FORM 8-K/A

Current report filing [amend]

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FILER

SOUTHERN NATIONAL CORP /NC/

CIK:**92230**| IRS No.: **560939887** | State of Incorp.:**NC** | Fiscal Year End: **1231**
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SIC: **6021** National commercial banks

Mailing Address
500 NORTH CHESTNUT STREET
LUMBERTON NC 28358

Business Address
500 N CHESTNUT ST
LUMBERTON NC 28358
9196712000

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8
AMENDMENT TO APPLICATION OR REPORT

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

Southern National Corporation
(Exact name of registrant as specified in its charter)

Commission file number: 0-4641

AMENDMENT NO. 1

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Current Report on Form 8-K dated February 11, 1994 as set forth in the pages attached hereto.

Item 7(a). Financial statements of business acquired.
Item 7(b). Proforma financial information.

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

SOUTHERN NATIONAL CORPORATION

Date: April 15, 1994 By: /s/ SHERRY A. KELLETT
Sherry A. Kellett
Vice President and Controller

Pursuant to Items 7(a) and 7(b) of the registrant's Current Report on Form 8-k dated February 11, 1994, the registrant hereby files the following financial statements and proforma financial information:

Item 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of business acquired:

The First Savings Bank, FSB ("The First")
- Consolidated Statements of Financial Condition as of June 30, 1993 and 1992
- Consolidated Statements of Operations for the Years Ended June 30, 1993, 1992 and 1991
- Consolidated Statements of Cash Flows for the Years Ended June 30, 1993, 1992 and 1991
- Notes to Consolidated Financial Statements
- Independent Auditors' Report

(b) Proforma combined financial information:

- Proforma Condensed Statement of Condition as of December 31, 1993 (Unaudited)
- Proforma Condensed Statement of Operations for the Year Ended December 31, 1993 (Unaudited)

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

<TABLE>
<CAPTION>

<S>	JUNE 30, 1993 <C>	1992 <C>
ASSETS		
Cash and cash equivalents	$ 79,158,801	52,730,405
Investment securities:		
Principal (market value $79,542,484 and $74,789,510, respectively)	79,233,792	74,315,506
Accrued interest receivable	626,957	487,332
	79,860,749	74,802,838
Mortgage-backed certificates, net:		
Held for sale (market value $8,780,368)	--	8,780,368
Held for investment (market value $372,370,000 and $254,588,589, respectively)	357,723,237	241,793,041
Accrued interest receivable	2,688,198	2,029,227
Total mortgage-backed certificates, net	360,411,435	252,602,636
Loans receivable, net:		
Held for sale	201,393,958	172,347,918
Held for investment	1,244,659,853	1,300,680,299

Accrued interest receivable, net	7,016,657	9,086,144
Total loans receivable, net	1,453,070,468	1,482,114,361
Real estate	36,373,235	44,662,544
Premises and equipment	30,758,166	32,721,615
Goodwill	28,749,404	29,954,334
Other assets	17,963,655	21,401,802
	$2,086,345,913	1,990,990,535
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	1,520,635,224	1,540,064,155
Advances from Federal Home Loan Bank	272,731,995	221,524,788
Subordinated capital notes	7,927,635	7,903,216
Other borrowed money	59,936,491	40,275,040
Escrow deposits by borrowers for insurance and taxes	24,157,372	20,759,740
Income taxes:		
Current	1,400,792	1,006,131
Deferred	1,739,000	1,536,000
Investor custodial accounts	40,069,911	14,702,884
Other liabilities	32,176,610	29,984,955
Total liabilities	1,960,775,030	1,877,756,909
Commitments and contingencies		
Stockholders' Equity:		
Serial preferred stock, 15,000,000 shares authorized and unissued	--	--
Common stock, $1.00 par value, 25,000,000 shares authorized; 9,070,319 and 5,846,709 shares issued and outstanding, respectively	9,070,319	5,846,709
Additional paid-in-capital	42,671,324	41,337,100
Retained earnings	73,829,240	66,049,817
Total stockholders' equity	125,570,883	113,233,626
	$2,086,345,913	1,990,990,535

</TABLE>

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

<S>	COMMON STOCK <C>	ADDITIONAL PAID-IN-CAPITAL <C>	RETAINED EARNINGS <C>	TOTAL STOCKHOLDERS' EQUITY <C>
Balance at June 30, 1990	$4,687,076	35,915,436	54,784,997	95,387,509
Net earnings	--	--	8,444,350	8,444,350
Ten percent stock dividend	473,021	1,596,446	(2,069,467)	--
Cash dividend for fractional shares	--	--	(5,678)	(5,678)
Sale of common stock	73,277	234,348	--	307,625
Balance at June 30, 1991	5,233,374	37,746,230	61,154,202	104,133,806
Net earnings	--	--	8,602,798	8,602,798
Ten percent stock dividend	528,242	3,169,452	(3,697,694)	--
Cash dividend for fractional shares	--	--	(9,489)	(9,489)
Sale of common stock	85,093	421,418	--	506,511
Balance at June 30, 1992	5,846,709	41,337,100	66,049,817	113,233,626
Net earnings	--	--	10,744,943	10,744,943
Three-for-two stock split	2,958,020	--	(2,958,020)	--
Cash dividend for fractional shares	--	--	(7,500)	(7,500)
Sale of common stock	265,590	863,257	--	1,128,847
Tax benefit for non-incentive options exercised	--	470,967	--	470,967
BALANCE AT JUNE 30, 1993	$9,070,319	42,671,324	73,829,240	125,570,883

</TABLE>

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

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	YEARS ENDED JUNE 30,		
<S>	1993 <C>	1992 <C>	1991 <C>
Interest and dividend income:			
Loans receivable	$122,827,624	137,914,688	156,175,288
Mortgage-backed certificates	24,640,633	23,909,634	39,862,713
Investment securities	3,099,252	3,731,109	4,473,492
Other interest income	1,363,390	2,559,311	1,914,231
Total interest and dividend income	151,930,899	168,114,742	202,425,724
Interest expense:			
Deposits	61,224,994	88,738,542	116,613,889
Short-term borrowings	1,444,844	1,032,267	4,460,517
Long-term borrowings	20,479,972	21,344,222	28,746,575
Total interest expense	83,149,810	111,115,031	149,820,981
Net interest income	68,781,089	56,999,711	52,604,743

Provision for loan losses	8,699,105	10,468,740	10,480,775
Net interest income after provision for loan losses	60,081,984	46,530,971	42,123,968
Other income (expense):			
Loan servicing fees	3,232,402	4,503,515	5,146,214
Gain on sale of loans receivable and MBCs, net	3,930,928	5,550,983	7,348,917
Gain on sale of loan servicing, net	2,017,227	4,204,163	5,693,016
Gain on sale of branch offices, net	--	632,411	--
Loss on sale of securities, net	--	(44)	(107,174)
Real estate acquired for development and resale operations, net	(1,595,042)	(2,156,313)	(987,965)
Real estate acquired through foreclosure operations, net	(3,675,379)	(3,125,521)	(2,344,127)
Service fees on deposits	10,175,941	11,117,807	11,477,665
Other	6,522,078	6,791,520	5,804,208
Total other income	20,608,155	27,518,521	32,030,754
General and administrative expenses:			
Compensation and fringe benefits	33,347,974	32,517,111	30,468,294
Equipment	6,221,509	5,423,335	5,345,816
Net occupancy	5,698,786	5,704,679	5,703,249
Deposit insurance premium	3,671,089	3,657,933	3,620,111
Advertising	2,204,325	2,185,199	2,107,303
Amortization of goodwill	1,204,930	1,205,196	1,205,284
Other	10,387,583	9,668,241	10,797,315
Total general and administrative expenses	62,736,196	60,361,694	59,247,372
Earnings before income tax expense	17,953,943	13,687,798	14,907,350
Income tax expense	7,209,000	5,085,000	6,463,000
Net earnings	$ 10,744,943	8,602,798	8,444,350
Earnings per share	$ 1.15	.96	.98
Weighted average shares outstanding	9,327,861	8,969,407	8,618,545

