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, 2008

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 ☑ 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 ☑	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 ☑

At July 31, 2008, 549,489,664 shares of the registrant's common stock, $5 par value, were outstanding.

BB&T CORPORATION
FORM 10-Q
June 30, 2008

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Item 1. Financial Statements

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in millions, except per share data, shares in thousands)

	June 30, 2008	December 31, 2007
Assets		
Cash and due from banks	$ 1,888	$ 2,050
Interest-bearing deposits with banks	577	388
Federal funds sold and securities purchased under resale agreements or similar arrangements	178	679
Segregated cash due from banks	196	208
Trading securities at fair value	514	1,009
Securities available for sale at fair value	22,657	22,419
Loans held for sale ($1,490 at fair value at June 30, 2008)	1,515	779
Loans and leases, net of unearned income	94,200	90,907
Allowance for loan and lease losses	(1,257)	(1,004)
Loans and leases, net	92,943	89,903
Premises and equipment, net of accumulated depreciation	1,557	1,529
Goodwill	5,306	5,194
Core deposit and other intangible assets	505	489
Residential mortgage servicing rights at fair value	611	472
Other assets	8,018	7,499
Total assets	$ 136,465	$ 132,618
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest-bearing deposits	$ 13,567	$ 13,059
Interest checking	2,542	1,201
Other client deposits	36,871	35,504
Client certificates of deposit	26,801	26,972
Other interest-bearing deposits	8,433	10,030
Total deposits	88,214	86,766
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	10,804	10,634
Long-term debt	20,556	18,693
Accounts payable and other liabilities	4,091	3,893
Total liabilities	123,665	119,986
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Preferred stock, $5 par, 5,000 shares authorized, none issued or outstanding at June 30, 2008 or at December 31, 2007	--	--
Common stock, $5 par, 1,000,000 shares authorized; 546,928 issued and outstanding at June 30, 2008, and 545,955 issued and outstanding at December 31, 2007	2,735	2,730
Additional paid-in capital	3,146	3,087
Retained earnings	7,258	6,919
Accumulated other comprehensive loss, net of deferred income taxes of $(199) at June 30, 2008 and $(65) at December 31, 2007	(339)	(104)
Total shareholders' equity	12,800	12,632
Total liabilities and shareholders' equity	$ 136,465	$ 132,618

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

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Dollars in millions, except per share data, shares in thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	**2008**	2007
Interest Income				
Interest and fees on loans and leases	**$ 1,501**	$ 1,675	**$ 3,096**	$ 3,288
Interest and dividends on securities	**283**	273	**572**	541
Interest on short-term investments	**6**	13	**17**	23
Total interest income	**1,790**	1,961	**3,685**	3,852
Interest Expense				
Interest on deposits	**455**	639	**1,019**	1,286
Interest on federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	**59**	102	**147**	189
Interest on long-term debt	**208**	254	**434**	466
Total interest expense	**722**	995	**1,600**	1,941
Net Interest Income	**1,068**	966	**2,085**	1,911
Provision for credit losses	**330**	88	**553**	159
Net Interest Income After Provision for Credit Losses	**738**	878	**1,532**	1,752
Noninterest Income				
Insurance income	**237**	229	**449**	426
Service charges on deposits	**172**	151	**326**	289
Investment banking and brokerage fees and commissions	**88**	89	**174**	171
Mortgage banking income	**57**	31	**116**	61
Checkcard fees	**53**	44	**99**	85
Other nondeposit fees and commissions	**47**	48	**93**	91
Trust and investment advisory revenues	**38**	40	**78**	80
Bankcard fees and merchant discounts	**39**	35	**75**	65
Income from bank-owned life insurance	**25**	25	**38**	53
Securities gains (losses), net	**10**	1	**53**	(10)
Other income	**61**	36	**97**	70
Total noninterest income	**827**	729	**1,598**	1,381
Noninterest Expense				
Personnel expense	**565**	540	**1,112**	1,064
Occupancy and equipment expense	**124**	117	**247**	233
Professional services	**48**	32	**85**	63
Loan processing expenses	**33**	29	**64**	55
Amortization of intangibles	**25**	26	**52**	51
Merger-related and restructuring charges, net	**1**	5	**6**	11
Other expenses	**166**	174	**332**	329
Total noninterest expense	**962**	923	**1,898**	1,806
Earnings				
Income before income taxes	**603**	684	**1,232**	1,327
Provision for income taxes	**175**	226	**376**	448
Net income	**$ 428**	$ 458	**$ 856**	$ 879
Per Common Share				
Net income:				
Basic	**$ .78**	$ .84	**$ 1.57**	$ 1.61
Diluted	**$ .78**	$ .83	**$ 1.56**	$ 1.60
Cash dividends paid	**$ .46**	$ .42	**$ .92**	$ .84
Weighted Average Shares Outstanding				
Basic	**546,628**	548,385	**546,421**	545,136
Diluted	**549,758**	553,935	**549,344**	550,556

