RECEIVED
SEP 30 2015
S.C. Supreme Court

THE STATE OF SOUTH CAROLINA
In The Supreme Court

APPEAL FROM GREENVILLE COUNTY
Court of Common Pleas
Edward W Miller, Circuit Court Judge

Case No 2011-CP-23-8578
Appellate Case No 2014-002638

Francis P Maybank and Jane H P Maybank, as trustee for the Francis P Maybank Family Insurance Trust,

Of whom Francis P Maybank is the, Respondent/Appellant,

Plaintiffs,

v

BB&T Corporation, Branch Banking and Trust Company, Successor in merger to Branch Banking and Trust Company of SC, and Sterling Capital Management, LLC, Successor in merger to BB&T Asset Management, LLC,

Appellants/Respondents

RECORD ON APPEAL - VOLUME X

Mitchell M Willoughby, Esquire
Elizabeth Zeck, Esquire
Chad Johnston, Esquire
John M S Hoefer, Esquire
Tracey Colton Green, Esquire
WILLOUGHBY & HOEFER, P A
Post Office Box 8416
Columbia, SC 29202

Bruce W Bannister, Esquire
BANNISTER, WYATT & STALVEY LLC
Post Office Box 10007
Greenville, SC 29603

Attorneys for Respondent/Appellant

C Mitchell Brown
D Larry Kristinik
Brian P Crotty
Michael J Anzelmo
NELSON MULLINS RILEY & SCARBOROUGH LLP
Post Office Box 11070
Columbia, SC 29211

William S Brown
NELSON MULLINS RILEY & SCARBOROUGH LLP
Post Office Box 10084
Greenville, SC 29601

Attorneys for Appellants/Respondents

RECORD ON APPEAL
INDEX

VOLUME I

ORDERS and VERDICT FORM

Federal Court Opinion and Order on Remand, filed August 3, 2012	1
Order Assigning Case to Business Court, filed February 12, 2013	14
Business Court Order, filed February 25, 2013	16
Scheduling Order of Judge Miller, filed August 6, 2013	19
Federal Court Opinion and Order Denying Fees for Remand, filed August 20, 2013	23
Amended Scheduling Order of Judge Miller, filed January 10, 2014	39
Second Amended Scheduling Order of Judge Miller, filed April 24, 2014	43
Third Amended Scheduling Order, filed April 30, 2014	45
Form 4 Order, filed June 6, 2014	49
Verdict Form, dated June 30, 2014	51
Order and Final Judgment, filed November 10, 2014	56
Notice of Filing of Order and Final Judgment, filed November 10, 2014	92
Order Granting Defendants' Motion for Leave to Deposit amount of Judgment with the Court, filed November 20, 2014	131
Order denying Motion to Alter or Amend the Order and Final Judgment, filed December 4, 2014	133

PLEADINGS

Complaint, filed December 22, 2011	137
Answer of Defendants BB&T Corporation, Branch Banking and Trust Company, and Sterling Capital Management, filed February 15, 2012	186

Answer of Defendants BB&T Corporation, Branch Banking and Trust Company, and Sterling Capital Management LLC to Plaintiff's First Amended Complaint, filed March 14, 2012 212

Second Amended Complaint, filed May 22, 2014 246

Answer of Defendants BB&T Corporation, Branch Banking and Trust Company, and Sterling Capital Management LLC to Plaintiffs' Second Amended Complaint, filed June 6, 2014 322

VOLUME II

MOTIONS, SUPPORTING MEMORANDA AND OTHER FILINGS

Notice of Removal, filed January 23, 2012 358

Defendants' Memorandum in Opposition to Motion to Remand, filed March 30, 2012 443

Joint Motion for Case Assignment to Business Court, dated December 10, 2012 527

Motion to Amend of Defendants BB&T Corporation, Branch Banking and Trust Company, and Sterling Capital Management LLC, filed December 3, 2013 531

Francis P Maybank's Motion for Leave to Amend Complaint, dated December 3, 2013 534

Plaintiff's Notice of Motion and Motion for Partial Summary Judgment, filed December 11, 2013 538

Defendants' Motion pursuant to Rule 56(f), filed December 30, 2013 542

Defendants' Motion to Amend Scheduling Order, filed December 30, 2013 547

Plaintiff's Memorandum in Opposition to Defendants' Motion to Amend Scheduling Order, filed January 7, 2014 554

Defendants' Opposition to Plaintiff's Motion for Partial Summary Judgment, filed February 7, 2014 561

Defendants' Supplemental Memorandum in Opposition to Plaintiff's Motion for Summary Judgment, filed April 21, 2014 570

Francis P Maybank's Memorandum in Support of Motion for Partial Summary Judgment, filed April 22, 2014 573

Defendants' First Motion for Summary Judgment (Securities Act), filed May 7, 2014 587

Defendants' Second Motion for Summary Judgment as to Plaintiff's Request for Consequential and Punitive Damages, filed May 7, 2014 608

Defendants' Fifth Motion for Summary Judgment as to Managed Portfolio Damages, filed May 7, 2014 624

Defendants' Sixth Motion for Summary Judgment and Motion to Dismiss Related to Defendant BB&T Corporation, filed May 7, 2014 648

Defendants' Seventh Motion for Summary Judgment as to Unfair Trade Practices Act Claim, filed May 7, 2014 655

Defendants' Motion to Amend Scheduling Order, filed May 16, 2014 667

Plaintiffs' Memorandum in Opposition to BB&T Motion to Amend Amended SchedulingOrder, filed May 29, 2014 672

Plaintiffs' Memorandum in Opposition to Defendants' First Motion for Summary Judgment as to the Breach of the South Carolina Uniform Securities Act, with Exhibit 3 and Exhibit 10, filed May 22, 2014 686

Plaintiffs' Memorandum in Opposition to Defendants' Second Motion for Summary Judgment as to Consequential and Punitive Damages, without exhibits, filed May 22, 2014 747

Plaintiffs' Memorandum in Opposition to Defendants' Fifth Motion for Summary Judgment as to Damages to Managed Portfolio, without exhibits, filed May 22, 2014 761

Plaintiffs' Memorandum in Opposition to Defendants' Sixth Motion for Summary Judgment and Motion to Dismiss Related to BB&T Corporation, with all exhibits, filed May 22, 2014 768

Plaintiffs' Memorandum in Opposition to Defendants' Seventh Motion for Summary Judgment as to Claims under SC Unfair Trade Practices Act, without exhibits, filed May 22, 2014 808

VOLUME III

MOTIONS, SUPPORTING MEMORANDA AND OTHER FILINGS (continued)

Defendants' Memorandum in Opposition to Plaintiff's Summary Judgment Motion, filed May 22, 2014 824

Defendants' Supplemental Memorandum in Opposition to Plaintiff's Summary Judgment Motion, filed May 23, 2014 912

Defendants' Reply in Support of First Motion for Summary Judgment as to Plaintiff's Securities Act Claim, filed May 27, 2014 916

Defendants' Reply in Support of Second Motion for Summary Judgment as to Consequential and Punitive Damages, filed May 27, 2014 927

Defendants' Reply in Support of Fifth Motion for Summary Judgment as to Managed Portfolio Damages, filed May 27, 2014 941

Defendants' Reply in Support of Sixth Motion for Summary Judgment as to Dismissal of BB&T Corporation, filed May 27, 2014 949

Defendants' Reply in Support of Seventh Motion for Summary Judgment as to Unfair Trade Practices Act Claim, filed May 27, 2014 958

Defendants' Motion *in limine* to Exclude Evidence Related to Section 5 4 4, filed June 4, 2014 969

Plaintiffs' Opposition to Defendants' Motion *in limine* to Exclude Evidence Related to Section 5 4 4, filed June 16, 2014 974

Defendants' Motion for Directed Verdict, submitted June 23, 2014 981

Defendants' Motion for Judgment Notwithstanding the Verdict, New Trial Absolute, or, in the alternative, for New Trial *Nisi Remittitur*, filed July 10, 2014 1012

Defendants' Motion for Election of Remedies, filed July 10, 2014 1060

Plaintiff Francis P Maybank's Motion for an Order Awarding Prejudgment Interest, filed July 10, 2014 1066

Plaintiff Francis P Maybank's Motion for an Order Awarding Attorneys' Fees and Costs under the South Carolina Unfair Trade Practices Act, filed July 10, 2014, with all exhibits 1075

Plaintiff Francis P Maybank's Motion and Memorandum for an Order Trebling Damages under the South Carolina Unfair Trade Practices Act, filed July 10, 2014 1219

Defendants' Motion to Postpone Consideration of Frank Maybank's Request for Attorneys' Fees and Costs and for Treble Damages, filed August 5, 2014 1232

Defendants' Motion to Compel Frank Maybank to Submit Additional Information Relating to Request for Attorneys' Fees and Costs, filed August 5, 2014 1237

Defendants' Motion to Strike Affidavit of John Freeman, filed August 6, 2014 1244

VOLUME IV

MOTIONS, SUPPORTING MEMORANDA AND OTHER FILINGS (continued)

Defendants' Memorandum in Support of Motion for Judgment Notwithstanding the Verdict, New Trial Absolute, or, in the alternative, for New Trial *Nisi Remittitur*, filed August 15, 2014 1253

Defendants' Memorandum in Opposition to Plaintiff's Motion for Prejudgment Interest, filed August 15, 2014 1364

Defendants' Memorandum in Opposition to Plaintiff's Motion for an Order Awarding Attorneys' Fees and Costs, filed August 15, 2014 1374

Defendants' Memorandum in Opposition to Plaintiff's Request for Treble Damages, filed August 15, 2014 1432

Francis P Maybank's Response to Defendants' Motion for Judgment Notwithstanding the Verdict, New Trial Absolute, or, in the alternative, for New Trial *Nisi Remittitur*, filed August 19, 2014 1443

Francis P Maybank's Response to Defendants' Motion for Election of Remedies, filed August 19, 2014 1500

Francis P Maybank's Response to Defendants' Motion to Postpone Consideration of Request Attorneys' Fees, Costs, and Treble Damages, filed August 19, 2014 1512

Francis P Maybank's Response to Defendants' Motion to Compel Frank Maybank to Submit Additional Information relating to Request for Attorneys' Fees and Costs, filed August 19, 2014 1519

Francis P Maybank's Response to Defendants' Motion to Strike Affidavit of John Freeman, filed August 19, 2014 1532

Plaintiffs' Proposed Order and Final Judgment, submitted October 9, 2014 1538

Defendants' Objections to Plaintiffs' Proposed Order and Supplemental Memorandum in Support of Defendants' Post-Trial Motions, filed October 16, 2014 1595

Plaintiffs' Revised Proposed Order and Final Judgment, submitted October 17, 2014 1689

Defendants' Objections to Plaintiff's Revised Proposed Order and Motion for Hearing on Plaintiff's Request for Attorneys' Fees and Costs, filed October 21, 2014 1726

Defendants' Motion for Leave to Deposit Amount of Judgment with the Court, filed November 18, 2014 1731

Defendants' Motion to Alter or Amend Judgment, filed November 20, 2014 1736

Francis P Maybank's Response to Defendants' Motion to Alter or Amend, filed December 2, 2014 1747

VOLUME V

TRANSCRIPTS

Trial Transcript, June 16, 2014 - June 30, 2014 1751
Index and list of exhibits 1753
Jury sworn 1799
Pages from Opening Statement by Mr Willoughby 1836
Pages from Opening Statement by Mr Kristinik 1845
Testimony 1847
Francis P Maybank 1847
Direct by Mr Willoughby 1847
Cross by Mr Kristinik 1956
Tracy Meyers 2083
Direct by Mr Willoughby 2083
John P Freeman 2091
Direct by Mr Willoughby 2091
Voir Dire by Mr Kristinik 2111
Continued direct by Mr Willoughby 2114
Cross by Mr Kristinik 2217
Re-direct by Mr Willoughby 2226

VOLUME VI

TRANSCRIPTS (continued)

Dr Craig McCann	2229
Direct by Mr Willoughby	2229
Cross by Mr Kristinik	2269
Re-direct by Mr Willoughby	2292
Dr Oliver Wood	2296
Direct by Mr Bannister	2296
Cross by Mr Brown	2304
Kristopher Kapoor	2318
Direct by Mr Kristinik	2318
Cross by Mr Willoughby	2335
Re-direct by Mr Kristinik	2341
Re-cross by Mr Willoughby	2344
Judy Schoemer	2345
Direct by Mr Brown	2345
Cross by Mr Willoughby	2361
Robert Thorne	2367
Direct by Mr Kristinik	2367
Cross by Mr Willoughby	2393
Re-direct by Mr Kristinik	2396
Anthony Mahfood	2399
Direct by Mr Kristinik	2399
Cross by Mr Willoughby	2437
Edgar Norris	2464
Direct by Mr Brown	2464
Cross by Mr Willoughby	2468
Ross Walters	2469
Direct by Mr Kristinik	2469
Cross by Mr Willoughby	2491
Re-direct by Mr Kristinik	2512
Bryan Teachey	2515
Direct by Mr Kristinik	2515
Cross by Mr Johnson	2522
Keith Gray	2530
Direct by Mr Brown	2530
Nathan Deal	2559
Direct by Mr Kristinik	2559
Cross by Mr Willoughby	2584
Hugh Penny	2588
Direct by Ms Horne	2588
Cross by Mr Johnson	2597
Paul Merolla	2600
Direct by Mr Kristinik	2600

Ross Tulman 2605
Direct by Mr Kristinik 2605
Cross by Mr Willoughby 2623

VOLUME VII

TRANSCRIPTS (continued)

Motions 2626
Charge Conference 2655
Verdict Form Conference 2658
Stipulation 2674
Closing by Mr Willoughby 2675
Closing by Mr Kristinik 2691
Final Argument by Mr Willoughby 2699
Court's Jury Instructions 2700
Verdict 2734

Transcript from August 19, 2014 Hearing 2749

Deposition of Ralph Borello, dated January 9, 2013
(designated portions presented to the jury) 2864

Deposition of David W Fisher (personal), dated November 20, 2013
(designated portions presented to the jury) 2887

Deposition of David W Fisher (Rule 30(b)(6) – BB&T Bank), dated
November 20, 2013 (designated portions presented to the jury) 2927

Deposition of Clayton Shawn Gibson, dated March 10, 2014
(designated portions presented to the jury) 2956

Deposition of Ross Walters (personal), dated September 30, 2013 and
October 2, 2013 (designated portions presented to the jury) 3069

Deposition of Ross Walters (Rule 30(b)(6) – BB&T Bank), dated March 20, 2014
(designated portions presented to the jury) 3111

VOLUME VIII

TRIAL EXHIBITS (Subject of Motion to Seal, filed September 16, 2015 and denied on September 25, 2015)

Agreed Exhibit 30, Deal emails to Mahfood and Lackey, dated January 1, 2009, Bates No BB&T 19197 3120

Agreed Exhibit 31, Deal email transmitting settlement overview, dated January 8, 2009, Bates No BB&T 19198-99 3121

Agreed Exhibit 52, Anthony Mahfood 2006 Incentive Data, dated 2006, Bates No BB&T 45017-08, 45206-07 3123

Agreed Exhibit 53, Anthony Mahfood 2009 Incentive Data, dated 2009, Bates No BB&T 45115, 45123-25, 45184-85 3127

Agreed Exhibit 55, Mahfood Personnel File Year End 2006, dated 2006, Bates No BB&T 21834-38 3133

Agreed Exhibit 56, Mahfood Personnel File Year End 2009, dated 2009, Bates No BB&T 21806-11 3138

Plaintiff's Exhibit 89, BB&T Personal Development Plan 3144

Plaintiff's Exhibit 90, Fee Chart, Bates No BB&T 2801 3151

Plaintiff's Exhibit 91, Form Letter, Bates No BB&T 48730-48732 3257

Plaintiff's Exhibit 92, Value-Added Applications of Equity Derivatives 3260

Plaintiff's Exhibit 100, email dated 9/3/2004, Bates No BB&T 10049-10084 3279

Plaintiff's Exhibit 101, BB&T Wealth Management Agreement for Effie Bowers 3315

Plaintiff's Exhibit 102, BB&T Wealth Management Agreement for Effie Bowers 3327

Plaintiff's Exhibit 103, Wealth Management Agreement Sales Report 3329

Plaintiff's Exhibit 104, Sales Tracking and Incentives Report 3342

Plaintiff's Exhibit 106, Personal Development Plan for Ross Walters for 2006 3345

Plaintiff's Exhibit 107, E-mail dated January 5, 2006 3351

Plaintiff's Exhibit 114, BB&T Asset Management Compliance Policies and Procedures Manual, pages 1-11 and 27-28 3353

Defendants' Exhibit 10, Email from Mahfood to Gibson, dated April 27, 2007, Bates No BB&T 36956 3423

Defendants' Exhibit 167, Lackey and Deal emails, dated August 7, 2009, Bates No 3424BB&T 01155 3424

Defendants' Exhibit 170, VPFC Presentation, undated, Bates No BB&T 02723-2755 3425

Defendants' Exhibit 177, Email from Mahfood to Gibson dated July 14, 2006, Bates No BB&T 10472 3458

Defendants' Exhibit 178, Email from Gibson to Mahfood with attachment, dated August 14, 2008, Bates No BB&T 9649-9650 3459

Defendants' Exhibit 182, Email from Lackey to Deal, dated December 29, 2008, Bates No BB&T 5239 3462

Defendants' Exhibit 188, Email from Mahfood to Deal, dated April 21, 2009, Bates No BB&T 5454-5455 3463

Defendants' Exhibit 214, Email from Kapoor to Anderson, dated July 14, 2006, Bates No BB&T 04041 3465

VOLUME IX

TRIAL EXHIBITS

Agreed Exhibit 2, Maybank Family Insurance Trust, Bates No BB&T 39366-39377 3466

Agreed Exhibit 3, 2006 Concentrated Stock Risk Management Addendum, dated July 10, 2006, Bates No Maybank 000018-20 3478

Agreed Exhibit 5, Scott & Stringfellow Pre-Paid Variable Forward Contracts Overview, undated, Bates No Maybank 001859-66 3481

Agreed Exhibit 6, BB&T Code of Ethics, Undated, Bates No Maybank 000032-45 3487

Agreed Exhibit 7, General Counsel Disclosure Letter, All Versions, dated August 11, 2006, Bates No Maybank 1746-47 and Bates No BB&T 130-31 3501

Agreed Exhibit 9, 2006 PVFC with Bear Stearns, dated August 23, 2006, Bates No BB&T 00116-26 3505

Agreed Exhibit 10, VPFC Proativ Input, dated 8/10/2006, Bates No BB&T 4244 3516

Agreed Exhibit 11, 2006 VPFC Fee (Wire Instructions from Bear Stearns to BB&T), dated August 15, 2006, Bates No 127 3517

Agreed Exhibit 12, August Bear Stearns Statement, dated August 2006, Bates No BB&T 914-919 3518

Agreed Exhibit 14, 2006 Wealth Management Agreement, dated August 23, 2006, Bates No Maybank 00008-17 3524

Agreed Exhibit 15, 2006 Investment Objectives, dated August 23, 2006, Bates No Maybank 001775 3534

Agreed Exhibit 16, 2006 Investment Objectives, dated August 23, 2006, Bates No Maybank 00016 3535

Agreed Exhibit 21, Insurance Policy – Lincoln, dated June 26, 2007, Bates No Maybank 008711-8716 3536

Agreed Exhibit 22, Insurance Policy – Lincoln, dated June 28, 2007, Bates No Maybank 008758-8763 3542

Agreed Exhibit 24, Investment Objectives, dated June 5, 2008, Bates No BB&T 01481 3548

Agreed Exhibit 26, JP Morgan Assumption of 2006 VPFC, dated November 17, 2008, Bates No Maybank 001826-1839 3549

Agreed Exhibit 28, 2008 Investment Objectives, dated December 22, 2008, Bates No BB&T 01461 and Maybank 00120 3563

Agreed Exhibit 32, Deal email dated January 12, 2009, Bates No BB&T 19201 3565

Agreed Exhibit 34, 2009 Concentrated Stock Risk Management Addendum, dated January 15, 2009, Bates No BB&T 01969 3566

Agreed Exhibit 35, 2009 Concentrated Stock Risk Management Addendum, dated January 15, 2009, Bates No BB&T 01240 3567

Agreed Exhibit 37, 2009 VPFC Proactive Input, dated January 21, 2009, Bates No BB&T 05303 3568

Agreed Exhibit 38, January 2009 Wealth Management Statement, dated January 2009, Bates No Maybank 000021–31 3569

Agreed Exhibit 39, 2009 VPFC Rollover, dated January 23, 2009, Bates No Maybank 005220-29 3580

Agreed Exhibit 40, 2009 VPFC Fee Documentation, undated, Bates No 01153, 1239 3588

Agreed Exhibit 42, 2009 Wealth Management Agreement, dated November 2, 2009, Bates No Maybank 000085-88 3590

Agreed Exhibit 48, BB&T Resignation as Trustee, dated December 23, 2010, Bates No Maybank 007833-7835 3594

Agreed Exhibit 50, Fee Refund Letter from Ralph Borello, dated November 29, 2012, Bates No 00001-03 3597

Agreed Exhibit 65 2, Wealth Management Account Statement September 2006, dated September 2006, Bates No Maybank 435-47 3600

Agreed Exhibit 65 26, Wealth Management Account Statement September 2008, dated September -08, Bates No Maybank 691-700 3613

Agreed Exhibit 65 27, Wealth Management Account Statement October 2008, dated October 21, 2008, Bates No Maybank 702-10 3624

Agreed Exhibit 65 29, Wealth Management Account Statement December 2008, dated December -08, Bates No Maybank 720-31 3633

Agreed Exhibit 66 1, Bear Stearns PVFC Statement August 2006, dated August -06, Bates No Maybank 914-19 3645

Agreed Exhibit 66 4, Bear Stearns VPFC Statement November 2006, Bates No Maybank 932-936 3651

Agreed Exhibit 66 15, Bear Stearns/JP Morgan VPFC Statement August 2008, Bates No Maybank 995-1000 3656

Agreed Exhibit 67 1, Deutsche Bank Securities, Inc PVFC Statement January 2009, dated January 30, 2009, Bates Maybank 001134-1135 3662

Agreed Exhibit 67 5, Deutsche Bank Securities Inc Statement July 2009, Bates No Maybank 1143-1144 3664

Agreed Exhibit 67 6, Deutsche Bank Securities Inc Statement August 2009, Bates No Maybank 1145-1146 3666

Agreed Exhibit 72, Craig McCann report 3668

Plaintiff's Exhibit 76, BB&T Corp 2005 Annual Review 3771

VOLUME X

TRIAL EXHIBITS (continued)

Plaintiff's Exhibit 77, BB&T Corp 2006 Annual Review 3942

Plaintiff's Exhibit 78, BB&T Corp 2007 Annual Review 4116

Plaintiff's Exhibit 79, BB&T Corp 2008 Annual Review 4152

Plaintiff's Exhibit 80, BB&T Corp 2009 Annual Review 4188

Plaintiff's Exhibit 81, BB&T Corp 2010 Annual Review 4224

Plaintiff's Exhibit 82, BB&T Corp 2010 Form 10-K 4260

VOLUME XI

TRIAL EXHIBITS (continued)

Plaintiff's Exhibit 83, BB&T Corp 2011 Form 10-K 4438

Plaintiff's Exhibit 84, BB&T Corp 2012 Form 10-K 4611

VOLUME XII

TRIAL EXHIBITS (continued)

Plaintiff's Exhibit 85, BB&T Corp 2013 Form 10-K 4857

Plaintiff's Exhibit 93, Chart 4964

Plaintiff's Exhibit 94, Demonstrative Chart 5088

Plaintiff's Exhibit 95, Demonstrative Chart 5089

Plaintiff's Exhibit 96, Demonstrative Chart 5090

Plaintiff's Exhibit 97, Demonstrative Chart 5091

Plaintiff's Exhibit 98, Damages Document 5092

Defendants' Exhibit 2, Scott & Stringfellow Overview of Pre-Paid Contracts, Bates No Maybank 1859-1866 5093

Defendants' Exhibit 15, Settlement Overview Proposal for 2004 Pre-Paid, Bates No BB&T 04256-04257 5101

Defendants' Exhibit 16, Settlement Overview 2006 Pre-Paid, Bates No 09650 5104

Defendants' Exhibit 20, Concentrated Stock Risk Management Addendum, dated July 10, 2006, Bates No BB&T 00105-107 5105

Defendants' Exhibit 23, Instructions to Deliver Shares, dated August 11, 2006, Bates No BB&T 00132 5108

Defendants' Exhibit 25, Wire Instructions, dated August 15, 2006, Bates No BB&T 00127 5109

Defendants' Exhibit 26, Standing Wire Instructions, dated August 15, 2006, Bates No BB&T 00128 5110

Defendants' Exhibit 32, Client Investment Objective Form, dated December 22, 2008, Bates No Maybank 000120 5111

Defendants' Exhibit 36, Handwritten Notes of Mike Lackey, dated January 9, 2009, Bates No BB&T 01137 5112

Defendants' Exhibit 43, Settlement Overview, Bates No ARGO (BB&T) 02081 5113

Defendants' Exhibit 57, Settlement Overview 2009 Pre-Paid, dated January 21, 2009, Bates No BB&T 01929 5114

Defendants' Exhibit 58, Written instructions from Frank Maybank to sell positions, dated June 17, 2009, Bates No BB&T 44989 5115

Defendants' Exhibit 59, Wealth Management Agreement, dated November 2, 2009, Bates No Maybank 000085-0089 5116

Defendants' Exhibit 63-17, BB&T Managed Portfolio Account Statement, dated December 31, 2007, Bates No BB&T 02231–02242 5121

Defendants' Exhibit 63-25, BB&T Managed Portfolio Account Statement, dated August 31, 2008, Bates No BB&T 02416–02420 5133

Defendants' Exhibit 64, Scott & Stringfellow Account Statement, dated January 31, 2003, Bates No BB&T 03358–03360 5138

Defendants' Exhibit 64-11, Scott & Stringfellow Account Statement, dated December 31, 2003, Bates No BB&T 03404-03407 5141

Defendants' Exhibit 64-23, Scott & Stringfellow Account Statement, dated December 31, 2004, Bates No BB&T 03454-03458 5147

Defendants' Exhibit 64-35, Scott & Stringfellow Account Statement, dated December 31, 2005, Bates No 03492-03494 5153

Defendants' Exhibit 64-42, Scott & Stringfellow Account Statement, dated July 31, 2006, Bates No BB&T 03514-03519 5157

Defendants' Exhibit 64-43, Scott & Stringfellow Account Statement, dated August 31, 2006, Bates No Maybank 1274-1279 5161

Defendants' Exhibit 64-44, Scott & Stringfellow Account Statement, dated September 31, 2006, Bates No BB&T 03520-03522 5167

Defendants' Exhibit 64-65, Scott & Stringfellow Account Statement, dated June 30, 2008, Bates No BB&T 03582-03585 5171

Defendants' Exhibit 65-2, Charles Schwab Account Statement 2681, dated December 31, 2012, Bates No Schwab Sub Resp 00015-24 5177

Defendants' Exhibit 65-7, Charles Schwab Account Statement 2681, dated May 31, 2013, Bates No Schwab Sub Resp 00067-76 5187

Defendants' Exhibit 67, BB&T Credit Line Transaction Summary, Bates No BB&T 41513-41515 5197

Defendants' Exhibit 72, Itemized Categories Report, 2002, Bates No ARGO (BB&T) 04321-04341 5200

Defendants' Exhibit 73, Itemized Categories Report, 2004, Bates No ARGO (BB&T) 00166-00183 5221

Defendants' Exhibit 74, Itemized Categories Report, 2005, Bates No ARGO (BB&T) 00283-00305 5239

Defendants' Exhibit 75, Itemized Categories Report, 2006, Bates No ARGO (BB&T) 00429-00445 5262

Defendants' Exhibit 76, Itemized Categories Report, 2008, Bates No ARGO (BB&T) 01004-01019 5279

Defendants' Exhibit 77, Itemized Categories Report, 2009, Bates No ARGO (BB&T) 02265-02280 5295

Defendants' Exhibit 79, Handwritten notes of Keith Gray, dated August 9, 2006, Bates No Argo(BB&T) 004357 5311

Defendants' Exhibit 80, Handwritten notes of Keith Gray, dated January 12, 2009, Bates No Argo(BB&T) 002440 5312

Defendants' Exhibit 81, Realized Gain/Loss Report, dated June 25, 2009, Bates No ARGO 1714-1722 5313

Defendants' Exhibit 94, Listing of Employees & Job Description for BB&T's Greenville Wealth Division, Bates No BB&T 48080-48082 5322

Defendants' Exhibit 96, Email from Mahfood to Deal, dated January 13, 2009, Bates No BB&T 05273-5274 5325

Defendants, Exhibit 172, Scott & Stringfellow Record of Transaction, dated September 27, 2006, Bates No Maybank 001272 5327

Defendants' Exhibit 173, Comparison of PVFC to Outright Stock Sale Hypothetical 5328

Defendants' Exhibit 174, Hugh Penny Exhibit 1, dated April 28, 2014, Bates No BB&T 48090 5329

Defendants' Exhibit 175, Hugh Penny Exhibit III, dated April 28, 2014, Bates No BB&T 48092 5330

Defendants' Exhibit 180, Email from Lackey to Mahfood, dated December 23, 2009, Bates No BB&T 5238 5331

Defendants' Exhibit 192, Email from Mahfood to Deal, dated April 23, 2009, Bates No BB&T 5723 5332

Defendants' Exhibit 194, email from Deal to Mahfood, Lackey, with attachments, dated January 14, 2009, Bates No BB&T 35325 5333

Defendants' Exhibit 197, Edgar Norris & Co Statement, dated March 1997, Bates No BB&T 39671-39672 5336

VOLUME XIII

TRIAL EXHIBITS (continued)

Defendants' Exhibit 198, Schedule C Horse Racing (Maybank Deposition Exhibit 24) 5338

Defendants' Exhibit 199, Bear Stearns Risk Disclosure, dated July 10, 2006, Bates No Maybank 1750-1751 5361

Defendants' Exhibit 200, Pre-Paid Illustration, Bates No Maybank 1745 5363

Defendants' Exhibit 201, 2006 Pre-Paid Confirmation, Bates No Maybank 1847-1848 5364

Defendants' Exhibit 202, Settlement Overview (Maybank Deposition Exhibit 114), Bates No Maybank 2115 5376

Defendants' Exhibit 203, Settlement Overview (Maybank Deposition Exhibit 115), Bates No Maybank 2142 5379

Defendants' Exhibit 204, Settlement Overview (Maybank Deposition Exhibit 116), Bates No Maybank 5470 5382

Defendants' Exhibit 205, Settlement Overview (Maybank Deposition Exhibit 117), Bates No Maybank 5555 5385

Defendants' Exhibit 207, Deutsche Bank Letter, dated December 13, 2010, Bates No Argo(BB&T) 04428-4431 5388

Defendants' Exhibit 208, Deutsche Bank Letter, dated December 13, 2010, Bates No Argo(BB&T) 04432-4439 5392

Defendants' Exhibit 209, Deutsche Bank Letter, dated August 16, 2011, Bates No Maybank 005649-5653 5400

Defendants' Exhibit 210, Deutsche Bank Letter, dated August 15, 2011, Bates No Maybank 005713-5720 5405

Defendants' Exhibit 211, Deutsche Bank Letter, dated January 4, 2012, Bates No Argo(BB&T) 04093-4096 5413

Defendants' Exhibit 212, Deutsche Bank Letter, dated January 3, 2012, Bates No Argo(BB&T) 04097-4104 5417

Defendants' Exhibit 216, Settlement Overview, Bates No BB&T 19023, BB&T 19025 5425

Defendants' Exhibit 222, Teachy Spreadsheet 5427

OTHER DOCUMENTS

Email from Judge Miller's Law Clerk to all counsel, dated July 26, 2013 5443

BB&T Requested Jury Charges (Pages 1-2 (Cover and signature pages), pages 30-31 (Charge No 22), pages 33-36 (Charge Nos 24-26), pages 73-74 (Charge No 51)) 5446

Email of William Brown to Judge Miller conveying Consent Motion to Amend Second Amended Scheduling Order, dated April 30, 2014 5458

Email from Judge Edward Miller clarifying holding and requesting a shortened proposed order, dated October 15, 2014 5459

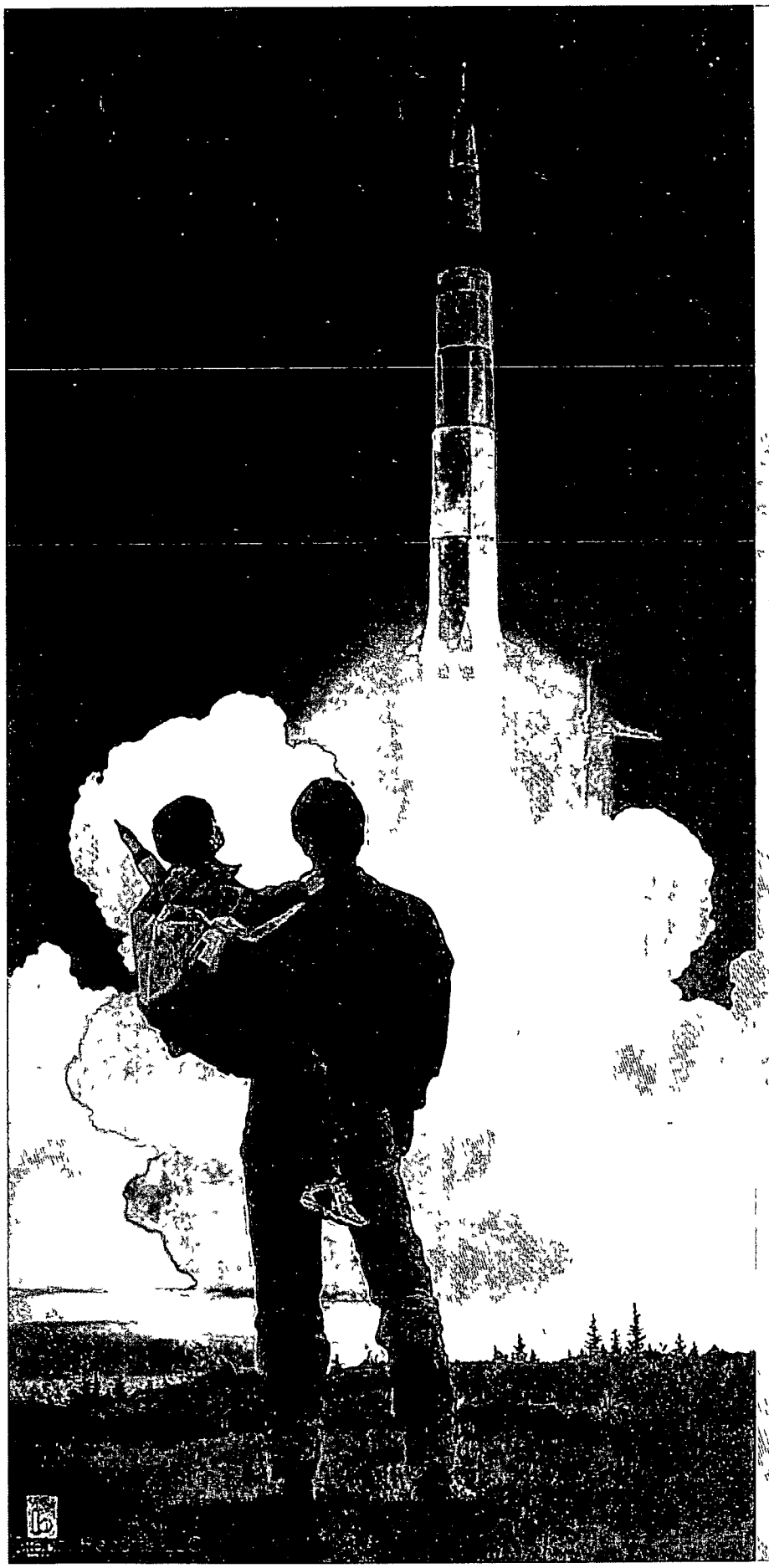
Defendants' Notice of Appeal, filed December 9, 2014 5460

Plaintiff's Notice of Cross-Appeal, filed December 16, 2014 5517

Order certifying, filed March 5, 2015 5559

Electronic Media Containing Video Depositions as Presented to the Jury at Trial 5561

Certificate of Counsel



BB&T

PLAINTIFF'S EXHIBIT
NO 77
PENGAD 800-631-6989

There's opportunity here

ANNUAL REVIEW 2006

Maybank 010981

About the Cover
"Heroes" by Bryan Larsen,
© 2006 Bryan Larsen
Ouent Cordair Fine Art
1-866-267-3247 – www.cordair.com

There's opportunity here



2007 ANNUAL MEETING

BB&T's 2007 Annual Meeting of Shareholders will be held at 11 00 a m on Tuesday, April 24, 2007, at the Westin Buckhead, 3391 Peachtree Road N E , Atlanta, Georgia

Annual Review 2006

TABLE OF CONTENTS

Consolidated Financial Highlights	2
Corporate Information	4
To Our Shareholders	6
Corporate Board of Directors	22
Executive Management	22
Market Coverage	24
Shareholder Information	26
Consolidated Balance Sheets	28
Consolidated Statements of Income	29
Selected Financial Data	30
Selected Ratios	31
General Information	32

Maybank 010983

Global Reports LLC

ROA 3944

Consolidated Financial Highlights

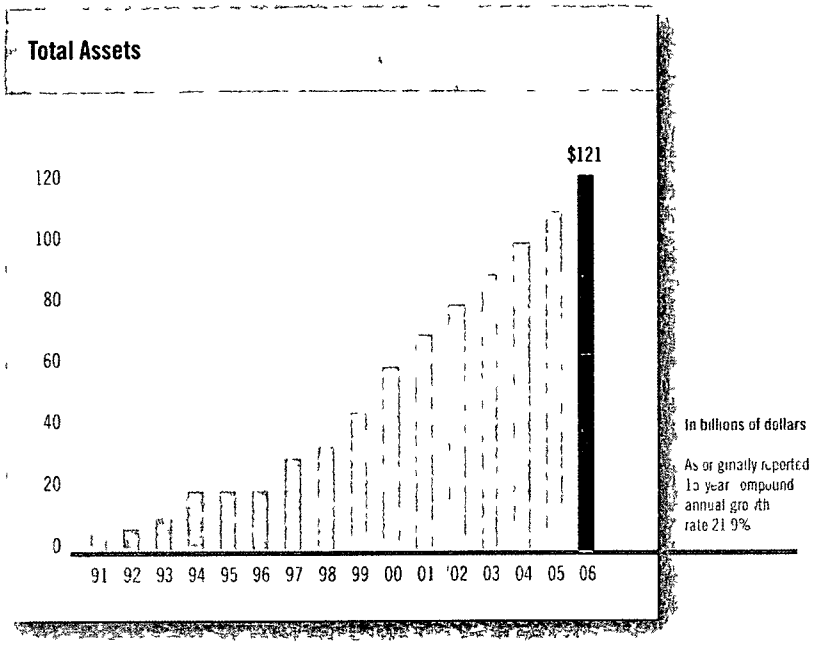
BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

	2006	2005	% Change
ANNUAL RESULTS			
Net income	$ 1,528	$ 1 654	(7 6) %
Net income per common share			
Basic	2 84	3 02	(6 0)
Diluted	2 81	3 00	(6 3)
Cash dividends paid per common share	1 60	1 46	9 6
ANNUAL OPERATING RESULTS[1]			
Operating earnings	$ 1,743	$ 1,674	4 1 %
Operating earnings per common share			
Basic	3 23	3 06	5 6
Diluted	3 20	3 04	5 3
ANNUAL CASH BASIS OPERATING RESULTS[1,2]			
Cash basis operating earnings	$ 1,816	$ 1,763	3 0 %
Cash basis operating earnings per common share			
Basic	3 37	3 22	4 7
Diluted	3 34	3 20	4 4
YEAR-END BALANCES			
Assets	$ 121 351	$ 109,170	11 2 %
Securities, at carrying value	22,868	20,490	11 6
Loans and leases	83,591	75 023	11 4
Deposits	80,971	74,282	9 0
Shareholders' equity	11,745	11,129	5 5
Book value per common share	21 69	20 49	5 9
AVERAGE BALANCES			
Assets	$ 114,328	$ 104,612	9 3 %
Securities, at amortized cost	21,348	20,467	4 3
Loans and leases	79,313	71,517	10 9
Deposits	77,230	70,346	9 8
Shareholders' equity	11,452	11,065	3 5
PERFORMANCE RATIOS BASED ON NET INCOME			
Return on average assets	1 34 %	1 58 %	
Return on average equity	13 35	14 95	

Maybank 010984

Global Reports LLC

ROA 3945



	2006	2005
PERFORMANCE RATIOS BASED ON OPERATING EARNINGS[1]		
Return on average assets	1.52 %	1.60 %
Return on average equity	15.22	15.12
Fee income ratio	40.6	39.1
Efficiency ratio	54.0	52.5
PERFORMANCE RATIOS BASED ON CASH BASIS OPERATING EARNINGS[1,2]		
Return on average tangible assets	1.66 %	1.77 %
Return on average tangible equity	28.44	27.82
Efficiency ratio	52.3	50.4
CAPITAL RATIOS		
Tier 1 risk-based capital ratio	9.0 %	9.3 %
Total risk-based capital ratio	14.3	14.4
Tier 1 leverage capital ratio	7.2	7.2
Equity as a percentage of total assets	9.7	10.2
MISCELLANEOUS INFORMATION		
Common shares outstanding (in thousands)	541,475	543,102
Basic weighted average shares outstanding (in thousands)	539,140	546,916
Diluted weighted average shares outstanding (in thousands)	543,891	551,380
Shareholders	259,000	257,000
Full-time equivalent employees	29,344	27,745
Banking offices	1,459	1,404
ATMs	2,125	1,951

1 Information presented on an operating basis excludes the effects of $10.9 million and ($6.8 million) of net after-tax costs (credits) associated with the completion of mergers and acquisitions in 2006 and 2005, respectively. In addition, operating results in 2006 exclude the effects of additional tax provisions related to leveraged leases totaling $139.1 million net of tax, a loss on the sale of securities totaling $46.9 million net of tax, equity-based compensation which totaled $35.7 million net of tax, and a gain on the sale of duplicate facilities totaling $18.3 million net of tax. Operating results for 2005 exclude a one-time charge related to the accounting for leases totaling $26.6 million net of tax.

2 Information presented on a cash basis excludes the effects of intangible assets, purchase accounting adjustments and the related amortization expenses, which totaled $73.4 million and $89.4 million net of tax, for the years ended December 31, 2006 and 2005, respectively. In addition, cash basis results exclude merger-related charges and nonrecurring items as discussed in Note 1.

Corporate Information

Corporate Profile, About the Review and Forward-Looking Statements

CORPORATE PROFILE

BB&T Corporation ("BB&T" or "the Corporation") is a financial holding company headquartered in Winston-Salem, North Carolina With consolidated assets at December 31, 2006, totaling $121 4 billion, BB&T is the eleventh largest banking organization in the United States As of December 31, 2006, BB&T's banking subsidiaries operated 1,459 branch offices in eleven states and Washington, D C

BB&T's largest subsidiary, Branch Banking and Trust Company, was founded in 1872 and is the oldest bank based in North Carolina Through its subsidiaries, BB&T offers a wide range of lending and deposit services to businesses and individuals BB&T's subsidiaries also provide trust services, wealth management, retail and wholesale insurance services, investment services and capital markets services, equipment finance, factoring, treasury services, asset management, international services, payroll processing and bankcard services

BB&T's current organization was formed by a merger-of-equals in 1995 between the former BB&T Financial Corporation and Southern National Corporation In the past 15 years, BB&T has consummated the acquisitions of 50 banks and thrifts, 77 insurance agencies, and 30 nonbank financial services companies

ABOUT THE REVIEW

The BB&T Corporation 2006 Annual Review is presented in a summary format to provide information regarding the performance of BB&T in a manner that is meaningful and useful to the widest range of readers The audited consolidated financial statements of BB&T Corporation and Subsidiaries and other more detailed analytical information regarding the Corporation are contained in the BB&T Corporation 2006 Annual Report on Form 10-K filed with the Securities and Exchange Commission

continued >

Maybank 010986

Global Reports LLC

ROA 3947

Driving Opportunity

BB&T is roaring into 2007 proudly bringing its tradition of excellence into NASCAR racing with a brand new Busch series sponsorship BB&T is now the official bank of Richard Childress Racing (RCR) and primary sponsor of the No 2 BB&T Chevrolet Monte Carlo driven by Clint Bowyer

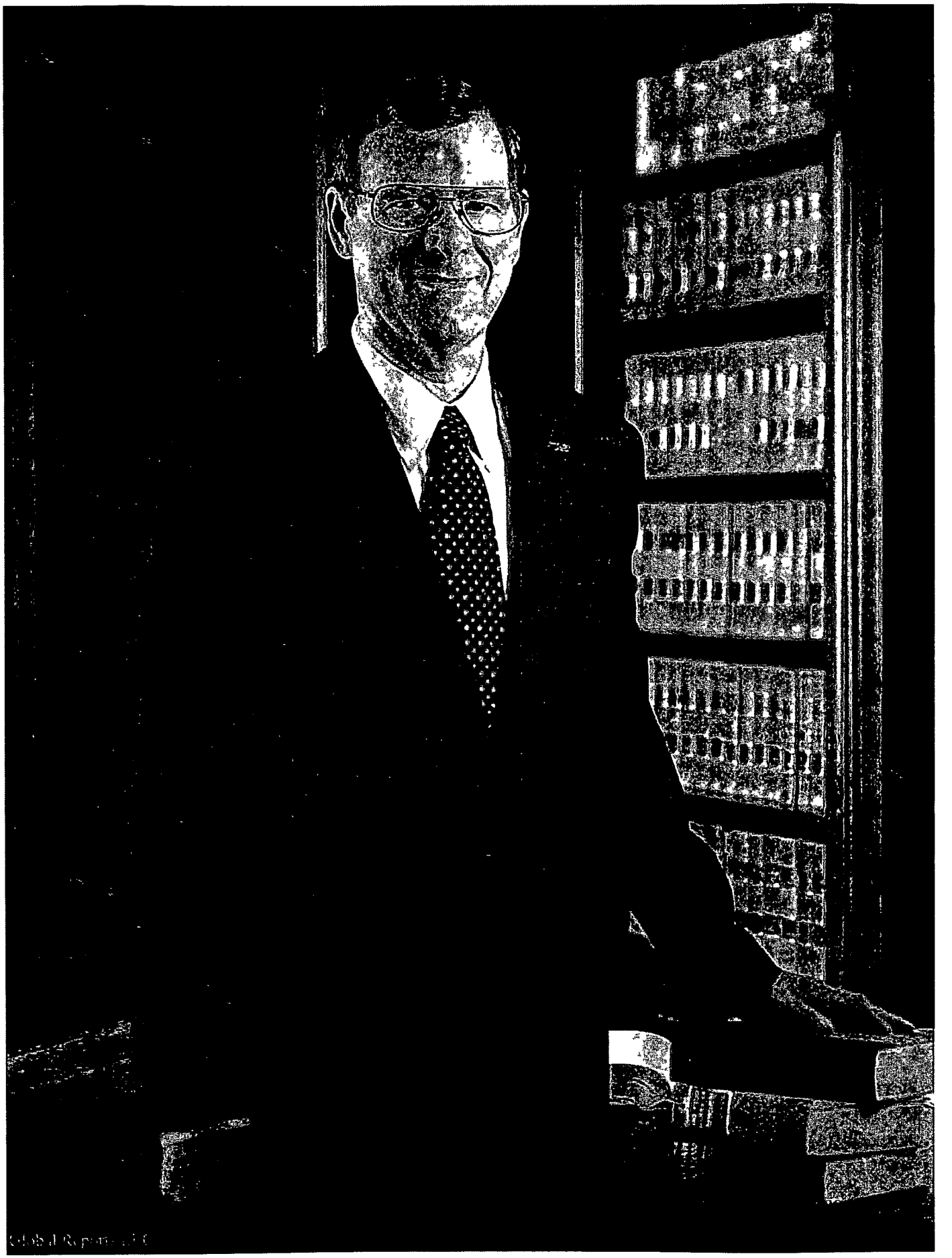


All trademarks, personal likenesses and the likeness of the race car are used under license from their owners.

This 2006 Annual Review contains financial information determined by methods other than in accordance with Generally Accepted Accounting Principles ('GAAP") BB&T's management uses these "non-GAAP" measures in their analysis of the Company's performance Non-GAAP measures typically adjust GAAP performance measures to exclude the effects of charges, expenses or gains related to the consummation of mergers and acquisitions, as well as the amortization of intangibles and purchase accounting-related adjustments in the case of "cash basis" performance measures These non-GAAP measures also exclude equity-based compensation in order to make 2006 results comparable with prior periods presented and may also exclude other significant gains, losses or expenses that are unusual in nature and not expected to recur Since these items and their impact on BB&T's performance are difficult to predict, management believes presentations of financial measures excluding the impact of these items provide useful supplemental information that is important for a proper understanding of BB&T's core operating results These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies

FORWARD-LOOKING STATEMENTS

This BB&T Corporation 2006 Annual Review contains certain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995 These statements may address issues that involve significant risks and uncertainties Although we believe that the expectations reflected in this discussion are reasonable, actual results may be materially different Please refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2006, for a more thorough description of the types of risks and uncertainties that may affect management's forward-looking statements



John A Allison Chairman and Chief Executive Officer

To Our Shareholders:

While 2006 presented many challenges for BB&T and the financial services industry, I am pleased to report that our overall financial performance was solid, as our company accomplished many targeted objectives for the year

Among these accomplishments, we successfully implemented a significant new focus on deposit gathering and relaunched a client service initiative called "The Perfect Client Experience," receiving excellent early feedback from our clients We also continued to refocus from expansion primarily through mergers to an organic growth strategy that includes significant investments for the future These investments will create new opportunities to fuel growth and profitability in the coming years

continued >

This year s annual review features advertisements from BB&T s newly launched marketing campaign The message — **There s opportunity here** — is true to our values representing who we are today and who we will be in the future



SIGNIFICANT ACCOMPLISHMENTS DURING 2006

2006 represents BB&T's 25th consecutive year of record operating earnings Net income for the year totaled $1 528 billion, or $2 81 per diluted share These results are affected by items that are nonrecurring in nature, including $139 1 million in additional tax reserves associated with leveraged leases, $46 9 million in securities losses we incurred to restructure our securities portfolio, and an $18 3 million gain from a sale of duplicate facilities The securities restructuring was undertaken at a very favorable time, resulting in a portfolio that will be more profitable We will recover the losses through stronger investment returns by the end of 2007 Excluding the effects of merger-related items, equity-based compensation and these nonrecurring items from both 2006 and 2005, BB&T's operating earnings for 2006 totaled $1 743 billion, an increase of 4 1% compared to the prior year On a diluted per share basis, operating earnings for 2006 were $3 20, an increase of 5 3% compared with 2005

Our core banking trends reveal a number of very positive developments Average loans increased 10 9% during 2006, led by very healthy 11 3% growth in commercial loans and leases, 15 1% growth in mortgage loans, and 27 4% growth in loans originated by our specialized lending subsidiaries, which provide excellent risk-adjusted returns In addition, revenues from BB&T's fee income-producing businesses increased 11 7% during 2006, composing 40 6% of total revenues Exceeding 40% on this measure has been an objective for several years, and we have established a new goal of 45% in the next five years to further reduce our reliance on interest-based revenues

A true success story from 2006 is the effectiveness of our deposit gathering efforts in light of a very competitive environment for deposits Average client deposits increased 11 1% during the year and, as shown in the accompanying chart, we gained market share in every state where we operate except West Virginia, where we maintained our Number 1 market share For the year, we added 122,000 net new

Maybank 010990

Global Reports LLC

ROA 3951

You've spent your whole life seeking success. Now you have a vision for the future.

We see it, too.

2006 Commercial Bank Deposit Market Share*

	Market Share		Rank		Percentage Increase
	2006	2005	2006	2005	
Virginia / Washington D C	13 8 %	13 6 %	2nd	2nd	8 7 %
North Carolina[1]	17 5	17 1	2nd	2nd	12 3
Maryland	7 7	7 0	6th	6th	14 5
Georgia	4 6	3 3	5th	6th	59 3
South Carolina	10 8	9 9	3rd	3rd	20 0
West Virginia	17 7	17 7	1st	1st	6 7
Florida	1 3	1 1	9th	11th	22 4
Kentucky	6 3	6 1	4th	4th	8 3
Tennessee	1 7	1 4	7th	9th	27 9

1 Excludes home office deposits
Source SNL DataSource

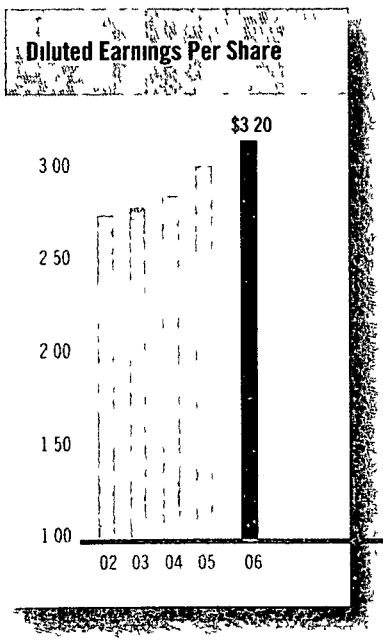
continued >

You moved a high chair into the kitchen and a minivan into the garage.

Is it time to move into more house?

transaction accounts, meeting our target for the year and exceeding 2005 by 36%

As we discussed last year, a recent analysis of our generators of economic profit revealed that 75% of our economic profit is derived from deposits Given these statistics, we have devoted significant extra energy to deposit base relationship growth The results of this concentrated effort have been very encouraging



Another consistent long-term strength of our business has been, and continues to be, the quality of our loan portfolios Net charge-offs decreased from 30% of average loans in 2005 to 27% in 2006 Excluding losses on loans in BB&T's specialized lending operations, core net charge-offs were 14% in 2006, down from 19% last year — all very strong results

BB&T made significant progress with other key strategies during 2006 We increased Online Banking clients by 26%, and now serve over 2 million clients, implemented a successful new advertising campaign, improved turnover, increased diversity in our leadership positions, and opened 51 new branch locations in high-growth and high-profitability markets, including 39 de novo locations We also added complex products to our Capital Markets and increased our sales staff significantly in high-growth metropolitan areas

While we believe the implementation of these strategies is critical to our future success, ramping up these efforts has been costly and has slowed current performance Approaching 2007, we believe that the pieces are in place to grow future revenues, and we will turn our energy to driving effective expense control and ensuring that these investments provide appropriate returns

Maybank 010992

Global Reports LLC

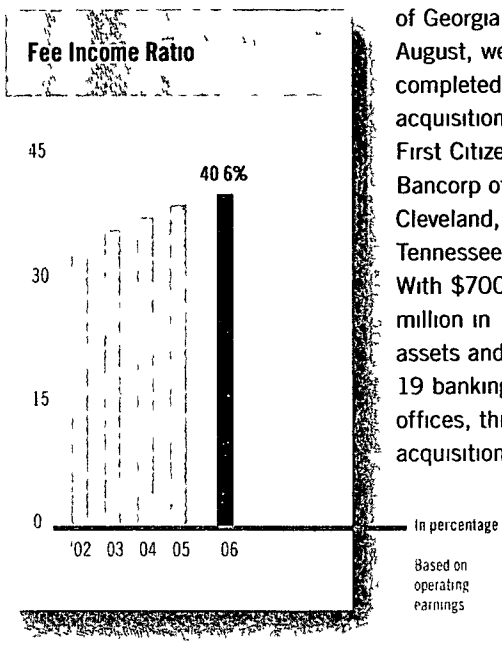
ROA 3953

BB&T Mortgage and Home Equity Loans

BB&T s new advertising campaign showcases our commitment to providing opportunity for our clients at each stage of their lives Here our focus on Mortgage and Home Equity Loans is reinforced by candid impressions of young parents who clearly have the future on their minds



In addition to these investments, BB&T made a number of significant acquisitions during 2006 that will be beneficial in coming years In June, we acquired Main Street Banks Inc , metropolitan Atlanta's largest community bank With 24 banking offices and $2 3 billion in assets, the acquisition advanced BB&T from sixth to fifth in deposit market share in both metropolitan Atlanta and the entire state of Georgia In August, we completed an acquisition of First Citizens Bancorp of Cleveland, Tennessee With $700 million in assets and 19 banking offices, this acquisition increased BB&T's deposit market share in Tennessee from ninth to seventh and strengthened BB&T's presence in eastern Tennessee, including the fast-growing corridor between Knoxville and Chattanooga



In January, we acquired Bergen Capital, a full-service brokerage firm based in Hasbrouck Heights, New Jersey This was a high-quality addition to Scott & Stringfellow, our wholly owned brokerage and investment banking subsidiary We also acquired Arlington, Texas-based FSB Financial Ltd , one of the nation's most active buyers of automobile loan portfolios, in March This acquisition added a growing and innovative nonprime automobile operation to Regional Acceptance, BB&T's wholly owned nonprime automobile lending subsidiary In January of 2007, BB&T completed an acquisition of insurance premium finance company, AFCO Credit Corporation and its Canadian affiliate, CAFO Inc This acquisition moved BB&T from the ninth to the second largest provider of premium financing in the United States and the largest in Canada We also

continued >

Global Reports LLC

BB&T Business Banking

No matter how far we come as a financial institution BB&T will always value the dreams and goals of entrepreneurs and small business owners The imagery of this advertisement reflects our traits of dependability deep-rooted integrity and attention to detail



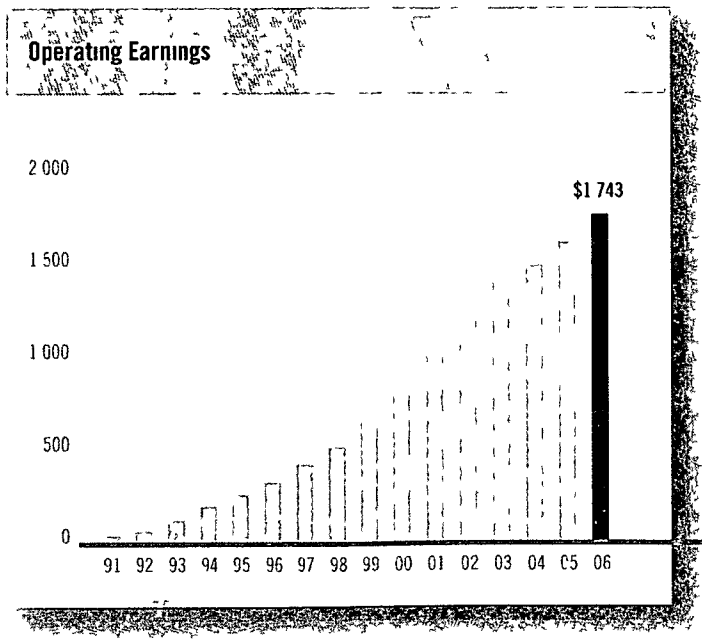
acquired Wyman, Green & Blalock, a high-quality insurance agency based in Bradenton, Florida

Finally, we announced in December plans to acquire Coastal Financial Corporation of Myrtle Beach, South Carolina This transaction will give BB&T the No 1 market share in the thriving Myrtle Beach market With $1 7 billion in assets and 24 offices in great markets along the coast, this is a high-performing company and a great cultural fit for BB&T

REWARDING OUR INVESTORS

At BB&T, our ultimate purpose is to create superior, long-term economic rewards for our shareholders, and BB&T continues to be a rewarding long-term investment Our total return to shareholders during 2006 was 8 9% According to the book "The Complete CEO," BB&T ranks No 80 in the world in total return to shareholders Over the last five, 10, 15 and 20 years, BB&T's total return to shareholders has exceeded the S&P 500 Index

In 2006, we increased the quarterly cash dividend 10 5% per share, marking the 35th consecutive year that BB&T has increased its



In millions of dollars

As originally reported
15 year compound annual growth rate of 25 2%

Maybank 010994

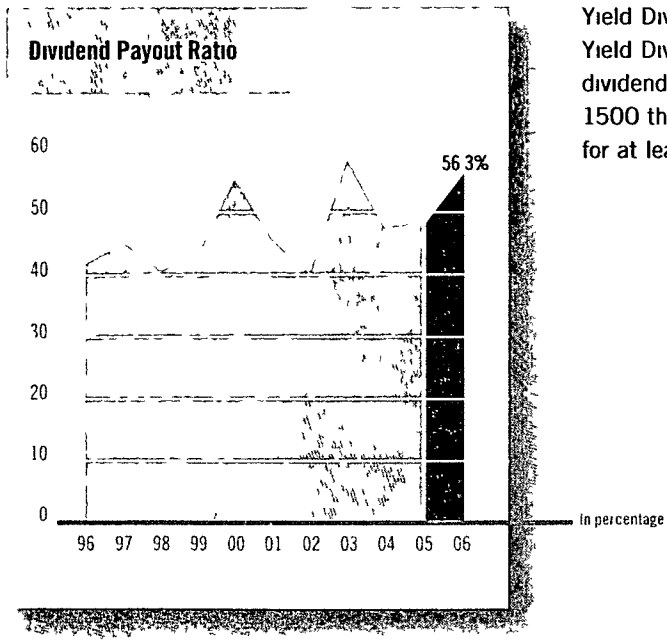
Global Reports LLC

ROA 3955

You've gone from captain of a ship to admiral of a fleet.

Let us help you navigate.

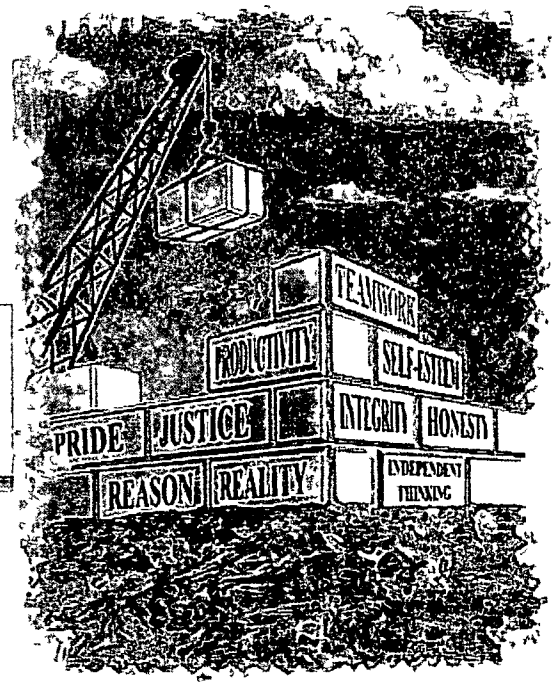
cash dividend We have paid a dividend every year since 1903, a track record that can be matched by few companies The compound annual growth rate in BB&T's cash dividends has been 12 3% over the last 10 years, compared to a 5 3% increase for the S&P 500 Index



In recognition of BB&T's outstanding history of paying and increasing the cash dividend, the Company was once again designated a "Dividend Achiever" by Mergent, Inc , a New York City-based provider of global financial information Only 2 0% of the 14,000 publicly-traded companies in the Mergent study received this recognition In addition, BB&T was again named to the S&P 500 Index "Dividend Aristocrats" and S&P's "High Yield Dividend Aristocrats " Members of the High Yield Dividend Aristocrats represent the 50 highest dividend-yielding stocks in the S&P Composite 1500 that have consistently increased their dividend for at least 25 years — this is the top 3%

continued >

BB&T Values



OUR PHILOSOPHY

The foundation of our conduct and our culture flows from our philosophy, which is expressed in our vision, mission, values and strategies BB&T is a mission-driven organization with clear and long-held values We encourage our employees to have a strong sense of purpose, a high level of earned self-esteem, and the capacity to think clearly and logically

Our Mission

To Make the World a Better Place to Live, By

- Helping Our Clients Achieve Economic Success and Financial Security,
- Creating a Place Where our Employees can Learn, Grow and be Fulfilled in their Work,
- Making the Communities in which we Work Better Places to be, and thereby
- Optimizing the Long-Term Return to our Shareholders, while Providing a Safe and Sound Investment

OUR VALUES

To be useful, values must be consciously held and be consistent, or non-contradictory At BB&T, our values are consistent and integrated To fully act on one of our values, we must also act consistently with the other values This focus grows from our belief that ideas matter and that an individual's character is of critical significance

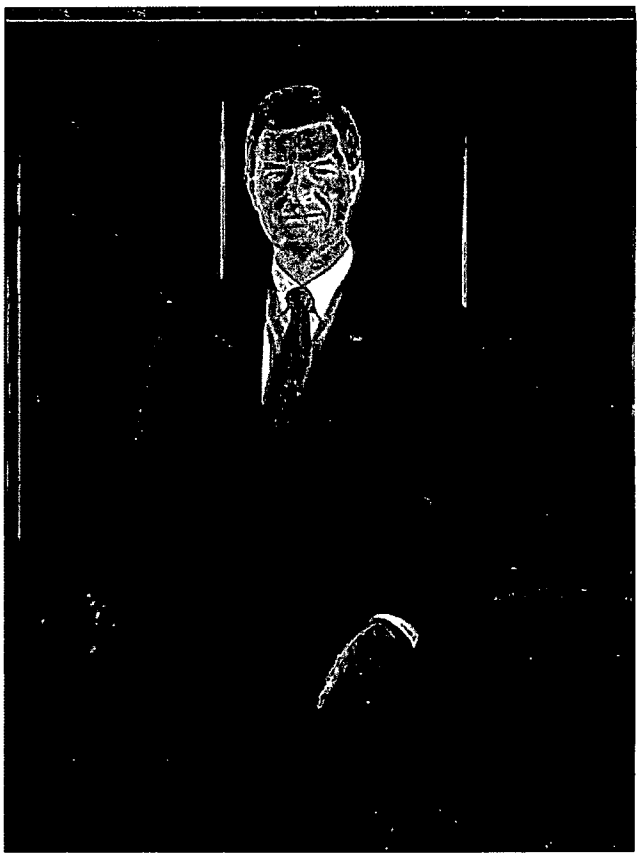
Living our values means that we make decisions we might not otherwise make For example, last year, in light of the recent Kelo Supreme Court decision, we announced that we would not finance projects for private purposes on land taken from private citizens by government entities using eminent domain This decision was rooted in our strong belief in individual rights Another example of living our values is visible in our corporate giving Each year we contribute the majority of our corporate donations for the purpose of education, with a strong focus on programs that emphasize the moral foundations of Capitalism, because we believe economic freedom and the protection of property rights are the foundation for economic well-being

Maybank 010996

Global Reports LLC

ROA 3957

Values are practical habits that enable us as individuals to live, be successful and achieve happiness For BB&T, the execution of our mission is dependent upon us truly living our values



"Helping our clients achieve economic success and financial security is really about helping them discover and realize the benefits of their opportunities. Our employees are motivated to create relationships with our clients that support them in attaining their dreams and goals in life.

For our clients and our employees, there really is opportunity here!"

Kelly S King Chief Operating Officer

continued >

BB&T Personal Banking

Marriage is the beginning of a new union and new financial responsibilities so BB&T utilizes wedding imagery in this advertisement to demonstrate our understanding of clients changing needs and our role in strategically meeting them



2007 KEY STRATEGIC OBJECTIVES

Our goal is to create a high-performance financial services organization that can survive and prosper in a rapidly changing, highly competitive, globally integrated environment The key to maximizing our probability of success over the long term is to create a superior earnings per share growth rate without sacrificing the fundamental quality and long-term competitiveness of our business, nor taking unreasonable risk In 2007, we will focus on four key strategic objectives to pursue our goal

1 Achieve Superior Revenue Growth

Our principal objective for 2007 is to accelerate organic revenue growth, which is currently a tremendous challenge for the financial services industry Intense competition on loan and deposit pricing and an inverted yield curve have created significant compression in net interest margins for the entire industry, including BB&T Our net revenues increased 7 7% during 2006, accelerating to 8 4% for the fourth quarter on an annualized basis While this is reasonably solid growth, we must drive superior growth compared to the industry to meet our objectives

We will continue to emphasize a number of strategies in pursuit of superior revenue growth First, we will continue to build on and optimize the advertising strategy that was launched early in 2006 The new advertising program, led by the positioning statement, "There's Opportunity Here," has enjoyed a very positive initial response and has substantially improved BB&T's name recognition in our new markets Second, we will work to optimize our branch delivery channels, including reinvesting in current facilities, relocating facilities where appropriate and opening an additional 35 de novo branches in high-growth and high-profitability markets in 2007 During 2006, we opened 51 new branches, including 39 de novo branches It takes approximately 18 months for a new branch to break even and then become profitable We will continue to improve on our formula for successfully identifying the proper markets in which

Maybank 010998

Global Reports LLC

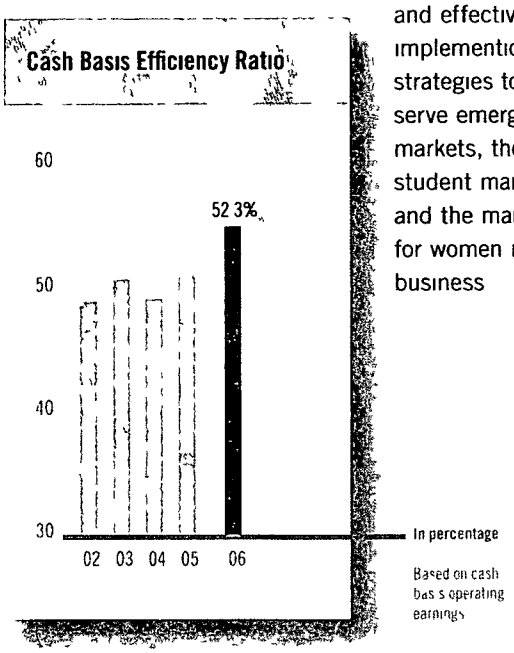
ROA 3959

He chose the ring. You chose the dress.
You both chose the location.

May we suggest a bank?

to open new branches We will also reallocate human resources to faster-growing markets where appropriate

We will continue to emphasize the basics to drive superior revenue, which include excellent execution of the BB&T Decathlon, our unique sales system, high-quality execution of our Integrated Relationship Management, Segmentation and Consultative Sales strategies, and effective implemention strategies to serve emerging markets, the student market and the market for women in business



2 Create the Perfect Client Experience

A key part of our mission is to help our clients achieve economic success and financial security Fundamentally, we must consistently provide our clients with better value through rational innovation and productivity improvement In 2006, we relaunched a powerful client service initiative called the "Perfect Client Experience" and deployed related training to all employees across the enterprise Because BB&T is a quality-differentiated competitor, we must deliver the greatest value to our clients To be successful, we must fully meet our clients' expectations by being reliable, responsive, empathetic and competent Our Perfect Client Experience initiative included tactical training and leadership processes for our employees to reinforce these four client service commitments During 2006, we have communicated to our clients our desire to meet their expectations and asked for their feedback on opportunities to improve



The BB&T Perfect Client Experience seal was created and introduced in 2006 and represents BB&T s corporate client service philosophy

continued >

Maybank 010999

Global Reports LLC

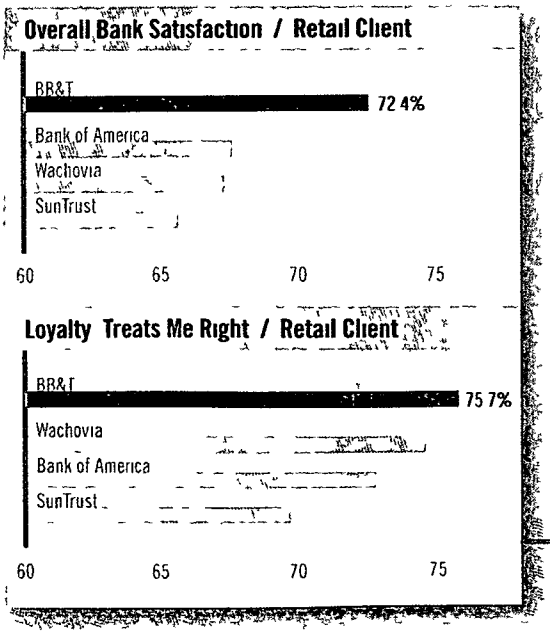
ROA 3960

10,000 free BB&T Visa Extras points.
We could just give you free checking,

but where's the fun in that?

Low employee turnover is also a critical factor in building relationships and providing outstanding client service Our turnover has been consistently better than the industry, and we were able to reduce turnover again in 2006

To assess the effectiveness of these client service initiatives, we commissioned an outside research firm to analyze the overall satisfaction of our clients and those of our large in-market competitors As shown in the accompanying graphics, the results of the study were very positive for BB&T We received encouraging feedback from both our business and retail clients The surveys demonstrate that BB&T leads our large in-market competitors in the areas of Overall Satisfaction, Loyalty (Treats Me Right), Likelihood to Recommend and Likelihood for Future Use In addition, our scores for Overall Bank Satisfaction improved in comparison to 2005, demonstrating substantial progress following the implementation of the Perfect Client Experience initiative In particular, BB&T excelled in "top box" scores, which indicate the percentage of clients who rate BB&T as a nine or 10 on a 10-point scale These ratings were higher than any of our competitors in the surveys of both retail and business clients High top box scores are a strong indicator of long-term client loyalty, and naturally we are extremely pleased with these results



In percentage

Research was conducted by Maritz Research Inc in 2006 Graphs represent percentage of top box scores

Maybank 011000

Global Reports LLC

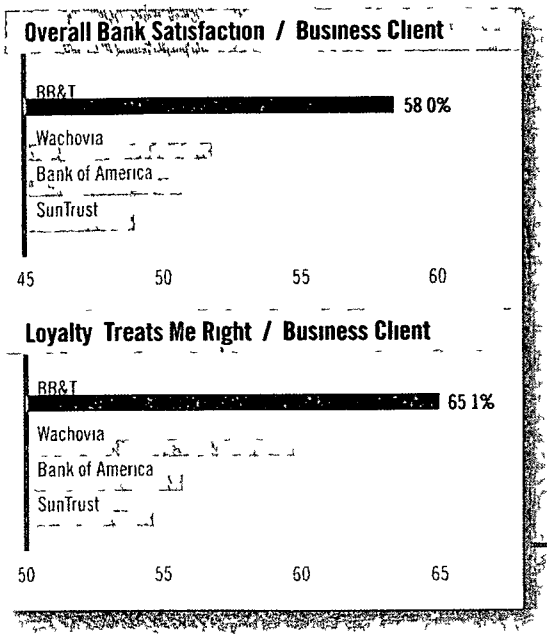
ROA 3961

BB&T Visa Extras Points and Free Checking

Sometimes it s the little perks that are the most rewarding The fun imagery in this advertisement positions BB&T as the bank with innovative card-related services that focus on the benefits that go a long way in increasing our clients current and future purchasing power



We also implemented a major new initiative to improve problem resolution processes with our clients With this initiative, clients who bring more complicated problems to our attention will receive an express written commitment to problem resolution effectiveness, turnaround times and expectations



In percentage

R search as conducted by Maritz Research Inc 12006 Graphs represent percentage of top box s ores

Everyone makes mistakes, of course, but if we listen to our clients' concerns, apologize, solve their problem and thank them for being given the opportunity to make it right, we will create loyalty and strengthen our client relationships

BB&T also scored very well in Problem Handling Satisfaction in both the retail and business client surveys Our clients reported fewer problems than any of our large in-market competitors and gave BB&T the highest scores in terms of problem resolution

Creating the Perfect Client Experience is certainly a lofty goal, but we must maintain a consistent attitude that drives us to improve Our clients are our partners, and we will work hard to build productive relationships of trust to help them achieve their financial goals

continued >

3 Create Superior Operating Leverage Maximize Economic Profit

Over the last two years, we have focused on transforming the company to grow organically from a core banking perspective This is in marked contrast to prior years when we grew rapidly by acquiring a large number of community banks and thrifts Investing in the new products, delivery channels and revenue-producing employees necessary to drive organic growth has required above-trend increases in expense rates and employee hiring Key objectives for 2007 include significantly slowing our growth rate in expenses and hiring, aggressively controlling costs, and creating superior operating leverage We are considering a number of ideas to improve productivity and reduce cost Among these is a concerted examination of opportunities to outsource projects or non-client contact activities, potentially including international outsourcing We will also pursue consolidating our call centers, increasing the efficiency of staff utilization, and more intensely managing the number of employees

In addition, we will carefully measure the economic profit generated by our different products and lines of business, and reallocate resources to the highest-performing business lines Our increased focus on deposit gathering demonstrates that this process is already under way

Our objective is to achieve a superior price to earnings ratio by producing superior cash basis earnings and revenue growth while maintaining a sound financial position, as evidenced by strong capital and asset quality ratios

4 Execute "Value Improvement Agenda"

In 2006, we began a series of business model changes to grow economic profit over the next five years, with particular focus on growing transaction deposit relationships The early results from the FDIC market share deposit information, along with growth in transaction accounts, indicate that we are making progress on these objectives

We are refocusing our commercial banking operations This change includes increasing our Corporate Banking team with a strong focus on non-credit services, strengthening our small business/middle market capacity to meet the needs of commercial and industrial clients, and targeting our financial center managers to serve the micro business market

Our insurance business continues to be a source of organic growth, with 2006 commission growth of 9 9% All indications show that we are moving market share in the insurance industry During 2007, we will work to deepen banking relationships with our insurance clients, focus on agency acquisitions in underserved but high-growth areas in our banking footprint, and centralize claims processing and servicing to improve profitability, especially among our smaller clients

In our retail bank, we are implementing changes that will focus growth efforts These changes include further developing marketing investment and de novo branches in the higher-potential large markets in our footprint, encouraging deeper deposit relationships with existing banking network clients, bundling products to drive cross-selling into new households and focusing client-calling efforts on wealthier client segments

Maybank 011002

Global Reports LLC

ROA 3963

While there are many challenges, I believe that

BB&T has a very bright future.

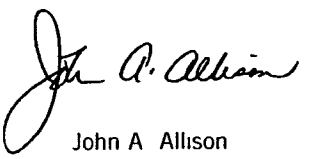
We have been successful in achieving objectives that are based on the behaviors of our sales personnel because of our targeted incentive systems, and because we carefully manage and inspect the behaviors that we expect from our people We are confident that we will achieve significant growth in the future as we implement the changes to our business model and see the improvements take root

In closing, I want to welcome two new members to our executive management team Donna Goodrich joined BB&T in 1985 and has held a number of important roles within the organization She currently manages our Deposit Services area, and her contributions have been central to the strong performance of our deposit gathering function Clarke Starnes joined BB&T in 1982 and has served a variety of roles in both commercial and retail lending Clarke currently leads our Specialized Lending subsidiaries, which have demonstrated outstanding growth and profitability during his tenure Both Donna and Clarke are independent thinkers who are committed to BB&T's values Over the last three years, we have added six younger members to the executive management team, laying the foundation for BB&T's long-term success

In some ways, the current environment for financial services companies is the most difficult I have ever experienced We face intense competition, a very challenging inverted yield curve, the continuing burden of regulatory risk and cost, and rapid change in our industry and in the global economy In response, we must build revenue momentum, improve efficiency and consistently provide our clients with better value through rational innovation and productivity improvement We will be successful because we have great people, operate in excellent markets, have a sound financial position, enjoy strong relationships with our clients and have a rational strategy for success

While there are many challenges, I believe that BB&T has a very bright future As always, thank you for your support as a BB&T shareholder

Sincerely,



John A Allison
Chairman and Chief Executive Officer
February 27, 2007

Corporate Board of Directors

John A Allison IV
Chairman and
Chief Executive Officer
BB&T Corporation and
Branch Banking and
Trust Company
Winston-Salem NC

Jennifer S Banner
Chief Executive Officer
Schaad Properties and
SchaadSource LLC
Knoxville, TN

Anna R Cablik
President
Anasteel & Supply
Company LLC
and Anatek, Inc
Marietta, GA

Nelle R Chilton
Director and President
Dickinson Fuel
Company, Inc
Charleston WV

Ronald E Deal
Chairman
Wesley Hall Inc
Hickory, NC

Tom D Efird
President
Standard Distributors, Inc
Gastonia, NC

Barry J Fitzpatrick
Retired Chairman
President and Chief
Executive Officer
First Virginia Banks Inc
Great Falls VA

L Vincent Hackley Ph D
Chancellor
North Carolina Agricultural
and Technical State
University
President and
Chief Executive Officer
Hackley & Associates
of North Carolina
Chapel Hill, NC

Jane P Helm
Retired Vice Chancellor of
Business Affairs
Appalachian State
University
Arden, NC

John P Howe III M D
President and
Chief Executive Officer
Project HOPE (Health
Opportunities for
People Everywhere)
Washington D C

James H Maynard
Chairman and
Chief Executive Officer
Investors Management
Corporation
Chairman
Golden Corral Corporation
Raleigh NC

Albert O McCauley
President and
Chief Executive Officer
McCauley & McDonald
Investments Inc
Fayetteville, NC

J Holmes Morrison
Retired Chairman,
President and
Chief Executive Officer
One Valley Bancorp, Inc
Charleston, WV

Nido R Qubein
President
High Point University
Chairman
Great Harvest Bread Co
High Point, NC

E Rhone Sasser
Retired Chairman and
Chief Executive Officer
United Carolina
Bancshares Corporation
Whiteville, NC

Executive Management

John A Allison IV
Chairman and
Chief Executive Officer

Ricky K Brown
Senior Executive Vice
President and Banking
Network Manager

W Kendall Chalk
Senior Executive Vice
President and Chief
Credit Officer

Barbara F Duck
Senior Executive Vice
President and Electronic
Delivery Systems
Manager

Donna C Goodrich
Senior Executive Vice
President and Deposit
Services Manager

Robert E Greene
Senior Executive Vice
President and Risk
Management and
Administrative
Group Manager

Christopher L Henson
Senior Executive Vice
President and Chief
Financial Officer

Kelly S King
Chief Operating Officer

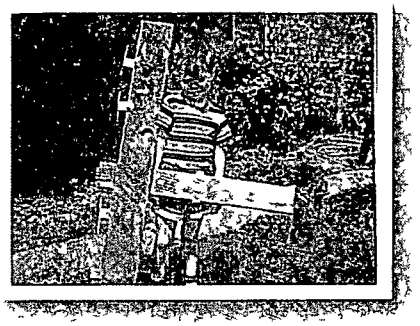
Clarke R Starnes III
Senior Executive
Vice President and
Specialized Lending
Group Manager

Steven B Wiggs
Senior Executive Vice
President and Chief
Marketing Officer

C Leon Wilson III
Senior Executive Vice
President and Operations
Division Manager

Global Reports LLC





Taking the Opportunity to Remember

For our 2005 Annual Review, BB&T commissioned original artwork from artist Bryan Larsen Mr Larsen's '05 cover painting, entitled "There's Opportunity Here," provides an inspiring image of childhood dreams that reflects BB&T's optimistic vision for the future While we were touched by the image, it had even greater meaning for Debra Burlingame She discovered the work by chance on Bryan Larsen's website, and wrote a letter that so moved us, we wanted to share her story here

Ms Burlingame's brother, Charles "Chic" Burlingame, was a pilot for American Airlines He fulfilled a dream of flight that came to a tragic end on September 11, 2001, when terrorists overtook his aircraft He was 51 years old

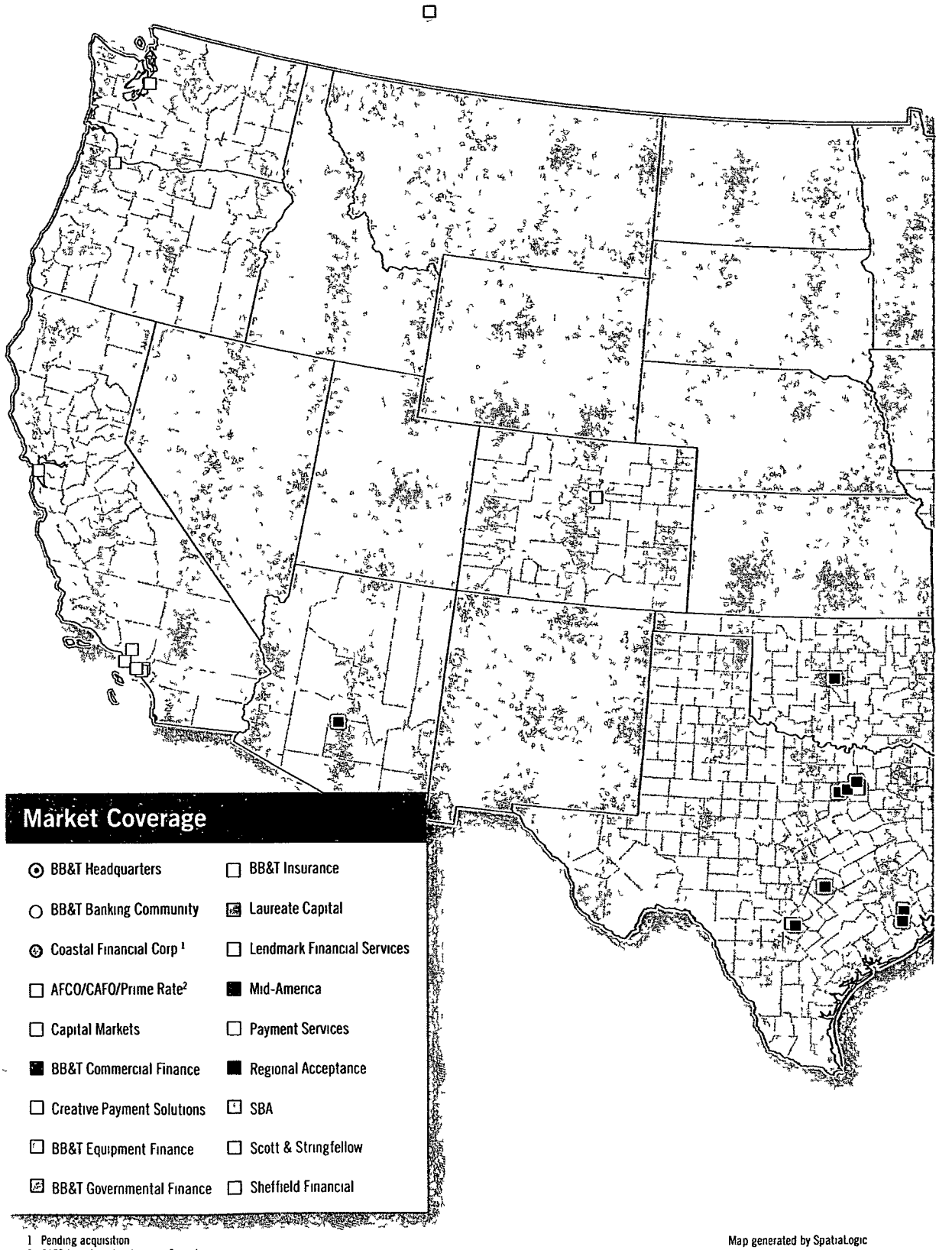
Struck by the similarities in the painting and her brother as a child, Ms Burlingame sent an early photo of her brother — in a striped shirt and clutching a homemade model airplane — that is so close in spirit to Mr Larsen's artwork, it could have been the inspiration "I love your painting because it embodies Chic," Ms Burlingame writes "He started building planes when he was in kindergarten He was an optimist He viewed all problems as opportunities He believed in encouraging people around him to strive for their own personal best He was always looking up "

There's Opportunity Here ©2005 Bryan Larsen Quent Cordair Fine Art 1-866-267 3247 www.cordair.com

Maybank 011005

Global Reports LLC

ROA 3966



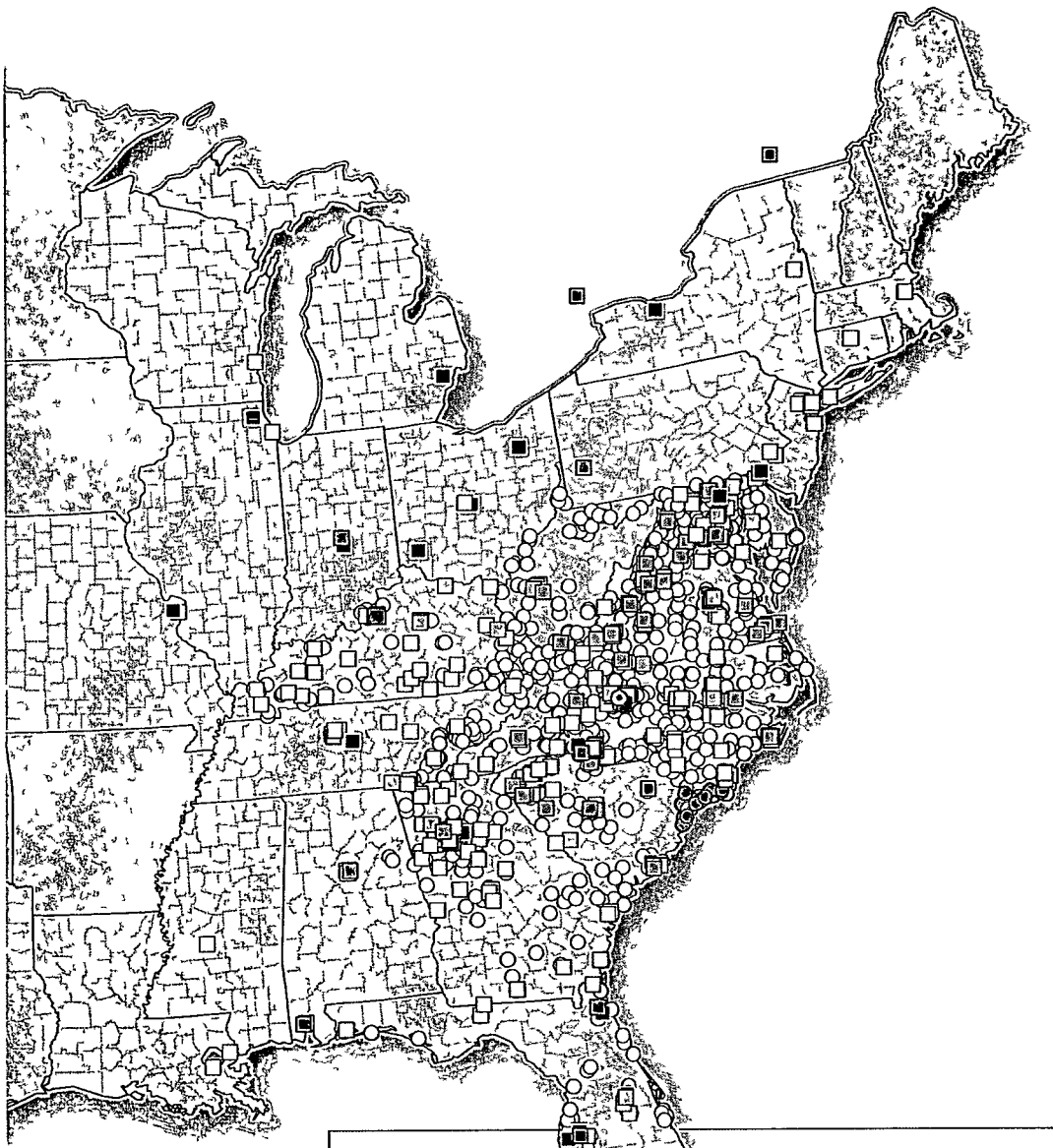
1 Pending acquisition
2 CAFO has three locations in Canada

Map generated by SpatiaLogic

Maybank 011006

Global Reports LLC

ROA 3967



			Number of Branches[3]
North Carolina[1]	26 %	2nd	341
Virginia/ Washington, D C	29	2nd	409
Georgia	10	5th	150
Kentucky	5	4th	91
South Carolina	8	3rd	101
West Virginia	6	1st	78
Maryland	8	6th	126
Tennessee	2	7th	58
Florida	5	9th	101

1 Excludes home office deposits
2 Source SNL Financial
3 BB&T also operates two branches in Alabama and two branches in Indiana

Maybank 011007

Shareholder Information

PURPOSE

BB&T's ultimate purpose is to create superior, long-term economic rewards for our shareholders

STOCK EXCHANGE AND TRADING SYMBOL

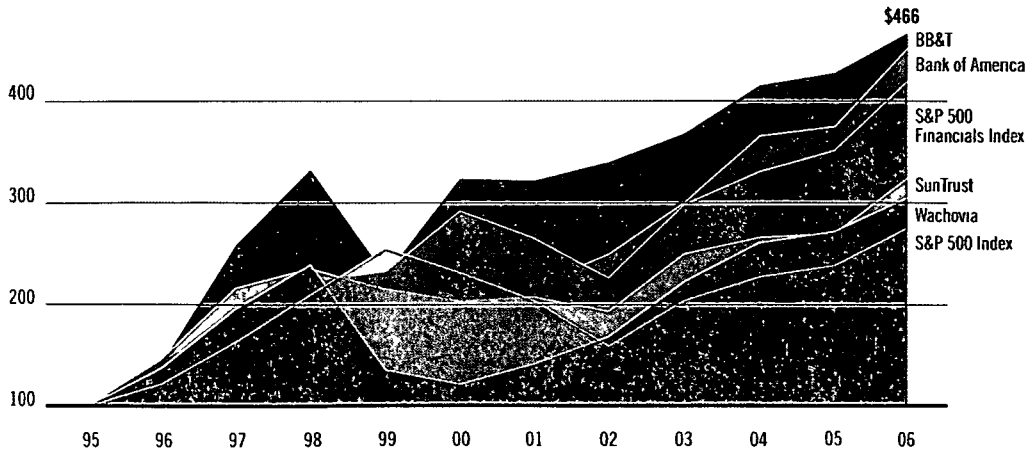
The common stock of BB&T Corporation is traded on the New York Stock Exchange under the symbol BBT

Total Compound Annual Return to Shareholders*

	BB&T	S&P 500 Index	S&P Financials Index
5 Year	7 7 %	6 2 %	9 5 %
10 Year	12 5	8 4	12 0
15 Year	16 6	10 6	15 3
20 Year	15 1	11 8	N/A

Stock Performance*

The accompanying graph reflects the performance of a $100 investment in BB&T's stock since December 31, 1995, the year-end following the completion of the BB&T and Southern National Corporation merger-of-equals, in comparison with other regional competitors, the S&P 500 Financials Index and the S&P 500 Index (Source Bloomberg)

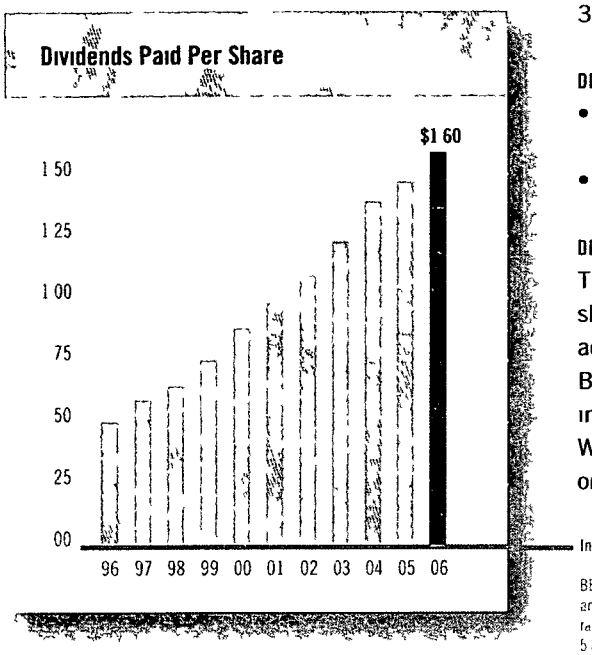


Assumes reinvestment of all cash dividends in additional shares of BB&T common stock or applicable index

Maybank 011008

Global Reports LLC

ROA 3969



BB&T s 10 year compound annual dividend growth rate is 12 3% compared to 5 39% for the S&P 500

DIVIDEND HISTORY

BB&T has paid a cash dividend every year since 1903 and has increased its dividend every year for 35 consecutive years

DIVIDEND RECOGNITIONS

- S&P Dividend Aristocrats and High Yield Dividend Aristocrats
- Mergent Dividend Achiever

DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan enables shareholders to reinvest dividends and/or invest additional cash in full or fractional shares of BB&T Corporation on a regular basis For more information, contact Shareholder Services in Winston-Salem, North Carolina, at 336-733-3477 or 800-213-4314

Stock Prices, Dividends and Selected Market Information

QUARTERLY COMMON STOCK PRICES AND DIVIDENDS PAID

	2006				2005			
Quarter	High	Low	Last	Dividend	High	Low	Last	Dividend
1st	$ 42 85	$ 38 24	$ 39 20	$ 38	$ 42 24	$ 37 68	$ 39 08	$ 35
2nd	43 46	39 09	41 59	38	40 95	37 04	39 97	35
3rd	44 54	39 87	43 78	42	43 00	38 56	39 05	38
4th	44 74	42 48	43 93	42	43 92	37 39	41 91	38

SELECTED MARKET INFORMATION

	2006	2005	2004	2003	2002
Market capitalization (in billions)	$ 23 79	$ 22 76	$ 23 14	$ 20 94	$ 17 40
Book value per share	21 69	20 49	19 76	18 33	15 70
Dividend yield	3 64 %	3 48 %	3 19 %	3 16 %	2 97 %
Dividend payout ratio	56 3	48 3	47 5	58 4	40 0

CASH DIVIDENDS

	2006	2005	2004	2003	2002
Cash dividends paid per share	$ 1 60	$ 1 46	$ 1 34	$ 1 22	$ 1 10
Increase from prior year	14	12	12	12	12
Percentage increase from prior year	9 6 %	9 0 %	9 8 %	10 9 %	12 2 %
Five-year compound annual growth rate	10 3				
Ten-year compound annual growth rate	12 3				

Consolidated Balance Sheets

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

	December 31, 2006	December 31, 2005
ASSETS		
Cash and due from banks	$ 2,024	$ 2,158
Interest-bearing deposits with banks	435	353
Federal funds sold and other earning assets	253	286
Segregated cash due from banks	153	85
Trading securities at fair value	2,147	707
Securities available for sale at fair value	20,721	19,783
Loans held for sale	680	629
Loans and leases, net of unearned income	82,911	74,394
Allowance for loan and lease losses	(888)	(825)
Loans and leases, net	**82,023**	**73,569**
Premises and equipment, net of accumulated depreciation	1,410	1,287
Goodwill	4,827	4,256
Core deposit and other intangible assets	454	488
Residential mortgage servicing rights (fair value at December 31, 2006, and lower of cost or market at December 31, 2005)	484	431
Other assets	5,740	5,138
Total assets	**$ 121,351**	**$ 109,170**
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits		
Noninterest-bearing deposits	$ 13,393	$ 13 477
Interest checking	1,333	1,427
Other client deposits	34,062	30,960
Client certificates of deposit	24,987	19,310
Other interest-bearing deposits	7,196	9 108
Total deposits	**80,971**	**74,282**
Federal funds purchased securities sold under repurchase agreements and short-term borrowed funds	8,087	6,562
Long-term debt	15 904	13,119
Accounts payable and other liabilities	4,644	4,078
Total liabilities	**109,606**	**98,041**
Shareholders' equity		
Preferred stock, $5 par, 5,000,000 shares authorized, none issued or outstanding at December 31, 2006 or at December 31, 2005	—	—
Common stock, $5 par, 1,000,000,000 shares authorized, issued and outstanding 541,475,305 at December 31, 2006, and 543,102,080 at December 31, 2005	2,707	2 715
Additional paid-in capital	2,801	2,819
Retained earnings	6,596	5 951
Accumulated other comprehensive loss, net of deferred income taxes of $(212) at December 31, 2006, and $(207) at December 31, 2005	(359)	(356)
Total shareholders' equity	**11,745**	**11,129**
Total liabilities and shareholders' equity	**$ 121,351**	**$ 109,170**

Maybank 011010

Global Reports LLC

ROA 3971

Consolidated Statements of Income

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

For the Year Ended December 31,	2006	2005	2004
INTEREST INCOME			
Interest and fees on loans and leases	$ 5,941	$ 4,684	$ 3 851
Interest and dividends on securities			
Taxable interest income	821	739	633
Tax-exempt interest income	31	32	33
Dividends	48	29	19
Interest on short-term investments	52	22	11
Total interest income	**6,893**	**5,506**	**4,547**
INTEREST EXPENSE			
Interest on deposits	2,137	1,252	730
Interest on federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	301	224	90
Interest on long-term debt	747	505	379
Total interest expense	**3,185**	**1,981**	**1,199**
NET INTEREST INCOME	3,708	3,525	3,348
Provision for credit losses	240	217	249
Net Interest Income After Provision for Credit Losses	**3,468**	**3,308**	**3,099**
NONINTEREST INCOME			
Insurance commissions	813	714	619
Service charges on deposits	548	543	523
Investment banking and brokerage fees and commissions	317	290	265
Other nondeposit fees and commissions	167	129	116
Checkcard fees	155	128	101
Trust income	154	141	119
Bankcard fees and merchant discounts	122	112	102
Mortgage banking income	108	104	110
Securities (losses) gains, net	(73)	—	6
Income from bank-owned life insurance	93	94	92
Other noninterest income	117	71	66
Total noninterest income	**2,521**	**2,326**	**2,119**
NONINTEREST EXPENSE			
Personnel expenses	2,077	1,785	1,632
Occupancy and equipment expenses	449	472	416
Amortization of intangibles	104	112	106
Professional services expenses	120	93	76
Merger-related and restructuring charges (gains), net	18	(11)	6
Loan processing expenses	103	98	84
Other expenses	645	618	576
Total noninterest expense	**3,516**	**3,167**	**2,896**
INCOME BEFORE INCOME TAXES	2,473	2,467	2,322
Provision for income taxes	945	813	764
Net Income	**$ 1,528**	**$ 1,654**	**$ 1,558**
BASIC EARNINGS PER SHARE	**$ 2 84**	**$ 3 02**	**$ 2 82**
DILUTED EARNINGS PER SHARE	**$ 2 81**	**$ 3 00**	**$ 2 80**
CASH DIVIDENDS PAID PER SHARE	**$ 1 60**	**$ 1 46**	**$ 1 34**

Selected Financial Data

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

As of / For the Years Ended December 31	2006	2005	2004	2003	2002	2001	Five-Year Compound Growth Rate
SUMMARY OF OPERATING EARNINGS							
Interest income	$ 6,893	$ 5,506	$ 4,547	$ 4,287	$ 4,434	$ 4,851	7 3 %
Interest expense	3,185	1 981	1,199	1,273	1 687	2,415	5 7
Net interest income	3,708	3,525	3,348	3,014	2,747	2,436	8 8
Provision for credit losses	240	217	249	248	263	188	5 0
Net interest income after provision for credit losses	3 468	3,308	3,099	2,766	2,484	2,248	9 1
Noninterest income	2,596	2,324	2,119	1,827	1,541	1,246	15 8
Noninterest expense	3,469	3,133	2,890	2,548	2,195	1,943	12 3
Operating earnings before income taxes	2,595	2,499	2,328	2,045	1,830	1,551	10 8
Provision for income taxes	852	825	766	621	512	451	13 6
Operating earnings	1,743	1,674	1,562	1,424	1,318	1,100	9 6
Merger-related charges, net of tax	(11)	7	(4)	(55)	(25)	(154)	NM
Other, net of tax[1]	(204)	(27)	—	(304)	10	28	NM
Net income	$ 1,528	$ 1,654	$ 1,558	$ 1,065	$ 1,303	$ 974	9 4 %
PER SHARE BASED ON OPERATING EARNINGS							
Basic	$ 3 23	$ 3 06	$ 2 83	$ 2 79	$ 2 78	$ 2 43	5 9 %
Diluted	3 20	3 04	2 81	2 77	2 75	2 40	5 9
PER SHARE BASED ON NET INCOME							
Basic	$ 2 84	$ 3 02	$ 2 82	$ 2 09	$ 2 75	$ 2 15	5 7 %
Diluted	2 81	3 00	2 80	2 07	2 72	2 12	5 8
Cash dividends paid	1 60	1 46	1 34	1 22	1 10	98	10 3
Book value	21 69	20 49	19 76	18 33	15 70	13 50	9 9
SELECTED AVERAGE BALANCES							
Assets	$114 328	$104,612	$ 96,276	$ 85,328	$ 75,779	$ 68,823	10 7 %
Earning assets	101,572	92,703	84,946	75,463	68 230	62,905	10 1
Securities, at amortized cost	21,348	20,467	18,218	17,058	16,939	15,887	6 1
Loans and leases	79,313	71,517	66,107	57,857	50,851	46,588	11 2
Deposits	77,230	70,346	64,816	56,948	49 118	44,242	11 8
Interest-bearing liabilities	85,646	76,813	70,610	64,285	59,444	55 330	9 1
Shareholders' equity	11,452	11,065	10,597	8,895	7,113	5,802	14 6
SELECTED YEAR END BALANCES							
Assets	$121,351	$ 109,170	$100,509	$ 90,467	$ 80 217	$ 70,870	11 4 %
Earning assets	107,676	96,777	88,718	79,209	71,228	64,087	10 9
Securities, at carrying value	22,868	20,489	19,173	16,317	17,803	16,760	6 4
Loans and leases	83,591	75,023	68,163	62,305	53,518	47,443	12 0
Deposits	80,971	74,282	67,699	59,350	51,280	44,733	12 6
Interest-bearing liabilities	91,569	80,485	73,561	66,394	62,400	56,164	10 3
Shareholders' equity	11,745	11,129	10,875	9,935	7,388	6,150	13 8

1 In addition to merger related charges operating earnings also exclude a nonrecurring increase in tax reserves totaling $139 1 million net of tax related to leveraged leases securities losses totaling $46 9 million net of tax resulting from a portfolio restructuring equity based compensation which totaled $35 7 million net of tax and a gain on the sale of duplicate facilities totaling $18 3 million net of tax in 2006 a one time charge related to the accounting for leases totaling $26 6 million net of tax in 2005 nonrecurring contributions made by an affiliated trust losses on early extinguishment of debt and a one time charge related to deferred taxes associated with BB&T s leasing operations which collectively totaled $303 9 million net of tax in 2003 a nonrecurring gain resulting from the implementation of a new accounting principle totaling $9 8 million in 2002 and a one time gain on an investment in an electronic transaction processing company partially offset by a provision for the impairment of mortgage servicing rights totaling $28 2 million net of tax in 2001

Maybank 011012

Global Reports LLC

ROA 3973

Selected Ratios

BB&T Corporation and Subsidiaries

As of / For the Years Ended December 31	2006	2005	2004	2003	2002
PERFORMANCE RATIOS BASED ON NET INCOME					
Return on average assets	1 34 %	1 58 %	1 62 %	1 25 %	1 72 %
Return on average equity	13 35	14 95	14 71	11 97	18 32
Fee income ratio (fully taxable equivalent)	40 6	39 1	37 8	36 5	34 6
Efficiency ratio (fully taxable equivalent)	54 8	53 1	52 0	62 8	50 4
Net interest margin (fully taxable equivalent)	3 74	3 89	4 04	4 06	4 25
PERFORMANCE RATIOS BASED ON OPERATING EARNINGS[1]					
Return on average assets	1 52 %	1 60 %	1 62 %	1 67 %	1 74 %
Return on average equity	15 22	15 12	14 74	16 01	18 53
Fee income ratio (fully taxable equivalent)	40 6	39 1	37 8	36 0	34 5
Efficiency ratio (fully taxable equivalent)	54 0	52 5	51 9	51 8	49 5
Net interest margin (fully taxable equivalent)	3 74	3 89	4 04	4 15	4 25
PERFORMANCE RATIOS BASED ON CASH BASIS OPERATING EARNINGS[1,2]					
Return on average tangible assets	1 66 %	1 77 %	1 79 %	1 78 %	1 79 %
Return on average tangible equity	28 44	27 82	27 17	24 81	23 93
Efficiency ratio (fully taxable equivalent)	52 3	50 4	49 7	50 5	49 0
CAPITAL RATIOS					
Average equity to average assets	10 0 %	10 6 %	11 0 %	10 4 %	9 4 %
Equity to assets at year end	9 7	10 2	10 8	11 0	9 2
Risk-based capital ratios					
Tier 1 capital	9 0	9 3	9 2	9 4	9 2
Total capital	14 3	14 4	14 5	12 5	13 4
Tier 1 leverage ratio	7 2	7 2	7 1	7 2	6 9
CREDIT QUALITY RATIOS[3]					
Nonaccrual loans and leases as a percentage of total loans and leases	31 %	31 %	39 %	56 %	70 %
Nonperforming assets as a percentage of					
Total assets	29	27	36	49	56
Loans and leases plus foreclosed property	42	40	52	72	84
Net charge-offs as a percentage of average loans and leases	27	30	36	43	48
Net charge-offs as a percentage of average loans and leases excluding specialized lending operations[4]	14	19	24	32	38
Allowance for loan and lease losses as a percentage of loans and leases	1 06	1 10	1 18	1 26	1 35
Ratio of allowance for loan and lease losses to net charge-offs	4 12 x	3 84 x	3 42 x	3 17 x	2 94 x

1 Operating earnings exclude the effects of merger related charges which totaled $10 9 million $(6 8 million) $3 5 million $55 1 million and $24 7 million net of tax for the years ended December 31 2006 2005 2004 2003 and 2002 respectively

In addition to merger related charges operating earnings also exclude a nonrecurring increase in tax reserves totaling $139 1 million net of tax related to leveraged leases securities losses totaling $46 9 million net of tax resulting from a portfolio restructuring equity based compensation which totaled $35 7 million net of tax and a gain on the sale of duplicate facilities totaling $18 3 million net of tax in 2006 a one time charge related to the accounting for leases totaling $26 6 million net of tax in 2005 nonrecurring contributions made by an affiliated trust losses on early extinguishment of debt and a one-time charge related to deferred taxes associated with BB&T s leasing operations which collectively totaled $303 9 million net of tax in 2003 and a nonrecurring gain resulting from the implementation of a new accounting principle totaling $9 8 million in 2002

2 Information presented on a cash basis excludes the effects of intangible assets purchase accounting adjustments and the related amortization expenses which totaled $73 4 million $89 4 million $84 0 million $41 8 million and $12 7 million net of tax for the years ended December 31 2006 2005 2004 2003 and 2002 respectively In addition cash basis results exclude merger related charges and nonrecurring items as discussed in Note 1

3 Loans and leases are net of unearned income and include loans held for sale

4 Excludes net charge offs and average loans from BB&T s specialized lending operations

Maybank 011013

Global Reports LLC

ROA 3974

General Information

FORM 10-K

BB&T Corporation files an Annual Report on Form 10-K with the Securities and Exchange Commission each year A copy of this report may be obtained upon written request to

Christopher L Henson
Senior Executive Vice President and
Chief Financial Officer
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250

EQUAL OPPORTUNITY EMPLOYER

BB&T Corporation is an equal opportunity employer All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and all other personnel policies will continue to be free from illegal discrimination

TRANSFER AGENT

BB&T Corporate Trust Services
Attn Stock Transfer
223 West Nash Street
Wilson, NC 27893

ANALYST INFORMATION

Analysts, investors and others seeking additional financial information should contact

Tamera L Gjesdal
Senior Vice President
Investor Relations
336-733-3058

NEWS MEDIA

News media representatives seeking information should contact

Robert A Denham
Senior Vice President
Corporate Communications
336-733-1475

CORPORATE HEADQUARTERS

BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250
336-733-2000

SHAREHOLDER SERVICES

Shareholders seeking information regarding dividends, lost certificates or other general information should contact

Shareholder Services
336-733-3477 or toll-free 800-213-4314

Please submit address changes in writing to

BB&T Shareholder Services
150 South Stratford Road
Suite 300
Winston-Salem, NC 27104

CLIENTS

Clients seeking assistance with BB&T products and services should call 1-800-BANK BBT (1-800-226-5228)

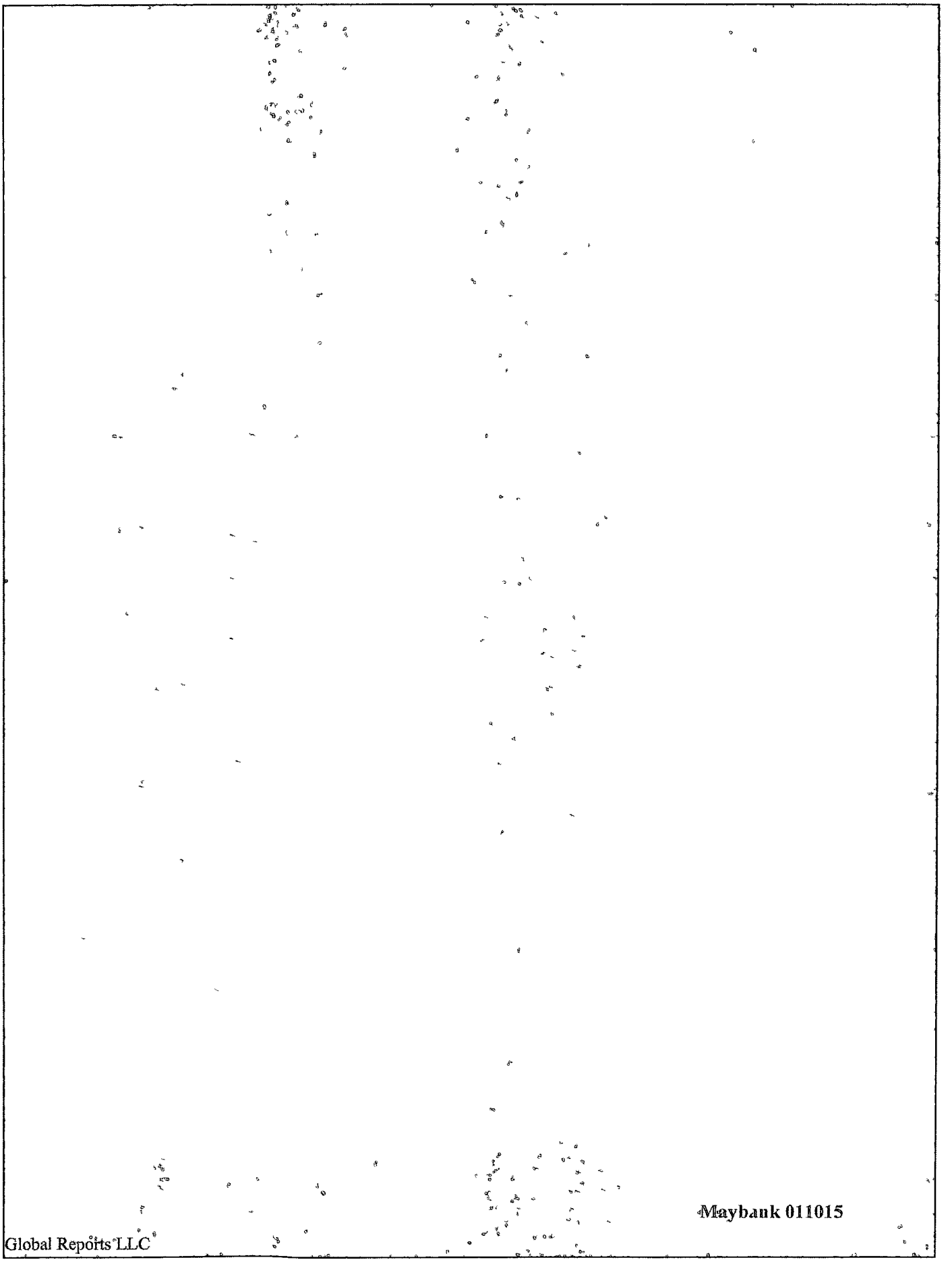
WEBSITE

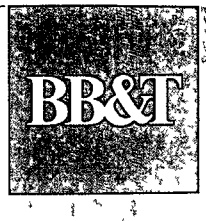
Please visit www BBT com for information concerning BB&T's products and services, news releases, financial information, corporate governance practices and other material relating to BB&T

Maybank 011014

Global Reports LLC

ROA 3975





BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250

C0001125021

Maybank 011016

Global Reports LLC

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

FORM 10-K

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

For the fiscal year ended:

December 31, 2006

Commission File Number: 1-10853

BB&T CORPORATION

(Exact name of Registrant as specified in its Charter)

North Carolina	56-0939887
(State of Incorporation)	(I.R.S. Employer Identification No.)
200 West Second Street Winston-Salem, North Carolina	27101
(Address of principal executive offices)	(Zip Code)

(336) 733-2000
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Name of each exchange on which registered
Common Stock, $5 par value	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act YES ☑ NO ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act YES ☐ NO ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days YES ☑ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check One)

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act) YES ☐ NO ☑

At January 31, 2007, the Corporation had 541,986,233 shares of its Common Stock, $5 par value, outstanding The aggregate market value of voting stock held by nonaffiliates of the Corporation is approximately $22 4 billion (based on the closing price of such stock as of June 30, 2006)

Portions of the Proxy Statement of the Registrant for the Annual Meeting of Shareholders to be held on April 24, 2007, are incorporated by reference in Part III of this report

Maybank 011017

Global Reports LLC

CROSS REFERENCE INDEX

			Page
PART I	Item 1	Business	4
	Item 1A	Risk Factors	4
	Item 1B	Unresolved Staff Comments None	
	Item 2	Properties	20
	Item 3	Legal Proceedings	113
	Item 4	Submission of Matters to a Vote of Security Holders None	
PART II	Item 5	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	21,59
	Item 6	Selected Financial Data	67
	Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	28
	Item 7A	Quantitative and Qualitative Disclosures About Market Risk	52
	Item 8	Financial Statements and Supplementary Data	
		Consolidated Balance Sheets at December 31, 2006 and 2005	71
		Consolidated Statements of Income for each of the years in the three-year period ended December 31, 2006	72
		Consolidated Statements of Changes in Shareholders' Equity for each of the years in the three-year period ended December 31, 2006	73
		Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2006	74
		Notes to Consolidated Financial Statements	75
		Report of Independent Registered Public Accounting Firm	69
		Quarterly Financial Summary for 2006 and 2005	66
	Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure None	
	Item 9A	Controls and Procedures	68
	Item 9B	Other Information None	
PART III	Item 10	Directors, Executive Officers and Corporate Governance	*,20
	Item 11	Executive Compensation	*
	Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	*
	Item 13	Certain Relationships and Related Transactions, and Director Independence	
	Item 14	Principal Accounting Fees and Services	
PART IV	Item 15	Exhibits, Financial Statement Schedules	
		(a) Financial Statements—See Listing in Item 8 above	
		(b) Exhibits	
		(c) Financial Statement Schedules—None required	

Maybank 011018

Global Reports LLC

ROA 3979

The information required by Item 10 is incorporated herein by reference to the information that appears under the headings "Proposal 1—Election of Directors", "Corporate Governance Matters" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Registrant's Proxy Statement for the 2007 Annual Meeting of Shareholders

The information required by Item 11 is incorporated herein by reference to the information that appears under the headings "Compensation Discussion and Analysis", "Compensation of Executive Officers", "Compensation Committee Report on Executive Compensation", "Compensation Committee Interlocks and Insider Participation", and "Compensation of Directors" in the Registrant's Proxy Statement for the 2007 Annual Meeting of Shareholders

The information required by Item 12 is incorporated herein by reference to the information that appears under the headings "Security Ownership" and "Compensation of Executive Officers—Equity Compensation Plan Information" in the Registrant's Proxy Statement for the 2007 Annual Meeting of Shareholders

The information required by Item 13 is incorporated herein by reference to the information that appears under the headings "Corporate Governance Matters", "Compensation Committee Interlocks and Insider Participation", "Compensation of Directors", and "Transactions with Executive Officers and Directors" in the Registrant's Proxy Statement for the 2007 Annual Meeting of Shareholders

The information required by Item 14 is incorporated herein by reference to the information that appears under the headings "Fees to Auditors" and "Corporate Governance Matters—Audit Committee Pre-Approval Policy" in the Registrant's Proxy Statement for the 2007 Annual Meeting of Shareholders

Maybank 011019

Global Reports LLC

ROA 3980

OVERVIEW AND DESCRIPTION OF BUSINESS

General

BB&T Corporation ("BB&T", "the Company" or "the Corporation"), is a financial holding company headquartered in Winston-Salem, North Carolina BB&T conducts its business operations primarily through its commercial bank subsidiary, Branch Banking and Trust Company ("Branch Bank"), which has offices in North Carolina, South Carolina, Virginia, Maryland, Georgia, West Virginia, Tennessee, Kentucky, Alabama, Florida, Indiana and Washington, D C In addition, BB&T's operations consist of several nonbank subsidiaries, which offer financial services products Substantially all of the loans by BB&T's bank and nonbank subsidiaries are to businesses and individuals in these market areas BB&T's principal assets are all of the issued and outstanding shares of common stock of Branch Bank and its other subsidiaries

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements with respect to the financial condition, results of operations and businesses of BB&T These forward-looking statements involve certain risks and uncertainties and are based on the beliefs and assumptions of the management of BB&T and the information available to management at the time that these disclosures were prepared Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following

- competitive pressures among depository and other financial institutions may increase significantly,
- changes in the interest rate environment may reduce net interest margins and/or the volumes and values of loans made or held as well as the value of other financial assets held,
- general economic or business conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services,
- legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which BB&T is engaged,
- local, state or federal taxing authorities may take tax positions that are adverse to BB&T,
- adverse changes may occur in the securities markets,
- competitors of BB&T may have greater financial resources and develop products that enable them to compete more successfully than BB&T,
- costs or difficulties related to the integration of the businesses of BB&T and its merger partners may be greater than expected,
- expected cost savings associated with completed mergers may not be fully realized or realized within the expected time frames, and
- deposit attrition, customer loss or revenue loss following completed mergers may be greater than expected

Risk Factors Relating to BB&T's Business

Changes in national and local economic conditions could lead to higher loan charge-offs and reduce BB&T's net income and growth

BB&T's business is subject to periodic fluctuations based on national and local economic conditions These fluctuations are not predictable, cannot be controlled, and may have a material adverse impact on the Company's operations and financial condition even if other favorable events occur BB&T's banking operations are locally oriented and community-based Accordingly, the Company expects to continue to be dependent upon local business conditions as well as conditions in the local residential and commercial real estate markets it serves For example, an increase in unemployment, a decrease in real estate values or increases in interest rates, as well as

Maybank 011020

Global Reports LLC

ROA 3981

other factors, could weaken the economies of the communities BB&T serves Weakness in BB&T's market area could depress the Company's earnings and consequently the financial condition of the Company because

- customers may not want or need BB&T's products or services,
- borrowers may not be able to repay their loans,
- the value of the collateral securing loans to borrowers may decline, and
- the quality of BB&T's loan portfolio may decline

Any of the latter three scenarios could require the Company to charge off a higher percentage of loans and/or increase provisions for credit losses, which would reduce the Company's net income For an analysis of the Company's recent charge-off experience, please refer to the "Asset Quality and Credit Risk Management" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein

Changes in interest rates may have an adverse effect on BB&T's profitability

BB&T's earnings and financial condition are dependent to a large degree upon net interest income, which is the difference between interest earned from loans and investments and interest paid on deposits and borrowings The narrowing of interest rate spreads, meaning the difference between interest rates earned on loans and investments and the interest rates paid on deposits and borrowings, could adversely affect BB&T's earnings and financial condition The Company cannot predict with certainty or control changes in interest rates Regional and local economic conditions and the policies of regulatory authorities, including monetary policies of the Federal Reserve Board, affect interest income and interest expense The Company has ongoing policies and procedures designed to manage the risks associated with changes in market interest rates However, changes in interest rates still may have an adverse effect on BB&T's profitability For example, high interest rates could adversely affect BB&T's mortgage banking business because higher interest rates could cause customers to apply for fewer mortgage refinancings or purchase mortgages

BB&T faces significant operational risk

BB&T is exposed to many types of operational risk, including reputational risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems Negative public opinion can result from BB&T's actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions and from actions taken by government regulators and community organizations in response to those activities Negative public opinion can adversely affect BB&T's ability to attract and keep customers and can expose it to litigation and regulatory action

Because the nature of the financial services business involves a high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified BB&T's necessary dependence upon automated systems to record and process its transaction volume may further increase the risk that technical flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect BB&T may also be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control (for example, computer viruses or electrical or telecommunications outages), which may give rise to disruption of service to customers and to financial loss or liability BB&T is further exposed to the risk that its external vendors may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees as is BB&T) and to the risk that BB&T's (or its vendors') business continuity and data security systems prove to be inadequate

BB&T's liquidity could be impaired by an inability to access the capital markets or an unforeseen outflow of cash

Liquidity is essential to BB&T's businesses Due to circumstances that BB&T may be unable to control, such as a general market disruption or an operational problem that affects third parties or BB&T, BB&T's liquidity could be impaired by an inability to access the capital markets or an unforeseen outflow of cash BB&T's credit

Maybank 011021

Global Reports LLC

ROA 3982

ratings are important to its liquidity A reduction in BB&T's credit ratings could adversely affect its liquidity and competitive position, increase its borrowing costs, limit its access to the capital markets or trigger unfavorable contractual obligations

BB&T's accounting policies and methods are key to how the Company reports its financial condition and results of operations Application of these policies and methods may require management to make estimates about matters that are uncertain

BB&T's accounting policies and methods are fundamental to how the Company records and reports its financial condition and results of operations The Company's management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with generally accepted accounting principles and reflect management's judgment of the most appropriate manner to report its financial condition and results of operations In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in the Company reporting materially different amounts than would have been reported under a different alternative Note 1 "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements" describes the Company's significant accounting policies These accounting policies are critical to presenting the Company's financial condition and results of operations They require management to make difficult, subjective or complex judgments about matters that are uncertain Materially different amounts could be reported under different conditions or using different assumptions For additional information regarding the more critical accounting policies, please refer to the "Critical Accounting Policies" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein

Differences in interpretation of tax laws and regulations may adversely impact BB&T's financial statements

Local, state or federal tax authorities may interpret tax laws and regulations differently than BB&T and challenge tax positions that BB&T has taken on its tax returns This may result in the disallowance of deductions or differences in the timing of deductions and result in the payment of additional taxes, interest or penalties that could materially affect BB&T's performance

Changes in accounting standards could materially impact BB&T's financial statements

From time to time the Financial Accounting Standards Board "FASB" changes the financial accounting and reporting standards that govern the preparation of BB&T's financial statements These changes can be hard to predict and can materially impact how the Company records and reports its financial condition and results of operations In some cases, the Company could be required to apply a new or revised standard retroactively, resulting in changes to previously reported financial results, or a cumulative charge to retained earnings

BB&T may not be able to successfully integrate bank or nonbank mergers and acquisitions

Difficulties may arise in the integration of the business and operations of bank holding companies, banks and other non-bank entities the Company acquires and, as a result, the Company may not be able to achieve the cost savings and synergies that it expects will result from such transactions Achieving cost savings is dependent on consolidating certain operational and functional areas, eliminating duplicative positions and terminating certain agreements for outside services Additional operational savings are dependent upon the integration of the acquired or merged entity's businesses with BB&T or one of BB&T's subsidiaries, the conversion of core operating systems, data systems and products and the standardization of business practices Complications or difficulties in the conversion of the core operating systems, data systems and products may result in the loss of customers, damage to BB&T's reputation within the financial services industry, operational problems, one-time costs currently not anticipated or reduced cost savings resulting from such mergers or acquisitions Annual cost savings in each such transaction may be materially less than anticipated if the holding company, bank merger or nonbank merger or acquisition is delayed unexpectedly, the integration of operations is delayed beyond what is anticipated or the conversion to a single data system is not accomplished on a timely basis

Difficulty in integrating an acquired company may cause the Company not to realize expected revenue increases, cost savings, increases in geographic or product presence and/or other projected benefits from the

Maybank 011022

Global Reports LLC

ROA 3983

acquisition The integration could result in higher than expected deposit attrition (run-off), loss of key employees, disruption of BB&T's businesses or the businesses of the acquired company, or otherwise adversely affect the Company's ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition Also, the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected

BB&T may not receive the regulatory approvals required to complete a bank merger

BB&T must generally receive federal regulatory approval before it can acquire a bank or bank holding company In determining whether to approve a proposed bank acquisition, federal bank regulators will consider, among other factors, the effect of the acquisition on competition, financial condition and future prospects including current and projected capital ratios and levels, the competence, experience and integrity of management and record of compliance with laws and regulations, the convenience and needs of the communities to be served, including the acquiring institution's record of compliance under the Community Reinvestment Act and the effectiveness of the acquiring institution in combating money laundering activities In addition, BB&T cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted In specific cases the Company may be required to sell banks or branches, or take other actions as a condition to receiving regulatory approval

BB&T may experience significant competition in its market area, which may reduce the Company's customer base

There is intense competition among commercial banks in BB&T's market area In addition, BB&T competes with other providers of financial services, such as savings and loan associations, credit unions, consumer finance companies, securities firms, insurance companies, commercial finance and leasing companies, the mutual funds industry, full-service brokerage firms and discount brokerage firms, some of which are subject to less extensive regulations than BB&T is with respect to the products and services they provide Some of BB&T's larger competitors, including certain national banks that have a significant presence in the Company's market area, have greater resources than BB&T, may have higher lending limits and may offer products and services not offered by BB&T

We also experience competition from a variety of institutions outside of the Company's market area Some of these institutions conduct business primarily over the Internet and may thus be able to realize certain cost savings and offer products and services at more favorable rates and with greater convenience to the customer

Changes in banking laws could have a material adverse effect on BB&T

BB&T is extensively regulated under federal and state banking laws and regulations that are intended primarily for the protection of depositors, federal deposit insurance funds and the banking system as a whole In addition, the Company is subject to changes in federal and state laws as well as changes in banking and credit regulations, and governmental economic and monetary policies BB&T cannot predict whether any of these changes may adversely and materially affect the Company Federal and state banking regulators also possess broad powers to take supervisory actions as they deem appropriate These supervisory actions may result in higher capital requirements, higher insurance premiums and limitations on BB&T's activities that could have a material adverse effect on the Company's business and profitability For a further discussion regarding other uncertainties arising from how the Company is regulated and supervised, please refer to the "Regulatory Considerations" section herein

Significant litigation could have a material adverse effect on BB&T

BB&T faces legal risks in its businesses, and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high Substantial legal liability or significant regulatory action against BB&T could have material adverse financial effects or cause significant reputational harm to BB&T, which in turn could seriously harm BB&T's business prospects

BB&T's business could suffer if it fails to attract and retain skilled people

BB&T's success depends, in large part, on its ability to attract and retain key people Competition for the best people in the financial services industry is intense The Company may not be able to hire the best people or retain them

Maybank 011023

Global Reports LLC

ROA 3984

BB&T's stock price can be volatile

BB&T's stock price can fluctuate widely in response to a variety of factors including

- actual or anticipated variations in quarterly operating results,
- recommendations by securities analysts,
- new technology used, or services offered, by competitors,
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or the Company's competitors,
- failure to integrate acquisitions or realize anticipated benefits from acquisitions,
- operating and stock price performance of other companies that investors deem comparable to BB&T,
- news reports relating to trends, concerns and other issues in the financial services industry,
- changes in government regulations, and
- geopolitical conditions such as acts or threats of terrorism or military conflicts

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes, credit loss trends or currency fluctuations could also cause BB&T's stock price to decrease regardless of the Company's operating results

Operating Subsidiaries

At December 31, 2006, the principal operating subsidiaries of BB&T included the following:

- Branch Banking and Trust Company, Winston-Salem, North Carolina
- BB&T Bankcard Corporation, Columbus, Georgia
- Scott & Stringfellow, Inc., Richmond, Virginia
- Regional Acceptance Corporation, Greenville, North Carolina
- Sheffield Financial LLC, Clemmons, North Carolina
- MidAmerica Gift Certificate Company, Louisville, Kentucky
- BB&T Asset Management, Inc., Raleigh, North Carolina

Branch Bank, BB&T's largest subsidiary, was chartered in 1872 and is the oldest bank headquartered in North Carolina. Branch Bank provides a wide range of banking and trust services for retail and commercial clients in its geographic markets, including small and mid-size businesses, public agencies, local governments and individuals through 1,459 offices (as of December 31, 2006) located in North Carolina, South Carolina, Virginia, Maryland, Georgia, Kentucky, Florida, West Virginia, Tennessee, Washington D.C., Alabama and Indiana. Branch Bank's principal operating subsidiaries include

- BB&T Leasing Corporation, based in Charlotte, North Carolina (effective January 1, 2007 BB&T Leasing Corporation changed its name to BB&T Equipment Finance Corporation), which provides lease financing to commercial and small businesses,
- BB&T Investment Services, Inc., a registered broker-dealer located in Charlotte, North Carolina, which offers clients non-deposit investment alternatives, including discount brokerage services, equities, fixed-rate and variable-rate annuities, mutual funds and government and municipal bonds,
- BB&T Insurance Services, Inc., headquartered in Raleigh, North Carolina, which offers property and casualty, life, health, employee benefits, commercial general liability, surety, title and other insurance products through its agency network,
- Stanley, Hunt, DuPree & Rhine, Inc., with dual headquarters in Greensboro, North Carolina and Greenville, South Carolina, which offers flexible benefit plans, and investment advisory, actuarial and benefit consulting services,

Maybank 011024

Global Reports LLC

ROA 3985

- Prime Rate Premium Finance Corporation, Inc , located in Florence, South Carolina, which provides insurance premium financing primarily to clients in BB&T's geographic markets,
- Laureate Capital, LLC, located in Charlotte, North Carolina, which specializes in arranging and servicing commercial mortgage loans,
- Lendmark Financial Services, Inc , located in Conyers, Georgia, which offers alternative consumer loans to clients unable to meet BB&T's normal credit and mortgage loan underwriting guidelines,
- CRC Insurance Services, Inc , based in Birmingham, Alabama, which is a wholesale insurance broker authorized to do business nationwide, and
- McGriff, Seibels & Williams, Inc , based in Birmingham, Alabama, which is authorized to do business nationwide and specializes in providing insurance products on an agency basis to large commercial and energy clients, including many Fortune 500 companies

BB&T Bankcard Corporation is a special purpose bank, which offers revolving credit products

Major Nonbank Subsidiaries

BB&T also has a number of nonbank subsidiaries, including:

- Scott & Stringfellow, Inc , which is a registered investment banking and full-service brokerage firm that provides services in retail brokerage, equity and debt underwriting, investment advice, corporate finance and equity research, and facilitates the origination, trading and distribution of fixed-income securities and equity products in both the public and private capital markets It also has a public finance department that provides investment banking, financial advisory services and debt underwriting services to a variety of regional taxable and tax-exempt issuers Scott & Stringfellow's investment banking and corporate and public finance areas do business as BB&T Capital Markets,
- Regional Acceptance Corporation, which specializes in indirect financing for consumer purchases of primarily mid-model and late-model used automobiles,
- Sheffield Financial LLC, which specializes in loans to individuals and small commercial lawn care businesses across the country for the purchase of outdoor power equipment and power sport equipment,
- MidAmerica Gift Certificate Company, which specializes in the issuance and sale of retail gift certificates and giftcards through a nationwide network of authorized mall agents, and
- BB&T Asset Management, Inc , a registered investment advisor and the advisor to the BB&T Funds, provides tailored investment management solutions to meet the specific needs and objectives of individual and institutional clients through a full range of investment strategies, including domestic and international equity, alternative investment products and strategies and fixed income investing

Services

The primary services offered by BB&T's subsidiaries include

- small business lending
- commercial middle market lending
- real estate lending
- retail lending
- home equity lending
- sales finance
- home mortgage lending

Maybank 011025

Global Reports LLC

ROA 3986

- commercial mortgage lending
- equipment finance
- asset management
- retail and wholesale agency insurance
- institutional trust services
- wealth management / private banking
- investment brokerage services
- capital markets services
- commercial finance
- consumer finance
- international banking services
- treasury services
- venture capital
- bankcard and merchant services
- insurance premium finance
- payroll processing

The following table reflects BB&T's deposit market share and branch locations by state at December 31, 2006

Table 1
BB&T Deposit Market Share and Branch Locations by State
December 31, 2006

	% of BB&T's Deposits (2)	Deposit Market Share Rank (2)	Number of Branches
Virginia	27%	2nd	399
North Carolina (1)	26	2nd	341
Georgia	10	5th	150
Maryland	8	6th	126
South Carolina	8	3rd	101
Florida	5	9th	101
Kentucky	5	4th	91
West Virginia	6	1st	78
Tennessee	2	7th	58
Washington, D C	2	5th	10

(1) Excludes home office deposits
(2) Source SNL Financial—data as of June 30, 2006 and updated for actual and pending mergers, except pending mergers by BB&T

In addition to the markets described in the table above, BB&T operates two branches in Alabama and two branches in Indiana After the completion of the pending acquisition with Coastal Financial Corporation ("Coastal"), BB&T will operate 118 branches in South Carolina and 348 branches in North Carolina BB&T's deposit market share in the table above will not change as a result of the pending acquisition with Coastal Please refer to Note 21 "Operating Segments" in the "Notes to Consolidated Financial Statements" for additional disclosures

Maybank 011026

Global Reports LLC

ROA 3987

Executive Overview

Significant accomplishments in 2006

In the opinion of BB&T's management, the Corporation's most significant accomplishments during 2006 were as follows (amounts include the impact of acquisitions where applicable)

- Deposit market share increased in every state BB&T operates with the exception of West Virginia where we maintained our No 1 ranking
- Average loans increased 10 9%
- Average deposits increased 9 8%
- Fee income increased 11 7% and fee income as a percentage of total revenues exceeded 40%
- Asset quality remained excellent
- 122,000 net new transaction deposit accounts were added
- Households utilizing 5 or more BB&T services grew to 29 4%
- The number of customers utilizing online banking services increased 26% to over 2 million clients
- 51 branch locations were opened, including 39 de novo locations
- Superior service quality was regained, as evidenced by lower client attrition
- A successful advertising campaign was launched
- Acquisitions and conversions of Main Street Banks, Inc , and First Citizens Bancorp were completed, and an agreement to acquire Coastal Financial Corporation was announced
- Acquisitions of several nonbank financial services companies were completed and plans to acquire AFCO/CAFO, a large insurance premium finance company were announced (AFCO/CAFO acquisition was completed on January 2, 2007)
- BB&T's three bank charters were consolidated

Challenges

BB&T has grown at a rapid pace since its merger of equals with Southern National Corporation in 1995, and BB&T's business has become more dynamic and complex in recent years Consequently, management has annually evaluated and, as necessary, adjusted the Corporation's business strategy in the context of the current operating environment During this process, management considers the current financial condition and performance of the Company and its expectations for future economic activity, both on a national and local market scale The achievement of BB&T's key strategic objectives and established long-term financial goals is subject to many uncertainties and challenges In the opinion of management, the challenges that are most relevant and likely to have a near term impact on performance are presented below

- Difficult interest rate environment, including an inverted yield curve, has compressed growth in net interest income
- Cost and risk associated with the current heightened regulatory environment
- Building revenue momentum
- Intense competition within the financial services industry
- Improving efficiency

Competition

The financial services industry is highly competitive and dramatic change continues to occur in all aspects of the Company's business The ability of nonbank financial entities to provide services previously reserved for commercial banks has intensified competition BB&T's subsidiaries compete actively with national, regional and

Maybank 011027

Global Reports LLC

ROA 3988

local financial services providers, including banks, thrifts, securities dealers, mortgage bankers, finance companies and insurance companies Competition among providers of financial products and services continues to increase, with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives The industry continues to consolidate, which affects competition by eliminating some regional and local institutions, while strengthening the franchises of acquirers For additional information concerning markets, BB&T's competitive position and business strategies, see "Market Area" and "General Business Development" below

Market Area

BB&T's primary market area consists of North and South Carolina, Virginia, Maryland, Georgia, eastern Tennessee, West Virginia, Kentucky, Florida and Washington, D C This area's employment base is diverse and primarily consists of manufacturing, general services, agricultural, wholesale/retail trade, technology and financial services BB&T believes its current market area is economically strong and will support consistent growth in assets and deposits in the future Management strongly believes that BB&T's community bank approach to providing client service is a competitive advantage that strengthens the Corporation's ability to effectively provide financial products and services to businesses and individuals in its markets

General Business Development

BB&T is a regional financial holding company The core of its business and franchise was created by the merger-of-equals between BB&T and Southern National Corporation in 1995 and the acquisition of United Carolina Bancshares in 1997 BB&T has maintained a long-term focus on a strategy that includes expanding and diversifying the BB&T franchise in terms of revenues, profitability and asset size Tangible evidence of this focus is the growth in average total assets, loans and deposits, which have increased over the last five years at compound annual rates of 10 7%, 11 2%, and 11 8%, respectively

Merger Strategy

BB&T's growth in business, profitability and market share over the past several years was enhanced significantly by mergers and acquisitions Management made a strategic decision not to pursue bank or thrift acquisitions during 2004 or 2005, instead focusing on fully integrating recent mergers and improving internal growth Management resumed strategic mergers and acquisitions in 2006, including bank and thrift acquisitions primarily within BB&T's existing footprint BB&T will continue to pursue economically advantageous acquisitions of insurance agencies, asset managers, consumer and commercial finance companies, and may pursue other strategic opportunities to grow existing businesses or expand into other related financial businesses BB&T's acquisition strategy is focused on three primary objectives

- to pursue acquisitions of banks and thrifts in the Carolinas, Virginia, Maryland, Washington D C , Georgia, West Virginia, Tennessee, Kentucky, and Florida with assets of $500 million to $15 billion, with an informal target of growing approximately 5% of BB&T's assets through acquisitions,
- to acquire companies in niche markets that provide products or services that can be offered through the existing distribution system to BB&T's current customer base, and
- to consider strategic nonbank acquisitions in markets that are economically feasible and provide positive long-term benefits

BB&T consummated acquisitions of 50 community banks and thrifts, 77 insurance agencies and 30 nonbank financial services providers over the last fifteen years In the long-term, BB&T expects to continue to take advantage of the consolidation in the financial services industry and expand and enhance its franchise through mergers and acquisitions The consideration paid for these acquisitions may be in the form of cash, debt or BB&T common stock The amount of consideration paid to complete these transactions may be in excess of the book value of the underlying net assets acquired, which could have a dilutive effect on BB&T's earnings In addition, acquisitions often result in significant front-end charges against earnings, however, cost savings and revenue enhancements, especially incident to in-market bank and thrift acquisitions, are also typically anticipated

Maybank 011028

Global Reports LLC

ROA 3989

Lending Activities

The primary goal of the BB&T lending function is to help clients achieve their financial goals by providing quality loan products that are fair to the client and profitable to the Corporation Management believes that this purpose can best be accomplished by building strong, profitable client relationships over time, with BB&T becoming an important contributor to the prosperity and well-being of its clients In addition to the importance placed on client knowledge and continuous involvement with clients, BB&T's lending process incorporates the standards of a consistent company-wide credit culture and an in-depth local market knowledge Furthermore, the Corporation employs strict underwriting criteria governing the degree of assumed risk and the diversity of the loan portfolio in terms of type, industry and geographical concentration In this context, BB&T strives to meet the credit needs of businesses and consumers in its markets while pursuing a balanced strategy of loan profitability, loan growth and loan quality

BB&T conducts the majority of its lending activities within the framework of the Corporation's community bank operating model, with lending decisions made as close to the client as practicable

The following table summarizes BB&T's loan portfolio based on the regulatory classification of the portfolio, which focuses on the underlying loan collateral, and differs from internal classifications presented herein that focus on the primary purpose of the loan

Table 2
Composition of Loan and Lease Portfolio

	December 31,				
	2006	2005	2004	2003	2002
	(Dollars in millions)				
Commercial, financial and agricultural loans	$10,848	$ 9,532	$ 8,824	$ 8,187	$ 8,035
Lease receivables	4,358	4,250	4,170	4,085	4,093
Real estate—construction and land development loans	17,553	11,942	8,601	6,477	5,292
Real estate—mortgage loans	42,219	41,539	39,257	36,251	30,023
Consumer loans	10,389	9,604	9,238	9,208	6,502
Total loans and leases held for investment	85,367	76,867	70,090	64,208	53,945
Loans held for sale	680	629	613	725	2,378
Total loans and leases	86,047	77,496	70,703	64,933	56,323
Less unearned income	(2,456)	(2,473)	(2,540)	(2,628)	(2,805)
Net loans and leases	$83,591	$75,023	$68,163	$62,305	$53,518

BB&T's loan portfolio is approximately 50% commercial and 50% retail by design, and is divided into four major categories—commercial, consumer, mortgage and specialized lending BB&T lends to a diverse customer base that is substantially located within the Corporation's primary market area At the same time, the loan portfolio is geographically dispersed throughout BB&T's branch network to mitigate concentration risk arising from local and regional economic downturns

The following discussion presents the principal types of lending conducted by BB&T and describes the underwriting procedures and overall risk management of BB&T's lending function The relative risk of each loan portfolio is presented in the "Asset Quality" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein

Underwriting Approach

Recognizing that the loan portfolio is a primary source of profitability, proper loan underwriting is critical to BB&T's long-term financial success BB&T's underwriting approach is designed to define acceptable combinations of specific risk-mitigating features that ensure credit relationships conform to BB&T's risk philosophy Provided below is a summary of the most significant underwriting criteria used to evaluate new loans and loan renewals

- *Cash flow and debt service coverage*—cash flow adequacy is a necessary condition of creditworthiness, meaning that loans not clearly supported by a borrower's cash flow must be justified by secondary repayment sources

Maybank 011029

Global Reports LLC

ROA 3990

- *Secondary sources of repayment*—alternative repayment funds are a significant risk-mitigating factor as long as they are liquid, can be easily accessed and provide adequate resources to supplement the primary cash flow source
- *Value of any underlying collateral*—loans are generally secured by the asset being financed Because an analysis of the primary and secondary sources of repayment is the most important factor, collateral, unless it is liquid, does not justify loans that cannot be serviced by the borrower's normal cash flows
- *Overall creditworthiness of the customer, taking into account the customer's relationships, both past and current, with other lenders*—our success depends on building lasting and mutually beneficial relationships with clients, which involves assessing their financial position and background
- *Level of equity invested in the transaction*—in general, borrowers are required to contribute or invest a portion of their own funds prior to any loan advances

Commercial Loan and Lease Portfolio

The commercial loan and lease portfolio represents the largest category of the Corporation's total loan portfolio and is segmented as follows—commercial loans, generally defined as client relationships with total credit exposure above $1,000,000, small business loans, and leases BB&T's commercial lending program is generally targeted to serve small-to-middle market businesses with sales of $200 million or less Traditionally, lending to small and mid-sized businesses has been among BB&T's strongest market segments

Commercial and small business loans are primarily originated through BB&T's banking network In accordance with the Corporation's lending policy, each loan undergoes a detailed underwriting process, which incorporates BB&T's underwriting approaches, procedures and evaluations described above In addition, the Bank has adopted an internal maximum credit exposure lending limit of $235 million for a "best grade" credit, which is considerably below the Bank's maximum legal lending limit Commercial loans are typically priced with an interest rate tied to market indexes, such as the prime rate and the London Interbank Offered Rate ("LIBOR") or a fixed-rate Commercial loans are individually monitored and reviewed for any possible deterioration in the ability of the client to repay the loan Approximately 94% of BB&T's commercial loans are secured by real estate, business equipment, inventories and other types of collateral BB&T's commercial leases consist of investments in various types of leveraged lease transactions

Consumer Loan Portfolio

BB&T offers a wide variety of consumer loan products Various types of secured and unsecured loans are marketed to qualifying existing clients and to other creditworthy candidates in BB&T's market area These loans are relatively homogenous and no single loan is individually significant in terms of its size and potential risk of loss Consumer loans are subject to the same rigorous lending policies and procedures as described above for commercial loans and are underwritten with note amounts and credit limits that ensure consistency with the Corporation's risk philosophy In addition to its normal underwriting due diligence, BB&T uses automated "scoring systems" to help underwrite the credit risk in its consumer portfolio

The consumer loan portfolio consists of three primary sub-portfolios—direct retail, revolving credit and sales finance The direct retail category consists mainly of home equity loans and lines of credit, which are secured by residential real estate It also includes installment loans and some unsecured lines of credit other than credit cards The revolving credit category is comprised of the outstanding balances on credit cards and BB&T's checking account overdraft protection product, Constant Credit Such balances are generally unsecured and actively managed by BB&T Bankcard Corporation Finally, the sales finance category primarily includes secured indirect installment loans to consumers for the purchase of automobiles Such loans are originated through approved franchised and independent automobile dealers throughout the BB&T market area and, to a lesser degree, states outside BB&T's market area Substantially all consumer loans, excluding the revolving credit portfolio, are secured

Mortgage Loan Portfolio

BB&T is a large originator of residential mortgage loans, with originations in 2006 totaling $99 billion The bank offers various types of fixed- and adjustable-rate loans for the purpose of constructing, purchasing or

Maybank 011030

Global Reports LLC

ROA 3991

refinancing residential properties BB&T primarily originates conforming mortgage loans for owner-occupied properties These are loans that are underwritten in accordance with the underwriting standards set forth by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") They are generally collateralized by one-to-four-family residential real estate, have loan-to-collateral value ratios of 80% or less, and are made to borrowers in good credit standing

Risks associated with the mortgage lending function include interest rate risk, which is mitigated through the sale of substantially all conforming fixed-rate loans in the secondary mortgage market and an effective mortgage servicing rights hedge process Borrower risk is lessened through rigorous underwriting procedures and mortgage insurance The right to service the loans and receive servicing income is generally retained when conforming loans are sold Management believes that the retention of mortgage servicing is a primary relationship driver in retail banking and a vital part of management's strategy to establish profitable long-term customer relationships and offer high quality client service BB&T also purchases residential mortgage loans from correspondent originators The loans purchased from third-party originators are subject to the same underwriting and risk-management criteria as loans originated internally

Specialized Lending Portfolio

BB&T's specialized lending portfolio consist of loans originated through six wholly owned subsidiaries that provide specialty finance alternatives to consumers and businesses including dealer-based financing of equipment for both small businesses and consumers, equipment leasing, direct and indirect consumer finance, insurance premium finance, indirect sub-prime automobile finance, and full-service commercial mortgage banking BB&T offers these services to bank clients as well as non-bank clients within and outside BB&T's primary geographic market area

The specialized lending portfolio carries a higher credit risk profile than BB&T's other portfolios with a corresponding higher yield on the loan BB&T's specialized lending subsidiaries adhere to the same overall underwriting approach as the commercial and consumer lending portfolio and also utilize automated credit scoring to assist with underwriting the credit risk These loans are relatively homogenous and no single loan is individually significant in terms of its size and potential risk of loss The majority of the loans are secured by real estate, automobiles or equipment

The following table presents BB&T's total loan portfolio based upon the primary purpose of the loan, as discussed herein, rather than upon regulatory reporting classifications

Table 3
Composition of Loan and Lease Portfolio Based on Loan Purpose

	December 31,				
	2006	2005	2004	2003	2002
	(Dollars in millions)				
Loans and leases, net of unearned income (1)					
Commercial loans	$39,580	$34,965	$31,968	$29,083	$27,106
Leveraged leases	1,720	1,650	1,576	1,500	1,354
Total commercial loans and leases	41,300	36,615	33,544	30,583	28,460
Sales finance	5,683	5,264	5,176	5,250	2,732
Revolving credit	1,414	1,347	1,277	1,180	1,051
Direct retail	15,312	14,453	13,585	11,812	9,116
Total consumer loans	22,409	21,064	20,038	18,242	12,899
Residential mortgage loans	16,257	14,481	12,305	11,640	10,598
Specialized lending	3,625	2,863	2,276	1,840	1,561
Total loans and leases	$83,591	$75,023	$68,163	$62,305	$53,518

(1) Includes loans held for sale

Maybank 011031

Global Reports LLC

ROA 3992

The following table reflects the scheduled maturities of commercial, financial and agricultural loans, as well as real estate construction loans

Table 4
Selected Loan Maturities and Interest Sensitivity (1)

	December 31, 2006		
	Commercial, Financial and Agricultural	Real Estate Construction	Total
	(Dollars in millions)		
Fixed rate			
1 year or less (2)	$ 485	$ 662	$ 1,147
1-5 years	1,521	3,652	5,173
After 5 years	1,561	974	2,535
Total	3,567	5,288	8,855
Variable rate			
1 year or less (2)	4,128	7,321	11,449
1-5 years	2,381	4,263	6,644
After 5 years	772	681	1,453
Total	7,281	12,265	19,546
Total loans and leases (3)	$10,848	$17,553	$28,401

(1) Balances include unearned income
(2) Includes loans due on demand

	(Dollars in millions)
(3) The above table excludes	
(i) consumer loans	$10,389
(ii) real estate mortgage loans	42,219
(iii) loans held for sale	680
(iv) lease receivables	4,358
Total	$57,646

Scheduled repayments are reported in the maturity category in which the payment is due Determinations of maturities are based upon contract terms BB&T's credit policy typically does not permit automatic renewal of loans At the scheduled maturity date (including balloon payment date), the customer generally must request a new loan to replace the matured loan and execute either a new note or note modification with rate, terms and conditions negotiated at that time

Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

The allowance for loan and lease losses is determined based on management's best estimate of probable losses that are inherent in the portfolio at the balance sheet date BB&T's allowance is driven by existing conditions and observations, and reflects losses already incurred, even if not yet identifiable

The Corporation determines the allowance based on an ongoing evaluation of the loan and lease portfolios This evaluation is inherently subjective because it requires material estimates, including the amounts and timing of cash flows expected to be received on impaired loans Those estimates may be susceptible to significant change Increases to the allowance are made by charges to the provision for credit losses, which is reflected in the Consolidated Statements of Income Loans or leases deemed to be uncollectible are charged against the allowance Recoveries of previously charged-off amounts are credited to the allowance

In addition to the allowance for loan and lease losses, BB&T also estimates probable losses related to binding unfunded lending commitments The methodology to determine such losses is inherently similar to the methodology utilized in calculating the allowance for commercial loans, adjusted for factors specific to binding

Maybank 011032

Global Reports LLC

ROA 3993

commitments, including the probability of funding and exposure at funding The reserve for unfunded lending commitments is included in accounts payable and other liabilities on the Consolidated Balance Sheets Changes to the reserve for unfunded lending commitments are made by charges or credits to the provision for credit losses

Reserve Policy and Methodology

The allowance for loan and lease losses consists of (1) a component for individual loan impairment recognized and measured pursuant to Statement of Financial Accounting Standards ("SFAS") No 114, *"Accounting by Creditors for Impairment of a Loan,"* and (2) components of collective loan impairment recognized pursuant to SFAS No 5, *"Accounting for Contingencies,"* including a component that is unallocated BB&T maintains specific reserves for individually impaired loans pursuant to SFAS No 114 A loan is impaired when, based on current information and events, it is probable that BB&T will be unable to collect all amounts due (interest as well as principal) according to the contractual terms of the loan agreement On a quarterly basis, BB&T reviews all commercial lending relationships with outstanding debt of $2 million or more that have been classified as substandard or doubtful Loans are considered impaired when the borrower does not have the cash flow capacity or willingness to service the debt according to contractual terms, or it does not appear reasonable to assume that the borrower will continue to pay according to the contractual agreement The amount of impairment is based on the present value of expected cash flows discounted at the loan's effective interest rate, and/or the value of collateral adjusted for any origination costs and nonrefundable fees that existed at the time of origination

Reserves established pursuant to the provisions of SFAS No 5 for collective loan impairment are primarily based on historical charge-off experience using a rolling twelve quarter annualized net charge-off rate However, historical charge-off experience may be adjusted to reflect the effects of current conditions BB&T considers information derived from its loan risk ratings, internal observable data related to trends within the loan and lease portfolios, including credit quality, concentrations, aging of the portfolio, growth and acquisitions, volatility adjustments to reflect changes in historical net charge-off rates and changes in probabilities of default, external observable data related to industry and general economic trends, and any significant, relevant changes to BB&T's policies and procedures Any adjustments to historical loss experience are based on one or more sets of observable data as described above and are directionally consistent with changes in the data from period to period, taking into account the interaction of components over time The adjusted historical loss information is applied to pools of loans grouped according to similar risk characteristics to calculate components of the allowance In the commercial lending portfolio, each loan is assigned a "risk grade" at origination by the account officer and the assigned risk grade is subsequently reviewed and finalized through BB&T's established loan review committee process Loans are assigned risk grades based on an assessment of conditions that affect the borrower's ability to meet contractual obligations under the loan agreement This process includes reviewing borrowers' financial information, historical payment experience, credit documentation, public information, and other information specific to each borrower The established risk management regimen includes a review of all credit relationships with total credit exposure of $1 million or more on an annual basis or at any point management becomes aware of information affecting the borrower's ability to fulfill their obligations In addition, for small business and commercial clients where total credit exposure is less than $1 million, BB&T has developed an automated loan review system to identify and proactively manage accounts with a higher risk of loss The "score" produced by this automated system is updated monthly All of the loan portfolios grouped in the retail lending and specialized lending categories typically employ scoring models to segment credits into groups with homogenous risk characteristics Scoring models are validated on a periodic basis in order to ensure reliable default rate information This information is employed to evaluate the levels of risk associated with new production as well as to assess any risk migration in the existing portfolio

A portion of the Corporation's allowance for loan and lease losses is not allocated to any specific category of loans This unallocated portion of the allowance reflects management's best estimate of the elements of imprecision and estimation risk inherent in the calculation of the overall allowance Due to the subjectivity involved in determining the overall allowance, including the unallocated portion, the portion considered unallocated may fluctuate from period to period based on management's evaluation of the factors affecting the assumptions used in calculating the allowance, including historical loss experience, current economic conditions, industry or borrower concentrations and the status of merged institutions The allocated and unallocated portions of the allowance are available to absorb losses in any loan or lease category Management evaluates the adequacy of the allowance for loan and lease losses based on the combined total of the allocated and unallocated components

Maybank 011033

Global Reports LLC

ROA 3994

While management uses the best information available to establish the allowance for loan and lease losses, future adjustments to the allowance or to the reserving methodology may be necessary if economic conditions differ substantially from the assumptions used in making the valuations

The following table presents an estimated allocation of the allowance for loan and lease losses at the end of each of the past five years This table is presented based on the regulatory reporting classifications of the loans This allocation of the allowance for loan and lease losses is calculated on an approximate basis and is not necessarily indicative of future losses or allocations The entire amount of the allowance is available to absorb losses occurring in any category of loans and leases

Table 5
Allocation of Allowance for Loan and Lease Losses by Category

	December 31,									
	2006		2005		2004		2003		2002	
	Amount	% Loans in each category	Amount	% Loans in each category	Amount	% Loans in each category	Amount	% Loans in each category	Amount	% Loans in each category
	(Dollars in millions)									
Balances at end of period applicable to										
Commercial, financial and agricultural	$135	12 6%	$138	12 3%	$130	12 5%	$155	12 6%	$164	14 3%
Real estate										
Construction and land development	193	20 4	132	15 4	96	12 2	94	10 0	86	9 4
Mortgage	360	49 9	381	54 4	403	56 4	382	56 9	332	57 5
Total real estate	553	70 3	513	69 8	499	68 6	476	66 9	418	66 9
Consumer	121	12 1	100	12 4	111	13 1	80	14 2	64	11 5
Lease receivables	26	5 0	24	5 5	22	5 8	29	6 3	32	7 3
Unallocated	53	—	50	—	43	—	45	—	46	—
Total	$888	100 0%	$825	100 0%	$805	100 0%	$785	100 0%	$724	100 0%

Investment Activities

Investment securities represent a significant portion of BB&T's assets Branch Bank invests in securities as allowable under bank regulations These securities include obligations of the U S Treasury, U S government agencies, U S government sponsored entities, including mortgage-backed securities, bank eligible obligations of any state or political subdivision, privately-issued mortgage-backed securities, structured notes, bank eligible corporate obligations, including corporate debentures, commercial paper, negotiable certificates of deposit, bankers acceptances, mutual funds and limited types of equity securities Branch Bank may also deal in securities subject to the provisions of the Gramm-Leach-Bliley Act Scott & Stringfellow, Inc , BB&T's full-service brokerage and investment banking subsidiary, engages in the underwriting, trading and sales of equity and debt securities subject to the risk management policies of the Corporation

BB&T's investment activities are governed internally by a written, board-approved policy The investment policy is carried out by the Corporation's Market Risk and Liquidity Committee ("MRLC"), which meets regularly to review the economic environment and establish investment strategies The MRLC also has much broader responsibilities, which are discussed in the "Market Risk Management" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein

Investment strategies are established by the MRLC based on the interest rate environment, balance sheet mix, actual and anticipated loan demand, funding opportunities and the overall interest rate sensitivity of the Corporation In general, the investment portfolio is managed in a manner appropriate to the attainment of the following goals (1) to provide a sufficient margin of liquid assets to meet unanticipated deposit and loan

Maybank 011034

Global Reports LLC

ROA 3995

fluctuations and overall funds management objectives, (ii) to provide eligible securities to secure public funds, trust deposits as prescribed by law and other borrowings, and (iii) to earn the maximum return on funds invested that is commensurate with meeting the requirements of (i) and (ii)

Funding Activities

Deposits are the primary source of funds for lending and investing activities, and their cost is the largest category of interest expense Scheduled payments, as well as prepayments, and maturities from portfolios of loans and investment securities also provide a stable source of funds Federal Home Loan Bank ("FHLB") advances, other secured borrowings, Federal funds purchased and other short-term borrowed funds, as well as longer-term debt issued through the capital markets, all provide supplemental liquidity sources BB&T's funding activities are monitored and governed through BB&T's overall asset/liability management process, which is further discussed in the "Market Risk Management" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein BB&T conducts its funding activities in compliance with all applicable laws and regulations Following is a brief description of the various sources of funds used by BB&T For further discussion relating to outstanding balances and balance fluctuations, refer to the "Deposits and Other Borrowings" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein

Deposits

Deposits are attracted principally from clients within BB&T's branch network through the offering of a broad selection of deposit instruments to individuals and businesses, including noninterest-bearing checking accounts, interest-bearing checking accounts, savings accounts, money rate savings accounts, investor deposit accounts, certificates of deposit and individual retirement accounts Deposit account terms vary with respect to the minimum balance required, the time period the funds must remain on deposit and service charge schedules Interest rates paid on specific deposit types are determined based on (i) the interest rates offered by competitors, (ii) the anticipated amount and timing of funding needs, (iii) the availability and cost of alternative sources of funding, and (iv) the anticipated future economic conditions and interest rates Client deposits are attractive sources of funding because of their stability and relative cost Deposits are regarded as an important part of the overall client relationship and provide opportunities to cross-sell other BB&T services In addition, BB&T gathers a portion of its deposit base through wholesale funding products, which include negotiable certificates of deposit and Eurodollar deposits through the use of a Cayman branch facility At December 31, 2006, these sources of deposits represented approximately 9% of BB&T's total deposits

The following table provides information regarding the scheduled maturities of time deposits that are $100,000 and greater at December 31, 2006

Table 6
Scheduled Maturities of Time Deposits $100,000 and Greater
December 31, 2006
(Dollars in millions)

Maturity Schedule	
Three months or less	$ 5,020
Over three through six months	3,766
Over six through twelve months	3,669
Over twelve months	1,283
Total	$13,738

Borrowed Funds

BB&T's ability to borrow funds from nondeposit sources provides additional flexibility in meeting the liquidity needs of the Company Short-term borrowings include Federal funds purchased, securities sold under repurchase agreements, master notes, short-term FHLB advances, and U S Treasury tax and loan depository note accounts See Note 9 "Federal Funds Purchased, Securities Sold Under Agreements to Repurchase, and Short-Term Borrowed Funds" in the "Notes to Consolidated Financial Statements" herein for additional disclosures related to these types of borrowings

Maybank 011035

Global Reports LLC

ROA 3996

BB&T also utilizes longer-term borrowings when management determines that the pricing and maturity options available through these sources create cost-effective options for funding asset growth and satisfying capital needs BB&T's long-term borrowings include long-term FHLB advances to Branch Bank, senior and subordinated debt issued by BB&T Corporation and Branch Bank, junior subordinated debt underlying trust preferred securities and capital leases See Note 10 "Long-Term Debt" in the "Notes to Consolidated Financial Statements" herein for additional disclosures related to long-term borrowings

Employees

At December 31, 2006, BB&T had approximately 29,300 full-time equivalent employees compared to approximately 27,700 full-time equivalent employees at December 31, 2005

Properties

BB&T and its significant subsidiaries occupy headquarter offices that are either owned or operated under long-term leases BB&T also owns free-standing operations centers, with its primary operations and information technology center located in Wilson, North Carolina BB&T also owns or leases significant office space used as the Corporation's headquarters in Winston-Salem, North Carolina At December 31, 2006, Branch Bank operated 1,459 branch offices in North Carolina, South Carolina, Virginia, Maryland, Georgia, West Virginia, Tennessee, Kentucky, Alabama, Florida, Indiana and Washington, D C BB&T also operates numerous insurance agencies and other businesses that occupy facilities Office locations are either owned or leased Management believes that the premises occupied by BB&T and its subsidiaries are well-located and suitably equipped to serve as financial services facilities See Note 6 "Premises and Equipment" in the "Notes to Consolidated Financial Statements" in this report for additional disclosures related to BB&T's properties and other fixed assets

Executive Officers of BB&T

The following table lists the members of BB&T's executive management team

Name of Executive Officer	Title	Years of Service	Age
John A Allison IV	Chairman and Chief Executive Officer	36	58
Ricky K Brown	Senior Executive Vice President and Manager of Banking Network	30	51
W Kendall Chalk	Senior Executive Vice President and Chief Credit Officer	32	61
Barbara F Duck	Senior Executive Vice President and Electronic Delivery Systems Manager	19	40
Donna C Goodrich	Senior Executive Vice President and Deposit Services Manager	21	44
Robert E Greene	Senior Executive Vice President and Risk Management and Administrative Group Manager	34	56
Christopher L Henson	Senior Executive Vice President and Chief Financial Officer	22	45
Kelly S King	Chief Operating Officer	35	58
Clarke R Starnes III	Senior Executive Vice President and Specialized Lending Group Manager	25	47
Steven B Wiggs	Senior Executive Vice President and Chief Marketing Officer	28	49
C Leon Wilson III	Senior Executive Vice President and Operations Division Manager	30	51

Web Site Access to BB&T's Filings with the Securities and Exchange Commission

All of BB&T's electronic filings with the Securities and Exchange Commission ("SEC"), including the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are made available at no cost on the Corporation's web site, www BBT com, through the Investor Relations link as soon as reasonably practicable after BB&T files such material with, or furnishes it to, the SEC BB&T's SEC filings are also available through the SEC's web site at www sec gov

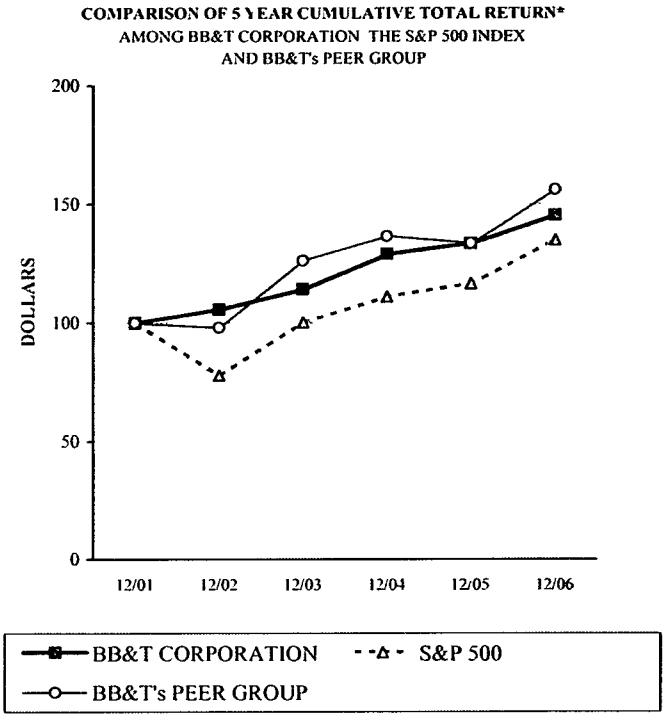
Maybank 011036

Global Reports LLC

ROA 3997

PERFORMANCE GRAPH

Set forth below is a graph comparing the total returns (assuming reinvestment of dividends) of BB&T Common Stock, the S&P 500 Index, and an Industry Peer Group Index The graph assumes $100 invested on December 31, 2001 in BB&T Common Stock and in each of the indices In 2006, the financial holding companies in the Industry Peer Group Index (the "Peer Group") were Comerica Incorporated, Fifth-Third Bancorp, KeyCorp, M&T Bank Corporation, Marshall & Ilsley Corporation, National City Corporation, PNC Financial Services Group, Inc , Popular, Incorporated, Regions Financial Corporation, SunTrust Banks, Inc , UnionBanCal Corporation and U S Bancorp The Peer Group consists of bank holding companies with assets between approximately $46 9 billion and $217 3 billion



* $100 invested on 12/31/01 in stock or index, including reinvestment of dividends
Fiscal year ending December 31

	Cumulative Total Return					
	12/01	12/02	12/03	12/04	12/05	12/06
BB&T CORPORATION	$100 00	$105 70	$114 31	$129 01	$133 39	$145 30
S&P 500	100 00	77 90	100 24	111 15	116 61	135 02
BB&T's PEER GROUP	100 00	98 02	126 31	136 54	133 55	156 16

Maybank 011037

Global Reports LLC

ROA 3998

REGULATORY CONSIDERATIONS

General

As a bank holding company and a financial holding company under federal law, BB&T is subject to regulation under the Bank Holding Company Act of 1956, as amended, (the "BHCA") and the examination and reporting requirements of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") As a state-chartered commercial bank, Branch Bank is subject to regulation, supervision and examination by the North Carolina Commissioner of Banks In addition, BB&T Bankcard Corporation is a special-purpose Georgia bank, subject to regulation, supervision and examination by the Georgia Department of Banking and Finance Branch Bank and BB&T Bankcard Corporation are collectively referred to herein as the "Banks " Each of the Banks is also subject to regulation, supervision and examination by the Federal Deposit Insurance Corporation (the "FDIC") State and federal law also govern the activities in which the Banks engage, the investments they make and the aggregate amount of loans that may be granted to one borrower Various consumer and compliance laws and regulations also affect the Banks' operations

In addition to federal and state banking laws and regulations, BB&T and certain of its subsidiaries and affiliates, including those that engage in securities underwriting, dealing, brokerage, investment advisory and insurance activities, are subject to other federal and state laws and regulations, and supervision and examination by other state and federal regulatory agencies, including the SEC, the National Association of Securities Dealers, Inc (the "NASD"), and various state insurance and securities regulators

The earnings of BB&T's subsidiaries, and therefore the earnings of BB&T, are affected by general economic conditions, management policies, changes in state and federal laws and regulations and actions of various regulatory authorities, including those referred to above Proposals to change the laws and regulations to which BB&T and its subsidiaries are subject are frequently introduced at both the federal and state levels The likelihood and timing of any such changes and the impact such changes might have on BB&T and its subsidiaries are impossible to determine with any certainty The following description summarizes the significant state and federal laws to which BB&T and the Banks currently are subject To the extent statutory or regulatory provisions are described, the description is qualified in its entirety by reference to the particular statutory or regulatory provisions

Financial Holding Company Regulation

Under current federal law, as amended by the Gramm-Leach-Bliley Act of 1999 ("GLBA"), a bank holding company, such as BB&T, may elect to become a financial holding company, which allows the holding company to offer customers virtually any type of service that is financial in nature or incidental thereto, including banking and activities closely related thereto, securities underwriting, insurance (both underwriting and agency) and merchant banking In order to become and maintain its status as a financial holding company, a financial holding company and all of its affiliated depository institutions must be well-capitalized, well-managed, and have at least a satisfactory Community Reinvestment Act of 1977 ("CRA") rating If the Federal Reserve Board determines that a financial holding company is not well-capitalized or well-managed, the company has a period of time to come into compliance, but during the period of noncompliance, the Federal Reserve Board can place any limitations on the financial holding company that it believes to be appropriate Furthermore, if the Federal Reserve Board determines that a financial holding company has not maintained a satisfactory CRA rating, the company will not be able to commence any new financial activities or acquire a company that engages in such activities, although the company will still be allowed to engage in activities closely related to banking and make investments in the ordinary course of conducting merchant banking activities BB&T became a financial holding company on June 14, 2000, and currently satisfies the requirements to maintain its status as a financial holding company

Most of the financial activities that are permissible for financial holding companies are also permissible for a "financial subsidiary" of one or more of the Banks, except for insurance underwriting, insurance company portfolio investments, real estate investments and development, and merchant banking, which must be conducted in a financial holding company In order for these financial activities to be engaged in by a financial subsidiary of a bank, federal law requires the parent bank (and its sister-bank affiliates) to be well-capitalized and well-managed, the aggregate consolidated assets of all of that bank's financial subsidiaries may not exceed the lesser of 45% of

Maybank 011038

Global Reports LLC

ROA 3999

its consolidated total assets of $50 billion, the bank must have at least a satisfactory CRA rating; and if that bank is one of the 100 largest national banks, it must meet certain financial rating or other comparable requirements

Current federal law also establishes a system of functional regulation under which the Federal Reserve Board is the umbrella regulator for bank holding companies, but bank holding company affiliates are to be principally regulated by functional regulators such as the FDIC for state nonmember bank affiliates, the SEC for securities affiliates and state insurance regulators for insurance affiliates Certain specific activities, including traditional bank trust and fiduciary activities, may be conducted in the bank without the bank being deemed a "broker" or a "dealer" in securities for purposes of functional regulation Although the states generally must regulate bank insurance activities in a nondiscriminatory manner, the states may continue to adopt and enforce rules that specifically regulate bank insurance activities in certain identifiable areas