</TABLE>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEARS ENDED JUNE 30, 1993	1992	1991
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net earnings	$ 10,744,943	8,602,798	8,444,350
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	5,261,210	4,312,328	4,386,379
Provision for losses	13,059,632	12,652,846	11,851,944
Amortization of fees, discounts, premiums and goodwill, net	2,767,058	(522,837)	(1,689,347)
Amortization of purchased and capitalized excess servicing rights	3,682,602	1,943,644	1,456,175
Gains on sales of investment securities, mortgage-backed certificates, loans receivable, servicing rights, branch offices and real estate acquired through foreclosure, net	(5,890,936)	(8,999,289)	(11,749,862)
Increase (decrease) in current income taxes	865,628	(1,871,233)	2,877,364
Increase (decrease) in deferred income taxes	203,000	(105,000)	(787,000)
Change in other assets, net	67,748	4,868,276	(901,920)
Change in other liabilities	2,191,655	(5,728,199)	5,318,043
Change in investor custodial accounts	25,367,027	3,078,910	1,536,596
FHLB stock dividend	(883,700)	(1,011,200)	(1,227,962)
Change in accrued interest	1,361,479	4,012,066	1,657,105
Proceeds from sale of loans held for sale	691,938,009	376,089,721	355,159,579
Proceeds from sale of mortgage-backed certificates held for sale	12,242,253	87,170,005	169,335,138
Principal reduction of loans held for sale	37,727,190	9,927,521	12,942,387
Principal reduction of mortgage-backed certificates held for sale	168,089	1,503,837	--
Origination of mortgage loans held for sale	(568,096,010)	(473,769,478)	(387,673,144)
Purchase of loans held for sale	(96,773,358)	(75,900,159)	(169,696,988)
Net cash provided (used) by operating activities	136,003,519	(53,745,443)	1,238,837
Cash flows from investing activities:			
Proceeds from sale of investment securities	--	1,045,656	9,454,996
Proceeds from maturity of investment securities	52,349,019	63,790,610	54,733,387
Proceeds from sale of loans receivable and mortgage loan servicing rights	2,051,416	43,168,823	63,742,221
Proceeds from sale of mortgage-backed certificates, net	--	39,781,336	164,600,374
Principal reduction of loans receivable, net	544,610,830	524,921,068	501,839,261
Principal reduction of mortgage-backed certificates, net	92,960,028	42,085,627	43,459,498
Proceeds from sale of real estate acquired through foreclosure	16,591,343	11,033,523	15,476,775
Proceeds from sale of real estate acquired for development and resale, net	4,346,496	10,361,380	5,242,540
Proceeds from sale of premises and equipment, net	967,750	29,342	30,142
Sale of branch offices:			
Deposits	--	(35,658,797)	--
Premises and equipment, net	--	319,150	--
Installment loans	--	10,021,034	--
Purchase of investment securities, net	(56,444,342)	(20,789,361)	(119,386,784)
Purchase of premises and equipment, net	(4,411,913)	(3,331,589)	(2,131,957)
Purchase of mortgage servicing rights	(55,420)	(6,583,769)	(1,739,658)
Investment in real estate acquired for development and resale, net	(1,753,606)	(3,239,527)	(3,005,781)

Origination and purchase of loans receivable:			
Mortgage loans	(206,471,220)	(109,278,234)	(26,354,386)
Commercial loans	(187,516,338)	(228,067,690)	(251,302,672)
Installment loans	(208,305,466)	(209,753,435)	(178,476,118)
Purchase of loans held for investment	(158,650)	--	--
Purchase of mortgage-backed certificates held for investment	(213,645,412)	(39,601,434)	--
Net cash (used) provided by investing activities	(164,885,485)	90,253,713	276,181,838

</TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS -- CONTINUED

<TABLE>
<CAPTION>

	YEARS ENDED JUNE 30, 1993	1992	1991
<S>	<C>	<C>	<C>
Cash flows from financing activities:			
Proceeds from new deposits	546,347,389	502,416,819	491,694,886
Interest credited to and accrued on deposits	48,938,931	66,856,188	81,766,910
Proceeds from FHLB advances	279,000,000	105,000,000	266,100,000
Proceeds from other borrowed money	20,369,289	23,142,735	1,716,006
Increase (decrease) in escrow deposits	3,397,632	1,867,080	(1,859,720)
Proceeds from the sale of common stock	1,128,847	506,511	307,625
Withdrawals of deposits	(615,269,075)	(635,479,457)	(679,704,964)
Repayment of FHLB advances	(227,874,703)	(106,294,667)	(345,852,000)
Repayment of other borrowed money	(716,448)	(11,303,385)	(99,077,588)
Redemption of subordinated capital notes	(4,000)	(42,500)	(14,000)
Cash dividend for fractional shares	(7,500)	(9,489)	(5,678)
Net cash provided (used) by financing activities	55,310,362	(53,340,165)	(284,928,523)
Net increase (decrease) in cash and cash equivalents	26,428,396	(16,831,895)	(7,507,848)
Cash and cash equivalents at beginning of year	52,730,405	69,562,300	77,070,148
Cash and cash equivalents at end of year	$ 79,158,801	52,730,405	69,562,300
Supplemental disclosure of cash paid during the year for:			
Interest expense	$ 84,357,933	112,737,301	155,310,103
Income taxes	$ 6,150,000	7,050,000	5,811,710

</TABLE>

THE FIRST SAVINGS BANK, FSB
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The following is a description of the more significant accounting and reporting policies which the Bank follows in preparing and presenting its consolidated financial statements.

(A) PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Bank and all subsidiaries, and in consolidation all significant intercompany items are eliminated.

(B) CASH AND CASH EQUIVALENTS

Cash on hand, cash items in transit to depository institutions, cash balances in depository institutions, federal funds sold, and overnight time deposits are defined as cash and cash equivalents for financial reporting purposes.

(C) INVESTMENT SECURITIES

The Bank maintained liquid assets in excess of the amount required by Office of Thrift Supervision (OTS) regulations during all periods included in these consolidated financial statements. The required amount is 5% of the average daily balances of deposits and short-term borrowings. Liquid assets consist principally of cash, including time deposits, and investment securities.

Investment securities are carried at amortized cost and are not adjusted to the lower of cost or market because management has the intention and the ability to hold the securities to maturity. Premiums and discounts on investment securities are amortized over the life of the security using a method that approximates level yield. Gains and losses on sales of these securities are recognized when realized.

The stock of the Federal Home Loan Bank has no quoted market value, and no ready market exists. The investment in the stock is required by law of every federally insured thrift.

The cost of investments sold is determined by specific identification.

(D) INTEREST INCOME

Interest earned on loans receivable is recorded in the period earned. An allowance for uncollected interest is established for all interest accrued on delinquent loans in accordance with regulatory requirements. Delinquent interest ultimately collected is credited to income in the period of recovery.

(E) LOAN ORIGINATION AND COMMITMENT FEES AND LOAN COSTS

Loan origination and commitment fees are deferred net of specified costs as required by Statement of Financial Accounting Standards No. 91, "Accounting for Non-refundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases" (FAS 91). If no fees are charged, the FAS 91 specified loan cost is deferred. The net deferred fees or costs are accreted or amortized to interest income over the contractual lives of the loans using the level yield method.

(F) UNEARNED AND UNAMORTIZED PREMIUMS AND DISCOUNTS

All unearned and unamortized premiums or discounts on loans receivable are accreted or amortized to income over the remaining lives of the loans adjusted for prepayments using a method approximating a level yield.

(G) ASSETS HELD FOR SALE

Assets held for sale are carried at the lower of cost, committed purchase price, or market. A quarterly analysis is done to determine the market value of the held for sale assets, and an adjustment to the carrying value is made if necessary.

