BB&T CORP
Form 10-Q
August 08, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the quarterly period ended: June 30, 2011

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)

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 x 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 x No ¨

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	x	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 Exchange Act). YES ¨ NO x

At July 31, 2011, 697,047,852 shares of the Registrant s common stock, $5 par value, were outstanding.

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BB&T CORPORATION

FORM 10-Q

June 30, 2011

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BB&T CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in millions, except per share data, shares in thousands)

	June 30, 2011	December 31, 2010
Assets		
Cash and due from banks	**$ 1,199**	$ 1,127
Interest-bearing deposits with banks	**1,337**	931
Federal funds sold and securities purchased under resale agreements or similar arrangements	**250**	327
Segregated cash due from banks	**19**	309
Trading securities at fair value	**564**	633
Securities available for sale at fair value ($1,657 and $1,539 covered by FDIC loss share at June 30, 2011 and December 31, 2010, respectively)	**19,409**	23,169
Securities held to maturity ($8,605 fair value at June 30, 2011)	**8,552**	
Loans held for sale ($1,849 and $3,176 at fair value at June 30, 2011 and December 31, 2010, respectively)	**1,965**	3,697
Loans and leases ($5,504 and $6,194 covered by FDIC loss share at June 30, 2011 and December 31, 2010, respectively)	**103,385**	103,567
Allowance for loan and lease losses	**(2,516)**	(2,708)
Loans and leases, net of allowance for loan and lease losses	**100,869**	100,859
FDIC loss share receivable	**1,446**	1,922
Premises and equipment	**1,846**	1,840
Goodwill	**6,016**	6,008
Core deposit and other intangible assets	**457**	508
Residential mortgage servicing rights at fair value	**879**	830
Other assets ($390 and $360 of foreclosed property and other assets covered by FDIC loss share at June 30, 2011 and December 31, 2010, respectively)	**14,502**	14,921
Total assets	**$ 159,310**	$ 157,081
Liabilities and Shareholders Equity		
Deposits:		
Noninterest-bearing deposits	**$ 22,507**	$ 20,637
Interest-bearing deposits	**85,557**	86,576
Total deposits	**108,064**	107,213
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	**4,842**	5,673
Long-term debt	**23,380**	21,730
Accounts payable and other liabilities	**5,975**	5,967
Total liabilities	**142,261**	140,583
Commitments and contingencies (Note 13)		
Shareholders equity:		
Common stock, $5 par	**3,484**	3,472
Additional paid-in capital	**5,830**	5,776
Retained earnings	**8,241**	7,935
Accumulated other comprehensive loss, net of deferred income taxes	**(574)**	(747)
Noncontrolling interests	**68**	62

Total shareholders equity	**17,049**	16,498
Total liabilities and shareholders equity	**$ 159,310**	$ 157,081
Common shares outstanding	**696,894**	694,381
Common shares authorized	**2,000,000**	2,000,000
Preferred shares authorized	**5,000**	5,000

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

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BB&T CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in millions, except per share data, shares in thousands)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Interest Income				
Interest and fees on loans and leases	**$ 1,523**	$ 1,525	**$ 3,043**	$ 2,965
Interest and dividends on securities	**163**	291	**313**	627
Interest on other earning assets	**4**	3	**10**	6
Total interest income	**1,690**	1,819	**3,366**	3,598
Interest Expense				
Interest on deposits	**152**	241	**323**	500
Interest on federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	**3**	6	**7**	11
Interest on long-term debt	**181**	212	**397**	413
Total interest expense	**336**	459	**727**	924
Net Interest Income	**1,354**	1,360	**2,639**	2,674
Provision for credit losses	**328**	650	**668**	1,225
Net Interest Income After Provision for Credit Losses	**1,026**	710	**1,971**	1,449
Noninterest Income				
Insurance income	**299**	287	**549**	540
Service charges on deposits	**145**	164	**280**	328
Mortgage banking income	**83**	110	**178**	199
Investment banking and brokerage fees and commissions	**90**	91	**177**	170
Checkcard fees	**79**	70	**151**	131
Other nondeposit fees and commissions	**66**	63	**133**	128
Bankcard fees and merchant discounts	**52**	45	**98**	85
Trust and investment advisory revenues	**45**	39	**88**	77
Income from bank-owned life insurance	**29**	31	**59**	62
FDIC loss share income, net	**(81)**	(78)	**(139)**	(73)
Other income (loss), net	**(18)**	(2)	**(71)**	20
Securities gains (losses), net				
Realized gains, net	**16**	224	**37**	227
Other-than-temporary impairments	**(10)**	(37)	**(11)**	(49)
Non-credit portion recognized in other comprehensive income	**(8)**	32	**(28)**	38
Total securities gains (losses), net	**(2)**	219	**(2)**	216
Total noninterest income	**787**	1,039	**1,501**	1,883
Noninterest Expense				
Personnel expense	**683**	649	**1,377**	1,295
Foreclosed property expense	**145**	240	**288**	418
Occupancy and equipment expense	**152**	158	**306**	296
Professional services	**84**	86	**155**	158

Regulatory charges		**59**		46		**120**		91
Loan processing expenses		**49**		47		**102**		82
Amortization of intangibles		**25**		32		**51**		64
Software expense		**29**		30		**55**		59
Merger-related and restructuring charges, net		**2**		38				55
Other expenses		**167**		174		**313**		323
Total noninterest expense		**1,395**		1,500		**2,767**		2,841
Earnings								
Income before income taxes		**418**		249		**705**		491
Provision for income taxes		**91**		25		**144**		73
Net income		**327**		224		**561**		418
Noncontrolling interests		**20**		14		**29**		20
Net income available to common shareholders	**$**	**307**	$	210	**$**	**532**	$	398
Earnings Per Common Share								
Basic	**$**	**0.44**	$	0.30	**$**	**0.76**	$	0.58
Diluted	**$**	**0.44**	$	0.30	**$**	**0.76**	$	0.57
Cash dividends declared	**$**	**0.16**	$	0.15	**$**	**0.33**	$	0.30
Weighted Average Shares Outstanding								
Basic		**696,625**		692,113		**695,971**		691,456
Diluted		**704,969**		701,322		**704,583**		700,223

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

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BB&T CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

(Unaudited)

Six Months Ended June 30, 2011 and 2010

(Dollars in millions, except per share data, shares in thousands)

	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Shareholders Equity
Balance, January 1, 2010	689,750	$ 3,449	$ 5,620	$ 7,539	$ (417)	$ 50	$ 16,241
Add (Deduct):							
Comprehensive income (loss):							
Net income				398		20	418
Net change in other comprehensive income (loss)					180		180
Total comprehensive income (loss) (Note 10)				398	180	20	598
Stock transactions:							
In purchase acquisitions	57		2				2
In connection with equity awards, net of repurchases	1,596	8	26				34
In connection with dividend reinvestment plan	515	3	13				16
In connection with 401(k) plan	859	4	22				26
Cash dividends declared on common stock, $0.30 per share				(208)			(208)
Equity-based compensation expense			37				37
Other, net						(6)	(6)
Balance, June 30, 2010	692,777	$ 3,464	$ 5,720	$ 7,729	$ (237)	$ 64	$ 16,740
Balance, January 1, 2011	694,381	$ 3,472	$ 5,776	$ 7,935	$ (747)	$ 62	$ 16,498
Add (Deduct):							
Comprehensive income (loss):							
Net income				532		29	561
Net change in other comprehensive income (loss)					173		173
Total comprehensive income (loss) (Note 10)				532	173	29	734
Stock transactions:							
In purchase acquisitions	26		1				1
In connection with equity awards	1,838	9	(9)				
Shares repurchased in connection with equity awards	(617)	(3)	(14)				(17)
In connection with dividend reinvestment plan	563	3	12				15
In connection with 401(k) plan	703	3	16				19
				(226)			(226)

Cash dividends declared on common stock, $0.33 per share							
Equity-based compensation expense			49				49
Other, net			(1)			(23)	(24)
Balance, June 30, 2011	696,894	$ 3,484	$ 5,830	$ 8,241	$ (574)	$ 68	$ 17,049

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

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BB&T CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in millions)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Cash Flows From Operating Activities:		
Net income	**$ 561**	$ 418
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	**668**	1,225
Depreciation	**129**	130
Amortization of intangibles	**51**	64
Equity-based compensation	**49**	37
(Gain) loss on sales of securities, net	**2**	(216)
Net write-downs on foreclosed property	**208**	328
Net change in operating assets and liabilities:		
Segregated cash due from banks	**290**	15
Trading securities	**8**	49
Loans held for sale	**1,294**	509
FDIC loss share receivable	**427**	681
Other assets	**214**	(1,638)
Accounts payable and other liabilities	**(57)**	514
Other, net	**9**	(43)
Net cash from operating activities	**3,853**	2,073
Cash Flows From Investing Activities:		
Proceeds from sales of securities available for sale	**330**	14,087
Proceeds from maturities, calls and paydowns of securities available for sale	**1,728**	3,013
Purchases of securities available for sale	**(6,250)**	(6,588)
Proceeds from maturities, calls and paydowns of securities held to maturity	**312**	
Purchases of securities held to maturity	**(523)**	
Originations and purchases of loans and leases, net of principal collected	**(965)**	(879)
Net cash paid for divestitures		(832)
Purchases of premises and equipment	**(104)**	(326)
Proceeds from sales of foreclosed property or other real estate held for sale	**480**	451
Other, net	**53**	15
Net cash from investing activities	**(4,939)**	8,941
Cash Flows From Financing Activities:		
Net change in deposits	**924**	(9,618)
Net change in federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	**(831)**	(2,027)
Proceeds from issuance of long-term debt	**1,999**	500
Repayment of long-term debt	**(392)**	(25)
Net proceeds from common stock issued	**17**	76
Cash dividends paid on common stock	**(223)**	(207)
Other, net	**(7)**	147

Net cash from financing activities	**1,487**	(11,154)
Net Change in Cash and Cash Equivalents	**401**	(140)
Cash and Cash Equivalents at Beginning of Period	**2,385**	2,649
Cash and Cash Equivalents at End of Period	**$ 2,786**	$ 2,509
Supplemental Disclosure of Cash Flow Information:		
Cash paid (received) during the period for:		
Interest	**$ 719**	$ 927
Income taxes	**(236)**	782
Noncash investing and financing activities:		
Transfer of securities available for sale to securities held to maturity	**8,341**	
Transfers of loans to foreclosed property	**641**	721
Transfers of loans held for investment to loans held for sale	**226**	620

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

BB&T Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

NOTE 1. Basis of Presentation

General

In the opinion of management, the accompanying unaudited Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Shareholders Equity, and Consolidated Statements of Cash Flows of BB&T Corporation and subsidiaries (BB&T , the Corporation or the Company), are fair statements of BB&T s financial position at June 30, 2011 and December 31, 2010, BB&T s results of operations for the three and six months ended June 30, 2011 and 2010, and BB&T s changes in shareholders equity and cash flows for the six months ended June 30, 2011 and 2010. In the opinion of management, all normal recurring adjustments necessary for a fair statement of the consolidated financial position and consolidated results of operations have been made.

These consolidated financial statements and notes are presented in accordance with the instructions for Form 10-Q. The information contained in the financial statements and footnotes included in BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 should be referred to in connection with these unaudited interim consolidated financial statements.

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.

Nature of Operations

BB&T 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), BB&T Financial, FSB (BB&T FSB), a federally chartered thrift institution, and its nonbank subsidiaries. Branch Bank has offices 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 holds investments in certain legal entities that are considered variable interest entities (VIE s). VIE s are legal entities in which equity investors do not have sufficient equity at risk for the entity to

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BB&T Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

independently finance its activities, or as a group, the holders of the equity investment at risk lack the power through voting or similar rights to direct the activities of the entity that most significantly impact its economic performance, or do not have the obligation to absorb the expected losses of the entity or the right to receive expected residual returns of the entity. Consolidation of a VIE is considered appropriate if a reporting entity holds a controlling financial interest in the VIE.

BB&T evaluates its investments in VIE s to determine if a controlling financial interest is held. This evaluation gives appropriate consideration to the design of the entity and the variability that the entity was designed to pass along, the relative power of each of the parties to the VIE, and to BB&T s relative obligation to absorb losses or receive residual returns of the entity, in relation to such obligations and rights held by other parties to the VIE. 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. Refer to Note 13 for additional disclosures regarding BB&T s significant variable interest entities.

BB&T accounts for unconsolidated partnership and similar 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 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

In certain instances, amounts reported in prior periods 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 GAAP 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 credit losses, 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.

Changes in Accounting Principles and Effects of New Accounting Pronouncements

In February 2010, the Financial Accounting Standards Board (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

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BB&T Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

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 was effective for BB&T on January 1, 2011. The new disclosures required by this guidance are included in Note 14 to these 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 were required as of December 31, 2010. The disclosures related to activity that occurs during a reporting period were effective for reporting periods beginning on or after December 15, 2010, except for the disclosure requirements relating to troubled debt restructurings, which are effective for reporting periods beginning on or after June 15, 2011.

In April 2011, the FASB issued new guidance impacting *Receivables*. The new guidance amended existing guidance for assisting a creditor in determining whether a restructuring is a troubled debt restructuring. The amendments clarify the guidance for a creditor s evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. This guidance is effective for interim and annual reporting periods beginning after June 15, 2011, and will be applied retrospectively to the beginning of the annual period of adoption. The adoption of this guidance is not expected to be material to BB&T s consolidated financial statements.

In May 2011, the FASB issued new guidance impacting *Fair Value Measurements and Disclosures*. The new guidance creates a uniform framework for applying fair value measurement principles for companies around the world. It eliminates differences between GAAP and International Financial Reporting Standards issued by the International Accounting Standards Board. New disclosures required by the guidance include: quantitative information about the significant unobservable inputs used for Level 3 measurements; a qualitative discussion about the sensitivity of recurring Level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs; and a description of the company s valuation processes. This guidance is effective for interim and annual periods beginning after December 15, 2011, and all amendments are applied prospectively with any changes in measurements recognized in income in the period of adoption. BB&T is currently evaluating the impact the standard will have on the consolidated financial statements.

In June 2011, the FASB issued new guidance impacting *Comprehensive Income*. The new guidance amends disclosure requirements for the presentation of comprehensive income. The amended guidance eliminates the option to present components of other comprehensive income (OCI) as part of the statement of changes in shareholders equity. All changes in OCI are to be presented either in a single continuous statement of comprehensive income or in two separate but consecutive financial statements. The guidance does not change the items that must be reported in OCI. This guidance is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2011 with early adoption permitted. The adoption of this guidance will not impact BB&T s consolidated financial position, results of operations or cash flows and will only impact the presentation of OCI in the consolidated financial statements.

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BB&T Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

NOTE 2. Securities

The amortized cost, gross unrealized gains and losses and approximate fair values of securities available for sale and held to maturity were as follows:

	June 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
Securities available for sale:				
U.S. government-sponsored entities (GSE)	$ 76	$ 2	$	$ 78
Mortgage-backed securities issued by GSE	15,254	84	107	15,231
States and political subdivisions	1,904	39	121	1,822
Non-agency mortgage-backed securities	521		97	424
Other securities	197			197
Covered securities	1,262	399	4	1,657
Total securities available for sale	$ 19,214	$ 524	$ 329	$ 19,409

	June 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
Securities held to maturity:				
Mortgage-backed securities issued by GSE	$ 7,943	$ 53	$	$ 7,996
States and political subdivisions	36			36
Other securities	573	1	1	573
Total securities held to maturity	$ 8,552	$ 54	$ 1	$ 8,605

	December 31, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
Securities available for sale:				
GSE securities	$ 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
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

During the first quarter of 2011, BB&T reclassified approximately $8.3 billion of securities available for sale to securities held to maturity. Management determined that it has both the positive intent and ability to hold these securities to maturity. The reclassification of these securities was accounted for at fair value. On the date of transfer, the difference between the par value and the fair value of these securities resulted in a premium or discount that, under amortized cost accounting, will be amortized as a yield adjustment to interest income using the interest method.

The unrealized holding gains or losses at the date of transfer will continue to be reported as a separate component of shareholders equity in accumulated other comprehensive income, and will also be amortized over the remaining life of the securities as a yield adjustment to interest income using the interest method. Refer to Note 10 for additional disclosures related to this amount. There were no gains or losses recognized as a result of this transfer.

As of June 30, 2011, the fair value of covered securities included $1.3 billion of non-agency mortgage-backed securities and $310 million of municipal securities. 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. All covered securities were acquired from Colonial Bank (Colonial) and are covered by one of the Federal Deposit Insurance Corporation (FDIC) loss sharing agreements. BB&T is restricted from selling these securities without prior approval from the FDIC. Refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 for additional information.

At June 30, 2011 and December 31, 2010, securities with carrying values of approximately $15.7 billion and $19.3 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 the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) that exceeded ten percent of shareholders equity at June 30, 2011. The Fannie Mae investments had total amortized cost and fair values of $8.4 billion at June 30, 2011, while Freddie Mac investments had total amortized cost and fair values of $10.6 billion.

At June 30, 2011 and December 31, 2010, 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 income during the three and six months ended June 30, 2011 and 2010 are reflected in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(Dollars in millions)			
Gross gains	$ 17	$ 226	$ 38	$ 231
Gross losses	(1)	(2)	(1)	(4)
Net realized gains/(losses)	16	224	37	227
Other-than-temporary impairment (OTTI) recognized on non-agency mortgage-backed securities:				
Total OTTI on non-agency mortgage-backed securities	(10)	(37)	(11)	(49)
Non-credit portion recognized in other comprehensive income (1)	(8)	32	(28)	38
Total OTTI on non-agency mortgage-backed securities recognized in net income	(18)	(5)	(39)	(11)
Net securities gains/(losses)	$ (2)	$ 219	$ (2)	$ 216

(1) A negative balance is the result of additional credit losses currently recognized in earnings that were previously recognized in other comprehensive income.

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BB&T Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

The following table reflects activity during the three and six months ended June 30, 2011 and 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(Dollars in millions)			
Balance at beginning of period	$ 51	$ 8	$ 30	$ 2
Credit losses on securities not previously considered other-than-temporarily impaired		1		2
Credit losses on securities for which OTTI was previously recognized	18	4	39	9
Reductions for securities sold/settled during the period	(6)		(6)	
Balance at end of period	$ 63	$ 13	$ 63	$ 13

The amortized cost and estimated fair value of the debt securities portfolio at June 30, 2011, 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.

	June 30, 2011			
	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(Dollars in millions)			
Due in one year or less	$ 43	$ 43	$	$
Due after one year through five years	59	63		
Due after five years through ten years	633	650		
Due after ten years	18,284	18,458	8,552	8,605
Total debt securities	19,019	19,214	8,552	8,605
Total securities with no stated maturity	195	195		
Total securities	$ 19,214	$ 19,409	$ 8,552	$ 8,605

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:

	June 30, 2011					
	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 available for sale:						
Mortgage-backed securities issued by GSE	$ 10,312	$ 107	$	$	$ 10,312	$ 107
States and political subdivisions	258	7	655	114	913	121
Non-agency mortgage-backed securities			424	97	424	97
Other securities	1				1	
Covered securities	49	4			49	4
Total	$ 10,620	$ 118	$ 1,079	$ 211	$ 11,699	$ 329

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	June 30, 2011					
	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 held to maturity:						
States and political subdivisions	$ 32	$	$	$	$ 32	$
Other securities	59	1			59	1
Total	$ 91	$ 1	$	$	$ 91	$ 1

	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 available for sale:						
GSE securities	$ 50	$	$	$	$ 50	$
Mortgage-backed securities issued by GSE	15,438	361			15,438	361
States and political subdivisions	694	21	735	140	1,429	161
Non-agency mortgage-backed securities			506	120	506	120
Other securities	535	2	2		537	2
Covered securities	79	2			79	2
Total	$ 16,796	$ 386	$ 1,243	$ 260	$ 18,039	$ 646

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;

Whether dividends have been reduced or eliminated, or scheduled interest payments on debt securities have not been made; and

Any other relevant available information.

If an unrealized loss is considered other-than-temporary, the credit component of the unrealized loss is recognized in earnings and the non-credit component is recognized in accumulated other comprehensive income, to the extent that 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.

BB&T evaluates credit impairment related to mortgage-backed securities using a number of different expected cash flow models. These models reflect differing approaches to estimating the expected future cash flows associated with a given security, with certain models giving greater consideration to long-term macroeconomic factors that are applied to current security default rates, prepayment rates and recovery rates, while other models produce results that are more heavily influenced by current security-level performance. All of these models provide estimates of the expected cash flows on the underlying mortgage pools using security-specific structure information over the expected life of the security. These models estimate cash flows from the underlying mortgage loan pools and distribute those cash flows to the various tranches within the securitization considering the transaction structure, which may include subordination features and/or credit enhancements. Management reviews the results of these cash flow models and assigns probability weightings to each model based on an assessment of the current performance of the underlying securities, prevailing economic conditions and historical payment experience.

During the three and six months ended June 30, 2011, BB&T realized principal losses on certain other-than-temporarily impaired securities totaling approximately $6 million. Based on its consideration of the timing and extent of these losses, combined with prevailing economic conditions, BB&T determined that its cash flow modeling should give greater weighting to current security-level performance and give less weighting to modeling that relies more heavily on long-term economic factors. This change in probability-weighting resulted in the majority of the credit losses on securities for which OTTI had been previously recognized.

On June 30, 2011, 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 June 30, 2011, all of the available-for-sale debt securities in an unrealized loss position for more than 12 months, excluding those covered by FDIC loss sharing agreements, were investment grade with the exception of two municipal bonds with an amortized cost of $8 million and ten non-agency mortgage-backed securities with an amortized cost of $521 million. At June 30, 2011, the total unrealized loss on these non-investment grade securities was $98 million. All of the non-investment grade securities referenced above were initially investment grade and have been downgraded since purchase. Based on its evaluation at June 30, 2011, 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. 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.

The following table presents non-investment grade securities with significant unrealized losses that are not covered by a loss sharing arrangement and the credit loss component of OTTI recognized to date:

	June 30, 2011			
	Amortized Cost	Fair Value	Unrealized Loss	Credit Loss Recognized
	(Dollars in millions)			
Security				
RMBS 1	$ 91	$ 59	$ (32)	$ (10)
RMBS 2	118	100	(18)	(25)
RMBS 3	102	88	(14)	(3)

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NOTE 3. Loans and Leases

The following table provides a breakdown of BB&T s loan portfolio as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
	(Dollars in millions)	
Loans and leases, net of unearned income:		
Commercial:		
Commercial and industrial	$ 34,166	$ 34,050
Commercial real estate other	11,134	11,439
Commercial real estate residential ADC (1)	2,689	3,397
Direct retail lending	13,679	13,749
Sales finance	7,236	7,050
Revolving credit	2,091	2,127
Residential mortgage	18,372	17,550
Specialized lending	8,464	7,953
Other acquired	50	58
Total loans and leases held for investment (excluding covered loans)	97,881	97,373
Covered	5,504	6,194
Total loans and leases held for investment	103,385	103,567
Loans held for sale	1,965	3,697
Total loans and leases	$ 105,350	$ 107,264

(1) Commercial real estate residential ADC represents residential acquisition, development and construction loans.
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.