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

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Six Months Ended June 30, 2008 and 2007
(Unaudited)
(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)	Total Shareholders' Equity
Balance, January 1, 2007	541,475	$ 2,707	$ 2,801	$ 6,596	$ (359)	$ 11,745
Add (Deduct):						
Comprehensive income (loss):						
Net income	--	--	--	879	--	879
Unrealized holding gains (losses) arising during the period on securities available for sale, net of tax of $(71)	--	--	--	--	(96)	(96)
Reclassification adjustment for losses (gains) on securities available for sale included in net income, net of tax of $4	--	--	--	--	6	6
Change in unrealized gains (losses) on securities, net of tax	--	--	--	--	(90)	(90)
Change in unrecognized gains (losses) on cash flow hedges, net of tax of $(2)	--	--	--	--	(4)	(4)
Change in pension and postretirement liability, net of tax	--	--	--	--	(1)	(1)
Foreign currency translation adjustment	--	--	--	--	2	2
Total comprehensive income (loss)	--	--	--	879	(93)	786
Common stock issued:						
In purchase acquisitions (1)	8,807	44	356	--	--	400
In connection with stock option exercises and other employee benefits, net of cancellations	1,666	9	37	--	--	46
Cash dividends declared on common stock, $.88 per share	--	--	--	(482)	--	(482)
Cumulative effect of adoption of FIN 48	--	--	--	(119)	--	(119)
Cumulative effect of adoption of FSP FAS 13-2	--	--	--	(306)	--	(306)
Other, net	--	--	55	--	--	55
Balance, June 30, 2007	551,948	$ 2,760	$ 3,249	$ 6,568	$ (452)	$ 12,125
Balance, January 1, 2008	545,955	$ 2,730	$ 3,087	$ 6,919	$ (104)	$ 12,632
Add (Deduct):						
Comprehensive income (loss):						
Net income	--	--	--	856	--	856
Unrealized holding gains (losses) arising during the period on securities available for sale, net of tax of $(128)	--	--	--	--	(213)	(213)
Reclassification adjustment for losses (gains) on securities available for sale included in net income, net of tax of $(20)	--	--	--	--	(33)	(33)
Change in unrealized gains (losses) on securities, net of tax	--	--	--	--	(246)	(246)
Change in unrecognized gains (losses) on cash flow hedges, net of tax of $14	--	--	--	--	13	13
Change in pension and postretirement liability, net of tax	--	--	--	--	(2)	(2)
Total comprehensive income (loss)	--	--	--	856	(235)	621
Common stock issued:						
In connection with stock option exercises and other employee benefits, net of cancellations	959	5	21	--	--	26
Cash dividends declared on common stock, $.93 per share	--	--	--	(509)	--	(509)
Cumulative effect of adoption of EITF 06-4 and EITF 06-10	--	--	--	(8)	--	(8)
Other, net	14	--	38	--	--	38
Balance, June 30, 2008	546,928	$ 2,735	$ 3,146	$ 7,258	$ (339)	$ 12,800

(1) Additional paid-in capital includes the value of replacement stock options issued.

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

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in millions)