When loans are sold with servicing rights retained, the Bank realizes additional gains or losses if the actual servicing fees to be received differ from the normal servicing fees. Such gains or losses are calculated as the present value of the

differential between the actual servicing fee and the normal servicing fee over the remaining life of the loans serviced, adjusted for estimated prepayments. The resulting discount or premium is amortized over the estimated remaining lives of such loans, adjusted for actual prepayments.

Normal servicing fees are recognized as income in the period earned.

(H) PURCHASED MORTGAGE SERVICING

Loan servicing rights purchased (PMSRs) are recorded at cost and are amortized over the estimated remaining lives of the loans serviced adjusted for prepayments. PMSRs are included in other assets.

(I) PROVISION FOR LOAN LOSSES

Valuation allowances for specific loans receivable are charged to income when declines in value reduce the market value of the collateral below their carrying value. In addition to specific valuation allowances, management has established a policy of providing amounts for loan valuation purposes not identified with any specific loan derived from actual loss experience ratios, loan types, loan volume, economic conditions, industry standards and other relevant factors.

(J) REAL ESTATE

For fiscal years prior to and including 1992, real estate acquired through foreclosure (REO) and in-substance foreclosure was recorded at the lower of cost or fair value. Subsequent to the transfer from loans to real estate acquired through foreclosure, the property was carried at the lower of the new cost basis or net realizable value. Prior to Statement of Position 92-3 "Accounting for Foreclosed Assets" (SOP 92-3), cost was defined as the principal balance (less any allowance for uncollected interest and/or valuation allowances) of the former mortgage loan. In accordance with SOP 92-3, that policy was changed for fiscal 1993 such that REO, as well as in-substance foreclosure, is carried at the lower of cost (which is now defined as fair value at the time of repossession less estimated disposition cost) or fair value less disposition costs.

Real estate acquired for development and resale (READR) is stated at initial acquisition cost plus costs of improvements, including interest. READR investments are reviewed regularly and allowances for valuations are established when the carrying values exceed estimated net realizable values.

Construction costs incurred in the residential land development operations are accounted for on a unit-by-unit basis. Land acquisition costs and other development costs not attributable to specific units are allocated based on the projected selling prices of the unsold units. Estimated additional costs to be incurred relating to units sold are accrued and considered in determining gains or losses on units sold.

Interest charges during the development period of construction of READR projects are capitalized as a cost of the project. When construction is complete, interest charges are expended as a period cost. Interest charges on real estate acquired through foreclosure are expended as a period cost.

Gains on the sale of real estate acquired for development and resale are recorded at the time of sale provided certain criteria relating to property type, cash down payment, loan terms, and other factors are met. If these criteria are not met at the date of sale, the gain is deferred and recognized using the installment or cost-recovery method until they are satisfied, at which time the remaining deferred gain is recorded as income.

(K) PREMISES AND EQUIPMENT

Premises and equipment are carried at cost, net of accumulated depreciation, which is based on the useful lives of the assets. Buildings are depreciated primarily over forty years using principally the straight-line method. Leasehold improvements are amortized over the lesser of their respective lives or the primary lease term using primarily the straight-line method. Furniture and equipment are depreciated over ten years using principally the straight-line method. Automobiles are depreciated over four years using the straight-line method.

Certain premises and equipment were sold and leased back. The related gain on the sale has been deferred and is being amortized on a straight-line basis over the primary lease term (ten years). The related rental expense is being charged to earnings based on the average lease payments over the primary lease term.

(L) INCOME TAXES

Deferred income taxes result from timing differences in the recognition of income and expenses for financial statement and tax purposes.

(M) PENSION EXPENSE

Accrued pension expense is funded annually and includes a charge for prior service costs.

(N) GOODWILL

Goodwill, representing the excess of cost over fair value of assets acquired in transactions accounted for as purchases, is being amortized over thirty-five years using the straight-line method. The acquisitions giving rise to the goodwill were consummated prior to the Statement of Financial Accounting Standards No. 72, which became effective September 30, 1982.

(O) PREMIUM ON DEPOSIT ACQUISITIONS

Premium on deposit acquisitions is being amortized over the estimated lives of the deposits (primarily nineteen to twenty-two years) using the straight-line method. The amount amortized is included in interest expense on deposits.

(P) DEBT ISSUANCE COST

The cost of issuing the subordinated capital notes (SCN) was capitalized and is being amortized over ten years using a method approximating a level yield. Debt issuance costs are netted against the related debt amount and the amortization of such costs are included in interest expense on borrowings.

(Q) MORTGAGE-BACKED CERTIFICATES SOLD UNDER AGREEMENTS TO REPURCHASE

The Bank may enter into sales of mortgage-backed certificates (MBCs) under agreements to repurchase (reverse repurchase agreements and dollar price repurchase agreements). Reverse repurchase agreements are treated as financing transactions. The obligations to repurchase MBCs sold are reflected in other borrowed money and the MBCs underlying the agreements are reflected as assets in the consolidated statements of financial condition.

Dollar price repurchase agreements are recorded as financing transactions if specific criteria are met, primarily the requirement to repurchase MBCs that are substantially the same as those delivered into the transaction. The Bank is required to record the transaction as a sale if the criteria to qualify as a financing transaction are not met.

(R) OPTIONS AND FINANCIAL FUTURES

The Bank periodically engages in hedging activities through the options and financial futures markets in an effort to protect interest-sensitive assets and liabilities against the effects of adverse changes in interest rates. Gains and losses on options or futures positions used to hedge the cost of variable-rate deposits are deferred and amortized as adjustments to interest expense over the contractual lives of the related deposits. Gains and losses on options or futures positions used to hedge the value of interest-sensitive assets are treated as adjustments to the basis of the related asset and are amortized as adjustments of yield to maturity. There were no open positions at June 30, 1993 and 1992.

(S) EARNINGS PER SHARE

Earnings per share is computed by dividing earnings by the weighted average number of common shares and common share equivalents outstanding during the year. Common share equivalents include, if applicable, dilutive stock option share equivalents determined by using the treasury stock method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES -- Continued

The earnings per share data for all periods shown in the consolidated financial statements have been restated to reflect the three-for-two stock split effected as a 50% stock dividend in February 1993.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, are summarized as follows:

	1993	1992
Cash working funds	$13,182,027	11,798,718
Non-interest-earning demand deposits	52,397,400	36,126,403
Federal funds sold	10,000,000	--
Time deposits	3,579,374	4,805,284
	$79,158,801	52,730,405

The supplemental disclosure of non-cash investing and financing activities for the years ended June 30, is as follows:

	1993	1992	1991
Exchange of loans for mortgage-backed certificates	$ 1,000,000	83,748,335	218,606,363
Loans receivable transferred to real estate acquired through foreclosure	$ 14,473,476	25,931,599	25,131,933

3. INVESTMENT SECURITIES

The amortized cost and market value of investment securities at June 30, are summarized as follows:

<TABLE>
<CAPTION>

1993	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	MARKET VALUE
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. Government corporations and agencies........	$ 63,535,068	575,516	(266,824)	63,843,760
Debt securities issued by foreign governments........	25,000	--	--	25,000
Stock in FHLB & FNMA........	15,673,724	--	--	15,673,724
Accrued interest........	626,957	--	--	626,957
	$ 79,860,749	575,516	(266,824)	80,169,441

</TABLE>

<TABLE>
<CAPTION>

1992	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	MARKET VALUE
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. Government corporations and agencies........	$ 35,028,112	497,239	(23,235)	35,502,116
Other debt securities........	24,873,970	--	--	24,873,970
Stock in FHLB & FNMA........	14,413,424	--	--	14,413,424
Accrued interest........	487,332	--	--	487,332
	$ 74,802,838	497,239	(23,235)	75,276,842

</TABLE>

3. INVESTMENT SECURITIES -- Continued

Investment securities by maturity date ranges at June 30, 1993 are summarized as follows:

<TABLE>
<CAPTION>

	AMORTIZED COST	MARKET VALUE
<S>	<C>	<C>
Due in one year or less........	$ 6,116,889	6,117,144
Due after one year through five years........	11,695,156	11,836,180
Due after five years through ten years........	25,000	25,000
Due after ten years........	62,023,704	62,191,117
	$79,860,749	80,169,441

</TABLE>

There were no proceeds from sales of investments in debt securities during fiscal 1993 and fiscal 1992. The 1992 loss reported in the statement of operations related to 1991 activity.

