribers whose subscriptions are still not fully satisfied on the same principle described above until all available shares have been allocated or all subscriptions satisfied.

(b) Any shares remaining after the allocation described in (a) above will be allocated among subscriptions at the BB&T Market Price, if any, by Eligible Member Subscribers who qualified as such by virtue of deposit account(s) held on the Eligibility Record Date, so as to permit each such Eligible Member Subscriber to purchase the lesser of (x) the number of shares subscribed for at the BB&T Market Price or (y) the number of shares equal to the proportion that the amount of qualifying deposits of each such Eligible Member Subscriber bears to the total amount of qualifying deposits of all such Eligible Member Subscribers who subscribe for shares at the BB&T Market Price. If the amount so allocated exceeds the amount subscribed for by any one or more such Eligible Member Subscriber, the excess shall be reallocated (one or more times as necessary) among such Eligible Member Subscribers whose subscriptions are still not fully satisfied on the same principle described above until all available shares have been allocated or all subscriptions satisfied.

(c) Any shares remaining after the allocations described in (a) and (b) above will be allocated among subscriptions of Voting Members who are not Eligible Member Subscribers so as to permit each such Voting Member to purchase the proportion that the amount of shares subscribed for by such

Voting Member bears to the total amount of shares subscribed for by all such Voting Members. If the amount so allocated exceeds the amount subscribed for by any one or more such Voting Member, the excess shall be reallocated (one or more times as necessary) among those Voting Members whose subscriptions are still not fully satisfied on the same principle described above until all available shares have been allocated or all subscriptions satisfied.

(d) Any shares remaining after the allocations described in (a), (b) and (c) above will be allocated among subscriptions at the 85% price and/or the 95% price of Eligible Member Subscribers who qualified as such only by virtue of borrowing(s) held on the Eligibility Record Date so as to permit each such Eligible Member Subscriber to purchase the proportion that the amount of shares subscribed for by such Eligible Member Subscriber bears to the total amount subscribed for by all such Eligible Member Subscribers. If the amount so allocated exceeds the amount subscribed for by any one or more such Eligible Member Subscriber, the excess shall be reallocated (one or more times as necessary) among such Eligible Member Subscribers whose subscriptions are still not fully satisfied on the same principle described above until all available shares have been allocated or all subscriptions satisfied.

(e) Any shares remaining after the allocation described in (a), (b), (c) and (d) above will be allocated among subscriptions at the BB&T Market Price of Eligible Member Subscribers who qualified as such only by virtue of borrowing(s) held on the Eligibility Record Date, if any, so as to permit each such Eligible Member Subscriber to purchase the proportion that the amount of shares subscribed for by such Eligible Member Subscriber bears to the total amount subscribed for by all such Eligible Member Subscribers. If the amount so allocated exceeds the amount subscribed for by any one or more such Eligible Member Subscriber, the excess shall be reallocated (one or more times as necessary) among such Eligible Member Subscribers whose subscriptions are still not fully satisfied on the same principle described above until all available shares have been allocated or all subscriptions satisfied.

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Eligible Member Subscribers or Voting Members who also are Community Offering Residents who elect to subscribe in the Subscription Offering will receive priority over Community Offering Residents who subscribe in the Community Offering in the event of an oversubscription in the Subscription Offering. Otherwise, if such persons subscribe for shares in the Community Offering, they will receive any shares remaining after allocations among those who subscribe in the Subscription Offering. See "--The Community Offering--Oversubscription Procedures."

Persons in Non-Qualified States or Foreign Jurisdictions. BB&T Financial will make reasonable efforts to comply with the securities laws of all jurisdictions in the United States in which Eligible Member Subscribers and Voting Members reside. However, Subscription Rights may not be offered to any person who resides in a foreign country, or who resides in any jurisdiction in the United States if any of the following apply: (i) a small number of persons otherwise eligible to subscribe for shares of BB&T Financial Common Stock under the Plan of Conversion reside in such jurisdiction; (ii) the issuance of Subscription Rights or the offer or sale of BB&T Financial Common Stock to such persons would require BB&T Financial, under the securities laws of such jurisdiction, to register as a broker or a dealer or otherwise qualify the BB&T Financial Common Stock for sale in such jurisdiction; or (iii) such registration or qualification would be impracticable for reasons of cost or otherwise. No payments will be made in lieu of the granting of Subscription Rights.

THE COMMUNITY OFFERING

Any shares of BB&T Financial Common Stock not subscribed for in the Subscription Offering may be subscribed for in the Community Offering by Community Offering Residents. If all shares of BB&T Financial Common Stock being offered are subscribed for in the Subscription Offering, no shares of BB&T Financial Common Stock will be available for sale in the Community Offering and all funds submitted by Community Offering Residents in the Community Offering will be refunded with interest. See "--Refunds" and "--Oversubscription Procedures." The Community Offering will be completed at the Community Expiration Date (currently expected to be 5:00 p.m., North Carolina

time, on March 1, 1994, although it could be extended and close at any date thereafter, but not later than , 1994).

Community Offering Residents consist of (a) natural persons residing in the Community Offering Area, (b) IRA, Keogh and similar retirement accounts established by or for the benefit of natural persons residing in the Community Offering Area, and (c) corporations, partnerships and similar entities headquartered in the Community Offering Area. Home Savings may require a Community Offering Resident to provide satisfactory evidence that such purchaser qualifies as a Community Offering Resident. All such determinations will be made by Home Savings in its sole discretion and will be final and conclusive. Moreover, the right to purchase BB&T Financial Common Stock in the Community Offering is subject to the right of Home Savings in its sole discretion to accept or reject, in whole or in part, orders received in the Community Offering.

This Prospectus/Proxy Statement, a Stock Order Form and additional information concerning the Community Offering are being provided to certain Community Offering Residents. Additional copies of any of these documents are available to Community Offering Residents upon request from the Conversion Information Center, 155 West South Street, Albemarle, North Carolina 28002 (telephone no. (704) -). Home Savings reserves the right not to send copies of documents to persons whose only address in the Community Offering Area is a post office box. Any questions or requests for additional information regarding the Conversion Merger and the Offerings may be directed to the Conversion Information Center.

How to Subscribe. A Community Offering Resident may subscribe for shares of BB&T Financial Common Stock by properly completing and signing the Stock Order Form and mailing it in the postage-paid return envelope accompanying this Prospectus/Proxy Statement, to the Conversion Information Center at the address noted above or by hand delivering it to any Home Savings office, accompanied by full payment, or instructions for payment, for the subscribed shares by the Community Expiration Date (currently expected

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to be 5:00 p.m., North Carolina time, on March 1, 1994, although the deadline may be extended and close at a date thereafter, but not later than , 1994).

The failure for any reason to receive from a Community Offering Resident a properly completed and executed Stock Order Form and payment by such time will be deemed a waiver and release by such Community Offering Resident of any right to subscribe for shares of BB&T Financial Common Stock in the Community Offering. Home Savings reserves the right to reject orders submitted by facsimile transmission. A completed Stock Order Form, once received, cannot be amended, modified or rescinded by the Community Offering Resident. Home Savings may, but is not required to, waive any immaterial irregularities in any Stock Order Form or require the submission of a corrected Stock Order Form or the remittance of full payment for subscribed shares by such date as Home Savings may specify.

Method of Payment. Full payment (or instructions for withdrawal from such deposit account if the Community Offering Resident has a deposit account at Home Savings--other than a demand deposit account or NOW account, on which a Subscriber must write a check) for the amount of the BB&T Financial Common Stock for which the Community Offering Resident has subscribed must accompany each properly executed Stock Order Form for subscriptions to be valid. The actual number of shares issued to each Community Offering Resident will equal the dollar amount received from such Community Offering Resident, subject to adjustment for maximum purchase limitations (see "--Maximum and Minimum Purchase Limitations") and oversubscriptions (see "--Oversubscription Procedures"), divided by the 95% Price. Because no fractional shares will be issued, Community Offering Residents will receive as a refund an amount equal to (i) the total dollar amount for which each such Subscriber subscribed minus (ii) the product of the number of whole shares to be received by such Subscriber and the 95% Price, as described above.

All shares of BB&T Financial Common Stock purchased in the Community Offering may be paid for in cash (if delivered in person), or by check or money order. Home Savings reserves the right to reject payment submitted by wire transfer. If a Community Offering Resident has a deposit account with Home Savings (other

than a demand deposit account or NOW account, on which the Subscriber must write a check), such Subscriber may pay for the shares subscribed for by authorizing and directing Home Savings on the Stock Order Form to make a withdrawal from such deposit account in an amount equal to the aggregate dollar amount of shares of BB&T Financial Common Stock for which such Subscriber wishes to subscribe. In the case of withdrawal requests, funds for which such withdrawal is authorized will remain in the Subscriber's account until withdrawn by Home Savings on the Closing Date, and may not be withdrawn by such Subscriber unless and until the Community Offering has been completed or terminated. Prior to such withdrawal by Home Savings, any interest payable on such accounts will continue to be paid in accordance with the account's contractual rate of interest.

All amounts received for the purchase of shares in the Community Offering (other than by designation for withdrawal from an eligible deposit account at Home Savings) will be placed in a special segregated Home Savings account for the Offerings. Home Savings will pay interest to the Subscriber on funds deposited in this account at Home Savings passbook rate, currently % per annum, from the date payment is received until the Offerings are either completed or terminated. The amount of interest earned will be paid to each Subscriber and will NOT be applied toward the purchase of additional shares of BB&T Financial Common Stock.

Home Savings will permit a Community Offering Resident to pay for any shares of BB&T Financial Common Stock subscribed for by withdrawal from a certificate of deposit account established at Home Savings (including an IRA invested in a certificate of deposit account if the procedures described in the next paragraph are followed) without the assessment of an early withdrawal penalty. If the authorized withdrawal is from a certificate account and the remaining balance does not meet the applicable minimum balance requirement, the entire certificate will be cancelled at the time of the withdrawal and the remaining balance will earn interest thereafter at Home Savings' passbook rate, currently % per annum.

Subscriptions by Beneficial Owners of IRA, Keogh or Similar Retirement Accounts. IRA, Keogh and similar retirement accounts established by or for the benefit of natural persons residing in the Community

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Offering Area also are Community Offering Residents and may subscribe for shares of BB&T Financial Common Stock in the Community Offering. In the case of subscriptions by IRA, Keogh or similar retirement deposit accounts established at Home Savings, BB&T or BB&T-SC, the beneficial owner of the account first must authorize and direct such institution to transfer the account(s) to a self-directed account at an independent trustee that permits the account to hold stock. In such a case, the independent trustee then must be directed by the beneficial owner to complete and deliver a Stock Order Form together with full payment for the shares from such account. Any shares so subscribed for and purchased would become part of the IRA, Keogh or other retirement account. Those who are interested in utilizing IRA, Keogh or similar retirement account funds to subscribe for shares of BB&T Financial Common Stock should contact the Conversion Information Center prior to the Community Expiration Date for appropriate instructions.

For purposes of determining compliance with maximum purchase limitations, purchases by the beneficial owner of any IRA, Keogh or similar retirement account will be aggregated with purchases by such retirement account. See "-- Maximum and Minimum Purchase Limitations."

Refunds. Refunds to Subscribers in the Community Offering will be remitted (and funds designated by Subscribers for withdrawal from eligible deposit accounts at Home Savings released) (a) if no shares of BB&T Financial Common Stock remain available for sale after completion of the Subscription Offering, (b) in the event and to the extent of an oversubscription in the Community Offering (see "---Oversubscription Procedures"), (c) in lieu of the issuance of fractional shares in the Community Offering, and (d) in the event that the Community Offering is terminated. In addition, any interest payable to a Subscriber in the Community Offering on funds delivered as payment for shares will be remitted. Any refunds and/or interest due to such Subscriber on funds remitted will be mailed to the Subscriber at the address designated on the Stock Order Form promptly upon the completion or termination of the Offerings.

Oversubscription Procedures. If the BB&T Financial Common Stock offered in the Subscription Offering is fully subscribed, then no shares of BB&T Financial Common Stock will be available for purchase in the Community Offering and all funds submitted pursuant to the Community Offering will be refunded, with interest (and funds designated by subscribers for withdrawal from eligible deposit accounts at Home Savings, released). See "--Refunds." If Community Offering Residents order more in the Community Offering than is available for purchase, shares shall be allocated among Community Offering Residents as follows:

(a) Shares will first be allocated among the subscriptions of Community Offering Residents who are natural persons so as to permit each such Community Offering Resident to purchase the same proportion that the amount of shares subscribed for by such Community Offering Resident bears to the total amount of shares subscribed for by all such Community Offering Residents.

(b) Any shares remaining after the allocation described in paragraph (a) above will be allocated among the subscriptions of Community Offering Residents who are not natural persons so as to permit each such Community Offering Resident to purchase the same proportion that the amount of shares subscribed for by such Community Offering Resident bears to the total amount of shares subscribed for by all such Community Offering Residents.

Eligible Member Subscribers or Voting Members who also are Community Offering Residents who purchase shares of BB&T Financial Common Stock in the Community Offering will, in the event of an oversubscription in the Community Offering, be subject to the oversubscription procedures described in the preceding paragraphs.

Maximum and Minimum Purchase Limitations. The Plan of Conversion provides for certain limitations to be placed on the purchase of shares in the Community Offering:

(a) Each Community Offering Resident who wishes to subscribe for BB&T Financial Common Stock in the Community Offering must specify a minimum purchase of \$500 on the Stock Order Form.

(b) An Eligible Member Subscriber or Voting Member who also is a Community Offering Resident and who wishes to subscribe for shares of BB&T Financial Common Stock in both the Subscription Offering and the Community Offering must specify a minimum purchase of \$500 in each Offering.

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(c) Each Community Offering Resident may subscribe at the 95% Price for an amount of shares of BB&T Financial Common Stock which, when multiplied by the 95% Price, would not exceed \$250,000.

(d) An Eligible Member Subscriber or Voting Member who also is a Community Offering Resident may subscribe at the 95% Price in the Community Offering for an amount of shares of BB&T Financial Common Stock which, when multiplied by the 95% Price and added to the dollar amount subscribed for in the Subscription Offering, would not exceed \$250,000.

(e) No Eligible Subscriber may acquire, through the purchase of BB&T Financial Common Stock in the Subscription Offering and/or the Community Offering, beneficial ownership in the aggregate (taking into account shares that may be held by such person) of more than 5% of the Outstanding BB&T Financial Common Stock, except that the number of shares of BB&T Financial Common Stock owned in the aggregate by the Home Savings ESOP and any other employee stock ownership plan which BB&T Financial has established or may establish may not exceed 10% of the Outstanding BB&T Financial Common Stock.

(f) For purposes of determining compliance with the maximum purchase limitations, purchases by the beneficial owner of any IRA, Keogh or similar retirement account will be aggregated with purchases by such retirement account.

APPRAISED VALUE OF HOME SAVINGS

Under the Plan of Conversion, the number of shares of BB&T Financial Common

Stock that must be offered in connection with the Conversion Merger is based on the Appraised Value of Home Savings. As of December 14, 1993, Trident Financial determined the Appraised Value to be \$24 million. The estimate of 800,000 shares being offered hereby has been determined by dividing the Appraised Value by an assumed last sale price on the Nasdaq NMS of a share of BB&T Financial Common Stock on the Community Expiration Date of \$30.00 per share. In accordance with the Administrator's regulations, and as provided for in the Plan of Conversion, Trident Financial will update the Appraised Value promptly following the expiration of the Offerings. If the Appraised Value is higher or lower than \$24 million, the aggregate dollar amount of shares offered in the Subscription Offering will be correspondingly adjusted without a resolicitation of Subscribers, as long as the Appraised Value as finally determined by Trident Financial remains within the Estimated Valuation Range of \$20.4 million to \$27.6 million. If Trident Financial determines that the Appraised Value must be adjusted to an amount that is not within the Estimated Valuation Range, the Administrator's approval must be obtained before such Appraised Value may be used as a basis for determining the actual number of shares of BB&T Financial Common Stock offered in the Subscription Offering. Such approval may be conditioned upon a resolicitation of Subscribers. In the event resolicitation is required, Subscribers will be given the opportunity to have their subscription funds returned and will be provided updated information upon which to base a decision whether to continue their subscriptions. In such case, the subscriptions of any Subscriber who does not respond to the resolicitation may be automatically rescinded.

In determining the Appraised Value, Trident Financial reviewed, among other factors, Home Savings' audited financial statements for the five years ended September 30, 1993, as well as other financial information, some of which is contained in Home Savings' application to the Administrator to effect the Conversion Merger. Trident Financial also reviewed conditions in the securities markets in general and for financial institution stocks in particular. In addition, Trident Financial considered the prices paid in mergers and acquisitions of other thrift institutions. Trident Financial also examined the economy in Home Savings' primary market area and compared it with the state and national economy. Further, Trident Financial examined the competitive environment in which Home Savings operates, assessed its relative strengths and weaknesses and compared its operating performance with that of other thrift institutions. Trident Financial also considered the market value of Home Savings' assets and liabilities as well as Home Savings' prospects for the future in determining the Appraised Value. When Trident Financial updates the Appraised Value following the expiration of the Offerings, it intends to consider, among other things, any new developments or changes in Home Savings' financial performance and condition, management policies, conditions in the equity markets for financial institution stocks, conditions in the markets for mergers and acquisitions of thrift

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institutions and the results of the Offerings. In conducting its appraisal, Trident Financial has relied on, and assumed the accuracy and completeness of, the financial information provided by Home Savings. Trident Financial did not independently verify the financial statements and other information provided by Home Savings, nor did Trident Financial independently value the assets or liabilities of Home Savings.

Copies of Trident Financial's appraisal of Home Savings and the detailed memorandum setting forth the methods and assumptions for such appraisals are on file and available for inspection at the Office of the Administrator at 1110 Navaho Drive, Suite 301, Raleigh, North Carolina, 27609.

Trident Financial will receive an aggregate fee for its services of \$25,000. BB&T Financial and Home Savings have agreed to indemnify Trident Financial against certain liabilities arising out of or based upon its performance of services, except where Trident Financial is determined to have been negligent or to have failed to exercise due diligence in the preparation of its appraisal. Trident Financial also acted as financial advisor to Home Savings in connection with the Conversion Merger and received a fee for such services of \$35,000. Trident Financial is an affiliate of Trident Securities, which is acting as a sales agent in connection with the Offerings. See "THE OFFERINGS-- Plan of Distribution."

THE APPRAISAL OF HOME SAVINGS IS NOT INTENDED, AND MUST NOT BE CONSTRUED, AS A RECOMMENDATION OF ANY KIND AS TO THE ADVISABILITY OF PURCHASING SHARES OF

BB&T FINANCIAL COMMON STOCK. THE APPRAISAL CONSIDERS HOME SAVINGS ONLY AND SHOULD NOT BE CONSIDERED AS AN INDICATION OF THE LIQUIDATION VALUE OF HOME SAVINGS OR ITS VALUE FOLLOWING THE ACQUISITION. IN ADDITION, THE APPRAISED VALUE IS NOT INTENDED, AND MUST NOT BE CONSTRUED, TO EXPRESS AN OPINION AS TO THE VALUE OF BB&T FINANCIAL COMMON STOCK TO BE OFFERED IN THE SUBSCRIPTION OFFERING OR THE COMMUNITY OFFERING.

TIMING OF COMPLETION OF THE CONVERSION MERGER AND SALE OF SHARES

The Administrator's regulations require that the sale of the BB&T Financial Common Stock offered in connection with the Conversion Merger be completed within 45 calendar days after the expiration of the Subscription Offering. In the event the sale of BB&T Financial Common Stock cannot be completed within the required 45-day period, one or more extensions of time to complete the sale may be granted by the Administrator, but no single extension of time may exceed 90 days. No assurance can be given that an extension will be granted if requested. In the event of such an extension, BB&T Financial will distribute to each Subscriber a notice of the extension of time. In the event of an extension, Subscribers will be given the right to increase, decrease or rescind their subscriptions at any time prior to 20 days before the end of the extension period and will be provided updated information upon which to base a decision whether to continue their subscriptions. The subscription of any Subscriber who does not affirmatively respond may be automatically rescinded. If the Appraised Value of Home Savings is required to be revised as a result of any such extension, no assurance can be given that such Appraised Value, as revised, will be approved by the Administrator. Therefore, it is possible that if the Conversion Merger cannot be completed within the requisite period, it will be terminated. In such event, or in the event no extension is granted, all funds will be returned to Subscribers promptly after the date the Conversion Merger is terminated, together with accrued interest, if any, and all withdrawal authorizations will be terminated.

After the expiration of the Offerings but prior to the Closing Date, upon the occurrence of any event, circumstance or change of circumstance which would be material to the investment decision of a Subscriber, BB&T Financial will request the Administrator's approval of a notice to be delivered to Subscribers. Any such notice will grant to each Subscriber the right to increase, decrease or rescind his or her subscription for a period of not less than the greater of 20 days from the date of the mailing of such notice or the period remaining in an extension of time granted by the Administrator. The subscription of any Subscriber who does not respond to the notice may be automatically rescinded.

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The Plan of Conversion and the regulations of the Administrator require that the Conversion be completed within 12 months from the date on which the Plan of Conversion is approved by the Voting Members of Home Savings (the Special Meeting to consider the Plan of Conversion is scheduled to be held on March 1, 1994). The Reorganization Agreement provides, however, that either BB&T Financial or Home Savings may terminate the Reorganization Agreement if the Conversion and the Acquisition are not completed by the close of business on July 31, 1994. The Conversion and the Acquisition will be consummated on the Closing Date, which will be as soon as practicable after the Subscription Offering and the Community Offering expire.

CONDITIONS TO COMPLETION OF THE OFFERINGS AND TERMINATION OF THE OFFERINGS

The respective obligations of BB&T Financial and Home Savings to consummate the transactions contemplated by the Reorganization Agreement, including the Offerings, are subject to the satisfaction (or, in some cases, waiver) of certain conditions, including (a) receipt of certain required regulatory approvals, (b) approval of the Plan of Conversion (which will be considered at the Special Meeting) by the Voting Members of Home Savings (c) an opinion from KPMG Peat Marwick with respect to certain tax matters (see "--Certain Federal Income Tax Consequences"), (d) material performance by Home Savings of all obligations and compliance with all covenants required by the Reorganization Agreement, (e) that BB&T Financial shall not have determined in good faith that there has been a material adverse change in the condition or operations of Home Savings since September 30, 1992 and (f) that the average closing price of the BB&T Financial Common Stock reported on the Nasdaq NMS for the ten trading days prior to the Closing Date not be less than \$25.00 per share.

The Administrator has approved mailing of the Prospectus/Proxy Statement and related materials, and conditioned final approval of the Conversion and the Acquisition upon the receipt of certain additional materials. An application for the Acquisition was approved by the Federal Reserve Bank of Richmond on December 1, 1993. BB&T Financial anticipates effecting the Merger sometime after the Acquisition and will consummate the Acquisition whether or not any approvals required to effect the Merger have been received. BB&T Financial has not yet determined the means by which it will effect the Merger.

The Plan of Conversion may be amended or terminated by the Board of Directors of Home Savings with the concurrence of the Administrator until the Closing Date, provided that BB&T Financial concurs in the amendment. See "--Timing of Completion of the Conversion Merger and Sale of Shares." The Reorganization Agreement may be terminated at any time prior to the Closing Date by the mutual consent in writing of BB&T Financial and Home Savings. Either party may terminate the Reorganization Agreement at the Closing Date if the required conditions to such party's obligations have not been satisfied or waived. In addition, either party may terminate the Reorganization Agreement at any time if the other party has materially breached the Reorganization Agreement (and such breach is not cured by the earlier of 30 days after the date on which written notice of such breach is given to the party committing the breach or the Closing Date), or if the required regulatory approvals are not obtained and the time periods for appeals and requests for reconsideration have run. The Reorganization Agreement also may be terminated by either party if the Closing Date has not occurred by the close of business on July 31, 1994.

In the event of a termination, all Subscribers in the Offerings will receive refunds for amounts remitted for their subscriptions (or funds designated for withdrawal will be released) plus any interest that may be due. See "--The Subscription Offering--Refunds" and "--The Community Offering--Refunds."

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General. The following is a summary discussion of the material federal income tax consequences of the Conversion and Acquisition, and the purchase by Eligible Member Subscribers and Voting Members of BB&T Financial Common Stock pursuant to the Offerings. The summary is based on the law as currently constituted and is subject to change in the event of changes in the law, including amendments to applicable statutes or regulations or changes in judicial or administrative rulings, some of which could be given retroactive effect. The summary does not address any foreign, state or local tax consequences, except for

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certain North Carolina income tax consequences, nor does it address all aspects of federal income taxation that may apply to the Conversion and the Acquisition. The tax consequences to a particular Eligible Member Subscriber or Voting Member, for example, likely will depend on his or her particular circumstances or status (e.g., a foreign person, tax-exempt entity, etc.), which may not be addressed in this summary. Eligible Member Subscribers and Voting Members are urged, therefore, to consult their own tax advisors as to the specific tax consequences to them of the Conversion Merger, and any purchase of BB&T Financial Common Stock pursuant to the Subscription Offering, including, without limitation, tax return reporting requirements, the application and effect of federal, foreign, state, local and other tax laws and the implications of any proposed changes in the tax laws.

A recipient of Subscription Rights will be required to recognize gain with respect to the receipt of Subscription Rights to the extent of the fair market value of the Subscription Rights received. An Eligible Member Subscriber or Voting Member will be able to claim a loss upon the expiration of any unexercised Subscription Rights to the extent of the gain recognized on the receipt of such Subscription Rights. An Eligible Member Subscriber or Voting Member may be able to claim that the Subscription Rights received have a fair market value only to the extent of the fair market value, if any, of any Subscription Rights actually exercised by the Eligible Member Subscriber or Voting Member. See "--Certain Income Tax Consequences of the Conversion Merger to Recipients of Subscription Rights" for further discussion.

BB&T Financial and Home Savings have received an opinion of KPMG Peat Marwick (the "Tax Opinion"), tax advisors to BB&T Financial, which reaches certain

conclusions with respect to certain federal and North Carolina income tax consequences of the Conversion and the Acquisition and the purchase of BB&T Financial Common Stock pursuant to the Subscription and Community Offerings. Where appropriate or useful, this discussion will refer to the Tax Opinion and particular conclusions expressed therein. However, such an opinion represents only that advisor's best judgment as to the matters expressed therein and has no binding effect on the IRS or official status of any kind. There can be no assurance that the IRS could not successfully contest in the courts an opinion expressed by the advisor as set forth in the Tax Opinion or that legislative, administrative or judicial decisions or interpretations may not be forthcoming that would significantly change the opinions set forth in the Tax Opinion. The IRS will not currently issue private letter rulings concerning a transaction's qualification under certain types of reorganizations or certain federal income tax consequences resulting from such qualification. Accordingly, no private letter ruling has been, nor is it anticipated that such a ruling will be, requested from the IRS with respect to the Conversion Merger.

Reorganization Status and Certain Other Tax Effects. The Tax Opinion states that the Conversion and the Acquisition will qualify as one or more tax-free reorganizations under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and that the Conversion and the Acquisition will result in the following federal income tax consequences, among others: (i) no gain or loss will be recognized to Home Savings in either its mutual or its stock form; (ii) no gain or loss will be recognized to Home Savings upon the receipt of money from BB&T Financial in exchange for shares of its common stock; (iii) no gain or loss will be recognized by Eligible Member Subscribers or Voting Members upon the deemed issuance to them of deposit accounts in the stock savings bank following the Conversion in the same dollar amount as their deposit accounts with Home Savings prior to the Conversion; (iv) the Eligible Member Subscribers and Voting Members of Home Savings will realize gain, if any, upon the exchange of their membership interests in Home Savings for interests in the liquidation account and Subscription Rights; however, any such gain will be recognized only in an amount not in excess of the fair market value of the Subscription Rights and the interests in the liquidation account received; (v) the tax basis of deposit account holders of Home Savings in their deposit accounts with the stock savings bank will be the same as their tax basis in their deposit accounts with Home Savings immediately prior to the Conversion and their tax basis in their interests in the liquidation account will be zero increased by the amount of gain, if any, recognized on their receipt; (vi) the tax basis of the Subscription Rights will be zero, increased by the amount of gain, if any, recognized on their receipt; (vii) no gain or loss will be recognized to a holder of Subscription Rights upon the exercise of such rights; (viii) no income, gain or loss will be recognized by the purchasers of BB&T Financial Common Stock in the Community Offering; (ix) the tax basis for shares of BB&T Financial Common Stock purchased (pursuant to either the Subscription Offering or the Community Offering) will be the amount paid therefor

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increased by the basis, if any, of the Subscription Rights exercised; (x) the holding period for BB&T Financial Common Stock acquired in the Subscription Offering will commence on the date the Subscription Rights are exercised and the holding period for BB&T Financial Common Stock acquired in the Community Offering will commence on the day following the date said stock is purchased; and (xi) an Eligible Member Subscriber will be in receipt of taxable income in the amount of the bonus interest paid to the Eligible Member Subscriber, at the time such amount is paid after paid or made available.

The Tax Opinion states that the consummation of the Conversion and the Acquisition will be treated in substantially the same manner for North Carolina income tax purposes as for federal income tax purposes.

Certain Income Tax Consequences of the Conversion Merger to Recipients of Subscription Rights. The Tax Opinion states that gain, if any, realized by recipients of Subscription Rights, as a result of the Conversion Merger, must be recognized, but the amount of such gain required to be recognized by an Eligible Member Subscriber or Voting Member will not exceed the sum of (i) the fair market value of the Subscription Rights received pursuant to the Conversion, and (ii) the fair market value, if any, of the interest in the liquidation account received by the Eligible Member Subscriber.

The application of these rules to the Conversion Merger is complicated by

the fact that the Eligible Member Subscribers will receive Subscription Rights to purchase BB&T Financial Common Stock at a price which may be less than the fair market value of the BB&T Financial Common Stock. In the past, taxpayers have taken the position that rights to purchase stock offered at fair market value in conversions of mutual thrifts (such as, arguably, the rights to purchase shares in the Subscription Offering at the BB&T Market Price) do not have independent value. This analysis may not apply to the Subscription Rights to purchase BB&T Financial Common Stock in the Subscription Offering at the 85% Price and/or the 95% Price because those Subscription Rights enable Eligible Member Subscribers to purchase shares at less than fair market value. The determination of whether the Subscription Rights received have a determinable fair market value could be affected by a number of factors including, without limitation, the nontransferability of the Subscription Rights, the excess, if any, of the market price of the BB&T Financial Common Stock over the actual purchase price, the four-month transfer restriction placed on shares of BB&T Financial Common Stock acquired in the Subscription Offering at the 85% Price, and the period of time during which the Subscription Rights will be outstanding and exercisable, as well as other possible factors. Accordingly, it is unclear as to how the Subscription Rights should be valued or how to determine the number of Subscription Rights issued to each Eligible Member Subscriber for this purpose. The Tax Opinion does not address the determination of fair market value of the Subscription Rights. No tax opinion was sought on this issue because of the particular factual circumstances of the transaction.

In recent years, the IRS has indicated in several private letter rulings that any gain realized as a result of the receipt of subscription rights with a fair market value must be recognized by the subscription rights holder regardless of whether or not such subscription rights are exercised. However, in a private letter ruling issued by the IRS to BB&T Financial in connection with its 1991 acquisitions of Gate City Federal Savings & Loan Association ("Gate City") and Albemarle Savings & Loan Association ("Albemarle"), the IRS concluded, under circumstances substantially similar to the Conversion Merger, that a subscription rights recipient realized gain from receipt of subscription rights only if the subscription rights are exercised. Subsequent to issuing the private letter ruling in Gate City and Albemarle, the IRS decided to review its policy regarding the proper tax treatment of the receipt of subscription rights and has indicated that no more private letter rulings on this issue will be granted until such review is completed. Regardless, private letter rulings, while potentially instructive, may not be relied upon in the present situation as any expression of the policy of the IRS or as any expression of the present state of the law in this area and, due to the existence of conflicting private letter rulings it is uncertain as to the conclusion the IRS would reach with regard to the Subscription Rights received by the Eligible Member Subscribers in this transaction. Furthermore, the existence of conflicting rulings makes it unclear as to how to determine the number of Subscription Rights issued to each Eligible Member Subscriber or Voting Member. The Tax Opinion does not opine as to whether gain will be recognized by a Subscription Rights holder who does not exercise Subscription Rights. No tax opinion was sought on this issue because of the existence of conflicting private letter rulings and the uncertainty as to the conclusion that the IRS would reach with regard to this issue.

The Tax Opinion states that if a recipient of Subscription Rights is required to recognize gain upon receipt of Subscription Rights and does not exercise some or all of the Subscription Rights received, the recipient of such rights will be entitled to claim, for the year in which the Subscription Rights expire, a loss in an amount equal to the recipient's tax basis in such Subscription Rights. See "--Basis in Subscription Rights and Interests in Liquidation Account." Such loss will be a capital loss provided the BB&T Financial Common Stock that would have been acquired upon the exercise of such Subscription Rights would have constituted a capital asset in the hands of the Eligible Member Subscriber. Although the loss will be equal in amount to the gain recognized upon receipt of such Subscription Rights, the character of the loss as a capital loss may not necessarily be the same as the character of the gain required to be recognized upon receipt of such Subscription Rights, certain additional tax forms may have to be filed with regard to such loss, and under certain circumstances the year in which a holder of Subscription Rights is entitled to deduct the loss may be later than the year in which the gain from receipt of such Subscription Rights is recognized. For most recipients of Subscription Rights, any gain recognized with regard to the Subscription Rights

received will be treated as capital gain.

BB&T Financial is uncertain as to whether it will be required to file information returns with the IRS related to the value of Subscription Rights received by Eligible Member Subscribers and, if required, how the value will be determined for purposes of the information returns (particularly in light of the four-month restriction imposed on shares purchased at the 85% Price). Accordingly, Eligible Member Subscribers are urged to consult their own tax advisors as to the specific tax consequences to them of purchasing BB&T Financial Common Stock in either the Subscription Offering or the Community Offering.

In several recent private letter rulings, the IRS has concluded that an interest in a liquidation account has only nominal, if any, fair market value. Private letter rulings, while potentially instructive, however, may not be relied upon in the present situation as any expression of the policy of the IRS or as any expression of the present state of the law in this area.

Basis in Subscription Rights and Interests in Liquidation Account. The Tax Opinion states that a person who receives, as part of the Conversion Merger, Subscription Rights in the Subscription Offering will have a tax basis in such Subscription Rights equal to zero, increased by the amount of gain, if any, recognized by such Subscription Rights holder with regard to such Subscription Rights. A Subscription Rights holder's tax basis in the interest in the liquidation account received by such Subscription Rights holder will be equal to the fair market value of the interest in the liquidation account received. If the interest in the liquidation account is determined to have no fair market value, the Subscription Rights holder's basis therein will be zero.

Exercise of Subscription Rights Received in the Subscription Offering. The Tax Opinion states that a Subscription Rights holder who receives Subscription Rights in the Conversion (i) will not recognize any additional taxable income as a result of the purchase of BB&T Financial Common Stock pursuant to the exercise of such Subscription Rights, (ii) will have a tax basis in the BB&T Financial Common Stock so purchased equal to the purchase price paid therefor increased by the tax basis, if any, of the Subscription Rights exercised, and (iii) will have a holding period for such BB&T Financial Common Stock commencing on the date the Subscription Rights are exercised.

Purchase of BB&T Financial Common Stock Pursuant to the Community Offering. The Tax Opinion states that no income, gain or loss will be recognized by a purchaser of BB&T Financial Common Stock pursuant to the Community Offering and that a purchaser of BB&T Financial Common Stock pursuant to the Community Offering will have a tax basis in such stock equal to the purchase price thereof, and will have a holding period for such stock commencing on the day following the date on which such stock is purchased.

IRA, Keogh or Similar Accounts. Those persons who are beneficial owners of IRA, Keogh or similar retirement accounts are not themselves Eligible Member Subscribers or Voting Members by virtue of having such accounts, but the account itself may be an Eligible Member Subscriber or Voting Member. Thus, the tax consequences of the receipt and exercise of Subscription Rights will be applicable to the IRAs and Keogh accounts themselves, and not the beneficial owners thereof. So long as such accounts are tax-exempt,

under section 408 of the Code (in the case of IRAs) or section 501(a) of the Code (in the case of Keogh accounts), there will be no taxable gain to the accounts resulting from receipt of Subscription Rights. In the case of an IRA, Keogh or similar retirement account established at Home Savings, BB&T or BB&T-SC, however, in order to subscribe for shares in the Subscription Offering or Community Offering, the beneficial owner first must authorize and direct such institution to transfer the account to a self-directed account at an independent trustee that permits the account to hold stock. Payment for the BB&T Financial Common Stock under these circumstances will have no federal income tax consequences to the IRA or Keogh account or to the beneficial owner of such account. To the extent that the balance in an IRA or Keogh account is increased as a result of the exercise of Subscription Rights, additional income generally will be recognized upon the future withdrawal of such account balance.

Interest Payments and Backup Withholding. Any amounts received from a

Subscriber for the purchase of shares in the Subscription Offering (other than by designation of such amounts for withdrawal from an eligible deposit account) or in the Community Offering will be deposited in a special account at Home Savings. Home Savings will pay interest to the Subscriber on such funds at its passbook rate, currently % per annum, from the date payment is received until the Conversion is completed or terminated. Interest described in this paragraph should constitute ordinary interest income to the Subscriber.

For federal income tax purposes, Home Savings is required, under certain circumstances, to withhold 31 percent of payments ("reportable payments") of interest to a Subscriber who is not exempt from "backup withholding." Backup withholding applies if, among other things, (i) the Subscriber fails to furnish Home Savings with his or her social security number or other taxpayer identification number ("TIN") on the Stock Order Form, (ii) the IRS notifies Home Savings that the TIN furnished by the Subscriber is incorrect, (iii) the IRS notifies Home Savings that the Subscriber has failed to report interest properly, or (iv) under certain circumstances, the Subscriber fails to provide Home Savings with a certified statement, signed under penalties of perjury, that the TIN provided to Home Savings is correct and that such Subscriber is not subject to backup withholding. Backup withholding will not apply to a reportable payment of interest if the Subscriber is an exempt recipient (such as a corporation or a financial institution). Any amounts withheld under the backup withholding rules would be allowed as a refund or a credit against a Subscriber's federal income tax provided that required information is furnished to the IRS.

PLAN OF DISTRIBUTION

A Prospectus/Proxy Statement and other offering materials for the Subscription Offering are available to Eligible Member Subscribers and Voting Members by mail, with additional copies being available to Eligible Member Subscribers and Voting Members by contacting the Conversion Information Center, 155 West South Street, Albemarle, North Carolina 28002 (telephone no. (704)

--). Offering materials for the Community Offering will be distributed through Home Savings and by Trident Securities, as sales agent in the Offerings. In the Subscription Offering and the Community Offering, officers and directors of BB&T Financial and Home Savings will be available to answer questions and also may participate in informational meetings held by Trident Securities for interested persons. Such officers and directors are not authorized to make statements about BB&T Financial or Home Savings unless such information also is set forth in this Prospectus/Proxy Statement, nor may they render investment advice, and if any such information or investment advice is given, it may not be relied upon. Eligible Member Subscribers, Voting Members and Community Offering Residents will be instructed to send Stock Order Forms, together with cash (if delivered in person) or checks in full payment for their subscriptions for BB&T Financial Common Stock (or appropriate account withdrawal instructions), by mail in the postage-paid return envelope accompanying the Prospectus/Proxy Statement to the Conversion Information Center or by hand delivery to any Home Savings office or to any BB&T office in the Community Offering Area. See "--The Subscription Offering--Method of Payment" and "--The Community Offering--Method of Payment."

BB&T Financial and Home Savings have retained Trident Securities to assist BB&T Financial in marketing the shares of BB&T Financial Common Stock in the Offerings and to provide related financial advisory services. Trident Securities will assist in: (1) training and educating Home Savings and BB&T Financial employees regarding the mechanics of the conversion process; (2) conducting informational

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meetings for interested investors; (3) organizing the sales efforts in Home Savings' local communities; and (4) keeping records of subscriptions by Subscribers. Trident Securities is an affiliate of Trident Financial, which has determined the Appraised Value of Home Savings. Trident Financial also acted as financial advisor to Home Savings in connection with the Conversion Merger. See "--Subscription Offering--Appraised Value of Home Savings" and "EXPERTS."

Trident Securities is registered with the SEC as a broker-dealer and is a member of the National Association of Securities Dealers, Inc. ("NASD"). For its services, BB&T Financial has agreed to pay Trident Securities a fee of \$ plus % of the aggregate dollar amount of BB&T Financial Common Stock sold to Eligible Member Subscribers, Voting Members and Community Offering Residents

(except for sales of shares to directors and executive officers of BB&T Financial and Home Savings and their associates and the sale of shares to the Home Savings ESOP). Such compensation may be deemed to be underwriting compensation under the Securities Act of 1933, as amended.

BB&T Financial has agreed to reimburse Trident Securities for its out-of-pocket expenses (including legal fees) associated with its services as sales agent. BB&T Financial also has agreed to indemnify Trident Securities against liabilities and expenses (including legal fees) incurred in connection with certain claims or litigation arising out of or based upon untrue statements or omissions contained in the offering material for the shares of BB&T Financial Common Stock offered in the Subscription Offering and in the Community Offering or to make certain contributions in respect thereof.

THE SHARES OF BB&T FINANCIAL COMMON STOCK OFFERED HEREBY ARE NOT DEPOSITS AND ARE NOT AND WILL NOT BE INSURED BY THE FDIC OR ANY OTHER GOVERNMENTAL AGENCY.

ANTICIPATED SUBSCRIPTIONS FOR SHARES OF BB&T FINANCIAL COMMON STOCK
BY HOME SAVINGS DIRECTORS AND EXECUTIVE OFFICERS
IN THE OFFERINGS

The following table sets forth the aggregate dollar amount of shares of BB&T Financial Common Stock presently expected to be subscribed for by Home Savings' directors and executive officers, including their associates, in the Offerings:

<TABLE>
<CAPTION>

NAME ----	POSITION -----	ANTICIPATED AGGREGATE SUBSCRIPTION AMOUNT -----
<S>	<C>	<C>
Troy E. Alexander.....	Director	\$200,000
Caldwell A. Holbrook, Jr	Director	10,000
Joel A. Huneycutt.....	Director	100,000
Douglas Dwight Stokes...	Director	100,000
Carl M. Hill.....	President and Chief Executive Officer and Chairman of the Board of Directors	100,000
	Executive Vice President and	
R. Ronald Swanner.....	Director	50,000

All Directors and Executive Officers as a Group:.....		560,000

</TABLE>

Shares of BB&T Financial Common Stock purchased in the Offerings by directors and executive officers shall be subject to the restriction that these shares shall not be sold without the prior written permission of the Administrator for a period of one year following the Closing Date, except in the event of the death of the director or executive officer.

In addition, each outside director will be granted ten-year options to acquire 4,268 shares of BB&T Financial Common Stock at an exercise price equal to the market price of BB&T Financial Common Stock on the date of grant (which will be the closing date of the Conversion) and will be awarded 6,402 shares of restricted BB&T Financial Common Stock. Mr. Hill will receive ten-year options to acquire 17,073 shares,

and Mr. Swanner will receive ten-year options to acquire 13,659 shares, of BB&T Financial Common Stock at an exercise price equal to the market price of BB&T Financial Common Stock on the date of grant. Mr. Hill will receive 25,610 shares and Mr. Swanner will receive 20,488 shares of restricted BB&T Financial Common Stock. None of the shares to be issued pursuant to options or restricted stock awards are part of the shares issued in the Subscription Offering or the Community Offering. The options and restricted stock will vest 20% per year over five years beginning on the first year after the close of the Conversion and the Acquisition.

MARKET PRICE AND DIVIDENDS

BB&T Financial Common Stock is listed for quotation on the Nasdaq NMS under the symbol "BBTF." The following table sets forth, for the indicated periods, the high and low closing prices for the BB&T Financial Common Stock as reported by the Nasdaq NMS, and the cash dividends declared per share of BB&T Financial Common Stock for the indicated periods.

<TABLE>
<CAPTION>

	PRICE RANGE		CASH DIVIDENDS
	HIGH	LOW	DECLARED PER SHARE
<S>	<C>	<C>	<C>
1992			
First Quarter.....	27.75	21.88	.22
Second Quarter.....	30.13	25.50	.22
Third Quarter.....	29.88	27.38	.22
Fourth Quarter.....	32.25	28.75	.25
1993			
First Quarter.....	35.38	31.00	.25
Second Quarter.....	34.38	31.63	.25
Third Quarter.....	34.63	32.25	.25
Fourth Quarter.....			.27
1994			
First Quarter (through January , 1994).....			

On , the last reported sale price of BB&T Financial Common Stock, as reported on the Nasdaq NMS, was \$. On , there were holders of record of BB&T Financial Common Stock and shares outstanding. On May 27, 1993, the date BB&T Financial and Home Savings entered into the Reorganization Agreement, the last reported sale price of BB&T Financial Common Stock, as reported on the Nasdaq NMS, was \$.

The holders of BB&T Financial Common Stock are entitled to receive dividends when and if declared by the Board of Directors out of funds legally available therefor. BB&T Financial has paid, and prior to 1973, BB&T paid, regular quarterly cash dividends since 1921. Although BB&T Financial currently intends to continue to pay quarterly cash dividends on the BB&T Financial Common Stock, there can be no assurance that BB&T Financial's dividend policy will remain unchanged after completion of the Subscription Offering and the Community Offering. The declaration and payment of dividends thereafter will depend upon business conditions, operating results, capital and reserve requirements and the Board of Directors' consideration of other relevant factors.

BB&T Financial is a legal entity separate and distinct from its subsidiaries and its revenues depend in significant part on the payment of dividends from its subsidiary financial institutions, particularly BB&T. BB&T Financial's bank subsidiaries are subject to certain legal restrictions on the amount of dividends they are permitted to pay. See "SUPERVISION AND REGULATION OF BB&T FINANCIAL--BB&T and BB&T-SC."

USE OF PROCEEDS

It is estimated that the net proceeds from the sale of the shares of BB&T Financial Common Stock in the Offerings (assuming that all shares offered are sold at the 85% Price) will range from \$16.3 million to \$22.3 million. The net proceeds from the sale of the BB&T Financial Common Stock will be used by BB&T Financial (along with additional funds from BB&T Financial) to acquire the stock of Home Savings issued in the Conversion. It is possible, however, that BB&T Financial will use the proceeds from the Offerings for general corporate purposes in the event that the FDIC takes certain actions under legislation proposed in the U.S. Congress. See "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Potential Effects of Pending Legislation." The purchase price of the stock to be issued by Home Savings in the Conversion will equal the Appraised Value of Home Savings less expenses incurred in the Conversion and the Acquisition, but will in no event be less than the current net worth of Home Savings.

The Plan of Conversion does not require a minimum number of shares to be sold in the Offerings in order to consummate the Conversion. Thus, the net proceeds

from the Offerings could be substantially less than those set forth above. However, the Administrator may condition his final approval of the Conversion and the Acquisition on a minimum number of shares being sold in the Conversion Merger. It is possible that shares not sold in the Offerings may be sold in a public offering.