	For the Six Months Ended June 30, 2008	2007
Cash Flows From Operating Activities:		
Net income	**$ 856**	$ 879
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**553**	159
Depreciation	**93**	88
Amortization of intangibles	**52**	51
Equity-based compensation	**38**	42
Discount accretion and premium amortization on long-term debt, net	**51**	61
(Gain) loss on sales of securities, net	**(53)**	10
Loss (gain) on disposals of premises and equipment, net	**2**	(4)
Net decrease in trading account securities	**495**	1,080
Net increase in loans held for sale	**(687)**	(554)
Increase in other assets, net	**(568)**	(364)
Increase (decrease) in accounts payable and other liabilities, net	**268**	(1,062)
Decrease (increase) in segregated cash due from banks	**12**	(35)
Other, net	**(61)**	(15)
Net cash provided by operating activities	**1,051**	336
Cash Flows From Investing Activities:		
Proceeds from sales of securities available for sale	**5,236**	1,318
Proceeds from maturities, calls and paydowns of securities available for sale	**3,089**	4,425
Purchases of securities available for sale	**(8,910)**	(7,010)
Originations and purchases of loans and leases, net of principal collected	**(3,832)**	(2,698)
Net cash (paid) acquired in business combinations	**(146)**	45
Proceeds from disposals of premises and equipment	**2**	15
Purchases of premises and equipment	**(107)**	(126)
Proceeds from sales of foreclosed property or other real estate held for sale	**61**	46
Other, net	**95**	-
Net cash used in investing activities	**(4,512)**	(3,985)
Cash Flows From Financing Activities:		
Net increase in deposits	**1,448**	2,137
Net increase (decrease) in federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	**170**	(308)
Proceeds from issuance of long-term debt	**3,385**	4,902
Repayment of long-term debt	**(1,539)**	(2,683)
Net proceeds from common stock issued	**26**	46
Cash dividends paid on common stock	**(503)**	(455)
Excess tax benefit from equity-based awards	**-**	13
Net cash provided by financing activities	**2,987**	3,652
Net (Decrease) Increase in Cash and Cash Equivalents	**(474)**	3
Cash and Cash Equivalents at Beginning of Period	**3,117**	2,712
Cash and Cash Equivalents at End of Period	**$ 2,643**	$ 2,715

Supplemental Disclosure of Cash Flow Information:

	2008	2007
Cash paid during the period for:		
Interest	**$ 1,650**	$ 1,896
Income taxes	**528**	1,725

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

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 (referred to herein as "BB&T", "the Corporation" or "the Company"), present fairly, in all material respects, BB&T's financial position at June 30, 2008 and December 31, 2007, BB&T's results of operations for the three and six month periods ended June 30, 2008 and 2007, and BB&T's changes in shareholders' equity and cash flows for the six month periods ended June 30, 2008 and 2007. In the opinion of management, all adjustments necessary to fairly present the consolidated financial position and consolidated results of operations have been made. All adjustments during the first six months of 2008 and 2007 were of a normal recurring nature.

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, 2007 should be referred to in connection with these unaudited interim consolidated financial statements.

Nature of Operations

BB&T is a financial holding company headquartered in Winston-Salem, North Carolina. BB&T conducts its operations primarily through its subsidiary, Branch Banking and Trust Company ("Branch Bank"), which has branches in North Carolina, South Carolina, Virginia, Maryland, Georgia, West Virginia, Tennessee, Kentucky, Florida, Alabama, Indiana 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; and trust services. The direct nonbank subsidiaries of BB&T provide a variety of financial services including automobile lending, equipment financing, full-service securities brokerage, payroll processing, asset management and capital markets services.

Principles of Consolidation

The consolidated financial statements of BB&T include the accounts of BB&T Corporation and those subsidiaries that are majority owned by BB&T and over which BB&T exercises control. In consolidation, all significant intercompany accounts and transactions are eliminated. The results of operations of companies acquired are included only from the dates of acquisition. All material wholly owned and majority owned subsidiaries are consolidated unless accounting principles generally accepted in the United States of America require otherwise.

BB&T evaluates variable interests in entities for which voting interests are not an effective means of identifying controlling financial interests. Variable interests are those in which the value of the interest changes with the fair value of the net assets of the entity exclusive of variable interests. If the results of the evaluation indicate the existence of a primary beneficiary and the entity does not effectively disperse risks among the parties involved, that primary beneficiary is required to consolidate the entity. Likewise, if the evaluation indicates that the requirements for consolidation are not met and the entity has previously been consolidated, then the entity would be deconsolidated.

BB&T has variable interests in certain entities that were not required to be consolidated, including affordable housing partnership interests, historic tax credit partnerships, other partnership interests and trusts that have issued capital securities.

BB&T accounts for unconsolidated partnership investments using the equity method of accounting. In addition to affordable housing partnerships, which represent the majority of unconsolidated investments in variable interest entities, BB&T also has investments and future funding commitments to venture capital and other entities. The maximum potential exposure to losses relative to investments in variable interest entities is generally limited to the sum of the outstanding balance, future funding commitments and any related loans to the entity. Loans to these entities are underwritten in substantially the same manner as are other loans and are generally secured.