The stock in the Federal Home Loan Bank, and FNMA REMICs of $28,719,000 are pledged to secure advances.

4. MORTGAGE-BACKED CERTIFICATES, NET

Mortgage-backed certificates, net at June 30, are summarized as follows:

<TABLE>
<CAPTION>

	1993	1992
<S>	<C>	<C>
Mortgage-backed certificates:		
GNMA (market value $223,717,593 and $64,130,897, respectively)........	$219,903,035	62,125,735
FHLMC fixed-rate (market value $7,644,455 and $11,013,263, respectively)........	7,249,610	10,623,293
FHLMC adjustable-rate (market value $21,230,017 and $34,495,441, respectively)........	20,553,741	33,457,159
FNMA (market value $113,131,292 and $145,622,226, respectively)........	106,749,584	140,183,892
Other conventional (market value $6,646,643 and $8,107,130, respectively)........	6,361,269	7,993,731
Accrued interest........	2,688,198	2,029,227
	363,505,437	256,413,037
Less unearned discounts........	3,094,002	3,810,401
	$360,411,435	252,602,636

</TABLE>

Additional information relating to mortgage-backed certificates follows:

<TABLE>
<CAPTION>

AT	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	MARKET VALUE
<S>	<C>	<C>	<C>	<C>
June 30, 1993........	$357,723,237	14,650,365	(3,602)	372,370,000

June 30, 1992	$250,573,409	12,838,805	(43,257)	263,368,957

</TABLE>

The contractual maturity dates of the mortgage-backed certificates are beyond ten years. However, the expected maturities differ from the contractual maturities because borrowers have the right to prepay obligations without prepayment penalties. The proceeds from the sales of mortgage-backed certificates during fiscal 1993 and fiscal 1992 were $12,242,000 and $126,951,000, respectively. Gross gains of $143,000 and $2,070,000, respectively were realized on the sales. There were no losses realized on the sales during fiscal 1993. Gross losses realized during fiscal 1992 were $28,045.

As disclosed in Note 10, mortgage-backed certificates of $170,782,000 and $33,457,000 at June 30, 1993 and 1992, respectively, were pledged to secure advances. As disclosed in Note 11, certain GNMA, FNMA, and FHLMC mortgage-backed certificates are pledged to secure other borrowed money. In addition, GNMA, FNMA and FHLMC mortgage-backed certificates of approximately $50,074,000 and $60,958,000 at June 30, 1993 and 1992, respectively, are pledged to secure deposits.

5. LOANS RECEIVABLE, NET

Loans receivable, net at June 30, are summarized as follows:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>
Real estate loans:		
Fixed-rate	$ 450,920,440	432,206,576
Adjustable-rate	373,361,103	397,074,840
	824,281,543	829,281,416
Real estate construction loans:		
Fixed-rate	52,164,771	40,675,790
Adjustable-rate	26,127,914	29,142,610
	78,292,685	69,818,400
Second mortgage loans	3,850,980	4,937,329
Commercial loans	177,724,029	195,364,736
Installment loans	421,353,892	423,076,886
Accrued interest	11,110,107	12,589,308
	1,516,613,236	1,535,068,075
Less:		
Allowance for uncollected interest	4,093,450	3,503,164
Unamortized discounts and deferred fees on loans purchased	4,532,104	5,507,874
Unamortized discount on loans purchased through business combinations	1,025,224	1,479,049
Net deferred fees on loans originated	845,012	204,441
Allowance for loan losses	15,483,326	12,557,416
Loans in process	37,563,652	29,701,770
	63,542,768	52,953,714
	$1,453,070,468	1,482,114,361

</TABLE>

As disclosed in Note 10, certain loans of $170,074,000 and $304,223,000 as of June 30, 1993 and 1992, respectively were pledged to secure advances.

Loans serviced for the benefit of others amounted to approximately $1,560,738,000, $1,582,311,000, and $1,383,735,000 at June 30, 1993, 1992, and 1991, respectively.

An analysis of the allowance for loan losses for the years ended June 30, is as follows:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Beginning allowance	$12,557,416	10,594,213	7,160,811
Provision for loan losses	8,699,105	10,468,740	10,480,775
Losses incurred	(6,576,137)	(12,004,714)	(7,888,471)
Recoveries	802,942	3,499,177	841,098
Ending allowance	$15,483,326	12,557,416	10,594,213

</TABLE>

The Bank has restructured loans including interest amounting to approximately $16.0 million and $23.3 million at June 30, 1993 and 1992, respectively. These loans are secured by various types of collateral including shopping centers and a marina. The restructured terms do not change the original maturities of these loans. The amount of gross interest income that would have been recorded during 1993 and 1992 if these loans were in accordance with the original terms would have been approximately $1.7 million and $2.5 million, respectively. The amount of interest actually included in interest income amounted to approximately $822,000 and $1.4 million, respectively.

6. REAL ESTATE

Real estate at June 30, is summarized as follows:

	1993	1992
Loans treated as in-substance foreclosures	$ 6,879,752	7,695,222
Real estate and repossessed assets acquired through foreclosure	21,347,093	24,763,754
Real estate acquired for development and resale	12,200,774	14,939,431
	40,427,619	47,398,407
Less:		
Accumulated depreciation	32,255	358,757
Allowance for valuation	4,022,129	2,377,106
	4,054,384	2,735,863
	$ 36,373,235	44,662,544

During fiscal 1993, the Bank capitalized no interest into real estate acquired for development and resale. The Bank capitalized $99,699, and $580,465 for the years ended June 30, 1992 and 1991, respectively.

An analysis of the allowance for valuation for the years ended June 30, follows:

	1993	1992	1991
Beginning allowance	$ 2,377,106	1,790,091	1,556,667
Provision for real estate losses	4,360,527	2,184,106	1,371,169
Losses incurred	(2,715,504)	(1,597,091)	(1,137,745)
	$ 4,022,129	2,377,106	1,790,091

The Bank adopted SOP 92-3 during the quarter ended March 31, 1993. As stated in the 1992 Annual Report, real estate acquired through foreclosure was previously carried at the lower of cost, estimated fair value, or net realizable value. SOP 92-3 requires that such assets be carried at the lower of cost or fair value less disposition costs. This change in accounting policy had a minimal impact on the recorded net real estate balances. See Regulatory Changes and Accounting and Reporting Changes for more discussion on this issue and its impact. Also see Note 1 of Notes to Consolidated Financial Statements for a discussion of the Bank's policy.

7. PREMISES AND EQUIPMENT

Premises and equipment at June 30, are summarized as follows:

	1993	1992
Land	$ 4,516,867	4,726,658
Office and other buildings	18,327,659	18,078,080
Furniture and equipment	35,739,914	33,985,620
Leasehold improvements	4,316,008	4,578,713
Automobiles	437,662	846,179
	63,338,110	62,215,250
Less accumulated depreciation	32,579,944	29,493,635
	$ 30,758,166	32,721,615

The balance of the deferred gain from the sale of the home office real estate, included in other liabilities in the consolidated statements of financial condition, amounted to $994,166 and $1,472,843 at June 30, 1993 and 1992, respectively.

7. PREMISES AND EQUIPMENT -- Continued

The Bank also leases other premises and equipment for its operations. The minimum future lease payments for all non-cancelable operating leases at June 30, 1993 are summarized as follows:

YEAR	AMOUNT
1994	$ 2,252,783
1995	2,229,729
1996	846,380
1997	805,692
1998	698,657
Thereafter	2,965,472

Rental expense for premises and equipment aggregated $2,520,690, $2,610,138, and $2,651,394, for the years ended June 30, 1993, 1992, and 1991, respectively.