The estimated amount of net proceeds, which are expected to range from \$16.3 million to \$22.3 million, was determined by subtracting the estimated Offering expenses of the sale of the shares of BB&T Financial Common Stock in the Offerings from the estimated gross proceeds (which are expected to range from \$17.3 million to \$23.5 million, based on the sale of all shares to be offered based on the minimum and maximum of the Estimated Valuation Range of Home Savings as determined by Trident Financial). In calculating the net proceeds, it is assumed that: (a) 100% of the shares of BB&T Financial Common Stock offered will be purchased in the Subscription Offering at the 85% Price and none of the shares of BB&T Financial Common Stock offered will be sold in the Subscription Offering at the 95% Price or the BB&T Market Price or in the Community Offering at the 95% Price; (b) the 85% Price will be \$25.50 (based on an assumed BB&T Market Price of \$30.00); and (c) Trident Securities will receive a fee of \$ and a sales agency commission of % of the aggregate dollar amount of such stock sold by Trident Securities in the Offerings. See "THE OFFERINGS--Plan of Distribution."

The actual proceeds may be more or less than the estimated amount, depending on, among other things, the BB&T Market Price, the Appraised Value and the actual number of shares of BB&T Financial Common Stock purchased in the Subscription Offering and the Community Offering. The following table sets forth information regarding the range of the number of shares to be issued and estimated gross proceeds and net proceeds based on the Appraised Value and the minimum and maximum of the Estimated Valuation Range (as determined by Trident Financial), and the assumptions set forth in the preceding paragraph.

<TABLE>
<CAPTION>

	\$20.40 MILLION APPRAISED VALUE	\$24.00 MILLION APPRAISED VALUE	\$27.60 MILLION APPRAISED VALUE
	-----	-----	-----
<S>	<C>	<C>	<C>
Estimated Number of Shares to be Sold in the Subscription Offering (1).....	680,000	800,000	920,000
Estimated 85% Price Per Share.....	\$ 25.50	\$ 25.50	\$ 25.50
	-----	-----	-----
Estimated Gross Proceeds from the Offerings.....	\$17,340,000	\$20,400,000	\$23,460,000
Expenses.....	1,040,000	1,085,000	1,135,000
	-----	-----	-----
Estimated Net Proceeds from the Offerings.....	\$16,300,000	\$19,315,000	\$22,325,000
	=====	=====	=====

</TABLE>

(1) Calculated by dividing Appraised Value by estimated BB&T Market Price of \$30.00 per share.

CAPITALIZATION

The following table sets forth the historic consolidated capitalization of BB&T Financial at September 30, 1993 and the pro forma consolidated capitalization of BB&T Financial after giving effect to the Conversion, based upon the sale of BB&T Financial Common Stock under the assumptions set forth under "USE OF PROCEEDS" and "PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS," as applied to the Acquisition of Home Savings.

<TABLE>
<CAPTION>

	\$20.40 MILLION APPRAISED VALUE	\$24.00 MILLION APPRAISED VALUE	\$27.60 MILLION APPRAISED VALUE
BB&T FINANCIAL			

	(\$ IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
Deposits.....	\$6,084,242	\$6,223,927	6,223,927	6,223,927
Borrowings:				
Short-term.....	\$ 917,317	\$ 917,317	917,317	917,317
Long-term.....	292,778	292,778	292,778	292,778
Total borrowings....	\$1,210,095	1,210,095	1,210,095	1,210,095
Shareholders' Equity(1):				
Common stock.....	\$ 77,192	79,148	79,448	79,748
Paid-in capital.....	253,269	270,686	273,401	276,111
Retained earnings....	372,635	372,635	372,635	372,635
Less loan to employee stock ownership plan.	4,726	6,467	6,467	6,467
Less reserve for re- stricted stock.....	--	3,073	3,073	3,073
Total shareholders' equity.....	\$ 698,370	\$ 712,929	\$ 715,944	\$ 718,954

</TABLE>

(1) Includes the issuance of 102,439 shares of restricted BB&T Financial Common Stock to be issued to the outside directors, executive officers and employees of Home Savings, subject to vesting over a five-year period beginning on the first anniversary after the date of grant.

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PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

The following unaudited pro forma combined condensed balance sheet as of September 30, 1993 and the unaudited pro forma combined condensed statement of income for the year ended December 31, 1992 and nine months ended September 30, 1993 combine the historical financial statements of BB&T Financial, Old Stone, Citizens of Newton, Mutual Savings, Citizens of Mooresville, Scotland Savings Bank, S.S.B. ("Scotland Savings"), Home Savings, Asheville Savings Bank, S.S.B., Asheville, North Carolina ("Asheville Savings") and LSB. The pro forma combined condensed statements give effect to the affiliations of each institution with BB&T Financial as if it had occurred on September 30, 1993 with respect to the balance sheet, and at the beginning of each period for the income statements, presented under the purchase method of accounting for business combinations. The pro forma combined condensed statements give effect to the affiliation of BB&T Financial with Mutual Savings, Old Stone and Citizens of Mooresville and the expected affiliation of BB&T Financial with Home Savings and with Scotland Savings and Asheville Savings under the purchase method of accounting, at and for the reporting periods indicated. The purchase method of accounting requires that all assets and liabilities be adjusted to their estimated fair market value as of the date of acquisition. The pro forma combined condensed financial statements give effect to the affiliation of BB&T Financial with Citizens of Newton and LSB under the pooling-of-interests method of accounting. The pooling-of-interests method of accounting combines assets and liabilities at their historical bases and restates the results of operations as if BB&T and the institution had been combined at the beginning of all reported periods.

The pro forma statements are provided for informational purposes only. The pro forma combined condensed statement of income is not necessarily indicative of actual results that would have been achieved had the acquisitions been consummated at the beginning of the periods presented, and is not indicative of future results. The pro forma financial statements should be read in conjunction with the audited financial statements and the notes thereto of BB&T Financial, incorporated by reference herein.

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UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET

SEPTEMBER 30, 1993

(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>

<CAPTION>

	BB&T FINANCIAL	HOME SAVINGS	OLD STONE	CITIZENS OF NEWTON	MUTUAL SAVINGS
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Cash and due from banks, non-interest-bearing.....	\$ 301,778	3,532	9,496	3,984	1,991
Interest-bearing bank balances.....	9,753	7,038	29,286	16,831	212
Federal funds sold.....	--	--	--	--	8,600
Investment and mortgage-backed securities.....	1,999,655	27,345	114,196	23,830	29,740
Loans.....	5,558,878	117,199	386,545	208,236	44,247
Less allowance for loan losses.....	84,038	144	4,235	705	437
	5,474,840	117,055	382,310	207,531	43,810
Bank premises and equipment..	110,382	1,029	2,482	4,714	638
Goodwill.....	5,818	--	--	1,663	--
Other assets.....	187,067	1,910	10,952	3,327	1,398
Total assets.....	\$8,089,293	157,909	548,722	261,880	86,389
LIABILITIES					
Deposits:					
Noninterest-bearing.....	\$ 746,122	507	5,100	5,625	895
Interest-bearing.....	5,338,120	139,178	478,136	217,923	78,290
Total deposits.....	6,084,242	139,685	483,236	223,548	79,185
Short-term borrowed funds....	917,317	--	--	--	--
Long-term debt.....	292,778	--	20,000	15,000	--
Negative goodwill.....	38,652	--	--	--	--
Other liabilities.....	57,934	1,721	7,549	1,334	655
Total liabilities.....	7,390,923	141,406	510,785	239,882	79,840
SHAREHOLDERS' EQUITY					
Common stock.....	77,192	--	--	1,245	--
Paid-in capital.....	253,269	--	35,000	5,336	--
Retained earnings.....	372,635	16,503	2,937	15,417	6,549
Less loan to employee stock ownership plan.....	4,726	--	--	--	--
Less reserve for restricted stock.....	--	--	--	--	--
	698,370	16,503	37,937	21,998	6,549
Total liabilities and shareholders' equity.....	\$8,089,293	157,909	548,722	261,880	86,389
CAPITAL RATIOS					
Equity to assets.....	8.63%				
Net book value per share.....	\$ 22.62				

</TABLE>

<TABLE>

<CAPTION>

CITIZENS OF MOORESVILLE	SCOTLAND SAVINGS	ASHEVILLE SAVINGS	LSB	CONVERSION ADJUSTMENTS	PURCHASE ACCOUNTING AND OTHER ADJUSTMENTS	POOLING ADJUSTMENTS	BB&T FINANCIAL FULLY COMBINED PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
488	580	9,934	37,061		(2,937) (d) (4,371) (l) (267) (m)		361,269
2,022	1,071	19,606	--				85,819
--	6,750	1,150	14,200				30,700
4,185	5,383	33,685	221,305	54,914 (a)	6,500 (g)		2,520,738
52,577	40,805	242,825	381,224		11,700 (h)		7,044,236
203	177	1,758	4,980				96,677
52,374	40,628	241,067	376,244		11,700		6,947,559
776	876	5,927	14,896		3,000 (i) (9,246) (p)		135,474
--	--	--	--		22,483 (j)		29,964
562	191	12,196	13,754		(4,450) (o)		226,907
60,407	55,479	323,565	677,460	54,914	23,918		10,338,430
132	842	9,381	76,356				844,960
52,469	47,118	269,820	492,629				7,113,683
52,601	47,960	279,201	568,985				7,958,643
2,500	--	17,059	45,015		58,250 (b)		1,040,141
--	--	--	8,000				335,778
--	--	--	--		30,864 (p)		69,516
346	351	2,442	3,367		12,148 (e) (566) (f) 8,916 (n) 10,780 (s)		106,977
55,447	48,311	298,702	625,367		121,898		9,511,055
--	--	--	7,767	6,249 (a)	641 (k)	1,676 (q)	96,590
--	--	--	21,734	54,821 (a)	(35,000) (c)	1,820 (r)	338,900
4,960	7,168	24,863	22,592		7,236 (k) (2,937) (d) (4,371) (l) (267) (m) (55,405) (p)	(1,676) (q) (1,820) (r)	410,644
--	--	--		(6,156) (a)	--		10,882
--	--	--			(7,877) (k)		7,877
4,960	7,168	24,863	52,093	54,914	(97,980)	--	827,375
60,407	55,479	323,565	677,460	54,914	23,918		10,338,430
							8.00
							21.56

</TABLE>

(a) Investment of net proceeds from issuance of 216,539, 266,667, 216,471, 800,000 and 1,000,000 shares of BB&T Financial Common Stock in connection with the acquisitions of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings, respectively, based on estimated appraised values of \$8,000,000, \$8,000,000, \$6,000,000, \$24,000,000 and \$30,000,000, respectively. Using actual 85% Prices of \$28.58 for Mutual Savings and \$27.09 for Citizens of Mooresville and an assumed 85% price of \$25.50 for Scotland Savings, Home Savings and Asheville Savings, assuming that all shares are sold in the Subscription Offering and that 23,529, 26,667, 18,898, 68,293 and 100,000 shares are purchased by the BB&T Employee Stock Ownership Plan at the 85% Price for Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings, respectively.

(b) To record the acquisition of all the outstanding common shares of Old Stone

- at a cost of \$58,250,000 in cash.
- (c) To reduce the equity of Old Stone to zero.
 - (d) To record payment of closing expenses and cash dividend to be paid by Old Stone prior to acquisition.
 - (e) To record the estimated tax liabilities on the recapture of the tax bad debt reserves.
 - (f) To adjust the deferred tax liabilities as a result of purchase accounting adjustments at BB&T Financial's combined federal and North Carolina statutory tax rate of 40.12%.
 - (g) To adjust the investment and mortgage-backed securities portfolios to estimated market value.
 - (h) To adjust the loan portfolios to estimated market value.
 - (i) To adjust the fixed assets of Old Stone to estimated market value.
 - (j) To record the excess of cost of Old Stone over the fair value of the net assets acquired (goodwill). The amount of goodwill will be deducted from earnings over a period of ten years in accordance with Accounting Principles Board Opinion No. 16.
 - (k) To record the issuance of 256,474 shares of restricted stock to key employees and directors of acquired mutual savings institutions.
 - (l) To record the payment of funds, net of tax effect at BB&T Financial's combined federal and North Carolina statutory tax rate of 40.12%, to charitable trusts in which proceeds will be distributed at the discretion of directors of the acquired savings institutions.
 - (m) To record cash bonuses, net of tax effect paid to employees of acquired savings institutions prior to acquisition.
 - (n) To record the pension liability for employees and directors of acquired savings institutions.
 - (o) To reduce the purchased mortgage servicing rights of Asheville Savings to zero.
 - (p) To record the excess of fair value of net assets acquired over cost (negative goodwill) of savings institutions acquired in conversion mergers, after reducing the adjusted basis in premises and equipment to zero. The amount of negative goodwill will be added to earnings over a period of ten years in accordance with Accounting Principles Board Opinion No. 16.
 - (q) To record the issuance of 1,168,311 shares of BB&T Financial Common Stock for all the 1,245,043 outstanding shares of Citizens of Newton common stock, assuming an exchange ratio of .9389 shares of BB&T Common Stock for each share of Citizens common stock.
 - (r) To record the issuance of 3,834,625 shares of BB&T Financial Common Stock for all the 3,106,972 outstanding shares of LSB common stock, assuming an exchange ratio of 1.2342 shares of BB&T common stock for each share of LSB common stock.
 - (s) To record liability for 1% deposit premium to be paid on deposits of Scotland Savings and Citizens of Mooresville and for 2% deposit premiums to be paid on deposits of Home Savings and for 2.5% deposit premium to be paid on deposits of Asheville Savings.

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UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 1993 (A)
(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	BB&T FINANCIAL PRO FORMA WITH					
	BB&T FINANCIAL	COMPLETED ACQUISITIONS	CITIZENS OF NEWTON	MUTUAL SAVINGS	OLD STONE	CITIZENS SAVINGS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest income.....	\$ 395,573	402,348	16,572	4,579	30,078	3,526
Interest expense.....	162,286	165,607	7,836	2,597	15,492	1,782

Net interest income....	233,287	236,741	8,736	1,982	14,586	1,744
Provision for loan losses.....	13,250	13,795	356	90	1,246	67
Net interest income after provision for loan losses.....	220,037	222,946	8,380	1,892	13,340	1,677
Noninterest income.....	79,136	79,612	1,468	79	2,119	70
Noninterest expense.....	196,712	198,933	4,856	1,277	9,155	1,112
Income before income taxes.....	102,461	103,625	4,992	694	6,304	635
Income taxes.....	32,646	32,998	2,020	260	2,328	251
Net Income.....	\$ 69,815	70,627	2,972	434	3,976	384
Earnings Per Share(k):						
Primary net income.....	\$ 2.31	2.31				
Fully diluted net income.....	2.26	2.27				
Average Common Shares:						
Primary.....	30,248,866	30,640,860				
Fully diluted.....	31,011,123	31,403,117				

</TABLE>

- (a) BB&T Financial, Old Stone, Asheville Savings and LSB have fiscal years ending December 31. Citizens of Newton, Scotland Savings and Home Savings have fiscal years ending September 30. Mutual Savings has a fiscal year ending June 30, and Citizens of Mooresville has a fiscal year ending March 31. The financial data included herein in each case is for the nine months ended September 30, 1993, except for Citizens of Newton which is for the nine months ended June 30, 1993.
- (b) Estimated interest income on the investable funds of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings provided from their conversions at an estimated rate of 4.58% which is equal to estimated available investment yields at the beginning of the period.
- (c) Tax (benefit) expense using BB&T Financial's combined federal and North Carolina statutory income tax rate of 40.12%.
- (d) Amortization of excess of cost over fair value of assets acquired (goodwill) of Old Stone over a ten-year period using the straight-line method.
- (e) Amortization of excess of fair value of net assets acquired over cost (negative goodwill) of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings over a ten-year period using the straight-line method.
- (f) Reduced depreciation from write-down of premises and equipment of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings and write up of Old Stone.
- (g) Reduced interest income from write-up of investment securities and loans of acquired entities.
- (h) To record expense of restricted stock and ESOP over a five-year period.
- (i) To adjust for reduced amortization of purchased mortgage servicing rights.
- (j) To record interest expense on borrowed funds used to acquire Old Stone at an estimated rate of 4.55%.
- (k) Pro forma share data and per share data is computed based on the issuance of 1,168,311 shares in the acquisition of Citizens of Newton, 3,834,625 shares in the acquisition of LSB, and the issuance of 216,539, 266,667, 216,471, 800,000 and 1,000,000 shares of BB&T Financial Common Stock in consummating the acquisitions of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings, respectively.

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<TABLE>
<CAPTION>

SCOTLAND SAVINGS	HOME SAVINGS	ASHEVILLE SAVINGS	LSB	COMBINED	CONVERSION ADJUSTMENT	PURCHASE ACCOUNTING ADJUSTMENTS	BB&T FINANCIAL FULLY COMBINED PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

3,136	9,835	17,480	34,904	522,458	1,886 (b)	(1,899) (g)	522,445
1,440	4,369	9,818	13,674	222,615		1,988 (j)	224,603
-----	-----	-----	-----	-----	-----	-----	-----
1,696	5,466	7,662	21,230	299,843	1,886	(3,887)	297,842
5	--	464	1,162	17,185			17,185
-----	-----	-----	-----	-----	-----	-----	-----
1,691	5,466	7,198	20,068	282,658	1,886	(3,887)	280,657
35	206	3,900	5,424	92,913		2,315 (e)	95,228
819	1,712	8,806	18,307	244,977		1,686 (d)	248,678
						(306) (f)	
						2,741 (h)	
						(420) (i)	
-----	-----	-----	-----	-----	-----	-----	-----
907	3,960	2,292	7,185	130,594	1,886	(5,273)	127,207
367	1,483	841	2,011	42,559	757 (c)	(2,368) (c)	40,948
-----	-----	-----	-----	-----	-----	-----	-----
540	2,477	1,451	5,174	88,035	1,129	(2,905)	86,259
=====	=====	=====	=====	=====	=====	=====	=====
							2.26
							2.22
							38,220,205
							38,982,462

</TABLE>

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UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME YEAR ENDED DECEMBER 31,
1992 (A) (\$ IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	BB&T FINANCIAL PRO FORMA WITH					
	BB&T FINANCIAL	COMPLETED ACQUISITIONS	CITIZENS OF NEWTON	MUTUAL SAVINGS	OLD STONE	CITIZENS OF MOORESVILLE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest income.....	\$ 493,449	564,342	24,474	6,868	46,781	4,900
Interest expense.....	225,094	265,956	13,753	4,224	26,130	2,799
	-----	-----	-----	-----	-----	-----
Net interest income....	268,355	298,386	10,721	2,644	20,651	2,101
Provision for loan losses.....	29,000	31,939	190	236	2,474	53
	-----	-----	-----	-----	-----	-----
Net interest income after provision for loan losses.....	239,355	266,447	10,531	2,408	18,177	2,048
Noninterest income.....	87,164	92,405	2,053	63	3,271	416
Noninterest expense.....	218,012	238,931	6,651	1,462	11,352	1,366
	-----	-----	-----	-----	-----	-----
Income before income taxes.....	108,507	119,921	5,933	1,009	10,096	1,098
Income taxes.....	32,431	41,252	2,288	401	3,088	380
	-----	-----	-----	-----	-----	-----
Net income.....	76,076	78,669	3,645	608	7,008	718
	=====	=====	=====	=====	=====	=====
Earnings Per Share (k):						
Primary net income.....	\$ 2.89	2.72				
Fully diluted net income.....	2.75	2.60				
Average Common Shares:						
Primary.....	26,312,788	28,893,405				
Fully diluted.....	28,349,464	30,930,081				

</TABLE>

(a) BB&T Financial, Old Stone, Asheville Savings and LSB have fiscal years ending December 31, Citizens of Newton, Scotland Savings and Home Savings have fiscal years ending September 30, Mutual Savings has a fiscal year ending June 30, and Citizens of Mooresville has a fiscal year ending March 31. The financial data included herein in each case is for the most recently completed fiscal year.

- (b) Estimated interest income on the investable funds of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings provided from their conversions at an estimated rate of 6.45% which is equal to estimated available yields at the beginning of the period.
- (c) Tax (benefit) expense using BB&T Financial's combined federal and North Carolina statutory income tax rate of 39.27%.
- (d) Amortization of excess of cost over fair value of assets acquired (goodwill) of Old Stone over a ten-year period using the straight-line method.
- (e) Amortization of excess of fair value of net assets acquired over cost (negative goodwill) of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings over a ten-year period using the straight-line method.
- (f) Reduced depreciation from write-down of premises and equipment of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings and write up of Old Stone.
- (g) Reduced interest income from write-up of investment securities and loans of acquired entities.
- (h) To record expense of restricted stock and ESOP plans over a five-year period.
- (i) To adjust for reduced amortization of purchased mortgage servicing rights.
- (j) To record interest expense on borrowed funds used to acquire Old Stone at an estimated rate of 6.15%.
- (k) Pro forma share data and per share data is computed based on the issuance of 1,168,971 shares in the acquisition of Citizens of Newton, 3,834,624 shares in the acquisition of LSB, and the issuance of 216,539, 266,667, 216,471, 800,000 and 1,000,000 shares of BB&T Financial Common Stock in consummating the acquisitions of Mutual Savings, Scotland Savings, Citizens of Mooresville, Home Savings and Asheville Savings, respectively.

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<TABLE>
<CAPTION>

SCOTLAND SAVINGS	HOME SAVINGS	ASHEVILLE SAVINGS	LSB	COMBINED	CONVERSION ADJUSTMENT	PURCHASE ACCOUNTING ADJUSTMENTS	BB&T FINANCIAL FULLY COMBINED PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
4,775	13,502	27,732	47,725	741,099	3,542 (b)	(2,532) (g)	742,109
2,628	8,042	18,450	21,111	363,093	--	3,582 (j)	366,675
-----	-----	-----	-----	-----	-----	-----	-----
2,147	5,460	9,282	26,614	378,006	3,542	(6,114)	375,434
60	--	640	2,528	38,120	--	--	38,120
-----	-----	-----	-----	-----	-----	-----	-----
2,087	5,460	8,642	24,086	339,886	3,542	(6,114)	337,314
68	523	4,054	5,964	108,817		3,086 (e)	111,903
1,053	2,355	9,602	21,477	294,249		2,248 (d)	299,184
						(406) (f)	
						3,654 (h)	
						(561) (i)	
-----	-----	-----	-----	-----	-----	-----	-----
1,102	3,628	3,094	8,573	154,454	3,542	(7,963)	150,033
408	1,215	1,553	2,434	53,019	1,391 (c)	(3,456) (c)	50,954
-----	-----	-----	-----	-----	-----	-----	-----
694	2,413	1,541	6,139	101,435	2,151	(4,507)	99,079
=====	=====	=====	=====	=====	=====	=====	=====
							2.71
							2.62
							36,472,750
							38,509,426

</TABLE>

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SELECTED CONSOLIDATED FINANCIAL DATA OF BB&T FINANCIAL

The following table presents selected historical consolidated financial data of BB&T Financial at or for the nine-month periods ended September 30, 1993 and 1992 and at or for the five fiscal years ended December 31, 1992. This information (other than certain capital ratios) is derived from the historical consolidated financial statements of BB&T Financial. The information set forth below should be read in conjunction with the historical consolidated financial statements and the notes thereto of BB&T Financial which are incorporated by reference herein. See "INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE."

The data at or for the nine-month periods ended September 30, 1993 and 1992 are unaudited, but have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and reflect all adjustments, consisting of only normal recurring adjustments, which in the opinion of the management of BB&T Financial are necessary for a fair presentation of the results for such interim periods. All performance ratios for such interim periods for BB&T Financial have been annualized. The results of operations and the ratios for the nine-month period ended September 30, 1993 are not necessarily indicative of the results to be expected for the full year ending December 31, 1993 or for any other interim period.

<TABLE>
<CAPTION>

	AT OR FOR THE NINE MONTHS ENDED SEPTEMBER 30,		AT OR FOR THE FISCAL YEARS ENDED DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
	(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS							
Interest income.....	\$ 395,573	392,087	509,778	527,658	517,798	523,972	427,219
Interest expense.....	162,286	185,965	225,094	288,064	307,825	332,324	250,274
Net interest income.....	233,287	206,122	268,355	222,163	191,455	170,561	156,410
Provision for loan losses.....	13,250	23,532	29,000	38,000	19,235	12,478	11,984
Net interest income after provision for loan losses.....	220,037	182,590	239,355	184,163	172,220	158,083	144,426
Noninterest income.....	79,136	67,165	87,164	83,552	62,103	55,706	44,385
Noninterest expense.....	196,712	164,742	218,012	184,833	162,433	153,522	137,065
Income before taxes.....	102,461	85,013	108,507	82,882	71,890	60,267	51,746
Income taxes.....	32,646	25,926	32,431	22,710	18,275	13,820	9,029
Net income.....	\$ 69,815	59,087	76,076	60,172	53,615	46,447	42,717
PER SHARE DATA:							
Net income:							
Primary.....	\$ 2.31	2.14	2.89	2.57	2.49	2.17	2.05
Fully diluted.....	2.26	2.05	2.75	2.44	2.37	2.08	1.96
Cash dividends.....	.75	.66	.91	.85	.81	.74	.69
Market price:							
High.....	35.38	32.25	32.25	23.63	20.38	24.50	18.25
Low.....	31.00	21.88	21.88	14.50	14.50	16.38	14.25
Close.....	33.88	29.13	31.88	22.00	15.88	20.00	17.00
Book value, end of period.....	22.62	20.96	21.32	19.19	17.51	15.83	14.61
SELECTED AVERAGE BALANCES:							
Assets.....	\$ 7,500,543	6,674,339	6,439,038	5,676,520	5,124,573	5,059,390	4,461,609
Earning assets.....	7,040,171	6,289,862	6,064,983	5,347,481	4,777,248	4,725,288	4,154,952
Investment securities(1).....	1,857,843	1,716,857	1,658,607	1,472,972	1,211,350	1,177,838	966,572
Loans.....	5,168,121	4,564,869	4,398,867	3,813,131	3,469,454	3,471,961	3,116,576
Deposits.....	5,870,598	5,500,296	5,240,684	4,782,945	4,147,377	3,964,268	3,539,322

Interest-bearing liabilities.....	6,074,134	5,455,248	5,237,814	4,693,997	4,233,730	4,198,980	3,646,633
Shareholders' equity....	653,108	545,497	524,639	426,591	357,102	323,991	290,663
SELECTED PERIOD END BALANCES:							
Assets.....	\$ 8,089,293	7,037,159	6,691,484	6,229,014	5,158,726	5,243,390	4,804,591
Earning assets.....	7,568,286	6,631,378	6,250,279	5,820,120	4,799,074	4,741,187	4,478,973
Investment securities(1).....	1,999,655	1,880,399	1,725,014	1,585,935	1,257,751	1,144,144	1,058,128
Loans.....	5,558,878	4,734,747	4,524,665	4,233,429	3,423,810	3,512,768	3,356,844
Deposits.....	6,084,242	5,620,620	5,346,320	5,203,499	4,406,442	4,265,149	3,903,138
Interest-bearing liabilities.....	6,548,215	5,717,710	5,369,001	5,059,530	4,172,705	4,263,658	3,890,124
Shareholders' equity....	698,370	581,010	560,908	486,502	373,506	339,941	307,428
Shares outstanding (in thousands).....	30,876,759	27,713,820	26,312	25,348	21,328	21,473	21,038
RATIOS							
Performance ratios(3):							
Return on average assets.....	1.24%	1.18	1.18	1.06	1.05	.92	.96
Return on average equity.....	14.29	14.47	14.50	14.11	15.01	14.34	14.70
Net interest margin, taxable equivalent....	4.63	4.64	4.69	4.48	4.40	4.06	4.26
Capital ratios:							
Average equity to average assets(3).....	8.71%	8.17	8.15	7.52	6.97	6.40	6.51
Equity to assets (period-end).....	8.63	8.26	8.38	7.81	7.24	6.48	6.40
Risk-based capital ratios(2):							
Tier 1 capital.....	12.80	12.36	12.35	11.13	9.72	N/A	N/A
Total capital.....	14.80	15.42	15.24	14.33	13.04	N/A	N/A
Leverage ratio(2).....	8.64	8.56	8.24	7.76	7.06	N/A	N/A

</TABLE>

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(1) Includes securities available for sale.

(2) Calculated in accordance with applicable Federal Reserve regulations which became effective in 1989. See "SUPERVISION AND REGULATION OF BB&T FINANCIAL--Capital Adequacy Guidelines for Bank Holding Companies."

(3) Annualized for interim periods.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS OF BB&T FINANCIAL

The following discussion and analysis is intended to assist readers in understanding BB&T Financial's results of operations and changes in financial position for the past three years and for the three quarters ending September 30, 1993 and 1992. This review should be read in conjunction with the consolidated financial statements, accompanying footnotes and supplemental financial data incorporated by reference herein. See "INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE."

In 1989 BB&T Financial became one of the first bank holding companies in the country to take advantage of new legislation and agree to acquire a healthy savings institution. During the period January 1, 1990 through the date of this Prospectus/Proxy Statement, BB&T Financial has consummated the acquisitions of fourteen savings institutions or their holding companies with total assets of approximately \$ billion and several branches of a fifteenth institution. The following table provides information relative to the twelve acquisitions.

<TABLE>

<CAPTION>

INSTITUTION	DATE ACQUIRED	OFFICES AT ACQUISITION	TOTAL ASSETS (DATE OF ACQUISITION)	METHOD OF ACCOUNTING
<S>	<C>	<C>	<C>	<C>
Carolina Bancorp, Inc. .	8-20-90	4	\$297 million	Pooling-of-Interests
High Point, N.C.				
First Federal Savings				

Bank of Pitt County.... Greenville, N.C.	9-01-90	5	137 million	Pooling-of-Interests
Home Savings & Loan Association, Inc. Durham, N.C.	3-15-91	5	240 million	Purchase
Gate City Federal Savings & Loan Association..... Greensboro, N.C.	8-08-91	11	460 million	Purchase
Albemarle Savings & Loan Association..... Elizabeth City, N.C.	8-08-91	2	98 million	Purchase
Peoples Federal Savings Bank of Thomasville..... Thomasville, N.C.	6-26-92	2	107 million	Purchase
First Fincorp, Inc. Kinston, N.C.	2-24-93	10	334 million	Purchase
Security Financial Holding Company..... Durham, N.C.	2-25-93	9	316 million	Pooling-of-Interests
Carolina Savings Bank... Wilmington, N.C.	5-18-93	5	143 million	Purchase
Edenton Savings & Loan Association..... Edenton, N.C.	5-18-93	1	40 million	Purchase
Citizens Savings Bank, S.S.B., Inc. Newton, N.C.	10-25-93	11	263 million	Pooling-of-Interests
Mutual Savings Bank of Rockingham County, Inc., S.S.B. Reidsville, N.C.	10-29-93	3	88 million	Purchase
Old Stone Bank of North Carolina, A Federal Savings Bank..... High Point, N.C.	11-24-93	14	537 million	Purchase
Citizens Savings Bank, S.S.B., Inc. Mooresville, N.C.	12-23-93	2	60 million	Purchase

</TABLE>

The acquisitions of Carolina Bancorp, Inc., First Federal Savings Bank of Pitt County, Home Savings & Loan Association, Inc., First Fincorp, Inc., Security Financial Holding Company and Citizens of Newton were consummated through the issuance of BB&T Financial Common Stock for all of the outstanding shares of each of the respective entities. The acquisition of Old Stone was consummated through the payment of \$58.25 million in cash for all of the issued and outstanding stock of Old Stone. The acquisitions of Gate City, Albemarle, Peoples Federal Savings Bank of Thomasville ("Peoples"), Carolina Savings, Edenton

Savings, Mutual Savings and Citizens of Mooresville involved each converting from a mutual to a stock institution with simultaneous acquisition by BB&T Financial of all the stock issued in the conversion. To effect the acquisitions of the mutual institutions, BB&T Financial sold 2,528,441 shares of BB&T Financial Common Stock in 1991, 382,395 shares of BB&T Financial Common Stock in 1992 and 940,192 shares of BB&T Financial Common Stock in 1993. In making the acquisitions, BB&T Financial invested proceeds from the offerings in Gate City, Albemarle, Peoples, Carolina Savings, Edenton Savings, Mutual Savings and Citizens of Mooresville. Each of these associations (except Mutual Savings, Citizens of Newton, Old Stone and Citizens of Mooresville) has been subsequently merged into BB&T. There was an excess of net assets acquired over cost for these institutions of approximately \$56 million (negative goodwill), which is being amortized as an accrual into BB&T Financial's earnings over periods of ten years. The amount of income from amortized negative goodwill included in earnings totalled approximately \$4.0 million in 1992 and \$1.5 million in 1991. As these acquisitions were accounted for as purchases, the results of their operations are included with those of BB&T Financial subsequent to the dates of their respective acquisitions. The growth rates in balance sheet and income and expense accounts of BB&T Financial for 1992 and

1991 have been increased by these acquisitions.

In addition to acquiring the foregoing institutions, on June 1, 1993, BB&T Financial acquired approximately \$185 million of deposit liabilities, \$68 million of loans and \$4 million of fixed assets from 1st Home Federal Savings and Loan Association of the Carolinas, F.A., Greensboro, North Carolina ("1st Home") for \$6.25 million in cash.

BB&T Financial has agreements to acquire through the date of this Prospectus/Proxy Statement three additional mutual thrift institutions, including Home Savings, and a bank holding company, all of whose assets totalled approximately \$1.2 billion as of September 30, 1993. The following table provides information relative to those pending acquisitions.

<TABLE>
<CAPTION>

INSTITUTION	ANTICIPATED ACQUISITION DATE	OFFICES	TOTAL ASSETS (9/30/93)	ANTICIPATED METHOD OF ACCOUNTING
<S>	<C>	<C>	<C>	<C>
Scotland Savings Bank, S.S.B. Laurinburg, N.C.	1st Qtr. 1994	2	\$55 million	Purchase
Home Savings Bank of Albemarle, S.S.B. Albemarle, N.C.	1st Qtr. 1994	2	158 million	Purchase
Asheville Savings Bank, SSB Asheville, N.C.	1st Qtr. 1994	9	324 million	Purchase
L.S.B. Bancshares, Inc. of South Carolina.....	2nd Qtr. 1994	23	646 million	Pooling-of-Interests

</TABLE>

Home Savings, Scotland Savings and Asheville Savings are each mutual savings institutions. Those acquisitions involve each converting from a mutual to a stock institution with a simultaneous acquisition by BB&T Financial. To effect the acquisition of these mutual institutions, BB&T Financial anticipates selling approximately 2,066,667 shares of BB&T Financial Common Stock. BB&T Financial anticipates recording negative goodwill in connection with these acquisitions of \$21 million, which will be amortized as an accrual to income over a ten-year period.

LSB is a South Carolina-chartered bank holding company. BB&T Financial anticipates issuing approximately 3,834,625 shares (subject to adjustment) of BB&T Financial Common Stock in connection with the acquisition.

RESULTS OF OPERATIONS

1992 COMPARED WITH 1991 AND 1990. BB&T Financial recorded higher earnings in 1992 for the tenth consecutive year. Net income totalled \$76.1 million in 1992, an increase of \$15.9 million or 26.4% over 1991. Net income for 1991 was \$60.2 million and was \$6.6 million or 12.2% over the earnings of \$53.6 million recorded in 1990. The five-year compound annual growth rate of net income has been 14.6%.

Primary net income per share rose 12.5% from 1991 to \$2.89 and fully diluted net earnings per share grew 12.7% to \$2.75 in 1992. Primary net income per share was \$2.57 in 1991 and \$2.49 in 1990, while fully diluted per share earnings for those two years were \$2.44 and \$2.37, respectively. The following highlights underscore the key elements of performance for 1992.

- . The portfolios of earning assets are the primary sources of profitability. Average earning assets increased 13.4% for the year, while taxable equivalent net interest income rose \$45.1 million or 18.8%. This followed an increase in taxable equivalent net interest income of \$29.6 million or 14.1% in 1991.
- . The provision for loan losses was reduced by \$9 million or 23.7%. This followed an increase of \$18.8 million or 97.6% in 1991. BB&T Financial recorded a historically high provision in 1991 because of unusually high

levels of both nonperforming assets and actual charge-offs. Improved asset quality allowed BB&T Financial to reduce its provision for loan losses to a historically more normal level in 1992.

- . Noninterest income for 1992 increased \$3.6 million or 4.3% to \$87.2 million in 1992. This followed an increase of \$21.4 million or 34.5% in 1991. Noninterest income included gains on sales of securities of \$5.4 million in 1992, \$10.5 million in 1991 and \$410,000 in 1990, and the amortization of negative goodwill of approximately \$4.0 million in 1992 and \$1.5 million in 1991.
- . Noninterest expense totalled \$218.0 million in 1992. This represented an increase of 18.0% from the \$184.8 million in 1991, which was an increase of 13.8% over 1990.
- . The effective tax rate was 29.9% in 1992, compared with 27.4% in 1991 and 25.4% in 1990.

The return on average assets for 1992 was 1.18%, compared with 1.06% in 1991 and 1.05% in 1990. The returns on average shareholders' equity for each of the last three years were 14.50%, 14.11% and 15.01%, respectively. The annual return on average equity has exceeded 14% in each of the past ten years. At the end of 1992 the ratio of equity to assets was 8.38%, compared with 7.81% a year earlier and 7.24% at the end of 1990. BB&T Financial's risk-adjusted total capital ratio was 15.24% at the end of the year, up from 14.33% twelve months earlier. This ratio for BB&T Financial has consistently been in the top 10% of the 100 largest U.S. bank holding companies. The following table provides highlights of key profitability measures for each of the past five years.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED DECEMBER 31,				
	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>
Return on average assets.....	1.18%	1.06%	1.05%	.92%	.96%
Return on average equity.....	14.50	14.11	15.01	14.34	14.70
Net interest margin.....	4.69	4.48	4.40	4.06	4.26
Yield to break even(1).....	2.64	2.60	2.50	2.33	2.52

</TABLE>

- - - - -

(1) Noninterest expense plus provision for loan losses less noninterest income, divided by average earning assets.

NET INTEREST INCOME. Net interest income represents the principal source of earnings for BB&T Financial. Net interest income equals the amount by which interest income exceeds interest expense. For 1992 net interest income represented 75.5% of net revenues (net interest income plus noninterest income), compared with 72.7% in 1991 and 75.5% in 1990. The relationship of net interest income to total revenues was lower in 1991 because of the gains on sales of securities.

The taxable equivalent net yield on average earning assets is the primary measure used in evaluating the effectiveness of the management of earning assets and funding liabilities. The net yield on average earning assets was 4.69% in 1992, 4.48% in 1991 and 4.40% in 1990. Higher net interest margins during the past three years represent a reversal of steadily declining net yields through the latter half of the 1980's.

Three factors were primarily responsible for the improved net interest margins in recent years. A slower rate of growth in earning assets, particularly loans (excluding the effect of acquisitions), has reduced the necessity of generating large amounts of additional non-core funding. The growth experienced has been funded with lower cost retail deposits, including regular savings, interest checking, money rate savings and retail certificates of deposit.

Second, through the retention of profits and the addition of equity through various offerings in 1992 and 1991, shareholders' equity, rather than interest-bearing liabilities, is now funding a proportionately greater

amount of BB&T Financial's earning assets. The ratio of average interest-bearing liabilities to average earning assets was 86.4% in 1992, compared with 87.8% in 1991 and 88.6% in 1990. This relatively small decline in the dependence on interest-bearing liabilities translates to a savings in excess of \$3.5 million in interest expense for 1992.

Third, market forces have had perhaps the greatest effect on the improved net yields over the past two years. The prime rate of interest was 10% throughout most of 1990. The prime rate of interest declined progressively to a rate of 6.5% at the end of 1991 and ultimately declined to 6% in 1992. Approximately 50% of the loans originated by BB&T Financial's subsidiaries are priced based on the prime rate. Although BB&T Financial's subsidiaries have substantial portfolios of residential mortgage and consumer loans which earn interest at fixed rates or at variable rates that change annually, the returns on BB&T Financial's loan portfolios declined materially during 1992. The average rate earned on loans was 8.69% in 1992, compared with 10.33% in 1991 and 11.34% in 1990. Thus, the return on average interest-earning assets was 8.41% in 1992, down from 9.87% in 1991 and 10.84% in 1990.

At the same time, the rates paid for deposits and other funds declined during the year, and these declines generally preceded, and were of a greater magnitude than, the reduction in the rates earned on assets. The average cost of interest-bearing liabilities was 4.30% for 1992, a reduction of 184 basis points from 6.14% in 1991, which in turn was a reduction from 7.27% in 1990. The average rate earned on earning assets declined 146 basis points to 8.41% in 1992, compared with 9.87% in 1991 and 10.84% in 1990. The net result of these forces was an improvement in the interest rate spread to 4.11% in 1992. The interest rate spreads were 3.73% in 1991 and 3.57% in 1990. The combination of these factors, as well as gains of approximately \$18.2 million provided by interest rate swaps in 1992 and \$7.8 million in 1991, resulted in improvement in the net interest margin in 1992 and 1991 and provided greater amounts of net interest income. The following table shows the changes in interest income and interest expense for each major component of interest-earning assets and interest-bearing liabilities attributable to changes in volume and rate. The change in interest due to both rate and volume has been allocated proportionately to volume variance and rate variance based on the relationship of the absolute dollar change in each.

<TABLE>
<CAPTION>

	1992-1991			1991-1990		
	INCOME/ EXPENSE VARIANCE	VOLUME VARIANCE	RATE VARIANCE	INCOME/ EXPENSE VARIANCE	VOLUME VARIANCE	RATE VARIANCE

	(THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INTEREST INCOME						
Loans.....	\$ (11,678)	55,789	(67,467)	690	37,135	(36,445)
Investment securities:						
U.S. Government and						
other.....	5,296	18,381	(13,085)	15,246	23,313	(8,067)
State and municipal....	(7,438)	(6,387)	(1,051)	(2,311)	(1,859)	(452)
	-----	-----	-----	-----	-----	-----
Total investment secu-						
rities.....	(2,142)	11,994	(14,136)	12,935	21,454	(8,519)
Interest-bearing bank						
balances.....	(2,454)	(2,620)	166	(5,375)	(5,014)	(361)
Federal funds sold.....	(1,606)	(1,026)	(580)	1,610	1,659	(49)
	-----	-----	-----	-----	-----	-----
Total interest income.	(17,880)	64,137	(82,017)	9,860	55,234	(45,374)
	-----	-----	-----	-----	-----	-----
INTEREST EXPENSE						
Interest-bearing depos-						
its:						
Savings.....	(1,232)	3,052	(4,284)	856	1,494	(638)
Interest checking.....	(3,566)	4,431	(7,997)	587	2,317	(1,730)
Money rate savings.....	(10,744)	3,244	(13,988)	(3,123)	4,746	(7,869)
Certificates of deposit						
and other time						
deposits.....	(45,335)	6,084	(51,419)	2,946	33,817	(30,871)
	-----	-----	-----	-----	-----	-----

Total interest-bearing deposits.....	(60,877)	16,811	(77,688)	1,266	42,374	(41,108)
Short-term borrowed funds.....	(930)	7,496	(8,426)	(18,859)	(9,989)	(8,870)
Long-term debt.....	(1,163)	(117)	(1,046)	(2,168)	(1,412)	(756)
	-----	-----	-----	-----	-----	-----
Total interest expense.....	(62,970)	24,190	(87,160)	(19,761)	30,973	(50,734)
	-----	-----	-----	-----	-----	-----
NET INTEREST INCOME.....	\$ 45,090	39,947	5,143	29,621	24,261	5,360
	=====	=====	=====	=====	=====	=====

</TABLE>

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PROVISION FOR LOAN LOSSES. An annual provision for loan losses is charged against earnings in order to maintain the allowance for loan losses at a level considered adequate by management to absorb existing and potential losses in the loan portfolio. As a result of improved asset quality, the provision recorded by BB&T Financial in 1992 was \$29 million, compared with \$38 million in 1991 and \$19.2 million in 1990. The decrease of \$9 million in 1992 followed an increase of \$18.8 million or 97.6% in 1991. The greater provisions recorded in 1991 and 1990 reflected increased levels of net charge-offs and nonperforming assets, a persistent economic slowdown and a deterioration in real estate markets and values. For a more detailed discussion of loan credit qualities, see "--Balance Sheet Management," particularly, the section "--Nonperforming Loans and Allowance for Loan Losses."

NONINTEREST INCOME. Noninterest income for BB&T Financial consists of service charges on deposit accounts, trust revenue, mortgage origination and servicing revenues, insurance commissions, gains and losses on investment securities transactions, and other commissions and fees derived from various banking and bank-related activities. Noninterest income has traditionally been an important factor contributing to profitability at BB&T Financial, and its importance has increased in recent years. Noninterest income for 1992 totalled \$87.2 million, compared with \$83.6 million last year and \$62.1 million in 1990. Over the past five years, noninterest income has grown at a compound annual rate of 15.6%.

Gains on sales of securities totalled \$5.4 million in 1992, compared with \$10.5 million in 1991. For several years prior to 1991, gains and losses realized from sales of securities by BB&T Financial were relatively immaterial. In recent years, both through generation within its banking subsidiaries and through the acquisition of savings associations, BB&T Financial built a significant portfolio of mortgage-backed securities. These securities had attractive yields, and, as market rates of interest declined in 1991, the value of such securities increased. However, the speed of repayment increased dramatically as mortgage holders refinanced to take advantage of lower home mortgage rates. BB&T Financial sold a significant amount of its portfolio of mortgage-backed securities in the final half of 1991 and early 1992, thereby realizing gains totalling approximately \$8 million. BB&T Financial was able to realize a significant amount of the inherent gains in its portfolio of mortgage-backed securities prior to the heavy refinancing of home mortgages, which commenced in the first quarter of 1992 and continued throughout the year. This was an opportune decision by BB&T Financial, as a significant amount of those gains would have disappeared as loans were paid off at par.

Service charges on deposit accounts have historically represented the largest single item of noninterest income. This continued to be the case in 1992, as such charges totalled \$29.2 million, an increase from \$26.3 million in 1991 and \$22.6 million in 1990. Deposit services are repriced annually to reflect current costs and competitive factors.

BB&T Financial has made significant investments in its mortgage banking and insurance agency operations in recent years. Mortgage banking income (which includes servicing fees and profits from the origination and sale of loans) increased by \$722,000 or 6.8% to a total of \$11.4 million in 1992. This followed increases of \$2.9 million or 36.9% in 1991 and \$4.4 million or 128.1% in 1990. There was a heavy volume of mortgage loan originations in 1992 because of significant declines in home mortgage interest rates. As a result, BB&T Financial realized gains from the origination and sale of mortgages totalling \$9.5 million in 1992, an increase of \$5.7 million over 1991. This

increase was offset by a write-off of approximately \$4.6 million in the excess servicing receivable in the second half of 1992 to coincide with reduced values resulting from accelerated prepayments. General insurance commissions increased \$519,000 or 8.6% to a total of \$6.5 million for the year. BB&T Financial's insurance agencies have become an increasingly important source of noninterest revenue, and this trend is expected to continue and accelerate in the future. BB&T Financial has expanded its network of insurance agencies through acquisitions in recent years, and, in 1992, BB&T Financial agreed to acquire three additional agencies, two of which acquisitions were consummated in 1992.