Acquisitions

BB&T complies with numerous laws related to its acquisition activity Under the BHCA, a bank holding company may not directly or indirectly acquire ownership or control of more than 5% of the voting shares or substantially all of the assets of any bank holding company or bank or merge or consolidate with another bank holding company without the prior approval of the Federal Reserve Board Current Federal law authorizes interstate acquisitions of banks and bank holding companies without geographic limitation Furthermore, a bank headquartered in one state is authorized to merge with a bank headquartered in another state, as long as neither of the states have opted out of such interstate merger authority prior to such date, and subject to any state requirement that the target bank shall have been in existence and operating for a minimum period of time, not to exceed five years, and subject to certain deposit market-share limitations After a bank has established branches in a state through an interstate merger transaction, the bank may establish and acquire additional branches at any location in the state where a bank headquartered in that state could have established or acquired branches under applicable federal or state law

Other Safety and Soundness Regulations

The Federal Reserve Board has enforcement powers over bank holding companies and their non-banking subsidiaries The Federal Reserve Board has authority to prohibit activities that represent unsafe or unsound practices or constitute violations of law, rule, regulation, administrative order or written agreement with a federal regulator These powers may be exercised through the issuance of cease and desist orders, civil money penalties or other actions

There also 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 is insolvent or is in danger of becoming insolvent For example, under requirements of the Federal Reserve Board 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 financial resources to support such institutions in circumstances where it might not do so otherwise In addition, the "cross-guarantee" provisions of federal law require insured depository institutions under common control to reimburse the FDIC for any loss suffered or reasonably anticipated by the Deposit Insurance Fund ("DIF") as a result of the insolvency of commonly controlled insured depository institutions or for any assistance provided by the FDIC to commonly controlled insured depository institutions in danger of failure The FDIC may decline to enforce the cross-guarantee provision if it determines that a waiver is in the best interests of the DIF The FDIC's claim for reimbursement under the cross guarantee provisions is superior to claims of shareholders of the insured depository institution or its holding company but is subordinate to claims of depositors, secured creditors and nonaffiliated holders of subordinated debt of the commonly controlled insured depository institution

State banking regulators also have broad enforcement powers over the Banks, including the power to impose fines and other civil and criminal penalties, and to appoint a conservator (with the approval of the Governor in the case of a North Carolina state bank) in order to conserve the assets of any such institution for the benefit of depositors and other creditors The North Carolina Commissioner of Banks also has the authority to take

Maybank 011039

Global Reports LLC

ROA 4000

possession of a North Carolina state bank in certain circumstances, including, among other things, when it appears that such bank has violated its charter or any applicable laws, is conducting its business in an unauthorized or unsafe manner, is in an unsafe or unsound condition to transact its business or has an impairment of its capital stock

Payment of Dividends

BB&T is a legal entity separate and distinct from its subsidiaries The majority of BB&T's revenue is from dividends paid to BB&T by Branch Bank Branch Bank is subject to laws and regulations that limit the amount of dividends it can pay In addition, both BB&T and Branch Bank are subject to various regulatory restrictions relating to the payment of dividends, including requirements to maintain capital at or above regulatory minimums, and to remain "well-capitalized" under the prompt corrective action regulations summarized elsewhere in this section Federal banking regulators have indicated that banking organizations should generally pay dividends only if (1) the organization's net income available to common shareholders over the past year has been sufficient to fully fund the dividends and (2) the prospective rate of earnings retention appears consistent with the organization's capital needs, asset quality and overall financial condition North Carolina law states that, subject to certain capital requirements, the board of directors of a bank chartered under the laws of North Carolina may declare a dividend of as much of that bank's undivided profits as the directors deem expedient BB&T does not expect that these laws, regulations or policies will materially affect the ability of Branch Bank to pay dividends At December 31, 2006, subject to restrictions imposed by state law, the Board of Directors of Branch Bank could have declared dividends of up to $3 1 billion, however, to remain well-capitalized under federal guidelines, Branch Bank would have limited total additional dividends to $1 1 billion

Capital

Each of the federal banking agencies, including the Federal Reserve Board and the FDIC, have issued substantially similar risk-based and leverage capital guidelines applicable to banking organizations they supervise, including bank holding companies and banks Under the risk-based capital requirements, BB&T and the Banks are each generally required to maintain a minimum ratio of total capital to risk-weighted assets (including certain off-balance sheet activities, such as standby letters of credit) of 8% At least half of the total capital must be composed of common shareholders' equity excluding the over- or underfunded status of postretirement benefit obligations, unrealized gains or losses on debt securities available for sale, unrealized gains on equity securities available for sale and unrealized gains or losses on cash flow hedges, net of deferred income taxes, plus certain mandatorily redeemable capital securities, less nonqualifying intangible assets net of applicable deferred income taxes and certain nonfinancial equity investments This is called "Tier 1 capital " The remainder may consist of qualifying subordinated debt, certain hybrid capital instruments, qualifying preferred stock and a limited amount of the allowance for credit losses This is called "Tier 2 capital " Tier 1 capital and Tier 2 capital combined are referred to as total regulatory capital

The Federal Reserve requires bank holding companies that engage in trading activities to adjust their risk-based capital ratios to take into consideration market risks that may result from movements in market prices of covered trading positions in trading accounts, or from foreign exchange or commodity positions, whether or not in trading accounts, including changes in interest rates, equity prices, foreign exchange rates or commodity prices Any capital required to be maintained under these provisions may consist of a new "Tier 3 capital" consisting of forms of short-term subordinated debt

Each of the federal bank regulatory agencies, including the Federal Reserve, also has established minimum leverage capital requirements for banking organizations These requirements provide that banking organizations that meet certain criteria, including excellent asset quality, high liquidity, low interest rate exposure and good earnings, and that have received the highest regulatory rating must maintain a ratio of Tier 1 capital to total adjusted average assets of at least 3% Institutions not meeting these criteria, as well as institutions with supervisory, financial or operational weaknesses, are expected to maintain a minimum Tier 1 capital to total adjusted average assets ratio equal to 100 to 200 basis points above that stated minimum Holding companies experiencing internal growth or making acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets The Federal Reserve also continues to consider a "tangible Tier 1 capital leverage ratio" (deducting all intangibles) and other indicators of capital strength in evaluating proposals for expansion or new activity

Maybank 011040

Global Reports LLC

ROA 4001

In addition, both the Federal Reserve Board and the FDIC have adopted risk-based capital standards that explicitly identify concentrations of credit risk and the risk arising from non-traditional activities, as well as an institution's ability to manage these risks, as important factors to be taken into account by each agency in assessing an institution's overall capital adequacy The capital guidelines also provide that an institution's exposure to a decline in the economic value of its capital due to changes in interest rates be considered by the agency as a factor in evaluating a banking organization's capital adequacy The agencies also require banks and bank holding companies to adjust their regulatory capital to take into consideration the risk associated with certain recourse obligations, direct credit subsidies, residual interest and other positions in securitized transactions that expose banking organizations to credit risk

The ratios of Tier 1 capital, total capital to risk-adjusted assets, and leverage capital of BB&T and Branch Bank as of December 31, 2006, are shown in the following table

Table 7
Capital Adequacy Ratios of BB&T Corporation and Branch Bank
December 31, 2006

	Regulatory Minimums	Regulatory Minimums to be Well Capitalized	BB&T	Branch Bank
Risk-based capital ratios				
Tier 1 capital (1)	4 0%	6 0%	9 0%	9 2%
Total risk-based capital (2)	8 0	10 0	14 3	11 3
Tier 1 leverage ratio (3)	3 0	5 0	7 2	7 3

(1) Common shareholders' equity excluding the over- or underfunded status of postretirement benefit obligations, unrealized gains or losses on debt securities available for sale, unrealized gains on equity securities available for sale and unrealized gains or losses on cash flow hedges, net of deferred income taxes, plus certain mandatorily redeemable capital securities, less nonqualifying intangible assets net of applicable deferred income taxes, and certain nonfinancial equity investments, computed as a ratio of risk-weighted assets, as defined in the risk-based capital guidelines

(2) The sum of Tier 1 capital, a qualifying portion of the allowance for credit losses, qualifying subordinated debt and qualifying unrealized gains on available for sale equity securities, computed as a ratio of risk-weighted assets, as defined in the risk-based capital guidelines

(3) Tier 1 capital computed as a percentage of fourth quarter average assets less nonqualifying intangibles and certain nonfinancial equity investments

The federal banking agencies, including the Federal Reserve Board and the FDIC, are required to take "prompt corrective action" in respect of depository institutions and their bank holding companies that do not meet minimum capital requirements The law establishes five capital categories for insured depository institutions for this purpose "well-capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized " To be considered "well-capitalized" under these standards, an institution must maintain a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 6% or greater, a leverage capital ratio of 5% or greater, and must not be subject to any order or written directive to meet and maintain a specific capital level for any capital measure BB&T and each of the Banks are classified as "well-capitalized " Federal law also requires the bank regulatory agencies to implement systems for "prompt corrective action" for institutions that fail to meet minimum capital requirements within the five capital categories, with progressively more severe restrictions on operations, management and capital distributions according to the category in which an institution is placed Failure to meet capital requirements may also cause an institution to be directed to raise additional capital Federal law also mandates that the agencies adopt safety and soundness standards relating generally to operations and management, asset quality and executive compensation, and authorizes administrative action against an institution that fails to meet such standards

In addition to the "prompt corrective action" directives, failure to meet capital guidelines may subject a banking organization to a variety of other enforcement remedies, including additional substantial restrictions on its operations and activities, termination of deposit insurance by the FDIC and, under certain conditions, the appointment of a conservator or receiver

Maybank 011041

Global Reports LLC

ROA 4002

Deposit Insurance Assessments

The deposits of the Banks are insured by the DIF of the FDIC up to the limits set forth under applicable law and are subject to the deposit insurance premium assessments of the DIF The FDIC imposes a risk-based deposit premium assessment system, which was amended pursuant to the Federal Deposit Insurance Reform Act of 2005 (the "Reform Act") Under this system, as amended, the assessment rates for an insured depository institution vary according to the level of risk incurred in its activities To arrive at an assessment rate for a banking institution, the FDIC places it in one of four risk categories determined by reference to its capital levels and supervisory ratings In addition, in the case of those institutions in the lowest risk category, the FDIC further determines its assessment rate based on certain specified financial ratios or, if applicable, its long-term debt ratings Beginning January 1, 2007, assessments for the DIF can range from 5 to 43 basis points per $100 of assessable deposits, depending on the insured institution's risk category as described above This assessment rate schedule can change from time to time, at the discretion of the FDIC, subject to certain limits Under the current system, premiums are assessed quarterly The Reform Act also provides for a one-time premium assessment credit for eligible insured depository institutions, including those institutions in existence and paying deposit insurance premiums on December 31, 1996, or certain successors to any such institution The assessment credit is determined based on the eligible institution's deposits at December 31, 1996 and is applied automatically to reduce the institution's quarterly premium assessments to the maximum extent allowed, until the credit is exhausted In addition, insured deposits have been required to pay a pro rata portion of the interest due on the obligations issued by the Financing Corporation ("FICO") to fund the closing and disposal of failed thrift institutions by the Resolution Trust Corporation

Consumer Protection Laws

In connection with their lending and leasing activities, the Banks are each subject to a number of federal and state laws designed to protect borrowers and promote lending to various sectors of the economy and population These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, and their respective state law counterparts

Federal law currently contains extensive customer privacy protection provisions Under these provisions, a financial institution must provide to its customers, at the inception of the customer relationship and annually thereafter, the institution's policies and procedures regarding the handling of customers' nonpublic personal financial information These provisions also provide that, except for certain limited exceptions, an institution may not provide such personal information to unaffiliated third parties unless the institution discloses to the customer that such information may be so provided and the customer is given the opportunity to opt out of such disclosure Federal law makes it a criminal offense, except in limited circumstances, to obtain or attempt to obtain customer information of a financial nature by fraudulent or deceptive means

The CRA requires the Banks' primary federal bank regulatory agency, in this case the FDIC, to assess the bank's record in meeting the credit needs of the communities served by each Bank, including low- and moderate-income neighborhoods and persons Institutions are assigned one of four ratings "Outstanding," "Satisfactory," "Needs to Improve" or "Substantial Noncompliance " This assessment is reviewed for any bank that applies to merge or consolidate with or acquire the assets or assume the liabilities of an insured depository institution, or to open or relocate a branch office The CRA record of each subsidiary bank of a financial holding company, such as BB&T, also is assessed by the Federal Reserve Board in connection with any acquisition or merger application

USA Patriot Act

The USA Patriot Act of 2001 (the "Patriot Act") contains anti-money laundering measures affecting insured depository institutions, broker-dealers and certain other financial institutions The Patriot Act requires such financial institutions to implement policies and procedures to combat money laundering and the financing of terrorism and grants the Secretary of the Treasury broad authority to establish regulations and to impose requirements and restrictions on financial institutions' operations In addition, the Patriot Act requires the federal bank regulatory agencies to consider the effectiveness of a financial institution's anti-money laundering activities when reviewing bank mergers and bank holding company acquisitions

Maybank 011042

Global Reports LLC

ROA 4003

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 comprehensively revised the laws affecting corporate governance, accounting obligations and corporate reporting for companies, such as BB&T, with equity or debt securities registered under the Securities Exchange Act of 1934, as amended In particular, the Sarbanes-Oxley Act established (i) new requirements for audit committees, including independence, expertise, and responsibilities, (ii) certification responsibilities for the Chief Executive Officer and Chief Financial Officer with respect to the Company's financial statements, (iii) new standards for auditors and regulation of audits, (iv) increased disclosure and reporting obligations for reporting companies and their directors and executive officers, and (v) new and increased civil and criminal penalties for violation of the federal securities laws

Other Regulatory Matters

BB&T and its subsidiaries and affiliates are subject to numerous examinations by federal and state banking regulators, as well as the SEC, the NASD, and various state insurance and securities regulators BB&T and its subsidiaries have from time to time received requests for information from regulatory authorities in various states, including state insurance commissions and state attorneys general, securities regulators and other regulatory authorities, concerning their business practices Such requests are considered incidental to the normal conduct of business

Corporate Governance

Information with respect to BB&T's corporate governance policies and principles is presented on BB&T's web site, www BBT com, and includes

- BB&T's Corporate Governance Guidelines
- BB&T's Corporate Board of Directors
- Committees of the Corporate Board of Directors and Committee Charters
- BB&T's Codes of Ethics for Directors, Senior Financial Officers and Employees
- Chief Executive Officer and Chief Financial Officer Certifications
- BB&T's Executive Officers
- BB&T's Policy and Procedures for Accounting and Legal Complaints

BB&T intends to disclose any substantive amendments or waivers to the Code of Ethics for Directors or Senior Financial Officers on our web site at www BBT com/Investor

NYSE Certification

The annual certification of BB&T's Chief Executive Officer required to be furnished to the New York Stock Exchange pursuant to Section 303A 12(a) of the NYSE Listed Company Manual was previously filed with the New York Stock Exchange on May 22, 2006

Maybank 011043

Global Reports LLC

ROA 4004

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The following discussion and analysis of the consolidated financial condition and consolidated results of operations of BB&T Corporation and its subsidiaries for each of the three years in the period ended December 31, 2006, and related financial information, are presented in conjunction with the consolidated financial statements and related notes to assist in the evaluation of BB&T's 2006 performance

Reclassifications

In certain circumstances, reclassifications have been made to prior period information to conform to the 2006 presentation Such reclassifications had no effect on previously reported shareholders' equity or net income

Mergers and Acquisitions Completed During 2006

During 2006, BB&T completed the following mergers and acquisitions

On June 1, 2006, BB&T completed its merger with Main Street Banks, Inc ("Main Street"), a bank holding company headquartered in Atlanta, Georgia Main Street's operations were merged into Branch Bank in September 2006 Main Street had total assets of approximately $2 3 billion, total loans of $1 8 billion and total deposits of $1 7 billion

On August 1, 2006, BB&T completed its merger with First Citizens Bancorp ("First Citizens"), a bank holding company headquartered in Cleveland, Tennessee First Citizens' operations were merged into Branch Bank in November 2006 First Citizens had total assets, total loans and total deposits of approximately $700 million, $460 million and $550 million, respectively

In addition to the mergers and acquisitions noted above, BB&T acquired two nonbank financial services companies and an insurance agency during 2006, all of which were immaterial in relation to the consolidated results of BB&T See Note 2 "Business Combinations" in the "Notes to Consolidated Financial Statements" for further information regarding mergers and acquisitions

Mergers Pending as of December 31, 2006

On August 24, 2006, BB&T announced plans to acquire insurance premium finance company AFCO Credit Corporation and its Canadian affiliate, CAFO, Inc The acquisition is expected to significantly strengthen BB&T's insurance premium finance franchise in the United States, as well as provide entry into Canada—a first for BB&T The transaction closed on January 2, 2007

On December 21, 2006, BB&T announced plans to acquire Coastal Financial Corporation ("Coastal"), a bank holding company headquartered in Myrtle Beach, South Carolina At the time of the announcement, Coastal had $1 7 billion in assets and operated 17 branches in the Myrtle Breach area of South Carolina and seven branches in the Wilmington area of North Carolina Shareholders of Coastal will receive 385 of a share of BB&T common stock in exchange for each share of Coastal common stock The transaction, which is subject to shareholder and regulatory approval, is expected to close in the second quarter of 2007

Critical Accounting Policies

The accounting and reporting policies of BB&T Corporation and its subsidiaries are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry BB&T's financial position and results of operations are affected by management's application of accounting policies, including estimates, assumptions and judgments made to arrive at the carrying value of assets and liabilities and amounts reported for revenues and expenses Different assumptions in the application of these policies could result in material changes in BB&T's consolidated financial position and/or

Maybank 011044

Global Reports LLC

ROA 4005

consolidated results of operations and related disclosures The more critical accounting and reporting policies include BB&T's accounting for the allowance for loan and lease losses and reserve for unfunded lending commitments, valuation of mortgage servicing rights, intangible assets and other purchase accounting related adjustments associated with mergers and acquisitions, costs and benefit obligations associated with BB&T's pension and postretirement benefit plans, and income taxes Understanding BB&T's accounting policies is fundamental to understanding BB&T's consolidated financial position and consolidated results of operations Accordingly, BB&T's significant accounting policies and changes in accounting principles and effects of new accounting pronouncements are discussed in detail in Note 1 in the "Notes to Consolidated Financial Statements "

The following is a summary of BB&T's critical accounting policies that are highly dependent on estimates, assumptions and judgments These critical accounting policies are reviewed with the Audit Committee of BB&T's Board of Directors on a periodic basis

Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

It is the policy of BB&T to maintain an allowance for loan and lease losses and a reserve for unfunded lending commitments that equal management's best estimate of probable credit losses that are inherent in the portfolio at the balance sheet date Estimates for loan and lease losses are determined by analyzing historical loan and lease losses, current trends in delinquencies and charge-offs, plans for problem loan and lease administration, the results of regulatory examinations, and changes in the size, composition and risk assessment of the loan and lease portfolio Also included in management's estimates for loan and lease losses are considerations with respect to the impact of current economic events, the outcomes of which are uncertain These events may include, but are not limited to, fluctuations in overall interest rates, political conditions, legislation that may directly or indirectly affect the banking industry and economic conditions affecting specific geographical areas and industries in which BB&T conducts business The methodology used to determine an estimate for the reserve for unfunded lending commitments is inherently similar to the methodology utilized in calculating the allowance for loans and leases adjusted for factors specific to binding commitments, including the probability of funding and exposure at the time of funding A detailed discussion of the methodology used in determining the allowance for loan and lease losses and the reserve for unfunded lending commitments is included in the "Overview and Description of Business—Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments "

Valuation of Mortgage Servicing Rights

BB&T has a significant mortgage loan servicing portfolio and related mortgage servicing rights Mortgage servicing rights represent the present value of the future net servicing fees from servicing mortgage loans acquired or originated by BB&T The methodology used to determine the fair value of mortgage servicing rights is subjective and requires the development of a number of assumptions, including anticipated prepayments of loan principal The value of mortgage servicing rights is significantly affected by mortgage interest rates available in the marketplace, which influence mortgage loan prepayment speeds In general, during periods of declining interest rates, the value of mortgage servicing assets declines due to increasing prepayments attributable to increased mortgage refinance activity Conversely, during periods of rising interest rates, the value of servicing assets generally increases due to reduced refinance activity BB&T has two classes of mortgage servicing rights for which it separately manages the economic risk residential and commercial Residential mortgage servicing rights are carried at fair value with changes in fair value recorded as a component of mortgage banking income each period BB&T uses various derivative instruments to mitigate the income statement effect of changes in fair value, due to change in valuation inputs and assumptions, of its residential mortgage servicing rights Commercial mortgage servicing rights are carried at lower of cost or market and amortized over the estimated period that servicing income is expected to be received based on projections of the amount and timing of estimated future cash flows The amount and timing of servicing asset amortization is updated based on actual results and updated projections Please refer to Note 8 "Loan Servicing" in the "Notes to Consolidated Financial Statements" for quantitative disclosures reflecting the effect that changes in management's assumptions would have on the fair value of mortgage servicing rights

Intangible Assets

BB&T's growth in business, profitability and market share over the past several years has been enhanced significantly by mergers and acquisitions BB&T's mergers and acquisitions are accounted for using the purchase

Maybank 011045

Global Reports LLC

ROA 4006

method of accounting Under the purchase method, BB&T is required to record the assets acquired, including identified intangible assets and liabilities assumed at their fair value, which often involves estimates based on third party valuations, such as appraisals, or internal valuations based on discounted cash flow analyses or other valuation techniques, which are inherently subjective The amortization of identified intangible assets is based upon the estimated economic benefits to be received, which is also subjective These estimates also include the establishment of various accruals and allowances based on planned facility dispositions and employee severance considerations, among other acquisition-related items In addition, purchase acquisitions typically result in goodwill, which is subject to ongoing periodic impairment tests based on the fair value of net assets acquired compared to the carrying value of goodwill Please refer to Note 1 "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements" for a description of BB&T's impairment testing process The major assumptions used in the impairment testing process include the estimated future cash flows of each business unit and discount rates Discount rates are unique to each business unit and are based upon the cost of capital specific to the industry in which the business unit operates Management has evaluated the effect of lowering the estimated future cash flows or increasing the discount rate for each business unit by 10% and determined that no impairment of goodwill would have been recognized under this evaluation

Pension and Postretirement Benefit Obligations

BB&T offers various pension plans and postretirement benefit plans to employees The calculation of the obligations and related expenses under these plans requires the use of actuarial valuation methods and assumptions Actuarial valuations and assumptions used in the determination of future values of plan assets and liabilities are subject to management judgment and may differ significantly if different assumptions are used The discount rate assumption used to measure the postretirement benefit obligations is set by reference to published high-quality bond indices, as well as certain hypothetical spot-rate yield curves These yield curves were constructed from the underlying bond price and yield data collected as of the plan's measurement date and are represented by a series of annualized, individual discount rates with durations ranging from six months to thirty years Each discount rate in the curve was derived from an equal weighting of the double A or higher bond universe, apportioned into distinct maturity groups For durations where no bond maturities were available, the discount rates for these maturities were extrapolated based on historical relationships from observable data in similar markets These indices and hypothetical curves give only an indication of the appropriate discount rate because the cash flows of the bonds comprising the indices and curves do not match the projected benefit payment stream of the plan precisely For this reason, we also consider the individual characteristics of the plan, such as projected cash flow patterns and payment durations, when setting the discount rate Please refer to Note 14 "Benefit Plans" in the "Notes to Consolidated Financial Statements" for disclosures related to BB&T's benefit plans, including quantitative disclosures reflecting the impact that changes in certain assumptions would have on service and interest costs and benefit obligations

Income Taxes

The calculation of BB&T's income tax provision is complex and requires the use of estimates and judgments As part of the Company's analysis and implementation of business strategies, consideration is given to the tax laws and regulations that apply to the specific facts and circumstances for any transaction under evaluation This analysis includes the amount and timing of the realization of income tax liabilities or benefits Management closely monitors tax developments in order to evaluate the effect they may have on the Company's overall tax position and the estimates and judgments utilized in determining the income tax provision and records adjustments as necessary

Analysis of Financial Condition

A summary of the more significant fluctuations in balance sheet accounts is presented below

For the year ended December 31, 2006, BB&T's average assets totaled $114 3 billion, an increase of $9 7 billion, or 9 3%, compared to the 2005 average of $104 6 billion, primarily reflecting growth in average loans and leases and investment securities Average loans and leases for 2006 were up $7 8 billion, or 10 9%, from 2005 and average investment securities increased $881 million, or 4 3%, compared to 2005 The growth in average loans and leases was composed of growth in average commercial loans and leases, which increased $4 0 billion, or 11 3%,

Maybank 011046

Global Reports LLC

ROA 4007

average mortgage loans, which increased $2 0 billion, or 15 1%, average consumer loans, which increased $1 1 billion, or 5 4%, and growth in average loans originated by BB&T's specialized lending subsidiaries, which increased $698 million, or 27 4% Total earning assets averaged $101 6 billion in 2006, an increase of $8 9 billion, or 9 6%, compared to 2005 These averages and growth rates include the effects of acquisitions

BB&T's average deposits totaled $77 2 billion, reflecting growth of $6 9 billion, or 9 8%, compared to 2005 The categories of deposits with the highest growth rates were client certificates of deposit, which increased $4 6 billion, or 25 6%, interest checking, which increased $367 million, or 20 4%, and other client deposits, which increased $1 6 billion, or 5 5%

Shorter-term borrowings include Federal funds purchased, securities sold under repurchase agreements, master notes, short-term bank notes and treasury tax and loan deposit notes payable Average shorter-term borrowings totaled $7 0 billion for the year ended December 31, 2006, a decrease of $380 million, or 5 1% from the 2005 average BB&T has also utilized long-term debt for a significant portion of its funding needs Long-term debt includes Federal Home Loan Bank ("FHLB") advances, other secured borrowings by Branch Bank, capital securities issued by unconsolidated trusts and senior and subordinated debt issued by the Corporation and Branch Bank Average long-term debt totaled $14 6 billion for the year ended December 31, 2006, up $2 7 billion, or 22 3%, compared to 2005

The compound annual rate of growth in average total assets for the five-year period ended December 31, 2006, was 10 7% Over the same five-year period, average loans and leases increased at a compound annual rate of 11 2%, average securities increased at a compound annual rate of 6 1%, and average deposits grew at a compound annual rate of 11 8% These balance sheet growth rates include the effect of acquisitions accounted for as purchases, as well as internal growth

For more detailed discussions concerning the causes of these fluctuations, please refer to the sections that follow

Securities

The securities portfolio provides earnings and liquidity, and is managed as part of the overall asset and liability management process to optimize net interest income and reduce exposure to interest rate risk Management has historically emphasized investments with duration of five years or less to provide flexibility in managing the balance sheet in changing interest rate environments Total securities increased 11 6% in 2006, to a total of $22 9 billion at the end of the year As of December 31, 2006, the total securities portfolio included $2 1 billion in trading securities and $20 7 billion of available-for-sale securities The available-for-sale portfolio comprised 90 6% of total securities at December 31, 2006 Management believes that the high concentration of securities in the available-for-sale portfolio allows flexibility in the day-to-day management of the overall investment portfolio, consistent with the objective of optimizing profitability and mitigating interest rate risk

The available-for-sale securities portfolio is primarily comprised of U S government-sponsored entity obligations and mortgage-backed securities issued by U S government-sponsored entities U S government-sponsored entity securities comprised 43 6% of the available-for-sale securities portfolio at December 31, 2006 The duration of the U S government-sponsored entity portfolio was 2 84 years and 3 43 years at December 31, 2006 and 2005, respectively Mortgage-backed securities comprised 40 0% of the total available-for-sale securities portfolio at year-end 2006 The duration of the mortgage-backed securities was 3 26 years at December 31, 2006 compared to 3 18 years at December 31, 2005 The duration of the entire available-for-sale portfolio at December 31, 2006 was 3 04 years compared to 3 26 years at December 31, 2005

Maybank 011047

Global Reports LLC

ROA 4008

The following table provides information regarding the composition of BB&T's securities portfolio for the years presented

Table 8
Composition of Securities Portfolio

	December 31,		
	2006	2005	2004
	(Dollars in millions)		
Trading securities (at fair value)	$ 2,147	$ 707	$ 334
Securities available for sale (at fair value)			
U S Treasury securities	83	112	123
U S government-sponsored entity securities	9,036	11,154	12,640
States and political subdivisions	571	675	784
Mortgage-backed securities	8,297	6,611	4,530
Equity and other securities	2,734	1,231	761
Total securities available for sale	20,721	19,783	18,838
Total securities	$22,868	$20,490	$19,172

At December 31, 2006, trading securities reflected on BB&T's consolidated balance sheet totaled $2 1 billion compared to $707 million at December 31, 2005 The majority of the increase in the trading portfolio was the result of a $1 1 billion purchase of municipal securities executed late in 2006

Securities available for sale totaled $20 7 billion at year-end 2006 and are carried at estimated fair value Securities available for sale at year-end 2005 totaled $19 8 billion Unrealized market valuation gains and losses on securities classified as available for sale are recorded as a separate component of shareholders' equity, net of deferred income taxes The available-for-sale portfolio is primarily composed of investments in U S government-sponsored entity securities and mortgage-backed securities issued by U S government-sponsored entities, which together composed 83 6% of the portfolio This portfolio also contains investments in U S Treasury securities, which represented less than 1% of the December 31, 2006 balance, obligations of states and municipalities, which represented 2 8% of the available-for-sale portfolio, and equity and other securities, which made up 13 2% of the available-for-sale portfolio

The $938 million increase in securities available for sale was the result of a combination of factors, including an increase in funds allocated to the securities portfolio as a result of the acquisitions of Main Street and First Citizens and the securitization of approximately $51 million in mortgage loans in the fourth quarter of 2006 that were held in BB&T's loan portfolio and subsequently transferred to the securities portfolio During the year ended December 31, 2006, BB&T sold approximately $2 8 billion of available-for-sale securities and realized net losses totaling $73 million These sales included approximately $2 5 billion of sales and $75 million in net losses in connection with an announced restructuring of a portion of the securities portfolio that was undertaken in the fourth quarter of 2006 BB&T replaced substantially all of the assets sold with higher-yielding securities and expects to recover the $75 million loss through higher earnings by the end of 2007

Maybank 011048

Global Reports LLC

ROA 4009

The following table presents BB&T's securities portfolio at December 31, 2006, segregated by major category with ranges of maturities and average yields disclosed

Table 9
Securities

	December 31, 2006	
	Carrying Value	Weighted Average Yield (1)
	(Dollars in millions)	
U S Treasury securities		
Within one year	$ 17	3 13%
One to five years	61	4 57
Five to ten years	5	4 32
After ten years	—	—
Total	83	4 26
U S government-sponsored entity securities		
Within one year	315	3 50
One to five years	5,648	3 84
Five to ten years	3,002	4 51
After ten years	71	5 94
Total	9,036	4 07
Mortgage-backed securities (2)		
Within one year	4	2 99
One to five years	196	3 85
Five to ten years	69	5 52
After ten years	8,028	5 00
Total	8,297	4 97
Obligations of states and political subdivisions		
Within one year	98	5 76
One to five years	355	6 78
Five to ten years	52	7 22
After ten years	66	7 35
Total	571	6 71
Other securities (3)		
Within one year	—	—
One to five years	141	6 14
Five to ten years	529	7 31
After ten years	1,472	5 67
Total	2,142	6 11
Trading securities and securities with no stated maturity (4)	2,739	3 87
Total securities (5)	$22,868	4 63%

(1) Yields on tax-exempt securities are calculated on a taxable-equivalent basis using the statutory federal income tax rate of 35% Yields for available-for-sale securities are calculated based on the amortized cost of the securities

(2) For purposes of the maturity table, mortgage-backed securities, which are not due at a single maturity date, have been allocated over maturity groupings based on the weighted average contractual maturities of underlying collateral

(3) Includes privately-issued mortgage-backed securities totaling $1 6 billion For purposes of the maturity table, these securities, which are not due at a single maturity date, have been allocated over maturity groupings based on the weighted average contractual maturities of underlying collateral

(4) Trading securities and securities with no stated maturity include equity investments that totaled $592 million and trading securities that totaled $2 1 billion

(5) Includes securities available-for-sale and trading securities carried at estimated fair values of $20 7 billion and $2 1 billion, respectively

Maybank 011049

Global Reports LLC

ROA 4010

The market value of the available-for-sale portfolio at year-end 2006 was $391 million lower than the amortized cost of these securities At December 31, 2006, BB&T's available-for-sale portfolio had net unrealized losses, net of deferred income taxes, of $249 million, which are reported as a component of shareholders' equity At December 31, 2005, the available-for-sale portfolio had net unrealized losses of $338 million, net of deferred income taxes

On December 31, 2006, BB&T held certain investment securities having continuous unrealized loss positions for more than 12 months As of December 31, 2006, the unrealized losses on these securities totaled $445 million Substantially all of these investments were in U S government-sponsored entity securities and mortgage-backed securities, which primarily consist of securities issued by the Federal Farm Credit Bureau, the Federal Home Loan Bank System, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation These agencies are rated AAA and the unrealized losses are the result of increases in market interest rates rather than the credit quality of the issuers At December 31, 2006, BB&T had the ability and intent to retain these securities for a period of time sufficient to recover all unrealized losses Accordingly, BB&T has not recognized any other-than-temporary impairment in connection with these securities during 2006

The fully taxable equivalent ("FTE") yield on the total securities portfolio was 4 48% for the year ended December 31, 2006, compared to 4 17% for the prior year The increase in FTE yield resulted principally from the changes in the overall composition of the securities portfolio with a larger concentration of higher-yielding mortgage-backed securities and other higher-yielding securities, which primarily consist of privately-issued mortgage backed securities The yield on U S government sponsored-entity securities increased from 3 78% in 2005 to 4 02% in 2006, while the yield on mortgage-backed securities increased from 4 72% to 4 97% and the FTE yield on state and municipal securities increased from 6 73% last year to 6 89% in the current year The yield on other securities increased from 4 97% during 2005 to 5 82% in 2006

Loans and Leases

BB&T emphasizes commercial lending to small and medium-sized businesses, consumer lending, mortgage lending and specialized lending with an overall goal of maximizing the profitability of the loan portfolio while maintaining strong asset quality The various categories of loan products offered by BB&T are discussed under "Lending Activities" in the "Overview and Description of Business" section herein BB&T is a full-service lender with approximately one-half of its loan portfolio comprised of loans to businesses and one-half comprised of loans to individual consumers Average commercial loans, including lease receivables, comprised 49 1% of the loan portfolio during 2006, compared to 48 9% in 2005 Average consumer loans, which include sales finance, revolving credit and direct retail, comprised 27 3% of average loans in 2006, compared to 28 7% in 2005 Average mortgage loans comprised 19 5% of average total loans for 2006, compared to 18 8% a year ago Average loans originated by BB&T's specialized lending subsidiaries represented the remaining 4 1% of average total loans in 2006, compared to 3 6% during the prior year

BB&T's loan portfolio, excluding loans held for sale, increased $8 5 billion, or 11 4%, as compared to 2005 Average total loans and leases for 2006 increased $7 8 billion, or 10 9%, compared to 2005 In addition to strong internal loan growth, the increase was aided by the addition of loans held by Main Street and First Citizens, which were acquired during 2006 Average loan growth was reduced by the securitization of approximately $51 million and $210 million of residential mortgage loans during the fourth quarter of 2006 and the fourth quarter of 2005, respectively The resulting mortgage-backed securities were transferred to the available-for-sale securities portfolio The securitizations completed during 2006 and 2005 were undertaken to provide additional collateral-eligible assets needed to satisfy client demands

Average commercial loans and leases increased $4 0 billion, or 11 3%, in 2006 as compared to 2005 Overall the commercial loan and lease portfolio showed solid growth during 2006 The mix of the commercial loan portfolio has shifted somewhat during the latter part of 2006, as commercial real estate lending has slowed due to a slower real estate market This has been offset by an increased focus on commercial and industrial loans Average consumer loans increased $1 1 billion, or 5 4%, as compared to 2005, which was comprised of increases in direct retail loans of 6 2%, sales finance loans of 3 2% and revolving credit loans of 4 6% The pace of growth in the consumer loan portfolio slowed further in 2006 especially direct retail loans, due to higher interest rates that caused a slowdown in demand for home equity loan products Sales finance loans grew modestly during 2006,

Maybank 011050

Global Reports LLC

ROA 4011

however the fourth quarter showed substantial improvement as BB&T continues to benefit from expansion into newer markets within the BB&T footprint BB&T expects to increase its sales finance business during 2007 by continuing to emphasize expansion in newer markets within the BB&T footprint and increasing its focus on the marine finance and recreational vehicle markets Average mortgage loans increased $2 0 billion, or 15 1%, compared to 2005 Management views mortgage loans as excellent long-term investments due to their lower credit risk, liquidity characteristics and current favorable spreads versus U S Treasury securities, and believes originating and servicing mortgage loans is an integral part of BB&T's relationship-based credit culture The growth in the portfolio of mortgage loans in 2006 was reduced by the securitizations previously discussed BB&T is a large originator of residential mortgage loans, with 2006 originations of $9 9 billion To improve the overall yield of the loan portfolio and to mitigate interest rate risk, BB&T sells most of its fixed-rate mortgage loans in the secondary market At December 31, 2006, BB&T was servicing $28 2 billion in residential mortgages owned by third parties and $17 0 billion of mortgage loans owned by BB&T, including $16 3 billion classified as mortgage loans and $747 million classified as securities available for sale Average loans originated by BB&T's specialized lending subsidiaries increased $698 million, or 27 4%, compared to 2005 The growth in the specialized lending portfolio was primarily due to strong internal loan growth as management views these businesses as providing an attractive risk-adjusted return for BB&T and has grown this portfolio at a faster pace than the overall lending portfolio

The average annualized FTE yields on commercial, consumer, mortgage and specialized lending subsidiary loans for 2006 were 7 78%, 7 23%, 5 70% and 15 22%, respectively, resulting in a yield for the total loan portfolio of 7 53% The FTE yields on commercial, consumer, mortgage and specialized lending subsidiary loans for 2005 were 6 51%, 6 48%, 5 44% and 14 68%, respectively, resulting in a yield for the total loan portfolio of 6 59% The 94 basis point increase in the average yield on loans resulted primarily from an increase in rates on commercial loans as variable-rate loans were repriced and fixed-rate loans with lower yields were replaced with higher-yielding loans and leases In addition, a portion of the consumer loan portfolio is variable-rate and was repriced as a result of increases in the prime lending rate During the second half of 2004, the Federal Reserve started to steadily increase the intended Federal funds rate in response to a pick-up in economic activity As a result of the Federal Reserve Board's actions, the average prime rate in effect during 2006 and 2005 was 7 96% and 6 19%, respectively The prime rate is the basis for pricing many commercial and consumer loans and was 8 25% at year-end 2006 The Federal Reserve Board has left rates unchanged since June 2006 The rise in short-term interest rates was not matched by a similar rise in long-term interest rates Therefore, mortgage rates, which are influenced by long-term interest rates in the marketplace, remained relatively unchanged compared to last year The overall yield in the loan portfolio also benefited from a slight change in the mix of the portfolio as the specialized lending portfolio grew at a faster pace than the overall portfolio, contributing to an increase in the loan portfolio's yield

Asset Quality and Credit Risk Management

BB&T utilizes the following general practices to manage credit risk

- limiting the amount of credit that individual lenders may extend,
- establishing a process for credit approval accountability,
- careful initial underwriting and analysis of borrower, transaction, market and collateral risks,
- ongoing servicing of individual loans and lending relationships,
- continuous monitoring of the portfolio, market dynamics and the economy, and
- periodically reevaluating the bank's strategy and overall exposure as economic, market and other relevant conditions change

BB&T's lending strategy, which focuses on relationship-based lending within our markets and smaller individual loan balances, continues to produce excellent credit quality As measured by relative levels of nonperforming assets and net charge-offs, BB&T's asset quality has remained significantly better than published industry averages

Maybank 011051

Global Reports LLC

ROA 4012

Asset Quality

The following table summarizes asset quality information for BB&T for the past five years

Table 10
Asset Quality

	December 31,				
	2006	2005	2004	2003	2002
	(Dollars in millions)				
Nonaccrual loans and leases	$ 260	$ 229	$ 269	$ 350	$ 375
Restructured loans	—	—	—	1	—
Foreclosed property	89	71	89	96	77
Nonperforming assets	$ 349	$ 300	$ 358	$ 447	$ 452
Loans 90 days or more past due and still accruing	$ 102	$ 103	$ 100	$ 117	$ 115
Asset Quality Ratios (1)					
Nonaccrual and restructured loans and leases as a percentage of loans and leases	31%	31%	39%	56%	70%
Nonperforming assets as a percentage of Total assets	29	.27	36	49	56
Loans and leases plus foreclosed property	42	40	52	72	84
Net charge-offs as a percentage of average loans and leases	27	30	36	43	48
Allowance for loan and lease losses as a percentage of loans and leases	1 06	1 10	1 18	1 26	1 35
Allowance for loan and lease losses as a percentage of loans and leases held for investment	1 07	1 11	1 19	1 27	1 42
Ratio of allowance for loan and leases to					
Net charge-offs	4 12 x	3 84 x	3 42 x	3 17 x	2 94 x
Nonaccrual and restructured loans and leases	3 41	3 60	2 99	2 24	1 93

NOTE (1) Items referring to loans and leases are net of unearned income and, except for loans and leases held for investment, include loans held for sale

Maybank 011052

Global Reports LLC

ROA 4013

During 2006, BB&T's credit quality remained solid BB&T experienced a fourth consecutive year of lower charge-offs as a percentage of average outstanding loans Nonperforming assets increased slightly from 27% of total assets at December 31, 2005 to 29% at year-end 2006, after three consecutive years of declines

The following table summarizes nonperforming assets and past due loans by loan type for the past three years

Table 11
Summary of Nonperforming Assets and Past Due Loans

	December 31,		
	2006	2005	2004
	(Dollars in millions)		
Nonaccrual loans and leases			
Commercial loans and leases	$129	$104	$138
Direct retail	39	41	38
Sales finance	2	5	6
Revolving credit	—	—	—
Mortgage	53	48	61
Specialized lending	37	31	26
Total nonaccrual loans and leases	$260	$229	$269
Foreclosed real estate	$ 54	$ 48	$ 69
Other foreclosed assets	35	23	20
Restructured loans	—	—	—
Total nonperforming assets	$349	$300	$358
Nonaccrual loans and leases as a percentage of total loans and leases			
Commercial loans and leases	16%	14%	20%
Direct retail	05	06	05
Sales finance	—	01	01
Revolving credit	—	—	—
Mortgage	06	06	09
Specialized lending	04	04	04
Total nonaccrual loans and leases as a percentage of loans and leases	31%	31%	39%
Loans 90 days or more past due and still accruing interest			
Commercial loans and leases	$ 14	$ 10	$ 4
Direct retail	20	21	20
Sales finance	17	21	20
Revolving credit	6	5	5
Mortgage	37	39	44
Specialized lending	8	7	7
Total loans 90 days or more past due and still accruing interest	$102	$103	$100
Total loans 90 days or more past due and still accruing interest as a percentage of total loans and leases			
Commercial loans and leases	02%	01%	01%
Direct retail	02	03	03
Sales finance	02	03	03
Revolving credit	01	01	01
Mortgage	04	05	06
Specialized lending	01	01	01
Total loans 90 days or more past due and still accruing interest as a percentage of total loans and leases	12%	14%	15%

Maybank 011053

Global Reports LLC

ROA 4014

Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

The allowance for loan and lease losses and the reserve for unfunded lending commitments compose BB&T's allowance for credit losses The allowance for credit losses totaled $888 million at December 31, 2006, an increase of 7 0% compared to $830 million at the end of 2005 The allowance for loan and lease losses, as a percentage of loans and leases, was 1 06% at December 31, 2006, compared to 1 10% at year-end 2005 As a percentage of loans held for investment, the ratio of the allowance for loan and lease losses to total loans and leases was 1 07% at December 31, 2006 compared to 1 11% at the end of last year BB&T's strong credit history, combined with improvements in BB&T's relative level of net charge-offs, led to the reduction in the allowance as a percentage of outstanding loans and leases for a fourth consecutive year Please refer to Note 5 "Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments" in the "Notes to Consolidated Financial Statements" for additional disclosures

Information relevant to BB&T's allowance for loan and lease losses for the last five years is presented in the following table The table is presented using regulatory classifications

Table 12
Analysis of Allowance for Credit Losses

	December 31,				
	2006	2005	2004	2003	2002
	(Dollars in millions)				
Balance, beginning of period	$ 830	$ 828	$ 793	$ 724	$ 645
Charge-offs					
Commercial, financial and agricultural	(32)	(52)	(60)	(72)	(85)
Real estate	(46)	(45)	(61)	(78)	(61)
Consumer	(194)	(174)	(165)	(161)	(145)
Lease receivables	(5)	(6)	(11)	(5)	(6)
Total charge-offs	(277)	(277)	(297)	(316)	(297)
Recoveries					
Commercial, financial and agricultural	12	14	17	25	18
Real estate	7	8	10	11	7
Consumer	41	39	34	30	25
Lease receivables	1	2	1	1	1
Total recoveries	61	63	62	67	51
Net charge-offs	(216)	(214)	(235)	(249)	(246)
Provision charged to expense	240	217	249	248	263
Allowance for loans (sold) acquired, net	34	(1)	21	70	62
Balance, end of period	$ 888	$ 830	$ 828	$ 793	$ 724
Average loans and leases (1)	$79,313	$71,517	$66,107	$57,857	$50,851
Net charge-offs as a percentage of average loans and leases (1)	27%	30%	36%	43%	48%

(1) Loans and leases are net of unearned income and include loans held for sale

Deposits and Other Borrowings

Client deposits generated through the BB&T banking network are the largest source of funds used to support asset growth Total deposits at December 31, 2006, were $81 0 billion, an increase of $6 7 billion, or 9 0%, compared to year-end 2005 The increase in deposits during 2006 was driven by a $5 7 billion, or 29 4% increase in client certificates of deposit ("CDs"), a $3 1 billion, or 10 0% increase in other client deposits, which include money rate savings accounts, investor deposit accounts, savings accounts, individual retirement accounts and other time

Maybank 011054

Global Reports LLC

ROA 4015

deposits These increases were partially offset by a decline of $1 9 billion, or 21 0% in other interest-bearing deposits For the year ended December 31, 2006, total deposits averaged $77 2 billion, an increase of $6 9 billion, or 9 8%, compared to 2005 The increase in average deposits was primarily the result of a $4 6 billion, or 25 6% increase in average CDs, and a $1 6 billion, or 5 5% increase in average other client deposits The overall increases in year-end and average deposits included the impact of the acquisitions of Main Street and First Citizens, which were completed during 2006

Average other client deposits, which include money rate savings accounts, investor deposit accounts, savings accounts, individual retirement accounts and other time deposits represent the largest component of BB&T's deposits and composed 40 7% of total average deposits for 2006, compared to 42 4% during 2005 CDs are the second largest source and comprised 29 2% of total average deposits for 2006 compared to 25 5% for 2005 The remainder of client deposits is comprised of noninterest-bearing deposits and savings and interest-checking accounts, which comprised 19 9% of total average deposits in the current year, compared to 20 9%, for last year BB&T also gathers other interest-bearing deposits through wholesale funding products, which include negotiable certificates of deposit and Eurodollar deposits Average other interest-bearing deposits represented 10 1% of total average deposits for 2006, as compared to 11 2% for 2005 During 2006, management increased its focus on deposit gathering efforts and more aggressively pursued retail deposits through the banking network This led to the increases in CDs as a percentage of total deposits and the decrease in reliance on other interest-bearing deposits to fund strong loan growth and fuel organic growth initiatives The decline in other client deposits as a percentage of total average deposits was largely a result of consumers migrating to CDs and other higher-yielding deposit products as interest rates increased during 2005 and 2006

The average rate paid on interest-bearing deposits increased to 3 34% during 2006, from 2 18% in 2005 This increase resulted primarily from the steady interest rate increases by the Federal Reserve which began during the second half of 2004 and resulted in BB&T increasing its rates on its interest-bearing deposit products The average rates paid on the various categories of interest-bearing deposits also increased as follows CDs increased to 4 16% in the current year from 2 91% in 2005, other client deposits increased to 2 43% in the current year from 1 51% in 2005, interest checking increased to 1 87% in 2006 from 80% in 2005, and other interest-bearing deposits increased to 5 04% in 2006 from 3 35% in 2005

Maybank 011055

Global Reports LLC

ROA 4016

BB&T also uses various types of shorter-term borrowings in meeting funding needs While client deposits remain the primary source for funding loan originations, management uses shorter-term borrowings as a supplementary funding source for loan growth and other balance sheet management purposes Shorter-term borrowings comprised 6 1% of total funding needs on average in 2006 as compared to 7 1% in 2005 See Note 9 "Federal Funds Purchased, Securities Sold Under Agreements to Repurchase and Short-Term Borrowed Funds" in the "Notes to Consolidated Financial Statements" herein for further disclosure The types of shorter-term borrowings utilized by the Corporation include Federal funds purchased, which comprised 24 8% of total shorter-term borrowings, and securities sold under repurchase agreements, which comprised 25 8% of shorter-term borrowings at year-end 2006 Master notes, U S Treasury tax and loan deposit notes, and short-term bank notes are also utilized to meet short-term funding needs and comprised the remaining 49 4% of these types of funding sources as of December 31, 2006 Shorter-term borrowings at the end of 2006 were $8 1 billion, an increase of $1 5 billion, or 23 2% compared to year-end 2005 Average shorter-term borrowings totaled $7 0 billion during 2006 compared to $7 4 billion last year, a decrease of 5 1% The increase in the year-end balance was primarily associated with funding trading securities purchased at year-end 2006, while the decline in the average balance during 2006 compared to 2005 was the result of strong deposit growth and a migration of some funding requirements to long-term debt The rates paid on average shorter-term borrowings increased from 3 04% in 2005 to 4 30% during 2006 The increase in the cost of shorter-term borrowings resulted from recent actions by the Federal Reserve Board, which steadily increased the targeted Federal funds rate by 425 basis points starting in the second half of 2004 and ending in June 2006 At December 31, 2006, the targeted federal funds rate was 5 25% as compared to its lowest level of 1 00% in June 2003 The following table summarizes certain pertinent information for the past three years with respect to BB&T's shorter-term borrowings

Table 13
Federal Funds Purchased, Securities Sold Under Agreements to Repurchase and Short-Term Borrowed Funds

	As of /For the Year Ended December 31,		
	2006	2005	2004
	(Dollars in millions)		
Securities Sold Under Agreements to Repurchase			
Maximum outstanding at any month-end during the year	$3,080	$4,269	$3,690
Balance outstanding at end of year	2,090	2,699	2,521
Average outstanding during the year	2,608	3,505	3,078
Average interest rate during the year	4 35%	3 04%	1 38%
Average interest rate at end of year	4 24	3 73	2 12
Federal Funds Purchased and Short-term Borrowed Funds			
Maximum outstanding at any month-end during the year	$6,036	$5,447	$5,319
Balance outstanding at end of year	5,997	3,863	4,167
Average outstanding during the year	4,398	3,881	3,513
Average interest rate during the year	4.27%	3 04%	1 36%
Average interest rate at end of year	4 83	3 93	2 03

BB&T also utilizes long-term debt to provide both funding and, to a lesser extent, regulatory capital Long-term debt comprised 12 8% of total funding needs on average during 2006 and 11 4% in 2005 See Note 10 "Long-Term Debt" in the "Notes to Consolidated Financial Statements" herein for further disclosure Long-term debt at December 31, 2006, totaled $15 9 billion, an increase of $2 8 billion, or 21 2%, from year-end 2005 For the year ended December 31, 2006, average long-term debt increased $2 7 billion, or 22 3%, compared to the average for 2005 BB&T's long-term debt consists primarily of FHLB advances, which composed 41 3% of total outstanding long-term debt at December 31, 2006, and subordinated notes of BB&T Corporation, which composed 21 1% of the year-end balance FHLB advances are cost-effective long-term funding sources that provide BB&T with the flexibility to structure the debt in a manner that aids in the management of interest rate risk and liquidity The remaining long-term debt consists of both secured and unsecured senior and subordinated borrowings by Branch Bank, junior subordinated debt to unconsolidated trusts issued by the Corporation, and capital leases The average rate paid on long-term debt increased from 4 22% during 2005 to 5 10% during 2006 primarily because BB&T has issued floating rate instruments or elected to swap a portion of its fixed-rate long-term debt to floating rates

The increase in long-term debt during 2006 was primarily related to the issuance of $600 million in capital securities, $500 million in medium term bank notes, $750 million in subordinated bank notes and the receipt of a

Maybank 011056

Global Reports LLC

ROA 4017

$1 0 billion FHLB advance The issuances of the floating rate medium term bank notes and the FHLB advance were designed to better stratify debt maturities among short, medium and long-term periods The proceeds from the issuance of the capital securities were used primarily to repurchase shares under BB&T's share repurchase program The proceeds from the subordinated bank notes were used to provide for general funding needs of Branch Bank and to provide additional regulatory capital

Liquidity needs are a primary consideration in evaluating funding sources BB&T's strategy is to maintain funding flexibility in order that the Corporation may react rapidly to opportunities that may become available in the marketplace BB&T will continue to focus on traditional core funding strategies, supplemented as needed by the types of borrowings discussed above See "Liquidity" herein for additional discussion

Analysis of Results of Operations

Consolidated net income for 2006 totaled $1 53 billion, which generated basic earnings per share of $2 84 and diluted earnings per share of $2 81 Net income for 2005 was $1 65 billion and net income for 2004 totaled $1 56 billion Basic earnings per share were $3 02 in 2005 and $2 82 in 2004, while diluted earnings per share were $3 00 and $2 80 for 2005 and 2004, respectively

Two important and commonly used measures of bank profitability are return on average assets (net income as a percentage of average total assets) and return on average shareholders' equity (net income as a percentage of average common shareholders' equity) BB&T's returns on average assets were 1 34%, 1 58%, and 1 62% for the years ended December 31, 2006, 2005 and 2004, respectively The returns on average common shareholders' equity were 13 35%, 14 95%, and 14 71% for the last three years

BB&T's 2006 net income and returns were negatively affected by an additional tax provision of $139 million after-tax, which is discussed further under the section titled "Provision for Income Taxes" herein and securities losses resulting from a portfolio restructuring of $47 million after-tax, which was mentioned previously under the section titled "Securities" herein

Merger-Related and Restructuring Charges

Mergers and acquisitions have played an important role in the development of BB&T's franchise BB&T has been an active acquirer of financial institutions, insurance agencies and other nonbank fee income producing businesses for many years However, in 2004, management elected not to pursue any new bank or thrift acquisitions during 2004 and 2005, and instead focus on integrating recent acquisitions and improving internal growth During 2006, BB&T re-entered the bank acquisition market and completed the acquisitions of Main Street and First Citizens Please Refer to Note 2 "Business Combinations" in the "Notes to Consolidated Financial Statements" for a summary of mergers and acquisitions consummated during the three years ended December 31, 2006 As a result of these activities, the consolidated results of operations for the three year period covered by this discussion include the effects of merger-related and restructuring charges, as well as expenses and certain gains related to the consummation of the transactions

Merger-related charges and expenses include personnel-related items such as staff relocation costs, severance benefits, early retirement packages and contract settlements They also include furniture, equipment and occupancy costs related to department and branch consolidations as well as costs related to converting the data processing systems of acquired companies to BB&T's automation platform Merger-related charges also include professional fees, advertising and asset write-offs incurred in connection with the mergers

During 2006, BB&T recorded net merger-related and restructuring charges of $18 million, which are reflected in BB&T's Consolidated Statements of Income as a separate category of noninterest expenses These amounts were primarily associated with the write-off of duplicate software in connection with the Main Street acquisition and systems conversion costs related to the acquisitions of Main Street and First Citizens

During 2005, BB&T recorded net merger-related and restructuring credits, or gains of $11 million, which are reflected in BB&T's Consolidated Statements of Income as a separate category of noninterest expenses These amounts were primarily associated with the sale of duplicate facilities and the finalization of severance and other

Maybank 011057

Global Reports LLC

ROA 4018

personnel-related liabilities in connection with the First Virginia Banks, Inc ("First Virginia") and Republic Bancshares, Inc ("Republic") acquisitions on terms more beneficial than originally estimated

During 2004, BB&T recorded merger-related and restructuring charges of $6 million, which are reflected in BB&T's Consolidated Statements of Income as noninterest expenses These expenses were recorded primarily in connection with the acquisitions and systems conversions of McGriff, Seibels & Williams, Inc ("McGriff") and Republic

The following table presents the components of merger-related and restructuring charges included in noninterest expenses This table includes changes to previously recorded merger-related accruals and period expenses for merger-related items that must be expensed as incurred Items that are required to be expensed as incurred include certain expenses associated with systems conversions, data processing, training, and other costs

Table 14
Summary of Merger-Related and Restructuring Charges

	For the Year Ended December 31,		
	2006	2005	2004
	(Dollars in millions)		
Severance and personnel-related charges	$ 2	$ (5)	$ 9
Occupancy and equipment charges	(2)	(5)	(12)
Systems conversions and related charges	4	—	1
Marketing and public relations	2	—	4
Asset write-offs and other merger-related charges	12	(1)	4
Total	$18	$(11)	$ 6

Severance and personnel-related costs or credits include severance, employee retention, payments related to change-in-control provisions of employment contracts, outplacement services and other benefits associated with employee termination or reversals of previously estimated amounts, which typically occur in corporate support and data processing functions During 2006, BB&T estimated that 147 positions would be eliminated and receive severance due to mergers and 114 employees did, in fact, receive severance in 2006 Sixty-one former employees will continue to receive merger-related severance payments during 2007 BB&T did not have any job eliminations in connection with mergers during 2005 During 2004, BB&T estimated that 200 positions would be eliminated and receive severance in connection with the acquisition of Republic and 225 employees did, in fact, receive severance in 2004 Nine former employees continued to receive severance payments during 2005

Occupancy and equipment charges or credits represent merger-related costs or gains associated with lease terminations, obsolete equipment write-offs, and the sale of duplicate facilities and equipment Credits may result when obsolete properties or equipment are sold for more than originally estimated Systems conversions and related charges include expenses necessary to convert and combine the acquired branches and operations of merged companies Marketing and public relations costs represent direct media advertising related to the acquisitions The other merger-related charges are composed of asset and supply inventory write-offs, litigation accruals, and other similar charges

Maybank 011058

Global Reports LLC

ROA 4019

In conjunction with the consummation of an acquisition and the completion of other requirements, BB&T typically accrues certain merger-related expenses related to estimated severance and other personnel costs, costs to terminate lease contracts, costs related to the disposal of duplicate facilities and equipment, costs to terminate data processing contracts and other costs associated with an acquisition The following tables present a summary of activity with respect to BB&T's merger and restructuring accruals These tables include costs reflected as expenses, as presented in the table above, and certain accruals recorded through purchase accounting adjustments

	Merger Accrual Activity (Dollars in millions)						
	Balance January 1, 2005	Accrued at acquisition	Merger-related and restructuring gains	Utilized	Purchase Price Adjustments	Other, net	Balance December 31, 2005
Severance and personnel-related charges	$ 15	$—	$ (5)	$ (4)	$—	$—	$ 6
Occupancy and equipment charges	16	—	(5)	(4)	—	1	8
Other merger-related charges	3	2	(1)	(2)	1	—	3
Total	$ 34	$ 2	$(11)	$(10)	$ 1	$ 1	$17

	Balance January 1, 2006	Accrued at acquisition	Merger related and restructuring charges (gains)	Utilized	Purchase Price Adjustments	Other, net (1)	Balance December 31, 2006
Severance and personnel-related charges	$ 6	$ 20	$ 2	$(19)	$ 3	$—	$12
Occupancy and equipment charges	8	—	(2)	(2)	—	—	4
Systems conversions and related charges	—	1	4	(5)	—	—	—
Other merger-related charges	3	—	14	(5)	—	(10)	2
Total	$ 17	$ 21	$ 18	$(31)	$ 3	$(10)	$18

(1) Primarily relates to the write-off of duplicate software related to the Main Street acquisition

The liabilities for severance and personnel-related costs relate to severance liabilities that will be paid out based on such factors as expected termination dates, the provisions of employment contracts and the terms of BB&T's severance plans The remaining occupancy and equipment accruals relate to costs to exit certain leases and to dispose of excess facilities and equipment Such liabilities will be utilized upon termination of the various leases and sale of duplicate property The other merger-related liabilities relate to litigation and other similar charges

In general, a major portion of accrued costs are utilized in conjunction with or immediately following the systems conversion, when most of the duplicate positions are eliminated and the terminated employees begin to receive severance Other accruals are utilized over time based on the sale, closing or disposal of duplicate facilities or equipment or the expiration of lease contracts Merger accruals are re-evaluated periodically and adjusted as necessary The remaining accruals at December 31, 2006 are expected to be utilized during 2007, unless they relate to specific contracts that expire in later years

Net Interest Income

Net interest income is BB&T's primary source of revenue Net interest income is influenced by a number of factors, including the volume, mix and maturity of interest-earning assets and interest-bearing liabilities and the interest rates earned and paid thereon The difference between rates earned on interest-earning assets (with an adjustment made to tax-exempt income to provide comparability with taxable income, i e the "FTE" adjustment) and the cost of the supporting funds is measured by the net interest margin The accompanying table presents the dollar amount of changes in interest income and interest expense, and distinguishes between the changes related to increases or decreases in average outstanding balances of interest-earning assets and interest-bearing liabilities (volume), and the changes related to increases or decreases in average interest rates on such assets and liabilities (rate) Changes attributable to both volume and rate have been allocated proportionately

For 2006, net interest income on an FTE-adjusted basis totaled $3 8 billion, compared with $3 6 billion in 2005 and $3 4 billion in 2004 The 5 2% increase in net interest income during 2006 resulted because the benefit from strong average earning asset growth of 9 6% more than offset the adverse impact of the steady increase in short-term rates, which caused funding costs to increase faster than interest on earning assets

Maybank 011059

Global Reports LLC

ROA 4020

The FTE-adjusted net interest margin is the primary measure used in evaluating the gross profit margin from the portfolios of earning assets The FTE-adjusted net interest margin was 3 74% in 2006, 3 89% in 2005 and 4 04% in 2004 The average yield on interest earning assets increased 84 basis points compared to the average yield during 2005, while the average cost of funds over the same time period increased 114 basis points The faster increase in the cost of funds compared to interest-earning assets is primarily a result of a delay in the repricing of earning assets compared to interest-bearing liabilities and a change in the mix of funding sources with a higher concentration of deposits in higher-cost products While many of BB&T's liabilities reprice in a short period of time after an increase in rates, there is typically a delay of between three and eighteen months before BB&T's assets will be repriced Therefore, once interest rates stabilize BB&T expects to benefit from repricing of earning assets and should not experience a similar rise in its cost of funding In addition to the lag effect described above, the margin was also negatively affected by a flattening yield curve during 2005, which became inverted in 2006 The inverted yield curve is a significant challenge for financial services companies, like BB&T, who borrow money from clients in the form of deposits and pay short-term rates, and invest in assets with longer-term maturities, which generally produce an interest spread BB&T's net interest margin was also negatively impacted by the additional interest expense incurred in connection with BB&T's share repurchase program While management expects some volatility in the net interest margin during the quarterly periods in 2007, it currently estimates that the full year 2007 margin will be in the middle of the range between 3 60% and 3 70% While management believes this estimate is reasonable it is based on a number of factors management does not control, including expectations with regards to future actions by the Federal Reserve Board, changes in the volumes of assets and liabilities and other factors, which may not occur as currently anticipated by management

Maybank 011060

Global Reports LLC

ROA 4021

Table 15
FTE Net Interest Income and Rate / Volume Analysis
For the Years Ended December 31, 2006, 2005 and 2004

	Average Balances			Yield / Rate			Income / Expense			2006 vs 2005			2005 vs 2004		
										Increase	Change due to		Increase	Change due to	
	2006	2005	2004	2006	2005	2004	2006	2005	2004	(Decrease)	Rate	Volume	(Decrease)	Rate	Volume
	(Dollars in millions)														
Assets															
Securities, at amortized cost (1)															
U S Treasury securities	$ 113	$ 120	$ 132	3 56%	3 05%	2 93%	$ 4	$ 4	$ 4	$—	$—	$—	$—	$—	$—
U S government sponsored entity securities (6)	11 616	12,299	13,883	4 02	3 78	3 91	467	465	542	2	29	(27)	(77)	(17)	(60)
Mortgage-backed securities	6 990	6,106	2,593	4 97	4 72	4 52	347	288	117	59	16	43	171	5	166
States and political subdivisions	607	699	827	6 89	6 73	6 51	42	47	54	(5)	1	(6)	(7)	2	(9)
Other securities	1 160	696	387	5 82	4 97	3 25	67	35	13	32	7	25	22	9	13
Trading securities	862	547	396	3 34	2 64	2 09	29	14	8	15	4	11	6	3	3
Total securities (5)	21 348	20,467	18,218	4 48	4 17	4 05	956	853	738	103	57	46	115	2	113
Other earning assets (2)	911	719	621	5 69	3 06	1 79	52	22	11	30	22	8	11	9	2
Loans and leases, net of unearned income (1)(3)(4)(5)	79 313	71,517	66,107	7 53	6 59	5 87	5 973	4,713	3,879	1 260	714	546	834	501	333
Total earning assets	101 572	92,703	84,946	6 87	6 03	5 45	6 981	5,588	4,628	1 393	793	600	960	512	448
Non earning assets	12 756	11,909	11,330												
Total assets	$114 328	$104,612	$96,276												
Liabilities and Shareholders' Equity															
Interest-bearing deposits															
Interest checking	$ 2 164	$ 1 797	$ 1,609	1 87	0 80	0 33	40	14	5	26	23	3	9	8	1
Other client deposits	31 462	29 814	28,623	2 43	1 51	0 96	764	451	275	313	287	26	176	164	12
Client certificates of deposits	22 564	17,969	17,526	4 16	2 91	2 14	939	522	375	417	262	155	147	137	10
Other interest-bearing deposits	7 822	7 888	5 375	5 04	3 35	1 39	394	265	75	129	131	(2)	190	143	47
Total interest bearing deposits	64 012	57 468	53 133	3 34	2 18	1 37	2 137	1,252	730	885	703	182	522	452	70
Federal funds purchased, securities sold under repurchase agreements and short term borrowed funds	7 006	7,386	6,591	4 30	3 04	1 37	301	224	90	77	90	(13)	134	122	12
Long term debt	14 628	11 959	10,886	5 10	4 22	3 48	747	505	378	242	117	125	127	87	40
Total interest bearing liabilities	85 646	76,813	70,610	3 72	2 58	1 70	3 185	1,981	1,198	1 204	910	294	783	661	122
Noninterest bearing deposits	13 218	12,878	11,683												
Other liabilities	4 012	3,856	3,386												
Shareholders' equity	11 452	11 065	10,597												
Total liabilities and shareholders' equity	$114 328	$104,612	$96,276												
Average interest rate spread				3 15%	3 45%	3 75%									
Net interest margin				3 74%	3 89%	4 04%	$3 796	$3 607	$3 430	$189	$(117)	$306	$177	$(149)	$326

(1) Interest income from securities loans and leases includes the effects of taxable equivalent adjustments (reduced by the nondeductible portion of interest expense) using a federal income tax rate of approximately 35% for all years reported and where applicable, state income taxes, to increase tax exempt interest income to a taxable-equivalent basis The net taxable equivalent adjustment amounts included in the above table were $88 million, $83 million and $81 million for the three years ended December 31, 2006, 2005 and 2004, respectively
(2) Includes Federal funds sold, securities purchased under resale agreements or similar arrangements, interest-bearing deposits with banks, and other earning assets
(3) Loan fees, which are not material for any of the periods shown, have been included for rate calculation purposes
(4) Nonaccrual loans have been included in the average balances Only the interest collected on such loans has been included as income
(5) Includes assets which were held for sale or available for sale at amortized cost and trading securities at fair value
(6) Includes stock issued by the FHLB of Atlanta

Maybank 011061

Global Reports LLC

ROA 4022

Provision for Credit Losses

A provision for credit losses is charged against earnings in order to maintain an allowance for loan and lease losses and a reserve for unfunded lending commitments that reflects management's best estimate of probable losses inherent in the credit portfolios at the balance sheet date The amount of the provision is based on continuing assessments of nonperforming and "watch list" loans and associated unfunded credit commitments, analytical reviews of loss experience in relation to outstanding loans and funded credit commitments, loan charge-offs, nonperforming asset trends and management's judgment with respect to current and expected economic conditions and their impact on the loan portfolio and outstanding unfunded credit commitments. The methodology used is described in the "Overview and Description of Business" section under the heading "Allowance for Loan and Lease Losses and Reserve for Unfunded Credit Commitments " The provision for credit losses recorded by BB&T in 2006 was $240 million, compared with $217 million in 2005 and $249 million in 2004

The provision for credit losses increased 10 6% during 2006 while the total loan and lease portfolio increased 11 4% compared to the balance outstanding at the end of 2005 Net charge-offs were .27% of average loans and leases for 2006 compared to 30% of average loans during 2005 The allowance for loan and lease losses was 1 06% of loans and leases outstanding and was 3 41x total nonaccrual and restructured loans and leases at year-end 2006, compared to 1 10% and 3 60x, respectively, at December 31, 2005 The increase in the provision for credit losses during 2006 was primarily the result of growth in the loan portfolio compared to 2005, while the decrease in the provision for credit losses during 2005 compared to 2004 reflected improving credit quality trends

Noninterest Income

Noninterest income has become, and will continue to be, a significant contributor to BB&T's financial success Noninterest income includes service charges on deposit accounts, trust revenue, mortgage banking income, investment banking and brokerage fees and commissions, insurance commissions, gains and losses on securities transactions and commissions and fees derived from other activities Noninterest income as a percentage of total revenues has steadily increased in recent years, totaling 40 6% for 2006 Exceeding 40% on this measure has been a management objective for several years Management has established a new goal for noninterest income to exceed 45% of total revenues in the next five years to further reduce BB&T's reliance on traditional spread-based interest income, as fee-based activities are a relatively stable revenue source during periods of changing interest rates

The following table provides a breakdown of BB&T's noninterest income

Table 16
Noninterest Income

	Years Ended December 31,			% Change 2006 v 2005	% Change 2005 v 2004
	2006	2005	2004		
	(Dollars in millions)				
Insurance commissions	$ 813	$ 714	$ 619	13 9%	15 3%
Service charges on deposits	548	543	523	9	3 8
Investment banking and brokerage fees and commissions	317	290	265	9 3	9 4
Other nondeposit fees and commissions	167	129	116	29 5	11 2
Checkcard fees	155	128	101	21 1	26 7
Trust income	154	141	119	9.2	18 5
Bankcard fees and merchant discounts	122	112	102	8 9	9 8
Mortgage banking income	108	104	110	3 8	(5 5)
Securities gains (losses), net	(73)	—	6	NM	NM
Income from bank-owned life insurance	93	94	92	(1 1)	2 2
Other noninterest income	117	71	66	64 8	7 6
Total noninterest income	$2,521	$2,326	$2,119	8 4%	9 8%

NM—not meaningful

Maybank 011062

Global Reports LLC

ROA 4023

The 8 4% growth in noninterest income was the result of increased revenues from essentially all of BB&T's fee-based businesses during 2006 These increases were partially offset by a loss from sales of securities as a result of management's decision to restructure a portion of the securities portfolio during the fourth quarter of 2006, and a slight decline in income from bank-owned life insurance The 9 8% growth in noninterest income for 2005 was a result of increased revenues from insurance commissions, trust income, bankcard fees and merchant discounts, service charges on deposit accounts, investment banking brokerage fees and commissions, checkcard fees and other nondeposit fees and commissions These increases were partially offset by a decline in gains from sales of securities and mortgage banking income The major categories of noninterest income and fluctuations in these amounts are discussed in the following paragraphs These fluctuations reflect the impact of acquisitions

Revenues from BB&T's extensive insurance agency/brokerage operations were the largest source of noninterest income Internal growth, combined with the expansion of BB&T's insurance agency network through acquisitions during the last two years, resulted in growth of 13 9% in 2006 and 15 3% in 2005 Commission income from CRC Insurance Services ("CRC"), BB&T's wholly owned wholesale insurance broker, contributed approximately $39 million in growth for the current year, while BB&T Insurance Services, Inc ("BB&T Insurance") and McGriff contributed an additional $24 million and $30 million of growth, respectively, compared to 2005 These increases were primarily related to property and casualty insurance and employee benefit-related insurance products, which increased $77 million and $10 million, respectively, compared to 2005 The increase in commission income during 2005 was also generated primarily from CRC, BB&T Insurance and McGriff and included increases in property and casualty insurance, employee benefit-related insurance and other insurance fees and commissions of $67 million, $16 million and $15 million, respectively compared to 2004

Service charges on deposit accounts represent BB&T's second largest category of noninterest revenue Growth in service charge revenue slowed during 2006, primarily due to management's decision to offer more free services as a method of attracting and retaining clients The resulting decline caused by these changes in pricing strategy was more than offset by an increase of $24 million on higher revenues from overdraft items in 2006 compared to 2005 During 2005, BB&T experienced a 3 8% increase in revenue from service charges on deposit accounts compared to 2004 The primary reasons for the increase were higher revenues from overdraft items due to pricing increases and changes in fee structure, which increased revenues $40 million compared to 2004 This increase was partially offset by declines in commercial account analysis fees as a result of higher earnings credits and a reduction in monthly account service fees on certain personal and business services, which reduced revenues $8 million and $11 million, respectively, compared to last year

Investment banking and brokerage fees and commissions increased $27 million, or 9 3%, compared to 2005 primarily as a result of increased revenues of $23 million at Scott & Stringfellow, BB&T's full-service brokerage and investment banking subsidiary The increase during 2006 includes the impact from the acquisition of Bergen Capital, Inc , which was completed in January 2006 The 9 4% increase in 2005 compared to 2004 resulted primarily from growth in investment banking and retail brokerage revenues at Scott & Stringfellow The primary contributor to the 2005 increase was the acquisition of Windsor Group, LLC by Scott and Stringfellow

Other nondeposit fees and commissions, including bankcard fees and merchant discounts and checkcard fees increased $75 million, or 20 3%, during 2006 compared to 2005 During 2005, these categories increased $50 million, or 15 7%, compared to 2004 The increases in 2006 and 2005 included additional checkcard fees and bankcard fees and merchant discounts of $27 million and $10 million, respectively, for each period as clients continued to show a preference for utilizing electronic forms of payment rather than traditional paper checks This preference by clients transferred into increased volumes in both categories of noninterest revenues for 2006 and 2005 Additionally, during 2006 and 2005 fees from money orders and official checks increased $14 million and $8 million, respectively, compared to the prior year In addition, the growth in this category was impacted by the acquisitions completed during the last two years

Revenue from corporate and personal trust services are based on the types of services provided as well as the overall value of the assets managed, which is affected by stock market conditions During 2006, trust revenues increased by $13 million compared to 2005 The increase during 2006 was the result of a combination of factors, including approximately $4 million related to wealth management fee opportunities that were identified as part of management's 2004 revenue enhancement initiative, $4 million as a result of increased assets under management and $3 million related to the 2005 acquisition of Sterling Capital Management LLC ("Sterling") In

Maybank 011063

Global Reports LLC

ROA 4024

2005, trust revenue increased $22 million, or 18.5%, compared to 2004. The increase in trust service income in 2005 was primarily a result of the acquisition of Sterling, which contributed approximately $15 million in growth in 2005. In addition, administrative fees from proprietary mutual funds increased $5 million in 2005 compared to 2004. The value of trust assets under management, including custodial accounts, increased during each of the last three years and was $33.7 billion, $32.9 billion and $28.4 billion at December 31, 2006, 2005 and 2004, respectively. The increase in assets under management during 2005 was primarily a result of the acquisition of Sterling, which added approximately $8.0 billion in assets. This increase was partially offset by a discontinuation of custodial responsibilities for approximately $4.5 billion of the assets of certain BB&T proprietary funds. The change in custodial responsibilities resulted in greater efficiencies for the shareholders of the BB&T Funds.

Income from mortgage banking activities includes gains and losses from the sale of mortgage loans, revenue from servicing mortgage loans, valuation adjustments for mortgage servicing rights, mortgage servicing rights-related derivative gains/losses and amortization related to mortgage servicing rights. Mortgage banking income totaled $108 million, $104 million and $110 million during 2006, 2005 and 2004, respectively. The following table provides a breakdown of the various components of mortgage banking income and related statistical information.

Table 17
Mortgage Banking Income and Related Statistical Information

Mortgage Banking Income	As of/ For the Years Ended December 31,			% Change 2006 v 2005	% Change 2005 v 2004
	2006	2005	2004		
	(Dollars in millions)				
Residential mortgage production income	$ 46	$ 58	$ 62	(20.7)%	(6.5)%
Residential Mortgage Servicing					
Residential mortgage servicing fees	102	96	93	6.3	3.2
Residential mortgage servicing rights increase in fair value due to change in valuation inputs or assumptions	21	—	—	NM	NM
Mortgage servicing rights valuation recapture	—	86	8	NM	NM
Mortgage servicing rights derivative losses (gains)	(17)	(77)	17	(77.9)	NM
Net	4	9	25	(55.6)	(64.0)
Amortization of residential mortgage servicing rights	—	(84)	(89)	NM	(5.6)
Decrease in fair value of residential mortgage servicing rights	(80)	—	—	NM	NM
Total residential mortgage servicing income	26	21	29	23.8	(27.6)
Total residential mortgage banking income	72	79	91	(8.9)	(13.2)
Commercial mortgage banking revenues	40	27	22	48.1	22.7
Amortization of commercial mortgage servicing rights	(4)	(2)	(3)	100.0	(33.3)
Total commercial banking income	36	25	19	44.0	31.6
Total mortgage banking income	$ 108	$ 104	$ 110	3.8	(5.5)

NM = Not Meaningful

Mortgage Banking Statistical Information	As of/ For the Years Ended December 31,			% Change 2006 v 2005	% Change 2005 v 2004
	2006	2005	2004		
	(Dollars in millions)				
Residential mortgage originations	$ 9,889	$10,528	$ 9,961	(6.1)%	5.7%
Residential mortgage loan serviced for others	28,232	25,844	24,526	9.2	5.4
Residential mortgage loan sales	5,282	4,835	5,323	9.2	(9.2)
Commercial mortgage originations	$ 2,906	$ 2,038	$ 1,554	42.6	31.1
Commercial mortgage loans serviced for others	9,206	8,092	6,706	13.8	20.7

Maybank 011064

Global Reports LLC

ROA 4025

Mortgage banking income increased $4 million, or 3 8%, during 2006 The increase in 2006 included an increase of $11 million, or 44 0%, from commercial mortgage banking activities which are generated by BB&T's subsidiary, Laureate Capital LLC ("Laureate") BB&T's residential mortgage banking income declined $7 million during 2006 compared to 2005, primarily as a result of lower gains from sales of mortgage loans, which resulted in a decline of $12 million from residential mortgage production revenues While residential mortgage loan sales increased from $4 8 billion in 2005 to $5 3 billion in 2006 the margins on residential mortgage loan sales were down as a result of increased competition in the marketplace This decline was partially offset by an increase of $5 million related to residential mortgage servicing activities The 5 5% decline in mortgage banking income in 2005 compared to 2004 was primarily a result of a decrease in the net impact of the valuation adjustment for mortgage servicing rights and related derivatives, which declined $16 million, or 64 0%, compared to 2004 During 2005, BB&T recorded $86 million of recapture for the valuation of mortgage servicing rights as compared to $8 million in 2004 BB&T enters into a variety of derivative financial instruments to mitigate the risk associated with the valuation of mortgage servicing rights and has in the past used other economic risk management strategies, including the use of trading securities During 2005 and 2004, BB&T recorded (losses)/gains related to its derivative financial instruments and other risk management strategies of $(77 million) and $17 million, respectively In addition, mortgage production revenues declined 6 5% due to a lower volume of residential mortgage loan sales in 2005 compared to 2004 While residential mortgage originations increased from $10 0 billion in 2004 to $10 5 billion in 2005, a higher percentage of the 2005 originations were adjustable-rate mortgages, which BB&T retained in the loan portfolio Commercial mortgage banking revenues generated by Laureate increased $6 million in 2005 compared to 2004 Laureate increased its presence during 2005 with the acquisition of two firms specializing in commercial mortgage banking, which contributed to the increases in revenues for 2006 and 2005

Other income increased $46 million, or 64 8%, in 2006 compared to 2005 The increase during 2006 was primarily the result of increased revenues from investments managed by BB&T Capital Partners, a small business investment company, which contributed $21 million to the growth during 2006 In addition, 2006 includes increases of $8 million in revenues from various financial assets isolated for the purpose of providing post-employee benefits and $8 million related to trading income at Scott & Stringfellow The 7 6%, or $5 million increase in 2005 compared to 2004 was primarily due to higher income from limited partnership investments, which increased $7 million compared to the prior year In addition, trading income at Scott & Stringfellow increased $7 million compared to the prior year due to increased activity in the trading portfolio These increases were offset by decreases related to derivative valuations and ineffectiveness of hedging derivatives, and lower income from various financial assets isolated for the purpose of providing post-employee benefits of $4 million and $3 million, respectively, during 2005 as compared to 2004

The ability to generate significant amounts of noninterest revenue in the future will be very important to the continued financial success of BB&T Through its subsidiaries, BB&T will continue to focus on asset management, mortgage banking, trust, insurance, investment banking and brokerage services, as well as other fee-producing products and services BB&T plans to continue to pursue acquisitions of additional financial services companies, including insurance agencies and asset management companies, as well as explore strategic acquisitions of other nonbank entities as a means of expanding fee-based revenues Also, among BB&T's principal strategies following the acquisition of a financial institution is the cross-sell of noninterest income generating products and services to the acquired institution's client base As previously mentioned, management has set a goal to increase the contribution of noninterest revenue sources from the current level of 40% to 45% over the next five years

Noninterest Expense

Noninterest expense totaled $3 5 billion in 2006, $3 2 billion in 2005 and $2 9 billion in 2004 Noninterest expense includes certain merger-related charges or credits recorded during the years 2006, 2005 and 2004 as noted in Table 18 below These amounts totaled $18 million in 2006, $(11 million) in 2005 and $6 million in 2004 Additional disclosures related to these merger-related charges are presented in "Merger-Related and Restructuring Charges " Noninterest expenses for 2005 also include a $44 0 million pre-tax one-time, non-cash adjustment that was recorded to account for escalating lease payments and the amortization of leasehold improvements The table below shows the components of noninterest expense and the discussion that follows explains the composition of certain categories and the factors that caused them to change in 2006 and 2005

Maybank 011065

Global Reports LLC

ROA 4026

Table 18
Noninterest Expense

	Years Ended December 31,			% Change 2006 v 2005	% Change 2005 v 2004
	2006	2005	2004		
	(Dollars in millions)				
Salaries and wages	$1,700	$1,474	$1,338	15 3%	10.2%
Pension and other employee benefits	377	311	294	21 2	5 8
Total personnel expenses	2,077	1,785	1,632	16 4	9 4
Net occupancy expense on bank premises	253	274	213	(7 7)	28 6
Furniture and equipment expense	196	198	203	(1 0)	(2 5)
Total occupancy and equipment expenses	449	472	416	(4 9)	13 5
Professional services	120	93	76	29 0	22 4
Amortization of intangibles	104	112	106	(7 1)	5 7
Loan processing expenses	103	98	84	5 1	16 7
Software	58	52	43	11 5	20 9
Advertising and public relations	55	48	32	14 6	50 0
Travel and transportation	48	38	32	26 3	18 8
Telephone	44	43	47	2 3	(8 5)
Deposit related expense	38	38	34	—	11 8
Supplies	37	38	37	(2 6)	2 7
Foreclosed property expense	18	23	26	(21 7)	(11 5)
Regulatory charges	15	14	15	7 1	(6 7)
Merger-related and restructuring charges	18	(11)	6	NM	NM
Loss on early extinguishment of debt	—	3	—	NM	NM
Other noninterest expenses	332	321	310	3 4	3 5
Total noninterest expense	$3,516	$3,167	$2,896	11 0%	9 4%

NM—not meaningful

The 11 0% increase in total noninterest expense during 2006 compared to 2005 was primarily due to increases in personnel costs and professional services, which was partially offset by a reduction in occupancy expense as a result of the one-time lease adjustment recorded during 2005 The 9 4% increase in total noninterest expense during 2005 compared to 2004 was primarily due to increased personnel costs, the one-time lease adjustment noted above, and increased advertising and professional services The increases during 2006 and 2005 were impacted by the acquisitions of Main Street and First Citizens during 2006 and several nonbank financial services companies during 2006 and 2005

Total personnel expense is the largest component of noninterest expense and includes salaries and wages, as well as pension and other employee benefit costs The 2006 increase of 16 4% resulted primarily from additional salaries and wages as a result of increased incentive compensation and additional staffing Total salaries and wages increased $226 million compared to 2005, including higher insurance incentive compensation, investment banking incentive compensation and other annual incentive compensation of $37 million, $17 million and $10 million, respectively Incentive commissions related to mortgage banking activities declined $7 million in 2006 compared to 2005 In addition, BB&T adopted SFAS 123(R) on January 1, 2006 and recorded compensation expense related to its equity-based awards in 2006 of $58 million The 21.2% increase in pension and other employee benefit costs was also affected by the additional salaries and wages expense, which caused increases in social security taxes and defined contribution plan expenses of $8 million each compared to 2005 In addition, expense related to post-employment benefits, excluding defined contribution plan expenses, increased $18 million and health care and other welfare expenses increased $14 million compared to 2005 The 2005 increase of 9 4% resulted primarily from additional salaries and wages as a result of increased incentive compensation and increased staffing Total salaries and wages expense increased $136 million in 2005 compared to 2004, including higher insurance incentive compensation, investment banking incentive compensation, mortgage loan production incentive compensation and other annual performance compensation, which grew $34 million, $19 million, $8 million and $19 million, respectively, compared to 2004 The 5 8% increase in pension and other employee benefit

Maybank 011066

Global Reports LLC

ROA 4027

costs was also affected by the additional salaries and wages expense, which caused increases in social security taxes and defined contribution plan expenses, of $9 million and $4 million, respectively, compared to 2004 In addition, pension expense increased $2 million and health care expenses increased $6 million compared to 2004 These increases were offset by a $12 million reduction in the cost of retiree health care due to a change in the level of subsidy for post-retirement medical benefits, which was made effective during 2004 Additional disclosures relating to BB&T's benefit plans can be found in Note 14 "Benefit Plans" in the "Notes to Consolidated Financial Statements "

Net occupancy and equipment expense decreased $23 million, or 4 9%, in 2006 The decrease in 2006 was largely a result of the $44 million lease adjustment previously mentioned This decrease was partially offset by increases as a result of BB&T's de novo branching strategy, additional rent from new leases and other increases During 2005 net occupancy and equipment expense increased by $56 million, or 13 5%, in 2005 The increase is primarily the result of the $44 million one-time lease adjustment previously mentioned

The decrease in amortization expense associated with intangible assets in 2006 compared to 2005 primarily resulted from decreases from declining balance amortization methods for past acquisitions These decreases were offset by additional amortization due to the acquisitions of Main Street and First Citizens during 2006 During 2005 amortization expense for intangibles increased 5 7% due to acquisitions See Note 2 "Business Combinations" in the "Notes to Consolidated Financial Statements" for a summary of completed mergers and acquisitions during the three year period ended December 31, 2006

Other noninterest expenses, including loan processing expenses and professional services, increased $59 million, or 7 3% compared to 2005, which reflected an increase of $73 million, or 9 9%, compared to 2004 The 2006 increase was primarily the result of increases in professional services, advertising expenses, software expenses and travel and transportation costs The 2005 increase reflected higher advertising expenses, professional services expenses, loan processing expenses and software expenses The increases for 2006 and 2005 were impacted by acquisitions completed during the past two years Please refer to Table 18 for additional detail on fluctuations in other categories of noninterest expense

The effective management of the Company's noninterest operating costs is another key contributor to BB&T's financial success, especially as BB&T becomes a larger and more diverse company In 2004, management announced plans to implement cost savings and revenue enhancement initiatives with a goal to produce $175 million in combined annual cost savings and revenue enhancements Implementation of the initiatives began in the fourth quarter of 2004 Management estimates that through year-end 2006, approximately $140 million of the anticipated revenue enhancements or cost savings had been realized Management expects that substantially all of the $175 million of annual benefits will be achieved by mid-year 2007

Provision for Income Taxes

BB&T's provision for income taxes totaled $945 million for 2006, an increase of $132 million, or 16 2%, compared to 2005 The provisions for income taxes totaled $813 million in 2005 and $764 million in 2004 BB&T's effective tax rates for the years ended 2006, 2005 and 2004 were 38 2%, 33 0%, and 32 9%, respectively The increase in the provision for income taxes and the higher effective tax rate in 2006 were primarily the result of an adjustment of $139 million to BB&T's tax reserves for leveraged lease transactions as discussed below The increased provision for income taxes in 2005 was the result of higher pretax income A reconciliation of the effective tax rate to the statutory tax rate is included in Note 13 "Income Taxes" in the "Notes to Consolidated Financial Statements" herein

BB&T has extended credit to, and invested in, the obligations of states and municipalities and their agencies, and has made other investments and loans that produce tax-exempt income The income generated from these investments together with certain other transactions that have favorable tax treatment have reduced BB&T's overall effective tax rate from the statutory rate in 2006, 2005 and 2004

BB&T continually monitors and evaluates the potential impact of current events and circumstances on the estimates and assumptions used in the analysis of its income tax positions and, accordingly, BB&T's effective tax rate may fluctuate in the future On a periodic basis, BB&T evaluates its income tax positions based on tax laws

Maybank 011067

Global Reports LLC

ROA 4028

and regulations and financial reporting considerations, and records adjustments as appropriate This evaluation takes into consideration the status of current taxing authorities' examinations of BB&T's tax returns, recent positions taken by the taxing authorities on similar transactions, if any, and the overall tax environment in relation to tax-advantaged transactions Accordingly, the results of these examinations may alter the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions In this regard, the Internal Revenue Service ("IRS") disallowed certain deductions taken by BB&T on leveraged lease transactions during 1997-2002 In 2004, BB&T filed a lawsuit against the IRS to pursue a refund of amounts assessed by the IRS related to a leveraged lease transaction entered into during 1997 On January 4, 2007, the United States Middle District Court of North Carolina issued a summary judgment in favor of the IRS related to BB&T's lawsuit Based on a review of the summary judgment by BB&T's counsel, BB&T's management disagrees with the decision and currently intends to appeal the matter to the United States Appeals Court for the Fourth Circuit, based in Richmond, Virginia

Due to the timing of the District Court's ruling and its potential impact on BB&T's other leveraged lease transactions, BB&T recorded $139 million in additional reserves in the fourth quarter of 2006 and paid $1 2 billion to the IRS during the first quarter of 2007 This payment represented the total tax and interest due on these transactions for all open years The tax paid relates to differences in the timing of income recognition and deductions for income tax purposes for which deferred taxes had been previously provided

Management has consulted with outside counsel and continues to believe that BB&T's treatment of its leveraged lease transactions was appropriate and in compliance with the tax laws and regulations applicable to the years examined and intends to continue to pursue legal remedies related to this issue

Market Risk Management

The effective management of market risk is essential to achieving BB&T's strategic financial objectives As a financial institution, BB&T's most significant market risk exposure is interest rate risk, however, market risk also includes product liquidity risk, price risk and volatility risk The primary objective of interest rate risk management is to minimize any adverse effect that changes in interest rates may have on net interest income This is accomplished through active management of asset and liability portfolios with a focus on the strategic pricing of asset and liability accounts and management of appropriate maturity mixes of assets and liabilities The goal of these activities is the development of appropriate maturity and repricing opportunities in BB&T's portfolios of assets and liabilities that will produce consistent net interest income during periods of changing interest rates BB&T's Market Risk and Liquidity Committee monitors loan, investment and liability portfolios to ensure comprehensive management of interest rate risk These portfolios are analyzed for proper fixed-rate and variable-rate mixes under various interest rate scenarios

The asset/liability management process is designed to achieve relatively stable net interest margins and assure liquidity by coordinating the volumes, maturities or repricing opportunities of earning assets, deposits and borrowed funds It is the responsibility of the Market Risk and Liquidity Committee to determine and achieve the most appropriate volume and mix of earning assets and interest-bearing liabilities, as well as to ensure an adequate level of liquidity and capital, within the context of corporate performance goals The Market Risk and Liquidity Committee also sets policy guidelines and establishes long-term strategies with respect to interest rate risk exposure and liquidity The Market Risk and Liquidity Committee meets regularly to review BB&T's interest rate risk and liquidity positions in relation to present and prospective market and business conditions, and adopts funding and balance sheet management strategies that are intended to ensure that the potential impact on earnings and liquidity as a result of fluctuations in interest rates is within acceptable standards

BB&T utilizes a variety of financial instruments to manage various financial risks These instruments, commonly referred to as derivatives, primarily consist of interest-rate swaps, swaptions, caps, floors, collars, financial forward and futures contracts, when-issued securities and options written and purchased A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or referenced interest rate BB&T uses derivatives primarily to manage risk related to securities, business loans, federal funds purchased long-term debt, mortgage servicing rights, mortgage banking operations and certificates of deposit BB&T also uses derivatives to facilitate transactions on behalf of its clients BB&T's derivatives resulted in an increase in net interest income of $8 million, $52 million and $155 million in

Maybank 011068

Global Reports LLC

ROA 4029

2006, 2005 and 2004, respectively The reduction in net interest income benefit from 2004 to 2006 can be attributed to interest rate increases as well as changes in the composition of the derivatives portfolio

Derivative contracts are written in amounts referred to as notional amounts Notional amounts only provide the basis for calculating payments between counterparties and do not represent amounts to be exchanged between parties, and are not a measure of financial risk On December 31, 2006, BB&T had derivative financial instruments outstanding with notional amounts totaling $23 1 billion The estimated net fair value of open contracts was $(45 million) at December 31, 2006

See Note 19 "Derivative Financial Instruments" in the "Notes to Consolidated Financial Statements" herein for additional disclosures

Impact of Inflation and Changing Interest Rates

The majority of BB&T's assets and liabilities are monetary in nature and, therefore, differ greatly from most commercial and industrial companies that have significant investments in fixed assets or inventories Fluctuations in interest rates and actions of the Board of Governors of the Federal Reserve System ("FRB") to regulate the availability and cost of credit have a greater effect on a financial institution's profitability than do the effects of higher costs for goods and services Through its balance sheet management function, which is monitored by the Market Risk and Liquidity Committee, management believes that BB&T is positioned to respond to changing needs for liquidity, changes in interest rates and inflationary trends

BB&T's interest rate sensitivity is illustrated in the following table The table reflects rate-sensitive positions at December 31, 2006, and is not necessarily indicative of positions on other dates The carrying amounts of interest rate sensitive assets and liabilities are presented in the periods in which they next reprice to market rates or mature and are aggregated to show the interest rate sensitivity gap To reflect anticipated prepayments, certain asset and liability categories are shown in the table using estimated cash flows rather than contractual cash flows The table does not reflect the impact of hedging strategies

Table 19
Interest Rate Sensitivity Gap Analysis
December 31, 2006

	Within One Year	One to Three Years	Three to Five Years	After Five Years	Total
			(Dollars in millions)		
Assets					
Securities and other interest-earning assets (1)	$ 5,960	$ 6,340	$ 4,204	$ 7,328	$ 23,832
Federal funds sold and securities purchased under resale agreements or similar arrangements	253	—	—	—	253
Loans and leases (2)	50,648	14,498	7,779	10,666	83,591
Total interest-earning assets	56,861	20,838	11,983	17,994	107,676
Liabilities					
Time deposits	31,683	3,552	663	3	35,901
Other deposits with no stated maturity (3)	14,644	4,339	2,237	10,457	31,677
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	7,869	218	—	—	8,087
Long-term debt	3,273	1,036	1,301	10,294	15,904
Total interest-bearing liabilities	57,469	9,145	4,201	20,754	91,569
Asset-liability gap	$ (608)	$11,693	$ 7,782	$ (2,760)	
Cumulative interest rate sensitivity gap	$ (608)	$11,085	$18,867	$16,107	

(1) Securities based on amortized cost
(2) Loans and leases include loans held for sale and are net of unearned income
(3) Projected runoff of deposits that do not have a contractual maturity date was computed based upon decay rate assumptions developed by bank regulators to assist banks in addressing FDICIA rule 305

Maybank 011069

Global Reports LLC

ROA 4030

Management uses Interest Sensitivity Simulation Analysis ("Simulation") to measure the sensitivity of projected earnings to changes in interest rates Simulation takes into account the current contractual agreements that BB&T has made with its customers on deposits, borrowings, loans, investments and any commitments to enter into those transactions Management monitors BB&T's interest sensitivity by means of a computer model that incorporates the current volumes, average rates earned and paid, and scheduled maturities and payments of asset and liability portfolios, together with multiple scenarios of projected prepayments, repricing opportunities and anticipated volume growth Using this information, the model projects earnings based on projected portfolio balances under multiple interest rate scenarios This level of detail is needed to simulate the effect that changes in interest rates and portfolio balances may have on the earnings of BB&T This method is subject to the accuracy of the assumptions that underlie the process, but management believes that it provides a better illustration of the sensitivity of earnings to changes in interest rates than other analyses such as static or dynamic gap

The asset/liability management process requires a number of key assumptions Management determines the most likely outlook for the economy and interest rates by analyzing external factors, including published economic projections and data, the effects of likely monetary and fiscal policies, as well as any enacted or prospective regulatory changes BB&T's current and prospective liquidity position, current balance sheet volumes and projected growth, accessibility of funds for short-term needs and capital maintenance are also considered This data is combined with various interest rate scenarios to provide management with the information necessary to analyze interest sensitivity and to aid in the development of strategies to reach performance goals

The following table shows the effect that the indicated changes in interest rates would have on interest sensitive income as projected for the next twelve months under the "most likely" interest rate scenario incorporated into the Interest Sensitivity Simulation computer model Key assumptions in the preparation of the table include prepayment speeds of mortgage-related assets, cash flows and maturities of derivative financial instruments, changes in market conditions, loan volumes and pricing, deposit sensitivity, customer preferences and capital plans The resulting change in interest sensitive income reflects the level of sensitivity that interest sensitive income has in relation to changing interest rates

Table 20
Interest Sensitivity Simulation Analysis

Linear Change in Prime Rate	Interest Rate Scenario: Prime Rate, December 31, 2006	Interest Rate Scenario: Prime Rate, December 31, 2005	Annualized Hypothetical Percentage Change in Net Interest Income, December 31, 2006	Annualized Hypothetical Percentage Change in Net Interest Income, December 31, 2005
3 00%	11 25%	10 25%	(3 12)%	1 20%
1 50	9 75	8 75	(2 19)	0 76
No Change	8 25	7 25	—	—
(1 50)	6 75	5 75	1 58	(1 13)
(3 00)	5 25	4 25	1 96	(1 95)

Management has established parameters for asset/liability management, which prescribe a maximum negative impact on interest sensitive income of 3% for the next 12 months for a linear increase of 150 basis points for six months followed by a flat interest rate scenario for the remaining six month period, and a maximum negative impact of 6% for a linear increase of 300 basis points for 12 months

Liquidity

Liquidity represents BB&T's continuing ability to meet funding needs, primarily deposit withdrawals, timely repayment of borrowings and other liabilities, and funding of loan commitments In addition to the level of liquid assets, such as trading securities and securities available for sale, many other factors affect the ability to meet liquidity needs, including access to a variety of funding sources, maintaining borrowing capacity in national money markets, growing core deposits, the repayment of loans and the capability to securitize or package loans for sale

Maybank 011070

Global Reports LLC

ROA 4031

The purpose of BB&T Corporation (the "Parent Company") is to serve as the capital financing vehicle for the operating subsidiaries The assets of the Parent Company consist primarily of cash on deposit with Branch Bank, equity investments in subsidiaries, advances to subsidiaries, accounts receivable from subsidiaries, and other miscellaneous assets The principal obligations of the Parent Company are principal and interest on master notes, long-term debt, and redeemable capital securities The main sources of funds for the Parent Company are dividends and management fees from subsidiaries, repayments of advances to subsidiaries, and proceeds from issuance of long-term debt and master notes The primary uses of funds by the Parent Company are for the retirement of common stock, investments in subsidiaries, advances to subsidiaries, dividend payments to shareholders, and interest and principal payments due on long-term debt and master notes

The primary source of funds used for Parent Company cash requirements has been dividends declared from Branch Bank, which totaled $1 8 billion during 2006, and net proceeds from the issuance of long-term debt, which totaled $599 million in 2006 Funds raised through master note agreements with commercial clients are placed on deposit with Branch Bank primarily for its use in meeting short-term funding needs and, to a lesser extent, to support the short-term temporary cash needs of the Parent Company At December 31, 2006 and 2005, master note balances totaled $1 4 billion and $1 1 billion, respectively

During 2005, BB&T filed a universal shelf registration statement with the Securities and Exchange Commission to provide for the issuance of up to $2 5 billion of securities, which could include unsecured debt securities, shares of common stock, shares of preferred stock, depositary shares representing fractional interest in preferred stock, stock purchase contracts, stock purchase units, warrants to purchase debt securities, preferred stock or common stock, or units consisting of a combination of these securities In addition, the universal shelf registration statement provided for the issuance of capital securities by BB&T Capital Trust I During 2005, BB&T issued $500 million of capital securities under this registration statement, leaving $2 0 billion available for issuance under this universal shelf registration statement In late 2005, the SEC passed major changes to the securities registration process, which especially benefited larger companies who frequently access the capital markets The changes to the securities registration process allow companies who have met certain eligibility requirements to file a registration statement that immediately becomes effective and permits the company to pay the fees related to the registration of the securities at the time of issuance This has effectively eliminated the need to periodically file shelf registration statements and estimate the amount of securities that will be needed in the future The change in regulations also has greatly enhanced the ability of BB&T to access the capital markets During 2006, BB&T filed an automatic shelf registration statement in accordance with the new regulations to provide for the issuance of capital securities by BB&T Capital Trust II and issued $600 million of capital securities under this registration

The Parent Company had six issues of subordinated notes outstanding totaling $3 4 billion and $3 3 billion at December 31, 2006 and 2005, respectively Please refer to Note 10 "Long-Term Debt" in the "Notes to Consolidated Financial Statements" for additional information with respect to these subordinated notes

Branch Bank has several major sources of funding to meet its liquidity requirements, including access to capital markets through issuance of senior or subordinated bank notes and institutional certificates of deposit, access to the FHLB system, dealer repurchase agreements and repurchase agreements with commercial clients, participation in the Treasury, Tax and Loan and Special Direct Investment programs with the Federal Reserve Board, access to the overnight and term Federal funds markets, use of a Cayman branch facility, access to retail brokered certificates of deposit and a borrower in custody program with the Federal Reserve Board for the discount window

Management believes current sources of liquidity are adequate to meet BB&T's current requirements and plans for continued growth See Note 6 "Premises and Equipment," Note 10 "Long-Term Debt" and Note 15 "Commitments and Contingencies" in the "Notes to Consolidated Financial Statements" for additional information regarding outstanding balances of sources of liquidity and contractual commitments and obligations

Maybank 011071

Global Reports LLC

ROA 4032

Contractual Obligations, Commitments, Contingent Liabilities, Off-Balance Sheet Arrangements, and Related Party Transactions

The following table presents, as of December 31, 2006, BB&T's significant fixed and determinable contractual obligations by payment date The payment amounts represent those amounts contractually due to the recipient Further discussion of the nature of each obligation is included in Note 15 "Commitments and Contingencies" in the "Notes to Consolidated Financial Statements "

Table 21
Contractual Obligations and Other Commitments
December 31, 2006

	Total	Less than One Year	1 to 3 Years	3 to 5 Years	After 5 Years
		(Dollars in millions)			
Contractual Cash Obligations					
Long-term debt	$15,904	$ 3,273	$1,036	$1,301	$10,294
Operating leases	939	121	211	164	443
Commitments to fund affordable housing investments	183	85	66	31	1
Time deposits	35,901	31,683	3,552	663	3
Total contractual cash obligations	$52,927	$35,162	$4,865	$2,159	$10,741

BB&T's significant commitments include certain investments in affordable housing and historic building rehabilitation projects throughout its market area BB&T enters into such arrangements as a means of supporting local communities and recognizes tax credits relating to these investments At December 31, 2006, BB&T's investments in such projects totaled $367 million, which includes outstanding commitments of $183 million BB&T typically acts as a limited partner in these investments and does not exert control over the operating or financial policies of the partnerships Branch Bank typically provides financing during the construction and development of the properties, however, permanent financing is generally obtained from independent third parties upon completion of a project BB&T's risk exposure relating to such commitments is generally limited to the amount of investments and commitments made Please refer to Note 1 "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements" for further discussion of these investments in limited partnerships

In addition, BB&T enters into derivative contracts to manage various financial risks A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or referenced interest rate Derivative contracts are carried at fair value on the Consolidated Balance Sheets with the fair value representing the net present value of expected future cash receipts or payments based on market interest rates as of the balance sheet date Derivative contracts are written in amounts referred to as notional amounts, which only provide the basis for calculating payments between counterparties and are not a measure of financial risk Therefore, the derivative liabilities recorded on the balance sheet as of December 31, 2006, do not represent the amounts that may ultimately be paid under these contracts Further discussion of derivative instruments is included in Note 1 "Summary of Significant Accounting Policies" and Note 19 "Derivative Financial Instruments" in the "Notes to Consolidated Financial Statements "

In the ordinary course of business, BB&T indemnifies its officers and directors to the fullest extent permitted by law against liabilities arising from litigation BB&T also issues standard representation warranties in underwriting agreements, merger and acquisition agreements, loan sales, brokerage activities and other similar arrangements Counterparties in many of these indemnifications provide similar indemnifications to BB&T Although these agreements often do not specify limitations, BB&T has not been required to act on the guarantees and does not believe that any payments pursuant to them would materially change the financial condition or results of operations of BB&T

Merger and acquisition agreements of businesses other than financial institutions occasionally include additional incentives to the acquired entities to offset the loss of future cash flows previously received through ownership positions Typically, these incentives are based on the acquired entity's contribution to BB&T's

Maybank 011072

Global Reports LLC

ROA 4033

earnings compared to agreed-upon amounts When offered, these incentives are typically issued for terms of three to five years As certain provision of these agreements do not specify dollar limitations, it is not possible to quantify the maximum exposure resulting from these agreements

In the normal course of business, BB&T is also a party to financial instruments to meet the financing needs of clients and to mitigate exposure to interest rate risk Such financial instruments include commitments to extend credit and certain contractual agreements, including standby letters of credit and financial guarantee arrangements Further discussion of these commitments is included in Note 15 "Commitments and Contingencies" in the "Notes to Consolidated Financial Statements "

BB&T contracts with an independent third party for the disbursement of official checks Under the terms of the agreement, BB&T acts as an agent for the third party in the issuance of official checks Funds received from the buyers of official checks are transferred to the third party issuer to cover the checks when they are ultimately presented for payment But for this arrangement with the third party, these funds would have remained at BB&T in the form of noninterest-bearing deposits The official check program is contractually arranged to substantially limit BB&T's exposure to loss, since the third party is required to invest the funds received and maintain an equal relationship between outstanding checks and the balances available to cover the checks BB&T monitors this relationship through a reconciliation process The third party has provided a letter of credit from another bank in favor of BB&T and has access to a revolving line of credit to further mitigate any risk that there would be inadequate funds to cover the outstanding balance of official checks sold However, in the event that the third party failed to honor official checks BB&T had sold as its agent, it is likely that BB&T would choose to reimburse the purchasers, though not contractually obligated to do so At December 31, 2006, the third party issuer had outstanding official checks that had been sold by BB&T totaling $441 million

BB&T's significant commitments and obligations are summarized in the accompanying table Not all of the commitments presented in the table will be utilized thus the actual cash requirements are likely to be significantly less than the amounts reported

Table 22
Summary of Significant Commitments
December 31, 2006
(Dollars in millions)

Lines of credit	$12,933
Commercial letters of credit	37
Standby letters of credit and financial guarantees written	3,185
Other commitments (1)	20,045
Total significant commitments	$36,200

(1) Other commitments include unfunded business loan commitments, unfunded overdraft protection on demand deposit accounts and other unfunded commitments to lend

BB&T has from time to time entered into accelerated share repurchase programs ("ASRs") to facilitate the repurchase of shares of BB&T common stock under share repurchase plans approved by the Board of Directors As of December 31, 2006, BB&T had a commitment to purchase 701,200 shares to cover its outstanding obligations under an ASR program that was executed in June 2006 BB&T paid the agent executing the transaction $41 76 for each share upon entering the ASR agreement and will be required under the terms of the ASR agreement to ultimately settle the remaining shares either by delivering stock or paying or receiving cash based on the actual price paid by the agent for the remaining shares As of February 5, 2007, the remaining shares outstanding under the ASR program had been settled and no further commitments were outstanding with respect to the ASR program

Related Party Transactions

The Corporation may extend credit to certain officers and directors in the ordinary course of business These loans are made under substantially the same terms as comparable third-party lending arrangements and are in compliance with applicable banking regulations

Maybank 011073

Global Reports LLC

ROA 4034

Capital

The maintenance of appropriate levels of capital is a management priority and is monitored on a regular basis BB&T's principal goals related to the maintenance of capital are to provide adequate capital to support BB&T's comprehensive risk profile, to preserve a sufficient capital base from which to support future growth, to provide a competitive return to shareholders, to comply with regulatory standards and to achieve optimal credit ratings for BB&T Corporation and its subsidiaries

Management regularly monitors the capital position of BB&T on a consolidated basis In this regard, management's overriding policy is to maintain capital at levels that will result in BB&T being classified as "well-capitalized" for regulatory purposes and to maintain sufficient capital relative to the Corporation's level of risk Secondarily, it is management's intent to maintain consolidated capital levels that result in regulatory risk-based capital ratios that are generally comparable with BB&T's peers of similar size, complexity and risk profile Further, management particularly monitors and intends to maintain the following minimum capital ratios

Tier 1 Capital Ratio	8 50%
Total Capital Ratio	12 00%
Tier 1 Leverage Capital Ratio	7 00%
Tangible Capital Ratio	5 50%

Payments of cash dividends to BB&T's shareholders, which have generally been in the range of 40 0% to 50 0% of earnings over the last six years, and repurchases of common shares are the methods used to manage any excess capital generated In addition, management closely monitors the Parent Company's double leverage ratio (investments in subsidiaries as a percentage of shareholders' equity) with the intention of maintaining the ratio below 125 0% The active management of the subsidiaries' equity capital, as described above, is the process utilized to manage this important driver of Parent Company liquidity and is a key element in the management of BB&T's capital position

The capital of the subsidiaries is also regularly monitored to determine if the levels that management believes are the most beneficial and efficient for their operations are maintained Management intends to maintain capital at Branch Bank at levels that will result in Branch Bank being classified as "well-capitalized" for regulatory purposes Secondarily, it is management's intent to maintain Branch Bank's capital at levels that result in regulatory risk-based capital ratios that are generally comparable with peers of similar size, complexity and risk profile If the capital levels of Branch Bank increase above these guidelines, excess capital may be transferred to the Parent Company, subject to regulatory and other operating considerations, in the form of special dividend payments

While nonrecurring events or management decisions may result in the Corporation temporarily falling below its minimum guidelines for one or more of these ratios, it is management's intent through capital planning to return to these targeted minimums within a reasonable period of time Such temporary decreases below these minimums will not be considered an infringement of BB&T's overall capital policy provided the Corporation and Branch Bank remain "well-capitalized "

Shareholders' Equity

Shareholders' equity totaled $11 7 billion at December 31, 2006, an increase of $616 million, or 5 5%, from year-end 2005 During 2006, BB&T issued 20 7 million shares in connection with business combinations, the exercise of stock options and other equity-based incentive plans, which increased shareholders' equity by $848 million Additionally, growth of $645 million in shareholders' equity resulted from BB&T's earnings retained after dividends to shareholders This growth was partially offset by the repurchase of 22 3 million shares of common stock at a cost of $936 million

Capital Adequacy and Resources

Bank holding companies and their subsidiaries are subject to regulatory requirements with respect to risk-based capital adequacy Capital adequacy is an important indicator of financial stability and performance

Maybank 011074

Global Reports LLC

ROA 4035

Risk-based capital ratios measure capital as a percentage of a combination of risk-weighted balance sheet and off-balance sheet risk The risk-weighted values of both balance sheet and off-balance sheet items are determined in accordance with risk factors specified by Federal bank regulatory pronouncements

Tier 1 capital is calculated as common shareholders' equity, excluding the over- or underfunded status of postretirement benefit obligations, unrealized gains or losses on debt securities available for sale, unrealized gains on equity securities available for sale and unrealized gains or losses on cash flow hedges, net of deferred income taxes, plus certain mandatorily redeemable capital securities, less nonqualifying intangible assets, net of applicable deferred income taxes, and certain nonfinancial equity investments Tier 2 capital may consist of qualifying subordinated debt, certain hybrid capital instruments, qualifying preferred stock and a limited amount of the allowance for credit losses Tier 1 capital and Tier 2 capital combined are referred to as total regulatory capital Tier 1 capital is required to be at least 4% of risk-weighted assets, and total capital must be at least 8% of risk-weighted assets, with one half of the minimum consisting of Tier 1 capital

In addition to the risk-based capital measures described above, regulators have also established minimum leverage capital requirements for banking organizations The minimum required Tier 1 leverage ratio ranges from 3% to 5% depending upon Federal bank regulatory agency evaluations of an organization's overall safety and soundness BB&T's regulatory capital and ratios are set forth in the following table

Table 23
Capital—Components and Ratios

	December 31,	
	2006	2005
	(Dollars in millions)	
Tier 1 capital	$ 8,226	$ 7,454
Tier 2 capital	4,790	4,157
Total regulatory capital	$13,016	$11,611
Risk-based capital ratios		
Tier 1 capital	9 0%	9 3%
Total regulatory capital	14 3	14 4
Tier 1 leverage ratio	7 2	7 2
Tangible equity ratio	5 6	6 1

Common Stock and Dividends

BB&T's ability to pay dividends is primarily dependent on earnings from operations, the adequacy of capital and the availability of liquid assets for distribution BB&T's ability to generate liquid assets for distribution is dependent on the ability of Branch Bank to pay dividends to the Parent Company The payment of cash dividends is an integral part of providing a competitive return on shareholders' investments The Corporation's policy is to accomplish this while retaining sufficient capital to support future growth and to meet regulatory requirements BB&T's common dividend payout ratio, computed by dividing dividends paid per common share by basic earnings per common share, was 56 34% in 2006 as compared to 48 34% in 2005 BB&T's annual cash dividends paid per common share increased 9 6% during 2006 to $1 60 per common share for the year, as compared to $1 46 per common share in 2005 This increase marked the 35th consecutive year that the Corporation's annual cash dividend paid to shareholders has been increased A discussion of dividend restrictions is included in Note 16 "Regulatory Requirements and Other Restrictions" in the "Notes to Consolidated Financial Statements" and in the "Regulatory Considerations" section

Maybank 011075

Global Reports LLC

ROA 4036

BB&T's common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "BBT" BB&T's common stock was held by approximately 259,000 shareholders at December 31, 2006 compared to approximately 257,000 at December 31, 2005 The accompanying table, "Quarterly Summary of Market Prices and Dividends Paid on Common Stock," sets forth the quarterly high and low trading prices and closing sales prices for BB&T's common stock and the dividends paid per share of common stock for each of the last eight quarters

Table 24
Quarterly Summary of Market Prices and Cash Dividends Paid on Common Stock

	2006				2005			
	Sales Prices			Cash Dividends	Sales Prices			Cash Dividends
	High	Low	Last	Paid	High	Low	Last	Paid
Quarter Ended								
March 31	$42 85	$38 24	$39 20	$ 38	$42 24	$37 68	$39 08	$ 35
June 30	43 46	39 09	41 59	38	40 95	37 04	39 97	35
September 30	44 54	39 87	43 78	42	43 00	38 56	39 05	38
December 31	44 74	42 48	43 93	42	43 92	37 39	41 91	38
Year	$44 74	$38 24	$43 93	$1 60	$43 92	$37 04	$41 91	$1 46

Share Repurchases

BB&T has periodically repurchased shares of its own common stock During the years ended December 31, 2006, 2005 and 2004, BB&T repurchased 22 3 million shares, 12 0 million shares and 11 3 million shares of common stock, respectively In accordance with North Carolina law, repurchased shares cannot be held as treasury stock, but revert to the status of authorized and unissued shares

On June 27, 2006, BB&T's Board of Directors granted authority under a new share repurchase plan (the "2006 Plan") for the repurchase of up to 50 0 million shares of BB&T's common stock as needed for general corporate purposes The 2006 Plan also authorizes the repurchase of the remaining 1 1 million shares from the previous authorization The 2006 Plan remains in effect until all the authorized shares are repurchased unless modified by the Board of Directors

The following table presents the common stock repurchases made by BB&T during the fourth quarter of 2006 and the remaining shares that may be repurchased under the 2006 Plan

Share Repurchase Activity

	2006			
	Total Shares Repurchased (1)	Average Price Paid Per Share (2)	Total Shares Purchased Pursuant to Publicly Announced Plan	Maximum Remaining Number of Shares Available for Repurchase Pursuant to Publicly Announced Plan
October 1-31	6,348	$43 84	—	51,139,497
November 1-30	11,226	43 23	—	51,139,497
December 1-31	14,438	43 93	—	51,139,497
Total	32,012	$43 67	—	51,139,497

(1) Repurchases reflect shares exchanged or surrendered in connection with the exercise of stock options under BB&T's stock option plans
(2) Excludes commissions

Segment Results

BB&T s operations are divided into seven reportable business segments the Banking Network, Residential Mortgage Banking, Sales Finance, Specialized Lending, Insurance Services, Financial Services, and Treasury These operating segments have been identified based primarily on BB&T's organizational structure See Note 21

Maybank 011076

Global Reports LLC

ROA 4037

"Operating Segments", in the "Notes to Consolidated Financial Statements" herein, for additional disclosures related to BB&T's operating segments, the internal accounting and reporting practices utilized to manage these segments and financial disclosures for these segments as required by SFAS No 131, *"Disclosures about Segments of an Enterprise and Related Information "* Fluctuations in noninterest income and noninterest expense incurred directly by the segments are more fully discussed in the "Noninterest Income" and "Noninterest Expense" sections of this discussion and analysis Merger-related expenses in 2006, 2005 and 2004, the additional tax provision recorded in 2006, the loss on sales of securities incurred in connection with the partial portfolio restructuring in 2006, the lease accounting adjustment recorded during 2005 and certain other charges are excluded from segment results as presented herein

Banking Network

The Banking Network had strong internal loan and deposit growth during 2006, with total assets at year-end 2006 increasing 10 4% compared to 2005 The total Banking Network was composed of 1,459 banking offices at the end of 2006, an increase of 55 offices compared to 1,404 banking offices at December 31, 2005 The increase in offices was the result of the acquisitions of Main Street and First Citizens, as well as a de novo branching strategy to expand BB&T's presence in high growth markets Net interest income for the Banking Network totaled $3 3 billion in 2006, a decrease of $103 million, or 3 0%, compared to 2005 Net interest income for 2005 amounted to $3 4 billion, an increase of $458 million, or 15 4%, compared to 2004 The decrease in net interest income during 2006 was primarily a result of a change in the net funds transfer pricing ("FTP") credit provided to the Banking Network, which declined $284 million compared to 2005 Net interest income from clients increased $181 million, or 8 0% during 2006, reflecting the strong loan growth generated by the Banking Network The increase in net interest income in 2005 is composed of a 22 9% increase in net interest income from clients and a 3 4% increase in the net FTP credit The increase in net interest income from clients is primarily due to strong growth in commercial and consumer loans The increase in the FTP credit was largely due to strong deposit growth and increases in crediting rates on funding products

The economic provision for loan and lease losses decreased $70 million, or 32 6%, from 2005 to 2006 The decrease was primarily due to a change in loss rates for allocating the economic provision for loan and lease losses to the segments The 2005 provision reflected a decrease of $3 million, or 1 4%

Noninterest income in the Banking Network increased $86 million, or 9 7% during 2006, due primarily to growth in other nondeposit fees and commissions Noninterest income allocated from other segments, which is reflected as intersegment net referral fees ("referral fees"), increased $8 million, or 3 7%, compared to 2005, primarily due to higher referral fees earned from the Sales Finance and Financial Services segments, which was partially offset by a decrease in referrals from the Residential Mortgage Banking segment Comparing 2005 to 2004, noninterest income increased $71 million, or 8 7%, and referral fees increased $5 million, or 2 4% Noninterest expenses incurred within the Banking Network increased $132 million, or 10 3% in 2006 compared with 2005, including additional costs related to the acquisitions of Main Street and First Citizens and additional staffing in new branches Allocated corporate expenses increased $98 million in 2006 compared to 2005 because of increased allocations of marketing and advertising expenses and other corporate support areas During 2005, noninterest expenses were up slightly, only 1 5% compared to 2004, because of the integration of past acquisitions and resulting cost savings, while allocated corporate expenses increased $45 million, or 11 7%, which resulted from growth within the segment

The provision for income taxes allocated to the Banking Network increased $44 million, or 5 1% in 2006, primarily as a result of a higher effective tax rate in 2006 due to a change in the methodology for allocating taxes to the segments The increased tax rate was partially offset by lower pretax income In 2005 compared to 2004, the provision for income taxes increased $159 million, or 22 6%, primarily due to an increase in pretax income

Total identifiable assets for the Banking Network increased $5 4 billion in 2006, or 10 4%, to a total of $56 7 billion, compared to 2005, which reflected an increase of $3 8 billion, or 8 1%, compared to 2004 The increase in 2006 included the acquisitions of Main Street and First Citizens, combined with strong internal growth, while the 2005 increase was largely due to internal growth

Maybank 011077

Global Reports LLC

ROA 4038

Residential Mortgage Banking

BB&T's mortgage originations totaled $9 9 billion in 2006, down 6 1% from 2005 mortgage origination volume of $10 5 billion BB&T's residential mortgage servicing portfolio, which includes portfolio loans on BB&T's balance sheet and loans serviced for third parties, totaled $45.2 billion at year-end 2006 compared to $41 1 billion at December 31, 2005

Net interest income for the Residential Mortgage Banking segment totaled $240 million, down $8 million compared to 2005, primarily as a result of a higher FTP charge in 2006 Net interest income in 2005 totaled $248 million, down $84 million, or 25 3%, compared to 2004 primarily as a result of higher funding costs associated with higher rates and the flattening of the yield curve

The economic provision for loan and lease losses was unchanged during 2006 compared to 2005 and 2005 compared to 2004, reflecting solid credit quality within the residential mortgage loan portfolio

Noninterest income in the Residential Mortgage Banking segment decreased $4 million, or 3 5% compared to 2005 due to a substantial decrease in residential mortgage production revenues From 2004 to 2005, noninterest income decreased $6 million, or 5 0%, primarily due to a reduction in the net valuation of mortgage servicing rights Net referral fees assessed to the Residential Mortgage Banking segment increased $4 million in 2006 compared to 2005, after decreasing slightly in 2005 compared to 2004 Noninterest expenses incurred within the Residential Mortgage Banking segment increased 3 9% during 2006, while allocated corporate expense declined $25 million, or 69 4% due to a change in the factors used to allocate expense to the segment Comparing 2005 to 2004, noninterest expenses increased $4 million, or 8 5%, primarily as a result of increased personnel costs compared to 2004, while allocated corporate expenses increased $17 million, or 89 5%

The provision for income taxes allocated to the Residential Mortgage Banking segment during 2006 increased $16 million or 28 6% compared to 2005, primarily due to the change in methodology for allocating taxes to the segments Comparing 2005 to 2004, the provision for income taxes allocated to the Residential Mortgage Banking segment decreased $36 million, or 39 1%, due to lower pretax income compared to 2004

Total identifiable assets for the Residential Mortgage Banking segment increased $1 8 billion, or 12 0% from 2005, and $2 2 billion, or 17 9%, from 2004 to 2005, reflecting increases in mortgage loans as loan retention improved due to slower prepayments

Sales Finance

Net interest income from the Sales Finance segment declined $8 million, or 6 7% during 2006 compared to 2005 The decrease in net interest income during 2006 included an increase of $47 million, or 18 2%, from clients, which was more than offset by an increase of $55 million, or 39 3% for the FTP charge Comparing 2005 to 2004, net interest income for the Sales Finance segment decreased $14 million, or 10 5%, which included declines of $8 million from a higher FTP charge and $6 million as a result of lower net interest income from clients

The economic provision for loan and lease losses decreased $6 million, or 22.2% in 2006 compared to 2005, primarily as a result of a change in loss rates for allocating the economic provision for loan and lease losses to the segments During 2005 the economic provision for loan losses allocated to the Sales Finance segment decreased slightly compared to 2004

The Sales Finance segment was assessed a $12 million referral fee in 2006 to compensate the Banking Network for services 2006 was the first year such a fee was assessed since the Sales Finance segment had previously been part of the Banking Network Noninterest expenses incurred within the Sales Finance segment decreased $4 million, or 14 8% during 2006, reflecting strong expense control, while allocated corporate expense declined $1 million, or 11 1% in 2006 compared to 2005 Comparing 2005 to 2004, noninterest expenses increased slightly, while allocated corporate expenses increased $8 million

The provision for income taxes allocated to the Sales Finance segment during 2006 was unchanged compared to 2005 While pretax income declined $8 million in 2006 compared to 2005, the effective tax rate allocated to the

Maybank 011078

Global Reports LLC

ROA 4039

segments increased due to the change in methodology for allocating taxes Comparing 2005 to 2004, the provision for income taxes allocated to the Sales Finance segment decreased $8 million, or 26 4%, primarily due to lower pretax income compared to 2004

Total identifiable assets for the Sales Finance segment increased $410 million, or 8 1% from 2005, and $101 million, or 2 0%, from 2004 to 2005

Specialized Lending

BB&T's Specialized Lending segment continued to expand during 2006 compared to 2005 and 2004 Net interest income totaled $373 million in 2006, an increase of $72 million, or 23 9% compared to 2005 Net interest income in 2006 was comprised of $494 million of net interest income from clients less an FTP charge of $121 million The growth in net interest income in 2006 was a result of strong loan growth in the segment Net interest income for 2005 was $301 million, up $21 million, or 7 5%, compared to 2004 BB&T has continued to emphasize growth in the Specialized Lending segment as the risk-adjusted yields on the loans offered are more attractive than traditional lending products offered by the Banking Network Average loans for the Specialized Lending segment increased 27 4% during 2006 compared to 2005

The economic provision for loan and lease losses totaled $137 million in 2006, an increase of 33 0% compared to 2005 Comparing 2005 to 2004, the economic provision for loan and lease losses increased $11 million, or 12 0%, compared to 2004 Due to the generally higher credit risk profiles of the clients of Specialized Lending, loss rates are expected to be higher than conventional bank lending Loss rates are also affected by shifts in the portfolio mix of the underlying subsidiaries The growth in this segment has required additional provisions for loan and leases losses

Noninterest income produced by the Specialized Lending segment totaled $74 million in 2006, an increase of $15 million, or 25 4% compared to 2005 The increase during 2006 was largely attributable to strong performance from Laureate Capital, BB&T's commercial mortgage banking subsidiary Noninterest income for 2005 totaled $59 million, an increase of $19 million, or 47 5% compared to 2004 Noninterest expenses incurred within the Specialized Lending segment in 2006 totaled $163 million, an increase of $24 million, or 17 3% compared to 2005 and allocated corporate expenses increased $3 million, or 17 6% from 2005 to 2006 For 2005, noninterest expenses increased $12 million, or 9 4% compared to 2004 and allocated corporate expenses increased $3 million, or 21 4% from 2004 to 2005 The increases in noninterest expenses incurred within the Specialized Lending segment and the allocated corporate expenses were due to a combination of internal growth and growth from acquisitions

The provision for income taxes allocated to the Specialized Lending segment increased $16 million, or 51 6% in 2006 compared to 2005, as a result of higher pretax income and a change in methodology for allocating taxes to the segments For 2005 the provision for income taxes allocated to the Specialized Lending segment increased $6 million, or 24 0%, primarily due to the combination of a higher effective tax rate and higher pretax income in 2005

Total identifiable assets for the Specialized Lending segment increased $817 million, or 27 5%, from 2005 to 2006, and $588 million, or 24 7%, from 2004 to 2005, due to internal growth and acquisitions during the last two years

Insurance Services

Noninterest income produced by the Insurance Services segment totaled $783 million during 2006, an increase of $94 million, or 13 6%, compared to 2005 During 2005, noninterest income amounted to $689 million, an increase of $86 million, or 14 3%, compared to 2004 Internal growth combined with the expansion of BB&T's insurance agency network and insurance brokerage operations through acquisitions during the last two years were responsible for this strong growth Noninterest expenses incurred within the Insurance Services segment increased $96 million, or 18 2% from 2005, while allocated corporate expenses decreased $3 million, or 10 7% For 2005, noninterest expenses incurred within the Insurance Services segment increased $88 million, or 20 0% from 2004, while allocated corporate expenses in 2005 increased $9 million, or 47 4% The overall increase in noninterest expenses within the Insurance Services segment principally resulted from the continued expansion of the BB&T insurance agency network

Maybank 011079

Global Reports LLC

ROA 4040

The changes in the provision for income taxes allocated to the Insurance Services segment were largely consistent with changes in the levels of pretax income for the years 2006, 2005 and 2004 Total identifiable segment assets for Insurance Services were unchanged in 2006 compared to 2005, following an increase of 17 8% to a total of $1 0 billion in 2005

Financial Services

Net interest income for the Financial Services segment totaled $24 million in 2006, an increase of $10 million, or 71 4%, compared to 2005 This increase is composed of a $2 million increase in net interest income received from clients combined with an $8 million increase in the FTP credit received by the Financial Services segment Net interest income in 2005, which totaled $14 million, was unchanged from the prior year

Noninterest income in the Financial Services segment totaled $515 million, an increase of $57 million, or 12 4% during 2006 Noninterest income amounted to $458 million in 2005, an increase of $61 million, or 15 4%, compared to 2004 The revenue increase in 2006 was due to strong growth from trust operations and investment banking and brokerage operations, which includes the impact of acquisitions The growth in noninterest income during 2005 was primarily due to the acquisitions of Sterling Capital, LLC ("Sterling") and Windsor Group, LLC ("Windsor"), as well as increases in mutual fund administration fees Noninterest expenses incurred by Financial Services increased $67 million in 2006, or 16 6%, while allocated corporate expenses increased $3 million compared to 2005 The increases in noninterest expenses in 2006 were largely due to increased personnel costs as a result of additional staffing and higher incentive compensation For 2005, noninterest expense incurred by Financial Services increased $63 million, or 18 5%, while expenses allocated to the Financial Services segment increased $5 million, or 22 7% from 2004 The increase in noninterest expenses for 2005 was primarily due to increased incentive compensation and the acquisitions of Sterling and Windsor

The provision for income taxes allocated to Financial Services increased $2 million in 2006 compared to 2005, following a decrease of $4 million in 2005 compared to 2004 The fluctuations in the provision for income taxes allocated to the Financial Services segment were primarily a result of changes in the effective tax rate Total identifiable segment assets for Financial Services increased to a total of $1 8 billion at December 31, 2006, compared to $1 4 billion at year-end 2005 and $950 million at December 31, 2004

Treasury

Net interest income for the Treasury segment was an expense of $247 million in 2006, compared to an expense of $482 million during 2005 Net interest income for 2006 was comprised of $171 million of net interest expense from external sources and $76 million of expense from the FTP charge For 2005, net interest income for the Treasury segment was comprised of $30 million of net interest income from external sources and $512 million of expense from the FTP charge The decrease in the FTP charge from 2005 to 2006 was primarily a result of changes to the rates used for crediting funding sources, while the decline in net interest income from external sources was principally due to the increase in short-term interest rates, which increased the cost of funding Comparing 2005 to 2004, net interest income declined $163 million, primarily due to the rise in short term interest rates, which increased funding costs

Noninterest income in the Treasury segment is primarily related to income from bank-owned life insurance During 2006, noninterest income within the Treasury segment totaled $117 million, an increase of $9 million, or 8 3% compared to 2005 For 2005, noninterest income within the Treasury segment totaled $108 million, a slight decrease compared to 2004 The decrease in 2005 was primarily due to lower gains on sales of securities in 2005 compared to 2004 Noninterest expenses incurred within the Treasury segment increased $4 million, or 57 1% in 2006 compared to 2005 For 2005, noninterest expenses within the Treasury segment increased slightly compared to 2004 Allocated corporate expenses for the Treasury segment increased $7 million during 2006 as a result of a change in the factors for allocating expenses to the Treasury segment

The provision for income taxes allocated to the Treasury segment during 2006 was a tax benefit of $99 million, as compared to a tax benefit of $194 million for 2005 For 2004, the Treasury segment was allocated a tax benefit of $143 million The changes in the tax benefits allocated to the Treasury segment are a combination of changes in the methodology used to allocate taxes, as well as changes in pretax income Total identifiable assets for the Treasury segment increased $2 2 billion, or 10 2% during 2006 to a total of $24 3 billion For 2005, total identifiable segment assets for the Treasury segment increased $1 1 billion or 5 4%

Maybank 011080

Global Reports LLC

ROA 4041

Fourth Quarter Results

Net income for the fourth quarter of 2006 was $251 million, compared to $430 million for the comparable period of 2005 On a per share basis, diluted net income for the fourth quarter of 2006 was $ 46 compared to $ 78 for the same period a year ago Annualized returns on average assets and average shareholders' equity were 84% and 8 33%, respectively, for the fourth quarter of 2006, compared to 1 58% and 15 32%, respectively, for the fourth quarter of 2005

BB&T's fourth quarter 2006 results were negatively affected by an additional tax provision of $139 million after-tax, and securities losses resulting from a previously-announced portfolio restructuring of $47 million after-tax BB&T recorded the additional tax reserves as a result of a summary judgment issued by the United States District Court for the Middle District of North Carolina on January 4, 2007 in favor of the IRS related to the treatment of a leveraged lease transaction The amount of the additional tax reserves relates to the potential impact of the District Court's ruling on BB&T's entire leveraged lease portfolio BB&T's management disagrees with the District Court's decision and currently intends to appeal the matter to the United States Appeals Court for the Fourth Circuit, based in Richmond, Virginia

Net interest income amounted to $956 million for the fourth quarter of 2006, an increase of 6 2% compared to $900 million for the same period of 2005 Noninterest income totaled $602 million for the fourth quarter of 2006, down 2 7% from $619 million earned during the fourth quarter of 2005 BB&T's noninterest expense for the fourth quarter of 2006 totaled $922 million, up 12 7% from the $818 million recorded in the fourth quarter of 2005

The fourth quarter 2006 provision for credit losses increased 4 9% to $73 million, compared to $69 million for the fourth quarter of 2005 The fluctuation in the quarterly provision is a reflection of actual credit losses experienced during each quarter as well as management's judgment as to the adequacy of the allowance for loan and lease losses and reserve for unfunded lending commitments at the end of each quarter

The fourth quarter 2006 provision for income taxes totaled $312 million, an increase of $111 million compared to $202 million for the same period of 2005 The increase in the provision for income taxes was primarily the result of additional tax reserves for leveraged lease transactions as previously mentioned

Maybank 011081

Global Reports LLC

ROA 4042

The accompanying table, "Quarterly Financial Summary—Unaudited," presents condensed information relating to quarterly periods in the years ended December 31, 2006 and 2005

Table 25
Quarterly Financial Summary—Unaudited

	2006				2005			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(Dollars in millions, except per share data)							
Consolidated Summary of Operations								
Net interest income	$ 956	$ 938	$ 917	$ 897	$ 900	$ 899	$ 877	$ 849
Provision for credit losses	73	62	58	47	69	57	50	41
Securities (losses) gains, net	(73)	—	—	—	—	—	—	—
Other noninterest income	675	660	651	608	619	605	585	517
Noninterest expense	922	915	860	819	818	787	831	731
Provision for income taxes (1)	312	204	221	208	202	218	194	199
Net income	$ 251	$ 417	$ 429	$ 431	$ 430	$ 442	$ 387	$ 395
Basic earnings per share	$ 46	$ 77	$ 80	$ 80	$ 79	$ 81	$ 71	$ 72
Diluted earnings per share	$ 46	$ 77	$ 79	$ 79	$ 78	$ 80	$ 70	$ 71
Selected Average Balances								
Assets	$118,777	$116,884	$112,383	$109,132	$107,844	$106,361	$103,664	$100,479
Securities, at amortized cost	21,609	21,736	21,081	20,955	20,808	20,823	20,614	19,607
Loans and leases (2)	82,690	81,044	77,978	75,443	74,315	72,715	70,386	68,578
Total earning assets	105,216	103,757	100,028	97,175	95,920	94,333	91,657	88,806
Deposits	79,889	79,123	75,626	74,199	72,949	72,092	68,942	67,322
Federal funds purchased, securities sold under repurchase agreements and short-term debt	7,109	6,720	7,507	6,685	7,119	7,123	8,218	7,086
Long-term debt	16,100	15,433	13,826	13,111	12,717	12,111	11,600	11,390
Total interest-bearing liabilities	89,810	87,765	83,746	81,143	79,441	78,182	75,989	73,559
Shareholders' equity	11,941	11,500	11,221	11,134	11,127	11,177	11,050	10,905

(1) Fourth quarter 2006 includes $139 million in additional tax reserves related to leveraged leases
(2) Loans and leases are net of unearned income and include loans held for sale

Maybank 011082

Global Reports LLC

ROA 4043

SIX YEAR FINANCIAL SUMMARY AND SELECTED RATIOS
(Dollars in millions, except per share data)

	As of / For the Years Ended December 31,						Five Year Compound Growth Rate
	2006	2005	2004	2003	2002	2001	
Summary of Operations							
Interest income	$ 6,893	$ 5,506	$ 4,547	$ 4,355	$ 4,434	$ 4,849	7.3%
Interest expense	3,185	1,981	1,199	1,273	1,687	2,415	5.7
Net interest income	3,708	3,525	3,348	3,082	2,747	2,434	8.8
Provision for credit losses	240	217	249	248	263	224	1.4
Net interest income after provision credit losses	3,468	3,308	3,099	2,834	2,484	2,210	9.4
Noninterest income	2,521	2,326	2,119	1,828	1,541	1,293	14.3
Noninterest expense	3,516	3,167	2,896	3,045	2,234	2,142	10.4
Income before income taxes and cumulative effect of change in accounting principle	2,473	2,467	2,322	1,617	1,791	1,361	12.7
Provision for income taxes	945	813	764	552	498	387	19.5
Income before cumulative effect of change in accounting principle	1,528	1,654	1,558	1,065	1,293	974	9.4
Cumulative effect of change in accounting principle	—	—	—	—	10	—	NM
Net income	$ 1,528	$ 1,654	$ 1,558	$ 1,065	$ 1,303	$ 974	9.4
Per Common Share							
Average shares outstanding (000's)							
Basic	539,140	546,916	551,661	509,851	473,304	453,188	3.5
Diluted	543,891	551,380	556,041	514,082	478,793	459,269	3.4
Basic earnings per share							
Income before cumulative effect of change in accounting principle	$ 2.84	$ 3.02	$ 2.82	$ 2.09	$ 2.73	$ 2.15	5.7
Cumulative effect of change in accounting principle	—	—	—	—	.02	—	NM
Net income	$ 2.84	$ 3.02	$ 2.82	$ 2.09	$ 2.75	$ 2.15	5.7
Diluted earnings per share							
Income before cumulative effect of change in accounting principle	$ 2.81	$ 3.00	$ 2.80	$ 2.07	$ 2.70	$ 2.12	5.8
Cumulative effect of change in accounting principle	—	—	—	—	.02	—	NM
Net income	$ 2.81	$ 3.00	$ 2.80	$ 2.07	$ 2.72	$ 2.12	5.8
Cash dividends paid per share	$ 1.60	$ 1.46	$ 1.34	$ 1.22	$ 1.10	$ .98	10.3
Book value per share	$ 21.69	$ 20.49	$ 19.76	$ 18.33	$ 15.70	$ 13.50	9.9
Average Balances							
Securities, at amortized cost	$ 21,348	$ 20,467	$ 18,218	$ 17,058	$ 16,939	$ 15,887	6.1
Loans and leases (1)	79,313	71,517	66,107	57,857	50,851	46,588	11.2
Other assets	13,667	12,628	11,951	10,413	7,989	6,348	16.6
Total assets	$114,328	$104,612	$ 96,276	$ 85,328	$ 75,779	$ 68,823	10.7
Deposits	$ 77,230	$ 70,346	$ 64,816	$ 56,948	$ 49,118	$ 44,242	11.8
Long-term debt	14,628	11,959	10,886	11,710	12,135	11,030	5.8
Other liabilities	11,018	11,242	9,977	7,775	7,413	7,749	7.3
Shareholders' equity	11,452	11,065	10,597	8,895	7,113	5,802	14.6
Total liabilities and shareholders' equity	$114,328	$104,612	$ 96,276	$ 85,328	$ 75,779	$ 68,823	10.7
Period End Balances							
Total assets	$121,351	$109,170	$100,509	$ 90,467	$ 80,217	$ 70,870	11.4
Deposits	80,971	74,282	67,699	59,350	51,280	44,733	12.6
Long term debt	15,904	13,119	11,420	10,808	13,588	11,721	6.3
Shareholders' equity	11,745	11,129	10,875	9,935	7,388	6,150	13.8
Selected Ratios							
Rate of return on							
Average total assets	1.34%	1.58%	1.62%	1.25%	1.72%	1.41%	
Average shareholders' equity	13.35	14.95	14.71	11.97	18.32	16.78	
Dividend payout	56.34	48.34	47.52	58.37	40.00	45.58	
Average equity to average assets	10.02	10.58	11.01	10.42	9.39	8.43	

NM= Not meaningful

(1) Loans and leases are net of unearned income and include loans held for sale

Maybank 011083

Global Reports LLC

ROA 4044

CONTROLS AND PROCEDURES

Management's Report on Internal Control Over Financial Reporting

Management of BB&T is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934 as amended (the Exchange Act) The Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America BB&T's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and disposition of the Corporation's assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Corporation are being made only in accordance with the authorizations of BB&T's management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material impact on the financial statements

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate

Under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, the Corporation conducted an evaluation of the effectiveness of the internal control over financial reporting based on the framework in "Internal Control—Integrated Framework" promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria Based on this evaluation under the "COSO" criteria, management concluded that the internal control over financial reporting was effective as of December 31, 2006

As of the end of the period covered by this report, the management of the Corporation, under the supervision and with the participation of the Corporation's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the Corporation's disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective in enabling the Corporation to record, process, summarize and report, in a timely manner, the information that the Corporation is required to disclose in its Exchange Act reports

There was no change in the Corporation's internal control over financial reporting that occurred during the fourth quarter of 2006 that has materially affected or is likely to materially affect, the Corporation's internal control over financial reporting

Management's assessment of the effectiveness of the internal control structure over financial reporting, as of December 31, 2006, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included on page 69, which expresses unqualified opinions on management's assessment and on the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2006

Maybank 011084

Global Reports LLC

ROA 4045

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of BB&T Corporation

We have completed integrated audits of BB&T Corporation's consolidated financial statements and of its internal control over financial reporting as of December 31, 2006, in accordance with the standards of the Public Company Accounting Oversight Board (United States) Our opinions, based on our audits, are presented below

Consolidated financial statements

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in shareholders' equity and cash flows present fairly, in all material respects, the financial position of BB&T Corporation and its subsidiaries at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America These financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) 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 of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing on page 68, that the Company maintained effective internal control over financial reporting as of December 31, 2006 based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria Further more, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control – Integrated Framework* issued by the COSO The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances We believe that our audit provides a reasonable basis for our opinions

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

Maybank 011085

Global Reports LLC

ROA 4046

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

Charlotte, North Carolina
February 27, 2007

Maybank 011086

Global Reports LLC

ROA 4047

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2006 and 2005
(Dollars in millions, except per share data)

	2006	2005
Assets		
Cash and due from banks	$ 2,024	$ 2,158
Interest-bearing deposits with banks	435	353
Federal funds sold and securities purchased under resale agreements or similar arrangements	253	286
Segregated cash due from banks	153	85
Trading securities at fair value	2,147	707
Securities available for sale at fair value	20,721	19,783
Loans held for sale	680	629
Loans and leases, net of unearned income	82,911	74,394
Allowance for loan and lease losses	(888)	(825)
Loans and leases, net	82,023	73,569
Premises and equipment, net of accumulated depreciation	1,410	1,287
Goodwill	4,827	4,256
Core deposit and other intangible assets	454	488
Residential mortgage servicing rights (fair value at December 31, 2006, and lower of cost or market at December 31, 2005)	484	431
Other assets	5,740	5,138
Total assets	$121,351	$109,170
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing deposits	$ 13,393	$ 13,477
Interest checking	1,333	1,427
Other client deposits	34,062	30,960
Client certificates of deposit	24,987	19,310
Other interest-bearing deposits	7,196	9,108
Total deposits	80,971	74,282
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	8,087	6,562
Long-term debt	15,904	13,119
Accounts payable and other liabilities	4,644	4,078
Total liabilities	109,606	98,041
Commitments and contingencies (Notes 6 and 15)		
Shareholders' equity		
Preferred stock, $5 par, 5,000,000 shares authorized, none issued or outstanding at December 31, 2006 or at December 31, 2005	—	—
Common stock, $5 par, 1,000,000,000 shares authorized, 541,475,305 issued and outstanding at December 31, 2006 and 543,102,080 issued and outstanding at December 31, 2005	2,707	2,715
Additional paid-in capital	2,801	2,819
Retained earnings	6,596	5,951
Accumulated other comprehensive loss, net of deferred income taxes of $(212) at December 31, 2006 and $(207) at December 31, 2005	(359)	(356)
Total shareholders' equity	11,745	11,129
Total liabilities and shareholders' equity	$121,351	$109,170

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

Maybank 011087

Global Reports LLC

ROA 4048

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31, 2006, 2005 and 2004
(Dollars in millions, except per share data)

	2006	2005	2004
Interest Income			
Interest and fees on loans and leases	$ 5,941	$ 4,684	$ 3,851
Interest and dividends on securities			
Taxable interest income	821	739	633
Tax-exempt interest income	31	32	33
Dividends	48	29	19
Interest on short-term investments	52	22	11
Total interest income	6,893	5,506	4,547
Interest Expense			
Interest on deposits	2,137	1,252	730
Interest on federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	301	224	90
Interest on long-term debt	747	505	379
Total interest expense	3,185	1,981	1,199
Net Interest Income	3,708	3,525	3,348
Provision for credit losses	240	217	249
Net Interest Income After Provision for Credit Losses	3,468	3,308	3,099
Noninterest Income			
Insurance commissions	813	714	619
Service charges on deposits	548	543	523
Investment banking and brokerage fees and commissions	317	290	265
Other nondeposit fees and commissions	167	129	116
Checkcard fees	155	128	101
Trust income	154	141	119
Bankcard fees and merchant discounts	122	112	102
Mortgage banking income	108	104	110
Securities (losses) gains, net	(73)	—	6
Income from bank-owned life insurance	93	94	92
Other noninterest income	117	71	66
Total noninterest income	2,521	2,326	2,119
Noninterest Expense			
Personnel expense	2,077	1,785	1,632
Occupancy and equipment expense	449	472	416
Amortization of intangibles	104	112	106
Professional services	120	93	76
Merger-related and restructuring charges (gains), net	18	(11)	6
Loan processing expenses	103	98	84
Other expenses	645	618	576
Total noninterest expense	3,516	3,167	2,896
Earnings			
Income before income taxes	2,473	2,467	2,322
Provision for income taxes	945	813	764
Net Income	$ 1,528	$ 1,654	$ 1,558
Per Common Share			
Net income			
Basic	$ 2.84	$ 3.02	$ 2.82
Diluted	$ 2.81	$ 3.00	$ 2.80
Cash dividends paid	$ 1.60	$ 1.46	$ 1.34
Average Shares Outstanding			
Basic	539,140,045	546,916,414	551,661,326
Diluted	543,890,512	551,379,604	556,041,033

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

Maybank 011088

Global Reports LLC

ROA 4049

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2006, 2005 and 2004
(Dollars in millions, except per share data)

	Shares of Common Stock	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2004	541,942,987	$2,710	$2,894	$4,309	$ 22	$ 9 935
Add (Deduct)						
Comprehensive income						
Net income	—	—	—	1,558	—	1 558
Unrealized holding gains (losses) arising during the period on securities available for sale, net of tax of $(56)	—	—	—	—	(95)	(95)
Less reclassification adjustment for losses (gains) on securities available for sale included in net income, net of tax of $(2)	—	—	—	—	(4)	(4)
Change in unrealized gains (losses) on securities, net of tax	—	—	—	—	(99)	(99)
Change in unrecognized gain (loss) on cash flow hedge, net of tax of $(20)	—	—	—	—	(31)	(31)
Change in minimum pension liability, net of tax of $(2)					(3)	(3)
Total comprehensive income	—	—	—	1,558	(133)	1,425
Common stock issued						
In purchase acquisitions	16 179,320	81	535	—	—	616
In connection with stock option exercises and other employee benefits, net of cancellations	3,534,380	17	62	—	—	79
Redemption of common stock	(11,250,400)	(56)	(385)	—	—	(441)
Cash dividends declared on common stock, $1.37 per share	—	—	—	(755)	—	(755)
Excess tax benefit from equity-based awards	—	—	16	—	—	16
Balance, December 31, 2004	550,406,287	2,752	3,122	5 112	(111)	10 875
Add (Deduct)						
Comprehensive income						
Net income	—	—	—	1 654	—	1,654
Unrealized holding gains (losses) arising during the period on securities available for sale, net of tax of $(144)	—	—	—	—	(250)	(250)
Change in unrealized gains (losses) on securities, net of tax	—	—	—	—	(250)	(250)
Change in unrecognized gain (loss) on cash flow hedge, net of tax of $5	—	—	—	—	7	7
Change in minimum pension liability, net of tax of $(2)					(2)	(2)
Total comprehensive income	—	—	—	1,654	(245)	1,409
Common stock issued						
In purchase acquisitions	1,229,511	6	44	—	—	50
In connection with stock option exercises and other employee benefits, net of cancellations	3 466,282	17	63	—	—	80
Redemption of common stock	(12 000,000)	(60)	(426)	—	—	(486)
Cash dividends declared on common stock, $1 49 per share	—	—	—	(815)	—	(815)
Excess tax benefit from equity-based awards	—	—	16	—	—	16
Balance, December 31, 2005	543 102,080	2,715	2,819	5,951	(356)	11,129
Add (Deduct)						
Comprehensive income						
Net income	—	—	—	1,528	—	1 528
Unrealized holding gains (losses) arising during the period on securities available for sale net of tax of $26	—	—	—	—	43	43
Reclassification adjustment for losses (gains) on securities available for sale included in net income, net of tax of $27	—	—	—	—	46	46
Change in unrealized gains (losses) on securities net of tax	—	—	—	—	89	89
Change in unrecognized gain (loss) on cash flow hedge, net of tax of $9	—	—	—	—	13	13
Change in minimum pension liability, net of tax of $1					3	3
Total comprehensive income	—	—	—	1,528	105	1,633
Cumulative effect of change for SFAS 158 net of tax of $(68)	—	—	—	—	(108)	(108)
Common stock issued						
In purchase acquisitions	17,488,608	87	670	—	—	757
In connection with stock option exercises and other employee benefits, net of cancellations	3,192,020	16	75	—	—	91
Redemption of common stock	(22,307,403)	(111)	(825)	—	—	(936)
Cash dividends declared on common stock, $1 64 per share	—	—	—	(883)	—	(883)
Excess tax benefit from equity based awards	—	—	4	—	—	4
Equity based compensation expense	—	—	58	—	—	58
Balance, December 31, 2006	541 475,305	$2,707	$2,801	$6,596	$(359)	$11 745

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

Maybank 011089

Global Reports LLC

ROA 4050

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2006, 2005 and 2004
(Dollars in millions)

	2006	2005	2004
Cash Flows From Operating Activities			
Net income	$ 1,528	$ 1,654	$ 1,558
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	240	217	249
Depreciation	188	191	164
Amortization of intangibles	104	112	106
Amortization of purchase accounting mark-to-market adjustments, net	12	30	26
Equity-based compensation	58	—	—
Discount accretion and premium amortization on long term debt, net	126	115	105
Discount accretion and premium amortization on securities, net	28	42	54
Net (increase) decrease in trading account securities	(1,434)	(372)	473
Loss (gain) on sales of securities, net	73	—	(6)
Gain on sales of loans and mortgage loan servicing rights, net	(60)	(77)	(66)
Gain on disposals of premises and equipment, net	(31)	(5)	—
Proceeds from sales of loans held for sale	5,216	4,816	5,302
Originations and purchases of loans held for sale, net of principal collected	(5,243)	(4,850)	(5,211)
Excess tax benefit from equity based awards	—	16	16
Increase in other assets, net	(434)	(518)	(294)
Increase in accounts payable and other liabilities, net	503	305	475
(Increase) decrease in segregated cash due from banks	(68)	37	(62)
Other, net	(28)	(13)	—
Net cash provided by operating activities	778	1,700	2,889
Cash Flows From Investing Activities			
Proceeds from sales of securities available for sale	2,730	1,334	2 340
Proceeds from maturities, calls and paydowns of securities available for sale	1,670	3,311	3,984
Purchases of securities available for sale	(5,076)	(5,818)	(7,852)
Proceeds from maturities, calls and paydowns of securities held to maturity	—	—	60
Leases made to customers	(279)	(242)	(240)
Principal collected on leases	195	178	163
Originations and purchases of loans, net of principal collected	(6,477)	(7,276)	(5,492)
Net cash acquired (paid) in business combinations	38	(124)	(58)
Proceeds from disposals of premises and equipment	84	31	27
Purchases of premises and equipment	(250)	(198)	(220)
Proceeds from sales of foreclosed property or other real estate held for sale	85	82	113
Other net	(18)	(12)	—
Net cash used in investing activities	(7 298)	(8,734)	(7,175)
Cash Flows From Financing Activities			
Net increase in deposits	4,475	6,588	5,820
Net increase (decrease) in federal funds purchased, securities sold under repurchase agreements and short term borrowed funds	1,286	(126)	(730)
Proceeds from issuance of long term debt	3 176	2 593	3,297
Repayment of long term debt	(798)	(921)	(2 858)
Net proceeds from common stock issued	91	80	79
Redemption of common stock	(936)	(486)	(441)
Cash dividends paid on common stock	(863)	(801)	(739)
Excess tax benefit from equity based awards	4	—	—
Net cash provided by financing activities	6 435	6 927	4 428
Net (Decrease) Increase in Cash and Cash Equivalents	(85)	(107)	142
Cash and Cash Equivalents at Beginning of Year	2,797	2,904	2,762
Cash and Cash Equivalents at End of Year	$ 2,712	$ 2,797	$ 2,904
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for			
Interest	$ 3,069	$ 1,911	$ 1,182
Income taxes	791	780	346
Noncash investing and financing activities			
Transfer of loans to foreclosed property	85	58	86
Transfer of fixed assets to other real estate owned	8	11	10
Securitization of mortgage loans	51	210	1,000
Common stock issued in business combinations	757	50	616

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

Maybank 011090

Global Reports LLC

ROA 4051

BB&T CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

NOTE 1. Summary of Significant Accounting Policies

General

BB&T Corporation ("BB&T", the "Company" or "Parent Company") is a financial holding company organized under the laws of North Carolina BB&T conducts operations through its principal bank subsidiary, Branch Banking and Trust Company ("Branch Bank") and its nonbank subsidiaries

The accounting and reporting policies of BB&T Corporation and its subsidiaries are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry The following is a summary of BB&T's more significant accounting policies

Nature of Operations

BB&T is a financial holding company headquartered in Winston-Salem, North Carolina BB&T conducts its operations primarily through its subsidiary bank, which has branches in North Carolina, South Carolina, Virginia, Maryland, Georgia, West Virginia, Tennessee, Kentucky, Florida, Alabama, Indiana and Washington, D C BB&T's subsidiary bank provides a wide range of banking services to individuals and businesses, and offers a variety of loans to businesses and consumers Such loans are made primarily to individuals residing in the market areas described above or to businesses located within BB&T's geographic footprint BB&T's subsidiary bank also markets a wide range of deposit services to individuals and businesses BB&T's subsidiary bank offers, either directly, or through its subsidiaries, lease financing to businesses and municipal governments, factoring, discount brokerage services, annuities and mutual funds, life insurance, property and casualty insurance, health insurance and commercial general liability insurance on an agency basis and through a wholesale insurance brokerage operation, insurance premium financing, permanent financing arrangements for commercial real estate, loan servicing for third-party investors, direct consumer finance loans to individuals, and trust services The direct nonbank subsidiaries of BB&T provide a variety of financial services including automobile lending, equipment financing, full-service securities brokerage, payroll processing, asset management and capital markets services

Principles of Consolidation

The consolidated financial statements of BB&T include the accounts of BB&T Corporation and those subsidiaries that are majority-owned by BB&T and over which BB&T exercises control In consolidation, all significant intercompany accounts and transactions are eliminated The results of operations of companies acquired are included only from the dates of acquisition All material wholly owned and majority-owned subsidiaries are consolidated unless accounting principles generally accepted in the United States of America require otherwise

BB&T evaluates variable interests in entities for which voting interests are not an effective means of identifying controlling financial interests Variable interests are those in which the value of the interest changes with the fair value of the net assets of the entity exclusive of variable interests If the results of the evaluation indicate the existence of a primary beneficiary and the entity does not effectively disperse risks among the parties involved, that primary beneficiary is required to consolidate the entity Likewise, if the evaluation indicates that the requirements for consolidation are not met and the entity has previously been consolidated, then the entity would be deconsolidated

BB&T is involved in creating a series of secondary marketing trusts, which are qualified special purpose entities, for the purpose of selling interests in municipal securities to third parties at short-term tax-exempt rates The trust purchases fixed-rate, longer-term highly rated municipal bonds by issuing puttable floating-rate certificates and inverse floating-rate certificates BB&T purchases the inverse floating-rate certificates, which are categorized as trading securities on the Consolidated Balance Sheet BB&T also provides liquidity support to the trust in order to support the remarketing of the floating-rate certificates

Maybank 011091

Global Reports LLC

ROA 4052

BB&T has variable interests in certain entities that were not required to be consolidated, including affordable housing partnership interests, historic tax credit partnerships, other partnership interests and trusts that have issued capital securities

BB&T accounts for unconsolidated partnership investments using the equity method of accounting In addition to affordable housing partnerships, which represent the majority of unconsolidated investments in variable interest entities, BB&T also has investments and future funding commitments to venture capital and other entities The maximum potential exposure to losses relative to investments in variable interest entities is generally limited to the sum of the outstanding balance, future funding commitments and any related loans to the entity Loans to these entities are underwritten in substantially the same manner as are other loans and are generally secured

BB&T has investments in certain entities for which BB&T does not have controlling interest For these investments, the Company records its interest using the equity method with its portion of income or loss being recorded in other noninterest income in the Consolidated Statements of Income BB&T periodically evaluates these investments for impairment

Reclassifications

In certain instances, amounts reported in prior years' consolidated financial statements have been reclassified to conform to the current presentation Such reclassifications had no effect on previously reported shareholders' equity or net income

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods Actual results could differ from those estimates Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan and lease losses and the reserve for unfunded lending commitments, valuation of mortgage servicing rights, valuation of goodwill, intangible assets and other purchase accounting related adjustments, benefit plan obligations and expenses, and tax assets, liabilities and expense

Business Combinations

BB&T accounts for all business combinations using the purchase method of accounting Under this method of accounting, the accounts of an acquired entity are included with the acquirer's accounts as of the date of acquisition with any excess of purchase price over the fair value of the net assets acquired (including identifiable intangibles) capitalized as goodwill BB&T typically provides an allocation period not to exceed one year to finalize the purchase price allocations related to its business combinations Management currently does not anticipate material adjustments to the assigned values of the assets and liabilities of acquired companies

To consummate an acquisition, BB&T typically issues common stock and / or pays cash, depending on the terms of the merger agreement The value of common shares issued in connection with purchase business combinations is determined based on the market price of the securities issued over a reasonable period of time, not to exceed three days before and three days after the measurement date

In connection with mergers and acquisitions, BB&T typically issues options to purchase shares of its common stock in exchange for options outstanding of the acquired entities at the time the merger is completed To the extent vested, the options are considered to be part of the purchase price paid There is no change in the aggregate intrinsic value of the options issued compared to the intrinsic value of the options held immediately before the exchange, nor does the ratio of the exercise price per option to the market value per share change

Maybank 011092

Global Reports LLC

ROA 4053

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing deposits with banks, Federal funds sold and securities purchased under resale agreements or similar arrangements Cash and cash equivalents have maturities of three months or less Accordingly, the carrying amount of such instruments is considered a reasonable estimate of fair value

Securities

At date of purchase, BB&T classifies investment securities as held to maturity, available for sale or trading Interest income and dividends on securities are recognized in interest income on an accrual basis Premiums and discounts on debt securities are amortized as an adjustment to interest income using the interest method

Debt securities acquired with both the intent and ability to hold to maturity are classified as held to maturity and reported at amortized cost

Debt securities, which may be sold to meet liquidity needs arising from unanticipated deposit and loan fluctuations, changes in regulatory capital requirements, or unforeseen changes in market conditions, are classified as available for sale Equity securities classified as available for sale are primarily comprised of stock issued by the Federal Home Loan Bank of Atlanta and are carried at cost, which approximates fair value All other securities available for sale are reported at estimated fair value, with unrealized gains and losses reported as accumulated other comprehensive income or loss, net of deferred income taxes, in the shareholders' equity section of the Consolidated Balance Sheets Gains or losses realized from the sale of securities available for sale are determined by specific identification and are included in noninterest income

BB&T evaluates each held to maturity and available-for-sale security in a loss position for other than temporary impairment In its evaluation BB&T considers such factors as the length of time and the extent to which the market value has been below cost, the financial condition of the issuer, and BB&T's ability and intent to hold the security to an expected recovery in market value Unrealized losses for other than temporary impairment on debt and equity securities are recognized in current period earnings

Trading account securities, which include both debt and equity securities, are reported at fair value Unrealized market value adjustments, fees, and realized gains or losses from trading account activities (determined by specific identification) are included in noninterest income Interest income on trading account securities is included in interest and dividends from securities

Loans Held for Sale

Loans held for sale, which are composed of mortgage and consumer loans, are reported at the lower of cost or market value on an aggregate loan portfolio basis Gains or losses realized on the sales of loans are recognized at the time of sale and are determined by the difference between the net sales proceeds and the carrying value of the loans sold including any deferred origination fees and costs, adjusted for any servicing asset or liability retained Gains and losses on sales of mortgage loans are included in mortgage banking income Gains or losses on sales of consumer loans are included in other noninterest income

Loans and Leases

Loans and leases that management has the intent and ability to hold for the foreseeable future are reported at their outstanding principal balances net of any unearned income, charge-offs, unamortized fees and costs on originated loans and unamortized premiums or discounts on purchased loans The net amount of nonrefundable loan origination fees and certain direct costs associated with the lending process are deferred and amortized to interest income over the contractual lives of the loans using methods which approximate the interest method Discounts and premiums are amortized or accreted to interest income over the estimated life of the loans using methods that approximate the interest method Commercial loans and substantially all installment loans accrue interest on the unpaid balance of the loans

Maybank 011093

Global Reports LLC

ROA 4054

Lease receivables consist primarily of investments in leveraged lease transactions and direct financing leases on rolling stock, equipment and real property Direct financing lease receivables are stated at the total amount of future minimum lease payments receivable plus estimated residual values and initial direct costs, less unearned income Leveraged leases are also carried net of non-recourse debt Income is recognized over the lives of the lease contracts using the interest method BB&T also enters into operating leases as lessor Operating lease equipment is carried at cost less accumulated depreciation and is depreciated to the estimated residual value using the straight-line method over the lessee of the lease term or projected economic life of the equipment BB&T estimates the residual value at the inception of each lease In addition, BB&T reviews residual values at least annually, and monitors the residual realizations at the end of the lease term If the review of the estimated residual values indicates potential impairment and this decline is other than temporary, such impairment is recognized in current period earnings Estimated residual values are evaluated using information that includes both internal and external appraisals and historical residual realization experience

BB&T classifies loans and leases past due when the payment of principal and interest based upon contractual terms is greater than 30 days delinquent

Nonperforming Assets

Nonperforming assets include loans and leases on which interest is not being accrued and foreclosed property Foreclosed property consists of real estate and other assets acquired as a result of customers' loan defaults Loans and leases are generally placed on nonaccrual status when concern exists that principal or interest is not fully collectible, or when principal or interest becomes 90 days past due, whichever occurs first Certain loans past due 90 days or more may remain on accrual status if management determines that it does not have concern over the collectibility of principal and interest Generally, when loans are placed on nonaccrual status, interest receivable is reversed against interest income in the current period Interest payments received thereafter are applied as a reduction to the remaining principal balance as long as concern exists as to the ultimate collection of the principal Loans and leases are removed from nonaccrual status when they become current as to both principal and interest and concern no longer exists as to the collectibility of principal and interest

Assets acquired as a result of foreclosure are carried at the lower of cost or net realizable value Net realizable value equals fair value less estimated selling costs Cost is determined based on the sum of unpaid principal, accrued but unpaid interest if not required to be reversed and acquisition costs associated with the loan Any excess of cost over net realizable value at the time of foreclosure is charged to the allowance for loan and lease losses Generally, such properties are valued periodically and if the carrying value is greater than the net realizable value, a valuation reserve is established with a charge to noninterest expense Routine maintenance costs, declines in market value and net losses on disposal are included in other noninterest expense

Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

The allowance for loan and lease losses and reserve for unfunded lending commitments are management's best estimate of probable credit losses that are inherent in the loan and lease portfolios and off-balance sheet lending commitments at the balance sheet date The Company determines the allowance for loan and lease losses and the reserve for unfunded lending commitments based on an ongoing evaluation This evaluation is inherently subjective because it requires material estimates, including the amounts and timing of cash flows expected to be received on impaired loans Those estimates are susceptible to significant change Changes to the allowance for loan and lease losses and the reserve for unfunded lending commitments are made by charges to the provision for credit losses, which is reflected in the Consolidated Statements of Income Loans or lease balances deemed to be uncollectible are charged off against the allowance for loan and lease losses Recoveries of amounts previously charged-off are credited to the allowance for loan and lease losses

The allowance for loan and lease losses is the accumulation of various components that are calculated based on various methodologies BB&T's allowance for loan and lease losses consists of (1) a component for individual loan impairment recognized and measured pursuant to Statement of Financial Accounting Standards ("SFAS")

Maybank 011094

Global Reports LLC

ROA 4055

No 114, *"Accounting by Creditors for Impairment of a Loan,"* ("SFAS No 114"), and (2) components of collective loan impairment recognized pursuant to SFAS No 5, *"Accounting for Contingencies,"* ("SFAS No 5")

BB&T maintains specific reserves for individually impaired loans pursuant to SFAS No 114 A loan is impaired when, based on current information and events, it is probable that BB&T will be unable to collect all amounts due (interest as well as principal) according to the contractual terms of the loan agreement Specific reserves are determined on a loan by loan basis based on management's best estimate of BB&T's exposure, given the current payment status of the loan, the present value of expected payments and the value of any underlying collateral

Management's estimate of the SFAS No 5 component of the allowance for loan and lease losses is based on one or more sets of observable data that management believes are most reflective of the underlying credit losses being estimated This evaluation is principally based on historical charge-off experience, but also includes information derived from BB&T's credit ratings systems, internal observable data related to trends within the loan and lease portfolios, including credit quality, geographic, borrower and industry concentrations, aging of the portfolio, growth and loan portfolios of acquired companies, volatility adjustments to reflect changes in historical net charge-off rates and changes in probabilities of default, external observable data related to industry and general economic trends, and any significant, relevant changes to policies or procedures

The methodology used to determine the reserve for unfunded lending commitments is inherently similar to that used to determine the SFAS No 5 component of the allowance for loan and lease losses described above, adjusted for factors specific to binding commitments, including the probability of funding and exposure at default

While management uses the best information available to establish the allowance for loan and lease losses and the reserve for unfunded lending commitments, future adjustments may be necessary if economic conditions differ substantially from the assumptions used in performing the valuations or, if required by regulators, based upon information available to them at the time of their examinations

Premises and Equipment

Premises, equipment, capital leases and leasehold improvements are stated at cost less accumulated depreciation or amortization Land is stated at cost In addition, purchased software and costs of computer software developed for internal use are capitalized provided certain criteria are met Depreciation and amortization are computed principally using the straight-line method over the estimated useful lives of the related assets Leasehold improvements are amortized on a straight-line basis over the lesser of the lease terms, including certain renewals which were deemed probable at lease inception, or the estimated useful lives of the improvements Capitalized leases are amortized by the same methods as premises and equipment over the estimated useful lives or lease terms, whichever is less Obligations under capital leases are amortized using the interest method to allocate payments between principal reduction and interest expense Rent expense and rental income on operating leases is recorded using the straight-line method over the appropriate lease terms

Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements have maturities ranging from 1 day to 24 months Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the borrowing The terms of repurchase agreements may require BB&T to provide additional collateral if the fair value of the securities underlying the borrowings declines during the term of the agreement

Income Taxes

Deferred income taxes have been provided when different accounting methods have been used in determining income for income tax purposes and for financial reporting purposes Deferred tax assets and liabilities are recognized based on future tax consequences attributable to differences arising from the financial statement carrying values of assets and liabilities and their tax bases In the event of changes in the tax laws, deferred tax assets and liabilities are adjusted in the period of the enactment of those changes, with the cumulative effects included in the current year's income tax provision

Maybank 011095

Global Reports LLC

ROA 4056

Derivative Financial Instruments

A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or referenced interest rate These instruments include interest rate swaps, caps, floors, collars, financial forwards and futures contracts, swaptions, when-issued securities, foreign exchange contracts and options written and purchased BB&T uses derivatives primarily to manage economic risk related to securities, business loans, mortgage servicing rights and mortgage banking operations, Federal funds purchased, other time deposits, long-term debt and institutional certificates of deposit BB&T also uses derivatives to facilitate transactions on behalf of its clients The fair value of derivatives in a gain or loss position is included in other assets or liabilities, respectively, in the Consolidated Balance Sheets

BB&T classifies its derivative financial instruments as either (1) a hedge of an exposure to changes in the fair value of a recorded asset or liability ("fair value hedge"), (2) a hedge of an exposure to changes in the cash flows of a recognized asset, liability or forecasted transaction ("cash flow hedge"), or (3) derivatives not designated as hedges Changes in the fair value of derivatives not designated as hedges are recognized in current period earnings

BB&T uses the long-haul method to assess hedge effectiveness BB&T documents, both at inception and over the life of the hedge, at least quarterly, its analysis of actual and expected hedge effectiveness This analysis includes techniques such as regression analysis and hypothetical derivatives under method 2 of DIG Issue G7 to demonstrate that the hedge has been, and is expected to be, highly effective in off-setting corresponding changes in the fair value or cash flows of the hedged item For cash flow hedges involving interest rate caps and collars, this analysis also includes consideration of the criteria under the response to question 2 of DIG Issue G20 For a qualifying fair value hedge, changes in the value of the derivatives that have been highly effective as hedges are recognized in current period earnings along with the corresponding changes in the fair value of the designated hedged item attributable to the risk being hedged For a qualifying cash flow hedge, the portion of changes in the fair value of the derivatives that have been highly effective are recognized in other comprehensive income until the related cash flows from the hedged item are recognized in earnings For qualifying cash flow hedges involving interest rate caps and collars, the initial fair value of the premium paid is allocated and recognized in the same future period that the hedged forecasted transaction impacts earnings

For either fair value hedges or cash flow hedges, ineffectiveness may be recognized in noninterest income to the extent that changes in the value of the derivative instruments do not perfectly offset changes in the value of the hedged items If the hedge ceases to be highly effective, BB&T discontinues hedge accounting and recognizes the changes in fair value in current period earnings If a derivative that qualifies as a fair value or cash flow hedge is terminated or the designation removed, the realized or then unrealized gain or loss is recognized into income over the original hedge period (fair value hedge) or period in which the hedged item affects earnings (cash flow hedge) Immediate recognition in earnings is required upon sale or extinguishment of the hedged item (fair value hedge) or if it is probable that the hedged cash flows will not occur (cash flow hedge)

Derivatives used to manage economic risk not designated as hedges primarily represent economic risk management instruments of mortgage servicing rights and mortgage banking operations, with gains or losses included in mortgage banking income In connection with its mortgage banking activities, BB&T enters into loan commitments to fund residential mortgage loans at specified rates and for specified periods of time To the extent that BB&T's interest rate lock commitments relate to loans that will be held for sale upon funding, they are also accounted for as derivatives, with gains or losses included in mortgage banking income Gains and losses on other derivatives used to manage economic risk are primarily included in other income