The following table reflects the carrying value of all purchased impaired and nonimpaired loans, and the related allowance, as of June 30, 2011 and December 31, 2010:

	June 30, 2011			December 31, 2010		
	Purchased Impaired Loans	Purchased Nonimpaired Loans	Total	Purchased Impaired Loans	Purchased Nonimpaired Loans	Total
	(Dollars in millions)					
Residential mortgage	$ 700	$ 678	$ 1,378	$ 733	$ 713	$ 1,446
Commercial real estate	1,728	1,826	3,554	2,031	1,982	4,013
Commercial	89	483	572	91	644	735
Total covered	2,517	2,987	5,504	2,855	3,339	6,194

Other acquired	2	48	50	3	55	58
Total	2,519	3,035	5,554	2,858	3,394	6,252
Allowance for loan losses	(114)	(45)	(159)	(90)	(54)	(144)
Net	$ 2,405	$ 2,990	$ 5,395	$ 2,768	$ 3,340	$ 6,108

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Changes in the carrying amount and accretable yield for purchased impaired and nonimpaired loans, excluding loans held for sale, were as follows for the six months ended June 30, 2011 and the year ended December 31, 2010:

	June 30, 2011				December 31, 2010			
	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	$ 835	$ 2,858	$ 1,611	$ 3,394	$ 889	$ 3,666	$ 1,301	$ 4,476
Additions								
Accretion	(187)	187	(355)	355	(459)	459	(483)	483
Reclassifications from nonaccretable balance, net	135		475		405		793	
Payments received, net		(526)		(714)		(1,267)		(1,565)
Balance at end of period	$ 783	$ 2,519	$ 1,731	$ 3,035	$ 835	$ 2,858	$ 1,611	$ 3,394

The outstanding unpaid principal balance for all purchased impaired loans as of June 30, 2011 and December 31, 2010 was $3.2 billion and $3.8 billion, respectively. The outstanding unpaid principal balance for all purchased nonimpaired loans as of June 30, 2011 and December 31, 2010 was $4.3 billion and $5.0 billion, respectively.

At June 30, 2011 and December 31, 2010, 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 loan 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 a summary of BB&T s nonperforming loans and loans 90 days or more past due and still accruing as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
	(Dollars in millions)	
Nonaccrual loans and leases:		
Held for investment (1)	$ 2,061	$ 2,149
Held for sale	116	521
Total nonaccrual loans and leases (1)	2,177	2,670
Foreclosed real estate (2)	1,147	1,259
Other foreclosed property	29	42
Total foreclosed property (2)	1,176	1,301
Total nonperforming assets (excluding covered assets) (1)(2)	$ 3,353	$ 3,971

Loans 90 days or more past due and still accruing (excluding covered loans) (3)(4)(5)	$ 203	$ 295

(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 90 days or more and still accruing are noted below.

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(2) Excludes foreclosed real estate totaling $348 million and $313 million as of June 30, 2011 and December 31, 2010, respectively, that is covered by FDIC loss sharing agreements.
(3) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase totaling $389 million and $425 million as of June 30, 2011 and December 31, 2010, respectively.
(4) Excludes loans past due 90 days or more that are covered by FDIC loss sharing agreements totaling $935 million and $1.1 billion as of June 30, 2011 and December 31, 2010, respectively.
(5) Excludes mortgage loans past due 90 days or more that are government guaranteed totaling $162 million and $153 million as of June 30, 2011 and December 31, 2010, respectively.

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) as of June 30, 2011 and December 31, 2010:

	June 30, 2011	December 31, 2010
	(Dollars in millions)	
Performing restructurings:		
Commercial:		
Commercial and industrial	$ 100	$ 205
Commercial real estate other	153	280
Commercial real estate residential ADC	105	172
Direct retail lending	143	141
Sales finance	6	5
Revolving credit	62	62
Residential mortgage (1)(2)	570	585
Specialized lending	39	26
Total performing restructurings (1)(2)	1,178	1,476
Nonperforming restructurings (3)(4)	381	479
Total restructurings (1)(2)(3)(4)(5)	$ 1,559	$ 1,955

(1) Excludes restructured mortgage loans held for investment that are government guaranteed totaling $160 million and $115 million at June 30, 2011 and December 31, 2010, respectively.
(2) Excludes restructured mortgage loans held for sale that are government guaranteed totaling $24 million and $14 million at June 30, 2011 and December 31, 2010, respectively.
(3) Nonperforming restructurings are included in nonaccrual loan disclosures.
(4) Includes approximately $20 million and $110 million of nonperforming restructurings included in loans held for sale at June 30, 2011 and December 31, 2010, respectively.
(5) All restructurings are considered impaired. The allowance for loan and lease losses attributable to these restructured loans totaled $321 million and $324 million at June 30, 2011 and December 31, 2010, respectively.

BB&T had commitments totaling $28 million and $64 million at June 30, 2011 and December 31, 2010, respectively, to lend additional funds to clients with loans whose terms have been modified in restructurings.

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NOTE 4. Allowance for Credit Losses

An analysis of the allowance for credit losses for the three and six months ended June 30, 2011 is presented in the following tables:

	Three Months Ended June 30, 2011				
	Beginning Balance	Charge-Offs	Recoveries (Dollars in millions)	Provision	Ending Balance
Commercial:					
Commercial and industrial	$ 535	$ (62)	$ 9	$ (8)	$ 474
Commercial real estate other	497	(81)	6	40	462
Commercial real estate residential ADC	421	(78)	7	32	382
Specialized lending	18	(2)	1	(4)	13
Retail:					
Direct retail lending	245	(66)	8	46	233
Revolving credit	105	(24)	5	17	103
Residential mortgage	328	(129)	1	147	347
Sales finance	43	(7)	3	3	42
Specialized lending	175	(41)	6	31	171
Covered and other acquired	144			15	159
Unallocated	130				130
Allowance for loan and lease losses	2,641	(490)	46	319	2,516
Reserve for unfunded lending commitments	50			9	59
Allowance for credit losses	$ 2,691	$ (490)	$ 46	$ 328	$ 2,575

	Six Months Ended June 30, 2011				
	Beginning Balance	Charge-Offs	Recoveries (Dollars in millions)	Provision	Ending Balance
Commercial:					
Commercial and industrial	$ 621	$ (140)	$ 13	$ (20)	$ 474
Commercial real estate other	446	(149)	9	156	462
Commercial real estate residential ADC	469	(149)	11	51	382
Specialized lending	21	(4)	2	(6)	13
Retail:					
Direct retail lending	246	(144)	17	114	233
Revolving credit	109	(51)	10	35	103
Residential mortgage	298	(183)	2	230	347
Sales finance	47	(17)	5	7	42
Specialized lending	177	(91)	11	74	171
Covered and other acquired	144			15	159
Unallocated	130				130

Allowance for loan and lease losses	2,708	(928)	80	656	2,516
Reserve for unfunded lending commitments	47			12	59
Allowance for credit losses	$ 2,755	$ (928)	$ 80	$ 668	$ 2,575

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An analysis of the allowance for credit losses for the three and six months ended June 30, 2010 is presented in the following tables:

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
	(Dollars in millions)	
Beginning balance	$ 2,759	$ 2,672
Provision for credit losses	650	1,225
Loans and leases charged-off	(671)	(1,180)
Recoveries of previous charge-offs	29	63
Net loans and leases charged-off	(642)	(1,117)
Other changes, net	(14)	(27)
Ending balance	$ 2,753	$ 2,753
Allowance for loan and lease losses	$ 2,723	$ 2,723
Reserve for unfunded lending commitments	30	30
Allowance for credit losses	$ 2,753	$ 2,753

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 June 30, 2011 and December 31, 2010:

	June 30, 2011 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 and industrial	$ 108	$ 366	$	$ 474
Commercial real estate other	93	369		462
Commercial real estate residential ADC	82	300		382
Specialized lending	1	12		13
Retail:				
Direct retail lending	32	201		233
Revolving credit	26	77		103
Residential mortgage	148	199		347
Sales finance	1	41		42
Specialized lending	17	154		171
Covered and other acquired		45	114	159
Unallocated		130		130

Total	$ 508	$ 1,894	$ 114	$ 2,516

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	June 30, 2011 Loans and Leases			
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans Acquired With Deteriorated Credit Quality	Total
	(Dollars in millions)			
Commercial:				
Commercial and industrial	$ 711	$ 33,455	$	$ 34,166
Commercial real estate other	620	10,514		11,134
Commercial real estate residential ADC	565	2,124		2,689
Specialized lending	6	3,616		3,622
Retail:				
Direct retail lending	174	13,505		13,679
Revolving credit	62	2,029		2,091
Residential mortgage	796	17,576		18,372
Sales finance	7	7,229		7,236
Specialized lending	38	4,804		4,842
Covered and other acquired		3,035	2,519	5,554
Total	$ 2,979	$ 97,887	$ 2,519	$ 103,385

	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 and industrial	$ 96	$ 525	$	$ 621
Commercial real estate other	63	383		446
Commercial real estate residential ADC	75	394		469
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

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	December 31, 2010 Loans and Leases			
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans Acquired With Deteriorated Credit Quality	Total
	(Dollars in millions)			
Commercial:				
Commercial and industrial	$ 708	$ 33,342	$	$ 34,050
Commercial real estate other	691	10,748		11,439
Commercial real estate residential ADC	684	2,713		3,397
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

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.

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.

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.

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The following tables illustrate the credit quality indicators associated with BB&T s loans and leases held for investment as of June 30, 2011 and December 31, 2010. Covered and other acquired loans are excluded from this analysis because their related allowance is determined by loan pool performance due to the application of the accretion method.

	June 30, 2011 Commercial			
	Commercial & Industrial	Commercial Real Estate -Other	Commercial Real Estate-Residential ADC	Specialized Lending
	(Dollars in millions)			
Investment grade	$ 8,212	$ 783	$ 45	$ 2,100
Near investment grade	17,095	4,493	385	868
Noninvestment grade performing	8,248	5,391	1,799	643
Noninvestment grade nonperforming (1)	611	467	460	11
Total (1)	$ 34,166	$ 11,134	$ 2,689	$ 3,622

	June 30, 2011 Retail				
	Direct Retail Lending	Revolving Credit	Residential Mortgage	Sales Finance	Specialized Lending
	(Dollars in millions)				
Performing	$ 13,507	$ 2,091	$ 18,080	$ 7,229	$ 4,801
Nonperforming	172		292	7	41
Total	$ 13,679	$ 2,091	$ 18,372	$ 7,236	$ 4,842

	December 31, 2010 Commercial			
	Commercial & Industrial	Commercial Real Estate-Other	Commercial Real Estate-Residential ADC	Specialized Lending
	(Dollars in millions)			
Investment grade	$ 8,358	$ 687	$ 35	$ 2,070
Near investment grade	16,637	4,618	512	756
Noninvestment grade performing	8,547	5,729	2,337	566
Noninvestment grade nonperforming (1)	508	405	513	11
Total (1)	$ 34,050	$ 11,439	$ 3,397	$ 3,403

December 31, 2010
Retail

	Direct Retail Lending	Revolving Credit	Residential Mortgage (Dollars in millions)	Sales Finance	Specialized Lending
Performing	$ 13,558	$ 2,127	$ 17,084	$ 7,044	$ 4,501
Nonperforming	191		466	6	49
Total	$ 13,749	$ 2,127	$ 17,550	$ 7,050	$ 4,550

(1) Excludes nonperforming commercial loans held for sale of $116 million and $521 million as of June 30, 2011 and December 31, 2010, respectively.

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The following tables represent aging analyses of BB&T s past due loans and leases held for investment as of June 30, 2011 and December 31, 2010:

June 30, 2011 Loans and Leases Excluding Covered (1)					
	Accruing Loans and Leases				
	Current	30-89 Days Past Due	90 Days Or More Past Due	Nonaccrual Loans And Leases (2)	Total Loans And Leases, Excluding Covered Loans
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 33,479	$ 72	$ 4	$ 611	$ 34,166
Commercial real estate other	10,628	35	4	467	11,134
Commercial real estate residential ADC	2,204	25		460	2,689
Specialized lending	3,587	17	7	11	3,622
Retail:					
Direct retail lending	13,294	154	59	172	13,679
Revolving credit	2,053	22	16		2,091
Residential mortgage (3)	17,324	504	252	292	18,372
Sales finance	7,140	68	21	7	7,236
Specialized lending	4,620	181		41	4,842
Other acquired	48		2		50
Total (2)(3)	$ 94,377	$ 1,078	$ 365	$ 2,061	$ 97,881

December 31, 2010 Loans and Leases Excluding Covered (1)					
	Accruing Loans and Leases				
	Current	30-89 Days Past Due	90 Days Or More Past Due	Nonaccrual Loans And Leases (2)	Total Loans And Leases, Excluding Covered Loans
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 33,371	$ 163	$ 8	$ 508	$ 34,050
Commercial real estate other	10,962	68	4	405	11,439
Commercial real estate residential ADC	2,792	84	8	513	3,397
Specialized lending	3,358	29	5	11	3,403
Retail:					
Direct retail lending	13,293	189	76	191	13,749
Revolving credit	2,079	28	20		2,127
Residential mortgage (3)	16,173	615	296	466	17,550
Sales finance	6,922	95	27	6	7,050
Specialized lending	4,281	219	1	49	4,550
Other acquired	54	1	3		58
Total (2)(3)	$ 93,285	$ 1,491	$ 448	$ 2,149	$ 97,373

(1) 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.

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(2) Excludes nonperforming commercial loans held for sale of $116 million and $521 million as of June 30, 2011 and December 31, 2010, respectively.

(3) Residential mortgage loans include $78 million and $83 million in government guaranteed loans past due 30-89 days, and $162 million and $153 million in government guaranteed loans past due greater than 90 days as of June 30, 2011 and December 31, 2010, respectively.

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 June 30, 2011 and December 31, 2010. The average balance of impaired loans and the interest income recognized while on impaired status are reported for the six months ended June 30, 2011.

	June 30, 2011				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(Dollars in millions)				
With No Related Allowance Recorded:					
Commercial:					
Commercial and industrial	$ 163	$ 237	$	$ 147	$
Commercial real estate other	143	194		141	
Commercial real estate residential ADC	181	317		206	
Specialized lending					
Retail:					
Direct retail lending	24	82		27	
Residential mortgage (1)	25	50		27	
Sales finance	1	1		2	
Specialized lending	2	4		6	
With An Allowance Recorded:					
Commercial:					
Commercial and industrial	548	581	108	445	2
Commercial real estate other	477	519	93	438	4
Commercial real estate residential ADC	384	418	82	317	2
Specialized lending	6	6	1	3	
Retail:					
Direct retail lending	150	159	32	138	4
Revolving credit	62	61	26	61	1
Residential mortgage (1)	611	626	133	594	14
Sales finance	6	7	1	4	
Specialized lending	36	38	17	22	1
Total (1)	$ 2,819	$ 3,300	$ 493	$ 2,578	$ 28

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	December 31, 2010		
	Recorded Investment	Unpaid Principal Balance (Dollars in millions)	Related Allowance
With No Related Allowance Recorded:			
Commercial:			
Commercial and industrial	$ 196	$ 267	$
Commercial real estate other	175	246	
Commercial real estate residential ADC	200	300	
Retail:			
Direct retail lending	22	69	
Residential mortgage (1)	25	50	
With An Allowance Recorded:			
Commercial:			
Commercial and industrial	512	534	96
Commercial real estate other	516	565	63
Commercial real estate residential ADC	484	556	75
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 (1)	$ 3,043	$ 3,532	$ 442

(1) Residential mortgage loans exclude $160 million and $115 million in government guaranteed loans and related allowance of $15 million and $14 million as of June 30, 2011 and December 31, 2010, respectively.

NOTE 5. Goodwill and Other Intangible Assets

The changes in the carrying amounts of goodwill attributable to each of BB&T s operating segments for the six months ended June 30, 2011 are reflected in the table below. To date, there have been no goodwill impairments recorded by BB&T.

	Community Banking	Residential Mortgage Banking	Sales Finance	Specialized Lending	Insurance Services	Financial Services	All Other	Total
				(Dollars in millions)				
Balance, January 1, 2011	$ 4,519	$ 7	$ 93	$ 104	$ 1,067	$ 192	$ 26	$ 6,008
Contingent consideration					8			8
Balance, June 30, 2011	$ 4,519	$ 7	$ 93	$ 104	$ 1,075	$ 192	$ 26	$ 6,016

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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:

	June 30, 2011			December 31, 2010		
	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	$ (462)	$ 164	$ 626	$ (438)	$ 188
Other (1)	752	(459)	293	752	(432)	320
Totals	$ 1,378	$ (921)	$ 457	$ 1,378	$ (870)	$ 508

(1) Other identifiable intangibles are primarily customer relationship intangibles.

NOTE 6. 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:

	June 30, 2011	December 31, 2010
	(Dollars in millions)	
Mortgage loans managed or securitized (1)	$ 22,963	$ 23,692
Less: Loans securitized and transferred to securities available for sale	4	4
Loans held for sale	1,745	3,068
Covered mortgage loans	1,378	1,446
Mortgage loans sold with recourse	1,464	1,624
Mortgage loans held for investment	$ 18,372	$ 17,550
Mortgage loans on nonaccrual status (2)	$ 292	$ 466
Mortgage loans 90 days past due and still accruing interest (2)	90	143
Mortgage loans net charge-offs (3)	181	390

(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. Refer to Note 3 for additional disclosures related to past due government guaranteed loans.
(3) Net charge-offs for June 30, 2011 reflect six months.

The unpaid principal balances of BB&T s total residential mortgage servicing portfolio were $86.8 billion and $83.6 billion at June 30, 2011 and December 31, 2010, respectively. The unpaid principal balances of residential mortgage loans serviced for others consist primarily of agency conforming fixed-rate mortgage loans and totaled $65.9 billion and $61.8 billion at June 30, 2011 and December 31, 2010, respectively.

Mortgage loans serviced for others are not included in loans on the accompanying Consolidated Balance Sheets.

During the six months ended June 30, 2011 and 2010, BB&T sold residential mortgage loans from the held for sale portfolio with unpaid principal balances of $8.6 billion and $8.7 billion, respectively, and recognized pre-tax gains of $61 million and $86 million, respectively, including the impact of interest rate lock commitments. These gains are recorded in noninterest income as a component of mortgage banking income. BB&T retained the related mortgage servicing rights and receives servicing fees.

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At June 30, 2011 and 2010, the approximate weighted average servicing fee was 0.34% and 0.36%, respectively, of the outstanding balance of the residential mortgage loans serviced for others. The weighted average coupon interest rate on the portfolio of mortgage loans serviced for others was 5.14% and 5.43% at June 30, 2011 and 2010, respectively. BB&T recognized servicing fees of $118 million and $111 million during the first six months of 2011 and 2010, respectively, as a component of mortgage banking income.

At June 30, 2011 and December 31, 2010, BB&T had $1.5 billion and $1.6 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 $557 million and $597 million as of June 30, 2011 and December 31, 2010, respectively. At June 30, 2011 and December 31, 2010, BB&T has recorded $7 million and $6 million, respectively of reserves related to these recourse exposures. Payments made to date have been immaterial.

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. BB&T has recorded $20 million and $15 million of reserves related to potential losses resulting from repurchases of loans sold at June 30, 2011 and December 31, 2010, respectively.

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 six months ended June 30, 2011 and 2010:

	Residential Mortgage Servicing Rights Six Months Ended June 30,	
	2011	2010
	(Dollars in millions)	
Carrying value, January 1,	$ 830	$ 832
Additions	126	122
Increase (decrease) in fair value:		
Due to changes in valuation inputs or assumptions	(20)	(227)
Other changes (1)	(57)	(62)
Carrying value, June 30,	$ 879	$ 665

(1) Represents the realization of expected net servicing cash flows, expected borrower payments and the passage of time.

During the second quarter of 2011, management revised its servicing costs assumption in the valuation of residential mortgage servicing rights. The impact of this change was a $10 million reduction in the value of residential mortgage servicing rights.

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BB&T uses assumptions and estimates in determining the fair value of mortgage servicing rights. Refer to Note 14 for additional disclosures related to the assumptions and estimates used in determining the fair value of residential mortgage servicing rights. At June 30, 2011, 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 June 30, 2011 (Dollars in millions)
Fair value of residential mortgage servicing rights	$	879
Composition of residential loans serviced for others:		
Fixed-rate mortgage loans		99%
Adjustable-rate mortgage loans		1
Total		100%
Weighted average life		5.9 yrs
Prepayment speed		11.7%
Effect on fair value of a 10% increase	$	(37)
Effect on fair value of a 20% increase		(70)
Weighted average discount rate		10.3%
Effect on fair value of a 10% increase	$	(36)
Effect on fair value of a 20% increase		(68)

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.

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 six months ended June 30, 2011 and 2010, Grandbridge originated $1.9 billion and $908 million, respectively, of commercial real estate mortgages, the majority of which were arranged for third party investors. As of June 30, 2011 and December 31, 2010, Grandbridge s portfolio of commercial real estate mortgages serviced for others totaled $24.4 billion and $24.1 billion, respectively. Commercial real estate mortgage loans serviced for others are not included in loans on the accompanying Consolidated Balance Sheets. Grandbridge had $4.5 billion and $4.4 billion in loans serviced for others that were covered by recourse provisions at June 30, 2011 and December 31, 2010, respectively. At both June 30, 2011 and December 31, 2010, Grandbridge s maximum exposure to loss for these loans was approximately $1.2 billion. BB&T has recorded $21 million and $19 million of reserves related to these recourse exposures at June 30, 2011 and December 31, 2010, respectively.

Commercial mortgage servicing rights are recorded as other assets on the Consolidated Balance Sheets at the lower of cost or market and amortized in proportion to and over the estimated period that net servicing

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Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

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 six months ended June 30, 2011 and 2010:

	Commercial Mortgage Servicing Rights Six Months Ended June 30, 2011	Commercial Mortgage Servicing Rights Six Months Ended June 30, 2010
	(Dollars in millions)	
Carrying value, January 1,	$ 103	$ 101
Additions	15	8
Amortization expense	(11)	(9)
Carrying value, June 30,	$ 107	$ 100

At June 30, 2011, 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 June 30, 2011 (Dollars in millions)
Fair value of commercial mortgage servicing rights	$ 124
Weighted average life	7.1yrs
Prepayment speed	0.0%
Weighted average discount rate	12.3%
Effect on fair value of a 10% increase	$ (4)
Effect on fair value of a 20% increase	(8)

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.