Other service charges, commissions and fees were \$13.0 million in 1992, and \$11.0 million in 1991. Bank card fees represent the largest source of other service charges, commissions and fees. Bank card income totalled approximately \$6.5 million in 1992, up from \$6.1 million in the previous year. In recent years, BB&T Financial has expanded the sale of fixed income investment securities to its customers. BB&T Financial markets both individual obligations and mutual fund shares. Commissions from sales of securities totalled

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\$579,000 in 1992, an increase of \$311,000 from 1991. BB&T Financial plans to significantly increase its sales staff in 1993, and its ultimate objective is to have investment specialists in each of its regions in North and South Carolina. BB&T Financial plans to establish a separate investment services subsidiary of BB&T Financial with full service brokerage capabilities. This activity represents a significant potential new source of noninterest revenue for BB&T Financial.

A traditional service at many banks has been the offering of trust services. BB&T Financial has had a trust department for over 80 years. Trust revenues from corporate and personal trust services increased 15.0% in 1992 and 14.7% in 1991 to a total of \$6.5 million in 1992. The trust division has historically maintained collective funds to provide investment alternatives to its trust clients. In 1992 the trust division established its own family of proprietary mutual funds. BB&T Financial will now manage five mutual funds, which will provide investment alternatives both for its trust clients and its other customers.

Finally, noninterest income included approximately \$4.0 million in amortized negative goodwill in 1992 and \$1.5 million in 1991. Negative goodwill (excess of net assets acquired over cost) totalling \$6.6 million in 1992 and \$33.4 million in 1991 was recorded in the purchase acquisitions of thrifts.

NONINTEREST EXPENSE. Noninterest expense for 1992 increased 18.0% to \$218.0 million. This followed an increase of 13.8% in 1991. The acquisitions of three savings associations in 1991 and one in 1992 were accounted for as purchases, and, accordingly, prior period history was not restated. The expense growth in 1992 and 1991 includes the incremental cost of operations related to these acquisitions, and the cost of standardizing their operating systems and procedures to those of BB&T Financial.

Salaries and wages increased 16.4% in 1992 and 9.5% in 1991, which includes approximately 5% annual merit increases, the effects of the additional employees who joined BB&T Financial with the consummation of the four thrift acquisitions, and above average incentive compensation because of the superior 1992 performance of BB&T Financial. Other personnel expense increased 18.0% from \$15.6 million in 1991 to \$18.4 million in 1992. Such expenses grew 26.2% in 1991. The annual cost of employee health insurance has increased approximately \$1.5 million over the past two years, while the annual pension expense has grown \$1.2 million over the same period.

BB&T Financial has increased its commitment to employee training and education in recent years. As a result of this heightened commitment, the total cost of training increased \$922,000 or 45.4% to a total of \$3.0 million in 1992, following an increase of \$757,000 in 1991.

Premiums paid to the FDIC for deposit insurance increased \$1.6 million or 16.1% to a total of \$11.4 million for 1992. For 1991 the increase was \$4.7 million or 90.0%. Insurance premiums have increased dramatically in recent years, as the FDIC has had to look to healthy banks to cover the cost of actual or pending failures of unhealthy institutions. For the period beginning January

1, 1991, the rate was increased from \$.12 per \$100 of deposits to \$.195. There was a further increase to \$.23 for the period beginning July 1, 1991. There have been no additional increases for BB&T Financial's bank subsidiaries since that date, and BB&T Financial does not anticipate increases in deposit insurance rates for 1993. See "SUPERVISION AND REGULATION OF BB&T FINANCIAL--BB&T and BB&T-SC."

Another noteworthy item of other operating expense was an increase of \$643,000 or 23.2% in advertising and public relations expense in 1992. This increase is partially reflective of heightened marketing efforts in the cities in which the acquired thrifts operated. Net occupancy expense increased 10.7% and furniture and equipment expense rose 15.5% in 1992. During the year BB&T Financial opened five new offices, added two through merger and closed 12 offices. All of the new offices involved the relocation and/or consolidation of existing offices. During 1992, BB&T Financial reduced the number of locations from 220 to 210. BB&T Financial also implemented its loan platform automation retail pilot program in three cities, purchased in excess of 650 additional CRTs and personal computers, added 12 new and replaced 11 existing automated teller machines, purchased and installed a new data base management system and human resource system, and began implementation of full teller automation. Capital expenditures for new facilities, renovations, and furniture and equipment are estimated at approximately \$44.3 million for 1993, following outlays of \$28.7 million in 1992 and \$15.1 million in 1991. Generally, capital expenditures are funded by either funds generated from normal operations or through short-term and long-term leases.

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The following table sets forth information regarding BB&T Financial's operating efficiency.

<TABLE>
<CAPTION>

	AT OR FOR THE FISCAL YEAR ENDED DECEMBER 31,				
	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>
Percent of average assets:					
Noninterest income.....	1.35%	1.47	1.21	1.10	.99
Noninterest expense.....	3.39	3.26	3.17	3.03	3.07
Personnel expense.....	1.65	1.60	1.58	1.53	1.58
Occupancy and equipment ex- pense.....	.55	.55	.56	.52	.56
Other operating expense.....	1.19	1.10	1.02	.99	.93
Net noninterest expense (non- interest expense less nonin- terest income).....	2.03	1.78	1.96	1.93	2.08
Net revenues (net interest in- come plus noninterest income) times noninterest expense....	1.63x	1.65	1.56	1.47	1.46
Assets per employee (millions). \$	2.03	2.04	1.75	1.71	1.54

</TABLE>

In 1990, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. ("FAS") 106, "Employers' Accounting for Post Retirement Benefits Other Than Pensions". The provisions of FAS 106 must be adopted for years ending after December 31, 1992. FAS 106 will change the way most employers account for post retirement benefits other than pensions, particularly for those companies such as BB&T Financial that provide health care benefits to retirees and their dependents. BB&T Financial has historically accounted for post retirement benefits on a cash basis. FAS 106 requires that the accrual basis be used with costs being recorded as benefits are earned. FAS 106 allows companies either to record the total liability for past services as an accounting change in the year of implementation and recognize current costs on an ongoing basis thereafter or to amortize the liability for past service over a period of years. BB&T Financial will apply the provisions of FAS 106 beginning in 1993. BB&T Financial will amortize the initial liability of \$12.4 million over a period of approximately 20 years. The impact of adoption will be an increase in expense of approximately \$1.3 million in 1993.

INCOME TAXES. BB&T Financial's effective tax rate has increased annually since 1987. Changes in tax laws in recent years have reduced the availability

of and the advantages of tax-exempt securities for banks.

At BB&T Financial, as tax-exempt investments have matured, they have been replaced with taxable assets which has resulted in a higher effective tax rate. BB&T Financial's banking subsidiaries are allowed to make investments in small issue tax-exempt obligations of governmental units, but the amount of such investments available in the market has not been of the same magnitude as maturing investments. Therefore, the trend to higher effective tax rates is likely to continue into the future.

The following table sets forth information regarding federal income taxes paid by BB&T Financial.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED DECEMBER 31,				
	1992	1991	1990	1989	1988

	(\$ IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
Tax expense at 34%.....	\$36,892	28,180	24,443	20,491	17,594
Increase (decrease) in taxes resulting from:					
State income taxes, net of federal tax benefit.....	1,427	1,178	859	--	--
Tax-exempt interest.....	(5,340)	(7,603)	(8,799)	(9,755)	(10,169)
Disallowed interest expense.....	538	1,001	1,242	1,335	1,203
Accrual of federal income taxes on excess tax bad debt reserve.....	--	--	--	900	--
Other items, net.....	(1,086)	(46)	530	849	401
	-----	-----	-----	-----	-----
Income tax expense.....	\$32,431	22,710	18,275	13,820	9,029
	=====	=====	=====	=====	=====
Effective tax rate.....	29.9%	27.4	25.4	22.9	17.4
Tax-exempt interest income as a percent of pretax income.....	14.5	27.0	36.0	47.6	57.8
	=====	=====	=====	=====	=====

</TABLE>

The FASB has issued FAS 109, "Accounting for Income Taxes". The provisions of FAS 109 must be adopted for years beginning after December 31, 1992. FAS 109 will change BB&T Financial's method of accounting for income taxes from the deferred method to the asset and liability method. Under the deferred method, annual income tax expenses are matched with pretax accounting income by providing deferred taxes at current tax rates for timing differences between the determination of net income for financial reporting and tax purposes. The objective of the asset and liability method is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. BB&T Financial will adopt the provisions of FAS 109 in 1993. This adoption will have no material impact on either the financial condition or results of operations of BB&T Financial.

FINANCIAL CONDITION

Average assets grew 13.4% in 1992, following increases of 10.8% in 1991 and 1.3% in 1990. Through its savings institution acquisitions, BB&T Financial added assets of approximately \$240 million in March, 1991, \$558 million in August, 1991 and \$107 million in June, 1992. Average assets have increased at an average annual rate of 10.0% over the past five years. Over the same five-year period, the compound annual growth rates based on average balances have been 10.3% for earning assets, 9.9% for loans, 11.7% for investment securities and 10.6% for deposits. All growth rates have been enhanced by the effects of acquisitions accounted for as purchases.

BB&T Financial experienced an above average rate of growth throughout most of the 1980's, as a concerted effort was made to penetrate new markets to gain the strength and operating efficiencies associated with size. BB&T Financial

generated this growth both through internal efforts and through acquisition. The rate of internal growth has slowed in recent years as a result both of management design and a general economic slow down. However, through its acquisition strategy, BB&T Financial had acquired six savings institutions with total assets of approximately \$1.3 billion at December 31, 1992. These thrifts have provided a new base of retail core deposits, a new constituency of customers to which both credit and non-credit products and services can be marketed, and an expanded branch distribution system in several of the major metropolitan markets of North Carolina. The recent slower rate of growth and the additional thrift retail deposits have enabled BB&T Financial to improve profitability by maintaining and improving net interest margins and spreads through a more profitable mix of funding liabilities.

In 1990 and 1991 serious problems developed in many real estate markets throughout the country. These problems spread to other parts of the economy and had many negative implications. As a result, BB&T Financial has placed increased emphasis on the management of all lending activities.

Over the past three years, lending for construction and development at BB&T Financial was restricted by both intent and demand. As a result, construction loans declined from \$421 million or 12.0% of loans at the end of 1989 to \$356 million or 7.9% of loans on December 31, 1992. Generally, the decline in real estate values was not as great in the Carolinas as in other parts of the country, but the vacancy rates for many commercial properties did rise to unprofitable levels, particularly in the metropolitan areas of the Carolinas. The situation has improved significantly in recent months, as occupancy rates have increased and real estate values have stabilized and shown improvement in selected markets and segments.

Demand for consumer loans, installment and other loans to individuals, has been weak over the past three years because of the sluggish economy and excessive levels of consumer debt built up in the 1980's. The continuing slowdown in automobile sales has had a negative impact on growth in direct and indirect automobile loans in recent years. As a result of these factors, consumer loans declined from \$504 million or 14.3% of loans at the end of 1989 to \$465 million or 10.3% at the end of 1992.

Gross loans were \$4.5 billion at the end of 1992. This represented an increase of approximately \$291.3 million in 1992, following an increase of approximately \$810 million in 1991. The three savings institutions acquired in 1991 had loans totalling approximately \$620 million at the respective dates of acquisition, while the savings institution added in 1992 had approximately \$80 million. Thus, the internally generated loan

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growth was \$211 million in 1992 and \$190 million in 1991. The comparatively slower rate of growth in loans reflects the caution exercised by both BB&T Financial and its customers, as businesses and individuals waited for signs of renewed economic activity. The long range objective of BB&T Financial is to maintain a rate of internal growth which approximates the growth of its markets in the Carolinas. BB&T Financial believes that this will result in a rate of increase which will be sustainable and provide for growth and profitability, but it will not match the rate of internal growth experienced during the decade of the 1980's.

Investment securities (including securities available for sale) increased 8.8% to a total of \$1.73 billion at the end of 1992, following increases of 26.1% in 1991 and 9.9% in 1990. BB&T Financial historically has maintained an investment portfolio of 21-25% of total assets. At the end of 1992, investment securities represented 25.8% of assets. BB&T Financial expects the investment portfolio to continue to represent 21-25% of total assets over the long-term, but it is likely that the portfolio will exceed these parameters over the short-term.

The policy at BB&T Financial is to invest primarily in securities of the U.S. Government and its agencies and in investment grade municipals. Neither BB&T Financial nor any of its subsidiaries have invested in non-investment grade bonds. The following table provides a percentage breakdown of the securities portfolios by risk class as of December 31, 1991 and 1992.

<TABLE>
<CAPTION>

TYPE OF SECURITY

	1992	1991
	PERCENT OF PORTFOLIO	
<S>	<C>	<C>
U.S. Government Securities.....	86.43%	58.14
U.S. Agency Obligations:		
Mortgage-backed Securities.....	.06	21.67
Other.....	5.35	6.15
State, County and Municipal Securities:		
AAA.....	3.26	5.48
AA.....	.57	.58
A-1.....	1.46	1.22
A.....	2.24	1.99
BAA-1.....	.04	.07
BAA.....	.01	.04
Nonrated.....	.35	2.32
Other.....	.23	2.34
	-----	-----
	100.00%	100.00
	=====	=====

</TABLE>

Mortgage-backed securities of U.S. Government agencies totalled \$405.7 million at the end of 1990 and were 32.3% of the investment portfolio. Such securities were reduced to \$343.8 million or 21.7% of investment securities a year later and less than \$1 million at the end of 1992. While such securities have attractive yields, the speed of prepayments tends to increase as interest rates decline. Throughout the second half of 1991 and early 1992, BB&T Financial sold mortgage-backed securities in order to realize gains before prepayment could occur. The mortgage-backed securities of BB&T Financial were primarily originated through its subsidiaries and securitized to provide marketability or added through its savings institution acquisitions.

In recognition of the potential for increased activity in its portfolio of investment securities created by changing market factors, BB&T Financial in September 1992 segregated its investment securities into two portfolios. One portfolio consists of securities considered to be investment securities, which are carried at amortized cost. The second portfolio includes securities which are classified as "available for sale," which are reported at the lower of cost or market. At the time of the change, the former included U.S. Government securities, state and municipal bonds and U.S. Treasury securities, while the latter included mortgage-backed securities, collateralized mortgage obligations and U.S. Treasury securities. In the future, BB&T Financial will follow its established guidelines with respect to credit quality and maturities in making purchases for

both portfolios, and its policy generally will be to specifically identify securities as either investment or available for sale at the time of purchase.

Average deposits increased 9.6% in 1992, following increases of approximately 15.3% in 1991 and 4.6% in 1990. Virtually all of the increases in recent years have been in interest-bearing deposits; however, noninterest-bearing deposits did increase by \$90.7 million or 15.6% in 1992, following four years of no growth. The acquired savings institutions had approximately \$689 million in deposits (principally interest-checking, savings and retail certificates of deposits) at the respective dates of acquisition. A positive element of the growth in 1992 and 1991 was that substantially all of the increases were in lower cost core deposits. The slower overall growth rate has been an enabling factor to improving the funding mix, and, ultimately, net interest margins and income.

Shareholders' equity grew 15.3% in 1992, 30.3% in 1991 and 9.9% in 1990. BB&T Financial issued \$12.6 million in equity to shareholders of Home Savings and Loan Association Inc., Durham North Carolina in consummating that acquisition in March 1991, and raised approximately \$50.2 million of equity in August 1991 to complete the acquisitions of Gate City and Albemarle and \$9.7 million in June 1992 to complete the acquisition of Peoples. In recent years the return on average equity has been in the 14-15% range and the dividend payout ratio has

been 31-33%. Thus, the retention of earnings has resulted in an annual contribution of approximately 10% to the growth in equity. Also, the issuance of new stock through dividend reinvestment and employee benefit plans generated \$19.0 million in equity in 1992 and \$10.8 million in 1991.

The following table sets forth certain information relating to average balances, interest earned or paid, and average rates earned or paid for the periods shown. Yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively. Average balances are derived from average daily balances.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED DECEMBER 31,					
	1992			1991		
	AVERAGE BALANCE	INCOME/ EXPENSE	AVERAGE YIELD/ RATE	AVERAGE BALANCE	INCOME/ EXPENSE	AVERAGE YIELD/ RATE
	(\$ IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans (1) (2) (3).....	\$4,398,867	382,275	8.69%	\$3,813,131	393,953	10.33%
Securities (3) (4):						
U.S. Government and other.....	1,505,039	109,482	7.27	1,264,518	104,186	8.24
State and municipal....	153,568	17,756	11.56	208,454	25,194	12.09
Total investment securities.....	1,658,607	127,238	7.67	1,472,972	129,380	8.78
Interest-bearing bank balances.....	93	8	8.60	30,686	2,462	8.02
Federal funds sold.....	7,416	257	3.47	30,692	1,863	6.07
Total interest-earning assets.....	6,064,983	509,778	8.41	5,347,481	527,658	9.87
Allowance for loan losses.....	(69,323)			(54,176)		
Cash and due from banks, noninterest-bearing....	220,018			198,526		
Bank premises and equipment.....	74,300			61,926		
Other assets.....	149,060			122,763		
Total assets.....	\$6,439,038			\$5,676,520		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits:						
Savings.....	\$ 321,497	10,371	3.23%	\$ 244,987	11,603	4.74%
Interest checking.....	605,806	15,918	2.63	477,565	19,484	4.08
Money rate savings.....	740,271	23,427	3.16	670,946	34,171	5.09
Certificates of deposit and other time deposits.....	2,999,692	153,295	5.11	2,908,053	198,630	6.83
Total interest-bearing deposits.....	4,667,266	203,011	4.35	4,301,551	263,888	6.13
Short-term borrowed funds.....	482,242	15,733	3.26	302,721	16,663	5.50
Long-term debt.....	88,306	6,350	7.19	89,725	7,513	8.37
Total interest-bearing liabilities.....	5,237,814	225,094	4.30	4,693,997	288,064	6.14
Demand deposits, noninterest-bearing....	573,418			481,394		

Other liabilities.....	103,167		74,538	
Shareholders' equity....	524,639		426,591	
	-----		-----	
Total liabilities and shareholders' equity	\$6,439,038		\$5,676,520	
	=====		=====	
Interest income and rate earned.....	\$509,778	8.41%	\$527,658	9.87%
Interest expense and rate paid.....	225,094	4.30	288,064	6.14
	-----		-----	
Interest rate spread....		4.11		3.73
NET INTEREST INCOME AND NET YIELD ON AVERAGE EARNING ASSETS.....	\$284,684	4.69%	\$239,594	4.48%
	=====	=====	=====	=====

</TABLE>

- (1) Nonaccrual loans are included in average balances for yield computations.
(2) Loan income includes fees of \$6,114,000, \$3,694,000, \$3,189,000, \$3,410,000, and \$2,649,000 for the years of 1992-1988, respectively.
(3) Yields related to loans and securities exempt from both federal and state income taxes, federal income taxes only, or state income taxes only are stated on a taxable equivalent basis assuming tax rates of 38.62%, 35.65% or 7%, respectively, for the years of 1990-1988, and 39.32%, 35.91% or 8.06%, respectively for 1991, and 39.27%, 35.89% or 7.98%, respectively for 1992.
(4) Includes investment securities and securities available for sale.

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<TABLE>
<CAPTION>

FISCAL YEAR ENDED DECEMBER 31,

1990		1989			1988			
AVERAGE BALANCE	INCOME/ EXPENSE	AVERAGE YIELD/ RATE	AVERAGE BALANCE	INCOME/ EXPENSE	AVERAGE YIELD/ RATE	AVERAGE BALANCE	INCOME/ EXPENSE	AVERAGE YIELD/ RATE
(\$ IN THOUSANDS)								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$3,469,454	393,263	11.34%	\$3,471,961	406,655	11.71%	\$3,116,576	334,669	10.74%
987,564	88,940	9.01	952,353	83,097	8.73	723,262	57,611	7.97
223,786	27,505	12.29	225,485	27,347	12.13	243,310	29,339	12.06
-----	-----	-----	-----	-----	-----	-----	-----	-----
1,211,350	116,445	9.61	1,177,838	110,444	9.38	966,572	86,950	9.00
92,974	7,837	8.43	70,261	6,445	9.17	66,966	5,195	7.76
3,470	253	7.29	5,228	428	8.19	4,838	405	8.37
-----	-----	-----	-----	-----	-----	-----	-----	-----
4,777,248	517,798	10.84	4,725,288	523,972	11.09	4,154,952	427,219	10.28
-----	-----	-----	-----	-----	-----	-----	-----	-----
(40,898)			(37,256)			(33,195)		
221,007			212,054			208,424		
59,729			56,493			51,325		
107,487			102,811			80,103		
-----	-----	-----	-----	-----	-----	-----	-----	-----
\$5,124,573			\$5,059,390			\$4,461,609		
=====			=====			=====		
\$ 213,960	10,747	5.02%	\$ 210,806	10,652	5.05%	\$ 214,090	10,810	5.05%
422,867	18,897	4.47	367,388	17,122	4.66	361,581	16,674	4.61
589,341	37,294	6.33	540,410	34,812	6.44	610,331	34,758	5.69
2,447,268	195,684	8.00	2,370,266	205,110	8.65	1,877,505	142,422	7.59
-----	-----	-----	-----	-----	-----	-----	-----	-----
3,673,436	262,622	7.15	3,488,870	267,696	7.67	3,063,507	204,664	6.68
454,224	35,522	7.82	596,633	53,990	9.05	473,644	35,523	7.50
106,070	9,681	9.13	113,477	10,638	9.37	109,482	10,087	9.21
-----	-----	-----	-----	-----	-----	-----	-----	-----
4,233,730	307,825	7.27	4,198,980	332,324	7.91	3,646,633	250,274	6.86
-----	-----	-----	-----	-----	-----	-----	-----	-----
473,941			475,398			475,815		

59,800		61,021		48,498	
357,102		323,991		290,663	
-----		-----		-----	
\$5,124,573		\$5,059,390		\$4,461,609	
=====		=====		=====	
\$517,798	10.84%	\$523,972	11.09%	\$427,219	10.28%
307,825	7.27	332,324	7.91	250,274	6.86
-----		-----		-----	
	3.57		3.18		3.42
\$209,973	4.40%	\$191,648	4.06%	\$176,945	4.26%
=====	=====	=====	=====	=====	=====

</TABLE>

BALANCE SHEET MANAGEMENT

The business of banking is basically one of managing risks. In managing the portfolios of assets and liabilities, the primary objective is to manage the inherent credit risk and interest rate risk, in a context which also provides ongoing profitability and meets customer needs. Prudent balance sheet management also requires the maintenance of liquidity and a strong capital position.

CREDIT RISK MANAGEMENT. A key component of BB&T Financial's balance sheet management is the management of credit risk. In recent years, this represented a particular risk, requiring a most concerted effort to minimize loss exposure. Credit risk is inherent in the portfolios of both investment securities and loans. However, substantially all credit risk taken by BB&T Financial is in the loan portfolio.

LOAN PORTFOLIO MANAGEMENT. The Loan Policy Committee, which establishes loan policy and reviews and approves larger credits, provides overall direction to the administration of the loan portfolios. The Loan Administration Division is responsible for the ongoing loan operations and oversees larger credits and problem credits.

The loan review process is intended to ensure that sound and consistent credit decisions are made. The loan function is administered by personnel who have depth of experience and are provided with continuous training. Over the years the methods for analyzing business financial performance and the ability to repay loans has been refined. A detailed financial analysis is prepared prior to the funding of larger business credits, and the analyses are updated on a regular basis.

A key element in minimizing the risk of loss in a business loan portfolio is the diversification of such risk. While the legal lending limit of the North Carolina chartered bank is in excess of \$95 million, BB&T operates with in-house limits of \$37.5 million or less. Additional lower limits are established based on risk grades, the business or industry of the borrower, type of collateral (non-real estate versus real estate) and other considerations, including the ability of the borrower to meet obligations with funds generated from normal operations. Currently, no borrower has loans and/or commitments equal to the in-house limit. Although the ability of the borrower to repay is the critical element in any lending decision, substantially all loans at BB&T Financial, other than those of the very highest quality, are, in BB&T Financial's view, well collateralized. Independent appraisals are required for properties securing loans in excess of \$100,000.

A vast majority of loans made by BB&T and BB&T-SC are to businesses with operations headquartered in the two Carolinas; however, a limited number of loans have been made to businesses which are domiciled in other states but have North Carolina operations. BB&T Financial has not provided credit for highly leveraged transactions, the energy sector or loans to lesser developed countries and has not been a purchaser of loan participations.

The following table sets forth loans by regulatory classification, primarily based on types of collateral rather than the loan purpose. Real estate mortgage includes loans for land acquisition.

<TABLE>
<CAPTION>

AT DECEMBER 31,

	1992		1991		1990		1989		1988	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
(\$ IN THOUSANDS)										
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial and industrial.....	\$ 902,572	19.9%	\$ 857,716	20.2%	\$ 879,556	25.7%	\$ 879,806	25.0%	\$ 820,761	24.4%
Real estate--construction.....	356,229	7.9	366,745	8.7	350,331	10.2	421,434	12.0	382,011	11.4
Real estate--mortgage(1).....	2,804,084	61.9	2,535,299	59.8	1,726,404	50.4	1,711,431	48.7	1,696,378	50.5
Installment and other loans to individuals...	464,987	10.3	476,858	11.3	469,831	13.7	504,235	14.3	461,703	13.7
	\$4,527,872	100.0%	\$4,236,618	100.0%	\$3,426,122	100.0%	\$3,516,906	100.0%	\$3,360,853	100.0%

</TABLE>

(1) Included residential mortgage loans of \$1.7 billion in 1992 and \$1.5 billion in 1991.

Even though loan policies and procedures at a bank may provide the basis for a quality portfolio with minimal risk, individual borrowers do encounter problems which result in lower quality and loss at times.

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Less frequently, general deterioration of loan quality may result from weaknesses in specific industries or the economy in general. This was the case in 1990 and 1991, as serious difficulties were encountered in real estate markets throughout the country and the economy experienced a period of recession. As a result, many major banks reported large increases in nonperforming assets which in turn required increases in their provisions and allowances for loan losses.

BB&T Financial also experienced increases in both nonperforming assets and actual losses in 1991 and 1990. Accordingly, the provisions and allowances for loan losses were increased in those years. BB&T Financial intensified its loan review processes in order to minimize credit problems in that difficult environment, and there were considerable improvements in both nonperforming assets and actual losses in 1992.

The following table provides an analysis of the composition of the real estate loans with the greatest risk as of December 31, 1992 and 1991, based on BB&T Financial's internal classification system. The table does not include permanent mortgages for one-to-four family residences and owner-occupied commercial properties.

<TABLE>
<CAPTION>

1992	ACQUISITION AND DEVELOPMENT				NONPERFORMING LOANS	
	PERMANENT	CONSTRUCTION	TOTAL	AMOUNT	% OF LOAN TYPE	
(\$ IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
COMMERCIAL-NONOWNER OCCUPIED:						
Multi-family.....	\$119,207	18,132	9,974	147,313	622	42%
Hotels/motels.....	80,713	5,727	--	86,440	--	--
Shopping centers/malls.....	49,861	17,642	12,139	79,642	100	.13
Office buildings.....	85,612	10,255	11,536	107,403	--	--
Warehouse/distribution/light industrial.....	44,140	7,083	17,209	68,432	914	1.34
Acquisition only.....	--	--	44,208	44,208	3,120	7.06
Total commercial-nonowner occupied.....	379,533	58,839	95,066	533,438	4,756	.89

RESIDENTIAL-CONSTRUCTION, ACQUISITION, AND DEVELOPMENT.....	--	142,608	175,872	318,480	3,860	1.21
	-----	-----	-----	-----	-----	-----
Total real estate.....	\$379,533	201,447	270,938	851,918	8,616	1.01%
	=====	=====	=====	=====	=====	=====
TOTAL LOANS.....				\$4,527,872	26,974	.60%
TOTAL REAL ESTATE/TOTAL LOANS.....				18.81%	31.94	
1991						
COMMERCIAL-NONOWNER OCCUPIED:						
Multi-family.....	\$112,801	19,853	12,026	144,680	2,524	1.74%
Hotels/motels.....	71,342	8,204	--	79,546	289	.36
Shopping centers/malls.....	48,974	10,294	17,343	76,611	330	.43
Office buildings.....	86,113	14,694	11,436	112,243	717	.64
Warehouse/distribution/light industrial.....	45,410	5,946	19,905	71,261	2,276	3.19
Acquisition only.....	--	--	49,943	49,943	5,061	10.13
	-----	-----	-----	-----	-----	-----
Total commercial-nonowner occupied.....	364,640	58,991	110,653	534,284	11,197	2.10
	-----	-----	-----	-----	-----	-----
RESIDENTIAL-CONSTRUCTION, ACQUISITION, AND DEVELOPMENT.....	--	126,925	206,953	333,878	16,089	4.82
	-----	-----	-----	-----	-----	-----
Total real estate.....	\$364,640	185,916	317,606	868,162	27,286	3.14%
	=====	=====	=====	=====	=====	=====
TOTAL LOANS.....				\$4,236,618	57,201	1.35%
TOTAL REAL ESTATE/TOTAL LOANS.....				20.49%	47.70	

</TABLE>

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NONPERFORMING LOANS AND ALLOWANCE FOR LOAN LOSSES. Loans are placed on nonaccrual status when collection of interest and principal is doubtful, generally when loans become 90 days past due. There are three negative implications for earnings when a loan is placed in nonaccrual status. All interest accrued but unpaid at the date the loan goes on nonaccrual status is either deducted from interest income or written off as a loss. Secondly, future accruals of interest are not made until it becomes certain that both loan principal and interest can be paid. Finally, there may be actual losses which necessitate additional provisions for loan losses charged against earnings.

For BB&T Financial, nonperforming loans (including restructured loans) totalled \$27.0 million on December 31, 1992, compared with \$57.2 million at the end of 1991 and \$38.0 million at the end of 1990. Nonperforming loans equalled .60% of loans at the end of 1992, down from 1.35% a year earlier and 1.11% at the end of 1990. Net charge-offs were .48% of average loans outstanding in 1992, compared with .66% in 1991 and .40% in 1990. For the same three years, the provisions charged against earnings as a percent of average loans outstanding were .66%, 1.00% and .55%, respectively. In 1992, both the amount of actual charge-offs and the provision for loan losses declined significantly from 1991 levels, which were the highest in the history of BB&T Financial.

The most critical issue faced by the banking industry in recent years occurred in real estate lending activities. Of the real estate loans included in the previous table, \$8.6 million or 1.01% were nonperforming at the end of 1992 and \$27.3 million or 3.14% were nonperforming at the end of 1991. For other classes of loans, nonperforming loans were .50% and .89% of such loans outstanding at the end of 1992 and 1991, respectively. Other categories of nonperforming business loans were diversified throughout the portfolio.

The following table sets forth information with respect to BB&T Financial's nonperforming assets and past due loans for the periods indicated.

<TABLE>
<CAPTION>

AT DECEMBER 31,				
-----	-----	-----	-----	-----
1992	1991	1990	1989	1988

	(\$ IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
Nonaccrual loans.....	\$26,029	55,123	34,939	13,857	10,174
Restructured loans.....	945	2,078	3,028	3,128	694
Foreclosed property.....	19,864	23,364	9,875	4,422	4,701
Total nonperforming assets.....	\$46,838	80,565	47,842	21,407	15,569
Total nonperforming assets to:					
Loans and foreclosed property.....	1.03%	1.89	1.39	.61	.46
Total assets.....	.70	1.29	.93	.41	.32
Accruing loans past due 90 days.....	\$11,628	14,155	7,823	11,249	7,273

BB&T Financial maintains a watch list for credits with balances of \$100,000 or greater and which are categorized in the highest risk grades. The amount of loans on the watch list totalled \$165.7 million, 3.66% of loans outstanding at December 31, 1992, and \$166.9 million, 3.94% of loans outstanding, a year earlier. The \$165.7 million includes \$20.2 million in nonaccruing status and \$145.5 million, which are currently performing, but in the opinion of management, represent other potential problem loans.

As a result of increased provisions for loan losses in recent years, the allowance for loan losses increased to \$70.4 million or 1.56% of loans outstanding at the end of 1992. At the end of 1991 the allowance for loan losses was \$61.9 million or 1.46% of outstanding loans. The allowance for loan losses was 2.61 times nonperforming loans at the end of 1992, up from 1.08 times nonperforming loans as of December 31, 1991, 1.12 times nonperforming loans as of December 31, 1990 and 2.20 times at the end of 1989. The allowance plus equity was 13.48 times nonperforming assets at the end of 1992, compared with 6.81 a year earlier.

The following tables set forth an analysis of the allowance for loan losses and information regarding the allocation of the allowance for loan losses.

ANALYSIS OF ALLOWANCE FOR LOAN LOSSES

	FISCAL YEAR ENDED DECEMBER 31,				
	1992	1991	1990	1989	1988
	(\$ IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
LOANS OUTSTANDING AT END OF PERIOD.....	\$4,524,665	4,233,429	3,423,810	3,512,768	3,356,844
AVERAGE LOANS OUTSTANDING..	4,398,867	3,813,131	3,469,454	3,471,961	3,116,576
ALLOWANCE FOR LOAN LOSSES					
Balance, beginning of period.....	\$ 61,932	42,649	37,387	34,022	30,003
Provision for loan losses..	29,000	38,000	19,235	12,478	11,984
Adjustment for acquired companies.....	825	6,408	--	90	--
	91,757	87,057	56,622	46,590	41,987
Loans charged off:					
Business.....	16,853	16,856	9,373	6,305	5,805
Consumer.....	7,836	9,955	6,912	5,626	4,201
Mortgage.....	445	590	80	103	2
Total loans charged off..	25,134	27,401	16,365	12,034	10,008
Recovery of loans previously charged off:					
Business.....	2,492	1,172	1,405	1,910	1,461

Consumer.....	1,308	1,103	973	921	582
Mortgage.....	2	1	14	--	--
Total recoveries.....	3,802	2,276	2,392	2,831	2,043
Net loans charged off.....	21,332	25,125	13,973	9,203	7,965
Balance, end of period.....	\$ 70,425	61,932	42,649	37,387	34,022
Net charge-offs to average loans outstanding.....	.48%	.66	.40	.27	.26
Allowance for loan losses to loans outstanding.....	1.56	1.46	1.25	1.06	1.01
Allowance for loan losses times net charge-offs.....	3.30x	2.46	3.05	4.06	4.27
Allowance for loan losses times nonperforming loans.....	2.61	1.08	1.12	2.20	3.13
Allowance for loan losses plus equity times nonperforming assets.....	13.48	6.81	8.70	17.63	21.93
Earnings coverage of net charge-offs(1).....	6.19	4.39	6.49	7.87	8.04

</TABLE>

- - - - -

(1) Net income before taxes, securities gains or losses, and the provision for loan losses divided by net charge-offs.

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ALLOCATION OF ALLOWANCE FOR LOAN LOSSES

<TABLE>

<CAPTION>

	AT DECEMBER 31,				
	1992	1991	1990	1989	1988
	(THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
Commercial and industrial.....	\$17,606	12,387	9,383	9,980	8,406
Real estate-construction.....	7,043	7,432	4,985	3,220	5,257
Real estate-mortgage.....	28,169	23,534	13,780	12,643	10,137
Installment and other loans to individuals.....	10,564	12,386	9,236	7,848	6,860
Unassigned portion of reserve.....	7,043	6,193	5,265	3,696	3,362
	\$70,425	61,932	42,649	37,387	34,022
	=====	=====	=====	=====	=====

</TABLE>

Management continually reviews the loan portfolio for signs of deterioration. In making their evaluation of the portfolio, factors considered include the individual strength of borrowers, the strength of the individual industries, the value and marketability of collateral, specific market strengths and weaknesses, and general economic conditions. Management believes that the allowance for loan losses at December 31, 1992 is adequate to cover potential loan losses inherent in the loan portfolio.

INTEREST RATE RISK MANAGEMENT. The primary assets of banks are portfolios of investment securities and loans, while liabilities are primarily composed of interest-bearing deposits and borrowed funds. Assets and liabilities have varying maturities from one day to several years and the associated interest rates may be fixed or variable. The objective in managing maturities and rates is to optimize net interest income to the extent possible, while minimizing the risk associated with significant, often unforeseen shifts in interest rates.

Sensitivity to interest rate changes is one of the manageable risks assumed by banks. When assets and liabilities reprice at different intervals, earnings become sensitive to changes in market interest rates. One measure of the risk associated with changes in interest rates is the ratio of interest-sensitive assets to interest-sensitive liabilities. At the end of 1992, the sensitivity ratio was 1.10x over a 30 day period, but slightly negative for all intervals

of 31-180 days.

BB&T Financial uses financial hedging instruments to help manage interest rate risk and reduce its exposure to sharp changes in market rates of interest. Interest rate swap agreements provide a hedge against the adverse effects of changing interest rates and, thereby, contribute to the stabilization of net interest income. This risk management strategy contributed \$18.2 million to pre-tax earnings in 1992 and \$7.8 million in 1991.

The following tables set forth information relative to maturities and sensitivities to rate changes for various categories of assets and liabilities.

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INTEREST SENSITIVITY ANALYSIS

<TABLE>
<CAPTION>

AT DECEMBER 31, 1992							
INTEREST SENSITIVE							
	1-30	31-60	61-90	91-180	181-365	TOTAL	NONINTEREST
	DAYS	DAYS	DAYS	DAYS	DAYS	SENSITIVE	SENSITIVE (1)

(\$ IN THOUSANDS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
EARNING ASSETS							
Loans.....	\$2,856,295	183,937	31,930	140,538	256,205	3,468,905	1,055,760
Investment securities...	49,387	79,536	27,048	52,016	523,523	731,510	993,504
Short-term investments..	600	--	--	--	--	600	--
Interest rate swaps.....	(500,000)	(125,000)	100,000	(100,000)	275,000	(350,000)	350,000
	-----	-----	-----	-----	-----	-----	-----
Total earning assets..	\$2,406,282	138,473	158,978	92,554	1,054,728	3,851,015	2,399,264
	=====	=====	=====	=====	=====	=====	=====
INTEREST-BEARING LIABILITIES							
Time deposits of							
\$100,000 or more.....	\$ 133,528	103,041	121,049	158,481	94,118	610,217	131,464
All other deposits.....	1,440,882	162,054	158,159	571,980	354,641	2,687,716	1,242,979
Short-term borrowed							
funds.....	609,683	--	--	--	--	609,683	--
Long-term debt.....	--	50,000	--	124	--	50,124	36,818
Interest rate swaps.....	--	(50,000)	(50,000)	100,000	--	--	--
	-----	-----	-----	-----	-----	-----	-----
Total interest-bearing liabilities.....	\$2,184,093	265,095	229,208	830,585	448,759	3,957,740	1,411,261
	=====	=====	=====	=====	=====	=====	=====
Interest sensitivity gap per period.....	\$ 222,189	(126,622)	(70,230)	(738,031)	605,969	(106,725)	988,003
Cumulative interest sensitivity gap.....	222,189	95,567	25,337	(712,694)	(106,725)	--	--
Cumulative ratio of interest-sensitive assets to interest-sensitive liabilities..	1.10x	1.04	1.01	.80	.97		

</TABLE>

(1) Assets and liabilities which are not sensitive to interest changes in a twelve-month period because of maturities or fixed interest rates.

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SECURITIES--MATURITY/YIELD SCHEDULE

<TABLE>
<CAPTION>

AT DECEMBER 31, 1992		
	APPROXIMATE	TAXABLE
	MARKET	EQUIVALENT
BOOK VALUE	VALUE	YIELD (1)

	(\$ IN THOUSANDS)		
<S>	<C>	<C>	<C>
U.S. Treasury:			
Within 1 year.....	\$ 692,192	699,925	5.91%
1 through 5 years.....	798,723	808,468	5.57
	-----	-----	
Total.....	1,490,915	1,508,393	5.72
	-----	-----	
U.S. Government agencies and corporations:			
Within 1 year.....	11,865	12,095	7.67
1 through 5 years.....	78,943	79,777	6.16
6 through 10 years.....	1,502	1,551	9.32
	-----	-----	
Total.....	92,310	93,423	6.41
	-----	-----	
State and municipal:			
Within 1 year.....	23,564	23,696	12.06
1 through 5 years.....	56,380	59,203	10.75
6 through 10 years.....	44,897	48,261	10.08
Over 10 years.....	12,076	13,166	10.53
	-----	-----	
Total.....	136,917	144,326	10.73
	-----	-----	
Mortgage-backed securities of U.S. Government agencies.....			
	985	986	8.72
Other securities.....	3,887	4,084	9.59
	-----	-----	
	\$1,725,014	1,751,212	6.17
	=====	=====	=====

</TABLE>

- - - - -

(1) Yields related to securities exempt from both federal and state income taxes, federal income taxes only, or state income taxes only are stated on a taxable equivalent basis assuming tax rates of 39.27%, 35.89% or 7.98%, respectively.

MATURITY SCHEDULE OF SELECTED LOANS

<TABLE>

<CAPTION>

	AT DECEMBER 31, 1992			
	ONE			
	WITHIN	THROUGH		
	ONE YEAR	FIVE YEARS	OVER FIVE YEARS	TOTAL
	(THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
Commercial and industrial:				
Fixed interest rates.....	\$ 72,440	46,940	36,006	155,386
Floating interest rates.....	747,100	85	1	747,186
	-----	-----	-----	-----
Total.....	819,540	47,025	36,007	902,572
	-----	-----	-----	-----
Real estate-construction:				
Fixed interest rates.....	17,196	20,988	661	38,845
Floating interest rates.....	317,384	--	--	317,384
	-----	-----	-----	-----
Total.....	334,580	20,988	661	356,229
	-----	-----	-----	-----
	\$1,154,120	68,013	36,668	1,258,801
	=====	=====	=====	=====

</TABLE>

LIQUIDITY. For BB&T Financial, the principal source of asset liquidity is marketable investment securities, particularly those maturing within one year. The objective in the management of the investment securities portfolio is to maximize yields within a framework which emphasizes shorter maturities and a managed assets/liabilities interest rate sensitivity position. Such a strategy minimizes the possibility of earnings losses associated with sharp swings in market rates of interest.

Through a strategy of securitizing internally originated residential mortgage loans, the average maturity in the investment portfolio was lengthened in 1989-1991. The average maturity of the portfolio at the end of 1991 was two years, nine months. By the end of 1992, the average maturity had been reduced to 1 year, 5 months principally due to the liquidation of mortgage-backed securities. At the end of 1992, approximately 42% of the portfolio matured within one year and approximately 96% matured within a five-year period.

The portfolio includes investments in obligations of the U.S. Treasury, and Government agency obligations, mortgage-backed securities and higher grade municipal securities. In addition to the liquidity provided by normal maturities, liquidity is also provided by the marketability of the portfolio.

Asset liquidity is also provided by scheduling maturities within the loan portfolio, although the probability of conversion is not so certain as with investment securities. At the end of 1992 approximately 77% or \$3.5 billion of loans would mature or reprice within a one-year period.

Liability liquidity is provided by sizable core deposits and other sources of funds generated from the normal customer base. Substantially all of the funds utilized by the subsidiaries and BB&T Financial are generated from the normal customer base.

In addition to the liquidity provided by the balance sheet, BB&T Financial maintains a capacity to borrow additional funds when the need arises. BB&T Financial has a strong credit rating. BB&T has established federal funds lines with many major banks totalling approximately \$1 billion. BB&T Financial issues commercial paper under a master agreement backed by bank lines of credit in the amount of \$90 million. BB&T has a medium-term bank note program whereby it may sell from time to time bank notes (unsecured, unsubordinated and uninsured obligations) in an aggregated amount of up to the lesser of \$500 million or 50% of BB&T's capital stock and unimpaired surplus outstanding at any time.

The retention of earnings also is a major source of liquidity. For the years 1992-1990, funds provided from operations were \$102.7 million, \$86.8 million and \$78.1 million, respectively.

The following table sets forth certain information concerning BB&T Financial's liquidity.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED DECEMBER 31,				
	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>
Average loans to:					
Average deposits.....	83.94%	79.72	83.65	87.58	88.06
Average deposits and short-term borrowed funds.....	76.86	74.98	75.40	76.12	77.66
	=====	=====	=====	=====	=====

</TABLE>

EQUITY AND CAPITAL RESOURCES. Shareholders' equity increased to \$561 million at the end of 1992, compared with \$487 million at the end of 1991 and \$374 million on December 31, 1990. The ratio of shareholders' equity to year-end assets was 8.38%, 7.81% and 7.24% for 1992, 1991 and 1990, respectively.

Shareholders' equity has grown 15.3% and 30.3% over the last two years as a result of the retention of earnings and the issuance of new equity. In 1992 approximately \$28.7 million was added to equity through the issuance of stock, following additions of \$73.7 million in 1991 and \$2.6 million in 1990.

BB&T Financial has consistently generated additional equity through the retention of earnings. The rate of internal capital generation was 10.0% in 1992, 9.4% in 1991 and 10.2% in 1990. The dividend payout ratios were 31.0% and 33.3%, respectively, for 1992 and 1991. The current dividend policy is to maintain a normal payout ratio of 30-35% of earnings.

While management views the equity to asset ratio as the principal indicator of capital strength, additional measures have been prescribed by BB&T Financial's regulators. Bank holding companies, and their subsidiaries, are

subject to risk-based capital measures, which were fully implemented at the end of 1992.

The ratios measure the relationship of capital to a combination of balance sheet and off-balance sheet credit risks. The values of both balance sheet and off-balance sheet items are adjusted to reflect credit risks.

Tier 1 capital is required to be at least 4% of risk-weighted assets, and total capital must be 8% of risk-weighted assets. The Tier 1 capital ratio for BB&T Financial at the end of 1992 was 12.35%, and the total capital ratio was 15.24%.

In evaluating capital strength and adequacy, regulators, and their examiners, also utilize a leverage capital ratio. This ratio measures the relationship of Tier 1 capital to tangible assets and must be at least 3% for the strongest banks. At the end of 1992, the leverage ratio for BB&T Financial was 8.24%. See "SUPERVISION AND REGULATION OF BB&T FINANCIAL--Capital Adequacy Guidelines for Bank Holding Companies." The following table sets forth information concerning BB&T Financial's capital adequacy for the indicated periods.

<TABLE>
<CAPTION>

	AT OR FOR THE FISCAL YEAR ENDED DECEMBER 31,				
	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>
Average equity to average assets.....	8.15%	7.52	6.97	6.40	6.51
Equity to assets at year-end.....	8.38	7.81	7.24	6.48	6.40
Risk-based capital ratios (fully phased-in guidelines):					
Tier 1 capital.....	12.35	11.13	9.72	N/A	N/A
Total capital.....	15.24	14.33	13.04	N/A	N/A
Leverage ratio.....	8.24	7.76	7.06	N/A	N/A
	=====	=====	=====	=====	=====

</TABLE>

STOCK PERFORMANCE. BB&T Financial Common Stock is traded over-the-counter and quoted on the Nasdaq NMS under the symbol "BBTF." At the end of 1992, BB&T Financial had approximately 15,663 shareholders of record and 26,311,915 shares outstanding. Approximately 76% of the outstanding shares were owned by individual investors.

The following table sets forth information with respect to BB&T Financial's stock performance for the periods indicated.