Per Share Data

Basic net income per common share is computed by dividing net income applicable to common shares by the weighted average number of shares of common stock outstanding during the years presented Diluted net income per common share is computed by dividing net income by the weighted average number of shares of common stock, common stock equivalents and other potentially dilutive securities outstanding

Maybank 011096

Global Reports LLC

ROA 4057

Goodwill and Other Intangible Assets

Goodwill represents the cost in excess of the fair value of net assets acquired (including identifiable intangibles) in transactions accounted for as purchases BB&T allocates goodwill to the business that receives significant benefits from the acquisition In accordance with provisions of SFAS No 142, *"Goodwill and Other Intangible Assets"*, goodwill is not amortized over an estimated useful life, but rather is tested at least annually for impairment BB&T performs its impairment testing in the fourth quarter of each year and more frequently if circumstances exist that indicate a probable reduction in the fair value of the business below its carrying value BB&T measures impairment using multiple methodologies, which include the present value of estimated future cash flows and comparisons of the reporting unit's performance to the values of companies of similar industry and size The analysis is based upon available information regarding expected future cash flows and discount rates Discount rates are based upon the cost of capital specific to the industry in which the reporting unit operates If the carrying value of the reporting unit exceeds the fair value of the reporting unit, a second analysis is performed to measure the fair value of all assets and liabilities If, based on the second analysis, it is determined that the fair value of the assets and liabilities of the reporting unit is less than the carrying value, BB&T would recognize impairment for the excess of carrying value over fair value

Core deposit and other intangible assets include premiums paid for acquisitions of core deposits (core deposit intangibles) and other identifiable intangible assets Intangible assets other than goodwill, which are determined to have finite lives, are amortized based upon the estimated economic benefits received

Loan Securitizations

BB&T securitizes most of its fixed-rate conforming mortgage loans, converts them into mortgage-backed securities issued primarily through the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal National Mortgage Association ("Fannie Mae"), and sells the resulting securities to third party investors BB&T records loan securitizations as a sale when the transferred loans are legally isolated from its creditors and the other accounting criteria for a sale are met Gains or losses recorded on loan securitizations depend in part on the net carrying amount of the loans sold, which is allocated between the loans sold and retained interests based on their relative fair values at the date of sale BB&T generally retains the mortgage servicing on loans sold Since quoted market prices are not typically available, BB&T estimates the fair value of these retained interests using modeling techniques to determine the net present value of expected future cash flows Such models incorporate management's best estimates of key variables, such as prepayment speeds and discount rates appropriate for the risks involved Gains and losses incurred on loans sold to third party investors are included in mortgage banking income in the Consolidated Statements of Income

BB&T also periodically securitizes mortgage loans that it intends to hold for the foreseeable future and transfers the resulting securities to the securities available for sale portfolio This is generally accomplished by exchanging the loans for mortgage-backed securities issued primarily by Freddie Mac Since the transfers are not considered a sale, no gain or loss is recorded in conjunction with these transactions

Mortgage Servicing Rights

BB&T has two classes of mortgage servicing rights for which it separately manages the economic risks residential and commercial Beginning January 1, 2006, residential mortgage servicing rights are recorded on the Consolidated Balance Sheets at fair value with changes in fair value recorded as a component of mortgage banking income each period In previous periods, residential mortgage servicing rights were recorded at the lower of amortized cost or market Commercial mortgage servicing rights are recorded as other assets on the Consolidated Balance Sheets at lower of cost or market and amortized in proportion to, and over the estimated period that, net servicing income is expected to be received based on projections of the amount and timing of estimated future net cash flows The amount and timing of estimated future net cash flows are updated based on actual results and updated projections

Equity Based Compensation

BB&T maintains various equity-based compensation plans These plans provide for the granting of stock options (incentive and nonqualified), stock appreciation rights, restricted stock, restricted stock units,

Maybank 011097

Global Reports LLC

ROA 4058

performance units and performance shares to selected BB&T employees and directors BB&T adopted SFAS No 123 (revised 2004), *"Share-Based Payment"* ("SFAS No 123(R)"), on January 1, 2006, using the modified-prospective method, which requires the recognition of compensation costs beginning with the effective date based on (a) the requirements of SFAS No 123(R) for all share-based awards granted after the effective date and (b) the requirements of SFAS No 123, *"Accounting for Stock-Based Compensation"* ("SFAS No 123"), for all awards granted to employees prior to the effective date of SFAS No 123(R) that were unvested on the effective date The adoption of SFAS No 123(R) reduced BB&T's income before income taxes and net income for the year ended December 31, 2006, by $56 million and $34 million, respectively, while basic earnings per share and diluted earnings per share for the same period were reduced by $ 06 per share

The adoption of SFAS No 123(R) also required that excess tax benefits from the exercise of equity-based awards be recorded as a financing cash flow, rather than an operating cash flow This requirement reduced cash provided by operating activities and increased cash provided by financing activities for the year ended December 31, 2006 by $4 million Additional disclosures required by SFAS No 123(R) are included in Note 11 to the consolidated financial statements herein

As permitted by SFAS No 123, BB&T accounted for share-based awards granted to employees prior to January 1, 2006 using the intrinsic value method prescribed by Accounting Principles Board Opinion No 25 ("APB 25"), *"Accounting for Stock Issued to Employees,"* and related interpretations Since the option price equaled the market price on the date of the grant for options awarded by BB&T, compensation cost was not recognized for any of the periods presented, except with respect to restricted stock awards and awards that were modified

The following table presents BB&T's net income, basic earnings per share and diluted earnings per share as reported, and pro forma net income and pro forma earnings per share for years ended prior to January 1, 2006, assuming compensation cost for BB&T's stock option plans had been determined based on the fair value at the grant dates for awards under those plans granted after December 31, 1994, consistent with the method prescribed by SFAS No 123 BB&T's equity-based awards generally contain a provision that accelerates vesting of awards for holders who retire and have met all retirement eligibility requirements Prior to the adoption of SFAS No 123(R), BB&T reported the expense in the pro forma disclosure based on the vesting cycle in the grant agreement and reported an acceleration of the expense for the unrecognized compensation cost in the period that the accelerated vesting occurred BB&T will continue to account for awards granted prior to the adoption of SFAS No 123(R) in this manner, with the exception that the unrecognized compensation cost on the date of adoption will be recognized as personnel expense in future periods For awards granted after January 1, 2006, BB&T has recognized compensation expense based on retirement eligibility dates for all equity-based compensation awards Therefore, the information presented in the following table is not comparable to the amounts recognized by BB&T during 2006

	For the Years Ended December 31,	
	2005	2004
	(Dollars in millions, except per share data)	
Net income		
Net income as reported	$1,654	$1,558
Add Equity-based compensation expense included in reported net income, net of tax	—	1
Deduct total equity-based employee compensation expense determined under fair value based method for all awards, net of tax	(18)	(19)
Pro forma net income	$1,636	$1,540
Basic EPS		
As reported	$ 3 02	$ 2 82
Pro Forma	2 99	2 79
Diluted EPS		
As reported	3 00	2 80
Pro Forma	2 97	2 77

Maybank 011098

Global Reports LLC

ROA 4059

Changes in Accounting Principles and Effects of New Accounting Pronouncements

In February 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No 155, "*Accounting for Certain Hybrid Financial Instruments*," ("SFAS No 155"), which permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation SFAS No 155 amends FASB Statements No 133, "*Accounting for Derivative Instruments and Hedging Activities*" and FASB No 140, "*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*," ("SFAS No 140") SFAS No 155 is effective for financial instruments acquired or issued after the beginning of the first fiscal year that begins after September 15, 2006 BB&T adopted the provisions of SFAS No 155 on January 1, 2006 The adoption did not have an impact on BB&T's consolidated financial position, results of operations or cash flows

In March 2006, the FASB issued SFAS No 156, "*Accounting for Servicing of Financial Assets*," ("SFAS No 156"), which was issued to simplify the accounting for servicing rights and reduce the volatility resulting from the use of different measurement attributes for servicing rights and the related financial instruments used to economically hedge risks associated with those servicing rights SFAS No 156 requires separately recognized servicing rights to be initially measured at fair value, and provides the irrevocable option to subsequently account for those servicing rights (by class) at either fair value or under the amortization method previously required under FASB Statement No 140 BB&T adopted the provisions of SFAS No 156 effective January 1, 2006 The initial application of the provisions of SFAS No 156 was immaterial to BB&T's consolidated financial position, results of operations and cash flows The disclosures required by SFAS No 156 are included in Note 8 to the consolidated financial statements herein

In July 2006, the FASB issued FASB Staff Position FAS 13-2 "*Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction*", ("FSP FAS 13-2"), which amends SFAS No 13, "*Accounting for Leases*" FSP FAS 13-2 requires an entity to recalculate the allocation of income for a leveraged lease transaction from the inception of the lease if, during the lease term, the projected timing of the income tax cash flows generated by the transaction is revised, even if the total amount of income tax cash flows is not affected The provisions of FSP FAS 13-2 are effective for fiscal years beginning after December 15, 2006 BB&T has entered into leveraged lease transactions in prior years that required recalculation because the timing of the income tax cash flows changed BB&T adopted FSP FAS 13-2 on January 1, 2007 Upon adoption, BB&T recorded a charge to retained earnings of $306 million as a cumulative effect of a change in accounting principle This charge to retained earnings only pertains to the timing of income recognition and will be recognized as a component of net income over the remaining lives of the respective leases

In July 2006, the FASB issued FASB Interpretation No 48 "*Accounting for Uncertainty in Income Taxes*" ("FIN 48"), an interpretation of SFAS No 109 "*Accounting for Income Taxes*" FIN 48 provides guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return FIN 48 also requires additional disclosures related to an entity's accounting for uncertain tax positions FIN 48 is effective for fiscal years beginning after December 15, 2006 BB&T will adopt FIN 48 effective January 1, 2007 BB&T estimates that a cumulative effect adjustment to retained earnings of up to $90 million will be recorded to increase reserves for uncertain tax positions in connection with the adoption of FIN 48, however this estimate is subject to revision as management finalizes its analysis

In September 2006, the FASB issued SFAS No 157, "*Fair Value Measurements*," ("SFAS No 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements SFAS No 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new assets or liabilities to be measured at fair value SFAS No 157 is effective for fiscal years beginning after November 15, 2007 Management is currently evaluating the effect that SFAS No 157 may have on BB&T's consolidated financial statements

In September 2006, the FASB issued SFAS No 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No 87, 88, 106 and 132(R)*," ("SFAS

Maybank 011099

Global Reports LLC

ROA 4060

No 158"), which requires companies to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize actuarial gains and losses as a component of comprehensive income in the year that the changes occur BB&T adopted SFAS No 158 on December 31, 2006 Upon adoption, BB&T recorded a net after-tax loss of $108 million to accumulated comprehensive loss as a cumulative effect of a change in accounting principle The additional disclosures required by SFAS No 158 are included in Note 14 to the consolidated financial statements herein

In September 2006, the FASB issued Emerging Issues Task Force ("EITF") Issue 06-4, *"Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements,"* ("EITF Issue 06-4"), which concludes an employer should not offset the liability with the cash surrender value for a post-employment benefit covered by an endorsement split dollar life insurance arrangement held to fund the benefit EITF Issue 06-4 is effective for fiscal years beginning after December 15, 2007 Management is currently evaluating the effect that EITF Issue 06-4 may have on BB&T's consolidated financial statements

In February 2007, the FASB issued SFAS No 159, *"The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No 115,"* ("SFAS No 159"), which permits companies to choose to measure many financial instruments and certain other items at fair value The objective of SFAS No 159 is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions SFAS No 159 is effective for fiscal years beginning after November 15, 2007 Management is currently evaluating the effect that SFAS No 159 may have on BB&T's consolidated financial statements

NOTE 2. Business Combinations

The following table presents summary information with respect to mergers and acquisitions of financial institutions and other significant financial services companies completed during the three year period ended December 31, 2006

Summary of Completed Mergers and Acquisitions

Date of Acquisition	Acquired Institution	Headquarters	Total Assets	Intangibles Recorded	Total Purchase Consideration	BB&T Common Shares Issued to Complete Transaction
August 1, 2006	First Citizens Bancorp	Cleveland, Tn	$ 700 million	$ 107 million	$ 142 million (1)	2 9 million
June 1, 2006	Main Street Banks Inc	Atlanta, Ga	2 3 billion	462 million	621 million	14 3 million
April 14, 2004	Republic Bancshares Inc	St Petersburg, Fla	$ 2 9 billion	$ 260 million	$ 433 million (2)	6 5 million
February 1, 2004	McGriff, Seibels & Williams, Inc	Birmingham, Al	227 million	437 million	392 million (3)	8 2 million

(1) Includes cash consideration of $20 million
(2) Includes cash consideration of $171 million
(3) Includes cash consideration at time of acquisition and certain contingent consideration payments totaling $91 million

Insurance and Other NonBank Acquisitions

During 2006, BB&T acquired one insurance agency and two nonbank financial services companies In conjunction with these transactions, BB&T issued approximately 321 thousand shares of common stock and paid $36 million in cash Including subsequent adjustments, approximately $27 million in goodwill and $14 million of identifiable intangibles were recorded in connection with these transactions During 2005, BB&T acquired five

Maybank 011100

Global Reports LLC

ROA 4061

insurance businesses and four nonbank financial services companies, including the acquisition of a 70% ownership interest in Sterling Capital Management LLC, an investment management services company based in Charlotte, North Carolina In conjunction with these transactions, BB&T issued approximately 1 2 million shares of common stock and paid approximately $142 million in cash including certain contingent consideration payments Including subsequent adjustments, approximately $115 million in goodwill and $85 million of identifiable intangible assets were recorded in connection with these transactions In addition to the acquisition of McGriff, Seibels & Williams, Inc., which is presented in the table above, BB&T acquired eight insurance agencies and three nonbank financial services companies during 2004 In conjunction with these transactions, BB&T issued approximately 1 4 million shares of common stock and paid approximately $74 million in cash including certain contingent consideration payments Including subsequent adjustments, approximately $51 million in goodwill and $35 million of identifiable intangible assets were recorded in connection with these transactions

In connection with the acquisitions completed during the three year period ended December 31, 2006, BB&T offered additional incentives to the acquired companies to offset the loss of future cash flows previously received through ownership positions These amounts will be charged to goodwill based on the terms of the agreement The remaining potential maximum amounts payable under these agreements is $8 million, $13 million and $63 million for acquisitions completed during 2006, 2005 and 2004, respectively

Merger-Related and Restructuring Charges

BB&T has incurred certain expenses in connection with business combinations The following table presents the components of merger-related and restructuring charges included in noninterest expenses This table includes increases to previously recorded merger-related accruals and period expenses for merger-related items that must be expensed as incurred Items that are required to be expensed as incurred include certain expenses associated with systems conversions, data processing, training, and other costs

Summary of Merger-Related and Restructuring Charges
(Dollars in millions)

	For the Year Ended December 31,		
	2006	2005	2004
Severance and personnel-related charges	$ 2	$ (5)	$ 9
Occupancy and equipment charges	(2)	(5)	(12)
Systems conversions and related charges	4	—	1
Marketing and public relations	2	—	4
Asset write-offs and other merger-related charges	12	(1)	4
Total	$18	$(11)	$ 6

Severance and personnel-related costs or credits include severance, employee retention, payments related to change-in-control provisions of employment contracts, outplacement services and other benefits associated with employee termination or reversals of previously estimated amounts, which typically occur in corporate support and data processing functions Occupancy and equipment charges or credits represent merger-related costs or gains associated with lease terminations, obsolete equipment write-offs, and the sale of duplicate facilities and equipment Credits may result when obsolete properties or equipment are sold for more than originally estimated Systems conversions and related charges include expenses necessary to convert and combine the acquired branches and operations of merged companies Marketing and public relations costs represent direct media advertising related to the acquisitions The other merger-related charges are composed of asset and supply inventory write-offs, litigation accruals, and other similar charges

In conjunction with the consummation of an acquisition and completion of other requirements, BB&T typically accrues certain merger-related expenses related to estimated severance and other-personnel related

Maybank 011101

Global Reports LLC

ROA 4062

costs, lease terminations, disposal of duplicate facilities and equipment, termination of data processing contracts and other costs associated with the acquisition The costs related to the acquired entity are accrued in accordance with the guidance in EITF 95-3, *"Recognition of Liabilities in Connection with a Purchase Business Combination"*, and generally recorded as adjustments to the purchase price unless they are required to be expensed as incurred The costs related to existing BB&T facilities and personnel are recorded in accordance with the guidance in SFAS 146, *"Accounting for Costs Associated with Exit or Disposal Activities"* and SFAS 112, *"Employers' Accounting for Postemployment Benefits"*, as appropriate, and reflected as merger-related and restructuring charges in the Consolidated Statements of Income

The following tables present a summary of BB&T's merger accrual activity for 2006 and 2005 The amounts presented as "Accrued at Acquisition" represent the estimated costs accrued in accordance with EITF 95-3 and recorded as adjustments to the purchase price of an acquisition The amounts presented as "merger-related and restructuring charges" represent estimated costs that are incurred in connection with acquisitions, changes to estimates of previously accrued costs, and period expenses incidental to a business combination that must be expensed as incurred, such as expenses related to systems conversion, data processing, training, and other costs The amounts presented as "utilized" represent the amounts paid in connection with merger-related accruals The amounts presented as "purchase price adjustments" represent changes to estimates of previously accrued amounts and were recorded as adjustments to goodwill

	Merger Accrual Activity (Dollars in millions)						
	Balance January 1, 2005	Accrued at acquisition	Merger-related and restructuring gains	Utilized	Purchase Price Adjustments	Other, net	Balance December 31, 2005
Severance and personnel-related charges	$ 15	$—	$ (5)	$ (4)	$—	$—	$ 6
Occupancy and equipment charges	16	—	(5)	(4)	—	1	8
Other merger-related charges	3	2	(1)	(2)	1	—	3
Total	$ 34	$ 2	$(11)	$(10)	$ 1	$ 1	$ 17

	Balance January 1, 2006	Accrued at acquisition	Merger-related and restructuring charges (gains)	Utilized	Purchase Price Adjustments	Other, net (1)	Balance December 31, 2006
Severance and personnel-related charges	$ 6	$ 20	$ 2	$(19)	$ 3	$—	$ 12
Occupancy and equipment charges	8	—	(2)	(2)	—	—	4
Systems conversions and related charges	—	1	4	(5)	—	—	—
Other merger-related charges	3	—	14	(5)	—	(10)	2
Total	$ 17	$ 21	$ 18	$(31)	$ 3	$(10)	$ 18

(1) Primarily relates to the write-off of duplicate software related to the Main Street acquisition

The liabilities for severance and personnel-related costs will be paid out based on such factors as expected termination dates, the provisions of employment contracts and the terms of BB&T's severance plans The remaining occupancy and equipment accruals relate to costs to exit certain leases and to dispose of excess

Maybank 011102

Global Reports LLC

ROA 4063

facilities and equipment Such liabilities will be utilized upon termination of the various leases and sale of duplicate property The other merger-related liabilities relate to litigation and other similar charges

Severance and personnel-related costs or credits include severance, employee retention, payments related to change-in-control provisions of employment contracts, outplacement services and other benefits associated with employee termination or reversals of previously estimated amounts, which typically occur in corporate support and data processing functions During 2006, BB&T estimated that 147 positions would be eliminated and receive severance due to mergers and 114 employees did, in fact, receive severance in 2006 Sixty-one former employees will continue to receive merger-related severance payments during 2007 BB&T did not have any job eliminations in connection with mergers during 2005 During 2004, BB&T estimated that 200 positions would be eliminated and receive severance in connection with the acquisition of Republic and 225 employees did, in fact, receive severance in 2004 Nine former employees continued to receive severance payments during 2005

In general, a major portion of accrued costs are utilized in conjunction with or immediately following the systems conversion, when most of the duplicate positions are eliminated and the terminated employees begin to receive severance Other accruals are utilized over time based on the sale, closing or disposal of duplicate facilities or equipment or the expiration of lease contracts Merger accruals are re-evaluated periodically and adjusted as necessary The remaining accruals at December 31, 2006 are expected to be utilized during 2007, unless they relate to specific contracts that expire in later years

The following tables provide a summary of BB&T's merger accrual activity, by acquisition, for 2006 and 2005

Acquired Institution	Balance January 1, 2005	Accrued at acquisition	Merger related and restructuring gains	Utilized	Purchase Price Adjustments	Other, net	Balance December 31, 2005
			(Dollars in millions)				
Century South Banks, Inc	$ 2	$—	$—	$ (1)	$—	$—	$ 1
F&M National Corporation	2	—	—	—	—	—	2
MidAmerica Bancorp	2	—	(2)	—	—	—	—
Equitable Bank	2	—	—	—	—	—	2
First Virginia Banks, Inc	14	—	(5)	(3)	—	1	7
Republic Bancshares, Inc	3	—	(2)	(1)	—	—	—
Nonbank subsidiaries	4	2	—	(4)	1	—	3
Other acquisitions	5	—	(2)	(1)	—	—	2
Total	$ 34	$ 2	$(11)	$(10)	$ 1	$ 1	$ 17

Acquired Institution	Balance January 1, 2006	Accrued at acquisition	Merger related and restructuring charges (gains)	Utilized	Purchase Price Adjustments	Other, net (1)	Balance December 31, 2006
			(Dollars in millions)				
Century South Banks, Inc	$ 1	$—	$—	$—	$—	$—	$ 1
F&M National Corporation	2	—	(1)	(1)	—	—	—
Equitable Bank	2	—	(2)	—	—	—	—
First Virginia Banks, Inc	7	—	—	(3)	—	—	4
Main Street Banks Inc	—	17	17	(21)	3	(10)	6
First Citizens Bancorp	—	4	4	(4)	—	—	4
Nonbank subsidiaries	3	—	—	(1)	—	—	2
Other acquisitions	2	—	—	(1)	—	—	1
Total	$ 17	$ 21	$ 18	$(31)	$ 3	$(10)	$ 18

(1) Primarily relates to the write-off of duplicate software related to the Main Street acquisition

Maybank 011103

Global Reports LLC

ROA 4064

NOTE 3 Securities

The amortized costs and approximate fair values of securities available for sale were as follows

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
Securities available for sale				
U S Treasury securities	$ 84	$—	$ 1	$ 83
U S government-sponsored entity securities	9,324	2	290	9,036
Mortgage-backed securities	8,418	27	148	8,297
States and political subdivisions	563	9	1	571
Equity and other securities	2,723	26	15	2,734
Total securities available for sale	$21,112	$ 64	$455	$20,721

	December 31, 2005			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
Securities available for sale				
U S Treasury securities	$ 114	$—	$ 2	$ 112
U S government-sponsored entity securities	11,555	3	404	11,154
Mortgage-backed securities	6,756	5	150	6,611
States and political subdivisions	661	15	1	675
Equity and other securities	1,230	16	15	1,231
Total securities available for sale	$20,316	$ 39	$572	$19,783

Accumulated other comprehensive income at December 31, 2006 and 2005 included $249 million and $338 million, respectively, of net after-tax unrealized losses relating to securities available for sale

At December 31, 2006 and 2005, securities with carrying value of approximately $12 6 billion and $9 5 billion were pledged to secure municipal deposits, securities sold under agreements to repurchase, other borrowings, and for other purposes as required or permitted by law

BB&T had certain investments in marketable debt securities and mortgage-backed securities from Fannie Mae and Freddie Mac that exceeded ten percent of shareholders' equity at December 31, 2006 Those investments had market values of $3 9 billion and $4 3 billion, respectively, at December 31, 2006 In addition, these investments had total amortized costs of $4 0 billion and $4 4 billion, respectively, at December 31, 2006 Trading securities totaling $2 1 billion at December 31, 2006 and $707 million at December 31, 2005 are excluded from the accompanying tables

Equity securities include investments in stock issued by the FHLB of Atlanta At December 31, 2006 and 2005, BB&T held $379 million and $344 million, respectively, of investments in FHLB stock

Proceeds from sales of securities available for sale during 2006, 2005 and 2004 were $2 7 billion, $1 3 billion and $2 3 billion, respectively Gross gains of $2 million, $13 million and $14 million and gross losses of $75 million, $13 million and $8 million were realized on those sales in 2006, 2005 and 2004, respectively

The amortized cost and estimated fair value of the debt securities portfolio at December 31, 2006, by contractual maturity, are shown in the accompanying table The expected life of mortgage-backed securities will differ from contractual maturities because borrowers may have the right to call or prepay the underlying

Maybank 011104

Global Reports LLC

ROA 4065

mortgage loans with or without call or prepayment penalties For purposes of the maturity table, mortgage-backed securities, which are not due at a single maturity date, have been allocated over maturity groupings based on the weighted average contractual maturities of underlying collateral

	December 31, 2006	
	Available for Sale	
	Amortized Cost	Fair Value
	(Dollars in millions)	
Debt Securities.		
Due in one year or less	$ 437	$ 434
Due after one year through five years	6,569	6,401
Due after five years through ten years	3,778	3,657
Due after ten years	9,754	9,637
Total debt securities	20,538	20,129
Total equity securities	574	592
Total securities	$21,112	$20,721

The following tables reflect the gross unrealized losses and fair value of BB&T's investments at December 31, 2006 and 2005, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position

	December 31, 2006					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in millions)					
Securities						
U S Treasury securities	$ 9	$—	$ 42	$ 1	$ 51	$ 1
U S government-sponsored entity securities	475	3	8,324	287	8,799	290
Mortgage-backed securities	1,153	5	5,241	143	6,394	148
States and political subdivisions	1	—	39	1	40	1
Equity and other securities	651	2	601	13	1,252	15
Total temporarily impaired securities	$2,289	$ 10	$14,247	$445	$16,536	$455

	December 31, 2005					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in millions)					
Securities:						
U S Treasury securities	$ 22	$ 1	$ 87	$ 1	$ 109	$ 2
U S government-sponsored entity securities	1,530	22	8,963	382	10,493	404
Mortgage-backed securities	3,632	62	2,678	88	6,310	150
States and political subdivisions	3	—	79	1	82	1
Equity and other securities	509	8	197	7	706	15
Total temporarily impaired securities	$5,696	$ 93	$12,004	$479	$17,700	$572

Maybank 011105

Global Reports LLC

ROA 4066

On December 31, 2006, BB&T held certain investment securities having continuous unrealized loss positions for more than 12 months As of December 31, 2006, the unrealized losses on these securities totaled $445 million Substantially all of these investments were in U S government-sponsored entity securities and mortgage-backed securities, which primarily consist of securities issued by the Federal Farm Credit Bureau, the Federal Home Loan Bank System, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation These agencies are rated AAA and the unrealized losses are the result of increases in market interest rates rather than the credit quality of the issuers At December 31, 2006, BB&T had the ability and intent to retain these securities for a period of time sufficient to recover all unrealized losses Accordingly, BB&T has not recognized any other-than-temporary impairment in connection with these securities during 2006

NOTE 4. Loans and Leases

	December 31,	
	2006	2005
	(Dollars in millions)	
Loans and leases, net of unearned income		
Commercial loans	$39,580	$34,965
Leveraged leases	1,720	1,650
Total commercial loans and leases	41,300	36,615
Sales finance	5,683	5,264
Revolving credit	1,414	1,347
Direct retail	15,312	14,453
Total consumer loans	22,409	21,064
Residential mortgage loans	16,257	14,481
Specialized lending		
Loans	3,096	2,422
Leases	529	441
Total specialized lending	3,625	2,863
Total loans and leases (1)(2)	$83,591	$75,023

(1) Includes loans held for sale
(2) Unearned income totaled $2 5 billion at December 31, 2006 and December 31, 2005

	December 31,	
	2006	2005
	(Dollars in millions)	
Rentals receivable (net of principal and interest on nonrecourse debt and head lease obligation)	$ 3,747	$ 3,747
Unearned income	(2,027)	(2,097)
Investment in leveraged leases, net of unearned income	1,720	1,650
Deferred taxes arising from leveraged leases	(1,182)	(1,089)
Net investment in leveraged leases	$ 538	$ 561

BB&T had $60 5 billion in loans secured by real estate at December 31, 2006 However, these loans were not concentrated in any specific market or geographic area other than the Banks' primary markets Certain loans have been pledged as collateral for all outstanding Federal Home Loan Bank Advances at December 31, 2006 and 2005

Maybank 011106

Global Reports LLC

ROA 4067

The following table sets forth certain information regarding BB&T's impaired loans

	December 31,	
	2006	2005
	(Dollars in millions)	
Total recorded investment—impaired loans	$49	$ 56
Total recorded investment with no related valuation allowance	25	16
Total recorded investment with related valuation allowance	24	40
Allowance for loan and lease losses assigned to impaired loans	(2)	(10)
Net carrying value—impaired loans	$47	$ 46

Average impaired loans for the years ended December 31, 2006, 2005, and 2004 was $59 million, $54 million and $82 million, respectively The amount of interest that has been recognized as income on impaired loans for any of the last three years has not been significant

NOTE 5. Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

An analysis of the allowance for credit losses for each of the past three years is presented in the following table

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in millions)		
Beginning Balance	$ 830	$ 828	$ 793
Allowance for acquired (sold) loans, net	34	(1)	21
Provision for credit losses	240	217	249
Loans and leases charged-off	(277)	(277)	(297)
Recoveries of previous charge-offs	61	63	62
Net loans and leases charged-off	(216)	(214)	(235)
Ending Balance	$ 888	$ 830	$ 828

The allowance for credit losses consists of the allowance for loan and lease losses, which is presented on the Consolidated Balance Sheets, and the reserve for unfunded lending commitments, which is included in other liabilities on the Consolidated Balance Sheets At December 31, 2006, 2005 and 2004, the allowance for loan and lease losses totaled $888 million, $825 million and $805 million, respectively The reserve for unfunded lending commitments totaled $5 million and $23 million at December 31, 2005 and 2004, respectively

At December 31, 2006, 2005 and 2004, loans and leases not currently accruing interest totaled $260 million, $229 million and $269 million, respectively Loans 90 days or more past due and still accruing interest totaled $102 million, $103 million and $100 million at December 31, 2006, 2005 and 2004, respectively The gross additional interest income that would have been earned if the loans and leases classified as nonaccrual had performed in accordance with the original terms was approximately $20 million, $15 million and $18 million in 2006, 2005 and 2004, respectively Foreclosed property totaled $89 million, $71 million and $89 million at December 31, 2006, 2005 and 2004, respectively

Maybank 011107

Global Reports LLC

ROA 4068

NOTE 6. Premises and Equipment

A summary of premises and equipment is presented in the accompanying table

	December 31,	
	2006	2005
	(Dollars in millions)	
Land and land improvements	$ 373	$ 311
Buildings and building improvements	937	913
Furniture and equipment	907	855
Leasehold improvements	279	241
Construction in progress	52	38
Capitalized leases on premises and equipment	3	2
Total	2,551	2,360
Less—accumulated depreciation and amortization	(1,141)	(1,073)
Net premises and equipment	$ 1,410	$ 1,287

Useful lives for premises and equipment are as follows buildings and building improvements—40 years, furniture and equipment—5 to 10 years, leasehold improvements—estimated useful life or lease term, including certain renewals which were deemed probable at lease inception, whichever is less, and capitalized leases on premises and equipment—estimated useful life or remaining term of tenant lease, whichever is less Certain properties are pledged to secure mortgage indebtedness totaling $2 million at December 31, 2006 and 2005

BB&T has noncancelable leases covering certain premises and equipment Many of the leases have one or more renewal options, generally for periods of two to five years Total rent expense applicable to operating leases was $146 million, $151 million and $109 million for 2006, 2005 and 2004, respectively Rental income from owned properties and subleases was $9 million for 2006 and 2005 and $10 million for 2004 Future minimum lease payments for operating leases for years subsequent to 2006 are $121 million, $112 million, $99 million, $88 million, and $76 million for the next five years The payments for 2012 and later years total $443 million

NOTE 7 Goodwill and Other Intangible Assets

The changes in the carrying amounts of goodwill attributable to each of BB&T's operating segments for the years ended December 31, 2006 and 2005 are as follows

	Goodwill Activity by Operating Segment							
	Banking Network	Residential Mortgage Banking	Sales Finance	Specialized Lending	Insurance Services	Financial Services	All Other	Total
	(Dollars in millions)							
Balance, January 1, 2005	$3,389	$ 7	$—	$ 30	$569	$103	$26	$4,124
Acquired goodwill, net	—	—	—	1	55	47	—	103
Adjustments to goodwill	2	—	—	1	16	10	—	29
Balance December 31, 2005	3,391	7	—	32	640	160	26	4,256
Acquired goodwill, net	490	—	—	13	31	4	—	538
Adjustments to goodwill	(3)	—	—	7	19	10	—	33
Reclassification of goodwill	(93)	—	93	—	—	—	—	—
Balance, December 31, 2006	$3,785	$ 7	$ 93	$ 52	$690	$174	$26	$4,827

The adjustments to goodwill recorded during 2006 include $30 million of contingent consideration paid to acquired companies subsequent to the date of acquisition based on the terms of the purchase agreements,

Maybank 011108

Global Reports LLC

ROA 4069

$5 million related to the receipt of final valuation reports and $(2 million) primarily related to reallocations of purchase price subsequent to the dates of acquisition The adjustments to goodwill recorded during 2005 include $23 million of contingent consideration paid subsequent to the dates of acquisition based on the terms of the purchase agreements and $3 million related to the accounting for property and equipment leases of acquired companies In addition, management made a change to BB&T's segment reporting resulting in a reallocation of $93 million of goodwill from the Banking Network segment to the Sales Finance segment For further information regarding the change in segments please refer to Note 21 of these consolidated financial statements

The following table presents the gross carrying amounts and accumulated amortization for BB&T's identifiable intangible assets subject to amortization at the dates presented

	Identifiable Intangible Assets					
	As of December 31, 2006			As of December 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Dollars in millions)					
Identifiable intangible assets						
Core deposit intangibles	$413	$(235)	$178	$365	$(186)	$179
Other (1)	471	(195)	276	449	(140)	309
Totals	$884	$(430)	$454	$814	$(326)	$488

(1) Other identifiable intangibles are primarily composed of customer relationship intangibles

During the years ended December 31, 2006, 2005 and 2004, BB&T incurred $104 million, $112 million and $106 million, respectively, in pretax amortization expenses associated with core deposit intangibles and other intangible assets At December 31, 2006, the weighted-average remaining life of core deposit intangibles and other identifiable intangibles was 11 1 years and 10 4 years, respectively

Estimated amortization expense of identifiable intangible assets for each of the next five years total $96 million (2007), $80 million (2008), $66 million (2009), $54 million (2010) and $43 million (2011)

Maybank 011109

Global Reports LLC

ROA 4070

NOTE 8 Loan Servicing

BB&T has two classes of mortgage servicing rights for which it separately manages the economic risks residential and commercial Commercial mortgage servicing rights are recorded as other assets on the Consolidated Balance Sheets at lower of cost or market and amortized in proportion to and over the estimated period that net servicing income is expected to be received based on projections of the amount and timing of estimated future net cash flows As of January 1, 2006, residential mortgage servicing rights are recorded on the Consolidated Balance Sheets at fair value with changes in fair value recorded as a component of mortgage banking income in the Consolidated Statements of Income for each period Prior to January 1, 2006, residential mortgage servicing rights were recorded at lower of cost or market and amortized over the estimated period that servicing income is expected to be received based on projections of the amount and timing of estimated future cash flows BB&T uses various derivative instruments to mitigate the income statement effect of changes in fair value, due to change in valuation inputs and assumptions, of its residential mortgage servicing rights The following is an analysis of the activity in BB&T's residential mortgage servicing rights for the year ended December 31, 2006 based on the fair value method of accounting

	Residential Mortgage Servicing Rights For the Period Ended December 31, 2006
	(Dollars in millions)
Carrying value, January 1,	$431
Additions	94
Purchases	18
Increase (decrease) in fair value	
Due to change in valuation inputs or assumptions	21
Other changes (1)	(80)
Carrying value, December 31,	$484

(1) Represents economic amortization associated with the collection and realization of expected net servicing cash flows, expected borrower payments and the passage of time

The following is an analysis of the activity in BB&T's residential mortgage servicing rights and the related valuation allowance for the years ended December 31, 2005 and 2004 based on the lower of cost or market method of accounting

	Residential Mortgage Servicing Rights For the Years Ended December 31,	
	2005	2004
	(Dollars in millions)	
Balance, January 1,	$326	$320
Amount capitalized	102	84
Acquired in purchase acquisitions	1	3
Amortization expense	(84)	(89)
Other than temporary impairment	(1)	(28)
Change in valuation allowance	87	36
Balance, December 31,	$431	$326

Maybank 011110

Global Reports LLC

ROA 4071

	Valuation Allowance for Residential Mortgage Servicing Rights For the Years Ended December 31,	
	2005	2004
	(Dollars in millions)	
Balance, January 1,	$ 108	$144
Provision for impairment	61	84
Other than temporary impairment	(1)	(28)
Provision recapture and other reductions	(147)	(92)
Balance, December 31,	$ 21	$108

The unpaid principal balances of BB&T's total residential mortgage servicing portfolio were $45 2 billion, $41 1 billion and $37 8 billion at December 31, 2006, 2005 and 2004, respectively The unpaid principal balances of residential mortgage loans serviced for others is comprised primarily of agency conforming fixed-rate mortgage loans and totaled $28 2 billion, $25 8 billion and $24 5 billion at December 31, 2006, 2005 and 2004, respectively Mortgage loans serviced for others are not included in loans on the accompanying Consolidated Balance Sheets BB&T recognized servicing fees of $102 million, $96 million and $93 million during 2006, 2005 and 2004, respectively, as a component of mortgage banking income

During 2006, 2005 and 2004, BB&T sold residential mortgage loans with unpaid principal balances of $5 3 billion, $4 8 billion and $5 3 billion, respectively, and recognized pretax gains of $19 million, $34 million and $36 million, respectively, which were recorded in noninterest income as a component of mortgage banking income BB&T retained the related mortgage servicing rights and receives servicing fees At December 31, 2006 and 2005, the approximate weighted average servicing fee was 35% of the outstanding balance of the residential mortgage loans The weighted average coupon interest rate on the portfolio of mortgage loans serviced for others was 5 92% and 5 83% at December 31, 2006 and 2005, respectively

At December 31, 2006, BB&T had $214 million of residential mortgage loans sold with limited recourse liability In the event of nonperformance by the borrower, BB&T has maximum recourse exposure of approximately $67 million on these mortgage loans

BB&T uses assumptions and estimates in determining the fair value of capitalized mortgage servicing rights These assumptions include prepayment speeds, net charge-off experience and discount rates commensurate with the risks involved and comparable to assumptions used by market participants to value and bid servicing rights available for sale in the market At December 31, 2006, the sensitivity of the current fair value of the residential mortgage servicing rights to immediate 10% and 20% adverse changes in key economic assumptions are included in the accompanying table

	Residential Mortgage Servicing Rights December 31, 2006
	(Dollars in millions)
Fair Value of Residential Mortgage Servicing Rights	$ 484
Composition of Residential Loans Serviced for Others	
Fixed-rate mortgage loans	98 0%
Adjustable-rate mortgage loans	2 0
Total	100 0%
Weighted Average Life	7 1 yrs
Prepayment Speed	12 8%
Effect on fair value of a 10% increase	$ (22)
Effect on fair value of a 20% increase	(42)
Expected Credit Losses	01%
Effect on fair value of a 10% or 20% increase	$ —
Weighted Average Discount Rate	9 8%
Effect on fair value of a 10% increase	$ (15)
Effect on fair value of a 20% increase	(28)

Maybank 011111

Global Reports LLC

ROA 4072

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance As indicated, changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear Also, in this table, the effect of an adverse variation in a particular assumption on the fair value of the mortgage servicing rights is calculated without changing any other assumption, while in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the effect of the change

The Company also has securitized residential mortgage loans and retained the resulting securities available for sale As of December 31, 2006 the fair value of the securities available for sale still owned by BB&T was $735 million and the remaining unpaid principal balance of the underlying loans totaled $747 million Based on the performance of the underlying loans and general liquidity of the securities, the Company's recovery of the cost basis in the securities has not been significantly impacted by changes in interest rates, prepayment speeds or credit losses

The following table includes a summary of residential mortgage loans managed or securitized and related delinquencies and net charge-offs

	Years Ended December 31,	
	2006	2005
	(Dollars in millions)	
Mortgage Loans Managed or Securitized (1)	$17,218	$15,538
Less Loans Securitized and Transferred to Securities Available for Sale	747	781
Less Loans Held for Sale	606	495
Less Mortgage Loans Sold with Recourse	214	276
Mortgage Loans Held for Investment	$15,651	$13,986
Mortgage Loans on Nonaccrual Status	$ 53	$ 48
Mortgage Loans 90 Days Past Due and Still Accruing Interest	$ 37	$ 39
Mortgage Loan Net Charge-offs	$ 6	$ 5

(1) Balances exclude loans serviced for others, with no other continuing involvement

BB&T also arranges and services commercial real estate mortgages through Laureate Capital, the commercial mortgage banking subsidiary of Branch Bank During the years ended December 31, 2006, 2005 and 2004, Laureate Capital originated $2 9 billion, $2 0 billion and $1 6 billion, respectively, of commercial real estate mortgages, all of which were arranged for third party investors and serviced by Laureate Capital Laureate Capital's exposure to credit risk or interest rate risk as a result of these loans is minimal As of December 31, 2006, 2005 and 2004, Laureate Capital's portfolio of commercial real estate mortgages serviced for others totaled $9 2 billion, $8 1 billion and $6 7 billion, respectively Commercial real estate mortgage loans serviced for others are not included in loans on the accompanying Consolidated Balance Sheets Mortgage servicing rights related to commercial mortgage loans totaled $28 million, $20 million and $14 million at December 31, 2006, 2005 and 2004, respectively

Maybank 011112

Global Reports LLC

ROA 4073

NOTE 9. Federal Funds Purchased, Securities Sold Under Agreements to Repurchase and Short-Term Borrowed Funds

Federal funds purchased, securities sold under agreements to repurchase and short-term borrowed funds are summarized as follows

	December 31,	
	2006	2005
	(Dollars in millions)	
Federal funds purchased	$2,002	$1,123
Securities sold under agreements to repurchase	2,090	2,699
Master notes	1,447	1,056
U S Treasury tax and loan deposit notes payable	1,943	1,041
Other short-term borrowed funds	605	643
Total	$8,087	$6,562

Federal funds purchased represent unsecured borrowings from other banks and generally mature daily Securities sold under agreements to repurchase are borrowings collateralized by securities of the U S government or its agencies and have maturities ranging from one day to 24 months U S Treasury tax and loan deposit notes payable are payable to the U S Treasury upon demand or for periods of less than one month Master notes are unsecured, non-negotiable obligations of BB&T Corporation (variable rate commercial paper) that mature in less than one year

A summary of selected data related to Federal funds purchased, securities sold under agreements to repurchase and short-term borrowed funds follows

	As of / For the Year Ended December 31,		
	2006	2005	2004
	(Dollars in millions)		
Maximum outstanding at any month-end during the year	$8,782	$9,452	$9,009
Balance outstanding at end of year	8,087	6,562	6,688
Average outstanding during the year	7,006	7,386	6,591
Average interest rate during the year	4 30%	3 04%	1 37%
Average interest rate at end of year	4 67	3 85	2 06

Maybank 011113

Global Reports LLC

ROA 4074

NOTE 10. Long-Term Debt

Long-term debt is summarized as follows

	December 31, 2006	December 31, 2005
	(Dollars in millions)	
Parent Company		
7.25% Subordinated Notes Due 2007	$ 250	$ 249
6.50% Subordinated Notes Due 2011 (1,3)	647	646
4.75% Subordinated Notes Due 2012 (1,3)	496	495
5.20% Subordinated Notes Due 2015 (1,3)	997	997
4.90% Subordinated Notes Due 2017 (1,3)	362	360
5.25% Subordinated Notes Due 2019 (1,3)	600	600
Branch Bank		
Floating Rate Secured Borrowings Due 2007 (5)	1,500	1,500
Floating Rate Senior Notes Due 2007	1,250	1,250
Floating Rate Senior Notes Due 2008	500	500
Floating Rate Senior Notes Due 2009	500	—
Floating Subordinated Notes Due 2016 (1)	350	—
4.875% Subordinated Notes Due 2013 (1,3)	249	249
5.625% Subordinated Notes Due 2016 (1)	399	—
Federal Home Loan Bank Advances to the Subsidiary Banks (4)		
Varying maturities to 2026	6,564	5,679
Junior Subordinated Debt to Unconsolidated Trusts (2)		
5.85% BB&T Capital Trust I Securities Due 2035 (3)	514	514
6.75% BB&T Capital Trust Securities Due 2036	598	—
Other Securities (6)	168	102
Other Long-Term Debt	5	4
Hedging Losses	(45)	(26)
Total Long-Term Debt	$15,904	$13,119

(1) Subordinated notes that qualify under the risk-based capital guidelines as Tier 2 supplementary capital, subject to certain limitations
(2) Securities that qualify under the risk-based capital guidelines as Tier 1 capital, subject to certain limitations
(3) These fixed rate notes were swapped to floating rates based on LIBOR At December 31, 2006, the effective rates paid on these borrowings ranged from 5.55% to 6.10%
(4) At December 31, 2006, the weighted average cost of these advances was 5.32% and the weighted average maturity was 10.2 years
(5) These borrowings are secured primarily by automobile loans and have variable rates based on LIBOR
(6) These securities were issued by companies acquired by BB&T At December 31, 2006, the effective rate paid on these borrowings ranged from 7.09% to 10.07% These securities have varying maturities through 2035

Excluding the capitalized leases set forth in Note 6, future debt maturities total $3.3 billion, $526 million, $510 million, $251 million and $1.1 billion for the next five years The maturities for 2012 and later years total $10.3 billion

Junior Subordinated Debt to Unconsolidated Trusts

In August 2005, BB&T Capital Trust I ("BBTCT") issued $500 million of 5.85% Capital Securities BBTCT, a statutory business trust created under the laws of the State of Delaware, was formed by BB&T for the sole purpose of issuing the Capital Securities and investing the proceeds thereof in 5.85% Junior Subordinated Debentures issued by BB&T BB&T has made guarantees which, taken collectively, fully, irrevocably, and

Maybank 011114

Global Reports LLC

ROA 4075

unconditionally guaranteed, on a subordinated basis, all of BBTCT's obligations under the Trust and Capital Securities. BBTCT's sole asset is the Junior Subordinated Debentures issued by BB&T, which mature August 18, 2035, but are subject to early redemption (i) in whole or in part at any time at the option of BB&T pursuant to the optional redemption provisions of such security, or (ii) in whole, but not in part, under certain prescribed limited circumstances. The Capital Securities of BBTCT are subject to mandatory redemption in whole or in part, upon repayment of the Junior Subordinated Debentures at maturity or their earlier redemption.

In June 2006, BB&T Capital Trust II ("BBTCT II") issued $600 million of 6.75% Capital Securities. BBTCT II, a statutory business trust created under the laws of the State of Delaware, was formed by BB&T for the sole purpose of issuing the Capital Securities and investing the proceeds thereof in 6.75% Junior Subordinated Debentures issued by BB&T. BB&T has made guarantees which, taken collectively, fully, irrevocably, and unconditionally guarantee, on a subordinated basis, all of BBTCT II's obligations under the Trust and Capital Securities. BBTCT II's sole asset is the Junior Subordinated Debentures issued by BB&T which mature June 7, 2036, but are subject to early redemption (i) in whole or in part at any time at the option of BB&T pursuant to the optional redemption provisions of such security, or (ii) in whole, but not in part, under certain prescribed limited circumstances. The Capital Securities of BBTCT II are subject to mandatory redemption in whole or in part, upon repayment of the Junior Subordinated Debentures at maturity or their earlier redemption.

In July, 1997, Mason-Dixon Capital Trust ("MDCT") issued $20 million of 10.07% Preferred Securities. MDCT, a statutory business trust created under the laws of the State of Delaware, was formed by Mason-Dixon Bancshares, Inc., ("Mason-Dixon") for the sole purpose of issuing the Preferred Securities and investing the proceeds thereof in 10.07% Junior Subordinated Debentures issued by Mason-Dixon. Mason Dixon, which merged into BB&T on July 14, 1999, entered into agreements which, taken collectively, fully, irrevocably and unconditionally guarantee, on a subordinated basis, all of MDCT's obligations under the Preferred Securities. MDCT's sole asset is the Junior Subordinated Debentures issued by Mason-Dixon and assumed by BB&T, which mature June 15, 2027, but are subject to early mandatory redemption in whole under certain limited circumstances and are callable in whole or part anytime after June 15, 2007. The Preferred Securities of MDCT, are subject to mandatory redemption in whole on June 15, 2027, or such earlier date in the event the Junior Subordinated Debentures are redeemed by BB&T pursuant to one of the prescribed limited circumstances or pursuant to the call provisions.

In November, 1997, MainStreet Capital Trust I ("MSCT I") issued $50 million of 8.90% Trust Securities. MSCT I, a statutory business trust created under the laws of the State of Delaware, was formed by MainStreet Financial Corporation, ("MainStreet") for the sole purpose of issuing the Trust Securities and investing the proceeds thereof in 8.90% Junior Subordinated Debentures issued by MainStreet. MainStreet, which merged into BB&T on March 5, 1999, entered into agreements which, taken collectively, fully, irrevocably and unconditionally guarantee, on a subordinated basis, all of MSCT I's obligations under the Trust Securities. MSCT I's sole asset is the Junior Subordinated Debentures issued by MainStreet and assumed by BB&T, which mature December 1, 2027, but are subject to early mandatory redemption in whole under certain limited circumstances and are callable in whole or part anytime after December 1, 2007. The Trust Securities of MSCT I are subject to mandatory redemption in whole on December 1, 2027, or such earlier date in the event the Junior Subordinated Debentures are redeemed by BB&T pursuant to one of the prescribed limited circumstances or pursuant to the call provisions. One Valley Bancorp, Inc., which merged into BB&T Corporation on July 6, 2000 and a subsidiary of Mason-Dixon Bancshares, Inc, which merged into BB&T on July 14, 1999, each owned $2 million of the Trust Securities issued by MSCT I.

In November, 1997, Premier Capital Trust I ("PCT I") issued $29 million of 9.00% Preferred Securities. PCT I, a statutory business trust created under the laws of the State of Delaware, was formed by Premier Bancshares, Inc., ("Premier") for the purpose of issuing the Preferred Securities and investing the proceeds thereof in 9.00% Junior Subordinated Debentures issued by Premier. Premier, which merged into BB&T on January 13, 2000, entered into agreements which, taken collectively, fully, irrevocably and unconditionally guarantee, on a

Maybank 011115

Global Reports LLC

ROA 4076

subordinated basis, all of PCT I's obligations under the Preferred Securities PCT I's sole asset is the Junior Subordinated Debentures issued by Premier and assumed by BB&T, which mature December 31, 2027, but are subject to early mandatory redemption in whole under certain limited circumstances and are callable in whole or part anytime after December 31, 2007 The Preferred Securities of PCT I, are subject to mandatory redemption in whole on December 31, 2027, or such earlier date in the event the Junior Subordinated Debentures are redeemed by BB&T pursuant to one of the prescribed limited circumstances or pursuant to the call provisions

In November, 2002, Main Street Banks Statutory Trust I ("MSBT I") issued $5 million of floating rate Capital Securities MSBT I, a statutory business trust created under the laws of the State of Connecticut, was formed by Main Street Banks, Inc , ("MSBK") for the purpose of issuing the Capital Securities and investing the proceeds thereof in floating rate Junior Subordinated Debentures issued by MSBK MSBK, which merged into BB&T on June 1, 2006, entered into agreements which, taken collectively, fully, irrevocably and unconditionally guarantee, on a subordinated basis, all of MSBT I's obligations under the Capital Securities MSBT I's sole asset is the Junior Subordinated Debentures issued by MSBK and assumed by BB&T, which mature November 15, 2032, but are subject to early mandatory redemption in whole under certain limited circumstances and are callable in whole or part anytime after November 15, 2007 The Capital Securities of MSBT I, are subject to mandatory redemption in whole on November 15, 2032, or such earlier date in the event the Junior Subordinated Debentures are redeemed by BB&T pursuant to one of the prescribed limited circumstances or pursuant to the call provisions

In May, 2003, Main Street Banks Statutory Trust II ("MSBT II") issued $45 million of floating rate Capital Securities MSBT II, a statutory business trust created under the laws of the State of Connecticut, was formed by MSBK for the purpose of issuing the Capital Securities and investing the proceeds thereof in floating rate Junior Subordinated Debentures issued by MSBK MSBK, which merged into BB&T on June 1, 2006, entered into agreements which, taken collectively, fully, irrevocably and unconditionally guarantee, on a subordinated basis, all of MSBT II's obligations under the Capital Securities MSBT II's sole asset is the Junior Subordinated Debentures issued by MSBK and assumed by BB&T, which mature June 30, 2033, but are subject to early mandatory redemption in whole under certain limited circumstances and are callable in whole or part anytime after June 30, 2008 The Capital Securities of MSBT II, are subject to mandatory redemption in whole on June 30, 2033, or such earlier date in the event the Junior Subordinated Debentures are redeemed by BB&T pursuant to one of the prescribed limited circumstances or pursuant to the call provisions

In December, 2003, First Citizens Bancorp Statutory Trust I ("FCBT I") issued $10 million of floating rate Capital Securities FCBT I, a statutory business trust created under the laws of the State of Connecticut, was formed by First Citizens Bancorp, ("FCB") for the purpose of issuing the Capital Securities and investing the proceeds thereof in floating rate Junior Subordinated Debentures issued by FCB FCB, which merged into BB&T on August 1, 2006, entered into agreements which, taken collectively, fully, irrevocably and unconditionally guarantee, on a subordinated basis, all of FCBT I's obligations under the Capital Securities FCBT I's sole asset is the Junior Subordinated Debentures issued by FCB and assumed by BB&T, which mature December 17, 2033, but are subject to early mandatory redemption in whole under certain limited circumstances and are callable in whole or part anytime after December 17, 2008 The Capital Securities of FCB I, are subject to mandatory redemption in whole on December 17, 2033, or such earlier date in the event the Junior Subordinated Debentures are redeemed by BB&T pursuant to one of the prescribed limited circumstances or pursuant to the call provisions

In June, 2005, First Citizens Bancorp Statutory Trust II ("FCBT II") issued $7 million of floating rate Capital Securities FCBT I, a statutory business trust created under the laws of the State of Delaware, was formed by FCB for the purpose of issuing the Capital Securities and investing the proceeds thereof in floating rate Junior Subordinated Debentures issued by FCB FCB, which merged into BB&T on August 1, 2006, entered into agreements which, taken collectively, fully, irrevocably and unconditionally guarantee, on a subordinated basis, all of FCBT II's obligations under the Capital Securities FCBT II's sole asset is the Junior Subordinated Debentures issued by FCB and assumed by BB&T, which mature June 15, 2035, but are subject to early mandatory redemption in whole under certain limited circumstances and are callable in whole or part anytime

Maybank 011116

Global Reports LLC

ROA 4077

after June 15, 2010 The Capital Securities of FCB II, are subject to mandatory redemption in whole on June 15, 2035, or such earlier date in the event the Junior Subordinated Debentures are redeemed by BB&T pursuant to one of the prescribed limited circumstances or pursuant to the call provisions

NOTE 11. Shareholders' Equity

The authorized capital stock of BB&T consists of 1,000,000,000 shares of common stock, $5 par value, and 5,000,000 shares of preferred stock, $5 par value At December 31, 2006, 541,475,305 shares of common stock and no shares of preferred stock were issued and outstanding

Equity-Based Plans

At December 31, 2006, BB&T had options, restricted shares and restricted share units outstanding from the following equity-based compensation plans the 2004 Stock Incentive Plan ("2004 Plan"), the 1995 Omnibus Stock Incentive Plan ("Omnibus Plan"), the Non-Employee Directors' Stock Option Plan ("Directors' Plan"), and plans assumed from acquired entities, which are described below All plans generally allow for accelerated vesting of awards for holders who retire and have met all retirement eligibility requirements and in connection with certain other events BB&T's shareholders have approved all equity-based compensation plans with the exception of plans assumed from acquired companies BB&T changed its practices regarding equity-based awards in the first quarter of 2006 and began issuing a combination of restricted share units and nonqualified stock options in connection with its incentive plans Formerly, the Company had issued substantially all of its equity-based awards in the form of stock options As of December 31, 2006, the 2004 Plan is the only plan that has shares available for future grants

BB&T's 2004 Plan is intended to assist the Corporation in recruiting and retaining employees, directors and independent contractors and to associate the interests of eligible participants with those of BB&T and its shareholders At December 31, 2006 there were 6 6 million non-qualified and qualified stock options at prices ranging from $10 90 to $50 71 and 2 4 million restricted shares and restricted share units outstanding under the 2004 Plan The options outstanding under the 2004 Plan generally vest ratably over five years and have a ten-year term The restricted shares and restricted share units generally vest five years from the date of grant At December 31, 2006, there were 15 7 million shares available for future grants under the 2004 Plan

BB&T's Omnibus Plan was intended to allow BB&T to recruit and retain employees with ability and initiative and to align the employees' interests with those of BB&T and its shareholders At December 31, 2006, 6 9 million qualified stock options at prices ranging from $11 66 to $48 01 and 21 3 million non-qualified stock options at prices ranging from $11 36 to $53 10 were outstanding The stock options generally vest over 3 to 5 years and have a 10-year term

The Directors' Plan was intended to provide incentives to non-employee directors to remain on the Board of Directors and share in the profitability of BB&T In 2005, the Directors' Plan was amended and no future grants will be awarded in connection with this Plan At December 31, 2006, options to purchase 532 thousand shares of common stock at prices ranging from $15 94 to $31 80 were outstanding pursuant to the Directors' Plan

BB&T also has equity-based plans outstanding as the result of assuming the plans of acquired companies At December 31, 2006, there were 324 thousand stock options outstanding in connection with these plans, with option prices ranging from $22 62 to $29 54

Maybank 011117

Global Reports LLC

ROA 4078

BB&T measures the fair value of each option award on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants awarded in 2006, 2005 and 2004, respectively

	For the Years Ended December 31,		
	2006	2005	2004
Assumptions			
Risk-free interest rate	4 6%	4 1%	3 5%
Dividend yield	3 8	3 5	3 0
Volatility factor	16 0	20 0	27 0
Weighted average expected life	6 5 yrs	6 5 yrs	6 0 yrs
Fair value of options per share	$ 5 58	$ 6 52	$ 8 22

BB&T determines the assumptions used in the Black-Scholes option pricing model as follows the risk-free interest rate is based on the U S Treasury yield curve in effect at the time of the grant, the dividend yield is based on the historical dividend yield of BB&T's stock, adjusted to reflect the expected dividend yield over the expected life of the option, the volatility factor is based on the historical volatility of BB&T's stock, adjusted to reflect the ways in which current information indicates that the future is reasonably expected to differ from the past, and the weighted-average expected life is based on the historical behavior of employees related to exercises, forfeitures and cancellations

BB&T measures the fair value of restricted shares based on the price of BB&T's common stock on the grant date and the fair value of restricted share units based on the price of BB&T's common stock on the grant date less the present value of expected dividends that are foregone during the vesting period

BB&T recorded $58 million in equity-based compensation and $22 million as an income tax benefit in connection with this compensation expense during 2006 The amount of equity-based compensation recorded during 2005 and 2004 was not material The total intrinsic value of options exercised during 2006, 2005 and 2004 was $46 million, $53 million and $59 million, respectively The total grant date fair value of options that vested during 2006 was $32 million As of December 31, 2006, there was $107 million of unrecognized compensation costs related to BB&T's equity-based awards that is expected to be recognized over a weighted-average life of 3 3 years

The following table details the activity during 2006 related to stock options awarded by BB&T

	For the Year Ended December 31, 2006	
	Shares	Wtd Avg Exercise Price
Outstanding at beginning of period	34,825,984	$34 32
Issued in purchase transactions	674,129	27 95
Granted	4,302,610	39 74
Exercised	(3,234,334)	28 70
Forfeited or expired	(887,912)	37 16
Outstanding at end of period	35,680,477	35 30
Exercisable at end of period	19,971,698	33 35

Maybank 011118

Global Reports LLC

ROA 4079

The following tables summarize information about BB&T's stock option awards as of December 31, 2006

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding 12/31/06	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable 12/31/06	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$ 10 01 to $ 15 00	185,728	2 4 yrs	$12 51	185,728	2 4 yrs	$12 51
15 01 to 25 00	2,969,501	2 8	22 77	2,969,501	2 8	22 77
25 01 to 35 00	6,974,838	5 0	31 83	5,074,436	4 6	31 49
35 01 to 45 00	25,464,111	7 0	37 84	11,655,734	5 6	37 07
45 01 to 53 10	86,299	2 8	49 32	86,299	2 8	49 32
	35,680,477	6 2	35 30	19,971,698	4 9	33 35

Range of Exercise Prices	Options Expected to Vest		
	Number Outstanding 12/31/06	Weighted-Average Remaining Contractual Life	Weighted Average Exercise Price
$ 10 01 to $ 15 00	185,728	2 4 yrs	$12 51
15 01 to 25 00	2,969,501	2 8	22 77
25 01 to 35 00	6,700,021	5 0	31 79
35 01 to 45 00	23,088,041	6 9	37 76
45 01 to 53 10	86,299	2 8	49 32
	33,029,590	6 1	35 09

The aggregate intrinsic value of options outstanding, options exercisable and options expected to vest at December 31, 2006, was $308 million, $211 million and $292 million, respectively

The following table details the activity during 2006 related to restricted shares and restricted share units awarded by BB&T

	For the Year Ended December 31, 2006	
	Shares	Wtd Avg Grant Date Fair Value
Nonvested at beginning of period	263,001	$40 27
Granted	2,325,012	31 23
Vested	(37,960)	30 94
Forfeited	(120,001)	32 16
Nonvested at end of period	2,430,052	32 15

At December 31, 2006, BB&T's restricted shares and restricted share units had a weighted-average life of 4 1 years At December 31, 2006, management estimates that 2 1 million restricted shares and restricted share units will vest over a weighted-average life of 4 1 years

Share Repurchase Activity

During the years ended December 31, 2006, 2005 and 2004, BB&T repurchased 22 3 million, 12 0 million shares, and 11 3 million shares of common stock, respectively At December 31, 2006, BB&T was authorized to repurchase 51 1 million shares under the June 27, 2006, Board of Directors' authorization

Maybank 011119

Global Reports LLC

ROA 4080

NOTE 12. Accumulated Other Comprehensive Income (Loss)

The balances in accumulated other comprehensive loss as of December 31, 2006 and 2005 are shown in the following tables

Accumulated Other Comprehensive Loss
December 31, 2006

	Before Tax Amount	Tax Benefit	After-Tax Amount
	(Dollars in millions)		
Unrealized net losses on securities available for sale	$(391)	$(142)	$(249)
Unrecognized net pension and postretirement costs	(180)	(70)	(110)
Total	$(571)	$(212)	$(359)

Accumulated Other Comprehensive Loss
December 31, 2005

	Before-Tax Amount	Tax Benefit	After Tax Amount
	(Dollars in millions)		
Unrealized net losses on securities available for sale	$(533)	$(195)	$(338)
Unrealized net losses on cash flow hedges	(22)	(9)	(13)
Minimum pension liability	(8)	(3)	(5)
Total	$(563)	$(207)	$(356)

Note 13. Income Taxes

The provision for income taxes comprised the following

	Years Ended December 31,		
	2006	2005	2004
	(Dollars in millions)		
Current expense			
Federal	$668	$637	$420
State	42	41	40
Foreign	115	109	104
Total current expense	825	787	564
Deferred expense (benefit)			
Federal	115	32	188
State	5	(6)	12
Total deferred expense	120	26	200
Provision for income taxes	$945	$813	$764

Securities transactions resulted in income tax (benefit) expense of $(27 million), $(159 thousand), and $2 million related to securities gains (losses) for the years ended December 31, 2006, 2005 and 2004, respectively The foreign income tax expense is related to income generated on assets controlled by a foreign subsidiary of Branch Banking and Trust Company

Maybank 011120

Global Reports LLC

ROA 4081

The reasons for the difference between the provision for income taxes and the amount computed by applying the statutory Federal income tax rate to income before income taxes were as follows

	Years Ended December 31,		
	2006	2005	2004
	(Dollars in millions)		
Federal income taxes at statutory rate of 35%	$ 866	$ 863	$ 813
Increase (decrease) in provision for income taxes as a result of			
Addition to federal tax reserves principally related to leveraged lease transactions	141	21	6
State income taxes, net of Federal tax benefit	31	22	34
Tax exempt income	(62)	(61)	(61)
Other, net	(31)	(32)	(28)
Provision for income taxes	$ 945	$ 813	$ 764
Effective income tax rate	38 2%	33 0%	32 9%

BB&T has entered into certain transactions that have favorable tax treatment These transactions include loans and investments that produce tax-exempt income, reducing BB&T's effective tax rate from the statutory rate On a periodic basis, BB&T evaluates its income tax positions based on tax laws and regulations and financial reporting considerations, and records adjustments as appropriate In this regard, during 2006 BB&T determined that it was appropriate to record additional tax reserves principally related to leveraged lease transactions

The tax effects of temporary differences that gave rise to significant portions of the net deferred tax assets (liabilities) included in other liabilities on the "Consolidated Balance Sheets" were

	December 31,	
	2006	2005
	(Dollars in millions)	
Deferred tax assets		
Allowance for loan and lease losses	$ 335	$ 311
Unrealized loss on securities available for sale	142	195
Postretirement plans	70	3
Other	84	95
Total deferred tax assets	631	604
Deferred tax liabilities		
Lease financing	(1,228)	(1,128)
Prepaid pension plan expense	(71)	(2)
Loan fees & expenses	(70)	(51)
Identifiable intangible assets	(113)	(128)
Loan servicing rights	(135)	(115)
Unamortized FHLB loan prepayment fees	(174)	(220)
Other	(68)	(101)
Total deferred tax liabilities	(1,859)	(1,745)
Net deferred tax liabilities	$(1,228)	$(1,141)

On a periodic basis, BB&T evaluates its income tax positions based on tax laws and regulations and financial reporting considerations, and records adjustments as appropriate This evaluation takes into consideration the status of current taxing authorities' examinations of BB&T's tax returns, recent positions taken by the taxing authorities on similar transactions, if any, and the overall tax environment in relation to tax-advantaged transactions Accordingly, the results of these examinations may alter the timing or amount of taxable income or

Maybank 011121

Global Reports LLC

ROA 4082

deductions on the allocation of income among tax jurisdictions In this regard, the Internal Revenue Service ("IRS") disallowed certain deductions taken by BB&T on leveraged lease transactions during 1997-2002 In 2004, BB&T filed a lawsuit against the IRS to pursue a refund of amounts assessed by the IRS related to a leveraged lease transaction entered into during 1997 On January 4, 2007, the United States Middle District Court of North Carolina issued a summary judgment in favor of the IRS related to BB&T's lawsuit Based on a review of the summary judgment by BB&T's counsel, BB&T's management disagrees with the decision and currently intends to appeal the matter to the United States Appeals Court for the Fourth Circuit, based in Richmond, Virginia

Due to the timing of the District Court's ruling and its potential impact on BB&T's other leveraged lease transactions, BB&T recorded $139 million in additional reserves in the fourth quarter of 2006 and paid $1 2 billion to the IRS during the first quarter of 2007 This payment represented the total tax and interest due on these transactions for all open years The tax paid relates to differences in the timing of income recognition and deductions for income tax purposes for which deferred taxes had been previously provided

Management has consulted with outside counsel and continues to believe that BB&T's treatment of its leveraged lease transactions was appropriate and in compliance with the tax laws and regulations applicable to the years examined and intends to continue to pursue legal remedies related to this issue

NOTE 14. Benefit Plans

BB&T provides various benefit plans to substantially all employees, including employees of acquired entities Employees of acquired entities generally participate in existing BB&T plans after consummation of the business combinations The plans of acquired institutions are typically merged into the BB&T plans after consummation of the mergers, and, under these circumstances, credit is usually given to these employees for years of service at the acquired institution for vesting and eligibility purposes

The following table summarizes expenses (income) relating to employee retirement plans

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in millions)		
Defined benefit plans	$ 50	$ 43	$ 41
Defined contribution and ESOP plans	67	59	55
Postretirement benefit plans	(1)	(3)	9
Other	20	11	11
Total expense related to retirement benefit plans	$136	$110	$116

Defined Benefit Retirement Plans

BB&T provides a defined benefit retirement plan qualified under the Internal Revenue Code that covers substantially all employees Benefits are based on years of service, age at retirement and the employee's compensation during the five highest consecutive years of earnings within the last ten years of employment

In addition, supplemental retirement benefits are provided to certain key officers under supplemental defined benefit executive retirement plans, which are not qualified under the Internal Revenue Code Although technically unfunded plans, a Rabbi Trust and insurance policies on the lives of the certain covered employees are available to finance future benefits

Maybank 011122

Global Reports LLC

ROA 4083

The following are the significant actuarial assumptions that were used to determine net periodic pension costs

	December 31, 2006	December 31, 2005
Actuarial Assumptions		
Weighted average assumed discount rate	5 75%	5 75%
Weighted average expected long-term rate of return on plan assets	8 00	8 00
Assumed rate of annual compensation increases	4 00	4 00

The weighted average expected long-term rate of return on plan assets represents the average rate of return expected to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid In developing the expected rate of return, BB&T considers long-term compound annualized returns of historical market data for each asset category, as well as historical actual returns on the Company's plan assets Using this reference information, the Company develops forward-looking return expectations for each asset category and a weighted average expected long-term rate of return for the plan based on target asset allocations contained in BB&T's Investment Policy Statement

Financial data relative to the defined benefit pension plans is summarized in the following tables for the years indicated The data is calculated using an actuarial measurement date of December 31

	For the Years Ended December 31, 2006	2005	2004
	(Dollars in millions)		
Net Periodic Pension Cost			
Service cost	$ 65	$ 58	$ 53
Interest cost	65	58	55
Estimated return on plan assets	(92)	(80)	(72)
Net amortization and other	12	7	5
Net periodic pension cost	$ 50	$ 43	$ 41

The following are the significant actuarial assumptions that were used to determine benefit obligations

	December 31, 2006	December 31, 2005
Actuarial Assumptions		
Weighted average assumed discount rate	6 00%	5 75%
Assumed rate of annual compensation increases	4 50	4 00

	Qualified Pension Plan		Nonqualified Pension Plans	
	Years Ended December 31,		Years Ended December 31,	
	2006	2005	2006	2005
	(Dollars in millions)			
Change in Projected Benefit Obligation				
Projected benefit obligation, January 1,	$1,009	$ 940	$112	$108
Service cost	61	54	4	4
Interest cost	58	53	7	6
Actuarial (gain) loss	26	(1)	8	(1)
Benefits paid	(37)	(37)	(5)	(5)
Adjustments for plans of acquired entities	—	—	1	—
Projected benefit obligation, December 31,	$1,117	$1,009	$127	$112

Maybank 011123

Global Reports LLC

ROA 4084

	Qualified Pension Plan		Nonqualified Pension Plans	
	Years Ended December 31,		Years Ended December 31,	
	2006	2005	2006	2005
	(Dollars in millions)			
Change in Plan Assets				
Fair value of plan assets, January 1,	$1,030	$ 991	$ —	$ —
Actual return on plan assets	141	46	—	—
Employer contributions	314	30	5	5
Benefits paid	(37)	(37)	(5)	(5)
Fair value of plan assets, December 31,	1,448	1,030	—	—
Funded status at end of year	$ 331	$ 21	$(127)	$(112)

	Qualified Pension Plan		Nonqualified Pension Plans	
	Years Ended December 31,		Years Ended December 31,	
	2006	2005	2006	2005
	(Dollars in millions)			
Reconciliation of Funded Status to Net Amount Recognized				
Funded status	$331	$ 21	$(127)	$(112)
Unrecognized prior service cost (credit)	—	(17)	—	1
Unrecognized net actuarial loss (gain)	—	235	—	26
Additional minimum liability	—	—	—	(8)
Net amount recognized	$331	$239	$(127)	$ (93)

	Qualified Pension Plan		Nonqualified Pension Plans	
	Years Ended December 31,		Years Ended December 31,	
	2006	2005	2006	2005
	(Dollars in millions)			
Pre-Tax Amounts Recognized in Accumulated Other Comprehensive Income (Loss)				
Prior service credit (cost)	$ 13	$—	$—	$—
Net actuarial (loss) gain	(198)	—	(32)	—
Additional minimum liability	—	—	—	(8)
Net amount recognized	$(185)	$—	$(32)	$ (8)

The expected amortization of unrecognized prior service credit and unrecognized net losses for the qualified plan and nonqualified plans that are expected to be amortized from accumulated other comprehensive income (loss) into net periodic pension cost during 2007 are reflected in the following table

	Qualified Pension Plan	Nonqualified Pension Plans
	(Dollars in millions)	
Expected Amortization for 2007		
Prior service cost (credit)	$(4)	$—
Net actuarial loss (gain)	5	2
Net amount to be amortized in 2007	$ 1	$ 2

Maybank 011124

Global Reports LLC

ROA 4085

The accumulated benefit obligation for the qualified plans totaled $930 million and $875 million at December 31, 2006 and 2005, respectively For the nonqualified plans, the accumulated benefit obligation totaled $100 million and $92 million at December 31, 2006 and 2005, respectively

Employer contributions to the qualified pension plan are in amounts between the minimum required for funding standard accounts and the maximum amount deductible for federal income tax purposes Management is not required to make a contribution to the qualified pension plan during 2007, however, management may make additional contributions in 2007 if determined appropriate For the nonqualified plans the employer contributions are based on benefit payments The following table reflects the estimated benefit payments reflecting expected future service for the next five years and for the years 2012 through 2016

Estimated Benefit Payments	Qualified Pension Plan	Nonqualified Pension Plans
	(Dollars in millions)	
2007	$ 35	$ 5
2008	37	5
2009	40	6
2010	43	7
2011	47	8
2012-2016	332	47

BB&T's primary total return objective is to achieve returns that, over the long term, will fund retirement liabilities and provide for the desired plan benefits in a manner that satisfies the fiduciary requirements of the Employers' Retirement Income Security Act The plan assets have a long-term, indefinite time horizon that runs concurrent with the average life expectancy of the participants As such, the Plan can assume a time horizon that extends well beyond a full market cycle, and can assume an above-average level of risk, as measured by the standard deviation of annual return It is expected, however, that both professional investment management and sufficient portfolio diversification will smooth volatility and help to generate a reasonable consistency of return The investments are broadly diversified among economic sector, industry, quality and size in order to reduce risk and to produce incremental return Within approved guidelines and restrictions, investment managers have wide discretion over the timing and selection of individual investments

BB&T periodically reviews its asset allocation and investment policy and during 2006 made changes to its target asset allocation BB&T has established guidelines within each asset category to ensure the appropriate balance of risk and reward The current target asset allocations for the plan assets include a range of 35% to 45% for U S equity securities, 7% to 13% for international equity securities, 20% to 30% for fixed income securities, and 10% to 30% for alternative investments, which include real estate, hedge funds, private equities and commodities, with any remainder to be held in cash equivalents As of December 31, 2006, the allocation of plan assets for the defined benefit pension plans, by asset category, was 54% in U S equity securities, 10% in international equity securities, 32% in fixed income securities and 4% in cash and cash equivalents As of December 31, 2006, the plan assets were still in the process of being rebalanced to align with the recently approved investment policy

The target asset allocations for the plan assets as of December 31, 2005 were a range of 40% to 80% for equity securities, 20% to 60% for debt securities, with any remainder to be held in cash equivalents As of December 31, 2005, the allocation of plan assets for the defined benefit pension plans, by asset category, was 59% in equity securities, 37% in fixed income securities and 4% in cash and cash equivalents

The plan assets included 995 thousand shares valued at $44 million and 964 thousand shares valued at $40 million of BB&T common stock at December 31, 2006 and 2005, respectively

Postretirement Benefits Other than Pension

BB&T provides certain postretirement benefits These benefits provide covered employees a subsidy for purchasing health care and life insurance During 2004, BB&T changed its postretirement benefit to eliminate the

Maybank 011125

Global Reports LLC

ROA 4086

subsidy for those employees retiring after December 31, 2004 BB&T also reduced the subsidy paid to employees who retired on or before December 31, 2004, were age 55 years or older, and had at least ten years of service For those employees, the subsidy is based upon years of service of the employee at the time of retirement The effect of the change in subsidy has been accounted for as a plan amendment and reduced the projected benefit obligation by $96 million, which is being amortized as a reduction of benefit costs over approximately 17 years Employer contributions to the plan are based on benefit payments

The estimated benefit payments for other postretirement benefits are $6 million, $5 million, $5 million, $5 million and $4 million for the next five years and $15 million for the years 2012 through 2016

The following are the significant actuarial assumptions that were used to determine postretirement benefit plans other than pension costs and obligations

	December 31,	
	2006	2005
Actuarial Assumptions		
Weighted average assumed discount rate	5 75%	5 50%
Medical trend rate—initial year	5 00	5 00
Medical trend rate—ultimate	5 00	5 00

The following tables set forth the components of the retiree benefit plan and the amounts recognized in the consolidated financial statements at December 31, 2006, 2005 and 2004 using a measurement date for actuarial calculations of December 31 Because of the change in subsidy to the plan effective in 2004, management does not believe that any subsidy that may be provided by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 would be material Therefore, no subsidy has been included in the actuarial calculation

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in millions)		
Net Periodic Postretirement Benefit (Income) Cost			
Service cost	$—	$—	$ 3
Interest cost	2	1	6
Amortization and other	(3)	(4)	—
Total expense (income)	$ (1)	$ (3)	$ 9

	Years Ended December 31,	
	2006	2005
	(Dollars in millions)	
Change in Projected Benefit Obligation		
Projected benefit obligation at beginning of year	$ 23	$ 26
Interest cost	2	1
Plan participants' contributions	9	7
Actuarial loss (gain)	27	3
Benefits paid	(17)	(14)
Projected benefit obligation at end of year	$ 44	$ 23

Maybank 011126

Global Reports LLC

ROA 4087

	Years Ended December 31,	
	2006	2005
	(Dollars in millions)	
Change in Plan Assets		
Fair value of plan assets at beginning of year	$—	$—
Employer contributions	8	7
Plan participants' contributions	9	7
Benefits paid	(17)	(14)
Fair value of plan assets at end of year	—	—
Funded status at end of year	$(44)	$(23)

	Years Ended December 31,	
	2006	2005
	(Dollars in millions)	
Reconciliation of Funded Status to Net Amount Recognized		
Funded status	$(44)	$(23)
Unrecognized prior service cost	—	(83)
Unrecognized net actuarial (gain) loss	—	17
Net amount recognized	$(44)	$(89)

	Years Ended December 31,	
	2006	2005
	(Dollars in millions)	
Pre-Tax Amounts Recognized in Accumulated Other Comprehensive Income (Loss)		
Prior service cost	$ 77	$—
Net actuarial gain (loss)	(41)	—
Net amount recognized	$ 36	$—

The expected amortization of unrecognized prior service cost and unrecognized net gain for the other postretirement benefit obligations that are expected to be amortized from accumulated other comprehensive income (loss) into net periodic postretirement cost during 2007 are $2 million and $(5 million), respectively

The following table provides the impact that changes in the assumed health care trend rate would have on the net periodic cost of the postretirement plan and the accumulated benefit obligation

	December 31, 2006	
	1% Increase	1% Decrease
Impact of a 1% change in assumed health care cost on		
Service and interest costs	1.4%	(1.3)%
Accumulated postretirement benefit obligation	1.3	(1.2)

Maybank 011127

Global Reports LLC

ROA 4088

The incremental effect on BB&T's balance sheet of applying the provision of SFAS No 158 related to BB&T's pension and other postretirement benefit plans is detailed in the following schedule

Incremental Affect of Applying FASB No 158
On Individual Line Items in the Balance Sheet
December 31, 2006

	Before Application of SFAS No 158	Adjustments	After Application of SFAS No 158
	(Dollars in Millions)		
Other assets	$ 5,925	$(185)	$ 5,740
Total assets	121,536	(185)	121,351
Accounts Payable and other liabilities	4,721	(77)	4,644
Total liabilities	109,683	(77)	109,606
Accumulated other comprehensive loss	(251)	(108)	(359)
Total shareholders' equity	11,853	(108)	11,745
Total liabilities and shareholders' equity	121,536	(185)	121,351

Defined Contribution Plans

BB&T offers a 401(k) Savings Plan and other defined contribution plans that permit employees with more than 90 days of service to contribute from 1% to 25% of their cash compensation Effective, January 1, 2007, BB&T increased the maximum contribution rate from 25% to 50% of an employee's cash compensation For full-time employees who are 21 years of age or older with one year or more of service, BB&T makes matching contributions of up to 6% of the employee's compensation BB&T's contribution to the 401(k) Savings Plan and nonqualified defined contribution plans totaled $65 million, $57 million and $53 million for the years ended December 31, 2006, 2005 and 2004, respectively BB&T also offers defined contribution plans to certain employees of subsidiaries who do not participate in the 401(k) Savings Plan

Other

There are various other employment contracts, deferred compensation arrangements and covenants not to compete with selected members of management and certain retirees

Note 15. Commitments and Contingencies

BB&T utilizes a variety of financial instruments to meet the financing needs of clients and to reduce exposure to fluctuations in interest rates These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees, interest rate caps, floors and collars, interest rate swaps, swaptions, when-issued securities, options written and forward and futures contracts BB&T also has commitments to fund certain affordable housing investments and contingent liabilities of certain sold loans The following table presents the contractual or notional amount of these instruments

	Contract or Notional Amount at December 31,	
	2006	2005
	(Dollars in millions)	
Financial instruments whose contract amounts represent credit risk		
Commitments to extend, originate or purchase credit	$32,978	$28,129
Standby letters of credit and financial guarantees written	3,185	2,716
Commercial letters of credit	37	36
Financial instruments whose notional or contract amounts exceed the amount of credit risk		
Derivative financial instruments	23,097	23,680
Commitments to fund low income housing investments	183	172
Mortgage loans sold with recourse	214	276

Maybank 011128

Global Reports LLC

ROA 4089

Commitments to extend, originate or purchase credit are primarily lines of credit to businesses and consumers and have specified rates and maturity dates Many of these commitments also have adverse change clauses, which allow BB&T to cancel the commitment due to deterioration in the borrowers' creditworthiness

Standby letters of credit and financial guarantees written are unconditional commitments issued by BB&T to guarantee the performance of a customer to a third party As of December 31, 2006, BB&T had issued $3 2 billion in such guarantees These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper issuance, bond financing and similar transactions The credit risk involved in the issuance of these guarantees is essentially the same as that involved in extending loans to clients and as such, the instruments are collateralized when necessary

Commercial letters of credit are short-term commitments issued primarily to facilitate trade finance activities for clients and are generally collateralized by the goods being shipped to the client

In the ordinary course of business, BB&T indemnifies its officers and directors to the fullest extent permitted by law against liabilities arising from pending litigation BB&T also issues standard representation warranties in underwriting agreements, merger and acquisition agreements, loan sales, brokerage activities and other similar arrangements Counterparties in many of these indemnifications provide similar indemnifications to BB&T Although these agreements often do not specify limitations, BB&T has not been required to act on the guarantees and does not believe that any payments pursuant to them would materially change the financial condition or results of operations of the company

Merger and acquisition agreements of businesses other than financial institutions occasionally include additional incentives to the acquired entities to offset the loss of future cash flows previously received through ownership positions Typically, these incentives are based on the acquired entity's contribution to BB&T's earnings compared to agreed-upon amounts When offered, these incentives are typically issued for terms of three to five years As certain provisions of these agreements do not specify dollar limitations, it is not possible to quantify the maximum exposure resulting from these agreements

Forward commitments to sell mortgage loans and mortgage-backed securities are contracts for delayed delivery of securities in which BB&T agrees to make delivery at a specified future date of a specified instrument, at a specified price or yield Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movements in securities' values and interest rates

BB&T invests in certain affordable housing and historic building rehabilitation projects throughout its market area as a means of supporting local communities, and receives tax credits related to these investments BB&T typically acts as a limited partner in these investments and does not exert control over the operating or financial policies of the partnerships Branch Bank typically provides financing during the construction and development of the properties, however, permanent financing is generally obtained from independent third parties upon completion of a project BB&T's outstanding commitments to fund affordable housing investments totaled $183 million and $172 million at December 31, 2006 and 2005, respectively

Legal Proceedings

The nature of the business of BB&T's banking and other subsidiaries ordinarily results in a certain amount of litigation The subsidiaries of BB&T are involved in various legal proceedings, all of which are considered incidental to the normal conduct of business Based on information currently available, advice of counsel, available insurance coverage and established reserves, BB&T's management believes that the liabilities, if any, arising from these proceedings will not have a materially adverse effect on the consolidated financial position, consolidated results of operations or consolidated cash flows of BB&T However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to BB&T's consolidated financial position, consolidated results of operations or consolidated cash flows

Maybank 011129

Global Reports LLC

ROA 4090

NOTE 16. Regulatory Requirements and Other Restrictions

Branch Bank is required by the Board of Governors of the Federal Reserve System to maintain reserve balances in the form of vault cash or deposits with the Federal Reserve Bank based on specified percentages of certain deposit types, subject to various adjustments At December 31, 2006, the net reserve requirement amounted to $477 million

Branch Bank is subject to laws and regulations that limit the amount of dividends it can pay In addition, both BB&T and Branch Bank are subject to various regulatory restrictions relating to the payment of dividends, including requirements to maintain capital at or above regulatory minimums, and to remain "well-capitalized" under the prompt corrective action regulations BB&T does not expect that any of these laws, regulations or policies will materially affect the ability of Branch Bank to pay dividends At December 31, 2006, subject to restrictions imposed by state law, the Board of Directors of Branch Bank could have declared dividends from its retained earnings up to $3 1 billion, however, to remain well-capitalized under federal guidelines, Branch Bank would have limited total additional dividends to $1 1 billion

BB&T is subject to various regulatory capital requirements administered by the Federal banking agencies Failure to meet minimum capital requirements can initiate certain mandatory—and possibly additional discretionary—actions by regulators that, if undertaken, could have a direct material effect on BB&T's financial statements Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation must meet specific capital guidelines that involve quantitative measures of BB&T's assets, liabilities and certain off-balance-sheet items calculated pursuant to regulatory directives BB&T's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors BB&T is in full compliance with these requirements Banking regulations also identify five capital categories for insured depository institutions well-capitalized, adequately capitalized, under capitalized, significantly undercapitalized and critically undercapitalized At December 31, 2006 and 2005, BB&T and Branch Bank were classified as "well capitalized"

Quantitative measures established by regulation to ensure capital adequacy require BB&T to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average tangible assets (leverage ratio)

Maybank 011130

Global Reports LLC

ROA 4091

The following table provides summary information regarding regulatory capital for BB&T and its significant banking subsidiaries as of December 31, 2006 and 2005

	December 31, 2006			December 31, 2005		
	Actual Capital		Minimum Capital Requirement	Actual Capital		Minimum Capital Requirement
	Ratio	Amount		Ratio	Amount	
	(Dollars in millions)					
Tier 1 Capital						
BB&T	9.0%	$ 8,226	$3,639	9.3%	$ 7,454	$3,216
Branch Bank	9.2	8,075	3,505	9.4	5,594	2,389
BB&T—SC (1)				10.6	561	212
BB&T—VA (1)				11.6	1,584	545
Total Capital						
BB&T	14.3	13,016	7,279	14.4	11,611	6,431
Branch Bank	11.3	9,872	7,010	10.7	6,409	4,778
BB&T—SC (1)				11.9	628	423
BB&T—VA (1)				12.5	1,699	1,090
Leverage Capital						
BB&T	7.2	8,226	4,560	7.2	7,454	4,150
Branch Bank	7.3	8,075	3,310	7.3	5,594	2,287
BB&T—SC (1)				8.6	561	196
BB&T—VA (1)				7.6	1,584	624

(1) BB&T—SC and BB&T—VA were merged into Branch Bank on December 31, 2006

As an approved seller/servicer, Branch Bank is required to maintain minimum levels of shareholders' equity, as specified by various agencies, including the United States Department of Housing and Urban Development, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association At December 31, 2006 and 2005, Branch Bank's equity was above all required levels

At December 31, 2006 and 2005, BB&T's broker/dealer subsidiaries had segregated cash deposits totaling $153 million and $85 million, respectively These deposits relate to monies held for the exclusive benefit of clients

Maybank 011131

Global Reports LLC

ROA 4092

NOTE 17. Parent Company Financial Statements

Parent Company
Condensed Balance Sheets
December 31, 2006 and 2005

	2006	2005
	(Dollars in millions)	
Assets		
Cash and due from banks	$ 45	$ 43
Interest-bearing bank balances	2,086	1,944
Securities available for sale at fair value	34	7
Investment in banking subsidiaries	12,655	11,833
Investment in other subsidiaries	1,397	1,384
Total investments in subsidiaries	14,052	13,217
Advances to / receivables from banking subsidiaries	54	38
Advances to / receivables from other subsidiaries	1,734	1,006
Premises and equipment	5	4
Other assets	214	212
Total assets	$18,224	$16,471
Liabilities and Shareholders' Equity		
Short-term borrowed funds	$ 1,447	$ 1,056
Short-term borrowed funds due to subsidiaries	—	—
Dividends payable	228	207
Accounts payable and other liabilities	212	137
Long-term debt	3,285	3,326
Long-term debt due to subsidiaries	1,307	616
Total liabilities	6,479	5,342
Total shareholders' equity	11,745	11,129
Total liabilities and shareholders' equity	$18,224	$16,471

Parent Company
Condensed Income Statements
For the Years Ended December 31, 2006, 2005 and 2004

	2006	2005	2004
	(Dollars in millions)		
Income			
Dividends from banking subsidiaries	$1,755	$1,380	$ 977
Dividends from other subsidiaries	5	18	11
Interest and other income from subsidiaries	140	79	32
Other income (loss)	2	4	—
Total income	1,902	1,481	1,020
Expenses			
Interest expense	301	183	107
Other expenses	27	29	22
Total expenses	328	212	129
Income before income taxes and equity in undistributed earnings of subsidiaries	1,574	1,269	891
Income tax benefit	63	38	26
Income before equity in undistributed earnings of subsidiaries	1,637	1,307	917
Equity in undistributed earnings of subsidiaries in excess of (less than) dividends from subsidiaries	(109)	347	641
Net income	$1,528	$1,654	$1,558

Maybank 011132

Global Reports LLC

ROA 4093

Parent Company
Condensed Statements of Cash Flows
For the Years Ended December 31, 2006, 2005 and 2004

	2006	2005	2004
	(Dollars in millions)		
Cash Flows From Operating Activities			
Net income	$ 1,528	$1,654	$1,558
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in earnings of subsidiaries less than (in excess of) dividends from subsidiaries	109	(347)	(641)
Amortization of intangibles	2	2	—
Discount accretion and premium amortization	4	2	—
Loss on sales of securities	—	(4)	—
(Increase) decrease in other assets	(9)	28	30
Increase (decrease) in accounts payable and accrued liabilities	29	22	(12)
Other, net	2	—	—
Net cash provided by operating activities	1,665	1,357	935
Cash Flows From Investing Activities			
Proceeds from sales of securities available for sale	14	7	3
Purchases of securities available for sale	(15)	—	—
Investment in subsidiaries	(61)	(25)	(19)
Advances to subsidiaries	(1,033)	(519)	(632)
Proceeds from repayment of advances to subsidiaries	307	393	160
Net cash paid in purchase accounting transactions	(15)	(93)	(210)
Net cash used in investing activities	(803)	(237)	(698)
Cash Flows From Financing Activities			
Net increase in long-term debt	599	416	600
Net increase (decrease) in short-term borrowed funds	391	146	(31)
Net decrease in advances from subsidiaries	—	(9)	(73)
Net proceeds from common stock issued	91	80	79
Redemption of common stock	(936)	(486)	(441)
Cash dividends paid on common stock	(863)	(801)	(739)
Net cash used in financing activities	(718)	(654)	(605)
Net Increase (Decrease) in Cash and Cash Equivalents	144	466	(368)
Cash and Cash Equivalents at Beginning of Year	1,987	1,521	1,889
Cash and Cash Equivalents at End of Year	$ 2,131	$1,987	$1,521

NOTE 18 Disclosures about Fair Value of Financial Instruments

A financial instrument is defined as cash, evidence of an ownership interest in an entity or a contract that creates a contractual obligation or right to deliver or receive cash or another financial instrument from a second entity

Estimates of the fair value of BB&T's financial instruments are presented in the accompanying tables Fair value estimates are made at a point in time, based on relevant market data and information about the financial instrument Fair values should be calculated based on the value of one trading unit without regard to any premium or discount that may result from concentrations of ownership of a financial instrument, possible tax ramifications, estimated transaction costs that may result from bulk sales or the relationship between various financial instruments No readily available market exists for a significant portion of BB&T's financial

Maybank 011133

Global Reports LLC

ROA 4094

instruments Fair value estimates for these instruments are based on judgments regarding current economic conditions, currency and interest rate risk characteristics, loss experience and other factors Many of these estimates involve uncertainties and matters of significant judgment and cannot be determined with precision Therefore, the calculated fair value estimates in many instances cannot be substantiated by comparison to independent markets and, in many cases, may not be realizable in a current sale of the instrument In addition, changes in assumptions could significantly affect these fair value estimates

The following methods and assumptions were used by BB&T in estimating the fair value of its financial instruments

Cash and cash equivalents and segregated cash due from banks For these short-term instruments, the carrying amounts are a reasonable estimate of fair values

Securities Fair values for securities are based on quoted market prices, if available If quoted market prices are not available, fair values are based on quoted market prices for similar securities

Loans receivable and loans held for sale The fair values for loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms and credit quality The carrying amounts of accrued interest approximate fair values The fair values of loans held for sale, which are primarily residential mortgage loans, are based on quoted market prices and the projected value of the net servicing fees

Deposit liabilities The fair values for demand deposits, interest-checking accounts, savings accounts and certain money market accounts are, by definition, equal to the amount payable on demand at the reporting date, i e , their carrying amounts Fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies current interest rates to aggregate expected maturities

Federal funds purchased, securities sold under repurchase agreements and short term borrowed funds The carrying amounts of Federal funds purchased, borrowings under repurchase agreements and short-term borrowed funds approximate their fair values

Long-term debt The fair values of long-term debt are estimated based on quoted market prices for the instrument if available, or for similar instruments if not available, or by using discounted cash flow analyses, based on BB&T's current incremental borrowing rates for similar types of instruments

Derivative financial instruments The fair values of derivative financial instruments are determined based on external pricing sources and dealer quotes The fair value of most interest rate lock commitments, which are related to residential mortgage loan commitments, are based on quoted market prices adjusted for commitments that BB&T does not expect to fund, excluding any value attributable to the net servicing fee

Contractual commitments The fair values of commitments are estimated using the fees charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties For fixed-rate loan commitments, fair values also consider the difference between current levels of interest rates and the committed rates The fair values of guarantees and letters of credit are estimated based on the counterparties' creditworthiness and average default rates for loan products with similar risks The fair values of commitments to fund affordable housing investments are estimated using the net present value of future commitments

Maybank 011134

Global Reports LLC

ROA 4095

The following is a summary of the carrying amounts and fair values of BB&T's financial assets and liabilities

	December 31,			
	2006		2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in millions)			
Financial assets				
Cash and cash equivalents	$ 2,712	$ 2,712	$ 2,797	$ 2,797
Segregated cash due from banks	153	153	85	85
Trading securities	2,147	2,147	707	707
Securities available for sale	20,721	20,721	19,783	19,783
Derivative assets	135	135	96	96
Loans and leases, net of unearned income				
Loans (1)	81,342	81,002	72,932	72,728
Leases	2,249	NA	2,091	NA
Allowance for loan and lease losses	(888)	NA	(825)	NA
Net loans and leases	$82,703		$74,198	
Financial liabilities				
Deposits	$80,971	77,696	$74,282	74,210
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	8,087	8,087	6,562	6,562
Derivative liabilities	180	180	107	107
Long-term debt	15,901	16,252	13,117	13,528
Capitalized leases	3	NA	2	NA

(1) Includes loans held for sale
NA—not applicable

The following is a summary of the notional or contractual amounts and fair values of BB&T's off-balance sheet financial instruments and other commitments

	December 31,			
	2006		2005	
	Notional/ Contract Amount	Fair Value	Notional/ Contract Amount	Fair Value
	(Dollars in millions)			
Contractual commitments				
Commitments to extend, originate or purchase credit	$32,978	$ 50	$28,129	$ 41
Mortgage loans sold with recourse	214	1	276	1
Standby and commercial letters of credit and financial guarantees written	3,222	3	2,752	5
Commitments to fund affordable housing investments	183	161	172	152

Maybank 011135

Global Reports LLC

ROA 4096

NOTE 19. Derivative Financial Instruments

The following tables set forth certain information concerning BB&T's derivative financial instruments at December 31, 2006 and 2005

Derivative Financial Instruments

	December 31, 2006		December 31, 2005	
	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
	(Dollars in millions)			
Receive fixed swaps	$ 6,926	$(47)	$ 4,612	$(29)
Pay fixed swaps	4,332	3	2,798	26
Forward starting receive fixed swaps	1,011	(5)	740	(19)
Forward starting pay fixed swaps	95	1	—	—
Caps, floors and collars	2,059	8	2,427	(1)
Foreign exchange contracts	258	—	339	—
Futures contracts	2,364	1	15	—
Interest rate lock commitments	546	(1)	450	1
Forward commitments	1,217	2	740	(4)
Swaptions	1,145	3	6,394	—
When-issued securities and forward rate agreements	2,613	(5)	2,700	5
Options on contracts purchased and sold	257	—	2,455	10
Other swaps	274	(5)	10	—
Total	$23,097	$(45)	$23,680	$(11)

BB&T's receive fixed swaps had weighted average receive rates of 4 93% and 4 74% and weighted average pay rates of 5 33% and 4 28% at December 31, 2006 and 2005, respectively In addition, BB&T's pay fixed swaps had weighted average receive rates of 5 24% and 4 29% and weighted average pay rates of 4 61% and 3 97% at December 31, 2006 and 2005, respectively

The following tables disclose data with respect to BB&T's derivative financial instrument classifications and hedging relationships

Derivative Classifications and Hedging Relationships

	December 31, 2006			December 31, 2005		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Gain	Loss		Gain	Loss
	(Dollars in millions)					
Derivatives Designated as Cash Flow Hedges						
Hedging business loans	$ 2,119	$ 8	$ (22)	$ 1,500	$—	$ (18)
Hedging institutional certificates of deposits, other time deposits and federal funds purchased	750	—	—	1,250	—	—
Hedging medium term bank notes	1,925	20	—	1,500	26	—
Derivatives Designated as Fair Value Hedges						
Hedging business loans	—	—	—	3	—	—
Hedging long-term debt	3,900	50	(97)	3,400	32	(58)
Derivatives Not Designated as Hedges	14,403	57	(61)	16,027	38	(31)
Total	$23,097	$135	$(180)	$23,680	$ 96	$(107)

Maybank 011136

Global Reports LLC

ROA 4097

At December 31, 2006 and 2005, BB&T had designated notional values of $3 9 billion and $3 4 billion, respectively, of derivatives as fair value hedges At December 31, 2006, fair value hedges reflected a net unrealized loss of $47 million, with instruments in a gain position reflecting a fair value of $50 million recorded in other assets and instruments in a loss position with a fair value of $97 million recorded in other liabilities At December 31, 2005, derivatives designated as fair value hedges reflected a net unrealized loss of $26 million, composed of instruments in a gain position with a fair value of $32 million and instruments in a loss position with a fair value of $58 million The impact on earnings resulting from fair value hedge ineffectiveness was a loss of $2 million during both 2006 and 2005 There was no impact on earnings during 2004 resulting from fair value hedge ineffectiveness

At December 31, 2006 and 2005, BB&T had designated derivatives with notional values of $4 8 billion and $4 3 billion, respectively, as cash flow hedges The instruments had a net estimated fair value of $6 million and $8 million at December 31, 2006 and 2005, respectively The effect on earnings resulting from the ineffectiveness of cash flow hedges was not material for 2006, 2005 or 2004

Accumulated other comprehensive income included $15 million and $22 million in unrecognized after-tax losses on interest rate swaps, floors and collars hedging variable interest payments on business loans at December 31, 2006 and 2005, respectively These amounts included unrecognized after-tax gains on previously terminated swaps of $1 million at December 31, 2006 and unrecognized after-tax losses on previously terminated and de-designated swaps of $11 million at December 31, 2005 In addition, accumulated other comprehensive income included $15 million and $9 million in net unrecognized after-tax gains on interest rate swaps and caps hedging variable interest payments on federal funds purchased, institutional certificates of deposit, other time deposits, medium term bank notes and long term debt at December 31, 2006 and 2005, respectively These amounts included unrecognized after-tax losses of $1 million and $8 million on interest rate caps at December 31, 2006 and 2005, respectively BB&T's floating rate business loans, federal funds purchased, institutional certificates of deposit, other time deposits, medium term bank notes and long term debt expose it to variability in cash flows for interest payments The risk management objective for these assets and liabilities is to hedge the variability in the interest payments This objective is met by entering into interest rate swaps, and interest rate collars and caps Interest rate collars and caps fix the interest payments when interest rates on the hedged item exceed predetermined rates

The estimated net amount in accumulated other comprehensive income at December 31, 2006 that is expected to be reclassified into earnings within the next 12 months is $3 million The amount reclassified into earnings from other comprehensive income during 2006 was not material During 2005 and 2004, BB&T reclassified into earnings from other comprehensive income after-tax net gains of $3 million and $42 million, respectively

All of BB&T's cash flow hedges are hedging exposure to variability in future cash flows for forecasted transactions related to the payment of variable interest on then existing financial instruments The maximum length of time over which BB&T is hedging its exposure to the variability in future cash flows for forecasted transactions related to variable interest payments on existing financial instruments is 3 8 years

BB&T also held $14 4 billion and $16 0 billion in notional value of derivatives not designated as hedges at December 31, 2006 and 2005, respectively At December 31, 2006, these instruments were in a net loss position with a net estimated fair value of $4 million At December 31, 2005, these instruments were in a net gain position with a net estimated fair value of $7 million Changes in the fair value of these derivatives are reflected in current period earnings Derivatives not designated as a hedge in the notional amounts of $6 1 billion and $11 3 billion have been entered into as risk management instruments for mortgage servicing rights and mortgage banking operations at December 31, 2006 and 2005, respectively For mortgage loans originated for sale, BB&T is exposed to changes in market rates and conditions subsequent to the interest rate lock and funding date BB&T's economic hedge strategy related to its interest rate lock commitment derivatives and loans held for sale includes utilizing mortgage-based derivatives such as forward commitments and options in order to mitigate market risk At December 31, 2006 and 2005, respectively, BB&T held derivatives not designated as hedges with notional

Maybank 011137

Global Reports LLC

ROA 4098

amounts totaling $7 1 billion and $2 9 billion that have been entered into to facilitate transactions on behalf of BB&T's clients BB&T also held derivatives not designated as hedges with notional amounts totaling $1 2 billion and $1 8 billion at December 31, 2006 and 2005, respectively, as risk management instruments primarily related to capital markets activities and securities

Credit risk related to derivatives arises when amounts receivable from a counterparty exceed those payable Because the notional amount of the instruments only serves as a basis for calculating amounts receivable or payable, the risk of loss with any counterparty is limited to a small fraction of the notional amount BB&T's maximum loss related to credit risk is equal to the gross fair value of its derivative instruments BB&T deals only with derivative dealers that are national market makers with strong credit ratings in its derivatives activities BB&T further controls the risk of loss by subjecting counterparties to credit reviews and approvals similar to those used in making loans and other extensions of credit In addition, counterparties are required to provide cash collateral to BB&T when their unsecured loss positions exceed certain negotiated limits As of December 31, 2006 and 2005, BB&T had received cash collateral of approximately $17 million and $4 million, respectively In addition, BB&T had posted collateral of $29 million and $1 million at December 31, 2006 and 2005, respectively All of the derivative contracts to which BB&T is a party settle monthly, quarterly or semiannually Further, BB&T has netting agreements with the dealers with which it does business Because of these factors, BB&T's credit risk exposure related to derivatives contracts at December 31, 2006 and 2005 was not material

Note 20. Computation of Earnings Per Share

The basic and diluted earnings per share calculations are presented in the following table

	Years Ended December 31,		
	2006	2005	2004
	(Dollars in thousands, except per share data)		
Basic Earnings Per Share			
Net income	$ 1,528,470	$ 1,653,769	$ 1,558,375
Weighted average number of common shares outstanding during period	539,140,045	546,916,414	551,661,326
Basic earnings per share	$ 2 84	$ 3 02	$ 2 82
Diluted Earnings Per Share			
Net Income	$ 1,528,470	$ 1,653,769	$ 1,558,375
Weighted average number of common shares outstanding during period	539,140,045	546,916,414	551,661,326
Add			
Effect of dilutive outstanding options	4,750,467	4,463,190	4,379,707
Weighted average number of common shares, as adjusted	543,890,512	551,379,604	556,041,033
Net income	$ 2 81	$ 3 00	$ 2 80

For the years ended December 31, 2006, 2005 and 2004, respectively, the number of antidilutive options was 8 1 million, 99 thousand and 180 thousand

NOTE 21. Operating Segments

BB&T's operations are divided into seven reportable business segments the Banking Network, Residential Mortgage Banking, Sales Finance, Specialized Lending, Insurance Services, Financial Services, and Treasury These operating segments have been identified based on BB&T's organizational structure The segments require unique technology and marketing strategies and offer different products and services While BB&T is managed as an integrated organization, individual executive managers are held accountable for the operations of these business segments

Maybank 011138

Global Reports LLC

ROA 4099

BB&T measures and presents information for internal reporting purposes in a variety of different ways The internal reporting system presently utilized by management in the planning and measuring of operating activities, as well as the system to which most managers are held accountable, is based on organizational structure

Late in 2006, management implemented several changes which affected segment reporting Management realigned the Company's organizational structure and removed the Sales Finance operations from the Banking Network Management also elected to combine the Trust Services and Investment Banking and Brokerage segments into one reportable segment, which has been renamed Financial Services The results for the Sales Finance, Banking Network and Financial Services segments have been restated for prior periods to reflect these changes

Management also made several changes related to its allocation methodologies for internal funds transfer pricing, taxes, the economic provision for loan losses, the allocation of capital and certain allocations of intersegment referral fees These changes primarily impacted the Banking Network and Treasury segments In some cases the results for 2006 may not be comparable to prior periods presented, because management determined that it would be costly to reapply the new methodologies for allocating these amounts across all business segments for 2005 and 2004, with little corresponding benefit In connection with the change in the internal funds transfer pricing methodology, management determined that it was more meaningful to reflect the funds transfer pricing offset in the Treasury segment and has restated the results for prior periods to reflect this decision However, the methodology used to allocate funds transfer pricing for 2005 and 2004 was not updated as discussed above Management also restated prior period results for the Residential Mortgage Banking segment to reflect a charge for a portion of the referral fees paid to the Banking Network segment for the origination and servicing of mortgage loans Management believes these changes improve the financial reporting and performance evaluation of the Company's various business segments

BB&T emphasizes revenue growth by focusing on client service, sales effectiveness and relationship management The segment results contained herein are presented based on internal management accounting policies that were designed to support these strategic objectives Unlike financial accounting, there is no comprehensive authoritative body of guidance for management accounting equivalent to generally accepted accounting principles The performance of the segments is not comparable with BB&T's consolidated results or with similar information presented by any other financial institution Additionally, because of the interrelationships of the various segments, the information presented is not indicative of how the segments would perform if they operated as independent entities

The management accounting process uses various estimates and allocation methodologies to measure the performance of the operating segments To determine financial performance for each segment, BB&T allocates capital, funding charges and credits, an economic provision for loan and lease losses, certain noninterest expenses and income tax provisions to each segment, as applicable Also, to promote revenue growth and provide a basis for employee incentives, certain revenues of Residential Mortgage Banking, Sales Finance, Specialized Lending, Insurance Services, Financial Services and other segments are reflected in the individual segment results and also allocated to the Banking Network This double counting of revenue is reflected in intersegment net referral fees and eliminated to arrive at consolidated results Allocation methodologies are subject to periodic adjustment as the internal management accounting system is revised and business or product lines within the segments change Also, because the development and application of these methodologies is a dynamic process, the financial results presented may be periodically revised

BB&T's overall objective is to maximize shareholder value by optimizing return on equity and managing risk Allocations of capital and the economic provision for loan and lease losses are designed to address this objective Capital is assigned to each segment on an economic basis, using management's assessment of the inherent risks associated with the segment Capital allocations are made to cover the following risk categories credit risk, liquidity risk, interest rate risk, option risk, basis risk, market risk and operational risk Each segment is evaluated based on a risk-adjusted return on capital Capital assignments are not equivalent to regulatory capital guidelines and the total amount assigned to all segments typically varies from total consolidated shareholders' equity

Maybank 011139

Global Reports LLC

ROA 4100

The economic provision for loan and lease losses is also allocated to the relevant segments based on management's assessment of the segments' risks as described above Unlike the provision for loan and lease losses recorded pursuant to generally accepted accounting principles, the economic provision adjusts for the impact of expected credit losses over the effective lives of the related loans and leases Any over or under allocated provision for loan and lease losses is reflected in Parent/Reconciling Items to arrive at consolidated results

BB&T allocates expenses to the reportable segments based on various methodologies, including volume and amount of loans and deposits and the number of full-time equivalent employees A portion of corporate overhead expense is not allocated, but is retained in corporate accounts and reflected as Parent/Reconciling Items in the accompanying tables Income taxes are allocated to the various segments based on taxable income and statutory rates applicable to the segment

BB&T utilizes a funds transfer pricing ("FTP") system to eliminate the effect of interest rate risk from the segments' net interest income because such risk is centrally managed within the Treasury segment The FTP system credits or charges the segments with the economic value or cost of the funds the segments create or use The FTP system provides a funds credit for sources of funds and a funds charge for the use of funds by each segment The net FTP credit or charge, which includes intercompany interest income and expense, is reflected as net funds transfer pricing in the accompanying tables

Banking Network

BB&T's Banking Network serves individual and business clients by offering a variety of loan and deposit products and other financial services The Banking Network is primarily responsible for serving client relationships, and, therefore, is credited with revenue from the Residential Mortgage Banking, Financial Services, Insurance Services, Specialized Lending, Sales Finance and other segments, which is reflected in net referral fees Amortization and depreciation expense that has been allocated to the segment totaled $88 million, $83 million and $84 million for 2006, 2005 and 2004, respectively

Residential Mortgage Banking

The Residential Mortgage Banking segment retains and services mortgage loans originated by the Banking Network as well as those purchased from various correspondent originators Mortgage loan products include fixed- and adjustable-rate government and conventional loans for the purpose of constructing, purchasing or refinancing residential properties Substantially all of the properties are owner occupied BB&T generally retains the servicing rights to all loans sold The Residential Mortgage Banking segment earns interest on loans held in the warehouse and portfolio, fee income from the origination and servicing of mortgage loans and recognizes gains or losses from the sale of mortgage loans The Banking Network receives an intersegment referral fee for the origination of loans and servicing rights, with a portion of the corresponding charge incurred by the Residential Mortgage Banking segment and the remaining charge incurred in the corporate office, which is reflected as part of Parent/Reconciling Items in the accompanying tables Amortization and depreciation expense that has been allocated to the segment totaled $1 million for 2006, 2005 and 2004

Sales Finance

BB&T's Sales Finance segment primarily originates loans to consumers for the purchase of automobiles Such loans are originated on an indirect basis through approved franchised and independent automobile dealers throughout the BB&T market area and, to a lesser extent, states outside of BB&T's traditional banking footprint In addition, Sales Finance also provides financing to dealers for their inventories The Banking Network receives an intersegment referral fee for servicing the loans originated by the Sales Finance segment with the corresponding charge remaining in the Sales Finance segment Amortization and depreciation expense that has been allocated to the segment was not material for any of the years presented

Specialized Lending

BB&T's Specialized Lending segment consists of six wholly owned subsidiaries that provide specialty finance alternatives to consumers and businesses including dealer-based financing of equipment for both small

Maybank 011140

Global Reports LLC

ROA 4101

businesses and consumers, equipment leasing, direct consumer finance, insurance premium finance, indirect sub-prime automobile finance, and full-service commercial mortgage banking Bank clients as well as non-bank clients within and outside BB&T's primary geographic market area are served by these companies The Banking Network receives credit for referrals to these companies with the corresponding charge retained in the corporate office, which is reflected as part of Parent/Reconciling Items in the accompanying tables Amortization and depreciation expense that has been allocated to the segment totaled $17 million, $14 million and $12 million for 2006, 2005 and 2004, respectively

Insurance Services

BB&T operates the 7th largest insurance agency/brokerage network in the nation BB&T Insurance Services provides property and casualty, life and health insurance to businesses and individuals It also provides small business and corporate products, such as workers compensation and professional liability, as well as surety coverage and title insurance The Banking Network receives credit for insurance commissions on referred accounts, with the corresponding charge retained in the corporate office, which is reflected as part of Parent/ Reconciling Items in the accompanying tables Amortization and depreciation expense that has been allocated to the segment totaled $13 million, $13 million and $10 million for 2006, 2005 and 2004, respectively

Financial Services

BB&T's Financial Services segment provides personal trust administration, estate planning, investment counseling, wealth management, asset management, employee benefits services, and corporate trust services to individuals, corporations, institutions, foundations and government entities BB&T's Financial Services segment also offers clients investment alternatives, including discount brokerage services, equities, fixed-rate and variable-rate annuities, mutual funds and governmental and municipal bonds through BB&T Investment Services, Inc , a subsidiary of Branch Bank The Financial Services segment includes Scott & Stringfellow, Inc , a full-service brokerage and investment banking firm headquartered in Richmond, Virginia Scott & Stringfellow provides services in retail brokerage, equity and debt underwriting, investment advice, corporate finance and equity research and facilitates the origination, trading and distribution of fixed-income securities and equity products in both the public and private capital markets Scott & Stringfellow also has a public finance department that provides investment banking services, financial advisory services and municipal bond financing to a variety of regional taxable and tax-exempt issuers Scott & Stringfellow's investment banking and corporate and public finance areas do business as BB&T Capital Markets The Banking Network receives an interoffice credit for referral fees, with the corresponding charge remaining in the corporate office, which is reflected as part of Parent/Reconciling Items in the accompanying tables Amortization and depreciation expense that has been allocated to the segment totaled $10 million, $13 million and $7 million for 2006, 2005 and 2004, respectively

Treasury

BB&T's Treasury segment is responsible for the management of the securities portfolios, overall balance sheet funding and liquidity, and overall management of interest rate risk Amortization and depreciation expense that has been allocated to the segment was not material for any of the years presented

All Other

All Other segments represents operating entities that do not meet the quantitative or qualitative thresholds for disclosure

Parent/Reconciling Items

Parent/Reconciling Items reflect corporate support functions that have not been allocated to the business segments, merger-related charges or credits that are incurred as part of acquisition and conversion of acquired entities, nonrecurring charges that are considered to be unusual in nature or infrequent and not reflective of the normal operations of the segments, and intercompany eliminations

Maybank 011141

Global Reports LLC

ROA 4102

The following table presents selected financial information for BB&T's reportable business segments for the years ended December 31, 2006, 2005 and 2004. A separate presentation of the results for 2006 has been provided based on management's prior methodologies for allocating internal funds transfer pricing, taxes, the economic provision for loan losses, and the allocation of capital.

BB&T Corporation
Reportable Segments
For the Years Ended December 31, 2006, 2005 and 2004

	Banking Network			Residential Mortgage Banking			Sales Finance			Specialized Lending			Insurance Services		
	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
	(Dollars in millions)														
Net interest income (expense)	$ 2,430	$ 2,249	$ 1,830	$ 895	$ 741	$ 702	$ 306	$ 259	$ 265	$ 494	$ 374	$ 322	$ 14	$ 8	$ 3
Net funds transfer pricing	899	1,183	1,144	(655)	(493)	(370)	(195)	(140)	(132)	(121)	(73)	(42)	(4)	3	1
Net interest income	3,329	3,432	2,974	240	248	332	111	119	133	373	301	280	10	11	4
Economic provision for loan and lease losses	145	215	218	9	9	9	21	27	28	137	103	92	—	—	—
Noninterest income	970	884	813	109	113	119	2	1	1	74	59	40	783	689	603
Intersegment net referral fees	223	215	210	(92)	(88)	(89)	(12)	—	—	—	—	—	—	—	—
Noninterest expense	1,412	1,280	1,261	53	51	47	23	27	26	163	139	127	624	528	440
Allocated corporate expenses	528	430	385	11	36	19	8	9	1	20	17	14	25	28	19
Income before income taxes	2,437	2,606	2,133	184	177	287	49	57	79	127	101	87	144	144	148
Provision for income taxes	905	861	702	72	56	92	18	18	26	47	31	25	55	56	58
Segment net income	$ 1,532	$ 1,745	$ 1,431	$ 112	$ 121	$ 195	$ 31	$ 39	$ 53	$ 80	$ 70	$ 62	$ 89	$ 88	$ 90
Identifiable segment assets (period end)	$56,658	$51,304	$47,456	$16,426	$14,661	$12,439	$5,486	$5,076	$4,975	$3,785	$2,968	$2,380	$ 1,046	$ 1,046	$ 888

	Financial Services			Treasury			All Other Segments (1)			Parent/Reconciling Items			Total BB&T Corporation		
	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
	(Dollars in millions)														
Net interest income (expense)	$ 14	$ 12	$ 8	$ (171)	$ 30	$ 302	$ 177	$ 147	$ 139	$ (451)	$ (295)	$ (223)	$ 3,708	$ 3,525	$ 3,348
Net funds transfer pricing	10	2	6	(76)	(512)	(621)	(128)	(33)	(27)	270	63	41	—	—	—
Net interest income	24	14	14	(247)	(482)	(319)	49	114	112	(181)	(232)	(182)	3,708	3,525	3,348
Economic provision for loan and lease losses	—	—	—	1	—	—	1	2	2	(74)	(139)	(100)	240	217	249
Noninterest income	515	458	397	117	108	111	98	67	72	(147)	(53)	(37)	2,521	2,326	2,119
Intersegment net referral fees	7	6	4	—	—	—	10	6	2	(136)	(139)	(127)	—	—	—
Noninterest expense	471	404	341	11	7	6	85	58	49	674	673	599	3,516	3,167	2,896
Allocated corporate expenses	30	27	22	7	—	1	11	5	4	(640)	(552)	(465)	—	—	—
Income before income taxes	45	47	52	(149)	(381)	(215)	60	122	131	(424)	(406)	(380)	2,473	2,467	2,322
Provision for income taxes	17	15	19	(99)	(194)	(143)	5	32	38	(75)	(62)	(53)	945	813	764
Segment net income	$ 28	$ 32	$ 33	$ (50)	$ (187)	$ (72)	$ 55	$ 90	$ 93	$ (349)	$ (344)	$ (327)	$ 1,528	$ 1,654	$ 1,558
Identifiable segment assets (period end)	$ 1,763	$ 1,388	$ 950	$24,262	$22,024	$20,892	$4,249	$3,817	$3,338	$7,676	$6,886	$7,191	$121,351	$109,170	$100,509

(1) Includes financial data from subsidiaries below the quantitative and qualitative thresholds requiring disclosure.

Maybank 011142

Global Reports LLC

ROA 4103

BB&T Corporation
Reportable Segments—Prior Methodology
For the Year Ended December 31, 2006

	Banking Network	Residential Mortgage Banking	Sales Finance	Specialized Lending	Insurance Services	Financial Services	Treasury	All Other Segments (1)	Parent/ Reconciling Items	Total BB&T Corporation
	(Dollars in millions)									
Net interest income (expense)	$ 2,430	$ 895	$ 306	$ 494	$ 14	$ 14	$ (171)	$ 177	$ (451)	$ 3,708
Net funds transfer pricing	1,459	(629)	(188)	(122)	6	(1)	(595)	(50)	120	—
Net interest income	3,889	266	118	372	20	13	(766)	127	(331)	3,708
Economic provision for loan and lease losses	191	10	31	137	—	—	—	2	(131)	240
Noninterest income	970	109	2	74	783	515	117	98	(147)	2,521
Intersegment net referral fees	223	(92)	(12)	5	—	7	—	10	(141)	—
Noninterest expense	1,412	53	23	163	624	471	11	85	674	3,516
Allocated corporate expenses	528	11	8	20	25	30	7	11	(640)	—
Income before income taxes	2,951	209	46	131	154	34	(667)	137	(522)	2,473
Provision for income taxes	965	65	15	48	54	12	(300)	26	60	945
Segment net income	$ 1,986	$ 144	$ 31	$ 83	$ 100	$ 22	$ (367)	$ 111	$ (582)	$ 1,528
Identifiable segment assets (period end)	$56,658	$16,426	$5,486	$3,785	$1,046	$1,696	$24,262	$4,316	$7,676	$121,351

(1) Includes financial data from subsidiaries below the quantitative and qualitative thresholds requiring disclosure

Maybank 011143

Global Reports LLC

ROA 4104

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, as of February 27, 2007

BB&T CORPORATION
(Registrant)

By /s/ John A Allison, IV
John A. Allison, IV
Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of February 27, 2007

/s/ John A Allison, IV
John A. Allison, IV
Chairman of the Board and Chief Executive Officer

/s/ Christopher L Henson
Christopher L. Henson
Senior Executive Vice President and
Chief Financial Officer

/s/ Edward D Vest
Edward D Vest
Executive Vice President and Corporate Controller

Maybank 011144

Global Reports LLC

ROA 4105

A Majority of the Directors of the Registrant are included

/s/ Jennifer S Banner
Jennifer S Banner
Director

Anna R. Cablik
Director

/s/ Nelle R Chilton
Nelle R. Chilton
Director

/s/ Ronald E Deal
Ronald E Deal
Director

/s/ Tom D Efird
Tom D Efird
Director

/s/ Barry J Fitzpatrick
Barry J Fitzpatrick
Director

/s/ L Vincent Hackley, Ph D
L.Vincent Hackley, Ph D
Director

/s/ Jane P Helm
Jane P Helm
Director

/s/ John P Howe, III, M D
John P Howe III, M D
Director

/s/ James H Maynard
James H Maynard
Director

/s/ Albert O McCauley
Albert O McCauley
Director

/s/ J Holmes Morrison
J Holmes Morrison
Director

/s/ Nido R Qubein
Nido R. Qubein
Director

/s/ E Rhone Sasser
E Rhone Sasser
Director

EXHIBIT INDEX

Exhibit No	Description	Location
2.1	Agreement and Plan of Reorganization dated as of July 29, 1994 and amended and restated as of October 22, 1994 between the Registrant and BB&T Financial Corporation	Incorporated herein by reference to Annex I of Form S-4 Registration Statement No 33-56437
2.2	Plan of Merger as of July 29, 1994 as amended and restated on October 22, 1994 between the Registrant and BB&T Financial Corporation	Incorporated herein by reference to Annex II of Form S-4 Registration Statement No 33-56437
2.3	Agreement and Plan of Reorganization dated as of January 20, 2003 between the Registrant and First Virginia Banks, Inc	Incorporated herein by reference to Appendix A of Form S-4 Registration Statement No 333-103832
3(i)	Amended and Restated Articles of Incorporation of the Registrant, as amended	Incorporated herein by reference to Exhibit 3(i) of the Annual Report on Form 10-K, filed March 7, 2005
3(ii)	Bylaws of the Registrant, as amended and restated December 12, 2006	Incorporated herein by reference to Exhibit 3(ii) of the Current Report on Form 8-K, filed December 18, 2006
4.1	Amended and Restated Articles of Incorporation of the Registrant related to Junior Participating Preferred Stock	Incorporated herein by reference to Article IV of Exhibit 3(i)
4.2	Subordinated Indenture (including Form of Subordinated Debt Security) between the Registrant and U S Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee, dated as of May 24, 1996	Incorporated herein by reference to Exhibit 4(d) of Form S-3 Registration Statement No 333-02899
4.3	Senior Indenture (including form of Senior Debt Security) between Registrant and U S Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee, dated as of May 24, 1996	Incorporated herein by reference to Exhibit 4(c) of Form S-3 Registration Statement No 333-02899
4.4	First Supplemental Indenture between the Registrant and U S Bank National Association, Trustee, dated as of December 23, 2003	Incorporated herein by reference to Exhibit 4 of the Current Report on Form 8-K, filed December 23, 2003
4.5	Second Supplemental Indenture between the Registrant and U S Bank National Association, Trustee, dated as of September 24, 2004	Incorporated herein by reference to Exhibit 99.1 of the Current Report on Form 8-K, filed September 27, 2004
10.1*	BB&T Corporation Non-Employee Directors' Deferred Compensation and Stock Option Plan (amended and restated November 1, 2001)	Incorporated herein by reference to Exhibit 10(v) of the Annual Report on Form 10-K, filed March 15, 2002
10.2*	2001 Declaration of Amendment to BB&T Corporation Non-Employee Directors' Deferred Compensation and Stock Option Plan	Incorporated herein by reference to Exhibit 10(y) of the Annual Report on Form 10-K, filed March 15, 2002
10.3*	2004 Declaration of Amendment to BB&T Corporation Non-Employee Directors' Deferred Compensation and Stock Option Plan	Incorporated herein by reference to Exhibit 10(c) of the Annual Report on Form 10-K, filed March 7, 2005

Maybank 011146

Global Reports LLC

ROA 4107

Exhibit No	Description	Location
10.4*	2005 Declaration of Amendment to BB&T Corporation Non-Employee Directors' Deferred Compensation and Stock Option Plan	Incorporated herein by reference to Exhibit 10(e) of the Current Report on Form 8-K, filed February 28, 2005
10.5*	2005 Declaration of Amendment No. 2 to BB&T Corporation Non-Employee Directors' Deferred Compensation and Stock Option Plan	Incorporated herein by reference to Exhibit 10(f) of the Current Report on Form 8-K, filed February 24, 2006
10.6*†	Form of Performance Unit Award Agreement for the BB&T Corporation 2004 Stock Incentive Plan	Filed herewith
10.7*	BB&T Corporation 1995 Omnibus Stock Incentive Plan (as amended and restated through February 25, 2003)	Incorporated herein by reference to Exhibit 99 of Form S-8 Registration Statement No. 333-116502
10.8*	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation 1995 Omnibus Stock Incentive Plan, as amended and restated	Incorporated herein by reference to Exhibit 10(b) of the Current Report on Form 8-K, filed February 28, 2005
10.9*	BB&T Corporation 2004 Stock Incentive Plan	Incorporated herein by reference to Exhibit 99 of Form S-8 Registration Statement No. 333-116488
10.10*†	Form of Non-Employee Director Nonqualified Stock Option Agreement for the BB&T Corporation 2004 Stock Incentive Plan	Filed herewith
10.11*†	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation 2004 Stock Incentive Plan	Filed herewith
10.12*†	Form of Restricted Stock Unit Agreement for the Company's 2004 Stock Incentive Plan	Filed herewith
10.13*†	Form of Restricted Stock Unit Agreement (Performance Vesting Component) for the Company's 2004 Stock Incentive Plan	Filed herewith
10.14*†	BB&T Corporation Amended and Restated 1996 Short-term Incentive Plan	Filed herewith
10.15*	Southern National Deferred Compensation Plan for Key Executives including amendments	Incorporated herein by reference to Exhibit 10(l) of the Annual Report on Form 10-K, filed March 7, 2005
10.16*	Southern National Supplemental Executive Retirement Plan including amendments	Incorporated herein by reference to Exhibit 10(m) of the Annual Report on Form 10-K, filed March 7, 2005
10.17*	BB&T Corporation Supplemental Executive Retirement Plan	Incorporated herein by reference to Exhibit 10(n) of the Annual Report on Form 10-K, filed March 7, 2005

Maybank 011147

Global Reports LLC

ROA 4108

Exhibit No	Description	Location
10 18*	BB&T Corporation Non-Qualified Defined Contribution Plan (amended and restated November 1, 2001)	Incorporated herein by reference to Exhibit 10(p) of the Annual Report on Form 10-K, filed March 15, 2002
10 19*	BB&T Corporation Supplemental Defined Contribution Plan for Highly Compensated Employees (amended and restated effective November 1, 2001)	Incorporated herein by Reference to Exhibit 10 (n) of the Annual Report on Form 10-K, filed March 15, 2002
10 20*	BB&T Corporation Non-Qualified Deferred Compensation Trust (amended and restated effective November 1, 2001)	Incorporated herein by reference to Exhibit 10(x) of the Annual Report on Form 10-K, filed March 15, 2002
10 21*	2006 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co and John A Allison, IV	Incorporated herein by reference to Exhibit 10 1 of the Current Report on Form 8-K, filed December 18, 2006
10 22*	2006 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co and Kelly S King	Incorporated herein by reference to Exhibit 10.2 of the Current Report on Form 8-K, filed December 18, 2006
10 23*	Employment Agreement, dated October 29, 2004, by and among BB&T Corporation, Branch Banking and Trust Co and Ricky K Brown	Incorporated herein by reference to Exhibit 99 2 of the Current Report on Form 8-K filed November 1, 2004
10 24*	2006 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co and W Kendall Chalk	Incorporated herein by reference to Exhibit 10 3 of the Current Report on Form 8-K, filed December 18, 2006
10.25*	Employment Agreement, dated November 10, 2003, by and among BB&T Corporation, Branch Banking and Trust Co and Barbara F Duck	Incorporated herein by reference to Exhibit 10(af) of the Annual Report on Form 10-K, filed March 8, 2004
10 26*†	Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co and Donna C Goodrich	Filed herewith
10 27*	Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co and Robert E Greene	Incorporated by reference to Exhibit 10(ab) of the Quarterly Report on Form 10-Q, filed May 13, 2002
10 28*	Employment Agreement, dated October 29, 2004, by and among BB&T Corporation, Branch Banking and Trust Co and Christopher L Henson	Incorporated herein by reference to Exhibit 99 1 of the Current Report on Form 8-K, filed November 1, 2004
10 29*†	Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co and Clarke R Starnes, III	Filed herewith
10 30*	Employment Agreement, dated November 10, 2003, by and among BB&T Corporation, Branch Banking and Trust Co and Steven B Wiggs	Incorporated herein by reference to Exhibit 10(ag) of the Annual Report on Form 10-K, filed March 8, 2004
10 31*	Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co and C Leon Wilson, III	Incorporated herein by reference to Exhibit 10(ag) of the Quarterly Report on Form 10-Q, filed May 13, 2002

Maybank 011148

Global Reports LLC

ROA 4109

Exhibit No	Description	Location
10 32*	Death Benefit Only Plan, dated April 23, 1990, by and between Branch Banking and Trust Company (as successor to Southern National Bank of North Carolina) and L Glenn Orr, Jr	Incorporated herein by reference to Registration Statement No 33-33984
10 33*	Settlement and Non-Compete Agreement, dated February 28, 1995, by and between BB&T Corporation (as successor to Southern National Corporation) and L Glenn Orr, Jr	Incorporated herein by reference to Exhibit 10(b) of Form S-4 Registration Statement No 33-56437
10 34*	Settlement and Noncompetition Agreement, dated July 1, 1997, by and between BB&T Corporation and E Rhone Sasser	Incorporated herein by reference to Exhibit 10(af) of the Annual Report on Form 10-K, filed March 7, 2005
10 35*	Employment Agreement, dated January 20, 2003, by and between Branch Banking and Trust Co of Virginia and Barry J Fitzpatrick.	Incorporated herein by reference to Exhibit 10(ae) of the Annual Report on Form 10-K, filed March 8, 2004
10 36*	Special Pay Agreement, dated January 20, 2003, by and between First Virginia Banks, Inc and Barry J Fitzpatrick	Incorporated herein by reference to Exhibit 10(ah) of the Annual Report on Form 10-K, filed March 8, 2004
10 37*	First Virginia Banks, Inc 1983 Directors' Deferred Compensation Plan, First Virginia Banks, Inc 1986 Directors' Deferred Compensation Plan (and amendments thereto)	Incorporated herein by reference to Exhibit 10(ai) of the Annual Report on Form 10-K, filed March 8, 2004
10 38*	First Virginia Banks, Inc Key Employee Salary Reduction Deferred Compensation Plan, First Virginia Banks, Inc 1986 Key Employee Salary Reduction Deferred Compensation Plan	Incorporated herein by reference to Exhibit 10(aj) of the Annual Report on Form 10-K, filed March 8, 2004
10 39*T	Form of Non-Employee Director Restricted Stock Unit Agreement for the BB&T Corporation 2004 Stock Incentive Plan	Filed herewith
11	Statement re computation of earnings per share	Filed herewith as Note 20 to the consolidated financial statements
12T	Statement re computation of ratios	Filed herewith
21T	Subsidiaries of the Registrant	Filed herewith
22	Proxy Statement for the 2007 Annual Meeting of Shareholders	Future filing incorporated herein by reference pursuant to General Instruction G(3)
23T	Consent of Independent Registered Public Accounting Firm	Filed herewith
31 1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15(d)-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31 2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15(d)-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32 1	Chief Executive Officer Certification Pursuant to 18 U S C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32 2	Chief Financial Officer Certification Pursuant to 18 U S C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith

* Management compensatory plan or arrangement

T Exhibits intentionally not printed herein

Maybank 011149

Global Reports LLC

ROA 4110

Exhibit 31 1

CERTIFICATIONS

I, John A Allison, IV, certify that

1 I have reviewed this Annual Report on Form 10-K of BB&T Corporation,

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report,

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report,

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared,

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date February 27, 2007

/s/ JOHN A ALLISON, IV

John A. Allison, IV
Chairman and Chief Executive Officer

Exhibit 31 2

CERTIFICATIONS

I, Christopher L Henson, certify that

1 I have reviewed this Annual Report on Form 10-K of BB&T Corporation,

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report,

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report,

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared,

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date February 27, 2007

/S/ CHRISTOPHER L HENSON

Christopher L Henson
Senior Executive Vice President and
Chief Financial Officer

Exhibit 32 1

CERTIFICATION PURSUANT TO 18 U S.C SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John A Allison, IV, state and attest that

(1) I am the Chairman and Chief Executive Officer of BB&T Corporation (the "Issuer")

(2) Accompanying this certification is the Issuer's Annual Report on Form 10-K for the year ended December 31, 2006, (the "Periodic Report") as filed by the Issuer with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which contains financial statements

(3) I hereby certify, pursuant to 18 U S C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Periodic Report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
- the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer for the periods presented

/s/ JOHN A ALLISON, IV

John A Allison, IV
Chairman and Chief Executive Officer
February 27, 2007

A signed original of this written statement required by Section 906 has been provided to BB&T Corporation and will be retained by BB&T Corporation and furnished to the Securities and Exchange Commission or its staff upon request

Exhibit 32 2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher L Henson, state and attest that

(1) I am the Senior Executive Vice President and Chief Financial Officer of BB&T Corporation (the "Issuer")

(2) Accompanying this certification is the Issuer's Annual Report on Form 10-K for the year ended December 31, 2006, (the "Periodic Report") as filed by the Issuer with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which contains financial statements

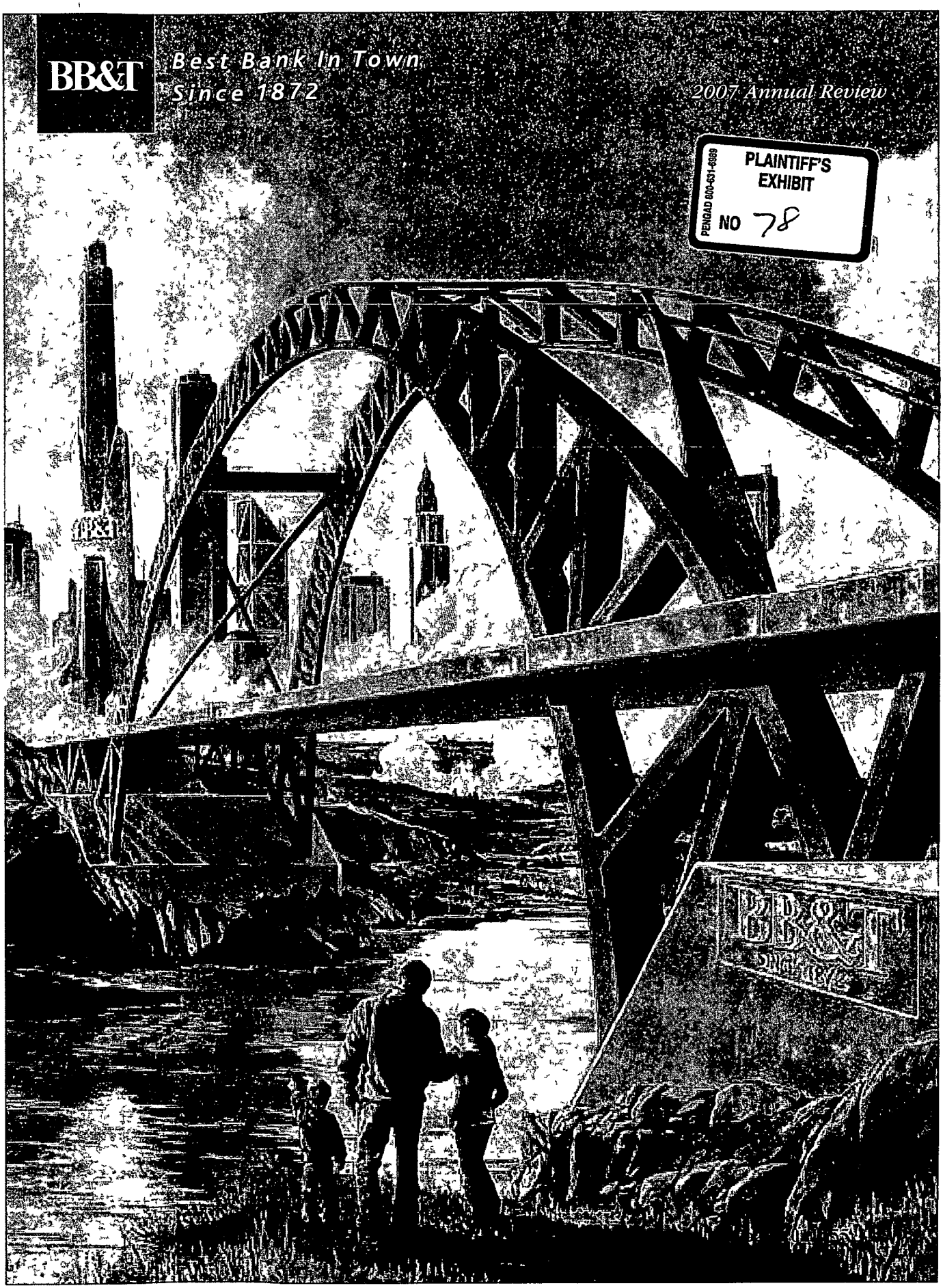
(3) I hereby certify, pursuant to 18 U S C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

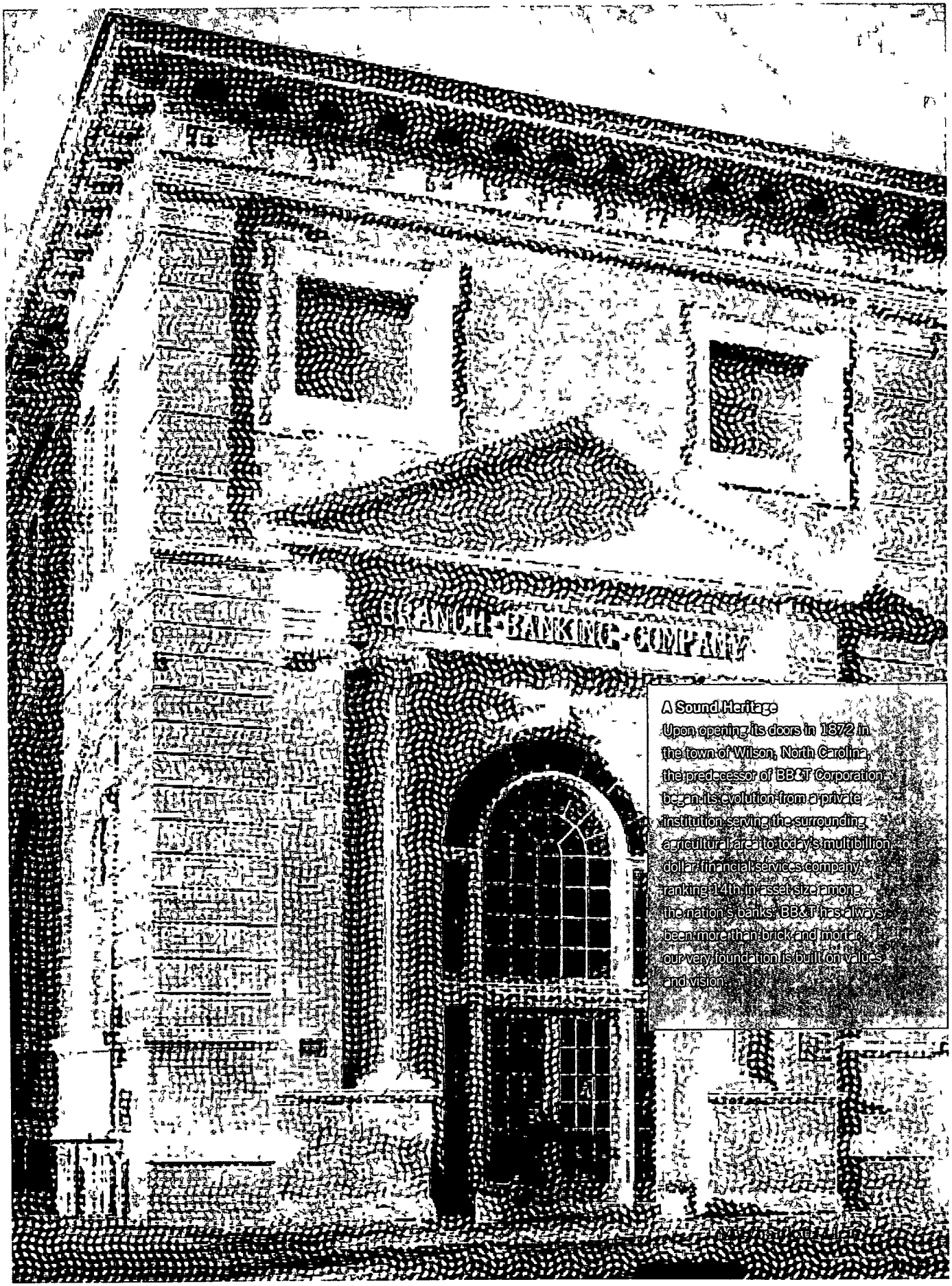
- the Periodic Report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
- the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer for the periods presented

/s/ CHRISTOPHER L HENSON

Christopher L. Henson
Senior Executive Vice President and
Chief Financial Officer
February 27, 2007

A signed original of this written statement required by Section 906 has been provided to BB&T Corporation and will be retained by BB&T Corporation and furnished to the Securities and Exchange Commission or its staff upon request


BB&T
Best Bank In Town
Since 1872
2007 Annual Review
PLAINTIFF'S
EXHIBIT
NO 78
PENGAD 800-631-6989



A Sound Heritage

Upon opening its doors in 1872 in the town of Wilson, North Carolina, the predecessor of BB&T Corporation began its evolution from a private institution serving the surrounding agricultural area to today's multibillion dollar financial services company ranking 14th in asset size among the nation's banks. BB&T has always been more than brick and mortar; our very foundation is built on values and vision.

BB&T

'07 Annual Review

2008 Annual Meeting

The 2008 Annual Meeting of Shareholders will be held on Tuesday, April 22, at 11 00 a m local time at The Wynfrey Hotel, 1000 Riverchase Galleria, Birmingham, Alabama

Table of Contents

Consolidated Financial Highlights	2
Corporate Information	4
To Our Shareholders	6
Corporate Board of Directors	22
Executive Management	22
Market Coverage	24
Relative Financial Performance	26
Shareholder Information	27
Consolidated Balance Sheets	28
Consolidated Statements of Income	29
Selected Financial Data	30
Selected Ratios	31
General Information	32

About the cover
"A Strong Foundation" by Bryan Larsen
Special commission for BB&T
© 2008 Bryan Larsen
Quent Cordair Fine Art
www cordair com 1 866 267 3247

Maybank 011157

ROA 4118

Consolidated Financial Highlights

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

	2007	2006	% Change
ANNUAL RESULTS			
Net income	$ 1,734	$ 1,528	13 5 %
Net income per common share			
Basic	3 17	2 84	11 6
Diluted	3 14	2 81	11 7
Cash dividends per common share	1 76	1 60	10 0
ANNUAL OPERATING RESULTS[1]			
Operating earnings	$ 1,749	$ 1,707	2 5 %
Operating earnings per common share			
Basic	3 20	3 17	0 9
Diluted	3 17	3 14	1 0
ANNUAL CASH BASIS OPERATING RESULTS[1,2]			
Cash basis operating earnings	$ 1,816	$ 1,780	2 0 %
Cash basis operating earnings per common share			
Basic	3 32	3 30	0 6
Diluted	3 29	3 27	0 6
YEAR-END BALANCES			
Assets	$ 132,618	$ 121,351	9 3 %
Securities, at carrying value	23,428	22,868	2 4
Loans and leases	91,686	83,591	9 7
Deposits	86,766	80,971	7 2
Shareholders' equity	12,632	11,745	7 6
Book value per common share	23 14	21 69	6 7
AVERAGE BALANCES			
Assets	$ 126,420	$ 114,328	10 6 %
Securities, at amortized cost	23,311	21,348	9 2
Loans and leases	87,952	79,313	10 9
Deposits	83,501	77,230	8 1
Shareholders' equity	12,166	11,452	6 2
PERFORMANCE RATIOS BASED ON NET INCOME			
Return on average assets	1 37 %	1 34 %	
Return on average equity	14 25	13 35	

(1) Information presented on an operating basis excludes the effects of $13 million and $11 million of net after tax costs associated with the completion of mergers and acquisitions in 2007 and 2006 respectively In addition operating results in 2007 exclude the effects of a reserve relating to the Visa USA, Inc settlement totaling $9 million net of tax and a credit of $7 million to the provision for income taxes related to leveraged leases Operating results for 2006 exclude an additional tax provision of $139 million related to leveraged leases a loss on the sale of securities totaling $47 million net of tax and a gain on the sale of duplicate facilities totaling $18 million net of tax

(2) Information presented on a cash basis excludes the effects of intangible assets purchase accounting adjustments and the related amortization expenses which totaled $67 million and $73 million net of tax for the years ended December 31 2007 and 2006 respectively In addition cash basis results exclude merger related charges and nonrecurring items as discussed in Note 1

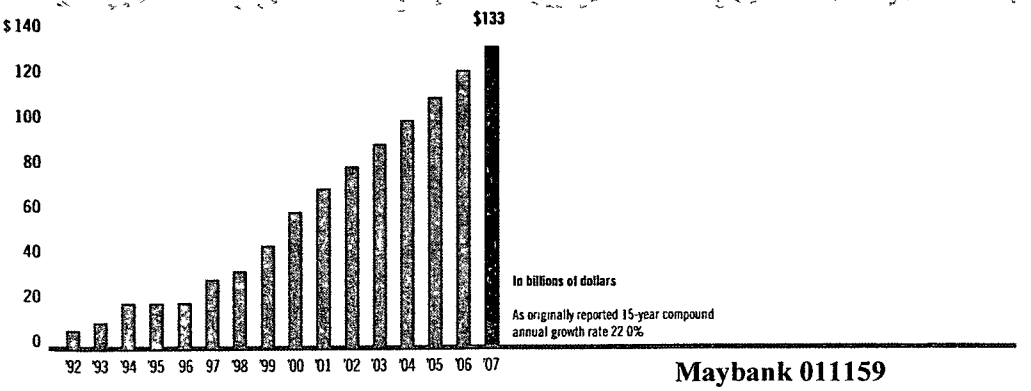
(3) Excludes the carrying value of goodwill and other intangible assets from shareholders equity and total assets net of deferred taxes where applicable

Maybank 011158

ROA 4119

	2007		2006	
PERFORMANCE RATIOS BASED ON OPERATING EARNINGS[1]				
Return on average assets	1 38	%	1 49	%
Return on average equity	14 37		14 91	
Fee income ratio	41 3		40 6	
Efficiency ratio	53 1		54 9	
PERFORMANCE RATIOS BASED ON CASH BASIS OPERATING EARNINGS[1,2]				
Return on average tangible assets	1 50	%	1 63	%
Return on average tangible equity	26 82		27 23	
Efficiency ratio	51 6		53 2	
CAPITAL RATIOS				
Tier 1 risk-based capital ratio	9 1	%	9 0	%
Total risk-based capital ratio	14 2		14 3	
Tier 1 leverage capital ratio	7 2		7 2	
Tangible equity as a percentage of tangible assets[3]	5 6		5 7	
Equity as a percentage of total assets	9 5		9 7	
MISCELLANEOUS INFORMATION				
Common shares outstanding (in thousands)	545,955		541,475	
Basic weighted average shares outstanding (in thousands)	547,184		539,140	
Diluted weighted average shares outstanding (in thousands)	551,755		543 891	
Full-time equivalent employees	29,394		29,344	
Banking offices	1,492		1,459	
ATMs	2,158		2 125	

Total Assets



Maybank 011159

ROA 4120

Corporate Information

Best Bank in Town since 1872

Corporate Profile

Founded in the late 19th century, BB&T Corporation ("BB&T" or "the Corporation") continues to build on a strong foundation of excellence

Headquartered in Winston-Salem, North Carolina, BB&T has consolidated assets at December 31, 2007, totaling $133 billion and ranks as the 14th largest banking organization in the United States As of December 31, 2007, BB&T's banking subsidiaries operated 1,492 branch offices in 11 states and Washington, D C

BB&T's largest subsidiary, Branch Banking and Trust Company, was established in 1872 and is the oldest bank based in North Carolina Alpheus Branch and Thomas Jefferson Hadley founded the organization in the seemingly inhospitable period immediately following the Civil War The bank grew over the decades, surviving economic downturns and world wars Even the depression of the 1930s failed to erode BB&T's solid foundation BB&T has never refused a withdrawal or failed to issue dividends on its stock to its owners

Today, BB&T and its subsidiaries offer a wide range of lending and deposit services to businesses and individuals BB&T's subsidiaries also provide trust services, wealth management, retail and wholesale insurance services, investment services and capital markets services, equipment finance, factoring, treasury services, asset management, international services, payroll processing and bankcard services

BB&T's current organization was formed by a merger-of-equals in 1995 between the former BB&T Financial Corporation and Southern National Corporation In the past 15 years, BB&T has consummated the acquisitions of 48 banks and thrifts, 79 insurance agencies, and 31 nonbank financial services companies

BB&T operates through a community banking structure that is the foundation for local decision-making and provides the basis for responsive, reliable and empathetic client service Even after 135 years, BB&T is still the "Best Bank in Town"

About the Review

The BB&T Corporation 2007 Annual Review is presented in a summary format to provide information regarding the performance of BB&T in a manner that is meaningful and useful to the widest range of readers The audited consolidated financial statements of BB&T Corporation and Subsidiaries and other more detailed analytical information regarding the Corporation are contained in the BB&T Corporation 2007 Annual Report on Form 10-K filed with the Securities and Exchange Commission

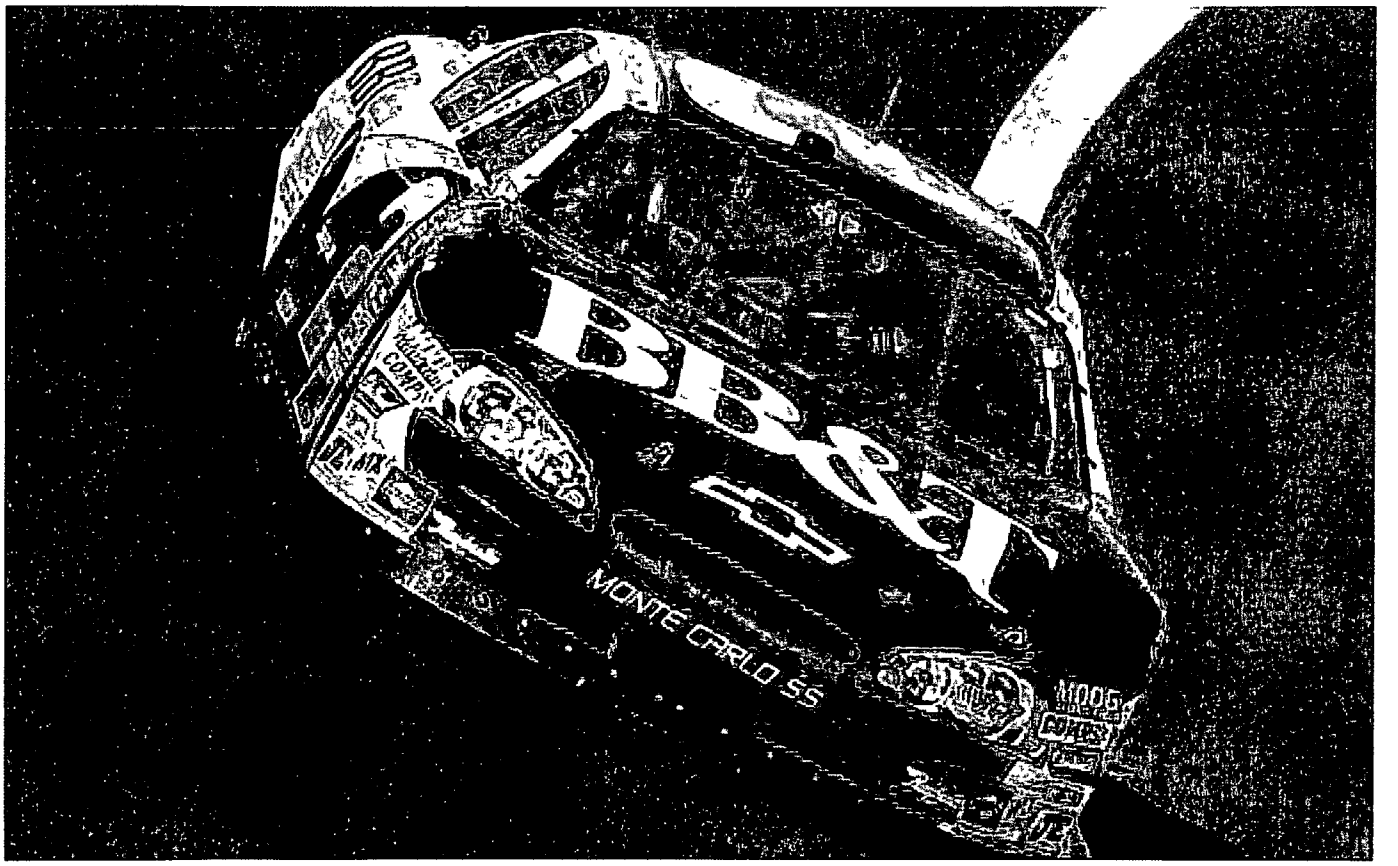
This 2007 Annual Review contains financial information determined by methods other than in accordance with Generally Accepted Accounting Principles ('GAAP) BB&T s management uses these non-GAAP measures in their analysis of the Company s performance Non-GAAP measures typically adjust GAAP performance measures to exclude the effects of charges expenses or gains related to the consummation of mergers and acquisitions, as well as the amortization of intangibles and purchase accounting related adjustments in the case of "cash basis" performance measures These non-GAAP measures may also exclude other significant gains, losses or expenses that are unusual in nature and not expected to recur Since these items and their impact on BB&T s performance are difficult to predict, management believes presentations of financial measures excluding the impact of these items provide useful supplemental information that is important for a proper understanding of BB&T s core operating results These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non GAAP performance measures that may be presented by other companies

Maybank 011160

Leading the Pack

In 2008 BB&T ramps up its presence in the sports marketing world From supporting Minor League baseball to the naming of BB&T Field at Wake Forest University to sponsoring Richard Childress Racing s No 2 BB&T Chevrolet Monte Carlo driven by Clint Bowyer, BB&T is a high-profile player on the track, on the field and in the minds of a new generation of fans and clients





Forward-Looking Statements

This BB&T Corporation 2007 Annual Review contains certain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995 These statements may address issues that involve significant risks and uncertainties Although we believe that the expectations reflected in this discussion are reasonable actual results may be materially different Please refer to BB&T s Annual Report on Form 10 K for the year ended December 31 2007 for a more thorough description of the types of risks and uncertainties that may affect management s forward-looking statements

All trademarks, personal likenesses and the likeness of the race car are used under license from their owners

Maybank 011161

ROA 4122

"The good news is we have continued to focus on long-term relationships with clients and markets we know, limiting our exposure to the market risks that have troubled many other banks."

To Our Shareholders:

The banking industry is in the midst of one of its most challenging periods in many years, but I am pleased to report that BB&T remains very sound, with superior relative performance and a strong balance sheet well-positioned for the future We had a very good year in light of the difficult credit environment and significant disruptions in the financial markets These successes are rooted in BB&T's culture and sound heritage, which dates back to our founding in 1872

We have avoided the major problems being experienced by many of our competitors in large part because the industry's ill-advised rush into subprime mortgages and more risky investments is inconsistent with our philosophy and values Even so, the economic downturn has negatively affected our earnings and resulted in higher credit losses

The good news is we have continued to focus on long-term relationships with clients and markets we know, limiting our exposure to the market risks that have troubled many other banks Our experienced management team also has successfully navigated past credit cycles, and we are confident that we will weather this one as well

More importantly, we are confident that we will emerge from this period in a stronger position than many of our peers, prepared to take advantage of new opportunities

Maybank 011162

ROA 4123



Kelly S. King
Chief Operating Officer

John A. Allison
Chairman and
Chief Executive Officer

A Strong Foundation
Alpheus Branch (left painting) and Thomas Jefferson Hadley (right painting) founded the predecessor of BB&T in 1872 to serve the needs of farmers and small businesses in eastern North Carolina

Maybank 011163

2007 Results

Despite the very challenging economic environment, 2007 represented BB&T's 26th consecutive year of record operating earnings Net income for the year totaled $1 73 billion, or $3 14 per diluted share, reflecting increases of 13 5% and 11 7%, respectively, compared to 2006 Excluding the effects of net after-tax merger-related and restructuring charges or credits and nonrecurring items from both 2007 and 2006, BB&T's operating earnings for 2007 totaled $1 75 billion, an increase of 2 5% compared to the prior year On a diluted per share basis, operating earnings for 2007 were $3 17, an increase of 1 0% compared with 2006 While this rate of growth is certainly slower than our goals and long-term performance, it is notable that using generally accepted accounting principles, our earnings per share increased 11 7% for 2007 compared to a decrease of 34 5% for our peer group Based on these results, we clearly outperformed the industry during 2007

Our core banking operations generated some very positive results, including 10 9% growth in average loans and leases Revenues from BB&T's fee income-producing businesses increased during 2007 by 6 9% to $2 8 billion, which represents 41 3% of total revenues We are also very pleased with our noninterest expense control during the year Noninterest expenses declined 0 7% compared to 2006, excluding acquisitions, reflecting intensely focused management of expenses

BB&T's deposit-gathering efforts continued to be successful, with average client deposits increasing 9 2% during the year Two years ago, we re-emphasized deposits in our branch network, setting aggressive new targets for opening new accounts and growing market share In 2006, we maintained our leading market share in West Virginia and grew market share in every other state in our footprint As shown in the accompanying chart we had excellent results again in 2007, gaining or maintaining market share in every state where we operate None of our peers were able to match this performance

2007 Commercial Bank Deposit Market Share*

	Market Share 2007	Market Share 2006	Rank	% Increase in Deposits
Virginia / Washington, D C	13 5 %	13 1 %	2nd	1 9 %
North Carolina[1]	17 6	17 5	2nd	7 3
West Virginia	18 1	17 7	1st	6 7
South Carolina	11 9	10 8	3rd	21 9
Maryland	7 8	7 7	6th	5 5
Kentucky	6 3	6 3	4th	5 1
Georgia	4 7	4 6	5th	8 8
Tennessee	2 2	1 7	5th	41 3
Florida	1 3	1 3	10th	4 7

1 Excludes home office deposits
Source: FDIC based on June 30 2007 deposit data

Maybank 011164

ROA 4125



BB&T University

The mission of the BB&T University is to create competitive advantage by providing employees comprehensive educational opportunities. These members of BB&T's 2008 Leadership Development Program symbolize the highest quality of young leaders preparing to meet the ever-changing needs of our clients in a highly-competitive environment.

Our nonperforming assets and credit losses increased as a result of the difficult economic conditions, but remain strong compared to industry trends Nonperforming loans, as a percentage of total assets, were 52% at December 31, 2007, compared to 29% a year earlier Net charge-offs increased to 38% of average loans and leases, up from 27% a year earlier Excluding specialized lending, the loss ratio for the year was 21% compared to 14% last year Those numbers are very good considering the distressed credit markets However, we expect problem assets to continue to rise until the residential real estate markets begin to improve

At a time when some financial institutions' capital strength has eroded, BB&T's capital position remains strong As of December 31, 2007, BB&T s tangible capital ratio was 5 6% and the Tier 1 leverage ratio was 7 2% above our internal targets Our Tier 1 risk-based capital and total risk-based capital ratios were 9 1% and 14 2%, respectively These risk-based capital ratios are consistently higher than those of our peers

In summary, as the risk versus returns charts on page 26 show, BB&T has consistently produced higher returns while taking less risk than our peers, in keeping with our philosophy of managing our business rationally and with a long-term perspective

Maybank 011165

ROA 4126

Our Stock Performance

Our ultimate purpose is to create superior long-term economic returns for our shareholders

In 2007, the markets received a barrage of negative news from the financial sector Although most of the news was not applicable to BB&T, our stock performance was adversely affected by the difficulties faced by the industry As you can see from the chart below for the periods ended January 31, 2008, which reflects the market's integration of 2007 year-end results, we have outperformed our peer group over the last 1, 3, 5, 10 and 15 years It is more objective to compare our performance with our peers than to a broader index because we are unavoidably affected by conditions in the financial services industry

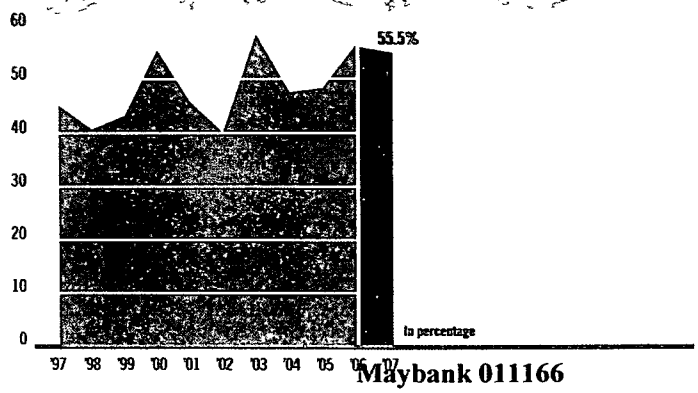
While some competitors have been forced to cut dividends during this period of market disruption and credit deterioration, we continue to anticipate an increase in the 2008 cash dividend In 2007, we increased the cash dividend by 10% compared to the prior year, marking the 36th consecutive year that BB&T has increased our dividend The company has paid a dividend every year since 1903 For the 10 years ended December 31, 2007, our dividends have increased at a compound annual growth rate of 11 7%, compared to 6 0% for the S&P 500 At December 31, 2007, BB&T's dividend yield was 6 0% compared to 2 1% for the S&P 500 We have again been recognized as a Mergent Dividend Achiever — a designation received by only 2% of 14,000 publicly traded companies — and as a Standard and Poor's Dividend Aristocrat based on our excellent track record of paying dividends

Total Compound Annual Return to Shareholders
January 31 2008

	BB&T	S&P 500	National Peers*
1 Year	-10 1 %	-2 3 %	-22 4 %
3 Year	1 2 %	7 3 %	-4 1 %
5 Year	5 5 %	12 0 %	4 3 %
10 Year	5 4 %	5 1 %	3 8 %
15 Year	12 2 %	10 0 %	10 7 %

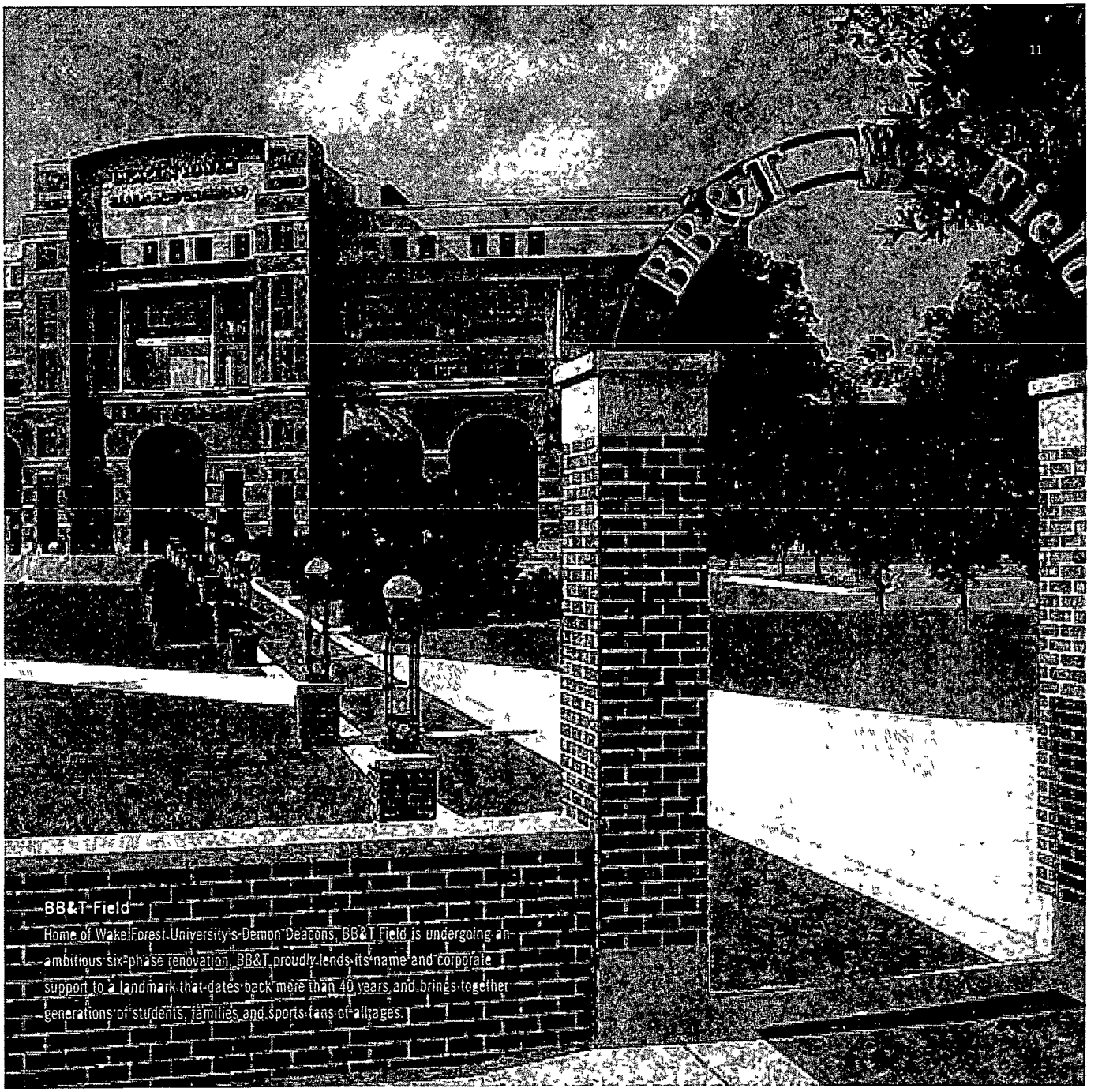
*National Peers consist of CMA, FITB KEY M&T, M&I NCC PNC BPOP RF STI UB and USB.

Dividend Payout Ratio



Maybank 011166

ROA 4127



BB&T Field

Home of Wake Forest University's Demon Deacons, BB&T Field is undergoing an ambitious six-phase renovation. BB&T proudly lends its name and corporate support to a landmark that dates back more than 40 years and brings together generations of students, families and sports fans of all ages.