NOTE 7. Deposits

A summary of BB&T s deposits is presented in the accompanying table:

	June 30, 2011	December 31, 2010
	(Dollars in millions)	
Noninterest-bearing deposits	$ 22,507	$ 20,637
Interest checking	3,733	4,050
Other client deposits	56,921	54,040

Client certificates of deposit	20,399	21,317
Other interest-bearing deposits	4,504	7,169
Total deposits	$ 108,064	$ 107,213

Time deposits that are $100,000 and greater totaled $12.0 billion and $10.6 billion at June 30, 2011 and December 31, 2010, respectively.

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NOTE 8. Long-Term Debt

Long-term debt comprised the following:

	June 30, 2011	December 31, 2010
	(Dollars in millions)	
BB&T Corporation		
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	509	510
2.05% Senior Notes Due 2014 (1)	700	
Floating Rate Senior Notes Due 2014 (2)	300	
3.95% Senior Notes Due 2016	499	499
3.20% Senior Notes Due 2016 (1)	999	
6.85% Senior Notes Due 2019 (1)	538	538
6.50% Subordinated Notes Due 2011 (3)	611	610
4.75% Subordinated Notes Due 2012 (3)	490	490
5.20% Subordinated Notes Due 2015 (3)	932	932
4.90% Subordinated Notes Due 2017 (1)(3)	341	339
5.25% Subordinated Notes Due 2019 (1)(3)	586	586
Branch Bank		
Floating Rate Subordinated Notes Due 2016 (3)(4)	350	350
Floating Rate Subordinated Notes Due 2017 (3)(4)	261	261
4.875% Subordinated Notes Due 2013 (3)	222	222
5.625% Subordinated Notes Due 2016 (1)(3)	386	386
Federal Home Loan Bank Advances to Branch Bank (5)		
Varying maturities to 2034	9,889	10,243
Junior Subordinated Debt to Unconsolidated Trusts (6)	3,270	3,269
Other Long-Term Debt	108	123
Fair value hedge-related basis adjustments	639	622
Total Long-Term Debt	$ 23,380	$ 21,730

(1) These fixed rate notes were swapped to floating rates based on LIBOR. At June 30, 2011, the effective rates paid on these borrowings ranged from 0.94% to 3.69%.
(2) These floating-rate senior notes are based on LIBOR and had an effective rate of 0.97% at June 30, 2011.
(3) Subordinated notes that qualify under the risk-based capital guidelines as Tier 2 supplementary capital, subject to certain limitations.
(4) These floating-rate securities are based on LIBOR, but the majority of the cash flows have been swapped to a fixed rate. The effective rate paid on these securities including the effect of cash flow hedges was 3.25% at June 30, 2011.
(5) Certain of these advances have been swapped to floating rates from fixed rates and from fixed rates to floating rates. At June 30, 2011, the weighted average rate paid on these advances including the effect of hedges was 3.70%, and the weighted average maturity was 6.0 years.
(6) Securities that qualify under the risk-based capital guidelines as Tier 1 capital, subject to certain limitations. Refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 for additional information.

In March 2011, BB&T made the decision to retire all of its junior subordinated debt to unconsolidated trusts through the exercise of certain early redemption provisions. BB&T determined that it was appropriate to amortize the remaining debt issuance costs and related discounts or premiums, including fair value hedge adjustments, over the period from March 2011 to the expected redemption date for each of the impacted debt securities.

NOTE 9. Shareholders Equity

Common Stock

The authorized common stock of BB&T consists of two billion shares with a $5 par value. There were 697 million and 694 million common shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively.

Preferred Stock

The authorized preferred stock of BB&T consists of five million shares. At June 30, 2011 and December 31, 2010, there were no preferred shares outstanding.

Equity-Based Plans

At June 30, 2011, BB&T has 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 a plan assumed from an acquired entity. BB&T s shareholders have approved all equity-based compensation plans with the exception of the plan assumed from an acquired entity. As of June 30, 2011, the 2004 Plan is the only plan that has shares available for future grants. The 2004 Plan allows for accelerated vesting of awards for holders who retire and have met all retirement eligibility requirements and in connection with certain other events. Refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 for further disclosures related to equity-based awards issued by BB&T.

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 during the first six months of 2011 and 2010, respectively. Substantially all of BB&T s option awards are granted in February of each year. Therefore, the assumptions noted below are weighted accordingly:

	June 30,	
	2011	**2010**
Assumptions:		
Risk-free interest rate	1.7%	2.0%
Dividend yield	3.5	5.4
Volatility factor	37.2	36.0
Expected life	7.4 yrs	7.2 yrs
Fair value of options per share	$ 7.45	$ 5.60

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.

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The following table details the activity during the first six months of 2011 related to stock options awarded by BB&T:

	Six Months Ended June 30, 2011	
	Options	Wtd. Avg. Exercise Price
Outstanding at beginning of period	44,690,131	$ 35.06
Granted	3,755,975	27.73
Exercised	(33,198)	17.89
Forfeited or expired	(2,609,000)	36.30
Outstanding at end of period	45,803,908	34.40
Exercisable at end of period	34,303,021	$ 36.38

The following table details the activity during the first six months of 2011 related to restricted shares and restricted share units awarded by BB&T:

	Six Months Ended June 30, 2011	
	Shares/Units	Wtd. Avg. Grant Date Fair Value
Nonvested at beginning of period	13,283,786	$ 20.06
Granted	2,554,528	24.15
Vested	(1,803,878)	29.99
Forfeited	(325,913)	21.43
Nonvested at end of period	13,708,523	$ 19.48

NOTE 10. Accumulated Other Comprehensive Income (Loss)

The balances in accumulated other comprehensive income (loss) at June 30, 2011 and December 31, 2010 are shown in the following table:

	June 30, 2011			December 31, 2010		
	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	$ (572)	$ (213)	$ (359)	$ (587)	$ (219)	$ (368)
Unrealized net gains (losses) on cash flow hedges	(142)	(53)	(89)	(75)	(28)	(47)
Unrealized net gains (losses) on securities available for sale	195	73	122	(250)	(93)	(157)
Unrealized net gains (losses) on securities held to maturity (1)	(34)	(13)	(21)			
	(365)	(136)	(229)	(281)	(105)	(176)

FDIC s share of unrealized (gains) losses on securities available for sale under the loss share agreements (2)						
Foreign currency translation adjustment	(6)	(8)	2	(6)	(7)	1
Total	$ (924)	$ (350)	$ (574)	$ (1,199)	$ (452)	$ (747)

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(1) Represents unrealized losses on certain available for sale securities that were transferred to held to maturity classification. These losses are being amortized and recognized in net income over the remaining expected life of the underlying securities.

(2) Certain securities available for sale are covered by loss sharing agreements with the FDIC. The securities covered by the loss share agreements reflected a net unrealized pre-tax gain of $395 million and $305 million as of June 30, 2011 and December 31, 2010, respectively. The FDIC s share of this net unrealized pre-tax gain, upon sale, would have been $365 million and $281 million as of June 30, 2011 and December 31, 2010, respectively, and was recorded as a reduction in other comprehensive income.

As of June 30, 2011 and December 31, 2010, unrealized net losses on securities available for sale included $94 million and $115 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.

The following tables reflect the components of total comprehensive income (loss) for the three and six months ended June 30, 2011 and 2010:

	Three Months Ended June 30, 2011		
	Pre-Tax	Tax Effect	After-Tax
	(Dollars in millions)		
Comprehensive income:			
Net income	$ 418	$ 91	$ 327
Other comprehensive income:			
Unrealized net holding gains (losses) arising during the period on securities available for sale	277	103	174
Reclassification adjustment for (gains) losses on securities available for sale included in net income	2	1	1
Net change in amounts attributable to the FDIC under the loss share agreements	7	3	4
Net change in unrecognized gains (losses) on cash flow hedges	(82)	(31)	(51)
Net change in foreign currency translation adjustment			
Net change in pension and postretirement liability	7	3	4
Total comprehensive income	$ 629	$ 170	$ 459

	Three Months Ended June 30, 2010		
	Pre-Tax	Tax Effect	After-Tax
	(Dollars in millions)		
Comprehensive income:			
Net income	$ 249	$ 25	$ 224
Other comprehensive income:			
Unrealized net holding gains (losses) arising during the period on securities available for sale	551	209	342
Reclassification adjustment for (gains) losses on securities available for sale included in net income	(219)	(83)	(136)
Net change in amounts attributable to the FDIC under the loss share agreements	(82)	(31)	(51)
Net change in unrecognized gains (losses) on cash flow hedges	(145)	(55)	(90)
Net change in foreign currency translation adjustment	(1)	1	(2)
Net change in pension and postretirement liability	(13)	(5)	(8)
Total comprehensive income	$ 340	$ 61	$ 279

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	Six Months Ended June 30, 2011		
	Pre-Tax	Tax Effect (Dollars in millions)	After-Tax
Comprehensive income:			
Net income	$ 705	$ 144	$ 561
Other comprehensive income:			
Unrealized net holding gains (losses) arising during the period on securities available for sale	409	152	257
Reclassification adjustment for (gains) losses on securities available for sale included in net income	2	1	1
Net change in amounts attributable to the FDIC under the loss share agreements	(84)	(31)	(53)
Net change in unrecognized gains (losses) on cash flow hedges	(67)	(25)	(42)
Net change in foreign currency translation adjustment		(1)	1
Net change in pension and postretirement liability	15	6	9
Total comprehensive income	$ 980	$ 246	$ 734

	Six Months Ended June 30, 2010		
	Pre-Tax	Tax Effect (Dollars in millions)	After-Tax
Comprehensive income:			
Net income	$ 491	$ 73	$ 418
Other comprehensive income:			
Unrealized net holding gains (losses) arising during the period on securities available for sale	855	325	530
Reclassification adjustment for (gains) losses on securities available for sale included in net income	(216)	(82)	(134)
Net change in amounts attributable to the FDIC under the loss share agreements	(126)	(48)	(78)
Net change in unrecognized gains (losses) on cash flow hedges	(215)	(82)	(133)
Net change in foreign currency translation adjustment	(1)		(1)
Net change in pension and postretirement liability	(7)	(3)	(4)
Total comprehensive income	$ 781	$ 183	$ 598

NOTE 11. Income Taxes

BB&T s provision for income taxes was $91 million and $25 million for the three months ended June 30, 2011 and 2010, respectively. The provision for income taxes was $144 million and $73 million for the six months ended June 30, 2011 and 2010, respectively. The effective tax rates for the three months ended June 30, 2011 and 2010 were 21.8% and 10.0%, respectively. The effective tax rates for the six months ended June 30, 2011 and 2010 were 20.4% and 14.9%, respectively. The higher effective tax rates for the three and six months ended June 30, 2011 compared to 2010 are primarily due to higher levels of pre-tax income, which is subject to the marginal tax rate.

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

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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.

NOTE 12. 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 the components of net periodic benefit cost recognized for BB&T s pension plans for the three and six months ended June 30, 2011 and 2010, respectively:

	Pension Plans			
	Qualified Three Months Ended June 30,		Nonqualified Three Months Ended June 30,	
	2011	2010	2011	2010
	(Dollars in millions)			
Service cost	$ 27	$ 20	$ 1	$ 1
Interest cost	23	21	3	2
Estimated return on plan assets	(49)	(45)		
Amortization and other	6	6	1	
Net periodic benefit cost	$ 7	$ 2	$ 5	$ 3

	Pension Plans			
	Qualified Six Months Ended June 30,		Nonqualified Six Months Ended June 30,	
	2011	2010	2011	2010
	(Dollars in millions)			
Service cost	$ 53	$ 40	$ 3	$ 2
Interest cost	46	42	5	4
Estimated return on plan assets	(98)	(89)		
Amortization and other	13	11	2	1
Net periodic benefit cost	$ 14	$ 4	$ 10	$ 7

BB&T makes contributions to the qualified pension plan in amounts between the minimum required for funding standard accounts and the maximum amount deductible for federal income tax purposes. A discretionary contribution of $61 million was made to the qualified pension plan during the first six months of 2010. Management is not required to, and currently has no plans to, make a contribution to the qualified pension plan in 2011; however, such a contribution may be made during 2011, if deemed appropriate.

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NOTE 13. 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 related to certain sold loans.

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 June 30, 2011 and December 31, 2010, BB&T had issued letters of credit totaling $6.4 billion and $7.3 billion, respectively. The carrying amount of the liability for such guarantees was $42 million and $41 million at June 30, 2011 and December 31, 2010, respectively.

A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or interest rate. For additional disclosures related to BB&T s derivatives refer to Note 15.

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 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 position 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. However, based on recent payouts and current projections, any payments made in relation to these agreements are not expected to be material to BB&T s results of operations, financial position or cash flows.

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, other real estate owned (OREO), certain investment securities and other assets (collectively, covered assets), begins with the first dollar of loss incurred. For additional information about the terms of the loss sharing agreements refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010.

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

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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 June 30, 2011 and December 31, 2010, BB&T had investments of $1.2 billion 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 $296 million and $334 million at June 30, 2011 and December 31, 2010, respectively, which are included as other liabilities on the Consolidated Balance Sheets. As of June 30, 2011 and December 31, 2010, BB&T had outstanding loan commitments to these funds of $187 million and $135 million, respectively. Of these amounts, $63 million and $36 million had been funded at June 30, 2011 and December 31, 2010, 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 at June 30, 2011 and December 31, 2010.

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. BB&T also issues standard representations and warranties related to mortgage loan sales to government-sponsored entities. Refer to Note 6 for additional disclosures related to these exposures.

BB&T has investments and future funding commitments to certain venture capital funds. As of June 30, 2011 and December 31, 2010, BB&T had investments of $247 million and $266 million related to these ventures, respectively. As of June 30, 2011 and December 31, 2010, BB&T had future funding commitments of $159 million and $185 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 initially denied motions by the Company to dismiss these cases and compel them to be submitted to individual arbitration. The Company then filed appeals in all three matters. There have been numerous subsequent procedural developments, and at present the issues raised by these motions and/or appeals remain pending. If the motions or appeals are granted, they 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 preliminary proceedings and no damages have been specified, no specific loss or range of loss can currently be determined.

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

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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.

NOTE 14. 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.

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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		
	6/30/2011	Level 1	Level 2	Level 3
			(Dollars in millions)	
Assets:				
Trading securities	$ 564	$ 204	$ 359	$ 1
Securities available for sale:				
GSE securities	78		78	
Mortgage-backed securities issued by GSE	15,231		15,231	
States and political subdivisions	1,822		1,822	
Non-agency mortgage-backed securities	424		424	
Other securities	197	194	3	
Covered securities	1,657		594	1,063
Loans held for sale (1)	1,849		1,849	
Residential mortgage servicing rights	879			879
Derivative assets: (2)				
Interest rate contracts	936		923	13
Foreign exchange contracts	4		4	
Venture capital and similar investments (2)(3)	247			247
Total assets (1)	$ 23,888	$ 398	$ 21,287	$ 2,203
Liabilities:				
Derivative liabilities: (2)				
Interest rate contracts	$ 966	$ 1	$ 955	$ 10
Foreign exchange contracts	3		3	
Short-term borrowed funds (4)	268		268	
Total liabilities	$ 1,237	$ 1	$ 1,226	$ 10

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	12/31/2010	Fair Value Measurements for Assets and Liabilities Measured on a Recurring Basis Level 1	Level 2	Level 3
		(Dollars in millions)		
Assets:				
Trading securities	$ 633	$ 276	$ 346	$ 11
Securities available for sale:				
GSE securities	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	515		515	
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 (1)	$ 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

(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.

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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.

GSE securities and Mortgage-backed securities issued by GSE: These are debt securities issued by U.S. 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, current bids and offers, monthly payment information and collateral performance.

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, municipal securities and non-agency mortgage-backed 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.

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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.

The tables below present reconciliations for the three and six months ended June 30, 2011 and 2010, respectively, for Level 3 assets and liabilities that are measured at fair value on a recurring basis.

	Fair Value Measurements Using Significant Unobservable Inputs						
Three Months Ended June 30, 2011	**Trading**	**States & Political Subdivisions**	**Other Securities**	**Covered Securities**	**Mortgage Servicing Rights**	**Net Derivatives**	**Venture Capital and Similar Investments**
				(Dollars in millions)			
Balance at April 1, 2011	$ 1	$ 52	$	$ 1,059	$ 928	$ 7	$ 272
Total realized and unrealized gains or losses:							
Included in earnings:							
Interest income				8			
Mortgage banking income					(89)	43	
Other noninterest income							7
Included in other comprehensive income (loss)				(4)			
Purchases	2						7
Issuances					40	10	
Sales	(9)						(30)
Settlements	7	(52)				(57)	(6)
Transfers into Level 3							1
Transfers out of Level 3							(4)
Balance at June 30, 2011	$ 1	$	$	$ 1,063	$ 879	$ 3	$ 247
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at June 30, 2011	$	$	$	$ 8	$ (60)	$ 3	$ 5

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Three Months Ended June 30, 2010	Trading	States & Political Subdivisions	Other Securities	Covered Securities	Mortgage Servicing Rights	Net Derivatives	Venture Capital and Similar Investments
	Fair Value Measurements Using Significant Unobservable Inputs (Dollars in millions)						
Balance at April 1, 2010	$ 19	$ 201	$ 9	$ 726	$ 875	$ 1	$ 261
Total realized and unrealized gains or losses:							
Included in earnings:							
Interest Income				18			
Mortgage banking income					(263)	36	
Other noninterest income							6
Included in other comprehensive income (loss)		(2)	(1)	74			
Purchases, issuances and settlements	(8)	(46)			53	11	5
Transfers into Level 3							
Transfers out of Level 3		(17)					
Balance at June 30, 2010	$ 11	$ 136	$ 8	$ 818	$ 665	$ 48	$ 272
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at June 30, 2010	$	$	$	$ 18	$ (232)	$ 48	$ 4

Six Months Ended June 30, 2011	Trading	States & Political Subdivisions	Other Securities	Covered 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, 2011	$ 11	$ 119	$ 7	$ 954	$ 830	$ (25)	$ 266
Total realized and unrealized gains or losses:							
Included in earnings:							
Interest income				26			
Mortgage banking income					(77)	26	
Other noninterest income	(3)						15
Included in other comprehensive income (loss)		(9)	(1)	83			
Purchases	2						12
Issuances					126	21	
Sales	(9)						(36)
Settlements		(53)	(1)			(19)	(7)
Transfers into Level 3							1
Transfers out of Level 3		(57)	(5)				(4)
Balance at June 30, 2011	$ 1	$	$	$ 1,063	$ 879	$ 3	$ 247
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at June 30, 2011	$	$	$	$ 26	$ (20)	$ 3	$ 12

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	Fair Value Measurements Using Significant Unobservable Inputs						
Six Months Ended June 30, 2010	**Trading**	**States & Political Subdivisions**	**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				34			
Mortgage banking income					(289)	53	
Other noninterest income							9
Included in other comprehensive income (loss)		(1)	(1)	116			
Purchases, issuances and settlements	(6)	(56)			122	15	(18)
Transfers into Level 3							
Transfers out of Level 3	(76)	(17)					
Balance at June 30, 2010	$ 11	$ 136	$ 8	$ 818	$ 665	$ 48	$ 272
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at June 30, 2010	$	$	$	$ 34	$ (227)	$ 48	$ 3

BB&T s policy is to recognize transfers in and transfers out of Levels 1, 2 and 3 as of the end of a reporting period. During the first six months of 2011, BB&T transferred certain state and political subdivision securities out of Level 3 as a result of management s decision to reclassify them from available for sale to held to maturity classification which is not recorded at fair value. During the first six months of 2010, BB&T transferred certain non-agency mortgage-backed securities from Level 3 to Level 2 as a result of increased observable market activity for these securities. There were no gains or losses recognized as a result of the transfers of securities during the six months ended June 30, 2011 or 2010. There were no significant transfers of securities between Level 1 and Level 2 for the six months ended June 30, 2011 or 2010.

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 June 30, 2011, 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 June 30, 2011.

The net realized and unrealized gains (losses) reported for mortgage servicing rights assets includes an adjustment reducing the value $60 million and the realization of expected residential mortgage servicing rights cash flows of $29 million for the three months June 30, 2011. For the quarter ended June 30, 2010, the net realized and unrealized gains (losses) reported for mortgage servicing rights assets includes an adjustment reducing the value $232 million and the realization of expected residential mortgage servicing rights cash flows of $31 million. BB&T uses various derivative financial instruments to mitigate the income statement effect of changes in fair value. During the three months ended June 30, 2011 and 2010, the derivative instruments produced gains of $59 million and $241 million, respectively, which offset the valuation adjustments recorded.

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For the six months ended June 30, 2011 and 2010, the net realized and unrealized gains (losses) reported for mortgage servicing rights assets includes an adjustment reducing the value $20 million and $227 million, respectively, and the realization of expected residential mortgage servicing rights cash flows of $57 million and $62 million, respectively. The various derivative financial instruments used to mitigate the income statement effect of changes in fair value produced gains of $20 million and $240 million for the six months ended June 30, 2011 and 2010, respectively, which offset the valuation adjustments recorded.

The following table details the fair value and unpaid principal balance of loans held for sale at June 30, 2011 and December 31, 2010 that were elected to be carried at fair value.

	June 30, 2011			December 31, 2010		
	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)	$ 1,849	$ 1,820	$ 29	$ 3,176	$ 3,192	$ (16)
Nonaccrual loans						
Loans 90 days or more past due and still accruing interest	1	1		1	1	

(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 periods ended June 30, 2011 and December 31, 2010 that were still held on the balance sheet at June 30, 2011 and December 31, 2010 totaled $2.0 billion. The June 30, 2011 amount consists of $776 million of impaired loans, excluding covered loans, and $1.2 billion of foreclosed real estate, excluding covered foreclosed real estate, that were classified as Level 3 assets. 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. During the three months ended June 30, 2011 and 2010, BB&T recorded $119 million and $256 million, respectively, in losses related to write-downs of impaired loans and $85 million and $193 million, respectively, in losses related to write-downs of foreclosed real estate. For the six months ended June 30, 2011 and 2010, BB&T recorded $222 million and $415 million, respectively, in losses related to write-downs of impaired loans and $171 million and $318 million, respectively, in losses related to write-downs of foreclosed real estate. These write-downs include periodic revaluations of the collateral underlying impaired loans and foreclosed real estate. The periodic revaluations are generally based on the appraised value of the property. BB&T s policies require that valuations be updated at least annually and that upon foreclosure, the valuation must not be aged greater than six months old, otherwise an updated appraisal is required.

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 June 30, 2011, approximately $116 million of loans held for sale are being valued on BB&T s consolidated balance sheet at the lower of cost or market.