<TABLE>
<CAPTION>

	AT OR FOR THE FISCAL YEAR ENDED DECEMBER 31,				
	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>
Dividend payout percentage.....	31.0%	33.3	31.9	32.4	32.2
Dividend yield (based on average high/low price for the year).....	3.4	4.5	4.6	3.6	4.2
Price/earnings ratio (based on year-end stock price and fully diluted earnings per share).....	11.6x	9.0	6.7	9.6	8.7
Price/book ratio (end of year).....	1.5	1.1	.9	1.3	1.2
	=====	=====	=====	=====	=====

</TABLE>

NINE MONTHS ENDED SEPTEMBER 30, 1993

The following discussion and analysis is intended to assist in understanding BB&T Financial's results of operations and changes in financial position for the nine months and third quarter ended September 30, 1993.

On February 24, 1993, BB&T Financial acquired First Fincorp, Inc. of Kinston,

North Carolina, and its wholly-owned subsidiary, First Financial Savings Bank, Inc. in a transaction accounted for as a purchase. The merger was consummated through the issuance of 673,148 shares of BB&T Financial Common Stock for all of the outstanding common stock of Fincorp. The results reported for 1993 include the operations of First Fincorp subsequent to the date of acquisition. On February 25, 1993, BB&T Financial completed the acquisition of Security Financial Holding Company of Durham, North Carolina, and its wholly-owned subsidiary, Security Federal Savings Bank, in a transaction accounted for as a pooling-of-interests. The merger was consummated through the issuance of 1,408,178 shares of BB&T Financial Common Stock for all of the outstanding common stock of Security. All financial information has been restated to include the

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operations of Security as if the transaction had been completed as of the beginning of the earliest period reported. On the respective dates of acquisition, First Fincorp had total assets of approximately \$322 million and Security had total assets of approximately \$316 million.

On May 18, 1993, BB&T Financial acquired Carolina Savings and Edenton Savings in transactions accounted for as purchases. The results reported for 1993 include the operations of Carolina Savings and Edenton Savings subsequent to the date of acquisition. On the date of the acquisitions, Carolina had total assets of approximately \$142 million and Edenton had total assets of approximately \$40 million.

The acquisitions of Carolina Savings and Edenton Savings involved their conversions from mutual savings associations to stock savings associations simultaneous with their acquisition by BB&T Financial. To complete the conversions and acquisitions, BB&T Financial sold shares of its common stock with the proceeds being invested in the acquired companies. BB&T sold approximately 507,182 shares of its common stock with net proceeds of approximately \$15.3 million to complete the acquisitions of Carolina Savings and Edenton Savings.

OVERVIEW. Net income for the nine months ended September 30, 1993 totalled \$69.8 million, compared with \$59.1 million for the same period in 1992, an increase of 18.2%. Primary net income per share for the period was \$2.31 compared with \$2.14, while, on a fully diluted basis, earnings per share were \$2.26 and \$2.05, respectively.

Consolidated net income for the third quarter totalled \$24.4 million, \$.78 per share, compared with \$20.0 million, \$.71 per share for the same quarter of 1992. Fully diluted earnings per share were \$.78 and \$.68, respectively.

On an annualized basis, the return on average assets was 1.24% for the first nine months of 1993, compared with 1.18% for the same period of 1992. For the third quarter of 1993, the return on average assets was 1.22%, compared with 1.18% in the same quarter of 1992. The annualized returns on average shareholders' equity were compared with 14.5% and 14.0%, respectively, for the corresponding periods in 1992.

NET INTEREST INCOME. Net interest income for the first nine months of 1993 totalled \$233.3 million. This represented an increase of \$27.2 million or 13.2% over \$206.1 million for the first nine months of 1992. For the quarter ended September 30, 1993, net interest income increased \$12.3 million or 17.8% over the third quarter of 1992 for a total of \$81.7 million.

The period 1991-93 generally has been characterized by steady and significant declines in market rates of interest. Throughout most of that period, reductions in the cost of funds preceded declines in yields on earning assets. As a result, interest rate spreads and margins have been greater than those which were recorded in the years immediately preceding 1991.

In 1993, short-term interest rates have stabilized with relatively minor movements--either up or down-- but long-term rates have continued to fall. Accordingly, there has been a continuing movement by customers to refinance home mortgages. This has resulted in lower yields on home mortgages, but greater profits from loan origination activities. The average taxable equivalent yield on investment securities declined to 6.55% for the first nine months of 1993 and 6.21% for the third quarter, compared with 7.97% and 7.41% in the respective periods of 1992. Maturing securities have been replaced with

lower yielding maturities, and growth has been at lower prevailing rates. Also, the older portfolios of tax-exempt state and municipal securities are continuing to mature, and there are no alternative investments offering the same high yields.

Average earning assets increased 11.9% for the first nine months of 1993 and 17.7% for the third quarter. Acquisitions accounted for as purchases were partially responsible for the growth, but demand for loans has increased in recent months. Also, BB&T Financial added approximately \$666 million to its securities portfolio (including both investment securities and securities available for sale) in the first three quarters of 1993 to replace \$539 million of securities that matured or were sold. The average maturity of BB&T Financial's portfolio of investment securities has been shortened to one year, seven months. BB&T Financial believes that it is prudent to maintain such a position as interest rates approach secular lows.

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For both the first nine months and the third quarter of 1993, net interest income and average earning assets increased at approximately the same rate. On a taxable equivalent basis, the interest rate spread was 4.14% for the first nine months in 1993 and 4.04% for the third quarter of 1993, compared with 4.04% and 4.00%, respectively, in the same periods in 1992. The taxable equivalent net interest margin was 4.63% for the first nine months of 1993, compared with 4.64% in 1992. For the third quarters of each year, the margins were 4.52% and 4.58%, respectively. The average yield on earning assets declined 88 basis points for the first three quarters of 1993 and 68 basis points for the third quarter of 1993 from the 1992 yields. On the other hand, the average cost of funds was down 98 basis points for the first nine months of 1993, and 72 basis points in the third quarter of 1993.

BB&T Financial uses interest rate swaps as hedges to protect its earnings against dramatic changes in market rates of interest. These hedges contributed \$14.4 million to net interest income in 1993, compared with \$13.8 million for the same period in 1992. The contributions from hedges were \$4.6 million and \$4.3 million, respectively in the third quarters of each year.

PROVISION AND ALLOWABLE FOR LOAN LOSSES. BB&T Financial's subsidiaries maintain allowances for loan losses to absorb potential future losses. Provisions for loan losses are charged against earnings to maintain the allowances at appropriate levels.

The provision for loan losses for the first nine months of 1993 was \$13.3 million, which was approximately \$10.3 million or 43.7% below the \$23.5 million recorded in the first nine months of 1992. The provision of \$3.8 million recorded in the third quarter of 1993 represented a decline of 47.8% from \$7.2 million in the three months ended September 30, 1992. The reduced charges against earnings for possible losses have been achieved because of significant improvements in asset quality and a resultant lower level of actual charge-offs.

On an annualized basis, net charge-offs as a percent of average loans outstanding were .17% for the first nine months of 1993 and .26% for the third quarter of 1993. The ratios for the same periods in 1992 were .44% and .37%, respectively. At the end of September 1993, nonperforming assets (nonaccrual and restructured loans and foreclosed property) totalled \$40.3 million or .50% of total assets. This represents a significant improvement from the level of nonperforming assets of \$62.6 million, or .89% of total assets, at the end of the third quarter of 1992 and \$47.3 million, or .66%, at the end of 1992.

The allowance for loan losses of \$84.0 million was 1.51% of loans outstanding at the end of the third quarter in 1993. This compares with allowances of \$72.6 million, or 1.53% of loans outstanding, a year earlier and \$72.7 million, or 1.54% of outstanding loans, at the end of 1992. The allowance for loan losses was 3.24 times nonperforming loans on September 30, 1993, up from 1.85 at the end of the third quarter in 1992 and 2.69 at the end of 1992. In management's opinion, the allowance for loan losses on September 30 was adequate.

NONINTEREST INCOME. Noninterest income for the first three quarters of 1993 totalled \$79.1 million, an increase of 17.8% from last year. Major categories of noninterest income include service charges on deposit accounts, mortgage

banking income, trust income, gains on sales of securities and insurance commissions. All categories of noninterest income, other than gains on sales of securities, reported increases over 1992 for the first nine months of the year with insurance commissions reporting the greatest percentage change.

Service charges on deposit accounts provide the largest amount of noninterest income. Service charges on deposit accounts increased \$4.1 million or 18.8% to a total of \$26.0 million for the first three quarters of 1993. For the third quarter of 1993, the increase over the comparable quarter of 1992 was \$1.7 million or 22.1%. The growth in service charges on deposit accounts in recent quarters is partially due to increases in fee schedules, but growth in the average balance of noninterest-bearing deposits has also been a significant contributor. For the first nine months of 1993, the average balance of noninterest-bearing demand deposits increased approximately \$99.5 million or 17.7%. These noninterest-bearing deposits have also been a significant contributor to sustaining interest margins and providing greater amounts of net interest income.

Over the past several years, BB&T Financial has developed a significant mortgage banking operation, with an emphasis on the origination and servicing of single-family mortgages. This emphasis has been heightened and expanded by recent acquisitions of thrifts. Income from mortgage banking activities totalled

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\$11.6 million for the first nine months of 1993, a 12.4% increase from the total of \$10.4 million in 1992. For the third quarter ended September 30, 1993, mortgage banking income totalled \$4.8 million, compared with \$3.7 million a year earlier, an increase of 29.8%. Income from the origination and sale of mortgage loans totalled \$9.1 million in the first three quarters of 1993 compared with \$5.4 million in the first nine months of 1992. The volume of mortgage loan originations has increased throughout 1992 and 1993, as home mortgages have been refinanced to take advantage of lower interest rates. Mortgage loan servicing fees increased to \$7.3 million for the first nine months of 1993, up from \$6.6 million in the same period of 1992; however, servicing income declined due to accelerated amortization of the mortgage loan excess servicing asset necessitated by early payoffs. Amortization charged against revenues totalled \$5.5 million in the first nine months and \$2.3 million in the third quarter compared with \$2.3 million and \$1.1 million, respectively in 1992.

In recent years, BB&T Financial has made a concerted effort to build a statewide network of independent insurance agencies, primarily through acquisitions. BB&T Financial has acquired six independent agencies over the past 12 months. General insurance commissions totalled \$7.3 million for the first three quarters of 1993, an increase of \$2.5 million or 52.4% over the \$4.8 million recorded in the first nine months of the prior year. For the third quarter of 1993, general insurance commissions totalled \$2.7 million, compared with \$1.5 million in the quarter ended September 30, 1992. BB&T Financial's insurance operations represent an increasingly important source of noninterest income.

Trust activities have provided noninterest revenues for BB&T Financial for many years. BB&T Financial offers both corporate and personal trust services. BB&T Financial is placing an increased emphasis on employee benefit services and, beginning in the fourth quarter of 1992, manages a proprietary family of mutual funds. Other service charges, commissions and fees include \$1.1 million in fees from the sales of mutual funds for the first nine months of 1993, compared with \$314,000 in 1992. For the first nine months of 1993, income from trust services increased \$1.1 million or 16.2% to a total of \$7.7 million. For the third quarter of 1993, trust revenues totalled \$2.8 million, compared with \$2.4 million in the year earlier quarter.

Declining market rates of interest have created gains in the investment portfolio in recent years. At the end of September 1993, the market value of investment securities (including those available for sale) exceeded the carrying value by approximately \$34 million. Gains on sales of securities totalled \$1.3 million for the first three quarters of 1993, compared with \$4.7 million for the same period a year earlier, while for the third quarter of 1993, gains were only \$82,000, compared with \$705,000 in the same quarter of 1992.

Other operating income totalled \$13.6 million for the first nine months of 1993, compared with \$8.9 million a year earlier. The amortization of negative goodwill, which was recorded in thrift acquisitions, totalling \$3.3 million is included in this category for 1993, compared with \$2.5 million in 1992. Other operating income also included a gain of approximately \$1.3 million from the sale of BB&T Financial's interest in a credit card processing company in the second quarter of 1993 and \$1.1 million earned on life insurance policies on officers' lives.

NONINTEREST EXPENSE. Noninterest expense for the first three quarters of 1993 increased 19.4%. For the third quarter of 1993 the increase was 24.1%. The rates of increase were unusually large because of the use of purchase accounting in savings institution acquisitions.

Three categories of operating expense were particularly affected by the acquisitions. Personnel costs were up 20.8% for the first nine months of 1993, furniture and equipment expense was up 32.1% and net occupancy expense increased 11.1%. Included in personnel costs were increases of 19.7% in salaries and wages and 26.0% in other personnel expense. A change to the accrual method of accounting for retiree health insurance benefits resulted in an increased expense of \$1.2 million for the first three quarters of 1993.

The premium paid to the FDIC for deposit insurance has been increased significantly since 1989 to cover the cost associated with failed banks. The rate has increased from \$.8333 per thousand dollars of deposits in 1989 to the current rate of \$2.30. The cost of deposit insurance was \$10.0 million in the first three quarters of 1993, compared with \$9.1 million for the comparable period a year earlier. The rise was entirely related to growth and acquisitions.

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The provisions for loan losses have been increased in recent years due to the increased incidence of nonperforming loans and actual losses, but the reduction in credit quality also had a significant impact on noninterest expense in 1992. The expense of maintaining foreclosed property and the ultimate gain or loss on the sale of such properties is included in noninterest expense. Improved asset quality and intensive efforts to sell and/or recognize losses in 1992 have combined to substantially reduce charges against earnings in 1993. For the first three quarters of 1993, the cost and expense related to foreclosed properties totalled \$1.8 million, down from \$4.9 million in the first nine months of 1992.

FINANCIAL POSITION. BB&T Financial continues to be very liquid, although short-term borrowed funds did increase to \$917 million at the end of September 1993, compared with \$632 million a year earlier and \$610 million at the end of 1992. As interest rates have continued to decline, many investors who traditionally purchased certificates of deposit have sought alternative investment opportunities. Many have moved to other instruments, particularly mutual funds. BB&T Financial has also intentionally used borrowed funds to support its assets because of the greater spreads which are available. BB&T Financial believes this strategy to be prudent, because its portfolios of investment securities totalling approximately \$2.0 billion represents approximately 25% of its total assets, have an average maturity of one year, seven months and are comprised almost entirely of obligations of the U.S. Treasury and other investment grade securities. Also, the loan portfolio includes approximately \$385 million of home mortgage loans to be packaged for sale to third party investors (\$265 million were under forward contract at the end of September 1993).

Short-term borrowed funds at September 30, 1993 included \$172.8 million of securities sold under agreements to repurchase, approximately \$158.0 million of master notes of BB&T and \$586.6 million of federal funds purchased. BB&T had unused federal funds lines of approximately \$1.6 billion at September 30. BB&T also had unused lines of credit totalling \$55 million at the end of the third quarter of 1993.

In the second quarter of 1993, BB&T put in place a program which will allow it to issue \$500 million of medium-term notes as needed to meet ongoing funding and operational needs. These notes are rated A2/P1 by Moody's and A/A-1 by Standard and Poor's. On September 30, 1993, BB&T had issued approximately \$200 million of the notes to mature in 1996.

The traditionally strong equity and capital position of BB&T Financial and its subsidiaries have been strengthened in recent years and continue to be very good. The ratio of equity to assets at the end of September 1993 was 8.63%, compared with 8.26% a year earlier. Equity has been generated from acquisitions and the issuance of new shares, as well as the retention of earnings.

Regulators use other ratios to measure the capital adequacy of financial institutions. The principal measures are the risk-based capital ratios. BB&T had a Tier 1 capital ratio of 12.80% and a total capital ratio of 14.80% on September 30, 1993. These ratios compare with 12.36% and 15.42%, respectively, at the end of the third quarter of 1992. The minimum required Tier 1 risk-based capital ratio is 4%, and the required total risk-based capital ratio is 8%.

IMPACT OF NEW ACCOUNTING STANDARDS

Effective January 1, 1993, BB&T Financial adopted the provisions of FAS 106, "Employers' Accounting for Post Retirement Benefits Other Than Pensions," which requires the accrual of nonpension post-retirement benefits over the employees' active service period, defined as the date of employment up to the date of employees' eligibility for such benefits. BB&T Financial provides health care benefits to retirees and, prior to 1993, expensed those costs as incurred. During the quarter ended March 31, 1993, BB&T Financial recorded and expensed \$412,000 to cover the estimated cost of retiree benefits other than pensions. In the first quarter of 1992, BB&T Financial incurred and expensed \$103,000 to provide health care benefits to its retirees.

Effective January 1, 1993, BB&T Financial adopted the provisions of FAS 109, "Accounting for Income Taxes," which requires the use of the asset and liability method to account for income taxes. Prior to 1993, BB&T Financial used the deferred method for accounting for income taxes. The adoption of the provisions

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of FAS 109 did not have a material impact on either the financial position or results of operations of BB&T Financial.

The FASB has issued FAS 112, "Employers' Accounting for Postemployment Benefits," which requires accrual of a liability for all types of benefits paid to former or inactive employees after employment but before retirement. The periodic effect on net income, if any, has not been determined. Adoption of FAS 112 is required for fiscal years beginning after December 15, 1993.

The FASB has issued FAS 115, "Accounting for Certain Investments in Debt and Equity Securities," which changes in the method of accounting and reporting for debt and equity securities. Securities that are held to maturity would be classified as such and reported at amortized cost. Securities for current resale would be classified as trading securities and reported at fair value, with unrealized gains and losses included in current earnings. Securities that are not classified as trading securities or held-to-maturity securities would be classified as securities available for sale and reported at fair value, with unrealized gains and losses excluded from current earnings and reported as a separate component of shareholders' equity. FAS 115 will be effective for fiscal years beginning after December 15, 1993. BB&T will adopt the provisions of FAS 115 on January 1, 1994. It is anticipated that the adoption will have no material effects either on the financial condition or results of operations of BB&T.

The FASB also has adopted FAS 114, "Accounting by Creditors for Impairment of a Loan," which requires that creditors value all loans for which it is probable that the creditor will be unable to collect all amounts due according to the terms of the loan agreement based on the discounted expected future cash flows. This discounting would be at the loan's effective interest rate. FAS 114 would apply for fiscal years beginning after December 15, 1994.

SUPERVISION AND REGULATION OF BB&T FINANCIAL

The following description briefly discusses certain provisions of federal and state laws and regulations and the potential impact of such provisions on BB&T Financial and its subsidiaries. The discussion is only a summary and does not purport to be a complete description of the applicable laws and regulations, and summarizes only the laws and regulations as currently in effect.

As a bank holding company registered under the BHCA, BB&T Financial is subject to the regulation of the Federal Reserve. Under the BHCA, BB&T Financial's activities and those of its subsidiaries are limited to banking, managing or controlling banks, furnishing services to or performing services for its subsidiaries or engaging in any other activity which the Federal Reserve determines to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. The BHCA prohibits BB&T Financial from acquiring direct or indirect control of more than 5% of the outstanding voting stock or substantially all of the assets of any bank or merging or consolidating with another bank holding company without prior approval of the Federal Reserve. The BHCA also prohibits BB&T Financial from acquiring control of any bank operating outside the State of North Carolina unless such action is specifically authorized by the statutes of the state in which the bank to be acquired is located.

Additionally, the BHCA prohibits BB&T Financial from engaging in, or acquiring ownership or control of, more than 5% of the outstanding voting stock of any company engaged in a nonbanking business unless such business is determined by the Federal Reserve to be so closely related to banking as to be a proper incident thereto. The BHCA generally does not place geographic restrictions on the activities of such nonbanking activities.

There are a number of obligations and restrictions imposed on bank holding companies and their depository institution subsidiaries by federal law and regulatory policy that are designed to reduce potential loss exposure to the depositors of such depository institutions and to the FDIC insurance funds in the event the depository institution becomes in danger of default or in default. For example, to reduce the likelihood of receivership of an insured depository institution subsidiary, a bank holding company is required to guarantee

the compliance of any insured depository institution subsidiary that may become "undercapitalized" with the terms of any capital restoration plan filed by such subsidiary with its appropriate federal banking agency up to the lesser of (i) an amount equal to 5% of the subsidiary institution's total assets at the time the institution became undercapitalized or (ii) the amount which is necessary (or would have been necessary) to bring the institution into compliance with all applicable capital standards as of the time such institution fails to comply with such capital restoration plan. See "--Impact of the 1991 Banking Law." Under a policy of the Federal Reserve with respect to bank holding company operations, a bank holding company is required to serve as a source of financial strength to its subsidiary depository institutions and to commit resources to support such institutions in circumstances where it might not do so absent such policy. The Federal Reserve under the BHCA also has the authority to require a bank holding company to terminate any activity or to relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the Federal Reserve's determination that such activity or control constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

In addition, the "cross-guarantee" provisions of the Federal Deposit Insurance Act, as amended ("FDIA") require insured depository institutions under common control to reimburse the FDIC for any loss suffered or reasonably anticipated by either the SAIF or the BIF as a result of the default of a commonly controlled insured depository institution or for any assistance provided by the FDIC to a commonly controlled insured depository institution in danger of default. The FDIC may decline to enforce the cross-guarantee provisions if it determines that a waiver is in the best interest of the SAIF or the BIF or both. The FDIC's claim for damages is superior to claims of stockholders of the insured depository institution or its holding company but is subordinate to claims of depositors, secured creditors and holders of subordinated debt (other than affiliates) of the commonly controlled insured depository institutions.

BB&T Financial is subject to the obligations and restrictions described above, and BB&T, BB&T-SC, Mutual Savings, Citizens of Newton, Old Stone and Citizens of Mooresville are, and after the Acquisition, Home Savings will be, subject to the cross-guarantee provisions of the FDIA. However, management of BB&T Financial currently does not expect that any of these provisions will have

any impact on operations.

BB&T Financial also is a savings and loan holding company registered under the HOLA by virtue of its ownership of Old Stone and thus is subject to the supervision and regulation of the OTS. At least until the merger or other consolidation of Old Stone with and into BB&T, BB&T Financial will continue to be a savings and loan holding company.

As a result of BB&T Financial's ownership of BB&T and its indirect ownership of BB&T-SC, BB&T Financial is registered under the bank holding company laws of North Carolina and South Carolina, respectively. Accordingly, BB&T Financial and its subsidiaries also are subject to regulation and supervision by the North Carolina Commissioner of Banks ("Commissioner") and South Carolina banking authorities. As a result of BB&T Financial's ownership of Citizens of Newton, Mutual Savings and Citizens of Mooresville, BB&T Financial also is registered under the savings institutions holding company laws of North Carolina and, thereby, is subject to regulation and supervision by the Administrator.

CAPITAL ADEQUACY GUIDELINES FOR BANK HOLDING COMPANIES

The Federal Reserve has adopted capital adequacy guidelines for bank holding companies and banks that are members of the Federal Reserve System and thus subject to its regulation.

Bank holding companies are required to comply with the Federal Reserve's risk-based capital guidelines. Under these guidelines the minimum ratio of total capital to risk-weighted assets (including certain off-balance sheet activities, such as standby letters of credit) is 8%. At least half of the total capital is required to be "Tier 1 capital," principally consisting of common stockholders' equity, noncumulative perpetual preferred stock and a limited amount of cumulative perpetual preferred stock, less certain goodwill items. The remainder ("Tier 2 capital") may consist of a limited amount of subordinated debt, certain hybrid capital instruments and other debt securities, perpetual preferred stock and a limited amount of the general loan loss allowance. In addition to the risk-based capital guidelines, the Federal Reserve has adopted a minimum Tier

1 (leverage) capital ratio, under which a bank holding company must maintain a minimum level of Tier 1 capital to average total consolidated assets of at least 3% in the case of a bank holding company which has the highest regulatory examination rating and is not contemplating significant growth or expansion. All other bank holding companies are expected to maintain a ratio of at least 100 to 200 basis points above the stated minimum.

The following table sets forth BB&T Financial's regulatory capital position at September 30, 1993 on a historical basis as well as a pro forma basis assuming consummation of the Acquisition. See "PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS." For a discussion of BB&T's historical and pro forma capital positions as of September 30, 1993, see "--BB&T and BB&T-SC."

<TABLE>
<CAPTION>

	AT SEPTEMBER 30, 1993			
	HISTORICAL		PRO FORMA	
	(\$ IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
Shareholders' Equity.....	\$ 698,370	8.63%	\$ 715,944	8.66%
REGULATORY CAPITAL				
Tier 1 risk-based:				
Actual.....	\$ 686,080	12.80%	\$ 703,654	12.94%
Required.....	214,352	4.00	217,445	4.00
Excess.....	\$ 471,728	8.80%	\$ 486,209	8.94%
Total risk-based:				
Actual.....	\$ 793,275	14.80%	\$ 810,849	14.92%
Required.....	428,703	8.00	434,890	8.00

Excess.....	\$ 364,572	6.80%	\$ 375,959	6.92%
Leverage:				
Actual.....	\$ 686,080	8.64%	\$ 703,654	8.65%
Required.....	238,246	3.00	243,973	3.00
Excess.....	\$ 447,834	5.64%	\$ 459,681	5.65%
Total risk-based assets.....	\$5,358,791		\$5,436,131	
Total assets.....	\$8,089,293		\$8,264,776	

</TABLE>

The Federal Deposit Insurance Corporation Improvement Act of 1991 (the "1991 Banking Law") required each federal banking agency, including the Federal Reserve, to revise its risk-based capital standards to ensure that those standards take adequate account of interest rate risk, concentration of credit risk and the risks of nontraditional activities, as well as reflect the actual performance and expected risk of loss on multi-family mortgages. The Federal Reserve, the FDIC and the Office of the Comptroller of the Currency have issued a joint advance notice of proposed rulemaking, and have issued a revised proposal soliciting comments on a proposed framework for implementing these revisions. Under the proposal, an institution's assets, liabilities and off-balance sheet positions would be weighed by risk factors that approximate the instruments' price sensitivity to a 100 basis point change in interest rates. Institutions with interest rate risk exposure in excess of a threshold level would be required to hold additional capital proportional to that risk. The notice also asked for comments on how the risk-based capital guidelines of each agency may be revised to take account of concentration and credit risk and the risk of nontraditional activities. Due to the preliminary nature of the proposal, BB&T Financial cannot assess at this point the impact the proposal would have on the capital requirements of BB&T Financial or its subsidiary banks.

BB&T AND BB&T-SC

BB&T is organized as a North Carolina chartered banking corporation and is subject to various statutory requirements and to rules and regulations promulgated and enforced by the Commissioner and the FDIC. BB&T-SC is organized as a South Carolina chartered banking corporation and is subject to various statutory

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requirements and to rules and regulations promulgated and enforced by South Carolina banking agencies and the FDIC.

North Carolina chartered banks, such as BB&T, are subject to legal limitations on the amount of dividends they are permitted to pay. Prior approval of the Commissioner is required if the total of all dividends declared by BB&T in any calendar year exceeds its net profits (as defined by statute) for that year combined with its retained net profits (as defined by statute) for the preceding two calendar years, less any required transfers to surplus. Under the FDIA, insured depository institutions, such as BB&T and BB&T-SC, are prohibited from making capital distributions, including the payment of dividends, if, after making such distribution, the institution would become "undercapitalized" (as such term is used in the statute). Based on its subsidiaries' current financial condition, BB&T Financial does not expect that this provision will have any impact on BB&T Financial's ability to obtain dividends from its insured depository institutions.

As state-chartered, FDIC-insured institutions which are not members of the Federal Reserve System, BB&T and BB&T-SC are subject to capital requirements imposed by the FDIC. The FDIC requires state-chartered banks to comply with risk-based capital standards substantially similar to those required by the Federal Reserve. See "--Capital Adequacy Guidelines for Bank Holding Companies." The FDIC also requires state-chartered banks to maintain a minimum leverage ratio similar to that adopted by the Federal Reserve. Under the FDIC's leverage capital requirement, state nonmember banks such as BB&T and BB&T-SC that (i) receive the highest rating during the examination process and (ii) are not anticipating or experiencing any significant growth are required to

maintain a minimum leverage ratio of 3% of Tier 1 capital to total assets; all other banks are required to maintain a minimum ratio of 100 to 200 basis points above the stated minimum, with an absolute minimum leverage ratio of not less than 4%. As of September 30, 1993, the leverage ratio of BB&T-SC was 8.67%.

The following table sets forth BB&T's regulatory capital position as of September 30, 1993 on a historical basis as well as a pro forma basis assuming consummation of the Acquisition and the Merger. See "PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS." For a discussion of the historical and pro forma regulatory capital positions of BB&T Financial, see "--Capital Adequacy Guidelines for Bank Holding Companies."

<TABLE>
<CAPTION>

	AT SEPTEMBER 30, 1993			
	HISTORICAL		PRO FORMA	
	(\$ IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
Shareholders' Equity.....	\$ 662,062	8.70%	\$ 679,636	8.72%
REGULATORY CAPITAL				
Tier 1 risk-based:				
Actual.....	\$ 649,886	13.16%	\$ 667,460	13.31%
Required.....	197,460	4.00	200,554	4.00
Excess.....	\$ 452,426	9.16%	\$ 466,906	9.31%
Total risk-based:				
Actual.....	\$ 735,794	14.91%	\$ 753,368	15.03%
Required.....	394,920	8.00	401,107	8.00
Excess.....	\$ 340,874	6.91%	\$ 352,261	7.03%
Leverage:				
Actual.....	\$ 649,886	8.69%	\$ 667,460	8.72%
Required.....	224,340	3.00	229,604	3.00
Excess.....	\$ 425,546	5.69%	\$ 437,856	5.72%
Total risk-based assets.....	\$4,936,498		\$5,013,838	
Total assets.....	\$7,619,430		\$7,794,913	

</TABLE>

As institutions with deposits insured by the BIF, BB&T and BB&T-SC also are subject to insurance assessments imposed by the FDIC. Under current law, the insurance assessment to be paid by BIF-insured institutions shall be as specified in a schedule required to be issued by the FDIC that specifies, at semiannual intervals, target reserve ratios designed to increase the FDIC insurance funds' reserve ratios to 1.25% of estimated insured deposits (or such higher ratio as the FDIC may determine in accordance with the statute) in 15 years. Further, the FDIC is authorized to impose one or more special assessments in any amount deemed necessary to enable repayment of amounts borrowed by the FDIC from the U.S. Department of the Treasury. See "--Impact of the 1991 Banking Law." Effective January 1, 1993, the FDIC implemented a risk-based assessment schedule, having assessments ranging from 0.23% to 0.31% of an institution's average assessment base. The actual assessment to be paid by each BIF member is based on the institution's assessment risk classification, which is determined based on whether the institution is considered "well capitalized," "adequately capitalized" or "undercapitalized," as such terms have been defined in applicable federal regulations adopted to implement the prompt corrective action provisions of the 1991 Banking Law (see "--Impact of the 1991 Banking Law"), and whether such institution is considered by its supervisory agency to be financially sound or to have supervisory concerns. As a result of the current provisions of federal law, the assessment rates on deposits could increase over the next 15 years over present levels. Based on the current financial condition and capital levels of

BB&T Financial's bank subsidiaries, BB&T Financial does not expect that the current BIF risk-based assessment schedule will have a material adverse effect on the earnings of its bank subsidiaries. See "--Impact of the 1991 Banking Law." BB&T's future deposit insurance premium expenses, however, may be affected by changes in the SAIF assessment rate. See "--Savings Institution Acquisitions."

BB&T and BB&T-SC also are subject to examination by the FDIC and state bank examiners. In addition, BB&T and BB&T-SC are subject to various other state and federal laws and regulations, including state usury laws, laws relating to fiduciaries, consumer credit and equal credit laws, fair credit reporting laws and laws relating to branch banking. Further, insured state-chartered banks are prohibited from engaging as a principal in activities that are not permitted for national banks, unless: (i) the FDIC determines that the activity would pose no significant risk to the appropriate deposit insurance fund, and (ii) the bank is, and continues to be, in compliance with all applicable capital standards. BB&T Financial does not believe that these restrictions have a material adverse effect on its current operations.

IMPACT OF THE 1991 BANKING LAW

The 1991 Banking Law provided the federal banking agencies with broad powers to take prompt corrective action to resolve problems of insured depository institutions. The extent of these powers depends upon whether the institutions in question are "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Under uniform regulations defining such capital levels issued by each of the federal banking agencies, a bank is considered "well capitalized" if it has (i) a total risk-based capital ratio of 10% or greater, (ii) a Tier 1 risk-based capital ratio of 6% or greater, (iii) a leverage ratio of 5% or greater and (iv) is not subject to any order or written directive to meet and maintain a specific capital level. An "adequately capitalized" bank is defined as one that has (i) a total risk-based capital ratio of 8% or greater, (ii) a Tier 1 risk-based capital ratio of 4% or greater and (iii) a leverage ratio of 4% or greater (or 3% or greater in the case of a bank with a composite CAMEL rating of 1). A bank is considered (A) "undercapitalized" if it has (i) a total risk-based capital ratio of less than 8%, (ii) a Tier 2 risk-based capital ratio of less than 4% or (iii) a leverage ratio of less than 4% (or 3% in the case of a bank with a composite CAMEL rating of 1); (B) "significantly undercapitalized" if the bank has (i) a total risk-based capital ratio of less than 6%, or (ii) a Tier 1 risk-based capital ratio of less than 3% or (iii) a leverage ratio of less than 3% and (C) "critically undercapitalized" if the bank has a ratio of tangible equity to total assets equal to or less than 2%.

The 1991 Banking Law also amended the prior law with respect to the acceptance of brokered deposits by insured depository institutions to permit only a "well capitalized" depository institution to accept brokered deposits without prior regulatory approval. Under FDIC regulations, "well capitalized" banks may accept brokered deposits without restriction, "adequately capitalized" banks may accept brokered deposits with a waiver from the FDIC (subject to certain restrictions on payments of rates), while "undercapitalized" banks may not accept brokered deposits. The regulations provide that the definitions of "well capitalized," "adequately capitalized" and "undercapitalized" are the same as the definitions adopted by the agencies to implement the corrective action provisions of the 1991 Banking Law (described in the previous paragraph). BB&T Financial does not believe that these regulations have a material adverse effect on its operations.

To facilitate the early identification of problems, the 1991 Banking Law requires the federal banking agencies to review and, under certain circumstances, prescribe more stringent accounting and reporting requirements than those required by generally accepted accounting principles. The FDIC issued a final rule effective July 2, 1993 implementing those provisions. The rule, among other things, requires that management report on the institution's responsibility for preparing financial statements and establishing and maintaining an internal control structure and procedures for financial reporting and compliance with designated laws and regulations concerning safety and soundness, and that independent auditors attest to and report separately on assertions in management's reports concerning compliance with such laws and regulations, using FDIC-approved audit procedures.

The 1991 Banking Law further requires the federal banking agencies to develop regulations requiring disclosure of contingent assets and liabilities and, to the extent feasible and practicable, supplemental disclosure of the estimated fair market value of assets and liabilities. The 1991 Banking Law further requires annual examinations of all insured depository institutions by the appropriate federal banking agency, with some exceptions for small, well-capitalized institutions and state chartered institutions examined by state regulators. Moreover, the 1991 Banking Law, as modified by the Federal Housing Enterprises Financial Safety and Soundness Act, requires the federal banking agencies to set operational and managerial, asset quality, earnings and stock valuation standards for insured depository institutions and depository institution holding companies (including bank holding companies such as BB&T Financial), as well as compensation standards (but not dollar levels of compensation) for insured depository institutions that prohibit excessive compensation, fees or benefits to officers, directors, employees and principal stockholders. The federal banking agencies have issued a joint advance notice of proposed rulemaking soliciting comments on all aspects of the implementation of these standards in accordance with the 1991 Banking Law, including whether the compensation standards should apply to depository institution holding companies.

ACQUISITIONS OF SAVINGS INSTITUTIONS

The FDIA authorizes the merger or consolidation of any BIF member with any SAIF member (such as savings associations and most savings banks), the assumption of any liability by any BIF member to pay any deposits of any SAIF member or vice versa, or the transfer of any assets of any BIF member to any SAIF member in consideration for the assumption of liabilities of such BIF member or vice versa, provided that certain conditions are met and in the case of any acquiring, assuming or resulting depository institution which is a BIF member, such institution continues to make payment of SAIF assessments on the portion of liabilities attributable to any acquired, assumed or merged SAIF-insured institution. BB&T Financial anticipates merging or otherwise consolidating Home Savings and any other savings institution located in North Carolina that BB&T Financial has acquired or may acquire, including Citizens of Newton, Mutual Savings, Old Stone, Citizens of Mooresville, Scotland Savings and Asheville Savings with and into BB&T under these provisions, and BB&T will continue to make payment of assessments to SAIF on the portion of liabilities attributable to its savings institution acquisitions. As of September 30, 1993, BB&T paid assessments to the SAIF on \$ billion of its deposits, all of which are attributable to the savings institutions it previously has acquired. See "DESCRIPTION OF BB&T FINANCIAL--Savings Institution Acquisitions and Operations." The FDIC has established a risk-based assessment system for SAIF insured institutions which currently is the same as for BIF-insured institutions. See "--BB&T and BB&T-SC." The FDIA provides that the SAIF assessment rate may not be less than 0.23% of insured deposits for the period from January 1, 1991 through December 31, 1993. The minimum rate may be decreased to not less than 0.18% for the period January 1, 1994 through December 31, 1997. After December 31, 1997, the SAIF assessment rate will be a rate determined by the FDIC to be appropriate to increase the SAIF's reserve ratio to 1.25% of insured deposits or such higher percentage as the FDIC determines to be appropriate, but the assessment rate may not be less than 0.15%. As a result, depending on, among other things, recently enacted legislation to fund the SAIF, the SAIF assessment could increase substantially in the future. Accordingly, BB&T's future deposit insurance premium expense will be affected by changes in the SAIF assessment rate.

For information concerning the potential effects of pending congressional legislation on acquisitions of savings institutions, see "CERTAIN CONSIDERATIONS RELATING TO THE OFFERINGS--Potential Effects of Pending Legislation."

DESCRIPTION OF CAPITAL STOCK OF BB&T FINANCIAL

GENERAL

BB&T Financial's authorized capital stock consists of two classes, represented by 50,000,000 shares of BB&T Financial Common Stock, \$2.50 par value, of which shares were issued and outstanding and shares were reserved for issuance as of and 4,000,000 shares of nonvoting

preferred stock, \$2.50 par value, with no such shares issued or outstanding. BB&T Financial's Amended Articles of Incorporation authorize the Board of Directors, without shareholder approval, to fix the preferences, limitations and relative rights of the preferred stock and to establish series of such preferred stock and determine the variations between each series. If any shares of preferred stock are issued, the rights of holders of BB&T Financial Common Stock will be subject to the rights and preferences conferred to holders of such preferred stock.

DIVIDEND RIGHTS

The holders of BB&T Financial Common Stock are entitled to share ratably in dividends when and as declared by its Board of Directors out of funds legally available therefor. One of the principal sources of income to BB&T Financial is dividends from its subsidiaries. For a description of certain restrictions on the payment of dividends by banks, see "SUPERVISION AND REGULATION OF BB&T FINANCIAL--BB&T and BB&T-SC."

VOTING RIGHTS

A holder of BB&T Financial Common Stock has one vote for each share held on any matter presented for consideration by the shareholders. Under North Carolina law, the right of cumulative voting in the election of directors is denied to shareholders of publicly held corporations such as BB&T Financial.

PREEMPTIVE RIGHTS

A holder of BB&T Financial Common Stock does not have any preemptive or preferential right to purchase or to subscribe for additional shares of BB&T Financial Common Stock or any other securities that BB&T Financial may issue.

ASSESSMENT AND REDEMPTION

The shares of BB&T Financial Common Stock presently outstanding are, and those shares of BB&T Financial Common Stock issuable upon consummation of the Conversion will be when issued, fully paid and nonassessable. Such shares do not have any redemption provisions.

LIQUIDATION RIGHTS

In the event of liquidation, dissolution or winding up of BB&T Financial, whether voluntary or involuntary, the holders of BB&T Financial Common Stock will be entitled to share ratably in any of its net assets or funds which are available for distribution to its shareholders after the satisfaction of its liabilities or after adequate provision is made therefor, subject to the rights of the holders of any preferred stock outstanding at the time.

TRANSFER AGENT

The Transfer Agent and Registrar for BB&T Financial Common Stock is BB&T.

CERTAIN PROVISIONS WHICH MAY HAVE AN ANTI-TAKEOVER EFFECT

Certain provisions of the Amended Articles of Incorporation and By-laws of BB&T Financial and North Carolina law, and certain other arrangements, some of which are described below, may discourage an attempt to acquire control of BB&T Financial which a majority of its shareholders might determine to be in their

best interest or in which shareholders might receive a premium over the current market price for their shares. These provisions also may render the removal of a BB&T Financial director or of the entire BB&T Financial Board of Directors more difficult and may deter or delay corporate changes of control which have not received the requisite approval of the Board of Directors.

REMOVAL OF DIRECTORS. Under BB&T Financial's Amended Articles of Incorporation, approval by the vote of at least two-thirds of the outstanding shares of BB&T Financial Common Stock entitled to vote is required for the removal of any director or the entire Board of Directors.

AUTHORIZED PREFERRED STOCK. BB&T Financial's Amended Articles of Incorporation authorize 4,000,000 shares of nonvoting preferred stock. The

Board of Directors of BB&T Financial may, subject to applicable law and the rules of the NASD for Nasdaq NMS companies, authorize the issuance of preferred stock at such times, for such purposes and for such consideration as it may deem advisable without further shareholder approval. The issuance of preferred stock under certain circumstances may have the effect of discouraging an attempt by a third party to acquire control of BB&T Financial by, for example, authorizing the issuance of a series of preferred stock with rights and preferences designed to impede the proposed transaction. A series of preferred stock also could be used for a shareholder rights plan, which may be adopted without shareholder approval. Such a plan, if adopted, could deter attempts by third parties to acquire a significant number of shares of BB&T Financial Common Stock without the prior approval of the Board of Directors of BB&T Financial.

NORTH CAROLINA SHAREHOLDER PROTECTION LEGISLATION. The North Carolina Shareholder Protection Act and the Control Share Acquisition Act both apply to BB&T Financial. These statutes are designed to protect shareholders against certain changes in control and to provide shareholders with the opportunity to vote on whether to accord voting rights to a 20% or more shareholder. The effect of these statutes may be to deter or delay changes in control which are opposed by the BB&T Financial Board of Directors or shareholders.

SUPERMAJORITY VOTING PROVISIONS. BB&T Financial's Amended Articles of Incorporation require the affirmative vote of two-thirds of the outstanding shares entitled to vote to approve a merger, consolidation, or other business combination, unless the transaction is approved, prior to consummation, by two-thirds of the members of BB&T Financial's Board of Directors. This provision could tend to make the acquisition of BB&T Financial more difficult to accomplish without the cooperation or favorable recommendation of BB&T Financial's Board of Directors.

AMENDMENTS TO ARTICLES OF INCORPORATION. BB&T Financial's Amended Articles of Incorporation require approval by holders of at least two-thirds of the outstanding shares entitled to vote in order to amend certain provisions of the Amended Articles of Incorporation. Those provisions require holders of at least two-thirds of its outstanding shares to approve (i) the removal of a director or the entire Board of Directors, (ii) a merger, consolidation or other business combination not approved by two-thirds of the Board of Directors, and (iii) an amendment or repeal of the By-laws. Any other amendment of the Amended Articles of Incorporation requires the affirmative vote of the holders of a majority of the shares entitled to vote on such amendment.

AMENDMENTS TO BYLAWS. BB&T Financial's Bylaws may be amended by either the vote of a majority of its Board of Directors or by the affirmative vote of the holders of at least two-thirds of the outstanding BB&T Financial Common Stock entitled to vote.

EMPLOYEE STOCK OWNERSHIP PLANS. BB&T Financial has established employee stock ownership plans for the benefit of the employees of Gate City, Albemarle, Peoples, Carolina Savings, Edenton Savings, Mutual Savings and Citizens of Mooresville upon their acquisitions by BB&T Financial. These plans hold shares of BB&T Financial Common Stock. The plans, as well as the Home Savings ESOP, are or will be plans established as subparts of BB&T's Savings and Thrift Plan, which holds an additional shares of BB&T Financial Common Stock. The Home Savings ESOP is expected to hold approximately [68,293] shares of BB&T Financial Common Stock. Under plan terms, participants in the Savings and Thrift Plan, including the Home Savings ESOP and the plans established in 1991, 1992 and 1993 have and will have the right to

direct the trustee as to the voting of the shares held in their accounts on all matters, including the election of directors. Each employee stock ownership plan provides that the trustee is required, subject to applicable law, to vote the shares as to which participant directions are not received and as to shares not allocated to participant accounts in the same proportion as the allocated shares as to which directions are received. Plan terms also would require the trustee of each employee stock ownership plan to follow participant instructions as to the tendering of any shares held in participant accounts in the event of a tender offer. Shares allocated to participant accounts as to which instructions are not received and unallocated shares are, again subject to applicable law, tendered pursuant to the same procedures as to which shares would be voted. As a result of these so-called "pass-through" provisions, any

third-party attempt to acquire control of BB&T Financial by means of a proxy contest or tender offer may require the support of the plan participants. The BB&T Financial employee stock ownership plans established and to be established thus may tend to discourage such attempts to the extent that participants oppose third-party attempts to acquire control and shareholder approval or support is required for such attempts.

THE SHARES OF BB&T FINANCIAL COMMON STOCK OFFERED HEREBY ARE NOT DEPOSITS AND ARE NOT INSURED BY THE FDIC OR ANY OTHER GOVERNMENTAL AGENCY.

OPINIONS

The validity of the shares of BB&T Financial Common Stock offered by BB&T Financial by means of this Prospectus/Proxy Statement is being passed upon for BB&T Financial by Jerone C. Herring, Esquire, Vice President and Secretary of BB&T Financial. As of the date of this Prospectus/Proxy Statement, Mr. Herring beneficially owned shares of BB&T Financial Common Stock and held options exercisable within 60 days of such date to acquire shares of BB&T Financial Common Stock. Certain other legal matters will be passed upon for BB&T Financial by Arnold & Porter, Washington, D.C., special counsel to BB&T Financial. Certain tax matters will be passed upon for BB&T Financial by KPMG Peat Marwick, tax advisors to BB&T Financial. Certain legal matters will be passed upon for Trident Securities by Housley Goldberg & Kantarian, P.C., Washington, D.C., counsel to Trident Securities. Certain legal matters will be passed upon for Home Savings by Brooks, Pierce, McLendon, Humphrey & Leonard, L.L.P., Greensboro, North Carolina, special counsel to Home Savings.

EXPERTS

The consolidated financial statements of BB&T Financial and its subsidiaries as of December 31, 1992 and 1991 and for each of the years in the three-year period ended December 31, 1992 incorporated by reference herein have been incorporated by reference herein in reliance upon the report of KPMG Peat Marwick, independent certified public accountants, incorporated by reference herein and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Old Stone and subsidiaries as of and for the year ended December 31, 1992, incorporated by reference herein have been incorporated by reference herein in reliance upon the report of KPMG Peat Marwick, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Home Savings as of and for the year ended September 30, 1993, incorporated herein by reference, have been audited by McGladrey & Pullen, independent auditors, as indicated in their report, and have been incorporated by reference herein upon the authority of that firm as experts in auditing and accounting.

The consolidated financial statements of Citizens of Newton as of September 30, 1992 and for the year ended September 30, 1992, incorporated herein by reference, have been audited by McGladrey & Pullen,

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independent auditors, as indicated in their report, and have been incorporated by reference herein upon the authority of that firm as experts in auditing and accounting.