Making Our Communities Stronger

BB&T s support of minor league baseball and high school football reflects our broader commitment to the communities where we live, work and of course, play The bank s logo is familiar to visitors at the ballparks of Little League and Triple-A teams throughout the communities we serve At BB&T, we believe that a company can only succeed when its communities are healthy This is one of many ways we fulfill our corporate mission

BB&T TRIPLE PLAY GIVEAWAY

BB&T NCHSAA NORTH CAROLINA HIGH SCHOOL CHAMPIONSHIPS 2007

Significant Accomplishments During 2007

We avoided the market's major disruptions and produced strong performance relative to our peers

BB&T largely avoided the types of risks that have so negatively affected many large financial institutions in 2007 Our loan portfolio is primarily a prime portfolio Our subprime mortgage loans amount to less than 1% (0 6%) of our portfolio — comprised mainly of loans from our Lendmark consumer finance subsidiary, which has considerable experience in making traditional loans to higher-risk borrowers

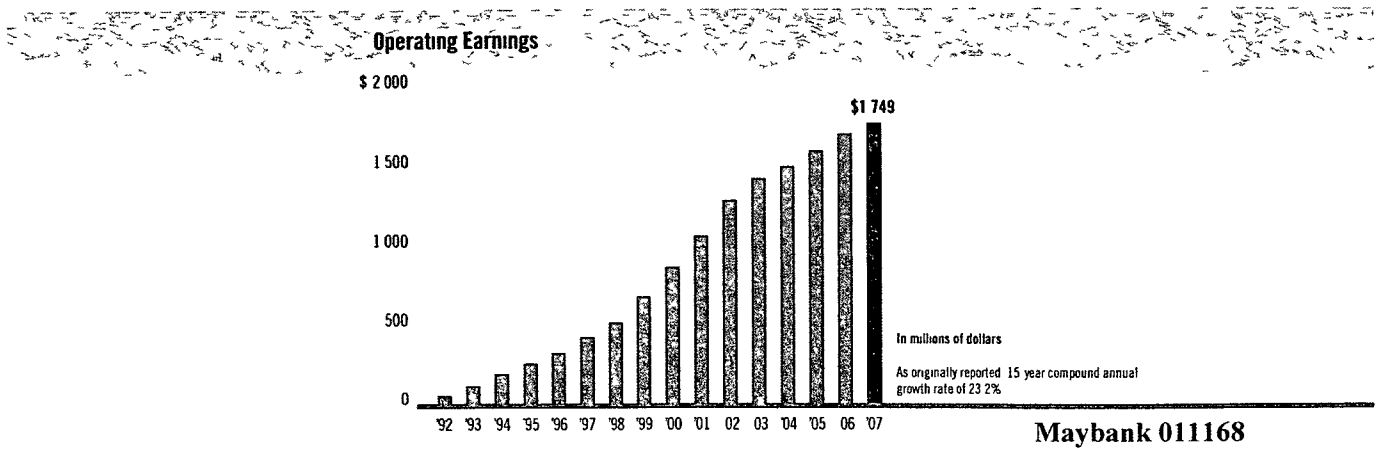
We do not make negative amortization loans, option adjustable rate mortgages or many of the other exotic mortgage products that have resulted in losses at many financial institutions and foreclosures on many homes We steered clear of such loans because they rarely are in the best interest of the borrower — and thus inconsistent with a core component of our mission helping our clients achieve economic success and financial security

BB&T's loan portfolio is diversified and generally composed of a large number of smaller-balance loans Our biggest concentration in residential mortgage loans is in North Carolina and Virginia, two core markets with healthy population growth and without the highly inflated real estate price appreciation seen in some markets

Residential construction and development lending has been a core business for BB&T for many years We make loans in our markets where we know the builders and we closely service the relationship We began tightening our lending standards in the summer of 2005, when we determined that the risk in residential lending was rising We have been well served by our policy of partnering with our clients to help them through this tough cycle, and moving aggressively to deal with problems as soon as they develop Unfortunately, however, we expect difficulties in the single-family construction and development market to continue throughout 2008

BB&T's mortgage business has actually benefited from the subprime turmoil because some of the more irrational competitors have gone out of business A "flight to quality" is bringing new clients to BB&T In a rapidly shrinking market, our mortgage production increased to $11 9 billion in 2007, compared to $9 9 billion a year earlier We expect more healthy growth in mortgage revenues in 2008

Many large financial institutions also absorbed huge losses from risky investments in the last six months BB&T's total trading losses during this period of market turbulence were $33 million — a small number relative to our size, again reflecting our conservative culture and careful risk management



Maybank 011168

ROA 4129

We increased the value of our franchise during 2007

BB&T continued to expand during 2007 with strong organic growth and selective acquisitions

As mentioned earlier, we gained or maintained deposit market share in every state in our footprint again in 2007 — important progress toward our goal to be in the Top 5 in market share in all of the states in our footprint Moreover, if you look at our share of markets, as shown in the accompanying chart, BB&T ranks No 1 in weighted average market share, showing the strength of our Southeastern and Mid-Atlantic markets

We have also reached out to new clients during the year The number of online banking clients increased by 21% to nearly 2 5 million Households with five or more products or services increased to 31% Our banking network generated 90,000 net new transaction accounts during the year, and we opened 35 new banking offices during the year

In addition to these investments, BB&T completed a number of high-quality acquisitions that will be beneficial in the future In May, we acquired Coastal Financial of Myrtle Beach, South Carolina, which gives us the No 1 deposit market share along the thriving coasts of North and South Carolina With $1 7 billion in assets, Coastal operated 17 banking offices in the greater Myrtle Beach area and seven in greater Wilmington, North Carolina, where BB&T already has the top market share

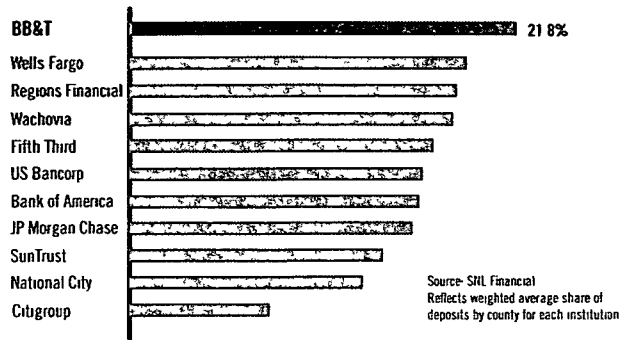
BB&T also acquired commercial mortgage banking firm, Collateral Real Estate Capital We have combined Collateral with Laureate Capital, our existing commercial mortgage banking firm, to create Grandbridge Real Estate Capital, which has a commercial mortgage servicing portfolio of more than $20 billion

In addition, BB&T acquired insurance premium finance company AFCO Credit and its Canadian affiliate, CAFO The purchase moves BB&T from the ninth to the second-largest provider of insurance premium financing in the United States, and the largest in Canada

BB&T Insurance Services also made key acquisitions to bolster our position as the nation's seventh-largest insurance broker Those purchases included Reese Insurance Associates of metropolitan Atlanta, Carswell Insurance Services of Hilton Head Island, South Carolina, Sidney O Smith, with offices in Gainesville and Alpharetta, Georgia, and Ott & Company, an employee benefits brokerage in Alpharetta, Georgia In addition, BB&T Insurance Services acquired Heritage Title Services, of Louisville, Kentucky, and Ramsay Title Group, of Norcross, Georgia

We also announced plans to acquire Savannah Reinsurance Underwriting Management, a reinsurance broker based in Stamford, Connecticut

Weighted Average Market Share



Maybank 011169

We controlled costs and improved efficiency

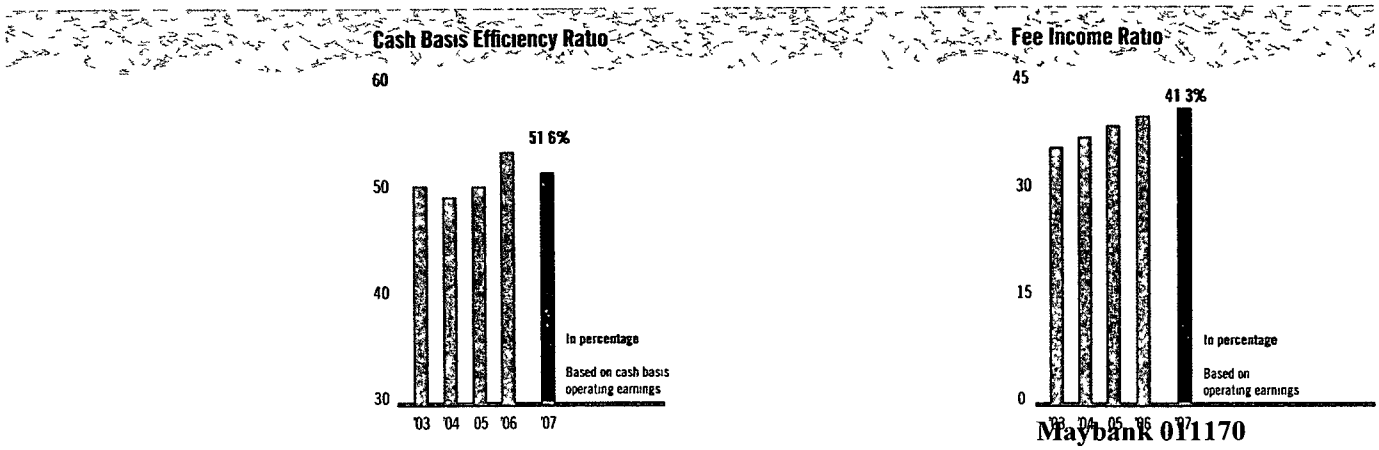
As noted earlier, our continuing focus on cost control has helped us exceed our goals for reducing noninterest expenses During 2007, we reduced the number of employees, while avoiding major layoffs that many of our competitors have announced At the same time, we added 33 net new branch offices In addition, we are achieving our targets on expense savings from recent acquisitions The continued ability to control costs will be key to our performance in an environment with increased credit issues and resulting higher loan loss reserves

We will continue to pursue even greater efficiency in our operations A component of this effort is the use of international outsourcing where it makes sense, however, we are just as focused on "right sourcing" — moving some functions to locations in our more cost-effective U S markets

We expanded and diversified our sources of income

Improvement in our fee income ratio has exceeded our goal of 40%, which reduces pressure on our net interest margin We have established a new goal of 45%

Insurance commissions, which are our single biggest driver of noninterest income, increased by 4 9% despite a challenging environment in the insurance industry where prices are lower than last year for the same coverage BB&T is the seventh largest insurance broker and the largest commercial property and casualty wholesale broker in the U S Over the last five years, the compound annual growth rate in insurance revenues has been 24 5% We also have the fastest internal growth rate among the 10 largest U S brokers, as well as the industry's most productive sales force, according to *Business Insurance* magazine Our insurance operations, which are featured on the next page, provide a fundamental competitive advantage for BB&T

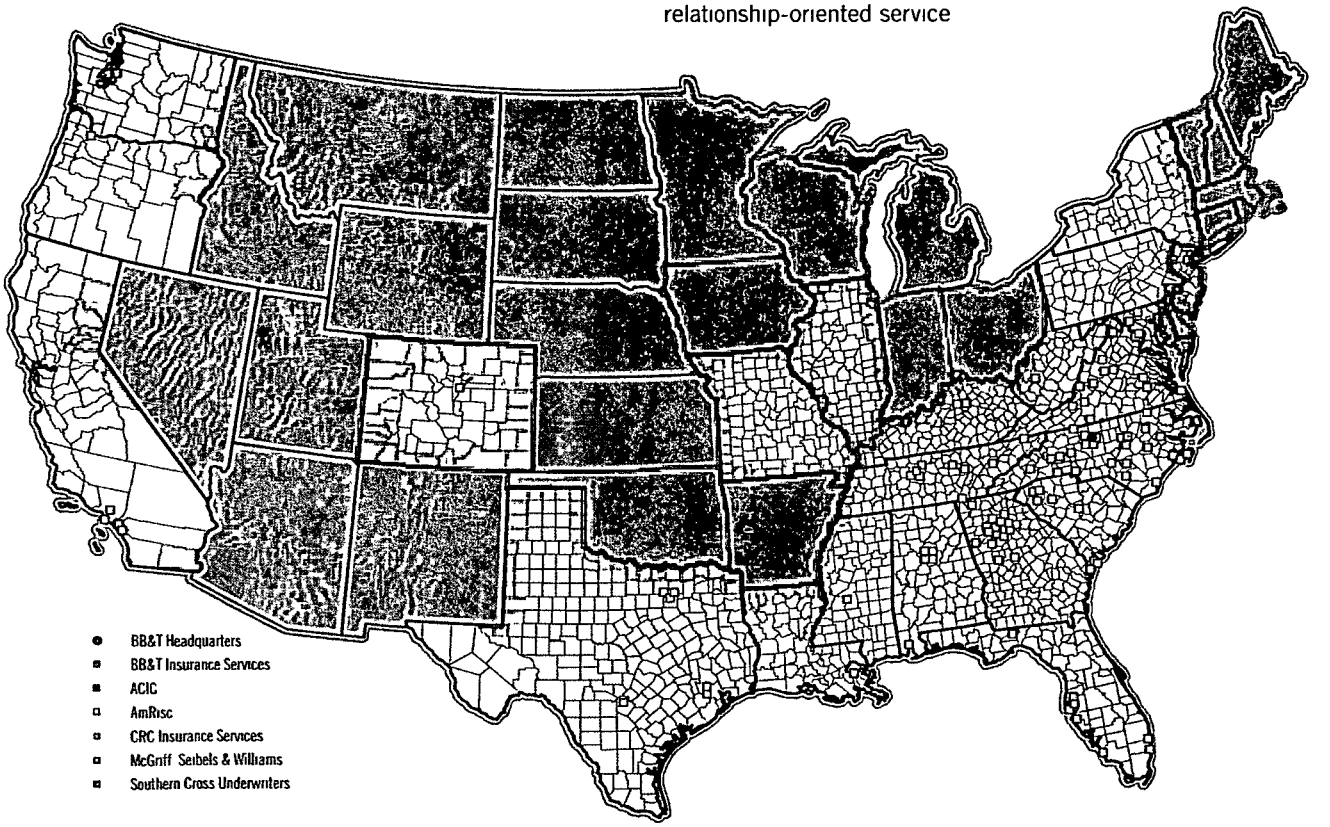


Maybank 011170

ROA 4131

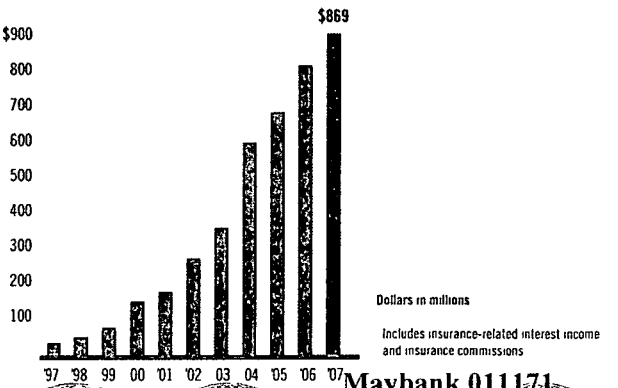
BB&T Insurance

Established in 1922, BB&T Insurance combines a full array of products with exceptional market expertise and delivers comprehensive insurance programs designed specifically for each client BB&T Insurance offers national capabilities, regional focus and local, relationship-oriented service



- 7th largest insurance distributor in the United States and 8th largest in the world
- Ranked #1 in productivity among the world s top 10 brokers for the last four years
- Largest commercial property and casualty wholesale broker in the United States
- 134 locations across the United States with six separate complementary subsidiaries
- Represents the top-rated major insurance companies in the United States

Insurance Revenues*



Maybank 011171



"Highest in Customer Satisfaction among Mortgage Servicing Companies"

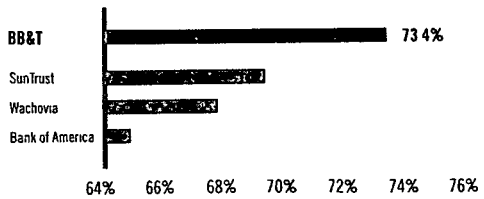
We provided superior retail service quality and made progress in our Perfect Client Experience initiative

J D Power and Associates awarded BB&T its top national ranking for mortgage servicing in its annual study of nearly 12,000 clients and 38 companies Among other awards, BB&T was cited by national consulting firm Greenwich Associates for excellence in business banking, ranking in the top five banks in the country

At the core of BB&T's Perfect Client Experience program is educating our own employees to deliver client service that is reliable, responsive, empathetic and competent

Maritz Research's survey of clients of BB&T and our large in-market competitors confirms the effectiveness of this focus For example, as shown in the accompanying graphics, BB&T topped its competitors in overall retail client satisfaction and in retail client loyalty again in 2007 BB&T excelled in "top box" scores, indicating the percentage of clients who rate us as a nine or 10 on a 10-point scale

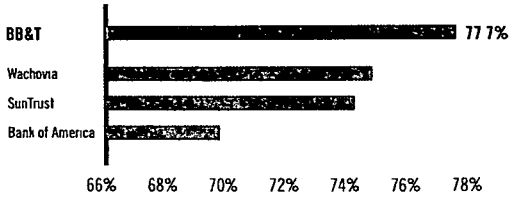
Overall Bank Satisfaction



In percentage

From Maritz Research Retail Client Satisfaction Survey represents percentage of top box scores indicating a nine or 10 rating on a 10 point scale.

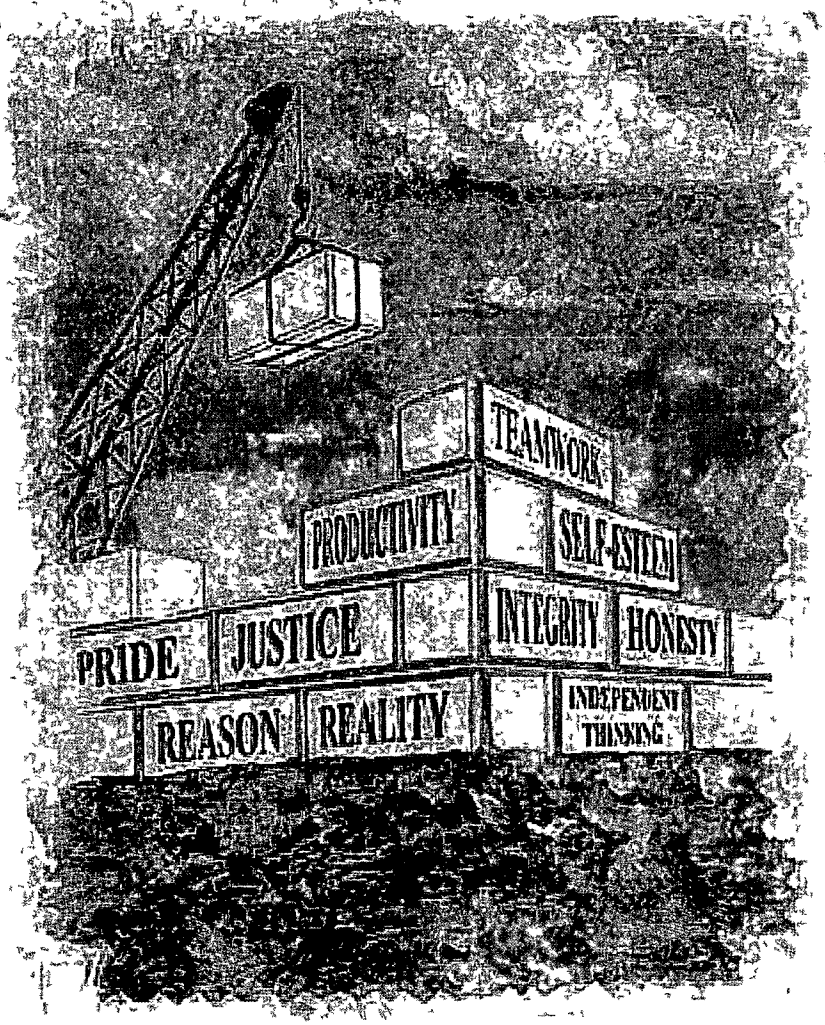
Loyalty My Bank Treats Me Right



In percentage

From Maritz Research Retail Client Satisfaction Survey represents percentage of top box scores indicating a nine or 10 rating on a 10 point scale.

Maybank 011172



Our Culture

Underlying BB&T's financial performance is our culture, based on a clear and consistent set of values These values are practical habits that enable us to be successful as individuals and to achieve our mission as a corporation We believe values are particularly crucial today after we have seen so many ethical deviations in business, politics and everyday life

Our 10 values are depicted in the accompanying illustration Let me comment on four that have been particularly important this year — reality, reason, independent thinking and integrity Reality is the starting point — understanding the facts and acknowledging that what is, is With reason, we can make logical decisions based on those facts We also encourage all employees to think independently, with each of us responsible for what we do Integrity requires us to always act in a manner consistent with our principles Fact-based, well-reasoned, independent and principled decisions lead us to keep a long-term perspective, regardless of short-term benefits — such as profitable but overly risky loans or investments

At BB&T, we believe values must be consistent and integrated in everything we do, extending through every part of our business They are rooted in our strong foundation and long history They enable us to remain focused and steadfast, allowing us to weather tough times and emerge poised for future growth and success In short, our goal is to build value — for our shareholders, clients, employees and communities — based on our values

Maybank 011173

Key Strategic Objectives for 2008

Our long-standing vision has not changed to create the best financial institution possible — a high-performance company that can prosper in this rapidly changing, highly competitive, globally integrated and tremendously challenging environment Such a company will be one of the 15 or so winners that we think will dominate the financial-services industry 10 to 15 years from now The key to maximizing our probability of being both independent and prosperous over the long term is to create a superior earnings per share growth rate — which is essential for a strong stock price We must continue to drive superior relative performance without sacrificing the fundamental quality and long-term competitiveness of our business, nor taking unreasonable risk

The key to achieving our goal is a long-term strategy of superior, balanced performance, built around four overriding principles

- Client-driven service providing better value through rational innovation and productivity improvement
- Rational risk taking and exceptional risk management
- Superior earnings growth
- Targeted and consistent investments for the future

Financial services firms face a series of challenges in 2008, including the uncertainty of the economy, intense competition, excess capacity, continued consolidation, more regulatory costs and the need for continuous innovation and productivity improvement

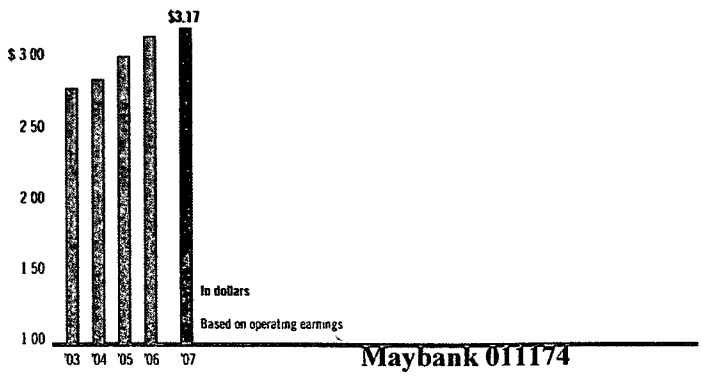
We will focus on four key strategic objectives to pursue our goals for 2008

Effectively manage through disrupted financial markets

The disruption in financial markets has significantly increased risk Of biggest concern to BB&T is the residential real estate lending market, which is a significant part of our business It is difficult to predict how long depressed conditions will last, but our best guess is between six and 18 months before the housing industry works through this correction

Specifically, we must

- Work with our clients through tough times
- Focus on fundamental and core competencies, and avoid exposure to complex and unknown risks
- Reassure clients about BB&T's safety and soundness
- Intensify our risk-management focus by escalating problem asset management, mediating single-family residential risk and understanding all types and layers of risk
- Ensure excellent asset quality by instilling BB&T s values-driven credit culture, reinforcing credit skills and training, continuing our disciplined underwriting processes, diversifying risk and executing our credit processes with excellence
- Maintain strong capital and liquidity positions



Maybank 011174

ROA 4135

Achieve superior revenue growth

This objective includes excellent execution of our sales and service systems the BB&T Decathlon, Integrated Relationship Management, Consultative Sales and Store Ownership In addition, we will make investments for the future, including opening 30 more de novo branches and reinvesting in current facilities, while relocating some branches to faster-growing areas We also are expanding our wealth-management and private-banking operations as well as targeting key growth segments such as the multicultural market Commercial finance, commercial and industrial lending, and integrated financial supply chain management also provide excellent opportunities for growth

In addition, we plan to accelerate our non-bank acquisitions to grow existing product lines, with the primary focus on expanding our very successful insurance operations We will also look for acquisitions to expand in asset management and consumer and commercial finance

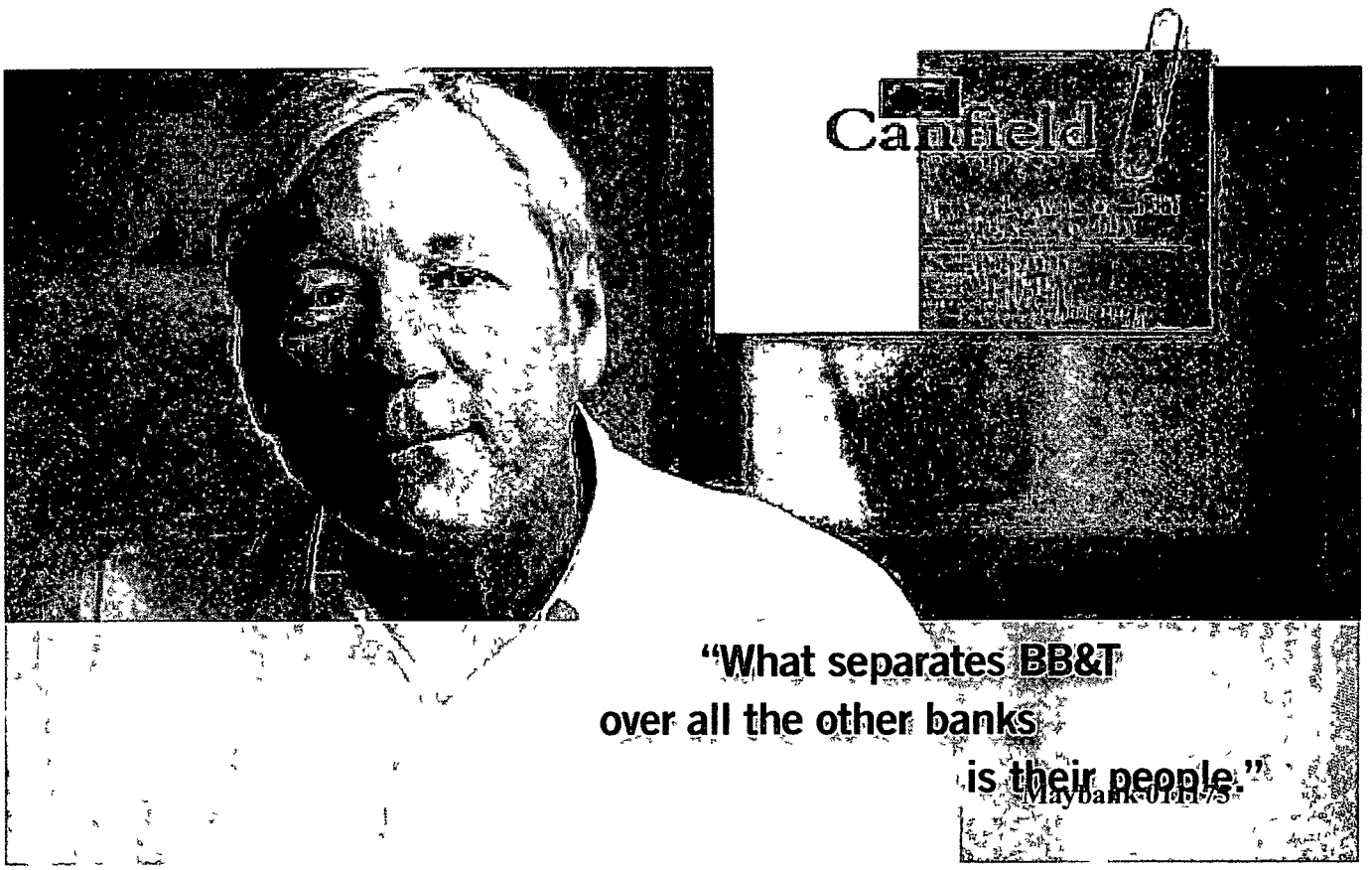
Over the last several years, one of our primary challenges has been to grow net interest income with a flat and often inverted yield curve With an inverted yield curve, the traditional relationship between long-term and short-term interest rates is reversed However, we have a liability-sensitive interest rate position, and will benefit from reductions in the Federal Funds rate and the return of a "normal" positively sloped yield curve

Create the Perfect Client Experience

BB&T remains a quality differentiated competitor We sell quality, not price Our training and leadership programs constantly stress the four core components that create meaningful relationships with our clients — client service that is reliable, responsive, empathetic and competent

For our product-line managers and support staff, the No 1 goal is to simplify our products, services and processes to make them easier for the client and our client-contact employees to use For example, in 2007 we launched a new online tool to enable users to quickly and easily open deposit accounts online The service won awards for its ease of use and resulted in the opening of 69,000 new accounts

We will continue efforts to reduce turnover in our client-contact employees and create better service quality than our primary competitors We also will pursue an integration of our delivery channels to create a convenient client experience



Create superior operating leverage
Maximize economic profit

Our goal is to hold the number of our employees stable for the second year in a row, exclusive of acquisitions and new business-line expansions In addition, we continue to focus on maximizing economic profit through the pursuit of several business model changes, and significantly improved measurement of risk / return tradeoffs

During 2007, we expanded our Corporate Banking team to focus efforts on both lending and non-credit services for larger customers We also strengthened our focus on commercial and industrial clients while deepening banking relationships with our insurance clients We introduced bundled products to drive cross-selling to new households, and enhanced our phone and online capabilities to develop expanded deposit relationships with existing clients We concentrated our marketing and branch investment in higher-potential large markets, and increased our investment in serving wealthier client segments to accelerate growth

During 2008, we will continue to advance and extend the economic-profit benefits of these investments

In closing, I want to extend my sincere appreciation to Rhone Sasser, who retired from BB&T's corporate board of directors on December 31, 2007 Rhone, the former chairman and chief executive officer of United Carolina Bancshares, has provided strong leadership and wise counsel since joining the board in 1997 following our merger with UCB

I also would like to welcome two new members to our corporate board of directors Tommy Thompson and Steve Williams Tommy is president of Thompson Homes of Owensboro, Kentucky, a family-owned firm founded by his father and uncle in 1948 He is past president of the National Association of Home Builders and currently serves as a member of the Kentucky state legislature Steve is president and majority owner of A T Williams Oil Company of Winston-Salem, North Carolina, and oversees the daily operations of a chain of 348 gas stations, convenience stores, restaurants and travel centers in Alabama, Georgia, Tennessee, Virginia, Pennsylvania and the Carolinas He also serves as president of WilcoHess, a joint venture between A T Williams and Hess Corporation Tommy and Steve exemplify BB&T's core values and are substantial BB&T shareholders I look forward to the benefits of their business acumen and leadership on the board

Best Bank in Town since

Our Mission To Make the World a Better Place to Live, By

- Helping our Clients Achieve Economic Success and Financial Security,
- Creating a Place where our Employees can Learn, Grow and be Fulfilled in their Work,
- Making the Communities in which we Work Better Places to be, and thereby
- Optimizing the Long-Term Return to our Shareholders, while Providing a Safe and Sound Investment

Maybank 011176

ROA 4137

When I started at BB&T in 1971, BB&T was a small eastern North Carolina bank with $250 million in assets primarily serving the agricultural community Even though we now have $132 6 billion in assets and operate in 11 states and Washington, D C , our culture and community-bank organization focused on building meaningful relationships with our clients reflect the same principles long held by our organization BB&T is still the "Best Bank in Town – Since 1872 "

The personal relationship principle is the heart and soul of BB&T It forms the foundation for local decision-making closer to the client and the basis for reliable, responsive, empathetic and competent client service Our bank feels like a community bank with personal service, but has the resources of one of America's largest financial institutions better trained employees, more sophisticated technology and superior products and services

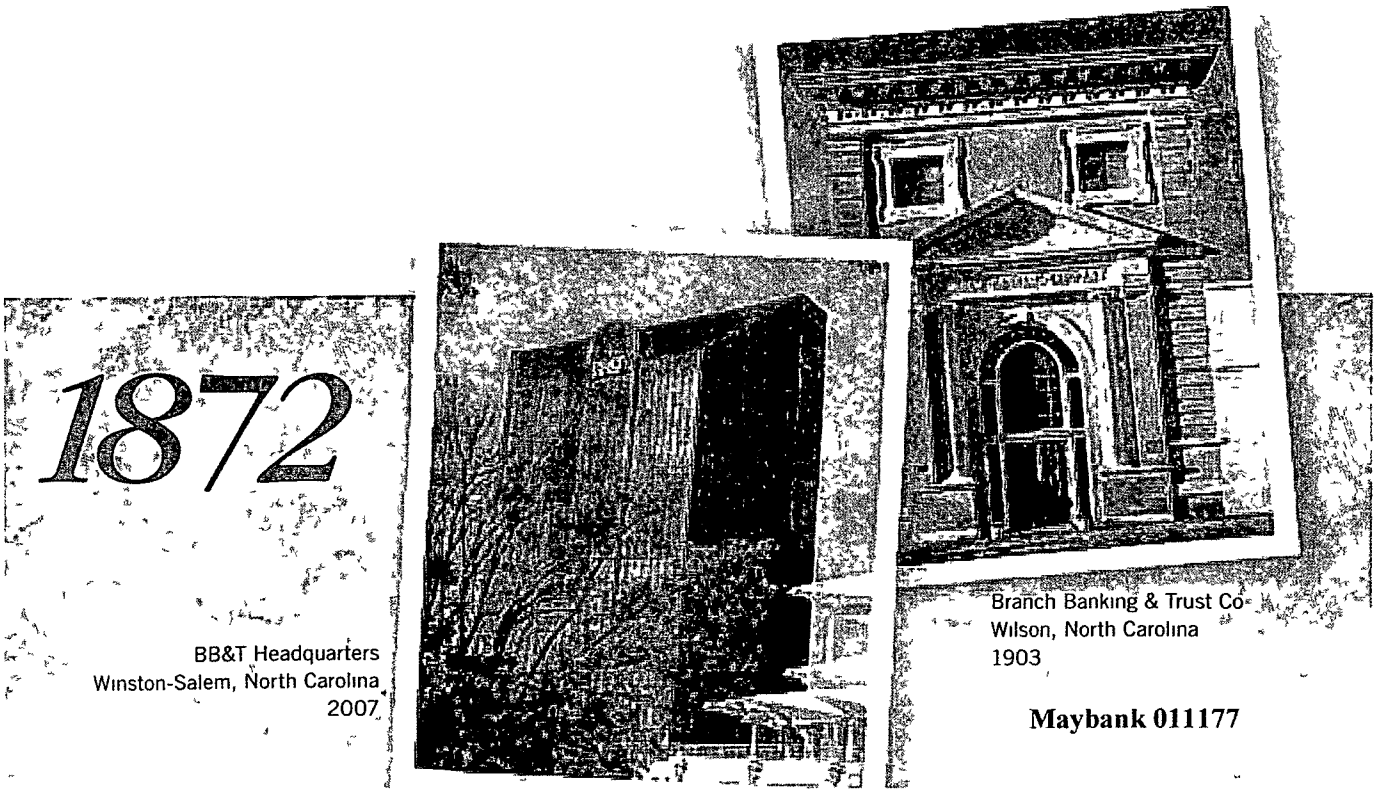
This is among the most challenging and competitive environments I have ever experienced in banking But I am confident that BB&T will be successful even with those challenges because of our people, our client relationships, our markets, the strength of our institution, our strategies and our philosophy

As always, my thanks to each of you for your continuing support as a BB&T shareholder

Sincerely,

John A Allison
Chairman and Chief Executive Officer

February 21, 2008



BB&T Headquarters
Winston-Salem, North Carolina
2007

Branch Banking & Trust Co
Wilson, North Carolina
1903

Maybank 011177

Corporate Board of Directors

John A Allison IV
Chairman and
Chief Executive Officer
BB&T Corporation and
Branch Banking and
Trust Company
Winston-Salem NC

Jennifer S Banner
Chief Executive Officer
Schaad Properties and
SchaadSource LLC
Knoxville, TN

Anna R Cablik
President
Anasteel & Supply Company, LLC
and Anatek, Inc
Marietta, GA

Nelle R Chilton
Director and President
Dickinson Fuel
Company Inc
Charleston WV

Ronald E Deal
Chairman
Wesley Hall, Inc
Hickory, NC

Tom D Efird
President
Standard Distributors Inc
Gastonia NC

Barry J Fitzpatrick
Retired Chairman, President
and Chief Executive Officer
First Virginia Banks, Inc
Great Falls, VA

L Vincent Hackley Ph D
Chancellor
Fayetteville State University
President and
Chief Executive Officer
Hackley & Associates
of North Carolina
Chapel Hill NC

Jane P Helm
Retired Vice Chancellor of
Business Affairs
Appalachian State University
Arden NC

John P Howe III, M D
President and
Chief Executive Officer
Project HOPE (Health Opportunities
for People Everywhere)
Washington, D C

James H Maynard
Chairman and
Chief Executive Officer
Investors Management Corporation
Chairman
Golden Corral Corporation
Raleigh NC

Albert O McCauley
President and
Chief Executive Officer
McCauley & McDonald
Investments, Inc
Fayetteville, NC

J Holmes Morrison
Retired Chairman, President and
Chief Executive Officer
One Valley Bancorp Inc
Charleston, WV

Nido R Qubein
President
High Point University
Chairman
Great Harvest Bread Co
High Point NC

Thomas N Thompson
President
Thompson Homes, Inc
Representative
Kentucky House of Representatives
Owensboro, KY

Stephen T Williams
President
A.T Williams Oil Company
Winston-Salem NC

Executive Management

John A Allison IV
Chairman and
Chief Executive Officer

Ricky K Brown
Senior Executive Vice President and
Banking Network Manager

W Kendall Chalk
Senior Executive Vice President and
Chief Credit Officer

Barbara F Duck
Senior Executive Vice President and
Electronic Delivery Channels Manager

Donna C Goodrich
Senior Executive Vice President and
Deposit Services Manager

Robert E Greene
Senior Executive Vice President and
Risk Management and Administrative
Group Manager

Christopher L Henson
Senior Executive Vice President and
Chief Financial Officer

Kelly S King
Chief Operating Officer

Clarke R Starnes III
Senior Executive Vice President and
Specialized Lending Group Manager

Steven B Wiggs
Senior Executive Vice President and
Chief Marketing Officer

C Leon Wilson III
Senior Executive Vice President and
Operations Division Manager

Maybank 011178

ROA 4139

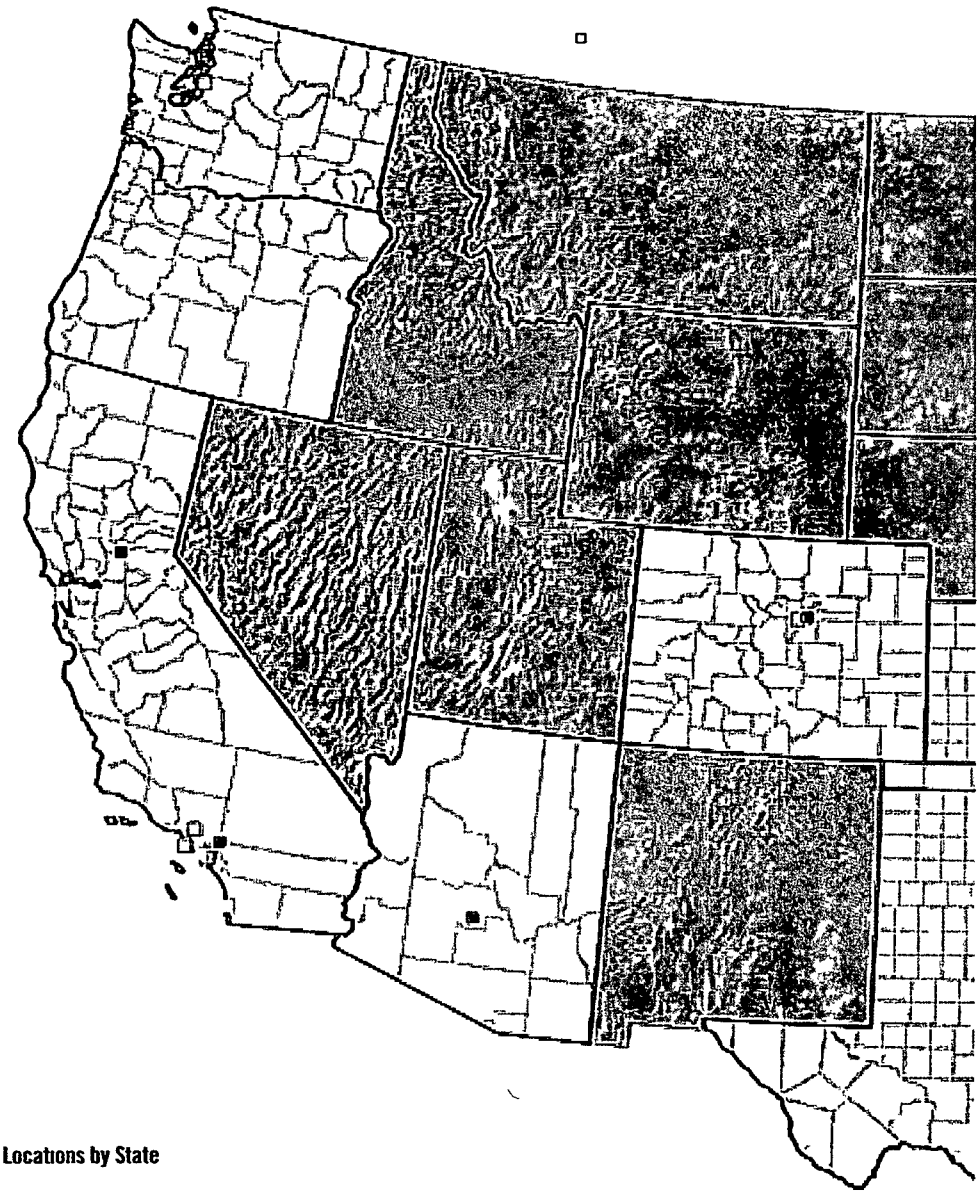
Corporate Board of Directors



Standing (left to right) Ronald E Deal, Anna R Cablik, Albert O McCauley, L Vincent Hackley Tom D Efird, John A Allison IV Nelle R Chilton, Thomas N Thompson, Stephen T Williams and Barry J Fitzpatrick

Seated (left to right) James H Maynard, Jennifer S Banner, Nido R Qubein, J Holmes Morrison Jane P Helm, and John P Howe III

Market Coverage



- BB&T Headquarters
- BB&T Community
- BB&T Capital Markets
- BB&T Insurance
- AFCO/CAFO/Prime Rate
- Commercial Finance
- Creative Payment Solutions
- Equipment Finance
- Governmental Finance
- Grandbridge Real Estate Capital
- Lendmark Financial Services
- Mid-America
- Payroll Services
- Regional Acceptance
- SBA Group
- Scott & Stringfellow
- Sheffield Financial
- Sterling Capital

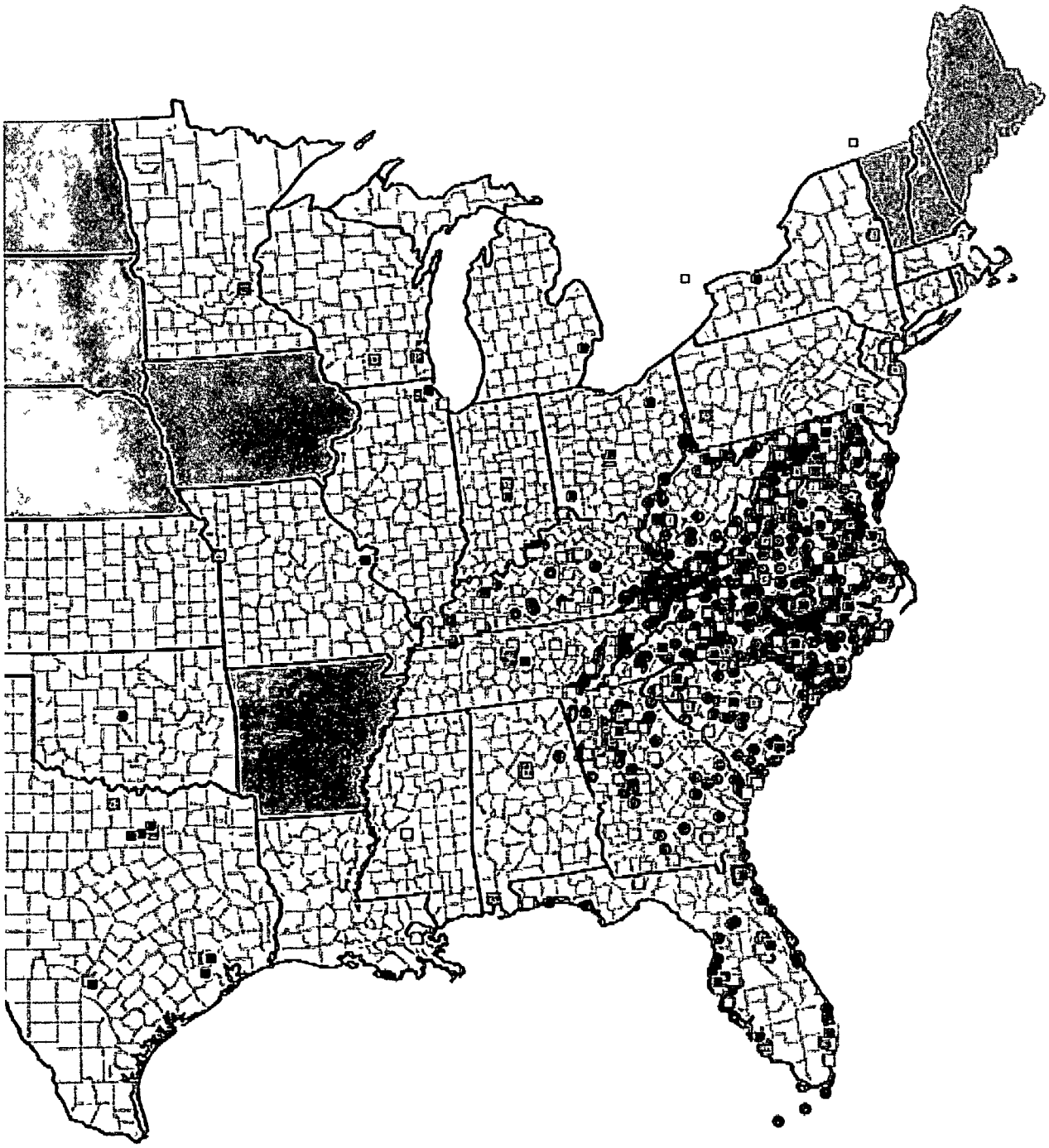
BB&T Deposit Market Share and Branch Locations by State
December 31 2007

	% of BB&T's Deposits[2]	Deposit Market Share Rank[2]	Number of Branches[3]
Virginia	26 %	2nd	393
North Carolina[1]	26	2nd	346
Georgia	11	5th	158
Maryland	8	6th	131
South Carolina	9	3rd	115
Florida	5	10th	109
Kentucky	5	4th	89
West Virginia	6	1st	78
Tennessee	3	5th	58
Washington, D C	1	7th	11

1 Excludes home office deposits.
2 Source: FDIC gov – data as of June 30 2007
3 BB&T also operates two branches in Alabama and two branches in Indiana

Maybank 011180

ROA 4141

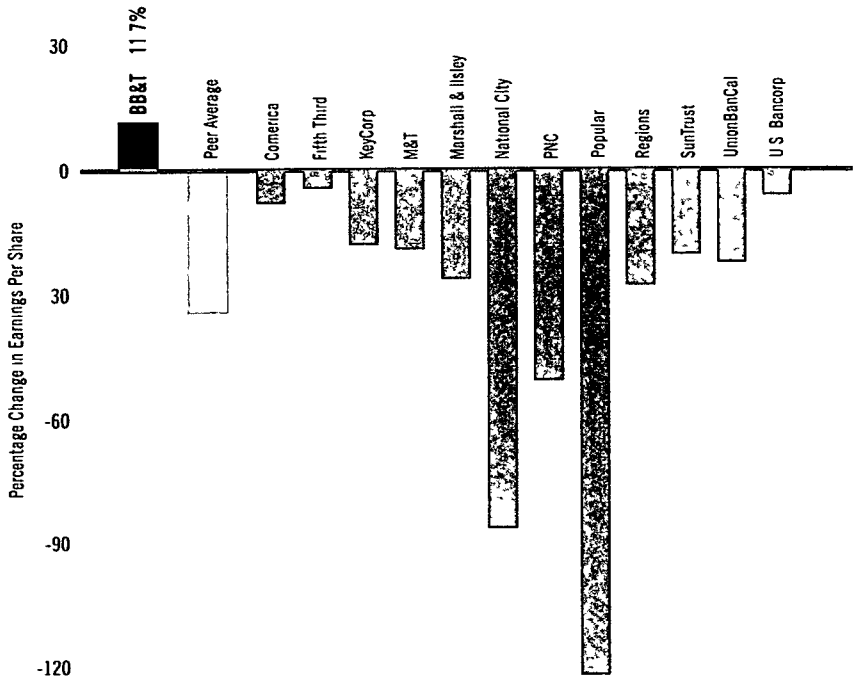


Map generated by SpatiaLogic

Relative Financial Performance

BB&T Versus Peers

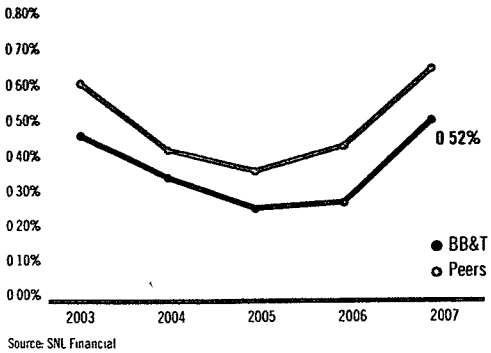
For 2007, BB&T was the only financial institution in its 13-member peer group of similarly-sized institutions to have positive earnings per share growth, as demonstrated in the accompanying chart



Risk Versus Returns

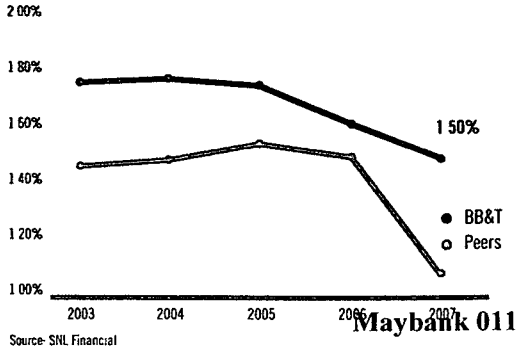
These charts illustrate BB&T's long-term success achieving a fundamental objective — producing greater returns than our peers while taking less risk

Nonperforming Assets as a percentage of Total Assets



Source: SNL Financial

Cash Basis Return on Assets



Source: SNL Financial

Maybank 011182

Shareholder Information

Purpose

BB&T's ultimate purpose is to create superior, long-term economic rewards for our shareholders

Stock Exchange and Trading Symbol

The common stock of BB&T Corporation is traded on the New York Stock Exchange under the symbol BBT

Dividend Performance

- Paid a Cash Dividend Every Year Since 1903
- 36 Consecutive Years of Dividend Increases
- Recognized as Mergent Dividend Achiever
- S&P High Yield Dividend Aristocrat

QUARTERLY COMMON STOCK PRICES AND DIVIDENDS PAID

	2007				2006			
Quarter	High	Low	Last	Dividend	High	Low	Last	Dividend
1st	$ 44 30	$ 39 54	$ 41 02	$ 42	$ 42 85	$ 38 24	$ 39 20	$ 38
2nd	43 02	39 13	40 68	42	43 46	39 09	41 59	38
3rd	43 00	36 95	40 39	46	44 54	39 87	43 78	42
4th	42 61	30 36	30 67	46	44 74	42 48	43 93	42

SELECTED MARKET INFORMATION

	2007	2006	2005	2004	2003
Market capitalization (in billions)	$ 16 74	$ 23 79	$ 22 76	$ 23 14	$ 20 94
Book value per share	23 14	21 69	20 49	19 76	18 33
Dividend yield at year end	6 00 %	3 82 %	3 63 %	3 33 %	3 31 %
Dividend payout ratio	55 5	56 3	48 3	47 5	58 4

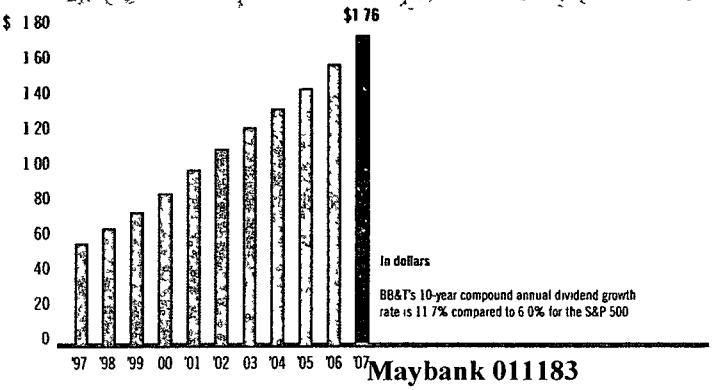
DIVIDEND HISTORY

	2007	2006	2005	2004	2003
Cash dividends paid per share	$ 1 76	$ 1 60	$ 1 46	$ 1 34	$ 1 22
Increase from prior year	16	14	12	12	12
Percentage increase from prior year	10 0 %	9 6 %	9 0 %	9 8 %	10 9 %
Five-year compound annual growth rate	9 9 %				
Ten-year compound annual growth rate	11 7 %				

Dividend Reinvestment Plan

The Dividend Reinvestment Plan enables shareholders to reinvest dividends and/or invest additional cash in full or fractional shares of BB&T Corporation on a regular basis For more information, contact Shareholder Services in Winston-Salem, North Carolina, at 336-733-3477 or 800-213-4314

Dividends Paid Per Share



Maybank 011183

ROA 4144

Consolidated Balance Sheets

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data shares in thousands)

	December 31, 2007	December 31, 2006
ASSETS		
Cash and due from banks	$ 2,050	$ 2,024
Interest-bearing deposits with banks	388	435
Federal funds sold and other earning assets	679	253
Segregated cash due from banks	208	153
Trading securities at fair value	1,009	2,147
Securities available for sale at fair value	22,419	20,721
Loans held for sale	779	680
Loans and leases, net of unearned income	90,907	82,911
Allowance for loan and lease losses	(1,004)	(888)
Loans and leases, net	89,903	82 023
Premises and equipment, net of accumulated depreciation	1,529	1,410
Goodwill	5,194	4,827
Core deposit and other intangible assets	489	454
Residential mortgage servicing rights at fair value	472	484
Other assets	7,499	5,740
Total assets	$ 132,618	$ 121,351
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits		
Noninterest-bearing deposits	$ 13,059	$ 13,393
Interest checking	1,201	1,333
Other client deposits	35,504	34,062
Client certificates of deposit	26,972	24,987
Other interest-bearing deposits	10,030	7,196
Total deposits	86,766	80,971
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	10,634	8,087
Long-term debt	18,693	15,904
Accounts payable and other liabilities	3 893	4,644
Total liabilities	119,986	109,606
Shareholders' equity		
Preferred stock, $5 par, 5,000 shares authorized, none issued or outstanding at December 31, 2007 or at December 31, 2006	—	—
Common stock, $5 par, 1,000,000 shares authorized, 545,955 issued and outstanding at December 31, 2007 and 541,475 issued and outstanding at December 31, 2006	2,730	2,707
Additional paid-in capital	3,087	2,801
Retained earnings	6,919	6,596
Accumulated other comprehensive loss, net of deferred income taxes of $(65) at December 31, 2007 and $(212) at December 31, 2006	(104)	(359)
Total shareholders' equity	12,632	11,745
Total liabilities and shareholders' equity	$ 132,618	$ 121,351

Maybank 011184

ROA 4145

Consolidated Statements of Income

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

For the Year Ended December 31,	2007	2006	2005
INTEREST INCOME			
Interest and fees on loans and leases	$ 6,713	$ 5,941	$ 4,684
Interest and dividends on securities			
Taxable interest income	1,018	821	739
Tax-exempt interest income	42	31	32
Dividends	70	48	29
Interest on short-term investments	51	52	22
Total interest income	7,894	6,893	5,506
INTEREST EXPENSE			
Interest on deposits	2,620	2 137	1,252
Interest on federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	409	301	224
Interest on long-term debt	985	747	505
Total interest expense	4,014	3,185	1,981
NET INTEREST INCOME	3 880	3,708	3,525
Provision for credit losses	448	240	217
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	3,432	3 468	3 308
NONINTEREST INCOME			
Insurance commissions	853	813	714
Service charges on deposits	611	548	543
Investment banking and brokerage fees and commissions	343	317	290
Other nondeposit fees and commissions	184	167	129
Checkcard fees	180	155	128
Trust income	162	154	141
Bankcard fees and merchant discounts	139	122	112
Mortgage banking income	115	108	104
Securities losses, net	(3)	(73)	—
Income from bank-owned life insurance	101	93	94
Other noninterest income	89	117	71
Total noninterest income	2,774	2,521	2,326
NONINTEREST EXPENSE			
Personnel expenses	2,094	2,077	1,785
Occupancy and equipment expenses	477	449	472
Amortization of intangibles	104	104	112
Professional services	139	120	93
Merger-related and restructuring charges (gains), net	21	18	(11)
Loan processing expenses	111	103	98
Other expenses	690	645	618
Total noninterest expense	3,636	3,516	3,167
INCOME BEFORE INCOME TAXES	2,570	2,473	2,467
Provision for income taxes	836	945	813
NET INCOME	$ 1,734	$ 1 528	$ 1 654
BASIC EARNINGS PER SHARE	$ 3 17	$ 2 84	$ 3 02
DILUTED EARNINGS PER SHARE	$ 3 14	$ 2 81	$ 3 00
CASH DIVIDENDS PAID PER COMMON SHARE	$ 1 76	$ 1 60	$ 1 46

Maybank 011185

ROA 4146

Selected Financial Data

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

As of / Year Ended December 31,	2007	2006	2005	2004	2003	2002	Five-Year Compound Growth Rate
SUMMARY OF OPERATING EARNINGS							
Interest income	$ 7,894	$ 6,893	$ 5,506	$ 4,547	$ 4,287	$ 4,434	12.2 %
Interest expense	4,014	3,185	1,981	1,199	1,273	1,687	18.9
Net interest income	3,880	3,708	3,525	3,348	3,014	2,747	7.2
Provision for credit losses	448	240	217	249	248	263	11.2
Net interest income after provision for credit losses	3,432	3,468	3,308	3,099	2,766	2,484	6.7
Noninterest income	2,774	2,596	2,324	2,119	1,827	1,541	12.5
Noninterest expense	3,601	3,526	3,133	2,890	2,548	2,195	10.4
Operating earnings before income taxes	2,605	2,538	2,499	2,328	2,045	1,830	7.3
Provision for income taxes	856	831	825	766	621	512	10.8
Operating earnings	1,749	1,707	1,674	1,562	1,424	1,318	5.8
Merger-related and restructuring charges, net of tax	(13)	(11)	7	(4)	(55)	(25)	NM
Other net of tax[1]	(2)	(168)	(27)	—	(304)	10	NM
Net income	$ 1,734	$ 1,528	$ 1,654	$ 1,558	$ 1,065	$ 1,303	5.9 %
PER SHARE BASED ON OPERATING EARNINGS							
Basic	$ 3.20	$ 3.17	$ 3.06	$ 2.83	$ 2.79	$ 2.78	2.9 %
Diluted	3.17	3.14	3.04	2.81	2.77	2.75	2.9
PER SHARE BASED ON NET INCOME							
Basic	$ 3.17	$ 2.84	$ 3.02	$ 2.82	$ 2.09	$ 2.75	2.9 %
Diluted	3.14	2.81	3.00	2.80	2.07	2.72	2.9
Cash dividends paid	1.76	1.60	1.46	1.34	1.22	1.10	9.9
Book value	23.14	21.69	20.49	19.76	18.33	15.70	8.1
SELECTED AVERAGE BALANCES							
Assets	$ 126,420	$ 114,328	$ 104,612	$ 96,276	$ 85,328	$ 75,779	10.8 %
Earning assets	112,305	101,572	92,703	84,946	75,463	68,230	10.5
Securities, at amortized cost	23,311	21,348	20,467	18,218	17,058	16,939	6.6
Loans and leases	87,952	79,313	71,517	66,107	57,857	50,851	11.6
Deposits	83,501	77,230	70,346	64,816	56,948	49,118	11.2
Interest-bearing liabilities	97,720	85,646	76,813	70,610	64,285	59,444	10.5
Shareholders' equity	12,166	11,452	11,065	10,597	8,895	7,113	11.3
SELECTED YEAR-END BALANCES							
Assets	$ 132,618	$ 121,351	$ 109,170	$ 100,509	$ 90,467	$ 80,217	10.6 %
Earning assets	116,466	107,676	96,777	88,718	79,209	71,228	10.3
Securities, at carrying value	23,428	22,868	20,489	19,173	16,317	17,803	5.6
Loans and leases	91,686	83,591	75,023	68,163	62,305	53,518	11.4
Deposits	86,766	80,971	74,282	67,699	59,350	51,280	11.1
Interest-bearing liabilities	103,034	91,569	80,485	73,561	66,394	62,400	10.6
Shareholders' equity	12,632	11,745	11,129	10,875	9,935	7,388	11.3

1 In addition to merger related and restructuring charges operating earnings also exclude a reserve related to the Visa USA, Inc settlement totaling $9 million net of tax and a credit of $7 million to the provision for income taxes related to leveraged leases in 2007 a nonrecurring increase in tax reserves totaling $139 million net of tax related to leveraged leases securities losses totaling $47 million net of tax resulting from a portfolio restructuring and a gain on the sale of duplicate facilities totaling $18 million net of tax in 2006 a one time charge related to the accounting for leases totaling $27 million net of tax in 2005 nonrecurring contributions made by an affiliated trust losses on early extinguishment of debt and a one time charge related to deferred taxes associated with BB&T s leasing operations which collectively totaled $304 million net of tax in 2003 and a nonrecurring gain resulting from the implementation of a new accounting principle totaling $10 million in 2002

Maybank 011186

ROA 4147

Selected Ratios

BB&T Corporation and Subsidiaries

As of / Year Ended December 31,	2007	2006	2005	2004	2003
PERFORMANCE RATIOS BASED ON NET INCOME					
Return on average assets	1 37 %	1 34 %	1 58 %	1 62 %	1 25 %
Return on average equity	14 25	13 35	14 95	14 71	11 97
Fee income ratio (fully taxable equivalent)	41 3	40 6	39 1	37 8	36 5
Efficiency ratio (fully taxable equivalent)	53 7	54 8	53 1	52 0	62 8
Net interest margin (fully taxable equivalent)	3 52	3 74	3 89	4 04	4 06
PERFORMANCE RATIOS BASED ON OPERATING EARNINGS[1]					
Return on average assets	1 38 %	1 49 %	1 60 %	1 62 %	1 67 %
Return on average equity	14 37	14 91	15 12	14 74	16 01
Fee income ratio (fully taxable equivalent)	41 3	40 6	39 1	37 8	36 0
Efficiency ratio (fully taxable equivalent)	53 1	54 9	52 5	51 9	51 8
Net interest margin (fully taxable equivalent)	3 52	3 74	3 89	4 04	4 15
PERFORMANCE RATIOS BASED ON CASH BASIS OPERATING EARNINGS[1,2]					
Return on average tangible assets	1 50 %	1 63 %	1 77 %	1 79 %	1 78 %
Return on average tangible equity	26 82	27 23	27 12	26 36	24 45
Efficiency ratio (fully taxable equivalent)	51 6	53 2	50 4	49 7	50 5
CAPITAL RATIOS					
Average equity to average assets	9 6 %	10 0 %	10 6 %	11 0 %	10 4 %
Equity to assets at year-end	9 5	9 7	10 2	10 8	11 0
Risk-based capital ratios					
Tier 1 capital	9 1	9 0	9 3	9 2	9 4
Total capital	14 2	14 3	14 4	14 5	12 5
Tier 1 leverage ratio	7 2	7 2	7 2	7 1	7 2
Tangible equity as a percentage of tangible assets	5 6	5 7	6 3	6 7	7 0
CREDIT QUALITY RATIOS[3]					
Nonaccrual loans and leases as a percentage of total loans and leases	55 %	31 %	31 %	39 %	56 %
Nonperforming assets as a percentage of					
Total assets	52	29	27	36	49
Loans and leases plus foreclosed property	76	42	40	52	72
Net charge-offs as a percentage of average loans and leases	38	27	30	36	43
Net charge-offs as a percentage of average loans and leases excluding specialized lending operations[4]	21	14	19	24	32
Allowance for loan and lease losses as a percentage of loans and leases	1 10	1 06	1 10	1 18	1 26
Ratio of allowance for loan and lease losses to net charge-offs	2 97 x	4 12 x	3 84 x	3 42 x	3 17 x

1 Operating earnings exclude the effects of merger related and restructuring charges which totaled $13 million $11 million $(7 million) $4 million and $55 million net of tax for the years ended December 31 2007 2006 2005 2004 and 2003 respectively

In addition to merger related and restructuring charges operating earnings also exclude a reserve relating to the Visa USA Inc settlement totaling $9 million net of tax and a credit of $7 million to the provision for income taxes related to leveraged leases in 2007 a nonrecurring increase in tax reserves totaling $139 million net of tax related to leveraged leases securities losses totaling $47 million net of tax resulting from a portfolio restructuring and a gain on the sale of duplicate facilities totaling $18 million net of tax in 2006 a one time charge related to the accounting for leases totaling $27 million net of tax in 2005 and nonrecurring contributions made by an affiliated trust losses on early extinguishment of debt and a one time charge related to deferred taxes associated with BB&T s leasing operations which collectively totaled $304 million net of tax in 2003

2 Information presented on a cash basis excludes the effects of intangible assets purchase accounting adjustments and the related amortization expenses which totaled $67 million $73 million $89 million $84 million and $42 million net of tax for the years ended December 31 2007 2006 2005 2004 and 2003 respectively In addition cash basis results exclude merger related and restructuring charges and nonrecurring items as discussed in Note 1

3 Loans and leases are net of unearned income and include loans held for sale

4 Excludes net charge offs and average loans from BB&T s specialized lending operations

Maybank 011187

ROA 4148

Corporate Headquarters
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250
336-733-2000

General Information

Form 10-K
BB&T Corporation files an Annual Report on Form 10-K with the Securities and Exchange Commission each year A copy of this report may be obtained upon written request to

Christopher L Henson
Senior Executive Vice President and
Chief Financial Officer
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250

Equal Opportunity Employer
BB&T Corporation is an equal opportunity employer All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and all other personnel policies will continue to be free from illegal discrimination

Transfer Agent
BB&T Corporate Trust Services
Attn Stock Transfer
223 West Nash Street
Wilson, NC 27893

Analyst Information
Analysts, investors and others seeking additional financial information should contact

Tamera L Gjesdal
Senior Vice President
Investor Relations
336-733-3058

News Media
News media representatives seeking information should contact

Robert A Denham
Senior Vice President
Corporate Communications
336-733-1475

Shareholder Services
Shareholders seeking information regarding dividends, lost certificates or other general information should contact

Shareholder Services
336-733-3477 or toll-free 800-213-4314

Please submit address changes in writing to

BB&T Shareholder Services
150 South Stratford Road
Suite 300
Winston-Salem, NC 27104

Clients
Clients seeking assistance with BB&T products and services should call 1-800-BANK BBT (1-800-226-5228)

Web Site
Please visit www BBT com for information concerning BB&T's products and services, news releases, financial information, corporate governance practices and other material relating to BB&T

Maybank 011188

ROA 4149

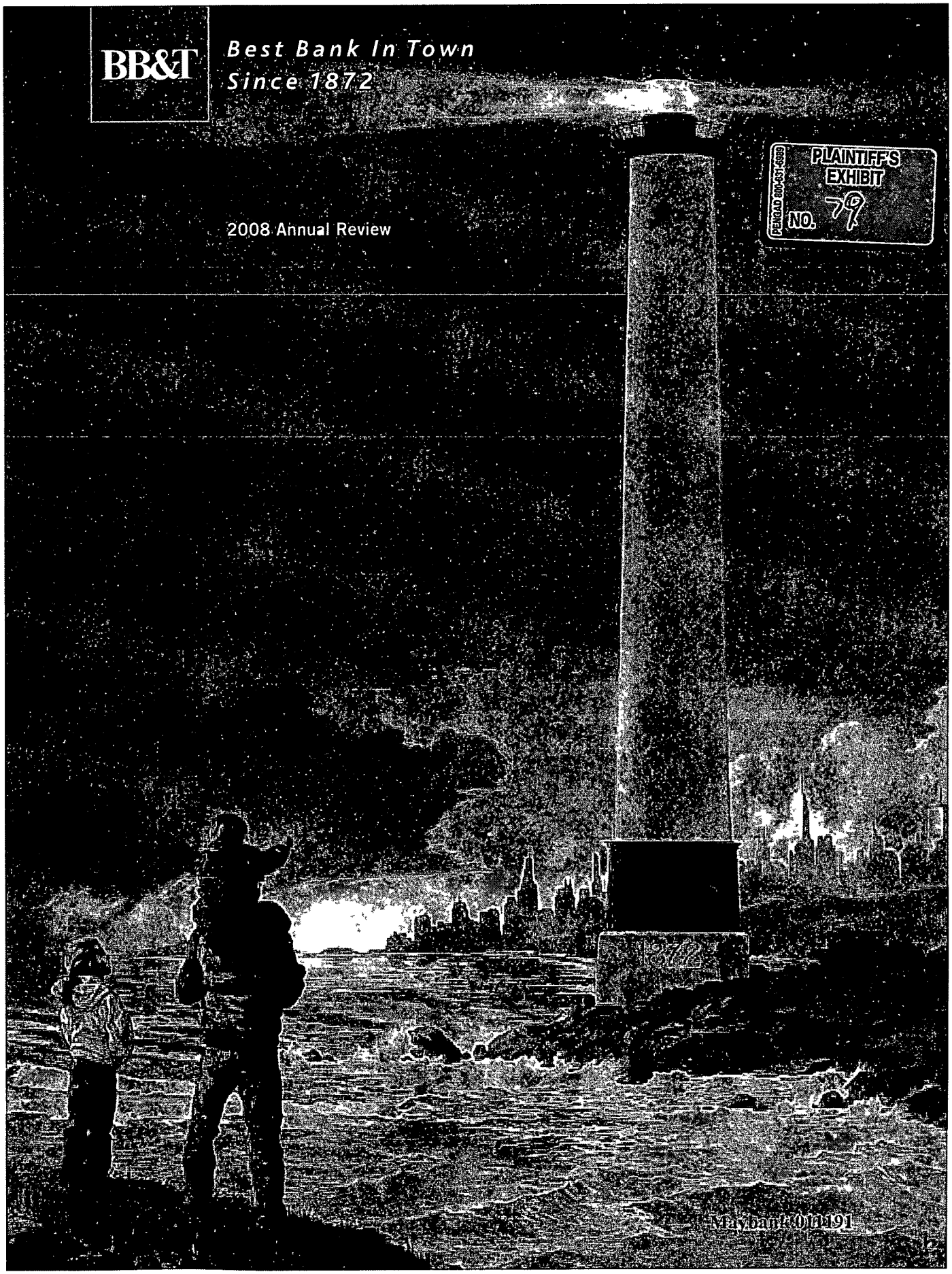




BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250

C0001125024

Maybank 011190


BB&T
Best Bank In Town
Since 1872
2008 Annual Review
PLAINTIFF'S EXHIBIT
NO. 79
1872
Maybank 011191

BRANCH BANKING COMPANY

CORPORATE PROFILE

Founded in the late 19th century, BB&T Corporation ("BB&T" or "the Corporation") continues to build on a strong foundation of excellence

Headquartered in Winston-Salem, North Carolina, BB&T has consolidated assets at December 31, 2008, totaling $152 billion and ranks as the 11th largest banking organization in the United States As of December 31, 2008, BB&T's banking subsidiaries operated 1,511 branch offices in 11 states and Washington, D C

BB&T is a values-driven, profitable growth organization During the 1990s and the first part of this decade, BB&T's growth came largely from mergers because the economics of combinations were compelling More recently, the corporation's focus has been on organic growth

While growth is important, BB&T's most important objective is to create a Perfect Client Experience for each of its clients so that BB&T offers the best value proposition in the market The corporation's over-arching purpose is to achieve its vision and mission, consistent with BB&T's values, with the ultimate goal of maximizing shareholder returns

Today, BB&T's largest subsidiary, Branch Banking and Trust Company, and the corporation's other subsidiaries offer a wide range of lending and deposit services to businesses and individuals BB&T's subsidiaries also provide trust services, wealth management, retail and wholesale insurance services, investment services and capital markets services, equipment finance, factoring, treasury services, asset management, international services, payroll processing and bankcard services

BB&T's current organization was formed by a merger-of-equals in 1995 between the former BB&T Financial Corporation and Southern National Corporation In the past 15 years, BB&T has consummated the acquisitions of 40 banks and thrifts, 85 insurance agencies, and 33 nonbank financial services companies

BB&T operates through a community banking structure that is the foundation for local decision-making and provides the basis for responsive, reliable and empathetic client service Even after 136 years, BB&T is still the "Best Bank in Town "

ABOUT THE COVER

"Our Best Days are Ahead" by Bryan Larsen
© 2009 Bryan Larsen
Quent Cordair Fine Art
www cordair com
1-866 267-3247

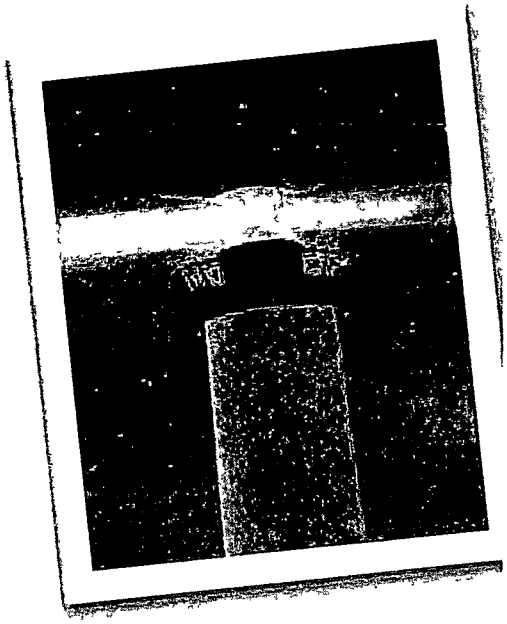
Maybank 011192

TABLE OF CONTENTS

Consolidated Financial Highlights	2
Tribute to John Allison	4
To Our Shareholders	6
Market Coverage	17
Corporate Board of Directors	24
Executive Management	24
Superior Relative Performance	26
Shareholder Information	27
Consolidated Balance Sheets	28
Consolidated Statements of Income	29
Selected Financial Data	30
Selected Ratios	31
General Information	32

ANNUAL MEETING

The 2009 Annual Meeting of Shareholders will be held on Tuesday, April 28, at 11 00 a m Eastern Daylight Time, at Embassy Suites, 460 North Cherry Street, Winston-Salem, North Carolina



ABOUT THE REVIEW

The BB&T Corporation 2008 Annual Review is presented in a summary format to provide information regarding the performance of BB&T in a manner that is meaningful and useful to the widest range of readers The audited consolidated financial statements of BB&T Corporation and Subsidiaries and other more detailed analytical information regarding the Corporation are contained in the BB&T Corporation 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission

This 2008 Annual Review contains financial information determined by methods other than in accordance with Generally Accepted Accounting Principles ("GAAP") BB&T's management uses these "non GAAP" measures in their analysis of the Company's performance Non-GAAP measures typically adjust GAAP performance measures to exclude the effects of charges expenses or gains related to the consummation of mergers and acquisitions as well as the amortization of intangibles and purchase accounting related adjustments in the case of "cash basis" performance measures. These non-GAAP measures may also exclude other significant gains losses or expenses that are unusual in nature and not expected to recur Since these items and their impact on BB&T's performance are difficult to predict management believes presentations of financial measures excluding the impact of these items provide useful supplemental information that is important to a proper understanding of BB&T's core operating results These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP nor are they necessarily comparable to non GAAP performance measures that may be presented by other companies

FORWARD LOOKING STATEMENTS

This BB&T Corporation 2008 Annual Review contains certain forward looking statements as defined in the Private Securities Litigation Reform Act of 1995 These statements may address issues that involve significant risks and uncertainties. Although we believe that the expectations reflected in this discussion are reasonable actual results may be materially different Please refer to BB&T's Annual Report on Form 10 K for the year ended December 31 2008 for a more thorough description of the types of risks and uncertainties that may affect management s forward looking statements

Maybank 011193

ROA 4154

Consolidated Financial Highlights

BB&T Corporation and Subsidiaries
(Dollars in millions, except per share data)

	2008	2007	% Change
ANNUAL RESULTS			
Net income [1]	$ 1,498	$ 1,734	(13 6)%
Net income per common share			
Basic	2 73	3 17	(13 9)
Diluted	2 71	3 14	(13 7)
Cash dividends per common share	1 86	1 76	5 7
ANNUAL OPERATING RESULTS [2]			
Operating earnings [1]	$ 1,376	$ 1,749	(21 3)%
Operating earnings per common share			
Basic	2 51	3 20	(21 6)
Diluted	2 49	3 17	(21 5)
ANNUAL CASH BASIS OPERATING RESULTS [2 3]			
Cash basis operating earnings [1]	$ 1,438	$ 1 816	(20 8)%
Cash basis operating earnings per common share			
Basic	2 62	3 32	(21 1)
Diluted	2 60	3 29	(21 0)
YEAR-END BALANCES			
Assets	$ 152,015	$ 132 618	14 6 %
Securities, at carrying value	33,219	23,428	41 8
Loans and leases	98,669	91 686	7 6
Deposits	98,613	86,766	13 7
Shareholders' equity	16,037	12,632	27 0
Book value per common share	23 16	23 14	1
AVERAGE BALANCES			
Assets	$ 136,881	$ 126,420	8 3 %
Securities, at amortized cost	24,497	23,311	5 1
Loans and leases	95,195	87 952	8 2
Deposits	88,831	83,501	6 4
Shareholders' equity	13,495	12,166	10 9

(1) Available to common shareholders

(2) Information presented on an operating basis excludes the effects of $10 million and $13 million of net after tax costs associated with the completion of mergers and acquisitions in 2008 and 2007 respectively In addition 2008 reflects net securities gains other than temporary impairments gains from the initial IPO and sale of Visa Inc shares a reversal of a reserve charge relating to the Visa Inc settlement gains from the early extinguishment of certain FHLB advances an adjustment related to leveraged leases and nonrecurring professional expenses collectively totaling $132 million net of tax 2007 reflects a reserve charge relating to the Visa Inc settlement totaling $9 million net of tax and a credit of $7 million to the provision for income taxes related to leveraged leases

(3) Information presented on a cash basis excludes the effects of intangible assets purchase accounting adjustments and the related amortization expenses which totaled $62 million and $67 million net of tax, for the years ended December 31 2008 and 2007 respectively In addition cash basis results exclude merger related and restructuring charges and nonrecurring items as discussed in Note 1

(4) Excludes the carrying value of goodwill and other intangible assets from shareholders equity and total assets net of deferred taxes where applicable

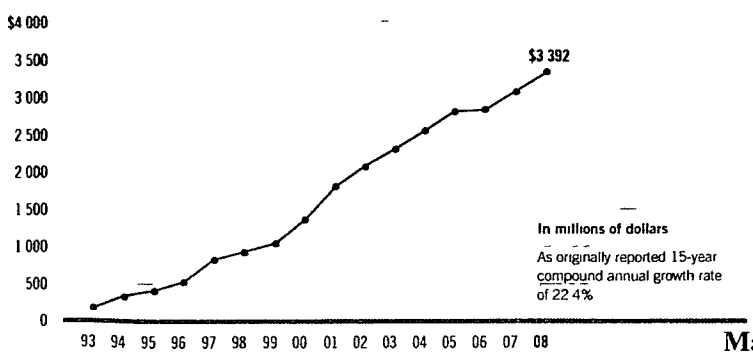
Maybank 011194

ROA 4155

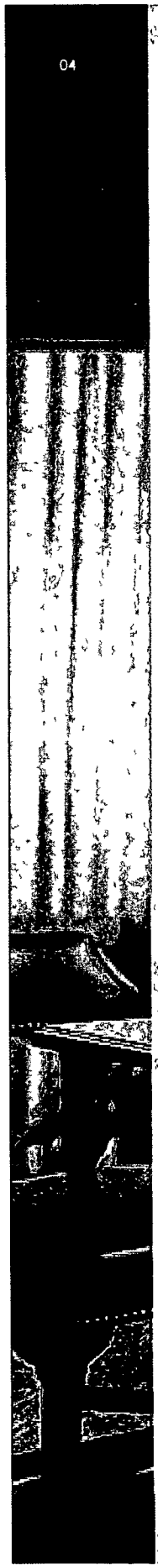
	2008		2007	
PERFORMANCE RATIOS BASED ON NET INCOME				
Return on average assets	**1 11**	%	1 37	%
Return on average common equity	**11 44**		14 25	
PERFORMANCE RATIOS BASED ON OPERATING EARNINGS [2]				
Return on average assets	**1 02**	%	1 38	%
Return on average common equity	**10 51**		14 37	
Fee income ratio	**40 3**		41 3	
Efficiency ratio	**52 6**		53 1	
PERFORMANCE RATIOS BASED ON CASH BASIS OPERATING EARNINGS [2 3]				
Return on average tangible assets	**1 11**	%	1 50	%
Return on average common tangible equity	**19 30**		26 82	
Efficiency ratio	**51 3**		51 6	
CAPITAL RATIOS				
Tier 1 risk-based capital ratio	**12 3**	%	9 1	%
Total risk-based capital ratio	**17 4**		14 2	
Tier 1 leverage capital ratio	**9 9**		7 2	
Tangible equity as a percentage of tangible assets [4]	**7 4**		5 7	
Tangible common equity as a percentage of tangible assets [4]	**5 3**		5 7	
Equity as a percentage of total assets	**10 5**		9 5	
MISCELLANEOUS INFORMATION				
Common shares outstanding (in thousands)	**559,248**		545,955	
Basic weighted average shares outstanding (in thousands)	**548,847**		547,184	
Diluted weighted average shares outstanding (in thousands)	**552,498**		551,755	
Full-time equivalent employees	**29,633**		29,394	
Banking offices	**1,511**		1 492	
ATMs	**2,195**		2 158	

EARNINGS POWER

PRE TAX PRE PROVISION OPERATING EARNINGS



Maybank 011195



TRIBUTE TO JOHN ALLISON

For nearly two decades, John Allison has inspired all of us at BB&T to focus on a singular vision creating the best financial institution possible It is hard to overstate his influence on BB&T's success

The numbers achieved during John's tenure as Chief Executive Officer are extraordinary

- Growth from an eastern North Carolina bank with $4 7 billion in assets into the nation's 11th largest banking organization spread over 11 states, with $152 billion in assets,
- An 8 1% compound annual growth rate in earnings per share over 20 years,
- A 20-year compound annual total return to shareholders that exceeds the performance of the S&P 500 Index and our peers, and
- An unbroken record of dividend increases

During a tenure that made him the longest-serving chief executive officer among the nation's 25 largest financial holding companies, BB&T steadily grew to be among the leaders in virtually every measure of performance, including client service, credit quality, capital strength and operating efficiency John orchestrated our remarkably successful merger of equals with the former Southern National Corporation in 1995, the centerpiece of an unprecedented growth surge including acquisitions of 60 community banks, more than 85 insurance agencies and 35 nonbank financial services companies

But much more important than the numbers are John's character and his values — practical habits to live by that guide everything we do at BB&T First and foremost, his unflinching view of reality has steered us as we seized opportunities and avoided minefields BB&T's strength today amid the most challenging banking environment of our careers is a testament to John's rational decision making, which helped BB&T largely avoid subprime mortgages and other risky investments that have crippled so many institutions

John stood firm in his beliefs throughout his career His fervent belief in individual rights and free markets has long been the compass for our values-driven bank When a 2005 Supreme Court decision allowed government condemnation of property for private development, BB&T declined to finance projects for private purposes on land taken from private citizens by government entities using eminent domain This was a decision driven not by profit, but principle And, more recently, John has won plaudits from many constituencies for his criticism of the federal government's recent actions which so far have not addressed the real problem of falling housing values

I have known John as a close friend and colleague for 36 years, reporting to him directly for 27 years However, this tribute to John is not based only on my abiding respect, or the sincere appreciation of his many other long-time admirers at BB&T Independent observers have affirmed him as a rare leader who made an indelible mark on your company, the banking industry and the broader business world

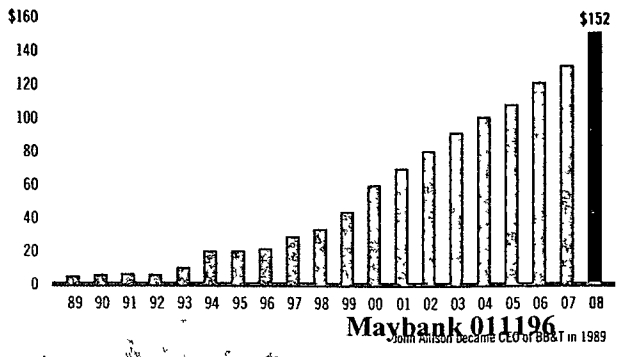
John was one of four finalists for Morningstar's 2008 CEO of the Year He was in good company, Warren Buffett was selected as the winner Morningstar praised John for "creating a Southeast banking giant" that now is a "safe haven" attracting clients from troubled peers Morningstar added "Allison's focus on the company's culture and his close relationship with fellow managers have assured us that BB&T's conservatism will remain its backbone and, we believe, will help reward shareholders for years to come "

John retired as CEO at the end of 2008, part of his careful five-year transition plan that assures consistency of leadership The good news is, John's counsel and leadership will still be available to us while he serves as chairman of the board of directors until the end of 2009 and serves as a member of the board thereafter He has devoted 38 years to BB&T All of our constituencies — our clients, employees, communities and shareholders — have benefited from John's inspiration, intellect and commitment to make BB&T "the best of the best "

Kelly S King
President and
Chief Executive Officer

ASSET GROWTH DURING THE ALLISON YEARS

In billions of dollars



Maybank 011196


05
John A. Allison
Chairman

"Our strong capital levels and balance sheet allow us to continue making loans sorely needed by our good clients and communities."

TO OUR SHAREHOLDERS

As I become CEO of BB&T, I pledge to stay true to the values of your company and my predecessors by communicating honestly and facing up to reality The banking industry is experiencing very difficult times The challenges are unprecedented and daunting BB&T faces some of the same pressures that have caused this crisis of confidence in our industry and country

However, because we have stuck to our values and stayed focused on our long-term objectives, I am pleased to report that BB&T remains strong and profitable Your company ranks among the top performers in the financial services industry, and as a result is attracting new depositors and borrowers Unlike many of our competitors, BB&T largely avoided subprime mortgages and other exotic loans and investments because of our disciplined lending and risk management standards Our strong capital levels and balance sheet allow us to continue making loans sorely needed by our good clients and communities In this report, we have highlighted several examples where BB&T's greater financial strength helped our bankers reach out to meet the needs of new and existing clients

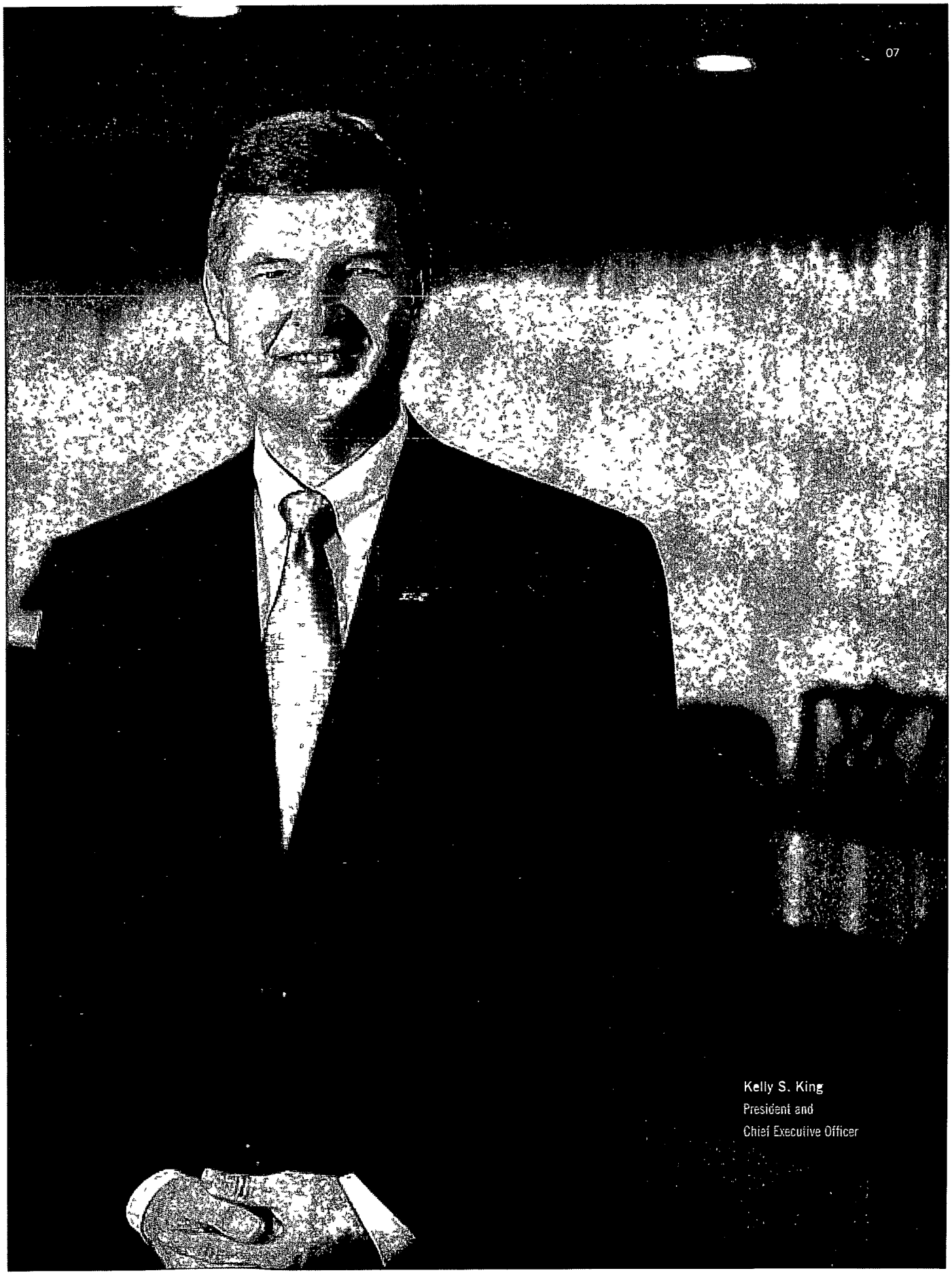
Our fundamental banking strengths, underlying revenue engine and consistent earnings power are reflected by a number of positive indicators growth in loans and deposits as well as the fee income that diversifies our income stream, and improvement in net interest income and operating efficiency

That said, we must be resolute to meet the challenges that will continue to test us in 2009 Residential real estate lending remains a core business for BB&T, and we expect continued weakening in that sector at least in the first half of 2009 We have allocated more resources to resolve problem loans while also working with our real estate clients to help them get through these difficult times

Let me emphasize, however, that I have never been more optimistic about the long-term outlook for your company As the financial markets stabilize, BB&T's position and performance relative to our peers will stand out like the beacon on the lighthouse that you see on the cover of this report Our stature and strength will enable us to seize exciting new opportunities Guided by the same values we've practiced since our founding in 1872, I firmly believe our best days are ahead

Maybank 011198

ROA 4159



Kelly S. King
President and
Chief Executive Officer

2008 RESULTS

BB&T's results reflect the difficult and unprecedented operating environment in 2008, but we substantially outperformed our peers and demonstrated consistent underlying earnings power

Net income for the year totaled $1 5 billion, or $2 71 per diluted share, reflecting decreases of 13 6% and 13 7%, respectively, compared to 2007 This reflects the best performance in our peer group of 13 similarly sized commercial banks By contrast, our peer group's earnings per share decreased an average of 203% in 2008 Excluding net after-tax merger-related and restructuring charges or credits from nonrecurring items from 2008 and 2007, BB&T's operating earnings for 2008 totaled $1 4 billion, a decrease of 21 3% compared to the prior year On a diluted per share basis, operating earnings per share were $2 49, a 21 5% decrease compared to 2007 While we are certainly disappointed with these results after 26 consecutive years of record operating earnings, our overall results reflect a number of positive developments that position us to again achieve superior results as markets stabilize

Our core banking operations showed solid growth, reflecting a "flight to quality" as we have captured very good lending and deposit relationships from competitors with weakened balance sheets In the fourth quarter of 2008, BB&T saw 20% growth in commercial and industrial loans, including a significant increase in the healthcare sector For the year, average total loans and leases increased by 8 2% compared to 2007 Average deposits were up 6 4% The pace of deposit growth accelerated throughout the fourth quarter, and we added 94,000 net new accounts during the year

Revenue from BB&T's fee income-producing businesses increased during 2008 by 15 2% to $3 2 billion, which represents 41 4% of total revenues That included an 8 8% gain for BB&T's insurance operations and record revenues from investment banking and brokerage operations

We experienced further increases in our levels of nonperforming assets and credit losses as a result of the distressed residential real estate markets and economic recession The increases in credit problems and the provision for credit losses were the biggest cause of our lower earnings, as we have worked to stay ahead of growing credit issues as the economy deteriorated Nonperforming loans, as a percentage of total assets, were 1 34% at December 31, 2008, compared to 52% a year earlier Net charge-offs increased to 89% of average loans and leases for the year, up from 38% a year earlier Excluding specialized lending, the loss ratio for the year was 69%, compared to 21% in 2007

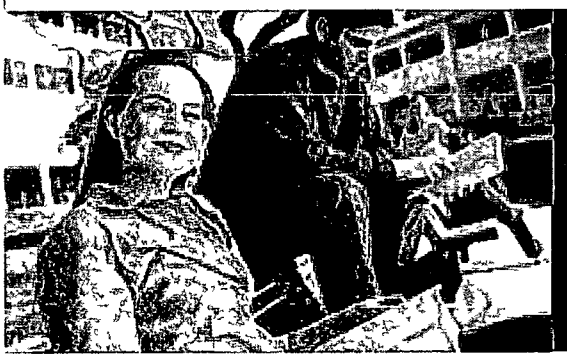
Our problem loans are primarily focused in Florida, Atlanta and metropolitan Washington, D C , where home prices fell sharply from highly inflated levels We have experienced fewer problems in our core markets, where price volatility has been more moderate

Maybank 011200

ROA 4161

"It's nice to know banking can still be about relationships
BB&T really cares about us and our mission of helping kids go to college"

CHUCK SANDERS PRESIDENT & CEO
SOUTH CAROLINA STUDENT LOAN CORPORATION



This nonprofit company that administers the Federal Family Education Loan Program was in a bind last year that threatened its ability to provide funds to students attending some 55 colleges in South Carolina. Last year Congress increased the maximum annual loan limit for students, suddenly and dramatically increasing the demand for funding – and exceeding the money raised in the bond market to fund the loans. The company needed a line of credit, quickly, to meet its commitment of providing more than $600 million for student loans. Despite a severe credit crunch that prompted many banks to sharply curtail lending, BB&T regional leaders – including state president Mike Brenan and corporate banker Bo Armstrong – responded with a $175 million line of credit. Included was an immediate $25 million infusion so funding was not cut off to about 115,000 students depending on the money. The effectiveness of BB&T's response was due to a strong relationship built by bankers such as institutional services officer Donna Price.



LEFT TO RIGHT
Tyler M. Spain, Charleston Southern University, 2006; Bo Armstrong, BB&T Senior Vice President/Regional Corporate Banker; Donna Price, BB&T Vice President, Institutional Services; C.C. "Chuck" Sanders, Jr., South Carolina Student Loan Corporation, President & CEO; Stephanie C. Couch, North Greenville University, 2006

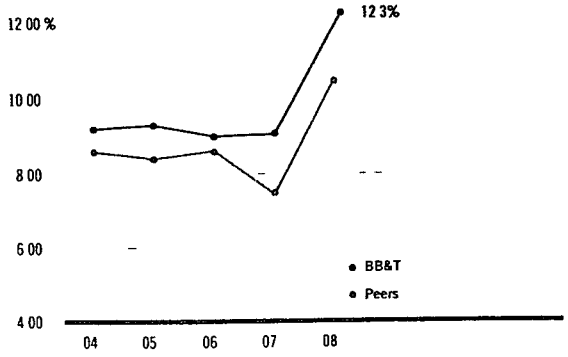
While we anticipate further increases in nonperforming assets and charge-offs into 2009, it is worth noting that our level of problem credits is substantially better than our peers At December 31, 2008, our national peers' nonperforming loans, as a percentage of total assets, were 1 88%, while their net charge-offs were 1 57% of average loans and leases

BB&T s capital position remains strong at a time when erosion of financial institutions' capital strength has been a growing concern At December 31, 2008, our Tier 1 risk-based capital ratio and total risk-based capital ratio were 12 3% and 17 4%, respectively, up from 9 1% and 14 2% a year earlier BB&T's risk-based capital ratios rank first among our peer group and are well above regulatory standards for well-capitalized banks The increases in regulatory capital reflect in part a $3 1 billion capital investment by the U S Treasury as part of its Capital Purchase Program in the fourth quarter of 2008, in exchange for preferred stock in BB&T We accepted the investment only because financial institutions were strongly encouraged to participate, and BB&T would have been put at a competitive disadvantage if we had declined Consistent with the spirit of the federal government's efforts to thaw frozen credit markets, BB&T has developed new initiatives to aggressively lend to a wide variety of clients In the fourth quarter of 2008, we tracked an initial estimate of $1 6 billion in lending and commitments to lend that would not have occurred without funds from the Capital Purchase Program Having said that, we intend to repay the government investment as soon as possible and free BB&T from the accompanying excessive government regulation, which is inconsistent with our free-market principles and harmful to shareholders

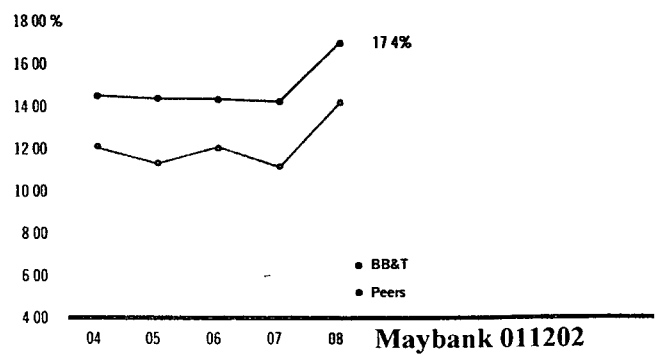
In summary, despite a very challenging banking environment, BB&T's results demonstrated a strong underlying economic engine For 2008, our cash basis return on average assets was 1 11%, our cash basis return on average common equity was 19 30% and our pre-tax, pre-provision earnings increased 11 1% from a year earlier In addition, our results produced positive operating leverage in every quarter of 2008 and for the full year While those results are certainly lower than BB&T's historical numbers, they are among the strongest results in the financial services industry

INDUSTRY LEADING CAPITAL LEVELS

TIER 1 CAPITAL



TOTAL CAPITAL



Maybank 011202

ROA 4163

OUR STOCK PERFORMANCE

Our ultimate purpose is to create superior, long-term economic rewards for our shareholders

Shares of financial services' companies have been among the hardest hit by the sharp decline in the stock markets BB&T has been no exception, but our share price has held up substantially better than our peers For the periods ended December 31, 2008, we outperformed our peer group over the last 1 3, 5, 10, 15 and 20 years Even considering the erosion of bank share prices that started in 2007, a $100 investment in BB&T shares in 1995 was worth nearly $324 on December 31, 2008 — significantly better than our peers and the S&P 500

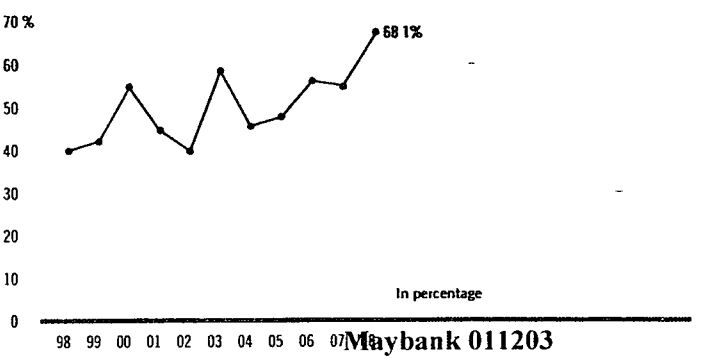
We also view our dividends as a very important responsibility at BB&T, which is largely owned by retail rather than institutional shareholders In 2008, when many of our peers were forced to slash or even eliminate their dividends, we increased BB&T's cash dividend by 2 2% compared to the prior year That marks the 37th consecutive year that we have increased our dividend and the company has paid a dividend every year since 1903 For the 10 years ended December 31, 2008, our dividends have increased at a compound annual growth rate of 10 9%, compared to 5 8% for the S&P 500, a record that makes us very proud In today's volatile economic environment, we cannot make long-term or even intermediate-term predictions about our future dividends In addition, recent government actions raise even greater uncertainty about future capital needs BB&T's board of directors will continue to assess the situation every quarter, taking into consideration our responsibilities to all of our constituencies

BB&T was one of only four banks in 2008 that still ranked as a Standard and Poor's Dividend Aristocrat, which requires 25 consecutive years of dividend increases Five of our peers were dropped from the list for 2008 We also again were recognized as a Mergent Dividend Achiever — a designation received by only 2% of 14,000 publicly traded companies

TOTAL COMPOUND ANNUAL RETURN TO SHAREHOLDERS

December 31 2008	BB&T	S&P 500	National Peers
1 Year	-4 6 %	-36 8 %	-40 7 %
3 Year	8 7	-8 3	-24 5
5 Year	-2 4	-2 2	-14 1
10 Year	-0 2	-1 4	-5 4
15 Year	10 7	6 4	5 5
20 Year	11 2	8 4	8 7

DIVIDEND PAYOUT RATIO



Maybank 011203

ROA 4164

OUR VALUES

At BB&T, there are three non-negotiables our vision to create the best financial institution possible, our mission, and our values All are deeply rooted in our history and culture, form the basis of our corporate identity and have been the most significant reasons for our success Everything else is strategic and tactical, such as how we adapt BB&T's business plan to certain market or economic conditions Many companies focus almost exclusively on strategy and tactics, and that can lead to problems when the environment changes The current highly volatile, distressed environment is unprecedented, so the decisions we've made many times before under very different conditions may not be appropriate today

We are guided instead by underlying values that never change These values, depicted in the accompanying illustration, are practical habits that guide our everyday behaviors and relationships with our clients, employees, shareholders and the communities we serve

Our values also form the foundation of how we develop leaders at BB&T BB&T's leadership model starts with our values and what we believe Those values lead to behaviors, which in turn lead to results For example, we ingrain in our employees that honesty and integrity mean keeping agreements and never compromising principles for short-term benefit Acknowledging reality and thinking independently mean making logical decisions, based on the facts

Consider how these values, and the leadership principles based on them, are responsible for our results as a company in today's difficult environment We make rational loan decisions, avoiding the riskiest loans and investments that others have made, which produces stronger performance relative to our peers We fully disclose pertinent issues and risks and take a long-term perspective that protects the interests of clients and shareholders As independent thinkers, we do not go along with the crowd and offer exotic mortgages that are rarely in the best interest of the borrower, or the bank

Everything we do at BB&T — regardless of the economic climate — is consistent with our values

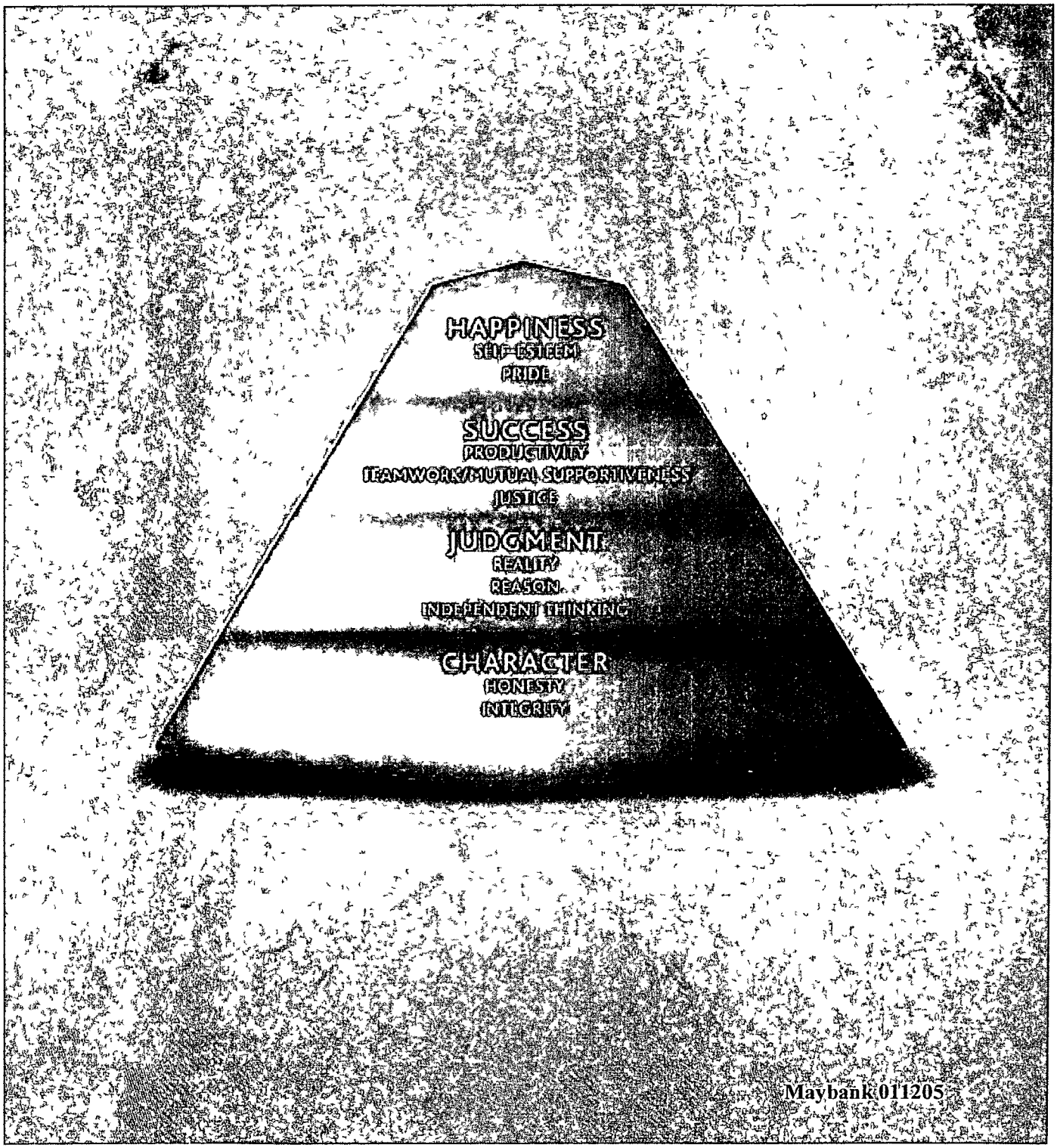
Maybank 011204

ROA 4165

OUR MISSION

To Make the World a Better Place to Live, By

- **Helping our Clients Achieve Economic Success and Financial Security**
- **Creating a Place where our Employees can Learn Grow and be Fulfilled in their Work,**
- **Making the Communities in which we Work Better Places to be and thereby**
- **Optimizing the Long-Term Return to our Shareholders, while Providing a Safe and Sound Investment**



KEY STRATEGIC OBJECTIVES FOR 2009

At a time of great volatility and uncertainty facing the banking industry and overall economy, it never has been more important to stay focused on BB&T's long-standing goal to create a high-performance financial services organization that can prosper in a rapidly changing, highly competitive and globally integrated environment Individual strategies and tactics may change, but we remain committed to achieving our goal with a superior earnings-per-share growth rate, without sacrificing the fundamental quality and long-term competitiveness of our business, nor taking unreasonable risk

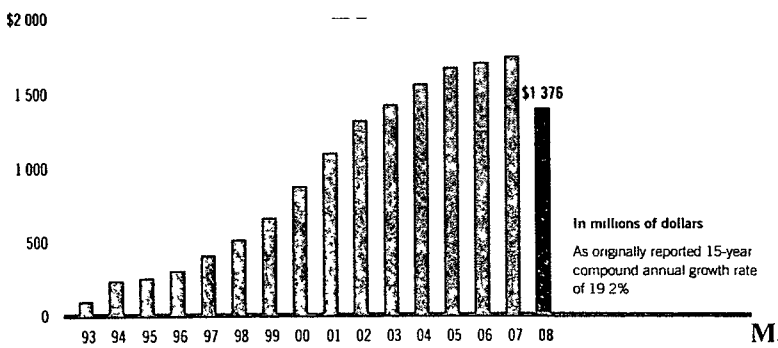
BB&T's long-term strategy is built around four overriding principles

- *Client-driven service that consistently provides better value through rational innovation and productivity improvement*
- *Rational risk taking and exceptional risk management*
- *Superior earnings growth*
- *Targeted and consistent investments for the future*

In 2009, we face unprecedented challenges The overall economy is likely to get worse before it gets better Most economists predict contraction in the nation's gross domestic product in 2009 BB&T's 2009 plan is based on continued weakening in mortgage valuations and higher unemployment rates in the first half of the year, with some initial signs of recovery evident by the end of the year The forecast for 2010 to 2014 is more encouraging, with slow to moderate average GDP growth and moderate inflation and interest rates But to survive and enjoy those better times, financial services firms must overcome a daunting array of challenges, including brutal competition, excess capacity, higher regulatory costs and the need for continuous innovation and productivity We continue to believe we will see significant consolidation in our industry In a decade or so we believe there will be 10 to 15 financial services firms that will be dominant We firmly believe that BB&T will be one of these institutions

BB&T's strategic objectives for 2009 are consistent with our long-term goals and principles

OPERATING EARNINGS
AMOUNTS AVAILABLE TO COMMON SHAREHOLDERS



Maybank 011206

ROA 4167

"BB&T just plain outworked everyone else to get our business
You pick up the phone and you get an answer immediately"

JOHN VITHOULKAS DIRECTOR OF FINANCE
HENRICO COUNTY VIRGINIA



BB&T was selected over four competitors to handle the complex banking needs of this suburban county near Richmond, with its $1 billion-plus budget and population of 305,000. Among the reasons cited by Mr. Vithoulkas: a strong balance sheet at a time of public concern about the banking system; insightful investment advice about the municipal bond market from BB&T affiliate Sterling Capital Management, LLC; and the ability to seamlessly and quickly help implement the county's move to accept on-line payments for utilities and other services. But what sealed the deal was the personal commitment of BB&T bankers, including business deposits officer Vanessa Hampton, corporate banker Susan Raher and central Virginia regional president Andy Hughes. "That made a big impression on me and the county," Mr. Vithoulkas says.

LEFT TO RIGHT
Vanessa Hampton, Vice President, Business Deposits Officer; Roger Lowe, Vice President, Payment Services; Angie Brown, Merchant Services Sales Consultant; Andy Hughes, Central Virginia Regional President; Susan Raher, Senior Vice President, Regional Corporate Banker; James Welsh, Business Services Officer; Henry Jackson III, Financial Center Leader

Maybank 011207

EFFECTIVELY MANAGE THROUGH THE CREDIT CYCLE

The number one driver of performance in 2009, as in 2008, will be asset quality For BB&T, the biggest challenge remains the weak residential real estate market because we are a large lender in home equity, mortgage lending and residential construction

We expect further slow deterioration in our overall real estate portfolio due to lower home prices and higher unemployment However, our levels of nonperforming assets and charge-offs are better than our peers, and we expect them to remain so In addition, we will focus on markets we know and where we have long-standing relationships with home builders and other real estate borrowers We began tightening our lending standards in August 2005 before significant deterioration of real estate portfolios In 2008, we further intensified efforts to resolve problem credits, including pursuing deeds in lieu of foreclosure programs and more aggressive legal proceedings, while also continuing to work cooperatively with borrowers to help them work through their problems We also are continuing to diversify our lending portfolio For example, we have reduced BB&T's exposure to residential acquisition, development and construction loans by $744 million, or 8 5% since December 31, 2007 Those loans accounted for 8 1% of total loans at December 31, 2008, down from 9 5% a year earlier We anticipate further diversification into additional commercial and industrial lending — which performed well in 2008 despite economic conditions — as well as small business lending as our competitors pull back due to liquidity concerns

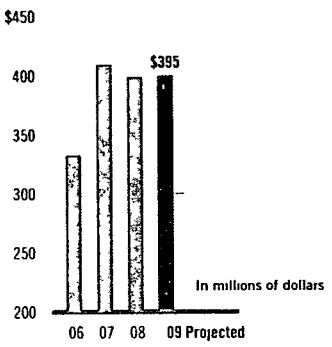
ACHIEVE SUPERIOR REVENUE GROWTH

For the last two decades, Wall Street and the capital markets have gained clients at the expense of traditional banks On the loan side, investment banks and conduit lenders that pool assets and sell them to other lenders or investors have been able to cut prices because of lower reserve requirements On the deposit side, traditional banks lost customers who moved their money from certificates of deposit to higher-yielding mutual funds — sometimes in the mistaken belief that mutual funds were as secure as bank deposits Now, with the problems facing Wall Street firms, many of those loans and deposits are coming back to traditional banks like BB&T

BB&T is attracting new banking relationships, often long-term ones from weakened competitors that are unable to provide credit to quality clients At a time when some other banks are hunkering down, BB&T is displaying banners outside our branches saying we are making loans Our loan and deposit spreads also are improving as appropriate risk premiums move steadily back into loan pricing

INVESTING FOR THE FUTURE

ORGANIC GROWTH INVESTMENTS



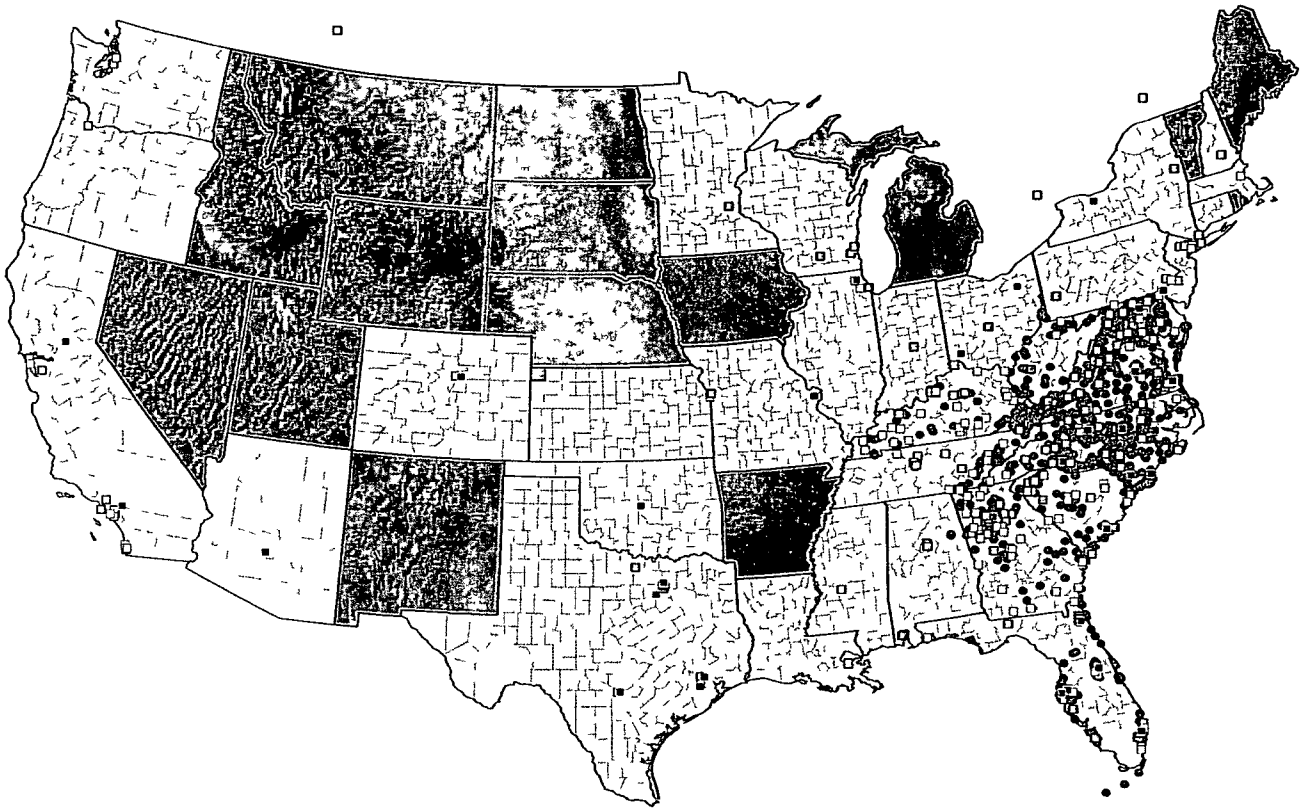
2008 INVESTMENTS IN ACQUISITIONS

Ott & Company
Ramsey Title Group
Burkey Risk Services
Savannah Reinsurance Underwriting Management
Premier Benefits Group
UnionBanc Insurance Services
Puckett Sheetz & Hogan
Southern Risk Holdings, Inc
Commercial Title Group
J Rolfe Davis Insurance Agency
TapCo Underwriters, Inc
Haven Trust Bank
Live Oak Capital Ltd

Maybank 011208

ROA 4169

Market Coverage



- BB&T Headquarters
- BB&T Community
- BB&T Capital Markets
- AFCO/CAFO/Prime Rate
- Commercial Finance
- Equipment Finance
- Governmental Finance
- Grandbridge Real Estate Capital
- Insurance
- Lendmark Financial Services
- Regional Acceptance
- SBA Group
- Scott & Stringfellow
- Sheffield Financial
- Sterling Capital

BB&T DEPOSIT MARKET SHARE AND BRANCH LOCATIONS BY STATE

	Branches	Market Share[1]	% of BB&T's Deposits
Virginia[2]	392	2nd	25 %
North Carolina[2]	360	2nd	26
Georgia	162	5th	11
Maryland	129	6th	8
South Carolina	117	3rd	8
Florida	107	11th	5
Kentucky	91	4th	5
West Virginia	78	1st	6
Tennessee	58	6th	3
Washington D C	12	7th	1
Alabama	3	—	—
Indiana	2	—	—

[1] Incidental presence in Alabama and Indiana December 31 2008
[2] Excludes home office deposits

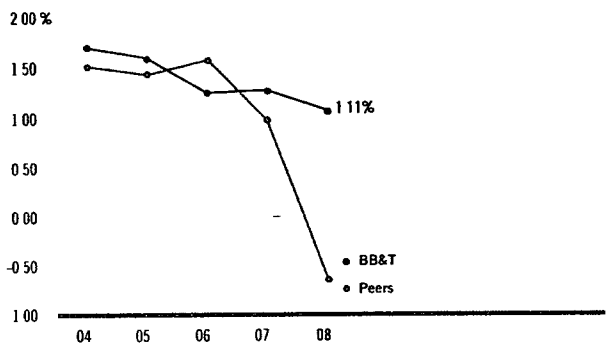
Maybank 011209

Even though economic times are difficult, I believe it would be a mistake to ignore investing in the revenue engine of our company We plan to accelerate organic growth by reinvesting in current facilities and opening five more de novo branches, adding to the 106 de novo branches opened in the last three years We plan to generate more than 100,000 net new transaction accounts, adding to the 94,000 generated in 2008 We anticipate further boosting the percentage of households with five or more products or services, which increased from 31% in 2007 to 34 4% in 2008 We plan new enhancements to online banking, used by more than 3 million clients in 2008, a 21% increase from 2007 We will continue to leverage our effective sales and service systems the BB&T Decathlon, Integrated Relationship Management, Consultative Sales and Store Ownership We will target key growth opportunities such as the multi-cultural and student markets

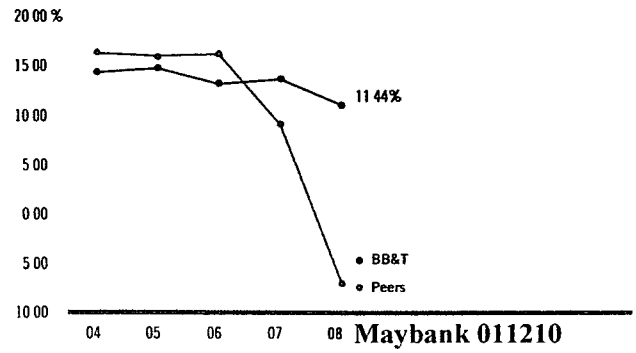
We expect extensive consolidation in the financial services industry as a result of the weakened condition of some companies BB&T will continue to focus expansion of our core banking in BB&T's current 11-state banking footprint, assuring any merger transactions are economically attractive At the same time, we will continue to expand our nonbanking activities across the U S In particular, we plan to continue bolstering the position of BB&T Insurance Services, which completed 11 acquisitions in 2008 and now is the nation's sixth-largest insurance agency business Among other gains, those purchases gave BB&T the largest insurance market share in greater Myrtle Beach, South Carolina, created a presence in the Orlando market, and expanded our share in California, the top state for insurance values In addition, acquisitions in 2008 expanded our operations in wholesale insurance and in insurance premium financing, where we are the nation's second-largest provider and the largest in Canada For 2008, revenues from insurance operations increased by 8 8%

By continuing to diversify BB&T's sources of income and adding predictable fee-based businesses like insurance, we become an even more balanced company, less dependent on our real-estate business and consequently less challenged by future economic cycles

RETURN ON ASSETS



RETURN ON COMMON EQUITY



Maybank 011210

ROA 4171

"BB&T was by far the best, quickest and most cost-effective response
Their bankers not only earned our business They earned our trust"

MICHAEL D SCHERNECK, EXECUTIVE VICE PRESIDENT & CHIEF FINANCIAL OFFICER
SOUTHEAST GEORGIA HEALTH SYSTEM

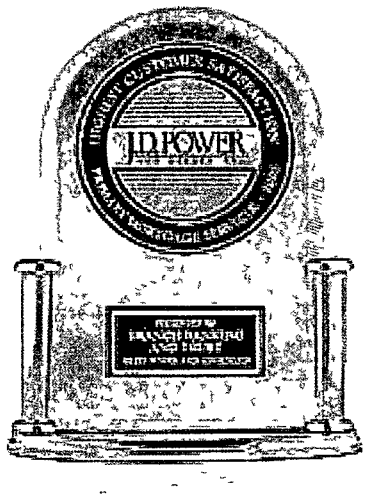


This regional hospital authority based in Brunswick, Georgia, was faced with millions of dollars in additional financing costs when the credit markets froze last year, raising its interest rate on auction-rate securities from 3% to 12% virtually overnight. Within eight days, BB&T corporate banker Danny Smith, investment banker Tad Melton, city executive Lance Turpin and their teams responded with short- and long-term alternative financing options that larger competitors, including the client's long-time bank, couldn't match. For the hospital authority, the quick response averted losses that could have wiped out its annual profit and allowed it to move ahead with new maternity and orthopedic care centers. For BB&T, stepping up to meet a pressing need yielded a loyal new customer, new business for Capital Markets and Institutional Services – and ATMs in three new locations.



LEFT TO RIGHT
Lance Turpin, BB&T Vice President and Brunswick/St. Simons Island City Executive; Michael D. Scherneck, Southeast Georgia Health System, Executive Vice President & Chief Financial Officer; Gary R. Colberg, FACHE, Southeast Georgia Health System, President & CEO; Lisa A. Morgan, Southeast Georgia Health System, Director of Finance; Danny Smith, BB&T Senior Vice President and Corporate Banker; Tad Melton, BB&T Capital Markets, Vice President-Investment Banker

Maybank 011211



"Highest in Customer Satisfaction among Mortgage Servicing Companies, Two Years in a Row"

CREATE THE PERFECT CLIENT EXPERIENCE

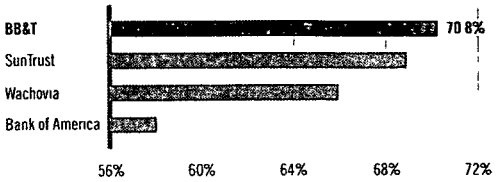
At BB&T, we believe sales and service are inextricably connected We sell value, not price While price always matters, we deliver the greatest value to the client At the core of BB&T's Perfect Client Experience initiative is employee training and leadership programs that stress creating meaningful client relationships by providing service that is reliable, responsive, empathetic and competent

Our community bank structure allows us to offer unmatched service because virtually all decisions are made locally Our 33 regions are each headed by an empowered regional president Our client service is highly decentralized, giving BB&T a competitive advantage against the mega banks On the other hand, our highly centralized support activities give us an edge over community banks because of our expansive services — better-equipped employees, superior technology and a broader array of products and services

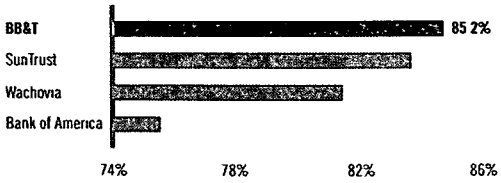
National awards attest to our client service record J D Power and Associates* again awarded BB&T its top national ranking for mortgage servicing in its annual study of more than 10,000 clients and 26 companies Maritz Research's survey of clients of BB&T and our in-market competitors showed we ranked number one in overall retail client satisfaction and most likely to remain a client In business banking, Greenwich Associates awarded BB&T national honors in overall satisfaction and satisfaction in personal banking and treasury management

Among other awards, we were named the top small-business-friendly bank by the U S Small Business Administration and the most prestigious regional bank wealth manager by the Luxury Institute Our workforce education programs received the second-highest rating for a U S -based financial institution by *Training* magazine

OVERALL BANK SATISFACTION**



LIKELIHOOD TO REMAIN**



* In percentage

From Maritz Research Retail Client Satis action Survey represents percentage of top box scores indicating a 9 or 10 rating on a 10-point scale

Branch Banking and Trust received the highest numerical score among mortgage servicers in the proprietary J D Power and Associates 2007 2008 Primary Mortgage Servicer Studies℠ In 2008 the study was based on responses from 10 241 consumers measuring 26 companies and measures the satisfaction of consumers with their current mortgage servicer Proprietary study results are based on experiences and perceptions of consumers surveyed [illegible] Your experiences may vary Visit jdpower com

Maybank 01212

ROA 4173

"Our community bank structure allows us to offer unmatched service because virtually all decisions are made locally."

Community Banking Regions



FLORIDA
- East
- Gulf Coast
- North

GEORGIA
- Mid South
- North
- North Atlanta
- South Atlanta

KENTUCKY
- Western
- Louisville Metro
- Central

MARYLAND
- Baltimore Metro
- Chesapeake

NORTH CAROLINA
- Charlotte Metro
- Eastern
- Northeast
- South Central
- Southeast
- Triad
- Triangle
- Western

SOUTH CAROLINA
- Midlands
- Upstate
- Coastal

TENNESSEE
- East

VIRGINIA
- Blue Ridge
- Battlefield
- Central
- Fairfax
- Hampton Roads
- Southwest

WASHINGTON D C
- Washington D C

WEST VIRGINIA
- Central
- North

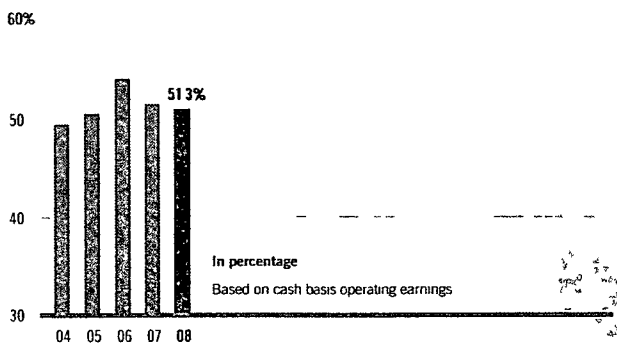
Maybank 011213

CONTROL COST MAXIMIZE ECONOMIC PROFIT

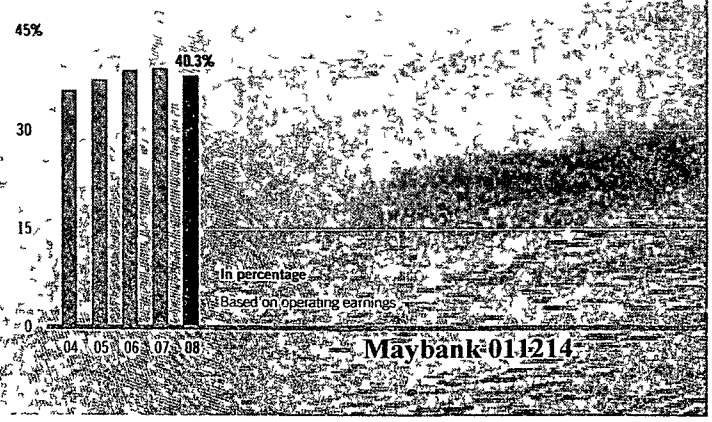
BB&T is one of the nation's most efficient banking companies, but we cannot become complacent The emergence of mammoth financial services companies, accelerated by government-aided consolidation in 2008, means we must continue to be more efficient in order to compete In addition, as we allocate more resources to mitigate credit problems and face higher FDIC insurance expenses in 2009, cost control is absolutely crucial

For the second consecutive year, we reduced our number of employees while avoiding the major layoffs that many of our competitors have announced Our efficiency ratio — basically, the cost required to generate each dollar of revenue — improved to 51 3% for 2008 from 51 6% for 2007 It improved to 50 6% in the fourth quarter of 2008, moving toward our goal of below 50% Our 2009 plan calls for holding the increase in noninterest expenses to between 2% and 4% compared to 2008

CASH BASIS EFFICIENCY RATIO



FEE INCOME RATIO



Maybank-011214

ROA 4175

THANK YOU

In closing, I want to salute another key BB&T officer who, like John Allison, has built a solid foundation for our future Ken Chalk, who served as chief credit officer from 1983 until he retired in 2008, largely created the credit culture that has kept BB&T strong through all types of economic cycles, including the current challenging environment We will greatly miss Ken's counsel, just as we have great confidence in his successor, Clarke Starnes, who has worked closely with Ken for 25 years

I also would like to congratulate Chris Henson on his promotion to chief operating officer Chris, a 24-year veteran of BB&T, previously served as chief financial officer, and will provide important insight in his new role Also, I would like to welcome Daryl Bible as our new chief financial officer Daryl is a proven leader who joined BB&T in 2008 after a distinguished 24-year career with U S Bancorp

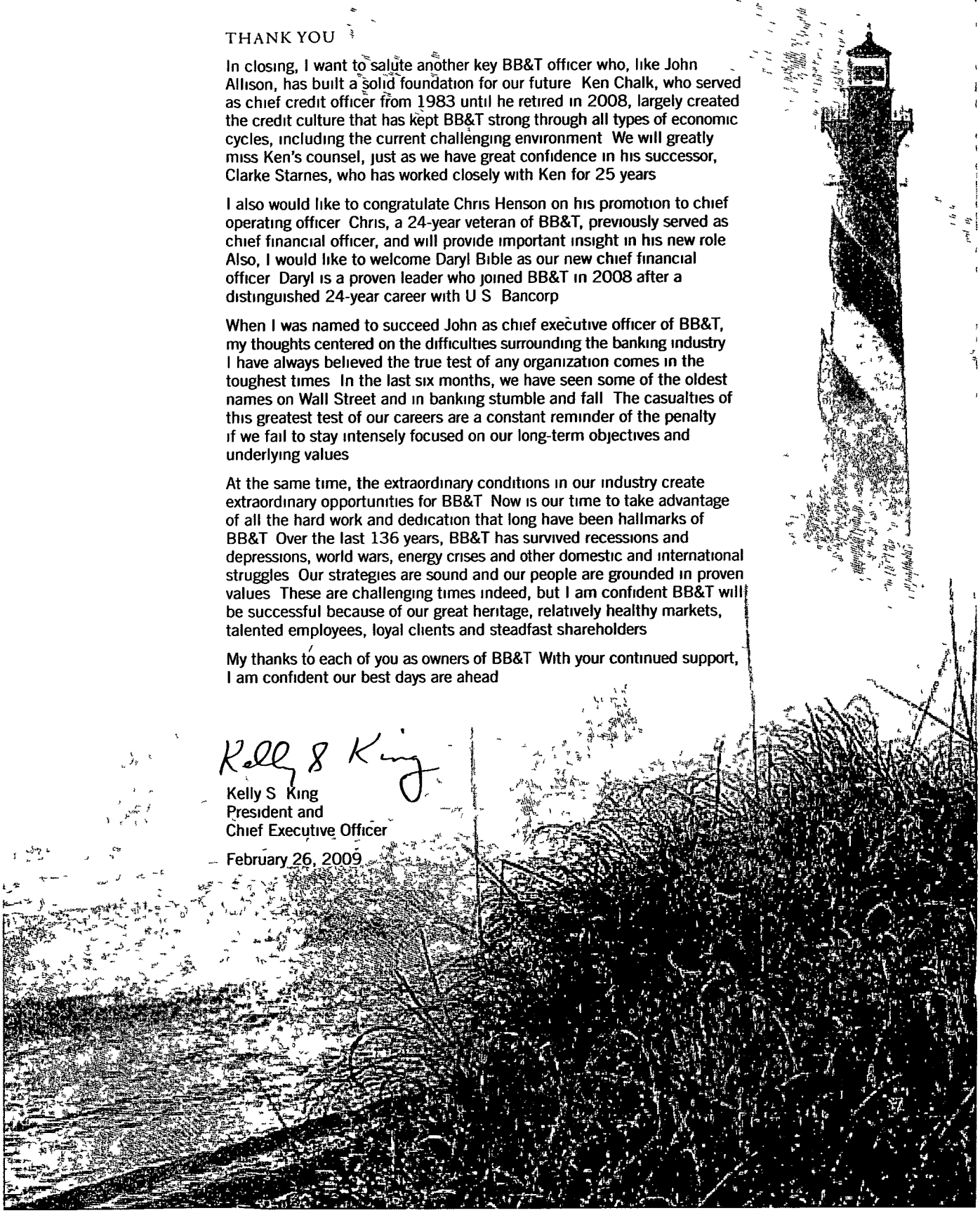
When I was named to succeed John as chief executive officer of BB&T, my thoughts centered on the difficulties surrounding the banking industry I have always believed the true test of any organization comes in the toughest times In the last six months, we have seen some of the oldest names on Wall Street and in banking stumble and fall The casualties of this greatest test of our careers are a constant reminder of the penalty if we fail to stay intensely focused on our long-term objectives and underlying values

At the same time, the extraordinary conditions in our industry create extraordinary opportunities for BB&T Now is our time to take advantage of all the hard work and dedication that long have been hallmarks of BB&T Over the last 136 years, BB&T has survived recessions and depressions, world wars, energy crises and other domestic and international struggles Our strategies are sound and our people are grounded in proven values These are challenging times indeed, but I am confident BB&T will be successful because of our great heritage, relatively healthy markets, talented employees, loyal clients and steadfast shareholders

My thanks to each of you as owners of BB&T With your continued support, I am confident our best days are ahead

Kelly S King
President and
Chief Executive Officer

February 26, 2009



CORPORATE BOARD OF DIRECTORS

John A Allison IV
Chairman
BB&T Corporation
Winston Salem NC

Jennifer S Banner
Chief Executive Officer
Schaad Companies LLC
Knoxville TN

Anna R Cablik
President
Anasteel & Supply Company LLC
and Anatek Inc
Marietta GA

Nelle R Chilton
Director and President
Dickinson Fuel
Company Inc
Charleston WV

Ronald E Deal
Chairman
Wesley Hall Inc
Hickory NC

Tom D Efird
President
Standard Distributors Inc
Gastonia NC

Barry J Fitzpatrick
Retired Chairman President
and Chief Executive Officer
First Virginia Banks Inc
Williamsburg VA

L Vincent Hackley Ph D
Chancellor
Fayetteville State University
President and
Chief Executive Officer
Hackley & Associates
of North Carolina
Chapel Hill NC

Jane P Helm
Retired Vice Chancellor of
Business Affairs
Appalachian State University
Arden NC

John P Howe III M D
President and
Chief Executive Officer
Project HOPE (Health Opportunities
for People Everywhere)
Washington D C

Kelly S King
President and
Chief Executive Officer
BB&T Corporation and
Branch Banking and
Trust Company
Winston Salem NC

James H Maynard
Chairman and
Chief Executive Officer
Investors Management Corporation
Chairman
Golden Corral Corporation
Raleigh NC

Albert O McCauley
President and
Chief Executive Officer
McCauley & McDonald
Investments Inc
Fayetteville NC

J Holmes Morrison
Retired Chairman President
and Chief Executive Officer
One Valley Bancorp Inc
Charleston WV

Nido R Qubein
President
High Point University
Chairman
Great Harvest Bread Co
High Point NC

Thomas N Thompson
President
Thompson Homes Inc
Representative
Kentucky House of
Representatives
Owensboro KY

Stephen T Williams
President
A.T Williams Oil Company
Winston Salem NC

EXECUTIVE MANAGEMENT

Daryl N Bible
Senior Executive Vice President
and Chief Financial Officer

Ricky K Brown
Senior Executive Vice President
and Banking Network Manager

Barbara F Duck
Senior Executive Vice President
and Electronic Delivery Channels
Manager

Donna C Goodrich
Senior Executive Vice President
and Deposit Services Manager

Robert E Greene
Senior Executive Vice President
and Risk Management
and Administrative
Group Manager

Christopher L Henson
Chief Operating Officer

Kelly S King
President and
Chief Executive Officer

Clarke R Starnes III
Senior Executive Vice President
and Chief Credit Officer

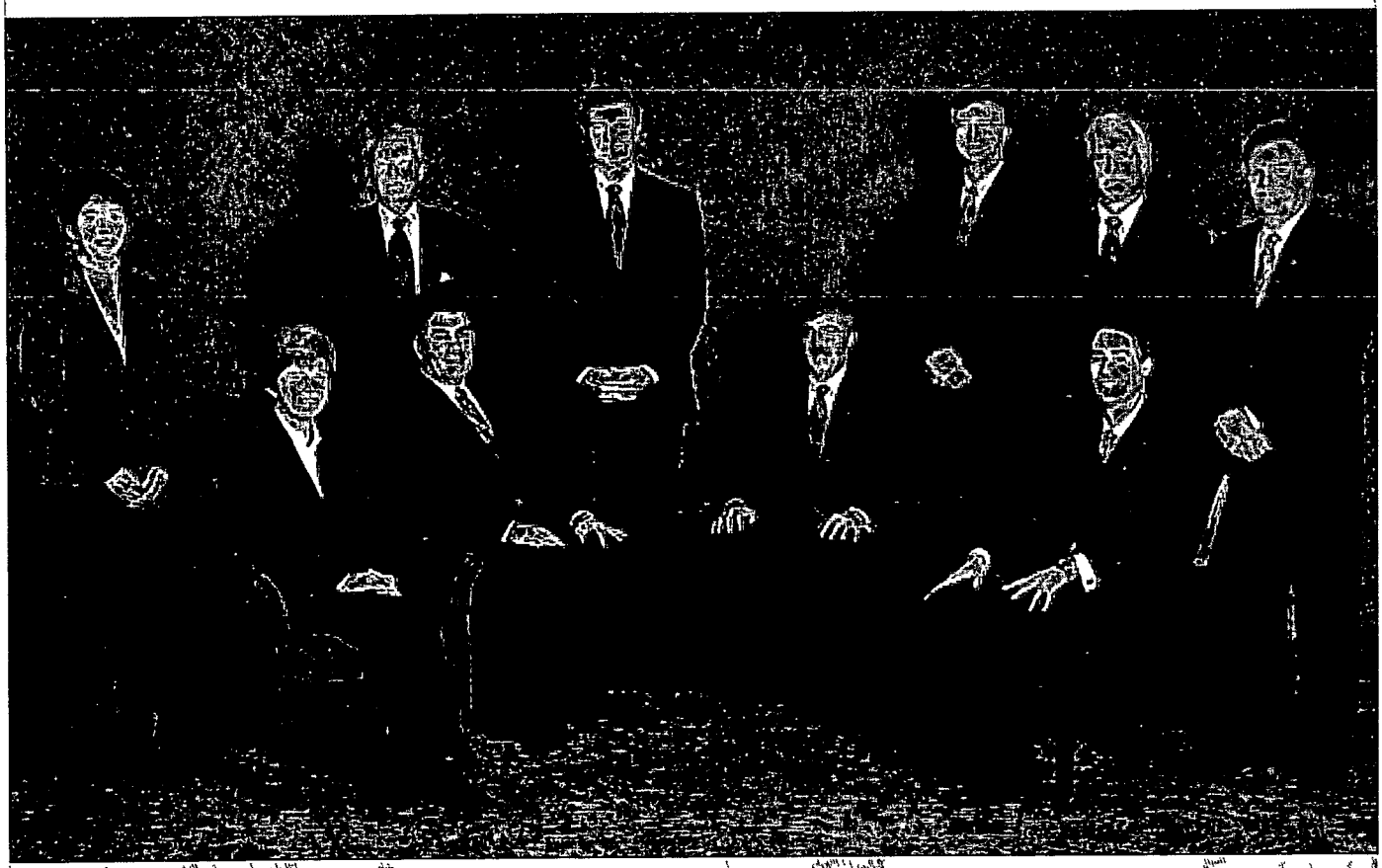
Steven B Wiggs
Senior Executive Vice President
and Chief Marketing Officer

C Leon Wilson III
Senior Executive Vice President
and Operations Division Manager

Maybank 011216

ROA 4177

Executive Management

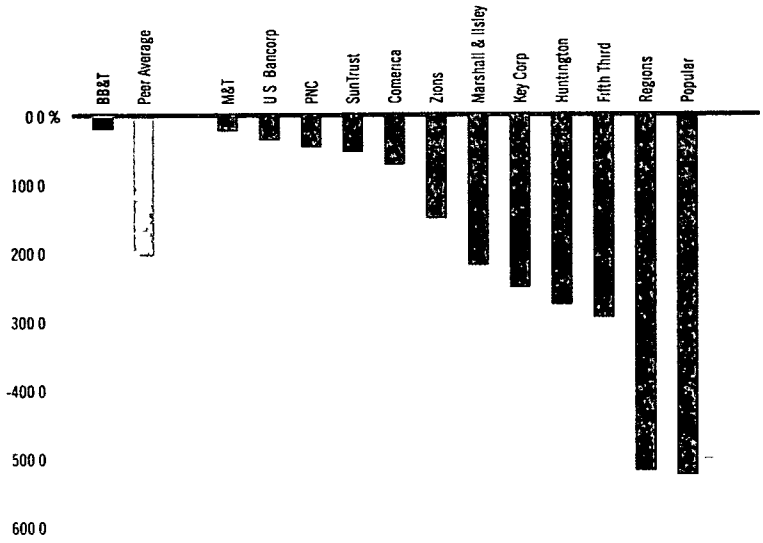


Standing Left to Right Barbara F. Duck, Robert E. Greene Kelly S King, Ricky K. Brown C Leon Wilson III Steven B Wiggs
Seated Left to Right Donna C Goodrich Daryl N Bible, Christopher L. Henson Clarke R. Starnes III

Superior Relative Performance

BB&T VERSUS PEERS

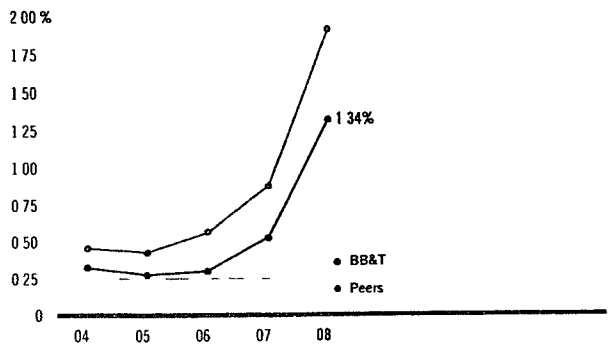
For 2008, BB&T outperformed every other financial institution in its 13-member peer group of similarly sized institutions as measured by percentage change in earnings per share



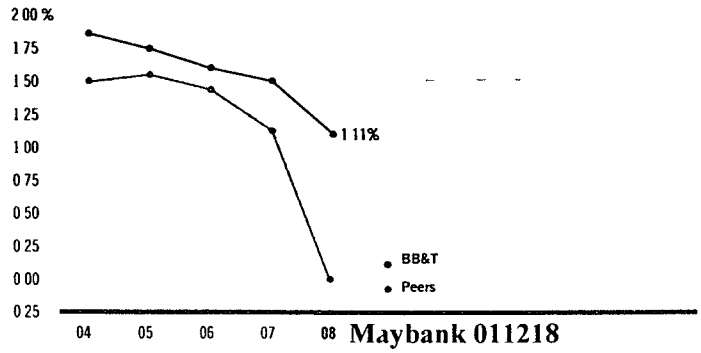
RISK VERSUS RETURNS

These charts illustrate BB&T's long-term success achieving a fundamental objective – producing greater returns than our peers while taking less risk

NONPERFORMING ASSETS AS A PERCENTAGE OF TOTAL ASSETS



CASH BASIS RETURN ON ASSETS



Maybank 011218

ROA 4179

Shareholder Information

PURPOSE
BB&T's ultimate purpose is to create superior, long-term economic rewards for our shareholders

STOCK EXCHANGE AND TRADING SYMBOL
The common stock of BB&T Corporation is traded on the New York Stock Exchange under the symbol BBT

DIVIDEND REINVESTMENT PLAN
The Dividend Reinvestment Plan enables shareholders to reinvest dividends and/or invest additional cash in full or fractional shares of BB&T Corporation on a regular basis For more information, contact

Shareholder Services in Winston-Salem, North Carolina, at 336-733-3477 or 800-213-4314

QUARTERLY COMMON STOCK PRICES AND DIVIDENDS PAID

	2008			2007		
Quarter	High	Low	Dividend	High	Low	Dividend
1st	$ 36 96	$ 25 92	$ 46	$ 44 30	$ 39 54	$ 42
2nd	37 85	21 40	46	43 02	39 13	42
3rd	45 31	18 71	47	43 00	36 95	46
4th	40 00	21 47	47	42 61	30 36	46

SELECTED MARKET INFORMATION

	2008	2007	2006	2005	2004
Market capitalization (in billions)	$ 15 36	$ 16 74	$ 23 79	$ 22 76	$ 23 14
Book value per share	23 16	23 14	21 69	20 49	19 76
Dividend yield at year end	6 85 %	6 00 %	3 82 %	3 63 %	3 33 %
Dividend payout ratio	68 1	55 5	56 3	48 3	47 5

DIVIDEND HISTORY

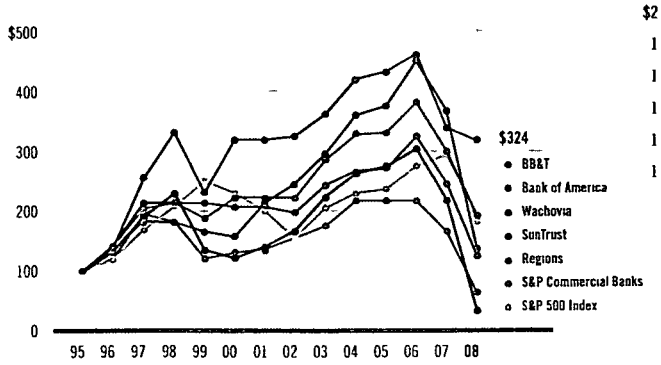
	2008	2007	2006	2005	2004
Cash dividends paid per share	$ 1 86	$ 1 76	$ 1 60	$ 1 46	$ 1 34
Increase from prior year	10	16	14	12	12
Percentage increase from prior year	5 7 %	10 0 %	9 6 %	9 0 %	9 8 %
Five-year compound annual growth rate	8 8 %				
Ten-year compound annual growth rate	10 9 %				

STOCK PERFORMANCE*
The accompanying graph reflects the performance of a $100 investment in BB&T's stock since December 31, 1995, the year-end following the completion of the BB&T and Southern National Corporation merger-of-equals, in comparison with other regional competitors, the S&P 500 Commercial Banks Index and the S&P 500

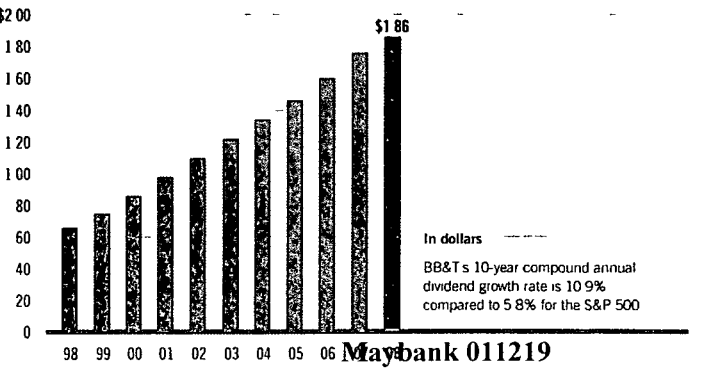
SOURCE Bloomberg

DIVIDEND PERFORMANCE
- Paid a cash dividend every year since 1903
- 37th consecutive year of dividend increases
- Annual dividend increase in 2008 of 5 7%
- Mergent Dividend Achiever (only 2% qualify)

STOCK PERFORMANCE



DIVIDENDS PAID PER SHARE



Maybank 011219

ROA 4180

Consolidated Balance Sheets

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data shares in thousands)

	DECEMBER 31 2008	DECEMBER 31 2007
ASSETS		
Cash and due from banks	$ 1,639	$ 2,050
Interest-bearing deposits with banks	751	388
Federal funds sold and securities purchased under resale agreements or similar arrangements	350	679
Segregated cash due from banks	379	208
Trading securities at fair value	376	1 009
Securities available for sale at fair value	32,843	22,419
Loans held for sale ($1,396 at fair value at December 31, 2008)	1,424	779
Loans and leases	97,245	90,907
Allowance for loan and lease losses	(1,574)	(1,004)
Loans and leases, net of allowance for loan and lease losses	95,671	89,903
Premises and equipment	1,580	1,529
Goodwill	5,483	5,194
Core deposit and other intangible assets	542	489
Residential mortgage servicing rights at fair value	370	472
Other assets	10,607	7 499
Total assets	$ 152,015	$ 132,618
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits		
Noninterest-bearing deposits	$ 13,649	$ 13,059
Interest checking	2,576	1,201
Other client deposits	39,413	35 504
Client certificates of deposit	27,937	26,972
Other interest-bearing deposits	15,038	10 030
Total deposits	98,613	86,766
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	10,788	10,634
Long-term debt	18,032	18,693
Accounts payable and other liabilities	8,545	3,893
Total liabilities	135,978	119,986
Shareholders' equity		
Preferred stock, liquidation preference of $1,000,000 per share	3,082	—
Common stock $5 par	2,796	2 730
Additional paid-in capital	3,510	3,087
Retained earnings	7,381	6,919
Accumulated other comprehensive loss, net of deferred income taxes of $(438) at December 31, 2008 and $(65) at December 31, 2007	(732)	(104)
Total shareholders' equity	16,037	12,632
Total liabilities and shareholders' equity	$ 152,015	$ 132 618
Common shares outstanding	559,248	545 955
Common shares authorized	1,000,000	1 000,000
Preferred shares outstanding	3	—
Preferred shares authorized	5 000	5 000

Maybank 011220

Consolidated Statements of Income

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data shares in thousands)

FOR THE YEAR ENDED DECEMBER 31	2008	2007	2006
INTEREST INCOME			
Interest and fees on loans and leases	$ 6,003	$ 6,713	$ 5,941
Interest and dividends on securities			
Taxable interest income	1,056	1 018	821
Tax-exempt interest income	83	42	31
Dividends	37	70	48
Interest on short-term investments	28	51	52
Total interest income	7,207	7,894	6,893
INTEREST EXPENSE			
Interest on deposits	1,891	2,620	2,137
Interest on federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	235	409	301
Interest on long-term debt	843	985	747
Total interest expense	2,969	4 014	3,185
NET INTEREST INCOME	4,238	3,880	3 708
Provision for credit losses	1,445	448	240
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	2,793	3,432	3,468
NONINTEREST INCOME			
Insurance income	928	853	813
Service charges on deposits	673	611	548
Investment banking and brokerage fees and commissions	354	343	317
Mortgage banking income	275	115	108
Checkcard fees	201	180	155
Other nondeposit fees and commissions	189	184	167
Bankcard fees and merchant discounts	151	139	122
Trust and investment advisory revenues	147	162	154
Securities gains (losses), net	107	(3)	(73)
Income from bank-owned life insurance	84	101	93
Other noninterest income	88	89	117
Total noninterest income	3,197	2 774	2,521
NONINTEREST EXPENSE			
Personnel expense	2,201	2,094	2,077
Occupancy and equipment expense	509	477	449
Professional services	200	139	120
Loan processing expenses	125	111	103
Amortization of intangibles	100	104	104
Merger-related and restructuring charges, net	15	21	18
Other expenses	771	690	645
Total noninterest expense	3,921	3,636	3,516
EARNINGS			
Income before income taxes	2,069	2,570	2,473
Provision for income taxes	550	836	945
Net income	1,519	1 734	1,528
Dividends and accretion on preferred stock	21	—	—
Net income available to common shareholders	$ 1,498	$ 1 734	$ 1,528
PER COMMON SHARE			
Net income			
Basic	$ 2 73	$ 3 17	$ 2 84
Diluted	$ 2 71	$ 3 14	$ 2 81
Cash dividends paid	$ 1 86	$ 1 76	$ 1 60
AVERAGE SHARES OUTSTANDING			
Basic	548,847	547,184	539,140
Diluted	552,498	551 755	543 891

Maybank 011221

Selected Financial Data

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

AS OF / YEAR ENDED DECEMBER 31	2008	2007	2006	2005	2004	2003	FIVE YEAR COMPOUND GROWTH RATE
SUMMARY OF OPERATING EARNINGS							
Interest income	$ 7,274	$ 7,894	$ 6,893	$ 5,506	$ 4,547	$ 4,287	11 2 %
Interest expense	2,969	4,014	3,185	1,981	1 199	1 273	18 6
Net interest income	4,305	3,880	3,708	3,525	3,348	3,014	7 4
Provision for credit losses	1,445	448	240	217	249	248	42 3
Net interest income after provision for credit losses	2,860	3,432	3,468	3 308	3,099	2,766	0 7
Noninterest income	3,060	2,774	2,596	2,324	2 119	1,827	10 9
Noninterest expense	3,952	3,601	3 526	3,133	2,890	2,548	9 2
Operating earnings before income taxes	1,968	2,605	2,538	2 499	2,328	2,045	(0 8)
Provision for income taxes	571	856	831	825	766	621	(1 7)
Operating earnings	1,397	1,749	1 707	1,674	1,562	1,424	(0 4)
Merger-related charges, net of tax	(10)	(13)	(11)	7	(4)	(55)	NM
Other, net of tax [1]	132	(2)	(168)	(27)	—	(304)	NM
Net income	$ 1,519	$ 1,734	$ 1 528	$ 1 654	$ 1 558	$ 1 065	7 4 %
PER COMMON SHARE BASED ON OPERATING EARNINGS							
Basic	$ 2 51	$ 3 20	$ 3 17	$ 3 06	$ 2 83	$ 2 79	(2 1) %
Diluted	2 49	3 17	3 14	3 04	2 81	2 77	(2 1)
PER COMMON SHARE BASED ON NET INCOME							
Basic	$ 2 73	$ 3 17	$ 2 84	$ 3 02	$ 2 82	$ 2 09	5 5 %
Diluted	2 71	3 14	2 81	3 00	2 80	2 07	5 5
Cash dividends paid	1 86	1 76	1 60	1 46	1 34	1 22	8 8
Book value	23 16	23 14	21 69	20 49	19 76	18 33	4 8
SELECTED AVERAGE BALANCES							
Assets	$ 136,881	$ 126 420	$ 114,328	$ 104,612	$ 96 276	$ 85,328	9 9 %
Earning assets	120,852	112,305	101,572	92 703	84,946	75,463	9 9
Securities, at amortized cost	24,497	23,311	21,348	20 467	18,218	17,058	7 5
Loans and leases	95,195	87,952	79,313	71,517	66,107	57,857	10 5
Deposits	88,831	83,501	77,230	70,346	64,816	56,948	9 3
Interest-bearing liabilities	106,189	97,720	85,646	76,813	70,610	64,285	10 6
Shareholders' equity	13,495	12 166	11,452	11,065	10,597	8,895	8 7
SELECTED YEAR-END BALANCES							
Assets	$ 152,015	$ 132,618	$ 121,351	$ 109,170	$ 100,509	$ 90,467	10 9 %
Earning assets	133,735	116 466	107,676	96 777	88,718	79,209	11 0
Securities at carrying value	33,219	23,428	22,868	20,489	19,173	16,317	15 3
Loans and leases	98,669	91,686	83,591	75,023	68 163	62,305	9 6
Deposits	98,613	86 766	80 971	74 282	67,699	59,350	10 7
Interest-bearing liabilities	113,784	103,034	91,569	80,485	73,561	66,394	11 4
Shareholders' equity	16,037	12,632	11,745	11,129	10,875	9 935	10 1

(1) In addition to merger related and restructuring charges operating earnings also exclude net securities gains other than temporary impairments gains from the initial IPO and sale of Visa Inc shares a reversal of a reserve charge relating to the Visa Inc settle ment gains from the early extinguishment of certain FHLB advances an adjustment related to leveraged leases and nonrecurring professional expenses collectively totaling $132 million net of tax in 2008 a reserve related to the Visa USA Inc settlement totaling $9 million net of tax and a credit of $7 million to the provision for income taxes related to leveraged leases in 2007 a nonrecurring increase in tax reserves totaling $139 million net of tax related to leveraged leases securities losses totaling $47 million net of tax resulting from a portfolio restructuring and a gain on the sale of duplicate facilities totaling $18 million net of tax in 2006 a one time charge related to the accounting for leases totaling $27 million net of tax in 2005 nonrecurring contributions made by an affiliated trust losses on early extinguishment of debt and a one time charge related to deferred taxes associated with BB&T's leasing operations which collectively totaled $304 million net of tax in 2003

Maybank 011222

ROA 4183

Selected Ratios

BB&T Corporation and Subsidiaries

AS OF / YEAR ENDED DECEMBER 31	2008		2007		2006		2005		2004	
PERFORMANCE RATIOS BASED ON NET INCOME										
Return on average assets	1 11	%	1 37	%	1 34	%	1 58	%	1 62	%
Return on average common equity	11 44		14 25		13 35		14 95		14 71	
Fee income ratio (fully taxable equivalent)	41 4		41 3		40 6		39 1		37 8	
Efficiency ratio (fully taxable equivalent)	52 1		53 7		54 8		53 1		52 0	
Net interest margin (fully taxable equivalent)	3 58		3 52		3 74		3 89		4 04	
PERFORMANCE RATIOS BASED ON OPERATING EARNINGS [1]										
Return on average assets	1 02	%	1 38	%	1 49	%	1 60	%	1 62	%
Return on average common equity	10 51		14 37		14 91		15 12		14 74	
Fee income ratio (fully taxable equivalent)	40 3		41 3		40 6		39 1		37 8	
Efficiency ratio (fully taxable equivalent)	52 6		53 1		54 9		52 5		51 9	
Net interest margin (fully taxable equivalent)	3 63		3 52		3 74		3 89		4 04	
PERFORMANCE RATIOS BASED ON CASH BASIS OPERATING EARNINGS [1,2]										
Return on average tangible assets	1 11	%	1 50	%	1 63	%	1 77	%	1 79	%
Return on average common tangible equity	19 30		26 82		27 23		27 12		26 36	
Efficiency ratio (fully taxable equivalent)	51 3		51 6		53 2		50 4		49 7	
CAPITAL RATIOS										
Average equity to average assets	9 9	%	9 6	%	10 0	%	10 6	%	11 0	%
Equity to assets at year-end	10 5		9 5		9 7		10 2		10 8	
Risk-based capital ratios										
Tier 1 capital	12 3		9 1		9 0		9 3		9 2	
Total capital	17 4		14 2		14 3		14 4		14 5	
Tier 1 leverage ratio	9 9		7 2		7 2		7 2		7 1	
Tangible equity as a percentage of tangible assets	5 3		5 7		6 0		6 6		6 8	
CREDIT QUALITY RATIOS [3]										
Nonaccrual loans and leases as a percentage of total loans and leases	1 43	%	55	%	31	%	31	%	39	%
Nonperforming assets as a percentage of										
Total assets	1 34		52		29		27		36	
Loans and leases plus foreclosed property	2 04		76		42		40		52	
Net charge-offs as a percentage of average loans and leases	89		38		27		30		36	
Net charge-offs as a percentage of average loans and leases excluding specialized lending operations [4]	69		21		14		19		24	
Allowance for loan and lease losses as a percentage of loans and leases held for investment	1 62		1 10		1 06		1 10		1 18	
Ratio of allowance for loan and lease losses to net charge-offs	1 85	x	2 97	x	4 12	x	3 84	x	3 42	x

(1) Operating earnings exclude the effects of merger related charges which totaled $10 million $13 million $11 million $(7 million) and $4 million net of tax for the years ended December 31 2008 2007 2006 2005 and 2004 respectively

In addition to merger related and restructuring charges operating earnings also exclude net securities gains other than temporary impairments gains from the initial IPO and sale of Visa Inc shares a reversal of a reserve charge relating to the Visa Inc settlement gains from the early extinguishment of certain FHLB advances an adjustment related to leveraged leases and nonrecurring professional expenses collectively totaling $132 million net of tax in 2008 Operating results for 2007 exclude a reserve relating to the Visa Inc settlement and a credit related to the provision for income taxes related to leveraged leases collectively totaling $2 million net of tax Operating results for 2006 exclude a nonrecurring increase in tax reserves totaling $139 million net of tax related to leveraged leases securities losses totaling $47 million net of tax resulting from a portfolio restructuring and a gain on the sale of duplicate facilities totaling $18 million net of tax. Operating results for 2005 exclude a one-time charge related to the accounting for leases totaling $27 million net of tax

(2) Information presented on a cash basis excludes the effects of intangible assets, purchase accounting adjustments and the related amortization expenses which totaled $62 million $67 million $73 million $89 million and $84 million net of tax, for the years ending December 31 2008 2007 2006 2005 and 2004 respectively In addition cash basis results exclude merger related and restructuring charges and nonrecurring items as discussed in Note 1

(3) Loans and leases are net of unearned income and include loans held for sale

(4) Excludes net charge-offs and average loans from BB&T's specialized lending operations

Maybank 011223

ROA 4184

GENERAL INFORMATION

FORM 10 K

BB&T Corporation files an Annual Report on Form 10-K with the Securities and Exchange Commission each year A copy of this report may be obtained upon written request to

Daryl N Bible
Senior Executive Vice President and
Chief Financial Officer
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250

CORPORATE HEADQUARTERS

BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250
336-733-2000

EQUAL OPPORTUNITY EMPLOYER

BB&T Corporation is an equal opportunity employer All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and all other personnel policies will continue to be free from illegal discrimination

TRANSFER AGENT

Branch Banking and Trust Co
Shareholder Services
Attn Stock Transfer
223 West Nash Street
Wilson, NC 27893

SHAREHOLDER SERVICES

Shareholders seeking information regarding dividends, lost certificates or other general information should contact

Shareholder Services
336-733-3477 or toll-free 800-213-4314

Please submit address changes in writing to
BB&T Shareholder Services
150 South Stratford Road
Suite 300
Winston-Salem, NC 27104

ANALYST INFORMATION

Analysts, investors and others seeking additional financial information should contact

Tamera L Gjesdal
Senior Vice President
Investor Relations
336-733-3058

CLIENTS

Clients seeking assistance with BB&T products and services should call 1-800-BANK BBT (1-800-226-5228)

NEWS MEDIA

News media representatives seeking information should contact

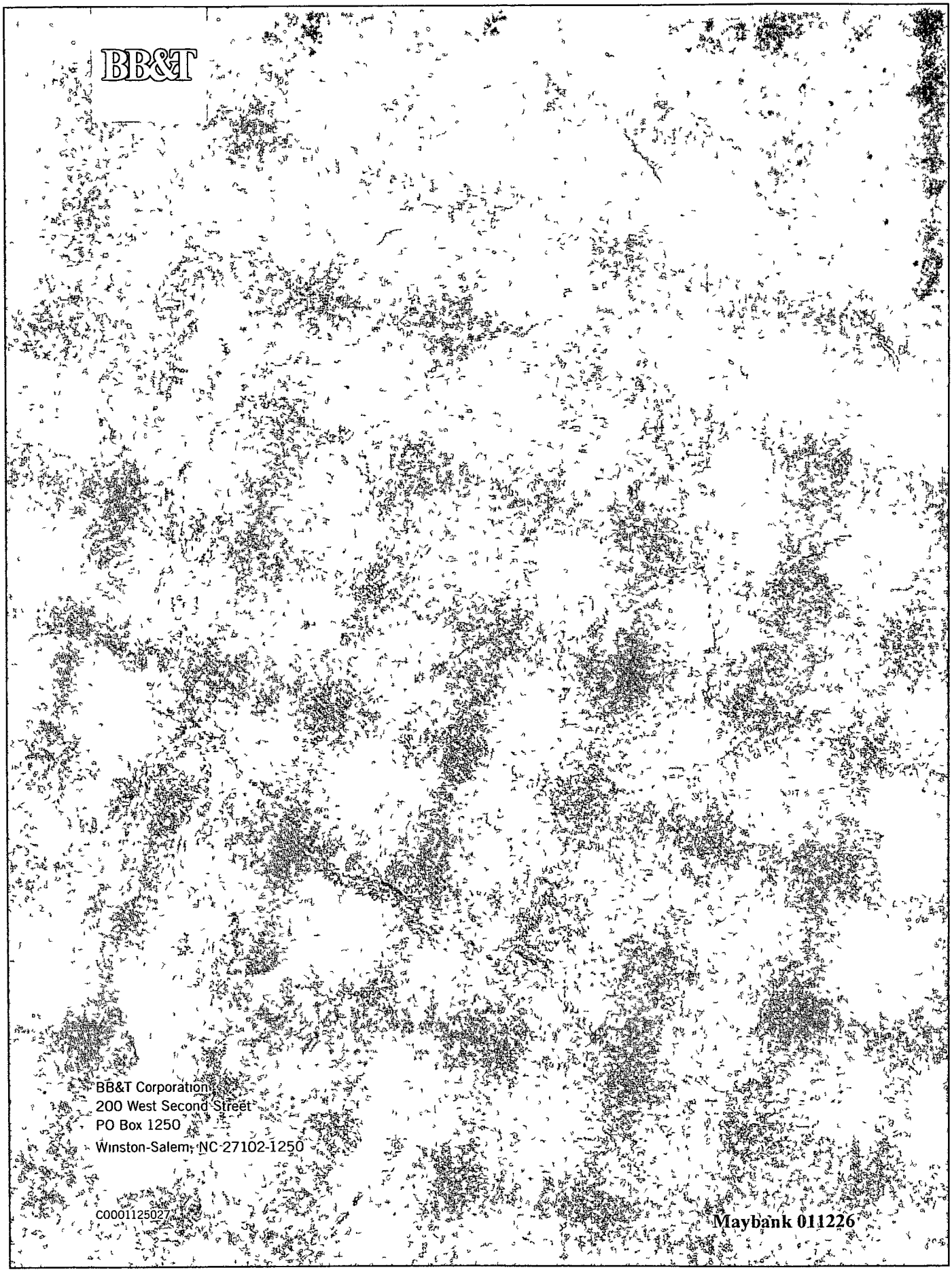
Robert A Denham
Senior Vice President
Corporate Communications
336-733-1475

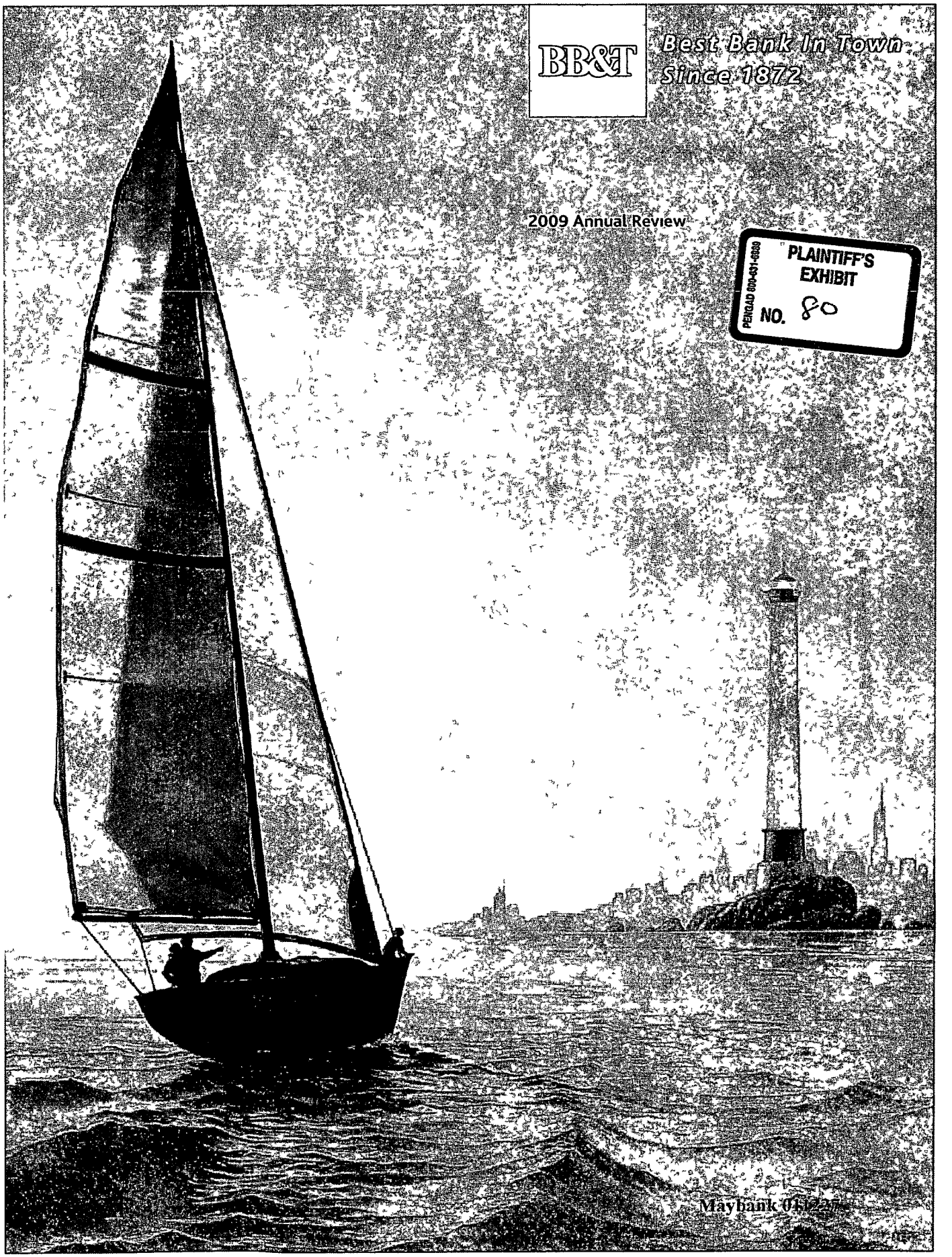
WEB SITE

Please visit www BBT com for information concerning BB&T's products and services, news releases, financial information, corporate governance practices and other material relating to BB&T

Maybank 011224


Maybank 011225


BB&T
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250
C0001125027
Maybank 011226


BB&T
Best Bank In Town
Since 1872
2009 Annual Review
PLAINTIFF'S
EXHIBIT
NO. 80
PEIRGAD 800-631-6989
Maybank 04122

CORPORATE PROFILE

Founded in 1872, BB&T Corporation ("BB&T" or "the Corporation") continues to build on a strong foundation of excellence.

Headquartered in Winston-Salem, North Carolina, BB&T has consolidated assets at December 31, 2009, totaling $166 billion and ranks as the 10th largest banking organization in the United States. As of December 31, 2009, BB&T operated 1,357 branch offices in 13 states and Washington, D.C.

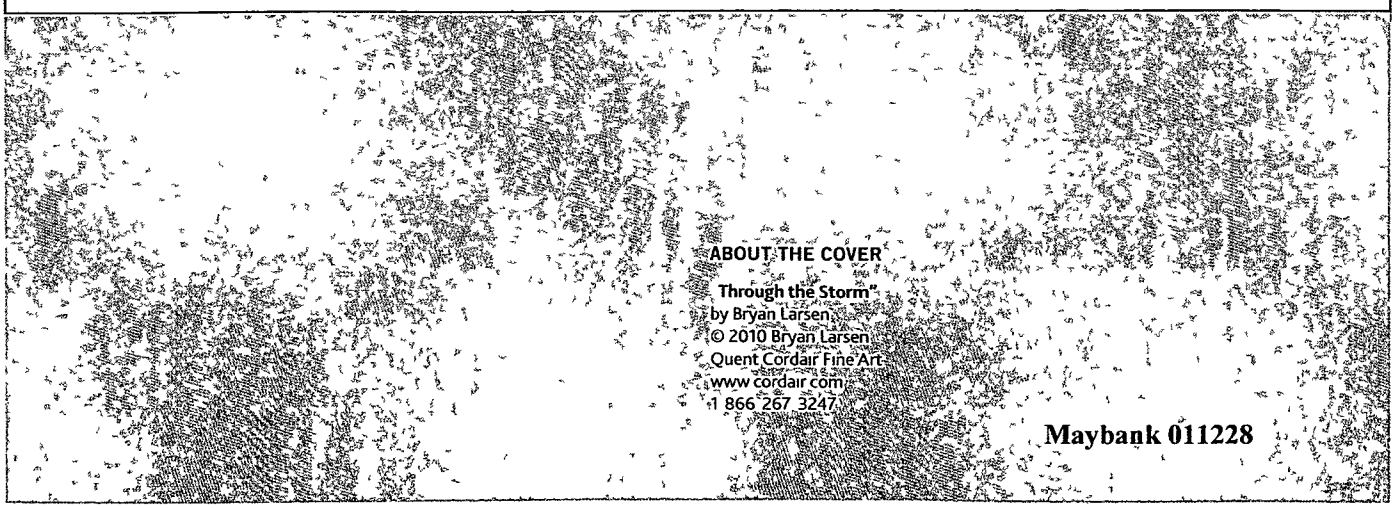
BB&T is a values-driven, profitable growth organization. During the 1990s and the first part of this decade, BB&T's growth came largely from mergers because the economics of combinations were compelling. More recently, the corporation's focus has been on organic growth and strategic acquisitions like the FDIC-assisted acquisition of Colonial Bank.

While growth is important, BB&T's most important objective is to create a Perfect Client Experience for each of its clients so that BB&T offers the best value proposition in the market. The corporation's over-arching purpose is to achieve its vision and mission, consistent with BB&T's values, with the ultimate goal of maximizing shareholder returns.

Today, BB&T's largest subsidiary, Branch Banking and Trust Company, and the corporation's other subsidiaries, offer a wide range of lending and deposit services to businesses and individuals. BB&T's subsidiaries also provide trust and investment advisory services, wealth management, retail and wholesale insurance services, investment services and capital markets services, commercial finance, factoring, treasury services, asset management, international services, payment solutions, supply chain management, merchant services and bankcard services.

BB&T's current organization was formed by a merger-of-equals in 1995 between the former BB&T Financial Corporation and Southern National Corporation.

BB&T operates through a community banking structure that is the foundation for local decision-making and provides the basis for client service that is reliable, responsive, empathetic and competent. For 138 years, through all economic cycles, BB&T has never lost sight of its goal of being the "Best Bank in Town."



ABOUT THE COVER

"Through the Storm"
by Bryan Larsen
© 2010 Bryan Larsen
Quent Cordair Fine Art
www.cordair.com
+1 866 267 3247

Maybank 011228

TABLE OF CONTENTS

Consolidated Financial Highlights	2
To Our Shareholders	4
Market Coverage	15
Corporate Board of Directors	24
Shareholder Information	26
Consolidated Balance Sheets	28
Consolidated Statements of Income	29
Selected Financial Data	30
Selected Ratios	31
General Information	32

ANNUAL MEETING

The 2010 annual meeting of shareholders will be held on Tuesday April 27 at 11 a m Eastern Daylight Time at Embassy Suites 460 North Cherry Street, Winston-Salem, North Carolina

ABOUT THE REVIEW

The BB&T Corporation 2009 Annual Review is presented in a summary format to provide information regarding the performance of BB&T in a manner that is meaningful and useful to the widest range of readers. The audited consolidated financial statements of BB&T Corporation and Subsidiaries and other more detailed analytical information regarding the Corporation are contained in the BB&T Corporation 2009 Annual Report on Form 10 K filed with the Securities and Exchange Commission.