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.

Securities held to maturity: The fair values of securities held to maturity are based on a market approach using observable inputs such as benchmark yields and securities, TBA prices, reported trades, issuer spreads, current bids and offers, monthly payment information and collateral performance.

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, which are deemed to be indicative of orderly transactions 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.

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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:

	June 30, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in millions)			
Financial assets:				
Securities held to maturity (1)	$ 8,552	$ 8,605	$	$
Loans and leases (2)(3)	100,985	99,915	101,380	100,360
Financial liabilities:				
Deposits	108,064	105,416	107,213	104,091
Long-term debt	23,380	24,421	21,730	22,733

(1) The carrying value excludes amounts deferred in other comprehensive income resulting from the transfer of securities available for sale to securities held to maturity. Refer to Note 10 for additional disclosures.
(2) Includes loans held for sale carried at the lower of cost or market.
(3) The carrying value is net of the allowance for loan and lease losses.

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:

	June 30, 2011		December 31, 2010	
	Notional/ Contract Amount	Fair Value	Notional/ Contract Amount	Fair Value
	(Dollars in millions)			
Contractual commitments:				
Commitments to extend, originate or purchase credit	$ 38,703	$ 68	$ 36,917	$ 65
Residential mortgage loans sold with recourse	1,464	7	1,624	6
Other loans sold with recourse	4,535	21	4,352	19
Letters of credit and financial guarantees written	6,387	42	7,291	41
Commitments to fund affordable housing investments	296	280	334	316

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Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

NOTE 15. 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

		June 30, 2011			December 31, 2010		
			Fair Value			Fair Value	
	Hedged Item or Transaction	Notional Amount	Gain (1)	Loss (1)	Notional Amount	Gain (1)	Loss (1)
		(Dollars in millions)					
Cash Flow Hedges (2):							
Interest rate contracts:							
Pay fixed swaps	3 month LIBOR funding	$ 5,950	$ 3	$ (222)	$ 5,950	$ 6	$ (181)
Caps	3 month LIBOR funding				200		
Total		5,950	3	(222)	6,150	6	(181)
Net Investment Hedges:							
Foreign exchange contracts		73	1		73		(2)
Total		73	1		73		(2)
Fair Value Hedges:							
Interest rate contracts:							
Receive fixed swaps and option trades	Long-term debt	4,571	119		1,160	25	
Pay fixed swaps	Commercial loans	89		(1)	54		
Pay fixed swaps	Municipal securities	355		(78)	355		(75)
Total		5,015	119	(79)	1,569	25	(75)
Not Designated as Hedges:							
Client-related and other risk management							
Interest rate contracts:							
Receive fixed swaps		9,346	501	(5)	9,696	496	(10)
Pay fixed swaps		9,265	8	(536)	9,514	12	(530)
Other swaps		2,944	2	(1)	3,328	2	(3)
Option trades		889	29	(31)	897	29	(30)
Futures contracts		690			1,747	1	
Risk Participations		202			180		
Foreign exchange contracts		376	3	(3)	436	7	(4)
Total		23,712	543	(576)	25,798	547	(577)
Mortgage Banking							
Interest rate contracts:							
Receive fixed swaps		89	3		11		
Pay fixed swaps		16		(1)	35		
Interest rate lock commitments		2,762	13	(10)	3,922	12	(37)
When issued securities, forward rate agreements and forward commitments		3,723	11	(18)	7,717	106	(27)
Option trades		500	3		400	11	
Futures contracts		24			13	1	

Total	7,114	30	(29)	12,098	130	(64)
Mortgage Servicing Rights						
Interest rate contracts:						
Receive fixed swaps	3,088	34	(17)	3,225	13	(61)
Pay fixed swaps	2,889	9	(37)	2,536	15	(7)
Option trades	6,515	192	(8)	6,095	192	(11)
Futures contracts	1,342		(1)	4,260		(10)
When issued securities, forward rate agreements and forward commitments	2,362	9		3,582	5	(14)
Total	16,196	244	(63)	19,698	225	(103)
Total nonhedging derivatives	47,022	817	(668)	57,594	902	(744)
Total Derivatives	$ 58,060	$ 940	$ (969)	$ 65,386	$ 933	$ (1,002)

(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.
(2) Cash flow hedges are hedging the first unhedged forecasted settlements associated with the listed hedged item descriptions.

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Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

The Effect of Derivative Instruments on the Consolidated Statements of Income

Three Months Ended June 30, 2011 and 2010

	Gain or (Loss) Recognized in OCI		Effective Portion			Ineffective Portion		
	2011	2010	Location of Amounts Reclassified from AOCI into Income	(Gain) or Loss Reclassified from AOCI into Income 2011	2010	Location of Amounts Recognized in Income	Gain or (Loss) Recognized in Income (1) 2011	2010
				(Dollars in millions)				
Cash Flow Hedges								
Interest rate contracts	$ (90)	$ (137)	Total interest income	$ (6)	$ (12)	Other noninterest income	$	$
			Total interest expense	14	4			
				$ 8	$ (8)			
Net Investment Hedges								
Foreign exchange contracts	$ (1)	$ 4		$	$		$	$

	Effective Portion			Ineffective Portion		
	Location of Amounts Recognized in Income	Gain or (Loss) Recognized in Income 2011	2010	Location of Amounts Recognized in Income	Gain or (Loss) Recognized in Income (1) 2011	2010
		(Dollars in millions)				
Fair Value Hedges						
Interest rate contracts	Total interest expense	$ 92	$ 45	Other noninterest income	$	$ (2)
Interest rate contracts	Total interest income	(5)	(5)			
Total		$ 87	$ 40			
Not Designated as Hedges						
Client-related and other risk management						
Interest rate contracts	Other noninterest income	$ 1	$ (3)			
Foreign exchange contracts	Other nondeposit fees and commissions	2	2			
Mortgage Banking Interest rate contracts	Mortgage banking income	(2)	(27)			
Mortgage Servicing Rights Interest rate contracts	Mortgage banking income	59	241			
Total		$ 60	$ 213			

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.

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BB&T Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

The Effect of Derivative Instruments on the Consolidated Statements of Income

Six Months Ended June 30, 2011 and 2010

	Gain or (Loss) Recognized in OCI		Effective Portion			Ineffective Portion		
	2011	2010	Location of Amounts Reclassified from AOCI into Income	(Gain) or Loss Reclassified from AOCI into Income 2011	2010	Location of Amounts Recognized in Income	Gain or (Loss) Recognized in Income (1) 2011	2010
				(Dollars in millions)				
Cash Flow Hedges								
Interest rate contracts	$ (81)	$ (196)	Total interest income	$ (13)	$ (28)	Other noninterest income	$	$
			Total interest expense	27	9			
				$ 14	$ (19)			
Net Investment Hedges								
Foreign exchange contracts	$ (3)	$ 1		$	$		$	$

	Effective Portion			Ineffective Portion		
	Location of Amounts Recognized in Income	Gain or (Loss) Recognized in Income 2011	2010	Location of Amounts Recognized in Income	Gain or (Loss) Recognized in Income (1) 2011	2010
		(Dollars in millions)				
Fair Value Hedges						
Interest rate contracts	Total interest expense	$ 136	$ 97	Other noninterest income	$ 1	$ (1)
Interest rate contracts	Total interest income	(10)	(10)			
Total		$ 126	$ 87			
Not Designated as Hedges						
Client-related and other risk management						
Interest rate contracts	Other noninterest income	$ (2)	$ (4)			
Foreign exchange contracts	Other nondeposit fees and commissions	4	3			
Mortgage Banking						
Interest rate contracts	Mortgage banking income	(62)	(47)			
Mortgage Servicing Rights Interest rate contracts	Mortgage banking income	20	240			
Total		$ (40)	$ 192			

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.

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 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.

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 six months ended June 30, 2011 and 2010, BB&T amortized approximately $(14) million and $19 million of unrecognized pre-tax gains (losses) from accumulated other comprehensive income (loss) into net interest income.

At June 30, 2011, BB&T had $142 million of unrecognized pre-tax losses on derivatives classified as cash flow hedges recorded in other comprehensive income (loss), compared to $75 million of unrecognized pre-tax losses at December 31, 2010. The estimated amount to be reclassified from other comprehensive income (loss) into earnings during the next 12 months is a loss totaling approximately $38 million. This includes active hedges and 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 six months ended June 30, 2011, 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 six months ended June 30, 2011 and 2010, BB&T terminated certain fair value hedges primarily related to its long-term debt and received proceeds of $16 million and $152 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 estimated remaining life. The proceeds from these terminations were included in cash flows from financing activities.

During the six months ended June 30, 2011 and 2010, BB&T recognized pre-tax benefits of $92 million and $24 million respectively through reductions of interest expense from previously unwound hedges.

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 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 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 six months ended June 30, 2011, BB&T recorded a gain totaling $20 million related to these derivatives which was offset by a decrease in the carrying value of mortgage servicing assets totaling $20 million. For the six months ended June 30, 2010, BB&T recognized a $240 million gain on these derivatives, which was offset by a negative $227 million valuation adjustment related to the mortgage servicing asset.

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 June 30, 2011 and December 31, 2010, 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 June 30, 2011 and December 31, 2010, accumulated other comprehensive income (loss) reflected unrecognized after-tax losses totaling $13 million and $11 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 counterparty exceed those payable to the same counterparty. BB&T addresses the risk of loss by subjecting counterparties to credit reviews and approvals similar to those used in making loans or other extensions of credit and by requiring collateral. Dealer counterparties operate under agreements to provide cash and/or liquid collateral when unsecured loss positions exceed certain negotiated limits.

As of June 30, 2011 BB&T had received cash collateral totaling $37 million related to derivatives in a gain position totaling $41 million and had posted collateral totaling $550 million including initial margin required by exchanges related to derivatives in a loss position totaling $524 million. As of December 31, 2010, BB&T had received cash collateral totaling $33 million, to cover derivatives in a gain position of similar value and had posted collateral totaling $605 million related to derivatives in a loss position totaling $612 million. In the event that BB&T s credit ratings had been downgraded below investment grade, the amount of collateral posted would have increased by $8 million and $10 million as of June 30, 2011 and December 31, 2010, respectively.

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After collateral postings are considered, BB&T had $6 million of unsecured positions in a gain with derivative dealers at June 30, 2011 and had collateral sufficient to secure derivatives in a gain at December 31, 2010. 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 derivative dealers at June 30, 2011 and December 31, 2010 was not material.

NOTE 16. Computation of Earnings Per Share

BB&T s basic and diluted earnings per share amounts for the three and six months ended June 30, 2011 and 2010 respectively, were calculated as follows:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(Dollars in millions, except per share data, shares in thousands)			
Basic Earnings Per Share:				
Net income available to common shareholders	$ 307	$ 210	$ 532	$ 398
Weighted average number of common shares	696,625	692,113	695,971	691,456
Basic earnings per share	$ 0.44	$ 0.30	$ 0.76	$ 0.58
Diluted Earnings Per Share:				
Net income available to common shareholders	$ 307	$ 210	$ 532	$ 398
Weighted average number of common shares	696,625	692,113	695,971	691,456
Add:				
Effect of dilutive outstanding equity-based awards	8,344	9,209	8,612	8,767
Weighted average number of diluted common shares	704,969	701,322	704,583	700,223
Diluted earnings per share	$ 0.44	$ 0.30	$ 0.76	$ 0.57

For the three months ended June 30, 2011 and 2010, the number of anti-dilutive awards was 41.0 million and 25.8 million shares, respectively. For the six months ended June 30, 2011 and 2010, the number of anti-dilutive awards was 41.1 million and 32.1 million shares, respectively.

NOTE 17. 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 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 GAAP. The

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Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

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.

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. During the first quarter of 2011, we refined the process related to allocating the economic provision between the Company s operating segments. This process refinement was designed to achieve a higher degree of correlation between the economic provision and the GAAP basis provision at the segment level, while at the same time providing management with a measure of operating performance that gives appropriate consideration to the risks inherent in each of the Company s operating segments.

Refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 for a description of internal accounting policies and the basis of segmentation, including a description of the segments presented in the accompanying tables.

The following tables disclose selected financial information with respect to BB&T s reportable business segments for the periods indicated:

BB&T Corporation

Reportable Segments

Three Months Ended June 30, 2011 and 2010

	Community Banking		Residential Mortgage Banking		Sales Finance		Specialized Lending		Insurance Services	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
					(Dollars in millions)					
Net interest income (expense)	$ 501	$ 445	$ 244	$ 242	$ 88	$ 99	$ 236	$ 222	$	$
Net funds transfer pricing (FTP)	427	529	(184)	(181)	(51)	(64)	(45)	(54)	(2)	(1)
Net interest income (expense) and FTP	928	974	60	61	37	35	191	168	(2)	(1)
Economic provision for loan and lease losses	112	439	143	187	3	(2)	28	14		
Noninterest income	308	327	62	98	1	1	42	30	297	283
Intersegment net referral fees (expense)	37	39			(4)	(3)				
Noninterest expense	536	638	72	66	9	8	78	71	211	202
Allocated corporate expenses	220	195	8	6	3	3	11	10	14	13
Income (loss) before income taxes	405	68	(101)	(100)	19	24	116	103	70	67
Provision (benefit) for income taxes	149	25	(38)	(38)	7	9	43	39	18	22
Segment net income (loss)	$ 256	$ 43	$ (63)	$ (62)	$ 12	$ 15	$ 73	$ 64	$ 52	$ 45
Identifiable segment assets (period end)	$ 58,877	$ 61,549	$ 21,619	$ 18,962	$ 7,040	$ 6,660	$ 9,104	$ 8,469	$ 1,273	$ 1,282

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Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

	Financial Services		Treasury		All Other Segments (1)		Parent/ Reconciling Items		Total BB&T Corporation	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Dollars in millions)									
Net interest income (expense)	$ 10	$ 10	$ (14)	$ 76	$ 50	$ 46	$ 239	$ 220	$ 1,354	$ 1,360
Net funds transfer pricing (FTP)	14	15	(75)	(157)	(47)	(45)	(37)	(42)		
Net interest income (expense) and FTP	24	25	(89)	(81)	3	1	202	178	1,354	1,360
Economic provision for loan and lease losses	(2)	8			1	11	43	(7)	328	650
Noninterest income	162	147		242	13	11	(98)	(100)	787	1,039
Intersegment net referral fees (expense)	3	3					(36)	(39)		
Noninterest expense	147	131	6	4	17	16	319	364	1,395	1,500
Allocated corporate expenses	4	4	2	1	1		(263)	(232)		
Income (loss) before income taxes	40	32	(97)	156	(3)	(15)	(31)	(86)	418	249
Provision (benefit) for income taxes	15	12	(56)	37	(14)	(18)	(33)	(63)	91	25
Segment net income (loss)	$ 25	$ 20	$ (41)	$ 119	$ 11	$ 3	$ 2	$ (23)	$ 327	$ 224
Identifiable segment assets (period end)	$ 4,062	$ 3,594	$ 33,084	$ 28,747	$ 7,071	$ 6,003	$ 17,180	$ 19,817	$ 159,310	$ 155,083

(1) Includes financial data from subsidiaries below the quantitative and qualitative thresholds requiring disclosure.

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Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

BB&T Corporation

Reportable Segments

Six Months Ended June 30, 2011 and 2010

	Community Banking		Residential Mortgage Banking		Sales Finance		Specialized Lending		Insurance Services	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Dollars in millions)									
Net interest income (expense)	$ 984	$ 873	$ 498	$ 480	$ 177	$ 198	$ 464	$ 433	$ 1	$ 1
Net funds transfer pricing (FTP)	855	1,097	(367)	(365)	(103)	(129)	(87)	(102)	1	2
Net interest income (expense) and FTP	1,839	1,970	131	115	74	69	377	331	2	3
Economic provision for loan and lease losses	326	745	227	367	8	(3)	69	97		
Noninterest income	509	631	137	176	1	1	85	61	546	533
Intersegment net referral fees (expense)	76	73			(7)	(6)				
Noninterest expense	1,080	1,223	138	122	16	16	152	139	409	403
Allocated corporate expenses	441	392	15	12	6	5	21	20	29	27
Income (loss) before income taxes	577	314	(112)	(210)	38	46	220	136	110	106
Provision (benefit) for income taxes	210	116	(42)	(79)	14	17	82	51	33	37
Segment net income (loss)	$ 367	$ 198	$ (70)	$ (131)	$ 24	$ 29	$ 138	$ 85	$ 77	$ 69
Identifiable segment assets (period end)	$ 58,877	$ 61,549	$ 21,619	$ 18,962	$ 7,040	$ 6,660	$ 9,104	$ 8,469	$ 1,273	$ 1,282

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Notes to Consolidated Financial Statements (Unaudited) Second Quarter 2011

	Financial Services		Treasury		All Other Segments (1)		Parent/ Reconciling Items		Total BB&T Corporation	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Dollars in millions)									
Net interest income (expense)	$ 19	$ 18	$ (82)	$ 212	$ 98	$ 88	$ 480	$ 371	$ 2,639	$ 2,674
Net funds transfer pricing (FTP)	37	39	(157)	(352)	(93)	(90)	(86)	(100)		
Net interest income (expense) and FTP	56	57	(239)	(140)	5	(2)	394	271	2,639	2,674
Economic provision for loan and lease losses	1	9			(7)	13	44	(3)	668	1,225
Noninterest income	320	287	(2)	260	26	23	(121)	(89)	1,501	1,883
Intersegment net referral fees (expense)	8	6					(77)	(73)		
Noninterest expense	292	262	10	9	33	33	637	634	2,767	2,841
Allocated corporate expenses	7	9	5	2	2	(3)	(526)	(464)		
Income (loss) before income taxes	84	70	(256)	109	3	(22)	41	(58)	705	491
Provision (benefit) for income taxes	31	26	(135)		(24)	(33)	(25)	(62)	144	73
Segment net income (loss)	$ 53	$ 44	$ (121)	$ 109	$ 27	$ 11	$ 66	$ 4	$ 561	$ 418
Identifiable segment assets (period end)	$ 4,062	$ 3,594	$ 33,084	$ 28,747	$ 7,071	$ 6,003	$ 17,180	$ 19,817	$ 159,310	$ 155,083

(1) Includes financial data from subsidiaries below the quantitative and qualitative thresholds requiring disclosure.

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Management s Discussion and Analysis Second Quarter 2011

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations
Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, regarding the financial condition, results of operations, business plans and the future performance of BB&T that 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. Words such as anticipates, believes, estimates, expects, forecasts, intends, plans, projects, may, will, should, and other sim intended to identify these forward-looking statements. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. Such factors include, but are not limited to, 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;

disruptions to the credit and financial markets, either nationally or globally, including the impact of the recent downgrade of U.S. government obligations by one of the credit ratings agencies and the adverse effects of the ongoing sovereign debt crisis in Europe;

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 BB&T s operations or the ability or willingness of BB&T s customers to access the financial services BB&T offers;

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.

These and other risk factors are more fully described in BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 under the section entitled Risk Factors Related to BB&T s Business, and from time to time, in other filings with the Securities and Exchange Commission (SEC). Readers are cautioned not to

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BB&T Corporation and Subsidiaries

Management s Discussion and Analysis Second Quarter 2011

place undue reliance on these forward-looking statements, which speak only as of the date of this report. Actual results may differ materially from those expressed in or implied by any forward-looking statements. Except to the extent required by applicable law or regulation, BB&T undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

Regulatory Considerations

BB&T and its subsidiaries and affiliates are subject to numerous examinations by federal and state banking regulators, as well as the SEC, the Financial Industry Regulatory Authority, 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. Refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 for additional disclosures with respect to laws and regulations affecting the Company s businesses.

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 (GAAP) 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 credit losses, 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 in BB&T s Annual Report on Form 10-K for the year ended December 31, 2010. Additional discussions regarding the effects of new accounting pronouncements are included in Note 1 Basis of Presentation included herein.

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 Credit Losses

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 loans and leases, 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.

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 June 30, 2011, the percentage of total assets and total liabilities measured at fair value on a recurring basis was 15.0% and less than 1%, respectively. The percentage of total assets measured at fair value declined from December 31, 2010 as a result of the transfer of securities available for sale to securities held to maturity during the first quarter of 2011. 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 June 30, 2011, 9.2% of assets measured at fair value on a recurring basis were based on significant unobservable inputs. This is approximately 1% of BB&T s total assets. See Note 14 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 June 30, 2011, 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 is almost entirely non-agency mortgage-backed securities that are covered by a loss sharing agreement with the FDIC.

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 results and updated projections. In addition, BB&T has approximately $13 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.

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 June 30, 2011, BB&T held $116 million of commercial loans accounted for at the lower of cost or market in the loans held for sale portfolio. These are nonaccrual loans that 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 June 30, 2011, BB&T had $247 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. Refer to Note 1 in the Notes to Consolidated Financial Statements in BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 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. While the excess of fair value over carrying value of some reporting units narrowed during the economic downturn, the results of BB&T s most recent annual goodwill impairment analysis indicated that the fair value of each reporting unit exceeded its respective carrying value by at least 20%.

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.

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.

EXECUTIVE SUMMARY

Consolidated net income for the second quarter of 2011 totaled $327 million, an increase of $103 million, or 46.0%, compared to $224 million earned during the second quarter of 2010. Consolidated net income available to common shareholders for the second quarter of 2011 totaled $307 million, an increase of $97 million, or 46.2%, compared to $210 million earned during the same period in 2010. On a diluted per common share basis, earnings for the three months ended June 30, 2011 were $0.44, compared to $0.30 for the same period in 2010, an increase of 46.7%. BB&T s results of operations for the second quarter of 2011 produced an annualized return on average assets of 0.83% and an annualized return on average common shareholders equity of 7.25% compared to prior year ratios of 0.56% and 5.01%, respectively.

Consolidated net income for the first six months of 2011 totaled $561 million, an increase of $143 million, or 34.2%, compared to $418 million earned during the first six months of 2010. Consolidated net income available to common shareholders for the first six months of 2011 totaled $532 million, an increase of $134 million, or 33.7%, compared to $398 million earned during the same period in 2010. On a diluted per common share basis, earnings for the six months ended June 30, 2011 were $0.76, compared to $0.57 for the same period in 2010, an increase of 33.3%. BB&T s results of operations for the first six months of 2011 produced an annualized return on average assets of 0.72% and an annualized return on average common shareholders equity of 6.38% compared to prior year ratios of 0.52% and 4.80%, respectively.