The audited consolidated financial statements of Security Financial Holding Company as of December 31, 1992 and 1991 and for each of the three years in the period ended December 31, 1992 incorporated in this Prospectus/Proxy Statement by reference to the Current Report on Form 8-K of BB&T dated August 6, 1993 have been so incorporated in reliance on the report of Price Waterhouse, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Asheville Federal Bank, FSB and subsidiary (now Asheville Savings Bank, SSB) as of December 31, 1992 and 1991 and for the years then ended incorporated in this prospectus by reference from BB&T's Current Report on Form 8-K dated August 6, 1993 have been audited by Deloitte & Touche, independent auditors, as stated in their report, which is

incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of L.S.B. Bancshares, Inc. of South Carolina as of December 31, 1992 and 1991 and for each of the three years ended in the period ended December 31, 1992, incorporated herein by reference from BB&T's Current Report on Form 8-K dated January 7, 1993, have been so incorporated by reference in reliance on the report of Donald G. Jones and Company, P.A., independent accountants, given on the authority of said firm as experts in auditing and accounting.

Home Savings and BB&T Financial have relied upon an opinion prepared by Trident Financial as to the Appraised Value of Home Savings. Trident Financial is an affiliate of Trident Securities, which is acting as a sales agent in the Offerings. Trident Financial also acted as financial advisor to Home Savings in connection with the Conversion Merger.

NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS/PROXY STATEMENT IN CONNECTION WITH THE OFFERINGS COVERED BY THIS PROSPECTUS/PROXY STATEMENT. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY BB&T FINANCIAL CORPORATION OR ANY SELLING AGENT. THIS PROSPECTUS/PROXY STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS/PROXY STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS/PROXY STATEMENT OR IN THE AFFAIRS OF BB&T FINANCIAL CORPORATION OR HOME SAVINGS BANK OF ALBEMARLE, S.S.B. SINCE ANY OF THE DATES AS OF WHICH INFORMATION IS FURNISHED OR INCORPORATED HEREIN OR SINCE THE DATE HERE-
OF.

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BB&T FINANCIAL
CORPORATION
AN ESTIMATED 800,000 SHARES OF
COMMON STOCK

PROSPECTUS

TRIDENT SECURITIES, INC.

JANUARY , 1994

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF REGISTRANT OF ISSUANCE AND DISTRIBUTION

The following sets forth the estimated expenses to be paid by the Registrant in connection with the issuance and distribution of the securities being registered:

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Securities and Exchange Commission registration fee.....	34,540
Printing, engraving and postage expenses.....	1,142,000 (1)
Legal fees and expenses.....	350,000 (1) (2)
Accounting fees and expenses.....	125,000 (1)
Blue sky fees and expenses (including legal fees and disbursements).....	55,000 (1)
Miscellaneous expenses.....	200,000 (2)

Total.....	1,906,540
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- (1) In connection with the acquisition of Mutual Savings Bank of Rockingham County, S.S.B., Scotland Savings Bank, S.S.B., Citizens Savings Bank, S.S.B., Home Savings Bank of Albemarle, S.S.B. and Asheville Savings Bank, S.S.B.
- (2) Legal fees in connection with the preparation of the Registration Statement and prospectuses for the offerings.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

A. The Registrant is incorporated under the laws of North Carolina. The North Carolina Business Corporation Act ("North Carolina BCA") contains provisions prescribing the extent to which directors and officers shall or may be indemnified. The following is a summary of these provisions:

1. Subject to certain exceptions, a corporation may indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if (i) he conducted himself in good faith; and (ii) he reasonably believed (a) in the case of conduct in his official capacity with the corporation, that his conduct was in its best interests and (b) in all other cases, that his conduct was at least not opposed to its best interests; and (iii) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. Moreover, unless limited by its articles of incorporation, a corporation must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding in which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding. Expenses incurred by a director in defending a proceeding may be paid by the corporation

in advance of the final disposition of such proceeding as authorized by the board of directors in the specific case or as authorized or required under any provision in the articles of incorporation or bylaws or by any applicable resolution or contract upon receipt of an undertaking by or on behalf of a director to repay such amount unless it shall ultimately be determined that he is entitled to be so indemnified by the corporation against such expenses. A director may also apply for court-ordered indemnification under certain circumstances.

2. Unless a corporation's articles of incorporation provide otherwise, (i) an officer of a corporation is entitled to mandatory indemnification and is entitled to apply for court-ordered indemnification to the same extent as a director; (ii) the corporation may indemnify or advance expenses to an officer, employee, or agent of a corporation to the same extent as to a director; and (iii) a corporation may also indemnify or advance expenses to an officer, employee, or agent who is not a director to the extent, consistent with public policy, that may be provided by its articles of incorporation, bylaws, general or specific action of its board of directors, or contract.

3. In addition and separate and apart from the indemnification rights discussed above, a corporation may, in its articles of incorporation or bylaws, or by contract or resolution, indemnify or agree to indemnify any one of its directors, officers, employees, or agents against liability and expenses in any proceeding (including without limitation a proceeding brought by or on behalf of the corporation itself) arising out of their status as

such or their activities in any of the foregoing capacities; provided, however, that a corporation may not indemnify or agree to indemnify a person against liability or expenses he may incur on account of his activities which were at the time taken known or believed by him to be clearly in conflict with the best interests of the corporation. A corporation may likewise and to the same extent indemnify or agree to indemnify any person who, at the request of the corporation, is or was serving as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise or as a trustee or administrator under an employee benefit plan. Any such provision for indemnification may also include provisions for recovery from the corporation of reasonable cost, expenses, and attorneys' fees in connection with the enforcement of rights to indemnification and may further include provisions establishing reasonable procedures for determining and enforcing the rights granted therein.

B. The Registrant's Articles of Incorporation provide for the indemnification of directors to the fullest extent authorized by North Carolina law as it exists or may be hereafter amended. A director shall not be personally liable for any monetary damages relating to a breach of duty as a director to the corporation, its shareholders or otherwise.

C. Article IX of the Registrant's Bylaws provides for indemnification of Registrant's directors, officers, employee or agents against certain expenses, including attorney's fees, and payments made in satisfaction of judgments, money decrees, fines and penalties for which they may become liable in such and other fiduciary capacities, exclusive of indemnification for certain activities involving criminal misconduct or clearly in conflict with the best interest of the Registrant.

D. The Registrant has purchased liability insurance for its directors and certain of its officers covering certain liabilities which may be incurred by such officers and directors of the Registrant in connection with the performance of their duties.

ITEM 16. EXHIBITS

The following are filed as exhibits to this Registration Statement.

Exhibit No.	Description
1.1	A form of Sales Agency Agreement between BB&T Financial Corporation and Trident Securities, Inc. (relating to

the Conversion Merger of Mutual Savings Bank of Rockingham County, S.S.B.) (previously filed).

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- 1.2 A form of Sales Agency Agreement between BB&T Financial Corporation and Trident Securities, Inc., dated as of November __, 1993 (relating to the Conversion Merger of Scotland Savings Bank, S.S.B.) (previously filed).
- 1.3 A form of Sales Agency Agreement between BB&T Financial Corporation and Trident Securities, Inc., dated as of November __, 1993 (relating to the Conversion Merger of Citizens Savings Bank, S.S.B.) (previously filed).
- 1.4 A form of Sales Agency Agreement between BB&T Financial Corporation and Trident Securities, Inc., dated as of _____, 1994 (relating to the Conversion Merger of Home Savings Bank of Albemarle, S.S.B.).
- 2.1 Agreement and Plan of Reorganization dated February 26, 1993 by and between Mutual Savings Bank of Rockingham County, SSB and BB&T Financial Corporation (incorporated by reference herein from Exhibit (2)(c) to Registrant's quarterly report on Form 10-Q for the quarter ended March 31, 1993).
- 2.2 Agreement and Plan of Reorganization dated April 26, 1993 by and between Scotland Savings Bank, SSB and BB&T Financial Corporation (incorporated by reference herein from Exhibit (2)(e) to Registrant's quarterly report on Form 10-Q for the quarter ended March 31, 1993).
- 2.3 Agreement and Plan of Reorganization dated April 28, 1993 by and between Citizens Savings Bank, SSB and BB&T Financial Corporation (incorporated by reference herein from Exhibit (2)(f) to Registrant's quarterly report on Form 10-Q for the quarter ended March 31, 1993).
- 2.4 Agreement and Plan of Reorganization dated May 27, 1993 by and between Home Savings Bank of Albemarle, SSB and BB&T Financial Corporation (incorporated by reference herein from Exhibit (2)(b) of Registrant's quarterly report on Form 10-Q for the quarter ended June 30, 1993).
- 2.5 Agreement and Plan of Reorganization dated June 22, 1993 by and between Asheville Savings Bank, SSB and BB&T Financial Corporation (incorporated by reference herein from Exhibit (2)(c) of Registrant's quarterly report on Form 10-Q for the quarter ended June 30, 1993).
- 2.6 Plan of Conversion adopted by Mutual Savings Bank of Rockingham County, S.S.B. on February 26, 1993 and amended on July 21, 1993 and August 4, 1993 (previously filed).
- 2.7 Plan of Conversion adopted by Scotland Savings Bank, S.S.B. on April 26, 1993 and amended on _____, 1993 (previously filed).
- 2.8 Plan of Conversion adopted by Citizens Savings Bank, S.S.B. on April 28, 1993 and amended on October 25, 1993 (previously filed).
- 2.9 Plan of Conversion adopted by Home Savings Bank of Albemarle, SSB on May 27, 1993 and amended on December 13, 1993 and December 21, 1993.

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- 2.10 Plan of Conversion adopted by Asheville Savings Bank, SSB on June 22, 1993 and amended on _____ (to be filed by amendment).
- 4.1 Specimen stock certificate for BB&T Financial's common stock, \$2.50 par value (incorporated by reference herein from the identified exhibit to BB&T Financial registration statement on Form S-14 (File No. 2-68274) as filed and declared effective on August 5, 1980).
- 4.2 Excerpts from Registrant's By-laws (Article II, Sections 8 and 9) relating to rights of holders of Registrant's common stock (incorporated by reference herein from the identified exhibit to the Registrant's registration statement on Form S-8 (File No. 2-91779) as filed and declared effective on July 10, 1984).
- 4.3 Excerpts from Registrant's Amended Articles of Incorporation (Articles IV, X, and XII) (incorporated by reference herein from the identified exhibit to the Registrant's registration statement on Form S-4 (File No. 33-37893) as filed and declared effective on February 7, 1991).
- 5.1 Opinion of Jerone C. Herring, Esquire, Vice President and Secretary to BB&T Financial Corporation, regarding the legality of the securities to be registered hereby (previously filed).
- 8.1 Opinion of KPMG Peat Marwick, dated July 8, 1993, tax advisors to BB&T Financial Corporation, regarding certain federal income tax consequences of the Mutual Savings Conversion Merger (previously filed).
- 8.2 Opinion of KPMG Peat Marwick, dated October 29, 1993, tax advisors to BB&T Financial Corporation, regarding certain federal income tax consequences of the Scotland Savings Conversion Merger (previously filed).
- 8.3 Opinion of KPMG Peat Marwick, dated October 29, 1993, tax advisors to BB&T Financial Corporation, regarding certain federal income tax consequences of the Citizens Savings Conversion Merger (previously filed).
- 8.4 Opinion of KPMG Peat Marwick, dated January 3, 1994, tax advisors to BB&T Financial Corporation, regarding certain federal income tax consequences of the Home Savings Conversion Merger.
- 23.1 Consent of KPMG Peat Marwick, dated July 8, 1993 (BB&T Financial) (previously filed).
- 23.2 Consent of Trident Financial Corporation, dated July 9, 1993 (previously filed).
- 23.3 Consent of Jerone C. Herring, Esquire, Vice President and Secretary of BB&T Financial Corporation included as part of Exhibit 5.1 (previously filed).
- 23.4 Consent of KPMG Peat Marwick, dated July 8, 1993, relating to their opinion included in Exhibit 8.1 (previously filed).

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- 23.5 Consent of McGladrey & Pullen dated August 6, 1993 (Home Savings) (previously filed).
- 23.6 Consent of McGladrey & Pullen dated August 6, 1993 (Citizens of Newton) (previously filed).
- 23.7 Consent of Price Waterhouse dated August 6, 1993 (Security Financial Holding Company) (previously filed).
- 23.8 Consent of Deloitte & Touche dated August 6, 1993 (Asheville Savings) (previously filed).

- 23.9 Consent of KPMG Peat Marwick dated August 6, 1993 (Old Stone) (previously filed).
- 23.10 Consent of KPMG Peat Marwick, dated October 29, 1993 (BB&T Financial) (previously filed).
- 23.11 Consent of Trident Financial Corporation, dated October 29, 1993 (previously filed).
- 23.12 Consent of Jerone C. Herring, Esquire, Vice President and Secretary of BB&T Financial Corporation, dated October 29, 1993, relating to his opinion included in Exhibit 5.1 (previously filed).
- 23.13 Consent of KPMG Peat Marwick, dated October 29, 1993, relating to their opinion included in Exhibit 8.2 (previously filed).
- 23.14 Consent of McGladrey & Pullen dated October 29, 1993 (Home Savings) (previously filed).
- 23.15 Consent of McGladrey & Pullen dated October 29, 1993 (Citizens of Newton) (previously filed).
- 23.16 Consent of Price Waterhouse dated October 29, 1993 (Security Financial Holding Company) (previously filed).
- 23.17 Consent of Deloitte & Touche dated October 29, 1993 (Asheville Savings) (previously filed).
- 23.18 Consent of KPMG Peat Marwick dated October 29, 1993 (Old Stone) (previously filed).
- 23.19 Consent of KPMG Peat Marwick, dated October 29, 1993 (BB&T Financial) (previously filed).
- 23.20 Consent of KPMG Peat Marwick, dated October 29, 1993, relating to their opinion included in Exhibit 8.3 (previously filed).
- 23.21 Consent of KPMG Peat Marwick dated January 5, 1994, relating to their opinion included in Exhibit 8.4.
- 23.22 Consent of KPMG Peat Marwick dated January 10, 1994 (BB&T Financial Corporation).
- 23.23 Consent of KPMG Peat Marwick dated January 4, 1994 (Old Stone).
- 23.24 Consent of Jerone C. Herring, Esquire, Vice President and Secretary of BB&T Financial Corporation, dated January 10, 1994, relating to his opinion included in Exhibit 5.1.
- 23.25 Consent of McGladrey & Pullen dated January 5, 1994 (Home Savings).
- 23.26 Consent of McGladrey & Pullen dated January 5, 1994 (Citizens of Newton).
- 23.27 Consent of Price Waterhouse dated January 4, 1994 (Security Financial Holding Company).
- 23.28 Consent of Deloitte & Touche dated January 10, 1994 (Asheville Savings).
- 23.29 Consent of David G. Jones and Company, P.A. dated January 6, 1994 (L.S.B. Bancshares, Inc. of South Carolina).
- 23.30 Consent of Trident Financial Corporation, dated January 4, 1994.
- 24.1 Powers of Attorney from certain signatory directors and officers of BB&T Financial Corporation (previously filed).

</TABLE>

ITEM 17. UNDERTAKINGS

ITEM 512 OF REGULATION S-K.

The undersigned Registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

- (i) To include any prospectus required by section 10(a) (3) of the Securities Act of 1933;
- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that (i) and (ii) would not apply if the information required by sections (i) and (ii) is contained in a periodic report filed by the Registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference into this Registration Statement.

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

5. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions set forth in response to Item 15 hereof, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

6. For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

7. For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form S-3 and has duly caused this Post-Effective Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Wilson, State of North Carolina, on January 10, 1994.

BB&T FINANCIAL CORPORATION

By: Jerone C. Herring

/s/ Jerone C. Herring

Jerone C. Herring,
Secretary

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities indicated on January 10, 1994.

<TABLE>
<CAPTION>
NAME CAPACITY
<S> <C>
* Chairman of the Board of
----- Directors and Chief Executive Officer
John A. Allison IV (Principal Executive Officer)
* Treasurer (Principal
----- Financial and Accounting Officer)
Scott E. Reed
* Director

Joseph B. Alala, Jr.
* Director

W. Watson Barnes
* Director

Paul B. Barringer

Director

Robert L. Brady
</TABLE>

<TABLE>
<S> <C>
* Director

W.G. Clark III
* Director

Jesse W. Corbett, Jr.
* Director

W.R. Cuthbertson, Jr.

*	Director

Fred H. Deaton, Jr.	
*	Director

Joe L. Dudley, Sr.	
*	Director

Tom D. Efird	
*	Director

O. William Fenn, Jr.	
*	Director

James E. Heins	
*	Director

Raymond A. Jones, Jr.	
*	Director

Kelly S. King	
*	Director

David R. LaFar, III	
*	Director

J. Ernest Lathem, M.D.	
</TABLE>	
<TABLE>	
<S>	
*	Director

James H. Maynard	
*	Director

Dorothy G. Owen	
*	Director

W.H. Parks	
*	Director

A. Winniett Peters	
*	Director

Richard L. Player, Jr.	
*	Director

S.B. Tanner III	
*	Director

Larry J. Waggoner	
*	Director

Henry G. Williamson, Jr.	
*	Director

*By: Jerone C. Herring

/s/Jerone C. Herring

Jerone C. Herring,
Attorney-in-fact

EXHIBIT INDEX

<TABLE>	
<CAPTION>	
Exhibit No.	Description
-----	-----
<S>	<C>
1.4	A form of Sales Agency Agreement between BB&T Financial Corporation and Trident Securities, Inc., dated as of _____, 1994 (relating to the Conversion Merger of Home Savings Bank of Albemarle, S.S.B.).
2.9	Plan of Conversion adopted by Home Savings Bank of Albemarle, S.S.B. on May 27, 1993, December 13, 1993 and December 21, 1993.
8.4	Opinion of KPMG Peat Marwick, dated January 3, 1994, tax advisors to BB&T Financial Corporation, regarding certain federal income tax consequences of the Home Savings Conversion Merger.
23.21	Consent of KPMG Peat Marwick dated January 5, 1994, relating to their opinion included in Exhibit 8.4.
23.22	Consent of KPMG Peat Marwick dated January 10, 1994 (BB&T Financial Corporation).
23.23	Consent of KPMG Peat Marwick dated January 4, 1994 (Old Stone).
23.24	Consent of Jerone C. Herring, Esquire, Vice President and Secretary of BB&T Financial Corporation, dated January 10, 1994, relating to his opinion included in Exhibit 5.1.
23.25	Consent of McGladrey & Pullen dated January 5, 1994 (Home Savings).
23.26	Consent of McGladrey & Pullen dated January 5, 1994 (Citizens of Newton).
23.27	Consent of Price Waterhouse dated January 4, 1994 (Security Financial Holding Company).
23.28	Consent of Deloitte & Touche dated January 10, 1994 (Asheville Savings).
23.29	Consent of David G. Jones and Company, P.A. dated January 6, 1994 (L.S.B. Bancshares, Inc. of South Carolina).
23.30	Consent of Trident Financial Corporation, dated January 4, 1994.

</TABLE>

BB&T FINANCIAL CORPORATION
(a North Carolina corporation)

Common Stock
(\$2.50 Par Value)

AGENCY AGREEMENT

January __, 1994

TRIDENT SECURITIES, INC.
4601 Six Forks Road, Suite 400
Raleigh, North Carolina 27609

Dear Sirs:

BB&T FINANCIAL CORPORATION, a North Carolina corporation (the "Company"), hereby confirms its agreement with Trident Securities, Inc. (the "Agent"), with respect to the issuance and sale by the Company of up to an estimated _____ shares (the "Shares") of common stock, \$2.50 par value per share, of the Company (the "Common Stock"), and with respect to the solicitation by the Agent of offers to purchase shares of Common Stock as described in Section 2 hereof.

Prior to the date hereof, a Plan of Conversion dated as of May 27, 1993, as amended on December 13, 1993 (the "Plan") was adopted by Home Savings Bank of Albemarle S.S.B., Albemarle, North Carolina ("Home Savings"). Home Savings will convert from a North Carolina chartered mutual savings bank to a North Carolina chartered stock savings bank pursuant to the Plan, and the Company will acquire all the shares of capital stock to be issued by Home Savings in such conversion (the "Home Savings Common Stock"), all in accordance with the provisions of an Agreement and Plan of Reorganization dated as of May 27, 1993 between the Company and Home Savings (the "Conversion Agreement"). Collectively, the transactions contemplated by the Plan and the Conversion Agreement are herein sometimes collectively referred to as the "Conversion Merger" and the acquisition of Home Savings by the Company pursuant to the Conversion Agreement is sometimes referred to as the "Acquisition."

In accordance with the Plan and pursuant to the Conversion Agreement, the Company is offering to certain depositors and borrowers of Home Savings as of certain record dates nontransferable rights to subscribe for the Shares in a

subscription offering (the "Subscription Offering"). An employee stock ownership plan and trust established for the benefit of the Home Savings' employees (the "ESOP") will have first priority to purchase Shares in the Subscription Offering equal to 1% of the Common Stock anticipated to be outstanding at the opening of business on the day following the effective date of the Conversion Merger. In the Subscription Offering, persons holding a Qualifying Deposit in Home Savings as of the Eligibility Record Date ("Eligible Member Subscribers") will receive nontransferable rights to subscribe ("Subscription Rights") for a whole number of Shares in a minimum aggregate dollar amount of \$500 and a maximum aggregate dollar amount of \$100,000 (or \$200,000 in the case of Eligible Member Subscribers with multiple account relationships or with a single account with more than \$25,000 on deposit at Home Savings in either case as of the Eligibility Record Date) upon either (or both) of the following prices and terms, in the Eligible Member Subscriber's discretion: (x) the 85% Price, as defined in the Plan, subject to the restriction that shares purchased at the 85% Price may not be transferred by sale, gift or otherwise for a period of six months from the Closing Date, except in the case of the death of the Subscriber; and/or (y) the 95% Price, as defined in the Plan, with no restriction on transfer. An

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Eligible Member Subscriber with only one account relationship of less than \$25,000 may purchase in the Subscription Offering an additional number of Shares having an aggregate purchase price of up to \$100,000 at the BB&T Market Price, as defined in the Plan, up to an aggregate of not more than \$200,000. In addition, members of Home Savings eligible to vote at the special meeting of members to consider and vote upon the Plan ("Voting Members") who are not also Eligible Member Subscribers will receive Subscription Rights for a whole number of Shares in a minimum aggregate dollar amount of \$500 and a maximum aggregate dollar amount of \$200,000 at the BB&T Market Price, as defined in the Plan.

Concurrently with the Subscription Offering, and subject to the priorities granted by the Plan, the Company intends to offer any Shares not sold in the Subscription Offering to (i) natural persons residing in Stanley County, North Carolina, (ii) IRA, Keogh and similar retirement accounts established by or for the benefit of individuals described in clause (i), and (iii) corporations, partnerships, and similar entities headquartered in Stanley County, North Carolina (collectively, "Community Offering Residents") in a community offering ("Community Offering"). Each Community Offering Resident will be eligible to purchase up to \$200,000 of BB&T Common Stock at the 95% Price, as defined in the Plan. The Subscription Offering and the Community Offering are collectively referred to herein as the "Offerings." Under the Plan, no minimum number of Shares need be sold in the Offerings in order to consummate the Conversion Merger and Acquisition. It is anticipated that Shares not sold in the Subscription Offering or the Community Offering will not be sold in a public offering or otherwise pursuant to the Plan. It is understood, however, that the Administrator of the Savings Institutions Division of the North Carolina Department of Commerce (the "Administration") may condition final approval of the Conversion Merger on the sale of a minimum number of Shares. The Shares

actually sold in the Offerings are referred to herein as the "Conversion Stock."

Each prospective investor subscribing to purchase Shares in the Subscription Offering and each prospective investor subscribing to purchase Shares in the Community Offering will be required to execute and deliver, through the Agent, a stock order form (a "Stock Order Form"), in each case in the form delivered with the Prospectus hereinafter referred to.

The respective obligations of the Company and Home Savings to consummate the transactions contemplated by the Conversion Agreement, including the Offerings, are subject to the satisfaction (or, in some cases, waiver) of certain conditions in the Conversion Agreement, including (i) receipt of certain required regulatory approvals, (ii) approval of the Plan by the Voting Members, (iii) receipt of an opinion from KPMG Peat Marwick with respect to certain tax matters, (iv) material performance by Home Savings of all obligations and compliance with all covenants required by the Conversion Agreement, (v) that the Company shall not have determined in good faith that there has been a material adverse change in the condition or operations of Home Savings since September 30, 1992, and (vi) that the average closing price of the Common Stock reported on the National Association of Securities Dealers Automated Quotation System National Market System ("NASDAQ/NMS") for the ten trading days prior to the Closing Date not be less than \$25.00 per share. Subsequent to the Conversion Merger and Acquisition, the Company intends to merge Home Savings (the "Bank Merger") with and into Branch Banking and Trust Company, a North Carolina commercial bank wholly owned by the Company ("BB&T-NC"). Regulatory approval of the Bank Merger is not a condition precedent to the obligations of the parties hereunder.

The Company has filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act"), a registration statement on Form S-3 (File No. 33-49749) for the registration of 3,215,400 shares of Common Stock and has filed Post-Effective Amendment No. 2 to such Registration Statement, dated December __, 1993, containing a prospectus relating to the Offerings. Such Post-Effective Amendment No. 2 has been declared effective under the 1933 Act by the Commission on January __, 1994 (the "Effective Time"). Such Post-Effective Amendment at the Effective Time, and the prospectus relating to the Offerings constituting a part thereof (including, in the case of such Post-Effective Amendment No. 1, and of such prospectus, all exhibits thereto and all documents incorporated or deemed incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act and all exhibits to such documents), as from time to time amended or supplemented pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), the 1933 Act, the rules and regulations of the Commission (including the forms prescribed therein) thereunder (the "1933 Act Regulations") or otherwise, are referred to herein as the "Registration Statement," and the "Prospectus," respectively, except that

if the prospectus which is used in the Offerings differs from the prospectus for the Offerings on file at the Commission at the Effective Time (whether or not such revised prospectus is required to be filed by the Company pursuant to Rule 424(b) of the 1933 Act Regulations), the term "Prospectus," shall refer to such revised prospectus from and after the time it is first used in the Offerings but shall in no event include any part of Annex I, Annex II or Annex III thereto, which Annexes (as stated in the Prospectus) were not filed as part of the Registration Statement and do not constitute part of the Prospectus.

The Company desires to engage the Agent to assist the Company in selling the Shares in the Offerings, and the Agent desires to accept such engagement, on the following terms and conditions.

SECTION 1. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Agent as follows:

(a) At the Effective Time, the Registration Statement and the Prospectus complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and the Registration Statement did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and, at the Effective Time (unless the term "Prospectus" refers to a prospectus used in the Offerings which differs from the prospectus relating to such offerings on file with the Commission at the Effective Time, in which case at the time such prospectus is first used in such offerings), and at Closing Time (as defined in Section 2 hereof), the Prospectus and Annexes thereto and any supplemental sales literature authorized in writing by Scott E. Reed, Senior Executive Vice President and Treasurer of the Company, or Jerome C. Herring, Vice President and Secretary of the Company (each, an "Authorized Officer"), for use in connection with the Offerings to which such prospectus relates (when read in conjunction with such prospectus), did not or will not, as the case may be, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to the information, if any, in the Prospectus regarding the Agent, made in reliance upon, and in conformity with information furnished in writing to the Company by the Agent under the heading "The Offerings -- Plan of Distribution" and on the front cover page of the Prospectus (any such information being herein called the "Agent's Information").

(b) Each time a post-effective amendment to the Registration Statement became or becomes, as the case may be, effective, the Registration Statement and the Prospectus, complied or will comply, as the case may be, in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations, and the Registration Statement did not or will not, as the case may be, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus, each time a

post-effective amendment to the Registration Statement relating to the Offerings became or becomes, as the case may be, effective (unless the term "Prospectus" refers to a prospectus which has been provided to the Agents by the Company for use in the Offerings which differs from the Prospectus on file at the Commission at the time such post-effective amendment to the Registration Statement became or becomes, as the case may be, effective, in which case at the time it is first provided to the Agent for such use) and at Closing Time, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to the Agent's Information.

(c) Each document incorporated or deemed incorporated by reference into the Prospectus and the Registration Statement pursuant to Item 12 of Form S-3 under the 1933 Act ("Incorporated Information"), at the time it was or hereafter is filed with the Commission, complied or will comply, as the case may be, in all material respects with the requirements of the 1934 Act and the 1934 Act Regulations, and, when read together and with the other information in the Prospectus (and in any supplemental sales literature authorized in writing by an Authorized Officer, in connection with the Offerings) at the Effective Time, at the time each post-effective amendment was or hereafter is declared effective, during the time a Prospectus is required to be delivered by the 1933 Act, and at Closing Time,

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did not or will not, as the case may be, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(d) In order to effect the Company's acquisition of Home Savings pursuant to Section 3(a)(2) of the Bank Holding Company Act of 1956, as amended (the "BHCA"), and the regulations for bank holding companies promulgated by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") thereunder (the "BHCA Regulations") and pursuant to Article 3 of Chapter 54C of the North Carolina General Statutes (the "NCGS") and the rules and regulations for North Carolina savings institution holding companies promulgated by the Administrator thereunder (the "NCGS Holding Company Regulations"), the Company has caused to be filed a FR Y-2 Application, dated December __, 1993 (the "BHCA Application"), with the Federal Reserve Board and an Acquisition Application, dated December __, 1993 (the "Acquisition Application"), with the Administrator (collectively, the "Holding Company Applications") seeking authorization for the Company to acquire the Home Savings Common Stock in the Acquisition. The Conversion Application (as defined in Section (iii) of Exhibit A hereto) has been approved by the Administrator. At or prior to Closing Time, each Holding Company Application has been approved by the Federal Reserve Board and by the Administrator, as the case may be.

(e) None of the Administrator, the Commission nor any states securities or blue sky authority ("State Commissioner") has, by order or otherwise, prevented or suspended the use of the Prospectus, the Annexes thereto or any supplemental sales literature authorized in writing by an Authorized Officer for use in connection with the Offerings, which prospectus, annex or literature was actually used in the Offerings.

(f) At Closing Time, the conditions precedent to the Conversion Merger in accordance with the Plan, the Conversion Agreement, and all other applicable laws, regulations, decisions and orders, including all material terms, conditions, requirements and provisions precedent to the Conversion Merger and Acquisition imposed upon the Company by the Federal Reserve Board and the Administrator shall be completed in all material respects other than those which the Federal Reserve Board, or the Administrator, as the case may be, expressly permit to be completed after the effective time of the Conversion Merger and Acquisition or which the Company has waived pursuant to Section 3 hereof. At Closing Time, the Company shall have no notice or knowledge that any person shall have sought to obtain review of the final action of the Administrator or the Federal Reserve Board in approving the Plan or the Acquisition.

(g) The accountants who certified the financial statements and supporting schedules of the Company included or incorporated by reference in the Registration Statement were and are (A) independent public accountants as required by the 1933 Act and the 1933 Act Regulations (including Commission Regulation S-X); and such accountants are, with respect to the Company and its subsidiaries, (B) independent within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and its interpretations and rulings, and (C) independent auditors within the meaning of the rules, regulations, resolutions and practice of the Administrator relating to North Carolina savings banks and their holding companies.

(h) The financial statements of the Company included or incorporated by reference in the Registration Statement and in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations (including Rule 3-05 of Commission Regulation S-X) and no other financial statements of the Company are required to be included in the Registration Statement or the Prospectus, and said financial statements present fairly the financial position of the Company and its subsidiaries on a consolidated basis as of the dates indicated and the results of their operations for the periods specified; except as otherwise stated in the Registration Statement or in the Prospectus, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis and such financial statements are consistent in all material respects with financial statements and other reports filed by the Company and its subsidiaries with the Commission and the Federal Reserve

Board except to the extent that the accounting principles employed in such filings conform to the requirements of such regulatory authorities and not necessarily to generally accepted accounting principles; the supporting schedules included or incorporated by reference in the Registration Statement and in the Prospectus present fairly the information required to be stated therein; and the pro forma financial statements of the Company and its subsidiaries, Home Savings, Old Stone Bank of North Carolina, a Federal Savings Bank, High Point, North Carolina and its subsidiaries ("Old Stone"), Mutual Savings Bank of Rockingham County, Inc., S.S.B. and its subsidiaries ("Mutual Savings") Citizens Savings Bank, S.S.B., Inc., Newton, North Carolina and its subsidiaries ("Citizens of Newton"), Scotland Savings Bank, S.S.B., Laurinburg, North Carolina ("Scotland"), Citizens Savings Bank, Inc., S.S.B., Mooresville, North Carolina and its subsidiaries ("Citizens Savings"), Asheville Savings Bank, SSB, Asheville, North Carolina and its subsidiaries ("Asheville Savings") and L.S.B. Bancshares, Inc. and its subsidiaries, Lexington, South Carolina ("L.S.B."), all of which are recent or pending acquisitions (collectively, "Pending Acquisitions") included or incorporated by reference in the Registration Statement and in the Prospectus comply as to form in all material respects with the applicable requirements of Commission Regulation S-X and reflect all adjustments necessary to summarize fairly the pro forma financial position of the Company, Home Savings, and the institutions involved in the Pending Acquisitions and their respective subsidiaries at the dates indicated and the pro forma results of their operations for the periods specified. It is understood and agreed that the Company has relied upon the audited and unaudited financial statements of Home Savings, and the institutions involved in the Pending Acquisitions in preparing such pro forma financial statements, and the Company makes no representation or warranty as to the accuracy or adequacy of such financial statements.

(i) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated herein or as otherwise disclosed or incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3 under the 1933 Act, (A) there has not been any material adverse change, or any development that could reasonably be expected to result in a material adverse change, in the condition, financial or otherwise, or the earnings or business affairs of the Company or of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, (B) there have not been any transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material to the Company or to the Company and its subsidiaries considered as one enterprise and (C) except for regular dividends on the Common Stock, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock, and (D) there has not been any change in the capital stock of the Company except for open-market stock repurchases, the issuance of shares of Common Stock upon the completion of a Pending Acquisition, the exercise of outstanding options or other issuances under Company plans, the conversion of outstanding securities or pursuant to the dividend reinvestment plan.

(j) The Company and its subsidiaries possess such licenses, permits and other governmental and regulatory authorizations as are currently required for the conduct of their respective businesses; all such licenses, permits and other governmental and regulatory authorizations are in full force and effect, and the Company and its subsidiaries are in all material respects complying therewith; neither the Company nor any of its subsidiaries has received notice of any proceeding or action relating to the revocation or modification of any such license, permit or other governmental or regulatory authorization which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, might have a Material Adverse Effect. For purposes of this Agreement, "Material Adverse Effect" means any material adverse effect or any development that could reasonably be expected to result in a material adverse effect on the conduct of the business or on the condition, financial or otherwise, or the earnings or business affairs of the Company or of the Company and its subsidiaries considered as one enterprise.

(k) The authorized, issued and outstanding capital stock of the Company is as set forth on the dates indicated in the Prospectus under the captions "Capitalization" and "Description of Capital Stock of BB&T Financial;" the issued and outstanding shares of the Common Stock have been duly and validly authorized and issued and are fully paid and non-assessable; the Shares have been duly and validly authorized for issuance and, when issued and delivered by the Company pursuant to the Plan against payment of the consideration calculated as set forth in the Plan, will be duly and validly issued and fully

paid and non-assessable and will be issued to purchasers free and clear (except for any pledge made in connection with the financing obtained by the ESOP to purchase Shares in the Subscription Offering) of any security interest, mortgage, pledge, lien, encumbrance or claim; the issuance of the Shares is not subject to preemptive or other similar rights, except to the extent that Subscription Rights under the Plan may be deemed to be preemptive rights; and the terms and provisions of the Common Stock and the other capital stock of the Company conform in all material respects to the descriptions hereof contained or incorporated by reference in the Prospectus.

(l) Upon consummation of the Conversion Merger, the liquidation account for the benefit of eligible account holders of Home Savings will be duly established in accordance with the requirements of the North Carolina Conversion Law and Regulations; and, in the event of a complete liquidation of Home Savings or any successor thereto, including without limitation, BB&T-NC, each eligible account holder who continues to maintain a deposit account in Home Savings and, following the Bank Merger, in BB&T-NC, will be entitled to receive a liquidation distribution to the extent specified in the North Carolina Conversion Law and Regulations, from the liquidation account at such institution in the amount of the then current adjusted subaccount

balance for each of such eligible account holder's deposit accounts and then held before any liquidation distribution may be made to the holders of shares of capital stock of such institution.

(m) The Company (A) is duly registered as a bank holding company under the BHCA and the BHCA Regulations and the North Carolina Bank Holding Company Act of 1984 ("NCBHCA") and regulations thereunder and as a savings institution holding company under the NCGS and the NCGS Holding Company Regulations, and (B) within 90 days of consummation of the acquisition of Old Stone, will be duly registered as a savings and loan holding company under the Home Owners' Loan Act ("HOLA") and regulations thereunder; the Company has been duly incorporated and is validly existing and in good standing as a corporation under the laws of the State of North Carolina, with full corporate power and authority to own, lease and operate its properties and to conduct its business as provided in the Prospectus and the Incorporated Information; and the Company is duly qualified as a foreign corporation to transact business and in good standing in each jurisdiction in which such qualification or good standing is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not have a Material Adverse Effect.

(n) Each subsidiary of the Company has been duly incorporated and is validly existing and in good standing as a corporation under the laws of the jurisdiction of its incorporation, has full corporate power and authority to own, lease and operate its properties and to conduct its business as provided in the Prospectus and the Incorporated Information, and is duly qualified to transact business and in good standing in each jurisdiction in which such qualification or good standing is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing, would not have a Material Adverse Effect. The deposits of BB&T-NC, Branch Banking and Trust Company of South Carolina ("BB&T-SC") and each other commercial bank, savings bank or savings and loan association subsidiary of the Company are insured by the FDIC to the fullest extent allowable under applicable law, and no proceedings for the termination or revocation of such insurance are pending or, to the knowledge of the Company, threatened; the activities of each subsidiary of the Company are permitted to subsidiaries of a bank holding company, a savings and loan holding company (if the Company is a savings and loan holding company) and a savings institution holding company or to state-chartered banks by the laws administered by and the rules, regulations, resolutions and practices of the Federal Reserve Board, the FDIC, the North Carolina Commissioner of Banks (the "Commissioner"), the OTS, the Administrator and the South Carolina Board of Financial Institutions (the "SC Board"), as the case may be, except in each case for any lack of permission that, singularly or taken in the aggregate, would not have a Material Adverse Effect; all of the issued and outstanding capital stock of each subsidiary of the Company has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company directly or indirectly, fee and clear of any security interest, mortgage, pledge, lien, encumbrance or claim.

(o) The Company has taken all corporate action necessary to execute, deliver and perform this Agreement and the Conversion Agreement, and this Agreement and the Conversion Agreement have been duly executed by and are valid and binding agreements of the Company enforceable in accordance with their terms, except as enforcement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and by judicial limitations on the right of specific performance and except as the enforceability of the indemnification and contribution provisions may be limited by applicable securities laws.

(p) Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, license, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, which violation or default would have a Material Adverse Effect. The execution, delivery and performance of this Agreement and the Conversion Agreement, the issuance and delivery of the Conversion Stock and the consummation of the transactions contemplated herein, therein and thereby will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which any of them may be bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any of its subsidiaries or any law, rule, or regulation, or administrative, court, arbitration decree or holding, which breach, default, creation, imposition or violation would have a Material Adverse Effect.

(q) The Company and each of its subsidiaries have good and marketable title to all properties and assets for which ownership is material to the business of the Company and its subsidiaries considered as one enterprise and to those properties and assets described or referred to in the Prospectus as owned by them, free and clear of all liens, charges, encumbrances or restrictions; and all of the leases and subleases material to the business of the Company and its subsidiaries considered as one enterprise under which the Company or any of its subsidiaries holds properties, including those described or referred to in the Prospectus, are valid and binding and the Company is in compliance therewith.

(r) Neither the Company nor any of its subsidiaries is in violation of any written order, memorandum of understanding, capital or other directive, agreement or understanding with, or resolutions (collectively, for purposes hereof, a "Directive") requested by the Federal Reserve Board, the OTS, the Commissioner, the FDIC, the Administrator or any other bank or savings and loan regulatory agency which may have jurisdiction over the Company or its

subsidiaries to make any material change in the method of conducting its business; the Company and its subsidiaries have conducted and are conducting their businesses so as to comply in all material respects with all applicable statutes and regulations (including, without limitation, all regulations, decisions, directives and orders of the Federal Reserve Board, the OTS, the Commissioner, the FDIC, the Administrator and any other bank or savings and loan regulatory agency which may have jurisdiction over the Company or its subsidiaries); there is no charge, investigation, action, suit or proceeding before or by any court or governmental, regulatory or arbitration agency, body or authority, domestic or foreign, now pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries which is required to be disclosed in the Registration Statement and the Prospectus (other than as disclosed therein), or which would have a Material Adverse Effect, or which would materially and adversely affect the properties or assets thereof or which would materially and adversely affect the performance of this Agreement or the Conversion Agreement, the issuance and delivery of the Conversion Stock or the consummation of the transactions herein, therein or thereby contemplated; all pending legal or governmental proceedings to which the Company or any of its subsidiaries is a party or of which any of their respective properties or assets is the subject which are not described or referred to in the Prospectus, including ordinary routine litigation incidental to their business, are, considered in the aggregate, not material, and there are no contracts, indentures, mortgages, loan agreements, notes, leases or other agreements or instruments required by

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the 1933 Act or by the 1933 Act Regulations to be described or incorporated by reference in the Prospectus or described, filed or incorporated by reference as exhibits to the Registration Statement which have not been so described, filed or incorporated by reference.

(s) The Company and each of its subsidiaries have filed all necessary federal, state and foreign income, franchise, intangible and other tax returns and have paid all taxes shown as due thereon (or obtained appropriate extensions); except for matters described or referred to in the Prospectus, there are no tax deficiencies which have been asserted or threatened against the Company or any of its subsidiaries which, individually or in the aggregate, might have a Material Adverse Effect; the federal income tax returns of the Company have been audited and settled by the Internal Revenue Service ("IRS") for all years to and including the fiscal year ending December 31, 1987 and there is no liability for federal income tax asserted against the Company or any of its subsidiaries for that or any prior year and the Company has not been requested by the IRS to extend the statute of limitations for any tax year.

(t) The Company maintains insurance of the type and in the amounts generally deemed adequate for its business and consistent with insurance maintained by similar companies in similar businesses, including, but not limited to, general liability insurance, product liability insurance and

insurance covering all material real and personal property owned or leased by the Company against theft, damage, destruction, acts of vandalism and all other risks customarily insured against, all of which insurance is in full force and effect.

(u) The Company and each of its subsidiaries are in compliance in all material respects with the applicable financial record keeping and reporting requirements of the Currency and Foreign Transaction Reporting Act of 1970, as amended, and the regulations and rules thereunder.

(v) The Common Stock is and, upon issuance, the Conversion Stock will be designated by the National Association of Securities Dealers, Inc. ("NASD") as a NASDAQ/NMS security; the Company is in compliance with the NASDAQ/NMS Listing Agreement and no proceedings to terminate the designation of the Common Stock as a NASDAQ/NMS security are pending or threatened and the Company is not aware of any basis for such proceedings.

(w) No approval, authorization, consent or other order of any public board, body or authority is required for the execution and delivery by the Company of this Agreement or the Conversion Agreement, the issuance of the Conversion Stock or the consummation of the Conversion Merger and the Acquisition, except that no representation is made with respect to any approval or qualification required under any state securities or blue sky laws.

(x) No labor dispute by the employees of the Company or any subsidiary thereof, exists or, to the knowledge of the Company, is threatened which might be expected to have a Material Adverse Effect.

(y) The Prospectus includes or incorporates by reference, if and to the extent required, appropriate disclosure of the material effects that compliance with federal, state and local provisions which have been enacted or adopted, regulating the discharge of materials into the environment or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the Company and its subsidiaries, consistent with Commission Regulation S-K, Item 101(c)(xii) and with published Commission interpretations thereof.

(z) The summary and selected consolidated financial and statistical data, and the tables in the Prospectus fairly present the information contained therein, and are consistent with and derived from, the Company financial statements incorporated or deemed incorporated by reference in the Registration Statement and in the Prospectus. The financial and statistical information required by Commission Industry Guide 3 "Statistical Disclosure by Bank Holding Companies" to be included in the Prospectus or any filings incorporated therein by reference, present fairly the information set forth therein, and is in compliance with the 1933 Act, the 1934 Act, the 1933 Act and/or 1934 Act Rules and Regulations and

said Guide 3, and such data are consistent with the Company financial statements set forth or incorporated in the Registration Statement and the Prospectus.

(aa) The Company is not an "investment company" nor a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

Any certificate signed by any officer of the Company and delivered to the Agent or to counsel for the Agent pursuant to the terms of this Agreement which makes specific reference to this Agreement shall be deemed a representation and warranty by the Company to the Agent as to the matters covered thereby.

SECTION 2. APPOINTMENT AS AGENT; OFFERING AND SALE OF CONVERSION STOCK; CLOSING

(a) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Agent is hereby appointed as exclusive agent of the Company in the Offerings for the purpose of facilitating the sale of Conversion Stock for the account of the Company. The Agent will be paid in respect of any purchases of the Conversion Stock solicited by such Agent in the manner referred to in paragraph (g) of this Section. The Community Offering shall commence simultaneously with the Subscription Offering on the day that the Prospectus is first made available to the Agent by the Company for delivery in connection with the Offerings. The Offerings shall continue until 5:00 P.M., Eastern Standard Savings Time, on February 10, 1994, or such later date as is determined by the Company or until the Offerings are otherwise terminated in accordance with the Conversion Agreement and the Plan (the "Offering Termination Date").

Subject to the performance by the Company of all of its obligations to be performed hereunder, and to the completeness and accuracy of all of the representations and warranties contained herein or acquired hereby, the Agent hereby accepts such agency and agrees on the terms and conditions herein set forth to act as agent for the Company in facilitating sales of Conversion Stock in the Offerings. The Agent's agency hereunder, which is coupled with an interest and, therefore, is not terminable by the Company without such Agent's permission, except as otherwise expressly so provided in this Section 2 and Section 9 hereof, shall continue until the Offering Termination Date. Any termination of an Agent's agency or of this Agreement in compliance with Section 9 hereof shall be without obligation on the Agent's part or on the part of the Company except as provided in Section 4 hereof, and except that the rights to indemnification and contribution provided in Section 6 and Section 7 hereof, respectively, shall continue after such termination of this Agency Agreement.

(b) If the Conversion Merger is not consummated either because of the failure to satisfy a condition precedent under Article V of the Conversion Agreement or because of a termination under Article VI of the Conversion Agreement, then all funds received by the Company from subscribers and other prospective purchasers shall be (i) returned with interest and without deduction of any escrow or other

fee or expense as described in the Prospectus, or (ii) if made by authorized withdrawal direction from a deposit account at Home Savings, released from such direction as described in the Prospectus; and the Agent's agency and this Agreement shall terminate without obligation on such Agent's part or on the part of the Company except as provided in this Section 2 and Section 4 hereof and except that the rights to indemnification and contribution provided in Sections 6 and 7 hereof, respectively, shall continue after such termination of this Agency Agreement.