This 2009 Annual Review contains performance measures determined by methods other than in accordance with accounting principles generally accepted in the United States of America (GAAP") BB&T's management uses these non-GAAP measures in their analysis of the corporation s performance BB&T's management uses these measures to evaluate the underlying performance and efficiency of its operations. It believes that these non-GAAP measures provide a greater understanding of ongoing operations and enhance comparability of results with prior periods as well as demonstrating the effects of significant gains and charges in the current period The Company believes that a meaningful analysis of its financial performance requires an understanding of the factors underlying that performance. BB&T's management believes that investors may use these non GAAP financial measures to analyze financial performance without the impact of unusual items that may obscure trends in the Company s underlying performance. These disclosures should not be viewed as a substitute for financial measures determined in accordance with GAAP nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Tangible common equity and Tier 1 common equity ratios are Non-GAAP measures BB&T uses the Tier 1 common equity definition used in the SCAP assessment to calculate these ratios BB&T's management uses these measures to assess the quality of capital and believes that investors may find them useful in their analysis of the corporation. These capital measures are not necessarily comparable to similar capital measures that may be presented by other companies

FORWARD LOOKING STATEMENTS

This BB&T Corporation 2009 Annual Review contains certain forward looking statements as defined in the Private Securities Litigation Reform Act of 1995 These statements may address issues that involve significant risks and uncertainties. Although we believe that the expectations reflected in this discussion are reasonable actual results may be materially different. Please refer to BB&T's Annual Report on Form 10 K for the year ended December 31 2009 for a more thorough description of the types of risks and uncertainties that may affect management s forward looking statements

Maybank 011229

ROA 4190

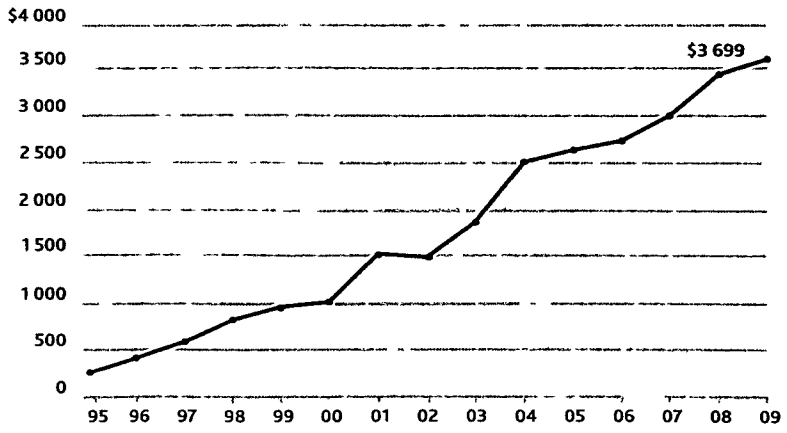
CONSOLIDATED FINANCIAL HIGHLIGHTS

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

	2009	2008	% Change
ANNUAL RESULTS			
Net income	$ 877	$ 1,529	(42 6)%
Earnings per common share			
Basic	1 16	2 73	(57 5)
Diluted	1 15	2 71	(57 6)
Cash dividends declared per common share	92	1 87	(50 8)
YEAR-END BALANCES			
Assets	$165,764	$ 152 015	9 0 %
Securities at carrying value	34,545	33 219	4 0
Loans and leases	106,207	98 669	7 6
Deposits	114 965	98 613	16 6
Shareholders' equity	16,241	16 081	1 0
Book value per common share	23 47	23 16	1 3
AVERAGE BALANCES			
Assets	$ 155,182	$136 881	13 4 %
Securities at amortized cost	32,296	24 497	31 8
Loans and leases	102,146	95 195	7 3
Deposits	102 381	88 831	15 3
Shareholders equity	16 238	13 533	20 0

CONSISTENT LONG-TERM EARNINGS POWER

PRE TAX PRE PROVISION EARNINGS



In millions of dollars
As originally reported 15 year compound annual growth rate of 16 4%

INDUSTRY LEADING REVENUE GROWTH THROUGH THE CYCLE[1][2]

BB&T	**25 6 %**
U S Bancorp	21 6
PNC	16 4
Fifth Third	13 0
M&T	4 8
Zions	4 3
SunTrust	3 3
Marshall & Ilsley	(0 9)
Huntington	(2 4)
Regions	(4 5)
KeyCorp	(11 4)
Capital One	(13 9)
Comerica	(16 8)

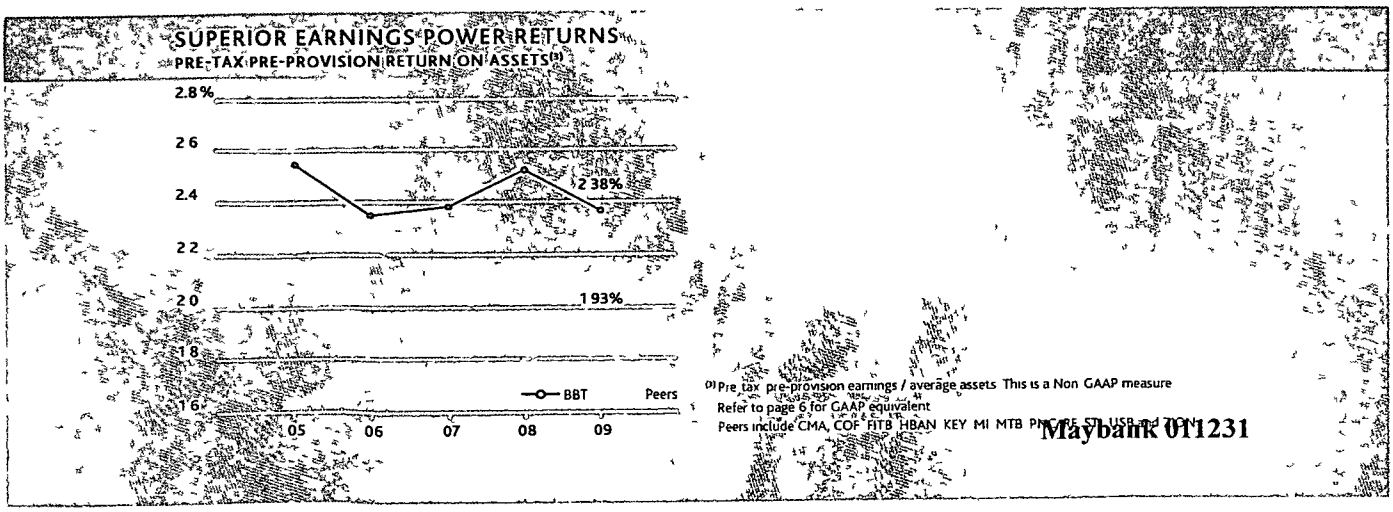
[1] Increase from 2007 2009
[2] Revenue growth adjusted to exclude estimated impact of acquisitions or unusual gains
SOURCE Company reports, SNL Financial

Maybank 011230

	2009	2008
PERFORMANCE RATIOS		
Return on average assets	56 %	1 12 %
Return on average common shareholders' equity	4 93	11 44
Net interest margin	3 66	3 58
Fee income ratio	44 2	42 5
Fee income ratio – adjusted[1]	42 8	40 7
Efficiency ratio	55 4	52 0
Efficiency ratio – adjusted[1]	50 4	50 9
CAPITAL RATIOS		
Tier 1 risk-based capital ratio	11 5 %	12 3 %
Total risk-based capital ratio	15 8	17 4
Tier 1 leverage capital ratio	8 5	9 9
Tangible common equity as a percentage of tangible assets[2]	6 2	5 3
Tier 1 common equity to risk-weighted assets[2]	8 5	7 1
MISCELLANEOUS INFORMATION		
Common shares outstanding (in thousands)	689,750	559 248
Basic weighted average shares outstanding (in thousands)	629 583	548 847
Diluted weighted average shares outstanding (in thousands)	635 619	552,498
Full-time equivalent employees	32 394	29 633
Banking offices	1,857	1 511
ATMs	2,541	2 195

[1] Excludes securities gains (losses) foreclosed property expense amortization of intangible assets, merger related and restructuring charges and revaluations, unusual gains from extinguishments of debt the sale of a payroll processing business and the sale of BB&T s ownership interest in Visa; unusual costs associated with a special FDIC assessment, a contingency reserve and adjustments related to leveraged lease settlements.

[2] Tangible common equity and Tier 1 common equity ratios are Non-GAAP measures. BB&T uses the Tier 1 common equity definition used in the Supervisory Capital Assessment Program to calculate these ratios.



Maybank 011231

To Our Shareholders

In another extraordinarily difficult year for the banking industry BB&T remained strong and profitable because we stayed true to our deeply rooted vision, mission and values Your company stood out as a safe and secure haven when other financial institutions stumbled and even failed Just as BB&T was the only bank in the Carolinas to keep its doors open during the Great Depression of the 1930s we have been one of three regional banks in the nation to remain profitable during the "Great Recession" of the past two years

We are proud of our accomplishments this year Among our most important your company

- Became one of three large regional banks to pass the federal government's "stress test" for capital strength, and among the first group of financial institutions to exit the governments Troubled Asset Relief Program
- Completed the FDIC-assisted acquisition of Colonial Bank the largest in our history in a deal that protects us from Colonials problem assets while significantly expanding BB&T s presence in Florida Alabama and Georgia – and giving us an important stake in the huge Texas market
- Won recognition by our clients for superior service despite the challenging market, as evidenced by independent surveys measuring our mortgage sales and servicing, mobile banking, wealth management, service to small businesses and middle market companies, and more
- Touched the lives of 1 6 million people through the BB&T Lighthouse Project
- Contributed to the U S economy by extending more than $75 billion in loans including a significant portion to small businesses and middle market companies, restructured $3 billion in mortgage loans to help homeowners keep their homes, and employed more than 32,000 people

While these are important achievements, this is no time for complacency The banking industry, as well as the national and global economies, are not out of the woods yet We still face risks and challenges While BB&T has fared better than our peers in the amount of problem assets because of our disciplined lending standards, we must stay vigilant because the real estate markets are still under stress Our clients are understandably wary of new investment and new loans with so many Americans still out of work and so much uncertainty coming out of Washington They also are justifiably skeptical after watching so many financial institutions falter or, worse, abuse their trust As a result, even though we are ready and eager to lend, would-be borrowers are holding back

We also face increased regulation from Washington that will hamper the competitiveness of U S banks in a global marketplace Despite the political rhetoric blaming the banking industry for both causing the financial crisis and now impeding economic recovery the truth is most traditional U S banks have been working very hard to do our primary job – lending to help businesses grow and create jobs in the communities they serve BB&T and other healthy banks have paid back government-assistance funds, with a good return for taxpayers While some banks did contribute to the crisis by offering risky exotic loans and investments, the government also shares the blame with ill-considered policies encouraging risky unsustainable mortgages Even though BB&T did not participate in the riskiest subprime mortgages and other investments, and would likely benefit from Washingtons push to limit the size and activities of large banks because we avoid esoteric practices such as owning hedge funds the answer is not to have politicians dictate what products are offered by private financial institutions The better answer is to require banks to have the capital cushions needed to protect their clients At BB&T, we want the free market to decide who survives and who fails

Maybank 011232

ROA 4193



Despite the numerous challenges facing the industry and BB&T, I have never been more optimistic about the long-term future of your company. Unlike many of our competitors, we have the underlying financial strength and profitability to meet our clients' needs as the economy stabilizes and ultimately begins expanding again. We already are benefiting from a "flight to quality" in attracting deposits, purchasing assets and winning clients from weakened and distracted competitors. Revenue from our insurance, mortgage banking and other businesses produced record results in 2009 and we are well-positioned to expand our corporate banking services.

The lighthouse on the cover of this report is a meaningful symbol for BB&T. Since our founding in 1872, we have managed conservatively and been careful stewards of our clients' trust. We have been a beacon guiding clients to safe harbor in turbulent times such as the last two years. In 2009, our Lighthouse Project focused on helping our communities that also are struggling economically; BB&T employees donated 53,000 volunteer hours to more than 1,000 community service projects. In 2010 and beyond, we believe the BB&T lighthouse also will become another kind of beacon – one illuminating financial strategies to help our clients meet their financial goals during today's uncertain times, and during the better times ahead. For our country and for BB&T, I firmly believe our best days are ahead.



Kelly S. King
Chairman and
Chief Executive Officer

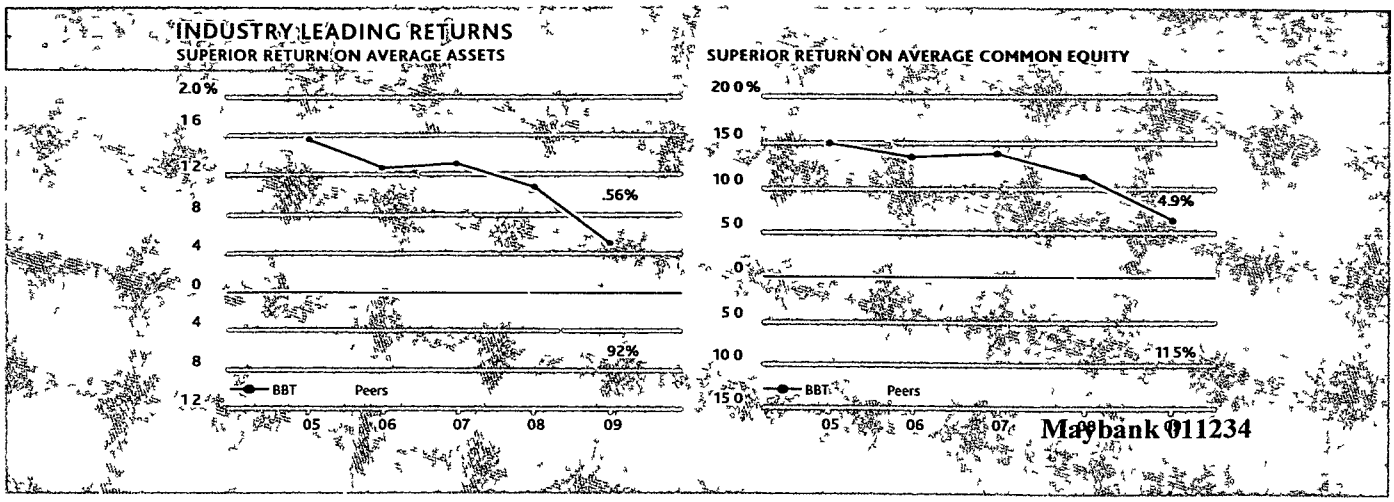
OUR 2009 RESULTS

Despite a challenging operating environment for financial institutions BB&T's results showed very positive trends in 2009 including strong growth in deposits and mortgage banking, insurance and other non-interest income While our bottom-line results reflect continued recessionary pressures, including slower loan growth and higher credit costs, we are encouraged by a significantly slower growth rate in nonperforming assets and more stability in many of our lending portfolios as the year came to a close We continue to substantially outperform our peers, demonstrate consistent underlying earnings power and are seeing meaningful benefits from our FDIC-assisted acquisition of Colonial Bank.

Net income for the year totaled $877 million, or $1 15 per diluted share, reflecting decreases of 42 6% and 57 6% respectively In this environment, the most important driver of performance is credit quality For the second year, increases in the provision for credit losses were the biggest cause for our lower earnings Nonperforming loans, as a percentage of total loans, were 2 56% at December 31 2009 compared to 1 43% a year earlier Net charge-offs increased to 1 74% of average loans and leases for 2009, up from 89% the previous year Even with these higher levels of nonperforming assets and charge-offs BB&T still leads our peer group with the lowest levels of nonperforming loans and superior overall credit quality The largest concentration of our problem loans continues to be residential properties in Atlanta, Florida and metro Washington, D C , where prices fell sharply from highly inflated levels as well as modest deterioration in the coastal areas of the Carolinas

We are encouraged by signs of stabilization, particularly in BB&T s consumer loan portfolios We also are pleased with a reduction in the rate of increase in nonperforming assets for each quarter of 2009 Despite industry concern about problem commercial real estate loans, we have not seen evidence of major deterioration, with a modest increase in gross charge-offs from 1 0% to 1 2% in the fourth quarter In addition, we are diversifying our loan portfolio to decrease our exposure to real estate while focusing more attention on commercial and industrial loans over the next few years In the fourth quarter of 2009, our commercial and industrial portfolio increased by 11 5% on an annualized basis, while we continued to work through our homebuilder portfolio, reducing our exposure to this stressed portfolio by $2 2 billion or 28%, to $5 8 billion during 2009 The growth in commercial and industrial lending reflects our success in attracting companies that moved their business to BB&T in a "flight to quality" because they view BB&T as better equipped to meet their financing needs

BB&T's strong balance sheet also contributed to our record net revenues in 2009 as depositors sought safety and security Average client deposits, including balances acquired from Colonial, increased by 28 8% to $105 4 billion for the fourth quarter of 2009, compared to a year earlier; without Colonial, client deposits were up a still-strong 7 1% Our deposit growth during the year reflects continued improvement in deposit mix in the fourth quarter, with more of our growth coming in lower-cost deposits. In addition, deposit costs have continued to decrease while balances have continued to grow



Maybank 011234

ROA 4195

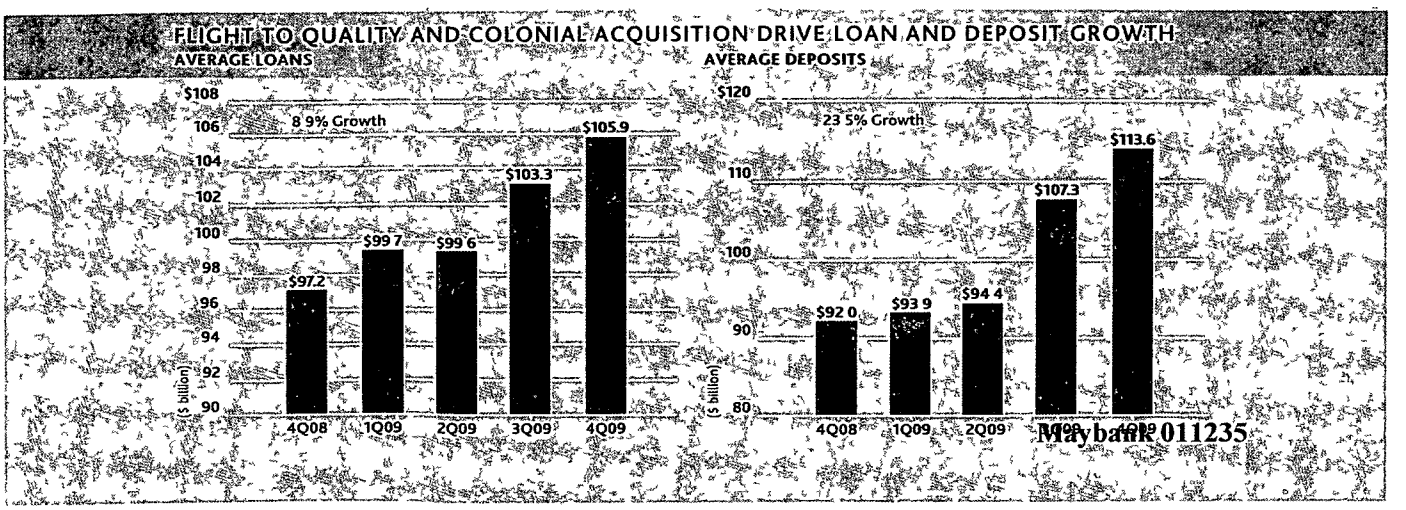
Average loans and leases increased by 7 3% compared to 2008 including loans acquired from Colonial Excluding Colonial, average loan growth was up 2 6% from 2008 Our loan growth compares very favorably with the industry, where average loan balances are generally down Banks have been criticized for reluctance to make loans due to concerns about credit quality, but the main reason for sluggish loan growth is soft demand from borrowers still anxious about an uncertain economy I assure you that BB&T remains eager to make every good loan we can find

Net interest income totaled $4 8 billion for 2009 up 14 3% from a year earlier Our net interest margin – basically the difference between the interest received on loans and investments and the interest paid on deposits and other funding, expressed as a percentage of average earning assets – improved to 3 66% from 3 58% in 2008 Importantly, in the fourth quarter of 2009, our margin improved to 3 80%, the strongest level in years

Revenue from BB&T's fee income-producing businesses, which represent 42 8% of total revenue, increased during 2009 by 23 1% to $3 9 billion, underscoring the benefit of our diversified businesses The biggest contributor was BB&T s insurance operations which exceeded $1 billion in noninterest income for the first time, and mortgage banking operations, which produced a 139% jump in income from record production revenue and increased servicing income from a larger servicing portfolio Checkcard, wealth management and other non-deposit fees and commissions also contributed to this growth

For 2009, BB&T's return on average assets was 56% while the return on common shareholders equity was 4 93% While these ratios are significantly lower than we experience in a "normalized" credit environment, they do reflect positive earnings An average of our peers performance reflects a return on average assets of - 92% and a return on average common shareholders' equity of -11 5%

Finally, we are encouraged by what we regard as one of the most important measures of our normalized earnings power pre-tax pre-provision income. During a credit cycle all financial institutions experience heightened credit costs. Pre-tax pre-provision income reflects the underlying earnings power of a company This measure increased 5 9% to $3 7 billion in 2009 from a year earlier, which we consider a very positive number in a difficult environment While our results are certainly lower than BB&T's historical numbers – and we are never satisfied with lower results – they are among the strongest results in the financial services industry





"It's great when a bank helps you reach your goals. BB&T cares about my passion for providing mental health services in our communities."

Faye Bordeaux, LCSW, Chief Executive Officer, Cambridge Behavioral Health Services, PLLC, Greenville, N.C.

With a mission of serving individuals with emotional and behavioral challenges, Faye and Frankie Bordeaux dreamed of opening a behavioral health practice and needed a strong financial institution to finance the building purchase. BB&T responded with a loan for the new facility, and have since financed the construction of two more facilities. Today, the Bordeauxes have a multi-million-dollar practice in two locations, offering counseling, medication management, case management and other services. BB&T's consultative approach has yielded a long-lasting relationship, now managed by Business Services Officer Tommy Price. The relationship includes providing deposit accounts, employee benefit plans, wealth management, cash management and merchant and payroll services. "Because BB&T is our one-stop shop for banking, we can focus our energy on helping patients and building our practice," says Chief Operating Officer Frankie Bordeaux.

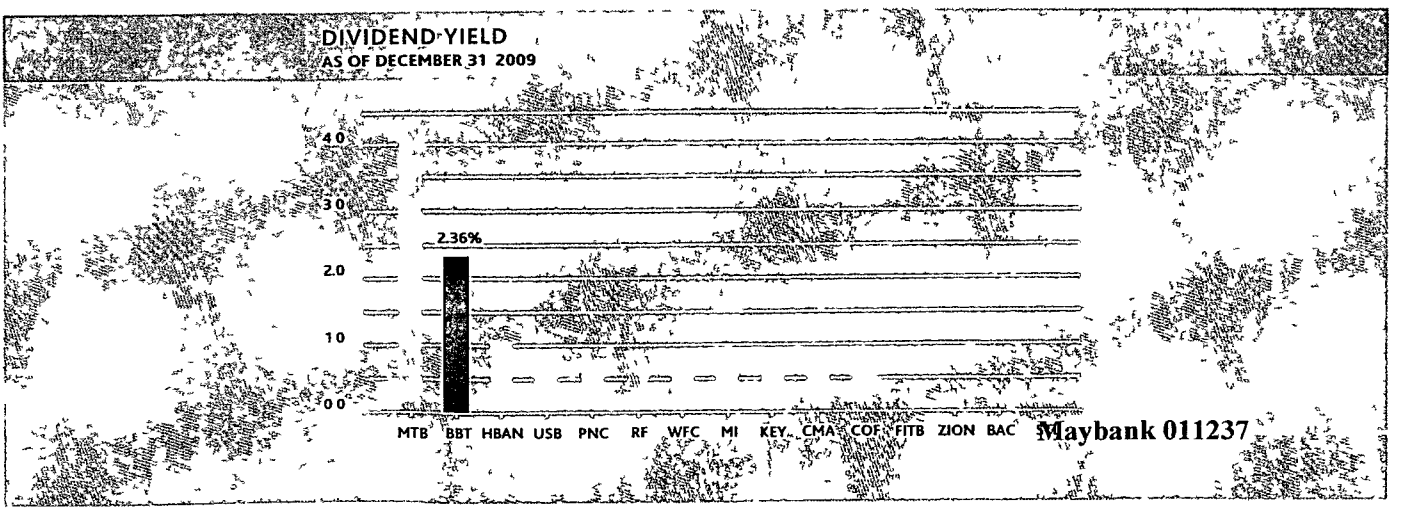
LEFT TO RIGHT: Faye Bordeaux, Cambridge Behavioral Health Services, LCSW, Chief Executive Officer; Dennis Alexander, BB&T Senior Vice President/City Executive; Tommy Price, BB&T Vice President/Business Services Officer; Frankie Bordeaux, Cambridge Behavioral Health Services, Chief Operating Officer

OUR STOCK PERFORMANCE

The bottom line in BB&T s mission is to optimize the long-term return to our shareholders, while providing a safe and sound investment

As investors know too well, the last decade has been a difficult period for stock prices In fact the last 10 years is the first time since the 1930s when there was a negative return on stocks But in this very volatile environment for stock prices, particularly shares of financial services companies, your company has been a hallmark of steady performance While our 10-year performance certainly is not as good as we would like, BB&T did post a modest gain while the banking industry and the S&P both suffered declines For the periods ended December 31, 2009, we outperformed an average of our peers over the last 1, 2 3 5, 7, 10 15 and 20 years Even considering the erosion of stock prices that began in 2007, a $100 investment in BB&T shares in 1995 was worth $315 on December 31 2009 – significantly better than the S&P 500

Dividends also are very important to our shareholders, and a very important responsibility for BB&T Your company has paid a cash dividend every year since 1903 By far the most difficult decision for me in 2009 – and the worst day in my 37-year banking career – was having to reduce BB&T's annual dividend to $ 60 per share I believe it was a prudent and necessary decision to help us maintain a strong capital position throughout this economic downturn and, considering our levels of earnings in recent quarters, the reduction was required by banking regulations I also believe the dividend reduction is a temporary measure I know how much many of our shareholders depend on our dividends. I promise you that I and our leadership team are working as hard as we possibly can to improve earnings When economic conditions improve and our earnings levels permit an increase in the dividend, we are committed to increasing the dividend to an appropriate level We continue to target a 40% to 60% payout of our earnings to our shareholders For example, in the fourth quarter of 2009, we earned $ 27 per share and paid out $ 15 per share, or a 56% payout Finally, like our stock price our current dividend still compares very favorably with our peers We were the last large bank to reduce our dividend, and we continue to pay a premium compared to other large banks and all but one of our peers While it was a painful decision in the short term, I believe it will prove to be in the best interest of our shareholders and the company over the long term



Maybank 011237

ROA 4198

OUR CAPITAL STRENGTH

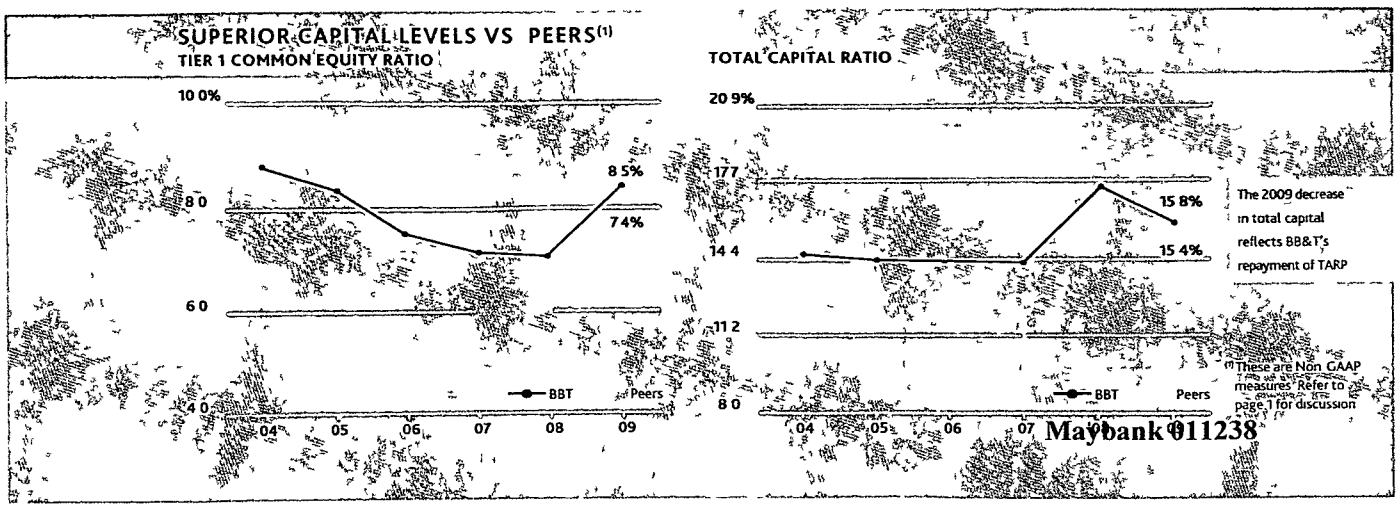
In the midst of the nations most severe financial crisis since the 1930s, BB&T demonstrated that its capital levels are among the strongest in the industry Capital, a key measure of a banks financial health, is the margin by which creditors are covered if the banks assets are liquidated In the fourth quarter of 2008 the federal governments concern about bank failures prompted the Treasury Department and banking regulators to strongly encourage even well-capitalized institutions such as BB&T to accept government investment to increase capital levels as part of its Troubled Asset Relief Program, or TARP

As I said in last year's report, we were determined to exit TARP as soon as possible because the accompanying excessive government regulations are inconsistent with our free-market principles and harmful to shareholders I am pleased to report that your company was among the first financial institutions in the country to meet the governments standards to exit the program In May BB&T exceeded the governments minimum "stress test requirements under a 'more adverse" economic scenario that projected a prolonged and deepening recession – assumptions more severe than BB&T s estimates The test conducted by federal regulatory officials using rigorous forward-looking criteria, showed that BB&T surpassed minimum requirements for regulatory and tangible capital In the year since the stress test, BB&T has outperformed the government's projections for earnings by $576 million and outperformed expectations for losses by $2 4 billion

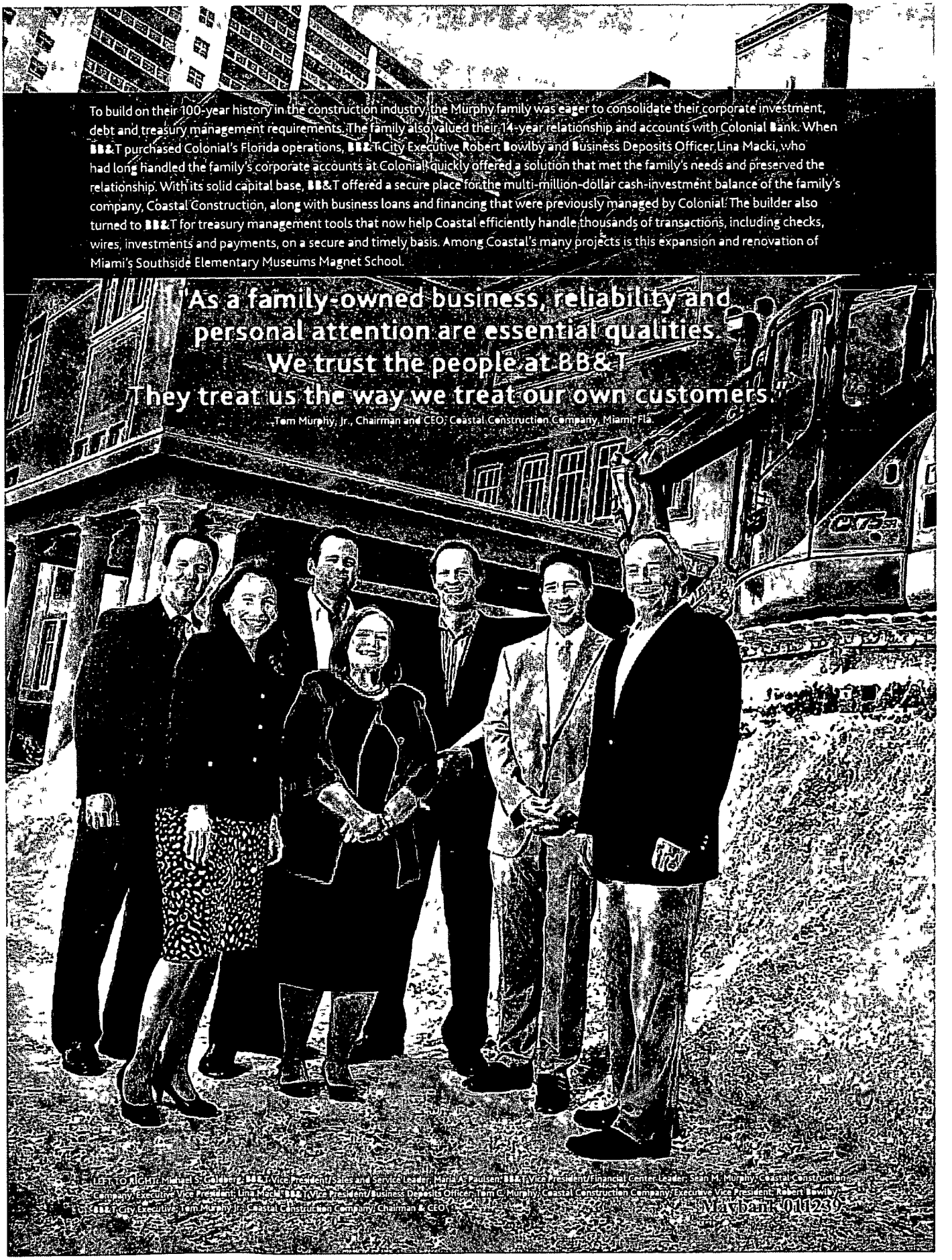
In June, BB&T received regulatory approval and bought back the preferred stock it sold to the U S Treasury in November 2008 In addition to $3 1 billion to repurchase the stock, BB&T paid the government a total of $92 7 million in dividend payments and paid $67 million to repurchase the warrant from the government – amounting to an 8 4% rate of return an excellent investment for the American taxpayer At the same time BB&T has remained committed to helping meet the TARP's original spirit of thawing frozen credit markets As we proudly proclaim with the "Still Strong, Still Lending" banners in front of our branches, we continue to actively pursue and make every good loan we can find Our loan originations exceeded $75 billion in 2009

At December 31, 2009, our Tier 1 risk-based capital ratio and total risk-based capital ratio were 11 5% and 15 8%, respectively, compared with 11 1% and 15 6%, respectively, at September 30, 2009 Our Tier 1 common ratio, a measure of tangible capital, was 8 5% at December 31 2009, ranking second in our peer group These ratios all remain well above regulatory standards for well-capitalized banks

Our strong capital position both bolsters your company during the current credit cycle and gives us the flexibility to take advantage of opportunities as we emerge from the economic downturn



ROA 4199


To build on their 100-year history in the construction industry, the Murphy family was eager to consolidate their corporate investment, debt and treasury management requirements. The family also valued their 14-year relationship and accounts with Colonial Bank. When BB&T purchased Colonial's Florida operations, BB&T City Executive Robert Bowlby and Business Deposits Officer Lina Macki, who had long handled the family's corporate accounts at Colonial, quickly offered a solution that met the family's needs and preserved the relationship. With its solid capital base, BB&T offered a secure place for the multi-million-dollar cash-investment balance of the family's company, Coastal Construction, along with business loans and financing that were previously managed by Colonial. The builder also turned to BB&T for treasury management tools that now help Coastal efficiently handle thousands of transactions, including checks, wires, investments and payments, on a secure and timely basis. Among Coastal's many projects is this expansion and renovation of Miami's Southside Elementary Museums Magnet School.
"As a family-owned business, reliability and personal attention are essential qualities. We trust the people at BB&T. They treat us the way we treat our own customers."
Tom Murphy, Jr., Chairman and CEO, Coastal Construction Company, Miami, Fla.
LEFT TO RIGHT: Michael S. Gardner, BB&T Vice President/Sales and Service Leader; Mark A. Paulsen, BB&T Vice President/Financial Center Leader; Sean M. Murphy, Coastal Construction Company Executive Vice President; Lina Macki, BB&T Vice President/Business Deposits Officer; Tom C. Murphy, Coastal Construction Company Executive Vice President; Robert Lowlby, BB&T City Executive; Tom Murphy Jr., Coastal Construction Company Chairman & CEO.
Maybank 011239

OUR COLONIAL BANK ACQUISITION

Our acquisition of Colonial Bank in August 2009 was a strategically compelling and financially attractive transaction that has exceeded all of our rigorous criteria for acquisitions The transaction has four key benefits

Expands and enhances BB&T s franchise in key markets

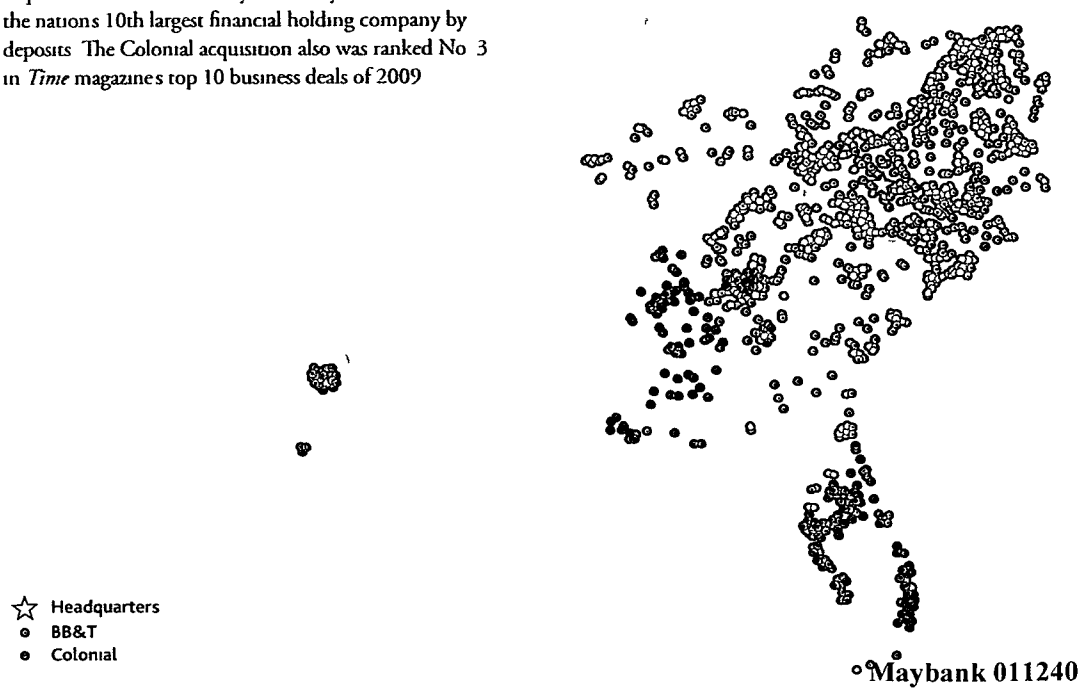
BB&T s goal is to be in the top five in deposit market share in all of our markets The transaction propelled us to No 5 in Florida (from No 11) and opened new markets in the burgeoning South Florida communities We moved up dramatically in Alabama to No 4 (from No 55) and are well-positioned to benefit from market turmoil caused by several bank failures and takeovers in that state We bolstered our No 5 ranking in Georgia, with notable gains in Atlanta and Columbus

The acquisition also gave us a foothold in the important Texas market with its huge population (24 8 million in Texas versus 18 5 million in Florida and 9 4 million in North Carolina) and diverse economy Our 22 financial centers in the Dallas and Austin markets – while representing a small share of the market – complement our existing commercial insurance and mortgage businesses in Texas We are committed to expanding our presence in the state over time

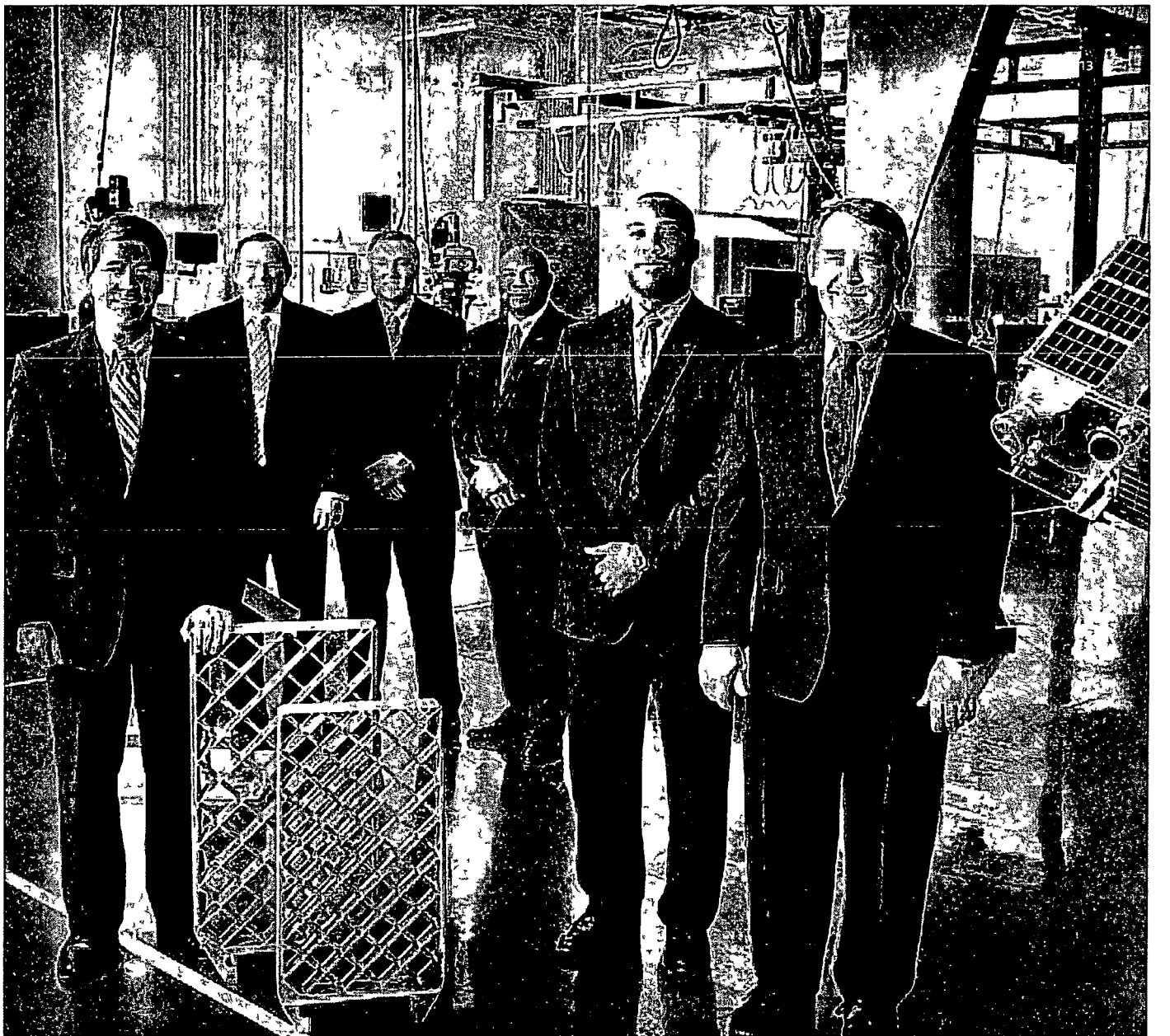
Though larger size is not a goal of our acquisitions it is worth noting that the Colonial transaction is the largest acquisition in BB&T s 138-year history and makes us the nations 10th largest financial holding company by deposits The Colonial acquisition also was ranked No 3 in *Time* magazines top 10 business deals of 2009

Protects BB&T from losses from substantially all acquired loans and securities

BB&T emerged as a top candidate to take over Colonial, the largest of 140 U S bank failures in 2009, because of our ongoing strength during the financial crisis Under an agreement with the Federal Deposit Insurance Corporation, BB&T assumed all of Colonial s $19 2 billion in deposit accounts, but did not acquire any of the assets or assume any obligations from Colonial's holding company BB&T purchased $19 6 billion of assets, with essentially all either covered by FDIC loss-sharing protection or risk-free assets like cash The FDIC will cover 80% of losses and share some of our upside if losses are less than $5 billion, and assumes 95% of losses above $5 billion BB&T s responsibility for the 20% of the first $5 billion has already been recorded If the entire covered portfolio were charged off BB&T's maximum exposure would be less than $500 million before taxes One of our most important requirements for acquisitions in this credit environment is to protect our balance sheet from additional credit risk. The Colonial deal meets that goal very well



ROA 4201



"BB&T's stability, culture and community banking approach resonated with our values. Working with their bankers has made our lives easier."

Dr. Marc Bendickson, Dynetics Inc., Chairman & CEO, Huntsville, Ala.

A leader in engineering, scientific and information technology for the U.S. government and other business sectors, Dynetics was on the verge of closing its deposit account with the failing Colonial Bank. After BB&T announced its acquisition of Colonial's banking operations, Alabama State President Dontá L. Wilson and Commercial Lending Officer Herman Stubbs swiftly arranged to meet with company leaders to rescue the relationship. Wilson and Stubbs personally assured Dynetics of BB&T's strength, commitment to helping clients and knowledge of government contracts and services. As a result, Dynetics chose to continue its services and immediately moved a money-market account worth several million dollars to BB&T from a competing bank. The key reasons for the decision: BB&T's long tradition of conservative management, ability to offer a seamless transition and attractive services including wealth management and insurance. "We were impressed with BB&T and its strong state leadership, and felt comfortable putting our business in their hands," says Dr. Bendickson.

LEFT TO RIGHT: Eddie Hoff, BB&T Huntsville City Executive; Tom Baumbach, Dynetics Inc., President, Board of Directors; Randy Reynolds, Dynetics Inc., Vice President of Finance; Herman Stubbs, BB&T Commercial Lending; Dontá L. Wilson, BB&T Alabama State President & North Alabama Regional President; Dr. Marc Bendickson, Dynetics Inc., Chairman & CEO

Provides immediate earnings contribution

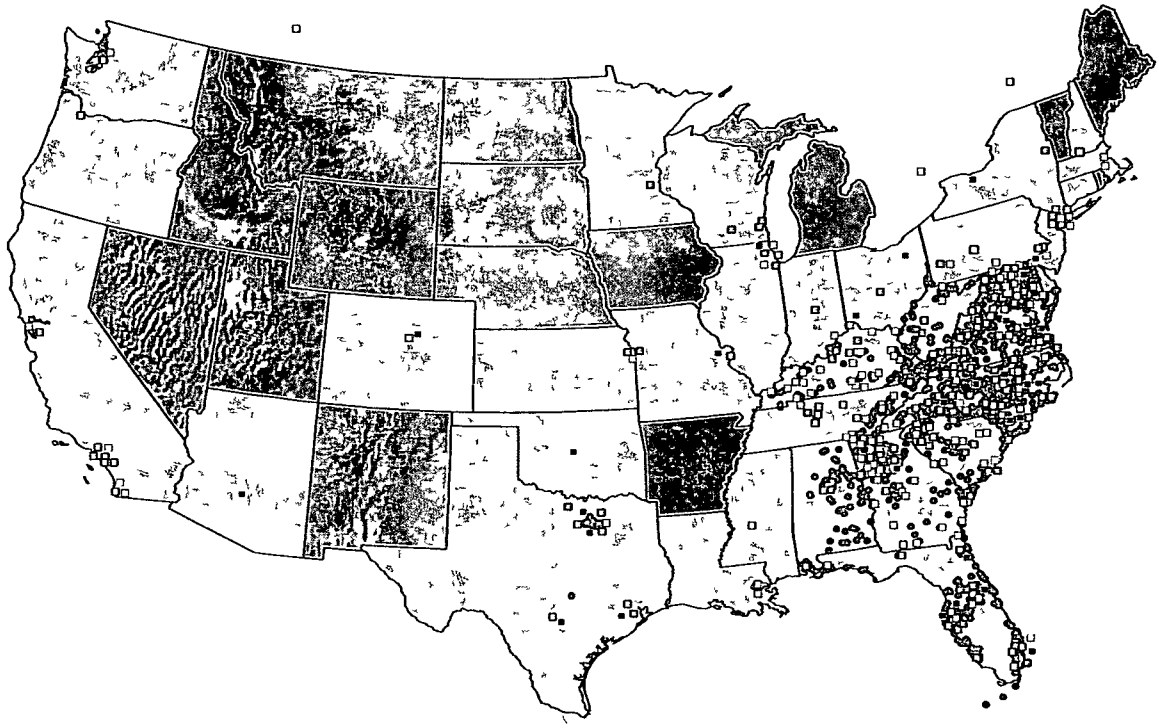
Using conservative assumptions, the transaction exceeds BB&T s merger criteria This immediate positive effect on earnings includes the impact of issuing 38 5 million shares of common stock at $26 per share to raise proceeds of $963 million in connection with the acquisition We have a proven track record of achieving cost-savings targets in acquisitions In this transaction, we anticipate reducing 30% of the Colonial cost base, or $170 million pre-tax annually, offsetting an estimated $185 million pre-tax in one-time merger and integration costs

Creates opportunities for growth

Colonial s franchise, widely coveted in the banking industry, was not performing up to its potential because of the banks financial problems We have created new community bank regions, which allow decision-making close to the client, and introduced BB&T's broader array of products and services Already, Colonial and BB&T employees, working seamlessly side-by-side, have retained and expanded our relationship with many of Colonial s clients In Alabama, for example, we have won deposits and loans from competitors because of BB&T's long record of financial strength Amazingly, employees in the former Colonial branches have grown deposits by $1 5 billion since the August 14 acquisition date and have originated $334 million in loans



MARKET COVERAGE



- BB&T Headquarters
- BB&T Community
- BB&T Capital Markets
- AFCO/CAFO/Prime Rate
- Commercial Finance
- Equipment Finance
- Governmental Finance
- Grandbridge Real Estate Capital
- Insurance
- Lendmark Financial Services
- Regional Acceptance
- SBA Group
- Scott & Stringfellow
- Sheffield Financial
- Sterling Capital

Map generated by SpatialLogic

BB&T DEPOSIT MARKET SHARE AND BRANCH LOCATIONS BY STATE

	BRANCHES	MARKET SHARE[1]	% OF BB&T DEPOSITS[1]
Virginia	392	3rd	19 %
North Carolina[2]	360	2nd	21
Florida	307	5th	16
Georgia	178	5th	11
Maryland	130	6th	6
South Carolina	116	3rd	6
Alabama	91	4th	6
Kentucky	90	3rd	4
West Virginia	78	1st	5
Tennessee	57	6th	3
Texas	22	48th	1
DC	12	7th	1
Indiana	2	—	—

[1] Based on FDIC.gov data as of June 30, 2009. Includes effect of the Colonial acquisition. BB&T has an incidental presence in Indiana.
[2] Excludes home office deposits.

Maybank 011243

OUR VALUES

We believe our values are the underlying reason for our success That has never been more true than during the difficult times of the last two years

People are disillusioned and skeptical about the financial sector causing some banks to seek to redefine themselves At BB&T we have never had to redefine ourselves We figured out who we were long before this financial crisis and the last one By remaining true to fundamental values that are deeply rooted in our history and culture, we are not distracted by trends that come and go We did not rush in to embrace the exotic mortgages and other flashy products that have haunted some other financial institutions, largely because such products would not be beneficial to our clients, and therefore would be inconsistent with our mission

Our values are the "heart and soul" of how we choose to live our organizational life, and how we make our everyday decisions Our values are our beliefs People behave in a manner that is consistent with their beliefs Honesty is our bedrock value, as you see depicted in the accompanying illustration Without honesty, there can be no trust Without trust, there can be no meaningful relationships And without relationships, there can be no advancement as an organization or a society Particularly now, after so many financial scandals and other violations of trust people form relationships only with individuals and institutions they trust

Our values help us achieve our vision of creating the best financial institution possible They also help us "live" our mission of serving our clients nurturing our employees supporting our communities and rewarding our shareholders

The first part of our mission is to help our clients achieve economic success and financial security It is worthwhile work and one of the most important relationship responsibilities in the world because finances are crucial in helping people achieve their dreams and goals in life We achieve that mission by offering products that meet their needs, and service that is reliable, responsive, empathetic and competent The second part of our mission is to create a place where employees can learn grow and be fulfilled in their work We achieve that with continuous training that instills our values Our mission also requires that we support our communities, and we achieve that by contributing our money and more importantly our time, as you'll see when you read about our Lighthouse Project in the next section of this report Finally by living our mission, we achieve our bottom line as a company optimizing the long-term return to our shareholders while providing a safe and sound investment

Of course our values, vision and mission are just words on a page unless all of the individuals who make up BB&T both believe and practice them That's why we also stress in our employee training programs what I call the characteristics of outstanding achievers They include believing absolutely that BB&T will become the best financial institution possible, committing the time energy resources and training to get the job done and enjoying the journey But the most important characteristic is an Enthusiastic Positive Attitude about work and life – an attitude that we believe our clients and communities share with our employees

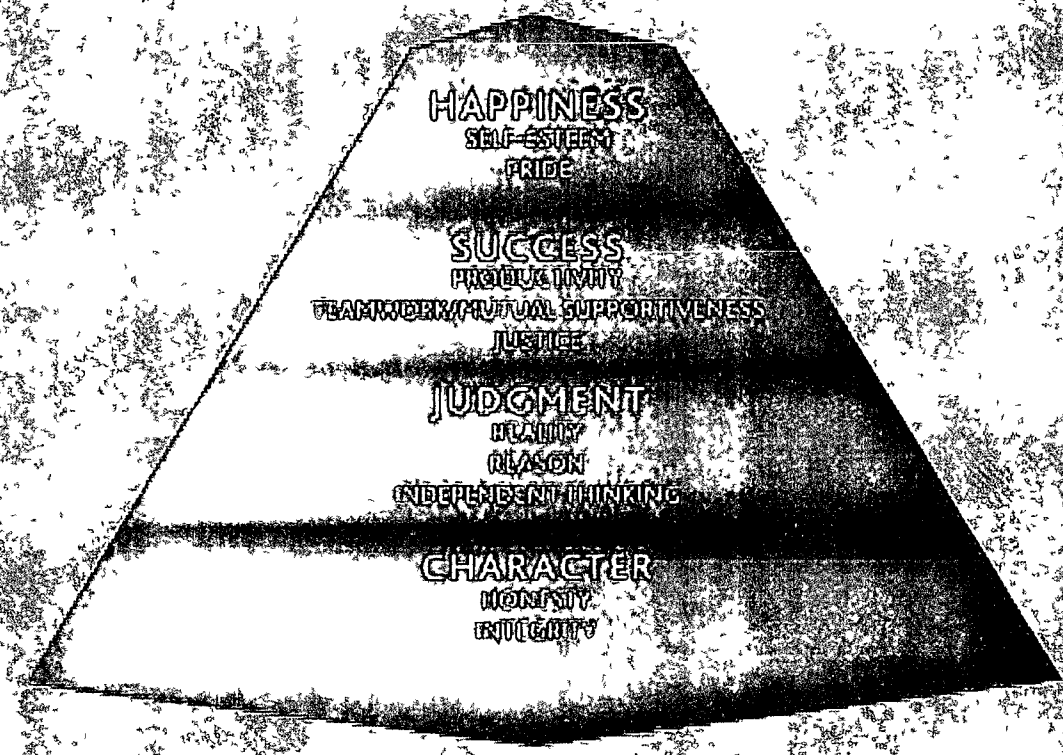
Maybank 011244

ROA 4205

OUR VISION

To Create the Best Financial Institution Possible

"The Best of The Best"



OUR MISSION

To Make the World a Better Place to Live, By

- **Helping our Clients Achieve Economic Success and Financial Security**
- **Creating a Place where our Employees can Learn, Grow and be Fulfilled in their Work,**
- **Making the Communities in which we Work Better Places to be, and thereby**
- **Optimizing the Long-Term Return to our Shareholders, while Providing a Safe and Sound Investment**

Maybank 011245

OUR LIGHTHOUSE PROJECT

My proudest moment in 2009 was watching our employees live our mission by helping – on a very personal level – the communities we serve In our Lighthouse Project, we sponsored more than 1,000 hands-on community service projects that touched the lives of more than 1 6 million people in 25 states BB&T distributed approximately $3 million, based on a $100 contribution for each of our 30,000 employees But much more important than the money was the time BB&T employees contributed to personally select and then complete a project that would give a boost to their communities during these tough economic times We renovated daycare centers and school playgrounds, painted Habitat for Humanity houses, assembled toys, packaged school supplies, stocked food pantries, taught children to swim, conducted museum tours, prepared care packages for overseas troops and much, much more

Many employees told me it was a life-changing experience for them, and almost half of those who responded to a company survey said they gave additional time to the organization they chose for the Lighthouse Project Employees also said they've noticed improved teamwork in the office as a result of rolling up their sleeves together for their communities They've shared their excitement with their clients And, based on the overwhelmingly positive response, we have committed to sponsor the Lighthouse Project again in 2010

To quote one employee in our survey "I'm proud to be part of an organization that is big enough to meet the needs of even the most sophisticated investors, but not too big to kneel to help a child or other individual in need"



RONALD MCDONALD HOUSE
Roanoke Virginia

The Ronald McDonald House in Roanoke Virginia had limited resources to make needed improvements in its housing for families of pediatric patients More than 300 BB&T volunteers pitched in replacing the home's blinds and lighting, installing new picnic tables and benches and supplying the playground with 1 400 square feet of mulch making it safer for children to use Thanks to BB&T we are able to give our families a house that feels more like home said Executive Director Laney Mofield

STANDUP FOR KIDS
Orange County California

Staff from BB&T Insurance Services teamed with STANDUP FOR KIDS a nonprofit organization that benefits at risk children to address the needs of homeless youth in Orange County California Employees donated 200 backpacks stuffed with school supplies as well as 56 sleeping bags and 100 survival kits containing food and hygiene products We were overwhelmed by BB&T's generosity said Executive Director Justine Madison The donation came at the perfect time

UNITED SERVICE ORGANIZATIONS
Atlanta Georgia

Two dozen BB&T employees showed their appreciation for military personnel and their families by volunteering at the United Services Organizations (USO) Center in Atlanta In addition to donating funds employees served as greeters assembled 500 USO care packages and distributed lunches The USO Center serves as a coordination point for incoming and outgoing members of the U S armed forces The heart of the USO is its volunteers BB&T's presence and help lifted the spirits of our troops said Executive Director Mary Lou Austin

Maybank 011246

ROA 4207

OUR KEY STRATEGIC OBJECTIVES FOR 2010

Clear consistent long-term goals are essential for the success of any organization, especially during the volatile and uncertain times we've been experiencing The penalty for ill-prepared banks is heavy In 2009 140 banks failed, up from 25 in 2008 and three in 2007 Even though the economy is showing signs of recovery, more failures are forecast for 2010

The banking industry's challenges are daunting the aftermath of the deepest global economic recession in decades, increased risk in the financial and real estate markets intense competition, increasing regulatory cost, and overcapacity in the financial services industry The winners over the long term will be those financial services companies with strong cultures rational strategies, superior processes and exceptional executional abilities.

To assure BB&T is one of the winners we have never wavered from our long-term goal of creating a superior earnings-per-share growth rate without sacrificing the fundamental quality and long-term competitiveness of our business nor taking unreasonable risk. Strategies and tactics may vary, but four principles form the foundation for our goal

- Client-driven service with a passion for consistently providing better value based on higher service quality relative to price
- Rational risk taking and exceptional risk management
- Superior earnings growth
- Targeted and consistent investments for the future

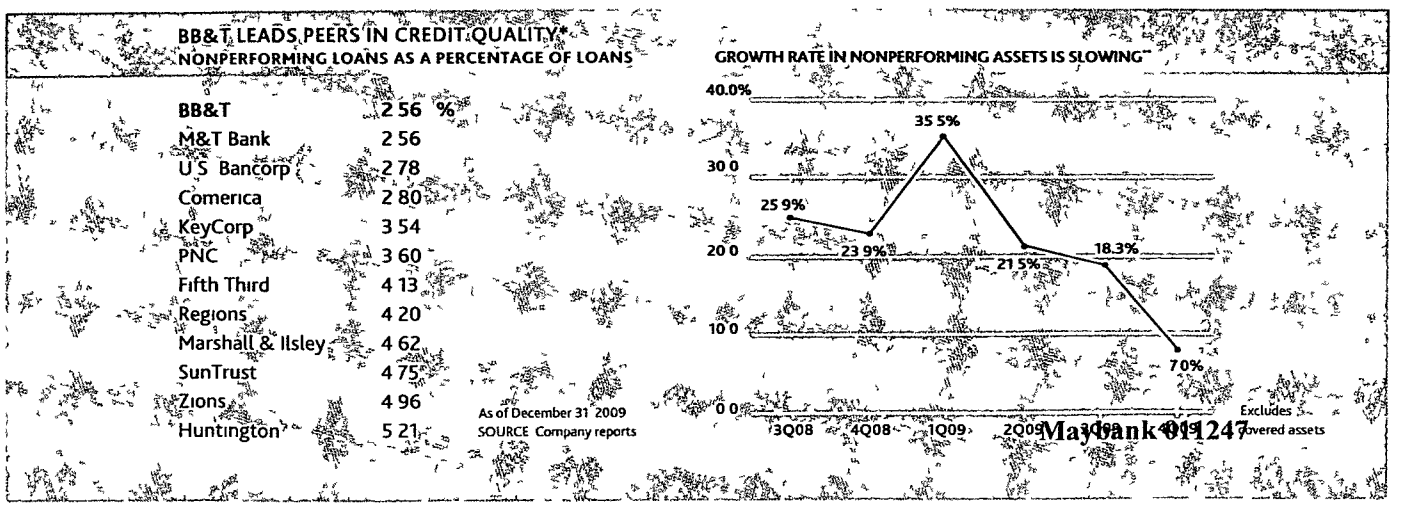
BB&T's strategic objectives for 2010 are consistent with our long-term goals and these principles

Effectively Manage through the Credit Cycle

For the third consecutive year the ability to manage credit costs will be the number one driver of BB&T s performance We are encouraged by signs of stabilization In Florida, where we experienced the highest loss rates due to the substantial drop in home values, delinquency rates flattened out in the fourth quarter For BB&T as a whole the rate of growth in nonperforming assets declined throughout 2009, to 7% in the fourth quarter from 35 5% in the first quarter For 2010, we expect that trend to continue and currently believe charge offs will be flat for the full year compared to 2009

That said the economy remains uncertain, so we must maintain our intensive risk-management focus including early identification of problems, reducing our real estate exposure and allocating more resources to collections and risk management We have reassigned 500 employees from loan production to loan administration as we aggressively work through credit problems Our commercial real estate portfolio is diversified and we follow a strict project limit of $25 million, which effectively prohibits BB&T s involvement in high-rise offices, condos and hotels, large retail centers and other projects that have shown the most distress

Consistent with BB&T s mission, we seek solutions that are in the best interest of our clients communities and shareholders We work cooperatively with our borrowers, offering loan-modification programs when appropriate during these difficult economic times When foreclosure on real estate is necessary, our goal is to both maximize the return on BB&T s investment in the property while avoiding bulk sales at depressed prices that undermine property values in the communities we serve



Maybank 011247

ROA 4208

Achieve Superior Revenue Growth

During difficult times organizations often focus all of their energy on damage control and forget about growth During 2009 many financial services firms were faced with that dilemma because of problem-plagued loan portfolios and increased federal government involvement in their businesses BB&T has fared much better than most of our peers, in large part because of our disciplined lending standards, and remains focused on both growth and credit quality A "flight to quality" to BB&T by clients from weakened competitors aided by our FDIC-assisted acquisition of Colonial Bank, contributed to our record net revenues in 2009 Throughout the credit crisis your company has posted industry-leading revenue growth, with a 25 6% increase during the last two years This is due in large part to our ability to continue to invest in our revenue engine during the credit downturn We will again invest in 2010 by hiring top producers, pursuing strategic acquisitions like Colonial, adding branches and developing systems and infrastructure

Our diversified business model – balanced approximately 50-50 between retail and commercial revenue – produces a less volatile, more predictable revenue and earnings stream We will continue to build our core banking business in a 12-state footprint that extends from Maryland to Florida, west to Kentucky and now into Texas with the Colonial acquisition We are aggressively expanding our small business lending and rank as one of the most active banks in SBA financing We are expanding our Capital Markets team to serve the financing needs of middle-market companies BB&T was recognized in 2009 by Greenwich Associates as an Excellence Award winner in 20 out of 20 national categories – more than any other financial institution – in small business and middle-market banking In addition at a time many small and mid-sized businesses have negative opinions about most financial institutions, BB&T was accorded the highest positive reputation score by executives of those businesses among banks surveyed by Greenwich, a leading global financial services research and consulting firm

At the same time, we are expanding our fee-income businesses on a national scale. Our retail mortgage banking, insurance agency and wealth management businesses, as well as Scott & Stringfellow our full-service regional brokerage firm, all posted record results. BB&T Insurance Services, the nation's seventh-largest insurance broker, surpassed $1 billion in revenue In a move complemented by our acquisition of Colonial Bank BB&T Insurance Services also increased its presence in southwest Florida with the acquisition of Oswald Trippe and Company Inc of Fort Myers Grandbridge Real Estate Capital LLC, BB&T's commercial and multifamily mortgage banking firm, expanded with acquisitions in Dallas and Louisville Kentucky We will pursue other non-bank acquisitions in insurance, mortgage, consumer finance and commercial finance.

We believe the "reintermediation" trend of this past year will continue as investors funds flow into banks from non-banking investments Loans that left the traditional banking system and flowed to the "shadow" banking system in the past 20 years will return because of the demise of that system, and loan prices will be more rational At the same time, Wall Street firms that previously enjoyed an advantage over traditional banks

INDUSTRY LEADING REVENUE GROWTH THROUGH THE CYCLE[1][2]

BB&T	25 6 %
U S Bancorp	21 6
PNC	16 4
Fifth Third	13 0
M&T	4 8
Zions	4 3
SunTrust	3 3
Marshall & Ilsley	(0 9)
Huntington	(2 4)
Regions	(4 5)
KeyCorp	(11 4)
Capital One	(13 9)
Comerica	(16 8)

[1] Increase from 2007 2009
[2] Revenue growth adjusted to exclude estimated impact of acquisitions or unusual gains.
SOURCE Company reports SNL Financial.

2009 SUCCESSFUL ACQUISTIONS

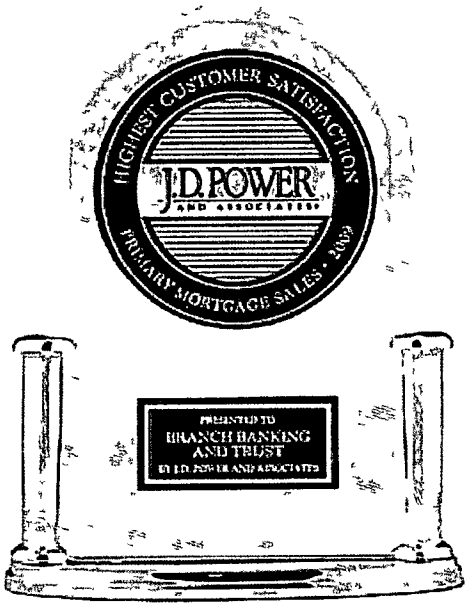
- Colonial Bank
- Cananwill, Inc.
- Oswald Trippe and Company, Inc.
- BFG Realty Advisors
- Quantum First Capital

Maybank 011248

ROA 4209

will be encumbered by increased government oversight As the economy stabilizes and ultimately recovers, we believe BB&T's tested core banking services are well positioned for accelerated growth

"Highest in Customer Satisfaction with Primary Mortgage Sales "



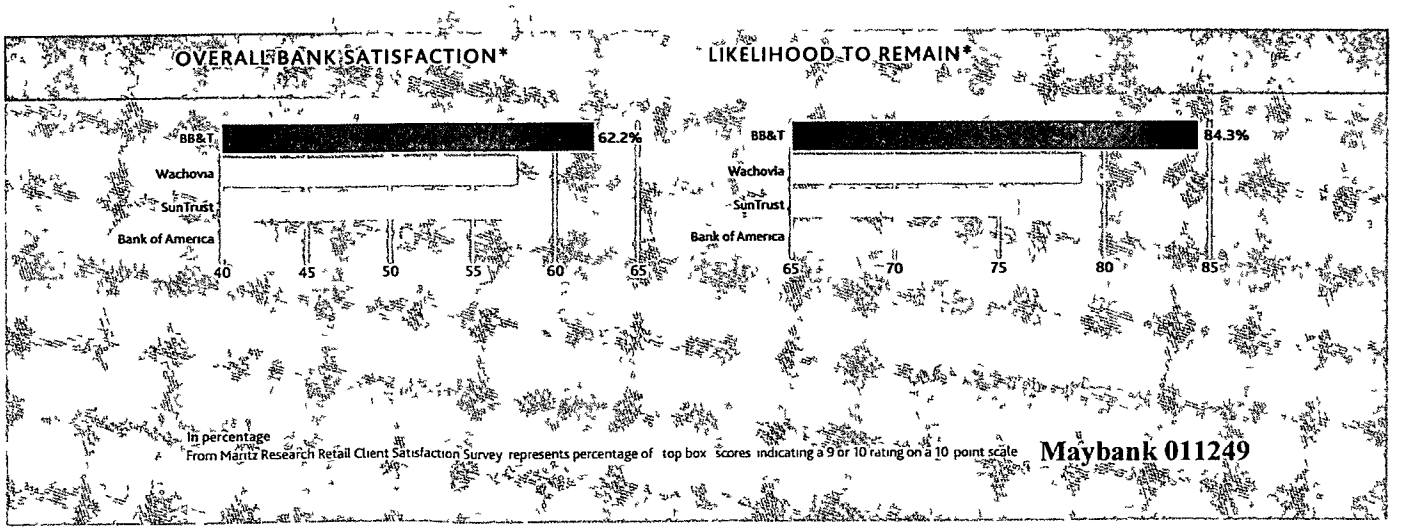
Deliver the BB&T Value Promise (Thereby Creating the Perfect Client Experience)

BB&T s value promise starts with a simple greeting to our clients "You ve made an excellent choice by selecting BB&T Let me tell you why" Our employees then explain their job and training, describe BB&T and our values – and most importantly show how they will meet their clients needs better than anyone else

While price is always important in any business environment, we believe our simple promise of delivering the greatest value – the highest quality service – distinguishes BB&T from our competitors Our value promise is also at the heart of delivering BB&T's Perfect Client Experience· service that is reliable, responsive, empathetic and competent Particularly after the financial crisis of the last two years, consumers rightfully are demanding to know what they are receiving for their hard-earned money and life-long savings

We could not deliver on our promise without another BB&T hallmark our community banking structure While we have grown tremendously in recent years, we have retained a hometown banking approach with 37 community banking regions – each headed by a regional president empowered to offer all of the advantages and services of a major financial institution as well as the specialized attention that our clients expect from a hometown bank.

Branch Banking and Trust received the highest numerical score in the proprietary J D Power and Associates 2009 Primary Mortgage Origination Study℠ Study based on 3 406 total responses measuring 22 lenders and measures opinions of consumers who originated a new mortgage Proprietary study results are based on experiences and perceptions of consumers surveyed in July August 2009 Your experiences may vary Visit jdpower com



Maybank 011249

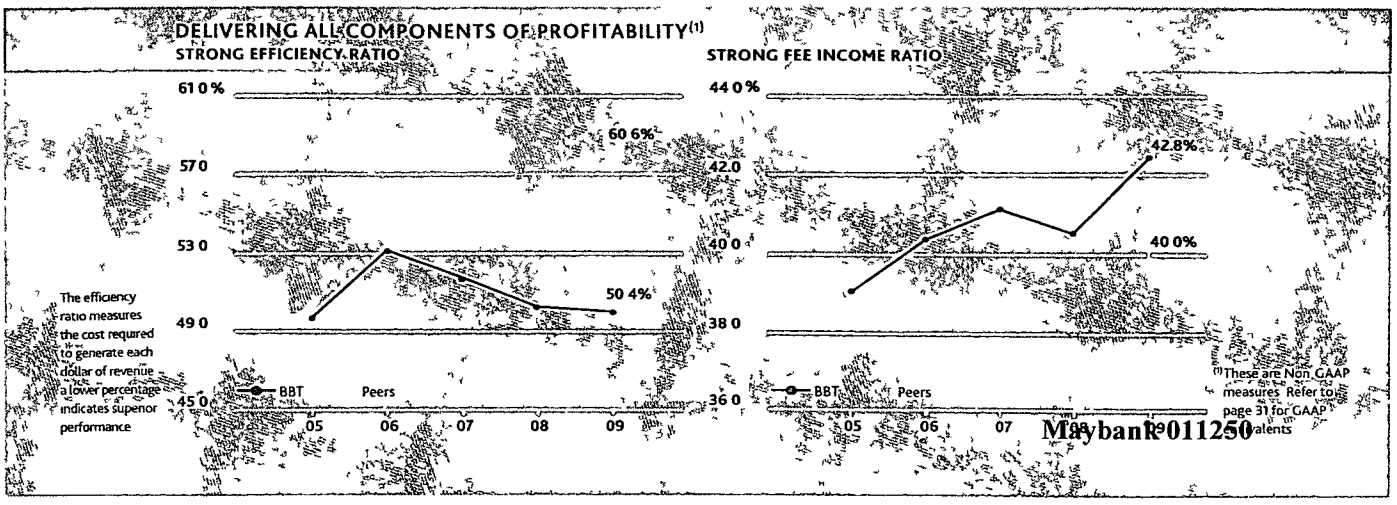
Of course, it is easy to promise great service and hometown values Everyone does it At BB&T, we have independent validation of our client service record Maritz Research's survey of clients of BB&T and of our in-market competitors showed we again ranked No 1 in overall retail and commercial client satisfaction and likelihood to remain a client, among other categories J D Power and Associates, which awarded BB&T its top national ranking for mortgage servicing two years in a row, added another accolade in 2009 the highest ranking in mortgage loan origination client satisfaction

We are also proud that our recognition for superior service extends into many of our lines of business, including wealth management, small business lending, 401(k) retirement plan sponsorship sales finance and stock research The excellent client service behind all of these awards is possible because of an underlying service we provide our own employees BB&T training Our training programs again won national recognition from *Training Magazine* and the American Society for Training and Development

Control Costs

In a slow-growth environment, we must be relentless in controlling costs We have done that with lean budgets and increased productivity BB&T's efficiency ratio – basically, the cost required to generate each dollar of revenue – improved to 50 4% from 51 4% two years ago In contrast our peers efficiency ratio has deteriorated to 60 6% from 56 0% in 2007 At the same time while many of our competitors announced major layoffs and cuts in employee benefit programs, BB&T has been able to largely retain our talented workforce and continue investing in vital employee development and training programs

Cost control remains crucial in an environment with higher FDIC insurance and other regulatory costs, more resources devoted to mitigating credit problems and other financial pressures We will continue intense scrutiny on full-time-equivalent positions, needlessly complex programs and projects that have inordinately long payback periods Our resources will be allocated based on their potential to maximize profits



ROA 4211

THANK YOU

In closing I want to express my profound appreciation to John Allison, who stepped down as chairman of BB&T at the end of 2009 I am looking forward to his continued counsel as a member of our corporate board of directors In a fitting tribute to his two decades of leadership of BB&T and in our industry, *American Banker* awarded John its Lifetime Achievement Award for 2009, citing his "career full of conviction"

I also want to salute Nelle Chilton and Tom Efird, who retired as members of the corporate board of directors, for their years of dedication and board leadership They contributed mightily to BB&T s success with their strong personal values business acumen and intellectual insight

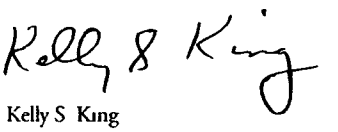
In addition, I want to welcome three new members of the corporate board who joined in 2009

- K David Boyer, Jr , Co-Founder and Chief Executive Officer of GlobalWatch Technologies, Inc an information-services company based in metro Washington, D C He also is a member of the Commonwealth of Virginias Treasury Board which supervises the investment of state funds, among other responsibilities
- J Littleton 'Litt" Glover, Jr a metro Atlanta lawyer who also is President and Chief Executive Officer of Batson-Cook Development Company, which develops commercial real estate throughout the southeastern U S For the last 10 years he has been a director of Branch Banking and Trust Company our principal subsidiary
- Tom Skains, Chairman, President and Chief Executive Officer of Piedmont Natural Gas, a Charlotte based company serving one million residential, commercial and industrial utility clients in the Carolinas and Tennessee A leader in the natural gas industry for 30 years Tom was chairman of the American Gas Association in 2009

I also want to take this opportunity to thank my colleagues on BB&T s Executive Management team The team has come together quickly over the past year and is highly committed to the success of BB&T

For the last 138 years, BB&T has survived and thrived through all sorts of market cycles The current cycle has been the most challenging in my career, and I m proud that your company again is emerging as one of the strongest in the financial services industry We have unwavering values that guide us We have an experienced and highly motivated team, the average age of our executive management team is 50, with an average of 28 years experience with BB&T We have a diversified stable business mix that is resilient in all operating environments We have a community banking model that produces the best value proposition in the industry We have great markets and a great franchise We have a proven track record in managing our credit portfolio and integrating mergers with discipline

In 2010 and beyond, we have the best opportunity in our history to achieve our goal of building the best financial institution possible The challenges are not going to disappear, but with the continued support of our talented employees loyal clients and steadfast shareholders, I am confident we will be successful I truly believe our best days are ahead!



Kelly S King
Chairman and Chief Executive Officer
February 23 2010

BOARD OF DIRECTORS

John A Allison IV
Distinguished Professor of Practice
Wake Forest University
Retired Chairman and
Chief Executive Officer
BB&T Corporation
Winston Salem N C

Jennifer S Banner
Chief Executive Officer
Schaad Companies and
SchaadSource LLC
Knoxville Tenn

K David Boyer Jr
Chief Executive Officer
GlobalWatch Technologies Inc
Oakton Va

Anna R. Cablik
President
Anasteel & Supply Company LLC
and Anatek Inc
Marietta Ga

Ronald E Deal
Chairman
Wesley Hall Inc
Hickory N C

Barry J Fitzpatrick
Retired Chairman President
and Chief Executive Officer
First Virginia Banks Inc
Williamsburg, Va

J Littleton Glover Jr
President and Chief Executive Officer
Batson Cook Development Co
Attorney
Glover & Davis, P.A.
Newnan Ga

L. Vincent Hackley Ph D
President and
Chief Executive Officer
Hackley & Associates
of North Carolina
Chapel Hill N C.

Jane P Helm
Retired Vice Chancellor of
Business Affairs
Appalachian State University
Arden N C

John P Howe III M D
President and
Chief Executive Officer
Project HOPE
(Health Opportunities
for People Everywhere)
Washington D C

Kelly S King
Chairman and
Chief Executive Officer
BB&T Corporation
Winston Salem N C

James H Maynard
Chairman and
Chief Executive Officer
Investors Management
Corporation
Chairman
Golden Corral Corporation
Raleigh N C

Albert O McCauley
President and
Chief Executive Officer
McCauley & McDonald
Investments Inc
Fayetteville N C

J Holmes Morrison
Retired Chairman
President and
Chief Executive Officer
One Valley Bancorp, Inc.
Charleston W Va.

Nido R. Qubein
President
High Point University
Chairman
Great Harvest Bread Co
High Point N C

Thomas E Skains
Chairman
President and
Chief Executive Officer
Piedmont Natural
Gas Co. Inc
Charlotte N C.

Thomas N Thompson
President
Thompson Homes, Inc
Representative
Kentucky House of
Representatives
Owensboro, Ky

Stephen T Williams
President and
Chief Executive Officer
WilcoHess, LLC
President
A.T Williams Oil Co
Winston Salem N C

EXECUTIVE MANAGEMENT

Daryl N Bible
Senior Executive
Vice President and
Chief Financial Officer

Ricky K Brown
Senior Executive
Vice President and
Banking Network Manager

Barbara F Duck
Senior Executive
Vice President and
Enterprise Risk Manager

Donna C. Goodrich
Senior Executive Vice President and
Deposit Services Manager

Robert E Greene
Senior Executive Vice President and
Administrative Group Manager

Christopher L Henson
Chief Operating Officer

Kelly S King
Chairman and
Chief Executive Officer

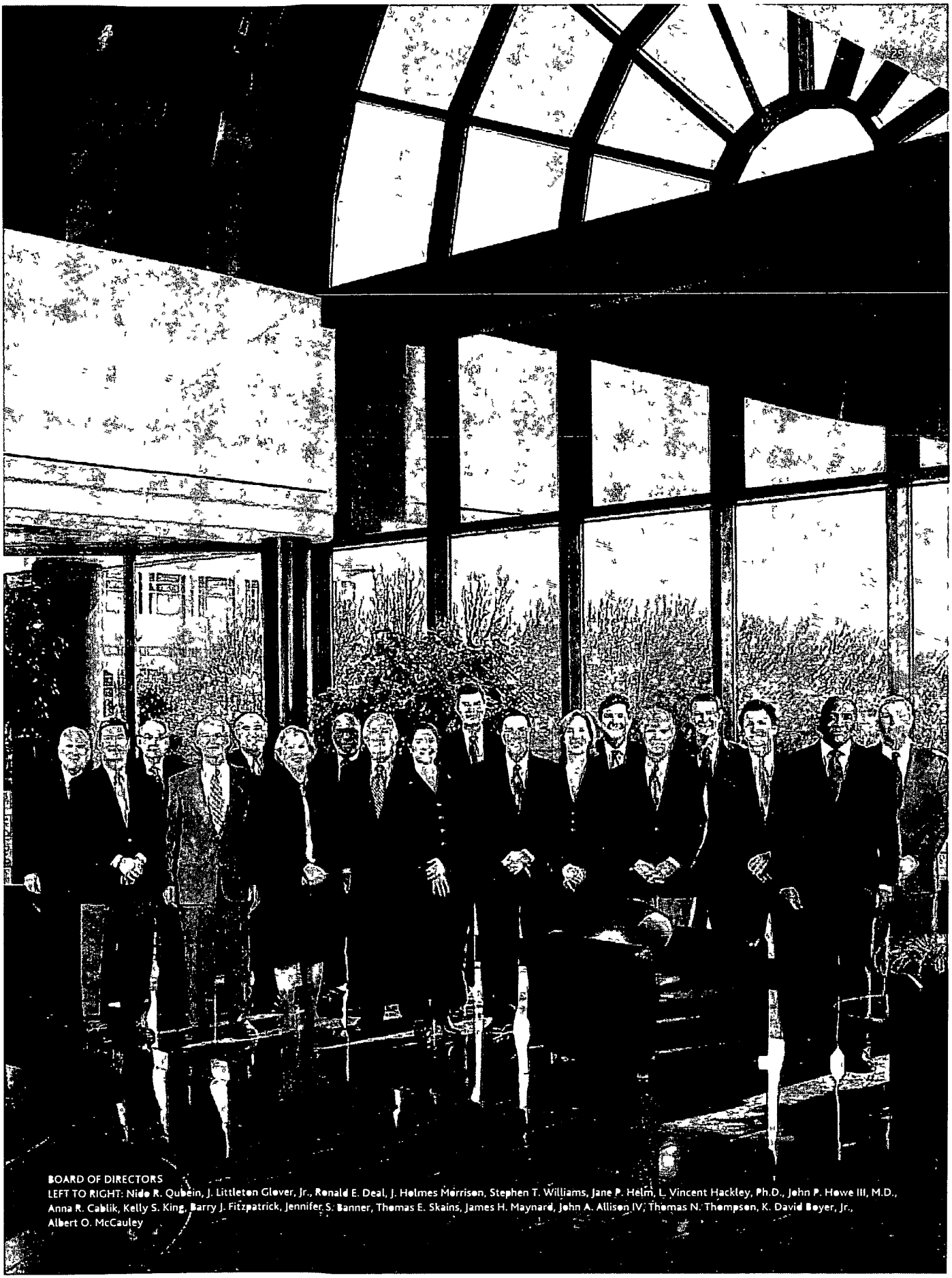
Clarke R. Starnes III
Senior Executive
Vice President and
Chief Risk Officer

Steven B Wiggs
Senior Executive
Vice President and
Chief Marketing Officer

C Leon Wilson III
Senior Executive
Vice President and
Operations Division Manager

Maybank 011252

ROA 4213



BOARD OF DIRECTORS
LEFT TO RIGHT: Nido R. Qubein, J. Littleton Glover, Jr., Ronald E. Deal, J. Holmes Morrison, Stephen T. Williams, Jane P. Helm, L. Vincent Hackley, Ph.D., John P. Howe III, M.D., Anna R. Cablik, Kelly S. King, Barry J. Fitzpatrick, Jennifer S. Banner, Thomas E. Skains, James H. Maynard, John A. Allison IV, Thomas N. Thompson, K. David Boyer, Jr., Albert O. McCauley

SHAREHOLDER INFORMATION

INVESTMENT PERFORMANCE*

1 year		2 year		3 year		5 year		7 year		10 year		15 year		20 year	
CMA	50.2%	BBT	3.3%	PNC	7.4%	PNC	1.8%	PNC	7.1%	MTB	7.2%	USB	15.9%	USB	15.6%
COF	24.5	MTB	5.3	USB	11.2	USB	2.6	USB	5.0	PNC	5.4	COF	15.0	MTB	14.3
MTB	22.6	COF	6.6	BBT	11.8	BBT	5.1	COF	4.9	USB	4.6	MTB	13.2	BBT	10.7
FITB	18.8	PNC	7.0	MTB	15.0	MTB	6.3	MTB	0.1	BBT	3.3	BBT	10.6	CMA	9.3
PNC	10.9	USB	12.9	CMA	16.7	CMA	9.6	BBT	-0.9	CMA	-0.6	PNC	10.2	ZION	9.2
BBT	1.9	CMA	13.8	COF	18.7	COF	13.2	CMA	1.2	COF	1.4	CMA	7.9	PNC	9.0
USB	9.0	FITB	35.9	STI	35.1	STI	19.8	STI	10.6	STI	-8.6	ZION	4.4	FITB	6.0
STI	30.2	STI	40.5	FITB	35.7	FITB	24.3	ZION	12.8	KEY	9.0	FITB	2.6	STI	5.9
RF	31.6	ZION	-46.0	HBAN	43.6	ZION	26.6	MI	15.6	RF	10.1	STI	1.7	MI	3.5
KEY	34.0	HBAN	-47.8	ZION	-44.6	KEY	27.4	KEY	15.9	MI	11.8	MI	0.2	KEY	2.0
ZION	-47.2	KEY	-49.2	KEY	44.9	RF	28.3	HBAN	17.4	ZION	12.4	KEY	1.3	HBAN	1.4
HBAN	51.7	RF	50.1	RF	-45.1	HBAN	28.6	RF	17.5	FITB	12.5	HBAN	3.0	RF	0.5
MI	59.8	MI	52.7	MI	-45.7	MI	28.9	FITB	20.0	HBAN	12.7	RF	3.8	COF	NA
Peer Average	11.4		30.7		30.3		17.8		7.8		5.2		5.2		7.0
S&P 500	26.4		10.7		5.6		0.4		5.5		-0.9		8.0		8.2

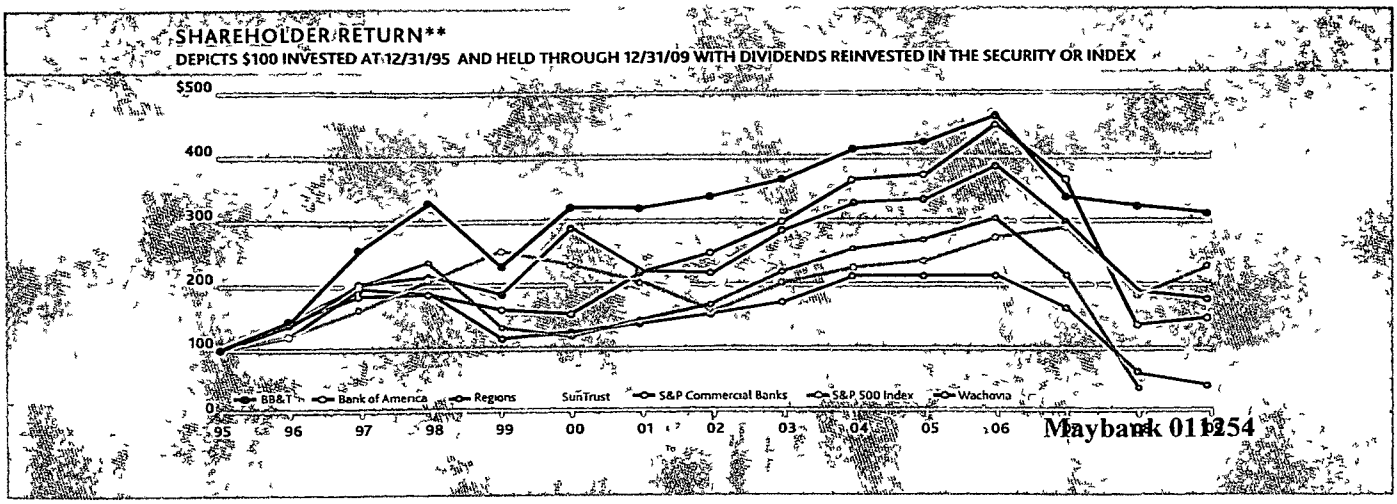
INVESTMENT PERFORMANCE*

The accompanying table reflects the compound annual total returns of an investment in the stock of BB&T and our peers, an average of the peers and the S&P 500 index over the periods presented and includes the impact of dividend reinvestment in the securities or the index

SHAREHOLDER RETURN**

The accompanying graph reflects the performance of a $100 investment in BB&T's stock since December 31 1995, the year-end following the completion of the BB&T and Southern National Corporation merger-of-equals, in comparison with other regional competitors, the S&P 500 Commercial Banks Index and the S&P 500

SOURCE Bloomberg



Maybank 011254

ROA 4215

SHAREHOLDER INFORMATION

QUARTERLY COMMON STOCK PRICES AND DIVIDENDS DECLARED

	2009 Sales Prices				2008 Sales Prices			
Quarter	High	Low	Last	Dividend	High	Low	Last	Dividend
1st	$ 27 72	$ 12 90	$ 16 92	$ 47	$ 36 96	$ 25 92	$ 32 06	$ 46
2nd	28 67	16 27	21 98	15	37 85	21 40	22 77	47
3rd	29 81	19 83	27 24	15	45 31	18 71	37 80	47
4th	28 66	23 75	25 37	15	40 00	21 47	27 46	47
Year	$ 29 81	$ 12 90	$ 25 37	$ 92	$ 45 31	$ 18 71	$ 27 46	$ 1 87

SELECTED MARKET INFORMATION

	2009	2008	2007	2006	2005
Market capitalization (in billions)	$ 17 50	$ 15 36	$ 16 74	$ 23 79	$ 22 76
Book value per share	23 47	23 16	23 14	21 69	20 49
Dividend yield at year end	2 36 %	6 85 %	6 00 %	3 82 %	3 63 %
Dividend payout ratio	79 3	68 5	56 8	57 8	49 3

PURPOSE

BB&T's ultimate purpose is to create superior, long-term economic rewards for our shareholders

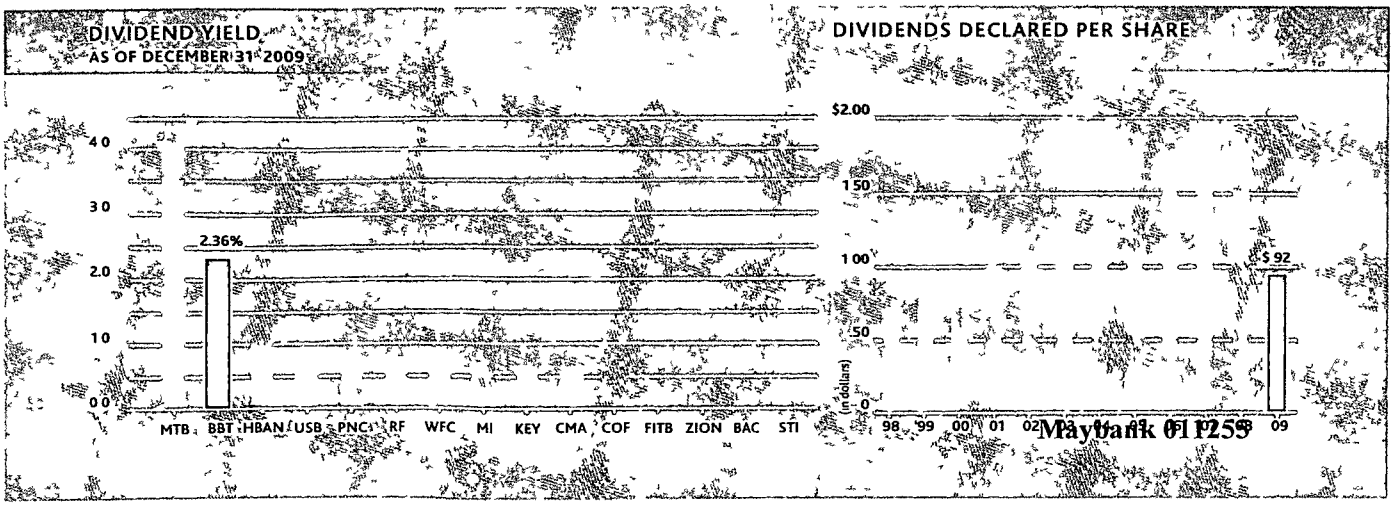
STOCK EXCHANGE AND TRADING SYMBOL

The common stock of BB&T Corporation is traded on the New York Stock Exchange under the symbol BBT

DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan enables shareholders to reinvest dividends and/or invest additional cash in full or fractional shares of BB&T Corporation on a regular basis For more information, contact

Shareholder Services in Winston-Salem
North Carolina, at 336-733-3477 or 800-213-4314



CONSOLIDATED BALANCE SHEETS
BB&T Corporation and Subsidiaries
(Dollars in millions except per share data, shares in thousands)

	December 31, 2009	2008
ASSETS		
Cash and due from banks	$ 1584	$ 1639
Interest-bearing deposits with banks	667	751
Federal funds sold and other earning assets	398	350
Segregated cash due from banks	270	379
Trading securities at fair value	636	376
Securities available for sale at fair value	33 909	32 843
Loans held for sale	2 551	1,424
Loans and leases	103,656	97 245
Allowance for loan and lease losses	(2 600)	(1 574)
Loans and leases, net of allowance for loan and lease losses	101 056	95 671
FDIC loss share receivable	3,062	–
Premises and equipment	1,583	1,580
Goodwill	6,053	5 483
Core deposit and other intangible assets	640	542
Residential mortgage servicing rights at fair value	832	370
Other assets	12 523	10,607
Total assets	$ 165,764	$ 152,015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing deposits	$ 18 945	$ 13,649
Interest checking	3,420	2,576
Other client deposits	52 097	39 413
Client certificates of deposit	32,298	27 937
Other interest-bearing deposits	8,205	15 038
Total deposits	114,965	98 613
Federal funds purchased securities sold under repurchase agreements and short-term borrowed funds	8 106	10 788
Long-term debt	21 376	18 032
Accounts payable and other liabilities	5,076	8,501
Total liabilities	149,523	135,934
Shareholders equity		
Preferred stock, liquidation preference of $1 000,000 per share	–	3,082
Common stock, $5 par	3,449	2,796
Additional paid-in capital	5,620	3,510
Retained earnings	7 539	7 381
Noncontrolling interest	50	44
Accumulated other comprehensive loss	(417)	(732)
Total shareholders equity	16,241	16,081
Total liabilities and shareholders' equity	$ 165,764	$ 152 015

Maybank 011256

ROA 4217

CONSOLIDATED STATEMENTS OF INCOME

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

	Year Ended December 31		
	2009	2008	2007
INTEREST INCOME			
Interest and fees on loans and leases	$ 5,547	$ 6 003	$ 6 713
Interest and dividends on securities	1,330	1 176	1 130
Interest on other earning assets	7	28	51
Total interest income	6 884	7 207	7 894
INTEREST EXPENSE			
Interest on deposits	1 271	1 891	2,620
Interest on federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	58	235	409
Interest on long term debt	711	843	985
Total interest expense	2 040	2 969	4,014
NET INTEREST INCOME	4,844	4,238	3 880
Provision for credit losses	2 811	1 445	448
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	2,033	2,793	3 432
NONINTEREST INCOME			
Insurance income	1,047	928	853
Service charges on deposits	690	673	611
Investment banking and brokerage fees and commissions	346	354	343
Mortgage banking income	658	275	115
Checkcard fees	227	201	180
Other nondeposit fees and commissions	229	189	184
Bankcard fees and merchant discounts	156	151	139
Trust and investment advisory revenues	139	147	162
Securities gains (losses), net	199	107	(3)
Income from bank-owned life insurance	97	84	101
Other income	146	88	89
Total noninterest income	3,934	3,197	2 774
NONINTEREST EXPENSE			
Personnel expenses	2 517	2 201	2,094
Occupancy and equipment expenses	579	509	477
Professional services	262	204	139
Loan processing expenses	135	125	111
Amortization of intangibles	114	100	104
Merger-related and restructuring charges net	38	15	21
Other expenses	1 286	757	678
Total noninterest expense	4 931	3 911	3,624
INCOME BEFORE INCOME TAXES	1,036	2 079	2,582
Provision for income taxes	159	550	836
NET INCOME	877	1 529	1,746
Noncontrolling Interest	24	10	12
Dividends and accretion on preferred stock	124	21	–
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$ 729	$ 1,498	$ 1 734
Basic earnings per common share	1 16	2 73	3 17
Diluted earnings per common share	1 15	2 71	3 14

Maybank 011257

ROA 4218

SELECTED FINANCIAL DATA

BB&T Corporation and Subsidiaries
(Dollars in millions, except per share data)

	As of / Year Ended December 31,						Five-Year Compound
	2009	2008	2007	2006	2005	2004	Growth Rate
INCOME STATEMENTS							
Interest income	$ 6,884	$ 7,207	$ 7 894	$ 6 893	$ 5,506	$ 4,547	8 6 %
Interest expense	2,040	2 969	4 014	3 185	1,981	1,199	11 2
Net interest income	4,844	4,238	3,880	3 708	3 525	3,348	7 7
Provision for credit losses	2,811	1 445	448	240	217	249	62 4
Net interest income after provision for credit losses	2 033	2 793	3 432	3 468	3,308	3 099	(8 1)
Noninterest income	3 934	3 197	2,774	2,521	2,326	2,119	13 2
Noninterest expense	4,931	3 911	3 624	3 511	3,163	2 895	11 2
Income before income taxes	1,036	2,079	2,582	2 478	2,471	2,323	(14 9)
Provision for income taxes	159	550	836	945	813	764	(26 9)
Net income	877	1,529	1746	1,533	1,658	1 559	(10 9)
Noncontrolling interest	24	10	12	5	4	1	88 8
Dividends and accretion on preferred stock	124	21	–	–	–	–	NM
Net income[1]	$ 729	$ 1 498	$ 1,734	$ 1,528	$ 1,654	$ 1,558	(14 1)%
PER COMMON SHARE DATA							
Basic earnings	$ 1 16	$ 2 73	$ 3 17	$ 2 84	$ 3 02	$ 2 82	(16 3)%
Diluted earnings	1 15	2 71	3 14	2 81	3 00	2 80	(16 3)
Cash dividends	92	1 87	1 80	1 64	1 49	1 37	(7 7)
Book value	23 47	23 16	23 14	21 69	20 49	19 76	3 5
SELECTED AVERAGE BALANCES							
Assets	$ 155,182	$ 136,881	$ 126 420	$ 114 328	$ 104 612	$ 96 276	10 0 %
Earning assets	135,665	120,852	112 305	101 572	92,703	84,946	9 8
Securities at amortized cost	32,296	24,497	23 311	21,348	20 467	18 218	12 1
Loans and leases	102,146	95 195	87 952	79 313	71,517	66 107	9 1
Deposits	102,381	88,831	83,501	77,230	70,346	64,816	9 6
Interest bearing liabilities	117,570	106 189	97 720	85 646	76,813	70,610	10 7
Shareholders equity	16,238	13 533	12 215	11 531	11 136	10 663	8 8
SELECTED YEAR-END BALANCES							
Assets	$ 165,764	$ 152,015	$ 132 618	$ 121 351	$ 109 170	$ 100 509	10 5 %
Earning assets	142,407	133,735	116 466	107 676	96,777	88 718	9 9
Securities, at carrying value	34,545	33 219	23,428	22 868	20 489	19,173	12 5
Loans and leases	106,207	98,669	91 686	83 591	75,023	68,163	9 3
Deposits	114,965	98,613	86 766	80 971	74 282	67 699	11 2
Interest-bearing liabilities	125 502	113 784	103 034	91 569	80,485	73 561	11 3
Shareholders equity	16,241	16 081	12 664	11 826	11 201	10 941	8 2

[1] Available to common shareholders

Maybank 011258

ROA 4219

SELECTED RATIOS
BB&T Corporation and Subsidiaries

	As of / Year Ended December 31,				
	2009	2008	2007	2006	2005
PERFORMANCE RATIOS					
Return on average assets	.56 %	1.12 %	1.38 %	1.34 %	1.58 %
Return on average common shareholders equity	4.93	11.44	14.25	13.35	14.95
Fee income ratio	44.2	42.5	41.3	39.9	39.2
Fee income ratio – adjusted[1]	42.8	40.7	41.3	40.6	39.2
Efficiency ratio	55.4	52.0	53.9	55.6	53.3
Efficiency ratio – adjusted[1]	50.4	50.9	51.4	53.2	50.5
Net interest margin (fully taxable equivalent)	3.66	3.58	3.52	3.74	3.89
CAPITAL RATIOS					
Average equity to average assets	10.5 %	9.9 %	9.7 %	10.1 %	10.6 %
Equity to assets at year-end	9.8	10.6	9.5	9.7	10.3
Risk-based capital ratios					
Tier 1 capital	11.5	12.3	9.1	9.0	9.3
Total capital	15.8	17.4	14.2	14.3	14.4
Tier 1 leverage ratio	8.5	9.9	7.2	7.2	7.2
Tangible common equity[2]	6.2	5.3	5.7	6.0	6.6
Tier 1 common equity to risk-weighted assets[2]	8.5	7.1	7.2	7.6	8.5
CREDIT QUALITY RATIOS[3]					
Nonperforming loans and leases as a percentage of total loans and leases	2.56 %	1.43 %	.55 %	.31 %	.31 %
Nonperforming assets as a percentage of					
Total assets	2.65	1.34	.52	.29	.27
Loans and leases plus foreclosed property	4.07	2.04	.76	.42	.40
Net charge-offs as a percentage of average loans and leases	1.74	.89	.38	.27	.30
Allowance for loan and lease losses as a percentage of loans and leases held for investment	2.51	1.62	1.10	1.07	1.11
Ratio of allowance for loan and lease losses to net charge-offs	1.47 x	1.85 x	2.97 x	4.12 x	3.84 x

[1] Excludes securities gains (losses) foreclosed property expense amortization of intangible assets merger-related and restructuring charges and revaluations unusual gains from extinguishments of debt the sale of a payroll processing business and the sale of BB&T's ownership interest in Visa unusual costs associated with a special FDIC assessment, a contingency reserve and adjustments related to leveraged lease settlements.

[2] Tangible common equity and Tier 1 common equity ratios are Non-GAAP measures. BB&T uses the Tier 1 common equity definition used by the Supervisory Capital Assessment Program to calculate these ratios.

[3] Loans and leases are net of unearned income and include loans held for sale covered loans and foreclosed property

Maybank 011259

ROA 4220

GENERAL INFORMATION

FORM 10 K
BB&T Corporation files an Annual Report on Form 10-K with the Securities and Exchange Commission each year A copy of this report may be obtained upon written request to

Daryl N Bible
Senior Executive Vice President and
Chief Financial Officer
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250

CORPORATE HEADQUARTERS
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250
336-733-2000

EQUAL OPPORTUNITY EMPLOYER
BB&T Corporation is an equal opportunity employer All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and all other personnel policies will continue to be free from discriminatory practices

TRANSFER AGENT
Branch Banking and Trust Company
Shareholder Services
Attn Stock Transfer
223 West Nash Street
Wilson, NC 27893

SHAREHOLDER SERVICES
Shareholders seeking information regarding dividends, lost certificates or other general information should contact

Shareholder Services
336-733-3477 or toll-free 800-213-4314

Please submit address changes through our website by calling Shareholder Services or by writing to
BB&T Shareholder Services
150 South Stratford Road
Suite 300
Winston-Salem, NC 27104

ANALYST INFORMATION
Analysts, investors and others seeking additional financial information should contact

Tamera L Gjesdal
Senior Vice President
Investor Relations
336-733-3058

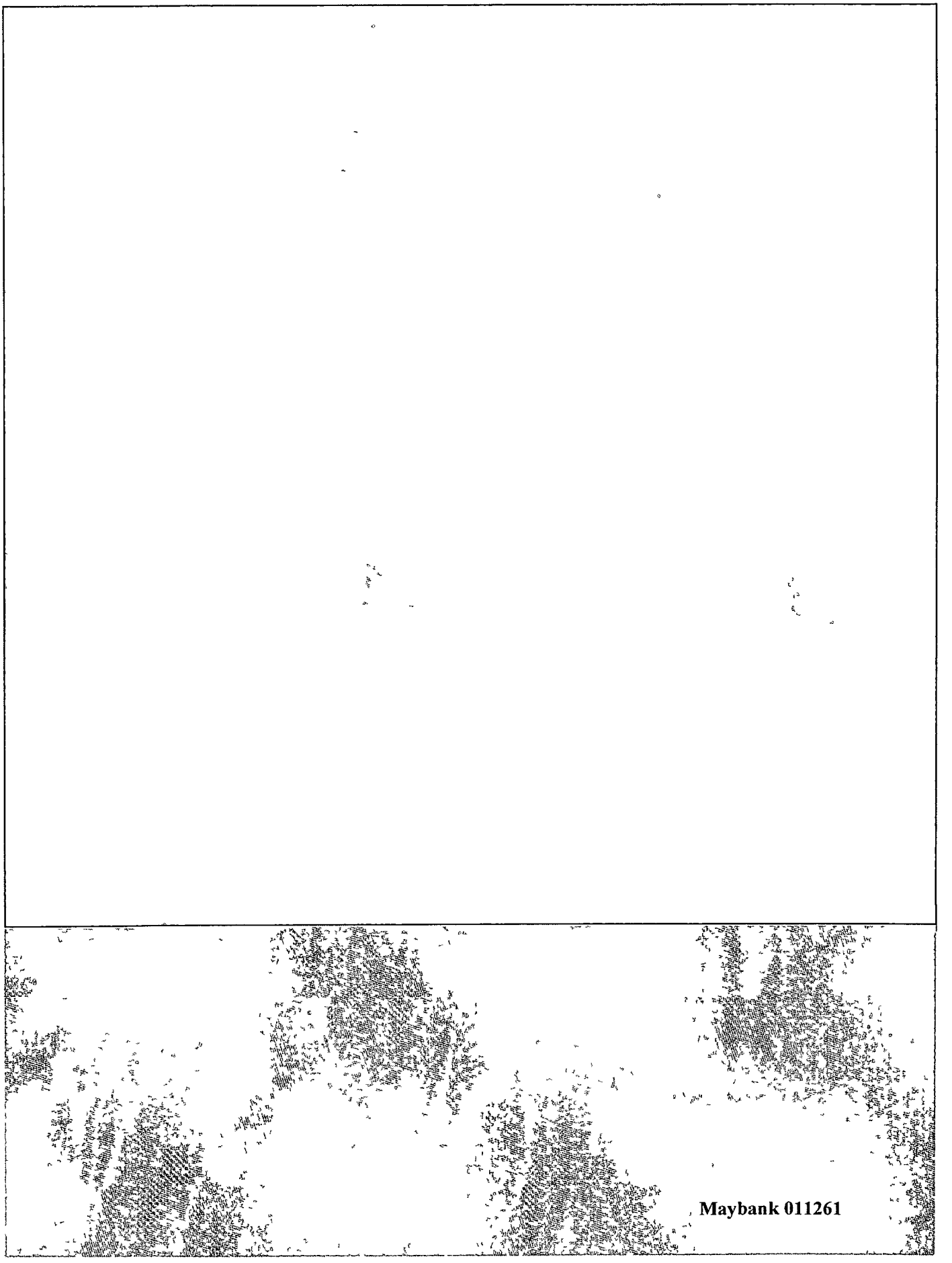
CLIENTS
Clients seeking assistance with BB&T products and services should call 1-800-BANK BBT (1-800-226-5228)

NEWS MEDIA
News media representatives seeking information should contact

Cynthia A Williams
Senior Vice President
Chief Corporate Communications Officer
336-733-1478

WEBSITE
Please visit www BBT com for information concerning BB&T's products and services news releases, financial information, corporate governance practices and other material relating to BB&T

Maybank 011260



Maybank 011261



BB&T Corporation
200 West Second Street
PO Box 1250
Winston Salem NC 27102 1250

C0001125030

Maybank 011262


PLAINTIFF'S EXHIBIT
NO. 81
PENGAD 800-631-6989
BB&T
2010 Annual Review

ABOUT THE COVER

A Brighter Direction"
by Bryan Larsen
© 2011 Bryan Larsen
Quent Cordair Fine Art
www cordair com
1 866 267 3247



This year s cover painting symbolizes our optimistic outlook for 2011 and our increasing confidence in the U S economy

CORPORATE PROFILE

Founded in 1872 BB&T Corporation ("BB&T" or "the Corporation") continues to build on a strong foundation of excellence

Headquartered in Winston-Salem North Carolina BB&T had consolidated assets at December 31 2010 totaling $157 billion and ranks as one of the largest banking organizations in the United States As of December 31 2010 BB&T operated approximately 1 800 branch offices in 12 states and Washington D C

BB&T is a values-driven highly profitable growth organization During the last two decades, our growth came largely from mergers as the economics of combinations were compelling In the mid-2000s we turned our attention to an organic growth strategy which proved very effective More recently, while maintaining our focus on organic growth we are well-positioned for strategic opportunities such as our FDIC-assisted acquisition of Colonial Bank.

Our fundamental strategy is to deliver the best value proposition in our markets Recognizing value is a function of quality to price our focus is on delivering high-quality client service resulting in the Perfect Client Experience

Our overarching purpose is to achieve our vision and mission consistent with our values with the ultimate goal of maximizing shareholder returns

At BB&T we've spent 139 years sharing our knowledge with our clients By offering sound advice and personal attention, we help our clients make informed choices as they manage their day-to-day finances and set a course to reach their long-term financial goals



Maybank 011264

TABLE OF CONTENTS

Consolidated Financial Highlights	2
To Our Shareholders	4
Corporate Board of Directors	24
Executive Management	25
Shareholder Information	26
Consolidated Balance Sheets	28
Consolidated Statements of Income	29
Selected Financial Data	30
Selected Ratios	31
Market Coverage	32
General Information	33

ANNUAL MEETING

The 2011 Annual Meeting of Shareholders will be held on Tuesday April 26 2011 at 11 a m Eastern Time at Embassy Suites 460 North Cherry Street Winston-Salem North Carolina

ABOUT THE REVIEW

The BB&T Corporation 2010 Annual Review is presented in a summary format to provide information regarding the performance of BB&T in a manner that is meaningful and useful to the widest range of readers The audited consolidated financial statements of BB&T Corporation and Subsidiaries and other more detailed analytical information regarding the Corporation are contained in the BB&T Corporation 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

This 2010 Annual Review contains performance measures determined by methods other than in accordance with accounting principles generally accepted in the United States of America (GAAP) BB&T's management uses these non GAAP" measures in their analysis of the corporation s performance BB&T s management uses these measures to evaluate the underlying performance and efficiency of its operations It believes that these non-GAAP measures provide a greater understanding of ongoing operations and enhance comparability of results with prior periods as well as demonstrating the effects of significant gains and charges in the current period. The Company believes that a meaningful analysis of its financial performance requires an understanding of the factors underlying that performance BB&T's management believes that investors may use these non-GAAP financial measures to analyze financial performance without the impact of unusual items that may obscure trends in the Company s underlying performance These disclosures should not be viewed as a substitute for financial measures determined in accordance with GAAP nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Tangible common equity and Tier 1 common equity ratios are Non-GAAP measures. BB&T uses the Tier 1 common equity definition used in the SCAP assessment to calculate these ratios. BB&T s management uses these measures to assess the quality of capital and believes that investors may find them useful in their analysis of the corporation These capital measures are not necessarily comparable to similar capital measures that may be presented by other companies

FORWARD-LOOKING STATEMENTS

This Annual Review contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of BB&T Statements that are not historical or current to facts or statements about beliefs and expectations are forward looking statements Forward looking statements involve certain risks and uncertainties and are based on the beliefs and assumptions of the management of BB&T and the information available to management at the time that this Annual Review was prepared Factors that may cause actual results to differ materially from those contemplated by such forward looking statements include among others, the following, (1) general economic or business conditions either nationally or regionally may be less favorable than expected resulting in, among other things a deterioration in credit quality and / or a reduced demand for credit or other services (2) changes in the interest rate environment may reduce net interest margins and / or the volumes and values of loans made or held as well as the value of other financial assets held (3) competitive pressures among depository and other financial institutions may increase significantly (4) legislative or regulatory changes, including changes resulting from the adoption and implementation of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010, and changes in accounting standards may adversely affect the businesses in which BB&T is engaged (5) local, state or federal taxing authorities may take tax positions that are adverse to BB&T (6) reduction in credit ratings, (7) adverse changes may occur in the securities markets (8) competitors of BB&T may have greater financial resources and develop products that enable them to compete more successfully than BB&T and may be subject to different regulatory standards than BB&T (9) costs or difficulties related to the integration of the businesses of BB&T and its merger partners may be greater than expected (10) unpredictable natural or other disasters could have an adverse effect on us in that such events could materially disrupt our operations or the ability or willingness of our customers to access the financial services we offer (11) expected cost savings associated with completed mergers and acquisitions may not be fully realized or realized within the expected time frames and (12) deposit attrition customer loss or revenue loss following completed mergers and acquisitions may be greater than expected You should not place undue reliance on any forward looking statement and should consider all of the foregoing uncertainties and risk, as well as those more fully discussed under Item 1A. Risk Factors Related to BB&T's Business of BB&T s 2010 Annual Report on Form 10 K and in any of BB&T s subsequent SEC filings Forward looking statements speak only as of the date they are made and BB&T undertakes no obligation to update any forward looking statement to reflect the impact of circumstances or events that arise after the date the forward looking statement was made

ROA 4226

CONSOLIDATED FINANCIAL HIGHLIGHTS

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

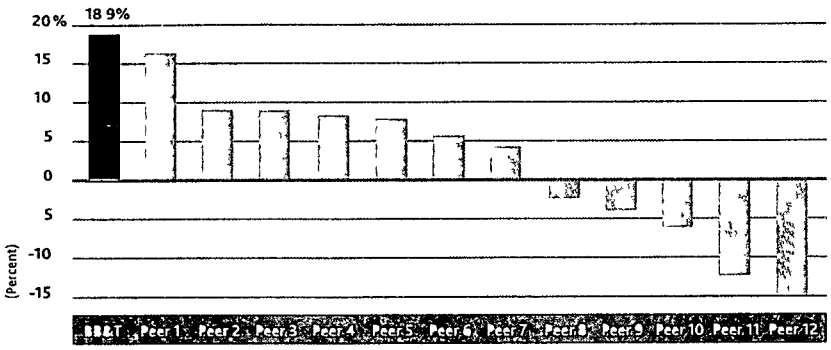
	2010	2009	% Change
ANNUAL RESULTS			
Net income	$ 854	$ 877	(2 6) %
Net income available to common shareholders	816	729	11 9
Net income per common share			
Basic	1 18	1 16	1 7
Diluted	1 16	1 15	90
Cash dividends declared per common share	60	92	(34 8)
YEAR-END BALANCES			
Assets	$ 157,081	$ 165,764	(5 2) %
Securities at carrying value	23 169	33 253	(30 3)
Loans and leases	107,264	106 207	1 0
Deposits	107 213	114,965	(6 7)
Shareholders equity	16 498	16 241	1 6
Book value per common share	23 67	23 47	90
AVERAGE BALANCES			
Assets	$ 159,658	$ 155,182	2 9 %
Securities at amortized cost	27,610	31 226	(11 6)
Loans and leases	104 787	102 146	2 6
Deposits	106,773	102,381	4 3
Shareholders equity	16,886	16 238	4 0

	2010	2009
PERFORMANCE RATIOS BASED ON NET INCOME		
Return on average assets	54 %	56 %
Return on average equity	4 85	4 93
CAPITAL RATIOS		
Tier 1 risk-based capital ratio	11 8 %	11 5 %
Total risk-based capital ratio	15 5	15 8
Tier 1 leverage capital ratio	9 1	8 5
Tangible common equity as a percentage of tangible assets[1]	7 1	6 2
Tier 1 common equity as a percentage of risk-weighted assets[1]	9 1	8 5
MISCELLANEOUS INFORMATION		
Common shares outstanding (in thousands)	694,381	689 750
Basic weighted average shares outstanding (in thousands)	692,489	629 583
Diluted weighted average shares outstanding (in thousands)	701 039	635,619
Full-time equivalent employees	31,354	32,394
Banking offices	1,782	1,857
ATMs	2,481	2 541

[1] Tangible common equity and Tier 1 common equity ratios are Non-GAAP measures BB&T uses the Tier 1 common equity definition used in the SCAP assessment to calculate these ratios

Maybank 011266

ROA 4227

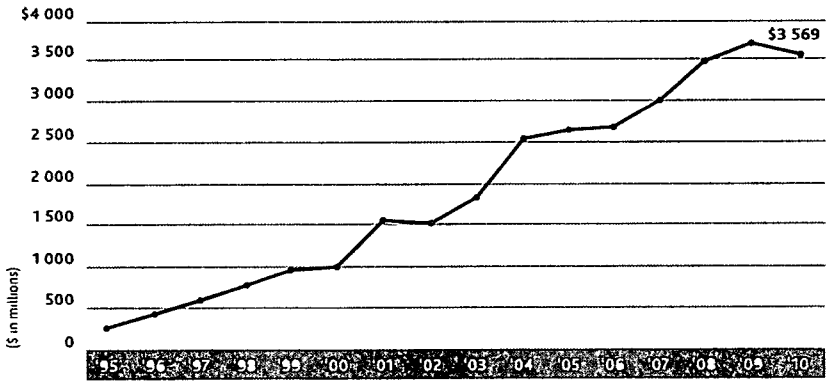


INDUSTRY-LEADING REVENUE GROWTH THROUGH THE CYCLE

2010 VS 2007[1, 2]

[1] Adjusted for large acquisitions (BB&T/Colonial PNC/NatCity/ Sterling/Yardville US Bancorp/FBOP/Downey/PFF/Mellon 1st Business Bank Huntington/Sky Financial, Fifth Third/First Charter/ R&G M&T/Provident/Partner's Trust M&I/First Indiana, Capital One/ Chevy Chase KeyCorp / U.S B Holding) and select one time items

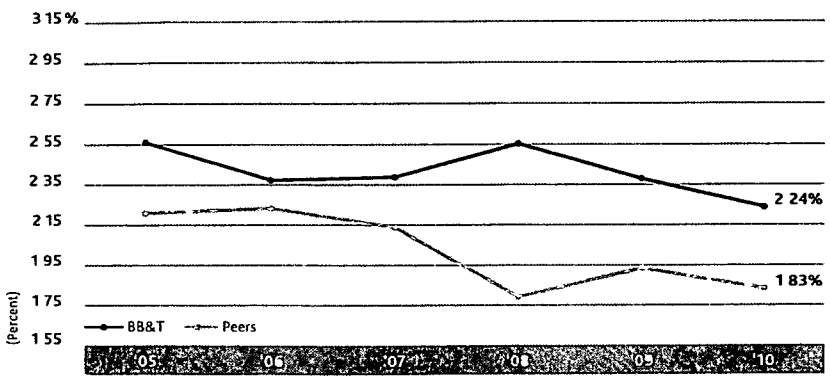
[2] Peers include CMA COF FITB HBAN KEY MI MTB PNC RF STI USB and ZION



CONSISTENT LONG-TERM EARNINGS POWER

PRE TAX PRE PROVISION EARNINGS[3]

[3] As originally reported 15-year compound annual growth rate 18 1%



SUPERIOR EARNINGS POWER RETURNS

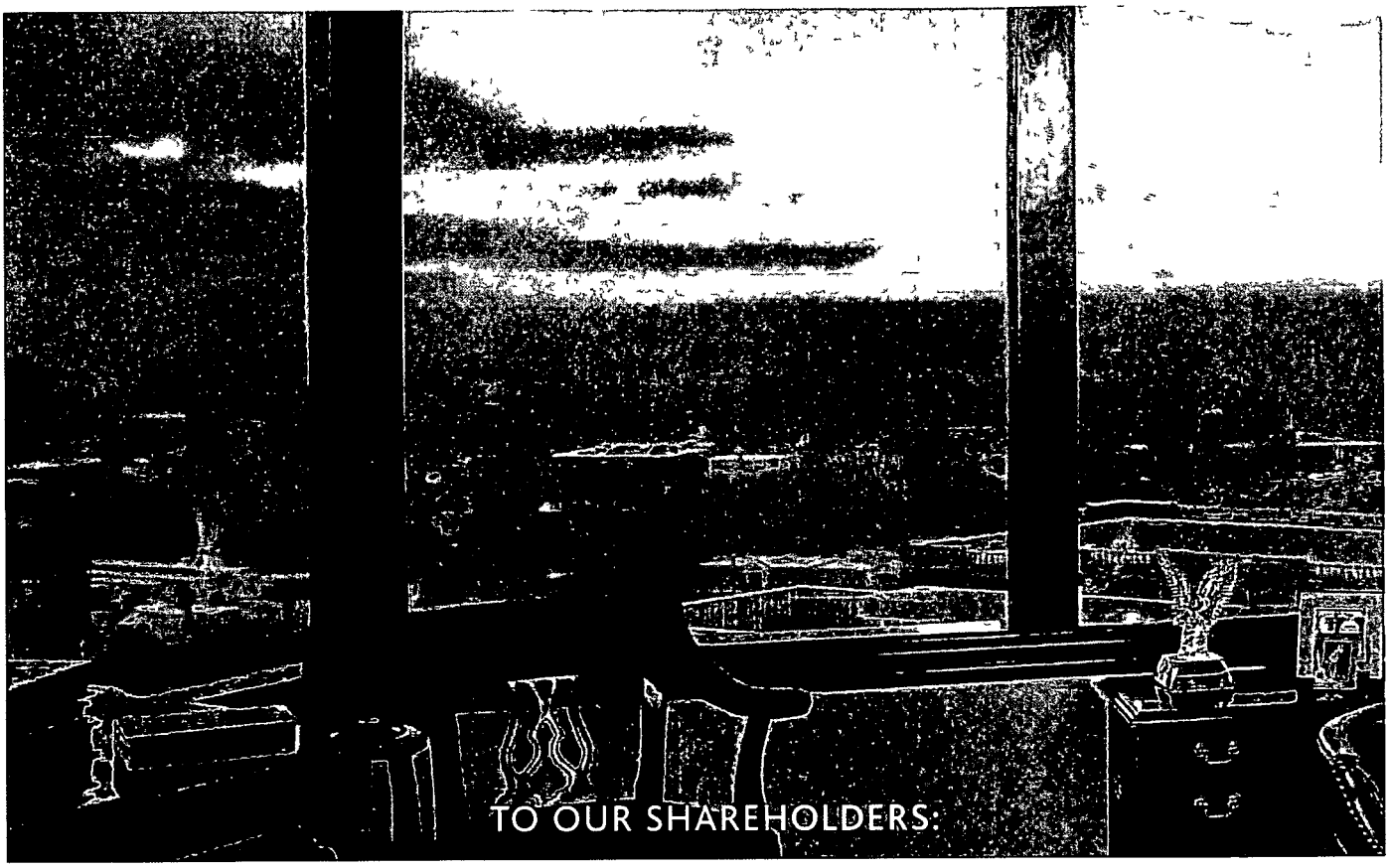
PRE TAX PRE PROVISION RETURN ON ASSETS[4, 5]

[4] Pre tax pre provision earnings / Avg Assets

[5] Peers include CMA FITB HBAN KEY MI MTB PNC RF STI USB and ZION Excludes COF

Source SNL and Company Reports

ROA 4228



TO OUR SHAREHOLDERS:

Despite enduring the most challenging period in the last 80 years BB&T is strong, profitable and more committed than ever to aggressively helping our shareholders clients communities and employees achieve economic success and financial security

By staying true to the vision mission and values that have guided us for more than 135 years our company is well-positioned for the opportunities we believe are ahead in 2011 and beyond We are increasingly confident about our nation s economy and marketplace – with the Federal Reserve s economic stimulus efforts more certainty about tax policy and other issues in Washington and most importantly greater willingness by businesses to invest and create jobs

"We believe it is time to turn the page on the tough and somber environment of the last three years We believe it is time to look forward with a more positive attitude "

We believe it is time to turn the page on the tough and somber environment of the last three years We believe it is time to look forward with a more positive attitude We believe – actually we *know* – BB&T is ready to lead the way to a brighter future to provide the financial wherewithal for businesses to grow and to share the knowledge that will empower all of our clients to reach their financial goals – saving for retirement a child s education an overdue vacation

Please don t mistake our optimism and determination for any lessening of our long commitment to conservative management or complacency about the challenges ahead To the contrary we are eager and prepared to move forward precisely because of our commitment to provide first and foremost a safe and sound foundation That stability has been is and will remain BB&T s bedrock

Because we avoided many of the high-risk mortgages esoteric investments and other practices that caused many other financial institutions to falter BB&T was one of only three large regional banks in the country to remain profitable during the Great Recession " Our capital levels are among the strongest in the industry Many of our underlying banking businesses are performing better than ever We have enjoyed loan growth among the industry s leaders while also changing the mix of our loan portfolio to produce less exposure to real estate and greater focus on less volatile commercial lending Our other revenue-producing businesses – ranging from wealth management to mortgage and specialized lending to sales finance – are showing strong growth

Maybank 011268

ROA 4229



We continue to benefit from a "flight to quality" by winning clients from weakened competitors We are capitalizing on the resurgence of basic banking – triggered by the problems plaguing Wall Street financial institutions – with double-digit growth in expanded corporate banking services We have accelerated disposition of problem assets and expect continued reduction in credit costs in coming quarters At the same time we are working closely with our clients who have fallen behind on their mortgages to avoid costly foreclosures whenever possible

Our Southeastern and Mid-Atlantic banking markets are among the best in the U S Our acquisition of Colonial Bank in 2009 has been very positive for earnings and opened attractive new areas including the large Texas market. We are in a strong position to grow both organically and through strategic acquisitions that meet our rigorous standards both in our existing banking markets and in our related financial businesses And just as we are helping our business clients expand and rekindle economic growth in our communities we are adding revenue-producing jobs at BB&T – starting with several hundred in 2011 – at a time when many of our competitors have been forced to lay off employees

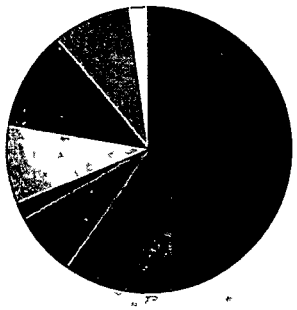
We have weathered these stormy times and are ready to enjoy a brighter day because of two powerful advantages. BB&T has the best team and the best value proposition in banking Our promise to provide the best service quality in the marketplace – demonstrated again in 2010 by independent customer surveys – distinguishes BB&T from our competitors BB&T s own values for all of our employees starting with fundamental qualities such as honesty and integrity form the foundation of our value proposition We treat our employees forthrightly and with respect They treat our clients the same way When our clients grow and prosper we grow and prosper It s that simple and that powerful.

Our industry and our nation have endured a long and painful time Understandably and with some justification some have blamed the banking industry for contributing to the financial tumult with self-serving and short-sighted practices In our free market system those who made the biggest mistakes suffered – and deserved – the harshest penalties Now it s time to move forward informed but not impeded by the past The most important role of BB&T and indeed the banking industry is to help families and businesses achieve economic success and financial security We are passionate about meeting that responsibility We are eager to do our part by helping our clients our communities and our country regain their footing and their confidence and again begin meeting their financial goals At BB&T we firmly believe our best days are ahead

ROA 4230

OUR 2010 RESULTS

DIVERSE REVENUE MIX[1]



Community Banking	60%
Insurance Services	11%
Financial Services	9%
Specialized Lending	9%
Residential Mortgage	7%
Treasury	2%
Sales Finance	2%

GAAP Revenues $9 4 billion for 2010

[1] Based on segment revenues, excluding other and parent/reconciling items

Record revenues significant progress in diversifying our mix of loans and deposits and across-the-board improvement in credit costs contributed to higher earnings in 2010 and positioned BB&T to continue to outperform our peers and support economic recovery in our markets in 2011 By reducing our exposure to real estate and stepping up lending in more robust and less volatile sectors we posted solid loan growth in several areas including large corporate mortgage auto finance and credit cards For example December 2010 was the most productive month for commercial lending in the history of BB&T By pursuing lower-cost deposits we further diversified our balance sheet and contributed to improved results Meanwhile thanks in part to our accelerated disposition of problem assets our 2010 results were bolstered by declines in essentially all measures of credit costs in the second half of the year

Revenues totaled $9 4 billion for 2010 an increase of 5 8% compared to last year Net income available to common shareholders for the year totaled $816 million or $1 16 per diluted share reflecting increases of 12% and 1% respectively compared to last year For the third year the provision for credit losses – while down 6 2% from a year ago – was the biggest drag on our earnings The good news is that continued improvement in our credit quality trends combined with a more positive economic outlook should allow us to reduce the provision expense in 2011 We experienced fourth quarter improvement ranging from early-stage indicators such as our watch list and delinquencies to nonperforming assets and losses For example commercial delinquencies declined by 39 6% in the fourth quarter compared to the third quarter of 2010 Nonperforming assets steadily decreased for three consecutive quarters in 2010 ending the year at $4 0 billion down 9 6% from $4 4 billion at the end of the first quarter Increases in net charge-offs also began to level off ending the year at 2 15% excluding covered loans for the fourth quarter compared to 3 54% in the third quarter BB&T continues to lead our peer group with lower levels of losses over the credit cycle and superior overall credit quality It also is worth noting that the Colonial Bank loan portfolio essentially covered by the Federal Deposit Insurance Corporation loss-sharing protection as part of our 2009 acquisition of Colonial continues to significantly outperform our initial expectations

One of the drivers of improving credit quality trends is the effective execution of our problem assets disposition strategy We sold approximately $600 million of problem assets in the fourth quarter and we are confident we will liquidate the remainder of the problem assets portfolio we have designated for sale over the next quarter or two Importantly because we avoided earlier disposition at five or 10 cents on the dollar average sales prices of closer to 50 cents on the dollar were consistent with our target price and have preserved a substantial amount of shareholder value We also assisted as many of our clients as possible in working though their financial problems during a very difficult economic environment, balancing our obligation to both our clients and our shareholders

Average loans and leases increased by 2 6% compared to 2009 however this reflects our strategy of growing commercial and industrial loans and consumer loans at a faster pace while reducing our exposure to real estate loans Our mix of new loans in 2010 was 84% commercial and 16% real estate In the fourth quarter of 2010 commercial lending totaled a record $10 3 billion

Maybank 011270

ROA 4231

with new commercial commitments up 89% on an annualized linked-quarter basis Our loan growth compares favorably with our peers many of which still lack the capacity or will to aggressively extend new credit In contrast BB&T extended $20 9 billion in credit during the fourth quarter of 2010 an increase of 54% on an annualized basis compared to the third quarter We were named the Small Business Administration s most active small business lender in our core markets of North Carolina and Virginia in 2010 reflecting our commitment to support economic and job growth in BB&T s communities In 2011 we are eager to continue showing our clients as the banners proclaim in front of our branches that BB&T is Still Strong, Still Lending "

Diversification of BB&T s balance sheet on the deposit side with more growth coming from lower-cost deposits also contributed to our record net revenue and compared favorably with our peers Noninterest-bearing deposits increased by 18 3% in the fourth quarter of 2010 on an annualized linked-quarter basis, representing 21% of client deposits up from 18% a year earlier Net new transaction accounts were up by 95% in 2010 compared to the prior year

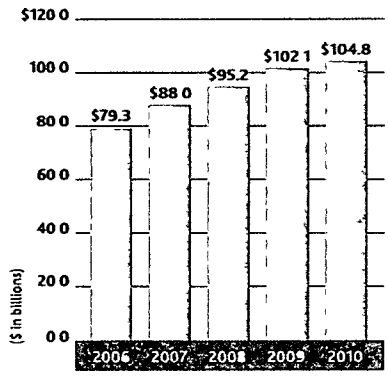
Our fully taxable equivalent net interest income totaled $5 5 billion in 2010 a 9 9% increase from a year earlier reflecting lower interest expense Our positive asset and funding mix changes also benefited our net interest margin – basically the difference between the interest received on loans and investments and the interest paid on deposits and other funding expressed as a percentage of average earnings assets The margin key to our profitability improved to 4 03% from 3 66% in 2009 due in part to better than-expected performance on loans acquired from Colonial and lower deposit costs In contrast our peers margin averaged 3 51% in 2010

BB&T s diversified fee income producing businesses which represent 41 0% of total revenues increased in 2010 to nearly $4 billion We placed a lot of emphasis in building our wealth management and trust and investment advisory revenues which were up by 29% and 10 5% respectively in the fourth quarter of 2010 compared to a year earlier Our investment banking and brokerage businesses also posted strong performance with record levels of equity and debt capital markets deals BB&T s insurance operations remained the biggest fee-income contributor with more than $1 billion in noninterest income Despite continued softness in the industry s pricing for premiums we are increasing our market share and maintained our position as the world s sixth largest insurance broker

BB&T s return on average assets and return on common shareholders equity in 2010 were essentially unchanged from 2009 at 54% and 4 85% respectively We expect both ROA and ROCE to improve significantly as we return to a more normalized credit cycle Even now the ratios remain superior to our peers For example if we look at our pre-tax pre-provision income – which we regard as one of the most important measures of a company s underlying earnings power – BB&T s ROA in 2010 was 2 24% compared to 1 83% for our peers Looked at over the long term BB&T s 15-year compound annual growth rate in pre-tax pre-provision earnings is 18 1% While our 2010 results remain lower than our historical numbers – leaving plenty of room for improvement in an economic recovery – BB&T s performance remains among the strongest in the financial services industry

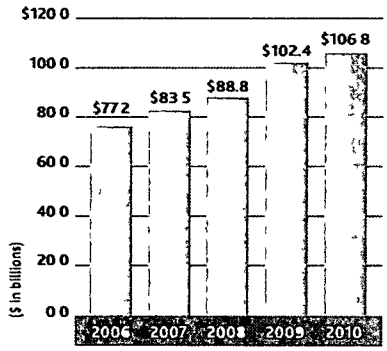
LOAN GROWTH AMONG INDUSTRY LEADERS

AVERAGE TOTAL LOANS



DRIVING STRONG DEPOSIT GROWTH

AVERAGE TOTAL DEPOSITS

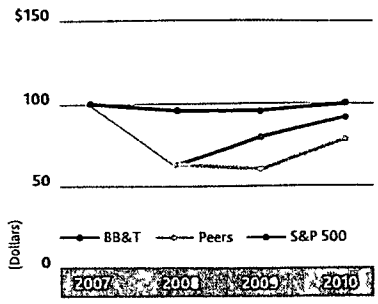


ROA 4232

OUR STOCK PERFORMANCE

COMPARISON OF THREE-YEAR CUMULATIVE TOTAL RETURN[1]

AMONG BB&T CORPORATION THE S&P 500 INDEX AND BB&T S PEER GROUP



[1] $100 invested on 12/31/07 in stock or index including reinvestment of dividends

We take our responsibility to our shareholders very seriously and I personally consider optimizing the long-term return to our shareholders while maintaining a safe and sound investment as my number one priority Unlike many companies where a large majority of shares are held by institutional investors fully half of our shareholders are individuals including people of all ages and income levels who have been loyal to BB&T through up and down market cycles I understand that the return on their investment in BB&T is a significant portion of many of our shareholders personal incomes I assure them that I will do all I personally can to protect and grow their investment

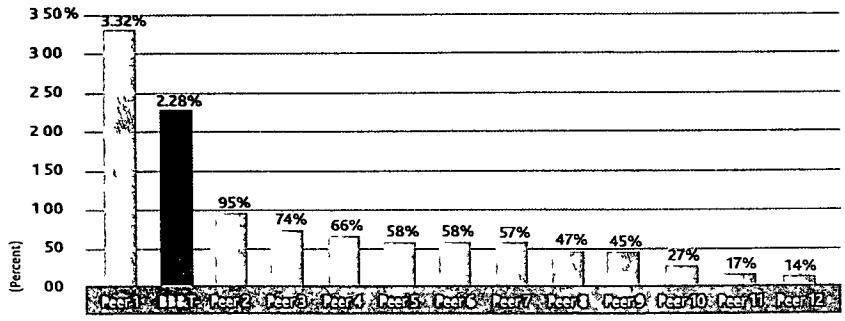
We believe the best gauge of our performance is over the long term While we are disappointed the BB&T share price did not reflect the strong performance of your company in much of 2010 we are proud of our long-term record of steady gains For the period ended December 31 2010 BB&T outperformed our peers over the last 3 5 7 10 15 and 20 years For example our 15-year annualized total return of 8 4% compares to 4 4% for our peers and 6 7% for the S&P 500 A $100 investment in BB&T shares in 1995 was worth $337 on December 31 2010 – significantly better than the S&P 500 and our other in-market peers

Our long-term view extends to BB&T's dividend strategy We have paid a cash dividend every year since 1903 We made the painful decision last year to reduce our annual dividend because we felt it was prudent to maintain our strong capital position in the face of the tremendous uncertainty and lower earnings levels that characterized the last two years We were the last major bank to reduce our dividend and we reduced it substantially less than all but one of our peers BB&T s 2010 annual dividend of $ 60 per share compared favorably with many other banks that eliminated or much more sharply cut their dividends As of December 31 2010 BB&T has the fourth-highest dividend yield among banks in the S&P 500

Looking forward we hope to be in the early group of banks that are in a position to increase their dividends In the fourth quarter of 2010 we earned $ 30 per share and paid out $ 15 per share or a 50% payout We know how much our shareholders depend on our dividends and will continue our strong bias toward returning capital to shareholders through a proactive dividend strategy At the same time we must balance that dividend strategy with the need to retain the capital required to remain safe and sound for the benefit of all of our stakeholders – our shareholders clients employees and communities While future increases in our dividend may not be as large or as soon as some shareholders hope our commitment is to remain steady and strong over the long term We believe that s the best way to continue to reward our shareholders for their faith in BB&T

DIVIDEND YIELD

AS OF DECEMBER 31 2010[2]



Among S&P 500 Index banks BB&T has the 4th highest dividend yield

[2] Peers include CMA COF FITB HBAN KEY MI MTB PNC RF STI USB and ZION Source Thomson Reuters

Maybank 011272

ROA 4233

OUR CAPITAL STRENGTH

Our capital levels remain among the strongest in the banking industry Moreover we are confident BB&T will remain a leader in this key measure of a bank s financial strength as regulators impose tougher capital standards to assure the safety and soundness of the global financial system

In 2010 seeking to prevent a repeat of the financial crisis that has hobbled the world economy over the last three years global leaders agreed on a new set of regulatory standards (called Basel III because they were set by the global Basel Committee on Banking Supervision) to increase the quantity and quality of bank capital Capital is the margin by which creditors are covered if a bank s assets are liquidated U S regulators also have proposed new capital standards for banks implementing a requirement of the sweeping financial-regulatory overhaul by Congress last summer The Federal Reserve is requiring U S banks to show they have the capital cushions in place to withstand losses over the next two years and demonstrate the ability to meet the Basel III standards The Fed is conducting "stress tests" to confirm banks have the ability to meet the new standards Before banks are allowed to return capital to shareholders in the form of dividends, they must pass these tests as well as repay any federal Troubled Asset Relief Program (TARP) funds they received to boost their capital levels during the financial crisis

Just as BB&T exceeded the federal government s stress test requirements in 2009 – designed to measure banks capability to withstand a prolonged recession – we are confident your company will again exceed the rigorous capital levels required As you will recall from last year s report BB&T was among the first financial institutions in the country to both pass the earlier stress test and repay the TARP investment.

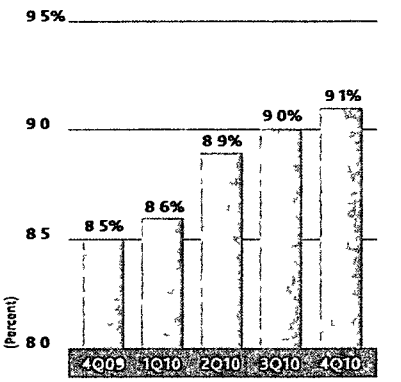
We believe BB&T s ability to generate capital internally provides the flexibility to meet required capital levels and do not expect to issue new common equity in order to meet the new capital rules

At December 31 2010 our Tier I risk-based capital ratio and total risk-based capital ratio were 11 8% and 15 5% respectively Our Tier 1 common ratio a measure of tangible capital and the ratio that regulators watch most closely was 9 1% at December 31 2010 compared to 8 5% one year ago

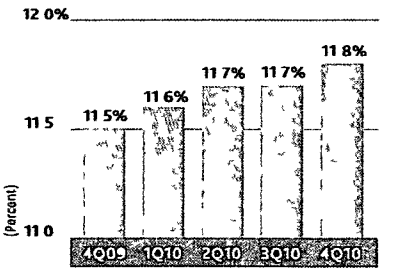
Our strong capital position enables BB&T to continue our proactive dividend strategy and gives your company the flexibility to make opportunistic and strategic investments as the economy strengthens

CAPITAL AMONG INDUSTRY LEADERS[1]

TIER 1 COMMON RATIO



TIER 1 RISK-BASED CAPITAL RATIO



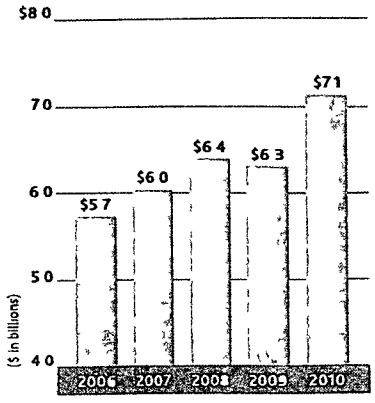
[1] Risk weighted assets are determined based on regulatory capital requirements. Under the regulatory framework for determining risk weighted assets, each asset class is assigned a risk-weighting of 0%, 20% 50% or 100% based on the underlying risk of the specific asset class In addition, off balance sheet exposures are first converted to a balance sheet equivalent amount and subsequently assigned to one of the four risk-weightings. Tangible common equity and Tier 1 common equity ratios are Non-GAAP measures BB&T uses the Tier 1 common equity definition used in the SCAP assessment to calculate these ratios BB&T's management uses these measures to assess the quality of capital and believes that investors may find them useful in their analysis of the Corporation. These capital measures are not necessarily comparable to similar capital measures that may be presented by other companies.

ROA 4234

FINANCIAL REGULATION

Let me say a few words about the increased financial regulation coming from Washington in the wake of the financial crisis The Dodd-Frank financial overhaul law passed by Congress last year includes some positive changes namely more systemic and less fractured oversight of financial institution risk and progress toward eliminating the concept of "too big to fail That said I believe in their zeal to respond to admittedly excessive risk-taking by some in our industry Washington overreached and enacted changes based on emotion rather than rational, long-term thinking We are hopeful that the 2011 Congress will reexamine some of the provisions of the hastily passed 2 319-page bill For example we believe legislating price and product controls are inconsistent with our free-market principles and BB&T values and are harmful to shareholders A particularly absurd and arbitrary price control is the Durbin amendment which places restrictions on the debit interchange fees that merchants pay banks for using card networks In addition while we agree there is a need for consumer protection we don t believe a new government bureaucracy that is separate from safety and soundness considerations is needed to impose more excessive government regulation For a flavor of out-of-control government rule-making, consider this After passage of the Dodd-Frank law federal agencies are now writing at least 330 new rules and regulators will launch 122 oversight panels and offices required by the law While many of the latest financial regulations are directed more at Wall Street financial institutions than Main Street commercial banks like BB&T we believe excessive government regulation inhibits economic growth and is just as harmful as excessive business risk-taking We believe it is time to strike a better middle ground that ensures the safety and soundness of our financial institutions – and enables banks to be the economic engines we need to stimulate and sustain recovery of our economy

SALES FINANCE LOANS



BB&T is growing its sales finance portfolio, which includes loans for automobiles, recreational vehicles and boats

Maybank 011274

ROA 4235

Rosenthal Automotive became a BB&T client when BB&T acquired First Virginia Bank in Falls Church Va in 2003 and Rosenthal Automotive Group President Don Bavely says the transition was easy Business has grown and grown since then as has the banking relationship and Bavely considers BB&T a long term partner BB&T handles the sales finance side of the business by purchasing car loans from the company s auto dealerships as well as inventory financing, capital loans credit card services wealth management and more BB&T is always a phone call away and if BB&T says they ll deliver it on this day at this time at this rate they live up to it.



ROA 4236

OUR KEY STRATEGIC OBJECTIVES FOR 2011

2011 KEY STRATEGIC OBJECTIVES

Deliver the BB&T Value Promise thereby creating the Perfect Client Experience

Ensure a strong employee value proposition

Effectively emerge from the credit cycle

Achieve superior revenue growth

Control costs

For a quarter of a century of overindulgence and excessive leverage consumers companies and entire countries including the U S bought beyond their means thinking the good times would never end In simple terms we took the balance sheet of the world and inflated it by about 30% For the last three years we ve been deflating it by 30% causing the worst recession in 80 years

All the pain and turmoil has underscored the importance of setting and adhering to consistent long-term goals While many financial institutions particularly on Wall Street paid a heavy price for structuring and distributing unsustainable products such as subprime mortgages BB&T avoided most of the problems because we adhered to our long-held values and goals

Looking ahead there is no shortage of challenges still facing our nation and world including a still-fragile global economy overreaction by politicians leading to excessive regulation and worrisome levels of debt In addition the financial services industry faces excess capacity growing competition and a poor public image Over the next five to 10 years we believe these challenges will result in a shakeout with three national banks and five to seven large regional banks dominating the industry

We believe BB&T will both survive and thrive We are one of the best-positioned financial services companies to take advantage of opportunities as the economy improves We don t expect to return to the hyped pre-recession growth rates of 10% and more but we see solid 3% - 4% growth in the real Gross Domestic Product and moderate 2 1% average inflation over the next five years In addition as Main Street banks get back many of the loans and other basic banking services that our industry lost to Wall Street financial institutions over the last 35 years we believe your company will emerge as one of the biggest beneficiaries

The key to being both independent and prosperous over the long term is to create a superior earnings-per-share growth rate without sacrificing the fundamental quality and long-term competitiveness of our business or taking unreasonable risk For 2011 we have set five strategic objectives to guide us in delivering that performance – and achieving our ultimate goal of maximizing returns for our shareholders



Winner of 19 Excellence Awards from Greenwich Associates
17 national awards and 2 regional awards

Second consecutive year BB&T has received more awards than any other financial institution in the nation

Awards based on interviews with 14 000 U S small businesses and 10 000 middle market companies

Of more than 750 banks evaluated only 34 received Excellence Awards

Maybank 011276

ROA 4237

Deliver the BB&T Value Promise, thereby creating the Perfect Client Experience

It is sad to see how the long financial crisis has tarnished the reputation of banks and bankers Equally sad is that the reputation is deserved in cases where financial institutions excesses or failed oversight caused their clients and shareholders to lose their money and their trust.

So it is striking and very encouraging, that BB&T s overall client service and loyalty scores actually increased in 2010 – again ranking No 1 among our in-market competitors in an independent survey by Maritz Research Moreover at a time of increased consumer complaints about mishandled mortgages BB&T again ranked at the top of J D Power and Associates survey of customer satisfaction among primary mortgage servicers Our small business and middle-market groups captured 19 excellence awards in national categories ranging from overall customer service to financial stability to credit policy from Greenwich Associates The list of our industry-leading recognitions for superior customer service extends into all facets of our business including insurance wealth management mobile banking, capital markets middle market and small businesses sales finance 401(k) retirement plan sponsorship and – an area that makes all the other recognitions possible – employee training

Every BB&T employee is trained to deliver a Perfect Client Experience defined by four qualities.

Reliable I am dependable and my clients can count on me "
Responsive "I act quickly to help my clients with their needs "
Empathetic: I listen to my clients and am sensitive to their feelings "
Competent. I am equipped with the skills and knowledge to help my clients

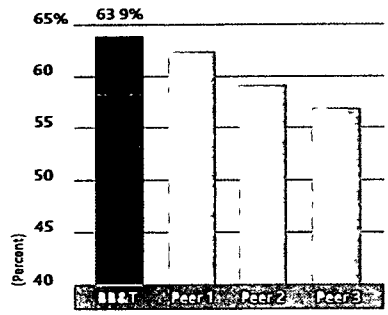
Unlike many bigger banks we focus on our clients not our products While our larger competitors wake up in the morning trying to sell the products they have already developed BB&T s community bankers get up in the morning trying to figure out what their clients need and then finding a solution

We believe our relationships with our clients have grown stronger during the recession not because we talk more but because we listen better After watching the global financial meltdown wreak havoc many businesses and consumers don t want their banks to tell them what to do as they seek to recover But they do recognize strong surviving banks like BB&T have valuable financial knowledge to share Rather than hearing a sales spiel these savvy clients want their banks to illuminate the choices empowering them to make their own decisions Our relationships with our clients increasingly are built on that shared knowledge

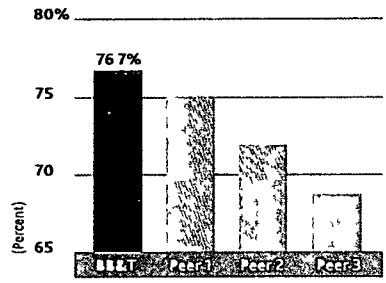
As part of BB&T s commitment to share knowledge in 2010 we joined forces with the Financial Services Roundtable to deliver financial literacy education to high school students starting with 30 schools across North Carolina. The program is a partnership with the EverFi Financial Literacy Platform a web-based curriculum that teaches assesses and certifies students in hundreds of financial topics We can t think of a better way to share knowledge that will empower our young people to make more informed financial decisions.

INDUSTRY-LEADING CLIENT SERVICE

OVERALL BANK SATISFACTION[1]



OVERALL BRANCH SATISFACTION[1]



[1] From Mantz Research Retail Client Satisfaction Survey represent percentage of top box scores indicating a 9 or 10 rating on a 10-point scale
Peers include Regions SunTrust and Wachovia

'HIGHEST IN CUSTOMER SATISFACTION WITH PRIMARY MORTGAGE SERVICING ' [2]



[2] Branch Banking and Trust received the highest numerical score among mortgage servicers in the proprietary J D Power and Associates 2010 Primary Mortgage Servicer Study[SM] Study based on responses from 4 516 consumers measuring 19 companies and measures the satisfaction of consumers with their current mortgage servicer Proprietary study results are based on experiences and perceptions of consumers surveyed in May June 2010 Your experiences may vary Visit jdpower com

ROA 4238

For Jack Snow President of Sheffield Financial, a division of BB&T it took nine years to convince Polaris Industries that his company was big enough to handle the installment lending needs of Polaris 1 500 dealerships that sell ATVs snowmobiles and other power sports equipment nationwide The opportunity came when Polaris other lenders pulled back during the economic downturn and Sheffield Financial stepped up Since then Sheffield has become the primary lender for Polaris Snow credits Sheffield s exceptional customer service including the promise that a live person will answer every call during business hours Kelly Clawson Manager of Financial Services at Polaris agrees adding that Sheffield s flexibility unique finance offerings and Southern hospitality – including sending pecan pies and honey-baked hams – has won over Polaris and its dealers.



Maybank 011278

ROA 4239

Ensure a strong employee value proposition

The essence of success for a company is to create value We could not create value without our employees who deliver the best value proposition in the marketplace by providing the best service quality

Thus it is vitally important that BB&T values its employees To make sure we never lose sight of the importance of our employees for 2011 BB&T s management team has added an employee value proposition as a strategic objective We recognize that like our clients, our employees can decide to leave BB&T at any time if we fail to show how much we value them By many measures we believe we deliver on our employee value proposition We have historically had very low turnover – 12% in 2010 superior to our peers We win top industry awards for our training and productivity Unlike many competitors that have slashed employee pay and benefits during the financial crisis BB&T has continued to give raises and offer generous healthcare and other employee benefits. We are one of the few companies with a retirement program offering both a pension and employer-matched 401(k) plan

We want to find ways to make BB&T an even better place for our employees We believe a key to sustaining a value proposition with our employees is to focus on their sense of well-being – certainly whether they re feeling good about their jobs and workplaces, but also about their health family financial situation and social interaction with others. We believe a key ingredient is how engaged employees feel, with colleagues at work and with others in their communities. That s why we encourage team activities like playing softball together and volunteering together on community projects.

We also believe BB&T s culture is crucial to sustaining a strong employee value proposition – a culture we spend a lot of time communicating with our employees We have 10 core values that we believe in and have shared with our employees for a long time

We think about those values in four areas character judgment success and happiness. Therefore at home and at work, we stress the importance of strong character focusing on honesty and integrity We stress good judgment and good decision-making based on reality reason and independent thinking. We want our employees to be successful, just as we want BB&T to be successful. If an employee is not successful, we re forthright in saying our partnership with them won t work out long-term Success requires individual productivity a willingness to work together and a commitment to justice We say very clearly to our employees those who produce the most will be rewarded the most.

Most importantly we want our employees to be happy because happiness is a function of self-esteem and pride in how we live our lives We believe that sense of happiness is essential so employees can learn grow and be fulfilled in their work. That s a key part of our mission which is crucial for us to optimize the long-term return to our shareholders.

We believe our commitment to our values our employees and our value proposition helped guide us through the terrible financial crisis of the last three years At times of great volatility it s vital for a company and its employees to know instinctively what is okay to change and what is not okay to change Everyone at BB&T knows we have three non-negotiables. our values our mission and our vision of creating the best financial institution possible Tactics and strategies often change – particularly during times of volatility – but that s the reality of dealing with the dynamics of a changing world By staying true to our non-negotiables we recognized it was inconsistent with everything we believe in to put people in homes they could not afford pass along unsustainable mortgages to investors and engage in other overleveraging practices that led to the financial crisis. We believe a strong employee value proposition ultimately will separate the winners from the losers in our industry whatever the economic environment.

OUR VISION

To Create the Best Financial Institution Possible

"The Best of The Best"

OUR MISSION

To Make the World a Better Place to Live By

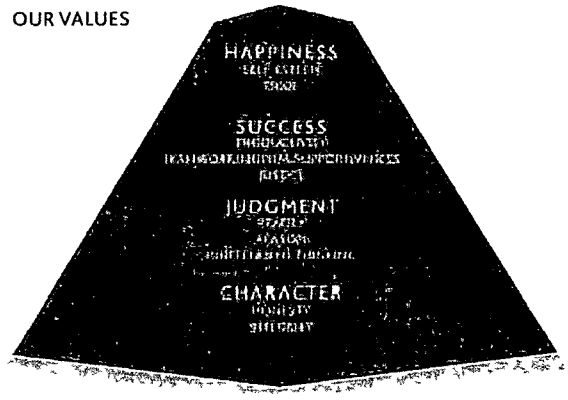
Helping our Clients Achieve Economic Success and Financial Security

Creating a Place where our Employees can Learn Grow and be Fulfilled in their Work

Making the Communities in which we Work Better Places to be and thereby

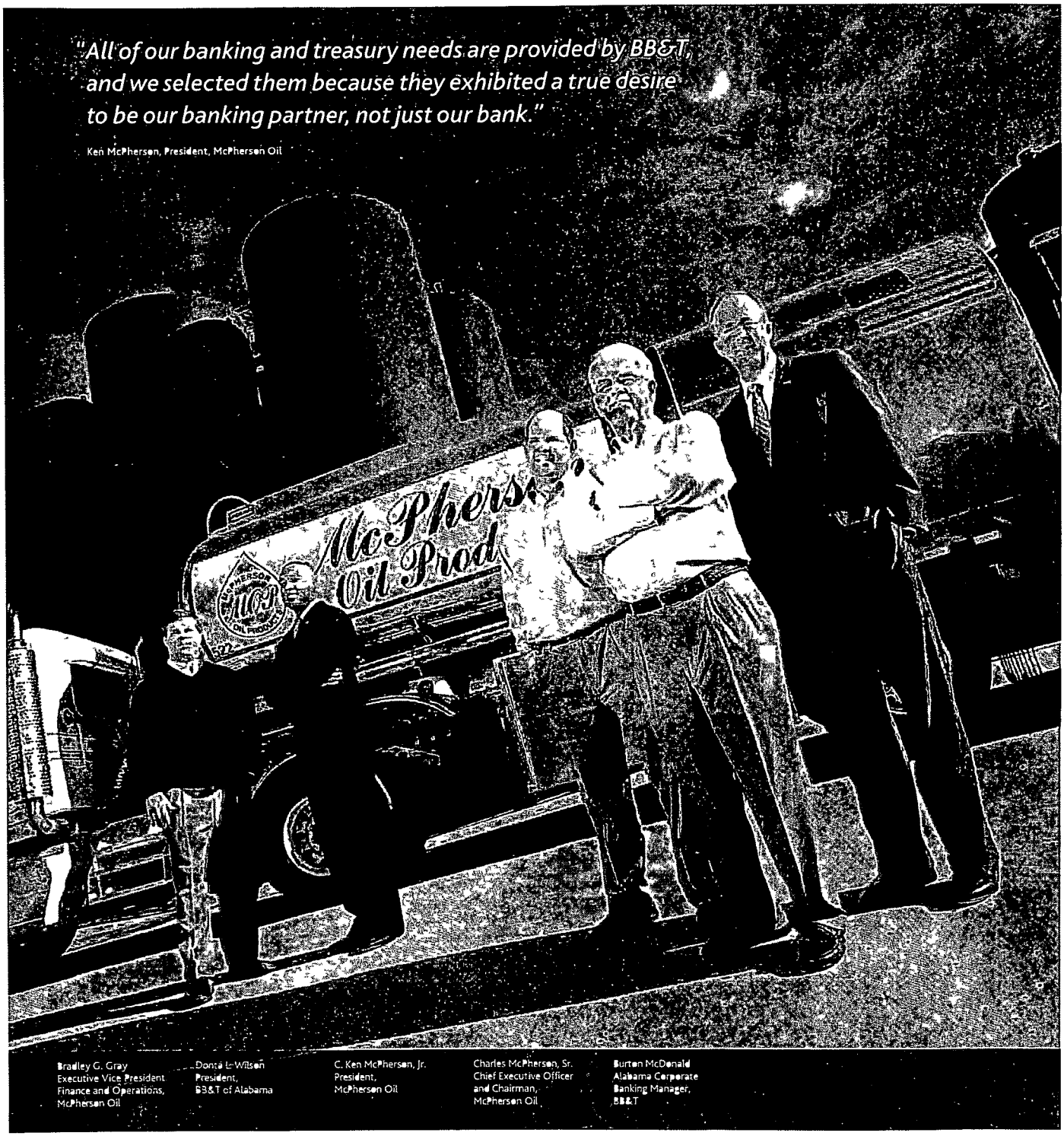
Optimizing the Long-Term Return to our Shareholders while Providing a Safe and Sound Investment

OUR VALUES



ROA 4240

McPherson Oil became BB&T s first large commercial account in the state of Alabama with BB&T serving as the lead agent bank in McPherson s loan syndication McPherson made this change to BB&T after many years with another local bank and in the midst of volatility in the financial markets The decision to change banks was made prior to BB&T s acquisition of Colonial Bank. The strategic acquisition of Colonial Bank gave BB&T 22 offices in Birmingham alone and about 100 offices in the state and surrounding region and further affirmed McPherson s decision in selecting BB&T We were looking for a financially strong bank with a local presence and a focus on our geographic markets said Ken McPherson President We wanted a bank with a desire to partner with us for growth and one that could understand our business so they could better serve our needs"



Maybank 011280

ROA 4241

Lighthouse Project

Our employees have shown that creating value for their communities can be measured in other ways beyond loans or deposits Through BB&T s Lighthouse Project over the past two years our employees have volunteered nearly 100 000 hours and completed more than 2 100 projects in 25 states helping more than three million people in our communities cope with tough economic times Their volunteer projects have ranged from organizing food drives and renovating day-care centers to donating school supplies and helping military families cope when a parent is serving overseas The Financial Services Roundtable which represents 100 of the largest U S financial services companies presented BB&T with its 2010 Leadership in Community Service Award for the greatest percentage of employees volunteering for community projects I m proud of our employees for the recognition but prouder still of their initiative in helping their neighbors who are facing financial and other hardships Employees invariably tell me serving their community is as personally rewarding to them as their time and BB&T s financial support is to our partner community organizations We are committed to continuing this outreach in 2011

MIRACLE LEAGUE OF DALLAS FORT WORTH
DALLAS FORT WORTH TEXAS



Regional Acceptance Employees

"It's partners like BB&T that are really the miracle All season long, they delivered a 'three-peat' – financial support, uniforms for all the kids and buddies for all the games "

Steve Grey Board President Miracle League DFW

In Dallas Fort Worth it may be every kid s dream to play on the field and tour the locker room at Cowboys Stadium home of the Dallas Cowboys BB&T made that dream come true for 75 children and their families as sponsor of opening day festivities for The Miracle League of Dallas Fort Worth an organization that provides children with special needs the opportunity to play baseball Adult volunteers serve as buddies for children during their Saturday baseball games and 60 BB&T Regional Acceptance employees gave their personal time throughout the season to participate BB&T also donated all player uniforms and volunteer shirts The program was spotlighted by the Financial Services Roundtable when it awarded BB&T its Leadership in Community Service Award "

BACKPACK BUDDIES
WILSON NORTH CAROLINA



LEFT TO RIGHT Leagh Holloman Towanda Farmer Wanda McCroskey

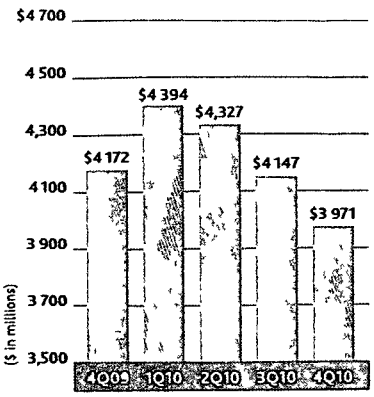
"Our volunteers have been so moved by Backpack Buddies and energized by getting together every week to pack up and deliver the bags We feel blessed to be part of it "

Betsy Davis Senior Vice President BB&T Wealth Division

For many employees at BB&T it was incomprehensible to think that there were elementary children in their communities who wouldn t have food to eat outside of the breakfasts and lunches provided by their schools during the week As part of the Lighthouse Project BB&T employees in Wilson N C decided to support the Backpack Buddies program in their community by purchasing packaging and delivering bags of nonperishable foods to their local elementary schools every Friday Teachers discreetly identified students in need and placed the food filled bag in the students backpacks for the weekend The program touched the hearts of BB&T Lighthouse Facebook fans who voted it their favorite Lighthouse Project on Facebook providing additional funds to support the project

ROA 4242

NONPERFORMING ASSETS DECREASE FOR THIRD CONSECUTIVE QUARTER[1]



[1] Excludes covered and government guaranteed assets

Effectively emerge from the credit cycle

Our top priority is to remain laser-focused on managing down credit costs As a result of our aggressive program to dispose of problem assets – accelerated in 2010 – we have substantially reduced the level of problem assets We expect this trend to continue in 2011 enabling your company to emerge from this long down cycle with significantly improved earnings

Our conservative lending strategy has not wavered with selective and long-standing client relationships loan underwriting discipline geographic diversification and strict limits on project size Throughout the challenging times of the last three years BB&T s overall credit quality has remained superior to our peers and the national average

While our clients experienced fewer problems at the outset of the recession because of BB&T s higher-quality loan book they too experienced more problems as the downturn deepened But unlike many of our competitors BB&T did not sell off our higher level of nonperforming assets at a time of plummeting values It made no sense for us to give away shareholder value by deeply discounting our assets at a time when BB&T continued to have strong capital levels Rather we waited until pricing improved later in 2010 and then moved quickly with an expanded problem asset management team We have sold $1 9 billion of problem assets off of our balance sheet in 2010 We continue to aggressively reduce our exposure to real estate in markets showing the greatest stress including Florida Atlanta and the Washington D C metropolitan area We have repositioned our balance sheet to reduce exposure to volatile real estate markets

We are encouraged by improvement in our underlying credit trends Our watch list of problem assets peaked in the spring of 2010 and has been declining The rate of growth of nonperforming assets continued to decline throughout 2010 and we expect to see net nonperforming assets steadily decline in 2011 Starting in the third quarter 2010 we have not had to build our allowance for problem assets for the first time in the cycle We are methodically reducing our exposure to foreclosed property with the inventory of bank-owned real estate at the lowest level since the second quarter of 2009

We work closely with our clients as we reduce BB&T s problem loans For example under the federal government s Home Affordable Modification Program to assist homeowners facing financial hardships we successfully modified the terms of more than 70% of BB&T mortgages in the program compared to a 20% average for the banking industry We view residential mortgages as a critical service for our long-term banking clients BB&T s mortgage business is fully integrated into our community banking model We primarily originate mortgages for our own portfolio and retain the servicing rather than sell the mortgages to other institutions. Because of this lower-risk structure we avoided overheated securitization "robo-signed" foreclosures and other aggressive mortgage practices that have caused problems and controversy for many financial institutions

In all of our efforts to effectively emerge from this difficult credit cycle we have sought solutions in the best interest of our clients communities and shareholders – solutions that are consistent with our values We offer loans appropriate for every borrower and work with our mortgage clients to keep them in their homes wherever possible We avoid undermining property values in the communities we serve by not dumping properties on the market at pennies on the dollar In the end we believe those efforts also meet our mission to our shareholders to maximize the return on BB&T s investments and position us for greater earnings momentum in 2011

Maybank 011282

ROA 4243

Achieve superior revenue growth

Revenue growth is essential for a bank to emerge from any tough cycle with strong earnings momentum While many of our competitors have been forced to focus on deeply troubled loan portfolios over the past three years BB&T engineered strong growth in key revenue producing areas in both our core banking operations and fee-income businesses Between 2007 and 2010 BB&T ranked No 1 among our peers with 18 9% revenue growth excluding securities gains and our Colonial acquisition We expect to build on this success by hiring several hundred additional revenue-producing employees in 2011

We owe much of our success to our diversified business model which is balanced approximately 50-50 between retail and commercial lending and delivers a less volatile and more predictable revenue and earnings stream Another important driver is our community banking structure which combines the service quality of community banks and the efficiencies of consolidated back-office operations Our 36 community banks generated 60% of BB&T s revenue in 2010 In addition our 12-state footprint concentrated in the Southeast and Mid-Atlantic enjoys among the fastest growth in population household formation and household income growth

A key part of our revenue growth strategies is the changing mix of our loan and deposit portfolios On the loan side as we control our concentrations in real estate we are aggressively pursuing business in fast-growing – and less volatile – sectors For example while loan growth is fairly flat in the aggregate we have enjoyed very strong growth in areas where we have added resources – corporate banking, mortgage and certain specialized lending segments Corporate banking has been an area of major emphasis for us and the timing couldn t be better Many of the national financial services companies that traditionally dominate corporate banking stumbled or failed during the last financial crisis At the same time BB&T has emerged as a top 10 bank with the capital strength and products to meet the need of corporations that are beginning to borrow again as the economy shows signs of improvement In 2011 we expect 3% to 5% overall growth in loans held for investment with a faster pace in non-real estate portfolios

On the deposit side as pricing has become very sensitive on certificates of deposit we have deliberately not pushed expensive CDs while aggressively seeking transaction and non-interest-bearing deposits While we have allowed more expensive CD accounts to run off we don t believe we have lost client relationships because of our industry-leading service quality In 2011 we expect overall deposit growth of 1% to 3% with double-digit growth in transaction account deposits

In another bright spot in our revenue story bundled services to small businesses where we typically start with a checking account and then add other services increased by 25% in 2010 over the previous year We also are rapidly expanding our wealth management business which operates 24 regional teams offering services ranging from financial and estate planning to trust and philanthropic counsel Its revenues were up 29% in the fourth quarter compared to the same period last year Mortgage lending had a phenomenal year in 2010 particularly in the fourth quarter when we originated $8 4 billion in loans Our diversified group of niche lending businesses also contributes importantly to our revenue growth Among them are automobile finance insurance premium finance and small-ticket consumer finance

INDUSTRY-LEADING REVENUE GROWTH THROUGH THE CYCLE

2010 VS 2007[1, 2]

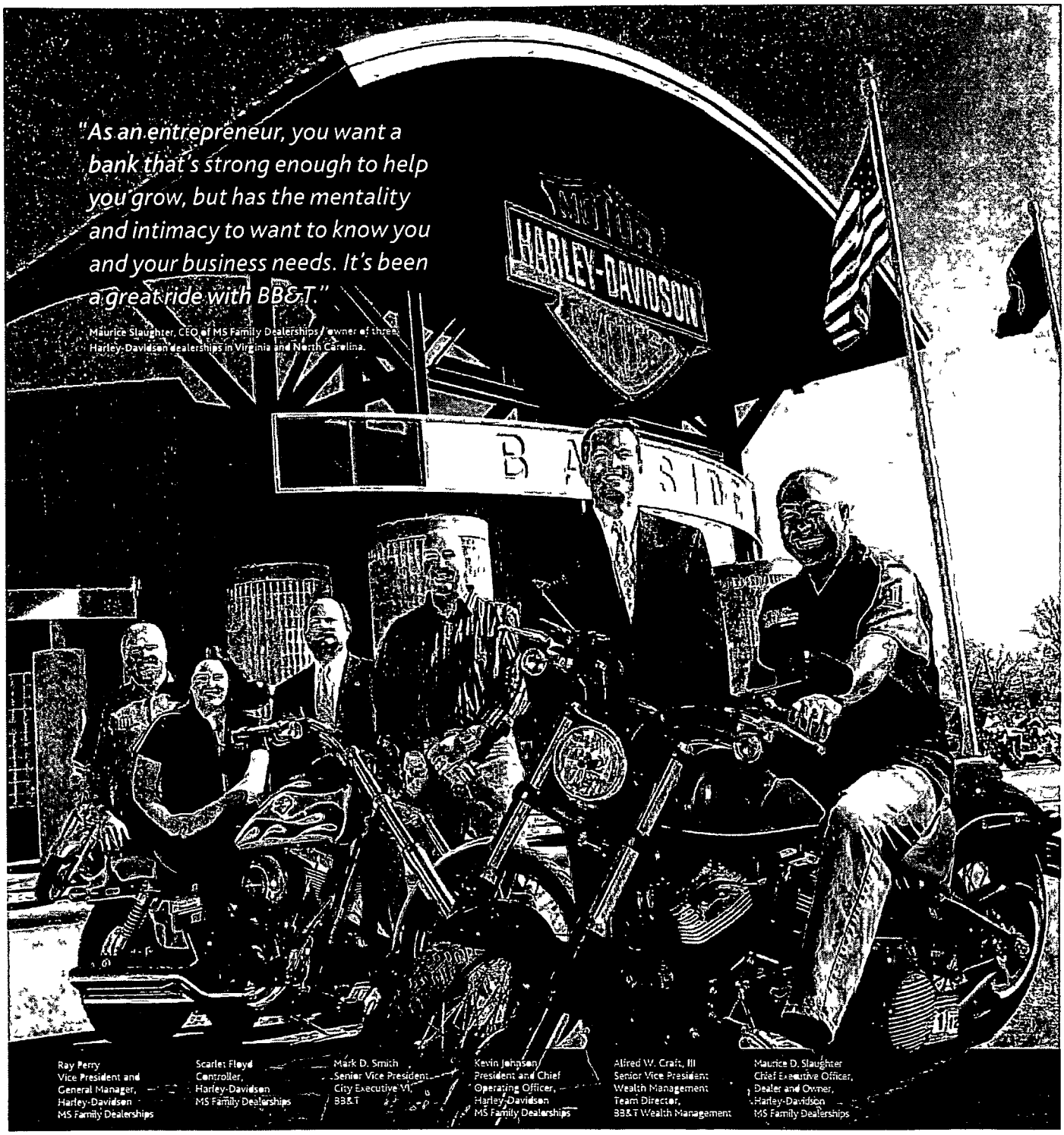
BB&T	**18 9 %**
Peer 1	16 5
Peer 2	9 0
Peer 3	9 0
Peer 4	8 5
Peer 5	7 9
Peer 6	5 6
Peer 7	4 3
Peer 8	(2 5)
Peer 9	(3 8)
Peer 10	(6 2)
Peer 11	(12 3)
Peer 12	(15 0)

[1] Adjusted for large acquisitions (BB&T/Colonial PNC/NatCity/ Sterling/Yardville US Bancorp/FBOP/Downey/PFF/Mellon 1st Business Bank Huntington/Sky Financial Fifth Third/First Charter/R&G M&T/Provident/Partner s Trust M&I/First Indiana, Capital One/Chevy Chase KeyCorp / U S B Holding) and select one-time items

[2] Peers include CMA COF FITB HBAN KEY MI MTB PNC RF STI USB and ZION

ROA 4244

In 1998 successful entrepreneur Maurice Slaughter was interviewing financial institutions so he could become the first African American in the country to own a Harley Davidson dealership For him BB&T stood out They wanted to understand my business and where I saw myself in the next five 10 or 20 years he said And when it came to decision-making, it was local and that went a long way for me Today Slaughter s relationship with BB&T runs deep As both a business and wealth management client he relies on BB&T for retirement estate and life planning He also appreciates that BB&T took the time to ask hard questions and educate him and his family on how to prepare for whatever the future brings For his daughter Tiara that means continuing the banking relationship her father started by relying on BB&T to be there for her and the Sugar Rush Candy Store she recently opened in Alpharetta Ga



Maybank 011284

ROA 4245

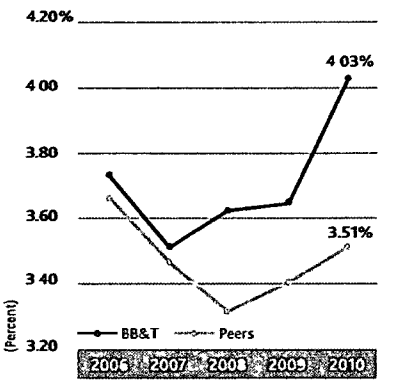
Contribution of Colonial Bank

Our 2009 acquisition of Colonial Bank seamlessly converted to BB&T s systems and values has exceeded both our strategic and financial objectives With $25 billion in assets and 350 branches it was twice the size of any of our previous acquisitions and has returned similarly outsized benefits Loss-sharing agreements with the Federal Deposit Insurance Corporation substantially protected BB&T from Colonial s problem assets At December 31 2010 we estimate that we have an additional $2 4 billion of accretable yield to flow to earnings in the next two to three years from a strong performance from assets acquired in the Colonial transaction

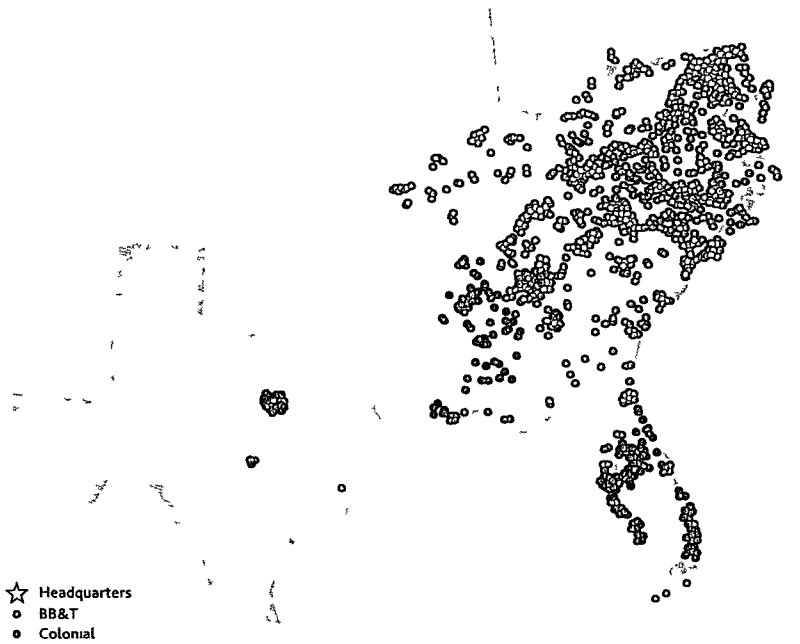
BB&T s broader array of products and services has created significant growth and cross-selling opportunities particularly in Alabama and Florida where the acquisition moved BB&T s deposit market share into the top five position in those states – our strategic goal for all of our markets In addition to expanding our presence in Alabama Florida and Georgia it provided an important strategic toehold in the vast Texas market We picked up 22 branches in Dallas/Fort Worth and Austin and are building a statewide corporate banking presence with particular emphasis on serving the energy sector in Houston We believe the acquisition will be a springboard for growth organically and by acquisition in one of the nation s biggest and richest states

In addition to the Texas market we will be alert for bank acquisition opportunities that enhance our market share in our existing banking footprint as well as non-bank purchases that expand our related financial businesses We will look for opportunities to diversify our banking markets For example to complement our fast-growth markets we are interested in areas such as the Midwest, where an established manufacturing base and deeply rooted residents breed longtime client relationships That said we are wary of recent evidence of pricing exuberance and will insist any acquisition meet our three tests Is it strategically compelling? Does it avoid adding material asset risk? Will it be meaningfully accretive to our shareholders?