BB&T s net interest income decreased slightly compared to the second quarter of 2010. The net interest margin was 4.15% for the second quarter of 2011, up 3 basis points compared to the same period of 2010. The improvement in the net interest margin reflects lower funding costs and higher yields on loans acquired in the Colonial acquisition. Noninterest income declined 24.3% compared to the second quarter of 2010, primarily as a result of a decrease of $221 million from net securities gains and $27 million of losses and writedowns related to commercial loans held for sale in the current quarter. Excluding these items, noninterest income was relatively flat compared to the second quarter of 2010. Noninterest expenses were down $105 million, or 7.0%, in the second quarter of 2011 compared with the corresponding period of 2010 due primarily to declines in foreclosed property expenses and merger-related and restructuring charges. BB&T generated positive operating leverage in the second quarter of 2011 compared to the first quarter, and currently expects to produce positive operating leverage through the second half of 2011.

Asset quality improved significantly during the second quarter of 2011. Total nonperforming assets, excluding covered assets, were $3.4 billion at June 30, 2011, a decrease of $618 million, or 15.6%, compared to December 31, 2010. The decline this quarter is the fifth consecutive quarterly decline in nonperforming assets. The decline in nonperforming assets reflects a 24.9% decrease in inflows into nonaccrual status compared to the first quarter of 2011 and the continuation of the nonperforming asset disposition strategy that was initiated during the second quarter of 2010. The provision for credit losses for the second quarter of 2011 declined $322 million, or 49.5%, compared to the second quarter of 2010, as improving credit resulted in lower provision expense. Net charge-offs for the second quarter of 2011 were $198 million lower than the second quarter of 2010 and the level of nonperforming assets, loan delinquencies and the outlook for future credit losses continued to improve.

BB&T s total assets at June 30, 2011 were $159.3 billion, an increase of 1.4% compared to December 31, 2010. Total loans and leases at June 30, 2011 were $105.4 billion, a decrease of $1.9 billion, or 1.8%, compared to the balance at year-end. The majority of the decrease in total loans and leases was due to lower levels of loans held for sale, which declined $1.7 billion compared to December 31, 2010. Total loans and leases held for investment were $810 million higher as of June 30, 2011 compared to March 31, 2011. Securities available for sale decreased $3.8 billion compared to the balances at December 31, 2010, as growth from additional investments were partially offset by an $8.3 billion decline due to securities that were transferred to the held to maturity portfolio in the first quarter of 2011.

Total client deposits at June 30, 2011 were $103.6 billion, an increase of $3.5 billion, or 3.5%, from December 31, 2010. Total deposits, which include wholesale deposits sources, totaled $108.1 billion at June 30, 2011, an increase of 0.8% compared to December 31, 2010. The increase in client deposits was a result of strong growth in lower cost deposits, which more than offset a decline in higher-rate certificates of deposit. These changes resulted in an improvement in the deposit mix, with noninterest-bearing accounts representing 20.8% of total deposits at June 30, 2011, compared with 19.2% at December 31, 2010.

Total shareholders equity increased $551 million, or 3.3%, compared to December 31, 2010. The Tier 1 common ratio was 9.6% and 9.1% at June 30, 2011 and December 31, 2010, respectively. In addition, the Tier 1 risk-based capital and total risk-based capital ratios were 12.3% and 16.0% at June 30, 2011, respectively, compared to 11.8% and 15.5%, respectively, at December 31, 2010. BB&T s risk-based capital ratios remain well above regulatory standards for well-capitalized banks. As of June 30, 2011, measures of tangible capital were not required by the regulators and, therefore, were considered non-GAAP measures. Refer to the section titled Capital Adequacy and Resources herein for a discussion of how BB&T calculates and uses these measures in the evaluation of the Company.

Refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010, for additional information with respect to BB&T s recent accomplishments and significant challenges. The factors causing the fluctuations in the major balance sheet and income statement categories for the second quarter and first six months of 2011 compared to the corresponding periods of 2010 are further discussed in the following sections.

ANALYSIS OF FINANCIAL CONDITION

Securities

Securities available for sale totaled $19.4 billion at June 30, 2011, a decrease of $3.8 billion, or 16.2%, compared with December 31, 2010. During the first quarter of 2011, BB&T reclassified approximately $8.3 billion from securities available for sale to securities held to maturity. Management determined that it has both the positive intent and ability to hold these securities to maturity. The reclassification of these securities was accounted for at fair value. Management transferred these securities to mitigate possible negative impacts on its regulatory capital under the Basel III capital standards.

Average securities for the second quarter of 2011 were $27.1 billion, a decrease of $1.2 billion, or 4.4%, compared with the average balance during the second quarter of 2010. Average securities for the first six months of 2011 were $26.1 billion, a decrease of $4.6 billion, or 14.9%, compared to the average balance during the first six months of 2010. The decline in average securities reflects the deleveraging strategy executed during the second quarter of 2010. In connection with this strategy, management reduced the balance sheet by approximately $8 billion.

During the second quarter of 2011, management sold certain equity securities that were held in connection with various benefit plans. The sale of these securities produced a gain of $16 million. In addition, BB&T recognized other-than-temporary impairment charges of $18 million on certain non-agency mortgage-backed securities.

The annualized fully taxable equivalent (FTE) yield on the average securities portfolio for the second quarter of 2011 was 2.62%, which represents a decrease of 168 basis points compared to the annualized yield earned during the second quarter of 2010. The annualized FTE yield on the average securities portfolio for the first six months of 2011 was 2.60%, which also represents a decrease of 168 basis points compared to the annualized yield earned during the first six months of 2010. The decrease in the annualized FTE yield on the average securities portfolio was a result of management s efforts to deleverage and de-risk the portfolio during 2010. The securities purchased included floating rate and other securities with lower yields.

On June 30, 2011, 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 June 30, 2011, 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 two municipal bonds with an amortized cost of $8 million and ten non-agency mortgage-backed securities with an amortized cost of $521 million. At June 30, 2011, the total unrealized loss on these non-investment grade securities was $98 million. All of the non-investment grade securities referenced above were initially investment grade and have been downgraded since purchase.

See Note 2 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.

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. For the second quarter of 2011, average total loans were $104.3 billion, an increase of $377 million, or 0.4%, compared to the same period in 2010. For the first six months of 2011, average total loans were $104.8 billion, an increase of $601 million, or 0.6%, compared to the same period in 2010.

The following table presents the composition of average loans and leases for the three and six months ended June 30, 2011 and 2010, respectively:

Table 1

Composition of Average Loans and Leases

	Three Months Ended June 30,			
	2011		2010	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Commercial:				
Commercial and industrial	$ 33,647	32.2%	$ 31,691	30.5%
Commercial real estate other	11,287	10.8	12,223	11.7
Commercial real estate residential ADC	2,933	2.8	5,165	5.0
Direct retail lending	13,629	13.1	13,994	13.5
Sales finance	7,184	6.9	6,729	6.5
Revolving credit	2,070	2.0	2,002	1.9
Residential mortgage	18,311	17.5	15,586	15.0
Specialized lending	8,029	7.7	7,645	7.3
Other acquired	53	0.1	96	0.1
Total average loans and leases held for investment (excluding covered loans)	97,143	93.1	95,131	91.5
Covered	5,625	5.4	7,162	6.9
Total average loans and leases held for investment	102,768	98.5	102,293	98.4
Loans held for sale	1,573	1.5	1,671	1.6
Total average loans and leases	$ 104,341	100.0%	$ 103,964	100.0%

	Six Months Ended June 30,			
	2011		2010	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Commercial:				
Commercial and industrial	$ 33,540	32.0%	$ 31,596	30.3%
Commercial real estate other	11,328	10.8	12,259	11.8
Commercial real estate residential ADC	3,105	3.0	5,374	5.2
Direct retail lending	13,650	13.0	14,079	13.5
Sales finance	7,132	6.8	6,568	6.3
Revolving credit	2,077	2.0	1,997	1.9
Residential mortgage	18,120	17.3	15,522	14.9
Specialized lending	7,914	7.5	7,562	7.2
Other acquired	55	0.1	102	0.1
Total average loans and leases held for investment (excluding covered loans)	96,921	92.5	95,059	91.2
Covered	5,775	5.5	7,401	7.1

Total average loans and leases held for investment	102,696	98.0	102,460	98.3
Loans held for sale	2,119	2.0	1,754	1.7
Total average loans and leases	$ 104,815	100.0%	$ 104,214	100.0%

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Average commercial and industrial loans were up 6.2% for the second quarter and the first six months of 2011 compared to the corresponding periods of 2010. The increase in the commercial and industrial portfolio is largely a result of management s focused efforts at growing this component of the loan portfolio. Average commercial real estate residential, acquisition and development loans (ADC) declined $2.2 billion and $2.3 billion for the second quarter and first six months of 2011 compared to the same periods of 2010. The decline in this portfolio reflects management s decision to lower exposures to higher-risk real estate lending. The balance of the ADC portfolio was $2.7 billion as of June 30, 2011. Average commercial real estate other loans for the second quarter of 2011 declined 7.7% compared to the second quarter of 2010 and 7.6% for the first half of 2011 compared to the same period of 2010. The decline in this portfolio is primarily related to commercial land and construction lending.

Average direct retail loans declined 2.6% and 3.0% for the second quarter and the first six months of 2011, respectively, compared to the corresponding periods of 2010. This portfolio is primarily home equity loans and lines to individuals and has been negatively affected by the downturn in the residential real estate markets. In addition, the residential lot/land component of this portfolio has been declining, as management continues to reduce exposures to these types of loans. Demand for home equity loans improved during the second quarter of 2011, and end of period direct retail loans were higher as of June 30, 2011, compared to the March 31, 2011.

Average residential mortgage loans held for investment increased $2.7 billion, or 17.5%, for the second quarter and $2.6 billion, or 16.7%, for the first six months of 2011 compared to the corresponding periods of 2010. The vast majority of new residential mortgage originations were being sold in the secondary market until the third quarter of 2010 when BB&T began to retain a portion of its 10 to 15 year fixed-rate and adjustable-rate mortgage production.

Average sales finance loans increased 6.8% and 8.6% for the second quarter and the first six months of 2011 compared to the corresponding periods in 2010 as prime automobile lending continues to improve.

Average specialized lending loans increased 5.0% and 4.7% for the second quarter and the first six months of 2011, respectively, compared to the corresponding periods of 2010. The growth in the specialized lending portfolio was primarily in small ticket finance, nonprime automobile financing and equipment leasing.

Average loans held for sale decreased $98 million, or 5.9%, for the second quarter compared to the same period in 2010. Average loans held for sale increased $365 million, or 20.8%, for the first six months of 2011 compared to the same period in 2010 primarily because the current year includes commercial loan balances related to management s nonperforming asset disposition strategy.

The annualized FTE yield for the total loan portfolio for the second quarter of 2011 was 5.94% compared to 5.95% in the second quarter of 2010. The annualized FTE yield on the total loan portfolio for the first six months of 2011 was 5.94%, which reflects an increase of 14 basis points compared to the same period in 2010. The increase in the FTE yield on the total loan portfolio for the first six months of 2011 was primarily the result of the loans acquired in the Colonial acquisition, which have produced higher yields due to higher expected cash flows based on the quarterly cash flow reassessment process required by acquisition accounting. A significant portion of the increased yield is offset by a decrease in FDIC loss share income.

Average total loans held for investment increased an annualized 0.6% in the second quarter of 2011 compared to the first quarter of 2011. Management currently expects average total loans held for investment to increase in the range of 2% to 4% annualized for the third quarter of 2011 compared to the second quarter and for the fourth quarter compared to the third quarter, contingent on overall economic conditions remaining relatively stable.

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 June 30, 2011, approximately $886 million of BB&T s construction loan portfolio, excluding covered loans, have active interest reserves (i.e. current funding of interest charges through a reserve). Interest income related to loans with active interest reserves totaled approximately $16 million for the six months ended June 30, 2011, which represented less than 1% of total interest income.

Other Interest-Earning Assets

Average other interest-earning assets totaled $2.8 billion for the second quarter of 2011, compared to $3.1 billion for the same period of 2010. The decrease in average other interest-earning assets included decreases of $98 million in average securities purchased under resale agreements and $90 million in average FHLB stock compared to the second quarter of 2010. For the first six months of 2011, average other interest-earning assets increased slightly compared to the same period of 2010. The average yield on other interest-earning assets was 0.62% for the second quarter of 2011 compared to 0.57% for the second quarter of 2010. The average yield on other interest-earning assets was 0.71% for the first six months of 2011, compared to 0.56% for the same period in 2010.

Noninterest-Earning Assets

BB&T s other noninterest-earning assets, including premises and equipment, goodwill, core deposit and other intangible assets, residential mortgage servicing rights, FDIC loss share receivable and noninterest-bearing cash and due from banks, decreased $811 million from December 31, 2010 to June 30, 2011. The decline in this category was primarily due to a reduction in the FDIC loss share receivable of $476 million and a decline in income tax receivable of $327 million.

Deposits

Deposits totaled $108.1 billion at June 30, 2011, an increase of $851 million, or 0.8%, from December 31, 2010. Client deposits generated through the Community Banking segment are the largest source of funds used to support asset growth. Client deposits totaled $103.6 billion at June 30, 2011, an increase of $3.5 billion, or 3.5%, from December 31, 2010. The increase in client deposits was primarily due to increases in noninterest-bearing deposits and other client deposits, which include money market deposit accounts, savings accounts, individual retirement accounts and other time deposits, which was partially offset by a decline in client certificates of deposit. Other interest-bearing deposits, which are primarily Eurodollar deposits and negotiable certificates of deposits, declined $2.7 billion compared to December 31, 2010, as the strong growth in client deposits limited the need for these types of funding sources.

The following table presents the composition of average deposits for the three and six months ended June 30, 2011 and 2010:

Table 2

Composition of Average Deposits

	Three Months Ended June 30,			
	2011		2010	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Noninterest-bearing deposits	$ 22,151	20.8%	$ 19,346	18.1%
Interest checking	4,201	3.9	3,905	3.6
Other client deposits	56,618	53.2	50,207	47.0
Client certificates of deposit	20,408	19.2	28,745	26.8
Total client deposits	103,378	97.1	102,203	95.5
Other interest-bearing deposits	3,088	2.9	4,857	4.5
Total average deposits	$ 106,466	100.0%	$ 107,060	100.0%

	Six Months Ended June 30,			
	2011		2010	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Noninterest-bearing deposits	$ 21,574	20.3%	$ 18,907	17.3%
Interest checking	3,899	3.7	3,826	3.5
Other client deposits	56,266	53.0	50,955	46.8
Client certificates of deposit	20,742	19.6	29,784	27.3
Total client deposits	102,481	96.6	103,472	94.9
Other interest-bearing deposits	3,561	3.4	5,563	5.1
Total average deposits	$ 106,042	100.0%	$ 109,035	100.0%

Average deposits for the second quarter of 2011 decreased $594 million, or 0.6%, compared to the same period in 2010. Average client deposits for the second quarter of 2011 were $103.4 billion, up $1.2 billion, or 1.1%, compared to the second quarter of 2010. This includes a decline of $8.3 billion in client certificates of deposit. Excluding client certificates of deposit, average client deposits increased $9.5 billion, or 12.9%, compared to the same period of 2010. The categories of deposits with the highest growth for the second quarter of 2011 compared to the second quarter of 2010 were other client deposits, which include money market deposit accounts, savings accounts, individual retirement accounts and other time deposits, which increased $6.4 billion, or 12.8%, and noninterest-bearing deposits, which increased $2.8 billion, or 14.5%.

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Average deposits for the first six months of 2011 decreased $3.0 billion, or 2.7%, compared to the first six months of 2010. The decline in average deposits reflects the balance sheet deleverage executed in the second quarter of 2010, which was partially offset by strong organic deposit growth. The categories of deposits with the highest growth for the first six months of 2011 compared to the same period of 2010 were other client deposits, which increased $5.3 billion, or 10.4%, and noninterest-bearing deposits which increased $2.7 billion, or 14.1%. Client certificates of deposit decreased $9.0 billion, or 30.4%, compared to the average for the first six months of 2010.

The overall mix of deposits continues to improve, as average noninterest-bearing deposits represented 20.8% of total deposits at June 30, 2011, compared to 18.1% at June 30, 2010. The average rate for interest-bearing deposits for the second quarter of 2011 was 0.72% compared to 1.10% for the same period in the prior year, reflecting the runoff of higher-rate certificates of deposit and growth in other lower-cost client deposits.

Borrowings

While deposits remain the primary source for funding loan originations and other balance sheet growth, BB&T uses short-term borrowings as a supplementary funding source. Short-term borrowings used by BB&T include Federal funds purchased, securities sold under repurchase agreements, master notes, commercial paper, U.S. Treasury tax and loan deposit notes and short-term bank notes. All of BB&T s securities sold under repurchase agreements are reflected as collateralized borrowings on the balance sheet. At June 30, 2011, short-term borrowings totaled $4.8 billion, a decrease of $831 million, or 14.6%, compared to December 31, 2010. The decrease in these borrowings compared to December 31, 2010, primarily reflects growth in deposits and the issuance of long-term debt, which has reduced the Corporation s reliance on short-term funding.

BB&T also uses long-term debt to provide both funding, and to a lesser extent, regulatory capital. Long-term debt consists of Federal Home Loan Bank advances to Branch Bank, corporate senior and subordinated notes, senior and subordinated notes issued by Branch Bank, and junior subordinated debentures issued by BB&T. Long-term debt totaled $23.4 billion at June 30, 2011, an increase of $1.7 billion, or 7.6%, from the balance at December 31, 2010. The increase in long-term debt reflects the issuance of $1 billion of senior notes in March 2011, with an interest rate of 3.20% due March 2016, $700 million in senior notes in April 2011, with an interest rate of 2.05% due April 2014 and $300 million in senior notes in April 2011, with a floating interest rate due April 2014. The proceeds from these issuances will be used for general corporate funding purposes.

For the second quarter of 2011, the average annualized FTE rate paid on short-term borrowings was 0.22% compared to 0.31% during the second quarter of 2010. The average annualized rate paid on long-term debt for the second quarter of 2011 was 3.14% compared to 3.92% for the same period in 2010. The average annualized rate paid on short-term borrowed funds was 0.27% for the first six months of 2011 and 2010. The average annualized rate on long-term debt for the first six months of 2011 was 3.55% compared to 3.87% for the same period in 2010. The decline in the average rate paid on long-term debt reflects new issuances at lower rates and the positive impact of accelerated amortization from certain derivatives that were unwound in a gain position. The benefits from the derivatives gains are being amortized over the remaining expected life of the respective debt.

Shareholders Equity

Total shareholders equity at June 30, 2011 was $17.0 billion, an increase of 3.3% compared to December 31, 2010. BB&T s book value per common share at June 30, 2011 was $24.37, compared to $23.67 at December 31, 2010.

BB&T s tangible shareholders equity available to common shareholders was $11.1 billion at June 30, 2011, an increase of $403 million, or 3.8%, compared to December 31, 2010. BB&T s tangible book value per common share at June 30, 2011 was $15.95 compared to $15.43 at December 31, 2010. As of June 30, 2011, measures of tangible capital were not required by the regulators and, therefore, were considered non-GAAP measures. Refer to the section titled Capital Adequacy and Resources herein for a discussion of how BB&T calculates and uses these measures in the evaluation of the Company.

Asset Quality

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 of 2010 and into 2011. A total of $1.9 billion in unpaid principal balances in commercial loans were transferred into held for sale under the nonperforming asset disposition strategy during 2010. Of this amount, only $232 million remains to be sold at June 30, 2011 with a carrying value of $116 million. The life-to-date loss percentage on commercial loans sold that were part of this strategy was 52%. BB&T recorded losses and write-downs on commercial loans of $101 million during the first six months of 2011 in connection with this program. In addition, management identified and sold $271 million of problem residential mortgage loans during the second quarter of 2011. A charge-off of $87 million was recognized when these loans were transferred to loans held for sale.

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. 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. 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 4-2 present asset quality information both on a consolidated basis as well as excluding the covered assets and related amounts. In addition, BB&T has excluded mortgage loans that are guaranteed by the government, primarily FHA/VA loans, from its asset quality metrics as these loans are recoverable through various government guarantees. Finally, BB&T has recorded on the balance sheet certain amounts related to delinquent GNMA loans serviced for others that BB&T has the option, but not the obligation, to repurchase and has effectively regained control. These amounts are also excluded from asset quality metrics as reimbursement of insured amounts is proceeding in accordance with investor guidelines. The amount of government guaranteed mortgage loans and GNMA loans serviced for others that have been excluded are noted in the footnotes to Table 4-1.

Nonperforming assets, which are composed of foreclosed real estate, repossessions, nonaccrual loans and certain restructured loans, totaled $3.7 billion (or $3.4 billion excluding covered loans and foreclosed property) at June 30, 2011, compared to $4.3 billion (or $4.0 billion excluding covered loans and foreclosed property) at December 31, 2010. The decrease in nonperforming assets included decreases of $405 million in nonperforming loans held for sale and $174 million in nonperforming residential mortgage loans. As a percentage of loans and leases plus foreclosed property, nonperforming assets were 3.46% at June 30, 2011 (or 3.32% excluding covered loans and foreclosed property) compared with 3.94% (or 3.88% excluding covered loans and foreclosed property) at December 31, 2010.

Nonperforming assets, excluding covered foreclosed real estate, declined $510 million, or 13.2%, compared to March 31, 2011. The improvement in nonperforming assets was driven by a decrease of 24.9% in inflows of new nonaccrual loans. Inflows of nonaccrual loans were $780 million for the second quarter of 2011 compared to $1.0 billion in the prior quarter. During the second quarter of 2011, BB&T sold $231 million of residential mortgage loans that were on nonaccrual status. In addition, BB&T disposed of $227 million of foreclosed property and $177 million of nonaccrual commercial loans through sales or short sales. This net increase was offset by a decrease of $655 million, primarily from charge-offs, write-downs and payments. Management currently expects nonperforming assets to continue to decrease on a sequential quarter basis by 5% to 10% for both the third and the fourth quarters assuming relative stability in the overall economy.

Loans 90 days or more past due and still accruing interest, excluding government guaranteed loans and loans covered by FDIC loss share agreements, totaled $203 million at June 30, 2011, compared with $295 million at year-end 2010, a decline of 31.2%. The balance of loans 90 days or more past due and still accruing interest is at its lowest point since the third quarter of 2007. Loans 30-89 days past due, excluding government guaranteed loans and loans covered by FDIC loss share agreements, totaled $1.0 billion at June 30, 2011, which was a decline of $408 million, or 29.0%, compared with $1.4 billion at year-end 2010. The balance of loans 30-89 days past due was at its lowest level since the second quarter of 2007. The decline in loans past due was due to improving trends across all loan portfolios. BB&T s net charge-offs totaled $444 million for the second quarter of 2011 and amounted to 1.71% of average loans and leases, on an annualized basis (or 1.80% excluding covered loans), compared to $642 million, or 2.48% of average loans and leases, on an annualized basis (or 2.66% excluding covered loans), in the corresponding period in 2010. As noted above, BB&T recorded $87 million of charge-offs in the second quarter of 2011 in connection with the sale of problem residential mortgages. Charge-offs for the second quarter of 2010 included $148 million of additional losses in connection with management s nonperforming asset disposition strategy.