(c) If the Offerings are not terminated as described in paragraph (b) of this Section and if the conditions in Section 5 hereof are satisfied or waived, then, at the time and on the date determined by the Company, but within 15 business days after the Offering Termination Date unless otherwise agreed to by the parties hereto, the Conversion Stock shall be issued and sold and the Conversion Merger and Acquisition shall be consummated.

(d) The Company has used its best efforts to ensure that appropriate arrangements have been made for placing the funds received from subscriptions for Shares or other offers to purchase Shares in a special segregated interest-bearing deposit account held by Home Savings for the benefit of each subscriber in the Subscription Offering and until the Closing Time with provision for delivery to the Company upon issuance of the Conversion Stock, or provision for refund if the Offerings are terminated without issuance of the Conversion Stock. The Company agrees to issue or have issued the Conversion Stock sold in the Offerings at Closing Time

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against payment therefor by release of funds from the special individual interest-bearing deposit accounts referred to above and to deliver or arrange for the delivery of certificates for such Conversion Stock in such authorized denominations and registered in such names as may be indicated on the Order Forms or otherwise directly to the purchasers thereof as promptly as practicable after the Closing Time with provision for refund of any unfilled subscription orders with interest and without deduction of any escrow or other fee or expense as described in the Prospectus.

(e) Payment of the purchase price for the shares of Conversion Stock shall be made at such place as shall be agreed upon by the Agent and the Company, at such time and on such business day as shall be determined pursuant to paragraph (c) of this Section (such time and date of payment being herein called "Closing Time").

(f) The Agent shall receive in immediately available funds at the Offering Termination Date, a nonrefundable financial advisory fee of \$70,000, which is the balance of the advisory fee of \$105,000 set forth in a letter agreement, dated June 24, 1993, among the Company, Home Savings and the Agent (the "Agent Engagement Letter"), which remains unpaid as of the date hereof.

(g) The Agent shall receive in immediately available funds at Closing Time as

compensation for its services hereunder, in addition to the financial advisory fee specified in paragraph (f) of this Section and any expenses payable pursuant to Section 4 hereof and the provisions of Sections 6 and 7 hereof, one and three-quarters percentum (1.75%) of the aggregate dollar amount of all shares of Conversion Stock sold in the Offerings, excluding any such Conversion Stock sold to directors and executive officers and any stock benefit plans including the ESOP and restricted stock plans of the Company and Home Savings, and such directors' and officers' "associates" (as defined in the Plan) or to any stock benefit plans including the ESOP and any restricted stock plans.

SECTION 3. COVENANTS. The Company hereby covenants and agrees with the Agent as follows:

(a) The Company will use its best efforts to cause any supplemental sales literature authorized in writing by an Authorized Officer for use in connection with the Offerings to be authorized for use in final form by the Administrator and will notify the Agent immediately and confirm the notice in writing (i) when any post-effective amendment to the Registration Statement (and any other amendment thereto) relating to the Offerings has been declared effective by the Commission, (ii) of the transmittal to the Commission for filing of any amendment or supplement to the Prospectus or any document that will be incorporated by reference in the Prospectus, (iii) of the receipt of any comments from the Administrator, the Commission or any State Commissioner with respect to the transactions contemplated by this Agreement, (iv) of any request by the Federal Reserve Board, FDIC, the Administrator, the Commission or any State Commissioner for any amendment or supplement to the Conversion Application, the Registration Statement or the Prospectus as the case may be, or for additional information, commitments or conditions to any of the transactions contemplated herein, therein or thereby, (v) of the issuance by the FDIC, the Administrator, the Commission or any State Commissioner or court of competent jurisdiction of any order suspending any of the Subscription Offering, and/or the Community Offering, or the use of the Prospectus or the threat of any such action by any such entity, (vi) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any action by the Commission under Sections 21B or 21C of the 1934 Act against the Company or of the initiation or threat of any proceedings for that purpose, and (vii) of the receipt of any notification with respect to the suspension of the qualification of the Shares for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will make reasonable efforts to prevent the issuance of any order referred to in clauses (v), (vi) or (vii) above and, if any such order shall at any time be issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Company will give the Agent notice of its intention or, to the extent possible, the intent of Home Savings to file or prepare any amendments or supplement to the Conversion Application, or the Registration Statement or any amendment or supplement to a Prospectus (whether, in the case of the Registration Statement and the Prospectus, by the filing of Incorporated Information pursuant to the 1934 Act, the 1933 Act or otherwise and, in the case of a Prospectus, including any revised prospectus which the Company proposes for use by the Agent in connection with the Community Offering from the Prospectus

then being so

used by the Agent), and the Company will furnish the Agent with copies of any such amendment or supplement a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file any such amendment or supplement or use any such prospectus to which the Agent or counsel for the Agent shall reasonably object in writing.

(c) The Company shall cause Home Savings to deliver to the Agent as many conformed copies as the Agent may reasonably request of the Conversion Application, with exhibits. In addition, the Company will deliver to the Agent such number of conformed copies of the Registration Statement as originally filed and of each amendment thereto relating to the Offerings (including exhibits filed therewith or incorporated by reference therein and documents incorporated by reference in the Prospectus) as the Agent may reasonably request.

(d) The Company will furnish to the Agent, from time to time during the period when a Prospectus relating to the Offerings is required to be delivered under the 1933 Act, the number of copies of the Prospectus (as amended or supplemented) as the Agent may reasonably request for the purposes contemplated by the 1933 Act or the 1933 Act Regulations.

(e) During the period when a Prospectus relating to the Offerings is required to be delivered, the Company will comply, at its own expense, with all requirements imposed upon it by the Administrator, by the applicable rules and regulations of and laws administered by the Administrator, including the North Carolina Conversion Law and Regulations, and by the Commission under the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations (including, without limitation, Rule 10b-6 under the 1934 Act), insofar as necessary to permit the continuance of sales or dealing in shares of Common Stock during such period in accordance with the provisions hereof and the Prospectus. The Company will not take, directly or indirectly, any action designed to, or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the Common Stock.

(f) If any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the Agent, to amend or supplement the Prospectus in order to make the Prospectus not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or to amend or supplement the Registration Statement or the Prospectus (including in each case the Incorporated Information) in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will forthwith amend or supplement the Prospectus (in form and substance satisfactory to counsel for the Agent), whether by filing Incorporated Information pursuant to the 1933 Act, the 1934 Act or otherwise, so that, as so amended or supplemented, the Prospectus will not contain an untrue statement of material fact or omit to state a material fact necessary in order to make the statements therein, in the light of

the circumstances existing at the time the Prospectus is delivered to an offeree, not misleading and the Registration Statement and the Prospectus will comply with such requirements.

(g) The Company will endeavor, in cooperation with the Agent, to qualify the Shares for offering and sale under the applicable securities laws of such jurisdictions as the Company shall determine consistent with the Plan and all applicable laws and regulations, and will maintain such qualifications in effect for so long as is required for the distribution of the Conversion Stock; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify to do business in any jurisdiction in which it is not so qualified. In each jurisdiction where any of the Shares shall have been qualified as above provided, the Company will file such statements and reports in each year as are or may be reasonably required by the laws of such jurisdiction.

(h) During the period when a Prospectus is required to be delivered under the 1933 Act, the Company will timely file all documents required to be filed by it with the Commission pursuant to Sections 13(a), 13(c), 14 or 15 of the 1934 Act. For so long as the Common Stock is registered under the 1934 Act, the Company will furnish to its stockholders after the end of each fiscal year such reports and other information as are required to be furnished to its stockholders under the 1934 Act (including full consolidated financial statements of the Company and its subsidiaries, certified by independent public accountants).

(i) During the period commencing on the date of this Agreement and ending on the fourth anniversary hereof, the Company will furnish to the Agent, a paper copy of each report of the Company furnished

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generally to stockholders of the Company or furnished to or filed with the Commission under the 1934 Act or any national securities exchange or system on which any class of securities of the Company is listed at the time such report is delivered to stockholders of the Company, the Commission or such exchange or system, as the case may be.

(j) The Company will use the net proceeds from the sale of the Conversion Stock, in all material respects as described in the Prospectus under the caption "Use of Proceeds", and consistent with any resolutions, orders and approvals of the Conversion Merger and Acquisition by the Administrator or other regulatory authorities.

(k) The Company shall not deliver the Conversion Stock until each and every condition set forth in Section 5 hereof has been satisfied, unless such condition is waived in writing by the Agent.

(l) Other than as permitted by the North Carolina Conversion Law and Regulations, the 1933 Act and the 1933 Act Regulations, the Company shall not distribute any prospectus, offering circular or other offering material in

connection with the offering and sale of the Conversion Stock.

(m) The Company will make generally available to its security holders (within the meaning of Rule 158 under the 1933 Act) as soon as practicable, but not later than 60 days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of said Rule 158) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date (as defined in said Rule 158) of the Registration Statement and each post-effective amendment thereto.

(n) The Company will take such actions as are necessary to register the Conversion Stock for quotation on the NASDAQ/NMS; during the period that the Company has a class of securities traded in the over-the-counter market and quoted on NASDAQ/NMS, the Company will file with the NASD all documents and notices required by the NASD of issuers with securities quoted on the NASDAQ/NMS and will not take any action which would cause the NASD to terminate the designation of the Common Stock as a NASDAQ/NMS security.

(o) The Company shall advise the Agent, if necessary, as to the allocation of the Conversion Stock in the event of an oversubscription of the Subscription and/or the Community Offerings, and in such event shall cooperate with and provide and cause Home Savings to provide the Agent with accurate and complete written instructions for allocating the shares of Conversion Stock in accordance with the Plan. The Agent shall be entitled to rely on such written instructions and shall be held harmless by the Company and have no liability in respect to its reliance thereon, including, without limitation, liability related to the denial, in whole or in part, or the grant of a subscription unless such liability is based on the Agent's failure to follow such written instructions through negligence or willful misconduct.

(p) As between the Company and the Agent, the Company shall have sole responsibility for determining, in accordance with the Plan and the North Carolina Conversion Law and Regulations, the status of persons and entities, whether as Members, eligible account holders, other members, supplemental account holders, Community Offering Residents or otherwise (as defined in the Plan and the North Carolina Conversion Law and Regulations) for purposes of determining their right to receive Subscription Rights and their eligibility to purchase or priority in purchasing shares of Conversion Stock.

SECTION 4. PAYMENT OF EXPENSES. The Company agrees to pay all out-of-pocket expenses incident to the performance of its obligations under this Agreement including, but not limited to, (i) the preparation, issuance and delivery of certificates for the Conversion Stock to the purchasers, (ii) the reasonable fees and disbursements of the counsel and accountants of the Company and the Agent, (iii) the qualification of the Shares under securities laws in accordance with the provisions of Section 3(g), including filing fees and the fees and disbursements of counsel in connection therewith and in connection with the preparation of the Blue Sky Survey, (iv) the printing and delivery to the Agent in such quantities as the Agent shall reasonably request of copies of the Registration Statement and all amendments thereto, the Prospectus and Annexes thereto, each amendment or supplement to any of the foregoing and the other

documents prepared in connection with the Conversion Merger, and (v) the printing and delivery to the Agent in such quantities as the Agent may reasonably request

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of copies of the Blue Sky Survey and this Agreement. Notwithstanding the foregoing, the provisions of the Conversion Agreement shall govern the respective obligations of the Company and Home Savings with respect to the foregoing between themselves.

If this Agreement is terminated by the Agent in accordance with the provisions of Section 5 or Section 9(a), the Company shall reimburse the Agent upon demand for all of its out-of-pocket expenses, including, but not limited to, the reasonable fees and disbursements of counsel for the Agent in accordance with the terms of the Agent Engagement Letter.

SECTION 5. CONDITIONS OF AGENT'S OBLIGATIONS. The obligations of the Agent hereunder are subject to the accuracy of the representations and warranties of the Company and Home Savings contained herein or in an Exhibit hereto or in any certificate delivered pursuant hereto as of the date hereof and Closing Time, to the performance by the Company of its obligations hereunder, and to the following further conditions:

(a) Any supplemental sales literature authorized in writing by an Authorized Officer for use in connection with the Offerings shall have been approved orally or in writing for use in final form by the Administrator not later than 6:30 P.M. on the date hereof, or at such later time and date as may be approved by the Agent. At Closing Time, no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act, no actions shall have been taken under Sections 21B or 21C of the 1934 Act against the Company nor shall have any proceedings therefor been initiated or threatened by the Commission and no order suspending the Subscription Offering, the Community Offering, or the use of the Prospectus and Annexes thereto (or such supplemental sales literature) shall have been issued or proceedings therefore initiated or threatened by the Administrator or any other agency, body or authority.

(b) At Closing Time, the Agents shall have received:

(1) The favorable opinion, dated as of Closing Time, of Jerone C. Herring, Esq., Vice President, Secretary and General Counsel of the Company, in form and substance satisfactory to counsel for the Agent, to the effect that:

(i) The Company has been duly incorporated and is validly existing and in good standing as a corporation under the laws of the State of North Carolina.

(ii) The Company has corporate power and authority to own,

lease and operate its properties to conduct its business as described in the Prospectus.

(iii) The Company is duly registered as (A) a bank holding company under the BHCA and the BHCA Regulations, the NCBHCA and regulations thereunder, (B) a savings institution holding company under the NCGS and the NCGS Holding Company Regulations and (C) if applicable, a savings and loan holding company under the HOLA and the regulations thereunder,

(iv) The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification or good standing is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not have a Material Adverse Effect.

(v) Each of BB&T-NC, BB&T-SC, BB&T Financial Corporation of South Carolina, each other commercial bank, savings bank or savings and loan subsidiary of the Company and any other subsidiary whose assets or results of operations are material to the Company (a "Material Subsidiary") has been duly incorporated and is validly existing and in good standing as a corporation under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as provided in the Prospectus and the

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Incorporated Information, and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification or good standing is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not have a Material Adverse Effect; the activities of each Material Subsidiary of the Company are in all material respects permitted to subsidiaries of a bank holding company, a savings institution holding company and, if applicable, a savings and loan holding company by the laws administered by and the rules, regulations, resolutions and practices of the Federal Reserve Board, the FDIC, the Commissioner, the OTS, the Administrator and the SC Board, as the case may be. The deposits of BB&T-NC, BB&T-SC and each other commercial bank, savings bank or savings and loan association subsidiary of the Company are insured by the FDIC to fullest extent allowable under applicable law, and no proceedings for the termination or revocation of such insurance are pending or, to such counsel's knowledge, threatened.

(vi) Each Material Subsidiary of the Company is a direct or indirect subsidiary of the Company; all of the issued and outstanding capital stock of each subsidiary of the Company has been duly

authorized and validly issued, is fully paid and non-assessable, and is owned by the Company (or by a wholly-owned subsidiary of the Company) of record, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim.

(vii) The authorized, issued and outstanding capital stock of the Company is as set forth at the dates indicated in the Prospectus under the caption "Description of Capital Stock of BB&T Financial -- General;" the issued and outstanding shares of Common Stock have been duly and validly authorized and issued and are fully paid and non-assessable; the Conversion Stock has been duly and validly authorized for issuance and, when issued and delivered by the Company pursuant to the Plan against payment of the consideration calculated as set forth in the Plan, will be duly and validly authorized for issuance and, when issued, fully paid and non-assessable and will not be subject to any security interest, mortgage, pledge, lien, encumbrance or claim (except for any pledge made in connection with the financing by the ESOP for the purchase of the Shares); and the issuance of the Conversion Stock is not subject to preemptive rights, except to the extent that subscription rights under the Plan may be deemed to be preemptive rights.

(viii) The Acquisition Application has been approved by the Administrator, and, at the date of such approval, and at all times subsequent thereto up to and including the Closing Time, the Acquisition Application complied as to form in all material respects with the applicable requirements of the NCGS and the NCGS Holding Company Regulations.

(ix) This Agreement and the Conversion Agreement have been duly authorized, executed and delivered by, and are valid and binding agreements of, the Company enforceable in accordance with their terms, except as enforcement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and by judicial limitations on the right of specific performance and except as the enforceability of the indemnification and contribution provisions may be limited by applicable securities laws.

(x) No approval, authorization, consent or other order of any public board, body or authority is required in connection with the execution and delivery of this Agreement or the Conversion Agreement, the issuance of the Conversion Stock, or the consummation of the Conversion Merger and Acquisition except as have been obtained, and except as may be required under the securities or Blue Sky laws of various jurisdictions.

(xi) Each document filed pursuant to the 1934 Act and

incorporated by reference in the Prospectus complied when filed as to form in all material respects with the 1934 Act and the 1934 Act Regulations; no actions have been taken by the Commission against the Company under Sections 21B or 21C of the 1934 Act nor, to such counsel's knowledge, have any such actions threatened by the Commission.

(xii) The information in the Registration Statement and the Prospectus under the captions "Supervision and Regulation of BB&T Financial" and "Description of Capital Stock of BB&T Financial" and in the Company's latest annual report on Form 10-K filed with the Commission under the headings "Description of Business -- Regulation" and "Legal Proceedings" to the extent such information constitutes matters of federal or state law or legal conclusions with respect thereto, has been reviewed by such counsel and is accurate in all material respects.

(xiii) The terms and provisions of the Common Stock conform in all material respects to the description thereof contained in the Prospectus, and the form of certificate used to evidence the shares of Conversion Stock is in due and proper form for the enforcement of the rights and limitations of rights pertaining to the Common Stock which are set forth in the Amended Articles of Incorporation of the Company and under the laws of the State of North Carolina.

(xiv) To the best of such counsel's knowledge after due inquiry, there is no charge, investigation, action, suit or proceeding before or by any court, governmental, regulatory or arbitration agency, body or authority, domestic or foreign, now pending or, to the knowledge of such counsel, threatened against the Company or any of its subsidiaries which is required to be disclosed in the Registration Statement and the Prospectus (other than as disclosed therein), or which would have a Material Adverse Effect, or would materially and adversely affect the properties or assets of BB&T taken as a whole or which would materially and adversely affect the performance of this Agreement or the Conversion Agreement, the issuance and delivery of the Conversion Stock or the consummation of the transactions herein, therein or thereby contemplated; all pending legal, governmental or regulatory proceedings to which the Company or any of its subsidiaries is a party or of which any of their respective properties or assets is the subject which are not described in the Registration Statement and the Prospectus, including ordinary routine litigation incidental to their business, are, considered in the aggregate, not material.

(xv) To the best of such counsel's knowledge after due inquiry, there are no contracts, indentures, mortgages, loan agreements, notes, leases or other agreements or instruments required by the 1933 Act or by the 1933 Act Regulations to be described or incorporated by reference in the Prospectus or to be described, filed or incorporated by reference as exhibits of the Registration Statement which have not been so described, filed or incorporated by reference, and, to such

counsel's knowledge, no material default exists in the due performance or observance by the Company of any obligation, agreement, covenant or condition contained in any note, lease or other agreement or instrument so described, filed or incorporated by reference.

(xvi) The Company has fulfilled its obligations required to effect the Conversion Merger and Acquisition in all material respects in accordance with the applicable requirements of North Carolina law and regulations, the Conversion Agreement and all other applicable regulations, and published decisions and orders thereunder, including all material applicable terms, conditions, requirements and conditions precedent to the Conversion Merger and Acquisition imposed upon the Company by the Federal Reserve Board and the Administrator.

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(xvii) No order has been issued by the Administrator, the Commission or any State Commissioner to suspend the consummation of the Offerings, and no action for any such purposes has been instituted or, to such counsel's knowledge, threatened by the Administrator, the Commission or any State Commissioner; and to such counsel's knowledge, no person has sought to obtain judicial review or reconsideration of the final action of the Administrator or the Federal Reserve Board in approving the Plan, the Conversion Merger, the Acquisition, or otherwise.

(xviii) The Company and its subsidiaries possess such licenses, permits and other governmental and regulatory authorizations as are currently required for the conduct of their respective businesses, except for such licenses, permits and other governmental and regulatory authorizations which if not so obtained would not have a Material Adverse Effect; and all such material licenses, permits and other governmental and regulatory authorizations are in full force and effect, and the Company and its subsidiaries are in all material respects complying therewith.

(xix) Neither the Company nor any of its Material Subsidiaries is in violation of its charter or by-laws or, to the best of such counsel's knowledge after due inquiry, in default in the performance or observance of any obligation, agreement, covenant or condition contained in any material contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which any of the property or assets of the Company or any of their property may be bound or to which any of the property or assets of the Company or any of its Material Subsidiaries is subject, which violation or default would have a Material Adverse Effect; the execution, delivery and performance of this Agreement and the Conversion Agreement by the Company, the issuance and delivery of the Conversion Stock pursuant to the Plan and the consummation by the Company of the transactions contemplated herein, therein and thereby have been duly authorized by

all necessary corporate action by the Company and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any property or assets of the Company or any of its Material Subsidiaries pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or any of its Material Subsidiaries is a party or by which any of them may be bound or to which any of the property or assets of the Company or any of its Material Subsidiaries is subject, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any of its Material Subsidiaries or any law, rule or regulation, or administrative, court or arbitration decree or decision, which breach, rule or regulation, or administrative, court or arbitration decree or decision, which breach, default, creation, imposition or violation would have a Material Adverse Effect.

(2) The favorable opinion, dated as of the Closing Time, of Arnold & Porter, special counsel for the Company, in form and substance satisfactory to counsel for the Agent, to the effect that:

(i) The Company is duly registered as a bank holding company under the BHCA and the BHCA Regulations, and, if applicable, as a savings and loan holding company under the HOLA and the regulations thereunder.

(ii) The BHCA Application has been approved by the Federal Reserve Board and at the date of such approval, the BHCA Application complied as to form in all material respects with the applicable requirements of the BHCA and the BHCA Regulations, with such modifications and revisions as were agreed to by the Federal Reserve Bank of Richmond acting pursuant to delegated authority.

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(iii) This Agreement has been duly authorized, and delivered by the Company; provided that such counsel need express no opinion as to the enforceability of this Agreement.

(iv) The Registration Statement has become effective under the 1933 Act and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement under the 1933 Act has been issued and no proceedings with respect thereto are pending or threatened by the Commission.

(v) No approval, authorization, consent or order of or filing with the OTS, the FDIC, the Federal Reserve Board, the Office of the Comptroller of the Currency, the Commission or any other federal regulatory commission, board, body, authority or agency, is required to be obtained or made by the Company in connection with the execution and delivery by the Company of this Agreement or the Conversion

Agreement, the issuance of the Conversion Stock or the consummation of the Conversion Merger and the Acquisition, other than registration of the Shares under the 1933 Act, and any other approval, authorization, consent, order or filing which has already been obtained or made (other than any approvals required in connection with the Bank Merger); provided, however, no opinion need be expressed with respect to any approval or qualification required under any state securities or blue sky laws.

(vi) Considered in light of such counsel's understanding of the applicable law (including the requirements of Form S-3 and the character of the Prospectus) and such counsel's experience in its practice thereunder, the Registration Statement (other than documents incorporated by reference, any financial statements and other financial and statistical information, as to all of which such counsel need express no opinion or belief), complied in all material respects as to form with the requirements of the 1933 Act and the 1933 Act Regulations as in effect on the date of the effectiveness of the Registration Statement.

(vii) The descriptions of federal laws, rules and regulations of the United States contained in the Registration Statement and the Prospectus under the caption "The Offerings -- Certain Federal Income Tax Consequences" and "Supervision and Regulation of BB&T Financial" constituted accurate summaries thereof in all material respects as of the date of the Prospectus.

(viii) The terms and provisions of the Shares conform in all material respects to the description thereof in the Prospectus under the caption "Description of Capital Stock of BB&T Financial."

(ix) To such counsel's knowledge, without independent inquiry, there are no actions, suits or proceedings pending or threatened against the Company before or by any federal, state or local governmental, regulatory, or arbitral commission, board, body, authority or agency (A) which are required to be disclosed by the 1933 Act and the 1933 Act Regulations in the Prospectus but are not so described, or (B) which, if determined adversely to BB&T, would have a Material Adverse Effect, or (C) of which such counsel is aware, which in such counsel's opinion is reasonably likely to result in a judgment, decree or order having a material adverse effect on the consummation of the Conversion Merger and Acquisition or the transactions contemplated by this Agreement.

(x) To such counsel's knowledge, without independent inquiry, there are no contracts, indentures, mortgages, loan agreements, notes, leases or other agreements or instruments required by Item 601(b)(10) of Commission Regulation S-K to be filed or incorporated by reference as an exhibit to the Registration Statement which have not been so filed or incorporated (provided, however, that for the purposes of this

paragraph (x), the exhibits required by the Registration Statement shall be deemed to be those required by a registration statement on Form S-3, and no opinion would be given by such counsel as to whether any requirements for exhibits in any report, registration statement, declaration or form incorporated by reference in the Registration Statement have been complied with in such report, Registration Statement, declaration or form).

(xi) To such counsel's knowledge, no order has been issued by the Federal Reserve Board or the Commission to suspend the Offerings; to such counsel's knowledge without independent investigation, no action for any such purposes has been instituted or threatened by the Federal Reserve Board or the Commission; and to such counsel's knowledge without independent investigation, no person has sought to obtain judicial review of the final action of the Administrator in connection with his approval of the Plan or otherwise.

(3) The favorable opinion, dated as of the Closing Time, of Brooks, Pierce, McLendon, Humphrey & Leonard, L.L.P., special counsel for Home Savings, in form and substance satisfactory to counsel for the Agent, to the effect that:

(i) Home Savings is a North Carolina chartered stock savings bank duly organized and validly existing under the laws of the State of North Carolina, and is duly qualified to transact business and is in good standing in each jurisdiction where such qualification is required, except where failure to so qualify or be in good standing would not have a material adverse effect on the business or operations of Home Savings, with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and Annexes thereto (the Prospectus and Annexes thereto collectively referred to as the "Proxy Statement"); Home Savings is in good standing under the laws of the State of North Carolina and under the income, franchise and intangible tax laws of the State of North Carolina (to the extent the State of North Carolina provides certificates generally as to such matters); Home Savings is a member in good standing of the Federal Home Loan Bank of Atlanta; Home Savings' deposits are insured by SAIF to the fullest extent allowable under applicable law, and no proceedings for the termination or revocation of such insurance are pending or, to such counsel's knowledge, threatened; Home Savings does not have any direct or indirect subsidiaries.

(iii) The Conversion Agreement has been duly executed and delivered by Home Savings, and the Plan has been duly adopted by Home Savings and its Voting Members, and the Conversion Agreement is a valid and binding agreement of Home Savings enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy,

reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and by judicial limitations on equitable remedies and except as the enforceability of the indemnification and contribution provisions may be limited by applicable securities laws.

(iv) The shares of Home Savings Common Stock issued to the Company pursuant to the Plan and the Conversion Agreement have been duly and validly issued and are fully paid and non-assessable, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim created, permitted or suffered by Home Savings.

(v) To such counsel's knowledge and based upon an Officers' Certificate, there is no charge, investigation, action, suit or proceeding before or by any court, governmental, regulatory or arbitration agency, body or authority, domestic or foreign, now pending or threatened against Home Savings which is required to be disclosed in the Registration Statement, the Prospectus and/or the Proxy Statement (other than as disclosed therein), or which would have a material adverse effect on the business or

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operations of Home Savings, or which would materially and adversely affect the properties or assets thereof or which would materially and adversely affect the performance of the Plan, the Conversion Agreement or this Agreement, the issuance and delivery of Home Savings Common Stock or the Conversion Stock or the consummation of the transactions herein, therein or thereby contemplated; all pending legal, governmental, regulatory or arbitration proceedings to which Home Savings is a party or of which any of its properties or assets is the subject which are not described in the Registration Statement, the Prospectus or the Proxy Statement, including ordinary routine litigation incidental to their businesses, are, considered in the aggregate, not material.

(vi) To such counsel's knowledge and based upon an Officers' Certificate, there are no contracts, indentures, mortgages, loan agreements, notes, leases or other agreements or instruments to which Home Savings or any of its subsidiaries is a party which are required by the 1933 Act or by the 1933 Act Regulations to be described or incorporated by reference in the Prospectus, to be described or otherwise disclosed in the Proxy Statement or any exhibits thereto or described, filed or incorporated by reference as exhibits to the Registration Statement which have not been so described, filed or incorporated by reference, and, to such counsel's knowledge, no default exists or which, upon notice, the lapse of time or both, would exist in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument so described, filed or incorporated by reference.

(vii) The Plan, the Conversion Agreement, and all other agreements relating to the Conversion Merger and Acquisition have been duly authorized, approved and adopted by the board of directors of Home Savings, and, to such counsel's knowledge and based upon an Officers' Certificate, the Administrator's approval of the Plan and the Conversion Merger and Acquisition remain in full force and effect and have not been modified in any material respect; the Plan has been duly approved and adopted by the eligible voting members of Home Savings; to such counsel's knowledge, Home Savings has conducted the Conversion Merger and Acquisition in all material respects in accordance with applicable requirements of the North Carolina Conversion Law and Regulations, the Plan, the Conversion Agreement and all other applicable regulations, and published decisions and orders thereunder, including all material applicable terms, conditions, requirements and conditions precedent to the Conversion Merger and Acquisition imposed upon Home Savings by the Administrator; to such counsel's knowledge and based upon an Officers' Certificate, Home Savings has performed all its covenants and agreements contained in the Plan and the Conversion Agreement, and satisfied the conditions precedent to the Conversion Merger and Acquisition in all material respects in accordance with the Plan, the Conversion Agreement, the applicable North Carolina Conversion Law and Regulations (including the Administrator's interpretations thereunder), and all other applicable laws, regulations, decisions and orders, including all material terms, conditions, requirements and provisions precedent to the Conversion Merger and Acquisition imposed upon Home Savings by the Administrator, other than those which the Administrator, expressly permits to be completed after consummation of the Conversion Merger and Acquisition; to such counsel's knowledge, no order has been issued by the Administrator, the Commission or any State Commissioner to suspend the Conversion Merger and Acquisition, the Subscription Offering, the Community Offering; and no action for any such purpose has been instituted or, to such counsel's knowledge, threatened by the Administrator, the Commission or any State Commissioner; and to such counsel's knowledge, no person has sought to obtain judicial review or reconsideration of the final action of the Administrator in approving the Plan.

(viii) Home Savings possesses such licenses, permits and other governmental and regulatory authorizations as are currently required for the conduct of its businesses, except for such licenses, permits and other governmental and regulatory authorizations which if not so obtained would not have a material adverse effect on the business or operations of Home Savings, and all such material licenses, permits and other governmental and regulatory authorizations are in full force and effect, and, to such counsel's knowledge, Home Savings is in all material respects complying therewith.

(ix) Home Savings is not in violation of its charter, by-laws or, to such counsel's knowledge, in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which Home Savings is a party or to which Home Savings or any of the property or assets of Home Savings is subject, which violation or default would have a material adverse effect on the business or operations of Home Savings; the execution and delivery of the Plan and the Conversion Agreement by Home Savings, the issuance and delivery to the Company of Home Savings Common Stock and the consummation of the transactions contemplated herein, therein and thereby have been duly authorized by all necessary corporate action by Home Savings and, to such counsel's knowledge and based upon an Officer's Certificate, will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of Home Savings pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which Home Savings is a party or by which any of them may be bound, or to which any of the property or assets of Home Savings is subject (other than certain insurance policies now held for the benefit of Home Savings, its officers, directors and others which will be cancelled as a result of the consummation of the transactions contemplated by the Conversion Agreement and the Plan), nor will such action result in any violation of the provisions of the charter or by-laws of Home Savings or any applicable law, rule or regulation, or court, administrative or arbitration decree or decision, which breach, default, creation, imposition or violation might have a material adverse effect on the business or operations of Home Savings.

(xi) The Conversion Application has been approved by the Administrator; and at the date of such approval, such Application complied as to form in all material respects with the applicable requirements of the North Carolina Conversion Law and Regulations, with such modifications as were in such counsel's opinion appropriate for the nature of the transactions described in such Applications.

As used in this subsection 5(b)(3), the phrase "knowledge" means the conscious awareness of counsel for Home Savings. Where used in this subsection 5(b)(3), an "Officer's Certificate" shall mean a certificate of an executive officer of Home Savings, acceptable to counsel to the Agent, which is dated as of the date of the opinion, and upon which certificate Home Savings' counsel has relied in giving its opinion and nothing to the contrary has come to the knowledge of Home Savings' counsel.

(4) The favorable opinion, dated as of Closing Time, of Housley Goldberg & Kantarian, P.C., counsel for the Agent, with respect to the matters set forth in clauses (i), (vii) (with respect to the issuance of the Conversion Stock only) and (ix) (with respect to this Agreement only) of subsection (b)(1) and clause (iv) of subsection (b)(2) of this Section.

In rendering such opinion, Housley Goldberg & Kantarian, P.C. may rely on the opinions of Jerome C. Herring, Esq. or counsel to Home Savings as to matters of North Carolina law as such counsel deems proper in the exercise of its judgment.

In giving their opinions, each counsel specified in this Section 5(b) shall additionally state that nothing has come to such counsel's attention that would lead such counsel to believe that the Registration Statement

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(except as to financial statements, notes to financial statements, financial tables and other financial and statistical data contained therein and Agent's information as to which counsel need not comment), at the Effective Time (or if an amendment to the Registration Statement has been filed by the Company with the Commission subsequent to the Effective Time, then at the time of the effectiveness of the most recent such amendment), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, at the date thereof or at Closing Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statement therein, in the light of the circumstances under which they were made, not misleading.

Jerone C. Herring, Esq., Arnold & Porter, Brooks, Pierce, McLendon, Humphrey & Leonard, L.L.P. and Housley Goldberg & Kantarian, P.C. may rely (i) upon certificates of appropriate government or regulatory officials, (ii) as to matters of fact, upon certificates and written statements of officers and employees of and accountants for the Company, or any of its subsidiaries, or Home Savings, and (iii) as to matters of law as to which such counsel is not qualified to opine, on one or more opinions of local counsel in form and substance satisfactory to counsel to the Agent. In addition, Jerone C. Herring, Esq. may rely on one or more opinions of counsel in form and substance satisfactory to counsel to the Agent with respect to the incorporation and activities of any savings association or savings bank subsidiary of the Company.

(c) (1) At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development that could reasonably be expected to result in a material adverse change in the condition, financial or otherwise, or in the earnings or business affairs of the Company, or of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Agent shall have received a certificate of the Chairman and the principal financial or accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change or development; (ii) the representations and warranties in Section 1 hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time; (iii) the Company has complied with all agreements and

satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time; (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and, to such persons' knowledge, no proceedings for the purpose have been initiated or threatened by the Commission; and (v) no order suspending any of the Offerings has been issued and, to such persons' knowledge, no proceedings for that purpose have been initiated or threatened by the Commission, the Administrator or any State Commissioner and no person has sought to obtain reconsideration or judicial review of the action of the Administrator in approving the Plan in accordance with the North Carolina Conversion Law and Regulations or of the Federal Reserve Board or the Administrator in approving the Acquisition.

(2) On the date hereof and at Closing Time there shall not have been, since the date hereof (in the case of Closing Time) or since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development that could reasonably be expected to result in a material adverse change in the condition, financial or otherwise, or in the earnings or business affairs of Home Savings, whether or not arising in the ordinary course of business, and the Agent shall have received a certificate of the President and the principal financial or accounting officer of Home Savings, dated the date hereof or as of Closing Time, as the case may be, to the effect that (i) there has been no such material adverse change or development; (ii) the representations and warranties in Exhibit A hereto are true and correct with the same force and effect as though expressly made at and as of the date hereof or Closing Time, as the case may be; and (iii) to such persons' knowledge, no order suspending any of the Offerings have been issued and no proceedings for that purpose have been initiated or threatened by the Administrator or any other agency, body or authority and no person has sought to obtain reconsideration or judicial review of the action of the Administrator in approving the Plan in accordance with the North Carolina Conversion Law and Regulations.

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(d) At the time of the execution of this Agreement, the Agent shall have received from KPMG Peat Marwick a letter dated such date, in form and substance satisfactory to the Agent, to the effect that (i) they are with respect to the Company and its subsidiaries independent public accountants within the meaning of the 1933 Act and the 1933 Act Regulations; (ii) it is their opinion that the consolidated financial statements and supporting schedules audited by them and included or incorporated by reference in the Registration Statement and the Prospectus comply as to form in all material respects with the applicable accounting requirements of the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations (including Commission Regulation S-X); (iii) based upon limited procedures set forth in detail in such letter, nothing has come to their attention which causes them to believe

that (A) the unaudited consolidated interim financial statements and supporting schedules of the Company and its subsidiaries included or incorporated by reference in the Registration Statement and the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations (including Commission Regulation S-K, Item 301 with respect to the selected financial data of the Company), or that any material modifications should be made to such statements for them to be in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement and the Prospectus, (B) at a specified date not more than five days prior to the date of this Agreement, there have been any changes in the capital stock or consolidated long-term debt of the Company and its consolidated subsidiaries or any increases in consolidated short-term borrowed funds of the Company or any decreases in consolidated total assets or stockholders' equity of the Company and subsidiaries, in each case as compared with the amounts shown in the June 30, 1993 consolidated financial statements of the Company or, during the period from June 30, 1993 to a specified date not more than five days prior to the date of this Agreement, there were any decreases, as compared with the corresponding period of the preceding year, in consolidated interest income, net interest income, income before income taxes or net income of the Company and its subsidiaries, except in all instances for increases or decreases which the Registration Statement and the Prospectus disclose have occurred or may occur or increases or decreases which are disclosed in such letter, and (C) the unaudited pro forma consolidated condensed financial statements included or incorporated by reference in the Registration Statement and the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Commission Regulation S-X and that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements; (iv) in addition to the examination referred to in their opinion and the limited procedures referred to in clause (iii) above, they have carried out certain specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information which are derived from the accounting, financial and other records of the Company and its subsidiaries, Home Savings, and the entities involved in the Pending Acquisitions and the respective subsidiaries thereof together with any other subsidiaries, which are included or incorporated by reference in the Registration Statement and the Prospectus and which are specified by the Agent, and have found such amounts, percentages and financial information to be in agreement with the relevant accounting, financial and other records of the Company and its subsidiaries.

(e) At Closing Time, the Agent shall have received from KPMG Peat Marwick a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (d) of this Section (except that the specified date referred

to shall be a date not more than five days prior to Closing Time) and stating that they have updated their opinion to the Boards of Directors of the Company and Home Savings included as an exhibit to the Registration Statement as to certain income tax consequences of the Conversion Merger and Acquisition.

(f) At Closing Time, the Agent shall have received a letter from Trident Financial Corporation ("Trident Financial"), dated as of Closing Time, (i) confirming that Trident

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Financial is independent of the Company, Home Savings and their respective subsidiaries and is experienced and expert in the area of corporate appraisals within the meaning of Rule .0717(a) of the North Carolina Conversion Law and Regulations, (ii) stating that the appraisal prepared by Trident Financial with regard to Home Savings complies in all material respects with the applicable requirements of the North Carolina Conversion Law and Regulations, and (iii) further stating that their opinion of the pro forma market value of Home Savings expressed in its appraisal as of October 18, 1993 and as most recently updated, remains in effect.

(g) At Closing Time, counsel for the Agent shall have been furnished with such documents, certificates and opinions as such counsel may reasonably require which confirm the satisfactory completion of all conditions to the Conversion Merger and Acquisition and for the purpose of enabling them to pass upon the sale of the Conversion Stock to be issued and sold in the Offerings as herein contemplated and related proceedings or in order to evidence the accuracy or completeness of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the sale of the Conversion Stock to be issued and sold in the Offerings as herein contemplated shall be reasonably satisfactory in form and substance to the Agent and counsel for the Agent.

If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Agent by notice to the Company at any time at or prior to Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 hereof.

SECTION 6. INDEMNIFICATION. (a) In addition to any rights to indemnification granted to the Agent by this or any other agreement, the Company agrees to indemnify and hold harmless the Agent, and each person, if any, who controls the Agent within the meaning of Section 15 of the 1933 Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in

the Registration Statement in the form in which it initially became effective (or in any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in the Prospectus or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expenses whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all reasonable expense, whatsoever (including the fees and disbursements of counsel chosen by the Agent), as incurred, reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that the indemnity agreement in this subsection (a) shall not apply to any loss, liability, claim, damage or expense to the extent it arises out of any untrue statement or omission or alleged untrue statement or omission made in the Registration Statement (or in any amendment thereto) or in the Prospectus in reliance upon and in conformity with the Agent's Information or written information furnished to the Company by the Agent expressly for use in the Registration Statement or the Prospectus and included under the caption "The

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Offerings -- Plan of Distribution" (if any such Agent's Information or other information is included therein) and on the front cover page of the Prospectus.

(b) The Agent agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or in any amendment thereto) or the Prospectus under the caption "The Offerings -- Plan of Distribution" (if any such Agent's Information or other is included therein) and on the front cover page of the Prospectus in reliance upon and in conformity with the Agent's Information or written information furnished to the Company by

such Agent expressly for use in the Registration Statement or the Prospectus.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure so to notify an indemnifying party shall not relieve such indemnifying party from any liability which it may have otherwise than on account of the indemnity agreement in this Section 6. An indemnifying party may participate at its own expense in the defense of any such action. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel or any other counsel specially retained by counsel) separate from their own counsels for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegation or circumstances.

SECTION 7. CONTRIBUTION. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 6 hereof is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company and the Agent shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity agreement incurred by the Company and the Agent, as incurred, in such proportions that the Agent is responsible for that portion represented by the percentage that the commission it receives pursuant to Section 2 hereof bears to the aggregate offering price of the Conversion Stock (including such commissions) and the Company is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls the Agent within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Agent, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act shall have the same rights to contribute as the Company.

SECTION 8. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements contained in this Agreement, or contained in certificates of officers of the Company and Home Savings submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Agent or any controlling person thereof, or by or on behalf of the Company and Home Savings, and shall survive delivery of the Conversion Stock.

SECTION 9. TERMINATION OF AGREEMENT. (a) The Agent may terminate this Agreement, by notice to the Company at any time at or prior to Closing Time (i) if there has been, since the date of this Agreement or since the respective dates as of which information is given in the Registration Statement, any material adverse change or any development that could reasonably be expected to result in a material adverse change in the condition, financial or otherwise, or the earnings or business affairs of the Company, or the Company and its subsidiaries considered as one enterprise, or Home Savings and its subsidiaries

considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets of the United States or any outbreak or escalation of hostilities or other calamity or crises the effect of which on the financial markets of the United States is such as to make it, in the judgment of the Agent, impracticable to market the Shares or to enforce contracts for the sale of Shares, or (iii) if (A) trading in the Common Stock on the NASDAQ/NMS has been suspended, or (B) trading generally on the NASDAQ/NMS, the American Stock Exchange or the New York Stock Exchange has been suspended, or (C)

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minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by the NASDAQ/NMS, the American Stock Exchange or the New York Stock Exchange or by order of the Commission or any other governmental authority, or (iv) if a banking moratorium has been declared by federal, New York or North Carolina authorities.

(b) The Company, upon written notice, may terminate this Agreement with respect to the Agent upon a material breach hereof by such Agent.

(c) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof.

SECTION 10. CONFIDENTIALITY; COOPERATION.

(a) The Agent shall not without the written consent of the Company disclose material nonpublic information contained in any regulatory report of the Company if disclosure thereof would in its reasonable judgment violate any federal law or regulation.

(b) The Agent agrees to cooperate with the Company and Home Savings in connection with the performance of its duties hereunder.

SECTION 11. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed, sent by overnight delivery services or transmitted by any standard form of telecommunication as provided below:

If to the Agent:

Trident Securities, Inc.
4601 Six Forks Road, Suite 400
Raleigh, North Carolina 27609
Attention: William M. Moore, Jr.
Facsimile No.: (919) 787-1670

with a copy to:

Housley Goldberg & Kantarian, P.C.
1220 19th Street, N.W., Suite 700
Washington, D.C. 20036
Attention: Gary R. Bronstein, Esq.

If to the Company:

BB&T Financial Corporation
225 West Nash Street
Wilson, North Carolina 27893
Attention: Scott E. Reed
Facsimile No.: (919) 399-4871

with a copy to:

Arnold & Porter
1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036
Attention: L. Stevenson Parker, Esq.
Facsimile No.: (202) 872-6720

SECTION 12. PARTIES. This Agreement shall inure to the benefit of and be binding upon the Agent, the Company and its successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation (including, without limitation, any depositor, creditor, borrower or member of Home Savings), other than the Agent, the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 hereof and their heirs and legal representatives, any legal or equitable right, remedy or claim, whether as a third party beneficiary or otherwise under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Agent, the Company, their respective

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successors, and such controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation.

SECTION 13. GOVERNING LAW AND TIMES. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina applicable to agreements made and to be performed in such State. Specified times of day refer to Eastern Time.

SECTION 14. COUNTERPARTS. This Agreement may be executed in any number of identical counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement.

SECTION 15. AMENDMENT. This Agreement may be amended only by a subsequent writing signed by the Agent and the Company.

SECTION 16. HEADINGS. The index, headings and subheadings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

SECTION 17. ENTIRE AGREEMENT. This Agreement, together with the exhibits and

schedules thereto, and any terms incorporated by reference herein, constitutes the entire understanding between and among the Parties with respect to the subject matter hereof and shall supersede any prior agreements and understandings among the parties with respect to such subject matter.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument along with all counterparts will become a binding agreement between the Agent and the Company in accordance with its terms.

Very truly yours,

BB&T FINANCIAL CORPORATION

By:

Name: Scott E. Reed
Title: Senior Executive Vice President

CONFIRMED AND ACCEPTED,
as of the date first above written:

TRIDENT SECURITIES, INC.

By:

Name: Timothy E. Lavelle
Title: President

Home Savings hereby joins in the foregoing Agreement, undertakes that it will be bound thereby and that it will do and perform all the acts therein provided to be done by it.

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

By:

Name: Carl M. Hill
Title: President and Chief Executive Officer

REPRESENTATIONS AND WARRANTIES
OF
HOME SAVINGS BANK OF ALBEMARLE, S.S.B.

All capitalized terms used but not defined in this Exhibit shall have the respective meanings thereof assigned in the Agency Agreement to which this is an Exhibit.

Home Savings makes the following representations and warranties to the Agent pursuant to Section 5(c)(2) of the Agency Agreement:

(i) (a) At the Effective Time, the Registration Statement and the Prospectus, insofar as they relate to Home Savings, complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations, and the Registration Statement, insofar as it relates to Home Savings, did not contain an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and, at the Effective Time (unless the term "Prospectus" refers to a prospectus used in connection with the Subscription Offering or the Community Offering which differs from the Prospectus on file with the Commission at the Effective Time, in which case at the time such prospectus is first used in the Subscription Offering or the Community Offering) and at Closing Time, the Prospectus and Annexes thereto and any supplemental sales literature authorized by the Company or Home Savings for use in connection with the Subscription Offering or the Community Offering, insofar as they relate to Home Savings (when read in conjunction with the Prospectus) did not or will not, as the case may be, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to the Agent's Information. There are no contracts, indentures, mortgages, loan agreements, notes, leases or other agreements or instruments to which Home Savings is a party to or to which any of them or their respective properties and assets are subject or bound, which are required by the 1933 Act and 1933 Act Regulations or the North Carolina Conversion Law and Regulations, to be described or incorporated by reference in the Prospectus or described in or filed or incorporated by reference as exhibits to the Registration Statement, the Conversion Application, as defined hereinafter, or the Proxy Statement, as defined hereinafter, which have not been so described, filed or incorporated by reference.