COLONIAL ACQUISITION DRIVES MARGIN GROWTH[1]



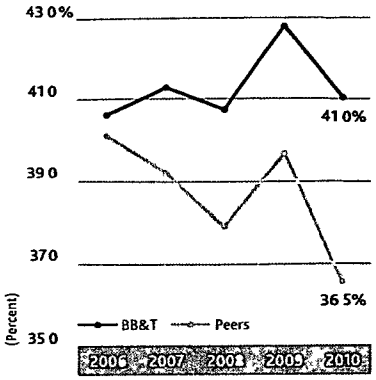
[1] Peers include CMA FITB HBAN KEY MI MTB PNC RF STI USB and ZION Excludes COF



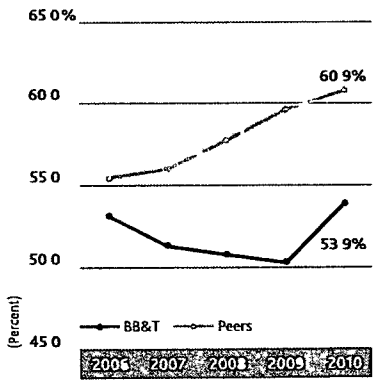
ROA 4246

DELIVERING ALL COMPONENTS OF PROFITABILITY

STRONG FEE INCOME RATIO[1]



STRONG EFFICIENCY RATIO[1]



[1] Peers include CMA, COF FITB HBAN KEY MI MTB PNC RF STI USB and ZION
Source SNL and Company Reports

Control costs

Tightly controlling cost in this slow-growth environment is just as crucial as finding new sources of revenue

We were faced with some uncontrollable costs in 2010 as we accelerated disposition of problem assets and responded to increased government regulation contributing to a 15% increase in noninterest expense in 2010 over a year earlier

But we remain relentless in finding ways to limit costs we can control such as extending our centralized sourcing, procurement and contract management throughout BB&T

We expect flat or slightly reduced noninterest expenses in 2011 as we benefit from lower credit costs For example foreclosed property expense declined for the second consecutive quarter in the fourth quarter of 2010 as we had fewer writedowns than prior quarters

Key to BB&T s success in this area is an efficient and stable workforce A historically low turnover rate – 12% – is important in reducing personnel costs building solid long-term relationships with our clients and increasing productivity Net revenue per FTE increased by 9 3% in 2010 compared to last year

Our overall efficiency ratio – which measures expenses as a percentage of revenues so lower percentages reflect improved performance – was 53 9% in 2010 compared to 50 4% a year earlier in part because of incentive expenses to capture new business in mortgages and capital markets but largely due to credit and regulatory costs We expect to move the ratio back to the low 50% range in two to three years We continue to outperform our peers in this ratio Our peers average efficiency ratio deteriorated to 60 9% in 2010 from 59 6% the prior year

Even as the economy shows signs of improvement we cannot become complacent about cost control With lending growth still relatively sluggish and new federal laws limiting bank fees weaker banks have had to resort to layoffs to cut costs In contrast BB&T has been able to largely retain our workforce continue to invest in employee development programs – and we are now in a position to add several hundred jobs in revenue-producing areas in 2011

Maybank 011286

ROA 4247

THANK YOU

In closing I want to express my deepest appreciation to four members of our corporate board of directors who retired as of December 31 2010 after reaching our mandatory retirement age of 70 Barry Fitzpatrick Vincent Hackley James Maynard and Albert McCauley made enormous contributions to BB&T s success over many years – a combined 67 years of tireless service on our corporate board In particular I want to thank James Maynard for 25 years of service on our board including serving as Chair of our Executive Committee and as our first Lead Director We wish them well and I welcome their continued involvement advice and counsel.

Jane Helm has replaced Mr Maynard as lead director on the corporate board A BB&T corporate director since 1997 Ms Helm has extensive financial experience after serving as the functional equivalent of a chief financial officer to major universities for more than 28 years She was Vice Chancellor of Business Affairs at Appalachian State University for 12 years until her retirement in 2006

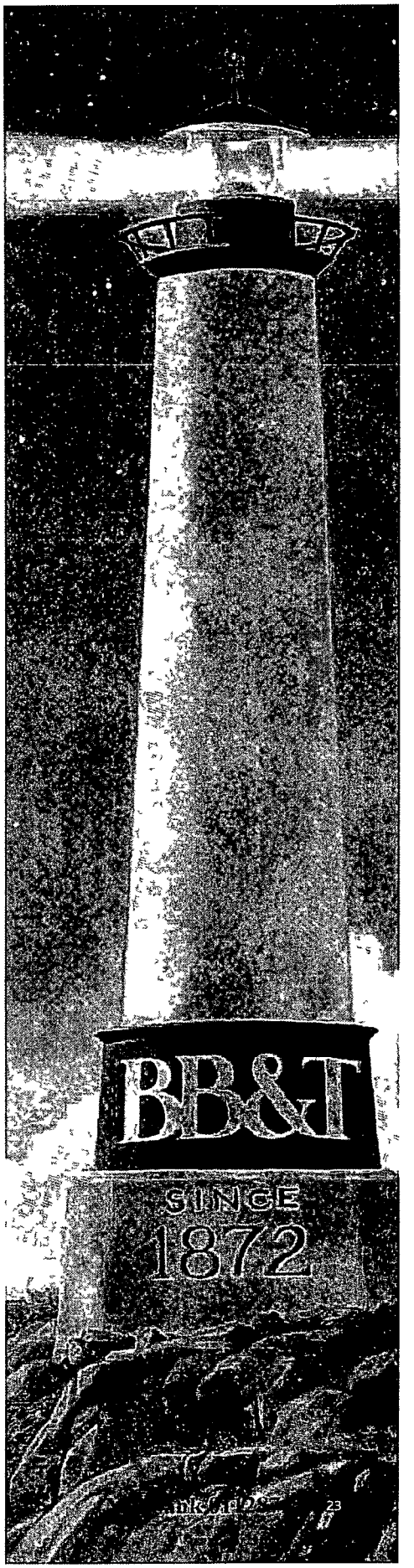
In addition I want to welcome Valeria Lynch Lee to the corporate board I ve known and admired her for years through her eight years as a board member of our principal subsidiary Branch Banking and Trust Company and by working together on economic development for North Carolina She has been involved in all stages of business development from program director for the Z Smith Reynolds Foundation to the first president of Golden L E A F Inc a foundation that provides grants primarily to economic-development projects She is now chief executive of Applied Behavioral Concepts for Families LLC, a start-up company that provides services to North Carolina s Edgecombe and Nash counties

I also want to thank my colleagues on our phenomenal executive leadership team for guiding us through the most challenging business cycle of our lifetimes while at the same time preparing BB&T to take advantage of the best opportunity of our lifetimes We have worked seamlessly together for most of our careers with an average of 27 years experience at BB&T

While many other financial institutions remain hunkered down under the weight of past excesses BB&T has many good reasons for optimism as we emerge from the Great Recession We are aggressively managing our credit costs We have diversified our balance sheet and invested in our fee-income businesses to tap fast-growing revenue opportunities Our community banking structure staffed by our well-trained enthusiastic employees provides unmatched service quality Our Southeast and Mid-Atlantic markets are among the fastest growing in the nation and our Colonial acquisition provides a springboard for expansion into the Texas market Most importantly we have the best value proposition in the marketplace and the best team to deliver that proposition to our clients

After weathering the worst banking environment in 80 years we are ready and eager to turn the page in 2011 and beyond Guided by our values and with the continuing support of our employees clients shareholders and board members I have never been more confident that our best days are ahead Thank you for your support!

Kelly S King
Chairman and Chief Executive Officer
February 22 2011



ROA 4248



STANDING LEFT TO RIGHT: Stephen T. Williams, John A. Allison IV, K. David Boyer, Jr., Kelly S. King, Thomas N. Thompson, Ronald E. Deal, Jennifer S. Banner
SEATED LEFT TO RIGHT: Anna R. Cablik, John P. Howe III, M.D., Valeria Lynch Lee, J. Holmes Morrison, Nido R. Qubein, Jane P. Helm, J. Littleton Glover, Jr.

CORPORATE BOARD OF DIRECTORS

John A. Allison IV
Distinguished Professor of Practice
Wake Forest University
Retired Chairman and
Chief Executive Officer
BB&T Corporation
Winston-Salem N C

Jennifer S. Banner
Chief Executive Officer
Schaad Companies LLC and
President and CEO
SchaadSource LLC
Knoxville Tenn.

K. David Boyer Jr
Chief Executive Officer
GlobalWatch Technologies Inc
Oakton, Va.

Anna R. Cablik
President
Anasteel & Supply Company LLC
and Anatek, Inc
Marietta Ga.

Ronald E. Deal
Chairman
Wesley Hall, Inc
Hickory N C

J Littleton Glover Jr
President and
Chief Executive Officer
Batson-Cook Development Co.
Attorney
Glover & Davis, P.A.
Newnan Ga

Jane P Helm
Retired Vice Chancellor of
Business Affairs
Appalachian State University
Arden N C

John P Howe III M D
President and
Chief Executive Officer
Project HOPE
(Health Opportunities
for People Everywhere)
Washington, D C

Kelly S. King
Chairman and
Chief Executive Officer
BB&T Corporation
Winston-Salem N C

Valena Lynch Lee
Chief Executive Officer
Applied Behavioral Concepts
for Families, LLC
Rocky Mount, N C

J. Holmes Morrison
Retired Chairman,
President and
Chief Executive Officer
One Valley Bancorp, Inc
Charleston, W Va.

Nido R. Qubein
President
High Point University
Chairman
Great Harvest Bread Co.
High Point, N C

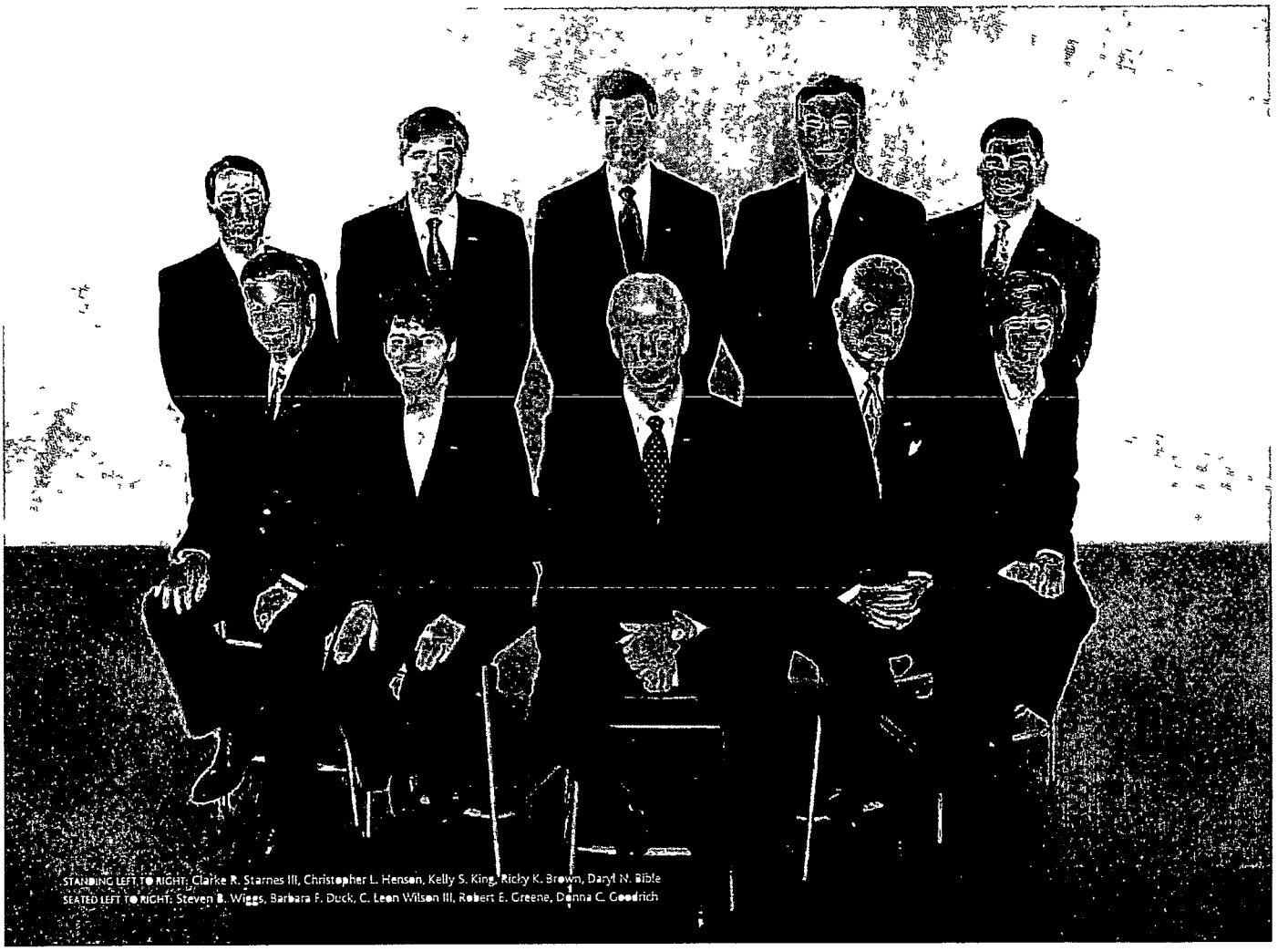
Thomas E. Skains
Chairman
President and
Chief Executive Officer
Piedmont Natural
Gas Company Inc
Charlotte N C
(Not pictured)

Thomas N Thompson
President
Thompson Homes, Inc
Representative
Kentucky House of
Representatives
Owensboro, Ky

Stephen T Williams
President and
Chief Executive Officer
WilcoHess, LLC
President
A.T Williams Oil Co
Winston-Salem N C

Maybank 011288

ROA 4249



STANDING LEFT TO RIGHT: Clarke R. Starnes III, Christopher L. Henson, Kelly S. King, Ricky K. Brown, Daryl N. Bible
SEATED LEFT TO RIGHT: Steven B. Wiggs, Barbara F. Duck, C. Leon Wilson III, Robert E. Greene, Donna C. Goodrich

EXECUTIVE MANAGEMENT

Daryl N Bible
Senior Executive
Vice President and
Chief Financial Officer

Ricky K Brown
Senior Executive
Vice President
and President,
Community Banking

Barbara F Duck
Senior Executive
Vice President and
Enterprise Risk Manager

Donna C. Goodrich
Senior Executive Vice
President and
Deposit Services Manager

Robert E. Greene
Senior Executive Vice
President and
Administrative Group
Manager

Christopher L. Henson
Chief Operating Officer

Kelly S King
Chairman and
Chief Executive Officer

Clarke R. Starnes III
Senior Executive
Vice President and
Chief Risk Officer

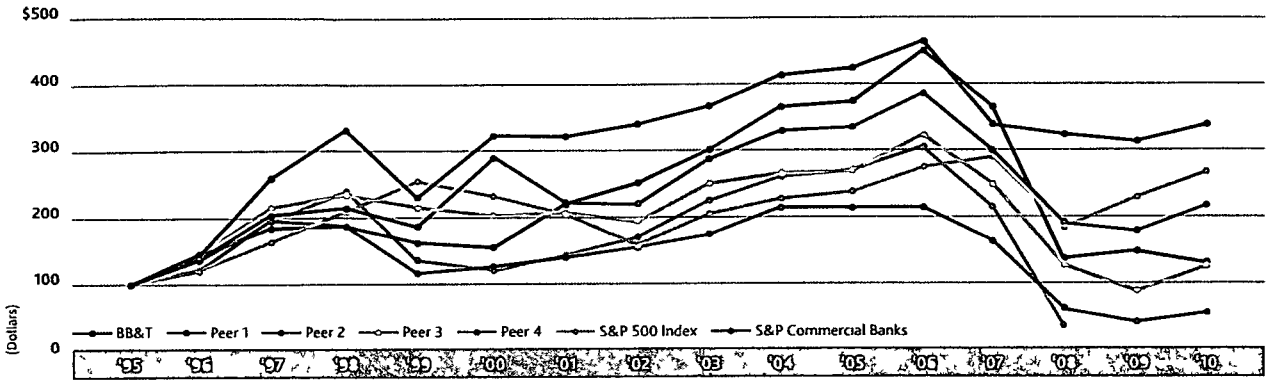
Steven B Wiggs
Senior Executive
Vice President and
Chief Marketing Officer
and Lending Group Manager

C Leon Wilson III
Senior Executive
Vice President and
Operations Division Manager

ROA 4250

SHAREHOLDER RETURN

DEPICTS $100 INVESTED AT 12/31/95 AND HELD THROUGH 12/31/10 WITH DIVIDENDS REINVESTED IN THE SECURITY OR INDEX



QUARTERLY SUMMARY OF MARKET PRICES AND CASH DIVIDENDS DECLARED ON COMMON STOCK

	2010				2009			
Quarter Ended	High	Low	Last	Cash Dividends Declared	High	Low	Last	Cash Dividends Declared
March 31	$ 32 93	$ 25 40	$ 32 39	$ 15	$ 27 72	$ 12 90	$ 16 92	$ 47
June 30	35 72	26 18	26 31	15	28 67	16 27	21 98	15
September 30	28 69	21 72	24 08	15	29 81	19 83	27 24	15
December 31	27 57	22 15	26 29	15	28 66	23 75	25 37	15
Year	$ 35 72	$ 21 72	$ 26 29	$ 60	$ 29 81	$ 12 90	$ 25 37	$ 92

SELECTED MARKET INFORMATION

	2010	2009	2008	2007	2006
Market capitalization (in billions)	$ 18 26	$ 17 50	$ 15 36	$ 16 74	$ 23 79
Book value per share	23 67	23 47	23 16	23 14	21 69
Dividend yield at year end	2 28 %	2 36 %	6 85 %	6 00 %	3 82 %
Dividend payout ratio	50 8	79 3	68 5	56 8	57 8

Maybank 011290

ROA 4251

PURPOSE

BB&T s ultimate purpose is to create superior long-term economic rewards for our shareholders

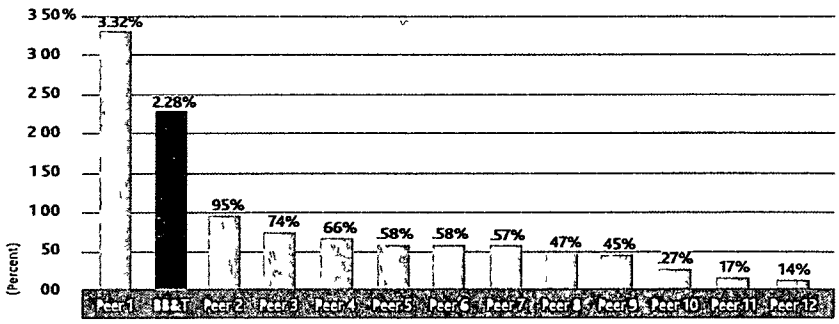
STOCK PERFORMANCE

The graph on page 26 reflects the performance of a $100 investment in BB&T s stock since December 31 1995 the year-end following the completion of the BB&T and Southern National Corporation merger-of-equals in comparison with other regional competitors the S&P 500 Commercial Banks Index and the S&P 500

Source Bloomberg

DIVIDEND YIELD

AS OF DECEMBER 31 2010[1]



Among S&P 500 Index banks BB&T has the 4th highest dividend yield.

(1) Peers include CMA COF FITB HBAN KEY MI MTB PNC RF STI USB and ZION Source Thomson Reuters

STOCK EXCHANGE AND TRADING SYMBOL

The common stock of BB&T Corporation is traded on the New York Stock Exchange under the symbol BBT

DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan enables shareholders to reinvest dividends and/or invest additional cash in full or fractional shares of BB&T Corporation on a regular basis. For more information contact Shareholder Services in Winston-Salem North Carolina at 336-733-3477 or 800-213-4314

ROA 4252

CONSOLIDATED BALANCE SHEETS

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data shares in thousands)

	December 31 2010	December 31 2009
ASSETS		
Cash and due from banks	$ 1 127	$ 1,584
Interest-bearing deposits with banks	931	667
Federal funds sold and securities purchased under resale agreements or similar arrangements	327	398
Segregated cash due from banks	309	270
Trading securities at fair value	633	636
Securities available for sale at fair value ($1 539 and $1 201 covered by FDIC loss share at December 31 2010 and December 31 2009 respectively)	23,169	33 253
Loans held for sale ($3 176 and $2 551 at fair value at December 31 2010 and December 31 2009 respectively)	3,697	2 551
Loans and leases ($6 194 and $8 019 covered by FDIC loss share at December 31 2010 and December 31 2009 respectively)	103,567	103 656
Allowance for loan and lease losses	(2,708)	(2,600)
Loans and leases net of allowance for loan and lease losses	100,859	101 056
FDIC loss share receivable	1,922	3 062
Premises and equipment	1,840	1 583
Goodwill	6 008	6 053
Core deposit and other intangible assets	508	640
Residential mortgage servicing rights at fair value	830	832
Other assets ($360 and $215 of foreclosed property and other assets covered by FDIC loss share at December 31 2010 and December 31 2009 respectively)	14 921	13 179
Total assets	$ 157,081	$ 165 764
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits		
Noninterest bearing deposits	$ 20,637	$ 18 945
Interest-bearing deposits	86,576	96 020
Total deposits	107,213	114 965
Federal funds purchased securities sold under repurchase agreements and short-term borrowed funds	5,673	8 106
Long-term debt	21,730	21 376
Accounts payable and other liabilities	5,967	5 076
Total liabilities	140 583	149,523
Shareholders equity		
Common stock $5 par	3,472	3 449
Additional paid-in capital	5 776	5 620
Retained earnings	7,935	7 539
Accumulated other comprehensive loss net of deferred income taxes of $(452) at December 31 2010 and $(257) at December 31 2009	(747)	(417)
Noncontrolling interest	62	50
Total shareholders equity	16,498	16 241
Total liabilities and shareholders equity	$ 157,081	$ 165 764
Common shares outstanding	694 381	689 750
Common shares authorized	2,000,000	1 000 000
Preferred shares authorized	5,000	5 000

Maybank 011292

ROA 4253

CONSOLIDATED STATEMENTS OF INCOME

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

	Year Ended December 31,		
	2010	2009	2008
INTEREST INCOME			
Interest and fees on loans and leases	$ 6 080	$ 5 547	$ 6,003
Interest and dividends on securities	1,019	1,319	1,135
Interest on other earning assets	16	18	69
Total interest income	7,115	6 884	7 207
INTEREST EXPENSE			
Interest on deposits	917	1,271	1 891
Interest on federal funds purchased securities sold under repurchase agreements and short-term borrowed funds	22	58	235
Interest on long-term debt	856	711	843
Total interest expense	1,795	2 040	2 969
NET INTEREST INCOME	5,320	4 844	4,238
Provision for credit losses	2,638	2 811	1 445
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	2,682	2 033	2,793
NONINTEREST INCOME			
Insurance commissions	1 041	1 047	928
Service charges on deposits	618	690	673
Investment banking and brokerage fees and commissions	352	346	354
Mortgage banking income	521	658	275
Checkcard fees	274	227	201
Other nondeposit fees and commissions	270	229	189
Bankcard fees and merchant discounts	177	156	151
Trust and investment advisory revenues	159	139	147
Securities gains net	554	199	107
Income from bank-owned life insurance	123	97	84
FDIC loss share income net	(116)	14	–
Other income net	(16)	132	88
Total noninterest income	3,957	3,934	3 197
NONINTEREST EXPENSE			
Personnel expenses	2 616	2 517	2 201
Foreclosed property expense	747	356	79
Occupancy and equipment expenses	608	579	509
Professional services	334	262	204
Regulatory charges	211	230	30
Loan processing expenses	180	135	125
Amortization of intangibles	122	114	100
Software expenses	117	94	74
Merger-related and restructuring charges net	69	38	15
Other expenses	666	606	574
Total noninterest expense	5 670	4,931	3 911
INCOME BEFORE INCOME TAXES	969	1 036	2,079
Provision for income taxes	115	159	550
NET INCOME	854	877	1 529
Noncontrolling interest	38	24	10
Dividends and accretion on preferred stock	–	124	21
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$ 816	$ 729	$ 1 498
Basic Earnings Per Share	$ 1 18	$ 1 16	$ 2 73
Diluted Earnings Per Share	$ 1 16	$ 1 15	$ 2 71

ROA 4254

SELECTED FINANCIAL DATA

BB&T Corporation and Subsidiaries
(Dollars in millions except per share data)

	Year Ended December 31,						Five-Year Compound
	2010	2009	2008	2007	2006	2005	Growth Rate
SUMMARY OF INCOME STATEMENT							
Interest income	$ 7,115	$ 6 884	$ 7,207	$ 7 894	$ 6 893	$ 5,506	5 3 %
Interest expense	1,795	2,040	2 969	4 014	3,185	1,981	(2 0)
Net interest income	5,320	4 844	4,238	3 880	3,708	3 525	8 6
Provision for credit losses	2,638	2,811	1,445	448	240	217	64 8
Net interest income after provision for credit losses	2,682	2 033	2 793	3 432	3,468	3 308	(4 1)
Noninterest income	3,957	3,934	3,197	2 774	2,521	2 326	11 2
Noninterest expense	5,670	4 931	3,911	3,624	3,511	3 163	12 4
Income before income taxes	969	1 036	2,079	2 582	2 478	2,471	(17 1)
Provision for income taxes	115	159	550	836	945	813	(32 4)
Net Income	854	877	1,529	1,746	1 533	1,658	(12 4)
Noncontrolling interest	38	24	10	12	5	4	56 9
Dividends and accretion on preferred stock	–	124	21	–	–	–	NM
Net income[1]	$ 816	$ 729	$ 1 498	$ 1,734	$ 1 528	$ 1 654	(13 2) %
PER COMMON SHARE DATA							
Basic	$ 1 18	$ 1 16	$ 2 73	$ 3 17	$ 2 84	$ 3 02	(17 1) %
Diluted	1 16	1 15	2 71	3 14	2 81	3 00	(17 3)
Cash dividends declared	60	92	1 87	1 80	1 64	1 49	(16 6)
Book value	23 67	23 47	23 16	23 14	21 69	20 49	2 9
SELECTED AVERAGE BALANCES							
Assets	$ 159 658	$ 155 182	$ 136 881	$ 126,420	$ 114 328	$ 104,612	8 8 %
Earning assets	135,330	135 665	120 852	112 305	101,572	92 703	7 9
Securities at amortized cost	27,610	31 226	23 402	21 731	20 110	19,571	7 1
Loans and leases	104,787	102,146	95,195	87 952	79 313	71 517	7 9
Deposits	106,773	102 381	88 831	83,501	77 230	70 346	8 7
Interest-bearing liabilities	117,706	117 570	106,189	97 720	85 646	76 813	8 9
Shareholders equity	16 886	16 238	13 533	12 215	11,531	11,136	8 7
SELECTED YEAR-END BALANCES							
Assets	$ 157,081	$ 165 764	$ 152,015	$ 132 618	$ 121,351	$ 109,170	7 5 %
Earning assets	133,442	142,407	133 735	116 466	107,676	96 777	6 6
Securities at carrying value	23,169	33 253	32 364	22 054	20,342	19,438	3 6
Loans and leases	107,264	106 207	98,669	91 686	83,591	75,023	7 4
Deposits	107,213	114 965	98 613	86 766	80 971	74,282	7 6
Interest-bearing liabilities	113,979	125 502	113 784	103 034	91 569	80,485	7 2
Shareholders equity	16,498	16,241	16 081	12,664	11,826	11,201	8 1

[1] Available to common shareholders

Maybank 011294

ROA 4255

SELECTED RATIOS

	Year Ended December 31,				
	2010	2009	2008	2007	2006
PERFORMANCE RATIOS					
Return on average assets	54 %	56 %	1 12 %	1 38 %	1 34 %
Return on average equity	4 85	4 93	11 44	14 25	13 35
Fee income ratio	42 0	44 2	42 5	41 3	39 9
Fee income ratio – adjusted[1]	41 0	42 8	40 7	41 3	40 6
Efficiency ratio	60 2	55 4	52 0	53 9	55 6
Efficiency ratio – adjusted[1]	53 9	50 4	50 9	51 4	53 2
Net interest margin (fully taxable equivalent)	4 03	3 66	3 58	3 52	3 74
CAPITAL RATIOS					
Average equity to average assets	10 6 %	10 5 %	9 9 %	9 7 %	10 1 %
Equity to assets at year-end	10 5	9 8	10 6	9 5	9 7
Risk-based capital ratios					
Tier 1 capital	11 8	11 5	12 3	9 1	9 0
Total capital	15 5	15 8	17 4	14 2	14 3
Tier 1 leverage ratio	9 1	8 5	9 9	7 2	7 2
Tangible common equity[2]	7 1	6 2	5 3	5 7	6 0
Tier 1 common equity to risk-weighted assets[2]	9 1	8 5	7 1	7 2	7 6
CREDIT QUALITY RATIOS[3]					
Nonperforming loans and leases as a percentage of total loans and leases	2 49 %	2 51 %	1 42 %	54 %	30 %
Nonperforming assets as a percentage of:					
Total assets	2 73	2 61	1 32	52	28
Loans and leases plus foreclosed property	3 94	4 02	2 03	75	41
Net charge-offs as a percentage of average loans and leases	2 41	1 74	89	38	27
Allowance for loan and lease losses as a percentage of loans and leases held for investment	2 62	2 51	1 62	1 10	1 07
Ratio of allowance for loan and lease losses to net charge-offs	1 07 x	1 47 x	1 85 x	2 97 x	4 12 x

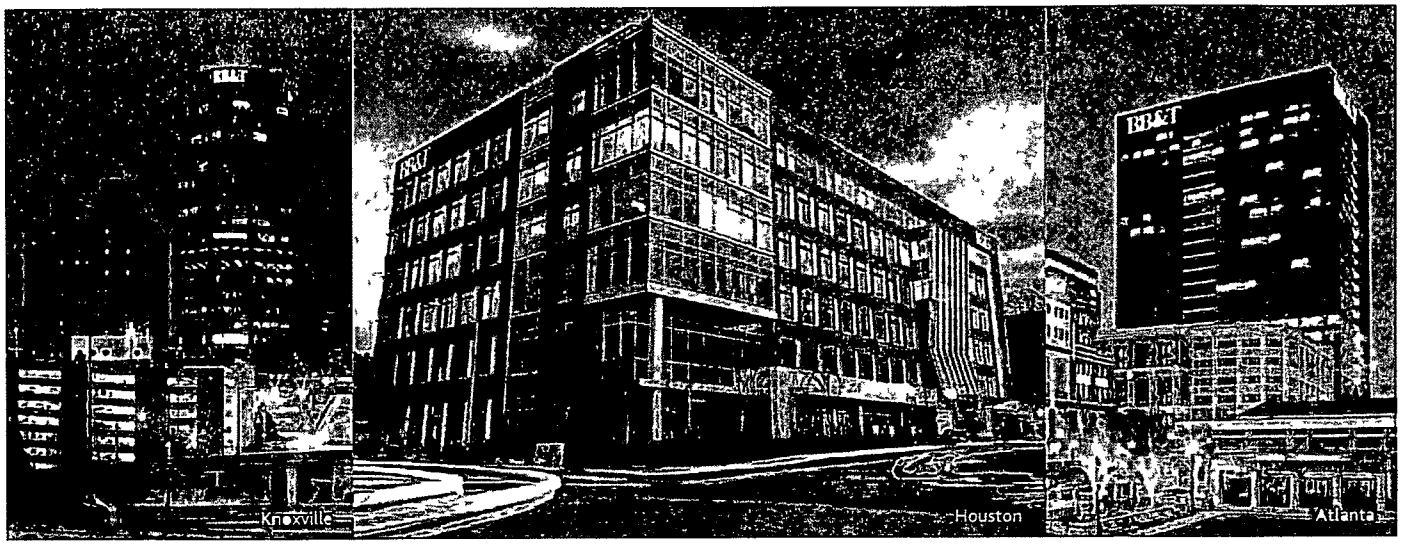
[1] Excludes securities gains (losses), foreclosed property expenses, amortization of intangible assets, merger-related and restructuring charges, unusual gains from extinguishment of debt and the sale of a payroll processing business and the sale of BB&T's ownership interest in Visa, unusual costs associated with a special FDIC assessment, a contingency reserve and adjustments related to leveraged lease settlements.

[2] Tangible common equity and Tier 1 common equity ratios are Non-GAAP measures. BB&T uses the Tier 1 common equity definition used by the Supervisory Capital Assessment Program to calculate these ratios.

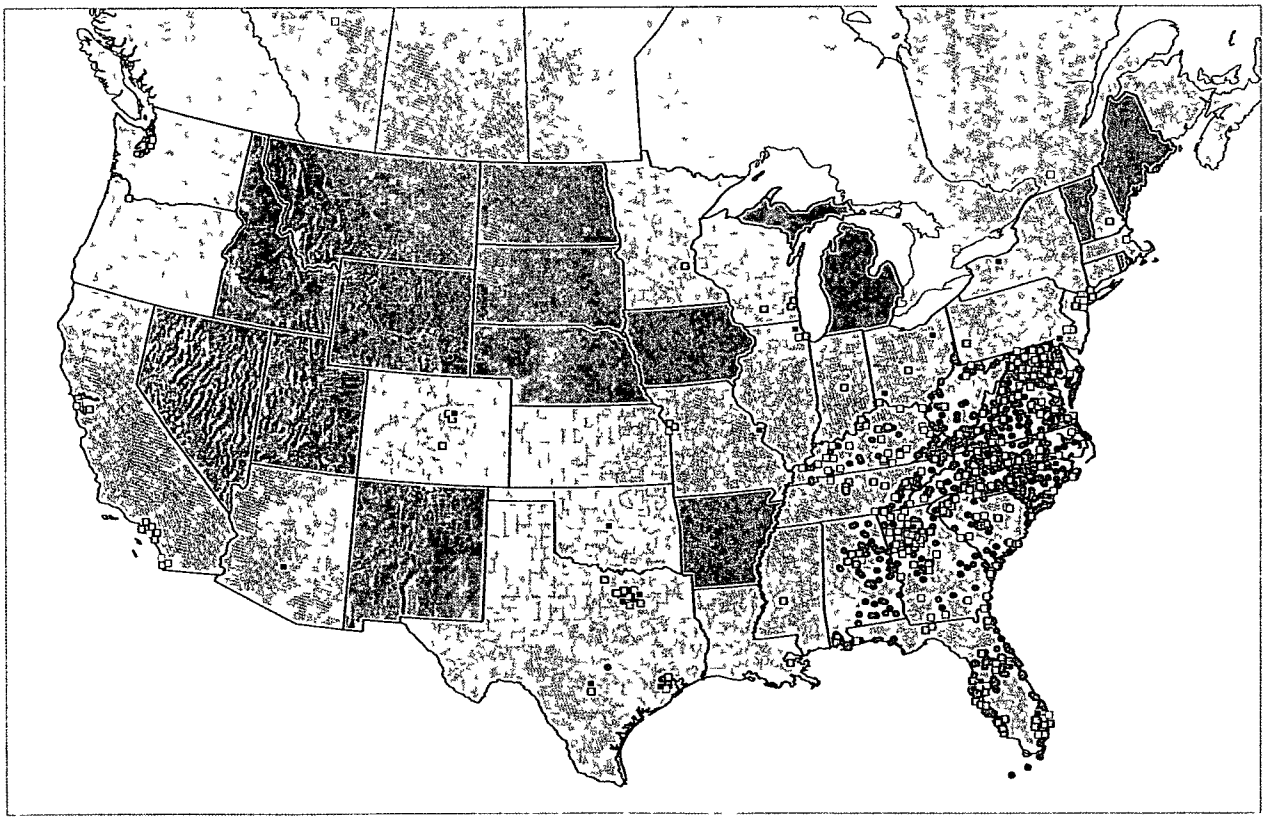
[3] Loans and leases are net of unearned income and include loans held for sale, covered loans and foreclosed property. Government guaranteed mortgage loans have been excluded from our credit quality ratios.

Maybank 011295

ROA 4256



MARKET COVERAGE



- BB&T Headquarters
- BB&T Community
- BB&T Capital Markets
- AFCO/CAFO/Prime Rate
- Commercial Finance
- Equipment Finance
- Governmental Finance
- Grandbridge Real Estate Capital
- Insurance
- Lendmark Financial Services
- Mortgage
- Regional Acceptance
- Sales Finance
- Scott & Stringfellow
- Sheffield Financial
- Sterling Capital

Map generated by SpatialLogic

Maybank 011296

ROA 4257

FORM 10-K
BB&T Corporation files an Annual Report on Form 10-K with the Securities and Exchange Commission each year. A copy of this report may be obtained upon written request to:

Daryl N. Bible
Senior Executive Vice President and Chief Financial Officer
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250

CORPORATE HEADQUARTERS
BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem, NC 27102-1250
336-733-2000

EQUAL OPPORTUNITY EMPLOYER
BB&T Corporation is an equal opportunity employer. All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and all other personnel policies will continue to be free from discriminatory practices.

TRANSFER AGENT
Branch Banking and Trust Company
Shareholder Services
Attn: Stock Transfer
223 West Nash Street
Wilson, NC 27893

SHAREHOLDER SERVICES
Shareholders seeking information regarding dividends, lost certificates or other general information should contact:

Shareholder Services
336-733-3477 or toll-free 800-213-4314

Please submit address changes through our website, by calling Shareholder Services or by writing to:
BB&T Shareholder Services
150 South Stratford Road
Suite 300
Winston-Salem, NC 27104

ANALYST INFORMATION
Analysts, investors and others seeking additional financial information should contact:

Tamera L. Gjesdal
Senior Vice President
Investor Relations
336-733-3058

Alan W. Greer
Executive Vice President
Investor Relations
336-733-3021

CLIENTS
Clients seeking assistance with BB&T's products and services should call 1-800-BANK BBT (1-800-226-5228).

NEWS MEDIA
News media representatives seeking information should contact:

Cynthia A. Williams
Executive Vice President
Chief Corporate Communications Officer
336-733-1478

WEBSITE
Please visit www.BBT.com for information concerning BB&T's products and services, news releases, financial information, corporate governance practices and other material relating to BB&T.

Maybank 011297



BB&T Corporation
200 West Second Street
PO Box 1250
Winston-Salem NC 27102-1250

C0001125033

Maybank 011298

10-K 1 d10k htm FORM 10-K

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D C 20549



FORM 10-K

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

For the fiscal year ended

December 31, 2010

Commission File Number 1-10853

BB&T CORPORATION

(Exact name of Registrant as specified in its Charter)

North Carolina	56-0939887
(State of Incorporation)	(I.R.S. Employer Identification No.)
200 West Second Street Winston-Salem, North Carolina	27101
(Address of principal executive offices)	(Zip Code)

(336) 733-2000
(Registrant s telephone number including area code)

Securities Registered Pursuant to Section 12(b) of the Securities Exchange Act of 1934

Title of each class	Name of each exchange on which registered
Common Stock $5 par value	New York Stock Exchange

Indicate by check mark if the Registrant is a well known seasoned issuer as defined in Rule 405 of the Securities Act YES þ NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act YES NO þ

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days YES þ NO

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site if any every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232 405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files) Yes þ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S K is not contained herein and will not be contained, to the best of Registrant s knowledge in definitive proxy or information statements incorporated by references in Part III of this Form 10-K or any amendment to this Form 10 K þ

Indicate by check mark whether the Registrant is a large accelerated filer an accelerated filer a non-accelerated filer or a smaller reporting company See the definitions of large accelerated filer "accelerated filer and "smaller reporting company" in Rule 12b-2 of the Exchange Act

Large accelerated filer	þ	Accelerated filer	
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company	

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act) YES NO þ

At January 31 2011 the Corporation had 694 603 885 shares of its Common Stock $5 par value outstanding The aggregate market value of voting stock held by nonaffiliates of the Corporation is approximately $18 2 billion (based on the closing price of such stock as of June 30 2010)

Table of Contents

CROSS REFERENCE INDEX

			Page
PART I	Item 1	Overview and Description of Business	4
	Item 1A	Risk Factors Related to BB&T s Business	4
	Item 1B	Unresolved Staff Comments None	
	Item 2	Properties	29
	Item 3	Legal Proceedings	148
	Item 4	Removed and Reserved	
PART II	Item 5	Market for the Registrant s Common Equity Related Stockholder Matters and Issuer Purchases of Equity Securities	30 87
	Item 6	Selected Financial Data	9>
	Item 7	Management s Discussion and Analysis of Financial Condition and Results of Operations	42
	Item 7A	Market Risk Management	77
	Item 8	Financial Statements and Supplementary Data	
		Consolidated Balance Sheets at December 31, 2010 and 2009	98
		Consolidated Statements of Income for each of the years in the three year period ended December 31, 2010	99
		Consolidated Statements of Changes in Shareholders Equity for each of the years in the three year period ended December 31, 2010	100
		Consolidated Statements of Cash Flows for each of the years in the three year period ended December 31, 2010	102
		Notes to Consolidated Financial Statements	103
		Report of Independent Registered Public Accounting Firm	97
		Quarterly Financial Summary for 2010 and 2009	94
	Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure None	
	Item 9A	Controls and Procedures	96
	Item 9B	Other Information None	
PART III	Item 10	Directors Executive Officers and Corporate Governance	*
	Item 11	Executive Compensation	*
	Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	*
	Item 13	Certain Relationships and Related Transactions and Director Independence	*
	Item 14	Principal Accounting Fees and Services	*
PART IV	Item 15	Exhibits Financial Statement Schedules	
	(a)	Financial Statements—See Listing in Item 8 above	
	(b)	Exhibits	
	(c)	Financial Statement Schedules—None required	

Table of Contents

* For information regarding executive officers refer to Executive Officers of BB&T in Part I hereof The other information required by Item 10 is incorporated herein by reference to the information that appears under the headings Proposal 1 Election of Directors" Corporate Governance Matters and "Section 16(a) Beneficial Ownership Reporting Compliance in the Registrant s Proxy Statement for the 2011 Annual Meeting of Shareholders

The information required by Item 11 is incorporated herein by reference to the information that appears under the headings Compensation Discussion and Analysis "Compensation of Executive Officers" "Compensation Committee Report on Executive Compensation Compensation Committee Interlocks and Insider Participation" and "Compensation of Directors" in the Registrant s Proxy Statement for the 2011 Annual Meeting of Shareholders

For information regarding the registrant s securities authorized for issuance under equity compensation plans refer to Equity Compensation Plan Information in Part II hereof

The other information required by Item 12 is incorporated herein by reference to the information that appears under the headings Security Ownership and "Compensation of Executive Officers in the Registrant s Proxy Statement for the 2011 Annual Meeting of Shareholders

The information required by Item 13 is incorporated herein by reference to the information that appears under the headings "Corporate Governance Matters and Transactions with Executive Officers and Directors" in the Registrant s Proxy Statement for the 2011 Annual Meeting of Shareholders

The information required by Item 14 is incorporated herein by reference to the information that appears under the headings Fees to Auditors" and Corporate Governance Matters in the Registrant s Proxy Statement for the 2011 Annual Meeting of Shareholders

ROA 4262

Table of Contents

OVERVIEW AND DESCRIPTION OF BUSINESS

General

BB&T Corporation (BB&T "the Company "the Corporation or "the Parent Company") is a financial holding company headquartered in Winston Salem North Carolina BB&T conducts its business operations primarily through its commercial bank subsidiary Branch Banking and Trust Company (Branch Bank) which has offices in North Carolina Virginia Florida Georgia, Maryland, South Carolina, Alabama Kentucky West Virginia, Tennessee Texas Washington D C and Indiana In addition BB&T s operations consist of a federally chartered thrift institution BB&T Financial FSB (BB&T FSB ") and several nonbank subsidiaries which offer financial services products Substantially all of the loans made by BB&T s subsidiaries are to businesses and individuals in these market areas

Forward-Looking Statements

This Annual Report on Form 10 K contains forward looking statements with respect to the financial condition results of operations and businesses of BB&T These forward looking statements involve certain risks and uncertainties and are based on the beliefs and assumptions of the management of BB&T and the information available to management at the time that these disclosures were prepared Factors that may cause actual results to differ materially from those contemplated by such forward looking statements include among others the following

general economic or business conditions either nationally or regionally may be less favorable than expected resulting in among other things a deterioration in credit quality and/or a reduced demand for credit or other services

changes in the interest rate environment may reduce net interest margins and/or the volumes and values of loans made or held as well as the value of other financial assets held

competitive pressures among depository and other financial institutions may increase significantly

legislative or regulatory changes including changes resulting from the adoption and implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd Frank Act ") and changes in accounting standards, may adversely affect the businesses in which BB&T is engaged

local state or federal taxing authorities may take tax positions that are adverse to BB&T

reduction in BB&T s credit ratings

adverse changes may occur in the securities markets

competitors of BB&T may have greater financial resources and develop products that enable them to compete more successfully than BB&T and may be subject to different regulatory standards than BB&T

costs or difficulties related to the integration of the businesses of BB&T and its merger partners may be greater than expected

unpredictable natural or other disasters could have an adverse effect on BB&T in that such events could materially disrupt its operations or the ability or willingness of its customers to access the financial services offered by BB&T

expected cost savings associated with completed mergers and acquisitions may not be fully realized or realized within the expected time frames and

deposit attrition customer loss and/or revenue loss following completed mergers and acquisitions may be greater than expected

Risk Factors Related to BB&T's Business

Changes in national regional and local economic conditions could lead to higher loan charge-offs and reduce BB&T s net income and growth

BB&T s business is subject to periodic fluctuations based on national regional and local economic conditions These fluctuations are not predictable cannot be controlled and may have a material adverse impact on the

Maybank 009661

ROA 4263

Table of Contents

Company s operations and financial condition even if other favorable events occur BB&T s banking operations are locally oriented and community based Accordingly the Company expects to continue to be dependent upon local business conditions as well as conditions in the local residential and commercial real estate markets it serves For example an increase in unemployment a decrease in real estate values or increases in interest rates as well as other factors could weaken the economies of the communities BB&T serves Weakness in BB&T s market area could depress the Company s earnings and consequently its financial condition because

- customers may not want or need BB&T s products or services
- borrowers may not be able or willing to repay their loans
- the value of the collateral securing loans to borrowers may decline and
- the quality of BB&T s loan portfolio may decline

Any of the latter three scenarios could require the Company to charge off a higher percentage of loans and/or increase provisions for credit losses which would reduce the Company s net income For example beginning in 2007 and continuing through much of 2010 BB&T experienced increasing credit deterioration due to ongoing challenges in the residential real estate markets This period of credit deterioration combined with flat to declining real estate values resulted in increasing loan charge-offs and higher provisions for credit losses which negatively impacted BB&T s net income

On August 14 2009 Branch Bank entered into an agreement with the Federal Deposit Insurance Corporation ("FDIC") to acquire certain assets and assume substantially all of the deposits and certain liabilities of Colonial Bank an Alabama state-chartered bank headquartered in Montgomery Alabama (Colonial") As a result Branch Bank acquired a significant portfolio of loans from Colonial Although Branch Bank marked down the acquired loan portfolio to estimated fair value there is no assurance that the acquired loans will not suffer further deterioration in value resulting in additional charge-offs to this loan portfolio Fluctuations in national regional and local economic conditions including those related to local residential real estate commercial real estate and construction markets may increase the level of charge-offs on the loan portfolio that was acquired in the acquisition of Colonial and correspondingly reduce BB&T s net income These fluctuations are not predictable cannot be controlled and may have a material adverse impact on BB&T s operations and financial condition even if other favorable events occur Although Branch Bank entered into loss sharing agreements with the FDIC which provide that a significant portion of losses related to specified loan portfolios that were acquired in connection with the acquisition of Colonial will be borne by the FDIC Branch Bank is not protected from all losses resulting from charge-offs with respect to those specified loan portfolios Additionally the loss sharing agreements have limited terms therefore any charge-off of related losses that Branch Bank experiences after the term of the loss sharing agreements will not be reimbursed by the FDIC and will negatively impact BB&T s net income In connection with the acquisition of Colonial Branch Bank also acquired certain loan portfolios that are not subject to the loss sharing agreements Any charge-offs related to these loan portfolios will be borne by Branch Bank in full and would also negatively impact BB&T s net income

Weakness in the markets for residential or commercial real estate including the secondary residential mortgage loan markets could reduce BB&T s net income and profitability

Since 2007 softening residential housing markets increasing delinquency and default rates and increasingly volatile and constrained secondary credit markets have been negatively impacting the mortgage industry BB&T s financial results have been adversely affected by changes in real estate values primarily in Georgia, Florida and metro Washington D C with some deterioration in the coastal areas of the Carolinas Decreases in real estate values have adversely affected the value of property used as collateral for loans and investments in BB&T s portfolio The poor economic conditions experienced in 2007 through 2010 resulted in decreased demand for real estate loans and BB&T s net income and profits have suffered as a result

The declines in home prices in many markets across the U S including a number of markets in BB&T s banking footprint (primarily in Georgia Florida and metro Washington D C with some deterioration in the coastal areas of the Carolinas) along with the reduced availability of mortgage credit also has resulted in increases in delinquencies and losses in BB&T s portfolio of loans related to residential real estate including its acquisition development and construction loan portfolio Further declines in home prices within BB&T s banking

Maybank 009662

ROA 4264

Table of Contents

footprint (including markets that to date have not experienced significant declines) coupled with the continued impact of the economic recession and high unemployment levels could drive losses beyond the levels provided for in BB&T s allowance for loan losses In that event BB&T s future earnings would be adversely affected

Significant ongoing disruption in the secondary market for residential mortgage loans has limited the market for and liquidity of most mortgage loans other than conforming Fannie Mae Freddie Mac and Ginnie Mae loans The effects of ongoing mortgage market challenges combined with the ongoing correction in residential real estate market prices and reduced levels of home sales has resulted in price reductions in single family home values adversely affecting the value of collateral securing mortgage loans held and mortgage loan originations Continued declines in real estate values and home sales volumes within BB&T s banking footprint and financial stress on borrowers as a result of job losses or other factors, could have further adverse effects on borrowers that result in higher delinquencies and greater charge-offs in future periods which would adversely affect BB&T s financial condition and results of operations

The Colonial acquisition has increased Branch Bank s commercial real estate and construction loan portfolio which have a greater credit risk than residential mortgage loans

With the acquisition of the Colonial loan portfolio the commercial real estate loan and construction loan portfolios have become a larger portion of Branch Bank s total loan portfolio than it was prior to the Colonial acquisition This type of lending is generally considered to have more complex credit risks than traditional single family residential lending, because the principal is concentrated in a limited number of loans with repayment dependent on the successful operation of the related real estate or construction project Consequently these loans are more sensitive to the current adverse conditions in the real estate market and the general economy These loans are generally less predictable more difficult to evaluate and monitor and collateral may be more difficult to dispose of in a market decline However the negative economic aspects of these risks are substantially reduced as a result of the FDIC loss sharing agreements

Increases in FDIC insurance premiums and changes to deposit insurance assessment methodologies may adversely affect BB&T s net income and profitability

During 2008 and continuing in 2010 higher levels of bank failures have dramatically increased resolution costs of the FDIC and depleted the deposit insurance fund In addition the FDIC instituted two temporary programs to further insure customer deposits at FDIC insured banks deposit accounts are now insured up to $250 000 per customer (up from $100 000) and noninterest bearing transactional accounts are currently fully insured (unlimited coverage) These programs have placed additional stress on the deposit insurance fund In order to maintain a strong funding position and restore reserve ratios of the deposit insurance fund the FDIC has increased assessment rates of insured institutions On November 12 2009 the FDIC adopted a rule that required banks to prepay three years worth of estimated deposit insurance premiums by December 31 2009 BB&T is generally unable to control the amount of premiums that the Company is required to pay for FDIC insurance The Dodd Frank Act also imposes additional assessments and costs with respect to deposits, requiring the FDIC to impose deposit insurance assessments based on total assets rather than total deposits as well as making permanent the increase of deposit insurance to $250 000 and providing for full insurance of non interest bearing transaction accounts beginning December 31 2010 for two years For additional information regarding changes with respect to deposit insurance assessments see "Regulatory Considerations below These announced increases legislative and regulatory changes and any future increases or required prepayments of FDIC insurance premiums may adversely impact BB&T s earnings and financial condition If there are additional bank or financial institution failures or the cost of resolving prior failures exceeds expectations the Company may be required to pay even higher FDIC premiums than the recently increased levels

Market developments may adversely affect BB&T s industry business and results of operations

Significant declines in the housing market with falling home prices and increasing foreclosures and unemployment have resulted in significant write-downs of asset values by many financial institutions including government sponsored entities and major commercial and investment banks These write-downs initially of mortgage backed securities but spreading to credit default swaps and other derivative securities caused many financial institutions to seek additional capital to merge with larger and stronger institutions and, in some cases,

Maybank 009663

ROA 4265

Table of Contents

to fail BB&T has produced quarterly earnings during 2009 and 2010 however during this time BB&T has experienced significant challenges its credit quality has deteriorated and its net income and results of operations have been adversely impacted Reflecting concern about the stability of the financial markets generally and the strength of counterparties many lenders and institutional investors have reduced and in some cases ceased to provide funding to borrowers including other financial institutions Although to date BB&T has performed relatively well during the financial crisis and current economic recovery as compared with the Company s peers and several of the largest financial institutions BB&T is part of the financial system and a systemic lack of available credit a lack of confidence in the financial sector increased volatility in the financial markets and/or reduced business activity could materially adversely affect BB&T s business financial condition and results of operations

The capital and credit markets have experienced unprecedented levels of volatility which could jeopardize BB&T s overall liquidity and capitalization

During the economic downturn the capital and credit markets experienced extended volatility and disruption In some cases the markets produced downward pressure on stock prices and credit capacity for certain issuers without regard to those issuers underlying financial strength If these levels of market disruption and volatility continue worsen or abate and then arise at a later date BB&T s ability to access capital could be materially impaired BB&T s inability to access the capital markets could constrain the Company s ability to make new loans to meet the Company s existing lending commitments and ultimately jeopardize the Company s overall liquidity and capitalization

BB&T s liquidity could be impaired by an inability to access the capital markets an unforeseen outflow of cash or a reduction in the credit ratings for BB&T or its subsidiaries

Liquidity is essential to BB&T s businesses Due to circumstances that BB&T may be unable to control such as a general market disruption or an operational problem that affects third parties or BB&T BB&T s liquidity could be impaired by an inability to access the capital markets or an unforeseen outflow of cash

BB&T s credit ratings are also important to its liquidity The major credit rating agencies downgraded BB&T s credit ratings during 2009 and 2010 These rating agencies regularly evaluate BB&T and its subsidiaries and their ratings are based on a number of factors, including the financial strength of BB&T and its subsidiaries as well as factors not entirely within BB&T s control including conditions affecting the financial services industry generally In light of the difficulties in the financial services industry and the housing and financial markets there can be no assurance that BB&T will maintain its current ratings A reduction in BB&T s credit ratings could adversely affect BB&T s liquidity and competitive position increase its borrowing costs limit its access to the capital markets or trigger unfavorable contractual obligations

The soundness of other financial institutions could adversely affect BB&T

Financial services institutions are interrelated as a result of trading clearing counterparty or other relationships BB&T has exposure to many different industries and counterparties and BB&T and certain of its subsidiaries routinely execute transactions with counterparties in the financial services industry including brokers and dealers commercial banks investment banks mutual and hedge funds and other institutional clients Many of these transactions expose the Company to credit risk in the event of default of its counterparty or client In addition the Company s credit risk may be exacerbated when collateral is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due BB&T These types of losses could materially and adversely affect BB&T s results of operations or financial condition

Changes in interest rates may have an adverse effect on BB&T s profitability

BB&T s earnings and financial condition are dependent to a large degree upon net interest income which is the difference between interest earned from loans and investments and interest paid on deposits and borrowings The narrowing of interest rate spreads, meaning the difference between interest rates earned on loans and investments and the interest rates paid on deposits and borrowings could adversely affect BB&T s earnings and financial condition The Company cannot control or predict with certainty changes in interest rates Regional and

Maybank 009664

ROA 4266

Table of Contents

local economic conditions competitive pressures and the policies of regulatory authorities including monetary policies of the Federal Reserve Board affect interest income and interest expense The Company has ongoing policies and procedures designed to manage the risks associated with changes in market interest rates However changes in interest rates still may have an adverse effect on BB&T s profitability For example high interest rates could adversely affect the Company s mortgage banking business because higher interest rates could cause customers to apply for fewer mortgage refinancings or purchase mortgages

Changes in banking laws could have a material adverse effect on BB&T

BB&T is extensively regulated under federal and state banking laws and regulations that are intended primarily for the protection of depositors federal deposit insurance funds and the banking system as a whole In addition the Company is subject to changes in federal and state laws as well as changes in banking and credit regulations and governmental economic and monetary policies BB&T cannot predict whether any of these changes may adversely and materially affect the Company The current regulatory environment for financial institutions entails significant potential increases in compliance requirements and associated costs including those related to consumer credit with a focus on mortgage lending For example the enactment of the Dodd Frank Act represents a significant overhaul of many aspects of the regulation of the financial services industry which could result in higher compliance costs and otherwise materially adversely affect BB&T s business financial condition or results of operations See Regulatory Considerations below and the immediately following risk factor for additional information regarding the Dodd Frank Act and its potential impact upon BB&T and its subsidiaries

Federal and state banking regulators also possess broad powers to take supervisory actions as they deem appropriate These supervisory actions may result in higher capital requirements higher insurance premiums and limitations on BB&T s activities that could have a material adverse effect on the Company s business and profitability

The passage of the Dodd Frank Act may result in lower revenues higher costs and ratings downgrades

On July 21 2010 President Obama signed into law the Dodd Frank Act The Dodd Frank Act represents a significant overhaul of many aspects of the regulation of the financial services industry addressing among other things systemic risk capital adequacy deposit insurance assessments consumer financial protection interchange fees derivatives lending limits and changes among the bank regulatory agencies Many of these provisions are subject to further study rule making and the discretion of regulatory bodies such as the Financial Stability Oversight Council which will regulate the systemic risk of the financial system Due to BB&T s size the Company will be designated as systemically significant to the financial health of the U S economy and as a result may be subject to additional regulations BB&T cannot predict the effect that compliance with the Dodd Frank Act or any implementing regulations will have on BB&T s businesses or its ability to pursue future business opportunities Additional regulations resulting from the Dodd Frank Act may materially adversely affect BB&T s business financial condition or results of operations See "Regulatory Considerations below for additional information regarding the Dodd Frank Act and its impact upon BB&T and its subsidiaries

The provisions of the Dodd Frank Act restricting bank interchange fees and any rules promulgated thereunder may negatively impact BB&T s revenues and earnings

Under the Dodd Frank Act the Federal Reserve must adopt rules regarding the interchange fees that may be charged with respect to electronic debit transactions to take effect one year after enactment The limits to be placed on debit interchange fees may significantly reduce BB&T s debit card interchange revenues Interchange fees or swipe fees are charges that merchants pay to BB&T and other credit card companies and card-issuing banks for processing electronic payment transactions The Dodd Frank Act provides the Federal Reserve with authority over interchange fees received or charged by a card issuer requires that fees must be reasonable and proportional to the costs of processing such transactions Although final rules have not yet been adopted this provision of the Dodd Frank Act and the applicable rules ultimately promulgated thereunder are expected to cause significant reductions in future card fee revenues generated by BB&T while also creating meaningful compliance costs See "Regulatory Considerations" below for additional information regarding the limits on interchange fees imposed under the Dodd Frank Act

Maybank 009665

ROA 4267

Table of Contents

Recently enacted consumer protection regulations related to automated overdraft payment programs could adversely affect BB&T s business operations net income and profitability

The Federal Reserve and FDIC recently enacted consumer protection regulations related to automated overdraft payment programs offered by financial institutions which are described below under the heading Regulatory Considerations—Automated Overdraft Payment Regulation " BB&T has implemented, and is in the process of further implementing changes to its business practices relating to overdraft payment programs in order to comply with these regulations

For the years ended December 31 2010 and December 31 2009 Branch Bank s overdraft and insufficient funds fees have represented a significant amount of non interest fees collected by Branch Bank Implementing the changes required by these regulations will decrease the amount of fees Branch Bank receives for automated overdraft payment services and adversely impact BB&T s non-interest income Complying with these regulations has resulted in increased operational costs for BB&T and Branch Bank which may continue to rise In addition BB&T may be placed at a competitive disadvantage to the extent that its competitors are not subject to the FDIC s automated overdraft payment program regulations The actual impact of these regulations in future periods could vary due to a variety of factors including changes in customer behavior economic conditions and other factors which could adversely affect BB&T s business operations net income and profitability

BB&T may be subject to more stringent capital requirements which could diminish its ability to pay dividends or require the Company to reduce its operations

The Dodd Frank Act requires federal banking agencies to establish more stringent risk based capital requirements and leverage limits applicable to banks and bank holding companies Under the legislation federal banking agencies are required to develop capital requirements that address systemically risky activities The effect of these capital rules will disallow trust preferred securities from counting as Tier 1 capital at the holding company level for entities with greater than $15 billion in assets with a three year phase in period beginning on January 1 2013 These requirements and any other new regulations, including those that may be imposed as a result of the requirements established by the Basel Committee on Banking Supervision could adversely affect BB&T s ability to pay dividends or could require BB&T to reduce business levels or to raise capital including ways that may adversely affect its results of operations or financial condition

BB&T may experience significant competition in its market area which may reduce the Company s customer base

There is intense competition among commercial banks in BB&T s market area In addition BB&T competes with other providers of financial services such as savings and loan associations credit unions consumer finance companies securities firms insurance companies commercial finance and leasing companies the mutual funds industry full service brokerage firms and discount brokerage firms some of which are subject to less extensive regulations than BB&T is with respect to the products and services they provide

Some of BB&T s larger competitors including certain national banks that have a significant presence in BB&T s market area, may have greater capital and resources than BB&T may have higher lending limits and may offer products and services not offered by BB&T Although BB&T remains strong stable and well capitalized management cannot predict the reaction of customers and other third parties with which BB&T conducts business with respect to the strength of BB&T relative to its competitors including its larger competitors Any potential adverse reactions to BB&T s financial condition or status in the marketplace as compared to its competitors could limit BB&T s ability to attract and retain customers and to compete for new business opportunities The inability to attract and retain customers or to effectively compete for new business may have a material and adverse effect on BB&T s financial condition and results of operations

BB&T also experiences competition from a variety of institutions outside of the Company s market area Some of these institutions conduct business primarily over the Internet and may thus be able to realize certain cost savings and offer products and services at more favorable rates and with greater convenience to the customer who can pay bills and transfer funds directly without going through a bank This "disintermediation" could result in the loss of fee income as well as the loss of customer deposits and income generated from those deposits In addition changes in consumer spending and saving habits could adversely affect BB&T s operations and the Company may be unable to timely develop competitive new products and services in response to these changes

Maybank 009666

ROA 4268

Table of Contents

Maintaining or increasing BB&T s market share may depend on lowering prices and market acceptance of new products and services

BB&T s success depends in part on its ability to adapt its products and services to evolving industry standards There is increasing pressure to provide products and services at lower prices Lower prices can reduce BB&T s net interest margin and revenues from its fee based products and services In addition the widespread adoption of new technologies including internet banking services mobile phone applications and advanced ATM functionality could require BB&T to make substantial expenditures to modify or adapt its existing products and services Also these and other capital investments in BB&T s business may not produce expected growth in earnings anticipated at the time of the expenditure BB&T may not be successful in introducing new products and services achieving market acceptance of its products and services, anticipating or reacting to consumers changing technological preferences or developing and maintaining loyal customers

BB&T has expanded operations into new geographic areas as a result of the Colonial acquisition and the inability to continue to effectively compete in these new markets could adversely affect BB&T s business

Portions of the market areas served by Colonial including market areas in Alabama Florida and Texas, are areas in which BB&T historically conducted limited or no banking activities Although BB&T has completed the operational and systems integration associated with the assets acquired in the Colonial transaction BB&T must continue to effectively integrate these new markets to retain and expand the business previously conducted by Colonial While BB&T management believes it has to date competed effectively in these new markets the ability to strengthen and further enhance market presence will remain dependent upon BB&T s ability to understand the local market and competitive dynamics and identify and retain certain employees from Colonial who know their markets better than BB&T

Acts or threats of terrorism and political or military actions taken by the United States or other governments could adversely affect general economic or industry conditions

Geopolitical conditions may affect BB&T s earnings Acts or threats of terrorism and political or military actions taken by the United States or other governments in response to terrorism or similar activity could adversely affect general economic or industry conditions

Unpredictable catastrophic events could have a material adverse effect on BB&T

The occurrence of catastrophic events such as hurricanes tropical storms earthquakes pandemic disease windstorms floods severe winter weather (including snow freezing water ice storms and blizzards) fires and other catastrophes could adversely affect BB&T s consolidated financial condition or results of operations Unpredictable natural and other disasters could have an adverse effect on the Company in that such events could materially disrupt its operations or the ability or willingness of its customers to access the financial services offered by BB&T The Company s property and casualty insurance operations also expose it to claims arising out of catastrophes The incidence and severity of catastrophes are inherently unpredictable Although the Company carries insurance to mitigate its exposure to certain catastrophic events these events could nevertheless reduce BB&T s earnings and cause volatility in its financial results for any fiscal quarter or year and have a material adverse effect on BB&T s financial condition and/or results of operations

BB&T faces significant operational risks related to activities which could expose it to negative publicity litigation and or regulatory action

BB&T is exposed to many types of risks including operational reputational legal and compliance risk the risk of fraud or theft by employees or outsiders unauthorized transactions by employees or operational errors including clerical or record keeping errors or those resulting from faulty or disabled computer or telecommunications systems Negative public opinion can result from BB&T s actual or alleged conduct in any number of activities including lending practices, corporate governance and acquisitions activities related to asset sales and balance sheet management and from actions taken by government regulators and community organizations in response to those activities Negative public opinion can adversely affect BB&T s ability to attract and keep customers and can expose it to litigation and regulatory action

Maybank 009667

ROA 4269

Table of Contents

Because the nature of the financial services business involves a high volume of transactions certain errors may be repeated or compounded before they are discovered and successfully rectified BB&T s necessary dependence upon automated systems to record and process its transaction volume may further increase the risk that technical flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect BB&T also may be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control (for example computer viruses or electrical or telecommunications outages) which may give rise to disruption of service to customers and to financial loss or liability BB&T is further exposed to the risk that its external vendors may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees as is BB&T) and to the risk that BB&T s (or its vendors) business continuity and data security systems prove to be inadequate

BB&T s reported financial results are impacted by management s selection of accounting methods and certain assumptions and estimates

BB&T s accounting policies and methods are fundamental to the way the Company records and reports its financial condition and results of operations The Company s management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with generally accepted accounting principles and reflect management s judgment of the most appropriate manner to report BB&T s financial condition and results In some cases, management must select the accounting policy or method to apply from two or more alternatives any of which may be reasonable under the circumstances yet may result in the Company reporting materially different results than would have been reported under a different alternative

Certain accounting policies are critical to presenting BB&T s financial condition and results They require management to make difficult subjective or complex judgments about matters that are uncertain Materially different amounts could be reported under different conditions or using different assumptions or estimates These critical accounting policies include the allowance for credit losses the determination of fair value for financial instruments the valuation of goodwill and other intangible assets the accounting for pension and postretirement benefits and the accounting for income taxes Because of the uncertainty of estimates involved in these matters the Company may be required to do one or more of the following significantly increase the allowance for credit losses and/or sustain credit losses that are significantly higher than the reserve provided recognize significant impairment on its financial instruments goodwill and other intangible asset balances or significantly increase its liabilities for taxes or pension and post retirement benefits

Prior to its acquisition Colonial was the subject of several regulatory investigations and a criminal investigation and these investigations which are ongoing may require significant resources and management attention

Prior to its acquisition Colonial was the subject of a federal criminal investigation relating to the bank s mortgage warehouse lending division and related irregularities Colonial also received subpoenas from the Special Inspector General for the Troubled Asset Relief Program and the SEC Although the assets and liabilities that the FDIC determined are related to alleged fraudulent or criminal activities were excluded from the acquisition of Colonial BB&T has cooperated with the authorities as appropriate (and expects to continue to do so) including providing information about Colonial that is now in BB&T s possession These efforts may be costly and may divert the attention of management

BB&T s business could suffer if it fails to attract and retain skilled people

BB&T s success depends in large part on its ability to attract and retain key people Competition for the best people in most activities in which the Company engages can be intense The Dodd Frank Act provides for the implementation of a variety of corporate governance and compensation practices applicable to all public companies including BB&T which may impact certain of BB&T s executive officers and employees These provisions include but are not limited to requiring companies to "claw back incentive compensation under certain circumstances provide stockholders the opportunity to cast a non binding vote on executive compensation to consider the independence of compensation advisors and new executive compensation disclosure

Table of Contents

requirements Such provisions with respect to compensation in addition to other competitive pressures may have an adverse effect on the ability of BB&T to attract and retain skilled personnel resulting in BB&T not being able to hire the best people or to retain them

BB&T relies on other companies to provide certain key components of its business infrastructure

Third party vendors provide certain key components of BB&T s business infrastructure such as internet connections network access and mutual fund distribution While BB&T has selected these third party vendors carefully its does not control their operations Any problems caused by these third parties including those which result from their failure to provide services for any reason or their poor performance of services could adversely affect BB&T s ability to deliver products and services to its customers and otherwise to conduct its business Replacing these third party vendors could also entail significant delay and expense

Significant litigation could have a material adverse effect on BB&T

BB&T faces legal risks in its business and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high Substantial legal liability or significant regulatory action against BB&T may have material adverse financial effects or cause significant reputational harm to BB&T which in turn could seriously harm BB&T s business prospects

BB&T faces systems failure risks as well as security risks including hacking and identity theft

The computer systems and network infrastructure BB&T and others use could be vulnerable to unforeseen problems These problems may arise in both the Company s internally developed systems and the systems of its third-party service providers The Company s operations are dependent upon its ability to protect computer equipment against damage from fire power loss or telecommunication failure Any damage or failure that causes an interruption in the Company s operations could adversely affect BB&T s business and financial results In addition the Company s computer systems and network infrastructure present security risks and could be susceptible to hacking or identity theft

Differences in interpretation of tax laws and regulations may adversely impact BB&T s financial statements

Local state or federal tax authorities may interpret tax laws and regulations differently than BB&T and challenge tax positions that BB&T has taken on its tax returns This may result in differences in the treatment of revenues deductions or credits and/or differences in the timing of these items The differences in treatment may result in the payment of additional taxes interest or penalties that could have a material adverse effect on BB&T s performance

Changes in accounting standards could materially impact BB&T s financial statements

From time to time accounting standards setters change the financial accounting and reporting standards that govern the preparation of BB&T s financial statements These changes can be hard to predict and can materially impact how the Company records and reports its financial condition and results of operations In some cases the Company could be required to apply a new or revised standard retroactively resulting in changes to previously reported financial results or a cumulative charge to retained earnings

BB&T may not be able to successfully integrate bank or nonbank mergers and acquisitions

Difficulties may arise in the integration of the business and operations of bank holding companies banks and other nonbank entities BB&T acquires and as a result the Company may not be able to achieve the cost savings and synergies that it expects will result from such transactions Achieving cost savings is dependent on consolidating certain operational and functional areas eliminating duplicative positions and terminating certain agreements for outside services Additional operational savings are dependent upon the integration of the acquired or merged entity s businesses with BB&T or one of BB&T s subsidiaries the conversion of core operating systems data systems and products and the standardization of business practices Complications or difficulties in the conversion of the core operating systems data systems and products may result in the loss of customers damage to BB&T s reputation within the financial services industry operational problems one time

Table of Contents

costs currently not anticipated or reduced cost savings resulting from such mergers or acquisitions Annual cost savings in each such transaction may be materially less than anticipated if the holding company bank merger or nonbank merger or acquisition is delayed unexpectedly the integration of operations is delayed beyond what is anticipated or the conversion to a single data system is not accomplished on a timely basis

Difficulty in integrating an acquired company may cause the Company not to realize expected revenue increases cost savings increases in geographic or product presence and/or other projected benefits from the acquisition The integration could result in higher than expected deposit attrition loss of key employees disruption of BB&T s businesses or the businesses of the acquired company or otherwise adversely affect the Company s ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition Also the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected

BB&T may not receive the regulatory approvals required to complete a bank merger

BB&T must generally receive federal and/or state regulatory approvals before it can acquire a bank or bank holding company In determining whether to approve a proposed bank acquisition bank regulators will consider among other factors the effect of the acquisition on competition financial condition and future prospects including current and projected capital ratios and levels the competence experience and integrity of management and record of compliance with laws and regulations the convenience and needs of the communities to be served including the acquiring institution s record of compliance under the Community Reinvestment Act and the effectiveness of the acquiring institution in combating money laundering activities In addition BB&T cannot be certain when or if or on what terms and conditions any required regulatory approvals will be granted In specific cases the Company may be required to sell banks or branches or take other actions as a condition to receiving regulatory approval

BB&T s stock price can be volatile

BB&T s stock price can fluctuate widely in response to a variety of factors including

- actual or anticipated variations in quarterly operating results
- recommendations by securities analysts
- new technology used or services offered by competitors
- significant acquisitions or business combinations strategic partnerships joint ventures or capital commitments by or involving the Company or the Company s competitors
- failure to integrate acquisitions or realize anticipated benefits from acquisitions
- operating and stock price performance of other companies that investors deem comparable to BB&T
- news reports relating to trends concerns and other issues in the financial services industry
- changes in government regulations accounting standards and tax laws and
- geopolitical conditions such as acts or threats of terrorism or military conflicts

General market fluctuations industry factors and general economic and political conditions and events such as economic slowdowns or recessions interest rate changes credit loss trends or currency fluctuations could also cause BB&T s stock price to decrease regardless of the Company s operating results

Operating Subsidiaries

At December 31 2010 the principal operating subsidiaries of BB&T included the following

- Branch Banking and Trust Company Winston Salem North Carolina
- BB&T Financial FSB Columbus Georgia
- Scott & Stringfellow LLC Richmond Virginia

Maybank 009670

ROA 4272

Table of Contents

Clearview Correspondent Services LLC Richmond Virginia

Regional Acceptance Corporation Greenville North Carolina

American Coastal Insurance Company Davie Florida

Sterling Capital Management LLC Charlotte North Carolina

Branch Bank BB&T s largest subsidiary was chartered in 1872 and is the oldest bank headquartered in North Carolina Branch Bank provides a wide range of banking and trust services for retail and commercial clients in its geographic markets including small and mid-size businesses public agencies, local governments and individuals through 1 782 offices (as of December 31 2010) located in North Carolina, Virginia, Florida, Georgia, Maryland South Carolina, Alabama, Kentucky West Virginia, Tennessee Texas Washington D C and Indiana Branch Bank s principal operating subsidiaries include

BB&T Equipment Finance Corporation based in Charlotte North Carolina, which provides loan and lease financing to commercial and small businesses

BB&T Investment Services Inc a registered broker-dealer located in Charlotte North Carolina, which offers clients non-deposit investment alternatives, including discount brokerage services equities fixed rate variable rate and index annuities mutual funds, government and municipal bonds and money market funds

BB&T Insurance Services, Inc headquartered in Raleigh North Carolina, which offers property and casualty life health employee benefits, commercial general liability surety title and other insurance products through its agency network

Stanley Hunt DuPree & Rhine Inc (a division of Branch Bank) with dual headquarters in Greensboro North Carolina, and Greenville South Carolina, which offers flexible benefit plans and investment advisory actuarial and benefit consulting services

Prime Rate Premium Finance Corporation Inc located in Florence South Carolina, and its subsidiary AFCO Credit Corporation headquartered in Pittsburgh Pennsylvania, which provide insurance premium financing to clients in the United States and Canada

Grandbridge Real Estate Capital LLC based in Charlotte North Carolina, which specializes in arranging and servicing commercial mortgage loans

Lendmark Financial Services Inc located in Covington Georgia which offers alternative consumer loans to clients unable to meet Branch Bank s normal credit underwriting guidelines

CRC Insurance Services Inc based in Birmingham Alabama which is a wholesale insurance broker authorized to do business nationwide and

McGriff Seibels & Williams Inc based in Birmingham Alabama which is authorized to do business nationwide and specializes in providing insurance products on an agency basis to large commercial and energy clients including many Fortune 500 companies

BB&T FSB is a federal savings bank BB&T FSB provides services to clients throughout the United States and was formed to help improve the operating efficiency of certain business activities for subsidiaries which are national in scope In addition to credit card lending the following businesses operate as either subsidiaries or divisions of BB&T FSB

Sheffield Financial (a division of BB&T FSB) based in Clemmons North Carolina which specializes in loans to small commercial lawn care businesses across the country for the purchase of outdoor power equipment and loans to individuals for power sport and leisure equipment and

MidAmerica Gift Certificate Company which specializes in the issuance and sale of retail giftcards through a nationwide network of authorized agents

Maybank 009671

ROA 4273

Table of Contents

Major Nonbank Subsidiaries

BB&T also has a number of nonbank subsidiaries including

Scott & Stringfellow LLC which is a registered investment banking and full service brokerage firm that provides services in retail brokerage equity and debt underwriting, investment advice corporate finance and equity research and facilitates the origination trading and distribution of fixed income securities and equity products in both the public and private capital markets It also has a public finance department that provides investment banking financial advisory services and debt underwriting services to a variety of regional taxable and tax-exempt issuers Scott & Stringfellow s investment banking and corporate and public finance areas conduct business as BB&T Capital Markets

Clearview Correspondent Services LLC is a broker-dealer providing correspondent clearing services to other broker-dealers and entities involved in the securities industry As a correspondent clearing firm it provides clearing services to affiliated and unaffiliated broker-dealers

Regional Acceptance Corporation, which specializes in indirect financing for consumer purchases of primarily mid-model and late-model used automobiles

American Coastal Insurance Company an admitted Florida specialty insurance company that underwrites property insurance risks for commercial condominium or cooperative associations and

Sterling Capital Management LLC a registered investment advisor and the advisor to the BB&T Funds (the BB&T Funds were renamed Sterling Capital Funds in February 2011) provides tailored investment management solutions to meet the specific needs and objectives of individual and institutional clients through a full range of investment strategies, including domestic and international equity alternative investment products and strategies and fixed income investing

Services

BB&T s subsidiaries offer a variety of services targeted to retail and commercial clients BB&T s objective is to offer clients a full array of products to meet all their financial needs

Retail
Bankcard lending
Consumer finance
Home equity lending
Home mortgage lending
Insurance
Investment brokerage services
Mobile/online banking
Payment solutions
Sales finance
Small business lending
Wealth management/private banking

Commercial
Asset management
Association services
Capital markets services
Commercial deposit services
Commercial finance
Commercial middle market lending
Commercial mortgage lending
Institutional trust services
Insurance
Insurance premium finance
International banking services
Leasing
Merchant services
Mortgage warehouse lending
Payment solutions
Real estate lending
Supply chain management
Venture capital

Table of Contents

The following table reflects BB&T s deposit market share and branch locations by state

Table 1
BB&T Deposit Market Share and Branch Locations by State

	% of BB&T's Deposits (2)	Deposit Market Share Rank (2)	Number of Branches (3)
North Carolina (1)	23%	2nd	359
Virginia	20	4th	292
Florida	15	5th	271
Georgia	11	5th	169
Maryland	7	7th	130
South Carolina	6	3rd	115
West Virginia	5	1st	78
Kentucky	4	4th	89
Alabama	4	5th	87
Tennessee	3	6th	56
Texas	1	51st	22
Washington D C	1	7th	12

(1) Excludes home office deposits
(2) Source FDIC gov—data as of June 30 2010
(3) As of December 31 2010 Excludes 2 branches in Indiana

Executive Overview

Significant accomplishments in 2010

In the opinion of BB&T s management the Corporation s most significant accomplishments during 2010 were as follows (amounts include the impact of acquisitions where applicable)

Achieved outstanding client service and client loyalty scores based on independent survey

Average client deposits increased 9 2%

Produced fully taxable-equivalent revenue growth of 5 8% a record $9 4 billion

Successfully executed the systems conversion of Colonial the largest acquisition in BB&T s history

Maintained safety soundness and profitability through the recession

Successfully implemented nonperforming asset disposition strategy

Enhanced risk management structure

Maintained a strong dividend payout

Challenges

BB&T s business has become more dynamic and complex in recent years Consequently management has annually evaluated and as necessary adjusted the Corporation s business strategy in the context of the current operating environment During this process, management considers the current financial condition and performance of the Company and its expectations for future economic activity both on a national and local market scale The achievement of BB&T s key strategic objectives and established long term financial goals is subject to many uncertainties and challenges In the opinion of management the challenges that are most relevant and likely to have a near term impact on performance are presented below

Economic impact from deepest global recession in decades

Unprecedented disruption and significantly increased risk in financial markets

Table of Contents

Effectively managing through the credit cycle

Residential real estate risk / risk of deterioration spreading to other asset classes

Intense competition for best credits within the financial services industry

Cost and risk associated with the regulatory initiatives

Over-capacity in financial services industry

Overview of Significant Events and Financial Results

The operating environment for financial holding companies continued to be difficult during 2010 as the economy continued to deal with the aftermath of the deepest global recession in decades BB&T continued to perform relatively well compared to peers and executed on a number of initiatives to ensure that the Company emerges from the credit cycle stronger

During the second quarter of 2010 management implemented a comprehensive nonperforming asset disposition strategy with a goal of more aggressively reducing BB&T s exposure to nonperforming loans and foreclosed properties and to reduce or eliminate any delay in exiting the credit cycle The strategy was implemented during the second quarter of 2010 as management believed that pricing for distressed assets had improved This strategy continued throughout the third and fourth quarters and into 2011 As a result of the strategy nonperforming assets excluding covered foreclosed property declined from a peak of $4 4 billion at March 31 2010 to $4 0 billion as of year-end

Management also undertook several initiatives during 2010 to strengthen BB&T s balance sheet In the second quarter of 2010 management executed on a deleveraging strategy to better position BB&T s balance sheet for a rising rate environment and achieve a better mix of earning assets In connection with this strategy management reduced the balance sheet by approximately $8 billion through the sale of securities During the third and fourth quarters of 2010 management executed a strategy to further de risk the available for sale securities portfolio The de risking strategy was aimed at further reducing the duration of the securities portfolio and reducing the risk of charges to other comprehensive income in a rising rate environment In addition management sold approximately $400 million of non agency mortgage backed securities to reduce the potential for future credit losses These strategies were the primary driver in generating net securities gains during 2010

Early in the third quarter the Dodd Frank Act was signed into law This legislation represents one of the more significant legislative actions to affect the financial services industry While many of the provisions of the legislation will have minimal or no financial impact to BB&T certain aspects are likely to result in higher costs and reduced revenues in the near term Over the longer term management expects that changes in products and services offered will minimize or eliminate many of the negative financial impacts to BB&T For further discussion of the more significant items included in the Dodd-Frank Act refer to the section titled Regulatory Considerations

During the fourth quarter of 2010 the Corporation acquired the remaining 30% ownership interest in Sterling Capital Management LLC and merged it with its existing investment advisor BB&T Asset Management Inc The merger provides improved operational efficiencies and enhanced client service

Consolidated net income for 2010 totaled $854 million a decrease of $23 million or 2 6% compared to $877 million earned during 2009 Consolidated net income available to common shareholders for 2010 totaled $816 million an increase of $87 million or 11 9% compared to $729 million earned during 2009 Net income available to common shareholders for 2009 included a reduction of $124 million related to the U S Treasury s preferred stock investment in BB&T On a diluted per common share basis earnings for 2010 were $1 16 compared to $1 15 for 2009 BB&T s results of operations for 2010 produced a return on average assets of 54% and a return on average common shareholders equity of 4 85% compared to prior year ratios of 56% and 4 93% respectively

BB&T generated record revenues totaling $9 4 billion on a tax-equivalent basis for 2010 which was up 5 8% compared to 2009 This was primarily due to growth of 9 9% in fully taxable-equivalent net interest income The growth in net interest income was the result of expansion in the net interest margin from 3 66% in 2009 to 4 03% in 2010 This improvement reflects higher yields on assets acquired in the Colonial acquisition and lower deposit costs

Maybank 009674

ROA 4276

Table of Contents

Credit costs remained high during 2010 BB&T recorded a $2 6 billion provision for credit losses in 2010 compared to a $2 8 billion provision for credit losses recorded during 2009 Net charge-offs for 2010 totaled $2 5 billion compared to $1 8 billion for 2009 Net charge-offs for 2010 included $605 million related to the nonperforming assets disposition strategy In addition foreclosed property expenses were $747 million in 2010 compared to $356 million in 2009 However nonperforming assets excluding covered assets, declined 9 6% over the last three quarters of 2010 due to the successful execution of BB&T s nonperforming asset disposition strategy

BB&T s total assets at December 31 2010 were $157 1 billion a decrease of $8 7 billion or 5 2% compared to December 31 2009 Total loans and leases at December 31 2010 were $107 3 billion an increase of $1 1 billion or 1 0% compared to the balance at year-end 2009 Securities available for sale decreased $10 1 billion compared to December 31 2009 primarily due to the deleveraging strategy executed during the second quarter of 2010

Total client deposits at December 31 2010 were $100 0 billion a decrease of $6 7 billion or 6 3% from December 31 2009 Total deposits which include wholesale deposit sources totaled $107 2 billion at December 31 2010 a decrease of $7 8 billion or 6 7%, compared to December 31 2009 The decrease in client deposits was a result of a decrease of $11 0 billion or 34 0% in certificates of deposit as more expensive deposits were not renewed BB&T has seen an improvement in the deposit mix with noninterest bearing accounts representing 19 2% of total deposits at December 31 2010 compared with 16 5% at December 31 2009

Total shareholders equity increased 1 6% compared to December 31 2009 BB&T s common equity increased primarily as a result of retained earnings The Tier 1 common ratio was 9 1% at December 31 2010 In addition the Tier 1 risk based capital and total risk based capital ratios were 11 8% and 15 5% at December 31 2010 respectively BB&T s risk based and tangible capital ratios remain well above regulatory standards for well-capitalized banks As of December 31 2010 measures of tangible capital were not required by the regulators and, therefore were considered non-GAAP measures Please refer to the section titled "Capital" herein for a discussion of how BB&T calculates and uses these measures in the evaluation of the Company

Competition

The financial services industry is highly competitive and dramatic change continues to occur in all aspects of the Company s business The ability of nonbank financial entities to provide services previously reserved for commercial banks has intensified competition BB&T's subsidiaries compete actively with national regional and local financial services providers including banks, thrifts securities dealers mortgage bankers finance companies and insurance companies Competition among providers of financial products and services continues to increase with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives. The industry continues to consolidate which affects competition by eliminating some regional and local institutions. while strengthening the franchises of acquirers In addition many financial services entities are experiencing significant challenges as a result of the economic crisis resulting in bank and thrift failures and significant intervention from the U S Government For additional information concerning markets BB&T s competitive position and business strategies and recent government interventions see "Market Area General Business Development" and "Regulatory Considerations" below

Market Area

BB&T s primary market area for its banking operations consists of North and South Carolina. Virginia, Maryland. Georgia, eastern Tennessee West Virginia. Kentucky Florida. Alabama and Washington D C In addition BB&T has a smaller banking presence in Texas and Indiana The Texas market represents a new market for BB&T to expand its banking operations with entry occurring in connection with the Colonial acquisition The markets that BB&T operates have a diverse employment base and primarily consists of manufacturing. general services agricultural wholesale/retail trade technology government and financial services BB&T believes its current market area will support growth in assets and deposits in the future Management strongly believes that BB&T's community bank approach to providing client service is a competitive advantage that strengthens the Corporation s ability to effectively provide financial products and services to businesses and individuals in its markets

Table of Contents

General Business Development

BB&T is a regional financial holding company BB&T has maintained a long term focus on a strategy that includes expanding and diversifying the BB&T franchise in terms of revenues profitability and asset size This strategy has encompassed both organic growth and acquisitions of complementary banks and financial businesses During the 1990 s and through 2003 BB&T s growth resulted largely from mergers and acquisitions as the economics of business combinations were compelling Since that time BB&T has focused more on organic growth and strategic acquisitions including the FDIC assisted acquisition of Colonial

Merger and Acquisition Strategy

BB&T s growth in business profitability and market share has historically been enhanced by strategic mergers and acquisitions Management intends to remain disciplined and focused with regard to future merger and acquisition opportunities BB&T will continue to assess bank and thrift acquisitions subject to market conditions and suitable candidates primarily within BB&T s existing footprint and will pursue economically advantageous acquisitions of insurance agencies specialized lending businesses and fee income generating financial services businesses BB&T s acquisition strategy is focused on three primary objectives

- to pursue assisted and unassisted acquisitions of banks and thrifts with compatible cultures that will enhance BB&T s community banking and customer delivery system
- to acquire companies in niche markets that provide products or services that can be offered through the existing distribution system to BB&T s current customer base and
- to consider strategic nonbank acquisitions in markets that are economically feasible and provide positive long-term benefits

BB&T completed acquisitions of 33 community banks and thrifts 80 insurance agencies and 32 nonbank financial services providers over the last fifteen years In the long term BB&T expects to continue to take advantage of the consolidation in the financial services industry and expand and enhance its franchise through mergers and acquisitions The consideration paid for these acquisitions may be in the form of cash debt or BB&T common stock The amount of consideration paid to complete these transactions may be in excess of the fair value of the underlying net assets acquired which could have a dilutive effect on BB&T s earnings In addition acquisitions often result in significant front-end charges against earnings However BB&T s disciplined approach to mergers and acquisitions typically requires that acquisitions be accretive to earnings by year three driven primarily by revenue enhancements and cost savings that are especially incident to in market bank and thrift acquisitions

Risk Management

In the normal course of business BB&T encounters inherent risk in its business activities Risk is managed on a decentralized basis with risk decisions made as closely as possible to where the risk occurs Centrally risk oversight is managed at the corporate level through oversight policies and reporting The principal types of inherent risk include compliance credit liquidity market operational reputation and strategic risks

Compliance risk

Compliance risk is the risk to earnings capital or reputation arising from violations of or noncompliance with current and changing laws regulations supervisory guidance regulatory expectations or the rules standards or codes of conduct of self regulatory organizations

Credit risk

Credit risk is the risk to earnings or capital arising from the default inability or unwillingness of a borrower obligor or counterparty to meet the terms of any financial obligation with BB&T or otherwise perform as agreed Credit risk exists in all activities where success depends on the performance of a borrower obligor or counterparty Credit risk arises when BB&T funds are extended committed invested, or otherwise exposed through actual or implied contractual agreements whether on or off the balance sheet Credit risk also occurs when the credit quality of an issuer whose securities or other instruments the bank holds deteriorates For additional information concerning BB&T s management of credit risk see the "Lending Activities" section below

Maybank 009676

ROA 4278

Table of Contents

Liquidity risk

Liquidity risk is the risk to ongoing operations arising from the inability to accommodate liability maturities deposit withdrawals fund asset growth or meet contractual obligations when they come due For additional information concerning BB&T s management of liquidity risk see the Liquidity section of Management s Discussion and Analysis herein

Market risk

Market risk is the risk to earnings or capital arising from changes in the market value of portfolios securities or other financial instruments due to changes in the level volatility or correlations among financial market rates or prices including interest rates foreign exchange rates equity prices commodity prices or other relevant rates or prices For additional information concerning BB&T s management of market risk see the Market Risk section of Management s Discussion and Analysis herein

Operational risk

Operational risk is the risk to earnings or capital arising from inadequate or failed internal processes people and systems or from external events This definition includes legal risk which is the risk of loss arising from defective transactions litigation or claims made or the failure to adequately protect company owned assets

Reputation risk

Reputation risk is the risk to earnings capital enterprise value the BB&T brand and public confidence arising from negative publicity or public opinion whether real or perceived regarding BB&T s business practices products and services transactions or other activities undertaken by BB&T its representatives or its partners Reputation risk may impact BB&T s clients employees communities or shareholders and is often a residual risk that arises when other risks are not managed properly

Strategic risk

Strategic risk is the risk to earnings capital enterprise value and to the achievement of BB&T s Vision Mission Purpose and business objectives that arises from BB&T s business strategy adverse business decisions improper or ineffective implementation of decisions or lack of responsiveness to changes in the business environment Strategic risk is a function of the compatibility of BB&T s strategic goals the business strategies developed to achieve those goals the resources deployed against these goals and the quality of implementation

Risk Governance

The management of risk has always been an enterprise wide initiative at BB&T It is part of BB&T s mission statement that we manage risk to optimize the long term return to shareholders while providing a safe and sound investment

The Chief Risk Officer leads the Risk Management Organization (RMO) which designs organizes and manages the risk framework The management of risk begins at the business level through risk identification and management programs The RMO is responsible for ensuring effective risk management oversight measurement monitoring reporting and consistency of controls

Lending Activities

The primary goal of the BB&T lending function is to help clients achieve their financial goals by providing quality loan products that are fair to the client and profitable to the Corporation Management believes that this purpose can best be accomplished by building strong profitable client relationships over time with BB&T becoming an important contributor to the prosperity and well being of its clients In addition to the importance placed on client knowledge and continuous involvement with clients BB&T s lending process incorporates the standards of a consistent company wide credit culture and an in-depth local market knowledge Furthermore the Corporation employs strict underwriting criteria governing the degree of assumed risk and the diversity of the loan portfolio in terms of type industry and geographical concentration In this context BB&T strives to meet the credit needs of businesses and consumers in its markets while pursuing a balanced strategy of loan profitability loan growth and loan quality

Maybank 009677

ROA 4279

Table of Contents

The following table summarizes BB&T s loan portfolio based on the regulatory classification of the portfolio which focuses on the underlying loan collateral and differs from internal classifications presented herein that focus on the primary purpose of the loan Covered loans are included in their respective categories

Table 2
Composition of Loan and Lease Portfolio

	December 31				
	2010	2009	2008	2007	2006
			(Dollars in millions)		
Commercial financial and agricultural loans	$ 20,490	$ 19 076	$17 489	$14 515	$11 061
Lease receivables	1,158	1 092	1 315	1 651	2 249
Real estate—construction and land development loans	10,969	15 353	18 012	19 474	17 553
Real estate—mortgage loans	57 418	55 671	48 719	44 687	42,219
Consumer loans	13,532	12 464	11 710	10,580	9 829
Total loans and leases held for investment	103,567	103 656	97,245	90 907	82 911
Loans held for sale	3 697	2 551	1 424	779	680
Total loans and leases	$107,264	$106 207	$98 669	$91 686	$83 591

BB&T s loan portfolio is approximately 50% commercial and 50% retail by design and is divided into six major categories—commercial sales finance revolving credit direct retail mortgage and specialized lending In addition BB&T has a portfolio of loans that were acquired in the Colonial acquisition that are covered by FDIC loss sharing agreements BB&T lends to a diverse customer base that is substantially located within the Corporation s primary market area At the same time the loan portfolio is geographically dispersed throughout BB&T s branch network to mitigate concentration risk arising from local and regional economic downturns

The following discussion presents the principal types of lending conducted by BB&T and describes the underwriting procedures and overall risk management of BB&T s lending function The relative risk of each loan portfolio is presented in the Asset Quality section of Management s Discussion and Analysis of Financial Condition and Results of Operations herein

Underwriting Approach

Recognizing that the loan portfolio is a primary source of profitability and risk proper loan underwriting is critical to BB&T s long-term financial success BB&T s underwriting approach is designed to define acceptable combinations of specific risk mitigating features that ensure credit relationships conform to BB&T s risk philosophy Provided below is a summary of the most significant underwriting criteria used to evaluate new loans and loan renewals

Cash flow and debt service coverage—cash flow adequacy is a necessary condition of creditworthiness meaning that loans not clearly supported by a borrower s cash flow must be justified by secondary repayment sources

Secondary sources of repayment—alternative repayment funds are a significant risk mitigating factor as long as they are liquid, can be easily accessed and provide adequate resources to supplement the primary cash flow source

Value of any underlying collateral—loans are generally secured by the asset being financed Because an analysis of the primary and secondary sources of repayment is the most important factor collateral unless it is liquid does not justify loans that cannot be serviced by the borrower s normal cash flows

Overall creditworthiness of the customer taking into account the customer s relationships both past and current with other lenders—BB&T s success depends on building lasting and mutually beneficial relationships with clients which involves assessing their financial position and background

Level of equity invested in the transaction—in general borrowers are required to contribute or invest a portion of their own funds prior to any loan advances

Table of Contents

Commercial Loan and Lease Portfolio

The commercial loan and lease portfolio represents the largest category of the Corporation s total loan portfolio BB&T s commercial lending program is generally targeted to serve small to-middle market businesses with sales of $250 million or less In addition BB&T s Corporate Banking Group provides lending solutions to large corporate clients Traditionally lending to small and mid sized businesses has been among BB&T s strongest market segments

Commercial and small business loans are primarily originated through BB&T s branch network In accordance with the Corporation s lending policy each loan undergoes a detailed underwriting process which incorporates BB&T s underwriting approach procedures and evaluations described above In addition Branch Bank has adopted an internal maximum credit exposure lending limit of $245 million for a best grade credit which is considerably below Branch Bank s maximum legal lending limit Commercial loans are typically priced with an interest rate tied to market indices such as the prime rate and the London Interbank Offered Rate (LIBOR) or a fixed-rate Commercial loans are individually monitored and reviewed for any possible deterioration in the ability of the client to repay the loan Approximately 92% of BB&T s commercial loans are secured by real estate business equipment inventories and other types of collateral BB&T s commercial leases consist of investments in various types of leveraged lease transactions

Sales Finance Loan Portfolio

The sales finance category primarily includes secured indirect installment loans to consumers for the purchase of new and used automobiles boats and recreational vehicles Such loans are originated through approved franchised and independent dealers throughout the BB&T market area These loans are relatively homogenous and no single loan is individually significant in terms of its size and potential risk of loss Sales finance loans are subject to the same rigorous lending policies and procedures as described above for commercial loans and are underwritten with note amounts and credit limits that ensure consistency with the Corporation s risk philosophy In addition to its normal underwriting due diligence BB&T uses application systems and scoring systems to help underwrite and manage the credit risk in its sales finance portfolio Also included in the sales finance category are commercial lines serviced by the Sales Finance Department to finance dealer wholesale inventory (Floor Plan Lines) for resale to consumers Floor Plan Lines are underwritten by commercial loan officers in compliance with the same rigorous lending policies described above for commercial loans In addition Floor Plan Lines are subject to intensive monitoring and oversight to ensure quality and to mitigate risk from fraud

Revolving Credit Loan Portfolio

The revolving credit portfolio comprises the outstanding balances on credit cards and BB&T s checking account overdraft protection product Constant Credit BB&T markets credit cards to its existing banking client base and does not solicit cardholders through nationwide programs or other forms of mass marketing Such balances are generally unsecured and actively managed by BB&T FSB

Direct Retail Loan Portfolio

The direct retail loan portfolio primarily consists of a wide variety of loan products offered through BB&T s branch network Various types of secured and unsecured loans are marketed to qualifying existing clients and to other creditworthy candidates in BB&T s market area. The vast majority of direct retail loans are secured by first or second liens on residential real estate and include both closed-end home equity loans and revolving home equity lines of credit Direct retail loans are subject to the same rigorous lending policies and procedures as described above for commercial loans and are underwritten with note amounts and credit limits that ensure consistency with the Corporation s risk philosophy

Mortgage Loan Portfolio

BB&T is a large originator of residential mortgage loans with originations in 2010 totaling $24 9 billion Branch Bank offers various types of fixed and adjustable-rate loans for the purpose of constructing purchasing or refinancing residential properties BB&T primarily originates conforming mortgage loans and higher quality

Maybank 009679

ROA 4281

Table of Contents

jumbo and construction to-permanent loans for owner-occupied properties Conforming loans are loans that are underwritten in accordance with the underwriting standards set forth by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) They are generally collateralized by one to four family residential real estate have loan to collateral value ratios of 80% or less and are made to borrowers in good credit standing

Risks associated with the mortgage lending function include interest rate risk which is mitigated through the sale of a substantial portion of conforming fixed rate loans in the secondary mortgage market and an effective mortgage servicing rights hedging process Borrower risk is lessened through rigorous underwriting procedures and mortgage insurance The right to service the loans and receive servicing income is generally retained when conforming loans are sold Management believes that the retention of mortgage servicing is a primary relationship driver in retail banking and a vital part of management s strategy to establish profitable long-term customer relationships and offer high quality client service BB&T also purchases residential mortgage loans from correspondent originators The loans purchased from third-party originators are subject to the same underwriting and risk management criteria as loans originated internally

Specialized Lending Portfolio

BB&T s specialized lending portfolio consists of loans originated through six business units that provide specialty finance alternatives to consumers and businesses including dealer based financing of equipment for small businesses and consumers commercial equipment leasing and finance direct and indirect consumer finance insurance premium finance indirect subprime automobile finance and full service commercial mortgage banking BB&T offers these services to bank clients as well as nonbank clients within and outside BB&T s primary geographic market area

BB&T s specialized lending subsidiaries adhere to the same overall underwriting approach as the commercial and consumer lending portfolio and also utilize automated credit scoring to assist with underwriting the credit risk The majority of these loans are relatively homogenous and no single loan is individually significant in terms of its size and potential risk of loss The majority of the loans are secured by real estate automobiles equipment or unearned insurance premiums As of December 31 2010 included in the specialized lending portfolio are loans to subprime borrowers of approximately $3 1 billion or 2 9% of the total BB&T loan and lease portfolio Of these approximately $336 million are residential real estate loans and are included in the disclosures in Table 14 2 herein

Covered Loan Portfolio

In connection with the FDIC assisted acquisition of Colonial BB&T acquired approximately $14 1 billion of loans that are covered by loss sharing agreements BB&T recorded these loans at $9 6 billion which represented their fair value on the acquisition date The loans covered by loss sharing agreements are primarily commercial real estate loans and residential mortgage loans Refer to Note 4 Loans and Leases in the Notes to Consolidated Financial Statements in this report for additional disclosures related to BB&T s covered loans

Maybank 009680

ROA 4282

Table of Contents

The following table presents BB&T s total loan portfolio based upon BB&T s lines of business as discussed herein rather than upon regulatory reporting classifications

Table 3
Composition of Loan and Lease Portfolio Based on Lines of Business

	December 31				
	2010	2009	2008	2007	2006
	(Dollars in millions)				
Loans and leases net of unearned income					
Commercial loans	$ 48,526	$ 49 445	$49 727	$43 685	$39 580
Leveraged leases	360	375	753	1 185	1 720
Total commercial loans and leases	48 886	49 820	50 480	44 870	41 300
Sales finance	7,050	6,290	6 354	6 021	5 683
Revolving credit	2,127	2 016	1 777	1 618	1 414
Direct retail	13,749	14 283	15 454	15 691	15 312
Residential mortgage loans	17,550	15 435	17 091	17 467	15 596
Specialized lending	7,953	7 670	6 089	5 240	3 606
Other acquired loans	58	123	—	—	—
Total loans and leases held for investment (excluding covered loans)	97,373	95 637	97,245	90 907	82 911
Covered loans	6 194	8 019	—	—	—
Total loans and leases held for investment	103,567	103 656	97 245	90 907	82 911
Total loans held for sale	3,697	2 551	1 424	779	680
Total loans and leases	$107,264	$106,207	$98 669	$91 686	$83 591

The following table reflects the scheduled maturities of commercial financial and agricultural loans as well as real estate construction loans

Table 4
Selected Loan Maturities and Interest Sensitivity

	December 31 2010		
	Commercial Financial and Agricultural	Real Estate Construction and Land Development Loans	Total
	(Dollars in millions)		
Fixed rate			
1 year or less (1)	$ 1 821	$ 476	$ 2 297
1 5 years	1 329	840	2 169
After 5 years	4 199	1 556	5 755
Total	7 349	2 872	10 221
Variable rate			
1 year or less (1)	5 732	3 055	8 787
1 5 years	4 828	3 690	8 518
After 5 years	2 581	1,352	3 933
Total	13 141	8 097	21 238
Total loans and leases (2)	$ 20 490	$ 10 969	$31 459

(1) Includes loans due on demand
(2) The above table excludes

Maybank 009681

ROA 4283

Table of Contents

	(Dollars in millions)
(i) consumer loans	$ 13 532
(ii) real estate mortgage loans	57 418
(iii) loans held for sale	3 697
(iv) lease receivables	1 158
Total	$ 75 805

Scheduled repayments are reported in the maturity category in which the payment is due Determinations of maturities are based upon contract terms In accordance with regulatory reporting standards variable rate loans that have reached a floor are reported as fixed rate loans BB&T s credit policy typically does not permit automatic renewal of loans At the scheduled maturity date (including balloon payment date) the customer generally must request a new loan to replace the matured loan and execute either a new note or note modification with rate terms and conditions negotiated at that time

Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

The allowance for loan and lease losses is determined based on management s best estimate of probable losses inherent in the portfolio at the balance sheet date BB&T s allowance is driven by existing conditions and observations and reflects losses already incurred even if not yet identifiable

The Corporation determines the allowance based on an ongoing evaluation of its loan and lease portfolios This evaluation is inherently subjective because it requires material estimates including the amounts and timing of cash flows expected to be received on impaired loans Those estimates may be susceptible to significant change Increases to the allowance are made by charges to the provision for credit losses which is reflected in the Consolidated Statements of Income Loans or leases deemed to be uncollectible are charged against the allowance Recoveries of previously charged-off amounts are credited to the allowance

In addition to the allowance for loan and lease losses BB&T also estimates probable losses related to binding unfunded lending commitments The methodology to determine such losses is inherently similar to the methodology used in calculating the allowance for commercial loans adjusted for factors specific to binding commitments including the probability of funding and exposure at funding The reserve for unfunded lending commitments is included in accounts payable and other liabilities on the Consolidated Balance Sheets Changes to the reserve for unfunded lending commitments are made by charges or credits to the provision for credit losses

While management uses the best information available to establish the allowance for loan and lease losses future adjustments to the allowance or to the reserving methodology may be necessary if economic conditions differ substantially from the assumptions used in making the valuations

Reserve Policy and Methodology

BB&T has developed a systematic methodology to determine its allowance for loan and lease losses that gives appropriate consideration to differences in the nature of its lending portfolio A risk based approach is used to estimate the allowance related to the commercial lending portfolio which consists of commercial real estate commercial and industrial (C&I) and certain specialized lending loans and leases A delinquency based approach is used to estimate the allowance related to the retail lending portfolio which consists of direct retail lending, revolving credit mortgage sales finance and certain retail oriented specialized lending loans An expected cash flows approach is used to estimate the allowance related to loans acquired subsequent to December 31 2008

A portion of the Corporation s allowance for loan and lease losses is not allocated to any specific category of loans This unallocated portion of the allowance reflects management s best estimate of the elements of imprecision inherent in the calculation of the overall allowance Due to the subjectivity involved in determining the overall allowance including the unallocated portion the portion considered unallocated may fluctuate from period to period based on management s evaluation of the factors affecting the assumptions used in calculating the allowance including historical loss experience current economic conditions industry or borrower concentrations and the status of merged institutions The unallocated portion of the allowance is available to absorb losses on any loan category or lending related commitment Management evaluates the adequacy of the allowance for loan and lease losses based on the combined total of the allocated and unallocated components

Maybank 009682

ROA 4284

Table of Contents

Commercial

The vast majority of loans in the commercial lending portfolio are assigned a risk grade at origination by the account officer and the assigned risk grade is subsequently reviewed and finalized by a credit officer Credit Risk Review a department that is independent of the loan administration functions validates the risk grades of selected relationships through their loan review process Loans are assigned risk grades based on an assessment of conditions that affect the borrower s ability to meet contractual obligations under the loan agreement This process includes reviewing borrowers financial information historical payment experience credit documentation public information and other information specific to each borrower Risk grades are reviewed on an annual basis for all credit relationships with total credit exposure of $1 million or more or at any point management becomes aware of information affecting the borrower s ability to fulfill their obligations For commercial clients where total credit exposure is less than $1 million BB&T has developed an automated loan review system to identify and proactively manage accounts with a higher risk of loss The "score" produced by this automated system is updated monthly

BB&T s internal risk ratings were correlated with Moody s bond ratings by mapping the historical default rates by internal risk grade to those implied in the bond ratings Investment grade includes all loans mapped to a Baa or higher rating Near investment grade includes all loans mapped to a Ba rating Noninvestment grade includes all loans mapped to a B or lower rating BB&T s commercial loan portfolio is predominately near and non investment grade because investment grade borrowers can access well developed capital markets alternatives to bank loans including bonds and commercial paper In addition BB&T s loan mix reflects our community banking focus which results in a customer base comprising predominately small and private businesses Because BB&T lends mostly to smaller businesses the portfolio is very granular with minimal individual name concentration In contrast to most investment grade lending, BB&T is a secured lender and the vast majority of loans are well collateralized, which typically results in lower losses if a default occurs Finally the current mix reflects incomplete recovery from a heavily stressed economic environment

On a quarterly basis BB&T reviews all commercial lending relationships with outstanding debt of $2 million or more that have been classified as substandard or doubtful While this review is largely focused on the borrower s ability to repay the loan BB&T also considers the capacity and willingness of a loan s guarantors to support the debt service on the loan as a secondary source of repayment When a guarantor exhibits the documented capacity and willingness to support the loan BB&T may consider extending the loan maturity and/or temporarily deferring principal payments if the ultimate collection of both principal and interest is not in question In these cases BB&T may not deem the loan to be impaired due to the documented capacity and willingness of the guarantor to repay the loan Loans are considered impaired when the borrower (or guarantor in certain circumstances) does not have the cash flow capacity or willingness to service the debt according to contractual terms or it does not appear reasonable to assume that the borrower will continue to pay according to the contractual agreement BB&T establishes a specific reserve for each loan that has been deemed impaired based on the criteria outlined above The amount of the reserve is based on the present value of expected cash flows discounted at the loan s effective interest rate and/or the value of collateral BB&T has also established a review process related to loans that have been deemed impaired based on their classification as a troubled debt restructuring (restructuring ") and other impaired loans that are in commercial lending relationships with an outstanding debt of less than $2 million at the balance sheet date In connection with this process, BB&T establishes reserves related to these loans that are calculated using an expected cash flow approach

BB&T also maintains reserves for collective impairment that reflect an estimate of losses related to nonimpaired commercial loans as of the balance sheet date Embedded loss estimates for BB&T s commercial loan portfolio are based on estimated migration rates which are estimated based on historical experience and current risk mix as indicated by the risk grading process described above Embedded loss estimates may be adjusted to reflect current economic conditions and current portfolio trends including credit quality concentrations aging of the portfolio and significant policy and underwriting changes

Retail

The majority of the allowance for loan and lease losses related to the retail lending portfolio is calculated on a collective basis using a delinquency-based approach Embedded loss estimates for BB&T s retail lending portfolio are based on estimated migration rates that are developed based on historical experience and current risk mix as

Maybank 009683

ROA 4285

Table of Contents

indicated by prevailing delinquency rates These estimates may be adjusted to reflect current economic conditions and portfolio trends The remaining portion of the allowance related to the retail lending portfolio relates to loans that have been deemed impaired based on their classification as a restructuring at the balance sheet date BB&T establishes reserves related to these restructured loans using an expected cash flow approach

Acquired Loans

For loans acquired in a business combination after December 31 2008 BB&T has generally aggregated the purchased loans into pools of loans with common risk characteristics In determining the allowance for loan and lease losses BB&T performs an analysis each period to estimate the expected cash flows for each of the loan pools To the extent that the expected cash flows of a loan pool have decreased since the acquisition date BB&T establishes an allowance for loan loss

The following table presents an estimated allocation of the allowance for loan and lease losses at the end of each of the past five years This allocation of the allowance for loan and lease losses is calculated on an approximate basis and is not necessarily indicative of future losses or allocations The entire amount of the allowance is available to absorb losses occurring in any category of loans and leases

Table 5
Allocation of Allowance for Loan and Lease Losses by Category

	December 31									
	2010		2009		2008		2007		2006	
	Amount	% Loans in each category	Amount	% Loans in each category	Amount	% Loans in each category	Amount	% Loans in each category	Amount	% Loans in each category
	(Dollars in millions)									
Balances at end of period applicable to										
Commercial loans and leases	$1,536	47 1%	$1 574	48 2%	$ 912	51 9%	$ 548	49 3%	$ 475	49 8%
Sales finance	47	6 8	77	6 1	55	6 5	58	6 6	58	6 9
Revolving credit	109	2 1	127	1 9	94	1 8	70	1 8	67	1 7
Direct retail	246	13.3	297	13 8	124	15 9	79	17 3	75	18 5
Residential mortgage loans	298	17 0	131	14 9	91	17 6	25	19.2	21	18 8
Specialized lending	198	7 7	264	7 4	238	6 3	171	5 8	139	4 3
Covered loans	144	6 0	—	7 7	—	—	—	—	—	—
Unallocated	130	—	130	—	60	—	53	—	53	—
Total allowance for loan and lease losses	2 708	100 0%	2 600	100 0%	1 574	100 0%	1 004	100 0%	888	100 0%
Reserve for unfunded lending commitments	47		72		33		11		—	
Total allowance for credit losses	$2 755		$2 672		$1 607		$1 015		$ 888	

Investment Activities

Branch Bank invests in securities as allowable under bank regulations These securities may include obligations of the U S Treasury U S government agencies U S government sponsored entities including mortgage backed securities bank eligible obligations of any state or political subdivision privately issued mortgage-backed securities structured notes bank eligible corporate obligations including corporate debentures commercial paper negotiable certificates of deposit bankers acceptances mutual funds and limited types of equity securities. Branch Bank also may deal in securities subject to the provisions of the Gramm Leach Bliley Act Scott & Stringfellow LLC BB&T s full service brokerage and investment banking subsidiary engages in the underwriting trading and sales of equity and debt securities subject to the risk management policies of the Corporation

BB&T s investment activities are governed internally by a written board-approved policy The investment policy is carried out by the Corporation s Market Risk and Liquidity Committee (MRLC) which meets

Maybank 009684

ROA 4286

Table of Contents

regularly to review the economic environment and establish investment strategies The MRLC also has much broader responsibilities which are discussed in the Market Risk Management section in Management s Discussion and Analysis of Financial Condition and Results of Operations herein

Investment strategies are reviewed by the MRLC based on the interest rate environment balance sheet mix actual and anticipated loan demand funding opportunities and the overall interest rate sensitivity of the Corporation In general the investment portfolio is managed in a manner appropriate to the attainment of the following goals (i) to provide a sufficient margin of liquid assets to meet unanticipated deposit and loan fluctuations and overall funds management objectives (ii) to provide eligible securities to secure public funds trust deposits as prescribed by law and other borrowings and (iii) to earn the maximum return on funds invested that is commensurate with meeting the requirements of (i) and (ii)

Funding Activities

Deposits are the primary source of funds for lending and investing activities and their cost is the largest category of interest expense Scheduled payments as well as prepayments and maturities from portfolios of loans and investment securities also provide a stable source of funds Federal Home Loan Bank (FHLB) advances other secured borrowings Federal funds purchased and other short term borrowed funds as well as longer-term debt issued through the capital markets all provide supplemental liquidity sources BB&T s funding activities are monitored and governed through BB&T s overall asset/liability management process which is further discussed in the Market Risk Management section in "Management s Discussion and Analysis of Financial Condition and Results of Operations herein BB&T conducts its funding activities in compliance with all applicable laws and regulations Following is a brief description of the various sources of funds used by BB&T For further discussion relating to outstanding balances and balance fluctuations refer to the "Deposits and Other Borrowings" section in Management s Discussion and Analysis of Financial Condition and Results of Operations" herein

Deposits

Deposits are attracted principally from clients within BB&T s branch network through the offering of a broad selection of deposit instruments to individuals and businesses including noninterest bearing checking accounts interest bearing checking accounts savings accounts money market deposit accounts certificates of deposit and individual retirement accounts Deposit account terms vary with respect to the minimum balance required the time period the funds must remain on deposit and service charge schedules Interest rates paid on specific deposit types are determined based on (i) the interest rates offered by competitors (ii) the anticipated amount and timing of funding needs (iii) the availability and cost of alternative sources of funding and (iv) the anticipated future economic conditions and interest rates Client deposits are attractive sources of funding because of their stability and relative cost Deposits are regarded as an important part of the overall client relationship and provide opportunities to cross sell other BB&T services In addition BB&T gathers a portion of its deposit base through wholesale funding products which include negotiable certificates of deposit and Eurodollar deposits through the use of a Cayman branch facility These sources of deposits represented approximately 7% of BB&T s total deposits at both December 31 2010 and December 31 2009

The following table provides information regarding the scheduled maturities of time deposits that are $100 000 and greater at December 31 2010

Table 6
Scheduled Maturities of Time Deposits $100,000 and Greater
December 31 2010
(Dollars in millions)

Maturity Schedule	
Three months or less	$ 2 265
Over three through six months	859
Over six through twelve months	3 082
Over twelve months	4 406
Total	$10 592

Table of Contents

Borrowed Funds

BB&T s ability to borrow funds from nondeposit sources provides additional flexibility in meeting the liquidity needs of the Company Short-term borrowings include Federal funds purchased, securities sold under repurchase agreements master notes short-term FHLB advances U S Treasury tax and loan depository note accounts and other short term borrowings See Note 9 Federal Funds Purchased Securities Sold Under Agreements to Repurchase and Short Term Borrowed Funds in the Notes to Consolidated Financial Statements herein for additional disclosures related to these types of borrowings

BB&T also utilizes longer term borrowings when management determines that the pricing and maturity options available through these sources create cost effective options for funding asset growth and satisfying capital needs BB&T s long term borrowings include long term FHLB advances to Branch Bank senior and subordinated debt issued by BB&T Corporation and Branch Bank junior subordinated debt underlying trust preferred securities and capital leases See Note 11 Long Term Debt in the Notes to Consolidated Financial Statements herein for additional disclosures related to long-term borrowings.

Employees

At December 31 2010 BB&T had approximately 31 400 full time equivalent employees compared to approximately 32 400 full time equivalent employees at December 31 2009

Properties

BB&T and its significant subsidiaries occupy headquarter offices that are either owned or operated under long term leases BB&T also owns free-standing operations centers with its primary operations and information technology center located in Wilson North Carolina BB&T also owns or leases significant office space used as the Corporation s headquarters in Winston Salem North Carolina At December 31 2010 Branch Bank operated 1 782 branch offices in North Carolina South Carolina Virginia Maryland Georgia West Virginia Tennessee Kentucky Alabama Florida, Texas Indiana and Washington D C BB&T also operates numerous insurance agencies and other businesses that occupy facilities Office locations are either owned or leased Management believes that the premises occupied by BB&T and its subsidiaries are well-located and suitably equipped to serve as financial services facilities See Note 6 "Premises and Equipment in the Notes to Consolidated Financial Statements" in this report for additional disclosures related to BB&T s properties and other fixed assets

Web Site Access to BB&T's Filings with the Securities and Exchange Commission

All of BB&T s electronic filings with the Securities and Exchange Commission (SEC) including the Annual Report on Form 10-K Quarterly Reports on Form 10 Q Current Reports on Form 8 K and amendments to these reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended are made available at no cost on the Corporation s web site www BBT com through the Investor Relations link as soon as reasonably practicable after BB&T files such material with or furnishes it to the SEC BB&T s SEC filings are also available through the SEC s web site at www sec gov

Executive Officers of BB&T

Executive Officer	Recent Work Experience	Years of Service	Age
Kelly S King *Chairman and Chief Executive Officer*	Chairman since January 2010 Chief Executive Officer since January 2009 Chief Operating Officer between June 2004 and December 2008	39	62
Christopher L Henson *Chief Operating Officer*	Chief Operating Officer since January 2009 Chief Financial Officer between July 2005 and December 2008	26	49
Daryl N Bible *Senior Executive Vice President and Chief Financial Officer*	Chief Financial Officer since January 2009 Assistant Chief Financial Officer between January 2008 and December 2008 Employed by U S Bancorp for 24 years, serving as Treasurer for the final 10 years	3	49

Maybank 009686

ROA 4288

Table of Contents

Executive Officer	Recent Work Experience	Years of Service	Age
Ricky K Brown *Senior Executive Vice President and President Community Banking*	President Community Banking since July 2004	34	55
Barbara F Duck *Senior Executive Vice President and Enterprise Risk Manager*	Enterprise Risk Manager since July 2009 Electronic Delivery Channels Manager between July 2006 and June 2009 Risk Manager between June 2004 and June 2006	23	44
Donna C Goodrich *Senior Executive Vice President and Deposit Services Manager*	Deposit Services Manager since April 2004	25	48
Robert E Greene *Senior Executive Vice President and Administrative Group Manager*	Administrative Group Manager since August 2001 Risk Management Group Manager between July 2006 and June 2009	38	60
Clarke R Starnes III *Senior Executive Vice President and Chief Risk Officer*	Chief Risk Officer since July 2009 Chief Credit Officer between September 2008 and June 2009 Specialized Lending Manager between January 2000 and August 2008	29	51
Steven B Wiggs *Senior Executive Vice President and Chief Marketing Officer and Lending Group Manager*	Chief Marketing Officer since February 2005 Lending Group Manager since July 2009	32	53
C Leon Wilson III *Senior Executive Vice President and Operations Division Manager*	Operations Division Manager since July 1988	34	55

Equity Compensation Plan Information

The following table provides information concerning securities to be issued upon the exercise of outstanding equity based awards the weighted average price of such awards and the securities remaining available for future issuance as of December 31 2010

Plan Category	(a)(1) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b)(1) Weighted-average exercise price of outstanding options, warrants and rights	(c)(1)(2) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in (a))
Equity compensation plans approved by security holders	57 857 286	$ 27 02	20 670 116
Equity compensation plans not approved by security holders	—	—	—
Total	57 857 286	27 02	20 670 116

(1) The table above does not include 116 631 options outstanding at December 31 2010 at a weighted average exercise price of $28 48 which are administered under First Virginia option plans that were assumed by BB&T in its acquisition by merger of First Virginia No future options will be issued under the First Virginia plans

(2) All awards remaining available for future issuance will be issued under the terms of the BB&T Corporation 2004 Stock Incentive Plan as amended by the Corporation s shareholders at the 2009 Annual Meeting of Shareholders

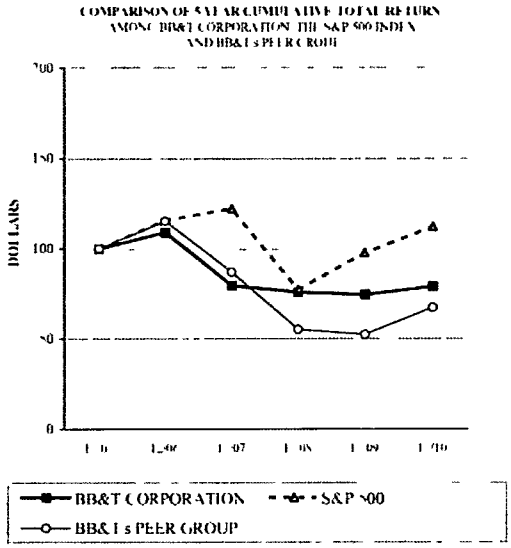
Maybank 009687

ROA 4289

Table of Contents

PERFORMANCE GRAPH

Set forth below is a graph comparing the total returns (assuming reinvestment of dividends) of BB&T Common Stock the S&P 500 Index and an Industry Peer Group Index The graph assumes $100 invested on December 31 2005 in BB&T Common Stock and in each of the indices In 2010 the financial holding companies in the Industry Peer Group Index (the Peer Group ") were Capital One Financial Corporation Comerica Incorporated, Fifth Third Bancorp Huntington Bancshares Incorporated KeyCorp M&T Bank Corporation Marshall & Ilsley Corporation PNC Financial Services Group Inc Regions Financial Corporation SunTrust Banks Inc U S Bancorp and Zions Bancorporation The Peer Group consists of financial and bank holding companies with assets between approximately $50 billion and $300 billion as of December 31 2010



* $100 invested on 12/31/05 in stock or index including reinvestment of dividends Fiscal year ending December 31

	Cumulative Total Return					
	12/05	12/06	12/07	12/08	12/09	12/10
BB&T CORPORATION	$ 100 00	$ 108 92	$ 79.37	$ 75 94	$ 74 50	$ 78 92
S&P 500	100 00	115 79	122 16	77 10	97 50	112 19
BB&T s PEER GROUP	100 00	115 24	87 07	55 37	52 56	67 50

Table of Contents

REGULATORY CONSIDERATIONS

The following discussion describes elements of an extensive regulatory framework applicable to bank holding companies, financial holding companies and banks and specific information about BB&T and its subsidiaries Regulation of banks bank holding companies and financial holding companies is intended primarily for the protection of depositors and the Deposit Insurance Fund (the DIF ") rather than for the protection of shareholders and creditors As described in more detail below comprehensive reform of the legislative and regulatory landscape occurred during 2010 with the passage of the Dodd Frank Wall Street Reform and Consumer Protection Act (the Dodd Frank Act) In addition to banking laws regulations and regulatory agencies BB&T and its subsidiaries and affiliates are subject to various other laws and regulations and supervision and examination by other regulatory agencies all of which directly or indirectly affect the operations and management of BB&T and its ability to make distributions to shareholders

BB&T and its subsidiaries earnings are affected by general economic conditions management policies, changes in state and federal laws and regulations and actions of various regulatory authorities including those referred to in this section Proposals to change the laws and regulations to which BB&T and its subsidiaries are subject are frequently introduced at both the federal and state levels The likelihood and timing of any such changes and the impact such changes may have on BB&T and its subsidiaries are impossible to determine with any certainty The description herein summarizes the significant state and federal laws to which BB&T and its subsidiaries currently are subject To the extent statutory or regulatory provisions are described in this section such descriptions are qualified in their entirety by reference to the particular statutory or regulatory provisions

Financial Regulatory Reform

On July 21 2010 President Obama signed the Dodd Frank Act into law The Dodd Frank Act is extensive complicated and comprehensive legislation that impacts practically all aspects of a banking organization representing a significant overhaul of many aspects of the regulation of the financial services industry Although many provisions remain subject to further rulemaking the Dodd-Frank Act implements numerous and far-reaching changes that affect financial companies including banks and bank holding companies such as BB&T by among other things

Requiring regulation and oversight of large systemically important financial institutions by establishing an interagency council on systemic risk and implementation of heightened prudential standards and regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve") for systemically important financial institutions (including nonbank financial companies) as well as the implementation of the Federal Deposit Insurance Corporation (the FDIC) resolution procedures for liquidation of large financial companies to avoid market disruption

applying the same leverage and risk based capital requirements that apply to insured depository institutions to most bank holding companies savings and loan holding companies and systemically important nonbank financial companies

limiting the Federal Reserve s emergency authority to lend to nondepository institutions to facilities with broad based eligibility and authorizing the FDIC to establish an emergency financial stabilization fund for solvent depository institutions and their holding companies subject to the approval of Congress the Secretary of the United States Department of the Treasury (the U S Treasury ") and the Federal Reserve

centralizing responsibility for consumer financial protection by creating a new independent agency the Consumer Financial Protection Bureau ("CFPB) with responsibility for implementing enforcing and examining for compliance with federal consumer financial laws

creating regimes for regulation of over-the-counter derivatives and non-admitted property and casualty insurers and reinsurers

requiring any interchange transaction fee charged for a debit transaction be "reasonable and proportional to the cost incurred by the issuer for the transaction the Federal Reserve is required to prescribe new regulations establishing such fee standards eliminate exclusivity arrangements between

Maybank 009689

ROA 4291

Table of Contents

issuers and networks for debit card transactions and limit restrictions on merchant discounting for use of certain payment forms and minimum or maximum amount thresholds as a condition for acceptance of credit cards

transferring the functions of the Office of Thrift Supervision (OTS) relating to federal savings associations including rulemaking authority to the Comptroller of the Currency (OCC) within one year of the enactment date unless extended by up to six months by the Secretary of the U S Treasury

implementing regulation of hedge fund and private equity advisers by requiring such advisers to register with the SEC

providing for the implementation of corporate governance provisions for all public companies concerning proxy access and executive compensation

increasing the FDIC s deposit insurance limits permanently to $250 000 for non transaction accounts providing for unlimited Federal deposit insurance on non interest bearing demand transaction accounts at all insured depository institutions effective December 31 2010 through December 31 2012 and changing the assessment base as well as increasing the reserve ratio for the DIF to ensure the future strength of the DIF and

reforming regulation of credit rating agencies

Many of the provisions of the Dodd Frank Act including certain provisions described above are subject to further study rulemaking and the discretion of regulatory bodies As hundreds of regulations called for by the Dodd Frank Act are promulgated BB&T will continue to evaluate the impact of any such regulations such as changes in regulatory costs and fees modifications to consumer products or disclosures required by the CFPB the requirements of the enhanced supervision provisions among others Due to BB&T s size BB&T will be designated as systemically significant" to the financial health of the U S economy and as a result may be subject to additional regulations by the Financial Stability Oversight Council (the Council") which will regulate the systemic risk of the financial system

General

As a bank holding company and a financial holding company under federal law BB&T is subject to regulation under the Bank Holding Company Act of 1956 as amended, (the BHCA ") and the examination and reporting requirements of the Federal Reserve Branch Bank and BB&T FSB are collectively referred to herein as the Banks Branch Bank a state-chartered commercial bank is subject to regulation supervision and examination by the North Carolina Commissioner of Banks BB&T FSB a federally chartered thrift institution is subject to regulation supervision and examination by the OTS although under the recently enacted Dodd Frank Act the OTS s functions relating to federally chartered thrift institutions are to be transferred to the OCC within one year of the July 21 2010 date of enactment of the Dodd Frank Act unless otherwise extended by up to six months by the Secretary of the Treasury Each of the Banks also is subject to regulation supervision and examination by the FDIC

State and federal law govern the activities in which the Banks engage the investments they make and the aggregate amount of loans that may be granted to one borrower although BB&T FSB is entitled to federal preemption of various state laws Various consumer and compliance laws and regulations also affect the Banks operations The Banks also are affected by the actions of the Federal Reserve as it attempts to control the monetary supply and credit availability in order to influence the economy

In addition to federal and state banking laws and regulations BB&T and certain of its subsidiaries and affiliates including those that engage in securities underwriting dealing brokerage investment advisory and insurance activities are subject to other federal and state laws and regulations and supervision and examination by other state and federal regulatory agencies and other regulatory authorities, including the SEC the Financial Industry Regulatory Authority (the FINRA") the NYSE Euronext Inc (the NYSE) and various state insurance and securities regulators

Maybank 009690

ROA 4292

Table of Contents

Financial Holding Company Regulation

Under current federal law a bank holding company such as BB&T may elect to become a financial holding company which allows the holding company to offer customers virtually any type of service that is financial in nature or incidental thereto including banking and activities closely related thereto securities underwriting insurance (both underwriting and agency) and merchant banking In order to become and maintain its status as a financial holding company a financial holding company and all of its affiliated depository institutions must be well capitalized well managed and have at least a satisfactory Community Reinvestment Act of 1977 (CRA) rating If the Federal Reserve determines that a financial holding company is not well capitalized or well managed the company has a period of time to come into compliance but during the period of noncompliance the Federal Reserve can place any limitations on the financial holding company that it believes to be appropriate Furthermore if the Federal Reserve determines that a financial holding company has not maintained a satisfactory CRA rating the company will not be able to commence any new financial activities or acquire a company that engages in such activities although the company will still be allowed to engage in activities closely related to banking and make investments in the ordinary course of conducting merchant banking activities BB&T became a financial holding company on June 14 2000 and currently satisfies the requirements to maintain its status as a financial holding company

Most of the financial activities that are permissible for financial holding companies also are permissible for a financial subsidiary of one or more of the Banks except for insurance underwriting insurance company portfolio investments real estate investments and development and merchant banking which must be conducted in a financial holding company In order for these financial activities to be engaged in by a financial subsidiary of a bank federal law requires the parent bank (and its sister bank affiliates) to be well-capitalized and well managed the aggregate consolidated assets of all of that bank s financial subsidiaries may not exceed the lesser of 45% of its consolidated total assets or $50 billion the bank must have at least a satisfactory CRA rating and if that bank is one of the 100 largest national banks it must meet certain financial rating or other comparable requirements

Current federal law also establishes a system of functional regulation under which the Federal Reserve is the umbrella regulator for bank holding companies but bank holding company affiliates are to be principally regulated by functional regulators such as the FDIC for state nonmember bank affiliates the OTS for thrifts the SEC for securities affiliates and state insurance regulators for insurance affiliates Certain specific activities including traditional bank trust and fiduciary activities may be conducted in the bank without the bank being deemed a broker" or a dealer in securities for purposes of functional regulation Although the states generally must regulate bank insurance activities in a nondiscriminatory manner the states may continue to adopt and enforce rules that specifically regulate bank insurance activities in certain identifiable areas

The Dodd Frank Act establishes additional regulation for bank holding companies which will generally apply to BB&T The Council is required under the Dodd Frank Act to monitor emerging risks to financial stability recommend heightened prudential standards for large interconnected financial companies and require certain non bank financial companies to be supervised by the Federal Reserve if their activities are determined to pose a risk to financial stability

The Dodd Frank Act also imposes new prudential regulation on depository institutions and their holding companies The law imposes new more stringent standards and requirements with respect to (1) bank and nonbank acquisitions and mergers (2) financial holding companies engaged in 'financial activities (3) affiliate transactions and (4) proprietary trading among other provisions

Office of Thrift Supervision Regulation

As a federally chartered thrift BB&T FSB is subject to regulation supervision and examination by the OTS In connection with the charter conversion of BB&T Bankcard Corporation to BB&T FSB certain operating subsidiaries of BB&T and Branch Bank were transferred to BB&T FSB Specifically Sheffield Financial LLC and MidAmerica Gift Certificate Company which were previously direct operating subsidiaries of BB&T became divisions or subsidiaries of BB&T FSB BB&T Credit Services Inc and Liberty Mortgage Corporation (which ceased operations during 2010) were previously subsidiaries of Branch Bank and reorganized as subsidiaries of BB&T FSB These organizational structure changes were made to optimize the operating efficiency of these

Maybank 009691

ROA 4293

Table of Contents

divisions or subsidiaries and have no material impact on BB&T s reportable segments Oversight functions relating to federal savings associations including rulemaking authority are to be transferred under the Dodd Frank Act to the OCC within one year of the July 21 2010 date of enactment unless extended by up to six months by the Secretary of the Treasury Although the Dodd Frank Act preserves federal thrift charters the Comptroller of the Currency is required to appoint a new Deputy Comptroller who will be responsible for supervising and examining federal savings associations effective as of the date the OTS is transferred to the OCC The Dodd Frank Act also eliminates the preemption of state consumer protection laws as applied to the operating subsidiaries of federally chartered thrifts which may cause BB&T FSB to further reconsider its existing organizational structure and operations in the future

Acquisitions

BB&T complies with numerous laws related to its acquisition activity Under the BHCA a bank holding company may not directly or indirectly acquire ownership or control of more than 5% of the voting shares or substantially all of the assets of any bank holding company or bank or merge or consolidate with another bank holding company without the prior approval of the Federal Reserve Current federal law authorizes interstate acquisitions of banks and bank holding companies without geographic limitation Furthermore a bank headquartered in one state is authorized to merge with a bank headquartered in another state subject to any state requirement that the target bank shall have been in existence and operating for a minimum period of time not to exceed five years and subject to certain deposit market share limitations After a bank has established branches in a state through an interstate merger transaction the bank may establish and acquire additional branches at any location in the state where a bank headquartered in that state could have established or acquired branches under applicable federal or state law These regulatory considerations are applicable to privately negotiated acquisition transactions

In August 2009 Branch Bank acquired certain assets of Colonial including a substantial majority of its loan portfolio and assumed certain liabilities of Colonial from the FDIC as receiver of Colonial In connection with such FDIC assisted transactions acquirers will generally enter into purchase and assumption loss sharing and other agreements which may contain additional regulatory covenants or limitations BB&T may from time to time explore acquisition opportunities through both FDIC assisted and unassisted transactions as market conditions may warrant

Other Safety and Soundness Regulations

The Federal Reserve has enforcement powers over bank holding companies and their nonbanking subsidiaries The Federal Reserve has authority to prohibit activities that represent unsafe or unsound practices or constitute violations of law rule regulation administrative order or written agreement with a federal regulator These powers may be exercised through the issuance of cease and desist orders civil money penalties or other actions

There also 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 fund in the event the depository institution is insolvent or is in danger of becoming insolvent For example under requirements 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 financial resources to support such institutions in circumstances where it might not do so otherwise In addition the "cross guarantee provisions of federal law require insured depository institutions under common control to reimburse the FDIC for any loss suffered or reasonably anticipated by the DIF as a result of the insolvency of commonly controlled insured depository institutions or for any assistance provided by the FDIC to commonly controlled insured depository institutions in danger of failure The FDIC may decline to enforce the cross guarantee provision if it determines that a waiver is in the best interests of the DIF The FDIC s claim for reimbursement under the cross guarantee provisions is superior to claims of shareholders of the insured depository institution or its holding company but is subordinate to claims of depositors secured creditors and nonaffiliated holders of subordinated debt of the commonly controlled insured depository institution

Table of Contents

Federal and state banking regulators also have broad enforcement powers over the Banks including the power to impose fines and other civil and criminal penalties and to appoint a conservator (with the approval of the Governor in the case of a North Carolina state bank) in order to conserve the assets of any such institution for the benefit of depositors and other creditors The North Carolina Commissioner of Banks also has the authority to take possession of a North Carolina state bank in certain circumstances including among other things when it appears that such bank has violated its charter or any applicable laws is conducting its business in an unauthorized or unsafe manner is in an unsafe or unsound condition to transact its business or has an impairment of its capital stock

Payment of Dividends

BB&T Corporation is a legal entity separate and distinct from the Banks and its subsidiaries The majority of BB&T s revenue is from dividends paid to BB&T by Branch Bank The Banks are subject to laws and regulations that limit the amount of dividends they can pay In addition BB&T and the Banks are subject to various regulatory restrictions relating to the payment of dividends including requirements to maintain capital at or above regulatory minimums and to remain well-capitalized under the prompt corrective action regulations summarized elsewhere in this section Federal banking regulators have indicated that banking organizations should generally pay dividends only if (1) the organization s net income available to common shareholders over the past year has been sufficient to fully fund the dividends and (2) the prospective rate of earnings retention appears consistent with the organization s capital needs asset quality and overall financial condition In November 2010 the Federal Reserve released additional guidance re-emphasizing the Federal Reserve s expectations concerning the processes that firms that participated in the Supervisory Capital Assessment Program (SCAP) like BB&T should have in place to ensure that they hold adequate capital under adverse conditions to maintain ready access to funding Any request by a bank holding company subject to SCAP such as BB&T to increase dividends on common stock reinstate or increase repurchase programs or make other capital distributions will be evaluated based on the Federal Reserve s assessment of capital adequacy

North Carolina law states that subject to certain capital requirements the board of directors of a bank chartered under the laws of North Carolina may declare a dividend of as much of that bank s undivided profits as the directors deem appropriate

Capital

Each of the federal banking agencies including the Federal Reserve the FDIC and the OTS has issued substantially similar risk based and leverage capital guidelines applicable to banking organizations they supervise including bank holding companies and banks Under the risk based capital requirements BB&T and the Banks are each generally required to maintain a minimum ratio of total capital to risk weighted assets (including certain off balance sheet activities such as standby letters of credit) of 8% At least half of the total capital must be composed of common shareholders equity excluding the over or underfunded status of postretirement benefit obligations unrealized gains or losses on debt securities available for sale unrealized gains on equity securities available for sale and unrealized gains or losses on cash flow hedges net of deferred income taxes plus certain mandatorily redeemable capital securities less nonqualifying intangible assets net of applicable deferred income taxes and certain nonfinancial equity investments This is called Tier 1 capital The remainder may consist of qualifying subordinated debt certain hybrid capital instruments qualifying preferred stock and a limited amount of the allowance for credit losses This is called Tier 2 capital Tier 1 capital and Tier 2 capital combined are referred to as total regulatory capital

The Federal Reserve requires bank holding companies that engage in trading activities to adjust their risk-based capital ratios to take into consideration market risks that may result from movements in market prices of covered trading positions in trading accounts or from foreign exchange or commodity positions whether or not in trading accounts including changes in interest rates equity prices, foreign exchange rates or commodity prices Any capital required to be maintained under these provisions may consist of Tier 3 capital consisting of forms of short term subordinated debt

Each of the federal bank regulatory agencies including the Federal Reserve the FDIC and the OTS also has established minimum leverage capital requirements for banking organizations These requirements provide

Maybank 009693

ROA 4295

Table of Contents

that banking organizations that meet certain criteria including excellent asset quality high liquidity low interest rate exposure and good earnings and that have received the highest regulatory rating must maintain a ratio of Tier 1 capital to total adjusted average assets of at least 3% Institutions not meeting these criteria as well as institutions with supervisory financial or operational weaknesses are expected to maintain a minimum Tier 1 capital to total adjusted average assets ratio at least 100 basis points above that stated minimum Holding companies experiencing internal growth or making acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets The Federal Reserve also continues to consider a tangible Tier 1 capital leverage ratio (deducting all intangibles) and other indicators of capital strength in evaluating proposals for expansion or new activity

In addition the Federal Reserve the FDIC and the OTS all have adopted risk based capital standards that explicitly identify concentrations of credit risk and the risk arising from non traditional activities as well as an institution s ability to manage these risks as important factors to be taken into account by each agency in assessing an institution s overall capital adequacy The capital guidelines also provide that an institution s exposure to a decline in the economic value of its capital due to changes in interest rates be considered by the agency as a factor in evaluating a banking organization s capital adequacy The agencies also require banks and bank holding companies to adjust their regulatory capital to take into consideration the risk associated with certain recourse obligations direct credit subsidies residual interest and other positions in securitized transactions that expose banking organizations to credit risk

As part of the Dodd Frank Act provisions were added that require federal banking agencies to develop capital requirements that address systemically risky activities The effect of these capital rules will disallow trust preferred securities from counting as Tier 1 capital at the holding company level for entities with greater than $15 billion in assets with a three year phase in period beginning on January 1 2013

In addition in 2010 the Group of Governors and Heads of Supervisors of the Basel Committee on Banking Supervision the oversight body of the Basel Committee published its calibrated capital standards for major banking institutions (Basel III) Under these standards when fully phased in on January 1 2019 banking institutions will be required to maintain heightened Tier 1 common equity Tier 1 capital and total capital ratios as well as maintaining a capital conservation buffer The Tier 1 common equity and Tier 1 capital ratio requirements will be phased in incrementally between January 1 2013 and January 1 2015 the deductions from common equity made in calculating Tier 1 common equity (for example for mortgage servicing assets deferred tax assets and investments in unconsolidated financial institutions) will be phased in incrementally over a four year period commencing on January 1 2014 and the capital conservation buffer will be phased in incrementally between January 1 2016 and January 1 2019 The Basel Committee also announced that a "countercyclical buffer of 0% to 2 5% of common equity or other fully loss absorbing capital "will be implemented according to national circumstances as an extension of the conservation buffer The final package of Basel III reforms were approved by the G20 leaders in November 2010 and are subject to individual adoption by member nations including the United States If the foregoing revised capital standards are adopted in their current form BB&T estimates these standards would have a negligible impact on BB&T s ability to comply with the revised regulatory capital ratios based on BB&T s current understanding of the revisions to capital qualification

The ratios of Tier 1 capital and total capital to risk weighted assets and Tier 1 capital to adjusted average assets of BB&T Branch Bank and BB&T FSB as of December 31 2010 are shown in the following table

Table 7
Capital Adequacy Ratios of BB&T Corporation and Banks
December 31 2010

	Regulatory Minimums	Regulatory Minimums to be Well Capitalized	BB&T	Branch Bank	BB&T FSB
Risk based capital ratios					
Tier 1 capital	4 0%	6 0%	11 8%	13 0%	15 0%
Total risk based capital	8 0	10 0	15 5	15 5	16 3
Tier 1 leverage ratio	3 0	5 0	9 1	9 9	14 3

Table of Contents

The federal banking agencies including the Federal Reserve the FDIC and the OTS are required to take prompt corrective action in respect of depository institutions and their bank holding companies that do not meet minimum capital requirements The law establishes five capital categories for insured depository institutions for this purpose 'well-capitalized "adequately capitalized 'undercapitalized significantly undercapitalized and "critically undercapitalized To be considered 'well-capitalized under these standards an institution must maintain a total risk based capital ratio of 10% or greater a Tier 1 risk based capital ratio of 6% or greater a leverage capital ratio of 5% or greater and must not be subject to any order or written directive to meet and maintain a specific capital level for any capital measure

BB&T Branch Bank and BB&T FSB are all classified as 'well-capitalized " Federal law also requires the bank regulatory agencies to implement systems for prompt corrective action for institutions that fail to meet minimum capital requirements within the five capital categories with progressively more severe restrictions on operations management and capital distributions according to the category in which an institution is placed Failure to meet capital requirements also may cause an institution to be directed to raise additional capital Federal law also mandates that the agencies adopt safety and soundness standards relating generally to operations and management asset quality and executive compensation and authorizes administrative action against an institution that fails to meet such standards

In addition to the "prompt corrective action" directives failure to meet capital guidelines may subject a banking organization to a variety of other enforcement remedies including additional substantial restrictions on its operations and activities termination of deposit insurance by the FDIC and under certain conditions the appointment of a conservator or receiver

Deposit Insurance Assessments

The deposits of the Banks are insured by the DIF of the FDIC up to the limits set forth under applicable law and are subject to the deposit insurance premium assessments of the DIF The FDIC imposes a risk based deposit premium assessment system which was amended pursuant to the Federal Deposit Insurance Reform Act of 2005 (the "Reform Act ") and further amended by the Dodd-Frank Act Under this system as amended the assessment rates for an insured depository institution vary according to the level of risk incurred in its activities To arrive at an assessment rate for a banking institution the FDIC places it in one of four risk categories determined by reference to its capital levels and supervisory ratings In addition in the case of those institutions in the lowest risk category the FDIC further determines its assessment rate based on certain specified financial ratios or if applicable its long term debt ratings The assessment rate schedule can change from time to time at the discretion of the FDIC subject to certain limits On November 12 2009 the FDIC adopted a rule requiring banks to prepay three years worth of premiums to replenish the depleted insurance fund The FDIC has published guidelines under the Reform Act on the adjustment of assessment rates for certain institutions Under the current system premiums are assessed quarterly In addition insured deposits have been required to pay a pro rata portion of the interest due on the obligations issued by the Financing Corporation ("FICO ") to fund the closing and disposal of failed thrift institutions by the Resolution Trust Corporation

The Dodd Frank Act imposes additional assessments and costs with respect to deposits Under the Dodd-Frank Act the FDIC is directed to impose deposit insurance assessments based on total assets rather than total deposits as well as making permanent the increase of deposit insurance to $250 000 and providing for full insurance of non interest bearing transaction accounts beginning December 31 2010 for two years The Federal Reserve is also directed to collect fees from systemically important companies to cover the costs associated with its supervisory and regulatory responsibilities with respect to such companies In February 2011 the FDIC adopted a final rule on the deposit insurance assessment system The rule is effective as of April 1 2011 and revises the assessment system applicable to large banks such as BB&T to comply with Dodd-Frank and also includes a revised assessment rate process with the goal of differentiating insured depository institutions who pose greater risk to the DIF The first assessments under the new rule will be payable in the third quarter of 2011

Maybank 009695

ROA 4297

Table of Contents

Consumer Protection Laws

In connection with their lending and leasing activities each of the Banks is subject to a number of federal and state laws designed to protect borrowers and promote lending to various sectors of the economy and population These laws include the Equal Credit Opportunity Act the Fair Credit Reporting Act the Truth in Lending Act the Home Mortgage Disclosure Act the Real Estate Settlement Procedures Act and their respective state law counterparts

The Dodd Frank Act creates a new independent federal agency the CFPB which is granted broad rulemaking supervisory and enforcement powers under various federal consumer financial protection laws including the laws referenced above and certain other statutes The CFPB will have examination and primary enforcement authority with respect to depository institutions with $10 billion or more in assets Smaller institutions will be subject to rules promulgated by the CFPB but will continue to be examined and supervised by federal banking regulators for consumer compliance purposes The CFPB will have authority to prevent unfair deceptive or abusive practices in connection with the offering of consumer financial products The Dodd Frank Act authorizes the CFPB to establish certain minimum standards for the origination of residential mortgages including a determination of the borrower s ability to repay In addition the Dodd Frank Act will allow borrowers to raise certain defenses to foreclosure if they receive any loan other than a "qualified mortgage as defined by the CFPB The Dodd Frank Act permits states to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and in certain circumstances permits state attorneys general to enforce compliance with both the state and federal laws and regulations

The Dodd Frank Act also requires the Federal Reserve to adopt rules regarding the interchange fees that may be charged with respect to electronic debit transactions The limits to be placed on debit interchange fees may significantly reduce BB&T s debit card interchange revenues Interchange fees or swipe fees are charges that merchants pay to BB&T and other credit card companies and card issuing banks for processing electronic payment transactions The Dodd Frank Act provides the Federal Reserve with authority over interchange fees received or charged by a card issuer requiring that fees must be reasonable and proportional to the costs of processing such transactions Although final rules have not yet been adopted this provision of the Dodd Frank Act and the applicable rules ultimately promulgated thereunder are expected to cause significant reductions in future card fee revenues generated by BB&T while also creating meaningful compliance costs

Federal law currently contains extensive customer privacy protection provisions Under these provisions a financial institution must provide to its customers at the inception of the customer relationship and annually thereafter the institution s policies and procedures regarding the handling of customers nonpublic personal financial information These provisions also provide that except for certain limited exceptions an institution may not provide such personal information to unaffiliated third parties unless the institution discloses to the customer that such information may be so provided and the customer is given the opportunity to opt out of such disclosure Federal law makes it a criminal offense except in limited circumstances to obtain or attempt to obtain customer information of a financial nature by fraudulent or deceptive means

The CRA requires the Banks primary federal bank regulatory agency the FDIC for Branch Bank and the OTS for BB&T FSB to assess the bank s record in meeting the credit needs of the communities served by each Bank including low and moderate income neighborhoods and persons Institutions are assigned one of four ratings Outstanding Satisfactory Needs to Improve or Substantial Noncompliance This assessment is reviewed for any bank that applies to merge or consolidate with or acquire the assets or assume the liabilities of an insured depository institution or to open or relocate a branch office The CRA record of each subsidiary bank of a financial holding company such as BB&T also is assessed by the Federal Reserve in connection with any acquisition or merger application

Automated Overdraft Payment Regulation

The Federal Reserve and FDIC have recently enacted consumer protection regulations related to automated overdraft payment programs offered by financial institutions In November 2009 the Federal Reserve amended its Regulation E to prohibit financial institutions including BB&T from charging consumers fees for paying

Maybank 009696

ROA 4298

Table of Contents

overdrafts on automated teller machine and one time debit card transactions unless a consumer consents or opts in to the overdraft service for those types of transactions The Regulation E amendments also require financial institutions to provide consumers with a notice that explains the financial institution s overdraft services including the fees associated with the service and the consumer s choices BB&T has completed its implementation of the changes as required by the Regulation E amendments

In November 2010 the FDIC supplemented the Regulation E amendments by requiring FDIC supervised institutions including Branch Bank to implement additional changes relating to automated overdraft payment programs by July 1 2011 The most significant of these changes require financial institutions to monitor overdraft payment programs for excessive or chronic customer use and undertake meaningful and effective follow up action with customers that overdraw their accounts more than six times during a rolling 12 month period The additional guidance also imposes daily limits on overdraft charges requires institutions to review and modify check-clearing procedures prominently distinguish account balances from available overdraft coverage amounts and requires increased board and management oversight regarding overdraft payment programs Branch Bank has already begun to implement many of the changes required by the FDIC guidance and is working to implement others in advance of the July 1 2011 compliance date

USA Patriot Act

The USA Patriot Act of 2001 (the Patriot Act) contains anti money laundering measures affecting insured depository institutions broker-dealers and certain other financial institutions The Patriot Act includes the International Money Laundering Abatement and Financial Anti Terrorism Act of 2001 (the IMLAFA) The IMLAFA requires such financial institutions to implement policies and procedures to combat money laundering and the financing of terrorism and grants the Secretary broad authority to establish regulations and to impose requirements and restrictions on financial institutions operations In addition the Patriot Act requires the federal bank regulatory agencies to consider the effectiveness of a financial institution s anti money laundering activities when reviewing bank mergers and bank holding company acquisitions The Treasury Department has issued a number of regulations implementing the Patriot Act which impose obligations on financial institutions to maintain appropriate policies procedures and controls to detect prevent and report money laundering and terrorist financing The obligations of financial institutions under the Patriot Act have increased and may continue to increase The increase in obligations of financial institutions has resulted in increased costs for BB&T which may continue to rise and also may subject BB&T to additional liability

Sarbanes-Oxley Act of 2002

The Sarbanes Oxley Act of 2002 (the Sarbanes Oxley Act) comprehensively revised the laws affecting corporate governance accounting obligations and corporate reporting for companies such as BB&T with equity or debt securities registered under the Securities Exchange Act of 1934 as amended In particular the Sarbanes Oxley Act established (1) requirements for audit committees including independence expertise and responsibilities (2) certification responsibilities for the Chief Executive Officer and the Chief Financial Officer with respect to the Company s financial statements (3) standards for auditors and regulation of audits (4) disclosure and reporting obligations for reporting companies and their directors and executive officers and (5) civil and criminal penalties for violation of the federal securities laws

Future Laws, Regulations and Governmental Programs

Various laws regulations and governmental programs affecting financial institutions and the financial industry are from time to time introduced in Congress or otherwise promulgated by regulatory agencies Such measures may change the operating environment of BB&T and its subsidiaries in substantial and unpredictable ways The nature and extent of future legislative regulatory or other changes affecting financial institutions is very unpredictable at this time

Other Regulatory Matters

BB&T and its subsidiaries and affiliates are subject to numerous examinations by federal and state banking regulators as well as the SEC the FINRA the NYSE various taxing authorities and various state insurance and securities regulators BB&T and its subsidiaries have from time to time received requests for information

Maybank 009697

ROA 4299

Table of Contents

from regulatory authorities in various states including state insurance commissions and state attorneys general securities regulators and other regulatory authorities concerning their business and accounting practices Such requests are considered incidental to the normal conduct of business

Corporate Governance

Information with respect to BB&T s Board of Directors Executive Officers and corporate governance policies and principles is presented on BB&T s web site www BBT com, and includes

BB&T s Corporate Governance Guidelines

BB&T s Corporate Board of Directors

Committees of the Corporate Board of Directors and Committee Charters

BB&T s Codes of Ethics for Directors Senior Financial Officers and Employees

Chief Executive Officer and Chief Financial Officer Certifications

BB&T s Executive Officers

BB&T s Policy and Procedures for Accounting and Legal Complaints

BB&T intends to disclose any substantive amendments or waivers to the Codes of Ethics for Directors or Senior Financial Officers on BB&T s web site at www BBT com/Investor

NYSE Certification

The annual certification of BB&T s Chief Executive Officer required to be furnished to the NYSE pursuant to Section 303A 12(a) of the NYSE Listed Company Manual was previously filed with the NYSE on May 26 2010

Maybank 009698

ROA 4300

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The following discussion and analysis of the consolidated financial condition and consolidated results of operations of BB&T Corporation and its subsidiaries for each of the three years in the period ended December 31 2010 and related financial information are presented in conjunction with the consolidated financial statements and related notes to assist in the evaluation of BB&T s 2010 performance

Reclassifications

In certain circumstances reclassifications have been made to prior period information to conform to the 2010 presentation Such reclassifications had no effect on previously reported shareholders equity or net income

Critical Accounting Policies

The accounting and reporting policies of BB&T Corporation and its subsidiaries are in accordance with accounting principles generally accepted in the United States of America and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities BB&T s financial position and results of operations are affected by management s application of accounting policies including estimates assumptions and judgments made to arrive at the carrying value of assets and liabilities and amounts reported for revenues and expenses Different assumptions in the application of these policies could result in material changes in BB&T s consolidated financial position and/or consolidated results of operations and related disclosures The more critical accounting and reporting policies include BB&T s accounting for the allowance for loan and lease losses and reserve for unfunded lending commitments determining fair value of financial instruments intangible assets and other purchase accounting related adjustments associated with mergers and acquisitions costs and benefit obligations associated with BB&T s pension and postretirement benefit plans and income taxes Understanding BB&T s accounting policies is fundamental to understanding BB&T s consolidated financial position and consolidated results of operations Accordingly BB&T s significant accounting policies and changes in accounting principles and effects of new accounting pronouncements are discussed in detail in Note 1 in the Notes to Consolidated Financial Statements

The following is a summary of BB&T s critical accounting policies that are highly dependent on estimates assumptions and judgments These critical accounting policies are reviewed with the Audit Committee of BB&T s Board of Directors on a periodic basis

Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

It is the policy of BB&T to maintain an allowance for loan and lease losses and a reserve for unfunded lending commitments that represent management s best estimate of probable credit losses inherent in the portfolio at the balance sheet date Estimates for loan and lease losses are determined by analyzing historical loan and lease losses historical loan and lease migration to charge-off experience current trends in delinquencies and charge offs expected cash flows on purchased loans current assessment of problem loan and lease administration the results of regulatory examinations and changes in the size composition and risk assessment of the loan and lease portfolio For restructured loans re-default expectations and estimated slower prepayment speeds are incorporated in the determination of the allowance for loan and lease losses Also included in management s estimates for loan and lease losses are considerations with respect to the impact of current economic events the outcomes of which are uncertain These events may include but are not limited to fluctuations in overall interest rates political conditions legislation that may directly or indirectly affect the banking industry and economic conditions affecting specific geographical areas and industries in which BB&T conducts business The methodology used to determine an estimate for the reserve for unfunded lending commitments is inherently similar to the methodology used in calculating the allowance for loans and leases adjusted for factors specific to binding commitments including the probability of funding and exposure at the time of funding A detailed discussion of the methodology used in determining the allowance for loan and lease losses and the reserve for unfunded lending commitments is included in the "Overview and Description of Business—Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

Maybank 009699

ROA 4301

Table of Contents

Fair Value of Financial Instruments

A significant portion of BB&T s assets and certain liabilities are financial instruments carried at fair value This includes securities available for sale trading securities derivatives certain loans held for sale residential mortgage servicing rights certain short term borrowings and venture capital investments At December 31 2010 the percentage of total assets and total liabilities measured at fair value was 18 5% and less than 1%, respectively The vast majority of assets and liabilities carried at fair value are based on either quoted market prices or market prices for similar instruments At December 31 2010 7 6% of assets measured at fair value were based on significant unobservable inputs This is approximately 1% of BB&T s total assets See Note 19 "Fair Value Disclosures in the Notes to Consolidated Financial Statements herein for additional disclosures regarding the fair value of financial instruments

Securities

The fair values for available for sale and trading securities are generally based upon quoted market prices or observable market prices for similar instruments BB&T generally utilizes a third party pricing service in determining the fair value of its securities portfolio The pricing service uses observable inputs when available including benchmark yields reported trades broker-dealer quotes issuer spreads benchmark securities bids and offers These values take into account recent market activity as well as other market observable data such as interest rate spread and prepayment information When market observable data is not available which generally occurs due to the lack of liquidity for certain securities the valuation of the security is subjective and may involve substantial judgment by management As of December 31 2010 BB&T had approximately $1 1 billion of available for sale securities which is less than 1% of total assets valued using unobservable inputs This total includes $954 million of non agency mortgage-backed securities that are covered by a loss sharing agreement with the FDIC and $126 million of auction rate securities BB&T periodically reviews available for sale securities with an unrealized loss An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis The purpose of the review is to consider the length of time and the extent to which the market value of a security has been below its amortized cost The primary factors BB&T considers in determining whether an impairment is other-than temporary are long term expectations and recent experience regarding principal and interest payments and BB&T s intent to sell and whether it is more likely than not that the Company would be required to sell those securities before the anticipated recovery of the amortized cost basis

Mortgage Servicing Rights

BB&T has a significant mortgage loan servicing portfolio and related mortgage servicing rights (MSRs) BB&T has two primary classes of MSRs for which it separately manages the economic risk residential and commercial Residential MSRs are primarily carried at fair value with changes in fair value recorded as a component of mortgage banking income each period BB&T uses various derivative instruments to mitigate the income statement effect of changes in fair value due to changes in valuation inputs and assumptions of its residential MSRs MSRs do not trade in an active open market with readily observable prices While sales of MSRs do occur the precise terms and conditions typically are not readily available Accordingly BB&T estimates the fair value of residential MSRs using an option adjusted spread (OAS) valuation model to project MSR cash flows over multiple interest rate scenarios which are then discounted at risk adjusted rates The OAS model considers portfolio characteristics contractually specified servicing fees prepayment assumptions delinquency rates late charges other ancillary revenue costs to service and other economic factors BB&T reassesses and periodically adjusts the underlying inputs and assumptions in the OAS model to reflect market conditions and assumptions that a market participant would consider in valuing the MSR asset When available fair value estimates and assumptions are compared to observable market data and to recent market activity and actual portfolio experience Due to the nature of the valuation inputs MSRs are classified within Level 3 of the valuation hierarchy The value of MSRs is significantly affected by mortgage interest rates available in the marketplace which influence mortgage loan prepayment speeds In general during periods of declining interest rates the value of MSRs declines due to increasing prepayments attributable to increased mortgage refinance activity Conversely during periods of rising interest rates the value of MSRs generally increases due to reduced refinance activity Commercial MSRs are carried at lower of cost or market and amortized over the estimated period that servicing income is expected to be received based on projections of the amount and timing of estimated future cash flows The amount and timing of servicing asset amortization is updated based on actual

Maybank 009700

ROA 4302

Table of Contents

results and updated projections In addition BB&T has approximately $11 million of residential MSRs that are valued at the lower of cost or market These MSRs are associated with government sponsored programs that have prepayment assumptions that are difficult to model which make it difficult to hedge the associated risk Please refer to Note 8 Loan Servicing in the Notes to Consolidated Financial Statements for quantitative disclosures reflecting the effect that changes in management s assumptions would have on the fair value of MSRs

Loans Held for Sale

BB&T originates certain mortgage loans to be sold to investors that are carried at fair value The fair value is primarily based on quoted market prices for securities backed by similar types of loans Changes in the fair value are recorded as a component of mortgage banking income while mortgage loan origination costs for loans held for sale for which the Corporation elected the Fair Value Option are recognized in noninterest expense when incurred The changes in fair value of these assets are largely driven by changes in interest rates subsequent to loan funding and changes in the fair value of servicing associated with the mortgage loan held for sale BB&T uses various derivative instruments to mitigate the economic effect of changes in fair value of the underlying loans

In addition as of December 31 2010 BB&T held $521 million of nonaccrual commercial loans accounted for at the lower of cost or market in the loans held for sale portfolio These loans were originated as loans held for investment and transferred to the loans held for sale portfolio based on management s nonperforming asset disposition strategy

Derivative Assets and Liabilities

BB&T uses derivatives to manage various financial risks The fair values of derivative financial instruments are determined based on quoted market prices dealer quotes and internal pricing models that are primarily sensitive to market observable data BB&T mitigates the credit risk by subjecting counterparties to credit reviews and approvals similar to those used in making loans and other extensions of credit In addition certain counterparties are required to provide collateral to BB&T when their unsecured loss positions exceed certain negotiated limits The fair value of interest rate lock commitments which are related to mortgage loan commitments is based on quoted market prices adjusted for commitments that BB&T does not expect to fund and includes the value attributable to the net servicing fee

Venture Capital and Similar Investments

BB&T has venture capital and similar investments that are carried at fair value Changes in the fair value of these investments are recorded in other noninterest income each period In many cases there are no observable market values for these investments and therefore management must estimate the fair value based on a comparison of the operating performance of the company to multiples in the marketplace for similar entities This analysis requires significant judgment and actual values in a sale could differ materially from those estimated As of December 31 2010 BB&T had $266 million of venture capital investments which is less than 1% of total assets

Intangible Assets

BB&T s mergers and acquisitions are accounted for using the acquisition method of accounting Under the acquisition method BB&T is required to record the assets acquired including identified intangible assets and liabilities assumed at their fair value which often involves estimates based on third party valuations such as appraisals or internal valuations based on discounted cash flow analyses or other valuation techniques all of which are inherently subjective The amortization of identified intangible assets is based upon the estimated economic benefits to be received which is also subjective Acquisitions typically result in goodwill which is subject to ongoing periodic impairment tests based on the fair value of net assets acquired compared to their carrying value Please refer to Note 1 Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of BB&T s impairment testing process The major assumptions used in the impairment testing process include the estimated future cash flows of each business unit and discount rates Discount rates are unique to each business unit and are based upon the cost of capital specific to the industry in which the business unit operates Management evaluated the sensitivity of the significant assumptions in its impairment analysis including consideration of a 10% change in estimated future cash flows or the discount rate for each reporting unit After giving appropriate consideration to all available information management determined that no impairment of goodwill would have been incurred However as a result of the

Maybank 009701

ROA 4303

Table of Contents

challenging economic environment the excess of the fair value over the carrying value of several reporting units has narrowed A continuing period of depressed market conditions or further market deterioration may result in impairment of goodwill in the future

Pension and Postretirement Benefit Obligations

BB&T offers various pension plans and postretirement benefit plans to employees The calculation of the obligations and related expenses under these plans requires the use of actuarial valuation methods and assumptions Actuarial assumptions used in the determination of future values of plan assets and liabilities are subject to management judgment and may differ significantly if different assumptions are used The discount rate assumption used to measure the postretirement benefit obligations is set by reference to published high-quality bond indices as well as certain hypothetical spot rate yield curves These yield curves were constructed from the underlying bond price and yield data collected as of the plan s measurement date and are represented by a series of annualized individual discount rates with durations ranging from six months to thirty years Each discount rate in the curve was derived from an equal weighting of the double A or higher bond universe apportioned into distinct maturity groups For durations where no bond maturities were available the discount rates for these maturities were extrapolated based on historical relationships from observable data in similar markets These indices and hypothetical curves give only an indication of the appropriate discount rate because the cash flows of the bonds comprising the indices and curves do not match the projected benefit payment stream of the plan precisely For this reason we also consider the individual characteristics of the plan such as projected cash flow patterns and payment durations when setting the discount rate Management evaluated the sensitivity changes in the expected return on plan assets and the discount rate would have on pension expense for 2011 A decrease of 25 basis points in the discount rate would result in an additional pension expense of approximately $12 million for 2011 Based on the balance of plan assets on December 31 2010 a decrease of one percent in the expected return on plan assets would result in an increase of approximately $25 million in pension expense for 2011 Please refer to Note 15 Benefit Plans in the Notes to Consolidated Financial Statements for disclosures related to BB&T s benefit plans

Income Taxes

The calculation of BB&T s income tax provision is complex and requires the use of estimates and judgments As part of the Company s analysis and implementation of business strategies consideration is given to the tax laws and regulations that apply to the specific facts and circumstances for any tax position under evaluation For tax positions that are uncertain in nature management determines whether the tax position is more likely than not to be sustained upon examination For tax positions that meet this threshold management then estimates the amount of the tax benefit to recognize in the financial statements Management closely monitors tax developments in order to evaluate the effect they may have on the Company s overall tax position and the estimates and judgments used in determining the income tax provision and records adjustments as necessary

Analysis of Financial Condition

A summary of the more significant fluctuations in balance sheet accounts is presented below

For the year ended December 31 2010 BB&T s average assets totaled $159 7 billion an increase of $4 5 billion or 2 9% compared to the 2009 average of $155 2 billion primarily reflecting growth in average loans and leases and the FDIC loss share receivable Average loans and leases for 2010 were up $2 6 billion or 2 6% from 2009 and average FDIC loss share receivable increased $1 0 billion compared to 2009 The growth in average loans and leases included $3 9 billion in average covered loans as a result of the Colonial acquisition which was completed on August 14 2009 Average investment securities decreased $3 6 billion or 11 6% compared to 2009 due to the deleveraging strategy which was completed during the second quarter of 2010 Total earning assets averaged $135 3 billion in 2010 a decrease of $335 million or 2% compared to 2009 These averages and growth rates include the effects of acquisitions

BB&T s average deposits totaled $106 8 billion reflecting growth of $4 4 billion or 4 3% compared to 2009 The growth in average deposits includes growth of 9 2% from client sources and a decline of 44 2% in wholesale deposit products The favorable change was primarily due to the additional deposits assumed in the Colonial acquisition

Table of Contents

Short term borrowings include Federal funds purchased securities sold under repurchase agreements master notes short term bank notes treasury tax and loan deposit notes payable and other short term borrowings Average short term borrowings totaled $9 0 billion for the year ended December 31 2010 a decrease of $3 5 billion or 27 8% from 2009 BB&T also has used long term debt for a significant portion of its funding needs Long-term debt includes Federal Home Loan Bank (FHLB) advances other secured borrowings by Branch Bank capital securities issued by unconsolidated trusts and senior and subordinated debt issued by the Corporation and Branch Bank Average long term debt totaled $21 7 billion for the year ended December 31 2010 an increase of $2 6 billion or 13 5% compared to 2009

The compound annual rate of growth in average total assets for the five year period ended December 31 2010 was 8 8% Over the same five year period average loans and leases increased at a compound annual rate of 7 9% average securities increased at a compound annual rate of 7 1% and average deposits grew at a compound annual rate of 8 7% These balance sheet growth rates include the effect of acquisitions as well as internal growth

For more detailed discussions concerning the causes of these fluctuations please refer to the sections that follow