The allowance for credit losses, which totaled $2.6 billion and $2.8 billion at June 30, 2011 and December 31, 2010, respectively, 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. The allowance for loan and lease losses amounted to 2.43% of loans and leases held for investment at June 30, 2011 (or 2.41% excluding covered loans), compared to 2.62% (or 2.63% excluding covered loans) at year-end 2010. Refer to Note 4 Allowance for Credit Losses in the Notes to Consolidated Financial Statements for additional disclosures.

The following table presents an estimated allocation of the allowance for loan and lease losses at June 30, 2011 and December 31, 2010. 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 3

Allocation of Allowance for Loan and Lease Losses by Category

	June 30, 2011		December 31, 2010	
	Amount	% Loans in each category	Amount	% Loans in each category
	(Dollars in millions)			
Balances at end of period applicable to:				
Commercial:				
Commercial and industrial	$ 474	33.1%	$ 621	32.8%
Commercial real estate other	462	10.8	446	11.0
Commercial real estate residential ADC	382	2.6	469	3.3
Direct retail lending	233	13.2	246	13.3
Sales finance	42	7.0	47	6.8
Revolving credit	103	2.0	109	2.1
Residential mortgage	347	17.8	298	17.0
Specialized lending	184	8.2	198	7.7
Covered	159	5.3	144	6.0
Unallocated	130		130	
Total allowance for loan and lease losses	2,516	100.0%	2,708	100.0%
Reserve for unfunded lending commitments	59		47	
Total allowance for credit losses	$ 2,575		$ 2,755	

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Asset quality statistics for the last five calendar quarters are presented in the accompanying tables:

Table 4 - 1

Asset Quality Analysis

	Three Months Ended				
	6/30/2011	3/31/2011	12/31/2010	9/30/2010	6/30/2010
	(Dollars in millions)				
Allowance For Credit Losses					
Beginning balance	$ 2,691	$ 2,755	$ 2,650	$ 2,753	$ 2,759
Provision for credit losses (excluding covered loans)	313	340	543	743	652
Provision for covered loans	15		100	27	(2)
Charge-offs					
Commercial: (1)					
Commercial and industrial	(62)	(78)	(103)	(143)	(65)
Commercial real estate other	(81)	(68)	(125)	(244)	(47)
Commercial real estate residential ADC	(78)	(71)	(107)	(285)	(165)
Direct retail lending	(66)	(78)	(87)	(83)	(82)
Sales finance	(7)	(10)	(12)	(10)	(10)
Revolving credit	(24)	(27)	(28)	(28)	(31)
Residential mortgage (2)	(129)	(54)	(58)	(52)	(207)
Specialized lending	(43)	(52)	(57)	(56)	(64)
Total charge-offs	(490)	(438)	(577)	(901)	(671)
Recoveries					
Commercial:					
Commercial and industrial	9	4	4	4	4
Commercial real estate other	6	3	4		1
Commercial real estate residential ADC	7	4	6	4	3
Direct retail lending	8	9	8	7	6
Sales finance	3	2	2	2	2
Revolving credit	5	5	4	4	4
Residential mortgage	1	1	1	1	1
Specialized lending	7	6	10	6	8
Total recoveries	46	34	39	28	29
Net charge-offs (1)(2)	(444)	(404)	(538)	(873)	(642)
Other changes, net					(14)
Ending balance	$ 2,575	$ 2,691	$ 2,755	$ 2,650	$ 2,753
Allowance For Credit Losses					
Allowance for loan and lease losses (excluding covered loans)	$ 2,357	$ 2,497	$ 2,564	$ 2,567	$ 2,706
Allowance for covered loans	159	144	144	44	17

Reserve for unfunded lending commitments	59	50	47	39	30
Total	$ 2,575	$ 2,691	$ 2,755	$ 2,650	$ 2,753

(1) Includes net charge-offs of $26 million, $431 million and $7 million in commercial loans and leases during the fourth, third and second quarters of 2010, respectively, in connection with BB&T s nonperforming assets (NPA) disposition strategy.

(2) Includes net charge-offs of $87 million and $141 million in mortgage loans during the second quarters of 2011 and 2010, respectively, in connection with BB&T s NPA disposition strategy.

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	As of/For the Six Months Ended June 30, 2011	2010
	(Dollars in millions)	
Allowance For Credit Losses		
Beginning balance	$ 2,755	$ 2,672
Provision for credit losses (excluding covered loans)	653	1,208
Provision for covered loans	15	17
Charge-offs		
Commercial: (1)		
Commercial and industrial	(140)	(127)
Commercial real estate other	(149)	(101)
Commercial real estate residential ADC	(149)	(273)
Direct retail lending	(144)	(168)
Sales finance	(17)	(26)
Revolving credit	(51)	(62)
Residential mortgage (2)	(183)	(284)
Specialized lending	(95)	(139)
Total charge-offs	(928)	(1,180)
Recoveries		
Commercial:		
Commercial and industrial	13	10
Commercial real estate other	9	1
Commercial real estate residential ADC	11	4
Direct retail lending	17	18
Sales finance	5	5
Revolving credit	10	8
Residential mortgage	2	2
Specialized lending	13	15
Total recoveries	80	63
Net charge-offs (1)(2)	(848)	(1,117)
Other changes, net		(27)
Ending balance	$ 2,575	$ 2,753

(1) Includes net charge-offs of $7 million in commercial loans and leases loans during the second quarter of 2010, in connection with BB&T s NPA disposition strategy.

(2) Includes net-charge offs of $87 million and $141 million in mortgage loans during the second quarters of 2011 and 2010, respectively, in connection with BB&T s NPA disposition strategy.

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	Three Months Ended				
	6/30/2011	3/31/2011	12/31/2010	9/30/2010	6/30/2010
	(Dollars in millions)				
Nonperforming Assets (1)					
Nonaccrual loans and leases					
Commercial: (6)					
Commercial and industrial	$ 611	$ 594	$ 508	$ 491	$ 637
Commercial real estate other	467	508	405	328	631
Commercial real estate residential ADC	460	568	513	454	807
Direct retail lending	172	182	191	216	234
Sales finance	7	9	6	6	6
Residential mortgage (7)	292	511	466	416	387
Specialized lending	52	55	60	62	68
Total nonaccrual loans and leases held for investment	2,061	2,427	2,149	1,973	2,770
Loans held for sale	116	189	521	826	129
Total nonaccrual loans and leases	2,177	2,616	2,670	2,799	2,899
Foreclosed real estate (2)	1,147	1,211	1,259	1,309	1,391
Other foreclosed property	29	36	42	39	37
Total nonperforming assets (excluding covered assets) (2)	$ 3,353	$ 3,863	$ 3,971	$ 4,147	$ 4,327
Performing troubled debt restructurings (TDRs) (3)					
Commercial:					
Commercial and industrial	$ 100	$ 125	$ 205	$ 260	$ 303
Commercial real estate other	153	233	280	300	387
Commercial real estate residential ADC	105	120	172	316	409
Direct retail lending	143	146	141	131	133
Sales finance	6	5	5		
Revolving credit	62	62	62	62	60
Residential mortgage (8)	570	587	585	566	595
Specialized lending	39	31	26	4	4
Total performing TDRs (8)	$ 1,178	$ 1,309	$ 1,476	$ 1,639	$ 1,891
Loans 90 days or more past due and still accruing					
Commercial:					
Commercial and industrial	$ 4	$ 6	$ 8	$ 7	$ 5
Commercial real estate other	4	20	4	3	7
Commercial real estate residential ADC		5	8	10	10
Direct retail lending	59	59	76	69	69
Sales finance	21	23	27	27	28
Revolving credit	16	18	20	21	20
Residential mortgage (9)(11)	90	124	143	137	127
Specialized lending	7	6	6	7	7
Other acquired	2	2	3	5	5
Total loans 90 days past due and still accruing (excluding covered loans) (4)(9)(11)	$ 203	$ 263	$ 295	$ 286	$ 278
Loans 30 89 days past due					
Commercial:					
Commercial and industrial	$ 72	$ 137	$ 163	$ 213	$ 185
Commercial real estate other	35	54	68	171	118
Commercial real estate residential ADC	25	40	84	151	128

Direct retail lending	154	166	189	181	188
Sales finance	68	67	95	99	95
Revolving credit	22	24	28	28	28
Residential mortgage (10)(12)	426	444	532	551	519
Specialized lending	198	166	248	242	225
Other acquired		1	1	2	2
Total loans 30 89 days past due (excluding covered loans) (5)(10)(12)	$ 1,000	$ 1,099	$ 1,408	$ 1,638	$ 1,488

(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 foreclosed real estate totaling $348 million, $362 million, $313 million, $276 million and $176 million at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively, that are covered by FDIC loss sharing agreements.
(3) Excludes TDRs that are nonperforming totaling $381 million, $479 million, $479 million, $489 million and $480 million at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively. These amounts are included in total nonperforming assets.
(4) Excludes loans past due 90 days or more that are covered by FDIC loss sharing agreements totaling $935 million, $1.2 billion, $1.1 billion, $1.3 billion and $1.5 billion at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively.
(5) Excludes loans past due 30-89 days that are covered by FDIC loss sharing agreements totaling $308 million, $252 million, $363 million, $329 million and $429 million at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively.
(6) Includes a transfer of $1.3 billion book value of nonperforming commercial loans to loans held for sale during the third quarter of 2010 in connection with BB&T s NPA disposition strategy.
(7) Includes a reduction of $231 million in mortgage loans during the second quarter of 2011 in connection with BB&T s NPA disposition strategy.
(8) Excludes restructured mortgage loans that are government guaranteed totaling $184 million, $148 million, $129 million, $153 million and $73 million at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively. Includes mortgage loans held for sale.
(9) Excludes mortgage loans past due 90 days or more that are government guaranteed totaling $162 million, $187 million, $153 million, $119 million and $82 million at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively. Includes past due mortgage loans held for sale.
(10) Excludes mortgage loans past due 30-89 days that are government guaranteed totaling $78 million, $71 million, $83 million, $74 million and $42 million at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively. Includes past due mortgage loans held for sale.
(11) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase that are past due 90 days or more totaling $389 million, $406 million, $425 million, $403 million and $365 million at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively.
(12) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase that are past due 30-89 days totaling $7 million, $6 million, $7 million, $7 million and $9 million at June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively.

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Table 4 - 2

Asset Quality Ratios

	Three Months Ended				
	6/30/2011	**3/31/2011**	**12/31/2010**	**9/30/2010**	**6/30/2010**
Asset Quality Ratios (including amounts related to covered loans and covered foreclosed property)					
Loans 30 89 days past due and still accruing as a percentage of total loans and leases (1)(2)	1.24%	1.29%	1.65%	1.86%	1.83%
Loans 90 days or more past due and still accruing as a percentage of total loans and leases (1)(2)	1.08	1.36	1.34	1.53	1.74
Nonperforming loans and leases as a percentage of total loans and leases	2.07	2.49	2.49	2.64	2.77
Nonperforming assets as a percentage of:					
Total assets	2.32	2.69	2.73	2.81	2.90
Loans and leases plus foreclosed property	3.46	3.97	3.94	4.11	4.24
Net charge-offs as a percentage of average loans and leases	1.71	1.56	2.02	3.31	2.48
Allowance for loan and lease losses as a percentage of loans and leases held for investment	2.43	2.58	2.62	2.56	2.66
Ratio of allowance for loan and lease losses to:					
Net charge-offs	1.41x	1.61x	1.27x	0.75x	1.06x
Nonperforming loans and leases held for investment	1.22	1.09	1.26	1.32	0.98
Asset Quality Ratios (excluding amounts related to covered loans and covered foreclosed property (3)					
Loans 30 89 days past due and still accruing as a percentage of total loans and leases (1)(2)	1.00%	1.11%	1.39%	1.65%	1.53%
Loans 90 days or more past due and still accruing as a percentage of total loans and leases (1)(2)	0.20	0.27	0.29	0.29	0.28
Nonperforming loans and leases as a percentage of total loans and leases	2.18	2.64	2.64	2.82	2.97
Nonperforming assets as a percentage of:					
Total assets	2.18	2.56	2.64	2.76	2.93
Loans and leases plus foreclosed property	3.32	3.85	3.88	4.12	4.37
Net charge-offs as a percentage of average loans and leases (4)	1.80	1.65	2.15	3.54	2.66
Allowance for loan and lease losses as a percentage of loans and leases held for investment	2.41	2.58	2.63	2.69	2.84
Ratio of allowance for loan and lease losses to:					
Net charge-offs	1.32x	1.52x	1.20x	0.74x	1.05x
Nonperforming loans and leases held for investment	1.14	1.03	1.19	1.30	0.98

	As of/For the Six Months Ended June 30,	
	2011	**2010**
Asset Quality Ratios		
Including covered loans:		
Net charge-offs as a percentage of average loans and leases	1.63%	2.16%
Ratio of allowance for loan and lease losses to net charge-offs	1.47x	1.21x

Excluding covered loans:		
Net charge-offs as a percentage of average loans and leases (4)	1.73%	2.33%
Ratio of allowance for loan and lease losses to net charge-offs	1.38x	1.20x

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Applicable ratios are annualized.

(1) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase. Refer to the footnotes of Table 4-1 for amounts related to these loans.
(2) Excludes mortgage loans guaranteed by the government. Refer to the footnotes of Table 4-1 for amounts related to these loans.
(3) 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 covered 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.
(4) Excluding the impact of losses and balances associated with BB&T s NPA disposition strategy, the adjusted net charge-offs ratio would have been 1.46%, 2.07%, 1.80% and 2.06% for the second quarter 2011, and the fourth, third and second quarters of 2010, respectively. The adjusted net charge-off ratio would have been 1.56% and 2.02% for the six months ended June 30, 2011, and 2010, respectively.

Table 4 - 3

Troubled Debt Restructurings

	June 30, 2011						
	Current Status		Past Due 30-89 Days (1)		Past Due 90+ Days (1)		Total
	(Dollars in millions)						
Performing restructurings:							
Commercial:							
Commercial and industrial	$ 97	97.0 %	$ 3	3.0 %	$	%	$ 100
Commercial real estate other	151	98.7	2	1.3			153
Commercial real estate ADC	105	100.0					105
Direct retail lending	134	93.7	8	5.6	1	0.7	143
Sales finance	4	66.7			2	33.3	6
Revolving credit	50	80.6	7	11.3	5	8.1	62
Residential mortgage (2)	480	84.2	81	14.2	9	1.6	570
Specialized lending	36	92.3	3	7.7			39
Total performing restructurings (2)	1,057	89.8	104	8.8	17	1.4	1,178
Nonperforming restructurings (3)	130	34.1	70	18.4	181	47.5	381
Total restructurings (2)	$ 1,187	76.1	$ 174	11.2	$ 198	12.7	$ 1,559

(1) Past due performing restructurings are included in past due disclosures.
(2) Excludes restructured mortgage loans that are government guaranteed totaling $184 million.
(3) 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 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. Performing restructurings may be removed from being reported as restructurings upon meeting certain criteria. The credit must perform in accordance with the modified terms (generally a minimum of six months), must be reported as a restructuring over a year end reporting period and the interest rate on the modified credit must have been a market rate at the date of modification.

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 $1.2 billion at June 30, 2011, a decrease of $298 million, or 20.2%, compared with December 31, 2010. For the six months ended June 30, 2011, commercial performing restructured loan inflows totaled $78 million. These inflows were offset by $377 million in outflows. 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. 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. Management currently does not expect any material changes to the amount of restructured loans resulting from the adoption of the new accounting guidance in the third quarter of this year and would expect declines in restructured loans to be consistent with recent trends.

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 5-1, 5-2 and 5-3 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.

The following tables provide further details regarding BB&T s commercial real estate lending, residential mortgage and consumer real estate portfolios as of June 30, 2011.

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Table 5-1

Real Estate Lending Portfolio Credit Quality and Geographic Distribution

Commercial Real Estate Loan Portfolio (1) (2)

	As of / For the Period Ended June 30, 2011			
Commercial Real Estate Residential ADC	**Builder / Construction**	**Land / Land Development**	**Condos / Townhomes**	**Total ADC**
	(Dollars in millions, except average loan and client size)			
Total loans outstanding	$ 721	$ 1,829	$ 139	$ 2,689
Average loan size (in thousands)	208	509	902	373
Average client size (in thousands)	553	819	2,199	745
Nonaccrual loans and leases as a percentage of category	17.26%	17.02%	17.38%	17.11%
Gross charge-offs as a percentage of category:				
Year-to-Date	8.86	10.52	6.17	9.84
Quarter-to-Date	9.59	11.01	12.78	10.71

	As of / For the Period Ended June 30, 2011			
		Nonaccrual as a Percentage of Outstandings	Gross Charge-Offs as a Percentage of Outstandings	
Commercial Real Estate Residential ADC by State of Origination	**Total Outstandings**		**Year-to-Date**	**Quarter-to-Date**
	(Dollars in millions)			
North Carolina	$ 1,195	17.17%	13.04%	16.53%
Virginia	526	6.18	1.46	1.00
South Carolina	238	17.89	8.87	11.60
Georgia	202	17.30	11.93	8.71
Florida	145	25.38	11.90	12.17
Washington, D.C.	95	13.30	19.96	1.29
Tennessee	77	31.20	8.81	9.92
West Virginia	68	62.09	7.17	5.15
Kentucky	64	12.07	3.61	2.12
Maryland	47	3.26	0.34	
Alabama	32	61.80	7.65	13.91
Total	$ 2,689	17.11%	9.84%	10.71%

	As of / For the Period Ended June 30, 2011			
Commercial Real Estate Other (3)	**Commercial Construction**	**Commercial Land / Development**	**Permanent Income Producing Properties**	**Total Other Commercial Real Estate**
	(Dollars in millions)			

Total loans outstanding	$ 870	$ 1,197	$ 9,074	$ 11,141
Average loan size (in thousands)	971	620	507	538
Average client size (in thousands)	1,343	740	771	793
Nonaccrual loans and leases as a percentage of category	3.32%	10.24%	3.47%	4.19%
Gross charge-offs as a percentage of category:				
Year-to-Date	1.10	8.68	2.11	2.79
Quarter-to-Date	1.35	5.50	2.66	2.87

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Commercial Real Estate Other by State of Origination (3)	Total Outstandings	Nonaccrual as a Percentage of Outstandings	Gross Charge-Offs as a Percentage of Outstandings Year-to-Date	Gross Charge-Offs as a Percentage of Outstandings Quarter-to-Date
	As of / For the Period Ended June 30, 2011 (Dollars in millions)			
North Carolina	$ 3,399	4.12%	1.71%	1.74%
Virginia	1,867	1.64	0.86	0.75
Georgia	1,630	6.38	5.87	4.81
South Carolina	844	8.32	7.37	12.72
Florida	774	10.24	7.44	5.69
Washington, D.C.	617	1.37	1.65	0.33
Maryland	557	0.91	0.35	0.66
Kentucky	451	1.45	0.23	0.34
West Virginia	430	0.38	0.39	0.07
Tennessee	340	5.17	0.94	0.81
Alabama	109	2.88	0.75	1.42
Other	123			
Total	$ 11,141	4.19%	2.79%	2.87%

Applicable ratios are annualized.

(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 June 30, 2011, there were $46 million ADC loans and $45 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 commercial real estate-residential ADC loans held for investment portfolio totaled $2.7 billion at June 30, 2011, a decrease of $708 million from December 31, 2010. Nonaccrual ADC loans held for investment were $460 million at June 30, 2011, a decrease of $53 million, compared to $513 million at December 31, 2010. As previously mentioned, during the second quarter of 2010, management transferred a group of nonaccrual loans to the loans held for sale category. As of June 30, 2011, there were $46 million of nonaccrual ADC loans remaining in the held for sale category, a decrease of $193 million compared with $239 million at December 31, 2010. As a percentage of loans held for investment, ADC nonaccruals were 17.11% at June 30, 2011, compared to 15.09% at December 31, 2010. The allowance for loan and lease losses that is assigned to the ADC portfolio was 14.2% and 13.8% of the ADC portfolio as of June 30, 2011 and year-end 2010, respectively. The gross charge-off rate for the ADC portfolio, on an annualized basis, was 10.71% for the second quarter of 2011, compared to 9.06% for the first quarter of 2011 and 13.86% for the full year 2010. Inflows of nonaccrual ADC loans in the second quarter of 2011 declined 47% compared to the first quarter of 2011. The other component of the commercial real estate portfolio, which is largely office buildings, hotels, warehouses, apartments, rental houses and shopping centers, totaled $11.1 billion at June 30, 2011. As a percentage of loans held for investment, other commercial real estate nonaccruals were 4.19% at June 30, 2011, compared with 3.53% at December 31, 2010. There were $45 million of nonaccrual other commercial real loans in the held for sale category at June 30, 2011, a decrease of $123 million compared with the amount at December 31, 2010. The gross charge-off rate for the other commercial real estate portfolio, on an annualized basis, was 2.87% for the second quarter of 2011 compared to 2.71% for the first quarter of 2011 and 3.83% for the full year 2010.

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Table 5-2

Real Estate Lending Portfolio Credit Quality and Geographic Distribution

Residential Mortgage Portfolio (1)

Residential Mortgage Loans	Prime	ALT-A	Construction/ Permanent	Subprime (2)	Total
	As of / For the Period Ended June 30, 2011 (Dollars in millions, except average loan size)				
Total loans outstanding	$ 15,829	$ 1,838	$ 486	$ 444	$ 18,597
Average loan size (in thousands)	193	300	296	59	191
Average refreshed credit score (3)	727	700	723	577	721
Percentage that are first mortgages	100%	100%	99%	81%	99%
Average loan to value at origination	74	68	73	74	73
Nonaccrual loans and leases as a percentage of category	1.14	3.21	7.16	7.95	1.66
Gross charge-offs as a percentage of category:					
Year-to-Date	1.39	6.11	2.87	5.93	2.07
Quarter-to-Date	1.89	9.75	2.17	7.55	2.85

Residential Mortgage Loans by State	Total Outstandings	Nonaccrual as a Percentage of Outstandings	Gross Charge-Offs as a Percentage of Outstandings Year-to-Date	Quarter-to-Date
	As of / For the Period Ended June 30, 2011 (Dollars in millions)			
North Carolina	$ 4,544	1.46%	1.33%	1.97%
Virginia	3,121	1.28	1.61	2.22
Florida	2,292	3.21	4.86	6.15
Maryland	1,767	1.28	1.92	2.97
South Carolina	1,736	1.77	2.32	3.52
Georgia	1,658	1.88	2.87	4.04
Kentucky	491	1.07	0.61	1.10
Texas	471	0.04	0.06	0.02
Tennessee	381	1.99	1.40	2.05
West Virginia	375	1.24	0.52	0.65
Alabama	272	0.47	0.93	1.38
Washington, D.C.	230	0.75	1.40	1.92
Missouri	164	0.27	0.46	0.56
Indiana	116	0.35	0.37	0.54
Other	979	2.42	2.00	2.36
Total	$ 18,597	1.66%	2.07%	2.85%

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 $317 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.