(b) Home Savings was and is exclusively responsible for the information concerning Home Savings and its subsidiaries contained in the Conversion Application, as defined hereinafter, and Prospectus and Annexes thereto (the Prospectus and Annexes thereto collectively referred to as the "Proxy Statement"), and in any amendments or supplements thereto. Home Savings will make such changes, and provide such supplements or amendments, to the Conversion Application, as defined hereinafter, the Proxy Statement, and any marketing material related to Home Savings' solicitation of proxies (the "Proxy

Solicitation") with respect to the Conversion Merger and/or the Offerings, which, in the opinion of the Agent and its counsel (and not reasonably objectionable to Home Savings and its counsel), are necessary or desirable to comply in all material respects with all applicable statutes, rules and regulations with respect to such Proxy Statement, the Prospectus and materials related to the Proxy Solicitation and/or the Offerings (collectively, the "Disclosure Requirements"). The Proxy Statement does not and will not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements contained therein not misleading at the time such documents are filed with the Administrator, when the Proxy Statement becomes effective and at the date the Proxy Statement is first mailed to Voting Members. Home Savings has mailed or caused to be mailed the Proxy Statement together with all related Proxy Solicitation materials, in forms in compliance with the applicable regulations, including, without limitation, the North Carolina Conversion Law and Regulations, to each depositor, borrower or other voting member of Home Savings entitled to receive such a Proxy Statement under the North Carolina Conversion Law and Regulations, on a timely basis and in the manner and form required by the North Carolina Conversion Law and Regulations.

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(ii) Each time a post-effective amendment to the Registration Statement became or becomes, as the case may be, effective, the Registration Statement and the Prospectus insofar as they relate to Home Savings, complied or will comply, as the case may be, in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations, and the Registration Statement, insofar as it relates to Home Savings, did not or will not, as the case may be, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus, insofar as it relates to Home Savings, each time a post-effective amendment to the Registration Statement became or becomes effective (unless the term "Prospectus" refers to a prospectus which has been provided to the Agent by the Company for use in connection with the Offerings which differs for the applicable Prospectus on file at the Commission at the time such post-effective amendment to the Registration Statement became or becomes, as the case may be, effective, in which case at the time it is first provided to the Agent for such use) and at Closing Time, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to the Agent's Information.

(iii) Pursuant to Article 3 of Chapter 54C of the NCGS and the rules and regulations promulgated thereunder by the Administrator, including all published interpretations, rulings and decisions of the Administrator issued thereunder and all waivers, interpretations and orders issued by the Administrator to Home Savings thereunder (the "North Carolina Conversion Law and Regulations"), Home Savings has filed with the Administrator an application for conversion (the

"Conversion Application") and has filed such amendments thereto and supplementary materials as may have been required to the date hereof, including copies of the Proxy Statement and the Prospectus. Home Savings will promptly file the Prospectus with the Administrator and will promptly file such further amendments and supplements to the Conversion Application as may be necessary or desirable in connection with the Conversion Merger and Acquisition. At the date hereof and at all times subsequent hereto, up to and including the Closing Time, the Conversion Application complies and will comply in all material respects with the applicable provisions of the North Carolina Conversion Law and Regulations (including the Administrator's interpretations thereunder). The Administrator has, by letter dated November 12, 1993, approved the Conversion Application, and such approval remains in full force and effect.

(iv) The Proxy Statement, form of proxy, notice of meeting and any other communication, written or oral, used in the Proxy Solicitation have complied and will comply in all material respects with the applicable provisions of the North Carolina Conversion Law and Regulations and at the time of their use did not contain any statement which, at the time and in light of the circumstances under which it was made, was false or misleading with respect to any material fact, or which omitted to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in an earlier communication with respect to the Proxy Solicitation which had become false or misleading, and at the time of mailing, Home Savings had received all required authorizations of the Administrator for the use of such Proxy Statement and the other Proxy Solicitation materials; the Prospectus and any supplemental sales literature authorized in writing by an Authorized Officer or by Home Savings for use in connection with the Subscription Offering or the Community Offering are in compliance in all material respects with the applicable provisions of the North Carolina Conversion Law and Regulations and, at or prior to the Effective Time, received all required authorizations of the Administrator for use in final form.

(v) At Closing Time, the Plan and the Conversion Agreement shall have been duly adopted by Home Savings by all necessary action of its board of directors and voting members, and such approvals shall remain in full force and effect through the Closing Time.

(vi) At Closing Time, Home Savings shall have completed all the conditions precedent to the Conversion and Acquisition in accordance in all material respects with the Plan, the Conversion Agreement, the North Carolina Conversion Law and Regulations and all other applicable laws, regulations, decisions and orders, including all material terms, conditions, requirements and provisions precedent to the Conversion Merger and Acquisition imposed upon Home Savings by the Administrator other than those which the Administrator expressly permitted to be completed after the Conversion Merger and Acquisition becomes effective. At Closing Time, Home Savings shall have no knowledge or notice that any person has sought or intends to seek to obtain reconsideration or judicial review of the final action of the Administrator in approving the Plan or otherwise.

(vii) Trident Financial, which prepared the valuation of Home Savings as part of the Conversion Merger and Acquisition, is independent with respect to Home Savings within the meaning of the North Carolina Conversion Law and Regulations.

(viii) The accountants who certified the financial statements and supporting schedules of Home Savings forming the bases of the financial and/or statistical information relating to Home Savings included or incorporated by reference in the Prospectus, Proxy Statement and/or the Registration Statement were at the time of such certification independent within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants and its interpretations and rulings and independent public accountants as required by the 1933 Act and 1933 Act Regulations; and such accountants were at the time of such certification, with respect to Home Savings and its subsidiaries, independent auditors within the meaning of the rules, regulations, resolutions and practice of the Administrator relating to North Carolina savings banks and savings and loan associations.

(ix) The financial statements of Home Savings that form the basis for the financial and/or statistical information regarding Home Savings included or incorporated by reference in the Registration Statement, Prospectus and the Proxy Statement present fairly the financial position of Home Savings as of the dates indicated and the results of their operations and cash flows for the periods specified and no other financial statements of Home Savings are required to be included in the Proxy Statement or the Conversion Application; except as otherwise stated in the Registration Statement or the Prospectus and the Proxy Statement, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis and such financial statements are consistent in all material respects with financial statements and other reports filed by Home Savings with the FDIC and the Administrator except that the accounting principles employed in such other filings conform to the requirements of the FDIC and the Administrator and not necessarily to generally accepted accounting principles.

(x) Since the respective dates as of which information is given in the Registration Statement, the Prospectus and the Proxy Statement, except as otherwise stated therein, (A) there has not been any material adverse change in the condition, financial or otherwise, or the earnings, business affairs or business prospects of Home Savings, whether or not arising in the ordinary course of business, and (B) there have not been any transactions entered into by Home Savings, other than those in the ordinary course of business, which are material to Home Savings.

(xi) Home Savings possesses such licenses, permits and other governmental and regulatory authorizations as are required for the conduct of its business; all such licenses, permits and other governmental and regulatory authorizations are in full force and effect and Home Savings is in all material respects complying therewith; Home Savings has not received notice of any proceeding or action relating to the revocation or modification of any such license, permit or other governmental or regulatory authorization which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, might

have a material adverse effect on the conduct of the business or the condition, financial or otherwise, or the earnings, business affairs or business prospects of Home Savings.

(xii) At the Closing Time, the shares of Home Savings Common Stock to be issued to the Company pursuant to the Plan and the Conversion Agreement shall have been duly and validly authorized for issuance and, when issued and delivered by Home Savings pursuant to the Plan and Conversion Agreement against payment therefor in the amount of all net proceeds from the sale of the Conversion Stock pursuant to the Plan, will be duly and validly issued and fully paid and non-assessable and will be issued to the Company free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim, created, permitted or suffered by Home Savings.

(xiii) Upon consummation of the Conversion Merger and Acquisition, liquidation accounts for the benefit of eligible account holders and supplemental eligible account holders, if any, of Home Savings will have been duly established in accordance with the requirements of the North Carolina Conversion Law and Regulations. In the event of a complete liquidation of Home Savings or any successor thereto, including, without limitation, BB&T-NC, each eligible account holder and each supplemental eligible account holder, if any, who continues to maintain a deposit account in Home Savings or in such successor thereto and will be entitled to

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receive a liquidation distribution to the extent specified in the North Carolina Conversion Law and Regulations from the liquidation account at Home Savings or its successors in the amount of the then current adjusted subaccount balance for each of such eligible account holders' or supplemental eligible account holders' deposit accounts then held, before any liquidation distribution may be made to the holders of shares of capital stock of Home Savings or its successors.

(xiv) Home Savings is a North Carolina chartered mutual savings bank and at Closing Time will be a North Carolina chartered stock savings bank, in each case with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Proxy Statement and the Prospectus. Home Savings is in good standing under the laws of the United States and the State of North Carolina, and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification or good standing is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects of Home Savings and its subsidiaries considered as one enterprise: Home Savings does not have any direct or indirect subsidiaries and does not own, beneficially or otherwise, more than 5% of a class of equity securities of any other entity.

(xv) Home Savings is a member in good standing of the Federal Home Loan

Bank of Atlanta; the deposit accounts of Home Savings are insured by SAIF to the fullest extent allowable under law and no proceedings for the termination or revocation of such insurance are pending or, to the knowledge of Home Savings, threatened.

(xvi) Home Savings has taken all corporate action necessary to adopt and perform the Plan, and to execute, deliver and perform the Conversion Agreement, and the Conversion Agreement is a valid and binding agreement of Home Savings enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, reorganization, insolvency, receivership, conservatorship, moratorium or similar laws affecting creditors' rights generally and by judicial limitations on equitable remedies and except as the enforceability of the indemnification and contribution provision may be limited by applicable securities laws.

(xvii) Home Savings is not in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, license, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which Home Savings is a party or by which it may be bound or to which any of the property or assets of Home Savings is subject, which violation or default might have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects of Home Savings. The adoption and performance of the Plan, and the execution, delivery and performance of the Conversion Agreement, the issuance and delivery to the Company of Home Savings Common Stock and the consummation of the transaction contemplated herein, therein and thereby will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of Home Savings pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which Home Savings is a party or by which it may be bound, or to which any of the property or assets of Home Savings is subject (other than certain insurance policies now held for the benefit of Home Savings, its officers, directors and others which will be cancelled as a result of the consummation of the transactions contemplated by the Conversion Agreement and the Plan), nor will such action result in any violation of the provisions of the charter or by-laws of Home Savings or any applicable law, rule, regulation, or court, administrative or arbitration decree, resolution, order or decision which breach, default, creation, imposition or violation might have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects of Home Savings.

(xix) Home Savings has good and marketable title to all properties and assets for which ownership is material to the business of Home Savings, and to those properties and assets described in the Prospectus and/or the Proxy Statement as owned by it, free and clear of all security interests, liens, mortgages, charges, pledges, encumbrances, restrictions or adverse claims; and all of the leases and subleases material to the business of Home Savings under which Home Savings holds properties, including, without limitation, those described in the Prospectus and/or the Proxy Statement, are valid, subsisting and binding.

(xx) Home Savings is not in violation of any directive, order, agreement, resolution or understanding of kind (regardless of form) from or with the FDIC or the Administrator specifying any material restriction of, or requiring any material change in, Home Savings' conduct of its business. Home Savings has conducted and are conducting their businesses so as to comply in all material respects will all applicable statutes and regulations (including, without limitation, all regulations, decisions, directives and orders of the Administrator and the FDIC); there is no charge, investigation, action, suit or proceeding before or by any court, governmental, regulatory or arbitration agency, body or authority, domestic or foreign, now pending or, to the knowledge of Home Savings, threatened against Home Savings which is required to be disclosed in the Registration Statement and the Prospectus and/or the Proxy Statement (other than as disclosed therein), or which might have a material adverse effect on the condition, financial or otherwise, or the earning, business affairs or business prospects of Home Savings, or which might materially and adversely affect the properties or assets thereof or which would materially and adversely affect the performance of the Plan or Conversion Agreement, the issuance and delivery of Home Savings Common Stock or the Conversion Stock or the consummation of the transactions herein, therein or thereby contemplated. All pending legal, governmental, regulatory and arbitration proceedings to which Home Savings is a party or of which any of their respective properties or assets is the subject which are not described in the Prospectus and/or the Proxy Statement, including ordinary routine litigation incidental to their businesses, are, considered in the aggregate, not material. There are no contracts, indentures, mortgages, loan agreements, notes, leases or other agreements or instruments to which Home Savings is a party which are required by the 1933 Act, the 1933 Act Regulations or the North Carolina Conversion Law and Regulations to be described or incorporated by reference in the Prospectus or described, filed or incorporated by reference as exhibits to the Registration Statement and/or Proxy Statement or the Conversion Application which have not been so described, filed or incorporated by reference.

(xxi) Home Savings has filed all necessary federal, state and foreign income, franchise, intangible and other tax returns and have paid all taxes shown as due thereon (or obtained appropriate extension); except for matters referred to in the Prospectus or the Proxy Statement, there are no tax deficiencies which have been asserted or threatened against Home Savings which, individually or in the aggregate, might have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects of Home Savings. The federal income tax returns of Home Savings have not been audited through September 30, 19__ and there is no liability for federal income tax asserted against Home Savings for any year prior to the tax liabilities for Home Savings' current tax year, all of which have accrued, and all payment of which have been made in full prior to delinquency.

(xxii) Home Savings maintains insurance of the type and in the amounts generally deemed adequate for its business and consistent with insurance

maintained by similar companies in similar businesses, including, but not limited to, general liability insurance, product liability insurance and insurance covering all real and personal property owned or leased by Home Savings against theft, damage, destruction, acts of vandalism and all other risks customarily insured against, all of which insurance is in full force and effect.

(xxiii) Home Savings is in compliance in all material respects with the applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transaction Reporting Act of 1970, as amended, and the regulations and rules thereunder.

(xxiv) No approval, authorization, consent or other order of any public, governmental or board, or body is required for the execution and delivery by Home Savings of the Conversion Agreement, the issuance of Home Savings Common Stock or the Conversion Stock, or the consummation of the Conversion Merger and Acquisition except as indicated in the Blue Sky Survey delivered to the Agent.

(xxv) The various certificates and other facts presented in support of the tax opinions to be rendered in connection with the Conversion Merger by KPMG Peat Marwick, insofar as they relate to Home Savings, are true, correct and complete in all material respects, and Home Savings has not and will not take any action inconsistent with such facts.

(xxvi) No labor dispute by the employees of Home Savings exists or, to Home Savings' knowledge, is threatened, which might have a material adverse effect upon the conduct of the business or on the condition, financial or otherwise, or the earnings, business affairs or business prospects of Home Savings.

(xxvii) During the period when the Prospectus is required to be delivered, Home Savings will comply, at its own expense, with all requirements imposed upon it by the Commission, the FDIC, or the Administrator, as the case may be, by the applicable rules and regulations of and laws administered by the Commission, the FDIC or the Administrator, including the North Carolina Conversion Law and Regulations, the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations (including, without limitation, Rule 10b-6 under the 1934 Act), insofar as necessary to permit the continuance of sales or dealing in shares of Common Stock during such period in accordance with the provisions hereof and the Prospectus.

(xxviii) Other than as permitted by the North Carolina Conversion Law and Regulations, the 1933 Act and the 1933 Act Regulations, Home Savings shall not distribute any prospectus, offering circular or other offering material or any proxy solicitation material in connection with the offering and sale of the Conversion Stock or the solicitation of proxies with respect to the meeting of Home Savings' voting members to be held to consider and vote upon the Conversion Merger and Acquisition. Any such material shall be delivered to the Agent a reasonable time before its intended use and filing with the Administrator, and

no filing or use shall be made thereof unless expressly permitted by the Agent, and as permitted by the Commission and/or the Administrator.

(xxix) To the best of Home Savings' knowledge, the records of account holders, depositors, borrowers and other members of Home Savings which have been delivered to the Agent by or on behalf of Home Savings, or to the Conversion Agent for use during the Conversion Merger, are reliable and accurate in all material respects.

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

155 West South Street
Albemarle, North Carolina 28002

PLAN OF CONVERSION

May 27, 1993

As amended on December 13, 1993 and December 21, 1993

SECTION 1. INTRODUCTION

By Resolutions adopted on May 27, 1993, the Board of Directors of Home Savings Bank of Albemarle, S.S.B. ("Savings Bank"), a North Carolina chartered mutual savings bank headquartered in Albemarle, North Carolina, the deposit accounts of which are insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, has adopted this Plan of Conversion, whereby (i) the Savings Bank will convert in a Stock Conversion from a North Carolina chartered mutual savings bank to a North Carolina chartered stock savings bank; (ii) all shares of capital stock issued by the Savings Bank in the Stock Conversion will be acquired in an Acquisition by BB&T Financial Corporation ("Acquiror"), a North Carolina corporation; and (iii) as soon as practicable after the Stock Conversion and the Acquisition, and after any interim steps as may be necessary or advisable, the Savings Bank will be merged or otherwise consolidated in a Merger with and into Branch Banking and Trust Company (the "Bank"), a North Carolina chartered commercial bank and a wholly owned subsidiary of the Acquiror. The Board of Directors amended this Plan of Conversion on December 13, 1993 and December 21, 1993.

In connection with the Stock Conversion, rights to subscribe for shares of Common Stock of the Acquiror will be offered first to an Employee Stock Ownership Plan and Trust to be established by the Acquiror for the benefit of the employees of the Savings Bank, and then to the Savings Bank's Eligible Member Subscribers and Voting Members in a Subscription Offering in accordance with this Plan of Conversion. The shares of Common Stock of the Acquiror, if any, that are offered but not sold in the Subscription Offering will be offered to Community Offering Residents in a Community Offering. It is currently anticipated that the shares of Common Stock not sold in the Subscription Offering and the

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Community Offering will not be sold in a public offering or otherwise pursuant to this Plan of Conversion.

SECTION 2. DEFINITIONS

As used herein, unless the context otherwise requires, the following terms shall have the following meanings:

"ACQUIROR" shall mean BB&T Financial Corporation, a North Carolina corporation which is a bank holding company under the Bank Holding Company Act of 1956, as amended, located at 223 West Nash Street, Wilson, North Carolina 27893.

"ACQUISITION" shall mean the acquisition by the Acquiror of all of the Conversion Shares, in accordance with, and subject to the terms and conditions of, the Conversion Plan and the Agreement.

"ACTING IN CONCERT" shall mean:

(a) knowing participation in a joint activity or interdependent conscious parallel action towards a common goal whether or not pursuant to an express agreement; or

(b) a combination or pooling of voting or other interests in the securities of an issuer for a common purpose pursuant to any contract, understanding, relationship, agreement or other arrangement, whether written or otherwise.

A person which acts in concert with another person ("Other Party") shall also be deemed to be acting in concert with any person that also is acting in concert with that Other Party, except that any tax-qualified employee stock benefit plan, such as the Home Savings ESOP, or any other employee stock ownership plan established by BB&T under the BB&T Savings and Thrift Plan, will not be deemed to be acting in concert with its trustee or a person who serves in a similar capacity.

"ADMINISTRATOR" shall mean the Administrator of the Savings Institutions Division of the North Carolina Department of Commerce.

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"AFFILIATE" shall mean, with respect to any person, a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the person specified.

"AGREEMENT" shall mean the Agreement and Plan of Reorganization dated as of May 27, 1993, as it may be amended from time to time, between the Savings Bank and the Acquiror, providing for the Stock Conversion, the Acquisition and the Merger.

"APPRAISED VALUE" shall mean the estimated pro forma market value of the

Savings Bank as a capital stock institution, as determined by the Independent Appraiser in accordance with the Regulations and Section 4.1(b) of the Conversion Plan.

"ASSOCIATE" shall mean, with respect to any person:

(a) any company (other than the Savings Bank) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities;

(b) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, except for a tax-qualified employee stock benefit plan; or

(c) any relative or spouse of such person who has the same home as such person.

"BANK" shall mean Branch Banking and Trust Company, a North Carolina chartered commercial bank and wholly owned subsidiary of the Acquiror.

"BB&T MARKET PRICE" shall mean the last sale price on the Nasdaq National Market System of a share of Common Stock prior to the close of business on the day of the expiration of the Community Offering, rounded to the nearest cent (with any amount equal to \$.0050 rounded to the next higher \$.01).

"BOARD OF DIRECTORS" shall mean the board of directors of the Savings Bank.

"CLOSING DATE" shall mean the effective date on which the Stock Conversion and the Acquisition are consummated.

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"COMMON STOCK" shall mean the common stock, par value \$2.50 per share, of the Acquiror, shares of which are to be offered pursuant to the Conversion Plan.

"COMMUNITY EXPIRATION DATE" shall mean that date by which Order Forms distributed in connection with the Community Offering must be received by the Conversion Information Center, a customer service representative at any of the Savings Bank's offices or, if hand delivered, at an office of the Bank in Davidson County or Mecklenberg County, together with payment for the subscribed Subscription Shares, in accordance with Section 8.3 of the Conversion Plan, which date shall be determined by the Savings Bank and shall not be less than 20 days after Order Forms are first made available to Community Offering Residents pursuant to Section 7.1(b) of the Conversion Plan and not more than 45 days after the close of the Subscription Offering in accordance with Section 7.1(a) of the Conversion Plan.

"COMMUNITY OFFERING" shall mean the offering for sale of Subscription Shares to Community Offering Residents concurrently with the Subscription

Offering in accordance with Section 7 of the Conversion Plan.

"COMMUNITY OFFERING PURCHASERS" shall mean Community Offering Residents who subscribe for shares in the Community Offering.

"COMMUNITY OFFERING RESIDENTS" shall mean (i) individuals who are residents of Anson County, Cabarrus County, Davidson County, Mecklenberg County, Montgomery County, Rowan County, Stanly County, or Union County, North Carolina; (ii) corporations, partnerships, joint ventures, sole proprietorships and similar business entities which are headquartered in any of the counties listed in clause (i); and (iii) Individual Retirement Accounts, Keogh Plans and similar retirement plans established by or for the benefit of those individuals described in clause (i).

"COMPANY" shall mean any corporation, partnership, association, joint-stock company, trust, unincorporated organization or similar entity.

"CONVERSION INFORMATION CENTER" shall mean the center at 155 West South Street, Albemarle, North Carolina (or such other location or locations as the Savings Bank may select) where Subscribers may send or hand deliver Order Forms, together with full payment (or in the case of the Home Savings ESOP, Eligible Member

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Subscribers and Voting Members, if they so elect, instructions for payment in accordance with Section 8.3(c) for the subscribed Subscription Shares in the Subscription Offering and the Community Offering.

"CONVERSION PLAN" shall mean this Plan of Conversion, including any amendment hereto approved pursuant to Section 11.5.

"CONVERSION SHARES" shall mean all shares of the common stock of the Savings Bank issued to the Acquiror in the Stock Conversion and the Acquisition.

"DETERMINATION DATE" shall mean the date as of which the Savings Bank's Net Worth is determined for purposes of the Liquidation Account, which date shall be the latest date as of which, under the Regulations, such determination may be made.

"ELIGIBILITY RECORD DATE" shall mean the close of business on January 31, 1993.

"ELIGIBLE MEMBER SUBSCRIBER" shall mean any holder of a Qualifying Deposit or a Qualifying Borrowing on the Eligibility Record Date.

"ESTIMATED VALUATION RANGE" shall mean the estimated pro forma valuation range of the Savings Bank as a capital stock institution, as determined by the Independent Appraiser in accordance with Section 4.1(b) of the Conversion Plan.

"FDIC" shall mean the Federal Deposit Insurance Corporation.

"GROUP" shall mean any two or more persons who are acting in concert with respect to the activity or object in question.

"HOME SAVINGS ESOP" shall mean the Employee Stock Ownership Plan and Trust to be established by the Acquiror for the benefit of the employees of the Savings Bank.

"INDEPENDENT APPRAISER" shall mean the firm of appraisers retained by the Savings Bank pursuant to Section 4.1(b) of the Conversion Plan, which firm shall be (a) independent of the Savings Bank, the Acquiror and their respective Affiliates and Associates, (b) experienced and expert in assessing the market value of financial

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institutions and (c) acceptable to the Administrator and the Acquiror.

"LIQUIDATION ACCOUNT" shall mean the account established and maintained by the Savings Bank pursuant to Section 10.2 of the Conversion Plan upon the Stock Conversion for the benefit of Eligible Member Subscribers who held a Qualifying Deposit on the Eligibility Record Date.

"MERGER" shall mean the merger or consolidation of the Savings Bank with and into the Bank.

"NASDAQ" shall mean the National Association of Securities Dealers Automated Quotations System.

"NET WORTH" shall mean the total net worth of the Savings Bank as set forth in the latest statement of financial condition of the Savings Bank contained in the prospectus distributed in the Subscription Offering and the Community Offering.

"OFFICER" shall mean, with respect to any company, the chairman of the board, if any, president, vice-president, secretary, treasurer or principal financial officer, comptroller or principal accounting officer, and any other person performing similar functions with respect to such company.

"ORDER FORM" shall mean the one or more subscription order forms that will be mailed to Eligible Member Subscribers and Voting Members in accordance with Section 6.1(c) of the Conversion Plan and made available to Community Offering Residents in accordance with Section 7.1(b) of the Conversion Plan.

"OUTSTANDING BB&T COMMON STOCK" shall mean the number of shares of Common Stock anticipated to be outstanding at the opening of business on the day following the Closing Date.

"PERSON" shall mean any individual or company.

"85% PRICE" shall mean a price equal to 85% of the BB&T Market Price, rounded to the nearest cent (with any amount equal to \$.0050 rounded to the next higher \$.01).

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"95% PRICE" shall mean a price equal to 95% of the BB&T Market Price, rounded to the nearest cent (with any amount equal to \$.0050 rounded to the next higher \$.01).

"PROXY" shall mean the form of authorization by which a person is, or may be deemed to be, designated to act for a Voting Member in the exercise of his or her voting rights in the affairs of the Savings Bank.

"QUALIFYING BORROWING" shall mean any borrowing held by an Eligible Member Subscriber on the Eligibility Record Date.

"QUALIFYING DEPOSIT" shall mean the aggregate of the balances of all deposit accounts in the Savings Bank held by an Eligible Member Subscriber on the Eligibility Record Date; provided, that if the aggregate deposit account balances held by an Eligible Member Subscriber on the Eligibility Record Date is less than \$50, such aggregate balances shall not constitute a Qualifying Deposit.

"REGISTRATION STATEMENT" shall mean the registration statement(s) filed by the Acquiror with the SEC to register the shares of Common Stock under the Securities Act of 1933, as amended, to be offered in the Subscription Offering and the Community Offering.

"REGULATIONS" shall mean the regulations adopted by the Administrator relating to mutual to stock conversions of North Carolina chartered savings banks.

"SAIF" shall mean the Savings Association Insurance Fund of the FDIC.

"SAVINGS BANK" shall mean Home Savings Bank of Albemarle, S.S.B., in mutual or stock form (except that Home Savings Bank of Albemarle, S.S.B. in stock form may be named such other name as the Acquiror may determine).

"SEC" shall mean the Securities and Exchange Commission.

"SPECIAL MEETING" shall mean the special meeting of the Voting Members of the Savings Bank called for the purpose of submitting the Conversion Plan to the Voting Members for their approval.

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"STOCK CONVERSION" shall mean the conversion of the Savings Bank to a North Carolina chartered stock savings bank pursuant to, and in accordance with,

the Regulations, the Agreement, the Conversion Plan and the Stock Conversion Application.

"STOCK CONVERSION APPLICATION" shall mean the application to effect the Stock Conversion and any amendments thereto to be filed by the Savings Bank with the Administrator pursuant to Section 4.1(c) of this Conversion Plan.

"SUB-ACCOUNT" shall mean, with respect to each Qualifying Deposit held by an Eligible Member Subscriber, the inchoate interest of the holder of such Qualifying Deposit in a portion of the Liquidation Account representing the amount such Eligible Member Subscriber would be entitled to receive pursuant to Section 10.2 of the Conversion Plan in the event of a complete liquidation of the Savings Bank subsequent to the Stock Conversion.

"SUBSCRIBERS" shall mean (i) the Home Savings ESOP, Eligible Member Subscribers and Voting Members who subscribe for shares in the Subscription Offering and (ii) Community Offering Purchasers.

"SUBSCRIPTION EXPIRATION DATE" shall mean the date by which Order Forms distributed in connection with the Subscription Offering must be received by the Conversion Information Center, a customer service representative at any of the Savings Bank's offices or, if hand delivered, at an office of the Bank in Davidson County or Mecklenberg County, together with payment (or, in the case of the Home Savings ESOP, Eligible Member Subscribers and Voting Members, if they so elect, instructions for payment), for the subscribed Subscription Shares, in accordance with Section 8.3 of the Conversion Plan, which date shall be determined by the Savings Bank and shall be not less than 20 and not more than 45 days after Order Forms are mailed to Eligible Member Subscribers and Voting Members pursuant to Section 6.1(c) of the Conversion Plan.

"SUBSCRIPTION OFFERING" shall mean the offering of the Subscription Shares to the Home Savings ESOP, Eligible Member Subscribers and Voting Members in accordance with the terms and conditions set forth in Section 6 of the Conversion Plan.

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"SUBSCRIPTION RIGHTS" shall mean the rights of the Home Savings ESOP, Eligible Member Subscribers and Voting Members to subscribe for Subscription Shares to be offered by the Acquiror pursuant to Section 6 of the Conversion Plan, which rights shall not be transferable either directly or indirectly.

"SUBSCRIPTION SHARES" shall mean the number of shares of the Common Stock to be offered in the Subscription Offering as set forth in Section 6.1(b) of the Conversion Plan, and, if necessary, the Community Offering pursuant to the Conversion Plan.

"VOTING MEMBER" shall mean any member of the Savings Bank pursuant to its mutual charter and bylaws, who is eligible to vote at the Special Meeting.

"VOTING RECORD DATE" shall mean the record date fixed by the Board of Directors in accordance with the mutual charter and bylaws of the Savings Bank and the Regulations for determining eligibility to vote on the Conversion Plan at the Special Meeting.

SECTION 3. GENERAL AUTHORITY FOR THE STOCK
CONVERSION, THE ACQUISITION AND
THE MERGER

The Stock Conversion shall be effected in accordance with Section 54C-33 of the North Carolina General Statutes and Chapter 16G of the Regulations, and this Conversion Plan and shall be subject to, among other things, the approval of the Administrator, other required regulatory approvals and the affirmative vote of at least a majority of the total outstanding votes eligible to be cast by the Voting Members at the Special Meeting.

The Acquisition shall be effected in accordance with applicable law, and subject to the terms and conditions of the Agreement and the Conversion Plan and shall be subject to all necessary regulatory and other approvals. The Merger shall be consummated in accordance with applicable law, and shall be subject to receipt of necessary regulatory and other approvals.

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SECTION 4. STEPS REQUIRED PRIOR TO ADMINISTRATOR
APPROVAL AND THE COMMENCEMENT OF THE
SUBSCRIPTION OFFERING AND THE COMMUNITY
OFFERING

4.1. CONDITIONS TO ADMINISTRATOR APPROVAL. The following steps shall be

taken before the Administrator approves the Stock Conversion Application:

(a) Promptly after the execution of the Agreement and adoption of the Conversion Plan, the Savings Bank shall (i) notify its Eligible Member Subscribers of the adoption of the Conversion Plan by publishing a statement in a newspaper of general circulation in each community in which an office of the Savings Bank is located, and (ii) make copies of the Conversion Plan available for inspection by members of the Savings Bank at each office of the Savings Bank. The notice described in the preceding sentence shall conform to Section .0404(d) of the Regulations, and shall be in a form approved by the Acquiror.

(b) The Savings Bank shall cause the Independent Appraiser to determine the Appraised Value and the Estimated Valuation Range. The Independent Appraiser shall prepare and submit to the Savings Bank, the Acquiror and the Administrator a written report summarizing its findings (the "Appraisal Report"). Such Appraisal Report shall explain the basis for its determination, shall contain a brief summary of data that is sufficient to support the conclusions reached therein, and shall comply with the requirements of the

(c) The Acquiror and the Savings Bank shall prepare and file the necessary and appropriate applications (including the Stock Conversion Application and the proxy statement contained therein) with the appropriate regulatory authorities in connection with the Stock Conversion, the Acquisition, the Merger and any other interim transactions as may be necessary or advisable.

(d) Promptly upon being advised in writing by the Administrator pursuant to Section .0405 of the Regulations to do so, the Savings Bank shall publish a notice of the filing of the Stock Conversion Application in a newspaper printed in the English language and having general circulation in each community in which an office of the Savings Bank is located, in accordance with the requirements of Section .0405 of the Regulations, and post a copy of such notice in each of its offices.

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4.2. PREPARATION OF REGISTRATION STATEMENT. The Acquiror shall prepare

and file the Registration Statement with the SEC and also shall prepare and file with state securities officials (subject to Section 4.4 herein) such applications, statements and notices as may be necessary in connection with the Subscription Offering. The Registration Statement also shall be provided to the Administrator.

4.3. CONDITIONS TO UNDERTAKING THE SUBSCRIPTION OFFERING AND THE

COMMUNITY OFFERING. The Acquiror shall undertake the Subscription Offering and

the Community Offering only upon satisfaction of the following conditions:

(a) The Administrator shall have approved the Stock Conversion Application and shall have authorized for use the proxy statement to be mailed to the Voting Members for the Special Meeting;

(b) All other necessary approvals to effect the Stock Conversion and the Acquisition shall have been received;

(c) If necessary, the Independent Appraiser shall update and revise the Appraised Value and the Estimated Valuation Range and shall submit its update to the Savings Bank, the Acquiror and the Administrator;

(d) The Registration Statement shall have been declared effective by the SEC, and no stop order suspending the effectiveness of the Registration Statement shall have been issued, or proceedings for that purpose initiated or threatened, by the SEC; and

(e) All requirements under applicable state securities laws for the Subscription Offering and the Community Offering shall have been satisfied

(subject to Section 4.4 herein), no order suspending the effectiveness of any registration, qualification or permit thereunder with respect to the Subscription Offering, Community Offering or the Subscription Shares shall have been issued, and no proceeding for such purpose shall have been initiated or threatened by any state securities officials.

4.4. STATE BLUE SKY LAW CONSIDERATIONS. In undertaking the Subscription

Offering and the Community Offering, the Acquiror shall make reasonable efforts to comply with the securities laws of all jurisdictions in the United States in which Eligible Member Subscribers and Voting Members reside. However, Subscription Rights shall

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not be issued to any person who resides in a foreign country, or who resides in any jurisdiction in the United States, if any of the following apply:

(i) A small number of persons otherwise eligible to subscribe for Subscription Shares under the Conversion Plan reside in such jurisdiction;

(ii) The offer or sale of Subscription Shares to such persons would require the Acquiror, under the securities laws of such jurisdiction, to register as a broker or dealer or otherwise qualify its securities for sale in such jurisdiction; or

(iii) Such registration or qualification would be impracticable for reasons of cost or otherwise.

SECTION 5. THE VOTE OF THE SAVINGS BANK'S MEMBERS

After approval of the Stock Conversion Application (which includes the proxy statement described below) by the Administrator, the Savings Bank shall mail to each of the Voting Members as of the Voting Record Date at their last known address appearing on the records of the Savings Bank a notice of special meeting and a proxy statement describing the Conversion Plan (which proxy statement may be printed in a document which also contains the prospectus used in the Subscription Offering and the Community Offering), which will be submitted to a vote of the Voting Members at the Special Meeting called for that purpose. Approval of the Conversion Plan shall require the affirmative vote, cast in person or by proxy, of those Voting Members on the Voting Record Date holding at least a majority of the total outstanding votes entitled to be cast at the Special Meeting.

SECTION 6. THE SUBSCRIPTION OFFERING

6.1. IN GENERAL.

(a) Promptly after the conditions set forth in Section 4.3 have been satisfied, the Acquiror shall effect the Subscription Offering in accordance with the provisions of this Section 6 of the Conversion Plan and the provisions of the Agreement.

(b) In the Subscription Offering, the Acquiror shall offer, without payment, to the Home Savings ESOP,

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Eligible Member Subscribers and Voting Members, nontransferable Subscription Rights to purchase a number of shares of Common Stock (the "Subscription Shares"), at the prices specified in Section 6.2(a), equal to (x) the Appraised Value divided by (y) the BB&T Market Price.

(c) In conducting the Subscription Offering, the Acquiror shall mail to each Eligible Member Subscriber and Voting Member, at its last known address appearing on the records of the Savings Bank, an Order Form together with a copy of the prospectus and such additional information relating to the Subscription Offering as the Savings Bank may consider appropriate, as approved by the Administrator.

(d) The Subscription Offering may be held concurrently with the solicitation of proxies for the Special Meeting.

(e) The Acquiror may pay a reasonable commission to registered broker dealers effecting sales in the Subscription Offering.

6.2. AMOUNT OF SUBSCRIPTION SHARES THAT MAY BE

PURCHASED IN THE SUBSCRIPTION OFFERING.

(a) The Acquiror shall offer Subscription Rights in the following amounts:

(i) to the Home Savings ESOP, Subscription Rights to subscribe for that number of Subscription Shares equal to 1% of the Outstanding BB&T Common Stock upon either of the following prices and terms in the Home Savings ESOP's discretion: (x) the 85% Price, subject to the transfer restriction described in Section 6.4 below, and/or (y) the 95% Price with no restriction on transfer;

(ii) to each Eligible Member Subscriber who held a Qualifying Deposit on the Eligibility Record Date, Subscription Rights to subscribe for Subscription Shares at the following purchase prices and in the following quantities:

(A) Each such Eligible Member Subscriber would be eligible to purchase up to a number of Subscription Shares having an aggregate purchase price of \$150,000, upon either of the following

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prices and terms in such Eligible Member Subscriber's discretion subject to the other terms of this Conversion Plan: (x) the 85% Price, subject to the transfer restriction described in Section 6.4 below, and/or (y) the 95% Price with no restriction on transfer;

(B) Each such Eligible Member Subscriber who has either:

(1) a second account at the Savings Bank at the Eligibility Record Date (which account may include a demand deposit account, a savings account, a certificate of deposit or similar account, as well as borrowings) in addition to the account which qualifies such Eligible Member Subscriber as an Eligible Member Subscriber or

(2) a single account at the Savings Bank with a balance of at least \$25,000 at the Eligibility Record Date,

would be eligible to purchase, at such Eligible Member Subscriber's election, either at (x) the 85% Price, subject to the transfer restriction described in Section 6.4 below, and/or (y) the 95% Price (with no restriction on transfer), in either case up to a number of Subscription Shares having an aggregate purchase price of \$100,000 (in addition to the \$150,000 provided in subsection (ii)(A) above), subject to the other terms of this Conversion Plan.

(iii) Each Eligible Member Subscriber who held a Qualifying Deposit on the Eligibility Record Date who is not described in subsection (ii)(B) above would be eligible to purchase at the BB&T Market Price (with no restriction on transfer) up to a number of Subscription Shares having an aggregate purchase price of \$100,000 (in addition to the \$150,000 provided in subsection (ii)(A) above), subject to the other terms of this Conversion Plan;

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(iv) to each Voting Member, Subscription Rights to subscribe for that number of Subscription Shares at the BB&T Market Price having an aggregate purchase price equal to \$250,000, subject further to the terms and conditions set forth herein;

(v) to each Eligible Member Subscriber who did not hold a Qualifying Deposit on the Eligibility Record Date, Subscription Rights to subscribe for Subscription Shares at the following purchase prices and in the following quantities:

(A) Each such Eligible Member Subscriber would be eligible to purchase up to a number of Subscription Shares having an aggregate purchase price of \$150,000, upon either of the following prices and terms in such Eligible Member Subscriber's discretion subject to the other terms of this Conversion Plan: (x) the 85% Price, subject to the transfer restriction described in Section 6.4 below, and/or (y) the 95% Price with no restriction on transfer;

(B) Each such Eligible Member Subscriber who has a second account (which may include another borrowing) at the Savings Bank on the Eligibility Record Date in addition to the borrowing which qualifies such Eligible Member Subscriber as an Eligible Member Subscriber would be eligible to purchase, at such Eligible Member Subscriber's election, either at (x) the 85% Price, subject to the transfer restriction described in Section 6.4 below, and/or (y) the 95% Price (with no restriction on transfer), in either case up to a number of Subscription Shares having an aggregate purchase price of \$100,000 (in addition to the \$150,000 provided in subsection (iv) (A) above), subject to the other terms of this Conversion Plan.

(vi) Each Eligible Member Subscriber who did not hold a Qualifying Deposit on the Eligibility Record Date who is not described in subsection (v) (B) above would be eligible to

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purchase at the BB&T Market Price (with no restriction on transfer) up to a number of Subscription Shares having an aggregate purchase price of \$100,000 (in addition to the \$150,000 provided in subsection (iv) (A) above), subject to the other terms of this Conversion Plan.

(b) Each Subscriber in the Subscription Offering (other than the Home Savings ESOP) may purchase, subject to the priority and oversubscription procedures contained in this Section 6 and the maximum purchase limitations set forth in Section 8.2 herein, as many whole shares of Common Stock that can be purchased by such Subscriber in accordance with the provisions of Section 6.2(a) at the 85% Price, the 95% Price and/or the BB&T Market Price, as applicable, with the amount of funds submitted by the Subscriber, but in no event more than \$250,000, and any excess amount shall be refunded. Purchases by the beneficiary of an IRA, Keogh or similar retirement account will be aggregated with purchases by the retirement account. If such Subscriber is also a Community Offering Resident and wishes to purchase Common Stock in both the Subscription Offering and the Community Offering, as provided in Section 8.1 of this Conversion Plan,

then such Subscriber may purchase as many whole shares of Common Stock that can be purchased at the 85% Price, the 95% Price and/or the BB&T Market Price, as applicable, in each case in the amounts indicated on the Order Form(s) at each such price with the amount of funds submitted by the Subscriber, but in no event shall the Subscriber be permitted to purchase in the aggregate more than \$250,000 of Common Stock, and any excess amount shall be refunded. The Home Savings ESOP shall purchase as many whole shares of Common Stock as are designated on its Subscription Order Form, up to the limit set forth in Section 6.2(a)(i).

(c) In determining the number of Subscription Shares for which an Eligible Member Subscriber or Voting Member is issued Subscription Rights, fractions of shares shall be disregarded.

(d) The Savings Bank may require any Eligible Member Subscriber claiming an additional account relationship with the Savings Bank, or deposits of at least \$25,000 in a single account, to provide evidence satisfactory to the Savings Bank of the existence of such additional account relationship or such deposits as of the Eligibility Record Date. All determinations as to whether such Eligible Member Subscriber has submitted sufficient evidence of such additional account

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relationship or deposits shall be made by the Savings Bank in its sole discretion and shall be final and conclusive. If evidence of such additional account relationship or deposits satisfactory to the Savings Bank is not provided, the Savings Bank may in its sole discretion reject orders received in the Subscription Offering by such Eligible Member Subscriber at the 85% Price or the 95% Price in excess of \$150,000.

(e) Subscription Rights issued pursuant to Subsection (a)(ii) above shall be subordinate to Subscription Rights issued pursuant to Subsection (a)(i) above; Subscription Rights issued pursuant to Subsection (a)(iii) above shall be subordinate to Subscription Rights issued pursuant to Subsections (a)(i) and (a)(ii) above; Subscription Rights issued pursuant to Subsection (a)(iv) above shall be subordinate to Subscription Rights issued pursuant to Subsections (a)(i), (a)(ii) and (a)(iii) above; Subscription Rights issued pursuant to Subsection (a)(v) above shall be subordinate to Subscription Rights issued pursuant to Subsections (a)(i), (a)(ii), (a)(iii) and (a)(iv) above; and Subscription Rights issued pursuant to Subsection (a)(vi) above shall be subordinate to Subscription Rights issued pursuant to Subsections (a)(i), (a)(ii), (a)(iii), (a)(iv) and (a)(v) above.

6.3. OVERSUBSCRIPTION PROCEDURES. In the event that Subscribers in the

Subscription Offering subscribe for more than the Subscription Shares as described in Section 6.1(b), the excess shall be considered an oversubscription for the Subscription Shares. In such event, the number of shares described in Section 6.1(b) shall be allocated among the Home Savings ESOP and subscribing

Eligible Member Subscribers and Voting Members as follows:

(a) The Subscription Shares first shall be allocated to the Home Savings ESOP. The remaining Subscription Shares that are subscribed for at the 85% Price and/or the 95% Price shall then be allocated among subscribing Eligible Member Subscribers who held a Qualifying Deposit on the Eligibility Record Date so as to permit each such Eligible Member Subscriber to purchase the lesser of (a) the number of shares for which such Eligible Member Subscriber subscribed at the 85% Price and/or the 95% Price, or (b) the number of shares equal to the proportion that the amount of Qualifying Deposits of each such Eligible Member Subscriber bears to the total amount of Qualifying Deposits of all such Eligible Member Subscribers whose subscriptions for

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shares at the 85% Price and/or the 95% Price remain unsatisfied. If the amount so allocated exceeds the amount subscribed for at the 85% Price and/or the 95% Price by any one or more of such Eligible Member Subscribers, the excess shall be reallocated (one or more times as necessary) among those Eligible Member Subscribers who held a Qualifying Deposit on the Eligibility Record Date whose subscriptions at the 85% Price and/or the 95% Price are still not fully satisfied on the same principle described above until all available shares have been allocated or all such subscriptions satisfied.

(b) The Subscription Shares remaining, if any, after the allocations described in Subsection (a) above, shall be allocated, subject to Sections 6.2(e) above, among Eligible Member Subscribers who held a Qualifying Deposit on the Eligibility Record Date subscribing at the BB&T Market Price so as to permit each such Eligible Member Subscriber to purchase the lesser of (a) the number of shares subscribed for at the BB&T Market Price or (b) the number of shares equal to the proportion that the amount of Qualifying Deposits of each such Eligible Member Subscriber bears to the total amount of Qualifying Deposits of all such Eligible Member Subscribers who subscribed for shares at the BB&T Market Price. If the amount so allocated exceeds the amount subscribed for at the BB&T Market Price by any one or more of such Eligible Member Subscribers, the excess shall be reallocated (one or more times as necessary) among Eligible Member Subscribers who held a Qualifying Deposit on the Eligibility Record Date whose subscriptions at the BB&T Market Price are still not fully satisfied on the same principle described above until all available shares have been allocated or all such subscriptions satisfied.

(c) The Subscription Shares remaining, if any, after the allocations described in Subsections (a) and (b) above shall be allocated, subject to Sections 6.2(e) above, among subscribing Voting Members (who are not Eligible Member Subscribers), if any, so as to permit each such Voting Member to purchase the proportion that the amount of shares subscribed for by each such Voting Member bears to the total amount of the shares subscribed for by all such Voting Members. If the amount so allocated exceeds the amount subscribed for at the BB&T Market Price by any one or more Voting Member, the excess shall be reallocated (one or more times as necessary) among Voting Members whose

subscriptions are still not fully satisfied on the same principle described above

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until all available shares have been allocated or all such subscriptions satisfied.