8. OTHER ASSETS

Capitalized excess servicing derived from the sale of loans with retention of the servicing rights and purchased servicing rights included in other assets at June 30, follows:

	1993	1992
Capitalized excess servicing rights	$ 293,478	423,054
Purchased servicing rights	7,712,337	11,244,132
	$ 8,005,815	11,667,186

The Bank paid $55,420 and $6,583,769 for the servicing rights to approximately $8,161,000 and $306,200,000 of loans during 1993 and 1992, respectively. Moreover, there were no additions to capitalized excess servicing rights, net of sales during fiscal 1993 and $108,094 were generated during fiscal 1992. The amortization of capitalized excess servicing and purchased servicing rights included in loan servicing fees amounted to $3,682,602, $1,943,644 and $1,456,175 for the years ended June 30, 1993, 1992 and 1991, respectively. The purchase price for PMSRs purchased in the year ended June 30, 1992 was adjusted $34,189 in fiscal 1993 based on requirements concerning subsequent events in the contract.

9. DEPOSITS

Deposits outstanding by type at June 30, are summarized as follows:

DEPOSIT TYPE	1993	1992
Transactional deposits:		
Checking accounts:		
Non-interest-bearing	$ 105,763,477	88,002,762
Interest-bearing with weighted average rates of 2.25% and 3.11%, respectively	135,025,649	124,793,722
Money market demand accounts with weighted average rates of 2.90% and 3.71%, respectively	158,330,630	180,017,307
Total transactional deposits	399,119,756	392,813,791
Savings deposits:		
Passbook deposits with weighted average rates of 2.78% and 4.01%, respectively	126,469,299	128,830,755
Passbook Plus deposits with weighted average rates of 3.46% and 4.40%, respectively	132,601,253	23,695,910
Total savings deposits	259,070,552	152,526,665
Time deposits by rate range:		
2.00 - 3.99%	442,362,451	--
4.00 - 5.99	279,585,532	671,425,368
6.00 - 7.99	74,969,638	241,855,693
8.00 - 9.99	54,670,925	70,046,679
10.00 -11.99	14,288,146	15,349,353
12.00 -13.99	2,190,775	2,222,981
Total time deposits	868,067,467	1,000,900,074
Premium on deposit acquisitions	(5,622,551)	(6,176,375)
	$1,520,635,224	1,540,064,155

Time deposits by rate range and maturity date at June 30, 1993, are summarized as follows:

	AMOUNTS MATURING DURING				
RATE RANGE	FIRST SUCCEEDING YEAR	SECOND SUCCEEDING YEAR	THIRD SUCCEEDING YEAR	YEARS THEREAFTER	TOTAL
2.00 - 3.99%	$424,092,829	18,159,465	8,467	101,690	442,362,451
4.00 - 5.99	187,981,409	59,577,112	23,439,935	8,587,076	279,585,532
6.00 - 7.99	28,837,850	8,069,201	2,110,843	35,951,744	74,969,638
8.00 - 9.99	7,875,192	1,810,393	7,805,588	37,179,752	54,670,925
10.00 -11.99	1,425,442	11,816,615	568,031	478,058	14,288,146
12.00 -13.99	--	2,154,579	36,196	--	2,190,775
	$650,212,722	101,587,365	33,969,060	82,298,320	868,067,467

Certain penalties are assessed on depositors exercising early time deposit withdrawal privileges. These penalties are accounted for as reductions of interest expense on deposits in the year they are incurred. Interest expense by deposit types and penalties for the years ended June 30, are summarized as follows:

DEPOSIT TYPE	1993	1992	1991
Transactional deposits	$ 7,929,732	12,393,806	15,434,859

Passbook deposits	7,240,102	6,603,670	6,795,167
Time deposits	46,233,475	69,983,353	94,685,882
Penalty income	(178,315)	(242,287)	(302,019)
	$61,224,994	88,738,542	116,613,889

</TABLE>

10. ADVANCES FROM THE FEDERAL HOME LOAN BANK (FHLB)

Advances at June 30, are summarized as follows:

<TABLE>
<CAPTION>

MATURITY DATE	WEIGHTED AVERAGE INTEREST RATE 1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
1993	-- %	6.29	$ --	53,874,703
1994	7.00	10.43	158,436,036	78,436,036
1995	7.82	7.87	16,702,703	16,702,703
1996	6.16	8.06	23,302,703	8,302,703
1997	8.16	8.18	8,302,703	8,302,703
1998	8.48	8.49	14,969,369	14,969,369
1999	7.87	8.55	28,302,703	18,302,703
2000	8.44	8.45	11,636,036	11,636,036
2001	8.35	8.37	8,302,703	8,302,703
2002	7.87	7.93	675,676	675,676
2006	8.50	8.50	500,000	500,000
Accrued interest payable	--	--	1,601,363	1,519,453
	7.29 %	8.56	$ 272,731,995	221,524,788

</TABLE>

The stock of the FHLB, loans receivable, and MBCs approximating $385,249,000 and $352,094,000 at June 30, 1993 and 1992, respectively, are pledged as collateral for these advances.

11. SUBORDINATED CAPITAL NOTES AND OTHER BORROWED MONEY

During 1987, the Bank issued $8,188,500 in face amount of unsecured subordinated capital notes with a weighted average interest rate of 11.13% which mature during 1997. These notes may be redeemed only upon death of the holder, and to date $150,000 have been redeemed. OTS regulations provide for the inclusion of these subordinated capital notes in the calculation of regulatory capital. At June 30, 1993, 100% can be included in capital.

Other borrowed money at June 30, is summarized as follows:

<TABLE>
<CAPTION>

	1993	1992
<S>	<C>	<C>
Parent only:		
Reverse repurchase agreements with interest rates of 3.18% and 3.75%, due July 1993 and 1992, respectively, collateralized by GNMA and other mortgage-backed certificates with a carrying value of approximately $61,745,000 and $18,710,000 and a market value of approximately $65,869,000 and $19,589,000, respectively	$ 59,936,491	14,733,551
Dollar price repurchase agreements with an interest rate of 2.80% due July 1992 collateralized by GNMA and other mortgage-backed certificates with a carrying value of approximately $23,840,000 and a market value of approximately $25,060,000	--	24,825,040
Notes of subsidiaries not guaranteed by Parent:		
Mortgage notes payable, with interest rates varying from 8.00% to 8.50% due in varying installments through February 1993 and collateralized by real estate with a carrying value of approximately $2,554,000	--	716,449
	$ 59,936,491	40,275,040

</TABLE>

The mortgage-backed certificates underlying the reverse repurchase agreements (RRP) and dollar price repurchase agreements (DPR) were delivered to the primary government security dealers who arranged the transactions. At the maturity dates of the RRP transactions, the original securities will be returned to the Bank. The RRP's outstanding during 1993 and 1992 averaged $33,834,000 and $16,853,000, respectively. The maximum amounts of RRP's outstanding at any month-end during 1993 and 1992 were $62,050,000 and $32,494,000, respectively. The DPR securities may have been loaned, sold or otherwise disposed of by the dealers to other parties in their normal course of business and the dealers have agreed to resell to the Bank substantially identical securities upon maturity of the agreements. The DPRs outstanding during 1993 and 1992

11. SUBORDINATED CAPITAL NOTES AND OTHER BORROWED MONEY -- Continued

averaged $11,908,000 and $7,951,000, respectively. The maximum amounts of DPRs outstanding at any month end during 1993 and 1992 were $34,096,000 and $30,459,000, respectively.