BB&T has investments in certain entities for which BB&T does not have controlling interest. For these investments, the Company records its interest using the equity method with its portion of income or loss being recorded in other noninterest income in the Consolidated Statements of Income. BB&T periodically evaluates these investments for impairment.

Reclassifications

In certain instances, amounts reported in prior periods' consolidated financial statements have been reclassified to conform to the current presentation. Such reclassifications had no effect on previously reported shareholders' equity or net income.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan and lease losses and the reserve for unfunded lending commitments, 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 expenses.

Changes in Accounting Principles and Effects of New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "*Fair Value Measurements*," ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 clarifies that fair value is the price that would be received 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 on the measurement date. SFAS No. 157 is required to be applied whenever another financial accounting standard requires or permits an asset or liability to be measured at fair value. SFAS No. 157 does not expand the use of fair value to any new circumstances. BB&T adopted SFAS No. 157 effective January 1, 2008. The adoption of SFAS No. 157 was not material to the consolidated financial statements. Additional disclosures required by SFAS No. 157 are included in Note 12 to these consolidated financial statements.

In September 2006, the FASB reached a consensus on Emerging Issues Task Force ("EITF") Issue 06-4, "*Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*," ("EITF Issue 06-4"). In March 2007, the FASB reached a consensus on EITF Issue 06-10, "*Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements*," ("EITF Issue 06-10"). Both of these standards require a company to recognize an obligation over an employee's service period based upon the substantive agreement with the employee such as the promise to maintain a life insurance policy or provide a death benefit. BB&T adopted the provisions of these standards effective January 1, 2008. The adoption of these standards was not material to the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*," ("SFAS No. 159" or "the Fair Value Option"), which permits companies to choose to measure many financial instruments and certain other items at fair value, on an instrument-by-instrument basis. Once a company has elected to record eligible items at fair value, the decision is generally irrevocable. The objective of SFAS No. 159 is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. BB&T adopted SFAS No. 159 effective January 1, 2008, and elected the Fair Value Option for certain loans held for sale originated after December 31, 2007. The adoption of SFAS No. 159 was not material to the consolidated financial statements. Additional disclosures required by SFAS No. 159 are included in Note 12 to these consolidated financial statements.

In November 2007, the Securities and Exchange Commission ("SEC") Staff issued Staff Accounting Bulletin No. 109 "*Written Loan Commitments Recorded at Fair Value through Earnings,*" ("SAB No. 109"), which supersedes the guidance previously issued in SAB No. 105 "*Application of Accounting Principles to Loan Commitments*" ("SAB No. 105"). SAB No. 109 expresses the current view of the Staff that the expected net future cash flows related to the associated servicing of the loan should be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. The provisions of SAB No. 109 affect only the timing of mortgage banking income recognition and are effective for loan commitments as of January 1, 2008. The adoption of the provisions of SAB No. 109 was not material to BB&T's consolidated results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "*Business Combinations*," ("SFAS No. 141(R)"). SFAS No. 141(R) requires the acquiring entity in a business combination to recognize the full fair value of assets acquired and liabilities assumed in the transaction (whether a full or partial acquisition); establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; requires expensing of most transaction and restructuring costs; and requires the acquirer to disclose to investors and other users all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS No. 141(R) is effective for BB&T for business combinations consummated after December 31, 2008.

In December 2007, the FASB issued SFAS No. 160, "*Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51*," ("SFAS No. 160"). SFAS No. 160 requires that a noncontrolling interest in a subsidiary be accounted for as equity in the consolidated statement of financial position and that net income include the amounts for both the parent and the noncontrolling interest, with a separate amount presented in the income statement for the noncontrolling interest share of net income. SFAS No. 160 also expands the disclosure requirements and provides guidance on how to account for changes in the ownership interest of a subsidiary. SFAS No. 160 is effective prospectively for BB&T on January 1, 2009, except for the presentation and disclosure provisions that will be applied retrospectively for all periods presented. Management does not expect the adoption of SFAS No. 160 to be material to the consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "*Disclosures about Derivative Instruments and Hedging Activities—an amendment of SFAS No. 133*," ("SFAS No. 161"). SFAS No. 161 requires that an entity provide enhanced disclosures related to derivative and hedging activities. SFAS No. 161 is effective for BB&T on January 1, 2009.