(d) The Subscription Shares remaining, if any, after the allocations described in Subsections (a), (b) and (c) above, shall be allocated, subject to Sections 6.2(e) above, among subscriptions at the 85% Price and/or the 95% Price of Eligible Member Subscribers who did not hold a Qualifying Deposit on the Eligibility Record Date so as to permit each such Eligible Member Subscriber to purchase the proportion that the amount of shares subscribed for at the 85% Price and/or 95% Price by each such Eligible Member Subscriber bears to the total amount of the shares subscribed for at the 85% Price or the 95% Price by all such Eligible Member Subscribers. If the amount so allocated exceeds the amount subscribed for at the 85% Price and the 95% Price by any one or more of such Eligible Member Subscribers, the excess shall be reallocated (one or more times as necessary) among those Eligible Member Subscribers who did not hold a Qualifying Deposit on the Eligibility Record Date whose subscriptions at the 85% Price and/or the 95% Price are still not fully satisfied on the same principle described above until all available shares have been allocated or all such subscriptions satisfied.

(e) The Subscription Shares remaining, if any, after the allocations described in Subsections (a), (b), (c) and (d) above, shall be allocated, subject to Sections 6.2(e) above, among subscriptions at the BB&T Market Price of Eligible Member Subscribers who did not hold a Qualifying Deposit on the Eligibility Record Date so as to permit each such Eligible Member Subscriber to purchase the proportion that the amount of shares subscribed for at the BB&T Market Price by each such Eligible Member Subscriber bears to the total amount of the shares subscribed for at the BB&T Market Price by all such Eligible Member Subscribers. If the amount so allocated exceeds the amount subscribed for at the BB&T Market Price by any one or more of such Eligible Member Subscribers, the excess shall be reallocated (one or more times as necessary) among Eligible Member Subscribers who did not hold a Qualifying Deposit on the Eligibility Record Date whose subscriptions at the BB&T Market Price are still not fully satisfied on the same principle described above until all available shares have been allocated or all such subscriptions satisfied.

6.4. RESALE RESTRICTION ON SHARES OF COMMON STOCK PURCHASED IN THE

SUBSCRIPTION OFFERING AT THE 85% PRICE. Each share of Common Stock purchased

by Subscribers in

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the Subscription Offering at the 85% Price shall be subject to the restriction

that the shares shall not be sold or transferred, by sale, gift or otherwise with or without consideration, for a period of four months following the date of the prospectus used in the Subscription Offering and the Community Offering, except in the event of the death of the Subscriber. Each certificate representing any such restricted shares shall bear an appropriate notice of such restrictions. Appropriate instructions shall be given to the Acquiror's transfer agent with respect to such restriction. Any shares issued as a stock dividend, stock split or otherwise with respect to any such restricted shares shall be subject to the same restriction for the remainder of such four-month period.

SECTION 7. THE COMMUNITY OFFERING

7.1. IN GENERAL.

(a) Any shares of Common Stock not subscribed for in the Subscription Offering shall be offered for sale in a Community Offering to Community Offering Residents, pursuant to this Section 7 or such other terms and conditions as may be established by the Board of Directors and by the Acquiror and approved by the Administrator. The Community Offering will commence concurrently with, or as soon as practicable after the commencement of, the Subscription Offering and must be completed within 45 days after the last day of the Subscription Offering, unless extended by the Savings Bank and the Acquiror with the approval of the Administrator. No such single extension of time shall exceed 90 days and shall comply with the conditions of such extension set forth in Section .0722 of the Regulations. The price of the Subscription Shares offered in the Community Offering shall be equal to the 95% Price. The Acquiror may pay a reasonable commission to registered broker-dealers effecting sales in the Community Offering.

(b) In effecting the Community Offering, the Acquiror shall make available to Community Offering Residents an Order Form together with a copy of the Prospectus, and such additional information relating to the Community Offering as the Savings Bank may consider appropriate, as approved by the Administrator.

(c) The Savings Bank may require any purchaser who purports to be a Community Offering Resident to provide evidence, satisfactory to the Savings Bank, that

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she, he or it qualifies as a Community Offering Resident. All determinations as to whether a purchaser qualifies as a Community Offering Resident shall be made by the Savings Bank in its sole discretion and shall be final and conclusive. The Savings Bank may in its sole discretion accept or reject, in whole or in part, orders received in the Community Offering.

(d) The Subscription Shares to be offered in the Community Offering shall be offered and sold in a manner that will achieve the widest distribution of such stock.

7.2. COMMUNITY OFFERING MAXIMUM PURCHASE

LIMITATION AND PRIORITIES.

(a) Each Community Offering Resident may purchase in the Community Offering at the 95% Price that number of Subscription Shares which, when multiplied by the 95% Price, would not exceed \$250,000. If such Community Offering Resident is also an Eligible Member Subscriber or a Voting Member and wishes to purchase Common Stock in both the Subscription Offering and the Community Offering, as provided in Section 8.1 of this Conversion Plan, then such Community Offering Resident may purchase as many whole shares of Common Stock that can be purchased at the 85% Price, the 95% Price, and/or the BB&T Market Price, as applicable, in each case, in the amounts indicated on the Order Form at each such price, with the amount of funds submitted by such Community Offering Resident, but in no event shall the Subscriber be permitted to purchase in the aggregate more than \$250,000 of Common Stock, and any excess amount shall be refunded. The limitations contained in this Section 7.2 are further subject to the priority and oversubscription procedures contained in this Section 7 and the maximum purchase limitation described in Section 8.2 herein.

(b) In the Community Offering, preference shall be given to natural persons qualifying as Community Offering Residents.

7.3. OVERSUBSCRIPTION PROCEDURES.

(a) If the Subscription Shares offered in the Subscription Offering are fully subscribed, then no Subscription Shares will be available for purchase in the Community Offering.

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(b) If Community Offering Purchasers subscribe for more than is available for purchase in the Community Offering, the Subscription Shares first shall be allocated among subscribing Community Offering Purchasers who are natural persons so as to permit each such natural person to purchase shares in the proportion that the amount of shares ordered by each such purchaser bears to the total amount of the shares ordered by all such Community Offering Purchasers, until all subscriptions are satisfied or all available shares have been allocated.

(c) The Subscription Shares remaining, if any, after the allocations

described in Subsection (b) above shall be allocated among Community Offering Purchasers who are not natural persons so as to permit each such Community Offering Purchaser to purchase shares in the proportion that the amount of shares ordered by each such purchaser bears to the total amount of the shares ordered by all such Community Offering Purchasers, until all subscriptions are satisfied or all available shares have been allocated.

7.4. NO PUBLIC OFFERING. It is currently anticipated that the shares of

Common Stock not sold in the Subscription Offering or the Community Offering will not be sold in a public offering or otherwise pursuant to this Conversion Plan.

SECTION 8. PROCEDURES APPLICABLE TO BOTH THE
SUBSCRIPTION OFFERING AND THE
COMMUNITY OFFERING

8.1. ORDER FORMS.

(a) All Subscription Rights issued in connection with the Stock Conversion shall be exercisable by delivery of properly completed and executed Order Forms to the Savings Bank or, if hand delivered, at an office of the Bank in Davidson County or Mecklenberg County, in accordance with the provisions of Section 8.1(b) of this Conversion Plan. Community Offering Residents who also are Eligible Member Subscribers or Voting Members may participate in either the Subscription Offering or the Community Offering or both. The Savings Bank may, in its discretion, authorize one Order Form for use in the Subscription Offering and a separate Order Form to be used in the Community Offering. If the Savings Bank authorizes separate Order Forms and a Subscriber is both a Community Offering Resident and an Eligible Member Subscriber or Voting Member and wishes to purchase in both the

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Subscription Offering and the Community Offering, such Subscriber would submit both a Subscription Order Form for the purchase of Common Stock at the 85% Price, the 95% Price and/or the BB&T Market Price, as applicable, and a Community Order Form for the purchase of Common Stock at the 95% Price. Such Subscriber shall be limited to purchasing the aggregate dollar amount of Common Stock in both offerings in the amounts indicated on the Order Form, but in no event more than \$250,000 in the aggregate. If a Subscriber elects to subscribe for Subscription Shares pursuant to Section 6.2(a)(ii)(B) or Section 6.2(a)(v)(B), the Savings Bank may require the Subscriber to provide a list of multiple accounts on the Order Form and to provide such other evidence of eligibility as may be requested by the Savings Bank.

(b) Subject to the oversubscription procedures set forth in Section 6.3, the Home Savings ESOP and each Eligible Member Subscriber and Voting Member who

wishes to subscribe for Subscription Shares in the Subscription Offering shall be required to subscribe for a number of Subscription Shares having a minimum aggregate 85% Price, 95% Price or BB&T Market Price, as applicable, of \$500. Subject to the oversubscription procedures set forth in section 7.3, each Subscriber who wishes to subscribe in the Community Offering shall be required to subscribe for a number of Subscription Shares having a minimum aggregate 95% Price of \$500.

(c) The Home Savings ESOP and each Eligible Member Subscriber and Voting Member receiving an Order Form authorized for use in the Subscription Offering shall have until the close of business on the Subscription Expiration Date to properly complete, execute and return the executed Order Form to the Conversion Information Center, to a customer service representative at any one of the Savings Bank's offices, or, if hand delivered, to an office of the Bank in Davidson County or Mecklenberg County, in each case accompanied by payment (or in the case of the Home Savings ESOP, Eligible Member Subscribers or Voting Members, if they so elect, instructions for payment), as described in Section 8.3 of the Conversion Plan. Each Community Offering Resident receiving an Order Form authorized for use in the Community Offering shall have until the close of business on the Community Expiration Date to properly complete, execute and return the executed Order Form to the Conversion Information Center, to a customer service representative at any one of the Savings Bank's offices, or, if hand delivered, to an office of the Bank in Davidson County or Mecklenberg County, in each case accompanied by payment (or in the case of any Community Offering Resident

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who also is an Eligible Member Subscriber or a Voting Member, if he, she or it so elects, instructions for payment), as described in Section 8.3 of the Conversion Plan. Order Forms may be sent by mail, hand delivery or facsimile transmission; however, the Savings Bank may, in its sole discretion, reject any orders submitted by facsimile transmission. Any Order Form sent by mail or similar means must be received at the Conversion Information Center by the Subscription Expiration Date in the case of the Subscription Offering and by the Community Expiration Date in the case of the Community Offering. Failure of the Savings Bank, for any reason, to receive from the Home Savings ESOP or any Eligible Member Subscriber or Voting Member a properly completed and executed Order Form and payment, or instructions for payment, before the close of business on the Subscription Expiration Date, or to receive from any Community Offering Purchaser a properly completed and executed Order Form and payment, or if appropriate, instructions for payment, before the close of business on the Community Expiration Date, shall be deemed a waiver and release by the Home Savings ESOP or such Eligible Member Subscriber, Voting Member or Community Offering Resident of any right to subscribe hereunder for Subscription Shares; provided, however, that on an equitable basis the Savings Bank may, but will not be required to, waive any immaterial irregularity in any Order Form or require the submission of a corrected form or the remittance of full payment for subscribed shares by such date as the Savings Bank may specify. The Savings Bank's interpretation of terms and conditions of Order Forms shall be final,

subject to the authority of the Administrator.

8.2. MAXIMUM PURCHASE LIMITATION. Notwithstanding anything contained in

this Conversion Plan to the contrary, no person (other than the Home Savings ESOP, and any other employee stock ownership plan established by the Acquiror as part of the BB&T Savings and Thrift Plan), together with any Associate or group of persons acting in concert with such person, may acquire, through the exercise of Subscription Rights in the Subscription Offering and/or through purchases in the Community Offering, beneficial ownership of more than 5% of the Outstanding BB&T Common Stock in the aggregate (taking into account shares that already may be held by such person). For purposes of this Section 8.2, the Board of Directors and officers of the Savings Bank who also are Eligible Member Subscribers or Voting Members shall not be deemed to be Associates or a group acting in concert solely as a result of their office or board membership.

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8.3. METHOD OF PAYMENT.

(a) Neither the Savings Bank, the Acquiror nor any Affiliate of the Acquiror shall loan funds or otherwise extend credit to any person (other than the Home Savings ESOP) for the purpose of purchasing any shares of the Common Stock pursuant to this Conversion Plan.

(b) Subject to Subsections (c) and (d) below, all shares of Common Stock purchased in the Subscription Offering and the Community Offering shall be paid for in cash (if paid in person at the Conversion Information Center, the office of the Savings Bank or an office of the Bank in Davidson County or Mecklenberg County), or by check, money order or wire transfer; provided, however, that the Savings Bank may, in its sole discretion, reject any orders where funds are submitted by wire transfer.

(c) If a Subscriber has a deposit account (other than in a demand deposit account or negotiable order of withdrawal account) with the Savings Bank, the Subscriber may pay for the shares subscribed for by authorizing and directing the Savings Bank on the Order Form to make a withdrawal from such deposit account in an amount equal to the aggregate price of such shares. The Savings Bank shall make such withdrawal and shall pay such amount to the Acquiror on the Closing Date. Those persons who are beneficiaries of Individual Retirement Accounts, Keogh Plans or similar retirement plans are not themselves Account Holders, but the account itself may be. If the beneficiary wishes such account or plan to subscribe for Subscription Shares in the Subscription Offering or the Community Offering, the beneficiary should authorize and direct the Savings Bank on the Order Form to transfer the Subscriber's account or plan to a self-directed account at an independent trustee that permits the account to hold stock. The independent trustee must then be directed by the beneficiary to use funds from such account in an amount equal to the aggregate price for the shares subscribed for. Such shares shall then become part of the retirement

account or plan estate. Notwithstanding any regulatory provision regarding penalties for early withdrawal from a certificate of deposit account, the Savings Bank shall permit a Subscriber to pay for any shares of Common Stock subscribed for by withdrawal from a certificate of deposit account without the assessment of an early withdrawal penalty. If the authorized withdrawal is from a certificate account and the remaining balance does not meet the applicable minimum balance requirement, the certificate shall be cancelled

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at the time of the withdrawal and the remaining balance shall earn interest thereafter at the Savings Bank's passbook rate. Funds for which such a withdrawal is authorized shall remain as part of the Subscriber's Qualifying Deposit, but may not be used by the Subscriber until the Subscription Shares have been sold or the Stock Conversion is terminated.

(d) The Home Savings ESOP may pay for or arrange for the payment for the shares it subscribes for on or before the Closing Date.

(e) All amounts received for the purchase of Subscription Shares in the Subscription Offering and the Community Offering (other than by charge against the Subscriber's account or as provided in Subsections (c) and (d)) shall be placed in a special escrow account with the Savings Bank. The Savings Bank shall pay interest to the Subscriber at the passbook rate on such amounts paid to purchase Subscription Shares from the date payment is received until the Stock Conversion is completed or terminated, as the case may be. The Savings Bank shall deliver all amounts received for the purchase of Subscription Shares in the Subscription Offering and the Community Offering to the Acquiror on the Closing Date.

(f) In the event that the Conversion Plan or the Subscription Offering and/or Community Offering is terminated or abandoned, all funds received from Subscribers shall be promptly refunded, and funds authorized for withdrawal released, with interest thereon as provided in Section 8.3(e).

(g) Any interest payment or refund required to be made pursuant to paragraph (e) or (f) above shall be made to the Subscriber entitled thereto promptly after the Stock Conversion is completed or terminated, as the case may be.

8.4. RESTRICTION ON COMMON STOCK PURCHASED BY OFFICERS AND DIRECTORS.

All Common Stock purchased in the Subscription Offering and/or Community Offering by directors or officers of the Savings Bank shall be subject to the restriction that the shares shall not be sold without the prior written permission of the Administrator for a period of one year following the Closing Date, except in the event of the death of the director or officer. Each certificate representing any such restricted shares shall bear an appropriate notice of such restriction. Appropriate instructions shall be

given to the Acquiror's transfer agent with respect to such restriction. Any shares issued as a stock dividend, stock split or otherwise with respect to any such restricted shares shall be subject to the same restriction for the remainder of such one-year period.

SECTION 9. CONSUMMATION OF THE STOCK CONVERSION,
THE ACQUISITION AND THE MERGER

9.1. CONFIRMATION OF APPRAISED VALUE. At the expiration of the

Subscription Offering and the Community Offering, the Independent Appraiser shall promptly confirm to the Savings Bank and the Administrator that, to the best of its knowledge, either (i) nothing of a material nature has occurred that, taking into account all relevant factors, would cause it to conclude that the Appraised Value of the Savings Bank as most recently submitted to the Administrator prior to the Subscription Offering and the Community Offering is incompatible with its estimate of the Appraised Value as of the expiration of the Subscription Offering and the Community Offering, or (ii) there is such an incompatibility, in which case the Independent Appraiser shall state its determination of the Appraised Value as of the expiration of the Subscription Offering and the Community Offering. If the Appraised Value, as updated as of the expiration of the Subscription Offering and the Community Offering, is not within the Estimated Valuation Range, then Administrator approval shall be obtained before such updated Appraised Value is used as the basis for determining the total number of shares of Common Stock that the Acquiror will offer for sale pursuant to the Conversion Plan.

9.2. CONSUMMATION OF THE STOCK CONVERSION, THE ACQUISITION AND THE

MERGER. After all required regulatory approvals have been received and all
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other conditions set forth herein or in the Agreement have been satisfied or waived, the Stock Conversion shall be consummated and immediately thereafter (a) the Savings Bank shall issue to the Acquiror all of the Conversion Shares and the Acquiror shall pay in consideration thereof cash or other qualifying assets in an aggregate dollar amount equal to the Appraised Value, minus expenses, but in no event less than the Net Worth of the Savings Bank; and (b) the Acquiror shall issue and sell to the Subscribers the Subscription Shares subscribed for during the Subscription Offering and the Community Offering. As soon as practicable after consummation of the Stock Conversion and the Acquisition and after any

interim steps as may be necessary or advisable, the Merger will be consummated.

9.3. CHARTER AND BYLAWS. The charter and bylaws of the Savings Bank

shall be amended and restated, effective immediately upon consummation of the Stock Conversion, as specified in Annexes A and B hereto.

9.4. EFFECTIVENESS OF THE STOCK CONVERSION, THE ACQUISITION AND THE

MERGER. The Stock Conversion and the Acquisition shall be deemed to occur and

be effective on the Closing Date. The Merger shall be deemed to occur and be effective at the time set forth in the Articles of Merger or other appropriate document effecting the Merger.

9.5 CASH BONUS TO DEPOSITORS. In connection with the Stock Conversion

and the Acquisition, BB&T agrees to pay a one time cash bonus to eligible depositors of the Savings Bank upon such terms and subject to the conditions agreed to by the Acquiror and the Savings Bank.

SECTION 10. STATUS OF DEPOSITS FOLLOWING THE
STOCK CONVERSION, THE ACQUISITION
AND THE MERGER

10.1 CONTINUATION OF DEPOSITS.

(a) All of the Savings Bank's deposit accounts shall retain the same status after the Stock Conversion and Acquisition as they had prior to the Stock Conversion and Acquisition (except as to voting and liquidation rights). Each deposit shall have a value equal to and of the same character as the deposit immediately prior to the consummation of the Stock Conversion and Acquisition and each holder of a deposit account shall retain, without payment, a withdrawable deposit account or accounts in the Savings Bank, equal in withdrawable amount to the withdrawal value of such holder's deposit account in the Savings Bank immediately prior to consummation of the Stock Conversion and Acquisition. Upon consummation of the Stock Conversion and Acquisition, all insured deposits shall continue to be insured up to the legal maximum by the SAIF.

(b) Upon consummation of the Merger, all insured deposits shall continue to be insured up to the legal maximum by the FDIC in accordance with the provisions of applicable law, except that, in accordance with 12 U.S.C. (S) 1818(q), persons who had deposit accounts at the Bank

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and the Savings Bank prior to the Merger will retain separate insurance coverage on such deposit accounts only until the end of six months from the date of the Merger, or in the case of any time deposit account coming due after the six-month period, at the earliest maturity date after such six-month period.

10.2. LIQUIDATION ACCOUNT AND SUB-ACCOUNTS.

(a) The Savings Bank shall establish and maintain a Liquidation Account, which shall be assumed by the Bank in the Merger, for the benefit of Eligible Member Subscribers who held a Qualifying Deposit on the Eligibility Record Date who maintain an account in the Savings Bank (or in the Bank subsequent to the Merger) in the event of a complete liquidation of the Savings Bank following the Stock Conversion (or the Bank subsequent to the Merger). The initial Liquidation Account balance shall be equal to the Net Worth of the Savings Bank as of the Determination Date. The initial Liquidation Account balance shall not be increased, and shall be subject to downward adjustment to the extent of any downward adjustment to any Sub-Account balance in accordance with Section .0314 of the Regulations.

(b) The Savings Bank shall maintain, in accordance with the Regulations, for each Qualifying Deposit, a Sub-Account of the Liquidation Account the initial balance of which shall be determined by multiplying (x) the opening balance in the Liquidation Account by (y) a fraction (A) the numerator of which is the balance in such deposit on the Eligibility Record Date, and (B) the denominator of which is the total amount of Qualifying Deposits of the Savings Bank on the Eligibility Record Date.

(c) A distribution of each Sub-Account balance may be made only in the event of a complete liquidation of the Savings Bank subsequent to the Stock Conversion and Acquisition (or the Bank subsequent to the Merger) and only out of funds available for such purpose after payment of all creditors but before any payments to stockholders. The Savings Bank (or the Bank subsequent to the Merger) shall not be required to set aside funds for the purpose of establishing the Liquidation Account.

10.3. VOTING RIGHTS. Voting Rights in the Acquiror are held and

exclusively exercised by the holders of the common stock of the Acquiror. After

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consummation of the Stock Conversion and the Acquisition, no deposit account holders or borrowers of the Savings Bank shall have any voting rights in those capacities in the Savings Bank or the Acquiror, except to the extent such persons become stockholders of the Acquiror.

SECTION 11. MISCELLANEOUS

11.1. EXPENSES OF THE STOCK CONVERSION AND ACQUISITION. The expenses

incurred by the Savings Bank in the Stock Conversion and the Acquisition shall

be reasonable.

11.2. TIME LIMITATION. The Stock Conversion and the Acquisition must be

completed not more than 12 months after the date on which the Voting Members approve the Conversion Plan, which date may be extended up to an additional 12 months with the prior written approval of the Administrator.

11.3. PREEMPTIVE RIGHTS. Persons that acquire Common Stock in the

Subscription Offering and/or the Community Offering shall not have preemptive rights to acquire additional or treasury shares of the Acquiror. In addition, the Acquiror shall not have preemptive rights to acquire additional or treasury shares of the Savings Bank.

11.4. INTERPRETATION OF CONVERSION PLAN. All interpretations of the

Conversion Plan and application of its provisions to particular circumstances by a majority of the Board of Directors shall be final, subject to the Agreement and the authority of the Administrator. The headings contained in the Conversion Plan are for reference purposes only and shall not affect the interpretation of the Conversion Plan.

11.5. AMENDMENT OR TERMINATION OF CONVERSION PLAN. If deemed necessary

or desirable, the Board of Directors may amend or terminate the Conversion Plan at any time without the concurrence of the Administrator before the Stock Conversion Application is filed, and at any time after the Stock Conversion Application is filed until the Closing Date with the concurrence of the Administrator, provided that any such amendment or termination is effected in accordance with Article VI of the Agreement.

(LETTERHEAD OF PEAT MARWICK APPEARS HERE)

January 3, 1994

Board of Directors
Home Savings Bank of Albemarle, S.S.B.
155 West South Street
Albemarle, North Carolina 28002

Board of Directors
BB&T Financial Corporation
223 West Nash Street
Wilson, North Carolina 27893

Gentlemen:

You have requested our opinion as to the federal and North Carolina income tax consequences resulting from a plan pursuant to which there will be offered shares of newly issued common stock of BB&T Financial Corporation ("BB&T Financial") in simultaneous subscription and community offerings (the "Offerings"). Under the plan, Home Savings Bank of Albemarle, S.S.B., Albemarle, North Carolina ("Home Savings") will convert from a North Carolina-chartered mutual savings bank to a North Carolina-chartered stock savings bank (the "Conversion") and will concurrently become a wholly-owned subsidiary of BB&T Financial (the "Acquisition"). The Conversion and the Acquisition will be referred to herein as the Conversion/Acquisition. After the Conversion/Acquisition, and after any interim steps as may be necessary or advisable, Home Savings will be merged or otherwise combined with and into Branch Banking and Trust Company ("BB&T-NC"), a North Carolina chartered commercial bank and a wholly-owned subsidiary of BB&T Financial (the "Bank Merger").

You have submitted for our consideration certain representations as to the proposed transaction and copies of the Plan of Conversion (the "Plan"), the Agreement and Plan of Reorganization, dated as of May 27, 1993, (the "Reorganization Agreement"), the Form S-3 Registration Statement filed with the Securities and Exchange Commission ("SEC") on July 9, 1993, Pre-Effective Amendment No. 1 to the Form S-3, as filed with the SEC on August 9, 1993, Post-Effective Amendment No. 1 to the Form S-3, as filed with the SEC on October 29, 1993 and Post-Effective Amendment No. 2 to the Form S-3 to be filed with the SEC on or about January 5, 1994. Our opinion is based on a review of the information above and certain assumptions of fact. It is also based on existing tax law and authorities that are subject to change. We have not reviewed the legal documents necessary to effectuate the steps to be undertaken and we assume that all steps will be effectuated under state and federal law and will be consistent with the legal documentation and with the list of steps submitted to

(LOGO OF PEAT MARWICK APPEARS HERE)

Board of Directors

January 3, 1994

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Facts

BB&T Financial, a North Carolina corporation, is a registered bank holding company under federal and North Carolina law, a registered savings institution holding company under North Carolina law and the parent holding company of BB&T-NC, and through BB&T Financial Corporation of South Carolina (which is wholly owned by BB&T Financial), Branch Banking and Trust Company of South Carolina ("BB&T-SC"). BB&T Financial has authorized two classes of capital stock, consisting of common and nonvoting preferred. Common stockholders are entitled to one vote for each share of stock held.

Home Savings is a North Carolina-chartered mutual savings bank. As a mutual savings bank, Home Savings has no authorized capital stock. Instead, the residual proprietary interest in Home Savings' reserves and undivided profits belong to all of its depositors. Each depositor is entitled to interest on his or her account balance that is declared and paid by Home Savings. In addition, each depositor has an intangible ownership interest in the net proceeds on liquidation of the institution equal to the proportion that his or her deposit balance bears to the aggregate deposit balances of all depositors. However, liquidation of the institution requires approval by the Administrator of the North Carolina Savings Institutions Division (the "NC Administrator"). Voting rights in Home Savings are held by the depositors and by certain borrowers on outstanding loans. All voting and ownership interests of a depositor cease when he or she closes his or her account(s) with Home Savings.

The Conversion/Acquisition will enable Home Savings to offer a wider range of services and products to its existing customers and market area due to the stronger financial and managerial resources of BB&T Financial. BB&T Financial will be acquiring all of the capital stock of Home Savings and the combined resources of Home Savings and BB&T Financial will enable BB&T Financial to maintain and expand the business of Home Savings.

In the Conversion/Acquisition, Home Savings will convert from a North Carolina-chartered mutual savings bank to a North Carolina-chartered stock savings bank and simultaneously become a wholly-owned subsidiary of BB&T Financial. After the Conversion/Acquisition, and after any interim steps as may be necessary or advisable, Home Savings will be merged or otherwise combined with and into BB&T-NC in the Bank Merger.

In accordance with the NC Administrator's regulations regarding conversions, upon completion of the Conversion/Acquisition, a liquidation account will be

established by Home Savings for the

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Board of Directors

January 3, 1994

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benefit of the depositors who held accounts in Home Savings at January 31, 1993 in an amount equal to the net worth of Home Savings as shown on its statement of financial condition as of September 30, 1993. Each depositor would be entitled to his or her pro rata interest in the liquidation account in the event of a complete liquidation of Home Savings following the Conversion/Acquisition. Each depositor would have an initial interest in such liquidation account for each deposit account held at Home Savings on January 31, 1993. A depositor's interest as to the liquidation account will be in the same proportion to the total liquidation account as the balance of his or her deposit account was to the balance in all deposit accounts held by depositors of Home Savings as of the eligibility record date (January 31, 1993). However, if the amount in the deposit account on any subsequent measurement date is less than the amount in such account on the eligibility record date, or the amount in such account on any previous measurement date, then such depositor's interest in the liquidation account would be reduced from time to time by an amount proportionate to any such reduction and his or her interest would cease to exist if such deposit account were closed. The interest in the liquidation account would never be increased despite any subsequent increase in the related deposit account after the Conversion/Acquisition.

Pursuant to the Plan, shares of BB&T Financial Common Stock (the "Conversion Stock") are being offered through nontransferable subscription rights granted first to an employee stock ownership plan and trust established for the benefit of employees of Home Savings (the "Home Savings ESOP") and then to holders of qualifying deposit accounts of Home Savings as of the eligibility record date ("Eligible Member Subscribers") and to certain other members of Home Savings who are eligible to vote on the Plan ("Voting Members"), in a subscription offering (the "Subscription Offering"). Shares offered but not sold in the Subscription Offering are being offered simultaneously to residents of Stanly, Anson, Cabarrus, Davidson, Montgomery, Rowan, Mecklenburg and Union counties, North Carolina in a community offering (the "Community Offering").

The number of shares of Conversion Stock to be offered will be determined based upon an independent appraisal of the pro forma market value of Home Savings and the price of the Conversion Stock. The price of the Conversion Stock will be equal to a percentage (85% in the case of Eligible Member Subscribers participating in the Subscription Offering that consent to a four month holding period restriction, subject to certain purchase limitations, 95% in the case of Eligible Member Subscribers participating in the Subscription Offering that do not consent to a four month holding period restriction, 95% in the case of participants in the Community

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Board of Directors

January 3, 1994

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Offering, 85% or 95% in the case of the Home Savings ESOP and 100% in the case of Voting Members) of the last sale price of the common stock of BB&T Financial as reported on the NASDAQ National Market System (trading symbol "BBTF") on the Community Expiration Date, as defined in the Plan, rounded to the nearest cent, with any amount equal to \$.0050 rounded to the next higher \$.01.

In exchange for all of the net proceeds from the sale of the Conversion Stock, BB&T Financial will be issued all of the capital stock of Home Savings. Irrespective of the amount of Conversion Stock sold in the Subscription and Community Offerings, BB&T Financial will invest cash or other qualified assets in Home Savings equal to the appraised value of Home Savings less the expenses of the Conversion/Acquisition, but in no event less than the current net worth of Home Savings. BB&T Financial does not anticipate selling any shares that are not sold in the Offerings, in a public offering or otherwise pursuant to the Plan. The Conversion/Acquisition is subject to the receipt of regulatory approval from appropriate parties, including the NC Administrator and the Board of Governors of the Federal Reserve System.

In connection with the Conversion/Acquisition, the Eligible Member Subscribers of Home Savings will receive a one-time bonus interest payment ("Bonus Interest") in an amount equal to two (2.00) additional percentage point of the balance in each deposit account on January 31, 1993. The Bonus Interest will be paid to depositors within thirty days of the closing of the Conversion/Acquisition (the "Closing Date").

Immediately after the Conversion/Acquisition, BB&T Financial has agreed to grant to the directors and certain officers of Home Savings shares of restricted stock of BB&T Financial in a manner designed to encourage such individuals to remain with BB&T Financial following the Conversion/Acquisition.

The shares of restricted stock vest in equal increments over a five year period beginning on the first anniversary of the date of grant, subject to acceleration with 100% vesting at the individual's earlier retirement from the director or officer position due to health reasons, death or disability, and also subject to approval by the BB&T Compensation Committee that vesting be accelerated in the event of termination of employment by BB&T Financial other than for cause. In addition, BB&T Financial will pay cash bonuses to the individuals receiving awards of restricted stock to compensate those individuals for a portion of the tax liability associated with the awards granted. The cash bonus would equal 53.9% of the market price of the restricted stock awarded at the date of grant, payable as the tax

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Board of Directors

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liability is incurred. If the individual elects not to incur all of the tax liability in the year the restricted stock is awarded, 20% of the cash bonus will be paid in each year as the stock vests. The grants of restricted stock and related cash awards are referred to herein as the "Restricted Stock Plan."

In addition to the foregoing statement of facts, the following representations have been made:

- (a) The fair market value of the deposits in the stock savings bank plus interests in the liquidation account and subscription rights to acquire BB&T Financial stock to be received in the Conversion will be approximately equal to the fair market value of the deposits and proprietary interests in the mutual savings bank surrendered in the Conversion.
- (b) There is no plan or intention for the depositors of Home Savings to sell, exchange or otherwise dispose of any of the deposits received in the Conversion.
- (c) Immediately following the Conversion, the depositors of Home Savings on the eligibility record date will own all of the outstanding interests in the liquidation account, and will own such interests solely by reason of their ownership of deposits at the mutual savings bank (including the rights to liquidation proceeds). As a matter of law, additional interests in the liquidation account may not be issued following the Conversion.
- (d) Immediately following the Conversion/Acquisition, Home Savings will possess the same assets and liabilities that it held immediately prior to the transaction, except for the addition of cash paid by BB&T Financial for the shares of Home Savings issued in the Conversion/Acquisition.
- (e) Except for Home Savings' agreement to sell all of its stock to BB&T Financial in the Conversion/Acquisition, at the time of the Conversion/Acquisition, Home Savings will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Home Savings.
- (f) Home Savings has no plan or intention to reacquire any of the stock

issued to BB&T Financial in the Acquisition.

(g) Except for the Bank Merger, Home Savings has no plan or intention to sell or otherwise dispose of any of the assets of

Board of Directors

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the mutual savings bank, except in the ordinary course of business.

(h) The liabilities to be assumed by the stock savings bank, plus the liabilities, if any, to which the transferred assets are subject, were incurred by Home Savings in the ordinary course of its business and are associated with the assets transferred.

(i) Immediately following the Conversion/Acquisition, BB&T Financial will continue the historic business of Home Savings or will use a significant portion of Home Savings' historic business assets in a business.

(j) The depositors of Home Savings will pay their expenses, if any, incurred in connection with the Conversion.

(k) Home Savings is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of Section 368(a) (3) (A) of the Internal Revenue Code.

(l) No depositor of Home Savings who is eligible to receive an interest in the liquidation account will be excluded from participating in the liquidation account.

(m) BB&T Financial will pay all of the expenses of the Conversion/Acquisition, except for expenses of the depositors of Home Savings.

(n) BB&T Financial has no plan or intention to redeem or otherwise acquire any of the Conversion Stock to be issued pursuant to the Conversion/Acquisition.

(o) At the time of the Conversion, the fair market value of the assets of the mutual savings bank (on a going-concern basis) to be transferred to the stock savings bank will equal or exceed the liabilities to be assumed by the stock savings bank plus the liabilities to which such assets are subject. Immediately prior to the Conversion, Home Savings will have a positive net worth.

(p) None of the shares of the Conversion Stock to be issued to or purchased by depositors who are also employees of Home Savings will be issued or acquired at a discount from the price offered to any other depositor or as compensation. Compensation to be paid to depositors who

are also employees of Home Savings will be commensurate with amounts paid to third parties bargaining at arm's length for similar services.

Board of Directors

January 3, 1994

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(q) Except for the Bank Merger, BB&T Financial has no plan or intention to sell or otherwise dispose of the stock of Home Savings received by it in the Conversion/Acquisition and there is no plan or intention for Home Savings to liquidate or merge into another corporation following the Conversion/Acquisition.

(r) BB&T Financial and Home Savings are corporations within the meaning of Section 7701(a) (3) of the Code.

(s) No cash or property will be given to depositors of Home Savings or others in lieu of non-transferable subscription rights or an interest in the liquidation account of Home Savings.

Opinion

FEDERAL INCOME TAX CONSEQUENCES

- - - - -

Based solely on the above facts and representations, it is our opinion that:

- (1) The proposed conversion of Home Savings from a North Carolina-chartered mutual savings bank to a North Carolina-chartered stock savings bank will constitute a reorganization within the meaning of Section 368(a) of the Code, and no gain or loss will be recognized by Home Savings as a result of the Conversion. Rev. Rul. 80-105, 1980-1 C.B. 78. The mutual savings bank and the stock savings bank will each be a "party to the reorganization" within the meaning of Section 368(b) of the Code.
- (2) No gain or loss will be recognized by Home Savings upon the receipt of money from BB&T Financial in exchange for shares of common stock of Home Savings. In addition, no gain or loss will be recognized by BB&T Financial upon the receipt of money in exchange for its common stock. Section

- (3) Home Savings will not recognize any gain or loss with respect to its assets as a result of the Conversion; the basis of Home Savings in its assets will not change as a result of the Conversion and the holding period of the assets will include the period during which such assets were held by Home Savings prior to the Conversion.

Board of Directors

January 3, 1994

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- (4) No gain or loss will be recognized by a depositor of Home Savings upon the deemed issuance to him or her of deposit accounts in the stock savings bank in exchange for, and in the same amount as, his or her deposit accounts in the mutual savings bank.
- (5) Gain, if any, will be recognized by an Eligible Member Subscriber upon the exchange of his or her membership interest in the mutual savings bank for subscription rights and an interest in the liquidation account. Any gain resulting therefrom will be recognized, but only in an amount not in excess of the fair market value of the subscription rights and the interests in the liquidation account. However, the interests in the liquidation account will have nominal, if any, fair market value. Section 1001; Paulsen v. Commissioner, 469 U.S. 131 (1985).

- (6) A Voting Member will be in receipt of taxable income upon the receipt of nontransferable subscription rights to the extent of the fair market value, if any, of the subscription rights received.
- (7) A depositor will be in receipt of taxable income in the amount of the Bonus Interest paid to the depositor, at the time such amount is paid or made available.
- (8) A depositor's basis in his or her deposit accounts will not change as a result of the Conversion. An Eligible Member Subscriber will have a basis of zero in his or her interest in the liquidation account, increased by the amount of gain, if any, recognized on receipt of such interest. Finally, an Eligible Member Subscriber or Voting Member will have a basis in any subscription rights received equal to zero, increased by the amount of income or gain, if any, recognized on receipt of such rights.
- (9) No taxable income will be recognized by an Eligible Member Subscriber or Voting Member as a result of the exercise of his or her subscription rights. Rev. Rul. 56-572, 1956-2 C.B. 182.
- (10) An Eligible Member Subscriber or Voting Member will be entitled to claim, for the year in which any subscription rights expire unexercised, a loss in an amount equal to his or her basis in such rights. Such loss will be a

capital loss provided the common stock of BB&T Financial that would have been acquired upon the exercise of such subscription rights would have

(LOGO OF KPMG PEAT MARWICK APPEARS HERE)

Board of Directors

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constituted a capital asset in the hands of the Eligible Member Subscriber or Voting Member.

- (11) No income, gain or loss will be recognized by the purchasers of BB&T Financial stock pursuant to the Community Offering. A purchaser of Conversion Stock will have a basis in such stock equal to the purchase price of such stock, increased (in the case of stock acquired pursuant to the Subscription Offering) by the basis, if any, of the subscription rights exercised. Section 1012.
- (12) The holding period for BB&T Financial stock acquired pursuant to the Subscription Offering will commence on the date the subscription rights are exercised. Section 1223 (6). The holding period for BB&T Financial stock acquired pursuant to the Community Offering will commence on the date following the date on which such stock is purchased. Rev. Rul. 70-598, 1970-2 C.B. 168, Rev. Rul. 66-97, 1966-1, C.B. 190.
- (13) The tax attributes enumerated in Section 381(c), including any earnings and profits or a deficit of earnings and profits, will be taken into account by Home Savings following the Conversion. Section 381.
- (14) The Conversion/Acquisition will not require the bad debt reserves of Home Savings to be restored to gross income (Section 381(c)(4), Treas. Reg. Sec. 1.381(c)(4)-1 (a) (1) (ii)), nor will it affect deductions for additions to reserves for bad debts under Section 593 or distributions to shareholders under Section 593(a). Because the Conversion will be a transaction to which Section 381 applies, Section 593(a) will not apply.

NORTH CAROLINA INCOME TAX CONSEQUENCES

It is our opinion that the State of North Carolina will, for North Carolina income tax purposes, treat the Conversion/Acquisition in an identical manner as it is treated by the Internal Revenue Service for federal income tax purposes. N.C.G.S. 105-130.2, 105-130.3, 105-130.5, 105-134.1, 105-134.2, 105-134.5, 105-134.6, 105-134.7 and 105-228.23.

THE BANK MERGER

Nothing in the foregoing opinion is to be construed either explicitly or implicitly as opining on the federal or North Carolina income tax consequences of the Bank Merger.

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Board of Directors
January 3, 1994
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THE RESTRICTED STOCK PLAN

Nothing in the foregoing opinion is to be construed either explicitly or implicitly as opining on the federal or North Carolina income tax consequences of the Restricted Stock Plan.

Sincerely,

KPMG Peat Marwick

Sheldon M. Fox, Partner

SMF:jr

TAX ADVISORS' CONSENT

Board of Directors
Home Savings Bank of Albemarle, S.S.B.

Board of Directors
BB&T Financial Corporation

We consent to the inclusion of our tax opinion dated December 21, 1993, regard-
-ing the federal and North Carolina income tax consequences of the Conversion
and the Acquisition, in Exhibit No. 8.4 of Post-Effective Amendment No. 2 to the
Form S-3 Registration Statement to be filed with the Securities and Exchange
Commission, and the references to our firm under the headings "SUMMARY - Certain
Federal Income Tax Consequences", "THE OFFERINGS - Certain Federal Income Tax
Consequences" and "Opinions" in the Prospectus/Proxy Statement.

KPMG Peat Marwick

Raleigh, North Carolina
January 5, 1994

The Board of Directors
BB&T Financial Corporation

We consent to the use of our report dated January 14, 1993 included in BB&T Financial Corporation's Form 10-K for the year ended December 31, 1992 incorporated herein by reference and to the reference to our firm under the heading "Experts" in the Registration Statement and related Prospectus for the conversion/acquisition of Home Savings Bank of Albemarle, S.S.B.

KPMG Peat Marwick

Raleigh, North Carolina
January 10, 1994

Board of Directors
BB&T Financial Corporation

We consent to the use of our report on the consolidated statement of financial condition of Old Stone Bank of North Carolina and subsidiaries as of December 31, 1992 and the related consolidated statements of income, stockholder's equity and cash flows for the year then ended incorporated herein by reference to our firm under the heading "Experts" in the Prospectus/Proxy Statement.

KPMG Peat Marwick

Greensboro, North Carolina
January 4, 1994

January 10, 1994

Board of Directors
BB&T Financial Corporation
223 West Nash Street
Wilson, North Carolina 27893

Gentlemen:

I hereby consent to the reference to my name under the caption "Opinions" in the Prospectus relating to Home Savings Bank of Albemarle, S.S.B. included in Post-Effective Amendment No. 2 to the Registration Statement.

Very Truly Yours,

Jerone C. Herring
Vice President and Secretary

(LOGO OF McGLADREY & PULLEN APPEARS HERE)

(LOGO OF RSM APPEARS HERE)

Exhibit 23.25

CONSENT OF INDEPENDENT AUDITORS

To the Board of Directors
BB&T Financial Corporation
Wilson, North Carolina

We consent to the incorporation by reference in the Prospectus/Proxy Statement for the conversion/merger of Home Savings Bank of Albemarle, S.S.B. of our report dated November 10, 1993, with respect to the financial statements of Home Savings Bank of Albemarle, S.S.B., (formerly Home Savings & Loan Association) and subsidiary incorporated by reference on BB&T Financial Corporation's Form 8-K for the years ended September 30, 1993, and 1992 and to the reference to our firm under the heading "Experts".

McGLADREY & PULLEN

By: /s/ McGLADREY & PULLEN

Charlotte, North Carolina
January 5, 1994

Interstate Tower, Suite 2700
121 West Trade Street
Charlotte, North Carolina 28202-5399
(704) 333-9003 FAX (704) 376-3255

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(LOGO OF McGLADREY & PULLEN APPEARS HERE)

(LOGO OF RSM APPEARS HERE)

Exhibit 23.26

CONSENT OF INDEPENDENT AUDITORS

To the Board of Directors
BB&T Financial Corporation
Wilson, North Carolina

We consent to the incorporation by reference in the Prospectus/Proxy Statement for the conversion/merger of Home Savings Bank of Albemarle, S.S.B. of our report dated October 27, 1992, with respect to the financial statements of Citizens Savings Bank, SSB Inc. (formerly Citizens Bank, Inc.) and subsidiary incorporated by reference on BB&T Financial Corporation's Form 8-K for the years ended September 30, 1992, 1991 and 1990 and to the reference to our firm under the heading "Experts".

McGLADREY & PULLEN

By: /s/ McGLADREY & PULLEN

Charlotte, North Carolina
January 5, 1994

Interstate Tower, Suite 2700
121 West Trade Street
Charlotte, North Carolina 28202-5399
(704) 333-9003 FAX (704) 376-3255

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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus/Proxy Statement constituting part of this Registration Statement on Form S-3 of BB&T Financial Corporation of our report dated March 12, 1993 relating to the consolidated financial statements of Security Financial Holding Company, which appears in the Current Report on Form 8-K of BB&T Financial Corporation dated August 6, 1993. We also consent to the reference to us under the heading "Experts" in such Prospectus/Proxy Statement.

/s/ Price Waterhouse
PRICE WATERHOUSE

Raleigh, North Carolina
January 4, 1994

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of BB&T Financial Corporation on Form S-3 of our report dated January 22, 1993, relating to the consolidated financial statements of Asheville Federal Bank, FSB and subsidiary (now Asheville Savings Bank, SSB), appearing in the Current Report on Form 8-K of BB&T Financial Corporation dated August 6, 1993, and to the reference to us under the heading "Experts" in the Prospectus/Proxy Statement, which is part of this Registration Statement.

/s/ Deloitte & Touche
DELOITTE & TOUCHE
Hickory, North Carolina

January 10, 1994

We consent to the incorporation by reference into this Registration Statement of BB&T Financial Corporation on Form S-3 of our report dated March 11, 1993 relating to the consolidated financial statements of L.S.B. Bancshares, Inc. of South Carolina as of December 31, 1992 and 1991 and for each of the three years in the period ended December 31, 1992. We also consent to the reference to us under the heading "Experts" in the Prospectus/Proxy Statement for the conversion merger of Home Savings Bank of Albemarle, S.S.B. forming a part of this Registration Statement.

/s/ Donald G. Jones and Company, P.A.

Donald G. Jones and Company, P.A.

January 6, 1994

January 4, 1994

Board of Directors
BB&T Financial Corporation
223 West Nash
Wilson, North Carolina 27893

Board of Directors
Home Savings Bank of Albemarle, S.S.B.
155 West South Street
Albemarle, North Carolina 28002

Gentlemen:

We hereby consent to the reference to our firm under the heading "Experts" in Post-Effective Amendment No. 2 to the Form S-3 Registration Statement and in BB&T Financial Corporation's Prospectus/Proxy Statement for the acquisition of Home Savings Bank of Albemarle, S.S.B. and do further consent to the use of the summary of our appraisal opinion of Home Savings Bank of Albemarle, S.S.B. in the Prospectus/Proxy Statement.

Sincerely,

/s/ MICHAEL A. MURPHY

Michael A. Murphy
Managing Director