12. INCOME TAXES

The components of income tax expense for the years ended June 30, are summarized as follows:

	1993	1992	1991
Current:			
Federal	$6,437,000	5,190,000	7,250,000
State	1,144,000	--	--
	7,581,000	5,190,000	7,250,000
Deferred:			
Federal	(313,000)	(369,000)	(787,000)
State	(59,000)	264,000	--
Total	$7,209,000	5,085,000	6,463,000
The components of deferred income taxes are as follows:			
Uniform capitalization of inventory	$ 13,000	(97,000)	(1,000)
Accrual to cash adjustment	32,000	345,000	(540,000)
Deferred loss on sale of loans	(62,000)	(142,000)	(287,000)
Deferred loan origination fees	--	(26,000)	(324,000)
FHLB stock dividend	300,000	237,000	(207,000)
Deferred hedging gains on sales of options	7,000	3,000	3,000
Deferred gain on sale of building	163,000	163,000	163,000
Provision for losses on real estate acquired for development and resale	(250,000)	(114,000)	(139,000)
Depreciation	(267,000)	129,000	103,000
FAS 91 net deferred (credits) costs	(232,000)	(381,000)	421,000
Other	(76,000)	(222,000)	21,000
	$ (372,000)	(105,000)	(787,000)

The differences between actual income taxes and the amount computed by applying the federal income tax rate of 34% are reconciled as follows:

	1993	1992	1991
Computed federal income taxes	$6,104,000	4,654,000	5,069,000
Increase (decrease) in income taxes resulting from:			
Bad debt expense	957,000	(125,000)	878,000
Nontaxable income, primarily gains on sale of real estate acquired through foreclosure, tax exempt interest, and accretion of discount on purchased loans	(784,000)	(227,000)	(271,000)
Nondeductible expenses, primarily losses and expenses on real estate acquired through foreclosure and goodwill amortization	655,000	571,000	814,000
Environment tax	14,000	11,000	21,000
State income tax, net of federal tax benefit	716,000	174,000	--
Other, net	(453,000)	27,000	(48,000)
Income tax expense	$7,209,000	5,085,000	6,463,000

12. INCOME TAXES -- Continued

The Internal Revenue Code allows thrifts a special bad debt deduction based on the greater of actual experience or a percentage of taxable income before such deduction. The applicable percentage for the years ended June 30, 1993, 1992 and 1991 was approximately 8.0%.

The bad debt deduction determined for tax purposes is not charged to earnings in the accompanying financial statements, but results in an appropriation to restricted retained earnings for tax purposes. The accumulated appropriation of bad debts in restricted retained earnings at June 30, 1993, 1992 and 1991 was approximately $16,851,000, $15,920,000 and $16,105,000, respectively. Reductions of such amounts for other than bad debt losses create earnings for tax purposes.

The Bank's tax returns have been examined by the Internal Revenue Service (IRS) through June 30, 1990. Management settled with the IRS on a claim for refund due to net operating losses and bad debt deductions. As a result $600,000 was taken as a reduction to income tax expense.

The Bank has not adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" for the year ending June 30, 1993. But if the adoption had occurred, net earnings would have increased $5.2 million or $.56 per share.

13. STOCKHOLDERS' EQUITY

On December 15, 1983, the Bank converted from a federal mutual to a federal stock association. At that date, eligible deposit account holders were granted priority interest in the unlikely event of future liquidation of the Bank by the establishment of a liquidation account equal to net worth at June 30, 1983. In the event of such liquidation, and only in such event, an eligible deposit account holder who continues to maintain his deposit account shall be entitled to receive a distribution from the liquidation account, in the proportionate amount of the then current adjusted balance for deposit accounts, before any distributions may be made to the Bank's stockholders. Regulations of the OTS do not permit the Bank to pay dividends on common stock if its stockholders' equity would thereby be reduced below the amount required for the liquidation account or the Bank's regulatory capital requirement.

A reconciliation of stockholders' equity to statutory capital requirements at June 30, 1993 (unaudited) follows:

	TANGIBLE CAPITAL	CORE CAPITAL	RISK-BASED CAPITAL
Stockholders' equity	$125,570,883	125,570,883	125,570,883
Additions:			
Qualifying supervisory goodwill	--	15,378,382	15,378,382
Qualifying maturing capital instruments	--	--	8,038,500
General valuation loan allowances	--	--	12,372,261
Deductions:			
Goodwill	28,749,405	28,749,405	28,749,405
Non-includable purchased mortgage servicing rights	3,900,917	3,900,917	3,900,917
Non-includable portion of investments in subsidiaries	3,235,663	3,235,663	3,235,663
Non-includable portion of non-residential construction and land loans	--	--	17,011
Statutory capital	89,684,898	105,063,280	125,457,030
Statutory requirement	30,756,765	61,513,529	103,504,999
Excess	$ 58,928,133	43,549,751	21,952,031
Statutory capital ratio	1.50%	3.00%	8.00%
Actual capital ratio	4.37%	5.12%	9.70%

The Bank is in compliance with all the current statutory capital requirements. The Bank, as discussed in Management's Discussion and Analysis, is always looking for ways to augment capital and will continue to restructure its assets to improve its compliance with the risk-based requirement.

14. STOCK DIVIDEND

On January 21, 1993, the Board of Directors declared a three-for-two stock split effected as a 50% stock dividend payable to stockholders of record as of February 2, 1993. The distribution date was February 23, 1993 with fractional shares paid in cash based on the adjusted market value of the stock at the distribution date. The weighted average shares outstanding and earnings per share amounts for the prior years have been restated to reflect the distribution of the stock dividend.

15. STOCK OPTION AND INCENTIVE PLANS

The Bank has two plans -- the 1983 Stock Option and Incentive Plan and the 1992 Stock Option and Incentive Plan. The stock options pursuant to the plans are to be granted primarily to directors, officers and other key employees. Options granted under the Option Plans may be incentive stock options or non-incentive stock options. The plans also provide for the granting of stock appreciation rights as well as restricted stock. The shares of stock reserved for the 1983 option plan amounted to 940,268, 739,642, and 785,554 shares at June 30, 1993, 1992, and 1991, respectively. On November 6, 1992, 40,500 options were issued to participants of the 1983 option plan. Unexercised options to purchase 273,183 shares were surrendered to the Bank during the year ended June 30, 1991. On November 17, 1992, the shareholders of the Bank approved, by a majority vote, the adoption of the 1992 Stock Option and Incentive Plan. The shares of stock reserved for the 1992 Plan amounted to 450,000 shares and grants made from this plan amounted to 113,700 options. At June 30, 1993, the Bank had the following options outstanding from both plans:

GRANT DATE	SHARES	OPTION PRICE	EXPIRATION DATE
December 15, 1983	2,634	$3.30	December 8, 1993
December 18, 1987	230,876	3.08	December 18, 1997
December 31, 1987	54,450	3.14	December 31, 1997
August 30, 1990	161,490	2.28	August 30, 2000
November 6, 1992	154,200	7.58	November 6, 2002

During the years ended June 30, 1993 and 1992, options for 249,380 and 45,912 shares were exercised, respectively. Some of the options exercised this year were non-incentive options, which are treated as compensation to the employee and a tax deduction for the institution. The accounting procedure is to record a tax benefit to paid in capital equal to the tax rate multiplied by the total difference between fair market value on the date of exercise and the exercise price. The resulting impact was an increase to paid in capital of $471,000 and a corresponding reduction to current income taxes payable.

16. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP) AND EMPLOYEE STOCK PURCHASE PLAN (ESPP)

On July 21, 1987, the Board of Directors approved the establishment of an ESOP to enable eligible employees to acquire stock ownership interest in the Bank. The stockholders, at their annual meeting on October 27, 1987, approved the ESOP. The ESOP is a leveraged employee stock ownership plan as described in

Section 497(e)(7) and is a "qualified" retirement plan under Section 401(a) and 501(a) of the Internal Revenue Code. All full-time salaried employees after one year of service and attaining 21 years of age are eligible to participate. Each participant will become fully vested after five years of service. The Board of Directors determines the amount, if any, to be contributed to the ESOP each year. The contribution will be shares of common stock, cash or other property. The Bank accrued $210,000 in fiscal 1993, $195,000 in fiscal 1992, and $170,000 in fiscal 1991 for the ESOP. The ESOP purchased unissued shares at the closing market price as summarized in the following table:

DATE	SHARES	MARKET PRICE PER SHARE
August 17, 1992	23,340	$ 8.08
August 20, 1991	41,476	4.09
August 30, 1990	64,075	2.27

16. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP) AND EMPLOYEE STOCK PURCHASE PLAN (ESPP) -- Continued

The Bank also has a plan called the Employee Stock Purchase Plan (ESPP) that allows employees to invest in the stock of the company and thereby increase ownership within the bank. On October 29, 1990, the shareholders approved an amendment to the ESPP that allowed the plan to purchase unissued shares directly from the bank on a specific day of each month at the market price for that date. Set forth in the table below are the total shares purchased and their weighted average purchase price.

	1993	1992	1991
Shares purchased	28,345	49,644	65,932
Weighted average price	$8.84	4.40	2.46

17. EMPLOYEE BENEFITS

The Bank has a non-contributory trustee retirement plan for all salaried employees who have attained the age of 21 years but not 60 years at the date of their employment and have one year of service prior to the next anniversary date of the plan. The normal retirement date is the first of the calendar month in which the participant reaches the age of 65.

The following table sets forth the net periodic pension cost included in general and administrative expenses and the pension plan's funded status amounts recognized in the Bank's consolidated financial statements for the years ended June 30.

	1993	1992	1991
NET PERIODIC PENSION COST:			
Service cost	$ 961,913	851,108	779,698
Interest cost	792,562	737,729	726,715
Actual return on assets	(1,284,521)	(489,899)	(781,447)
Other	521,305	(186,498)	34,146
	$ 991,259	912,440	759,112
Fair value of plan assets, primarily government guaranteed obligations or certificates of deposit	$10,491,763	8,786,148	8,838,430
Projected benefit obligation	9,841,562	9,164,797	9,028,214
Accumulated benefit obligation	6,800,873	6,452,607	6,567,699
Vested accumulated benefit obligation	6,564,765	6,285,772	6,504,794
Unrecognized prior service cost	119,561	129,866	140,171
Unrecognized net loss	1,945,891	2,739,180	2,394,348
Unrecognized net assets	620,001	676,365	732,729
Unfunded accumulated benefit obligation	--	--	--
Prepaid pension cost	1,856,530	1,554,300	1,331,664

The weighted average discount rate used in valuing liabilities was 9.5% as was the expected return on plan assets for the current year. Anticipated salary increases were 6.5%.

The Bank also has two incentive compensation plans, one for senior management and one for selected other employees. The plans provide for incentive bonuses to be paid if specified objectives, to be determined each year, are met. The senior management plan is tied to a corporate profitability objective (determined annually by the Board) that must be exceeded for any bonuses to be paid to senior management. The incentive bonuses, as provided for in the plans, may range up to 35% and 50% of annual compensation for selected other employees and senior management, respectively, with targeted bonus levels being established annually. The targeted bonus levels for the fiscal 1993 year were

10% and 15% for selected other employees and senior management, respectively. The amount expended for these plans in 1993, 1992 and 1991 was $634,000, $461,000, and $512,000, respectively.

18. SALE OF BRANCHES

On December 13, 1991, The First Savings Bank sold four of its branch offices to Carolina First Savings Bank, (formerly First Federal Savings and Loan Association of Georgetown), a subsidiary of Carolina First Corporation. The sale of the Myrtle Beach offices consisted of $10.0 million in installment loans, $319,000 in premises and equipment, and the assumption of $37.0 million in deposits by Carolina First. The resulting gain before income taxes, net of expenses, amounted to $632,000.

19. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly operating data for the years ended June 30, is summarized as follows:

<TABLE>
<CAPTION>

<S>	FIRST QUARTER <C>	SECOND QUARTER <C>	THIRD QUARTER <C>	FOURTH QUARTER <C>
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
1993				
Total interest and dividend income	$38,496	39,705	36,570	37,160
Net interest income	16,006	18,241	17,002	17,532
Net earnings	$ 1,900	3,047	2,300	3,498
Net earnings per share	$ .20	.33	.25	.37
Weighted average shares outstanding	9,243	9,299	9,359	9,411

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>
1992				
Total interest and dividend income	$44,559	42,682	40,439	40,435
Net interest income	12,858	12,966	14,539	16,637
Net earnings	$ 1,513	2,804	1,809	2,477
Net earnings per share	$ .17	.32	.20	.27
Weighted average shares outstanding	8,883	8,898	8,975	9,122

</TABLE>

20. LITIGATION

The Bank is a defendant in a lawsuit filed in 1991 in the Court of Common Pleas, Thirteenth Judicial Circuit, State of South Carolina. On May 21, 1993, a jury awarded the plaintiffs a $4.1 million judgment against the Bank consisting of $500,000 in actual damages and $3.6 million in punitive damages for allegedly acting as a control person and aiding and abetting a state securities law violation. The plaintiffs, limited partners in a failed venture to construct and operate a residential health care facility for senior citizens, alleged that the Bank, as an escrow agent and lender for the project, knew or should have known, that its loan commitment was insufficient and that the Bank was therefore responsible for the losses suffered by the limited partners resulting from the actions of the general partners.

Prior to this case going to the jury, the Bank made a motion for directed verdict which was not granted. Rule 50(b) of the South Carolina Rules of Civil Procedure states that when a motion for a directed verdict is not granted, the Court is deemed to have submitted the action to the jury subject to a later determination of the legal question raised in the motion. After the jury verdict, the Bank renewed that motion in the form of a motion for judgment not withstanding the verdict, as well as an alternative motion for a new trial. This motion and the Plaintiff's petition for legal fees, costs and interest were argued before the Circuit Judge on June 22, 1993, and as yet no decision has been rendered. It is the opinion of the Bank's legal Counsel that it is not probable that a loss in the amount of the present jury verdict will be incurred by The First. Furthermore, if a loss ultimately is incurred following post trial motions and appeals, it is not probable that the loss would exceed $750,000.

Accordingly, the Bank has not established any specific allowances for this suit. However, the Bank's general reserves are adequate to support the range of loss estimated by its legal Counsel. Unless the Trial Judge dismisses this action in its entirety, management will vigorously appeal any judgment. Therefore, it is management's opinion, based upon Counsel's

20. LITIGATION -- Continued

analysis of the outcome of the suit, that any future liability arising from this suit will not have a material adverse effect on the consolidated financial position of the Bank.

Except for the ultimate outcome of the suit previously discussed, the legal proceedings against the Bank are generally incidental to its business. Management believes that liabilities arising from these proceedings, if any, will not have a material adverse effect on the consolidated financial position of the Bank.

21. SALE OF BANK

On August 5, 1993, the Bank announced that a definitive agreement had been reached with Southern National Corporation (SNC), (a national Bank holding company) headquartered in Lumberton, North Carolina. SNC will acquire The First in a fixed exchange stock swap transaction (pooling of interest). The terms of the agreement call for SNC to issue .855 shares of its common stock for each of the outstanding shares and options of the Bank at closing date. This transaction is valued at $181 million based on the exchange ratio, the closing price of SNC stock, and the shares of stock of The First outstanding on August 5, 1993.

If certain conditions are met as specified in the agreement, the exchange ratio may be increased if SNC stock price falls below $21.625. Furthermore, under conditions as specified in the agreement, either party may terminate the agreement prior to closing. This transaction is subject to regulatory authority and shareholder approval.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table discloses the carrying values and fair values at June 30, 1993 for the financial instruments of the Bank determined under the requirements of FAS 107.