In April 2008, the FASB issued FASB Staff Position (FSP) No. 142-3, "*Determination of the Useful Life of Intangible Assets*" ("FSP No. 142-3"). FSP No. 142-3 amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under FASB SFAS No. 142, "*Goodwill and Other Intangible Assets*" ("SFAS No. 142"). The intent of FSP No. 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R). FSP No. 142-3 is effective for BB&T on January 1, 2009, and applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. The adoption of FSP No. 142-3 is not expected to have a material impact on BB&T's consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "*The Hierarchy of Generally Accepted Accounting Principles*," ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles. SFAS No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "*The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*." Management does not expect the adoption of the provisions of SFAS No. 162 to have any impact on the consolidated financial statements.

NOTE 2. Business Combinations and Intangible Assets

Acquisitions

During the first six months of 2008, BB&T acquired six insurance agencies. Approximately $90 million in goodwill and $65 million of identifiable intangibles were recorded in connection with these transactions.

Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill attributable to each of BB&T's operating segments for the six months ended June 30, 2008 are as follows:

Goodwill Activity by Operating Segment

	Banking Network	Residential Mortgage Banking	Sales Finance	Specialized Lending	Insurance Services	Financial Services	All Other	Total
	(Dollars in millions)							
Balance, January 1, 2008	$ 4,035	$ 7	$ 93	$ 100	$ 741	$ 192	$ 26	$ 5,194
Acquisitions	-	-	-	-	90	-	-	90
Contingent consideration	-	-	-	-	22	-	-	22
Other adjustments	2	-	-	(2)	-	-	-	-
Balance, June 30, 2008	$ 4,037	$ 7	$ 93	$ 98	$ 853	$ 192	$ 26	$ 5,306

The following table presents the gross carrying amounts and accumulated amortization for BB&T's identifiable intangible assets subject to amortization at the dates presented:

Identifiable Intangible Assets

	As of June 30, 2008			As of December 31, 2007		
	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	$ 457	$ (305)	$ 152	$ 457	$ (284)	$ 173
Other (1)	634	(281)	353	566	(250)	316
Totals	$ 1,091	$ (586)	$ 505	$ 1,023	$ (534)	$ 489

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

NOTE 3. Securities

The amortized cost and approximate fair values of securities available for sale were as follows:

	June 30, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(Dollars in millions)		
Securities available for sale:				
U.S. government-sponsored entities (GSE)	$ 4,337	$ 45	$ 7	$ 4,375
Mortgage-backed securities issued by GSE	13,938	38	215	13,761
States and political subdivisions	2,056	7	100	1,963
Non-agency mortgage-backed securities	1,641	-	128	1,513
Equity and other securities	1,124	3	82	1,045
Total securities available for sale	$ 23,096	$ 93	$ 532	$ 22,657

	December 31, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(Dollars in millions)		
Securities available for sale:				
U.S. government-sponsored entities (GSE)	$ 9,792	$ 50	$ 35	$ 9,807
Mortgage-backed securities issued by GSE	8,218	58	55	8,221
States and political subdivisions	1,423	20	51	1,392
Non-agency mortgage-backed securities	1,740	8	28	1,720
Equity and other securities	1,291	7	19	1,279
Total securities available for sale	$ 22,464	$ 143	$ 188	$ 22,419

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, 2008					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(Dollars in millions)			
Securities:						
U.S. government-sponsored entities (GSE)	$ 1,151	$ 7	$ -	$ -	$ 1,151	$ 7
Mortgage-backed securities issued by GSE	9,680	192	793	23	10,473	215
States and political subdivisions	1,172	83	140	17	1,312	100
Non-agency mortgage-backed securities	1,015	82	498	46	1,513	128
Equity and other securities	255	60	70	22	325	82
Total temporarily impaired securities	$ 13,273	$ 424	$ 1,501	$ 108	$ 14,774	$ 532

	December 31, 2007					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in millions)					
Securities:						
U.S. government-sponsored entities (GSE)	$ 1,537	$ 16	$ 3,701	$ 19	$ 5,238	$ 35
Mortgage-backed securities issued by GSE	3,236	39	797	16	4,033	55
States and political subdivisions	354	51	1	-	355	51
Non-agency mortgage-backed securities	1,111	28	24	-	1,135	28
Equity and other securities	412	18	61	1	473	19
Total temporarily impaired securities	$ 6,650	$ 152	$ 4,584	$ 36	$ 11,234	$ 188