Securities Available for Sale

The securities portfolio provides earnings and liquidity and is managed as part of the overall asset and liability management process to optimize net interest income and reduce exposure to interest rate risk Management has historically emphasized investments with duration of five years or less to provide flexibility in managing the balance sheet in changing interest rate environments Management believes that having the vast majority of its investment securities in the available for sale portfolio allows flexibility in the management of the overall investment portfolio consistent with the objectives of optimizing profitability mitigating interest rate risk supporting capital and providing liquidity

The following table provides information regarding the composition of BB&T s available for sale securities portfolio for the years presented

Table 8
Composition of Securities Portfolio

	December 31		
	2010	2009	2008
		(Dollars in millions)	
Securities available for sale			
U S government sponsored entities (GSE)	$ 103	$ 2 035	$ 1,333
Mortgage backed securities issued by GSE	18,344	26 670	27 430
States and political subdivisions	1 909	2 107	2 077
Non agency mortgage backed securities	515	1 022	1 098
Equity and other securities	759	218	426
Covered securities	1 539	1 201	—
Total securities available for sale	$23,169	$33 253	$32 364

Total securities available for sale decreased 30 3% from year end 2009 to year-end 2010 to $23 2 billion at December 31 2010 The decline during 2010 primarily reflects the deleveraging strategy executed during the second quarter of 2010 as discussed below Total securities available for sale increased $889 million in 2009 compared to 2008 The increase primarily reflects the additional securities acquired in the Colonial acquisition

Mortgage backed securities issued by government sponsored entities comprised 79 2% of the total available-for sale securities portfolio at year-end 2010 The duration of the mortgage-backed securities was 3 10 years at December 31 2010 compared to 3 37 years at December 31 2009 As of December 31 2010 the available for sale securities portfolio also includes $1 5 billion of securities that were acquired from the FDIC as

Maybank 009703

ROA 4305

Table of Contents

part of the Colonial acquisition These securities are covered by FDIC loss sharing agreements and include $1 2 billion of non agency mortgage backed securities and $504 million of municipal securities The duration of the entire available for sale portfolio at December 31 2010 was 3 97 years compared to 4 40 years at December 31 2009 The duration of the securities portfolio excludes equity securities auction rate securities and certain non agency mortgage backed securities that were acquired in the Colonial acquisition

In 2010 management executed two major strategies to strengthen the balance sheet In the second quarter of 2010 management executed a deleveraging strategy to better position BB&T s balance sheet for a rising rate environment and achieve a better mix of earning assets In connection with this strategy management reduced the balance sheet by approximately $8 billion through the sale of securities During the third and fourth quarters of 2010 management executed a strategy to further de risk the available for sale securities portfolio The de-risking strategy was aimed at further reducing the duration of the securities portfolio and reducing the risk of charges to other comprehensive income in a rising rate environment Also to further protect against the risk of a rising rate environment management replaced a portion of the securities sold with floating rate securities As of December 31 2010 approximately 28% of the available for sale securities portfolio was floating rate In addition management sold approximately $400 million of non agency mortgage-backed securities to reduce the potential for future credit losses These strategies were the primary driver in generating net securities gains during 2010 Primarily in connection with these strategies, BB&T sold a total of $31 3 billion in available-for sale securities during 2010 which produced net securities gains of $585 million In addition BB&T recognized $31 million in charges for other than temporary impairment related to BB&T's portfolio of non-agency mortgage-backed securities

In 2009 BB&T sold approximately $17 1 billion of available for sale securities and realized net gains totaling $240 million In addition BB&T recorded $41 million of other-than-temporary impairments related to certain debt and equity securities During the first quarter of 2009 BB&T took advantage of an opportunity to shorten the duration of its securities portfolio and realize gains in certain mortgage-backed securities issued by U S government sponsored entities While these mortgage backed securities had higher yields they had a longer duration and government efforts to drive down mortgage rates increased the risk of early prepayment The majority of the proceeds from these sales were reinvested in similar securities with shorter durations early in the second quarter of 2009

During 2008 BB&T sold approximately $21 0 billion of available-for sale securities and realized net gains totaling $211 million In addition BB&T recorded $104 million of other than temporary impairments related to certain debt and equity securities

On December 31 2010 BB&T held certain investment securities having continuous unrealized loss positions for more than 12 months As of December 31 2010 the unrealized losses on these securities totaled $260 million All of these losses were in non-agency mortgage backed and municipal securities At December 31 2010 all of the available for-sale debt securities in an unrealized loss position excluding those covered by FDIC loss sharing agreements were investment grade with the exception of (a) bonds with an amortized cost of $3 million from one issuer of auction rate securities (b) two municipal bonds with an amortized cost of $8 million and (c) eight non agency mortgage backed securities with an amortized cost of $556 million At December 31 2010 the total unrealized loss on these non investment grade securities was $116 million All of the non-investment grade securities referenced above were initially investment grade and have been downgraded since purchase

BB&T monitors the credit ratings of all of its debt securities on an ongoing basis When an investment security is rated lower than investment grade the security is evaluated for potential credit impairment Based on its evaluation at December 31 2010 BB&T determined that certain of the non investment grade non agency mortgage backed securities had credit losses evident and recognized other-than-temporary impairments related to these securities BB&T s evaluation of the other debt securities with continuous unrealized losses indicated that there were no credit losses evident Furthermore as of the date of the evaluation BB&T did not intend to sell and determined that it was more likely than not that the Company would not be required to sell these debt securities before the anticipated recovery of the amortized cost basis See the "Summary Analysis Supporting Conclusions" section included in Note 3 "Securities in the "Notes to Consolidated Financial Statements" herein for additional disclosures related to BB&T s evaluation of securities for other than temporary impairment

Table of Contents

The following table presents BB&T s securities portfolio at December 31 2010 segregated by major category with ranges of maturities and average yields disclosed

Table 9
Securities

	December 31 2010	
	Fair Value	Weighted Average Yield (1)
	(Dollars in millions)	
U S government sponsored entities (GSE)		
Within one year	$ 50	0 06%
One to five years	50	4 36
Five to ten years	1	2 70
After ten years	2	4 08
Total	103	2 22
Mortgage-backed securities issued by GSE (2)		
One to five years	4	6 74
Five to ten years	331	3 18
After ten years	18 009	1 84
Total	18 344	1 86
Obligations of states and political subdivisions (3)		
Within one year	10	6 97
One to five years	5	7 32
Five to ten years	94	6 90
After ten years	1 787	6 57
Total	1 896	6 59
Non agency mortgage-backed securities (2)		
One to five years	1	3 71
Five to ten years	2	5 93
After ten years	512	5 90
Total	515	5 90
Other securities		
One to five years	5	5 33
Five to ten years	8	6 49
After ten years	591	1 31
Total	604	1 41
Covered securities (2)		
Five to ten years	196	5 48
After ten years	1 343	13 21
Total	1 539	11 99
Securities with no stated maturity (4)	168	2 16
Total available for-sale securities	$ 23 169	2 89%

(1) Yields on tax-exempt securities are calculated on a taxable-equivalent basis using the statutory federal income tax rate of 35% Yields for available-for sale securities are calculated based on the amortized cost of the securities

(2) For purposes of the maturity table mortgage-backed securities which are not due at a single maturity date have been included in maturity groupings based on the contractual maturity The expected life of mortgage backed securities will differ from contractual maturities because borrowers may have the right to call or prepay the underlying mortgage loans with or without call or prepayment penalties

Table of Contents

(3) Weighted average yield excludes the effect of pay fixed swaps hedging municipal securities
(4) Securities with no stated maturity include equity investments that totaled $155 million and certain municipal investments that totaled $13 million

The fully taxable equivalent (FTE") yield on the total securities portfolio was 3 89% for the year ended December 31 2010 compared to 4 41% for the prior year The yield on mortgage backed securities issued by government-sponsored entities decreased from 4 14% to 3 24% the FTE yield on state and municipal securities decreased from 5 67% last year to 5 49% in the current year and the yield on U S government sponsored entity securities decreased from 3 86% in 2009 to 3 67% in 2010 The decrease in the annualized FTE yield on the average securities portfolio was primarily the result of reinvesting securities sales into securities with shorter durations and lower yields Partially offsetting these declines the FTE yield benefited from the securities acquired in the Colonial transaction which were outstanding for the full year 2010 compared to a partial year in 2009

Loans and Leases

BB&T emphasizes commercial lending to small and medium sized businesses consumer lending, mortgage lending and specialized lending with an overall goal of maximizing the profitability of the loan portfolio while maintaining strong asset quality The various categories of loan products offered by BB&T are discussed under "Lending Activities in the 'Overview and Description of Business" section herein BB&T is a full service lender with approximately one half of its loan portfolio to businesses and one half to individual consumers BB&T s loan portfolio excluding loans held for sale decreased slightly compared to year-end 2009 This decrease includes a decline of $1 8 billion in covered loans acquired as part of the Colonial transaction All covered loans are covered by one of the FDIC loss sharing agreements as further discussed in Note 2 to the consolidated financial statements Average total loans and leases for 2010 increased $2 6 billion or 2 6% compared to 2009 The growth in the average loan portfolio included an increase of $5 3 billion as a result of the Colonial acquisition during 2009

The following table presents BB&T s average loans for the years ended December 31 2010 and 2009 segregated by major category

Table 10
Composition of Average Loans and Leases

	Years Ended December 31			
	2010		2009	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Commercial loans and leases	$ 48,777	46 6%	$ 50 074	48 9%
Direct retail loans	13 948	13 3	14 730	14 4
Sales finance loans	6 766	6 5	6,392	6 3
Revolving credit loans	2 032	1 9	1 855	1 8
Mortgage loans	15 965	15 2	15 927	15 6
Specialized lending loans	7 778	7 4	7 141	7 0
Other acquired loans	85	1	52	1
Total average loans and leases held for investment (excluding covered loans)	95,351	91 0	96 171	94 1
Covered loans	7 059	6 7	3 144	3 1
Total average loans and leases held for investment	102 410	97 7	99 315	97 2
Loans held for sale	2,377	2 3	2 831	2 8
Total average loans and leases	$104,787	100 0%	$102 146	100 0%

Average commercial loans and leases decreased $1 3 billion or 2 6% in 2010 as compared to 2009 The decline in the commercial portfolio is largely a result of lower commercial real estate balances as management has intentionally lowered its exposures to commercial real estate lending during the economic downturn BB&T's residential acquisition and development portfolio held for investment declined $2 4 billion in the past year to $3 4

Maybank 009706

ROA 4308

Table of Contents

billion at December 31 2010 This decline has been somewhat offset by increases in commercial and industrial lending Management has added a number of new producers in the corporate and middle market banking area in an effort to increase commercial and industrial lending to better diversify the loan portfolio and capitalize on the strength of BB&T s balance sheet during the economic downturn During the fourth quarter of 2010 commercial and industrial loans increased an annualized 6 9% compared to the third quarter of 2010

Average direct retail loans declined 5 3% in 2010 due to continuing difficulties in the residential real estate market which decreased demand for home equity loan products Average sales finance loans and average revolving credit reflected growth rates of 5 9% and 9 5% during 2010 respectively BB&T concentrates its efforts on the highest quality borrowers in both of these product markets

Average mortgage loans held for investment increased slightly compared to 2009 Management views mortgage loans as an integral part of BB&T s relationship-based credit culture BB&T is a large originator of residential mortgage loans with 2010 originations of $24 9 billion A majority of the mortgage loans originated were sold in the secondary market during 2010 During the third quarter of 2010 management made the decision to retain a portion of its 10 to 15 year fixed and variable rate production

Average loans held by BB&T s specialized lending subsidiaries increased $637 million or 8 9% compared to 2009 The growth in the specialized lending portfolio was primarily in nonprime automobile loans and small ticket finance

The average annualized FTE yield for 2010 for the total loan portfolio was 5 88% compared to 5 49% for the prior year The 39 basis point increase in the FTE yield on the loan portfolio was primarily due to the acquired loans from the Colonial transaction which have produced higher yields due to better than expected performance

In the normal course of business residential acquisition development and construction commercial construction or commercial land/development loan agreements may include an interest reserve account at inception An interest reserve allows the borrower to add interest charges to the outstanding loan balance during the construction period Interest reserves provide an effective means to address the cash flow characteristics of a real estate construction loan Loan agreements containing an interest reserve generally require more equity to be contributed by the borrower to the construction project at inception Loans with interest reserves are subject to substantially similar underwriting standards as loans without interest reserves

Loans with interest reserves are closely monitored through physical inspections reconciliation of draw requests review of rent rolls and operating statements and quarterly portfolio reviews performed by senior management When appropriate extensions renewals and restructurings of loans with interest reserves are approved after giving consideration to the project s status the borrower s financial condition and the collateral protection based on current market conditions In connection with the extension renewal or restructuring of a loan with an interest reserve additional interest reserves may be funded by the client partially funded by the client and BB&T or fully provided by BB&T Typically interest reserves provided by BB&T are secured by additional collateral and are limited to more conservative advance rates on the pledged collateral These loans must also be supported by an analysis of the client s willingness and capacity to service the debt

Interest that has been added to the balance of a loan through the use of an interest reserve is recognized as income only if the collectability of the remaining contractual principal and interest payments is reasonably assured If a loan with interest reserves is in default and deemed uncollectible interest is no longer funded through the interest reserve Interest previously recognized from interest reserves generally is not reversed against current income when a construction loan with interest reserves is placed on nonaccrual status

At December 31 2010 approximately $1 2 billion of BB&T s construction loan portfolio have active interest reserves (i e current funding of interest charges through a reserve) compared to $2 4 billion at December 31 2009 Interest income related to loans with active interest reserves was approximately $49 million and represents less than 1% of total interest income for the year ended December 31 2010

Maybank 009707

ROA 4309

Table of Contents

Asset Quality and Credit Risk Management

BB&T has established the following general practices to manage credit risk

limiting the amount of credit that individual lenders may extend to a borrower

establishing a process for credit approval accountability

careful initial underwriting and analysis of borrower transaction market and collateral risks

ongoing servicing of individual loans and lending relationships

continuous monitoring of the portfolio market dynamics and the economy and

periodically reevaluating the bank s strategy and overall exposure as economic market and other relevant conditions change

BB&T s lending strategy focuses on relationship based lending within its markets BB&T has continued to work with its clients that have experienced financial difficulties throughout the economic recession During the second quarter of 2010 management implemented a comprehensive nonperforming asset disposition strategy with a goal of more aggressively reducing BB&T s exposure to nonperforming loans and foreclosed properties and to reduce or eliminate any delay in exiting the credit cycle The strategy was implemented during the second quarter of 2010 as management believed that pricing for distressed assets had improved This strategy continued throughout the third and fourth quarters and into 2011

The implementation of the nonperforming asset disposition strategy included the identification of problem assets that were transferred from loans held for investment to loans held for sale In connection with the strategy management transferred loans with a book value of approximately $1 9 billion to loans held for sale during 2010 This included $1 5 billion of commercial loans which were primarily in the residential acquisition and development and other commercial real estate portfolios and $388 million of residential mortgage loans Net charge offs of $605 million were recorded upon transfer to loans held for sale This included $141 million related to residential mortgage loans and $464 million for commercial loans BB&T also recognized $90 million of losses and additional writedowns related to commercial loans held for sale during 2010 As of December 31 2010 there remained $521 million of nonaccrual commercial loans held for sale These loans were carried at average prices that are consistent with actual sales results Management expects that these loans will be disposed of in the first half of 2011

Maybank 009708

ROA 4310

Table of Contents

The following table summarizes asset quality information for the past five years

Table 11
Asset Quality

	December 31				
	2010	2009	2008	2007	2006
			(Dollars in millions)		
Nonaccrual loans and leases	$2,149	$2 658	$1,396	$ 496	$ 254
Foreclosed property	1,301	1 509	617	194	89
Nonaccrual loans held for sale	521	5	—	—	—
Nonperforming assets (excluding covered assets) (1)(2)(3)	$3 971	$4 172	$2 013	$ 690	$ 343
Loans 90 days or more past due and still accruing (excluding covered loans) (4)(5)(6)	$ 295	$ 311	$ 424	$ 222	$ 100
Loans 30 89 days past due (excluding covered loans) (4)(7)(8)	$1 408	$1 663	$2 022	$1,348	$ 947
Asset Quality Ratios (including covered loans and foreclosed property)					
Loans 30 89 days past due and still accruing as a percentage of total loans and leases	1 65%	1 93%	2 05%	1 47%	1 13%
Loans 90 days or more past due and still accruing as a percentage of total loans and leases	1.34	1 60	43	24	12
Nonperforming loans and leases as a percentage of total loans and leases	2 49	2 51	1 42	54	30
Total nonperforming assets as a percentage of					
Total assets	2 73	2 61	1.32	52	28
Loans and leases plus foreclosed property	3 94	4 02	2 03	75	41
Net charge-offs as a percentage of average loans and leases	2 41	1 74	89	38	27
Allowance for loan and lease losses as a percentage of loans and leases held for investment	2 62	2 51	1 62	1 10	1 07
Ratio of allowance for loan and lease losses to					
Net charge-offs	1 07x	1 47x	1 85x	2 97x	4 12x
Nonperforming loans and leases	1.26	98	1 13	2 03	3 50
Asset Quality Ratios (excluding covered loans and foreclosed property) (9)					
Loans 30-89 days past due and still accruing as a percentage of total loans and leases	1 39%	1 69%	2 05%	1 47%	1 13%
Loans 90 days or more past due and still accruing as a percentage of total loans and leases	29	32	43	24	12
Nonperforming loans and leases as a percentage of total loans and leases	2 64	2 71	1 42	54	30
Total nonperforming assets as a percentage of					
Total assets	2 64	2 65	1.32	52	28
Loans and leases plus foreclosed property	3 88	4 18	2 03	75	41
Net charge-offs as a percentage of average loans and leases	2 59	1 79	89	38	27
Allowance for loan and lease losses as a percentage of loans and leases held for investment	2.63	2 72	1 62	1 10	1 07
Ratio of allowance for loans and losses to					
Net charge-offs	1 01x	1 47x	1 85x	2 97x	4 12x
Nonperforming loans and leases held for investment	1 19	98	1 13	2 03	3 50

(1) Covered and other acquired loans are considered to be performing due to the application of the accretion method Covered loans that are contractually past due are noted in the footnotes below

(2) Excludes nonaccrual mortgage loans that are government guaranteed totaling $55 million $17 million $6 million and $6 million as of December 31 2009 December 31 2008 December 31 2007 and December 31 2006 respectively BB&T revised its nonaccrual policy related to FHA/VA guaranteed loans during 2010 The change in policy resulted in a decrease in nonaccrual mortgage loans and an increase in mortgage loans 90 days past due and still accruing of approximately $79 million

Table of Contents

(3) Excludes foreclosed real estate totaling $313 million and $160 million as of December 31 2010 and December 31 2009 respectively that are covered by FDIC loss sharing agreements
(4) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase
(5) Excludes loans past due 90 days or more that are covered by FDIC loss sharing agreements totaling $1 1 billion and $1 4 billion at December 31 2010 and December 31 2009 respectively
(6) Excludes mortgage loans past due 90 days or more that are government guaranteed totaling $153 million $8 million $7 million $1 million and $2 million at December 31 2010 December 31 2009 December 31 2008 December 31 2007 and December 31 2006 respectively
(7) Excludes loans totaling $363 million and $591 million past due 30 89 days at December 31 2010 and December 31 2009 respectively that are covered by FDIC loss sharing agreements
(8) Excludes mortgage loans past due 30 89 days that are government guaranteed totaling $83 million $23 million $25 million $7 million and $5 million at December 31 2010 December 31 2009 December 31 2008 December 31 2007 and December 31 2006 respectively
(9) These asset quality ratios have been adjusted to remove the impact of covered loans and covered foreclosed property Appropriate adjustments to the numerator and denominator have been reflected in the calculation of these ratios Management believes the inclusion of acquired loans in certain asset quality ratios that include nonperforming assets past due loans or net charge-offs in the numerator or denominator results in distortion of these ratios and they may not be comparable to other periods presented or to other portfolios that were not impacted by purchase accounting

Substantially all of the loans acquired in the Colonial acquisition are covered by loss sharing agreements with the FDIC whereby the FDIC reimburses BB&T for the majority of the losses incurred In addition all of the loans acquired were recorded at fair value as of the acquisition date without regard to the loss sharing agreements Loans were evaluated and assigned to loan pools based on common risk characteristics The determination of the fair value of the loans resulted in a significant write-down in the carrying amount of the loans which was assigned to an accretable or nonaccretable balance with the accretable balance being recognized as interest income over the remaining term of the loan In accordance with the acquisition method of accounting there was no allowance brought forward on any of the acquired loans as the credit losses evident in the loans were included in the determination of the fair value of the loans at the acquisition date and are represented by the nonaccretable balance The majority of the nonaccretable balance is expected to be received from the FDIC in connection with the loss sharing agreements and is recorded as a separate asset from the covered loans and reflected on the Consolidated Balance Sheets As a result all of the loans acquired in the Colonial acquisition were considered to be accruing loans as of the acquisition date In accordance with regulatory reporting standards covered loans that are contractually past due will continue to be reported as past due and still accruing based on the number of days past due

Given the significant amount of acquired loans that are past due but still accruing BB&T believes the inclusion of these loans in certain asset quality ratios including Loans 30 89 days past due and still accruing as a percentage of total loans and leases Loans 90 days or more past due and still accruing as a percentage of total loans and leases Nonperforming loans and leases as a percentage of total loans and leases and certain other asset quality ratios that reflect nonperforming assets in the numerator or denominator (or both) results in significant distortion to these ratios In addition because charge-offs related to the acquired loans are recorded against the nonaccretable balance the net charge-off ratio including the acquired loans is lower for portfolios that have significant amounts of acquired loans The inclusion of these loans in the asset quality ratios described above could result in a lack of comparability across quarters or years and could negatively impact comparability with other portfolios that were not impacted by acquisition accounting BB&T believes that the presentation of asset quality measures excluding covered loans and related amounts from both the numerator and denominator provides better perspective into underlying trends related to the quality of its loan portfolio Accordingly the asset quality measures in Table 11 present asset quality information both on a consolidated basis as well as excluding the covered assets and related amounts

Consistent with BB&T s belief that the presentation of certain asset quality measures excluding the impact of covered loans is more meaningful certain information reflected in Tables 12 1 12 2 14 1 14 2 and 14 3 has been adjusted to exclude the impact of covered loans and foreclosed property These adjustments have been identified and explained in the footnotes to each table

Table of Contents

Nonperforming assets consist of foreclosed real estate repossessions nonaccrual loans and certain restructured loans which totaled $4 3 billion at December 31 2010 (or $4 0 billion excluding covered foreclosed property) compared to $4 3 billion (or $4 2 billion excluding covered foreclosed property) at December 31 2009 After peaking in the first quarter of 2010 nonperforming assets excluding covered foreclosed property declined $423 million in the last three quarters of 2010 as BB&T continued to successfully implement its nonperforming asset disposition strategy As a percentage of loans and leases plus foreclosed property nonperforming assets were 3 94% at December 31 2010 (or 3 88% excluding covered loans and foreclosed property) compared with 4 02% (or 4 18% excluding covered loans and foreclosed property) at December 31 2009

Past due loans still accruing decreased 13 7% compared to the level at year-end 2009 Loans 90 days or more past due and still accruing interest excluding covered loans and government guaranteed mortgage loans totaled $295 million at December 31 2010 compared with $311 million at year end 2009 Loans 30 89 days past due excluding covered loans and government guaranteed mortgage loans totaled $1 4 billion at December 31 2010 which was also a decline compared with $1 7 billion at year end 2009

>4

Maybank 009711

ROA 4313

Table of Contents

The following table summarizes nonperforming assets and past due loans by loan type for the past three years

Table 12 1
Summary of Nonperforming Assets and Past Due Loans

	December 31		
	2010	2009	2008
	(Dollars in millions)		
Nonaccrual loans and leases (1)			
Commercial loans and leases	$1 426	$1 651	$ 845
Direct retail	191	197	89
Sales finance	6	7	7
Mortgage (2)	466	707	558
Specialized lending	60	96	97
Total nonaccrual loans and leases held for investment	2,149	2 658	1 596
Nonaccrual loans held for sale	521	5	—
Foreclosed real estate	1,259	1 451	338
Other foreclosed property	42	58	79
Total nonperforming assets (3)	$3,971	$4 172	$2,013
Nonaccrual loans and leases as a percentage of total loans and leases (4)			
Commercial loans and leases	1 41%	1 68%	85%
Direct retail	19	20	09
Sales finance	.01	01	01
Mortgage	45	71	37
Specialized lending	.06	10	10
Nonaccrual loans held for sale	.52	01	—
Total nonaccrual loans and leases as a percentage of loans and leases (5)	2.64%	2 71 %	1 42%
Loans 90 days or more past due and still accruing interest (6)			
Commercial loans and leases	$ 20	$ 7	$ 86
Direct retail	76	82	117
Sales finance	27	30	26
Revolving credit	20	25	23
Mortgage (7)	143	150	158
Specialized lending	6	12	14
Other acquired loans	3	3	—
Total loans 90 days or more past due and still accruing interest (8)	$ 295	$ 11	$ 424
Total loans 90 days or more past due and still accruing interest as a percentage of total loans and leases (4)			
Commercial loans and leases	02%	01 %	09%
Direct retail	07	08	12
Sales finance	03	03	03
Revolving credit	02	03	02
Mortgage	14	15	16
Specialized lending	01	01	01
Other acquired loans	—	01	—
Total loans 90 days or more past due and still accruing interest as a percentage of total loans and leases (9)	.29%	32%	43
Loans 30-89 days past due (6)			
Commercial loans and leases	$ 315	$ 377	$ 594
Direct retail	189	216	270
Sales finance	95	126	146
Revolving credit	28	32	34
Mortgage (10)	532	600	665
Specialized lending	248	306	313
Other acquired loans	1	6	—
Total loans 30-89 days past due (11)	$1 408	$1 663	$2,022
Total loans 30-89 days past due as a percentage of total loans and leases (4)			
Commercial loans and leases	.31%	38%	60%
Direct retail	19	22	27
Sales finance	09	13	15
Revolving credit	03	03	03
Mortgage	.53	61	68
Specialized lending	.24	31	32
Other acquired loans	—	01	—
Total loans 30-89 days past due as a percentage of total loans and leases (12)	1.39%	1 69%	2 05%

Table of Contents

(1) Covered and other acquired loans are considered to be performing due to the application of the accretion method Covered loans that are contractually past due are noted in the footnotes below
(2) Excludes nonaccrual mortgage loans that are government guaranteed totaling $53 million and $17 million as of December 31 2009 and December 31 2008 respectively BB&T revised its nonaccrual policy related to FHA/VA guaranteed loans during 2010 The change in policy resulted in a decrease in nonaccrual mortgage loans and an increase in mortgage loans 90 days past due and still accruing of approximately $79 million
(3) Excludes foreclosed real estate totaling $213 million and $160 million as of December 31 2010 and December 31 2009 respectively that are covered by FDIC loss sharing agreements
(4) These asset quality ratios have been adjusted to remove the impact of covered loans and covered foreclosed property Appropriate adjustments to the numerator and denominator have been reflected in the calculation of these ratios Management believes the inclusion of acquired loans in certain asset quality ratios that include nonperforming assets past due loans or net charge-offs in the numerator or denominator results in distortion of these ratios and they may not be comparable to other periods presented or to other portfolios that were not impacted by purchase accounting.
(5) Including loans covered by FDIC loss sharing agreements nonaccrual loans and leases as a percentage of total loans and leases were 2 49% and 2 51%, as of December 31 2010 and December 31 2009 respectively
(6) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase
(7) Excludes mortgage loans past due 90 days or more that are government guaranteed totaling $153 million $8 million and $7 million at December 31 2010 December 31 2009 and December 31 2008 respectively
(8) Excludes loans past due 90 days or more that are covered by FDIC loss sharing agreements totaling $1 1 billion and $1 4 billion at December 31 2010 and December 31 2009 respectively
(9) Including loans covered by FDIC loss sharing agreements loans past due 90 days or more and still accruing as a percentage of total loans and leases were 1 4 and 1 60% as of December 31 2010 and December 1 2009 respectively
(10) Excludes mortgage loans past due 30-89 days that are government guaranteed totaling $83 million $23 million and $25 million at December 1 2010 December 31 2009 and December 31 2008 respectively
(11) Excludes loans totaling $363 million and $391 million past due 30-89 days at December 31 2010 and December 31 2009 respectively that are covered by FDIC loss sharing agreements
(12) Including loans covered by FDIC loss sharing agreements loans past due 0-89 days as a percentage of total loans and leases were 1 65% and 1 95% as of December 31 2010 and December 31 2009 respectively

Table 12 2
Troubled Debt Restructurings

	December 31 2010						
	Current Status		Past Due 30-89 Days		Past Due 90+ Days		Total
	(Dollars in millions)						
Performing restructurings (1) (2) (3)							
Commercial loans	$ 637	97 0%	$ 20	3 0%	$ —	— %	$ 657
Direct retail loans	129	91 5	10	7 1	2	1 4	141
Sales finance loans	—	—	1	20 0	4	80 0	5
Revolving credit loans	48	77 4	8	12 9	6	9 7	62
Residential mortgage loans (4)	454	77 6	108	18 5	23	3 9	585
Specialized lending loans	23	88 5	3	11 5	—	—	26
Total performing restructurings	1 291	87 5	150	10 2	35	2 4	1 476
Nonperforming restructurings (5)	132	27 6	60	12 5	287	59 9	479
Total restructurings	$1 423	72 8	$ 210	10 6	$ 322	16 5	$1 955

(1) Excludes restructured covered and other acquired loans accounted for under the accretion method
(2) Past due performing restructurings are included in past due disclosures
(3) Excludes restructured mortgage loans that are government guaranteed totaling $14 million included in loans held for sale
(4) Excludes restructured mortgage loans that are government guaranteed totaling $115 million
(5) Nonperforming restructurings are included in nonaccrual loan disclosures

Troubled debt restructurings (restructurings) generally occur when a borrower is experiencing or is expected to experience financial difficulties in the near term As a result BB&T will work with the borrower to prevent further difficulties and ultimately to improve the likelihood of recovery on the loan To facilitate this process a concessionary modification that would not otherwise be considered may be granted resulting in classification of the loan as a restructuring Restructurings can involve loans remaining on nonaccrual moving to nonaccrual or continuing on accruing status depending on the individual facts and circumstances of the borrower In circumstances where the restructuring involves charging off a portion of the loan balance BB&T typically classifies these restructurings as nonaccrual With respect to commercial restructurings an analysis of the credit evaluation in conjunction with an evaluation of the borrower s performance prior to the restructuring are considered when evaluating the borrower s ability to meet the restructured terms of the loan agreement Restructured nonaccrual loans may be returned to accrual status based on a current well-documented credit evaluation of the borrower s financial condition and prospects for repayment under the modified terms This

Table of Contents

evaluation must include consideration of the borrower s sustained historical repayment performance for a reasonable period (generally a minimum of six months) prior to the date on which the loan is returned to accrual status Sustained historical repayment performance for a reasonable time prior to the restructuring may be taken into account

In connection with consumer loan restructurings a nonperforming loan will be returned to accruing status when current as to principal and interest and upon a sustained historical repayment performance (generally a minimum of six months)

BB&T s performing restructured loans excluding government guaranteed mortgage loans totaled $1 5 billion at December 31 2010 an increase of $406 million compared with December 31 2009 The majority of BB&T s commercial lending loan modifications that are considered restructurings involve an extension of the term of the loan without a corresponding adjustment to the risk premium reflected in the interest rate BB&T does not typically lower the interest rate and rarely forgives principal or interest as part of a commercial loan modification In addition BB&T frequently obtains additional collateral or guarantor support when modifying such loans For commercial loans performing restructured loans totaled $657 million at December 31 2010 These loans are typically residential acquisition development and construction loans where BB&T has extended the maturity of the loan for less than one year without a sufficient corresponding increase in the interest rate or principal payments have been deferred to assist the borrower The majority of BB&T s mortgage and consumer loan modifications that are considered restructurings involve a reduction in the interest rate to a below market rate and/or an increase in the term of the loan without a corresponding adjustment to the risk premium reflected in the interest rate These modifications rarely result in the forgiveness of principal or interest

Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

The allowance for loan and lease losses and the reserve for unfunded lending commitments compose BB&T s allowance for credit losses The allowance for credit losses totaled $2 8 billion at December 31 2010 an increase of 3 1% compared to $2 7 billion at the end of 2009 The allowance for loan and lease losses as a percentage of loans and leases held for investment was 2 62% at December 31 2010 (or 2 63% excluding covered loans) compared to 2 51% (or 2 72% excluding covered loans) at year-end 2009 The decline in the allowance as a percentage of loans held for investment excluding covered loans reflects the improvement in the overall quality of the loan portfolio Please refer to Note 5 "Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments in the Notes to Consolidated Financial Statements" for additional disclosures

Information relevant to BB&T s allowance for loan and lease losses for the last five years is presented in the following tables Table 13 1 is presented using regulatory classifications which focuses on the underlying loan collateral and differs from internal classifications presented herein that focus on the lines of business that generate the loans Table 13 2 is presented based upon the lines of business as discussed herein

57

Table of Contents

Table 13 1
Analysis of Allowance for Credit Losses

	December 31				
	2010	2009	2008	2007	2006
			(Dollars in millions)		
Balance beginning of period	$ 2 672	$ 1 607	$ 1 015	$ 888	$ 830
Provision for credit losses (excluding covered loans)	2,494	2 811	1 445	448	240
Provision for covered loans	144	—	—	—	—
Charge-offs					
Commercial financial and agricultural	(198)	(214)	(94)	(40)	(32)
Real estate	(2,075)	(1 157)	(427)	(93)	(46)
Consumer	(376)	(477)	(383)	(264)	(194)
Lease receivables	(9)	(14)	(13)	(8)	(5)
Total charge-offs	(2 658)	(1 862)	(917)	(405)	(277)
Recoveries					
Commercial financial and agricultural	22	16	10	11	12
Real estate	53	24	8	8	7
Consumer	53	48	47	47	41
Lease receivables	2	1	1	1	1
Total recoveries	130	89	66	67	61
Net charge-offs	(2 528)	(1 773)	(851)	(338)	(216)
Other changes	(27)	27	(2)	17	34
Balance end of period	$ 2,755	$ 2 672	$ 1 607	$ 1 015	$ 888
Average loans and leases (1)	$104,787	$102 146	$95 195	$87 952	$79,313
Net charge-offs as a percentage of average loans and leases (1) (2)	2 41%	1 74%	89%	38%	27%

(1) Loans and leases are net of unearned income net deferred loan fees and cost and include loans held for sale
(2) The net charge-off rate for 2010 and 2009 was 2 59% and 1 79% respectively excluding the effect of average loans covered by the FDIC loss sharing agreements

Maybank 009715

ROA 4317

Table of Contents

Table 13-2
Analysis of Allowance for Credit Losses by Lines of Business

	December 31				
	2010	2009	2008	2007	2006
	(Dollars in millions)				
Allowance For Credit Losses					
Beginning balance	$ 2,672	$ 1 607	$1 015	$ 888	$ 830
Provision for credit losses					
(excluding covered loans)	2 494	2 811	1 445	448	240
Provision for covered loans	144	—	—	—	—
Charge-offs					
Commercial loans and leases (1)	(1,508)	(720)	(276)	(65)	(37)
Direct retail loans	(338)	(349)	(156)	(72)	(48)
Sales finance loans	(48)	(72)	(59)	(31)	(21)
Revolving credit loans	(118)	(127)	(79)	(47)	(45)
Mortgage loans (2)	(394)	(280)	(96)	(10)	(6)
Specialized lending	(252)	(314)	(251)	(180)	(120)
Total charge offs	(2 658)	(1 862)	(917)	(405)	(277)
Recoveries					
Commercial loans and leases (1)	37	21	16	17	15
Direct retail loans	33	19	12	13	12
Sales finance loans	9	9	7	8	8
Revolving credit loans	16	12	11	12	11
Mortgage loans (2)	4	5	1	—	1
Specialized lending	31	23	19	17	14
Total recoveries	130	89	66	67	61
Net charge-offs	(2,528)	(1 773)	(851)	(338)	(216)
Other changes	(27)	27	(2)	17	34
Ending balance	$ 2 755	$ 2 672	$1 607	$1 015	$ 888

(1) Includes net charge-offs of $464 million in commercial loans and leases during 2010 in connection with BB&T s NPA disposition strategy
(2) Includes net charge offs of $141 million in mortgage loans during 2010 in connection with BB&T s NPA disposition strategy

Maybank 009716

ROA 4318

Table of Contents

The following tables provide further details regarding BB&T s commercial real estate lending residential mortgage and consumer home equity portfolios as of December 31 2010

Table 14-1
Real Estate Lending Portfolio Credit Quality and Geographic Distribution
Commercial Real Estate Loan Portfolio (1) (2)

Residential Acquisition Development and Construction Loans ("ADC ")	As of / For the Period Ended December 31 2010			
	Builder / Construction	Land / Land Development	Condos / Townhomes	Total ADC
	(Dollars in millions, except average loan and average client size)			
Total loans outstanding	$ 948	$ 2 263	$ 186	$3 397
Average loan size (in thousands)	220	502	1 012	378
Average client size (in thousands)	549	828	2,312	744
Nonaccrual loans and leases as a percentage of category	18 19%	14 61%	5 24%	15 09%
Gross charge-offs as a percentage of category				
Year to Date	7 85	16 84	8 89	13 86
Quarter to Date	8 44	13 15	5 25	11 40

	As of / For the Period Ended December 31 2010			
			Gross Charge-Offs as a Percentage of Outstandings	
ADC by State of Origination	Total Outstandings	Nonaccrual as a Percentage of Outstandings	Year to-Date	Quarter to-Date
	(Dollars in millions)			
North Carolina	$ 1 541	14 86%	8 40%	11 54%
Virginia	614	5 45	7 35	6 31
South Carolina	315	16 62	13 15	12 40
Georgia	278	21 83	33 07	22 47
Florida	177	24 07	30 57	22 97
Washington D C	113	21 04	20 37	2 06
Tennessee	100	18 60	13 53	14 49
West Virginia	79	7 91	14 39	2 67
Kentucky	76	17 09	17 87	45
Maryland	59	5 54	3 05	4 86
Alabama	44	68 07	19 10	5 58
Other	1	—	—	—
Total	$ 3 397	15 09%	13 86%	11 40%

	As of / For the Period Ended December 31 2010			
Other Commercial Real Estate Loans (3)	Commercial Construction	Commercial Land/ Development	Permanent Income Producing Properties	Total Other Commercial Real Estate
	(Dollars in millions, except average loan and average client size)			
Total loans outstanding	$ 952	$ 1 408	$ 9 091	$ 11 451
Average loan size (in thousands)	1 018	652	503	541
Average client size (in thousands)	1 488	773	761	793
Nonaccrual loans and leases as a percentage of category	1 98%	10 50%	2 62%	3 53%
Gross charge-offs as a percentage of category				
Year to-Date	2 11	9 11	3 02	3 83
Quarter to Date	1 27	7 23	3 70	3 94

Table of Contents

Other Commercial Real Estate Loans by State of Origination (3)	As of / For the Period Ended December 31 2010			
			Gross Charge-Offs as a Percentage of Outstandings	
	Total Outstandings	Nonaccrual as a Percentage of Outstandings	Year to-Date	Quarter to-Date
	(Dollars in millions)			
North Carolina	$ 3 520	2 55%	2 70%	1 89%
Virginia	1 866	1 04	1 16	1 18
Georgia	1 776	7 01	6 68	9 54
South Carolina	911	3 79	3 41	9 68
Florida	740	11 47	12 85	6 51
Washington D C	660	3 01	3 71	4 39
Maryland	579	54	12	45
Kentucky	453	1 01	1 44	16
West Virginia	413	76	1 15	36
Tennessee	344	4 61	5 60	3 68
Alabama	90	5 77	4 09	4 01
Other	99	—	1 68	—
Total	$ 11 451	3 53%	3 83%	3 94%

(1) Commercial real estate loans ('CRE ') are defined as loans to finance non-owner occupied real property where the primary repayment source is the sale or rental/lease of the real property Definition is based on internal classification Excludes covered loans and in process items

(2) Includes net charge-offs and average balances related to loans transferred to held for sale while they were held for investment Loans transferred to held for sale are excluded from total loans outstanding As of December 31 2010 there were $239 million ADC loans and $168 million other CRE loans held for sale All of the held for sale ADC and Other CRE loans are on nonaccrual status

(3) C&I loans secured by real property are excluded

The residential acquisition development and construction ("ADC") loan portfolio totaled $3 4 billion at December 31 2010 a decrease of $2 4 billion from December 31 2009 This portfolio continues to represent the largest concentration of credit quality issues The decline in the portfolio reflects management s efforts to work through the problem credits in this portfolio Management has established a target size of between $2 billion and $3 billion for the ADC portfolio As a percentage of loans held for investment ADC nonaccruals were 15 09% at year-end 2010 compared to 13 63% at year-end 2009 The allowance for loan and lease losses that is assigned to the ADC portfolio was 13 8% as of December 31 2010 compared to 14 1% as of year-end 2009 The gross charge-off rate for the ADC portfolio was 13 86% for 2010 compared to 5 71% for 2009 For the fourth quarter of 2010 the annualized gross charge off rate was 11 40% compared to 24 11% for the third quarter of 2010 The other commercial real estate portfolio which is largely office buildings hotels warehouses apartments rental houses and shopping centers totaled $11 5 billion at December 31 2010 The components of the portfolio that are experiencing the most stress relate to land development and hotel properties As a percentage of loans other commercial real estate nonaccruals were 3 53% at December 31 2010 compared with 2 70% at December 31 2009 The gross charge off rate for the other commercial real estate portfolio was 3 83% in 2010 compared to 76% for 2009 For the fourth quarter of 2010 the annualized gross charge-off rate was 3 94% compared to 8 11% for the third quarter of 2010 The increased charge-off rates in the ADC and other commercial real estate portfolios during 2010 include the impact of the additional charge-offs on loans transferred to loans held for sale as part of the NPA disposition strategy The vast majority of those losses were recorded in the third quarter of 2010

Maybank 009718

ROA 4320

Table of Contents

Table 14-2
Real Estate Lending Portfolio Credit Quality and Geographic Distribution
Residential Mortgage Portfolio (1)

	As of / For the Period Ended December 31 2010				
Residential Mortgage Loans	Prime	ALT A	Construction/ Permanent	Subprime (2)	Total
	(Dollars in millions, except average loan size)				
Total loans outstanding	$14 629	$2 123	$ >51	$ 482	$17 785
Average loan size (in thousands)	194	310	323	61	194
Average refreshed credit score (3)	722	694	714	57>	714
Percentage that are first mortgages	100%	100%	99%	82%	99%
Average loan to value at origination	74	68	73	74	74
Nonaccrual loans and leases as a percentage of category	1 77	6 67	7 9>	8 18	2 72
Gross charge-offs as a percentage of category					
Year to Date	1 73	4 75	4 68	8 04	2 >0
Quarter to-Date	1 04	2 66	2 >6	> 41	1 42

	As of / For the Period Ended December 31 2010			
			Gross Charge-Offs as a Percentage of Outstandings	
Residential Mortgage Loans by State	Total Outstandings	Nonaccrual as a Percentage of Outstandings	Year to-Date	Quarter to-Date
	(Dollars in millions)			
North Carolina	$ 4 319	2 02%	1 19%	75%
Virginia	3 070	2 06	1 65	74
Florida	2 296	> 79	6 85	4 20
Maryland	1 735	2 30	2 20	1 10
Georgia	1 641	2 93	3 30	2 68
South Carolina	1 631	3 33	2 40	1 17
Kentucky	4>6	1 35	48	33
West Virginia	368	1 37	75	49
Texas	364	42	16	–
Tennessee	346	2 70	1 19	87
Alabama	230	1 64	2 70	32
Washington D C	211	2 29	69	48
Other	1 118	2 51	2 14	73
Total	$ 17 78>	2 72%	2 >0%	1 42%

Applicable ratios are annualized

(1) Excludes mortgage loans held for sale covered loans mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase and in process items

(2) Includes $336 million in loans originated by Lendmark Financial Services which are disclosed as a part of the specialized lending category

(3) Weighted based on outstanding balance

The residential mortgage loan portfolio as presented in Table 14 2 totaled $17 8 billion as of December 31 2010 an increase of $2 1 billion from December 31 2009 As a percentage of loans residential mortgage loan nonaccruals were 2 72% at December 31 2010 compared with 4 94% at December 31 2009 The gross charge-off rate for the residential mortgage loan portfolio was 2 >0% in 2010 compared to 1 79% for 2009 For the fourth quarter of 2010 the annualized gross charge-off rate was 1 42% compared to 1 34% for the third quarter of 2010 The improvement in nonaccrual loans primarily reflects the sale of nonperforming mortgage loans during the second quarter of 2010 which resulted in additional charge-offs as previously discussed

Table of Contents

Table 14-3
Real Estate Lending Portfolio Credit Quality and Geographic Distribution
Direct Retail 1-4 Family and Lot/Land Real Estate Portfolio (1)

	As of / For the Period Ended December 31 2010			
Direct Retail 1-4 Family and Lot/Land Real Estate Loans & Lines	Residential Lot/Land Loans	Home Equity Loans	Home Equity Lines	Total
	(Dollars in millions, except average loan size)			
Total loans outstanding	$ 1 363	$ 5 854	$ 5 513	$12 730
Average loan size (in thousands) (2)	59	44	36	41
Average refreshed credit score (3)	721	722	762	746
Percentage that are first mortgages	100%	76%	28%	58%
Average loan to value at origination	79	63	64	65
Nonaccrual loans and leases as a percentage of category	5 91	1 37	47	1 46
Gross charge-offs as a percentage of category				
Year to-Date	8 01	1 58	1 52	2.32
Quarter to-Date	8 87	1 64	1 62	2 43

	As of / For the Period Ended December 31 2010			
			Gross Charge-Offs as a Percentage of Outstandings	
Direct Retail 1-4 Family and Lot/Land Real Estate Loans and Lines By State of Origination	Total Outstandings	Nonaccrual as a Percentage of Outstandings	Year to-Date	Quarter to-Date
	(Dollars in millions)			
North Carolina	$ 4 374	1 72%	2 18%	2 32%
Virginia	2 869	79	1 31	1 22
South Carolina	1 223	1 98	2 59	2 97
Georgia	1 025	1 66	3 89	4 23
Maryland	811	92	2 19	1 98
West Virginia	773	1 28	93	75
Florida	626	2 26	6 77	7 80
Kentucky	564	1 36	70	82
Tennessee	349	1 88	4 27	3 35
Washington D C	81	92	4 20	6 00
Other	75	1 45	1 16	1 50
Total	$ 12 730	1 46%	2 32%	2 43%

Applicable ratios are annualized

(1) Direct retail 1-4 family and lot/land real estate loans are originated through the BB&T branching network Excludes covered loans and in process items
(2) Home equity lines without an outstanding balance are excluded from this calculation
(3) Based on number of accounts

The direct retail consumer real estate loan portfolio as presented in Table 14-3 totaled $12 7 billion as of December 31 2010 a decrease of $663 million from December 31 2009 This portfolio includes residential lot/land loans home equity loans and home equity lines which are primarily originated through the branch network As a percentage of loans direct retail consumer real estate nonaccruals were 1 46% at December 31 2010 compared to 1 44% at December 31 2009 The gross charge-off rate for the direct retail consumer real estate loan portfolio was 2 32% in 2010 compared to 2 19% for 2009 For the fourth quarter of 2010 the annualized gross charge-off rate was 2 43% compared to 2 24% for the third quarter of 2010

The residential lot/land loan component of this portfolio experienced the highest loss rates during 2010 The amount of the allowance allocated for the residential lot/land portfolio was 7 3% as of December 31 2010 This component of the portfolio declined $360 million or 20 9% during 2010

Table of Contents

Deposits and Other Borrowings

Client deposits generated through the BB&T banking network are the largest source of funds used to support asset growth Total deposits at December 31 2010 were $107 2 billion a decrease of $7 8 billion or 6 7% compared to year-end 2009 The decrease in deposits during 2010 was driven by an $11 0 billion or 34 0% decrease in client certificates of deposit Other client deposits which include money market deposit accounts savings accounts individual retirement accounts and other time deposits increased by $1 9 billion or 3 7% compared to year-end 2009 and noninterest bearing deposits increased by $1 7 billion or 8 9% from the prior year The overall decrease is primarily due to redemptions of wholesale deposits and higher rate certificates of deposit in connection with BB&T s balance sheet deleveraging as well as the sale of approximately $850 million of Nevada deposits acquired in the Colonial acquisition For the year ended December 31 2010 total deposits averaged $106 8 billion an increase of $4 4 billion or 4 3% compared to 2009 The increase in average deposits was primarily the result of a $6 1 billion or 13 6% increase in average other client deposits and a $3 4 billion or 20 5% increase in average noninterest bearing deposits These increases were partially offset by a decrease in other interest bearing deposits of $4 1 billion compared to the prior year The increase in average deposits included the impact of Colonial which was acquired in August 2009

The following table presents BB&T s average deposits for the years ended December 31 2010 and 2009 segregated by major category

Table 15
Composition of Average Deposits

	Years Ended December 31			
	2010		2009	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Noninterest bearing deposits	$ 19,742	18 5%	$ 16,387	16 0%
Interest checking	3 703	3 5	2 831	2 8
Other client deposits	51 239	47 9	45 107	44 1
Client certificates of deposit	26 872	25 2	28 702	28 0
Total client deposits	101 556	95 1	93 027	90 9
Other interest bearing deposits	5 217	4 9	9 354	9 1
Total average deposits	$106 773	100 0%	$102,381	100 0%

The overall mix of deposits continued to improve in 2010 Average client deposits grew 9 2% due to strong growth in noninterest bearing and other client deposits which was aided by the Colonial acquisition while reliance on other interest-bearing deposits declined BB&T has been successful in attracting new business and individual accounts by emphasizing the strength of BB&T s franchise

The average rate paid on interest bearing deposits dropped to 1 05% during 2010 from 1 48% in 2009 The average cost for interest-bearing deposits declined during 2010 as management was able to reduce its reliance on relatively higher rate CDs The average rates paid on the various categories of interest bearing deposits also decreased as follows CDs decreased to 1 97% in the current year from 2 60% in 2009 other client deposits decreased to 64% in the current year from 88% in 2009 interest checking decreased to 50% in 2010 from 39% in 2009 and other interest-bearing deposits decreased to 92% in 2010 from 1 23% in 2009

BB&T also uses various types of short term borrowings in meeting funding needs While client deposits remain the primary source for funding loan originations management uses short term borrowings as a supplementary funding source for loan growth and other balance sheet management purposes Short term borrowings were 5 7% of total funding on average in 2010 as compared to 8 0% in 2009 See Note 9 Federal Funds Purchased Securities Sold Under Agreements to Repurchase and Short Term Borrowed Funds in the Notes to Consolidated Financial Statements" herein for further disclosure The types of short term borrowings used by the Corporation include Federal funds purchased which was 4% of total short term borrowings and

Maybank 009721

ROA 4323

Table of Contents

securities sold under repurchase agreements which was 21 0% of short term borrowings at year end 2010 Master notes which are short-term borrowings issued to BB&T s clients represented 14 2% of total short term borrowings at December 31 2010 Unsecured bank notes bank obligations collateralized by municipal securities U S Treasury tax and loan deposit notes and borrowings under the treasury auction facility are also used to meet short term funding needs and represented the remaining 64 4% of these types of funding sources as of December 31 2010 Short term borrowings at the end of 2010 were $5 7 billion a decrease of $2 4 billion or 30 0% compared to year-end 2009 Average short term borrowings totaled $9 0 billion during 2010 compared to $12 5 billion last year a decrease of 27 8% The decline in the balances during 2010 primarily reflect the balance sheet deleveraging strategy that was executed during the second quarter of 2010 and strong growth in client deposits which has reduced the Corporation s reliance on short term funding The rates paid on average short term borrowings declined from 50% in 2009 to 28% during 2010 At December 31 2010 the targeted Federal funds rate was a range of zero percent to 25%

The following table summarizes certain pertinent information for the past three years with respect to BB&T s short-term borrowings

Table 16
Federal Funds Purchased, Securities Sold Under Agreements to Repurchase and Short Term Borrowed Funds

	As of / For the Year Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Securities Sold Under Agreements to Repurchase			
Maximum outstanding at any month end during the year	$ 2,299	$ 2 635	$ 2 929
Balance outstanding at end of year	1,189	2 197	2 929
Average outstanding during the year	1 620	2,259	2,314
Average interest rate during the year	85%	96%	2 40%
Average interest rate at end of year	96	69	1 41
Federal Funds Purchased and Short-term Borrowed Funds			
Maximum outstanding at any month-end during the year	$10,486	$17 436	$13,346
Balance outstanding at end of year	4,484	5 909	7 859
Average outstanding during the year	7 402	10,232	8,266
Average interest rate during the year	10%	.35%	2 17%
Average interest rate at end of year	32	.21	67

BB&T also uses long term debt to provide both funding and to a lesser extent regulatory capital Long term debt was 13 6% of total funding on average during 2010 and 12 5% in 2009 See Note 11 Long Term Debt in the "Notes to Consolidated Financial Statements" herein for further disclosure Long-term debt at December 31 2010 totaled $21 7 billion an increase of 1 7% from year-end 2009 The increase in long-term debt was primarily due to the issuance of $500 million of senior notes with an interest rate of 3 95% due April 2016 For the year ended December 31 2010 average long-term debt increased $2 6 billion or 13 5% compared to the average for 2009 The increase in average long term debt reflects the current year issuance of $500 million and various issuances of long term debt completed during 2009 BB&T s long term debt consists primarily of FHLB advances which composed 47 1% of total outstanding long term debt at December 31 2010 senior notes of BB&T Corporation which composed 15 2% of the year-end balance subordinated notes of BB&T Corporation which composed 13 6% of the year end balance and junior subordinated debt to unconsolidated trusts issued by the Corporation which composed 15 0% of total outstanding long term debt at December 31 2010 The remaining long-term debt primarily consists of both unsecured senior and subordinated borrowings by Branch Bank FHLB advances are cost-effective long-term funding sources that provide BB&T with the flexibility to structure the debt in a manner that aids in the management of interest rate risk and liquidity The average rate paid on long-term debt increased from 3 73% during 2009 to 3 96% during 2010

Liquidity needs are a primary consideration in evaluating funding sources BB&T s strategy is to maintain funding flexibility in order that the Corporation may react rapidly to opportunities that may become available in

Table of Contents

the marketplace BB&T will continue to focus on traditional core funding strategies supplemented as needed by the types of borrowings discussed above See Liquidity herein for additional discussion

Shareholders' Equity

Shareholders equity totaled $16 5 billion at December 31 2010 an increase of $257 million or 1 6% from year-end 2009 BB&T s book value per common share at December 31 2010 was $23 67 compared to $23 47 at December 31 2009

Shareholders equity increased $400 million due to BB&T s earnings available to common shareholders retained after dividends declared In addition shareholders equity increased $189 million as a result of the issuance of additional shares and other transactions in connection with BB&T s equity-based compensation plans 401(k) plan and dividend reinvestment plan These increases were partially offset by a decline of $330 million in other comprehensive income which principally relates to decreases in the fair values of available for sale securities including the impact of the FDIC loss sharing agreement and changes in cash flow hedges and pension obligations

BB&T s tangible shareholders equity available to common shareholders was $10 7 billion at December 31 2010 an increase of $752 million or 7 6% compared to December 31 2009 BB&T s tangible book value per common share at December 31 2010 was $15 43 compared to $14 44 at December 31 2009 As of December 31 2010 measures of tangible capital were not required by the regulators and therefore were considered non GAAP measures Please refer to the section titled 'Capital herein for a discussion of how BB&T calculates and uses these measures in the evaluation of the Company

Analysis of Results of Operations

Consolidated net income for 2010 totaled $854 million Net income available to common shareholders totaled $816 million which generated basic earnings per common share of $1 18 and diluted earnings per common share of $1 16 Net income for 2009 was $877 million and net income available to common shareholders totaled $729 million Net income for 2008 totaled $1 53 billion and net income available to common shareholders totaled $1 50 billion Basic earnings per common share were $1 16 in 2009 and $2 73 in 2008 while diluted earnings per common share were $1 15 and $2 71 for 2009 and 2008 respectively

Two important and commonly used measures of bank profitability are return on average assets (net income as a percentage of average total assets) and return on average common shareholders equity (net income available to common shareholders as a percentage of average common shareholders equity) BB&T s returns on average assets were 54% 56% and 1 12% for the years ended December 31 2010 2009 and 2008 respectively The returns on average common shareholders equity were 4 85% 4 93% and 11 44% for the last three years

Net Interest Income

Net interest income is BB&T s primary source of revenue Net interest income is influenced by a number of factors including the volume mix and maturity of interest-earning assets and interest bearing liabilities and the interest rates earned and paid thereon The difference between rates earned on interest earning assets and the cost of the supporting funds (with an adjustment made to tax exempt items to provide comparability with taxable items i e the FTE adjustment) is measured by the net interest margin The accompanying table presents the dollar amount of changes in interest income and interest expense and distinguishes between the changes related to increases or decreases in average outstanding balances of interest-earning assets and interest bearing liabilities (volume) and the changes related to increases or decreases in average interest rates on such assets and liabilities (rate) Changes attributable to both volume and rate have been allocated proportionately

For 2010 net interest income on an FTE adjusted basis totaled $5 5 billion compared with $5 0 billion in 2009 and $4 3 billion in 2008 Net interest income increased 9 9% in 2010 compared to 2009 The increase in net interest income during 2010 resulted primarily from higher yields from the covered loan and securities portfolios which were outstanding for the full year of 2010 compared to a partial year for 2009 In addition the covered loan portfolio s yield increased during 2010 as a result of improved expectations of cash flows from the original

Table of Contents

estimates On a quarterly basis management estimates the total expected cash flows from the loans acquired Based on these assessments during 2010 the total expected cash flows increased which resulted in additional accretion that is reflected in interest income The additional accretion recognized from the assessments is significantly offset by lower noninterest income due to the provisions of the FDIC loss sharing agreements Net interest income for 2010 also benefitted from lower funding costs as management grew noninterest bearing deposits and was able to reduce higher costs certificates and other interest bearing liabilities Net interest income increased 14 9% in 2009 compared to 2008 due primarily to earning asset growth which helped offset declines in yields due to a lower rate environment lower funding costs and higher yields on the covered loan and securities portfolios

The FTE adjusted net interest margin is the primary measure used in evaluating the gross profit margin from the portfolios of earning assets The FTE adjusted net interest margin was 4 03% in 2010 3 66% in 2009 and 3 58% in 2008 During 2010 the average yield on interest earning assets increased 19 basis points compared to the average yield during 2009 while the average cost of funds over the same time period decreased 21 basis points The improvement in the net interest margin during 2010 was primarily due to the higher yield assets acquired in the Colonial acquisition and lower funding costs The improvement in the net interest margin during 2009 was primarily due to successfully managing liability costs and wider spreads on assets

Maybank 009724

ROA 4326

Table of Contents

Table 17
FTE Net Interest Income and Rate / Volume Analysis
Years Ended December 31, 2010 2009 and 2008

	Average Balances			Yield / Rate			Income / Expense			2010 vs. 2009			2009 vs. 2008		
										Increase	Change due to		Increase	Change due to	
	2010	2009	2008	2010	2009	2008	2010	2009	2008	(Decrease)	Rate	Volume	(Decrease)	Rate	Volume
							(Dollars in millions)								
Assets															
Securities at amortized cost (1)															
U S government-sponsored entities (GSE)	$ 568	$ 1 400	$ 4,539	3 67%	3 86%	4 86%	$ 21	$ 54	$ 221	$ (33)	$ (2)	(31)	$ (167)	$ (39)	$ (128)
Mortgage-backed securities issued by GSE	22,310	25 419	14 708	3 24	4 14	4 94	723	1 052	727	(329)	(211)	(118)	325	(153)	458
States and political subdivisions	2,047	2,218	1 841	5 49	5 67	6 53	112	126	116	(14)	(5)	(9)	10	(13)	23
Non-agency mortgage-backed securities	1 174	1 447	1 642	5 87	5 82	5 81	69	84	95	(15)	1	(16)	(11)	—	(11)
Other securities	313	302	672	2.16	3 90	5 50	7	12	37	(5)	(5)	—	(25)	(9)	(16)
Covered securities	1 198	440	—	11.84	11 35	—	142	50	—	92	2	90	50	—	50
Total securities	27,610	31,226	2 402	3.89	4 41	5 11	1,074	1,378	1 196	(304)	(220)	(84)	182	(194)	376
Other earning assets (2)	2,933	2,295	2,255	55	79	3 05	17	18	69	(1)	(6)	5	(51)	(53)	2
Loans and leases, net of unearned income (1)( )(4)															
Commercial loans and leases	48,777	50 074	47 557	4.23	4 21	5 30	2,063	2,110	2 617	(47)	8	(55)	(507)	(640)	133
Direct retail loans	13,948	14 770	15,580	5 29	5 47	6 47	737	806	1 008	(69)	(27)	(42)	(202)	(150)	(52)
Sales finance loans	6 766	6,392	6,216	5.87	6 46	6 62	397	413	412	(16)	(39)	23	1	(10)	11
Revolving credit loans	2,032	1 855	1 664	8.74	9 51	10 95	178	176	182	2	(15)	17	(6)	(25)	19
Mortgage loans	15 965	15 927	17 327	5 38	5 72	6 00	859	911	1 039	(52)	(54)	2	(128)	(46)	(82)
Specialized lending	7 778	7 141	5,509	11 46	11 51	12 89	892	822	710	70	(4)	74	112	(82)	194
Other acquired loans	85	52	—	16 43	10 81	—	14	6	—	8	4	4	6	—	6
Total loans and leases held for investment (excluding covered loans)	95,351	96 171	93 856	5 39	5 45	6 16	5 140	5 244	5 968	(104)	(127)	23	(724)	(953)	229
Covered loans	7,059	3 144	—	13.22	7 59	—	933	232	—	701	272	429	232	—	232
Total loans and leases held for investment	102,410	99,315	93 856	5.93	5 51	6 16	6,073	5 476	5 968	597	145	452	(492)	(953)	461
Loans held for sale	2,377	2 821	1,342	3.80	4 81	5 92	90	136	80	(46)	(26)	(20)	56	(17)	73
Total loans and leases	104 787	102,136	95 198	5.88	5 49	6 15	6,163	5 612	6 048	551	119	432	(436)	(970)	534
Total earning assets	135,330	135 662	120 852	5.36	5 17	6 05	7,254	7 008	7,313	246	(107)	353	(305)	(1,217)	912
Non-earning assets	24,328	19,517	16 029												
Total assets	$159,658	$155 182	$136 881												
Liabilities and Shareholders Equity															
Interest-bearing deposits															
Interest-checking	$ 3 703	$ 28 1	$ 2 76	30	59	1 19	11	11	28	—	( )	5	(17)	(22)	5
Other client deposits	51,239	45 107	36 676	64	88	1 67	326	98	612	(72)	(118)	46	(214)	(3)	121
Client certificates of deposits	26,872	28 702	26 908	1 97	2 60	3 66	531	747	985	(216)	(172)	(44)	(238)	(301)	63
Other interest-bearing deposits	5,217	9 4	9 810	92	1 23	2 71	49	115	266	(66)	(2)	(4)	(151)	(139)	(12)
Total interest-bearing deposits	87,031	85 994	75 770	1 05	1 48	2.50	917	1 271	1 891	(354)	(316)	(38)	(620)	(797)	177
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds (1)	9,022	12 491	10,580	28	50	2 44	26	6	2 8	(37)	(2)	(14)	(195)	(255)	40
Long-term debt	21,653	19 085	19 879	3 96	3 73	4 25	856	711	843	145	46	99	(132)	(100)	(32)
Total interest-bearing liabilities	117 706	117,570	106 189	1.53	1 74	2 82	1 799	2,045	2,992	(246)	(297)	47	(947)	(1 132)	185
Noninterest-bearing deposits	19 742	16,187	13 061												
Other liabilities	5,324	4 987	4 098												
Shareholders equity	16,886	16 2 8	13,273												
Total liabilities and shareholders equity	$159,658	$155 182	$136 881												
Average interest rate spread				3.83%	3 41 %	3 23%									
Net interest margin/net interest income				4 03%	3 66%	3 58%	$5 455	$4 963	$4,321	$ 492	$ 186	$ 306	$ 642	$ (85)	$ 727
Taxable-equivalent adjustment							$ 135	$ 119	$ 83						

(1) Yields are stated on a fully taxable-equivalent basis assuming tax rates in effect for the periods presented
(2) Includes Federal funds sold, securities purchased under resale agreements or similar arrangements, interest-bearing deposits with banks trading securities, FHLB stock and other earning assets
( ) Loan fees, which are not material for any of the periods shown, have been included for rate calculation purposes
(4) Nonaccrual loans have been included in the average balances

Table of Contents

Provision for Credit Losses

A provision for credit losses is charged against earnings in order to maintain an allowance for loan and lease losses and a reserve for unfunded lending commitments that reflects management s best estimate of probable losses inherent in the credit portfolios at the balance sheet date The amount of the provision is based on continuing assessments of nonperforming and 'watch list loans and associated unfunded credit commitments, analytical reviews of loss experience in relation to outstanding loans and funded credit commitments loan charge-offs nonperforming asset trends and management s judgment with respect to current and expected economic conditions and their impact on the loan portfolio and outstanding unfunded credit commitments The methodology used is described in the Overview and Description of Business section under the heading "Allowance for Loan and Lease Losses and Reserve for Unfunded Credit Commitments The provision for credit losses recorded by BB&T in 2010 was $2 6 billion compared with $2 8 billion in 2009 and $1 4 billion in 2008

The provision for credit losses decreased 6 2% during 2010 while total loans and leases held for investment was relatively flat compared to the balance outstanding at the end of 2009 Included in the provision for credit losses during 2010 was $144 million related to covered loans The provision for credit losses recorded for covered loans reflects lower expected cash flows on certain loan pools compared to the original estimates Approximately 80% of this provision for credit losses is offset through a credit to noninterest income based on the provisions of the FDIC loss sharing agreements Net charge-offs were 2 41% of average loans and leases (or 2 59% excluding covered loans) for 2010 compared to 1 74% of average loans and leases (or 1 79% excluding covered loans) during 2009 The allowance for loan and lease losses was 2 62% of loans and leases held for investment (or 2 63% excluding covered loans) and was 1 26x total nonaccrual loans and leases held for investment (or 1 19x excluding covered loans) at year end 2010 compared to 2 51% (or 2 72% excluding covered loans) and 98x respectively at December 31 2009 The decrease in the provision for credit losses during 2010 compared to 2009 was primarily due to the improving economic outlook that began to materialize in the latter part of 2010 The 94 5% increase in the provision for credit losses during 2009 compared to 2008 was primarily driven by ongoing challenges in residential real estate markets and the overall economy with the largest concentration of credit issues occurring in Georgia, Florida, and metro Washington D C with some deterioration in the coastal areas of the Carolinas Additional disclosures related to BB&T s real estate lending by product type and geographic distribution can be found in Table 14 herein

Noninterest Income

Noninterest income has become and will continue to be a significant contributor to BB&T s financial success Noninterest income includes insurance income service charges on deposit accounts mortgage banking income investment banking and brokerage fees and commissions trust and investment advisory revenues gains and losses on securities transactions and commissions and fees derived from other activities Noninterest income as a percentage of total FTE revenues totaled 42 0% for 2010 Exceeding 40% on this measure has been a management objective for several years Management continues to focus on diversifying its sources of revenue to further reduce BB&T s reliance on traditional spread based interest income as fee based activities are a relatively stable revenue source during periods of changing interest rates

Maybank 009726

ROA 4328

Table of Contents

The following table provides a breakdown of BB&T s noninterest income

Table 18
Noninterest Income

	Years Ended December 31			% Change 2010 v 2009	% Change 2009 v 2008
	2010	2009	2008		
	(Dollars in millions)				
Insurance income	$ 1 041	$ 1 047	$ 928	(6)%	12 8%
Service charges on deposits	618	690	673	(10 4)	2 5
Mortgage banking income	521	658	275	(20 8)	139 3
Investment banking and brokerage fees and commissions	352	346	354	1 7	(2 3)
Other nondeposit fees and commissions	270	229	189	17 9	21 2
Checkcard fees	274	227	201	20 7	12 9
Bankcard fees and merchant discounts	177	156	151	13 5	3 3
Trust and investment advisory revenues	159	139	147	14 4	(5 4)
Income from bank-owned life insurance	123	97	84	26 8	15 5
FDIC loss share income net	(116)	14	—	NM	100 0
Securities gains net	554	199	107	178 4	86 0
Other income net	(16)	132	88	(112 1)	50 0
Total noninterest income	$ 3 957	$ 3 934	$ 3 197	6%	23 1%

NM—not meaningful

Overall noninterest income was up slightly in 2010 compared to 2009 The growth in 2010 primarily was a result of an increase in securities gains offset by lower revenues from BB&T s mortgage banking operations lower noninterest income from the FDIC loss share receivable reduced service charges on deposit accounts and lower revenues from other noninterest income sources During 2009 noninterest income grew 23 1% as a result of increased revenues from almost all of BB&T s fee based businesses with the exception of small declines in investment banking and brokerage fees and commissions and trust and investment advisory revenues The major categories of noninterest income and fluctuations in these amounts are discussed in the following paragraphs These fluctuations reflect the impact of acquisitions

Income from BB&T s insurance agency/brokerage operations was the largest source of noninterest income Insurance income was down slightly in 2010 Insurance commissions declined $29 million during 2010 reflecting continued softness in the industry s pricing for premiums which was partially offset by an increase of $23 million in insurance income from underwriting activities The decline in insurance commissions was primarily related to property and casualty insurance Internal growth combined with the expansion of BB&T s insurance agency network through acquisitions resulted in growth of 12 8% in 2009 The increase in commission income during 2009 was primarily related to commissions for property and casualty insurance which increased $77 million primarily due to acquisitions In addition employee benefit commissions and other insurance fees increased $14 million and $11 million respectively

Service charges on deposit accounts represent BB&T s second largest category of noninterest revenue Service charge revenue declined $72 million or 10 4% during 2010 Service charge revenue increased $17 million or 2 5% during 2009 The decrease in 2010 was largely a result of a decline in overdraft fees as a result of recent changes to BB&T s overdraft policies during 2010 that were partially in response to new regulation The 2009 increase was primarily a result of the acquisition of Colonial and growth in transaction accounts

Income from mortgage banking activities includes gains and losses from the sale of mortgage loans revenue from servicing mortgage loans valuation adjustments for mortgage servicing rights mortgage servicing rights related derivative gains/losses and the amortization or realization of expected mortgage servicing rights cash flows

Table of Contents

Mortgage banking income totaled $521 million $658 million and $275 million during 2010 2009 and 2008 respectively The following table provides a breakdown of the various components of mortgage banking income and related statistical information

Table 19
Mortgage Banking Income and Related Statistical Information

Mortgage Banking Income	As of / For the Years Ended December 31			% Change 2010 v 2009	% Change 2009 v 2008
	2010	2009	2008		
	(Dollars in millions)				
Residential Mortgage Banking					
Residential mortgage production income	$ 301	$ 457	$ 127	(34 1)%	259 8%
Residential Mortgage Servicing					
Residential mortgage servicing fees	226	190	145	18 9	31 0
Residential mortgage servicing rights (decrease) increase in fair value due to change in valuation inputs or assumptions (1)	(139)	190	(220)		
Mortgage servicing rights hedging gains (losses)	196	(98)	262		
Net	57	92	42	(38 0)	119 0
Realization of expected residential mortgage servicing rights cash flows	(129)	(126)	(94)	2 4	34 0
Total residential mortgage servicing income	154	156	93	(1 3)	67 7
Total residential mortgage banking income	455	613	220	(25 8)	178 6
Commercial Mortgage Banking					
Commercial mortgage banking revenues	84	63	69	33 3	(8 7)
Amortization of commercial mortgage servicing rights	(18)	(18)	(14)	—	28 6
Total commercial mortgage banking income	66	45	35	46 7	(18 2)
Total mortgage banking income	$ 521	$ 658	$ 275	(20 8)	139 3

Mortgage Banking Statistical Information	As of / For the Years Ended December 31			% Change 2010 v 2009	% Change 2009 v 2008
	2010	2009	2008		
	(Dollars in millions)				
Residential mortgage originations	$24,866	$28 183	$16 458	(11 8)%	71 3%
Residential mortgage loans serviced for others	61 791	54 523	40 677	13 3	34 0
Residential mortgage loan sales	19 100	25 773	13 405	(25 9)	92 3
Commercial mortgage originations	3,085	2,342	3 717	31 7	(37 0)
Commercial mortgage loans serviced for others	24 057	24,253	23 902	(8)	1 5

(1) Includes a $1 million decrease due to a valuation adjustment for MSRs carried at the lower of cost or market during the twelve months ended December 31 2010

Mortgage banking income decreased $137 million or 20 8% during 2010 following a record year in 2009 Residential mortgage production income declined $156 million compared with 2009 due to lower gains on sales in the current year as originations declined and the proportion of loans sold decreased due to a decision in the third quarter of 2010 to retain a portion of 10 to 15 year fixed- and adjustable-rate mortgage production Residential mortgage servicing income was relatively flat in 2010 compared to 2009 as growth in servicing fees of $36 million from an increase in the size of the loan servicing portfolio was offset by a $35 million unfavorable net change in the valuation for mortgage servicing rights and related economic hedging activities Commercial mortgage banking income was up $21 million or 46 7%, in 2010 due to improved market conditions Mortgage banking income increased $383 million or 139 3% during 2009 This increase includes the net change in the mortgage servicing rights valuation which resulted in an increase of $50 million compared to 2008 Mortgage banking income for 2008 included certain one time items associated with the implementation of fair value accounting

Table of Contents

standards that benefited results by approximately $23 million Excluding the impact of these items mortgage banking income in 2009 increased $356 million compared to 2008 The growth in mortgage banking income in 2009 is primarily attributable to record production revenues from residential mortgage banking operations generated by $28 2 billion in mortgage loan originations during 2009 compared to $16 4 billion during 2008

Investment banking and brokerage fees and commissions increased $6 million or 1 7% compared to 2009 The increase in 2010 was largely driven by record fourth quarter performance as market conditions improved and BB&T Capital Markets a division of Scott & Stringfellow brought more equity and fixed income deals to market

Other nondeposit fees and commissions including bankcard fees and merchant discounts and checkcard fees increased $109 million or 17 8% during 2010 compared to 2009 During 2009 these categories increased $71 million or 13 1% compared to 2008 The increases in 2010 and 2009 included additional checkcard fees of $47 million and $26 million respectively as clients continued to show a preference for utilizing electronic forms of payment rather than traditional paper checks as well as the impact of the additional clients from Colonial Bankcard fees also grew $21 million in 2010 compared to 2009 and $5 million in 2009 compared to 2008 The increased bankcard fees in 2010 were the result of higher volumes and improving market conditions The growth for 2010 and 2009 in other nondeposit fees and commissions largely reflects additional revenues from commercial lending-related activities

Trust and investment advisory revenues are based on the types of services provided as well as the overall value of the assets managed which is affected by stock market conditions During 2010 trust and investment advisory revenues increased by $20 million or 14 4% compared to 2009 primarily due to fee increases and improved market conditions During 2009 trust and investment advisory revenues decreased by $8 million or 5 4% compared to 2008

BB&T recognized $554 million in net securities gains during 2010 compared to net gains of $199 million and $107 million during 2009 and 2008 respectively The net securities gains recognized in 2010 included $585 million of net gains realized from securities sales and $31 million of losses as a result of other than-temporary impairments The large increase in securities gains during 2010 reflects the results of the balance sheet deleveraging strategy that was executed during the second quarter of 2010 and the de risking of the investment portfolio that began during the third quarter of 2010 and was completed in the fourth quarter The net securities gains recognized in 2009 and 2008 included $240 million and $211 million respectively of net gains from securities sales and $41 million and $104 million of losses respectively as a result of other-than temporary impairments

Income from the FDIC loss share receivable primarily reflects changes to the amounts expected to be recovered under the FDIC loss sharing agreements During 2010 covered loans experienced better performance than originally anticipated resulting in additional interest income A significant portion of that increase was offset by a $232 million reduction in noninterest income This decrease in income was partially offset by an increase of $116 million which reflected approximately 80% of the provision for credit losses recorded on covered loans

Other income including income from bank-owned life insurance decreased $122 million in 2010 compared to 2009 primarily due to a $90 million increase in losses and write downs on nonperforming commercial loans that were transferred to the loans held for sale portfolio in connection with management s nonperforming asset disposition strategy Trading gains at Scott & Stringfellow declined $25 million Also the prior year included a $27 million gain on the sale of BB&T s payroll processing business The increase of $57 million in 2009 compared to 2008 was primarily due to a $74 million increase in the value of various financial assets isolated for the purpose of providing post-employment benefits The increase in the value of these assets is neutral to net income as these gains relate to participant s accounts and increase personnel expense because they relate to the amount of benefits that will be paid in the future In addition trading gains at Scott & Stringfellow increased $25 million compared to 2008 and BB&T recognized a gain of $27 million on the sale of BB&T s payroll processing business These increases were partially offset by $80 million in gains in 2008 related to BB&T s ownership interest and sale of Visa, Inc stock

Maybank 009729

ROA 4331

Table of Contents

The ability to generate significant amounts of noninterest revenue in the future will be important to the continued financial success of BB&T Through its subsidiaries BB&T will continue to focus on asset management mortgage banking trust insurance investment banking and brokerage services as well as other fee producing products and services BB&T plans to continue to pursue acquisitions of additional financial services companies including insurance agencies and other fee income producing businesses as a means of expanding fee based revenues Also among BB&T s principal strategies following the acquisition of a financial institution is the cross sell of noninterest income generating products and services to the acquired institution s client base Management expects that noninterest income excluding securities gains will be relatively flat in 2011 as a result of revenue challenges due to regulatory changes that are currently in effect or proposed to take effect during 2011 Management has estimated that noninterest revenue sources at risk as a result of various regulatory initiatives including the Durbin Amendment and overdraft policy changes are in the range of $450 million on an annual run rate basis beginning in 2012 To date management has implemented or identified changes in products and fees to offset approximately half of the potential lost revenue and is continuing to evaluate the Company s product offerings in an effort to eliminate as much as possible the negative financial impacts of these regulatory changes

Noninterest Expense

Noninterest expense totaled $5 7 billion in 2010 $4 9 billion in 2009 and $3 9 billion in 2008 Noninterest expense includes certain merger related and restructuring charges recorded during the years 2010 2009 and 2008 as noted in Table 21 below These amounts totaled $69 million in 2010 $38 million in 2009 and $15 million in 2008 Additional disclosures related to these merger related and restructuring charges are presented in Merger Related and Restructuring Charges The table below shows the components of noninterest expense and the discussion that follows explains the composition of certain categories and the factors that caused them to change in 2010 and 2009

Maybank 009730

ROA 4332

Table of Contents

Table 20
Noninterest Expense

	Years Ended December 31			/ Change 2010 v 2009	/ Change 2009 v 2008
	2010	2009	2008		
	(Dollars in millions)				
Salaries and wages	$2 153	$2 000	$1 863	7 7%	7 4%
Pension and other employee benefits	463	517	338	(10 4)	53 0
Total personnel expenses	2,616	2 517	2 201	3 9	14 4
Foreclosed property expense	747	356	79	109 8	NM
Net occupancy expense on bank premises	378	366	310	3 3	18 1
Furniture and equipment expense	230	213	199	8 0	7 0
Total occupancy and equipment expenses	608	579	509	5 0	13 8
Professional services	334	262	204	27 5	28 4
Regulatory charges	211	230	30	(8 3)	NM
Loan processing expenses	180	133	125	33 3	8 0
Amortization of intangibles	122	114	100	7 0	14 0
Software	117	94	74	24 5	27 0
Merger-related and restructuring charges net	69	38	15	81 6	153 3
Deposit related expense	61	53	49	15 1	8 2
Telephone	50	47	42	6 4	11 9
Advertising and public relations	50	31	50	61 3	(38 0)
Travel and transportation	48	39	32	23 1	(25 0)
Other marketing expense	43	33	46	30 3	(28 3)
Supplies	33	35	40	(5 7)	(12 5)
Operational losses	12	60	17	(80 0)	NM
Other noninterest expenses	369	308	278	19 8	10 8
Total noninterest expense	$5 670	$4 931	$3 911	15 0%	26 1%

NM—not meaningful

The 15 0% and 26 1% increases in total noninterest expense during 2010 and 2009 were primarily due to increases in personnel costs foreclosed property expense and professional services In addition 2009 reflects a significant increase in regulatory charges as a result of increased FDIC insurance premiums The increases during 2010 and 2009 were impacted by the acquisitions of Colonial during 2009 and several nonbank financial services companies during 2008 through 2009

Total personnel expense is the largest component of noninterest expense and includes salaries and wages as well as pension and other employee benefit costs Total personnel expense increased $99 million or 3 9% in 2010 This increase was primarily driven by increases in salaries and wages of $153 million which includes the impact of acquisitions This increase was partially offset by a $54 million decrease in pension plan expense The decrease in pension expense was largely a result of an increase in the value of pension assets during 2009 which resulted in an increase in the estimated return on plan assets and a decrease in the amortization of net actuarial losses for 2010 The 2009 increase of 14 4% was partially driven by increases in salaries and wages of $137 million which included the impact of acquisitions Other post-employment benefits expense and pension plan expense also increased $67 million and $66 million respectively The increase in pension expense was largely the result of a reduction in the discount rate and an increase in the amortization of net actuarial losses The increase in other post employment benefits expense was due to increases in the value of participant s accounts and was offset by a similar increase in noninterest income In addition health care and other welfare expenses were higher by $36 million Additional disclosures relating to BB&T s benefit plans can be found in Note 15 "Benefit Plans in the Notes to Consolidated Financial Statements "

Foreclosed property expense increased $391 million in 2010 Foreclosed property expense increased $277 million in 2009 The increases in 2010 and 2009 were primarily due to rising maintenance costs valuation

Maybank 009731

ROA 4333

Table of Contents

adjustments and sales of foreclosed property Maintenance cost on foreclosed properties increased by $60 million and $67 million in 2010 and 2009 respectively compared to the prior year while valuation adjustments including losses from sales of properties increased by $331 million and $206 million in 2010 and 2009 respectively BB&T s inventory of foreclosed property decreased by $192 million in 2010 after increasing by $913 million during 2009 The decline in inventory during 2010 reflects management s more aggressive efforts to liquidate properties and improving markets for distressed assets

Net occupancy and equipment expense increased $29 million or 5 0% in 2010 During 2009 net occupancy and equipment expense increased by $70 million or 13 8% The increases in 2010 and 2009 were largely a result of increased rent expense related to the Colonial acquisition

Professional services expense increased $72 million or 27 5% in 2010 The increase in 2010 included a $30 million increase in legal fees primarily associated with problem loan and other credit related items In addition other professional services increased $42 million during 2010 related to various management initiatives Professional services expense increased $58 million during 2009 which included $26 million in higher legal costs primarily due to credit related items and $32 million for other professional services

Regulatory charges declined by $19 million in 2010 after an increase of $200 million in 2009 The increase in 2009 was a result of higher FDIC insurance expense which increased $201 million The higher FDIC insurance expense reflects increased premiums charged by the FDIC as one step the FDIC has taken to insure adequate funding to resolve failed institutions In addition to the higher premiums the FDIC also levied a special assessment of $68 million in the second quarter of 2009 The FDIC also required that insured depository institutions prepay three years of assessments on December 31 2009 BB&T s prepayment was $608 million and will be expensed as incurred over the three year period based on the actual FDIC assessment calculation

Loan processing expenses increased $45 million during 2010 compared to 2009 The 2010 increase includes additional costs related to the Colonial acquisition and a $23 million increase for losses and reserves related to future repurchases from BB&T s investor owned servicing portfolio BB&T has experienced an increase in repurchase activity in 2010 with $107 million of loan repurchases and indemnification payments in the current year compared with $33 million for the full year 2009 While these levels have increased they remain modest compared to the industry During 2009 loan processing expenses increased $10 million primarily due to the Colonial acquisition

Other noninterest expenses increased $122 million or 14 3% compared to 2009 which reflected an increase of $89 million or 11 7% compared to 2008 The increase included the impact of $41 million in gains on the extinguishment of debt that were realized during 2009 In addition merger related and restructuring charges and software expense increased $31 million and $23 million respectively from the prior year The increase in merger related charges was primarily due to costs incurred in connection with the Colonial systems conversion These increases were partially offset by a decline of $48 million in operational losses compared to the prior year The 2009 increase was primarily the result of increases in merger related and restructuring charges and software expense of $23 million and $20 million respectively In addition the increase for 2009 included $43 million of additional operational losses compared to 2008 The increases for 2010 and 2009 were impacted by acquisitions completed during 2009 Please refer to Table 20 for additional detail on fluctuations in other categories of noninterest expense

Merger Related and Restructuring Charges

BB&T recorded certain merger related and restructuring charges during the years 2010 2009 and 2008 These charges are reflected in BB&T s Consolidated Statements of Income as a category of noninterest expense Please Refer to Note 2 Business Combinations in the Notes to Consolidated Financial Statements" for a summary of mergers and acquisitions consummated during the three years ended December 31 2010

During 2010 BB&T recorded $69 million of merger related and restructuring charges These amounts were primarily associated with the acquisition of Colonial and related systems conversions The 2009 net merger related and restructuring charges of $38 million were primarily associated with the acquisition of Colonial During 2008 BB&T recorded merger related and restructuring charges of $15 million These expenses were primarily associated with the acquisitions of insurance agencies and other merger related and restructuring activities

Maybank 009732

ROA 4334

Table of Contents

The following table presents the components of merger related and restructuring charges included in noninterest expenses This table includes changes to previously recorded merger related accruals and period expenses for merger related items that must be expensed as incurred Items that are required to be expensed as incurred include certain expenses associated with systems conversions data processing training and other costs

Table 21
Summary of Merger Related and Restructuring Charges

	Years Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Severance and personnel related	$11	$17	$ 5
Occupancy and equipment	28	1	3
Other	30	20	7
Total	$69	$38	$15

Severance and personnel related costs or credits include severance employee retention payments related to change in control provisions of employment contracts outplacement services and other benefits associated with employee termination or reversals of previously estimated amounts which typically occur in corporate support and data processing functions Occupancy and equipment charges or credits represent merger related and restructuring costs or gains associated with lease terminations obsolete equipment write-offs and the sale of duplicate facilities and equipment Credits may result if obsolete properties or equipment are sold for more than originally estimated Other merger related and restructuring charges or credits include expenses necessary to convert and combine the acquired branches and operations of merged companies direct media advertising related to the acquisitions asset and supply inventory write-offs litigation accruals and other similar charges

Merger related and restructuring accruals are established when the costs are incurred or once all requirements for a plan to dispose of certain business functions have been approved by management In general a major portion of accrued costs are utilized in conjunction with or immediately following the systems conversion when most of the duplicate positions are eliminated and the terminated employees begin to receive severance Other accruals are utilized over time based on the sale closing or disposal of duplicate facilities or equipment or the expiration of lease contracts Merger and restructuring accruals are re-evaluated periodically and adjusted as necessary The remaining accruals at December 31 2010 are expected to be utilized during 2011 unless they relate to specific contracts that expire in later years The following tables present a summary of activity with respect to BB&T s merger and restructuring accruals These tables include costs reflected as expenses as presented in the table above and certain accruals recorded through purchase accounting adjustments

	Merger related and Restructuring Accrual Activity (Dollars in million)				
	Balance January 1 2009	Merger related and restructuring charges	Utilized	Other net	Balance December 31 2009
Severance and personnel related	$ 7	$ 17	$ (18)	$—	$ 6
Occupancy and equipment	6	1	(2)	(2)	3
Other	11	20	(28)	3	6
Total	$ 24	$ 38	$ (48)	$ 1	$ 15

	Balance January 1 2010	Merger related and restructuring charges	Utilized	Other net	Balance December 31 2010
Severance and personnel related	$ 6	$ 11	$ (14)	$ (1)	$ 2
Occupancy and equipment	3	28	(25)	—	6
Other	6	30	(31)	(3)	2
Total	$ 15	$ 69	$ (70)	$ (4)	$ 10

Table of Contents

Provision for Income Taxes

BB&T s provision for income taxes totaled $115 million for 2010 a decrease of $44 million or 27 7% compared to 2009 The decline in the provision for income taxes during 2010 was largely due to lower pre tax income higher federal tax credits and higher tax exempt income The provision for income taxes totaled $159 million in 2009 and $550 million in 2008 The decline in the provision for income taxes during 2009 was also primarily due to lower pre tax income and higher federal tax credits and tax exempt income The variances in the provision for income taxes during 2010 and 2009 were also affected by the treatment of leveraged lease transactions as discussed below BB&T s effective tax rates for the years ended 2010 2009 and 2008 were 11 9% 15 3% and 26 5% respectively A reconciliation of the effective tax rate to the statutory tax rate is included in Note 14 Income Taxes in the Notes to Consolidated Financial Statements herein

BB&T has extended credit to and invested in the obligations of states and municipalities and their agencies and has made other investments and loans that produce tax-exempt income The income generated from these investments together with certain other transactions that have favorable tax treatment have reduced BB&T s overall effective tax rate from the statutory rate in 2010 2009 and 2008

BB&T continually monitors and evaluates the potential impact of current events and circumstances on the estimates and assumptions used in the analysis of its income tax positions and accordingly BB&T s effective tax rate may fluctuate in the future On a periodic basis BB&T evaluates its income tax positions based on tax laws and regulations and financial reporting considerations and records adjustments as appropriate This evaluation takes into consideration the status of current taxing authorities examinations of BB&T s tax returns recent positions taken by the taxing authorities on similar transactions if any and the overall tax environment in relation to tax advantaged transactions Accordingly the results of these examinations may alter the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions In February 2010 BB&T received a statutory notice of deficiency from the IRS for tax years 2002 2007 asserting a liability for taxes penalties and interest of approximately $892 million related to the disallowance of foreign tax credits and other deductions claimed by a deconsolidated subsidiary in connection with a financing transaction Management has consulted with outside counsel and continues to believe that BB&T s treatment of this transaction was in compliance with applicable tax laws and regulations BB&T paid the disputed tax penalties and interest in the first quarter of 2010 and filed a lawsuit seeking a refund in the U S Court of Federal Claims in March 2010 Management believes the Company s current reserves for this matter are adequate although the final outcome is uncertain Final resolution of this matter is not expected to occur within the next twelve months Various years remain subject to examination by state taxing authorities Please refer to Note 14 "Income Taxes in the "Notes to Consolidated Financial Statements" herein for additional disclosures related to BB&T s unresolved tax issues related to tax examinations by the IRS and other taxing authorities

During the fourth quarter of 2008 BB&T agreed to treat its leveraged leases in accordance with the IRS s proposal that among other things allows 20% of deductions imputes interest income and deems the remaining transactions to be terminated as of December 31 2008 As a result of this settlement BB&T recognized pre tax interest from the IRS of $93 million or $60 million after tax which is reflected as a reduction in tax expense As a result of changes in the timing of tax payments a recalculation of each transaction was required that resulted in a $67 million charge to interest income and a corresponding $24 million tax benefit As part of the IRS proposal all gains on leases terminated prior to December 31 2010 are treated as nontaxable During 2009 BB&T terminated a number of leveraged lease transactions which resulted in tax benefits of $18 million

Market Risk Management

The effective management of market risk is essential to achieving BB&T s strategic financial objectives As a financial institution BB&T s most significant market risk exposure is interest rate risk however market risk also includes product liquidity risk price risk and volatility risk The primary objectives of interest rate risk management are to minimize any adverse effect that changes in interest rates may have on net interest income and to offset the risk of price changes for certain assets recorded at fair value These are accomplished through active management of asset and liability portfolios with a focus on the strategic pricing of asset and liability accounts and management of appropriate maturity mixes of assets and liabilities The goal of these activities is the development of appropriate maturity and repricing opportunities in BB&T s portfolios of assets and liabilities

Table of Contents

that will produce consistent net interest income during periods of changing interest rates BB&T s Market Risk and Liquidity Committee monitors loan investment and liability portfolios to ensure comprehensive management of interest rate risk These portfolios are analyzed for proper fixed rate and variable rate mixes under various interest rate scenarios

BB&T s interest rate sensitivity is illustrated in the following table The table reflects rate sensitive positions at December 31 2010 and is not necessarily indicative of positions on other dates The carrying amounts of interest rate sensitive assets and liabilities are presented in the periods in which they next reprice to market rates or mature and are aggregated to show the interest rate sensitivity gap To reflect anticipated prepayments certain asset and liability categories are shown in the table using estimated cash flows rather than contractual cash flows

Table 22
Interest Rate Sensitivity Gap Analysis
December 31 2010

	Within One Year	One to Three Years	Three to Five Years	After Five Years	Total
			(Dollars in millions)		
Assets					
Securities and other interest-earning assets (1)(4)	$10 172	$ 2 508	$ 1 815	$11 356	$ 25 851
Federal funds sold and securities purchased under resale agreements or similar arrangements	327	—	—	—	327
Loans and leases (2)	72 910	16 052	7 425	10 877	107 264
Total interest-earning assets	83 409	18 560	9,240	22,233	133 442
Liabilities					
Client time deposits	15 826	7 708	2,239	240	26 013
Other client deposits with no stated maturity (3)	24 394	10 700	3 880	14 420	53 394
Other interest bearing deposits (4)	6 057	1 112	—	—	7 169
Federal funds purchased securities sold under repurchase agreements and Short term borrowed funds	5 673	—	—	—	5 673
Long term debt (4)	6 691	1 512	501	13 026	21 730
Total interest bearing liabilities	58 641	21 032	6 620	27 686	113 979
Asset-liability gap	$24 768	$(2 472)	$ 2 620	$(5 453)	
Cumulative interest rate sensitivity gap	$24 768	$22,296	$24 916	$19 463	

(1) Securities based on amortized cost
(2) Loans and leases include loans held for sale and are net of unearned income
(3) Projected runoff of deposits that do not have a contractual maturity date was computed based upon decay rate assumptions developed by bank regulators to assist banks in addressing FDICIA rule 505
(4) The maturity periods have been adjusted to reflect the impact of hedging strategies

The asset/liability management process is designed to achieve relatively stable net interest margins and assure liquidity by coordinating the volumes maturities or repricing opportunities of earning assets deposits and borrowed funds It is the responsibility of the Market Risk and Liquidity Committee to determine and achieve the most appropriate volume and mix of earning assets and interest bearing liabilities as well as to ensure an adequate level of liquidity and capital within the context of corporate performance goals The Market Risk and Liquidity Committee also sets policy guidelines and establishes long term strategies with respect to interest rate risk exposure and liquidity The Market Risk and Liquidity Committee meets regularly to review BB&T s interest rate risk and liquidity positions in relation to present and prospective market and business conditions and adopts funding and balance sheet management strategies that are intended to ensure that the potential impact on earnings and liquidity as a result of fluctuations in interest rates is within acceptable standards

Maybank 009735

ROA 4337

Table of Contents

BB&T uses a variety of financial instruments to manage various financial risks These instruments commonly referred to as derivatives primarily consist of interest rate swaps swaptions caps floors collars financial forward and futures contracts when issued securities and options written and purchased A derivative is a financial instrument that derives its cash flows and therefore its value by reference to an underlying instrument index or referenced interest rate BB&T uses derivatives primarily to manage risk related to securities business loans Federal funds purchased other overnight funding long term debt mortgage servicing rights mortgage banking operations and certificates of deposit BB&T also uses derivatives to facilitate transactions on behalf of its clients BB&T s derivatives produced benefits to net interest income of $175 million during 2010 $209 million during 2009 and $101 million in 2008 The fluctuations in benefits to net interest income from derivative activities between 2010 and 2009 were primarily the result of benefits received on interest rate swaps on commercial loans

Derivative contracts are written in amounts referred to as notional amounts Notional amounts only provide the basis for calculating payments between counterparties and do not represent amounts to be exchanged between parties and are not a measure of financial risk On December 31 2010 BB&T had derivative financial instruments outstanding with notional amounts totaling $65 4 billion The estimated net fair value of open contracts was a loss of $69 million at December 31 2010

See Note 20 Derivative Financial Instruments" in the "Notes to Consolidated Financial Statements" herein for additional disclosures

Impact of Inflation and Changing Interest Rates

The majority of BB&T s assets and liabilities are monetary in nature and, therefore differ greatly from most commercial and industrial companies that have significant investments in fixed assets or inventories Fluctuations in interest rates and actions of the Federal Reserve Board to regulate the availability and cost of credit have a greater effect on a financial institution s profitability than do the effects of higher costs for goods and services Through its balance sheet management function which is monitored by the Market Risk and Liquidity Committee management believes that BB&T is positioned to respond to changing needs for liquidity changes in interest rates and inflationary trends

Management uses Interest Sensitivity Simulation Analysis (Simulation) to measure the sensitivity of projected earnings to changes in interest rates The Simulation model projects net interest income and interest rate risk for a rolling two-year period of time Simulation takes into account the current contractual agreements that BB&T has made with its customers on deposits borrowings loans investments and commitments to enter into those transactions Furthermore the Simulation considers the impact of expected customer behavior Management monitors BB&T s interest sensitivity by means of a computer model that incorporates the current volumes average rates earned and paid and scheduled maturities and payments of asset and liability portfolios together with multiple scenarios of projected prepayments repricing opportunities and anticipated volume growth Using this information the model projects earnings based on projected portfolio balances under multiple interest rate scenarios This level of detail is needed to simulate the effect that changes in interest rates and portfolio balances may have on the earnings of BB&T This method is subject to the accuracy of the assumptions that underlie the process but management believes that it provides a better illustration of the sensitivity of earnings to changes in interest rates than other analyses such as static or dynamic gap In addition to Simulation analysis BB&T uses Economic Value of Equity (EVE) analysis to focus on changes in capital given potential changes in interest rates This measure also allows BB&T to analyze interest rate risk that falls outside the analysis window contained in the Simulation model The EVE model is a discounted cash flow of the entire portfolio of BB&T s assets liabilities and derivatives instruments The difference in the present value of assets minus the present value of liabilities is defined as the economic value of BB&T s equity

The asset/liability management process requires a number of key assumptions Management determines the most likely outlook for the economy and interest rates by analyzing external factors including published economic projections and data the effects of likely monetary and fiscal policies as well as any enacted or prospective regulatory changes BB&T s current and prospective liquidity position current balance sheet volumes and projected growth accessibility of funds for short term needs and capital maintenance are also considered This data is combined with various interest rate scenarios to provide management with the information necessary to analyze interest sensitivity and to aid in the development of strategies to reach performance goals

Maybank 009736

ROA 4338

Table of Contents

The following table shows the effect that the indicated changes in interest rates would have on net interest income as projected for the next twelve months under the most likely interest rate scenario incorporated into the Simulation model Key assumptions in the preparation of the table include prepayment speeds of mortgage related assets cash flows and maturities of derivative financial instruments loan volumes and pricing deposit sensitivity customer preferences and capital plans The resulting change in interest sensitive income reflects the level of sensitivity that interest sensitive income has in relation to changing interest rates

Table 23
Interest Sensitivity Simulation Analysis

Linear Change in Prime Rate	Interest Rate Scenario: Prime Rate, December 31, 2010	Interest Rate Scenario: Prime Rate, December 31, 2009	Annualized Hypothetical Percentage Change in Net Interest Income, December 31, 2010	Annualized Hypothetical Percentage Change in Net Interest Income, December 31, 2009
2 00%	5 25%	5 25%	4 19%	1 60%
1 00	4 25	4 25	1 97	59
No Change	3 25	3 25	—	—
(25)	3 00	3 00	(34)	38

The Market Risk and Liquidity Committee has established parameters measuring interest sensitivity that prescribe a maximum negative impact on net interest income of 2% for the next 12 months for a linear change of 100 basis points over four months followed by a flat interest rate scenario for the remaining eight month period, and a maximum negative impact of 4% for a linear change of 200 basis points over eight months followed by a flat interest rate scenario for the remaining four month period In the event that the results of the Simulation model fall outside the established parameters management will make recommendations to the Market Risk and Liquidity Committee on the most appropriate response given the current economic forecast Management currently only modeled a 25 basis point decline because larger declines would have resulted in a Federal funds rate of less than zero

The following table shows the effect that the indicated changes in interest rates would have on EVE as projected under the most likely" interest rate scenario incorporated into the EVE model Key assumptions in the preparation of the table include prepayment speeds of mortgage related assets, cash flows and maturities of derivative financial instruments loan volumes and pricing and deposit sensitivity The resulting change in the economic value of equity reflects the level of sensitivity that EVE has in relation to changing interest rates

Table 24
Economic Value of Equity ("EVE") Simulation Analysis

Change in Rates	EVE/Assets, December 31, 2010	EVE/Assets, December 31, 2009	Hypothetical Percentage Change in EVE, December 31, 2010	Hypothetical Percentage Change in EVE, December 31, 2009
2 00%	8 7%	7 3%	18 8%	6%
1 00	8 1	7 3	10 7	6
No Change	7 3	7 2	—	—
(25)	7 1	7 2	(3 4)	(5)

Liquidity

Liquidity represents BB&T s continuing ability to meet funding needs primarily deposit withdrawals timely repayment of borrowings and other liabilities and funding of loan commitments In addition to the level of liquid assets such as trading securities and securities available for sale many other factors affect the ability to meet liquidity needs including access to a variety of funding sources maintaining borrowing capacity in national money markets growing core deposits, the repayment of loans and the capability to securitize or package loans for sale

Table of Contents

The purpose of the Parent Company is to serve as the capital financing vehicle for the operating subsidiaries The assets of the Parent Company consist primarily of cash on deposit with Branch Bank equity investments in subsidiaries advances to subsidiaries accounts receivable from subsidiaries and other miscellaneous assets The principal obligations of the Parent Company are principal and interest on master notes long term debt and redeemable capital securities The main sources of funds for the Parent Company are dividends and management fees from subsidiaries repayments of advances to subsidiaries and proceeds from the issuance of long term debt and master notes The primary uses of funds by the Parent Company are for investments in subsidiaries advances to subsidiaries dividend payments to shareholders retirement of common stock and interest and principal payments due on long term debt and master notes

The primary source of funds used for Parent Company cash requirements was dividends received from subsidiaries which totaled $666 million during 2010 In addition the Parent Company issued $500 million of senior notes during 2010 Funds raised through master note agreements with commercial clients are placed in a note receivable at Branch Bank primarily for its use in meeting short term funding needs and to a lesser extent to support the short-term temporary cash needs of the Parent Company At December 31 2010 and 2009 master note balances totaled $806 million and $1 0 billion respectively

The Parent Company had six issues of senior notes outstanding totaling $3 3 billion and five issues of subordinated notes outstanding totaling $3 0 billion at December 31 2010 In addition as of December 31 2010 the Parent Company had $3 3 billion of junior subordinated debentures outstanding to unconsolidated trusts Please refer to Note 11 Long Term Debt in the Notes to Consolidated Financial Statements for additional information with respect to these senior notes subordinated notes and junior subordinated debentures

Branch Bank has several major sources of funding to meet its liquidity requirements including access to capital markets through issuance of senior or subordinated bank notes and institutional certificates of deposit access to the FHLB system dealer repurchase agreements and repurchase agreements with commercial clients participation in the Treasury Tax and Loan program with the Federal Reserve Bank access to the overnight and term Federal funds markets use of a Cayman branch facility access to retail brokered certificates of deposit and a borrower in custody program with the Federal Reserve Bank for the discount window As of December 31 2010 BB&T has approximately $25 billion of secured borrowing capacity which represents approximately 201% of one year wholesale funding maturities

Table of Contents

BB&T s and Branch Bank s ability to raise funding at competitive prices is affected by the rating agencies views of BB&T s and Branch Bank s credit quality liquidity capital and earnings Management meets with the rating agencies on a routine basis to discuss the current outlook for BB&T and Branch Bank The ratings for BB&T and Branch Bank by the four major rating agencies are detailed in the table below

Table 25
Credit Ratings of BB&T Corporation and Branch Bank
December 31 2010

	S&P	Moody s	Fitch	DBRS
BB&T Corp				
Commercial Paper	A-1	P-1	F1	R 1(low)
Issuer	A	A2	A+	A(high)
LT/Senior debt	A	A2	A+	A(high)
Subordinated debt	A-	A3	A	A
Trust Preferred Securities	BBB	Baa1	A-	A
Branch Bank				
Bank financial strength	A+/A 1	B-	B	NA
Long term deposits	A+	A1	AA	AA(low)
LT/Senior unsecured bank notes	A+	A1	A+	AA(low)
Other long term senior obligations	A+	A1	A+	AA(low)
Other short term senior obligations	A 1	P-1	F1	R 1(middle)
Short term bank notes	A 1	P 1	F1	R-1(middle)
Short term deposits	A 1	P-1	F1+	R-1(middle)
Subordinated bank notes	A	A2	A	A(high)
Ratings Outlook				
Credit Trend	Stable	Stable	Stable	Stable

BB&T Branch Bank and BB&T FSB have Contingency Funding Plans (CFPs) designed to ensure that liquidity sources are sufficient to meet their ongoing obligations and commitments particularly in the event of a liquidity contraction The CFPs are designed to examine and quantify the organization s liquidity under various stress scenarios Additionally the CFPs provide a framework for management and other critical personnel to follow in the event of a liquidity contraction or in anticipation of such an event The CFPs address authority for activation and decision making liquidity options and the responsibilities of key departments in the event of a liquidity contraction

Management believes current sources of liquidity are adequate to meet BB&T s current requirements and plans for continued growth See Note 6 Premises and Equipment Note 11 Long Term Debt and Note 16 Commitments and Contingencies in the Notes to Consolidated Financial Statements for additional information regarding outstanding balances of sources of liquidity and contractual commitments and obligations

Table of Contents

Contractual Obligations, Commitments, Contingent Liabilities, Off-Balance Sheet Arrangements, and Related Party Transactions

The following table presents as of December 31 2010 BB&T s significant fixed and determinable contractual obligations by payment date The payment amounts represent those amounts contractually due to the recipient The table excludes liabilities recorded where management cannot reasonably estimate the timing of any payments that may be required in connection with these liabilities Further discussion of the nature of each obligation is included in Note 16 Commitments and Contingencies in the Notes to Consolidated Financial Statements

Table 26
Contractual Obligations and Other Commitments
December 31, 2010

	Total	Less than One Year	1 to 3 Years	3 to 5 Years	After 5 Years
			(Dollars in millions)		
Contractual Cash Obligations					
Long term debt	$21,730	$ 2 143	$ 3 166	$2 191	$14,230
Operating leases	1,232	149	259	220	604
Commitments to fund affordable housing investments	334	155	131	47	1
Venture capital commitments	185	83	72	30	—
Time deposits	33 182	21,883	8 820	2,239	240
Total contractual cash obligations	$56 663	$24 413	$12 448	$4 727	$15 075

BB&T s significant commitments include certain investments in affordable housing and historic building rehabilitation projects throughout its market area BB&T enters into such arrangements as a means of supporting local communities and recognizes tax credits relating to these investments At December 31 2010 BB&T s investments in such projects totaled $1 2 billion which includes outstanding commitments of $334 million BB&T typically acts as a limited partner in these investments and does not exert control over the operating or financial policies of the partnerships Branch Bank typically provides financing during the construction and development of the properties however permanent financing is generally obtained from independent third parties upon completion of a project As of December 31 2010 BB&T had $135 million in loan commitments outstanding related to these projects of which $36 million had been funded BB&T s risk exposure relating to such commitments is generally limited to the amount of investments and loan commitments made Please refer to Note 1 Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements for further discussion of these investments in limited partnerships

In addition BB&T enters into derivative contracts to manage various financial risks A derivative is a financial instrument that derives its cash flows and therefore its value by reference to an underlying instrument index or referenced interest rate Derivative contracts are carried at fair value on the Consolidated Balance Sheets with the fair value representing the net present value of expected future cash receipts or payments based on market interest rates as of the balance sheet date Derivative contracts are written in amounts referred to as notional amounts which only provide the basis for calculating payments between counterparties and are not a measure of financial risk Therefore the derivative liabilities recorded on the balance sheet as of December 31 2010 do not represent the amounts that may ultimately be paid under these contracts Further discussion of derivative instruments is included in Note 1 Summary of Significant Accounting Policies and Note 20 Derivative Financial Instruments in the Notes to Consolidated Financial Statements

In the ordinary course of business BB&T indemnifies its officers and directors to the fullest extent permitted by law against liabilities arising from litigation BB&T also issues standard representation and warranties in underwriting agreements merger and acquisition agreements loan sales, brokerage activities and other similar arrangements Counterparties in many of these indemnifications provide similar indemnifications to BB&T Although these agreements often do not specify limitations BB&T does not believe that any payments related to these guarantees would materially change the financial condition or results of operations of BB&T

Table of Contents

BB&T holds public funds in certain states that do not require 100% collateralization on public fund bank deposits In these states should the failure of another public fund depository institution result in a loss for the public entity the resulting shortfall would have to be absorbed on a pro rata basis by the remaining financial institutions holding public funds in that state

BB&T has investments and future funding commitments to certain venture capital funds As of December 31 2010 BB&T had investments of $266 million related to these ventures and future funding commitments of $185 million BB&T s risk exposure relating to such commitments is generally limited to the amount of investments and future funding commitments made

Merger and acquisition agreements of businesses other than financial institutions occasionally include additional incentives to the acquired entities to offset the loss of future cash flows previously received through ownership positions Typically these incentives are based on the acquired entity s contribution to BB&T s earnings compared to agreed-upon amounts When offered these incentives are typically issued for terms of three to five years As certain provisions of these agreements do not specify dollar limitations it is not possible to quantify the maximum exposure resulting from these agreements

As a member of the Federal Home Loan Bank of Atlanta (FHLB) BB&T is required to maintain a minimum investment in capital stock The board of directors of the FHLB can increase the minimum investment requirements in the event it has concluded that additional capital is required to allow it to meet its own regulatory capital requirements Any increase in the minimum investment requirements outside of specified ranges requires the approval of the Federal Housing Finance Agency Because the extent of any obligation to increase BB&T s investment in the FHLB depends entirely upon the occurrence of a future event potential future payments to the FHLB are not determinable

In the normal course of business BB&T is also a party to financial instruments to meet the financing needs of clients and to mitigate exposure to interest rate risk Such financial instruments include commitments to extend credit and certain contractual agreements including standby letters of credit and financial guarantee arrangements Further discussion of these commitments is included in Note 16 "Commitments and Contingencies in the Notes to Consolidated Financial Statements "

BB&T s significant commitments and obligations are summarized in the accompanying table Not all of the commitments presented in the table will be used thus the actual cash requirements are likely to be significantly less than the amounts reported

Table 27
Summary of Significant Commitments
December 31, 2010
(Dollars in millions)

Lines of credit	$14 486
Letters of credit and financial guarantees written	7 291
Other commitments (1)	22 431
Total significant commitments	$44 208

(1) Other commitments include unfunded business loan commitments unfunded overdraft protection on demand deposit accounts and other unfunded commitments to lend

Related Party Transactions

The Corporation may extend credit to certain officers and directors in the ordinary course of business These loans are made under substantially the same terms as comparable third party lending arrangements and are in compliance with applicable banking regulations

Capital

The maintenance of appropriate levels of capital is a management priority and is monitored on a regular basis BB&T s principal goals related to the maintenance of capital are to provide adequate capital to support

Table of Contents

BB&T s comprehensive risk profile preserve a sufficient capital base from which to support future growth provide a competitive return to shareholders comply with regulatory standards and achieve optimal credit ratings for BB&T and its subsidiaries

Management regularly monitors the capital position of BB&T on a consolidated basis In this regard management s overriding policy is to maintain capital at levels that will result in BB&T being classified as 'well-capitalized for regulatory purposes and to maintain sufficient capital relative to the Corporation s level of risk Secondarily it is management s intent to maintain consolidated capital levels that result in regulatory risk based capital ratios that are generally comparable with BB&T s peers of similar size complexity and risk profile Management particularly monitors and intends to maintain the following minimum capital ratios

Table 28
BB&T s Internal Capital Guidelines

Tier 1 Capital Ratio	8 50%
Total Capital Ratio	12 00%
Tier 1 Leverage Capital Ratio	7 00%
Tangible Capital Ratio	5 50%
Tier 1 Common Equity Ratio	7 00%

Payments of cash dividends to BB&T s shareholders and repurchases of common shares are the methods used to manage any excess capital generated In addition management closely monitors the Parent Company s double leverage ratio (investments in subsidiaries as a percentage of shareholders equity) with the intention of maintaining the ratio below 120 0% The active management of the subsidiaries equity capital as described above is the process used to manage this important driver of Parent Company liquidity and is a key element in the management of BB&T s capital position

The capital of BB&T s subsidiaries is regularly monitored to determine if the levels that management believes are the most beneficial and efficient for their operations are maintained Management intends to maintain capital at Branch Bank and BB&T FSB at levels that will result in these subsidiaries being classified as well-capitalized for regulatory purposes Secondarily it is management s intent to maintain Branch Bank s capital at levels that result in regulatory risk based capital ratios that are generally comparable with peers of similar size complexity and risk profile If the capital levels of Branch Bank increase above these guidelines excess capital may be transferred to the Parent Company subject to regulatory and other operating considerations in the form of special dividend payments

While nonrecurring events or management decisions may result in the Corporation temporarily falling below its minimum guidelines for one or more of these ratios it is management s intent through capital planning to return to these targeted minimums within a reasonable period of time Such temporary decreases below these minimums are not considered an infringement of BB&T s overall capital policy provided the Corporation and Branch Bank remain 'well capitalized

Capital Adequacy and Resources

Financial holding companies and their banking subsidiaries are subject to regulatory requirements with respect to risk based capital adequacy Capital adequacy is an important indicator of financial stability and performance

Risk-based capital ratios measure capital as a percentage of a combination of risk weighted balance sheet and off balance sheet risk The risk weighted values of both balance sheet and off balance sheet items are determined in accordance with risk factors specified by Federal bank regulatory pronouncements As of December 31 2010 federal bank regulators did not prescribe measures of tangible capital and therefore these measures were considered non GAAP BB&T uses the Tier 1 common equity definition used in the SCAP assessment to calculate measures of tangible capital and Tier 1 common capital BB&T s management uses these measures to assess the quality of capital and believes that investors may find them useful in their analysis of the Corporation These capital measures are not necessarily comparable to similar capital measures that may be presented by other companies

Tier 1 capital is calculated as common shareholders equity excluding the over or underfunded status of postretirement benefit obligations unrealized gains or losses on debt securities available for sale unrealized gains on equity securities available for sale and unrealized gains or losses on cash flow hedges net of deferred income taxes plus certain mandatorily redeemable capital securities less nonqualifying intangible assets, net of

Table of Contents

applicable deferred income taxes and certain nonfinancial equity investments Tier 2 capital may consist of qualifying subordinated debt certain hybrid capital instruments qualifying preferred stock and a limited amount of the allowance for credit losses Tier 1 capital and Tier 2 capital combined are referred to as total regulatory capital Tier 1 capital is required to be at least 4% of risk weighted assets and total capital must be at least 8% of risk weighted assets with one half of the minimum consisting of Tier 1 capital

Current provisions of the Dodd Frank Act will result in the elimination over a manageable period of time of certain capital securities from inclusion in Tier 1 capital BB&T currently has approximately $3 2 billion of capital securities that qualify as Tier 1 capital In addition as discussed in the section titled Regulatory Considerations the regulators are currently evaluating the adoption of new Basel III capital standards Based on a review of the proposed standards management believes it will meet the required capital levels As of December 31 2010 management s current projection of Tier 1 common under Basel III was 7 5%

In addition to the risk based capital measures described above regulators have also established minimum leverage capital requirements for banking organizations The minimum required Tier 1 leverage ratio ranges from 3% to 5% depending upon Federal bank regulatory agency evaluations of an organization s overall safety and soundness BB&T s regulatory and tangible capital ratios are set forth in the following table

Table 29
Capital—Components and Ratios

	December 31 2010	December 31 2009
	(Dollars in millions)	
Risk based		
Tier 1	11 8%	11 5%
Total	15 5	15 8
Leverage capital	9 1	8 5
Non-GAAP capital measures (1)		
Tangible common equity as a percentage of tangible assets	7 1	6 2
Tier 1 common equity as a percentage of risk weighted assets	9 1	8 5
Calculations of Tier 1 common equity and tangible assets and related measures		
Tier 1 equity	$ 13 959	$ 13 456
Less		
Qualifying restricted core capital elements	3 248	3 497
Tier 1 common equity	$ 10 711	$ 9 959
Total assets	$157,081	$165 764
Less		
Intangible assets net of deferred taxes	6,391	6 553
Plus		
Pre tax regulatory adjustments for accumulated OCI	636	806
Tangible assets	$151,326	$160 017
Total risk weighted assets (2)	$118,131	$117 167
Tangible common equity as a percentage of tangible assets	7 1%	6 2%
Tier 1 common equity as a percentage of risk-weighted assets	9 1	8 5
Tier 1 common equity	$ 10,711	$ 9 959
Outstanding shares at end of period	694,381	689 750
Tangible book value per common share	$ 15 43	$ 14 44

(1) Tangible common equity and Tier 1 common equity ratios are non-GAAP measures BB&T uses the Tier 1 common equity definition used in the SCAP assessment to calculate these ratios BB&T's management uses these measures to assess the quality of capital and believes that investors may find them useful in their analysis of the Corporation These capital measures are not necessarily comparable to similar capital measures that may be presented by other companies

Maybank 009743

ROA 4345

Table of Contents

(2) Risk weighted assets are determined based on regulatory capital requirements Under the regulatory framework for determining risk weighted assets each asset class is assigned a risk weighting of 0% 20% 50% or 100% based on the underlying risk of the specific asset class In addition off balance sheet exposures are first converted to a balance sheet equivalent amount and subsequently assigned to one of the four risk weightings

As further described below and reflected in the table BB&T has entered into a transaction involving the issuance of capital securities (Capital Securities) by a Delaware statutory trust formed by the Company (the Trust) Simultaneously with the closing of this transaction BB&T entered into a replacement capital covenant (the Replacement Capital Covenant) for the benefit of persons that buy hold or sell a specified series of long term indebtedness of the Company or its largest depository institution subsidiary (the Specified Debt) The Replacement Capital Covenant provides that neither BB&T nor any of its subsidiaries (including the Trust) will repay redeem or purchase any of the Capital Securities and the securities held by the Trust (the Other Securities) as applicable on or before the date specified in the Replacement Capital Covenant with certain limited exceptions except to the extent that during the 180 days prior to the date of that repayment redemption or purchase the Company has received proceeds from the sale of qualifying securities that (i) have equity like characteristics that are the same as or more equity like than the applicable characteristics of the Capital Securities or Other Securities as applicable at the time of repayment redemption or purchase and (ii) the Company has obtained the prior approval of the Federal Reserve Board if such approval is then required by the Federal Reserve Board

The following table identifies the (i) closing date for the transaction (ii) issuer (iii) series of Capital Securities issued (iv) Other Securities and (v) applicable Specified Debt

Closing Date	Issuer	Capital Securities	Other Securities	Specified Debt
6/12/07	BB&T Capital Trust IV and BB&T Corporation	BB&T Capital Trust IV s $600 000 000 Fixed to Floating Rate Capital Securities	Company s $600 010 000 Fixed to Floating Rate Junior Subordinated Debentures due 2077	Company s 6 75% junior subordinated debentures due 2036 underlying the 6 75% capital securities of BB&T Capital Trust II

Common Stock and Dividends

BB&T s ability to pay dividends is primarily dependent on earnings from operations the adequacy of capital and the availability of liquid assets for distribution BB&T s ability to generate liquid assets for distribution is dependent on the ability of Branch Bank to pay dividends to the Parent Company The payment of cash dividends is an integral part of providing a competitive return on shareholders investments The Corporation s policy is to accomplish this while retaining sufficient capital to support future growth and to meet regulatory requirements Management has established a guideline that during normal economic conditions the common dividend payout ratio will be between 30% and 50% of basic earnings per share BB&T s common dividend payout ratio computed by dividing dividends declared per common share by basic earnings per common share was 50 85% in 2010 compared to 79 31% in 2009 BB&T s payout ratio was higher in 2009 due to lower earnings during the worst part of the economic recession and a higher dividend-rate in the first quarter of 2009 The dividend was reduced to its current quarterly rate in the second quarter of 2009 Decreasing the dividend at that time was necessary due to the continuing poor economic conditions and preserved approximately $725 million of capital per year based on the shares outstanding at the time of the decision BB&T has paid a cash dividend to shareholders every year since 1903 A discussion of dividend restrictions is included in Note 17 "Regulatory Requirements and Other Restrictions in the Notes to Consolidated Financial Statements and in the Regulatory Considerations" section

BB&T s common stock is traded on the New York Stock Exchange (NYSE") under the symbol "BBT" BB&T s common stock was held by approximately 355 000 shareholders at December 31 2010 compared to approximately 381 000 at December 31 2009 The accompanying table "Quarterly Summary of Market Prices and Dividends Paid on Common Stock sets forth the quarterly high and low trading prices and closing sales prices for BB&T s common stock and the dividends paid per share of common stock for each of the last eight quarters

Table of Contents

Table 30
Quarterly Summary of Market Prices and Cash Dividends Declared on Common Stock

	2010				2009			
	Sales Prices			Cash Dividends	Sales Prices			Cash Dividends
	High	Low	Last	Declared	High	Low	Last	Declared
Quarter Ended								
March 31	$32 93	$25 40	$32.39	$ 15	$27 72	$12 90	$16 92	$ 47
June 30	35 72	26 18	26 31	15	28 67	16.27	21 98	15
September 30	28 69	21 72	24 08	15	29 81	19 83	27 24	15
December 31	27.57	22 15	26 29	15	28 66	23 75	25 37	15
Year	$35 72	$21 72	$26 29	$ 60	$29 81	$12 90	$25 37	$ 92

Share Repurchases

BB&T has periodically repurchased shares of its own common stock In accordance with North Carolina law repurchased shares cannot be held as treasury stock but revert to the status of authorized and unissued shares upon repurchase

On June 27 2006 BB&T s Board of Directors granted authority under a plan (the 2006 Plan) for the repurchase of up to 50 million shares of BB&T s common stock as needed for general corporate purposes The 2006 Plan also authorizes the repurchase of the remaining shares from the previous authorization The 2006 Plan remains in effect until all the authorized shares are repurchased unless modified by the Board of Directors No shares were repurchased in connection with the 2006 Plan during 2010 2009 and 2008

Table 31
Share Repurchase Activity

	2010			
	Total Shares Repurchased (1)	Average Price Paid Per Share (2)	Total Shares Purchased Pursuant to Publicly Announced Plan	Maximum Remaining Number of Shares Available for Repurchase Pursuant to Publicly Announced Plan
			(Shares in Thousands)	
October 1-31	6	$ 24 24	—	44 139
November 1 30	2	24 12	—	44 139
December 1 31	5	24 31	—	44 139
Total	13	24 24	—	44 139

(1) Repurchases reflect shares exchanged or surrendered in connection with the exercise of equity based awards under BB&T s equity based compensation plans

(2) Excludes commissions

Segment Results

BB&T s operations are divided into seven reportable business segments Community Banking, Residential Mortgage Banking Sales Finance Specialized Lending Insurance Services Financial Services and Treasury These operating segments have been identified based primarily on BB&T s organizational structure See Note 22 "Operating Segments in the Notes to Consolidated Financial Statements herein for additional disclosures related to BB&T s operating segments the internal accounting and reporting practices used to manage these segments and financial disclosures for these segments Fluctuations in noninterest income and noninterest expense incurred directly by the segments are more fully discussed in the "Noninterest Income and Noninterest Expense sections of this discussion and analysis

Maybank 009745

ROA 4347

Table of Contents

Community Banking

The Community Banking network had 1 782 banking offices at the end of 2010 a decrease of 75 offices compared to 1 857 banking offices at December 31 2009 The decrease in offices resulted primarily from the closing of overlapping banking offices related to the acquisition of Colonial

Community Banking had solid organic deposit growth during 2010 while the loan portfolios declined slightly due to weak economic conditions and the lack of strong demand for lending products Net income attributable to Community Banking decreased $211 million or 47 1% to $237 million compared to 2009 primarily as a result of foreclosed property expenses as well as problem loan administration expense Comparing 2009 to 2008 net income in Community Banking decreased $604 million or 57 4% to $448 million

Net interest income for Community Banking totaled $3 8 billion in 2010 compared to $3 6 billion in 2009 Growth in net interest income was primarily due to an increase of $137 million in net interest income from clients and an increase of $72 million in net funds transfer pricing ("FTP") provided to Community Banking during 2010 The increase in net interest income from clients in 2010 was primarily due to improvements in the deposit mix specifically related to a decrease in client certificates of deposits The increase in net interest income as a result of the improvement in deposit mix was partially offset by the impact of historically low interest rates as well as elevated nonaccrual balances on interest income from loans Net interest income earned for 2009 rose by $394 million or 12 2% compared to 2008 The increase in the net interest income was primarily due to higher FTP provided to Community Banking during 2009

The economic provision for loan and lease losses declined by $82 million or 4 4% to $1 8 billion in 2010 compared to 2009 reflecting improvement in the outlook on credit quality The economic provision for loan and lease losses increased $1 0 billion or 123 1% from 2008 to 2009 The increase during 2009 reflected deterioration in the residential acquisition and development portfolio

Noninterest income in Community Banking decreased $25 million or 2 0% to $1 3 billion in 2010 primarily due to lower overdraft fees along with losses on commercial loans held for sale partially offset by increases in checkcard fees bankcard fees and merchant discounts and account analysis fees In 2009 noninterest income increased $41 million or 3 3% driven primarily by the Colonial acquisition which contributed $44 million in noninterest income to Community Banking Noninterest income allocated from other segments which is reflected as intersegment net referral fees (referral fees) declined by $53 million or 11 5% in 2010 primarily due to lower referrals for residential mortgage lending as originations slowed Noninterest income allocated from other segments of $461 million in 2009 was $207 million or 81 5% higher than 2008 driven primarily by higher referrals for mortgage lending

Noninterest expenses incurred by Community Banking during 2010 increased $427 million or 20 5% to $2 5 billion compared to 2009 The increase was primarily due to foreclosed property expenses and problem loan administration expense along with increases in compensation fringe benefit. and FDIC insurance costs Comparing 2009 to 2008 noninterest expenses increased $535 million or 34 7% The acquisition of the Colonial branches created $160 million of additional noninterest expense in 2009 for Community Banking The remaining increase of $375 million was primarily due to the increase in foreclosed property expenses and FDIC insurance premiums Allocated corporate expenses increased $128 million or 18 3% to $827 million in 2010 primarily due to increases in loan administration expense IT services and operations Comparing 2009 to 2008 allocated corporate expenses declined by $1 million or 0 1%

Total identifiable assets for Community Banking decreased $2 4 billion in 2010 or 3 9% to $60 4 billion compared to a decrease of $2 0 billion or 3 1% in 2009 The loan portfolios declined due to the sale of specific nonperforming commercial loans the general economic conditions and lack of strong demand for lending products during 2010

Residential Mortgage Banking

BB&T s mortgage originations totaled $24 9 billion in 2010 down 11 7% from a record $28 2 billion in 2009 BB&T s residential mortgage servicing portfolio which includes portfolio loans on BB&T s balance sheet and

Maybank 009746

ROA 4348

Table of Contents

loans serviced for third parties totaled $83 6 billion at year-end 2010 compared to $73 6 billion at December 31 2009 The Residential Mortgage Banking segment experienced a net loss of $46 million in 2010 compared to net income of $206 million in 2009 This decline was primarily due to a significant increase in the economic provision for loan and lease losses Net income in 2009 increased by $76 million or 58 5% as a result of strong growth in loan originations during the year

Net interest income for the Residential Mortgage Banking segment totaled $526 million in 2010 down 5 0% compared to $343 million in 2009 Net interest income in 2009 was up 13 2% compared to 2008 The decrease in net interest income in 2010 was primarily the result of a decline in average portfolio loan balances The increase in net interest income in 2009 was primarily the result of growth in the loans held for sale portfolio and associated lower funding costs

The economic provision for loan and lease losses was $570 million for 2010 up $237 million or 71.2% compared to $333 million in 2009 Growth in the provision reflected higher losses in 2010 including $141 million of net charge-offs as a result of the sale of problem loans in connection with management s nonperforming asset disposition strategy

Noninterest income in the Residential Mortgage Banking segment declined $150 million or 24 7% to $457 million in 2010 This decrease is due to lower residential mortgage production revenues compared to a record year in 2009 Noninterest income was up $383 million or 171 0%, in 2009 compared to 2008 Higher mortgage originations as well as improved economic hedge performance of the mortgage servicing asset were primary responsible for this increase Noninterest expenses incurred in 2010 within the Residential Mortgage Banking segment increased $23 million or 18 0% to $151 million compared to 2009 primarily reflecting higher foreclosed property expense as well as an increase in provision expense associated with loan repurchases Noninterest expenses for 2009 were up $44 million or 52 4% as compared to 2008 primarily due to higher incentives related to strong sales performance as well as higher loan origination costs

Total identifiable assets of $22 2 billion for the Residential Mortgage Banking segment increased $3 1 billion or 16 4% This followed a slight decrease in identifiable assets in 2009 Increases in mortgage loans were due to growth in loans held for investment by year-end 2010

Sales Finance

Net income from the Sales Finance segment was $37 million in 2010 up from a net loss of $12 million in 2009 This increase is primarily attributable to growth in average loan balances and a significantly lower economic provision for loan and lease losses Net income for 2008 was $19 million

Net interest income from the Sales Finance segment increased by $22 million or 17 6% to $147 million in 2010 compared to 2009 The increase in net interest income was primarily due to record loan production and an improved net interest margin during a lower interest rate environment During 2009 net interest income increased by $5 million or 4 2% to $125 million compared to 2008 This increase was due to growth in the indirect recreational and marine vehicle portfolio as well as the acquisition of an indirect automobile loan portfolio in mid 2009

The economic provision for loan and lease losses of $34 million was down 62 2% in 2010 after a 125 0% increase to $90 million in 2009 The decrease in 2010 reflects lower loan loss rates as a result of lower early defaults and improved auction results

The Sales Finance segment was assessed referral fees of $13 million in 2010 and 2009 to compensate Community Banking for services Noninterest expenses incurred within the Sales Finance segment increased by only 3 2% to $32 million in 2010 due to slowing problem loan related activities after increasing 10 7% during 2009 Allocated corporate expenses decreased by $3 million or 25 0% in 2010 compared to previous years

Total identifiable assets for the Sales Finance segment of $6 8 billion increased $683 million or 11 1% compared to 2009 reflecting the strong growth in lending activities coming off of a prior year increase of $14 million or 0 2%

Maybank 009747

ROA 4349

Table of Contents

Specialized Lending

BB&T s Specialized Lending segment continued to expand during 2010 through strong organic growth and significantly lower loan and lease losses Net income from the Specialized Lending segment was $226 million for 2010 up 425 6% compared to 2009 The increase in net income was driven by improved credit performance in the segment s consumer lending and equipment finance businesses and strong growth in net interest income Net income in 2009 of $43 million was up $23 million or 115 0% compared to 2008 primarily due to organic loan growth and asset portfolio purchases during the year

Net interest income totaled $712 million in 2010 an increase of 17 7% compared to 2009 Comparing 2009 to 2008 net interest income increased 21 2% to $605 million The growth in net interest income in 2010 was a result of strong portfolio growth and expansion in the net interest margin Net interest income growth in 2009 was primarily driven by growth in the commercial insurance premium finance and consumer subprime auto loan portfolios Average loans for the Specialized Lending segment grew by $637 million or 8 9% to $7 8 billion in 2010 compared to 2009 Average loan growth for the segment was $1 6 billion or 29 6% in 2009 compared to 2008

The economic provision for loan and lease losses totaled $155 million in 2010 a decrease of $177 million or 53 3% compared to 2009 Comparing 2009 to 2008 the economic provision for loan and lease losses increased $31 million or 10 3% The decline in the provision for 2010 was primarily attributable to improved credit performance in the subprime auto loan and equipment finance portfolios Due to the overall higher credit risk profiles of some of the clients of Specialized Lending loss rates are expected to be higher than conventional bank lending Loss rates are also affected by shifts in the portfolio mix of the underlying subsidiaries

Noninterest income produced by the Specialized Lending segment totaled $143 million in 2010 an increase of $24 million or 20 2% compared to 2009 Comparing 2009 to 2008 noninterest income increased $3 million or 2 6% Noninterest expenses incurred within the Specialized Lending segment in 2010 totaled $293 million an increase of $8 million or 2 8% compared to 2009 Comparing 2009 to 2008 noninterest expenses totaled $285 million an increase of $40 million or 16 3% The increases in noninterest expenses incurred within the Specialized Lending segment were driven by internal growth

Total identifiable assets for the Specialized Lending segment of $8 6 billion increased $413 million or 5 1% between 2009 and 2010 due primarily to organic growth Comparing 2009 to 2008 total identifiable assets increased $1 6 billion or 24 2%

Insurance Services

Net income from the Insurance Services segment was $112 million in 2010 a decline of $16 million or 12 5% from 2009 Insurance Services continues to be impacted by both the weak economy and a decline in insurance premium pricing which has resulted in lower commission revenues and has increased pressure on brokerage operating margins Comparing 2009 to 2008 net income grew $21 million or 19 6%

Noninterest income produced by the Insurance Services segment totaled $1 0 billion during 2010 and 2009 There were no acquisitions completed in 2010 Comparing 2009 to 2008 noninterest income increased $125 million or 13 8%

Noninterest expenses incurred within the Insurance Services segment increased $17 million or 2 2% in 2010 to $790 million compared to 2009 This increase was due to higher operating costs including increased insurance contract commissions paid to outside agents and brokers and increased legal costs compared to 2009 Comparing 2009 to 2008 noninterest expenses increased $75 million or 10 7%

Financial Services

Net income from the Financial Services segment declined by $1 million or 0 6% to $159 million in 2010 The decrease from 2009 is primarily attributable to the $27 million pre tax gain realized in 2009 on the sale of BB&T s payroll processing business Adjusted for this 2009 one-time gain the Financial Services segment s net income was up $16 million or 10 9% In 2010 the Financial Services segment experienced positive results from Corporate Banking loan and deposit growth and strong growth in assets under management in Sterling Capital and the

Maybank 009748

ROA 4350

Table of Contents

Wealth Management Division Additionally Investment Services expanded their number of investment counselors in 2010 contributing to strong revenue growth for their business especially in the new markets associated with the Colonial acquisition Comparing 2009 to 2008 net income increased $74 million or 86 0% based on an expansion of Corporate Banking initiatives as well as strong performance from capital markets activities and brokerage operations

Net interest income for the Financial Services segment totaled $127 million in 2010 a decrease of $3 million or 2 3% compared to 2009 Comparing 2009 to 2008 net interest income increased $52 million or 66 7% The decrease in net interest income during 2010 was attributable to lower fixed income revenue for Scott & Stringfellow that was partially offset by strong organic loan growth in Corporate Banking Corporate Banking was also the strongest driver in the overall increase in net interest income for 2009

Noninterest income in the Financial Services segment in 2010 totaled $657 million down $17 million or 2 5% compared to $674 million earned during 2009 This decrease in 2010 is primarily attributed to the $27 million gain realized in 2009 on the sale of BB&T s payroll processing business BB&T Capital Partners had strong revenue growth in 2010 related to maturing investments in its private equity and mezzanine funds Additionally Sterling Capital and the Wealth Management Division had strong noninterest income growth in 2010 with assets under management growing as a result of improved market conditions and business initiatives Noninterest income increased by $45 million or 7.2% between 2008 and 2009 The revenue increase in 2009 was attributable to the gain on the sale of BB&T s payroll processing business and strong performances from the Wealth Management Division and Capital Market s Fixed Income sales and trading activities Noninterest expenses of $533 million incurred by Financial Services in 2010 declined $10 million compared to 2009 after declining $9 million in the prior year

Treasury

The Treasury segment is responsible for managing the liquidity position for the Corporation investing excess funds and managing interest rate risk Net income from the Treasury segment of $163 million for 2010 was down $67 million or 29 1% from 2009 Net income in the Treasury segment is subject to fluctuations based on the interest sensitivity of the Corporation s balance sheet the purchases and sales of securities and the issuance and retirement of funding vehicles For 2009 net income of $230 million was down $177 million or 43 5% from 2008

Net interest income in the Treasury segment can vary due to changing needs of the Corporation including the size of the investment portfolio the need for wholesale funding, and income received from derivatives used to hedge the balance sheet Net interest expense for the Treasury segment was $467 million in 2010 compared to net interest expense of $59 million in 2009 Net interest expense for 2010 consisted of $156 million of net interest income and $623 million of net interest expense from the FTP charge For 2009 net interest income for the Treasury segment consisted of $630 million of net interest income and $689 million of net interest expense from the FTP charge

During 2010 noninterest income earned by the Treasury segment totaled $643 million an increase of 97 2% compared to $326 million earned during 2009 Noninterest income during 2010 included $578 million in gains on the sale of securities, an increase of $339 million compared to $239 million of gains in 2009 These gains were partially offset by other than-temporary impairment ('OTTI ') write downs of $31 million in 2010 and $7 million in 2009 For 2008 noninterest income within the Treasury segment totaled $265 million and included net gains on the sale of securities of $233 million and OTTI of $54 million

The income tax benefit allocated to the Treasury segment during 2010 was $11 million compared to a provision for income taxes of $28 million in 2009 and $157 million in 2008 The changes in the taxes allocated to the Treasury segment are a combination of changes in the level of pre tax income and tax-exempt income

As of December 31 2010 total identifiable assets in the Treasury segment were $27 8 billion a decrease of $8 8 billion or 24 0% from the prior year This followed a decrease of $835 million or 2.2%, in 2009 compared to 2008 The decrease in assets in 2010 reflects the implementation of a de risking strategy whereby the portfolio size was decreased through sales of securities and duration in the portfolio was reduced

Table of Contents

Fourth Quarter Results

Consolidated net income available to common shareholders for the fourth quarter of 2010 of $208 million was up 12 4% compared to $185 million earned during the same period in 2009 On a diluted per common share basis earnings for the fourth quarter of 2010 were $ 30 up 11 1% compared to $ 27 for the same period in 2009 BB&T s results of operations for the fourth quarter of 2010 produced an annualized return on average assets of 54% and an annualized return on average common shareholders equity of 4 88% compared to prior year ratios of 47% and 4 52% respectively

Total fully taxable-equivalent revenues were $2 3 billion for the fourth quarter of 2010 up slightly compared to the fourth quarter of 2009 The increase in total revenues was driven by higher net interest income as the net interest margin for the fourth quarter of 2010 improved 24 basis points compared to the fourth quarter of 2009 The improvement in the net interest margin reflects higher yields on loans acquired in the Colonial acquisition and lower deposit costs Interest income on covered and other acquired assets increased $128 million the majority of which is offset in the FDIC loss-share income Net interest income increased at a slower pace due to a decline in average earning assets of $6 9 billion as a result of the balance sheet deleverage strategy that was executed in the second quarter of 2010 Noninterest income was down slightly compared to the fourth quarter of 2009 as higher net securities gains of $100 million were offset by a decrease of $43 million in service charges on deposit accounts and $62 million of losses and writedowns on commercial loans held for sale

Management completed its strategy to de-risk the investment securities portfolio during the fourth quarter of 2010 In anticipation of rising rates management sold approximately $6 1 billion of agency mortgage backed securities and replaced them with shorter duration and floating rate securities In addition management sold approximately $400 million of non-agency mortgage-backed securities to reduce the potential for future credit losses

The provision for credit losses excluding covered loans for the fourth quarter of 2010 declined $182 million or 25 1% compared to the fourth quarter of 2009 as improving credit resulted in lower provision expense The provision for covered loans increased $100 million which was offset by a corresponding $80 million increase in FDIC loss share income Net-charge-offs for the fourth quarter of 2010 were $50 million higher than the fourth quarter of 2009 partially due to $26 million in charge-offs recognized as a result of the continuing NPA disposition strategy Overall the level of nonperforming assets and loan delinquencies were improving and the outlook for future credit losses is better

A $15 million provision for income taxes was recorded for the fourth quarter of 2010 compared to $13 million for the fourth quarter of 2009 This resulted in an effective tax rate for the fourth quarter of 2010 of 6 5% compared to 6.2% for the prior year s fourth quarter

The accompanying table "Quarterly Financial Summary—Unaudited, presents condensed information relating to quarterly periods in the years ended December 31 2009 and 2008

Maybank 009750

ROA 4352

Table of Contents

Table 32
Quarterly Financial Summary—Unaudited

	2010				2009			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(Dollars in millions, except per share data)							
Consolidated Summary of Operations								
Interest income	$ 1 755	$ 1 762	$ 1,819	$ 1,779	$ 1 820	$ 1 745	$ 1 640	$ 1 679
Interest expense	423	448	459	465	497	508	502	533
Provision for credit losses	643	770	650	575	725	709	701	676
Securities gains (losses) net	99	239	219	(3)	(1)	31	19	150
Other noninterest income	865	871	820	847	971	909	974	881
Noninterest expense	1,421	1 408	1 500	1,341	1 361	1 320	1 181	1 069
Provision for income taxes (1)	15	27	25	48	13	(9)	41	114
Net income	217	219	224	194	194	157	208	318
Noncontrolling interest	9	9	14	6	9	5	4	6
Dividends and accretion on preferred stock	—	—	—	—	—	—	83	41
Net income available to common shareholders	$ 208	$ 210	$ 210	$ 188	$ 185	$ 152	$ 121	$ 271
Basic earnings per common share	$ 30	$ 30	$ 30	$ 27	$ 27	$ 23	$ 20	$ 48
Diluted earnings per common share	$ 30	$ 30	$ 30	$ 27	$ 27	$ 23	$ 20	$ 48
Selected Average Balances								
Assets	$159,464	$155,666	$159,786	$163 807	$164 719	$157 451	$148 496	$149 876
Securities at amortized cost	25 988	23 277	28,309	32 989	33 351	31 511	29 510	30 500
Loans and leases (2)	105,946	104 755	103 964	104 468	105 869	103 334	99 577	99 724
Total earning assets	134 929	130 983	135,374	140 138	141 875	137 176	131 156	132 331
Deposits	105 592	103 505	107 060	111 031	113 622	107 310	94 385	93 934
Federal funds purchased securities sold under repurchase agreements and short term debt	9 446	7 355	9,105	10 207	8 584	9 964	14 732	16 804
Long term debt	21 890	21 833	21 660	21,221	21 232	19 867	17 755	17 436
Total interest bearing liabilities	115 901	112 594	118 479	123 995	124 616	119 752	111 429	114 346
Shareholders equity	16 951	17 035	16 925	16,627	16 336	15 537	16 683	16 406

(1) Fourth quarter and third quarter 2009 include credits of $7 million and $12 million respectively to the provision for income taxes related to non taxable gains on the sale of leveraged leases

(2) Loans and leases are net of unearned income and include loans held for sale

Maybank 009751

ROA 4353

Table of Contents

SIX YEAR FINANCIAL SUMMARY AND SELECTED RATIOS (1)
(Dollars in millions except per share data, shares in thousands)

	As of / For the Years Ended December 31						Five Year Compound Growth Rate
	2010	2009	2008	2007	2006	2005	
Summary of Operations							
Interest income	$ 7,115	$ 6 884	$ 7 207	$ 7 894	$ 6 893	$ 5 506	5 3%
Interest expense	1 795	2 040	2 969	4 014	3 185	1 981	(2 0)
Net interest income	5,320	4 844	4 238	3 880	3 708	3 525	8 6
Provision for credit losses	2 638	2 811	1 445	448	240	217	64 8
Net interest income after provision for credit losses	2 682	2 033	2 793	3 432	3 468	3 308	(4 1)
Noninterest income	3,957	3 934	3 197	2 774	2 521	2 326	11 2
Noninterest expense	5,670	4 931	3 911	3 624	3 511	3 163	12 4
Income before income taxes	969	1 036	2 079	2 582	2 478	2 471	(17 1)
Provision for income taxes	115	159	550	836	945	813	(32 4)
Net income	854	877	1 529	1 746	1 533	1 658	(12 4)
Noncontrolling interest	38	24	10	12	5	4	56 9
Dividends and accretion on preferred stock	—	124	21	—	—	—	NM
Net income available to common shareholders	$ 816	$ 729	$ 1 498	$ 1 734	$ 1 528	$ 1 654	(13 2)
Per Common Share							
Average shares outstanding							
Basic	692 489	629 583	548 847	547 184	539 140	546 916	4 8
Diluted	701 039	635 619	552 498	551 755	543 891	551 380	4 9
Earnings							
Basic	$ 1 18	$ 1 16	$ 2 73	$ 3 17	$ 2 84	$ 3 02	(17 1)
Diluted	1 16	1 15	2 71	3 14	2 81	3 00	(17 3)
Cash dividends declared	60	92	1 87	1 80	1 64	1 49	(16 6)
Book value	23 67	23 47	23 16	23 14	21 69	20 49	2 9
Average Balances							
Securities at amortized cost	$ 27,610	$ 31 226	$ 23 402	$ 21 731	$ 20 110	$ 19 571	7 1
Loans and leases (2)	104 787	102 146	95 195	87 952	79 313	71 517	7 9
Other assets	27 261	21 810	18 284	16 737	14 905	13 524	15 1
Total assets	$159 658	$155 182	$176 881	$126 420	$114 328	$104 612	8 8
Deposits	$106 773	$102 381	$ 88 831	$ 83 501	$ 77,230	$ 70 346	8 7
Long term debt	21 653	19 085	19 839	18 045	14 628	11 959	12 6
Other liabilities	14,346	17 478	14 678	12 659	10 939	11 171	5 1
Shareholders equity	16 886	16 238	13 533	12,215	11 531	11 136	8 7
Total liabilities and shareholders equity	$159 658	$155 182	$136 881	$126 420	$114 328	$104 612	8 8
Period End Balances							
Total assets	$157 081	$165 764	$152 015	$132 618	$121,351	$109 170	7 5
Loans and leases (2)	107 264	106 207	98 669	91 686	83 591	75 023	7 4
Deposits	107,213	114 965	98 613	86 766	80 971	74,282	7 6
Long term debt	21 730	21 376	18 032	18 693	15 904	13 119	10 6
Shareholders equity	16 498	16 241	16 081	12 664	11 826	11 201	8 1
Selected Ratios							
Rate of return on							
Average total assets	54%	56%	1 12%	1 38%	1 34%	1 58%	
Average common equity	4 85	4 93	11 44	14 25	13 35	14 95	
Average total equity	5 06	5 40	11 30	14 30	13 30	14 89	
Dividend payout	50 85	79 31	68 50	56 78	57 75	49 34	
Average equity to average assets	10 58	10 46	9 89	9 66	10 09	10 65	

(1) Amounts include the impact of the Colonial acquisition which was completed on August 14 2009
(2) Loans and leases are net of unearned income and include loans held for sale

Table of Contents

CONTROLS AND PROCEDURES

Management's Report on Internal Control Over Financial Reporting

Management of BB&T is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a 15(f) of the Securities Exchange Act of 1934 as amended (the Exchange Act) The Corporation s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America BB&T s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of the Corporation s assets (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Corporation are being made only in accordance with the authorizations of BB&T s management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use or disposition of the Corporation s assets that could have a material impact on the financial statements

Because of its inherent limitations internal control over financial reporting may not prevent or detect misstatements Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions or that the degree of compliance with the policies and procedures may deteriorate

Under the supervision and with the participation of management including the Chief Executive Officer and the Chief Financial Officer the Corporation conducted an evaluation of the effectiveness of the internal control over financial reporting based on the framework in Internal Control—Integrated Framework promulgated by the Committee of Sponsoring Organizations of the Treadway Commission commonly referred to as the COSO criteria Based on this evaluation under the COSO criteria management concluded that the internal control over financial reporting was effective as of December 31 2010

As of the end of the period covered by this report the management of the Corporation under the supervision and with the participation of the Corporation s Chief Executive Officer and Chief Financial Officer carried out an evaluation of the Corporation s disclosure controls and procedures as defined in Rule 13a 15(e) of the Exchange Act Based on that evaluation the Chief Executive Officer and Chief Financial Officer concluded that the Corporation s disclosure controls and procedures are effective

There was no change in the Corporation s internal control over financial reporting that occurred during the fourth quarter of 2010 that has materially affected or is likely to materially affect the Corporation s internal control over financial reporting

The effectiveness of the internal control structure over financial reporting as of December 31 2010 has been audited by PricewaterhouseCoopers LLP an independent registered public accounting firm as stated in their report included on page 97 which expresses an unqualified opinion on the effectiveness of the Corporation s internal control over financial reporting as of December 31 2010

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of BB&T Corporation

In our opinion the accompanying consolidated balance sheets and the related consolidated statements of income changes in shareholders equity and cash flows present fairly in all material respects the financial position of BB&T Corporation and its subsidiaries at December 31 2010 and 2009 and the results of their operations and their cash flows for each of the three years in the period ended December 31 2010 in conformity with accounting principles generally accepted in the United States of America Also in our opinion the Company maintained, in all material respects effective internal control over financial reporting as of December 31 2010 based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) The Company s management is responsible for these financial statements for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management s Report on Internal Control Over Financial Reporting appearing on page 96 Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects Our audits of the financial statements included examining on a test basis evidence supporting the amounts and disclosures in the financial statements assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk Our audits also included performing such other procedures as we considered necessary in the circumstances We believe that our audits provide a reasonable basis for our opinions

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use or disposition of the company s assets that could have a material effect on the financial statements

Because of its inherent limitations internal control over financial reporting may not prevent or detect misstatements Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate

/s/ PricewaterhouseCoopers LLP

Charlotte North Carolina
February 25 2011

Maybank 009754

ROA 4356

Table of Contents

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31 2010 and 2009
(Dollars in millions, except per share data, shares in thousands)

	December 31 2010	December 31 2009
Assets		
Cash and due from banks	$ 1,127	$ 1 584
Interest bearing deposits with banks	931	667
Federal funds sold and securities purchased under resale agreements or similar arrangements	327	598
Segregated cash due from banks	309	270
Trading securities at fair value	633	636
Securities available for sale at fair value ($1 539 and $1 201 covered by FDIC loss share at December 31 2010 and December 31 2009 respectively)	23,169	33,253
Loans held for sale ($3 176 and $2 551 at fair value at December 31 2010 and December 31 2009 respectively)	3 697	2 551
Loans and leases ($6 194 and $8 019 covered by FDIC loss share at December 31 2010 and December 31 2009 respectively)	103,567	103 656
Allowance for loan and lease losses	(2,708)	(2 600)
Loans and leases net of allowance for loan and lease losses	100 859	101 056
FDIC loss share receivable	1,922	3 062
Premises and equipment	1 840	1 883
Goodwill	6 008	6 053
Core deposit and other intangible assets	508	640
Residential mortgage servicing rights at fair value	830	832
Other assets ($360 and $215 of foreclosed property and other assets covered by FDIC loss share at December 31 2010 and December 31 2009 respectively)	14 921	13 179
Total assets	$ 157 081	$ 165 764
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing deposits	$ 20 637	$ 18 945
Interest-bearing deposits	86 576	96 020
Total deposits	107 213	114 965
Federal funds purchased securities sold under repurchase agreements and short term borrowed funds	5,673	8 106
Long term debt	21 730	21,376
Accounts payable and other liabilities	5 967	5 076
Total liabilities	140,583	149 523
Commitments and contingencies (Note 16)		
Shareholders equity		
Common stock $5 par	3 472	3 449
Additional paid in capital	5 776	5 620
Retained earnings	7 935	7 539
Accumulated other comprehensive loss, net of deferred income taxes of $(452) at December 31 2010 and $(257) at December 31 2009	(747)	(417)
Noncontrolling interest	62	50
Total shareholders equity	16 498	16 241
Total liabilities and shareholders equity	$ 157 081	$ 165 764
Common shares outstanding	694,381	689 750
Common shares authorized	2 000 000	1 000 000
Preferred shares authorized	5 000	5 000

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

Maybank 009755

ROA 4357

Table of Contents

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2010, 2009 and 2008
(Dollars in millions, except per share data, shares in thousands)

	2010	2009	2008
Interest Income			
Interest and fees on loans and leases	$ 6,080	$ 5 547	$ 6 003
Interest and dividends on securities	1,019	1 19	1 1>5
Interest on other earning assets	16	18	69
Total interest income	7 115	6,884	7,207
Interest Expense			
Interest on deposits	917	1 271	1 891
Interest on federal funds purchased securities sold under repurchase agreements and short-term borrowed funds	22	58	2>5
Interest on long-term debt	856	711	843
Total interest expense	1 795	2 040	2,969
Net Interest Income	5,320	4 844	4,2. 8
Provision for credit losses	2,638	2,811	1 445
Net Interest Income After Provision for Credit Losses	2,682	2 033	2,793
Noninterest Income			
Insurance income	1,041	1 047	928
Service charges on deposits	618	690	673
Mortgage banking income	521	608	273
Investment banking and brokerage fees and commissions	352	346	3>4
Checkcard fees	274	227	201
Other nondeposit fees and commissions	270	229	189
Bankcard fees and merchant discounts	177	156	151
Trust and investment advisory revenues	159	139	147
Income from bank-owned life insurance	123	97	84
FDIC loss share income net	(116)	14	—
Other income net	(16)	1 2	88
Securities gains net			
Realized gains net	585	240	211
Other-than-temporary impairments	(117)	(172)	(104)
Non-credit portion recognized in other comprehensive income	86	1 1	—
Total securities gains net	554	199	107
Total noninterest income	3,957	3 9>4	3 197
Noninterest Expense			
Personnel expense	2,616	2,>17	2 201
Foreclosed property expense	747	3>6	79
Occupancy and equipment expense	608	579	>09
Professional services	334	262	204
Regulatory charges	211	2>0	0
Loan processing expenses	180	1 >	12>
Amortization of intangibles	122	114	100
Software expense	117	94	74
Merger related and restructuring charges net	69	8	1>
Other expenses	666	606	74
Total noninterest expense	5,670	4 931	> 911
Earnings			
Income before income taxes	969	1 0>6	2,079
Provision for income taxes	115	1>9	550
Net income	854	877	1,529
Noncontrolling interest	38	74	10
Dividends and accretion on preferred stock	—	124	21
Net income available to common shareholders	$ 816	$ 729	$ 1 498
Earnings Per Common Share			
Basic	$ 1 18	$ 1 16	$ 2 73
Diluted	$ 1 16	$ 1 1>	$ 2 71
Cash dividends declared	$ 60	$ 92	$ 1 87
Weighted Average Shares Outstanding			
Basic	692,489	629,>83	>48 847
Diluted	701 039	635 619	>>2 498

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

Table of Contents

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years Ended December 31, 2010, 2009 and 2008
(Dollars in millions, except per share data, shares in thousands)

	Shares of Common Stock	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Shareholders Equity
Balance January 1, 2008	545 9>>	$ —	$ 2 730	$ 3 087	$ 6 919	$ (104)	$ 32	$ 12 664
Add (Deduct)								
Comprehensive income (loss)								
Net income	—	—	—	—	1 >19	—	10	1 >29
Net change in other comprehensive income (loss)	—	—	—	—	—	(628)	—	(628)
Total comprehensive income (loss) (Note 13)	—	—	—	—	1 >19	(628)	10	901
Stock issued								
In purchase acquisitions (1)	7.201	—	^6	161	—	—	—	197
In connection with stock option exercises and other employee benefits net of cancellations	2.219	—	11	52	—	—	—	63
In connection with dividend reinvestment plan	1 41>	—	7	37	—	—	—	44
In connection with private placement to BB&T pension plan	2 4>8	—	12	41	—	—	—	53
In connection with Capital Purchase Program	—	3 082	—	—	—	—	—	3 082
Warrants issued in connection with Capital Purchase Program	—	—	—	52	—	—	—	52
Cash dividends declared on common stock $1 87 per share	—	—	—	—	(1 028)	—	—	(1 028)
Cash dividends accrued on preferred stock	—	—	—	—	(21)	—	—	(21)
Cumulative effect of adoption of accounting principles	—	—	—	—	(8)	—	—	(8)
Equity based compensation expense	—	—	—	7>	—	—	—	7>
Other net	—	—	—	>	—	—	2	7
Balance December 31 2008	5>9.248	$ 3 082	$ 2 796	$ 3 >10	$ 7 381	$ (732)	$ 44	$ 16 081
Add (Deduct)								
Comprehensive income (loss)								
Net income	—	—	—	—	8>3	—	24	877
Net change in other comprehensive income (loss)	—	—	—	—	—	31>	—	31>
Total comprehensive income (loss) (Note 13)	—	—	—	—	8>3	31>	24	1 192
Stock issued								
In purchase acquisitions (1)	1 628	—	8	32	—	—	—	40
In connection with stock option exercises and other employee benefits net of cancellations	463	—	2	4	—	—	—	6
In connection with dividend reinvestment plan	2 688	—	14	44	—	—	—	>8
In connection with 401(k) plan	1 011	—	5	20	—	—	—	2>

Maybank 009757

ROA 4359

Table of Contents

	Shares of Common Stock	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Shareholders Equity
In common stock offerings	124 712	$ —	$ 624	$ 2 014	$ —	$ —	$ —	$ 2 638
Redemption of preferred stock and warrant	—	(3 134)	—	(67)	—	—	—	(3 201)
Cash dividends declared on common stock $ 92 per share	—	—	—	—	(570)	—	—	(570)
Cash dividends accrued on preferred stock	—	—	—	—	(73)	—	—	(73)
Equity based compensation expense	—	—	—	62	—	—	—	62
Other net	—	52	—	1	(52)	—	(18)	(17)
Balance, December 31, 2009	689 750	$ —	$ 3 449	$ 5 620	$ 7 539	$ (417)	$ 50	$ 16 241
Add (Deduct)								
Comprehensive income (loss)								
Net income	—	—	—	—	816	—	38	854
Net change in other comprehensive income (loss)	—	—	—	—	—	(330)	—	(330)
Total comprehensive income (loss) (Note 13)	—	—	—	—	816	(330)	38	524
Stock issued								
In purchase acquisitions (1)	57	—	—	2	—	—	—	2
In connection with stock option exercises and other employee benefits net of cancellations	1 667	—	8	24	—	—	—	32
In connection with dividend reinvestment plan	1 106	—	6	24	—	—	—	30
In connection with 401(k) plan	1 801	—	9	39	—	—	—	48
Cash dividends declared on common stock $ 60 per share	—	—	—	—	(416)	—	—	(416)
Equity based compensation expense	—	—	—	79	—	—	—	79
Other net	—	—	—	(12)	(4)	—	(26)	(42)
Balance December 31 2010	694 381	$ —	$ 3 472	$ 5 776	$ 7 935	$ (747)	$ 62	$ 16 498

(1) Includes shares issued as contingent consideration in years subsequent to the acquisition

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

ROA 4360

Table of Contents

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010, 2009 and 2008
(Dollars in millions)

	2010	2009	2008
Cash Flows From Operating Activities			
Net income	$ 854	$ 877	$ 1 529
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Provision for credit losses	2 638	2 811	1 445
Depreciation	260	225	198
Amortization of intangibles	122	114	100
Equity based compensation	79	62	75
Discount accretion and premium amortization on long term debt net	32	57	94
Gain on sales of securities net	(554)	(199)	(107)
Net decrease (increase) in trading account securities	3	(260)	633
Net increase in loans held for sale	(620)	(31)	(591)
Net decrease in FDIC loss share receivable	921	—	—
Net writedowns on foreclosed property and other real estate held for sale	576	253	47
Net increase in other assets	(2 006)	(1 058)	(2 264)
Net increase (decrease) in accounts payable and other liabilities	689	(3 590)	4 233
(Increase) decrease in segregated cash due from banks	(39)	109	(171)
Other net	(57)	(63)	132
Net cash provided by (used in) operating activities	2 898	(493)	5 353
Cash Flows From Investing Activities			
Proceeds from sales of securities available for sale	31 334	17 074	21 044
Proceeds from maturities calls and paydowns of securities available for sale	6 049	7 918	4 539
Purchases of securities available for sale	(26 598)	(21 924)	(36 234)
Originations and purchases of loans and leases net of principal collected	(4 594)	(592)	(7 894)
Net cash (paid) received for divestitures	(832)	27	—
Net cash (paid) acquired in business combinations	(7)	4 475	311
Purchases of premises and equipment	(428)	(174)	(219)
Proceeds from sales of foreclosed property or other real estate held for sale	967	404	143
Other net	88	(175)	(13)
Net cash provided by (used in) investing activities	5 979	7 233	(18 325)
Cash Flows From Financing Activities			
Net (decrease) increase in deposits	(6,843)	(2 901)	11 325
Net (decrease) increase in federal funds purchased securities sold under repurchase agreements and short term borrowed funds	(2 434)	(2 756)	151
Proceeds from long term debt	500	3 758	5 436
Repayment of long term debt	(336)	(3 749)	(6 867)
Net proceeds from common stock issued	110	2 727	160
Net proceeds from preferred stock issued	—	—	3 134
Retirement of preferred stock and warrant	—	(3 201)	—
Cash dividends paid on common stock	(415)	(727)	(1 019)
Cash dividends paid on preferred stock	—	(93)	—
Other net	277	111	273
Net cash (used in) provided by financing activities	(9 141)	(6 831)	12 593
Net Decrease in Cash and Cash Equivalents	(264)	(91)	(377)
Cash and Cash Equivalents at Beginning of Year	2 649	2 740	3 117
Cash and Cash Equivalents at End of Year	$ 2,385	$ 2 649	$ 2 740
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for			
Interest	$ 1 868	$ 2 126	$ 2 937
Income taxes	972	431	730
Noncash investing and financing activities			
Transfer of loans held for investment to loans held for sale	1 604	731	668
Transfer of loans to foreclosed property	1 521	1 551	600
Common stock issued in business combinations	2	40	197

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

ROA 4361

Table of Contents

NOTE 1 Summary of Significant Accounting Policies

General

BB&T Corporation (BB&T the Company or Parent Company) is a financial holding company organized under the laws of North Carolina BB&T conducts operations through its principal bank subsidiary Branch Banking and Trust Company (Branch Bank) a federally chartered thrift institution BB&T Financial FSB (BB&T FSB) and its nonbank subsidiaries

The accounting and reporting policies of BB&T and its subsidiaries are in accordance with accounting principles generally accepted in the United States of America (GAAP) Additionally where applicable the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities The following is a summary of BB&T s more significant accounting policies

Nature of Operations

BB&T is a financial holding company headquartered in Winston Salem North Carolina BB&T conducts its operations primarily through Branch Bank which has branches in North Carolina South Carolina Virginia Maryland Georgia West Virginia Tennessee Kentucky Florida, Alabama Indiana Texas and Washington D C Branch Bank provides a wide range of banking services to individuals and businesses and offers a variety of loans to businesses and consumers Such loans are made primarily to individuals residing in the market areas described above or to businesses located within BB&T s geographic footprint Branch Bank also markets a wide range of deposit services to individuals and businesses Branch Bank offers either directly or through its subsidiaries lease financing to businesses and municipal governments factoring discount brokerage services annuities and mutual funds life insurance property and casualty insurance health insurance and commercial general liability insurance on an agency basis and through a wholesale insurance brokerage operation insurance premium financing permanent financing arrangements for commercial real estate loan servicing for third party investors direct consumer finance loans to individuals trust and comprehensive wealth advisory services and association services BB&T FSB and the direct nonbank subsidiaries of BB&T provide a variety of financial services including credit card lending automobile lending equipment financing full service securities brokerage asset management and capital markets services

Principles of Consolidation

The consolidated financial statements of BB&T include the accounts of BB&T Corporation and those subsidiaries that are majority owned by BB&T and over which BB&T exercises control In consolidation all significant intercompany accounts and transactions are eliminated The results of operations of companies or assets acquired are included only from the dates of acquisition All material wholly-owned and majority-owned subsidiaries are consolidated unless GAAP requires otherwise

BB&T evaluates variable interests in entities for which voting interests are not an effective means of identifying controlling financial interests Variable interests are those in which the value of the interest changes with the fair value of the net assets of the entity exclusive of variable interests If the results of the evaluation indicate the existence of a primary beneficiary and the entity does not effectively disperse risks among the parties involved that primary beneficiary is required to consolidate the entity Likewise if the evaluation indicates that the requirements for consolidation are not met and the entity has previously been consolidated then the entity would be deconsolidated

BB&T has variable interests in certain entities that were not required to be consolidated including affordable housing partnership interests historic tax credit partnerships and other partnership interests Please refer to Note 16 for additional disclosures regarding BB&T s significant variable interest entities

BB&T accounts for unconsolidated partnership investments using the equity method of accounting In addition to affordable housing partnerships which represent the majority of unconsolidated investments in variable interest entities BB&T also has investments and future funding commitments to venture capital and other entities The maximum potential exposure to losses relative to investments in variable interest entities is

Maybank 009760

ROA 4362

Table of Contents

generally limited to the sum of the outstanding balance future funding commitments and any related loans to the entity Loans to these entities are underwritten in substantially the same manner as are other loans and are generally secured

BB&T has investments in certain entities for which BB&T does not have the controlling interest For these investments the Company records its interest using the equity method with its portion of income or loss being recorded in other noninterest income in the Consolidated Statements of Income BB&T periodically evaluates these investments for impairment

Reclassifications

Investments in Federal Home Loan Bank ("FHLB") stock have been reclassified from securities available for sale to other assets in all periods presented In certain other instances amounts reported in prior years consolidated financial statements have been reclassified to conform to the current presentation Such reclassifications had no effect on previously reported cash flows shareholders equity or net income

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods Actual results could differ from those estimates Material estimates that are particularly susceptible to significant change include the determination of the allowance for loan and lease losses and the reserve for unfunded lending commitments determination of fair value for financial instruments valuation of goodwill intangible assets and other purchase accounting related adjustments benefit plan obligations and expenses and tax assets liabilities and expense

Business Combinations

BB&T accounts for all business combinations using the acquisition method of accounting Under this method of accounting the accounts of an acquired entity are included with the acquirer s accounts as of the date of acquisition with any excess of purchase price over the fair value of the net assets acquired (including identifiable intangibles) capitalized as goodwill

To consummate an acquisition BB&T typically issues common stock and/or pays cash depending on the terms of the acquisition agreement For acquisitions that occurred prior to January 1 2009 the value of common shares issued was determined based on the market price of the securities issued over a reasonable period of time not to exceed three days before and three days after the measurement date For acquisitions occurring after December 31 2008 the value of common shares issued is based upon the market price of the stock as of the closing of the acquisition

In connection with mergers and acquisitions BB&T typically issues options to purchase shares of its common stock in exchange for options outstanding of the acquired entities at the time the merger is completed To the extent vested, the options are considered to be part of the purchase price paid There is no change in the aggregate intrinsic value of the options issued compared to the intrinsic value of the options held immediately before the exchange nor does the ratio of the exercise price per option to the market value per share change

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks interest bearing deposits with banks Federal funds sold and securities purchased under resale agreements or similar arrangements Cash and cash equivalents have maturities of three months or less Accordingly the carrying amount of such instruments is considered a reasonable estimate of fair value

Maybank 009761

ROA 4363

Table of Contents

Securities

At the date of purchase BB&T classifies marketable investment securities as held to maturity available for sale or trading Interest income and dividends on securities are recognized in interest income on an accrual basis Premiums and discounts on debt securities are amortized as an adjustment to interest income using the interest method

Debt securities acquired where BB&T has both the intent and ability to hold to maturity are classified as held to maturity and reported at amortized cost

Debt securities which may be sold to meet liquidity needs arising from unanticipated deposit and loan fluctuations changes in regulatory capital requirements or unforeseen changes in market conditions are classified as available for sale Securities available for sale are reported at estimated fair value with unrealized gains and losses reported as accumulated other comprehensive income or loss net of deferred income taxes in the shareholders equity section of the Consolidated Balance Sheets Gains or losses realized from the sale of securities available for sale are determined by specific identification and are included in noninterest income

BB&T evaluates each held to maturity and available for sale security in a loss position for other-than temporary impairment In its evaluation BB&T considers such factors as the length of time and the extent to which the market value has been below cost long term expectations and recent experience regarding principal and interest payments and BB&T s intent to sell and whether it is more likely than not that the Company would be required to sell those securities before the anticipated recovery of the amortized cost basis Beginning in 2009 in accordance with new accounting guidance for impairments of debt securities that are deemed to be other than temporary the credit component of an other than temporary impairment loss is recognized in earnings and the non credit component is recognized in accumulated other comprehensive income in situations where BB&T does not intend to sell the security and it is more likely than not that BB&T will not be required to sell the security prior to recovery Prior to January 1 2009 unrealized losses (both the credit and non-credit components) on available for sale debt securities that were deemed to be other than temporary were included in current period earnings

Trading account securities which include both debt and equity securities are reported at fair value Unrealized market value adjustments fees and realized gains or losses from trading account activities (determined by specific identification) are included in noninterest income Interest income on trading account securities is included in interest and dividends from securities

Loans Held for Sale

BB&T accounts for new originations of prime residential mortgage and commercial mortgage loans held for sale at fair value BB&T accounts for the derivatives used to economically hedge the loans held for sale at fair value Held for investment loans that have been transferred to loans held for sale are carried at the lower of cost or market because these loans are not exchanged in an active market and BB&T does not hedge these assets

The value for loans held for sale carried at fair value is primarily based on quoted market prices for securities backed by similar types of loans Direct loan origination fees and costs related to loans held for sale and accounted for at fair value are not capitalized and recognized in earnings upon the sale of such loans but rather are recorded as mortgage banking income in the case of the direct loan origination fees and primarily personnel expense in the case of the direct loan origination costs Gains and losses on sales of mortgage loans are included in mortgage banking income Gains and losses on sales of commercial loans held for sale are included in other noninterest income

Loans and Leases

The Company s accounting methods for loans differ depending on whether the loans are originated or acquired as a result of a business acquisition or purchased at a discount as a result of credit deterioration since the date of origination

Table of Contents

Originated Loans and Leases

Loans and leases that management has the intent and ability to hold for the foreseeable future are reported at their outstanding principal balances net of any unearned income charge-offs unamortized fees and costs on originated loans and unamortized premiums or discounts on purchased loans The net amount of nonrefundable loan origination fees and certain direct costs associated with the lending process are deferred and amortized to interest income over the contractual lives of the loans using methods which approximate the interest method Discounts and premiums are amortized or accreted to interest income over the estimated life of the loans using methods that approximate the interest method Commercial loans and substantially all installment loans accrue interest on the unpaid balance of the loans

Lease receivables consist primarily of investments in leveraged lease transactions and direct financing leases on rolling stock equipment and real property Direct financing lease receivables are stated at the total amount of future minimum lease payments receivable plus estimated residual values and initial direct costs less unearned income Leveraged leases are also carried net of non-recourse debt Income is recognized over the lives of the lease contracts using the interest method BB&T also enters into operating leases as lessor Operating lease equipment is carried at cost less accumulated depreciation and is depreciated to the estimated residual value using the straight line method over the lesser of the lease term or projected economic life of the equipment BB&T estimates the residual value at the inception of each lease In addition BB&T reviews residual values at least annually and monitors the residual realizations at the end of the lease term If the review of the estimated residual values indicates potential impairment and this decline is other-than temporary such impairment is recognized in current period earnings Estimated residual values are evaluated using information that includes both internal and external appraisals and historical residual realization experience

BB&T classifies all loans and leases past due when the payment of principal and interest based upon contractual terms is greater than 30 days delinquent Charge-offs on commercial loans are recorded when available information confirms the loan is not fully collectible and the loss is reasonably quantifiable Consumer loans are subject to mandatory charge-off at a specified delinquency date consistent with regulatory guidelines

Purchased Loans

Loans acquired in a business acquisition after December 31 2008 are recorded at their fair value at the acquisition date Credit discounts are included in the determination of fair value therefore an allowance for loan losses is not recorded at the acquisition date

In determining the acquisition date fair value of purchased loans and in subsequent accounting BB&T generally aggregates purchased loans into pools of loans with common risk characteristics Expected cash flows at the acquisition date in excess of the fair value of loans are recorded as interest income over the life of the loans using a level yield method if the timing and amount of the future cash flows of the pool is reasonably estimable Subsequent to the acquisition date increases in cash flows over those expected at the acquisition date are recognized as interest income prospectively Decreases in expected cash flows after the acquisition date are recognized by recording an allowance for loan losses

Nonperforming Assets

Nonperforming assets include nonaccrual loans and leases and foreclosed property Foreclosed property consists of real estate and other assets acquired as a result of customers loan defaults BB&T s policies related to when loans are placed on nonaccrual status conform to guidelines prescribed by bank regulatory authorities The majority of commercial loans and leases are placed on nonaccrual status when it is probable that principal or interest is not fully collectible or generally when principal or interest becomes 90 days past due whichever occurs first Specialized lending loans which includes both consumer and commercial specialized lending loans are placed on nonaccrual status generally when principal and interest becomes 90 days past due Direct retail loans mortgage and sales finance loans are placed on nonaccrual status at varying intervals based on the type of product generally when principal and interest becomes between 90 days and 180 days past due Revolving credit loans are not placed on nonaccrual but are charged-off after they become 150 days past due with unpaid fees and finance charges reversed against interest income

Certain loans past due 90 days or more may remain on accrual status if management determines that it does not have concern over the collectibility of principal and interest Generally when loans are placed on nonaccrual status, accrued interest receivable is reversed against interest income in the current period Interest payments