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The residential mortgage loan portfolio, as presented in Table 5-2, totaled $18.6 billion as of June 30, 2011, an increase of 4.6% compared to December 31, 2010. As a percentage of loans, nonaccrual residential mortgage loans were 1.66% at June 30, 2011, compared with 2.72% at December 31, 2010. The gross charge-off rate for the residential mortgage loan portfolio, on an annualized basis, was 2.85% for the second quarter of 2011 compared to 1.25% for the first quarter of 2011 and 2.50% for the full year 2010. The decline in nonaccrual residential mortgage loans and the higher charge-off rate reflect the sale of problem loans completed during the second quarter of 2011. During the second quarter of 2011, management sold approximately $271 million of problem residential mortgage loans and recorded charge-offs of $87 million. Of the $271 million of loans sold, $231 million were classified as nonaccrual.

Table 5-3

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 June 30, 2011			
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	$ 1,206	$ 6,077	$ 5,342	$ 12,625
Average loan size (in thousands) (2)	57	46	36	41
Average refreshed credit score (3)	723	724	763	747
Percentage that are first mortgages	100%	79%	28%	59%
Average loan to value at origination	78	63	64	64
Nonaccrual loans and leases as a percentage of category	4.84	1.44	0.45	1.35
Gross charge-offs as a percentage of category:				
Year-to-Date	8.38	1.45	1.24	2.06
Quarter-to-Date	7.68	1.34	1.13	1.87

	As of / For the Period Ended June 30, 2011			
Direct Retail 1-4 Family and Lot/Land Real Estate		**Nonaccrual as a**	**Gross Charge-Offs as a Percentage of Outstandings**	
Loans and Lines By State of Origination	**Total Outstandings**	**Percentage Outstandings**	**Year-to-Date**	**Quarter-to-Date**
	(Dollars in millions)			
North Carolina	$ 4,280	1.56%	2.13%	1.92%
Virginia	2,867	0.81	0.92	0.93
South Carolina	1,190	1.80	2.83	2.46
Georgia	1,004	1.54	3.45	3.54
Maryland	810	0.96	1.56	1.31
West Virginia	764	1.14	0.94	0.81
Florida	641	1.86	5.80	4.96
Kentucky	579	1.23	0.96	0.80
Tennessee	345	1.80	2.56	2.48
Washington, D.C.	85	0.89	2.70	1.06
Other	60	0.88	1.11	0.47
Total	$ 12,625	1.35%	2.06%	1.87%

Applicable ratios are annualized.

(1) Direct retail 1-4 family and lot/land real estate loans are originated through the BB&T Community Banking 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 5-3, totaled $12.6 billion as of June 30, 2011, a decrease of $105 million from December 31, 2010. This portfolio is comprised of residential lot/land loans, home equity loans and home equity lines, which are primarily originated through the Community Banking network. As a percentage of loans, direct retail consumer real estate nonaccruals were 1.35% at June 30, 2011, compared to 1.46% at December 31, 2010. The gross charge-off rate for the direct retail consumer real estate lending portfolio improved to an annualized 1.87% for the second quarter of 2011, compared to 2.25% for the first quarter of 2011 and 2.32% for the full year 2010. The allowance for the residential lot/land portfolio was 8.0% of the residential lot/land portfolio as of June 30, 2011 compared to 7.3% at December 31, 2010.

ANALYSIS OF RESULTS OF OPERATIONS

Consolidated net income for the second quarter of 2011 totaled $327 million, an increase of $103 million, or 46.0%, compared to $224 million earned during the second quarter of 2010. Net income available to common shareholders totaled $307 million, which generated diluted earnings per common share of $0.44 in the second quarter. Net income available to common shareholders for the same period of 2010 totaled $210 million, which generated diluted earnings per common share of $0.30. BB&T s results of operations for the second quarter of 2011 produced an annualized return on average assets of 0.83% and an annualized return on average common shareholders equity of 7.25%, compared to prior year returns of 0.56% and 5.01%, respectively.

Consolidated net income for the first six months of 2011 totaled $561 million, an increase of $143 million, or 34.2%, compared to $418 million earned during the first six months of 2010. Net income available to common shareholders totaled $532 million, which generated diluted earnings per common share of $0.76. Net income available to common shareholders for the first six months of 2010 totaled $398 million, which generated diluted earnings per common share of $0.57. BB&T s results of operations for the first six months of 2011 produced an annualized return on average assets of 0.72% and an annualized return on average common shareholders equity of 6.38%, compared to prior year returns of 0.52% and 4.80%, respectively.

The following table sets forth selected financial ratios for the last five calendar quarters.

Table 6

Annualized

Profitability Measures

	2011		2010		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Rate of return on:					
Average assets	0.83%	0.60%	0.54%	0.56%	0.56%
Average common shareholders equity	7.25	5.48	4.88	4.91	5.01
Net interest margin (taxable equivalent)	4.15	4.01	4.04	4.09	4.12

Net Interest Income and Net Interest Margin

Net interest income on an FTE basis was $1.4 billion for the second quarter of 2011, a slight decrease compared to the same period in 2010. For the quarter ended June 30, 2011, average earning assets decreased $1.1 billion, or 0.8%, compared to the same period of 2010, while average interest-bearing liabilities decreased $5.6 billion, or 4.7%, and the net interest margin increased from 4.12% in the second quarter of 2010 to 4.15% in the current quarter. The increase in the net interest margin compared to the second quarter of 2010 was primarily due to lower funding costs and higher yields on loans acquired in the Colonial acquisition. The cost of long-term debt

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declined in the second quarter of 2011 due to new issuances issued at lower rates and the positive impact of accelerated amortization from certain derivatives that were unwound in a gain position. The benefits from the derivatives gains are being amortized over the remaining expected life of the respective debt. Management expects the net interest margin to remain in the 4.05% to 4.10% range during the remainder of 2011.

For the first six months of 2011, net interest income on an FTE basis was $2.7 billion, a decrease of $28 million, or 1.0%, compared to the same period in 2010. For the six months ended June 30, 2011, average earning assets decreased $4.0 billion, or 2.9%, compared to the same period of 2010, while average interest-bearing liabilities decreased $7.9 billion, or 6.5%, and the net interest margin increased 8 basis points from 4.00% in the first six months of 2010 to 4.08% in the first half of 2011. The decline in net interest income was primarily the result of a decline in average earning assets due to the balance sheet deleveraging strategy that was executed in the second quarter of 2010. The decrease in net interest income resulting from the deleveraging strategy was partially offset by a higher net interest margin, which has benefited from higher yields on loans and securities from the Colonial acquisition, a more favorable funding mix, lower cost of funds and wider credit spreads.

The following table provides information related to covered and acquired loans, covered securities and the FDIC loss sharing asset recognized in the Colonial acquisition. The table excludes all amounts related to other assets acquired and liabilities assumed in the acquisition.

Table 7

Revenue, Net of Provision Impact from Acquired Assets

	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Dollars in millions)			
Interest income-loans	$ 279	$ 245	$ 545	$ 410
Interest income-securities	43	35	80	69
Total interest income	322	280	625	479
Provision for covered loans	(15)	2	(15)	(17)
FDIC loss share income, net	(81)	(78)	(139)	(73)
Net revenue after provision for covered loans	$ 226	$ 204	$ 471	$ 389

Interest income for the second quarter of 2011 on loans and securities acquired in the Colonial acquisition increased $42 million compared to the second quarter of 2010, which is partially offset by a decrease in FDIC loss share income. Interest income for the first six months of 2011 on loans and securities acquired in the Colonial acquisition increased $146 million compared to the same period of 2010. The vast majority of the increase is related to loans and reflects higher expected cash flows based on the quarterly cash flow reassessment process required by acquisition accounting. The yield on covered and other acquired loans for the second quarter of 2011 was 19.61% compared to 13.48% in 2010. At June 30, 2011, the accretable yield balance on these loans was $2.5 billion. Accretable yield represents the excess of future cash flows above the current net carrying amount of loans and will be recognized into income over the remaining life of the covered and acquired loans.

During the six months ended June 30, 2011 and the year ended December 31, 2010, BB&T reclassified $475 million and $793 million, respectively, from the nonaccretable balance to accretable yield for purchased nonimpaired loans. During the six months ended June 30, 2011 and the year ended December 31, 2010, BB&T reclassified $135 million and $405 million, respectively, from the nonaccretable balance to accretable yield for purchased impaired loans. These reclassifications were the result of increased cash flow estimates primarily resulting from improved loss expectations. These amounts are recognized as prospective yield adjustments and result in increased interest income over the remaining lives of the loan pools.

There was a $15 million provision for covered loans in the current quarter, an increase of $17 million compared to the second quarter of 2010. The second quarter of 2011 reassessment showed decreases in expected cash flows in certain loan pools that resulted in additional provisions that were partially offset by recoveries in other previously impaired loan pools. For the first six months of 2011, the provision on covered loans totaled $15 million compared to $17 million for the same period of 2010.

FDIC loss share income, net decreased $3 million compared to the second quarter of 2010. FDIC loss share income, net for the first six months of 2011 decreased $66 million compared to the same period of 2010 primarily as a result of the impact of cash flow reassessments that resulted in additional interest income and a reduction from the accrual of amounts due the FDIC as a result of decreased loss projections on covered loans.

The following table sets forth the major components of net interest income and the related annualized yields and rates for the three and six months ended June 30, 2011 compared to the same periods in 2010, as well as the variances between the periods caused by changes in interest rates versus changes in volumes. Changes attributable to the mix of assets and liabilities have been allocated proportionally between the changes due to rate and the changes due to volume.

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Table 8-1

FTE Net Interest Income and Rate / Volume Analysis

Three Months Ended June 30, 2011 and 2010

	Average Balances		Annualized Yield/Rate		Income/Expense		Increase	Change due to	
	2011	2010	2011	2010	2011	2010	(Decrease)	Rate	Volume
				(Dollars in millions)					
Assets									
Total securities, at amortized cost (1)(2)									
U.S. government-sponsored entities (GSE)	$ 106	$ 554	1.91 %	3.68 %	$	$ 5	$ (5)	$ (2)	$ (3)
Mortgage-backed securities issued by GSE	22,516	23,080	1.69	3.77	95	217	(122)	(117)	(5)
States and political subdivisions	1,889	2,077	5.74	5.45	28	28		1	(1)
Non-agency mortgage-backed securities	547	1,214	6.44	5.84	8	18	(10)	2	(12)
Other securities	745	192	1.49	2.43	3	1	2	(1)	3
Covered securities	1,257	1,192	13.66	11.65	43	35	8	6	2
Total securities	27,060	28,309	2.62	4.30	177	304	(127)	(111)	(16)
Other earning assets (3)	2,834	3,101	0.62	0.57	4	4			
Loans and leases, net of unearned income (1)(4)(5)									
Commercial:									
Commercial and industrial	33,647	31,691	4.25	4.49	356	355	1	(20)	21
Commercial real estate-other	11,287	12,223	3.79	3.79	107	115	(8)		(8)
Commercial real estate-residential ADC	2,933	5,165	3.56	3.44	26	44	(18)	1	(19)
Direct retail lending	13,629	13,994	5.15	5.31	175	185	(10)	(5)	(5)
Sales finance	7,184	6,729	4.99	6.01	90	100	(10)	(16)	6
Revolving credit	2,070	2,002	8.75	8.69	45	44	1		1
Residential mortgage	18,311	15,586	4.80	5.51	219	215	4	(30)	34
Specialized lending	8,029	7,645	11.68	11.59	233	221	12	2	10
Other acquired	53	96	34.52	10.63	5	3	2	4	(2)
Total loans and leases held for investment (excluding covered loans)	97,143	95,131	5.19	5.40	1,256	1,282	(26)	(64)	38
Covered	5,625	7,162	19.47	13.52	274	242	32	91	(59)
Total loans and leases held for investment	102,768	102,293	5.97	5.97	1,530	1,524	6	27	(21)
Loans held for sale	1,573	1,671	4.01	4.73	16	20	(4)	(3)	(1)
Total loans and leases	104,341	103,964	5.94	5.95	1,546	1,544	2	24	(22)
Total earning assets	134,235	135,374	5.16	5.48	1,727	1,852	(125)	(87)	(38)
Nonearning assets	23,495	24,412							
Total assets	$ 157,730	$ 159,786							
Liabilities and Shareholders Equity									
Interest-bearing deposits									
Interest-checking	$ 4,201	$ 3,905	0.24	0.31	3	3			
Other client deposits	56,618	50,207	0.48	0.65	67	81	(14)	(23)	9
Client certificates of deposit	20,408	28,745	1.50	2.01	76	144	(68)	(32)	(36)
Other interest-bearing deposits	3,088	4,857	0.71	1.06	6	13	(7)	(4)	(3)

Total interest-bearing deposits	84,315	87,714	0.72	1.10	152	241	(89)	(59)	(30)
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds (1)	5,486	9,105	0.22	0.31	4	7	(3)	(2)	(1)
Long-term debt	23,114	21,660	3.14	3.92	181	212	(31)	(44)	13
Total interest-bearing liabilities	112,915	118,479	1.19	1.56	337	460	(123)	(105)	(18)
Noninterest-bearing deposits	22,151	19,346							
Other liabilities	5,592	5,036							
Shareholders equity	17,072	16,925							
Total liabilities and shareholders equity	$ 157,730	$ 159,786							
Average interest rate spread			3.97	3.92					
Net interest margin/ net interest income			4.15 %	4.12 %	$ 1,390	$ 1,392	$ (2)	$ 18	$ (20)
Taxable equivalent adjustment					$ 36	$ 32			

(1) Yields are stated on a taxable equivalent basis assuming tax rates in effect for the periods presented.
(2) Total securities include securities available for sale and securities held to maturity.
(3) 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.
(4) Loan fees, which are not material for any of the periods shown, have been included for rate calculation purposes.
(5) Nonaccrual loans have been included in the average balances.

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BB&T Corporation and Subsidiaries

Management s Discussion and Analysis Second Quarter 2011

Table 8-2

FTE Net Interest Income and Rate / Volume Analysis

Six Months Ended June 30, 2011 and 2010

	Average Balances		Annualized Yield/Rate		Income/Expense		Increase	Change due to	
	2011	2010	2011	2010	2011	2010	(Decrease)	Rate	Volume
				(Dollars in millions)					
Assets									
Total securities, at amortized cost (1)(2)									
U.S. government-sponsored entities (GSE)	$ 100	$ 1,092	2.14 %	3.63 %	$ 1	$ 20	$ (19)	$ (6)	$ (13)
Mortgage-backed securities issued by GSE	21,468	24,810	1.67	3.80	179	471	(292)	(236)	(56)
States and political subdivisions	1,928	2,092	5.65	5.41	55	56	(1)	2	(3)
Non-agency mortgage-backed securities	571	1,262	6.41	5.82	18	37	(19)	3	(22)
Other securities	748	196	1.53	2.28	6	2	4	(1)	5
Covered securities	1,250	1,184	12.86	11.62	80	69	11	7	4
Total securities	26,065	30,636	2.60	4.28	339	655	(316)	(231)	(85)
Other earning assets (3)	2,906	2,893	0.71	0.56	10	7	3	3	
Loans and leases, net of unearned income (1)(4)(5)									
Commercial:									
Commercial and industrial	33,540	31,596	4.30	4.42	715	693	22	(19)	41
Commercial real estate-other	11,328	12,259	3.82	3.95	215	239	(24)	(8)	(16)
Commercial real estate-residential ADC	3,105	5,374	3.53	3.75	54	100	(46)	(6)	(40)
Direct retail lending	13,650	14,079	5.16	5.33	349	372	(23)	(12)	(11)
Sales finance	7,132	6,568	5.11	6.15	181	200	(19)	(35)	16
Revolving credit	2,077	1,997	8.82	8.86	91	88	3		3
Residential mortgage	18,120	15,522	4.88	5.51	442	428	14	(52)	66
Specialized lending	7,914	7,562	11.72	11.50	460	432	28	8	20
Other acquired	55	102	33.05	11.61	9	6	3	7	(4)
Total loans and leases held for investment (excluding covered loans)	96,921	95,059	5.23	5.42	2,516	2,558	(42)	(117)	75
Covered	5,775	7,401	18.70	11.00	536	404	132	236	(104)
Total loans and leases held for investment	102,696	102,460	5.98	5.82	3,052	2,962	90	119	(29)
Loans held for sale	2,119	1,754	3.68	4.71	39	41	(2)	(10)	8
Total loans and leases	104,815	104,214	5.94	5.80	3,091	3,003	88	109	(21)
Total earning assets	133,786	137,743	5.17	5.35	3,440	3,665	(225)	(119)	(106)
Nonearning assets	23,546	24,042							
Total assets	$ 157,332	$ 161,785							
Liabilities and Shareholders Equity									
Interest-bearing deposits:									
Interest-checking	$ 3,899	$ 3,826	0.24	0.33	5	6	(1)	(1)	
Other client deposits	56,266	50,955	0.51	0.68	141	171	(30)	(47)	17
Client certificates of deposit	20,742	29,784	1.58	2.00	163	296	(133)	(54)	(79)
Other interest-bearing deposits	3,561	5,563	0.78	0.99	14	27	(13)	(5)	(8)

Total interest-bearing deposits	84,468	90,128	0.77	1.12	323	500	(177)	(107)	(70)
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds (1)	6,381	9,653	0.27	0.27	9	13	(4)		(4)
Long-term debt	22,500	21,441	3.55	3.87	397	413	(16)	(36)	20
Total interest-bearing liabilities	113,349	121,222	1.29	1.54	729	926	(197)	(143)	(54)
Noninterest-bearing deposits	21,574	18,907							
Other liabilities	5,535	4,879							
Shareholders equity	16,874	16,777							
Total liabilities and shareholders equity	$ 157,332	$ 161,785							
Average interest rate spread			3.88	3.81					
Net interest margin/ net interest income			4.08 %	4.00 %	$ 2,711	$ 2,739	$ (28)	$ 24	$ (52)
Taxable equivalent adjustment					$ 72	$ 65			

(1) Yields are stated on a taxable equivalent basis assuming tax rates in effect for the periods presented.
(2) Total securities include securities available for sale and securities held to maturity.
(3) 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.
(4) Loan fees, which are not material for any of the periods shown, have been included for rate calculation purposes.
(5) Nonaccrual loans have been included in the average balances.

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Provision for Credit Losses

The provision for credit losses totaled $328 million (including $15 million for covered loans) for the second quarter of 2011 compared to $650 million (including a $2 million credit for covered loans) for the second quarter of 2010. The provision for credit losses totaled $668 million for the first six months of 2011 (including $15 million for covered loans) compared to $1.2 billion (including $17 million for covered loans) for the same period in 2010. Overall, the provision for credit losses declined in all of the major portfolio segments compared to the second quarter of 2010 due to improving credit trends and outlook, as net charge-offs were down 30.8% compared to second quarter of 2010 and 24.1% compared to the six months of 2010. The largest decreases in the provision for credit losses compared to the second quarter of 2010 were for commercial loans, direct retail loans and residential mortgage. Nonperforming assets decreased by 15.6% compared to December 31, 2010 for the fifth consecutive quarter of declines.

Net charge-offs were 1.71% of average loans and leases on an annualized basis (or 1.80% excluding covered loans) for the second quarter of 2011 compared to 2.48% of average loans and leases (or 2.66% excluding covered loans) for the same period in 2010. Net charge-offs were 1.63% of average loans and leases on an annualized basis (or 1.73% excluding covered loans) for the first six months of 2011 compared to 2.16% of average loans and leases (or 2.33% excluding covered loans) for the corresponding period in 2010. Net charge-offs included $87 million and $148 million of losses related to loans transferred to held for sale in connection with management s nonperforming asset disposition strategy during the second quarters and first six months of 2011 and 2010, respectively. Excluding these losses, the net charge-off ratio for the second quarter of 2011 would have been 1.46% compared to 2.06% for the same period of 2010. The allowance for loan and lease losses was 2.43% of loans and leases held for investment (or 2.41% excluding covered loans) and was 1.22x total nonperforming loans and leases held for investment (or 1.14x excluding covered loans) at June 30, 2011 compared with 0.98x (or 0.98x excluding covered loans) at June 30, 2010. Management currently anticipates net charge-offs in the third and fourth quarters of 2011 to be in the range of 1.40% and 1.50% of average loans excluding covered loans.

Noninterest Income

BB&T emphasizes growing its fee-based businesses to lessen dependence on traditional spread-based interest income. Fee-based businesses are a relatively stable revenue source during periods of changing interest rates. Noninterest income for the three months ended June 30, 2011 totaled $787 million, compared to $1.0 billion for the same period in 2010, a decrease of $252 million, or 24.3%. The decline in noninterest income included a reduction of $221 million as a result of lower net securities gains and $27 million in losses and write-downs related to commercial loans held for sale in connection with management s asset disposition strategy. Excluding these items, noninterest income was relatively flat compared to the second quarter of 2010.

Noninterest income for the six months ended June 30, 2011 totaled $1.5 billion, a 20.3% decrease compared to the same period of 2010. The decrease in noninterest income was due to a decline in net securities gains of $218 million, $101 million of losses and write-downs related to commercial loans held for sale in connection with management s asset disposition strategy and a $66 million reduction in fee income to reflect the reduction in expected receivables from the FDIC caused by improved loss expectations on covered loans.

Insurance income, which is BB&T s largest source of noninterest income, totaled $299 million for the second quarter of 2011, which was up 4.2% compared to the same three-month period of 2010. For the first six months of 2011, insurance income totaled $549 million, a slight increase compared to the same period last year. The increases in insurance income reflect market-share gains from improved sales efforts as pricing in the industry remains soft.

Service charges on deposit accounts totaled $145 million in the second quarter of 2011, a decrease of $19 million, or 11.6%, compared to the same quarter of 2010. For the first six months of 2011, service charges on deposits totaled $280 million, a decline of $48 million, or 14.6%, compared to the same period in 2010. The decrease in service charges was primarily due to changes to BB&T s overdraft policies, which were implemented during the third quarter of 2010, partially in response to regulatory changes. Service charges were up $10 million compared to the first quarter of 2011 due to higher revenue from overdraft fees and the implementation of new product and service offerings.