<TABLE>
<CAPTION>

<S>	CARRYING VALUE <C>	FAIR VALUE <C>
Financial Assets:		
Cash, cash equivalents, and Investment securities......................................	$ 159,019,550	159,328,242
Mortgage-backed certificates, net...	360,411,435	375,058,198
Loans receivable, net...	1,453,070,468	1,486,533,382
	$1,972,501,453	2,020,919,822
Financial Liabilities:		
Deposits..	$1,520,635,224	1,540,314,840
Advances from FHLB...	272,731,995	284,407,259
Subordinated capital notes..	7,927,635	8,833,618
Other borrowed money...	59,936,491	59,936,491
	$1,861,231,345	1,893,492,208
Commitments:		
To originate or purchase loans and MBCs..	$ 85,284,968	87,316,218
To sell mortgage loans...	$ 200,052,072	202,312,803
Unused lines and letters of credit...	$ 130,448,386	130,448,386

</TABLE>

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it was practicable to estimate that value.

CASH, CASH EQUIVALENTS, AND INVESTMENT SECURITIES

For short-term instruments, the carrying amount is the best estimate for the fair value. For investment securities a quoted market bid price supplied by a primary broker dealer was used for each of the actual instruments.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS -- Continued

MORTGAGE-BACKED CERTIFICATES, NET

The MBCs were grouped into three categories for estimating fair value. MBCs securitized under FHLMC, FNMA, or GNMA were grouped by even coupons in 50 basis point increments and were valued using actual market bid prices on those securities. MBCs with odd coupons were valued by interpolating a price from a standard coupon security with similar characteristics. Privately issued MBCs were valued by using a similar FHLMC security price less two (2) percentage points.

LOANS RECEIVABLE, NET

For certain homogeneous categories of loans, fair value was estimated using the quoted market prices for securities backed by similar loans. The fair value of other types of loans was estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

DEPOSITS

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. For fixed-maturity deposits, the fair value was estimated by using the rates currently offered by the Bank for deposits of similar remaining maturities.

ADVANCES FROM FHLB

The fair value was determined under the FHLB methodology for calculating the prepayment penalty on the advances using a discounted present value.

SUBORDINATED CAPITAL NOTES

The fair value was determined by a discounted present value calculation using the 4 year treasury rate plus 350 basis points. At the time the notes were issued, they were sold at the 10 year treasury rate plus 250 basis points. The 4 year treasury rate was chosen to match the remaining maturity of the notes and the increased spread was used because retail sales are presently not allowed, so a premium was added to the original spread.

OTHER BORROWED MONEY

The fair value of other borrowed money was estimated at its carrying value due to the short term to maturity.

COMMITMENTS

The fair value of the commitments to originate loans was determined to be par for the loan originations. The commitment to purchase the MBC was valued at the current market price for that particular security.

Commitments to sell mortgage loans were valued by using the actual price for closed loans and pipe-line loans plus an added value for the associated servicing rights retained.

The fair value of commitments for unused lines and letters of credit was determined to be the carrying value since these are either variable rate or premium priced fixed-rate commitments.

23. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

The Bank had outstanding commitments to originate, purchase, or sell loans receivable at June 30, 1993 as follows:

<TABLE>

<S>	<C>
Firm commitments:	
To originate or purchase:	
Fixed-rate:	
Mortgage loans with a weighted average rate of 7.33%	$ 49,965,891
Mortgage-backed certificates with a rate of 9%	25,000,000
Variable-rate:	
Mortgage loans	9,168,214
Commercial loans	1,150,863
	$ 85,284,968
To sell:	
Mortgage loans	$ 200,052,072
Unused lines of credit:	
Overdraft lines at 18%	7,407,651
Home equity lines (variable-rate)	103,700,688
Commercial lines (variable-rate)	18,024,302
	$ 129,132,641
Letters of credit (variable-rate)	$ 1,315,745

</TABLE>

At June 30, 1993, except for single-family home loans and the fact that the majority of the loan portfolio is located in the Bank's immediate market area, there were no concentrations of loans in any type of industry, type of property, or to one borrower that exceeded 10% of the Bank's total loan portfolio.

In certain instances, the amounts reported in the prior periods' consolidated financial statements included herein have been reclassified to put them on a comparable basis to the amounts reported in the June 30, 1993, consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS
THE FIRST SAVINGS BANK, FSB
Greenville, South Carolina

We have audited the accompanying consolidated statements of financial condition of The First Savings Bank, FSB and subsidiaries as of June 30, 1993 and 1992, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 1993. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The First Savings Bank, FSB and subsidiaries at June 30, 1993 and 1992, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 1993, in conformity with generally accepted accounting principles.

(Signature of KPMG Peat Marwick)
KPMG PEAT MARWICK

Greenville, South Carolina
August 6, 1993

Southern National Corporation

And
The First Savings Bank, FSB
Proforma Combined Statement of Condition
December 31, 1993
(Dollars in thousands)

Assets	
Cash and due from depository institutions	$ 280,919
Interest-bearing bank balances	39,855
Federal funds sold and securities purchased under resale agreements or similar arrangements	9,955
Securities held for sale	1,140,087
Investment securities	1,353,206
Loans held for sale	311,591
Loans and leases, net of unearned income	4,576,238
Less - allowance for losses	(62,896)
Net loans and leases	4,513,342
Premises and equipment, net	130,187
Other assets	134,320
Total assets	$7,913,462
Liabilities and Shareholders' Equity	
Deposits:	
Noninterest-bearing	$ 741,426
Interest-bearing	5,282,145
Total deposits	6,023,571
Short-term borrowings	756,343
Accounts payable and accrued liabilities	143,334
Long-term debt	451,177
Total liabilities	7,374,425
Shareholders' equity:	
Preferred stock, $5 par, 5,000,000 shares authorized, 770,000 issued and outstanding	3,850
Common stock, $5 par, 120,000,000 shares authorized, 39,738,244 proforma issued and outstanding	168,461
Paid-in capital	181,416
Retained earnings	189,671
Unearned compensation	(4,361)
Total shareholders' equity	539,037
Total liabilities and shareholders' equity	$7,913,462

Southern National Corporation
And
The First Savings Bank, FSB
Proforma Combined Statement of Income
For the Year Ended December 31, 1993
(Dollars in thousands except per share data)

	1993
Interest Income	
Interest and fees on loans and leases	$380,334
Interest and dividends on securities	136,254
Interest on temporary investments	2,090
Total interest income	518,678
Interest Expense	
Interest on deposits	183,413
Interest on short-term borrowings	15,329
Interest on long-term debt	23,118
Total interest expense	221,860
Net Interest Income	296,818
Provision for loan and lease losses	26,423
Net Interest Income After Provision for Loan and Lease Losses	270,395
Noninterest Income	
Service charges on deposit accounts	36,005
Nondeposit fees and commissions	23,686
Securities gains, net	12,979
Other income	11,227
Total noninterest income	83,897
Noninterest Expense	
Personnel expense	125,479
Occupancy and equipment expense	36,537
Federal deposit insurance expense	13,384
Foreclosed property expense	21,914
Other expense	123,041
Total noninterest expense	320,355
Earnings	
Income before income taxes	33,937
Provision for income taxes	19,629
Income before cumulative effect of changes in accounting principles	14,308
Less: cumulative effect of changes in accounting principles, net of income taxes	27,304
Net Income	(12,996)

Preferred dividend requirements	5,196
Income applicable to common shares	$(18,192)
Per Common Share	
Net income:	
Primary	
Income before cumulative effect	$ 0.24
Less: cumulative effect	0.70
Net income	$ (0.46)
Fully-diluted	
Income before cumulative effect	$ 0.33
Less: cumulative effect	0.63
Net income	$ (0.30)
Cash dividends paid per common share	$ 0.64

EXHIBIT INDEX

23.1 Consent of KPMG Peat Marwick

****

APPENDIX

On Page VII-39 the signature of KPMG Peat Marwick appears where indicated.

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Southern National Corporation

We consent to the use of our report on the consolidated statements of financial condition of The First Savings Bank, FSB and subsidiaries as of June 30, 1993 and 1992 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended June 30, 1993 included herein in the Form 8 of Southern National Corporation dated April 15, 1994.

Greenville, South Carolina
April 15, 1994