Maybank 009763

ROA 4365

Table of Contents

received thereafter are applied as a reduction to the remaining principal balance as long as concern exists as to the ultimate collection of the principal Loans and leases are generally removed from nonaccrual status when they become current as to both principal and interest and concern no longer exists as to the collectability of principal and interest

Assets acquired as a result of foreclosure are carried at the lower of cost or net realizable value Net realizable value equals fair value less estimated selling costs Cost is determined based on the sum of unpaid principal accrued but unpaid interest if not required to be reversed and acquisition costs associated with the loan Any excess of cost over net realizable value at the time of foreclosure is charged to the allowance for loan and lease losses Generally such properties are valued periodically and if the carrying value is greater than the net realizable value a valuation reserve is established Routine maintenance costs declines in market value and net losses on disposal are included in other noninterest expense

Restructurings

Troubled debt restructurings (restructurings) can involve loans remaining on nonaccrual moving to nonaccrual or continuing on accruing status depending on the individual facts and circumstances of the borrower In circumstances where the restructuring involves charging off a portion of the loan balance BB&T typically classifies these restructurings as nonaccrual

In connection with commercial restructurings the decision to maintain a loan that has been restructured on accrual status is based on a current well documented credit evaluation of the borrower s financial condition and prospects for repayment under the modified terms This evaluation includes consideration of the borrower s current capacity to pay which among other things may include a review of the borrower s current financial statements an analysis of global cash flow sufficient to pay all debt obligations and an evaluation of secondary sources of payment from the client and any guarantors This evaluation also includes an evaluation of the borrower s current willingness to pay which may include a review of past payment history an evaluation of the borrower s willingness to provide information on a timely basis and consideration of offers from the borrower to provide additional collateral or guarantor support The credit evaluation also reflects consideration of the borrower s future capacity and willingness to pay which may include evaluation of cash flow projections consideration of the adequacy of collateral to cover all principal and interest and trends indicating improving profitability and collectability of receivables

The evaluation of mortgage and consumer loans includes an evaluation of the client s debt to income ratio credit report property value loan vintage and certain other client specific factors that have impacted their ability to make timely principal and interest payments on the loan

Restructured nonaccrual loans may be returned to accrual status based on a current well-documented credit evaluation of the borrower s financial condition and prospects for repayment under the modified terms This evaluation must include consideration of the borrower s sustained historical repayment performance for a reasonable period (generally a minimum of six months) prior to the date on which the loan is returned to accrual status Sustained historical repayment performance for a reasonable time prior to the restructuring may be taken into account In connection with retail restructurings a nonperforming loan will be returned to accruing status when current as to principal and interest and upon a sustained historical repayment performance (generally a minimum of six months)

Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

The allowance for loan and lease losses and reserve for unfunded lending commitments are management s best estimate of probable credit losses inherent in the loan and lease portfolios and off balance sheet lending commitments at the balance sheet date The Company determines the allowance for loan and lease losses and the reserve for unfunded lending commitments based on an ongoing evaluation This evaluation is inherently subjective because it requires material estimates including the amounts and timing of cash flows expected to be received on impaired loans Those estimates are susceptible to significant change Changes to the allowance for loan and lease losses and the reserve for unfunded lending commitments are made by charges to the provision for credit losses which is reflected in the Consolidated Statements of Income Loans or lease balances deemed to be uncollectible are charged off against the allowance for loan and lease losses Recoveries of amounts previously charged-off are credited to the allowance for loan and lease losses The methodology used to determine the

Maybank 009764

ROA 4366

reserve for unfunded lending commitments is inherently similar to that used to determine the collective component of the allowance for loan and lease losses described above adjusted for factors specific to binding commitments including the probability of funding and exposure at default While management uses the best information available to establish the allowance for loan and lease losses and the reserve for unfunded lending commitments future adjustments may be necessary if economic conditions differ substantially from the assumptions used in computing the allowance or if required by regulators based upon information available to them at the time of their examinations

Accounting standards require the presentation of certain disclosure information at the portfolio segment level which represents the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses BB&T concluded that its loan and lease portfolio comprises three portfolio segments commercial retail and covered and other acquired The commercial portfolio segment includes commercial real estate commercial and industrial ("C&I") and certain specialized lending loans and was identified based on the risk based approach used to estimate the allowance for loan and lease losses for the vast majority of these loans The retail portfolio segment includes direct retail lending, revolving credit mortgage sales finance and certain retail oriented specialized lending loans and was identified based on the delinquency-based approach used to estimate the allowance for these loans The covered and other acquired portfolio segment was identified based on the expected cash flows approach used to estimate the allowance related to loans acquired subsequent to December 31 2008

A portion of the Corporation s allowance for loan and lease losses is not allocated to any specific category of loans This unallocated portion of the allowance reflects management s best estimate of the elements of imprecision and estimation risk inherent in the calculation of the overall allowance Due to the subjectivity involved in determining the overall allowance including the unallocated portion the portion considered unallocated may fluctuate from period to period based on management s evaluation of the factors affecting the assumptions used in calculating the allowance including historical loss experience current economic conditions industry or borrower concentrations and the status of merged institutions The unallocated portion of the allowance is available to absorb losses on any loan category or lending related commitment Management evaluates the adequacy of the allowance for loan and lease losses based on the combined total of the allocated and unallocated components

The following provides a description of BB&T s accounting policies and methodologies related to each of its portfolio segments

Commercial

The vast majority of loans in the commercial lending portfolio are assigned risk grades based on an assessment of conditions that affect the borrower s ability to meet contractual obligations under the loan agreement This process includes reviewing borrowers financial information historical payment experience credit documentation public information and other information specific to each borrower Risk grades are reviewed on an annual basis for all credit relationships with total credit exposure of $1 million or more or at any point management becomes aware of information affecting the borrower s ability to fulfill their obligations For commercial clients where total credit exposure is less than $1 million BB&T has developed an automated loan review system to identify and proactively manage accounts with a higher risk of loss The score" produced by this automated system is updated monthly

On a quarterly basis BB&T reviews all commercial lending relationships with outstanding debt of $2 million or more that have been classified as substandard or doubtful While this review is largely focused on the borrower s ability to repay the loan BB&T also considers the capacity and willingness of a loan s guarantors to support the debt service on the loan as a secondary source of repayment When a guarantor exhibits the documented capacity and willingness to support the loan BB&T may consider extending the loan maturity and/or temporarily deferring principal payments if the ultimate collection of both principal and interest is not in question In these cases BB&T may not deem the loan to be impaired due to the documented capacity and willingness of the guarantor to repay the loan Loans are considered impaired when the borrower (or guarantor in certain circumstances) does not have the cash flow capacity or willingness to service the debt according to contractual terms or it does not appear reasonable to assume that the borrower will continue to pay according to the contractual agreement BB&T establishes a specific reserve for each loan that has been deemed impaired based on the criteria outlined above The amount of the reserve is based on the present value of expected cash

Maybank 009765

ROA 4367

Table of Contents

flows discounted at the loan s effective interest rate and/or the value of collateral BB&T has also established a review process related to restructurings and other impaired loans that are in commercial lending relationships with outstanding debt of less than $2 million at the balance sheet date In connection with this process BB&T establishes reserves related to these loans that are calculated using an expected cash flow approach

BB&T also maintains reserves for collective impairment that reflect an estimate of losses related to nonimpaired commercial loans as of the balance sheet date Embedded loss estimates for BB&T s commercial loan portfolio are based on estimated migration rates which are estimated based on historical experience and current risk mix as indicated by the risk grading process described above Embedded loss estimates may be adjusted to reflect current economic conditions and current portfolio trends including credit quality concentrations aging of the portfolio and significant policy and underwriting changes

Retail

The majority of the allowance for loan and lease losses related to the retail lending portfolio is calculated on a collective basis using a delinquency-based approach Embedded loss estimates for BB&T s retail lending portfolio are based on estimated migration rates that are developed based on historical experience and current risk mix as indicated by prevailing delinquency rates These estimates may be adjusted to reflect current economic conditions and current portfolio trends The remaining portion of the allowance related to the retail lending portfolio relates to loans that have been deemed impaired based on their classification as a restructuring at the balance sheet date BB&T establishes specific reserves related to these restructured loans using an expected cash flow approach

Acquired Loans

For loans acquired in a business combination after December 31 2008 BB&T has generally aggregated the purchased loans into pools of loans with common risk characteristics In determining the allowance for loan and lease losses BB&T performs an analysis each period to estimate the expected cash flows for each of the loan pools To the extent that the expected cash flows of a loan pool have decreased since the acquisition date BB&T establishes an allowance for loan losses

Covered Assets and Related FDIC Loss Share Receivable

Assets subject to loss sharing agreements with the Federal Deposit Insurance Corporation (FDIC") are labeled "covered" on the balance sheet and include certain loans securities and other assets

The fair value of the reimbursement the Company expected to receive from the FDIC under those agreements was recorded in the FDIC loss share receivable at the date of acquisition on the Consolidated Balance Sheets The fair value of the FDIC loss share receivable was estimated using a discounted cash flow methodology The discount rate used in this calculation is determined using a risk free yield curve plus a premium reflecting the uncertainty related to the timing of cash flows The income statement effects of the FDIC loss share receivable is included in noninterest income and includes the accretion due to discounting and changes in expected reimbursements Decreases in expected reimbursements are recognized in income prospectively consistent with the approach taken to recognize increases in cash flows on covered loans Increases in expected reimbursements are recognized in income in the same period that the allowance for credit losses for the related loans is recognized

Premises and Equipment

Premises equipment capital leases and leasehold improvements are stated at cost less accumulated depreciation or amortization Land is stated at cost In addition purchased software and costs of computer software developed for internal use are capitalized provided certain criteria are met Depreciation and amortization are computed principally using the straight line method over the estimated useful lives of the related assets Leasehold improvements are amortized on a straight line basis over the lesser of the lease terms including certain renewals that were deemed probable at lease inception or the estimated useful lives of the improvements Capitalized leases are amortized by the same methods as premises and equipment over the estimated useful lives or lease terms whichever is less Obligations under capital leases are amortized using the interest method to allocate payments between principal reduction and interest expense Rent expense and rental income on operating leases is recorded using the straight line method over the appropriate lease terms

Maybank 009766

ROA 4368

Table of Contents

Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements generally have maturities ranging from 1 day to 36 months Securities sold under agreements to repurchase are reflected as collateralized borrowings on the Consolidated Balance Sheets and are record based on the amount of cash received in connection with the borrowing The terms of repurchase agreements may require BB&T to provide additional collateral if the fair value of the securities underlying the borrowings declines during the term of the agreement

Income Taxes

Deferred income taxes have been provided when different accounting methods have been used in determining income for income tax purposes and for financial reporting purposes Deferred tax assets and liabilities are recognized based on future tax consequences attributable to differences arising from the financial statement carrying values of assets and liabilities and their tax bases In the event of changes in the tax laws deferred tax assets and liabilities are adjusted in the period of the enactment of those changes with the cumulative effects included in the current year s income tax provision

Derivative Financial Instruments

A derivative is a financial instrument that derives its cash flows and therefore its value by reference to an underlying instrument index or referenced interest rate These instruments include interest rate swaps caps floors collars financial forwards and futures contracts swaptions when-issued securities foreign exchange contracts and options written and purchased BB&T uses derivatives primarily to manage economic risk related to securities commercial loans mortgage servicing rights and mortgage banking operations Federal funds purchased other time deposits long term debt and institutional certificates of deposit BB&T also uses derivatives to facilitate transactions on behalf of its clients The fair value of derivatives in a gain or loss position is included in other assets or liabilities respectively on the Consolidated Balance Sheets

BB&T classifies its derivative financial instruments as either (1) a hedge of an exposure to changes in the fair value of a recorded asset or liability (fair value hedge") (2) a hedge of an exposure to changes in the cash flows of a recognized asset liability or forecasted transaction (cash flow hedge ") (3) a hedge of a net investment in a subsidiary or (4) derivatives not designated as hedges Changes in the fair value of derivatives not designated as hedges are recognized in current period earnings BB&T has master netting agreements with the derivatives dealers with which it does business but reflects gross gains and losses on the Consolidated Balance Sheets

BB&T uses the long haul method to assess hedge effectiveness BB&T documents both at inception and over the life of the hedge at least quarterly its analysis of actual and expected hedge effectiveness This analysis includes techniques such as regression analysis and hypothetical derivatives to demonstrate that the hedge has been and is expected to be highly effective in off setting corresponding changes in the fair value or cash flows of the hedged item For cash flow hedges involving interest rate caps and collars this analysis also includes consideration whether critical terms match the strike price of the hedging option matches the specified level beyond (or within) which the entity s exposure is being hedged the hedging instrument s inflows (outflows) at its maturity date completely offset the change in the hedged transaction s cash flows for the risk being hedged and the hedging instrument can be exercised only on its contractual maturity date For a qualifying fair value hedge changes in the value of the derivatives that have been highly effective as hedges are recognized in current period earnings along with the corresponding changes in the fair value of the designated hedged item attributable to the risk being hedged For a qualifying cash flow hedge the portion of changes in the fair value of the derivatives that have been highly effective are recognized in other comprehensive income until the related cash flows from the hedged item are recognized in earnings For qualifying cash flow hedges involving interest rate caps and collars the initial fair value of the premium paid is allocated and recognized in the same future period that the hedged forecasted transaction impacts earnings

For either fair value hedges or cash flow hedges ineffectiveness may be recognized in noninterest income to the extent that changes in the value of the derivative instruments do not perfectly offset changes in the value of the hedged items If the hedge ceases to be highly effective BB&T discontinues hedge accounting and recognizes the changes in fair value in current period earnings If a derivative that qualifies as a fair value or cash flow hedge is terminated or the designation removed, the realized or then unrealized gain or loss is recognized into income over the original hedge period (fair value hedge) or period in which the hedged item affects earnings (cash flow hedge) Immediate recognition in earnings is required upon sale or extinguishment of the hedged item (fair value hedge) or if it is probable that the hedged cash flows will not occur (cash flow hedge)

Maybank 009767

ROA 4369

Table of Contents

Derivatives used to manage economic risk not designated as hedges primarily represent economic risk management instruments of mortgage servicing rights and mortgage banking operations with gains or losses included in mortgage banking income In connection with its mortgage banking activities BB&T enters into loan commitments to fund residential mortgage loans at specified rates and for specified periods of time To the extent that BB&T s interest rate lock commitments relate to loans that will be held for sale upon funding they are also accounted for as derivatives with gains or losses included in mortgage banking income Gains and losses on other derivatives used to manage economic risk are primarily associated with client derivative activity and included in other income

Per Share Data

Basic net income per common share is computed by dividing net income available to common shareholders by the weighted average number of shares of common stock outstanding during the years presented Diluted net income per common share is computed by dividing net income available to common shareholders by the weighted average number of shares of common stock common stock equivalents and other potentially dilutive securities outstanding

Goodwill and Other Intangible Assets

Goodwill represents the cost in excess of the fair value of net assets acquired (including identifiable intangibles) in transactions accounted for as acquisitions BB&T allocates goodwill to the reporting unit(s) that receives significant benefits from the acquisition Goodwill is not amortized over an estimated useful life but rather is tested at least annually for impairment BB&T performs its impairment testing in the fourth quarter of each year and more frequently if circumstances exist that indicate a possible reduction in the fair value of the business below its carrying value BB&T measures impairment using the present value of estimated future cash flows The analysis is based upon available information regarding expected future cash flows and discount rates Discount rates are based upon the cost of capital specific to the industry in which the reporting unit operates If the carrying value of the reporting unit exceeds its fair value a second analysis is performed to measure the fair value of all assets and liabilities If based on the second analysis it is determined that the fair value of the assets and liabilities of the reporting unit is less than the carrying value BB&T would recognize impairment for the excess of carrying value over fair value

Core deposit and other intangible assets include premiums paid for acquisitions of core deposits (core deposit intangibles") and other identifiable intangible assets Intangible assets other than goodwill which are determined to have finite lives are amortized based upon the estimated economic benefits received

Loan Securitizations

BB&T enters into loan securitization transactions related to most of its fixed-rate conforming mortgage loans In connection with these transactions loans are converted into mortgage backed securities issued primarily by the Federal Home Loan Mortgage Corporation (Freddie Mac) the Federal National Mortgage Association (Fannie Mae) and the Government National Mortgage Association (Ginnie Mae) and are subsequently sold to third party investors BB&T records loan securitizations as a sale when the transferred loans are legally isolated from its creditors and the other accounting criteria for a sale are met Gains or losses recorded on loan securitizations are based in part on the net carrying amount of the loans sold which is allocated between the loans sold and retained interests based on their relative fair values at the date of sale BB&T generally retains the mortgage servicing on loans sold Since quoted market prices are not typically available BB&T estimates the fair value of these retained interests using modeling techniques to determine the net present value of expected future cash flows Such models incorporate management s best estimates of key variables such as prepayment speeds and discount rates that would be used by market participants based on the risks involved Gains and losses incurred on loans sold to third party investors are included in mortgage banking income in the Consolidated Statements of Income

BB&T also periodically securitizes mortgage loans that it intends to hold for the foreseeable future and transfers the resulting securities to the securities available for sale portfolio This is generally accomplished by exchanging the loans for mortgage backed securities issued primarily by Freddie Mac Since the transfers are not considered a sale no gain or loss is recorded in conjunction with these transactions

Maybank 009768

ROA 4370

Table of Contents

Mortgage Servicing Rights

BB&T has two primary classes of mortgage servicing rights for which it separately manages the economic risks residential and commercial Residential mortgage servicing rights are recorded on the Consolidated Balance Sheets primarily at fair value with changes in fair value recorded as a component of mortgage banking income each period Commercial mortgage servicing rights are recorded as other assets on the Consolidated Balance Sheets at the lower of cost or market and are amortized in proportion to and over the estimated period that net servicing income is expected to be received based on projections of the amount and timing of estimated future net cash flows The amount and timing of estimated future net cash flows are updated based on actual results and updated projections BB&T periodically evaluates its commercial mortgage servicing rights for impairment

Equity Based Compensation

BB&T maintains various equity based compensation plans These plans provide for the granting of stock options (incentive and nonqualified) stock appreciation rights restricted stock, restricted stock units performance units and performance shares to selected BB&T employees and directors BB&T values share based awards at the grant date fair value and recognizes the expense over the requisite service period taking into account retirement eligibility

Changes in Accounting Principles and Effects of New Accounting Pronouncements

In June 2009 the Financial Accounting Standards Board (FASB) issued new guidance impacting *Transfers and Servicing* The objective of this guidance is to improve the relevance representational faithfulness and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets the effects of a transfer on its financial position financial performance and cash flows and a transferor s continuing involvement in transferred financial assets This guidance is effective for financial asset transfers occurring after December 31 2009 The adoption of this guidance was not material to BB&T s consolidated financial statements

In June 2009 the FASB issued new guidance impacting *Consolidation* of variable interest entities The objective of this guidance is to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements This guidance was effective as of January 1 2010 The adoption of this guidance was not material to BB&T s consolidated financial statements

In February 2010 the FASB issued new guidance impacting *Fair Value Measurements and Disclosures* The new guidance requires a gross presentation of purchases and sales of Level 3 activities and adds a new requirement to disclose transfers in and out of Level 1 and Level 2 measurements The guidance related to the transfers between Level 1 and Level 2 measurements was effective for BB&T on January 1 2010 The guidance that requires increased disaggregation of the level 3 activities is effective for BB&T on January 1 2011 The new disclosures required by this guidance are included in Note 19 to these consolidated financial statements

In March 2010 the FASB issued new guidance impacting *Receivables* The new guidance clarifies that a modification to a loan that is part of a pool of loans that were acquired with deteriorated credit quality should not result in the removal of the loan from the pool This guidance is effective for any modifications of loans accounted for within a pool in the first interim or annual reporting period ending after July 15 2010 The adoption of this guidance was not material to BB&T s consolidated financial statements

In July 2010 the FASB issued new guidance impacting *Receivables* The new guidance requires additional disclosures that will allow users to understand the nature of credit risk inherent in a company s loan portfolios how that risk is analyzed and assessed in arriving at the allowance for loan and lease losses and changes and reasons for those changes in the allowance for loan and lease losses The new disclosures that relate to information as of the end of the reporting period are required as of December 31 2010 The disclosures related to activity that occurs during a reporting period are effective for reporting periods beginning on or after December 15 2010 except for the disclosure requirements relating to troubled debt restructurings which have been indefinitely delayed pending the outcome of the FASB s deliberations related to the definition of a troubled debt restructuring

ROA 4371

Table of Contents

NOTE 2 Business Combinations

Financial Institution Acquisitions

Colonial Bank

On August 14 2009 Branch Bank entered into a purchase and assumption agreement with the Federal Deposit Insurance Corporation (FDIC") to acquire certain assets and assume substantially all of the deposits and certain liabilities of Colonial Bank an Alabama state chartered bank headquartered in Montgomery Alabama (Colonial) Colonial operated 357 locations in Florida Alabama Georgia Texas and Nevada Excluding the effects of purchase accounting adjustments Branch Bank assumed approximately $19 2 billion of the deposits of Colonial Additionally Branch Bank purchased approximately $14 3 billion in loans $165 million of other real estate owned (OREO") and $3 7 billion of investment securities Including subsequent adjustments and the sale of Nevada deposits approximately $484 million of goodwill and $170 million of identifiable intangibles were recorded in connection with the Colonial acquisition

Branch Bank did not immediately acquire the real estate banking facilities furniture or equipment of Colonial as part of the purchase and assumption agreement However under the terms of the agreement Branch Bank had the option through February 1 2010 to acquire these assets from the FDIC at their fair market value as of the acquisition date Prior to the exercise of this option these banking facilities and equipment were leased from the FDIC on a month-to-month basis During 2010 Branch Bank purchased real estate banking facilities furniture and equipment from the FDIC at a cost of approximately $210 million

Branch Bank also had an option through February 1 2010 to assume or repudiate certain lease agreements of Colonial The repudiation or assumption of these lease agreements was finalized prior to the expiration of this option The process to determine the fair value of the assumed lease obligations continued into the second quarter of 2010 during which BB&T recorded approximately $28 million of capital leases

On January 15 2010 BB&T sold certain Nevada branch locations and approximately $850 million in deposits that were acquired from Colonial

In connection with the Colonial acquisition Branch Bank entered into loss sharing agreements with the FDIC related to certain assets acquired The terms of the loss sharing agreements are described in Note 16

Haven Trust Bank

On December 12 2008 BB&T acquired all the deposits and $61 million in assets of Haven Trust Bank of Duluth Georgia through an agreement with the FDIC Haven Trust Bank operated four branches with approximately $506 million in deposits

Insurance and Other Non bank Acquisitions

During 2009 BB&T acquired certain assets of an insurance premium finance business one insurance agency and two commercial real estate servicing businesses Including subsequent adjustments approximately $38 million of goodwill and $26 million of identifiable intangibles were recorded in connection with these acquisitions During 2008 BB&T acquired eleven insurance businesses and one nonbank financial services company Including subsequent adjustments approximately $252 million in goodwill and $155 million of identifiable intangible assets were recorded in connection with these transactions

Merger and acquisition agreements of businesses other than financial institutions occasionally include additional incentives to the acquired entities to offset the loss of future cash flows previously received through ownership positions Typically these incentives are based on the acquired entity s contribution to BB&T s earnings compared to agreed upon amounts For transactions that occurred prior to January 1 2009 such incentives will be charged to goodwill based on the terms of the agreement When offered these incentives are typically issued for terms of three to five years As certain provisions of these agreements do not specify dollar limitations it is not possible to quantify the maximum exposure resulting from these agreements

Table of Contents

Merger Related and Restructuring Activities

BB&T has incurred certain merger-related and restructuring expenses Merger related and restructuring expenses or credits include severance and personnel related costs or credits which typically occur in corporate support and data processing functions occupancy and equipment charges or credits which relate to costs or gains associated with lease terminations obsolete equipment write-offs and the sale of duplicate facilities and equipment and other merger related and restructuring charges or credits which include expenses necessary to convert and combine the acquired branches and operations of merged companies direct media advertising related to the acquisitions asset and supply inventory write-offs investment banking advisory fees and other similar charges Merger-related and restructuring charges during 2010 2009 and 2008 were $69 million $38 million and $15 million respectively

At December 31 2010 and 2009 there were $10 million and $15 million respectively of merger related and restructuring accruals Merger related and restructuring accruals are established when the costs are incurred or once all requirements for a plan to dispose of certain business functions have been approved by management In general a major portion of accrued costs are utilized in conjunction with or immediately following the systems conversion when most of the duplicate positions are eliminated and the terminated employees begin to receive severance Other accruals are utilized over time based on the sale closing or disposal of duplicate facilities or equipment or the expiration of lease contracts Merger and restructuring accruals are re-evaluated periodically and adjusted as necessary The remaining accruals at December 31 2010 are expected to be utilized during 2011 unless they relate to specific contracts that expire in later years

NOTE 3 Securities

The amortized cost and approximate fair values of securities available for sale were as follows

	December 31 2010			
		Gross Unrealized		
	Amortized Cost	Gains	Losses	Fair Value
		(Dollars in millions)		
Securities available for sale				
U S government sponsored entities (GSE)	$ 102	$ 1	$—	$ 103
Mortgage backed securities issued by GSE	18 663	42	361	18,344
States and political subdivisions	2,051	19	161	1,909
Non agency mortgage backed securities	635	—	120	515
Equity and other securities	734	27	2	759
Covered securities	1 234	307	2	1 539
Total securities available for sale	$ 23 419	$396	$646	$ 23 169

	December 31 2009			
		Gross Unrealized		
	Amortized Cost	Gains	Losses	Fair Value
		(Dollars in millions)		
Securities available for sale				
U S government sponsored entities (GSE)	$ 2 090	5	$ 60	$ 2 035
Mortgage-backed securities issued by GSE	26 649	231	210	26 670
States and political subdivisions	2 176	56	125	2 107
Non agency mortgage backed securities	1 339	—	317	1 022
Equity and other securities	196	22	—	218
Covered securities	1 166	47	12	1 201
Total securities available for sale	$ 33 616	$361	$ 724	$ 33 253

Table of Contents

As of December 31 2010 the fair value of covered securities included $1 2 billion of non-agency mortgage backed securities and $304 million of municipal securities As of December 31 2009 the fair value of covered securities included $896 million of non-agency mortgage backed securities and $305 million of municipal securities All covered securities were acquired from Colonial and are covered by one of the FDIC loss sharing agreements BB&T is restricted from selling these securities without prior approval from the FDIC

At December 31 2010 and 2009 securities with carrying values of approximately $19 3 billion and $22 6 billion respectively were pledged to secure municipal deposits securities sold under agreements to repurchase other borrowings and for other purposes as required or permitted by law

BB&T had certain investments in marketable debt securities and mortgage-backed securities issued by Fannie Mae and Freddie Mac that exceeded ten percent of shareholders equity at December 31 2010 The Fannie Mae investments had total amortized cost and fair values of $9 4 billion and $9 3 billion respectively at December 31 2010 while Freddie Mac investments had total amortized cost and fair values of $7 7 billion and $7 5 billion, respectively

At December 31 2010 and 2009 non agency mortgage backed securities primarily consisted of residential mortgage-backed securities

The gross realized gains and losses and other than temporary impairments recognized in net income during 2010 2009 and 2008 are reflected in the following table

	Years Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Gross gains	$ 607	$ 241	$ 244
Gross losses	(22)	(1)	(33)
Net realized gains/(losses)	585	240	211
Other than temporary impairment (OTTI) recognized on non agency mortgage-backed securities			
Total OTTI on non agency mortgage backed securities	(117)	(133)	—
Non-credit portion recognized in other comprehensive income	86	131	—
Total OTTI on non agency mortgage backed securities recognized in net income	(31)	(2)	—
Total OTTI on equities and other securities recognized in net income	—	(39)	(104)
Total OTTI recognized in net income	(31)	(41)	(104)
Securities gains net	$ 554	$ 199	$ 107

The following table reflects the activity during 2010 related to credit losses on other-than-temporarily impaired non agency mortgage-backed securities where a portion of the unrealized loss was recognized in other comprehensive income

	Year Ended December 31 2010
	(Dollars in millions)
Balance at beginning of period	$ 2
Credit losses on securities not previously considered other than temporarily impaired	3
Credit losses on securities for which OTTI was previously recognized	28
Reductions for securities sold during the period	(3)
Balance at end of period	$ 30

Table of Contents

The amortized cost and estimated fair value of the debt securities portfolio at December 31 2010 by contractual maturity are shown in the accompanying table The expected life of mortgage backed securities will differ from contractual maturities because borrowers may have the right to call or prepay the underlying mortgage loans with or without call or prepayment penalties For purposes of the maturity table mortgage backed securities which are not due at a single maturity date have been included in maturity groupings based on the contractual maturity

	December 31 2010	
	Available for Sale	
	Amortized Cost	Fair Value
	(Dollars in millions)	
Debt Securities		
Due in one year or less	$ 60	$ 60
Due after one year through five years	63	65
Due after five years through ten years	622	632
Due after ten years	22 533	22.244
Total debt securities	23 278	23 001
Total securities with no stated maturity	141	168
Total securities	$ 23 419	$23 169

The following tables reflect the gross unrealized losses and fair values of BB&T s investments aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at the dates presented

	December 31 2010					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in millions)					
Securities						
U S government sponsored entities (GSE)	$ 50	$ —	$ —	$ —	$ 50	$ —
Mortgage backed securities issued by GSL	15 438	761	—	—	15 438	361
States and political subdivisions	694	21	735	140	1 429	161
Non agency mortgage backed securities	—	—	506	120	506	120
Equity and other securities	535	2	2	—	537	2
Covered securities	79	2	—	—	79	2
Total temporarily impaired securities	$16 796	$ 386	$1 243	$ 260	$18 039	$ 646

Table of Contents

	December 31 2009					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in millions)					
Securities						
U S government sponsored entities (GSE)	$ 1 843	$ 60	$ —	$ —	$ 1 843	$ 60
Mortgage backed securities issued by GSE	16 338	210	114	—	16 452	210
States and political subdivisions	409	65	274	60	683	125
Non agency mortgage backed securities	181	66	825	251	1 006	317
Equity and other securities	13	—	1	—	14	—
Covered securities	94	12	—	—	94	12
Total temporarily impaired securities	$18 878	$ 413	$1 214	$ 311	$20 092	$ 724

On December 31 2010 BB&T held certain investment securities having continuous unrealized loss positions for more than 12 months All of these losses were in non agency mortgage backed and municipal securities At December 31 2010 all of the available for sale debt securities in an unrealized loss position excluding those covered by FDIC loss sharing agreements were investment grade with the exception of (a) bonds with an amortized cost of $3 million from one issuer of auction rate securities (b) two municipal bonds with an amortized cost of $8 million and (c) eight non agency mortgage backed securities with an amortized cost of $556 million At December 31 2010 the total unrealized loss on these non-investment grade securities was $116 million All of the non investment grade securities referenced above were initially investment grade and have been downgraded since purchase

BB&T monitors the credit ratings of all of its debt securities on an ongoing basis When an investment security is rated lower than investment grade the security is evaluated for potential credit impairment Based on its evaluation at December 31 2010 BB&T determined that certain of the non investment grade non agency mortgage backed securities had credit losses evident and recognized other than temporary impairments related to these securities BB&T s evaluation of the other debt securities with continuous unrealized losses indicated that there were no credit losses evident Furthermore as of the date of the evaluation BB&T did not intend to sell and it was more likely than not that the Company would not be required to sell these debt securities before the anticipated recovery of the amortized cost basis See the Summary Analysis Supporting Conclusions section below for further details regarding BB&T s below investment grade securities with significant unrealized losses

BB&T conducts periodic reviews to identify and evaluate each investment that has an unrealized loss for other than temporary impairment An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis Unrealized losses that are determined to be temporary in nature are recorded net of tax in accumulated other comprehensive income for available for sale securities

Factors considered in determining whether a loss is temporary include

The financial condition and near-term prospects of the issuer including any specific events that may influence the operations of the issuer

BB&T s intent to sell and whether it is more likely than not that the Company will be required to sell these debt securities before the anticipated recovery of the amortized cost basis

The length of the time and the extent to which the market value has been less than cost

Whether the decline in fair value is attributable to specific conditions such as conditions in an industry or in a geographic area

Whether a debt security has been downgraded by a rating agency

Whether the financial condition of the issuer has deteriorated

The seniority of the security

Maybank 009774

ROA 4376

Table of Contents

Whether dividends have been reduced or eliminated or scheduled interest payments on debt securities have not been made and

Any other relevant available information

For certain U S mortgage backed securities (and in particular for non agency Alt A Prime and other mortgage-backed securities that have significant unrealized losses as a percentage of amortized cost) credit impairment is assessed using a cash flow model that estimates the cash flows on the underlying mortgage pools using security specific structure information The model estimates cash flows from the underlying mortgage loan pools and distributes those cash flows to the various tranches of securities considering the transaction structure and any subordination and credit enhancements that exist in each structure The cash flow model projects the remaining cash flows using a number of assumptions including default rates prepayment rates and recovery rates (on foreclosed properties)

Management reviews the results of the cash flow model in conjunction with historical payment experience in its estimation of possible future credit losses If management does not expect to recover the entire amortized cost basis of a mortgage backed security the Company records other than-temporary impairment based on the amount of expected credit losses in the mortgage backed security The remaining amount of unrealized loss is recognized as a component of other comprehensive income

Where a mortgage-backed security is not deemed to be credit impaired management performs additional analysis to assess whether it intends to sell and it is more likely than not that the Company will be required to sell these debt securities before anticipated recovery of the amortized cost basis In making this determination BB&T considers its expected liquidity and capital needs including its asset/liability management needs forecasts strategies and other relevant information

Summary Analysis Supporting Conclusions

The following table presents a detailed analysis of non investment grade securities with significant unrealized losses that are not covered by a loss sharing arrangement The expected underlying collateral losses represent losses on the underlying mortgage pools supporting BB&T s tranche The benefits from subordination represent the amount of the expected losses the subordinate security holders are obligated to absorb prior to BB&T incurring a loss

Non investment grade securities with significant unrealized losses

December 31, 2010
(Dollars in millions)

Security	Amortized Cost	Fair Value	Unrealized Loss	Credit Rating			Expected Underlying Collateral Losses[1]	Benefit of Subordination[1]
				Moody s	S&P	Fitch		
Securities with other than temporary impairment losses								
RMBS 1	$ 103	$ 72	$ (31)	Caa3	CC		$ 16	$ 15
RMBS 2	47	33	(14)	Ca		C	7	5
RMBS 3	156	125	(11)	Caa3	CC		20	4
RMBS 4	109	74	(35)		CCC	C	13	13
RMBS 5	52	42	(10)	Caa3	CC	C	6	-

(1) Estimated underlying collateral losses and benefit of subordination are prior to amounts recorded as other than temporary impairment

Maybank 009775

ROA 4377

Table of Contents

NOTE 4 Loans and Leases

The following table provides a breakdown of BB&T s loan portfolio as of December 31 2010 and 2009

	December 31 2010	December 31 2009
	(Dollars in millions)	
Loans and leases net of unearned income		
Commercial	$ 48,886	$ 49 820
Sales finance	7 050	6 290
Revolving credit	2 127	2 016
Direct retail	13 749	14 283
Residential mortgage	17,550	15 435
Specialized lending	7 953	7 670
Other acquired	58	123
Total loans and leases held for investment (excluding covered loans)	97,373	95 637
Covered	6 194	8 019
Total loans and leases held for investment (1)	103,567	103 656
Loans held for sale	3 697	2 551
Total loans and leases	$ 107 264	$ 106,207

(1) Unearned income and net deferred loan fees and costs totaled $570 million and $580 million at December 31 2010 and 2009 respectively

Covered loans represent loans acquired from the FDIC subject to one of the loss sharing agreements Other acquired loans represent consumer loans acquired from the FDIC that are not subject to one of the loss sharing agreements

BB&T evaluated purchased loans for impairment Purchased loans with evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected are considered impaired The following table reflects the carrying value of all purchased impaired and nonimpaired loans as of December 31 2010 and 2009

	December 31 2010			December 31 2009		
	Purchased Impaired Loans	Purchased Nonimpaired Loans	Total	Purchased Impaired Loans	Purchased Nonimpaired Loans	Total
			(Dollars in millions)			
Residential mortgage loans	$ 733	$ 713	$1,446	$ 826	$ 806	$1 632
Commercial real estate loans	2,031	1 982	4,013	2 732	2 574	5,306
Commercial loans	91	644	735	94	987	1 081
Total covered loans	2 855	3,339	6 194	3 652	4,367	8 019
Other acquired loans	3	55	58	14	109	123
Total	2,858	3,394	6,252	3 666	4 476	8 142
Allowance for loans losses	(90)	(54)	(144)	—	—	—
Net	$ 2,768	$ 3,340	$6 108	$ 3 666	$ 4 476	$8 142

Table of Contents

Changes in the carrying amount and accretable yield for purchased impaired and nonimpaired loans excluding loans held for sale were as follows for the years ended December 31 2010 and 2009

	December 31 2010				December 31 2009			
	Purchased Impaired		Purchased Nonimpaired		Purchased Impaired		Purchased Nonimpaired	
	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans
	(Dollars in millions)							
Balance at beginning of period	$ 889	$ 3 666	$ 1,301	$ 4,476	$ —	$ —	$ —	$ —
Additions	—	—	—	—	997	3 820	1 427	4 885
Accretion	(459)	459	(483)	483	(108)	108	(126)	126
Reclassifications from nonaccretable balance net	405	—	793	—	—	—	—	—
Payments received net	—	(1 267)	—	(1,565)	—	(262)	—	(535)
Balance at end of period	$ 835	$ 2,858	$ 1 611	$ 3,394	$ 889	$ 3 666	$ 1 301	$ 4 476

As of August 14 2009 the preliminary estimate of the contractually required payments receivable for all purchased impaired loans acquired in the Colonial transaction including those covered and not covered under loss sharing agreements with the FDIC were $8 3 billion the cash flows expected to be collected were $4 8 billion including interest and the estimated fair value of the loans was $3 8 billion These amounts were determined based upon the estimated remaining life of the underlying loans which includes the effects of estimated prepayments The outstanding unpaid principal balance for all purchased impaired loans as of December 31 2010 and 2009 was $3 8 billion and $5 7 billion respectively

For the purchased nonimpaired loans excluding loans held for sale the preliminary estimate as of the acquisition date of the contractually required payments receivable were $9 1 billion the contractual cash flows not expected to be collected were $2 8 billion and the estimated fair value of the loans was $4 9 billion The difference between the carrying value of the purchased nonimpaired loans and the expected cash flows is being accreted to interest income over the remaining life of the loans The outstanding unpaid principal balance for all purchased nonimpaired loans as of December 31 2010 and 2009 was $5 0 billion and $6 6 billion respectively

At December 31 2010 and 2009 none of the purchased loans were classified as nonperforming assets Therefore interest income through accretion of the difference between the carrying amount of the loans and the expected cash flows is being recognized on all purchased loans The allowance for credit losses related to the purchased loans results from decreased expectations of future cash flows due to increased credit losses for certain acquired loan pools

The following table provides details regarding BB&T s investment in leveraged leases which are included in commercial loans and leases above

	December 31	
	2010	2009
	(Dollars in millions)	
Rentals receivable (net of principal and interest on nonrecourse debt and head lease obligation)	$ 697	$ 750
Unearned income	(337)	(375)
Investment in leveraged leases net of unearned income	360	375
Deferred taxes arising from leveraged leases	19	12
Net investment in leveraged leases	$ 379	$ 387

BB&T had $72 1 billion in loans secured by real estate at December 31 2010 However these loans were not concentrated in any specific market or geographic area other than Branch Bank s primary markets Certain loans have been pledged as collateral for all outstanding Federal Home Loan Bank advances and certain other corporate purposes at December 31 2010 and 2009

Maybank 009777

ROA 4379

Table of Contents

The following table provides a summary of BB&T s nonperforming and past due loans

	December 31	
	2010	2009
	(Dollars in millions)	
Nonaccrual loans and leases (1)(2)		
Held for investment (3)	$2 149	$2 658
Held for sale	521	5
Total nonaccrual loans and leases	2 670	2 663
Foreclosed real estate	1 259	1 451
Other foreclosed property	42	58
Total foreclosed property (4)	1,301	1 509
Total nonperforming assets (excluding covered assets)	$3 971	$4 172
Loans 90 days or more past due and still accruing (excluding covered loans) (5)(6)(7)	$ 295	$ 311

(1) Covered and other acquired loans are considered to be performing due to the application of the accretion method Covered loans that are contractually past due are noted in footnote (6) below

(2) Includes nonperforming restructurings totaling $479 million and $248 million at December 31 2010 and 2009 respectively

(3) Excludes nonaccrual mortgage loans that are government guaranteed totaling $55 million at December 31 2009 BB&T revised its policy related to government guaranteed mortgage loans during 2010 such that these loans remain 90 days past due and still accruing

(4) Excludes foreclosed real estate totaling $313 million and $160 million as of December 31 2010 and 2009 respectively that are covered by FDIC loss sharing agreements

(5) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase

(6) Excludes loans past due 90 days or more that are covered by FDIC loss sharing agreements totaling $1 1 billion and $1 4 billion as of December 31 2010 and 2009 respectively

(7) Excludes mortgage loans past due 90 days or more that are government guaranteed totaling $153 million and $8 million as of December 31 2010 and 2009 respectively

During 2010 BB&T transferred $1 9 billion book value of nonperforming loans to loans held for sale and recorded $605 million in net charge-offs

The gross additional interest income that would have been earned if the loans and leases classified as nonaccrual had performed in accordance with the original terms was approximately $131 million $115 million and $69 million in 2010 2009 and 2008 respectively

Maybank 009778

ROA 4380

Table of Contents

The following table provides a summary of loans that continue to accrue interest under the terms of the restructuring (performing restructurings) and restructured loans that have been placed in nonaccrual status (nonperforming restructurings)

	December 31	
	2010	2009
	(Dollars in millions)	
Performing restructurings (1)(2)		
Commercial loans and leases	$ 657	$ 413
Sales finance loans	5	—
Revolving credit loans	62	54
Direct retail loans	141	132
Residential mortgage loans (3)	585	471
Specialized lending loans	26	—
Total performing restructurings	1,476	1 070
Nonperforming restructurings (4)(5)	479	248
Total restructurings (6)	$ 1,955	$ 1 318

(1) Prior period amounts were revised in 2010 to reflect the retrospective application of more definitive regulatory guidance
(2) Excludes restructured mortgage loans that are government guaranteed totaling $14 million included in loans held for sale at December 31 2010
(3) Excludes restructured mortgage loans that are government guaranteed totaling $115 million at December 31 2010
(4) Nonperforming restructurings are included in nonaccrual loan disclosures
(5) Includes approximately $110 million of nonperforming restructurings included in loans held for sale at December 31 2010
(6) All restructurings are considered impaired The allowance for loan and lease losses attributable to these restructured loans totaled $324 million and $164 million at December 31 2010 and 2009 respectively

BB&T had commitments totaling $90 million and $18 million at December 31 2010 and 2009 respectively to lend additional funds to clients with loans whose terms have been modified in restructurings

NOTE 5 Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments

An analysis of the allowance for credit losses for each of the past three years is presented in the following table

	Years Ended December 31		
	2010	2009	2008
		(Dollars in millions)	
Beginning Balance	$ 2 672	$ 1 607	$1 015
Provision for credit losses	2 638	2 811	1 445
Loans and leases charged-off	(2 658)	(1 862)	(917)
Recoveries of previous charge-offs	130	89	66
Net loans and leases charged off	(2 528)	(1 773)	(851)
Other changes net	(27)	27	(2)
Ending Balance	$ 2 755	$ 2 672	$1 607
Allowance for loan and lease losses	$ 2 708	$ 2 600	$1 574
Reserve for unfunded lending commitments	47	72	33
Allowance for credit losses	$ 2 755	$ 2 672	$1 607

Table of Contents

The following tables provide a breakdown of the allowance for loan and lease losses and the recorded investment in loans based on the method for determining the allowance as of December 31 2010

	Allowance for Loan and Lease Losses			
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans Acquired With Deteriorated Credit Quality	Total
	(Dollars in millions)			
Commercial				
Commercial real estate—residential ADC	$ 75	$ 394	$ —	$ 469
Commercial real estate—other	63	383	—	446
Commercial and industrial	96	525	—	621
Specialized lending	1	20	—	21
Retail				
Direct retail lending	26	220	—	246
Revolving credit	25	84	—	109
Residential mortgage	167	131	—	298
Sales finance	1	46	—	47
Specialized lending	2	175	—	177
Covered and other acquired	—	54	90	144
Unallocated	—	130	—	130
Total	$ 456	$ 2 162	$ 90	$ 2 708

	Loans and Leases			
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans Acquired With Deteriorated Credit Quality	Total
	(Dollars in millions)			
Commercial				
Commercial real estate—residential ADC	$ 684	$ 2 713	$ —	$ 3 397
Commercial real estate—other	691	10 748	—	11 439
Commercial and industrial	708	33 342	—	34 050
Specialized lending	4	3 399	—	3 403
Retail				
Direct retail lending	177	13 572	—	13 749
Revolving credit	62	2 065	—	2 127
Residential mortgage	803	16 747	—	17 550
Sales finance	5	7 045	—	7 050
Specialized lending	24	4 526	—	4 550
Covered and other acquired	—	3 394	2 858	6 252
Total	$ 3 158	$ 97 551	$ 2 858	$103 567

Table of Contents

BB&T monitors the credit quality of its commercial portfolio segment using internal risk ratings These ratings have been correlated with bond ratings for similar instruments based on management s judgment BB&T assigns an internal risk rating at loan origination and reviews the relationship again on an annual basis or at any point management becomes aware of information affecting the borrower s ability to fulfill their obligations Refer to the *Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments* section of Note 1 for additional disclosures regarding BB&T s significant policies

BB&T monitors the credit quality of its retail portfolio segment based primarily on delinquency status which is the primary factor considered in determining whether a retail loan should be classified as nonaccrual Refer to the *Nonperforming Assets* section of Note 1 for additional disclosures regarding BB&T s significant policies

For the commercial portfolio segment BB&T s internal risk ratings were correlated with Moody s bond ratings by mapping the historical default rates by internal risk grade to those implied in the bond ratings Investment grade includes all loans mapped to a "Baa" or higher rating Near investment grade includes all loans mapped to a Ba" rating Noninvestment grade includes all loans mapped to a "B" or lower rating For the retail portfolio segment nonperforming loans reflect loans in nonaccrual status

The following tables illustrate the credit quality indicators associated with BB&T s loans and leases as of December 31 2010

	Commercial			
	Commercial Real Estate— Residential ADC	Commercial Real Estate— Other	Commercial & Industrial	Specialized Lending
	(Dollars in millions)			
Investment grade	$ 35	$ 687	$ 8 358	$ 2 070
Near investment grade	512	4 618	16 637	756
Noninvestment grade	2 850	6 134	9 055	577
Total	$ 3,397	$ 11 439	$ 34 050	$ 3 403

	Retail				
	Direct Retail Lending	Revolving Credit	Residential Mortgage	Sales Finance	Specialized Lending
			(Dollars in millions)		
Performing	$ 13 558	$ 2 127	$ 17 084	$ 7 044	$ 4 501
Nonperforming	191	—	466	6	49
	$ 13 749	$ 2 127	$ 17 550	$ 7 050	$ 4 550

Maybank 009781

ROA 4383

Table of Contents

The following table represents an aging analysis of BB&T s past due loans and leases as of December 31 2010

	Loans and Leases Excluding Covered (1) (2)					
	30-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Current	Total Loans And Leases, Excluding Covered Loans	90 Days Or More Past Due and Still Accruing
			(Dollars in millions)			
Commercial						
Commercial real estate—residential ADC	$ 166	$ 297	$ 463	$ 2 934	$ 3,397	$ 8
Commercial real estate—other	118	265	383	11 056	11 439	4
Commercial and industrial	248	334	582	33 468	34 050	8
Specialized lending	30	13	43	3 360	3 403	5
Retail						
Direct retail lending	209	173	382	13,367	13 749	76
Revolving credit	28	20	48	2 079	2 127	20
Residential mortgage (3)	646	691	1,337	16,213	17 550	296
Sales finance	96	32	128	6 922	7 050	27
Specialized lending	219	50	269	4,281	4 550	1
Other acquired	1	3	4	54	58	3
Total	$ 1 761	$ 1 878	$ 3 639	$93 734	$ 97,373	$ 448

(1) Nonaccrual loans are included in this aging analysis based on their past due status

(2) Covered loans have been excluded from this aging analysis because they are covered by FDIC loss sharing agreements and their related allowance is determined by loan pool performance due to the application of the accretion method

(3) Mortgage loans include $83 million in government guaranteed loans past due 30-89 days and $153 million in government guaranteed loans past due greater than 90 days

Table of Contents

The following tables set forth certain information regarding BB&T s impaired loans excluding acquired impaired loans and loans held for sale that were evaluated for specific reserves as of December 31 2010 and 2009

	December 31 2010		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
		(Dollars in millions)	
With No Related Allowance Recorded			
Commercial			
Commercial real estate—residential ADC	$ 200	$ 300	$ —
Commercial real estate—other	175	246	—
Commercial and industrial	196	267	—
Retail			
Direct retail lending	22	69	—
Residential mortgage (1)	25	50	—
With An Allowance Recorded			
Commercial			
Commercial real estate—residential ADC	484	556	75
Commercial real estate—other	516	565	63
Commercial and industrial	512	534	96
Specialized lending	4	4	1
Retail			
Direct retail lending	155	161	26
Revolving credit	62	61	25
Residential mortgage (1)	663	690	153
Sales finance	5	5	1
Specialized lending	24	24	2
Total	$ 3 043	$ 3 532	$ 442

(1) Residential mortgage loans exclude $115 million in government guaranteed loans and related allowance of $14 million

	December 31 2009 (1)
	(Dollars in millions)
Total recorded investment—impaired loans	$ 2 305
Total recorded investment with no related valuation allowance	$ 611
Total recorded investment with related valuation allowance	1 694
Allowance for loan and lease losses assigned to impaired loans	(278)
Net carrying value—impaired loans	$ 2 027

(1) December 31 2009 amounts have been revised from their originally reported amounts to reflect the retrospective application of more definitive regulatory guidance

Maybank 009783

ROA 4385

Table of Contents

The following table represents the carrying value of BB&T s loans and leases on nonaccrual status including nonperforming restructurings

	December 31 2010 (Dollars in millions)
Commercial	
Commercial real estate—residential ADC	$ 513
Commercial real estate—other	405
Commercial and industrial	508
Specialized lending	11
	1 437
Retail	
Direct retail lending	191
Residential mortgage	466
Sales finance	6
Specialized lending	49
	712
Total loans and leases held for investment on nonaccrual status	$ 2 149

NOTE 6 Premises and Equipment

A summary of premises and equipment is presented in the accompanying table

	December 31	
	2010	2009
	(Dollars in millions)	
Land and land improvements	$ 495	$ 429
Buildings and building improvements	1,180	1 039
Furniture and equipment	1 117	1 043
Leasehold improvements	499	464
Construction in progress	22	17
Capitalized leases on premises and equipment	41	6
Total	3,354	2 998
Less—accumulated depreciation and amortization	(1,514)	(1 415)
Net premises and equipment	$ 1,840	$ 1 583

Useful lives for premises and equipment are as follows buildings and building improvements—40 years furniture and equipment—3 to 10 years leasehold improvements—estimated useful life or lease term including certain renewals which were deemed probable at lease inception whichever is less and capitalized leases on premises and equipment—estimated useful life or remaining term of tenant lease whichever is less

BB&T has noncancelable leases covering certain premises and equipment Many of the leases have one or more renewal options generally for periods of two to five years Total rent expense applicable to operating leases was $188 million $210 million and $164 million for 2010 2009 and 2008 respectively Rental income from owned properties and subleases was $8 million $7 million and $7 million for 2010 2009 and 2008 respectively Future minimum lease payments for operating leases for the five years subsequent to 2010 are $149 million $133 million $124 million $114 million and $106 million The payments for 2016 and later years total $604 million

Table of Contents

NOTE 7 Goodwill and Other Intangible Assets

The changes in the carrying amounts of goodwill attributable to each of BB&T s operating segments for the years ended December 31 2010 and 2009 are reflected in the table below To date there have been no goodwill impairments recorded by BB&T

	Goodwill Activity by Operating Segment							
	Community Banking	Residential Mortgage Banking	Sales Finance	Specialized Lending	Insurance Services	Financial Services	All Other	Total
	(Dollars in millions)							
Balance January 1, 2009	$ 4 038	$ 7	$ 93	$ 98	$ 1 029	$ 192	$ 26	$5 483
Acquired goodwill net	533	—	—	10	29	—	—	572
Contingent consideration	—	—	—	—	2	—	—	2
Other adjustments	(2)	—	—	2	(4)	—	—	(4)
Balance December 31, 2009	4 569	7	93	110	1 056	192	26	6 053
Contingent consideration	—	—	—	—	9	—	—	9
Other adjustments	(50)	—	—	(6)	2	—	—	(54)
Balance December 31, 2010	$ 4 519	$ 7	$ 93	$ 104	$ 1 067	$ 192	$ 26	$6 008

The adjustments to goodwill during 2010 within the Community Banking segment (formerly Banking Network) reflect the finalization of valuations for certain assets and liabilities acquired in the Colonial acquisition

The following table presents the gross carrying amounts and accumulated amortization for BB&T s identifiable intangible assets subject to amortization at the dates presented

	Identifiable Intangible Assets					
	December 31 2010			December 31 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(Dollars in millions)			
Identifiable intangible assets						
Core deposit intangibles	$ 626	$ (438)	$ 188	$ 633	$ (375)	$ 258
Other (1)	752	(432)	320	755	(373)	382
Totals	$ 1,378	$ (870)	$ 508	$ 1,388	$ (748)	$ 640

(1) Other identifiable intangibles are primarily customer relationship intangibles

During the years ended December 31 2010 2009 and 2008 BB&T incurred $122 million $114 million and $100 million respectively in pre tax amortization expenses associated with core deposit intangibles and other intangible assets At December 31 2010 the weighted-average remaining life of core deposit intangibles and other identifiable intangibles was 8 9 years and 13 0 years respectively

Estimated amortization expense of identifiable intangible assets for each of the next five years total $98 million $80 million $65 million $52 million and $43 million

Table of Contents

NOTE 8 Loan Servicing

Residential Mortgage Banking Activities

The following table includes a summary of residential mortgage loans managed or securitized and related delinquencies and net charge offs

	Years Ended December 31	
	2010	2009
	(Dollars in millions)	
Mortgage loans managed or securitized (1)	$ 23,692	$ 21 637
Less Loans securitized and transferred to securities available for sale	4	60
Loans held for sale	3 068	2 524
Covered mortgage loans	1 446	1 632
Mortgage loans sold with recourse	1 624	1 986
Mortgage loans held for investment	$ 17,550	$ 15 435
Mortgage loans on nonaccrual status (2)	$ 466	$ 712
Mortgage loans 90 days past due and still accruing interest (2)	143	150
Mortgage loan net charge offs	390	275

(1) Balances exclude loans serviced for others with no other continuing involvement
(2) Includes amounts related to residential mortgage loans held for sale and excludes amounts related to government guaranteed loans

BB&T sold problem residential mortgages with a carrying value of $388 million during the year ended December 31 2010 in connection with the nonperforming asset disposition strategy BB&T recorded $141 million of net charge-offs related to these loans

The unpaid principal balances of BB&T s total residential mortgage servicing portfolio were $83 6 billion $73 6 billion and $59 7 billion at December 31 2010 2009 and 2008 respectively The unpaid principal balances of residential mortgage loans serviced for others consist primarily of agency conforming fixed rate mortgage loans and totaled $61 8 billion $54 5 billion and $40 7 billion at December 31 2010 2009 and 2008 respectively Mortgage loans serviced for others are not included in loans on the accompanying Consolidated Balance Sheets

During 2010 2009 and 2008 BB&T sold residential mortgage loans from the held for sale portfolio with unpaid principal balances of $19 1 billion $25 8 billion and $13 4 billion respectively and recognized pre tax gains of $235 million $257 million and $78 million respectively which were recorded in noninterest income as a component of mortgage banking income BB&T retained the related mortgage servicing rights and receives servicing fees

At December 31 2010 and 2009 the approximate weighted average servicing fee was 35% and 37% respectively of the outstanding balance of the residential mortgage loans The weighted average coupon interest rate on the portfolio of mortgage loans serviced for others was 5 26% and 5 57% at December 31 2010 and 2009 respectively BB&T recognized servicing fees of $226 million $190 million and $145 million during 2010 2009 and 2008 respectively as a component of mortgage banking income

At December 31 2010 and 2009 BB&T had $1 6 billion and $2 0 billion respectively of residential mortgage loans sold with recourse liability In the event of nonperformance by the borrower BB&T has maximum recourse exposure of approximately $597 million and $667 million as of December 31 2010 and 2009 respectively At December 31 2010 and 2009 BB&T has recorded $6 million of reserves related to these recourse exposures Payments made to date have been immaterial

Maybank 009786

ROA 4388

Table of Contents

Residential mortgage servicing rights are recorded on the Consolidated Balance Sheets at fair value with changes in fair value recorded as a component of mortgage banking income in the Consolidated Statements of Income for each period BB&T uses various derivative instruments to mitigate the income statement effect of changes in fair value due to changes in valuation inputs and assumptions of its residential mortgage servicing rights The following is an analysis of the activity in BB&T s residential mortgage servicing rights for the years ended December 31 2010 2009 and 2008

	Residential Mortgage Servicing Rights Years Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Carrying value January 1	$ 832	$ 370	$ 472
Additions	265	398	212
Increase (decrease) in fair value			
Due to changes in valuation inputs or assumptions	(138)	190	(220)
Other changes (1)	(129)	(126)	(94)
Carrying value December 31	$ 830	$ 832	$ 370

(1) Represents the realization of expected net servicing cash flows expected borrower payments and the passage of time

BB&T uses assumptions and estimates in determining the fair value of mortgage servicing rights These assumptions include prepayment speeds servicing costs and Option Adjusted Spread commensurate with the risks involved and comparable to assumptions used by market participants to value and bid servicing rights available for sale in the market At December 31 2010 the sensitivity of the current fair value of the residential mortgage servicing rights to immediate 10% and 20% adverse changes in key economic assumptions are included in the accompanying table

	Residential Mortgage Servicing Rights December 31 2010	
	(Dollars in millions)	
Fair value of residential mortgage servicing rights	$	830
Composition of residential loans serviced for others		
Fixed rate mortgage loans		99%
Adjustable rate mortgage loans		1
Total		100%
Weighted average life		5 6 yrs
Prepayment speed		12 7%
Effect on fair value of a 10% increase	$	(40)
Effect on fair value of a 20% increase		(76)
Weighted average discount rate		10 7%
Effect on fair value of a 10% increase	$	(38)
Effect on fair value of a 20% increase		(73)

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance As indicated changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear Also in this table the effect of an adverse variation in a particular assumption on the fair value of the mortgage servicing rights is calculated without changing any other assumption while in reality changes in one factor may result in changes in another (for example increases in market interest rates may result in lower prepayments) which may magnify or counteract the effect of the change

130

Maybank 009787

ROA 4389

Table of Contents

Commercial Mortgage Banking Activities

BB&T also arranges and services commercial real estate mortgages through Grandbridge Real Estate Capital LLC (Grandbridge ") the commercial mortgage banking subsidiary of Branch Bank During the years ended December 31 2010 2009 and 2008 Grandbridge originated $3 1 billion $2 3 billion and $3 7 billion respectively of commercial real estate mortgages the majority of which were arranged for third party investors As of December 31 2010 2009 and 2008 Grandbridge s portfolio of commercial real estate mortgages serviced for others totaled $24 1 billion $24 3 billion and $23 9 billion respectively Commercial real estate mortgage loans serviced for others are not included in loans on the accompanying Consolidated Balance Sheets Grandbridge had $4 4 billion and $4 0 billion in loans serviced for others that were covered by recourse provisions at December 31 2010 and 2009 respectively At December 31 2010 and 2009 Grandbridge s maximum exposure to loss for these loans was approximately $1 2 billion and $1 1 billion respectively BB&T has recorded $19 million and $12 million of reserves related to these recourse exposures at December 31 2010 and 2009 respectively

Commercial mortgage servicing rights are recorded as other assets on the Consolidated Balance Sheets at lower of cost or market and amortized in proportion to and over the estimated period that net servicing income is expected to be received based on projections of the amount and timing of estimated future net cash flows The following is an analysis of the activity in BB&T s commercial mortgage servicing rights for the years ended December 31 2010 2009 and 2008

	Commercial Mortgage Servicing Rights Years Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Carrying value January 1	$101	$ 98	$ 88
Additions	20	21	23
Purchases	—	—	1
Amortization expense	(18)	(18)	(14)
Carrying value December 31	$103	$101	$ 98

At December 31 2010 the sensitivity of the current fair value of the capitalized commercial mortgage servicing rights to adverse changes in key economic assumptions are included in the accompanying table

	Commercial Mortgage Servicing Rights December 31 2010
	(Dollars in millions)
Fair value of commercial mortgage servicing rights	$ 121
Weighted average life	7 3 yrs
Prepayment speed	5%
Effect on fair value of a 10% increase	$ (1)
Effect on fair value of a 15% increase	(1)
Weighted average discount rate	12 4%
Effect on fair value of a 25% increase	$ (9)
Effect on fair value of a 50% increase	(17)

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance As indicated changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear Also in this table the effect of an adverse variation in a particular assumption on the fair value of the mortgage servicing rights is calculated without changing any other assumption while in reality changes in one factor may result in changes in another (for example increases in market interest rates may result in increased value of escrow deposits) which may magnify or counteract the effect of the change

Table of Contents

NOTE 9 Federal Funds Purchased, Securities Sold Under Agreements to Repurchase and Short-Term Borrowed Funds

Federal funds purchased securities sold under agreements to repurchase and short term borrowed funds are summarized as follows

	December 31	
	2010	2009
	(Dollars in millions)	
Federal funds purchased	$ 23	$ 1 421
Securities sold under agreements to repurchase	1,189	2 197
Master notes	806	1 004
Other short term borrowed funds	3 655	3 484
Total	$ 5 673	$ 8 106

Federal funds purchased represent unsecured borrowings from other banks and generally mature daily Securities sold under agreements to repurchase are borrowings collateralized primarily by securities of the U S government or its agencies Master notes are unsecured non negotiable obligations of BB&T (variable rate commercial paper) that mature in 270 days or less Other short-term borrowed funds include unsecured bank notes that mature in less than one year bank obligations with a maturity of seven days that are collateralized by municipal securities U S Treasury tax and loan deposit notes payable to the U S Treasury upon demand In 2009 other short term borrowed funds included U S Treasury tax and loan deposit notes payable to the U S Treasury for periods of less than one month and borrowings under the treasury auction facility

A summary of selected data related to Federal funds purchased securities sold under agreements to repurchase and short term borrowed funds follows

	As of / For the Year Ended December 31		
	2010	2009	2008
		(Dollars in millions)	
Maximum outstanding at any month end during the year	$11 690	$19 917	$15 704
Balance outstanding at end of year	5 673	8 106	10 788
Average outstanding during the year	9,022	12 491	10 580
Average interest rate during the year	24%	46%	2 22%
Average interest rate at end of year	46	34	87

NOTE 10 Deposits

A summary of BB&T s deposits is presented in the accompanying table

	December 31	
	2010	2009
	(Dollars in millions)	
Deposits		
Noninterest bearing deposits	$ 20 637	$ 18 945
Interest checking	4,050	3 420
Other client deposits	54 040	52 097
Client certificates of deposit	21,317	32 298
Other interest bearing deposits	7 169	8 205
Total deposits	$ 107 213	$ 114 965

Time deposits that are $100 000 and greater totaled $10 6 billion and $17 2 billion at December 31 2010 and 2009 respectively

Maybank 009789

ROA 4391

Table of Contents

NOTE 11 Long-Term Debt

Long term debt comprised the following

	December 31	
	2010	2009
	(Dollars in millions)	
Parent Company		
3 10% Senior Notes Due 2011	$ 250	$ 250
3 85% Senior Notes Due 2012	1,000	1 000
3 38% Senior Notes Due 2013	500	500
5 70% Senior Notes Due 2014	510	509
3 95% Senior Notes Due 2016	499	—
6 85% Senior Notes Due 2019	538	538
6 50% Subordinated Notes Due 2011 (1)	610	610
4 75% Subordinated Notes Due 2012 (1)	490	489
5 20% Subordinated Notes Due 2015 (1)	932	932
4 90% Subordinated Notes Due 2017 (1)	339	336
5 25% Subordinated Notes Due 2019 (1)	586	586
Branch Bank		
Floating Rate Subordinated Notes Due 2016 (1)(2)	350	350
Floating Rate Subordinated Notes Due 2017 (1)(2)	261	261
4 875% Subordinated Notes Due 2013 (1)	222	222
5 625% Subordinated Notes Due 2016 (1)	386	386
Federal Home Loan Bank Advances to Branch Bank (3)		
Varying maturities to 2034	10,243	10 541
Junior Subordinated Debt to Unconsolidated Trusts (4)	3,269	3 269
Other Long Term Debt	123	98
Fair value hedge-related basis adjustments	622	499
Total Long Term Debt	$21 730	$21 376

(1) Subordinated notes that qualify under the risk based capital guidelines as Tier 2 supplementary capital subject to certain limitations

(2) These floating rate securities are based on LIBOR and had an effective rate of 61% as of December 31 2010

(3) $800 million of these advances were swapped to a floating rate based on LIBOR At December 31 2010 the weighted average cost of these advances was 3 18% including the effect of the swapped portion and the weighted average maturity was 6 2 years

(4) Securities that qualify under the risk-based capital guidelines as Tier 1 capital subject to certain limitations A summary of the significant terms of these securities are detailed in the following table

Excluding the capitalized leases set forth in Note 6 future debt maturities total $2 1 billion $1 5 billion $1 6 billion $1 0 billion and $1 1 billion for the next five years The maturities for 2016 and later years total $14 2 billion

Maybank 009790

ROA 4392

Table of Contents

Junior Subordinated Debt to Unconsolidated Trusts

The following table is a summary of the significant terms of outstanding Junior Subordinated Debt at December 31 2010 as originated by BB&T and its subsidiaries and predecessor companies

Issuer	Issuance Date	December 31 2010	December 31 2009	Stated Maturity	Final Maturity	Interest Rate	Redemption Period
		(Dollars in millions)					
BB&T Capital Trust I	August 2005	$ 514	$ 514	August 2035		5 85%	Anytime
BB&T Capital Trust II	June 2006	598	598	June 2036		6 75	Anytime
BB&T Capital Trust IV (1)	June 2007	600	600	June 2057	June 2077	6 82	Anytime
BB&T Capital Trust V (2)(3)	September 2008	450	450	September 2063	September 2068	8 95	after 09/15/13
BB&T Capital Trust VI (3)	July 2009	575	575	August 2064	August 2069	9 60	after 08/01/14
BB&T Capital Trust VII	October 2009	350	350	November 2064	November 2069	8 10	after 11/01/14
Mason Dixon Capital Trust	July 1997	21	21	June 2027		10 07	after 06/15/07
MainStreet Capital Trust I	November 1997	48	48	December 2027		8 90	after 12/01/07
Premier Capital Trust I	November 1997	30	30	December 2027		9 00	after 12/31/07
Main Street Banks Statutory Trust I	November 2002	5	5	November 2032		Variable	after 11/15/07
Main Street Banks Statutory Trust II	May 2003	46	46	June 2033		Variable	after 06/30/08
Coastal Financial Capital Trust I	July 2003	15	15	July 2033		Variable	after 07/03/08
First Citizens Bancorp Statutory Trust I	December 2003	10	10	December 2033		Variable	after 12/17/08
First Citizens Bancorp Statutory Trust II	June 2005	7	7	June 2035		Variable	after 06/15/10
Total		$3 269	$3 269				

(1) These securities are fixed rate through June 12 2037 and then switch to a floating rate based on LIBOR
(2) $360 million of this issuance was swapped to a floating rate based on LIBOR At December 31 2010 the effective rate on the swapped portion was 3 67%
(3) These securities are fixed rate through initial maturity and then switch to a floating rate based on LIBOR if extended

NOTE 12 Shareholders' Equity

Common Stock

The authorized common stock of BB&T consists of two billion shares with a $5 par value There were 694 million and 690 million common shares issued and outstanding at December 31 2010 and 2009 respectively

Preferred Stock

The authorized preferred stock of BB&T consists of five million shares At December 31 2010 and December 31 2009 there were no preferred shares outstanding

Equity Based Plans

At December 31 2010 BB&T had options restricted shares and restricted share units outstanding from the following equity based compensation plans the 2004 Stock Incentive Plan (2004 Plan) the 1995 Omnibus Stock Incentive Plan (Omnibus Plan) the Non Employee Directors Stock Option Plan (Directors Plan) and plans assumed from acquired entities which are described below All plans generally allow for accelerated vesting of awards for holders who retire and have met all retirement eligibility requirements and in connection with certain other events BB&T s shareholders have approved all equity based compensation plans with the exception of plans assumed from acquired companies As of December 31 2010 the 2004 Plan is the only plan that has shares available for future grants

BB&T s 2004 Plan is intended to assist the Corporation in recruiting and retaining employees directors and independent contractors and to associate the interests of eligible participants with those of BB&T and its

Maybank 009791

ROA 4393

Table of Contents

shareholders At December 31 2010 there were 24 0 million non qualified and qualified stock options at prices ranging from $9 56 to $44 20 and 13 3 million restricted shares and restricted share units outstanding under the 2004 Plan Options outstanding under the 2004 Plan have a ten year term and vest as follows (1) options granted prior to 2010 generally vest over five years and (2) options granted during 2010 generally vest over four years The restricted shares and restricted share units vest as follows (1) awards granted prior to 2010 generally vest five years from the date of grant and (2) awards granted during 2010 generally vest four years from the date of grant At December 31 2010 there were 20 7 million shares available for future grants under the 2004 Plan

BB&T s Omnibus Plan was intended to allow BB&T to recruit and retain employees with ability and initiative and to align the employees interests with those of BB&T and its shareholders At December 31 2010 20 4 million non-qualified and qualified stock options at prices ranging from $16 05 to $43 25 were outstanding The stock options generally vest over 3 to 5 years and have a ten year term

The Directors Plan was intended to provide incentives to non-employee directors to remain on the Board of Directors and share in the profitability of BB&T In 2005 the Directors Plan was amended and no future grants will be awarded in connection with this Plan Directors are currently eligible to receive grants under the 2004 Plan At December 31 2010 options to purchase 233 thousand shares of common stock at prices ranging from $25 75 to $31 80 were outstanding pursuant to the Directors Plan

BB&T also has equity based plans outstanding as the result of assuming the plans of acquired companies At December 31 2010 there were 117 thousand stock options outstanding in connection with these plans with option prices ranging from $26 16 to $29 54

BB&T measures the fair value of each option award on the date of grant using the Black Scholes option-pricing model with the following weighted average assumptions used for grants awarded in 2010 2009 and 2008 respectively Substantially all of BB&T s option awards are granted in February of each year Therefore the assumptions noted below are weighted accordingly

	Years Ended December 31		
	2010	2009	2008
Assumptions			
Risk free interest rate	2 0%	3 1%	3 7%
Dividend yield	5 4	6 0	4 5
Volatility factor	36 0	29 1	15 5
Expected life	7 2 yrs	7 1 yrs	6 9 yrs
Fair value of options per share	$ 5 60	$ 2 59	$ 3 43

BB&T determines the assumptions used in the Black-Scholes option pricing model as follows the risk free interest rate is based on the U S Treasury yield curve in effect at the time of the grant the dividend yield is based on the historical dividend yield of BB&T s stock, adjusted to reflect the expected dividend yield over the expected life of the option the volatility factor is based on the historical volatility of BB&T s stock adjusted to reflect the ways in which current information indicates that the future is reasonably expected to differ from the past and the weighted average expected life is based on the historical behavior of employees related to exercises forfeitures and cancellations

BB&T measures the fair value of restricted shares based on the price of BB&T s common stock on the grant date and the fair value of restricted share units based on the price of BB&T s common stock on the grant date less the present value of expected dividends that are foregone during the vesting period

BB&T recorded $79 million $62 million and $75 million in equity based compensation in 2010 2009 and 2008 respectively In connection with this compensation expense BB&T recorded an income tax benefit of $30 million $24 million and $29 million in 2010 2009 and 2008 respectively The total intrinsic value of options exercised or restricted share units vested during 2010 2009 and 2008 was $22 million $6 million and $20 million respectively The total grant date fair value of equity based awards that vested during 2010 was $39 million As of December 31 2010 there was $104 million of unrecognized compensation costs related to BB&T s equity based awards that is expected to be recognized over a weighted-average life of 3 0 years

135

Table of Contents

The following table details the activity during 2010 related to stock options awarded by BB&T

	Year Ended December 31 2010	
	Options	Wtd. Avg. Exercise Price
Outstanding at beginning of period	42 535 819	$ 35 40
Granted	4 657 121	27 74
Exercised	(1 562 742)	22 99
Forfeited or expired	(940 067)	34 00
Outstanding at end of period	44 690 131	35 06
Exercisable at end of period	32 670 568	36 84

The following tables summarize information about BB&T s stock option awards as of December 31 2010

Range of Exercise Prices			Options Outstanding			Options Exercisable		
			Number Outstanding 12/31/10	Weighted-Average Remaining Contractual Life (yrs)	Weighted-Average Exercise Price	Number Exercisable 12/31/10	Weighted-Average Remaining Contractual Life (yrs)	Weighted-Average Exercise Price
$ 9 56	to	$10 00	2 475	1	$ 9 56	2 475	1	$ 9 56
10 01	to	15 00	8 514	9	12 24	8,514	9	12 24
15 01	to	25 00	2 960 361	7 9	17 51	727 331	7 5	18 17
25 01	to	35 00	15 236 238	6 2	31 70	7 635 919	4 1	32 94
35 01	to	44.20	26 482 543	3 8	38 96	24 296 329	3 6	38 63
			44 690 131	4 9	35 06	32 670 568	3 8	36 84

Range of Exercise Prices			Options Expected to Vest		
			Number Outstanding 12/31/10	Weighted-Average Remaining Contractual Life (yrs)	Weighted-Average Exercise Price
$ 9 56	to	$10 00	2 475	1	$ 9 56
10 01	to	15 00	8 514	9	12 24
15 01	to	25 00	2 490 702	7 9	17 55
25 01	to	35 00	13 688 667	6 0	31 75
35 01	to	44 20	25 475 869	3 7	38 83
			41 666 227	4 7	35 23

The aggregate intrinsic value of options outstanding options exercisable and options expected to vest at December 31 2010 was $26 million $6 million and $22 million respectively

The following table details the activity during 2010 related to restricted shares and restricted share units awarded by BB&T

	Year Ended December 31 2010	
	Shares/Units	Wtd. Avg. Grant Date Fair Value
Nonvested at beginning of period	10 861 433	$ 19 36
Granted	3 434 797	23 69
Vested	(507 760)	29 73
Forfeited	(504 684)	19 97
Nonvested at end of period	13 283 786	20 06

Table of Contents

At December 31 2010 BB&T s restricted shares and restricted share units had a weighted-average life of 2 5 years At December 31 2010 management estimates that 12 0 million restricted shares and restricted share units will vest over a weighted average life of 2 5 years

Share Repurchase Activity

No shares of common stock were repurchased during 2010 2009 and 2008 At December 31 2010 BB&T was authorized to repurchase an additional 44 million shares under the June 27 2006 Board of Directors authorization

NOTE 13 Accumulated Other Comprehensive Income (Loss)

The balances in accumulated other comprehensive loss at December 31 2010 and 2009 are shown in the following table

	December 31 2010			December 31 2009		
	Pre-Tax Amount	Deferred Tax Expense (Benefit)	After Tax Amount	Pre-Tax Amount	Deferred Tax Expense (Benefit)	After Tax Amount
			(Dollars in millions)			
Unrecognized net pension and postretirement costs	$ (587)	$ (219)	$ (368)	$ (447)	$ (169)	$ (278)
Unrealized net (losses) gains on cash flow hedges	(75)	(28)	(47)	173	66	107
Unrealized net losses on securities available for sale	(250)	(93)	(157)	(363)	(138)	(225)
FDIC's share of unrealized gains on securities available for sale under the loss share agreements (1)	(281)	(105)	(176)	(30)	(11)	(19)
Foreign currency translation adjustment	(6)	(7)	1	(7)	(5)	(2)
Total	$(1 199)	$ (452)	$ (747)	$ (674)	$ (257)	$ (417)

(1) Certain securities available for sale are covered by loss sharing agreements with the FDIC These securities covered by the loss sharing agreements reflected a net unrealized pre tax gain of $305 million and $35 million as of December 31 2010 and 2009 respectively The FDIC s share of this net unrealized pre tax gain upon sale would have been $281 million and $30 million as of December 31 2010 and 2009 respectively and was recorded as a reduction in other comprehensive income

As of December 31 2010 and December 31 2009 unrealized net losses on securities available for sale included $115 million and $114 million respectively of pre tax losses related to other than temporarily impaired non agency mortgage backed securities where a portion of the loss was recognized in net income

Table of Contents

The following tables reflect the components of total comprehensive income for the years ended December 31 2010 2009 and 2008

	Year Ended December 31 2010		
	Pre-Tax	Tax Effect	After Tax
		(Dollars in millions)	
Comprehensive income			
Net income	$ 969	$ 115	$ 854
Other comprehensive income			
Unrealized net holding gains (losses) arising during the period on securities available for sale	667	252	415
Reclassification adjustment for losses (gains) on securities available for sale included in net income	(554)	(207)	(347)
Net change in amounts attributable to the FDIC under the loss share	(251)	(94)	(157)
Net change in unrecognized gains (losses) on cash flow hedges	(248)	(94)	(154)
Net change in foreign currency translation adjustment	1	(2)	3
Net change in pension and postretirement liability	(140)	(50)	(90)
Total comprehensive income	$ 444	$ (80)	$ 524

	Year Ended December 31 2009		
	Pre-Tax	Tax Effect	After Tax
		(Dollars in millions)	
Comprehensive income			
Net income	$ 1 036	$ 159	$ 877
Other comprehensive income			
Unrealized net holding gains (losses) arising during the period on securities available for sale	353	130	223
Reclassification adjustment for losses (gains) on securities available for sale included in net income	(199)	(75)	(124)
Net change in amounts attributable to the FDIC under the loss share	(30)	(11)	(19)
Net change in unrecognized gains (losses) on cash flow hedges	97	38	59
Net change in foreign currency translation adjustment	2	(5)	7
Net change in pension and postretirement liability	273	104	169
Total comprehensive income	$ 1 532	$ 340	$ 1 192

	Year Ended December 31 2008		
	Pre-Tax	Tax Effect	After Tax
		(Dollars in millions)	
Comprehensive income			
Net income	$ 2 079	$ 550	$ 1 529
Other comprehensive income			
Unrealized net holding gains (losses) arising during the period on securities available for sale	(365)	(136)	(229)
Reclassification adjustment for losses (gains) on securities available for sale included in net income	(107)	(40)	(67)
Net change in unrecognized gains (losses) on cash flow hedges	76	28	48
Net change in foreign currency translation adjustment	(12)	—	(12)
Net change in pension and postretirement liability	(593)	(225)	(368)
Total comprehensive income	$ 1 078	$ 177	$ 901

Table of Contents

NOTE 14 Income Taxes

The provision for income taxes comprised the following

	Years Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Current expense			
Federal	$ 161	$ 302	$ 899
State	18	15	89
Foreign	2	2	—
Total current expense	181	319	988
Deferred expense (benefit)			
Federal	(65)	(143)	(406)
State	(1)	(17)	(32)
Total deferred expense (benefit)	(66)	(160)	(438)
Provision for income taxes	$ 115	$ 159	$ 550

The foreign income tax expense is related to income generated on assets controlled by a foreign subsidiary of Branch Bank

The reasons for the difference between the provision for income taxes and the amount computed by applying the statutory Federal income tax rate to income before income taxes were as follows

	Years Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Federal income taxes at statutory rate of 35%	$ 339	$ 362	$ 728
Increase (decrease) in provision for income taxes as a result of			
Addition to Federal tax reserves net	1	26	5
State income taxes net of Federal tax benefit	11	(2)	37
Federal tax credits	(105)	(78)	(54)
Interest on Federal tax refunds	3	(4)	(66)
Tax exempt income	(125)	(108)	(77)
LILO gains	(2)	(18)	—
Other net	(7)	(19)	(23)
Provision for income taxes	$ 115	$ 159	$ 550
Effective income tax rate	11 9%	15 3%	26 5%

BB&T has entered into certain transactions that have favorable tax treatment These transactions include loans and investments that produce tax-exempt income and tax credits reducing BB&T s effective tax rate from the statutory rate During the years ended December 31 2010 and 2009 the sale of certain leveraged leases generated non taxable gains that had a beneficial impact on the provision for income taxes that totaled $2 million and $18 million respectively

During the year ended December 31 2008 BB&T agreed to treat its leveraged leases in accordance with the IRS s proposal that among other things allowed 20% of deductions imputed interest income and deemed the remaining transactions to be terminated for income tax purposes as of December 31 2008 As a result of this settlement BB&T recognized pre tax interest from the IRS of $93 million or $60 million after-tax which is reflected as a reduction in tax expense and reduced BB&T s effective tax rate for 2008 As a result of changes in the timing of tax payments accounting standards required a recalculation of each leveraged lease transaction These recalculations resulted in a $67 million charge to interest income and a corresponding $24 million tax benefit in 2008

Table of Contents

The tax effects of temporary differences that gave rise to significant portions of the net deferred tax assets and liabilities are reflected in the table below Net deferred tax assets are included in other assets on the Consolidated Balance Sheets

	December 31	
	2010	2009
	(Dollars in millions)	
Deferred tax assets		
Allowance for loan and lease losses	$ 1 003	$ 992
Unrealized loss on securities available for sale	198	149
Postretirement plans	219	169
Equity based compensation	123	95
Loan/Securities basis difference	165	195
OREO Writedown	196	86
Other	290	172
Total deferred tax assets	2 194	1 858
Deferred tax liabilities		
Lease financing	(211)	(175)
Prepaid pension plan expense	(360)	(339)
Loan fees & expenses	(199)	(182)
Depreciation	(78)	(59)
Identifiable intangible assets	(107)	(125)
Loan servicing rights	(218)	(231)
Unamortized FHLB loan prepayment fees	(45)	(55)
Derivatives & hedging	(68)	(26)
Other	(52)	(97)
Total deferred tax liabilities	(1,338)	(1 289)
Net deferred tax assets	$ 856	$ 569

On a periodic basis BB&T evaluates its income tax positions based on tax laws and regulations and financial reporting considerations and records adjustments as appropriate This evaluation takes into consideration the status of current taxing authorities examinations of BB&T s tax returns recent positions taken by the taxing authorities on similar transactions if any and the overall tax environment in relation to tax advantaged transactions Detailed below is a reconciliation of BB&T s unrecognized tax benefits for the years ended December 31 2010 2009 and 2008 The amounts presented in the reconciliation are gross of any related tax benefits

	Unrecognized Tax Benefits Years Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Beginning Balance	$179	$197	$219
Additions based on tax positions related to current year	—	—	12
Additions (reductions) for tax positions of prior years	—	1	(30)
Settlements	—	(16)	—
Lapse of statute of limitations	(1)	(3)	(4)
Total unrecognized current tax benefits	178	179	197
Additions based on unrecognized deferred tax benefits from business combinations	114	—	—
Ending Balance	$292	$179	$197

As of December 31 2010 BB&T had $292 million of unrecognized Federal and state tax benefits that would have impacted the effective tax rate if recognized In addition the Company had $37 million and $36 million in liabilities for tax related interest recorded on its Consolidated Balance Sheets at December 31 2010 and 2009

Table of Contents

respectively Total interest net of the Federal benefit related to unrecognized tax benefits recognized in the 2010 2009 and 2008 Consolidated Statements of Income was $1 million $1 million and $4 million respectively BB&T classifies interest and penalties related to income taxes as a component of the provision for income taxes in the Consolidated Statements of Income

The IRS has completed its Federal income tax examinations of BB&T through 2007 In connection with the settlement agreement with the IRS regarding its leveraged lease transactions BB&T is entitled to Federal income tax refunds for tax years 1998 2006 During 2010 BB&T received Federal tax refunds including interest of approximately $379 million for tax years 1998 2006 In February 2010 BB&T received an IRS statutory notice of deficiency for tax years 2002 2007 asserting a liability for taxes penalties and interest of approximately $892 million related to the disallowance of foreign tax credits and other deductions claimed by a deconsolidated subsidiary in connection with a financing transaction Management has consulted with outside counsel and continues to believe that BB&T s treatment of this transaction was in compliance with applicable tax laws and regulations BB&T paid the disputed tax penalties and interest and filed a lawsuit seeking a refund in the U S Court of Federal Claims in March 2010 Management believes the Company s current reserves for this matter are adequate although the final outcome is uncertain Final resolution of this matter is not expected to occur within the next twelve months Various years remain subject to examination by state taxing authorities

During the year ended December 31 2010 BB&T finalized the tax basis valuation for the assets acquired from Colonial Bank Based on this analysis BB&T identified approximately $114 million in unrecognized tax benefits related to temporary differences that have been excluded from the deferred tax asset recognized at the acquisition date

NOTE 15 Benefit Plans

BB&T provides various benefit plans to substantially all employees including employees of acquired entities Employees of acquired entities generally participate in existing BB&T plans after consummation of the business combinations The plans of acquired institutions are typically merged into the BB&T plans after consummation of the mergers and under these circumstances credit is usually given to these employees for years of service at the acquired institution for vesting and eligibility purposes The Colonial transaction as an asset purchase was handled differently from typical mergers The retirement plans of Colonial were not assumed by BB&T and as such were not merged into the BB&T plans Credit for years of service with Colonial where given was determined on a plan by plan basis with regard to the participation of former Colonial employees in BB&T s plans

The following table summarizes expenses (income) relating to employee retirement plans

	Years Ended December 31		
	2010	2009	2008
	(Dollars in millions)		
Defined benefit plans	$ 22	$ 76	$ 9
Defined contribution and FSOP plans	86	83	76
Other	18	26	(38)
Total expense related to retirement benefit plans	$126	$185	$ 47

Defined Benefit Retirement Plans

BB&T provides a defined benefit retirement plan qualified under the Internal Revenue Code that covers substantially all employees Benefits are based on years of service age at retirement and the employee s compensation during the five highest consecutive years of earnings within the last ten years of employment

In addition supplemental retirement benefits are provided to certain key officers under supplemental defined benefit executive retirement plans which are not qualified under the Internal Revenue Code Although technically unfunded plans a Rabbi Trust and insurance policies on the lives of the certain covered employees are available to finance future benefits

Table of Contents

The following are the significant actuarial assumptions that were used to determine net periodic pension costs

	December 31	
	2010	2009
Actuarial Assumptions		
Weighted average assumed discount rate	6 16%	6 20%
Weighted average expected long term rate of return on plan assets	8 00	8 00
Assumed rate of annual compensation increases for the first two years	2 50	2 50
Assumed rate of annual compensation increases thereafter	4 50	4 50

The weighted average expected long term rate of return on plan assets represents the average rate of return expected to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid In developing the expected rate of return BB&T considers long term compound annualized returns of historical market data for each asset category as well as historical actual returns on the plan assets Using this reference information the Company develops forward looking return expectations for each asset category and a weighted average expected long term rate of return for the plan based on target asset allocations contained in BB&T s Investment Policy Statement

Financial data relative to the defined benefit pension plans is summarized in the following tables for the years indicated The qualified pension plan prepaid asset is recorded on the Consolidated Balance Sheets as a component of other assets and the nonqualified pension plans accrued liability is recorded on the Consolidated Balance Sheets as a component of other liabilities The data is calculated using an actuarial measurement date of December 31

	Years Ended December 31		
	2010	2009	2008
		(Dollars in millions)	
Net Periodic Pension Cost			
Service cost	$ 83	$ 76	$ 69
Interest cost	93	86	81
Estimated return on plan assets	(178)	(144)	(139)
Net amortization and other	24	58	(2)
Net periodic pension cost	22	76	9
Pre-Tax Amounts Recognized in Comprehensive Income (Loss)			
Net actuarial loss (gain)	133	(228)	590
Amortization of prior service cost	1	2	4
Amortization of net gain	(25)	(60)	(2)
Net amount recognized in comprehensive income	109	(286)	592
Total net periodic pension costs (income) recognized in total comprehensive income	$ 131	$ (210)	$ 601

The following are the significant actuarial assumptions that were used to determine benefit obligations

	December 31	
	2010	2009
Actuarial Assumptions		
Weighted average assumed discount rate	5 52%	6 16%
Assumed long term rate of annual compensation increases (1)	4 50	4 50

(1) Represents the rate to be achieved by 2015 for the current year s calculation and 2011 for the prior year s calculation

Table of Contents

	Qualified Pension Plan		Nonqualified Pension Plans	
	Years Ended December 31		Years Ended December 31	
	2010	2009	2010	2009
	(Dollars in millions)			
Change in Projected Benefit Obligation				
Projected benefit obligation January 1	$1 378	$1,260	$ 145	$ 140
Service cost	78	72	5	4
Interest cost	84	77	9	9
Actuarial loss	203	15	31	—
Benefits paid	(47)	(46)	(8)	(8)
Projected benefit obligation December 31	$1 696	$1,378	$ 182	$ 145

	Qualified Pension Plan		Nonqualified Pension Plans	
	Years Ended December 31		Years Ended December 31	
	2010	2009	2010	2009
	(Dollars in millions)			
Change in Plan Assets				
Fair value of plan assets January 1	$2 184	$1 371	$ —	$ —
Actual return on plan assets	279	387	—	—
Employer contributions	68	472	8	8
Benefits paid	(47)	(46)	(8)	(8)
Fair value of plan assets, December 31	2 484	2 184	—	—
Funded status at end of year	$ 788	$ 806	$(182)	$(145)

	Qualified Pension Plan		Nonqualified Pension Plans	
	Years Ended December 31		Years Ended December 31	
	2010	2009	2010	2009
	(Dollars in millions)			
Pre-Tax Amounts Recognized in Accumulated Other Comprehensive Income (Loss)				
Prior service credit (cost)	$ 2	$ 2	$ (1)	$ —
Net actuarial loss	(523)	(445)	(50)	(22)
Net amount recognized	$ (521)	$ (443)	$ (51)	$ (22)

The expected amortization of unrecognized prior service credit and unrecognized net actuarial losses for the qualified plan and nonqualified plans that are expected to be amortized from accumulated other comprehensive income (loss) into net periodic pension cost during 2011 are reflected in the following table

	Qualified Pension Plan	Nonqualified Pension Plans
	(Dollars in millions)	
Expected Amortization for 2011		
Prior service credit	$ (1)	$ —
Net actuarial loss	28	4
Net amount to be amortized in 2011	$ 27	$ 4

The accumulated benefit obligation for the qualified plans totaled $1 5 billion and $1 2 billion at December 31 2010 and 2009 respectively For the nonqualified plans the accumulated benefit obligation totaled $156 million and $133 million at December 31 2010 and 2009 respectively

Table of Contents

Employer contributions to the qualified pension plan are in amounts between the minimum required for funding standard accounts and the maximum amount deductible for federal income tax purposes Management is not required to make a contribution to the qualified pension plan during 2011 however management may make additional contributions during 2011 if deemed appropriate For the nonqualified plans the employer contributions are based on benefit payments The following table reflects the estimated benefit payments reflecting expected future service for the next five years and for the years 2016 through 2020

	Qualified Pension Plan	Nonqualified Pension Plans
	(Dollars in millions)	
Estimated Benefit Payments		
2011	$ 563	$ 9
2012	569	9
2013	64	10
2014	70	10
2015	77	11
2016 2020	507	61

BB&T s primary total return objective is to achieve returns that over the long term will fund retirement liabilities and provide for the desired plan benefits in a manner that satisfies the fiduciary requirements of the Employee Retirement Income Security Act The plan assets have a long term indefinite time horizon that runs concurrent with the average life expectancy of the participants As such the Plan can assume a time horizon that extends well beyond a full market cycle and can assume an above average level of risk as measured by the standard deviation of annual return It is expected however that both professional investment management and sufficient portfolio diversification will smooth volatility and help to generate a reasonable consistency of return The investments are broadly diversified among economic sector industry quality and size in order to reduce risk and to produce incremental return Within approved guidelines and restrictions investment managers have wide discretion over the timing and selection of individual investments

BB&T periodically reviews its asset allocation and investment policy and makes changes to its target asset allocation BB&T has established guidelines within each asset category to ensure the appropriate balance of risk and reward The current target asset allocations for the plan assets which were established in 2006 include a range of 35% to 45% for U S equity securities 7% to 13% for international equity securities 20% to 30% for fixed income securities and 10% to 30% for alternative investments which include real estate hedge funds private equities and commodities with any remainder to be held in cash equivalents In January 2009 the Compensation Committee amended the Statement of Investment Policies to revise the asset allocation strategy for the Plan and the Trust to have no additional commitments in hedge funds and commodities until further notice Currently the asset allocations of other plan asset classes may be outside of established parameters pending adoption of the new asset allocation strategy

The fair value of BB&T s pension plan assets at December 31 2010 and 2009 by asset category are reflected in the following tables The three level fair value hierarchy that describes the inputs used to measure these plan assets is defined in Note 19 Fair Value Disclosures

		Fair Value Measurements for Plan Assets		
	12/31/10	Level 1	Level 2	Level 3
		(Dollars in millions)		
Plan assets				
U S equity securities (1)	$1 098	$ 1 098	$ —	$ —
International equity securities (2)	488	384	104	—
Fixed income securities	766	121	645	—
Alternative investments	124	—	—	124
Total plan assets (3)	$2 476	$ 1 603	$ 749	$ 124

(1) Included in U S equity securities is 3 615 million shares of BB&T common stock valued at $95 million at December 31 2010

Table of Contents

(2) This category includes a common/commingled fund that is comprised of assets from several accounts pooled together to reduce management and administration costs
(3) The total fair value of plan assets excludes $8 million of accrued income at December 31 2010

	12/31/09	Fair Value Measurements for Plan Assets Level 1	Level 2	Level 3
		(Dollars in millions)		
Plan assets				
U S equity securities (1)	$ 977	$ 977	$ —	$ —
International equity securities (2)	442	332	110	—
Fixed income securities	641	111	530	—
Alternative investments	117	—	25	92
Total plan assets (3)	$2 177	$ 1 420	$ 665	$ 92

(1) Included in U S equity securities is 3 093 million shares of BB&T common stock valued at $92 million at December 31 2009
(2) This category includes a common/commingled fund that is comprised of assets from several accounts pooled together to reduce management and administration costs
(3) The total fair value of plan assets excludes $7 million of accrued income at December 31 2009

The following tables present the activity for Level 3 plan assets for the years ended December 31 2010 and 2009

	Fair Value Measurements Using Significant Unobservable Inputs Alternative Investments
	(Dollars in millions)
Balance at January 1 2010	$ 92
Actual return on plan assets	9
Purchases sales and settlements (1)	23
Balance at December 31 2010	$ 124

(1) The net purchases in alternative investments during 2010 relates to investment commitments that existed prior to January 1 2009

	Fair Value Measurements Using Significant Unobservable Inputs U S. Equity Securities (1)	Alternative Investments
	(Dollars in millions)	
Balance at January 1, 2009	$ 61	$ 90
Actual return on plan assets	(12)	12
Purchases sales and settlements	—	(10)
Transfers in/out out of Level 3	(49)	—
Balance at December 31 2009	$ —	$ 92

(1) Relates to shares of BB&T common stock that were restricted These shares were transferred to Level 1 upon the lapse of the restriction

Postretirement Benefits Other than Pension

BB&T provides certain postretirement benefits These benefits provide covered employees a subsidy for purchasing health care and life insurance In 2004 BB&T changed its postretirement benefit to eliminate the subsidy for those employees retiring after December 31 2004 BB&T also reduced the subsidy paid to employees who retired on or before December 31 2004 were age 55 years or older and had at least ten years of service For those employees the subsidy is based upon years of service of the employee at the time of retirement The effect of the change in subsidy has been accounted for as a plan amendment and reduced the projected benefit obligation by $96 million which is being amortized as a reduction of benefit costs over approximately 17 years At

Table of Contents

December 31 2010 and 2009 the projected benefit obligation was $65 million and $59 million respectively There are no plan assets assigned to the plan Employer contributions to the plan are based on benefit payments The estimated benefit payments for other postretirement benefits are $7 million $6 million $5 million $5 million and $5 million for the next five years and $21 million for the years 2016 through 2020

Defined Contribution Plans

BB&T offers a 401(k) Savings Plan and other defined contribution plans that permit employees to contribute from 1% to 50% of their cash compensation For full time employees who are 21 years of age or older with one year or more of service BB&T makes matching contributions of up to 6% of the employee s compensation BB&T s contribution to the 401(k) Savings Plan and nonqualified defined contribution plans totaled $83 million $80 million and $73 million for the years ended December 31 2010 2009 and 2008 respectively BB&T also offers defined contribution plans to certain employees of subsidiaries who do not participate in the 401(k) Savings Plan

Other

There are various other employment contracts deferred compensation arrangements and covenants not to compete with selected members of management and certain retirees

NOTE 16 Commitments and Contingencies

BB&T utilizes a variety of financial instruments to meet the financing needs of clients and to reduce exposure to fluctuations in interest rates These financial instruments include commitments to extend credit letters of credit and financial guarantees and derivatives BB&T also has commitments to fund certain affordable housing investments and contingent liabilities of certain sold loans The following table presents the contractual or notional amount of these instruments

	Contract or Notional Amount at December 31	
	2010	2009
	(Dollars in millions)	
Financial instruments whose contract amounts represent credit risk		
Commitments to extend originate or purchase credit	$36 917	$36 130
Letters of credit and financial guarantees written	7 291	7 999
Financial instruments whose notional or contract amounts exceed the amount of credit risk		
Derivative financial instruments	65,386	66 260
Commitments to fund low income housing investments	334	371
Residential mortgage loans sold with recourse	1,624	1 986
All other loans sold with recourse	4,352	5 989

Commitments to extend originate or purchase credit are primarily lines of credit to businesses and consumers and have specified rates and maturity dates Many of these commitments also have adverse change clauses which allow BB&T to cancel the commitment due to deterioration in the borrowers creditworthiness

Letters of credit and financial guarantees written are unconditional commitments issued by BB&T to guarantee the performance of a customer to a third party These guarantees are primarily issued to support public and private borrowing arrangements including commercial paper issuance bond financing and similar transactions the majority of which are to tax exempt entities The credit risk involved in the issuance of these guarantees is essentially the same as that involved in extending loans to clients and as such the instruments are collateralized when necessary As of December 31 2010 and 2009 BB&T had issued letters of credit totaling $7 3 billion and $8 0 billion respectively The carrying amount of the liability for such guarantees was $41 million and $40 million at December 31 2010 and 2009 respectively

A derivative is a financial instrument that derives its cash flows and therefore its value by reference to an underlying instrument index or referenced interest rate For additional disclosures related to BB&T s derivatives refer to Note 20

Maybank 009803

ROA 4405

Table of Contents

In the ordinary course of business BB&T indemnifies its officers and directors to the fullest extent permitted by law against liabilities arising from pending litigation BB&T also issues standard representations and warranties in underwriting agreements merger and acquisition agreements loan sales brokerage activities and other similar arrangements Counterparties in many of these indemnification arrangements provide similar indemnifications to BB&T Although these agreements often do not specify limitations BB&T does not believe that any payments related to these guarantees would materially change the financial condition or results of operations of BB&T

Merger and acquisition agreements of businesses other than financial institutions occasionally include additional incentives to the acquired entities to offset the loss of future cash flows previously received through ownership positions Typically these incentives are based on the acquired entity s contribution to BB&T s earnings compared to agreed upon amounts When offered these incentives are typically issued for terms of three to five years As certain provisions of these agreements do not specify dollar limitations it is not possible to quantify the maximum exposure resulting from these agreements

In connection with the Colonial acquisition Branch Bank entered into loss sharing agreements with the FDIC related to certain assets acquired Pursuant to the terms of these loss sharing agreements the FDIC s obligation to reimburse Branch Bank for losses with respect to certain loans OREO certain investment securities and other assets (collectively "covered assets) begins with the first dollar of loss incurred The terms of the loss sharing agreement with respect to certain non agency mortgage-backed securities provides that Branch Bank will be reimbursed by the FDIC for 95% of any and all losses All other covered assets are subject to a stated threshold of $5 billion that provides for the FDIC to reimburse Branch Bank for (1) 80% of losses incurred up to $5 billion and (2) 95% of losses in excess of $5 billion Gains and recoveries on covered assets will offset losses, or be paid to the FDIC at the applicable loss share percentage at the time of recovery The loss sharing agreement applicable to single family residential mortgage loans provides for FDIC loss sharing and Branch Bank reimbursement to the FDIC in each case as described above for ten years The loss sharing agreement applicable to commercial loans and other covered assets provides for FDIC loss sharing for five years and Branch Bank reimbursement to the FDIC for gains and recoveries for a total of eight years in each case as described above

The provisions of the loss sharing agreements may also require a payment by BB&T to the FDIC on October 1 2019 On that date BB&T is required to pay the FDIC 25% of the excess, if any of (i) $1 billion over (ii) the sum of (A) 25% of the total net amounts paid to BB&T under both of the loss sharing agreements (i e BB&T s payments received from the FDIC for losses offset by BB&T s payments made to the FDIC for recoveries) plus (B) 20% of the deemed total cost to BB&T of administering the assets covered under the loss sharing agreements other than shared loss securities The deemed total cost to BB&T of administering the covered assets is the sum of 2% of the average of the principal amount of shared loss loans and shared loss assets (other than the shared loss securities) based on the beginning and end of year balances for each of the 10 years during which the shared loss agreements are in effect In addition any payments made by either party with respect to the securities with a 95% loss share will be excluded from this calculation

BB&T invests in certain affordable housing and historic building rehabilitation projects throughout its market area as a means of supporting local communities and receives tax credits related to these investments BB&T typically acts as a limited partner in these investments and does not exert control over the operating or financial policies of the partnerships Branch Bank typically provides financing during the construction and development of the properties however permanent financing is generally obtained from independent third parties upon completion of a project As of December 31 2010 and 2009 BB&T had investments of $1 2 billion and $1 1 billion respectively related to these projects, which are included as other assets on the Consolidated Balance Sheets BB&T s outstanding commitments to fund affordable housing investments totaled $334 million and $371 million at December 31 2010 and 2009 respectively which are included as other liabilities on the Consolidated Balance Sheets As of December 31 2010 and 2009 BB&T had outstanding loan commitments to these funds of $125 million and $165 million respectively Of these amounts $76 million and $73 million had been funded at December 31 2010 and 2009 respectively and were included in loans and leases on the Consolidated Balance Sheets BB&T s maximum risk exposure related to these investments totaled $1 3 billion and $1 2 billion at December 31 2010 and 2009 respectively

Maybank 009804

ROA 4406

Table of Contents

BB&T has sold certain mortgage related loans that contain recourse provisions These provisions generally require BB&T to reimburse the investor for a share of any loss that is incurred after the disposal of the property At December 31 2010 and 2009 BB&T had $1 6 billion and $2 0 billion respectively of residential mortgage loans sold with recourse In the event of nonperformance by the borrower BB&T has maximum recourse exposure of approximately $597 million and $667 million as of December 31 2010 and 2009 respectively In addition BB&T has $4 4 billion and $4 0 billion in commercial loans serviced for others that were covered by recourse provisions at December 31 2010 and 2009 respectively As of December 31 2010 and 2009 BB&T s maximum exposure to loss for these loans is approximately $1 2 billion and $1 1 billion respectively BB&T has recorded $25 million and $18 million of reserves related to these recourse exposures at December 31 2010 and 2009 respectively

BB&T also issues standard representations and warranties related to mortgage loan sales to government sponsored entities Although these agreements often do not specify limitations BB&T does not believe that any payments related to these warranties would materially change the financial condition or results of operations of BB&T As of December 31 2010 BB&T has recorded $15 million of reserves related to potential losses resulting from repurchases of loans sold

BB&T has investments and future funding commitments to certain venture capital funds As of December 31 2010 and 2009 BB&T had investments of $266 million and $281 million related to these ventures respectively As of December 31 2010 and 2009 BB&T had future funding commitments of $185 million and $183 million respectively BB&T s risk exposure relating to such commitments is generally limited to the amount of investments and future funding commitments made

Legal Proceedings

The nature of the business of BB&T s banking and other subsidiaries ordinarily results in a certain amount of claims litigation investigations and legal and administrative cases and proceedings all of which are considered incidental to the normal conduct of business BB&T believes it has meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings and, with respect to such legal proceedings intends to continue to defend itself vigorously litigating or settling cases according to management s judgment as to what is in the best interests of BB&T and its shareholders

The Company is a defendant in three separate cases primarily challenging the Company s daily ordering of debit transactions posted to customer checking accounts for the period from 2003 to 2010 The plaintiffs have requested class action treatment however no class has been certified The court has denied motions by the Company to dismiss these cases and compel them to be submitted to individual arbitration The Company has filed appeals in all three matters which if granted would preclude class action treatment Even if those appeals are denied the Company believes it has meritorious defenses against these matters including class certification Because of these appeals and because these cases are in the early stages and no damages have been specified, no specific loss or range of loss can be determined currently

On at least a quarterly basis BB&T assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available For those matters where it is probable that BB&T will incur a loss and the amount of the loss can be reasonably estimated BB&T records a liability in its consolidated financial statements These legal reserves may be increased or decreased to reflect any relevant developments on a quarterly basis For other matters where a loss is not probable or the amount of the loss is not estimable BB&T has not accrued legal reserves While the outcome of legal proceedings is inherently uncertain based on information currently available advice of counsel and available insurance coverage BB&T s management believes that its established legal reserves are adequate and the liabilities arising from BB&T s legal proceedings will not have a material adverse effect on the consolidated financial position consolidated results of operations or consolidated cash flows of BB&T However in the event of unexpected future developments it is possible that the ultimate resolution of these matters if unfavorable may be material to BB&T s consolidated financial position consolidated results of operations or consolidated cash flows

Maybank 009805

ROA 4407

Table of Contents

NOTE 17 Regulatory Requirements and Other Restrictions

Branch Bank and BB&T FSB are required by the Board of Governors of the Federal Reserve System to maintain reserve balances in the form of vault cash or deposits with the Federal Reserve Bank based on specified percentages of certain deposit types subject to various adjustments At December 31 2010 the net reserve requirement amounted to $361 million

Branch Bank is subject to laws and regulations that limit the amount of dividends it can pay In addition both BB&T and Branch Bank are subject to various regulatory restrictions relating to the payment of dividends including requirements to maintain capital at or above regulatory minimums and to remain well-capitalized under the prompt corrective action regulations BB&T does not expect that any of these laws regulations or policies will materially affect the ability of Branch Bank to pay dividends

BB&T is subject to various regulatory capital requirements administered by the Federal banking agencies Failure to meet minimum capital requirements can initiate certain mandatory—and possibly additional discretionary—actions by regulators that if undertaken could have a direct material effect on BB&T s financial statements Under capital adequacy guidelines and the regulatory framework for prompt corrective action the Corporation must meet specific capital guidelines that involve quantitative measures of BB&T s assets liabilities and certain off balance sheet items calculated pursuant to regulatory directives BB&T s capital amounts and classification also are subject to qualitative judgments by the regulators about components risk weightings and other factors BB&T is in full compliance with these requirements Banking regulations also identify five capital categories for insured depository institutions well-capitalized adequately capitalized undercapitalized significantly undercapitalized and critically undercapitalized At December 31 2010 and 2009 BB&T and Branch Bank were classified as well capitalized

Quantitative measures established by regulation to ensure capital adequacy require BB&T to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk weighted assets (as defined) and of Tier 1 capital to average tangible assets (leverage ratio)

The following table provides summary information regarding regulatory capital for BB&T and Branch Bank as of December 31 2010 and 2009

	December 31 2010				December 31 2009			
	Actual Capital		Capital Requirements		Actual Capital		Capital Requirements	
	Ratio	Amount	Minimum	Well-Capitalized	Ratio	Amount	Minimum	Well-Capitalized
	(Dollars in millions)							
Tier 1 Capital								
BB&T	11 8%	$13 959	$ 4 725	$ 7 088	11 5%	$13 456	$ 4 687	$ 7 030
Branch Bank	13 0	14 650	4 499	6 749	12 1	13 544	4 480	6 720
Total Capital								
BB&T	15 5	18 319	9 450	11 813	15 8	18 470	9 373	11 717
Branch Bank	15 5	17 417	8 998	11 248	14 6	16 404	8 960	11 200
Leverage Capital								
BB&T	9 1	13 959	6 134	7 667	8 5	13 456	6 322	7 903
Branch Bank	9 9	14 650	4 425	7 375	8 9	13 544	4 566	7 610

As an approved seller/servicer Branch Bank is required to maintain minimum levels of shareholders equity as specified by various agencies including the United States Department of Housing and Urban Development Government National Mortgage Association Federal Home Loan Mortgage Corporation and Federal National Mortgage Association At December 31 2010 and 2009 Branch Bank s equity was above all required levels

At December 31 2010 and 2009 BB&T had segregated cash deposits totaling $ 09 million and $270 million respectively These deposits relate to monies held for the exclusive benefit of clients primarily at BB&T s broker/dealer subsidiaries

ROA 4408

Table of Contents

NOTE 18 Parent Company Financial Statements

Parent Company
Condensed Balance Sheets
December 31, 2010 and 2009

	2010	2009
	(Dollars in millions)	
Assets		
Cash and due from banks	$ 212	$ 145
Securities available for sale at fair value	104	170
Investment in banking subsidiaries	20 187	19 575
Investment in other subsidiaries	1 485	1 736
Total investments in subsidiaries	21 672	21 311
Advances to / receivables from banking subsidiaries	3,065	2 817
Advances to / receivables from other subsidiaries	2,213	2 259
Premises and equipment	—	4
Other assets	331	267
Total assets	$27 597	$26 973
Liabilities and Shareholders' Equity		
Short term borrowed funds	$ 806	$ 1 004
Short term borrowed funds due to subsidiaries	3	—
Dividends payable	104	103
Accounts payable and other liabilities	124	142
Long-term debt	6,254	5 899
Long term debt due to subsidiaries	3 808	3 584
Total liabilities	11 099	10 732
Total shareholders equity	16 498	16 241
Total liabilities and shareholders equity	$27,597	$26 973

150

Maybank 009807

ROA 4409

Table of Contents

Parent Company
Condensed Income Statements
Years Ended December 31, 2010, 2009 and 2008

	2010	2009	2008
	(Dollars in millions)		
Income			
Dividends from banking subsidiaries	$345	$459	$1 172
Dividends from other subsidiaries	321	306	404
Interest and other income from subsidiaries	138	89	155
Other income (loss)	4	3	(67)
Total income	808	857	1 664
Expenses			
Interest expense	445	302	273
Other expenses	38	16	32
Total expenses	483	318	305
Income before income taxes and equity in undistributed earnings of subsidiaries	325	539	1 359
Income tax benefit	60	42	76
Income before equity in undistributed earnings of subsidiaries	385	581	1 435
Equity in undistributed earnings of subsidiaries in excess of dividends from subsidiaries	469	296	94
Net income	854	877	1 529
Noncontrolling interests	38	24	10
Dividends and accretion on preferred stock	—	124	21
Net income available to common shareholders	$816	$729	$1 498

Maybank 009808

ROA 4410

Table of Contents

Parent Company
Condensed Statements of Cash Flows
Years Ended December 31, 2010, 2009 and 2008

	2010	2009	2008
		(Dollars in millions)	
Cash Flows From Operating Activities			
Net income	$ 854	$ 877	$ 1 529
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in earnings of subsidiaries in excess of dividends from subsidiaries	(469)	(296)	(94)
Amortization of intangibles	2	3	3
Discount accretion and premium amortization	5	2	4
Loss on sales of securities	—	12	47
Increase in other assets	(147)	(41)	(38)
(Decrease) increase in accounts payable and accrued liabilities	(24)	50	7
Other net	(72)	(28)	3
Net cash provided by operating activities	149	579	1 461
Cash Flows From Investing Activities			
Proceeds from sales calls and maturities of securities available for sale	87	33	62
Purchases of securities available for sale	(8)	(43)	(161)
Investment in subsidiaries	(113)	(2 608)	(3 102)
Advances to subsidiaries	(37,341)	(61 087)	(38 168)
Proceeds from repayment of advances to subsidiaries	37 028	61 345	37,242
Net cash used in investing activities	(347)	(2 360)	(4 127)
Cash Flows From Financing Activities			
Net increase in long term debt	765	3 651	716
Net decrease in short term borrowed funds	(198)	(705)	(88)
Net increase in advances from subsidiaries	3	—	—
Net proceeds from common stock issued	110	2 727	160
Retirement of preferred stock and warrant	—	(3 201)	—
Proceeds from preferred stock issuance	—	—	3 134
Cash dividends paid on common and preferred stock	(415)	(820)	(1 019)
Net cash provided by financing activities	265	1 652	2 903
Net Increase (Decrease) in Cash and Cash Equivalents	67	(129)	237
Cash and Cash Equivalents at Beginning of Year	145	274	37
Cash and Cash Equivalents at End of Year	$ 212	$ 145	$ 274

Table of Contents

NOTE 19 Fair Value Disclosures

BB&T carries various assets and liabilities at fair value based on applicable accounting standards In addition BB&T has elected to account for prime residential mortgage and commercial mortgage loans originated as loans held for sale at fair value in accordance with applicable accounting standards (the Fair Value Option) BB&T also has certain loans held for sale that were originated as loans held for investment These loans are carried at the lower of cost or market Accounting standards define fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants These standards also established a three level fair value hierarchy that describes the inputs that are used to measure assets and liabilities Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities Level 2 asset and liability fair values are based on observable inputs that include quoted market prices for similar assets or liabilities quoted market prices that are not in an active market or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies as well as financial instruments for which the determination of fair value requires significant management judgment or estimation These methodologies may result in a significant portion of the fair value being derived from unobservable data

Assets and liabilities measured at fair value on a recurring basis including financial instruments for which BB&T has elected the Fair Value Option are summarized below

		Fair Value Measurements for Assets and Liabilities Measured on a Recurring Basis		
	12/31/2010	Level 1	Level 2	Level 3
		(Dollars in millions)		
Assets				
Trading securities	$ 633	$ 276	$ 346	$ 11
Securities available for sale				
U S government-sponsored entities (GSE)	103	—	103	—
Mortgage-backed securities issued by GSE	18,344	—	18 344	—
States and political subdivisions	1 909	—	1 790	119
Non agency mortgage backed securities	215	—	215	—
Equity and other securities	759	147	605	7
Covered securities	1 539	—	585	954
Loans held for sale (1)	3 176	—	3 176	—
Residential mortgage servicing rights	830	—	—	830
Derivative assets (2)				
Interest rate contracts	926	1	913	12
Foreign exchange contracts	7	—	7	—
Venture capital and similar investments (2)(3)	266	—	—	266
Total assets	$ 29 007	$ 424	$ 26,384	$ 2 199
Liabilities				
Derivative liabilities (2)				
Interest rate contracts	$ 996	$ 10	$ 949	$ 37
Foreign exchange contracts	6	—	6	—
Short-term borrowed funds (4)	233	—	233	—
Total liabilities	$ 1,235	$ 10	$ 1 188	$ 37

153

ROA 4412

Table of Contents

	12/31/2009	Fair Value Measurements for Assets and Liabilities Measured on a Recurring Basis		
		Level 1	Level 2	Level 3
		(Dollars in millions)		
Assets				
Trading securities	$ 636	$ 253	$ 288	$ 93
Securities available for sale				
U S government sponsored entities (GSE)	2 035	—	2 035	—
Mortgage backed securities issued by GSE	26 670	—	26 670	—
States and political subdivisions	2 107	—	1 897	210
Non agency mortgage backed securities	1 022	—	1 022	—
Equity and other securities	218	166	43	9
Covered securities	1 201	—	533	668
Loans held for sale	2 551	—	2 551	—
Residential mortgage servicing rights	832	—	—	832
Derivative assets (2)	983	1	975	7
Venture capital and similar investments (2)(3)	281	—	—	281
Total assets	$ 38 536	$ 422	$ 36 014	$ 2,100
Liabilities				
Derivative liabilities (2)	$ 700	$ 5	$ 668	$ 27
Short term borrowed funds (4)	295	—	295	—
Total liabilities	$ 995	$ 5	$ 963	$ 27

(1) Excludes loans held for sale carried at the lower of cost or market
(2) These amounts are reflected in other assets and other liabilities on the Consolidated Balance Sheets
(3) Based on an analysis of the nature and risks of these investments BB&T has determined that presenting these investments as a single class is appropriate
(4) Short term borrowed funds reflect securities sold short positions

The following discussion focuses on the valuation techniques and significant inputs used by BB&T in determining the Level 2 and Level 3 fair values of each significant class of assets and liabilities

The fair values for available for sale and trading securities are generally based upon quoted market prices or observable market prices for similar instruments BB&T generally utilizes a third party pricing service in determining the fair value of its securities portfolio The pricing service uses observable inputs when available including benchmark yields reported trades broker-dealer quotes issuer spreads, benchmark securities bids and offers For certain security types additional inputs may be used or some inputs may not be applicable BB&T performs a review of pricing on actual trades executed in order to validate the fair values provided by this pricing service BB&T also analyzes available third-party market data for a sample of securities to further validate these fair values When market observable data is not available which generally occurs due to the lack of liquidity for certain securities the valuation of the security is subjective and may involve substantial judgment by management

Specific valuation techniques and inputs used in determining the fair value of each significant class of assets and liabilities follows

Trading securities Trading securities are composed of all types of debt and equity securities but the majority consists of debt securities issued by the U S Treasury U S government sponsored entities or states and political subdivisions The valuation techniques used for these investments are more fully discussed below

U S government sponsored entities (GSE) and Mortgage backed securities issued by GSE These are debt securities issued by government sponsored entities BB&T s valuations are based on a market approach using observable inputs such as benchmark yields and securities TBA prices reported trades issuer spreads monthly payment information and collateral performance

154

ROA 4413

Table of Contents

States and political subdivisions These are debt securities issued by states and political subdivisions BB&T s valuations are primarily based on a market approach using observable inputs such as benchmark yields MSRB reported trades material event notices and new issue data

Non agency mortgage backed securities BB&T s valuation for these debt securities is based on a market approach using observable inputs such as benchmark yields and securities TBA prices reported trades monthly payment information and collateral performance

Equity and other securities These securities consist primarily of equities mutual funds and corporate bonds These securities are valued based on a review of quoted market prices for identical and similar assets as well as through the various other inputs discussed previously

Covered securities Covered securities are covered by FDIC loss sharing agreements and consist of re-remic non agency mortgage-backed securities and municipal securities The covered state and political subdivision securities and certain non agency mortgage backed securities are valued in a manner similar to the approach described above for these asset classes The re remic non agency mortgage backed securities, which are categorized as Level 3 were valued based on broker dealer quotes that reflected certain unobservable market inputs

Loans held for sale BB&T originates certain mortgage loans to be sold to investors These loans are carried at fair value based on BB&T s election of the Fair Value Option The fair value is primarily based on quoted market prices for securities backed by similar types of loans The changes in fair value of these assets are largely driven by changes in interest rates subsequent to loan funding and changes in the fair value of servicing associated with the mortgage loan held for sale

Residential mortgage servicing rights BB&T estimates the fair value of residential mortgage servicing rights (MSRs) using an option adjusted spread (OAS) valuation model to project MSR cash flows over multiple interest rate scenarios which are then discounted at risk-adjusted rates The OAS model considers portfolio characteristics contractually specified servicing fees prepayment assumptions, delinquency rates late charges other ancillary revenue costs to service and other economic factors When available fair value estimates and assumptions are compared to observable market data and to recent market activity and actual portfolio experience

Derivative assets and liabilities BB&T uses derivatives to manage various financial risks The fair values of derivative financial instruments are determined based on quoted market prices dealer quotes and internal pricing models that are primarily sensitive to market observable data The fair value of interest rate lock commitments which are related to mortgage loan commitments, is based on quoted market prices adjusted for commitments that BB&T does not expect to fund and includes the value attributable to the net servicing fee

Venture capital and similar investments BB&T has venture capital and similar investments that are carried at fair value In many cases there are no observable market values for these investments and therefore management must estimate the fair value based on a comparison of the operating performance of the company to multiples in the marketplace for similar entities This analysis requires significant judgment and actual values in a sale could differ materially from those estimated

Short term borrowed funds Short term borrowed funds represent debt securities sold short These are entered into through BB&T s brokerage subsidiary Scott & Stringfellow LLC These trades are executed as a hedging strategy for the purposes of supporting institutional and retail client trading activities

155

Table of Contents

The tables below present a reconciliation for the years ended December 31 2010 2009 and 2008 respectively for Level 3 assets and liabilities that are measured at fair value on a recurring basis

	Fair Value Measurements Using Significant Unobservable Inputs						
Year Ended December 31 2010	Trading	States & Political Subdivisions	Equity & Other Securities	Covered Securities	Mortgage Servicing Rights	Net Derivatives	Venture Capital and Similar Investments
				(Dollars in millions)			
Balance at January 1 2010	$ 93	$ 210	$ 9	$ 668	$ 832	$ (20)	$ 281
Total realized and unrealized gains or losses							
Included in earnings							
Interest income	—	—	—	61	—	—	—
Mortgage banking income	—	—	—	—	(267)	246	—
Other noninterest income	(1)	—	—	—	—	—	35
Included in other comprehensive income (loss)	—	12	(1)	225	—	—	—
Purchases issuances and settlements	(5)	(87)	(1)	—	265	(251)	(50)
Transfers into Level 3	—	—	—	—	—	—	—
Transfers out of Level 3	(76)	(16)	—	—	—	—	—
Balance at December 31 2010	$ 11	$ 119	$ 7	$ 954	$ 830	$ (25)	$ 266
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at December 31 2010	$ (2)	$ —	$ —	$ 61	$ (138)	$ (25)	$ 9

	Fair Value Measurements Using Significant Unobservable Inputs							
Year Ended December 31 2009	Trading	States & Political Subdivisions	Non agency mortgage-backed securities	Equity & Other Securities	Covered Securities	Mortgage Servicing Rights	Net Derivatives	Venture Capital and Similar Investments
					(Dollars in millions)			
Balance at January 1 2009	$ 4	$ —	$ 1 098	$ 1	$ —	$ 370	$ 37	$ 182
Total realized and unrealized gains or losses								
Included in earnings								
Interest income	—	—	—	—	20	—	—	—
Mortgage banking income	—	—	—	—	—	64	222	—
Other noninterest income	(2)	—	—	—	—	—	—	6
Included in other comprehensive income (loss)	—	(12)	142	—	19	—	—	—
Purchases issuances and settlements	91	(6)	(179)	(1)	(3)	398	(259)	93
Transfers into Level 3 from Colonial acquisition	—	—	—	—	632	—	(20)	—
Transfers in and/or out of Level 3	—	228	(1 061)	9	—	—	—	—
Balance at December 31, 2009	$ 93	$ 210	$ —	$ 9	$ 668	$ 832	$ (20)	$ 281
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at December 31 2009	$ (3)	$ —	$ —	$ —	$ 20	$ 190	$ (20)	$ (2)

Table of Contents

Year Ended December 31 2008	Trading	AFS Securities	Mortgage Servicing Rights	Net Derivatives	Venture Capital and Similar Investments
	Fair Value Measurements Using Significant Unobservable Inputs				
			(Dollars in millions)		
Balance at January 1 2008	$ 27	$ 9	$ 472	$ 2	$ 128
Total realized and unrealized gains or losses					
Included in earnings					
Securities gains (losses) net	—	(35)	—	—	—
Mortgage banking income	—	—	(314)	68	—
Other noninterest income	(3)	—	—	—	(8)
Included in other comprehensive income (loss)	—	(3)	—	—	—
Purchases issuances and settlements	(19)	5	212	(33)	62
Transfers in and/or out of Level 3	(1)	1 123	—	—	—
Balance at December 31 2008	$ 4	$ 1 099	$ 370	$ 37	$ 182
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at December 31 2008	$ —	$ —	$ (220)	$ 37	$ (12)

BB&T s policy is to recognize transfers in and transfers out of Levels 1 2 and 3 as of the end of the reporting period During the year ended December 31 2008 BB&T transferred certain non agency mortgage backed securities from Level 2 to Level 3 as a result of decreased market activity for these securities These securities were transferred back to Level 2 during 2009 as the observable market activity increased Conversely during 2009 BB&T transferred certain trading and auction rate securities issued by state and political subdivisions into Level 3 from Level 2 as a result of decreased market activity for these types of securities Included in transfers into Level 3 during 2009 are certain covered securities and net derivatives that were acquired in connection with the Colonial acquisition There were no gains or losses recognized as a result of the transfers of securities between Level 2 and Level 3 during the years ended December 31 2010 2009 or 2008

BB&T has investments in venture capital funds and other similar investments that are measured at fair value based on the investment s net asset value The significant investment strategies for these ventures are primarily equity and subordinated debt in privately held middle market companies The majority of these investments are not redeemable and have varying dates for which the underlying assets are expected to be liquidated by distribution through 2021 As of December 31 2010 restrictions on the ability to sell the investments include but are not limited to consent of a majority member or general partner approval for transfer of ownership There were no investments probable of sale for less than net asset value at December 31 2010

The net realized and unrealized gains (losses) reported for mortgage servicing rights assets includes a negative valuation adjustment of $138 million and the realization of expected residential mortgage servicing rights cash flows of $129 million for the year ended December 31 2010 For the year ended December 31 2009 the net realized and unrealized gains reported for mortgage servicing rights assets includes a positive valuation adjustment of $190 million less the realization of expected residential mortgage servicing rights cash flows of $126 million For 2008 the net realized and unrealized losses reported for mortgage servicing rights assets are composed of a negative valuation adjustment of $220 million and the realization of expected residential mortgage servicing rights cash flows of $94 million BB&T uses various derivative financial instruments to mitigate the income statement effect of changes in fair value During 2010 2009 and 2008 the derivative instruments produced gains of $196 million losses of $98 million and gains of $262 million respectively which offset the valuation adjustments recorded

157

Table of Contents

The following table details the fair value and unpaid principal balance of loans held for sale at December 31 2010 and 2009 that were elected to be carried at fair value

	December 31					
	2010			2009		
	Fair Value	Aggregate Unpaid Principal Balance	Fair Value Less Aggregate Unpaid Principal Balance	Fair Value	Aggregate Unpaid Principal Balance	Fair Value Less Aggregate Unpaid Principal Balance
	(Dollars in millions)					
Loans held for sale reported at fair value						
Total (1)(2)	$3 176	$ 3 192	$ (16)	$2 551	$ 2 544	$ 7
Nonaccrual loans	—	—	—	5	6	(1)
Loans 90 days or more past due and still accruing interest	1	1	—	2	2	—

(1) The change in fair value is reflected in mortgage banking income

(2) Excludes loans held for sale carried at the lower of cost or market

BB&T may be required from time to time to measure certain other financial assets at fair value on a nonrecurring basis Assets measured at fair value on a nonrecurring basis for the years ended December 31 2010 and 2009 that were still held on the balance sheet at December 31 2010 and 2009 totaled $2 0 billion and $2 4 billion respectively The December 31 2010 amount consists of $705 million of impaired loans excluding covered loans and $1 3 billion of foreclosed real estate excluding covered foreclosed real estate that were classified as Level 3 assets The December 31 2009 amount consists of $941 million of impaired loans excluding covered loans and $1 5 billion of foreclosed real estate excluding covered foreclosed real estate that were classified as Level 3 assets During the years ended December 31 2010 and 2009 BB&T recorded $602 million and $436 million respectively in losses related to write downs of impaired loans and $496 million and $224 million respectively in losses related to write-downs of foreclosed real estate These write downs are generally based on the appraised value of the underlying collateral

During 2010 BB&T transferred certain problem held for investment loans to loans held for sale These loans were adjusted to the lower of cost or market on the date of transfer As of December 31 2010 approximately $521 million of loans held for sale are being valued on BB&T s consolidated balance sheet at the lower of cost or market Please refer to Note 4 for additional information about the value of the loans transferred and the amount of write offs recorded

Additionally accounting standards require the disclosure of the estimated fair value of financial instruments that are not recorded at fair value A financial instrument is defined as cash evidence of an ownership interest in an entity or a contract that creates a contractual obligation or right to deliver or receive cash or another financial instrument from a second entity For the financial instruments that BB&T does not record at fair value estimates of fair value are made at a point in time based on relevant market data and information about the financial instrument Fair values are calculated based on the value of one trading unit without regard to any premium or discount that may result from concentrations of ownership of a financial instrument possible tax ramifications estimated transaction costs that may result from bulk sales or the relationship between various financial instruments No readily available market exists for a significant portion of BB&T s financial instruments Fair value estimates for these instruments are based on current economic conditions currency and interest rate risk characteristics loss experience and other factors Many of these estimates involve uncertainties and matters of significant judgment and cannot be determined with precision Therefore the calculated fair value estimates in many instances cannot be substantiated by comparison to independent markets and in many cases may not be realizable in a current sale of the instrument In addition changes in assumptions could significantly affect these fair value estimates The following methods and assumptions were used by BB&T in estimating the fair value of these financial instruments

Cash and cash equivalents and segregated cash due from banks For these short term instruments the carrying amounts are a reasonable estimate of fair values

Table of Contents

Loans receivable The fair values for loans are estimated using discounted cash flow analyses applying interest rates currently being offered for loans with similar terms and credit quality The interest rates being offered by BB&T for new loans with similar terms and credit quality are reflective of credit risk and liquidity spreads inherent in an orderly transaction in the current market For commercial loans and leases internal credit risk models are used to adjust discount rates for risk migration and expected losses For residential mortgage and other consumer loans internal prepayment risk models are used to adjust contractual cash flows Loans are aggregated into pools of similar terms and credit quality and discounted using a LIBOR based rate The carrying amounts of accrued interest approximate fair values

Deposit liabilities The fair values for demand deposits interest checking accounts savings accounts and certain money market accounts are by definition equal to the amount payable on demand at the reporting date Fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies current interest rates to aggregate expected maturities In addition nonfinancial instruments such as core deposit intangibles are not recorded at fair value BB&T has developed long term relationships with its customers through its deposit base and in the opinion of management these items add significant value to BB&T

Federal funds purchased securities sold under repurchase agreements and short term borrowed funds The carrying amounts of Federal funds purchased borrowings under repurchase agreements and short term borrowed funds approximate their fair values

Long term debt The fair values of long term debt are estimated based on quoted market prices for the instrument if available or for similar instruments if not available or by using discounted cash flow analyses based on BB&T s current incremental borrowing rates for similar types of instruments

Contractual commitments The fair values of commitments are estimated using the fees charged to enter into similar agreements taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties For fixed-rate loan commitments fair values also consider the difference between current levels of interest rates and the committed rates The fair values of guarantees and letters of credit are estimated based on the counterparties creditworthiness and average default rates for loan products with similar risks The fair values of commitments to fund affordable housing investments are estimated using the net present value of future commitments

The following is a summary of the carrying amounts and fair values of those financial assets and liabilities that BB&T has not recorded at fair value

	December 31			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in millions)			
Financial assets				
Loans and leases (1)(2)	$ 101,380	$ 100,360	$ 101 056	$ 100 794
Financial liabilities				
Deposits	107,213	104 091	114 965	112 917
Long term debt	21 730	22 733	21 376	21 018

(1) Includes loans held for sale carried at the lower of cost or market
(2) The carrying value is net of the allowance for loan and lease losses

159

Table of Contents

The following is a summary of the notional or contractual amounts and fair values of BB&T's off balance sheet financial instruments as of the periods indicated

	December 31			
	2010		2009	
	Notional/ Contract Amount	Fair Value	Notional/ Contract Amount	Fair Value
	(Dollars in millions)			
Contractual commitments				
Commitments to extend, originate or purchase credit	$36,917	$ 65	$36,130	$ 48
Residential mortgage loans sold with recourse	1,624	6	1,986	6
Other loans sold with recourse	4,352	19	3,989	12
Letters of credit and financial guarantees written	7,291	41	7,999	40
Commitments to fund affordable housing investments	334	316	371	357

Maybank 009817

ROA 4419

Table of Contents

NOTE 20 Derivative Financial Instruments

The following tables set forth certain information concerning BB&T s derivative financial instruments and related hedged items as of the periods indicated

Derivative Classifications and Hedging Relationships

	Hedged Item or Transaction	December 31 2010 Notional Amount	Fair Value Gain (1)	Fair Value Loss (1)	December 31 2009 Notional Amount	Fair Value Gain (1)	Fair Value Loss (1)
				(Dollars in millions)			
Cash Flow Hedges (?)							
Interest rate contracts							
Receive fixed swaps	1 month Commercial loans	$ —	$ —	$ —	$ 1 000	$ 28	$ —
Pay fixed swaps	month LIBOR funding	> 950	6	(181)	4 300	38	(26)
Caps	3 month LIBOR funding	200	—	—	200	—	—
Total		6 150	6	(181)	5 500	66	(26)
Net Investment Hedges							
Foreign exchange contracts		73	—	(2)	73	—	(1)
Total		73	—	(2)	73	—	(1)
Fair Value Hedges							
Interest rate contracts							
Receive fixed swaps and option trades	Long-term debt	1 160	25	—	3 429	192	(43)
Receive fixed swaps	Long-term CD s	—	—	—	>28	2	—
Pay fixed swaps	Commercial loans	54	—	—	—	—	—
Pay fixed swaps	Municipal securities	>52	—	(75)	324	—	(50)
Total		1,569	25	(75)	4 111	194	(93)
Not Designated as Hedges							
Client related and other risk management Interest rate contracts							
Receive fixed swaps		9 872	496	(10)	10 004	392	(32)
Pay fixed swaps		9,514	12	(5>0)	10 401	2	(>69)
Other swaps		3 >28	2	( )	7 014	3	(*)
Option trades		901	29	(>0)	1 583	28	(29)
Futures contracts		1 747	1	—	611	—	—
Foreign exchange contracts		4 6	7	(4)	373	7	(6)
Total		2 798	547	(577)	29 986	462	(4>9)
Mortgage Banking							
Interest rate contracts							
Receive fixed swaps		11	—	—	—	—	—
Pay fixed swaps		>>	—	—	—	—	—
Interest rate lock commitments		3 922	12	(37)	3 028	>	(19)
When issued securities, forward rate agreements and forward commitments		7 717	106	(27)	4 719	48	(>)
Option trades		400	11	—	540	12	(>)
Futures contracts		13	1	—	50	—	(1)
Total		12,098	130	(64)	8,>>7	62	(-0)
Mortgage Servicing Rights							
Interest rate contracts.							
Receive fixed swaps		3,225	13	(61)	1 968	—	(69)
Pay fixed swaps		2,>36	1>	(7)	6>4	4	—
Option trades		6,09>	192	(11)	>,57>	191	(2)
Futures contracts		4,260	—	(10)	4 6 1	1	( )
When issued securities, forward rate agreements and forward commitments		3,>82	>	(14)	> 425	—	(37)
Total		19 698	22>	(10>)	18 >53	196	(111)
Total nonhedging derivatives		>7,>94	902	(744)	>6 >76	723	(>80)
Total Derivatives		$ 6>,.86	$ 9>7	$ (1 002)	$ 66 260	$ 983	$ (700)

(1) Derivatives in a gain position are recorded as Other assets and derivatives in a loss position are recorded as Other liabilities on the Consolidated Balance Sheet.
(?) Cash flow hedges are hedging the first unhedged forecasted settlements associated with the listed hedged item descriptions

ROA 4420

Table of Contents

The Effect of Derivative Instruments on the Consolidated Statements of Income
Years Ended December 31, 2010 and 2009

	Effective Portion					Ineffective Portion		
	Gain or (Loss) Recognized in OCI		Location of Amounts Reclassified from AOCI into Income	(Gain) or Loss Reclassified from AOCI into Income		Location of Amounts Recognized in Income	Gain or (Loss) Recognized in Income (1)	
	2010	2009		2010	2009		2010	2009
				(Dollars in millions)				
Cash Flow Hedges								
Interest rate contracts	$ (224)	$ 146	Total interest income	$ (44)	$ (86)	Other noninterest income	$ —	$ 1
			Total interest expense	20	37			
				$ (24)	$ (49)			
Net Investment Hedges								
Foreign exchange contracts	$ (4)	$ (11)		$ —	$ —		$ —	$ —

	Effective Portion			Ineffective Portion		
		Gain or (Loss) Recognized in Income			Gain or (Loss) Recognized in Income (1)	
	Location of Amounts Recognized in Income	2010	2009	Location of Amounts Recognized in Income	2010	2009
		(Dollars in millions)				
Fair Value Hedges						
Interest rate contracts	Total interest expense	$ 170	$ 177	Other noninterest income	$ (2)	$ 7
Interest rate contracts	Total interest income	(19)	(17)			
Total		$ 151	$ 160			
Not Designated as Hedges						
Client related and other risk management						
Interest rate contracts	Other noninterest income	$ 5	$ 22			
Other derivatives	Other noninterest income	—	(20)			
Foreign exchange contracts	Other nondeposit fees and commissions	6	(1)			
Mortgage Banking						
Interest rate contracts	Mortgage banking income (2)	73	23			
Mortgage Servicing Rights						
Interest rate contracts	Mortgage banking income	196	(98)			
Total		$ 240	$ (74)			

Note All amounts for Other Comprehensive Income (OCI) and Accumulated Other Comprehensive Income (AOCI) are stated on a pre-tax basis

(1) All gains and losses recognized in income relate to the ineffective portion of the change in the fair value of the derivative No portion of the change in fair value of the derivative has been excluded from effectiveness testing

(2) Mortgage banking income includes amounts that were recorded as part of gain on the sale of loans attributable to the valuation impact of interest rate lock commitments The impact was $27 million and $15 million in 2010 and 2009 respectively

BB&T uses a variety of derivative instruments to manage interest rate and foreign exchange risks These instruments consist of interest-rate swaps swaptions caps floors, collars financial forward and futures contracts when issued securities foreign exchange contracts and options written and purchased A derivative is a financial instrument that derives its cash flows and therefore its value by reference to an underlying instrument index or referenced interest rate There are five areas of risk management balance sheet management mortgage banking operations mortgage servicing rights net investment in a foreign subsidiary and client related and other risk management activities

Cash Flow Hedges

BB&T s floating rate business loans Federal funds purchased other overnight funding, FHLB advances medium term bank notes and long term debt expose it to variability in cash flows for interest payments The risk management objective for these floating rate assets and liabilities is to hedge the variability in the interest payments and receipts on future cash flows for forecasted transactions These forecasted transactions include

Table of Contents

interest receipts on commercial loans and interest payments on 3 month LIBOR funding All of BB&T s current cash flow hedges are hedging exposure to variability in future cash flows for forecasted transactions related to the payment of variable interest on then existing financial instruments At December 31 2010 and 2009 the maximum length of time over which BB&T is hedging its exposure on such transactions is 6 6 years

For a qualifying cash flow hedge the portion of changes in the fair value of the derivatives that has been highly effective is recognized in other comprehensive income (loss) until the related cash flows from the hedged item are recognized in earnings If a derivative designated as a cash flow hedge is terminated or ceases to be highly effective the gain or loss in other comprehensive income (loss) is amortized to earnings over the period the forecasted hedged transactions impact earnings If a hedged forecasted transaction is no longer probable of occurring during the forecast period or within a short period thereafter hedge accounting is ceased and any gain or loss included in other comprehensive income (loss) is reported in earnings immediately During the year ended December 31 2010 and 2009 BB&T amortized approximately $24 million and $49 million of unrecognized pre-tax gains from accumulated other comprehensive income (loss) into net interest income

At December 31 2010 BB&T had $47 million of unrecognized losses on derivatives classified as cash flow hedges recorded in other comprehensive income (loss) compared to $107 million of unrecognized gains at December 31 2009 The estimated amount to be reclassified from other comprehensive income (loss) into earnings during the next 12 months is a loss totaling approximately $30 million This includes gains and losses related to hedges that were terminated early for which the forecasted transactions are still probable The proceeds from these terminations were included in cash flows from financing activities

All cash flow hedges were highly effective for the year ended December 31 2010 and the change in fair value attributed to hedge ineffectiveness was not material

Fair Value Hedges

BB&T s fixed rate long term debt certificates of deposit FHLB advances loan and municipal security assets result in exposure to losses in value as interest rates change The risk management objective for hedging fixed rate assets and liabilities is to convert the fixed rate paid or received to a floating rate BB&T accomplishes its risk management objective by hedging exposure to changes in fair value of fixed rate financial instruments primarily through the use of swaps For a qualifying fair value hedge changes in the value of the derivatives that have been highly effective as hedges are recognized in current period earnings along with the corresponding changes in the fair value of the designated hedged item attributable to the risk being hedged

During the years ended December 31 2010 and 2009 BB&T terminated certain fair value hedges primarily related to its long term debt and received proceeds of $214 million and $131 million respectively When hedged debt/other financial instruments are retired or redeemed the amounts associated with the hedge are included as a component of the gain or loss on termination When a hedge is terminated but the hedged item remains outstanding, the proceeds from the termination of these hedges have been reflected as part of the carrying value of the underlying debt/other financial instrument and are being amortized to earnings over its remaining life The proceeds from these terminations were included in cash flows from financing activities During 2009 BB&T recognized $24 million in gains on debt retirement associated with previous hedges There were no hedge unwinds associated with debt retirement during 2010 During the years ended December 31 2010 and 2009 BB&T recognized pre tax benefits of $64 million and $21 million respectively through reductions of interest expense from previous hedge unwinds

Derivatives Not Designated As Hedges

Derivatives not designated as a hedge include those that are entered into as either balance sheet risk management instruments or to facilitate client needs Balance sheet risk management hedges are those hedges that do not qualify to be treated as either a cash flow hedge a fair value hedge or a foreign currency hedge for accounting purposes but are necessary to economically manage the risk associated with an asset or liability

This category of hedges includes derivatives that hedge mortgage banking operations and mortgage servicing rights ("MSRs") For mortgage loans originated for sale BB&T is exposed to changes in market rates

Table of Contents

and conditions subsequent to the interest rate lock and funding date BB&T s risk management strategy related to its interest rate lock commitment derivatives and loans held for sale includes using mortgage based derivatives such as forward commitments and options in order to mitigate market risk For MSRs BB&T uses various derivative instruments to mitigate the income statement effect of changes in the fair value of its MSRs For the year ended December 31 2010 BB&T recorded a gain totaling $196 million related to these derivatives which was offset by a decrease in the carrying value of mortgage servicing assets totaling $138 million For the year ended December 31 2009 BB&T recognized a $98 million loss on these derivatives which was offset by an increase in the carrying value of mortgage servicing assets that totaled $190 million

BB&T also held as risk management instruments other derivatives not designated as hedges primarily to facilitate transactions on behalf of its clients as well as activities related to balance sheet management

Net Investment Hedges

In connection with a long term investment in a foreign subsidiary BB&T is exposed to changes in the carrying value of its investment as a result of changes in the related foreign exchange rate At December 31 2010 and 2009 BB&T used derivatives to hedge the variability in the value of its $73 million investment For net investment hedges changes in value of qualifying hedges are deferred in other comprehensive income (loss) when the terms of the derivative match the notional and currency risk being hedged At December 31 2010 and 2009 accumulated other comprehensive income (loss) reflected unrecognized pre tax losses totaling $11 million and $8 million respectively related to cumulative changes in the fair value of BB&T s net investment hedge

Derivatives Credit Risk

Credit risk related to derivatives arises when amounts receivable from a counterparty exceed those payable to the same counterparty BB&T controls the risk of loss by subjecting counterparties to credit reviews and approvals similar to those used in making loans and other extensions of credit In addition certain counterparties are required to provide cash collateral to BB&T when their unsecured loss positions exceed certain negotiated limits As of December 31 2010 and 2009 BB&T had received cash collateral totaling $33 million and $82 million respectively

Consistent with BB&T s policies related to requiring cash collateral counterparties to derivative transactions may require BB&T to post cash collateral related to certain derivatives in a loss position At December 31 2010 and 2009 BB&T had posted collateral totaling $605 million and $138 million respectively related to derivatives in a loss position totaling $612 million and $188 million respectively In the event that BB&T s credit ratings had been downgraded below investment grade the amount of collateral posted would have increased by $10 million and $50 million as of December 31 2010 and 2009 respectively

As of December 31 2010 and 2009 BB&T had $1 million and $26 million respectively of unsecured positions with derivative dealers All of the derivative contracts to which BB&T is a party settle monthly quarterly or semiannually In the case of contracts with derivative dealers BB&T only transacts with dealers that are national market makers with strong credit ratings Further BB&T has netting agreements with the dealers with which it does business Because of these factors BB&T s credit risk exposure related to derivatives contracts at December 31 2010 and 2009 was not material

Maybank 009821

ROA 4423

Table of Contents

NOTE 21 Computation of Earnings Per Common Share

The basic and diluted earnings per common share calculations are presented in the following table

	Years Ended December 31		
	2010	2009	2008
	(Dollars in millions, except per share data, shares in thousands)		
Basic Earnings Per Share			
Net income available to common shareholders	$ 816	$ 729	$ 1 498
Weighted average number of common shares	692 489	629 583	548 847
Basic earnings per share	$ 1 18	$ 1 16	$ 2 73
Diluted Earnings Per Share			
Net income available to common shareholders	$ 816	$ 729	$ 1 498
Weighted average number of common shares	692 489	629 583	548 847
Add			
Effect of dilutive outstanding equity based awards	8,550	6 036	3 651
Weighted average number of diluted common shares	701 039	635 619	552 498
Diluted earnings per share	$ 1 16	$ 1 15	$ 2 71

For the years ended December 31 2010 2009 and 2008 respectively the number of antidilutive options was 36 8 million 38 6 million and 33 5 million In addition BB&T had a warrant outstanding for 13 9 million shares as of December 31 2008 that was antidilutive

NOTE 22 Operating Segments

BB&T s operations are divided into seven reportable business segments Community Banking Residential Mortgage Banking Sales Finance Specialized Lending Insurance Services Financial Services and Treasury These operating segments have been identified based on BB&T s organizational structure The segments require unique technology and marketing strategies and offer different products and services While BB&T is managed as an integrated organization individual executive managers are held accountable for the operations of these business segments

BB&T measures and presents information for internal reporting purposes in a variety of different ways The internal reporting system presently used by management in the planning and measuring of operating activities as well as the system to which most managers are held accountable is based on organizational structure

BB&T emphasizes revenue growth by focusing on client service sales effectiveness and relationship management The segment results contained herein are presented based on internal management accounting policies that were designed to support these strategic objectives Unlike financial accounting there is no comprehensive authoritative body of guidance for management accounting equivalent to generally accepted accounting principles The performance of the segments is not comparable with BB&T s consolidated results or with similar information presented by any other financial institution Additionally because of the interrelationships of the various segments the information presented is not indicative of how the segments would perform if they operated as independent entities

The management accounting process uses various estimates and allocation methodologies to measure the performance of the operating segments To determine financial performance for each segment BB&T allocates capital funding charges and credits an economic provision for loan and lease losses certain noninterest expenses and income tax provisions to each segment as applicable Also to promote revenue growth and provide a basis for employee incentives certain revenues of Residential Mortgage Banking Sales Finance Specialized Lending Insurance Services Financial Services and other segments are reflected in noninterest income in the individual segment results and also allocated to Community Banking and Financial Services These allocated revenues are reflected in intersegment net referral fees and eliminated in Parent/Reconciling Items with the exception of

Table of Contents

certain Residential Mortgage Banking and Sales Finance referral fees to arrive at consolidated results Allocation methodologies are subject to periodic adjustment as the internal management accounting system is revised and business or product lines within the segments change Also because the development and application of these methodologies is a dynamic process the financial results presented may be periodically revised

BB&T s overall objective is to maximize shareholder value by optimizing return on equity and managing risk Allocations of capital and the economic provision for loan and lease losses are designed to address this objective Capital is assigned to each segment on an economic basis using management s assessment of the inherent risks associated with the segment Capital allocations are made to cover the following risk categories credit risk liquidity risk interest rate risk market risk operational risk and other business risks Each segment is evaluated based on a risk adjusted return on capital Capital assignments are not equivalent to regulatory capital guidelines and the total amount assigned to all segments typically varies from total consolidated shareholders equity

The economic provision for loan and lease losses is also allocated to the relevant segments based on management s assessment of the segments credit risks Unlike the provision for loan and lease losses recorded pursuant to generally accepted accounting principles the economic provision adjusts for the impact of expected credit losses over the effective lives of the related loans and leases Any over or under allocated provision for loan and lease losses is reflected in Parent/Reconciling Items to arrive at consolidated results

BB&T allocates expenses to the reportable segments based on various methodologies including volume and amount of loans and deposits and the number of full time equivalent employees A portion of corporate overhead expense is not allocated but is retained in corporate accounts and reflected as Parent/Reconciling Items in the accompanying tables Income taxes are allocated to the various segments based on taxable income and statutory rates applicable to the segment

BB&T utilizes a funds transfer pricing (FTP) system to eliminate the effect of interest rate risk from the segments net interest income because such risk is centrally managed within the Treasury segment The FTP system credits or charges the segments with the economic value or cost of the funds the segments create or use The FTP system provides a funds credit for sources of funds and a funds charge for the use of funds by each segment The net FTP credit or charge which includes intercompany interest income and expense is reflected as net funds transfer pricing in the accompanying tables

Community Banking

BB&T s Community Banking segment serves individual and business clients by offering a variety of loan and deposit products and other financial services The Community Banking segment is primarily responsible for serving client relationships, and therefore is credited with revenue from the Residential Mortgage Banking Financial Services Insurance Services Specialized Lending Sales Finance and other segments which is reflected in net referral fees Amortization and depreciation expense that has been allocated to the segment totaled $37 million $38 million and $81 million for 2010 2009 and 2008 respectively The decline in amortization and depreciation expense allocated to the Community Banking segment in 2009 is due to a change in methodology whereby the Community Banking segment no longer carries real estate assets The expenses related to real estate assets including depreciation and amortization were moved to an allocated expense category contained in noninterest expenses

Residential Mortgage Banking

The Residential Mortgage Banking segment retains and services mortgage loans originated by the Community Banking segment as well as those purchased from various correspondent originators Mortgage loan products include fixed and adjustable-rate government and conventional loans for the purpose of constructing purchasing or refinancing residential properties Substantially all of the properties are owner occupied BB&T generally retains the servicing rights to all loans sold The Residential Mortgage Banking segment earns interest on loans held in the warehouse and portfolio fee income from the origination and servicing of mortgage loans and recognizes gains or losses from the sale of mortgage loans The Community Banking segment receives an

Maybank 009823

ROA 4425

Table of Contents

intersegment referral fee for the origination of loans and servicing rights with a portion of the corresponding charge incurred by the Residential Mortgage Banking segment and the remaining charge incurred in the corporate office which is reflected as part of Parent/Reconciling Items in the accompanying tables Amortization and depreciation expense that has been allocated to the segment was not material for any of the years presented

Sales Finance

BB&T s Sales Finance segment primarily originates loans to consumers for the purchase of automobiles Such loans are originated on an indirect basis through approved franchised and independent automobile dealers throughout the BB&T market area Sales Finance also originates loans for the purchase of boats and recreational vehicles originated through dealers in BB&T s market area In addition financing and servicing to dealers for their inventories is provided through a joint relationship between Sales Finance and Community Banking Amortization and depreciation expense that has been allocated to the segment was not material for any of the years presented

Specialized Lending

BB&T s Specialized Lending segment consists of six business units that provide specialty finance alternatives to consumers and businesses including dealer based financing of equipment for both small businesses and consumers equipment leasing, direct consumer finance insurance premium finance indirect sub-prime automobile finance and full service commercial mortgage banking Bank clients as well as nonbank clients within and outside BB&T s primary geographic market area are served by these companies The Community Banking segment receives credit for referrals to these companies with the corresponding charge retained in the corporate office which is reflected as part of Parent/Reconciling Items in the accompanying tables Amortization and depreciation expense that has been allocated to the segment totaled $38 million $37 million and $28 million for 2010 2009 and 2008 respectively

Insurance Services

BB&T s insurance agency / brokerage network is the 6th largest in the world BB&T Insurance Services provides property and casualty life and health insurance to businesses and individuals It also provides small business and corporate products such as workers compensation and professional liability as well as surety coverage and title insurance In addition the Insurance Services segment also underwrites a limited amount of property and casualty coverage The Community Banking segment receives credit for insurance commissions on referred accounts with the corresponding charge retained in the corporate office which is reflected as part of Parent/Reconciling Items in the accompanying tables Amortization and depreciation expense that has been allocated to the segment totaled $20 million $21 million and $19 million for 2010 2009 and 2008 respectively

Financial Services

BB&T s Financial Services segment provides personal trust administration estate planning investment counseling wealth management asset management employee benefits services corporate banking and corporate trust services to individuals corporations institutions foundations and government entities BB&T s Financial Services segment also offers clients investment alternatives including discount brokerage services equities fixed-rate and variable rate annuities mutual funds and governmental and municipal bonds through BB&T Investment Services Inc a subsidiary of Branch Bank The Financial Services segment includes Scott & Stringfellow LLC a full service brokerage and investment banking firm headquartered in Richmond Virginia Scott & Stringfellow provides services in retail brokerage equity and debt underwriting investment advice corporate finance and equity research and facilitates the origination trading and distribution of fixed income securities and equity products in both the public and private capital markets Scott & Stringfellow also has a public finance department that provides investment banking services financial advisory services and municipal bond financing to a variety of regional taxable and tax-exempt issuers Scott & Stringfellow s investment banking and corporate and public finance areas conduct business as BB&T Capital Markets The Financial Services segment includes BB&T Capital Partners that is a group of BB&T sponsored private equity and mezzanine investment funds that invests in privately owned middle market operating companies to facilitate growth or ownership transition while leveraging the Community Banking network for referrals and other bank services

Maybank 009824

ROA 4426

Table of Contents

The Financial Services segment also includes the Corporate Banking Division that originates and services large corporate relationships syndicated lending relationships and client derivatives The Community Banking segment receives an interoffice credit for referral fees with the corresponding charge remaining in the corporate office which is reflected as part of Parent/Reconciling Items in the accompanying tables Amortization and depreciation expense that has been allocated to the segment totaled $6 million $8 million and $11 million for 2010 2009 and 2008 respectively

Treasury

BB&T s Treasury segment is responsible for the management of the securities portfolios overall balance sheet funding and liquidity and overall management of interest rate risk Amortization and depreciation expense that has been allocated to the segment was not material for any of the years presented

All Other

All Other segments represent operating entities that do not meet the quantitative or qualitative thresholds for disclosure

Parent/Reconciling Items

Parent/Reconciling Items reflect corporate support functions that have not been allocated to the business segments merger related charges or credits that are incurred as part of acquisition and conversion of acquired entities nonrecurring charges that are considered to be unusual in nature or infrequent and not reflective of the normal operations of the segments and intercompany eliminations including intersegment net referral fees

The substantial majority of the loan portfolio acquired in the Colonial acquisition is covered by loss sharing agreements with the FDIC and is managed outside of the Community Banking segment The assets and related interest income from the portfolio are included in the Parent/Reconciling Items segment

The following table discloses selected financial information with respect to BB&T s reportable business segments for the years indicated

Maybank 009825

ROA 4427

Table of Contents

BB&T Corporation
Reportable Segments
Years Ended December 31, 2010, 2009 and 2008

	Community Banking			Residential Mortgage Banking			Sales Finance			Specialized Lending			Insurance Services		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
	(Dollars in millions)														
Net interest income (expense)	$ 1 834	$ 1 697	$ 2 098	$ 980	$ 1 065	$ 1 156	$ 391	$ 409	$ 401	$ 896	$ 825	$ 711	$ 3	$ 5	$ 12
Net funds transfer pricing (FTP)	2 003	1 931	1 136	(654)	(722)	(853)	(244)	(284)	(281)	(184)	(220)	(212)	(2)	(3)	(5)
Net interest income (expense) and FTP	3 837	3 628	3 234	326	343	303	147	125	120	712	605	499	1	2	7
Economic provision for loan and lease losses	1 792	1 874	840	570	333	134	34	90	40	155	332	301	—	—	—
Noninterest income	1 251	1 276	1 235	457	607	224	1	2	2	143	119	116	1 033	1 032	907
Intersegment net referral fees (expense)	408	461	254	(125)	(146)	(96)	(13)	(13)	(13)	—	—	—	—	—	—
Noninterest expense	2 506	2 079	1 544	151	128	84	32	31	28	293	285	245	790	773	698
Allocated corporate expenses	827	699	700	11	11	10	9	12	11	42	40	37	59	51	42
Income (loss) before income taxes	371	713	1 639	(74)	332	203	60	(19)	30	365	67	32	185	210	174
Provision (benefit) for income taxes	134	265	587	(28)	126	73	23	(7)	11	139	24	12	73	82	67
Segment net income (loss)	$ 237	$ 448	$ 1 052	$ (46)	$ 206	$ 130	$ 37	$ (12)	$ 19	$ 226	$ 43	$ 20	$ 112	$ 128	$ 107
Identifiable segment assets (period end)	$60 414	$62 847	$64 842	$22 154	$19 040	$19 344	$6 814	$6 131	$6 117	$ 8 575	$ 8 162	$6 571	$ 1 215	$ 1 200	$ 1 253

	Financial Services			Treasury			All Other Segments (1)			Parent/Reconciling Items			Total BB&T Corporation		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
							(Dollars in millions)								
Net interest income (expense)	$ 21	$ 11	$ 44	$ 156	$ 650	$ 300	$ 183	$ 157	$ 107	$ 856	$ 45	$ (591)	$ 5 320	$ 4 844	$ 4 238
Net funds transfer pricing (FTP)	106	119	54	(623)	(689)	(19)	(177)	(189)	(167)	(225)	57	367	—	—	—

ROA 4428

Net interest income (expense) and FTP	127	130	78	(467)	(59)	281	6	(32)	(60)	631	102	(224)	5 320	4 844	4 238
Economic provision for loan and lease losses	10	12	8	—	—	—	6	4	8	71	166	114	2 638	2 811	1 445
Noninterest income	657	674	629	643	326	265	49	38	30	(277)	(140)	(211)	3 957	3 934	3 197
Intersegment net referral fees (expense)	38	34	20	—	—	—	—	—	—	(308)	(336)	(165)	—	—	—
Noninterest expense	533	543	552	20	5	(22)	65	71	24	1,280	1 016	758	5 670	4 931	3 911
Allocated corporate expenses	22	23	31	4	4	4	(1)	(2)	(1)	(973)	(838)	(834)	—	—	—
Income (loss) before income taxes	257	260	136	152	258	564	(15)	(67)	(61)	(332)	(718)	(638)	969	1 036	2 079
Provision (benefit) for income taxes	98	100	50	(11)	28	157	(55)	(68)	(48)	(258)	(391)	(359)	115	159	550
Segment net income (loss)	$ 159	$ 160	$ 86	$ 163	$ 230	$ 407	$ 40	$ 1	$ (13)	$ (74)	$ (327)	$ (279)	$ 854	$ 877	$ 1 529
Identifiable segment assets (period end)	$ 3 144	$ 3 077	$ 3 176	$27 807	$76 603	$37 438	$6 952	$5 306	$4 843	$20 006	$23 398	$8 471	$167 081	$165 764	$152 015

(1) Includes financial data from subsidiaries below the quantitative and qualitative thresholds requiring disclosure

Maybank 009827

ROA 4429

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized as of February 25 2011

BB&T Corporation
(Registrant)

By /s/ Kelly S King
Kelly S. King
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of February 25 2011

/s/ Kelly S King
Kelly S. King
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Daryl N Bible
Daryl N Bible
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/ Cynthia B Powell
Cynthia B. Powell
Executive Vice President and Corporate Controller
(Principal Accounting Officer)

ROA 4430

Table of Contents

A Majority of the Directors of the Registrant are included

/s/ Kelly S King
Kelly S. King
Chairman and Chief Executive Officer

/s/ John A Allison IV
John A. Allison IV
Director

/s/ Jennifer S Banner
Jennifer S. Banner
Director

/s/ K David Boyer Jr
K. David Boyer Jr
Director

/s/ Anna R Cablik
Anna R. Cablik
Director

/s/ Ronald E Deal
Ronald E. Deal
Director

/s/ J Littleton Glover Jr
J Littleton Glover Jr
Director

/s/ Jane P Helm
Jane P Helm
Director

/s/ John P Howe III M D
John P Howe III M.D
Director

/s/ Valeria Lynch Lee
Valeria Lynch Lee
Director

/s/ J Holmes Morrison
J Holmes Morrison
Director

/s/ Nido R Qubein
Nido R. Qubein
Director

/s/ Thomas E Skains
Thomas E. Skains
Director

Thomas N Thompson
Director

/s/ Stephen T Williams
Stephen T Williams
Director

Table of Contents

EXHIBIT INDEX

Exhibit No	Description	Location
2 1	Agreement and Plan of Reorganization dated as of July 29 1994 and amended and restated as of October 22 1994 between the Registrant and BB&T Financial Corporation	Incorporated herein by reference to Annex I of Form S 4 Registration Statement No 33 56437
2 2	Plan of Merger as of July 29 1994 as amended and restated on October 22 1994 between the Registrant and BB&T Financial Corporation	Incorporated herein by reference to Annex II of Form S-4 Registration Statement No 33-56437
2 3	Purchase and Assumption Agreement Whole Bank All Deposits among the Federal Deposit Insurance Corporation receiver of Colonial Bank Montgomery Alabama the Federal Deposit Insurance Corporation and Branch Banking and Trust Company dated as of August 14 2009	Incorporated herein by reference to Exhibit 2 1 of the Current Report on Form 8-K filed August 17 2009
3(i)	Articles of Incorporation of the Registrant as Restated February 25 2009 and amended May 10 2010	Incorporated herein by reference to Exhibit 3 (i) of the Quarterly Report on Form 10 Q filed August 9 2010
3(ii)	By laws of the Registrant as amended February 22 2011	Incorporated herein by reference to Exhibit 3(ii) of the Current Report on Form 8 K filed February 23 2011
4 1	Articles of Incorporation of the Registrant as Restated February 25 2009 and amended May 10 2010 related to Junior Participating Preferred Stock	Incorporated herein by reference to Exhibit 3 (i) of the Quarterly Report on Form 10-Q filed August 9 2010
4 2	Articles of Incorporation of the Registrant as Restated February 25 2009 and amended May 10 2010 related to Series C Preferred Stock	Incorporated herein by reference to Exhibit 3 (i) of the Quarterly Report on Form 10-Q filed August 9 2010
4 3	Indenture Regarding Senior Securities (including form of Senior Debt Security) between Registrant and U S Bank National Association (as successor in interest to State Street Bank and Trust Company) as trustee dated as of May 24 1996	Incorporated herein by reference to Exhibit 4(c) of Form S 3 Registration Statement No 333 02899
4 4	First Supplemental Indenture dated May 4 2009 to the Indenture Regarding Senior Securities dated as of May 24 1996 between the Registrant and U S Bank National Association	Incorporated herein by reference to Exhibit 4 2 of the Current Report on Form 8 K filed May 4 2009
4 5	Indenture Regarding Subordinated Securities (including Form of Subordinated Debt Security) between the Registrant and U S Bank National Association (as successor in interest to State Street Bank and Trust Company) as trustee dated as of May 24 1996	Incorporated herein by reference to Exhibit 4(d) of Form S-3 Registration Statement No 333-02899
4 6	First Supplemental Indenture dated as of December 23 2003 to the Indenture Regarding Subordinated Securities dated as of May 24 1996 between the Registrant and U S Bank National Association	Incorporated herein by reference to Exhibit 4 5 of the Annual Report on Form 10 K filed February 27 2009

Table of Contents

Exhibit No	Description	Location
4 7	Second Supplemental Indenture dated as of September 24 2004 to the Indenture Regarding Subordinated Securities dated as of May 24 1996 between the Registrant and U S Bank National Association	Incorporated herein by reference to Exhibit 4 7 of the Annual Report on Form 10 K filed February 26 2010
4 8	Third Supplemental Indenture dated May 4 2009 to the Indenture Regarding Subordinated Securities dated as of May 24 1996 between the Registrant and U S Bank National Association	Incorporated herein by reference to Exhibit 4 6 of the Current Report on Form 8-K filed May 4 2009
10 1*	BB&T Corporation Amended and Restated Non Employee Directors Deferred Compensation and Stock Option Plan (amended and restated January 1 2005)	Incorporated herein by reference to Exhibit 10 1 of the Annual Report on Form 10 K filed February 28 2008
10 2*	BB&T Corporation 1995 Omnibus Stock Incentive Plan (as amended and restated through February 25 2003)	Incorporated herein by reference to Exhibit 99 of Form S-8 Registration Statement No 333-116502
10 3*	2008 Declaration of Amendment to BB&T Corporation 1995 Omnibus Stock Incentive Plan	Incorporated herein by reference to Exhibit 10 2 a of the Annual Report on Form 10 K filed February 27 2009
10 4*	409A Declaration of Amendment to BB&T Corporation 1995 Omnibus Stock Incentive Plan	Incorporated herein by reference to Exhibit 10 2 b of the Annual Report on Form 10 K filed February 27 2009
10 5*†	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation 1995 Omnibus Stock Incentive Plan as amended and restated	Filed herewith
10 6*	BB&T Corporation Amended and Restated 2004 Stock Incentive Plan as amended (as amended through February 24 2009)	Incorporated herein by reference to the Appendix to the Proxy Statement for the 2009 Annual Meeting of Shareholders on Schedule 14A filed March 13 2009
10 7*	Form of Restricted Stock Unit Agreement (Performance Based Vesting Component) for Executive Officers under the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (June 2010 Performance Award)	Incorporated herein by reference to Exhibit 10 1 of the Current Report on Form 8 K filed June 25 2010
10 8*	Form of Performance Unit Award Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (5 Year Vesting)	Incorporated herein by reference to Exhibit 10 5 of the Annual Report on Form 10 K filed February 28 2008
10 9*	Form of Performance Unit Award Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting)	Incorporated herein by reference to Exhibit 10 6 of the Quarterly Report on Form 10-Q filed May 7 2010
10 10*	Form of Non Employee Director Restricted Stock Unit Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (5 Year Vesting)	Incorporated herein by reference to Exhibit 10 6 of the Annual Report on Form 10-K filed February 28 2008

Maybank 009831

ROA 4433

Table of Contents

Exhibit No	Description	Location
10 11*	Form of Non Employee Director Restricted Stock Unit Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting)	Incorporated herein by reference to Exhibit 10 2 of the Quarterly Report on Form 10 Q filed May 7 2010
10 12*	Form of Non Employee Director Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (5-Year Vesting)	Incorporated herein by reference to Exhibit 10 7 of the Annual Report on Form 10 K filed February 28 2008
10 13*	Form of Non Employee Director Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting)	Incorporated herein by reference to Exhibit 10 3 of the Quarterly Report on Form 10-Q filed May 7 2010
10 14*	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (5-Year Vesting)	Incorporated herein by reference to Exhibit 10 8 of the Annual Report on Form 10 K filed February 28 2008
10 15*	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4 Year Vesting)	Incorporated herein by reference to Exhibit 10 5 of the Quarterly Report on Form 10-Q filed May 7 2010
10 16*	Form of Restricted Stock Unit Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (5 Year Vesting)	Incorporated herein by reference to Exhibit 10 1 of the Quarterly Report on Form 10 Q filed May 8 2009
10 17*	Form of Restricted Stock Unit Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting)	Incorporated herein by reference to Exhibit 10 4 of the Quarterly Report on Form 10-Q filed May 7 2010
10 18*	Form of Restricted Stock Unit Agreement (Performance Vesting Component) for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (5-Year Vesting)	Incorporated herein by reference to Exhibit 10 10 of the Annual Report on Form 10 K filed February 28 2008
10 19*	BB&T Corporation Amended and Restated 1996 Short-term Incentive Plan	Incorporated herein by reference to Exhibit 10 11 of the Annual Report on Form 10-K filed February 27 2009
10 20*	First Amendment to BB&T Corporation Short-term Incentive Plan (January 1 2009 Restatement)	Incorporated herein by reference to Exhibit 10 1 of the Quarterly Report on Form 10 Q filed May 7 2010
10 21*†	Southern National Deferred Compensation Plan for Key Executives including amendments	Filed herewith
10 22*	BB&T Corporation Target Pension Plan	Incorporated herein by reference to Exhibit 10 13 of the Annual Report on Form 10 K filed February 27 2009
10 23*†	Amendment to the BB&T Corporation Target Pension Plan	Filed herewith
10 24*	BB&T Corporation Non-Qualified Defined Benefit Plan	Incorporated herein by reference to Exhibit 10 14 of the Annual Report on Form 10 K filed February 27 2009

Table of Contents

Exhibit No	Description	Location
10 25*r	Amendment to the BB&T Corporation Non-Qualified Defined Benefit Plan	Filed herewith
10 26*	BB&T Corporation Non Qualified Defined Contribution Plan	Incorporated herein by reference to Exhibit 10 15 of the Annual Report on Form 10 K filed February 27 2009
10 27*	BB&T Corporation Supplemental Defined Contribution Plan for Highly Compensated Employees	Incorporated herein by reference to Exhibit 10 16 of the Annual Report on Form 10 K filed February 27 2009
10 28*	BB&T Corporation Non-Qualified Deferred Compensation Trust Amended and Restated effective November 1 2001 (including amendments)	Incorporated herein by reference to Exhibit 10 17 of the Annual Report on Form 10 K filed February 28 2008
10 29*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Kelly S King	Incorporated herein by reference to Exhibit 10 20 of the Annual Report on Form 10 K filed February 27 2009
10 30*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Christopher L Henson	Incorporated herein by reference to Exhibit 10 21 of the Annual Report on Form 10 K filed February 27 2009
10 31*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Daryl N Bible	Incorporated herein by reference to Exhibit 10 22 of the Annual Report on Form 10 K filed February 27 2009
10 32*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Ricky K Brown	Incorporated herein by reference to Exhibit 10 23 of the Annual Report on Form 10 K filed February 27 2009
10 33*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Barbara F Duck	Incorporated herein by reference to Exhibit 10 24 of the Annual Report on Form 10 K filed February 27 2009
10 34*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Donna C Goodrich	Incorporated herein by reference to Exhibit 10 25 of the Annual Report on Form 10 K filed February 27 2009
10 35*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Robert E Greene	Incorporated herein by reference to Exhibit 10 26 of the Annual Report on Form 10 K filed February 27 2009
10 36*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Clarke R Starnes III	Incorporated herein by reference to Exhibit 10 27 of the Annual Report on Form 10 K filed February 27 2009
10 37*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and Steven B Wiggs	Incorporated herein by reference to Exhibit 10 28 of the Annual Report on Form 10 K filed February 27 2009

Table of Contents

Exhibit No	Description	Location
10 38*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation Branch Banking and Trust Co and C Leon Wilson III	Incorporated herein by reference to Exhibit 10 29 of the Annual Report on Form 10 K filed February 27 2009
10 39*	Death Benefit Only Plan dated April 23 1990 by and between Branch Banking and Trust Company (as successor to Southern National Bank of North Carolina) and L Glenn Orr Jr	Incorporated herein by reference to Registration Statement No 33-33984
10 40*	Settlement and Non Compete Agreement dated February 28 1995 by and between BB&T Corporation (as successor to Southern National Corporation) and L Glenn Orr Jr	Incorporated herein by reference to Exhibit 10(b) of Form S-4 Registration Statement No 33 56437
10 41*	First Virginia Banks Inc Key Employee Salary Reduction Deferred Compensation Plan First Virginia Banks Inc 1986 Key Employee Salary Reduction Deferred Compensation Plan	Incorporated herein by reference to Exhibit 10 36 of the Annual Report on Form 10 K filed February 26 2010
11	Statement re computation of earnings per share	Filed herewith as Note 21 to the consolidated financial statements
12†	Statement re computation of ratios	Filed herewith
21†	Subsidiaries of the Registrant	Filed herewith
22	Proxy Statement for the Annual Meeting of Shareholders	Future filing incorporated herein by reference pursuant to General Instruction G(3)
23†	Consent of Independent Registered Public Accounting Firm	Filed herewith
31 1	Certification of Chief Executive Officer pursuant to Rule 13a 14(a) or 15(d)-14(a) of the Exchange Act as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31 2	Certification of Chief Financial Officer pursuant to Rule 13a 14(a) or 15(d)-14(a) of the Exchange Act as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32 1	Chief Executive Officer Certification Pursuant to 18 U S C Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32 2	Chief Financial Officer Certification Pursuant to 18 U S C Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002	Filed herewith
101 INS**	XBRL Instance Document	Filed herewith
101 SCH**	XBRL Taxonomy Extension Schema	Filed herewith
101 CAL**	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101 LAB**	XBRL Taxonomy Extension Label Linkbase	Filed herewith

Table of Contents

Exhibit No.	Description	Location
101 PRE**	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith
101 DEF**	XBRL Taxonomy Definition Linkbase	Filed herewith

* Management compensatory plan or arrangement

** *As provided in Rule 406T of Regulation S T this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934*

† Exhibits intentionally not provided herein