Mortgage banking income totaled $83 million in the second quarter of 2011, a decrease of $27 million or 24.5% compared to $110 million earned in the second quarter of 2010. This decrease is primarily due to a decline of $33 million in residential mortgage banking income due to lower origination and sales volumes and secondary market pricing. This decline was partially offset by an increase of $6 million from commercial mortgage banking activities due to improving market conditions. During the second quarter of 2011, management revised its servicing costs assumption in the valuation of residential mortgage servicing rights. The impact of this change was a $10 million reduction in the value of residential mortgage servicing rights. The Company was not a party to the consent orders issued to various mortgage servicers in the second quarter, however certain changes will impact the entire servicing industry. Management evaluates the servicing costs assumption on a quarterly basis based on changes to regulations and industry standards that impact the mortgage servicing industry.

The following table provides a breakdown of the various components of mortgage banking income and other statistical information for the second quarters of 2011 and 2010:

Table 9-1

Mortgage Banking Income and Related Statistical Information

Mortgage Banking Income	**Three Months Ended June 30, 2011**	**2010**
	(Dollars in millions)	
Residential Mortgage Banking:		
Residential mortgage production income	$ 32	$ 64
Residential Mortgage Servicing:		
Residential mortgage servicing fees	60	54
Residential mortgage servicing rights decrease in fair value due to change in valuation inputs or assumptions (1)	(61)	(234)
Mortgage servicing rights hedging gains	59	241
Net	(2)	7
Realization of expected residential mortgage servicing rights cash flows	(29)	(31)
Total residential mortgage servicing income	29	30
Total residential mortgage banking income	61	94
Commercial Mortgage Banking:		
Commercial mortgage banking revenues	27	21
Amortization of commercial mortgage servicing rights	(5)	(5)
Total commercial mortgage banking income	22	16
Total mortgage banking income	$ 83	$ 110

Mortgage Banking Statistical Information	As of/For the Three Months Ended June 30, 2011	2010
	(Dollars in millions)	
Residential mortgage originations	$ 3,888	$ 5,013
Residential mortgage loans serviced for others	65,868	59,303
Residential mortgage loan sales	3,088	4,214
Commercial mortgage originations	960	640
Commercial mortgage loans serviced for others	24,408	23,815

(1) Includes a $1 million and $2 million decrease due to valuation adjustments for MSRs carried at the lower of cost or market during the second quarters of 2011 and 2010, respectively.

Mortgage banking income totaled $178 million in the first six months of 2011, a decrease of $21 million or 10.6%, compared to $199 million earned in the first six months of 2010. This decrease is primarily due to a $40 million decline in residential mortgage banking income due to lower margins in 2011. This decline was partially offset by a $19 million increase in commercial mortgage banking revenues.

The following table provides a breakdown of the various components of mortgage banking income and other statistical information for the six months ended June 30, 2011 and 2010, respectively:

Table 9-2

Mortgage Banking Income and Related Statistical Information

Mortgage Banking Income	**Six Months Ended June 30, 2011**	**2010**
	(Dollars in millions)	
Residential Mortgage Banking:		
Residential mortgage production income	$ 74	$ 115
Residential Mortgage Servicing:		
Residential mortgage servicing fees	118	111
Residential mortgage servicing rights decrease in fair value due to change in valuation inputs or assumptions (1)	(20)	(229)
Mortgage servicing rights hedging gains	20	240
Net		11
Realization of expected residential mortgage servicing rights cash flows	(57)	(62)
Total residential mortgage servicing income	61	60
Total residential mortgage banking income	135	175
Commercial Mortgage Banking:		
Commercial mortgage banking revenues	53	33
Amortization of commercial mortgage servicing rights	(10)	(9)
Total commercial mortgage banking income	43	24
Total mortgage banking income	$ 178	$ 199

Mortgage Banking Statistical Information	**As of/For the Six Months Ended June 30, 2011**	**2010**
	(Dollars in millions)	
Residential mortgage originations	$ 9,690	$ 9,804
Residential mortgage loan sales	8,553	8,672
Commercial mortgage originations	1,890	908

(1) Includes a $2 million decrease due to a valuation adjustment for MSRs carried at the lower of cost or market during the six months ended June 30, 2010.

Securities losses, net of gains and including other-than-temporary impairment charges, totaled $2 million for the second quarter and first six months of 2011. This compares to $219 million and $216 million in net securities gains during the second quarter and first six months of 2010, respectively. The net securities gains during 2010 were largely generated with the balance sheet deleverage strategy executed in the second quarter of 2010. During the second quarter of 2011, BB&T recognized $18 million of other-than-temporary credit impairments on certain non-agency mortgage-backed securities. This represents an increase of $13 million compared to the second quarter of 2010. For the first six months of 2011, BB&T has recognized a total of $39 million in other-than-temporary credit impairments compared to $11 million for the same period of 2010.

Other noninterest income, including investment banking and brokerage fees and commissions, income from bank-owned life insurance, trust and investment advisory revenues, bankcard fees and merchant discounts, checkcard fees, FDIC loss share income and other nondeposit fees and commissions totaled $262 million during the second quarter of 2011, compared with $259 million for the same period of 2010. Other income included increases in checkcard fees of $9 million, or 12.9%, and bankcard fees and merchant discounts of $7 million, or 15.6%. The increases in checkcard fees and bankcard fees and merchant discounts were largely due to higher volumes. In addition, trust and investment advisory revenues increased $6 million, or 15.4%, due to improved market conditions. Other income also included $27 million for losses and write-downs related to commercial loans held for sale in connection with management s nonperforming asset disposition strategy.

For the first six months of 2011, other noninterest income, including investment banking and brokerage fees and commissions, income from bank-owned life insurance, trust and investment advisory revenues, bankcard fees and merchant discounts, checkcard fees, FDIC loss share income and other nondeposit fees and commissions totaled $496 million, down $104 million compared to the first six months of 2010. Results for 2011 included $101 million for losses and write-downs related to commercial loans held for sale in connection with management s asset disposition strategy. Revenue from checkcard fees, bankcard fees and merchant discounts and trust and investment advisory revenues increased $20 million, $13 million and $11 million, respectively for the same reasons mentioned above. FDIC loss share income declined $66 million, which was offset by additional interest income on covered loans and securities.

In light of the passage of final rules on revenue interchange, management updated its projections regarding revenue at risk as a result of regulatory changes. Previously, management estimated that noninterest revenue sources at risk were in the range of $450 million on an annual run rate basis beginning in 2012. This estimate has now been revised to be approximately $395 million. 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 expenses totaled $1.4 billion for the second quarter of 2011, compared to $1.5 billion for the same period a year ago, a decrease of $105 million, or 7.0%. Noninterest expenses totaled $2.8 billion for the first six months of 2011, a decrease of $74 million, or 2.6% compared to the same period a year ago.

Personnel expense, the largest component of noninterest expense, was $683 million for the current quarter compared to $649 million for the same period in 2010, an increase of $34 million, or 5.2%. This growth primarily resulted from an increase of $15 million resulting from incentive expense largely from production-related businesses and an increase of $14 million related to pension and other benefits expense. For the first six months of 2011, personnel expense totaled $1.4 billion, an increase of $82 million, or 6.3%, compared to the same period in 2010. This increase was driven by an increase of $35 million resulting from incentive expense largely from production-related businesses and an increase of $37 million related to pension and other benefits expense. Equity-based compensation expense also increased $12 million in the first six months of 2011 compared to the same period of 2010.

Foreclosed property expenses include the gain or loss on sale of foreclosed property, valuation adjustments resulting from updated appraisals, and the ongoing expense of maintaining foreclosed properties. Foreclosed property expense for the three months ended June 30, 2011 totaled $145 million compared to $240 million for the second quarter of 2010. For the first six months of 2011, foreclosed property expense totaled $288 million, compared to $418 million for the first six months of 2010. The decline in 2011 was largely due to decreased losses and write-downs on foreclosed properties as property values began stabilizing. BB&T s inventory of foreclosed property has decreased $252 million, or 17.6%, since June 30, 2010 as a result of management s nonperforming asset disposition strategy.

Occupancy and equipment expense for the three months ended June 30, 2011 totaled $152 million, compared to $158 million for the second quarter of 2010, representing a decrease of $6 million, or 3.8%. For the first six months of 2011, occupancy and equipment expense totaled $306 million, compared to $296 million for the first six months of 2010, representing an increase of $10 million, or 3.4%. The increase in the first six months of 2011 compared to 2010 was primarily related to a first quarter 2010 adjustment of $16 million pre-tax related to a change in estimated occupancy expense associated with properties acquired from the FDIC in the Colonial acquisition.

Other noninterest expenses, including professional services, regulatory charges, loan processing expenses, amortization of intangibles, software expense and merger-related and restructuring charges, totaled $415 million for the current quarter, a decrease of $38 million, or 8.4%, compared to the same period of 2010. The decrease was primarily due to a decline of $36 million in merger-related and restructuring charges, net compared to the same period of 2010 as the prior year s second quarter included charges related to the Colonial acquisition. Advertising and other marketing expense also declined $10 million in the second quarter while regulatory charges increased $13 million due to deposit and supervisory-related costs.

For the first six months of 2011, other noninterest expenses totaled $796 million, a decrease of $36 million, or 4.3%, compared to the same period of 2010. Merger-related and restructuring charges, net decreased by $55 million as the prior year included charges related to the Colonial acquisition. Amortization of intangibles and advertising and other marketing expense also declined by $13 million and $12 million, respectively. Regulatory charges increased $29 million due to higher deposit and supervisory-related costs and loan processing expenses were $20 million higher due to costs associated with problem loan workouts.

Noninterest expenses remain elevated due to higher costs associated with the credit environment. This includes higher foreclosed property expenses, personnel costs and other expenses associated with collections and problem loan workouts. Management expects that as the levels of nonperforming assets decline, these costs will decrease and additional net interest revenues will be earned.

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 the second quarters of 2011 and 2010 were $2 million and $38 million, respectively. There were no merger-related and restructuring charges for the first six months of 2011, compared to $55 million for the same period of 2010. The decreases in merger-related and restructuring charges were largely due to costs incurred in 2010 in connection with the Colonial acquisition which is now substantially complete.

At June 30, 2011 and December 31, 2010, there were $5 million and $10 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 June 30, 2011 are expected to be utilized during 2011, unless they relate to specific contracts that expire in later years.

Provision for Income Taxes

The provision for income taxes was $91 million for the second quarter of 2011, an increase of $66 million compared to the same period of 2010, primarily due to higher pre-tax income. BB&T s effective income tax rates for the second quarters of 2011 and 2010 were 21.8% and 10.0%, respectively. For the first six months of 2011, the provision for income taxes was $144 million, an increase of $71 million compared to the same period of 2010, primarily due to higher pre-tax income. BB&T s effective income tax rates for the first six months of 2011 and 2010 were 20.4% and 14.9%, respectively. The higher effective tax rates are primarily the result of higher pre-tax income, which is subject to the marginal tax rate.

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 2011 and 2010.

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.

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 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 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.

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. As of June 30, 2011, BB&T had derivative financial instruments outstanding with notional amounts totaling $58.1 billion. The estimated net fair value of open contracts was a loss of $29 million at June 30, 2011.

See Note 15 Derivative Financial Instruments in the Notes to Consolidated Financial Statements herein for additional disclosures.

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

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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 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.

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 assuming a gradual change in interest rates as described below. 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 10-1

Interest Sensitivity Simulation Analysis

Interest Rate Scenario			Annualized Hypothetical Percentage Change in Net Interest Income June 30,	
Linear Change in Prime Rate	**Prime Rate June 30, 2011**	**2010**	**2011**	**2010**
2.00%	5.25%	5.25%	2.69%	3.56%
1.00	4.25	4.25	1.14	1.56
No Change	3.25	3.25		
(0.25)	3.00	3.00	0.43	(0.23)

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 negative 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. 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 10-2

Economic Value of Equity (EVE) Simulation Analysis

Change in Rates	EVE/Assets June 30, 2011	EVE/Assets June 30, 2010	Hypothetical Percentage Change in EVE June 30, 2011	Hypothetical Percentage Change in EVE June 30, 2010
2.00%	7.6%	8.1%	8.2%	23.2%
1.00	7.3%	7.4	5.1	12.8
No Change	7.0%	6.6		
(0.25)	6.8%	6.3	(2.1)	(4.2)

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

BB&T uses a variety of financial instruments to meet the financial needs of its clients and reduce exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, options written, standby letters of credit and other financial guarantees, interest-rate caps, floors and collars, interest-rate swaps, swaptions, when-issued securities and forward and futures contracts. Refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 for discussion with respect to BB&T s quantitative and qualitative disclosures about its fixed and determinable contractual obligations. Additional disclosures about BB&T s contractual obligations, commitments and derivative financial instruments are included in Note 13 Commitments and Contingencies and Note 14 Fair Value Disclosures in the Notes to Consolidated Financial Statements. Other items disclosed in BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 have not materially changed since that report was filed.

CAPITAL ADEQUACY AND RESOURCES

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, 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 11

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	6.50%

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.

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. Refer to the section titled Capital in BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 for additional information with regard to BB&T s capital requirements.

During the first quarter of 2011, management announced intentions to retire all of its $3.2 billion in trust preferred securities by the end of 2013. In advance of retiring these instruments, management plans to issue approximately $1.75 billion of Tier 1 qualifying instruments in order to maximize the amount of these types of instruments allowable under the Basel III capital standards. As of June 30, 2011, management currently estimates the Tier 1 common ratio under the currently proposed Basel III standards to be 8.3%.

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BB&T s regulatory and tangible capital ratios for the last five calendar quarters are set forth in the following table:

Table 12

Capital Ratios (1)

	2011			2010	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
	(Dollars in millions, shares in thousands)				
Risk-based:					
Tier 1	12.3%	12.1%	11.8%	11.7%	11.7%
Total	16.0	15.8	15.5	15.7	15.8
Leverage capital	9.5	9.3	9.1	9.3	8.9
Non-GAAP capital measures (2)					
Tangible common equity as a percentage of tangible assets	7.2	7.2	7.1	7.0	7.0
Tier 1 common equity as a percentage of risk- weighted assets	9.6	9.3	9.1	9.0	8.9
Calculations of Tier 1 common equity and tangible assets and related measures:					
Tier 1 equity	$ 14,363	$ 14,100	$ 13,959	$ 13,828	$ 13,594
Less:					
Qualifying restricted core capital elements	3,249	3,248	3,248	3,255	3,254
Tier 1 common equity	$ 11,114	$ 10,852	$ 10,711	$ 10,573	$ 10,340
Total assets	$ 159,310	$ 157,039	$ 157,081	$ 157,230	$ 155,083
Less:					
Intangible assets, net of deferred taxes	6,353	6,374	6,391	6,419	6,502
Plus:					
Regulatory adjustments, net of deferred taxes	389	572	636	207	187
Tangible assets	$ 153,346	$ 151,237	$ 151,326	$ 151,018	$ 148,768
Total risk-weighted assets (3)	$ 116,315	$ 116,484	$ 118,131	$ 117,894	$ 116,073
Tangible common equity as a percentage of tangible assets	7.2%	7.2%	7.1%	7.0%	7.0%
Tier 1 common equity as a percentage of risk-weighted assets	9.6	9.3	9.1	9.0	8.9
Tier 1 common equity	$ 11,114	$ 10,852	$ 10,711	$ 10,573	$ 10,340
Outstanding shares at end of period	696,894	696,285	694,381	693,560	692,777
Tangible book value per common share	$ 15.95	$ 15.59	$ 15.43	$ 15.25	$ 14.93

(1) Current quarter regulatory capital information is preliminary.

(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 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.

(3) 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.

Share Repurchase Activity

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 2011.

Table 13

Share Repurchase Activity

	2011			
	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)			
April 1-30	5	$ 27.68		44,139
May 1-31	1	26.95		44,139
June 1-30	16	25.51		44,139
Total	22	$ 26.05		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.

LIQUIDITY

Liquidity represents BB&T s continuing ability to meet funding needs, including deposit withdrawals, timely repayment of borrowings and other liabilities, and funding of loan commitments. Management made additional investments in securities in the second quarter of 2011 in an effort to improve the Company s liquidity measures under the proposed Basel III guidelines and as a result of strong growth in deposits. Management also decreased the amount of securities pledged from $19.3 billion at December 31, 2010 to $15.7 billion at June 30, 2011, resulting in an increase in the amount of unencumbered securities in the portfolio, and replaced these pledges with a letter of credit issued by the FHLB on behalf of Branch Bank.

In addition to the level of liquid assets, such as trading securities and securities available for sale, many other factors affect BB&T s 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 ability to securitize or package loans for sale. The 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. Refer to BB&T s Annual Report on Form 10-K for the year ended December 31, 2010 for disclosures related to BB&T s and Branch Bank s credit ratings and liquidity.

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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 17 Operating Segments in the Notes to Consolidated Financial Statements contained herein and BB&T s Annual Report on Form 10-K for the year ended December 31, 2010, for additional disclosures related to BB&T s reportable business segments. Fluctuations in noninterest income and noninterest expense incurred directly by the operating segments are more fully described in the sections titled Noninterest Income and Noninterest Expense of this discussion and analysis. The following table reflects the net income (loss) for each of BB&T s operating segments for the six months ended June 30, 2011 and 2010, respectively.

Table 14

BB&T Corporation

Net Income by Reportable Segments

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(Dollars in millions)	
Community Banking	$ 367	$ 198
Residential Mortgage Banking	(70)	(131)
Sales Finance	24	29
Specialized Lending	138	85
Insurance Services	77	69
Financial Services	53	44
Treasury	(121)	109
All Other Segments	27	11
Parent/Reconciling Items	66	4
BB&T Corporation	$ 561	$ 418

Community Banking reported net income of $367 million compared to $198 million in the prior year. The $169 million increase in net income attributable to the Community Banking segment is primarily due to a $419 million decrease in the economic provision for loan and lease losses, reflecting improved credit quality in the Bank s commercial and retail loan portfolios. Lower provision expenses were offset by a decrease of $131 million in net interest income and FTP driven by lower FTP credits earned on deposits related to the decline in the FTP liquidity premiums from the prior year. In addition, noninterest income declined by $122 million, primarily as a result of losses realized on the sale of loans held for sale and lower service charges on deposit accounts. Noninterest expenses decreased by $143 million from the prior year primarily as a result of a decrease in losses resulting from the sale of foreclosed property.

Residential Mortgage Banking experienced a net loss of $70 million compared to a $131 million net loss in the prior year, an improvement in net earnings of $61 million. This was due primarily to a $140 million decrease in the economic provision for loan and lease losses. Lower provision expenses were driven by improved credit quality performance in the Bank s residential mortgage loan portfolio, as well as a sale of nonperforming loans in the second quarter of 2011. Offsetting lower provision expense was a $39 million decrease in noninterest income as a result of lower mortgage origination volumes and margins than the prior year.

Sales Finance s net income of $24 million was below prior year results of $29 million as higher net interest income and FTP was offset by an increase in the economic provision for loan and lease losses following a negative provision adjustment in 2010.

Specialized Lending reported net income of $138 million compared to $85 million in the prior year. The $53 million increase in net income for the Specialized Lending segment was primarily driven by a $46 million increase in net interest income and FTP related to strong growth in the underlying loan portfolio balances across all lines of business, a $28 million reduction in the economic provision for loan and lease losses, and a $24 million increase in noninterest income. The growth in noninterest income was primarily generated by Grandbridge Real Estate Capital, which realized strong growth in commercial loan origination volumes for delivery to the secondary market.

Insurance Services reported net income of $77 million compared to $69 million in the prior year reflecting Insurance Services ability to retain clients and add new business in what has been a continued soft insurance market.

Financial Services reported net income of $53 million compared to $44 million in the prior year. The $9 million increase in net income is primarily due to a $33 million increase in noninterest income and an $8 million decrease in the economic provision for loan and lease losses. Noninterest income improved due to strong retail sales of investment products and services, combined with continued strong growth in Corporate Banking related noninterest fee income where BB&T continues to add additional resources. In addition, Capital Partners continued to have strong revenue growth in 2011 related to maturing investments in several of its venture capital funds. These results were partially offset by a $30 million increase in noninterest expenses related to the addition of revenue-producing employees as BB&T continues to expand its sales force in these lines of business and higher incentive income associated with improved revenues.

Treasury segment results were shaped by balance sheet strategies that impacted net interest income. Stronger funding through deposits resulted in reduced reliance on wholesale funding and lower interest income was earned on the securities portfolio as a result of an increased investment in lower risk-weighted and lower yielding assets. The remaining variance is attributed to the securities portfolio rebalancing in 2010 which produced realized gains.

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 $62 million increase in net income related to Parent/Reconciling Items is largely due to higher net interest income earned on the covered loan portfolio.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to Market Risk Management in the Management s Discussion and Analysis of Financial Condition and Results of Operations section herein.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the management of the Company, under the supervision and with the participation of the Company s Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the Company s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company s disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There was no change in the Company s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to the Commitments and Contingencies footnote in the Notes to Consolidated Financial Statements .

Item 1A. Risk Factors

Other than as set forth below, there have been no material changes from the risk factors disclosed in BB&T s Annual Report on Form 10-K for the year ended December 31, 2010. Additional risks and uncertainties not currently known to BB&T or that management has deemed to be immaterial also may materially adversely affect BB&T s business, financial condition, and/or operating results.

The recent downgrade of U.S. government securities by one of the credit ratings agencies could have a material adverse affect on the Company s operations, earnings and financial condition.

The recent debate in Congress regarding the national debt ceiling, federal budget deficit concerns and overall weakness in the economy recently resulted in a downgrade of U.S. government securities by Standard & Poor s, one of the three major credit rating agencies. This downgrade, and the possible future downgrade of the federal government s credit rating by one or both of the other two major ratings agencies, could create uncertainty in the U.S. and global financial markets and cause other events which, directly or indirectly, may adversely affect the Company s operations, earnings and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Refer to Share Repurchase Activity in the Management s Discussion and Analysis of Financial Condition and Results of Operations section herein.

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Item 6. Exhibits

11	Statement re: Computation of Earnings Per Share.
12	Statement re: Computation of Ratios.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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.
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.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	XBRL Taxonomy Definition Linkbase.

SIGNATURES

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

BB&T CORPORATION

(Registrant)

Date: August 8, 2011	By:	/s/ DARYL N. BIBLE **Daryl N. Bible, Senior Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**
Date: August 8, 2011	By:	/s/ CYNTHIA B. POWELL **Cynthia B. Powell, Executive Vice President and** **Corporate Controller** **(Principal Accounting Officer)**

EXHIBIT INDEX

Exhibit No.	Description	Location
11	Statement re: Computation of Earnings Per Share.	Filed herewith as Note 16.
12	Statement re: Computation of Ratios.	Filed herewith.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-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 15d-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.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.	Filed herewith.
101.DEF*	XBRL Taxonomy Definition Linkbase.	Filed herewith.

* As provided in Rule 406T of Regulation S-T, this information will be 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.
Exhibit filed with the Securities and Exchange Commission and available upon request.