On June 30, 2008, BB&T held certain investment securities having continuous unrealized loss positions for more than 12 months. As of June 30, 2008, the unrealized losses on these securities totaled $108 million. Substantially all of these losses were in mortgage-backed, municipal and corporate securities, all of which were investment grade. The unrealized losses are the result of changes in market interest rates rather than the credit quality of the issuers. At June 30, 2008, BB&T had the ability and intent to retain these securities for a period of time sufficient to recover all unrealized losses. Accordingly, BB&T did not recognize any other-than-temporary impairment in connection with these securities during the second quarter of 2008.

NOTE 4. Loans and Leases

The following table provides a breakdown of BB&T's loan portfolio as of June 30, 2008 and December 31, 2007.

	June 30, 2008	December 31, 2007
	(Dollars in millions)	
Loans and leases, net of unearned income:		
Commercial loans and leases	**$ 47,790**	$ 44,870
Sales finance	**6,266**	6,021
Revolving credit	**1,667**	1,618
Direct retail	**15,623**	15,691
Residential mortgage loans	**17,304**	17,467
Specialized lending	**5,550**	5,240
Loans held for sale	**1,515**	779
Total loans and leases	**$ 95,715**	$ 91,686

An analysis of the allowance for credit losses for the six month periods ended June 30, 2008 and 2007 is presented in the following table:

	For the Six Months Ended June 30, 2008	For the Six Months Ended June 30, 2007
	(Dollars in millions)	
Beginning Balance	**$ 1,015**	$ 888
Allowance for acquired (sold) loans, net	**-**	16
Provision for credit losses	**553**	159
Loans and leases charged-off	**(326)**	(175)
Recoveries of previous charge-offs	**31**	38
Net loans and leases charged-off	**(295)**	(137)
Ending Balance	**$ 1,273**	$ 926
Allowance for loan and lease losses	**$ 1,257**	$ 920
Reserve for unfunded lending commitments	**16**	6
Allowance for credit losses	**$ 1,273**	$ 926

The following table provides a summary of BB&T's nonperforming and past due loans as of June 30, 2008 and December 31, 2007.

	June 30, 2008	December 31, 2007
	(Dollars in millions)	
Nonaccrual loans and leases	**$ 1,016**	$ 502
Foreclosed real estate	**232**	143
Other foreclosed property	**53**	51
Total foreclosed property	**285**	194
Total nonperforming assets	**$ 1,301**	$ 696
Loans 90 days or more past due and still accruing (1)	**$ 282**	$ 223

(1) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase.

NOTE 5. Long-Term Debt

Long-term debt is summarized as follows:

	June 30, 2008	December 31, 2007
	(Dollars in millions)	
Parent Company		
6.50% Subordinated Notes Due 2011 (1,3)	$ 648	$ 648
4.75% Subordinated Notes Due 2012 (1,3)	497	496
5.20% Subordinated Notes Due 2015 (1,3)	997	997
4.90% Subordinated Notes Due 2017 (1,3)	366	365
5.25% Subordinated Notes Due 2019 (1,3)	600	600
Branch Bank		
Fixed Rate Secured Borrowings Due 2010 (5)	4,000	4,000
Floating Rate Senior Notes Due 2008	500	500
Floating Rate Senior Notes Due 2009	500	500
Floating Rate Subordinated Notes Due 2016 (1)	350	350
Floating Rate Subordinated Notes Due 2017 (1)	300	300
4.875% Subordinated Notes Due 2013 (1,3)	250	249
5.625% Subordinated Notes Due 2016 (1,3)	399	399
Federal Home Loan Bank Advances to Branch Bank (4)		
Varying maturities to 2027	9,059	7,210
Junior Subordinated Debt to Unconsolidated Trusts (2)		
5.85% BB&T Capital Trust I Securities Due 2035 (3)	514	514
6.75% BB&T Capital Trust II Securities Due 2036	598	598
6.82% BB&T Capital Trust IV Securities Due 2077 (6)	600	600
Other Securities (7)	182	183
Other Long-Term Debt	49	37
Fair value hedge-related basis adjustments	147	147
Total Long-Term Debt	$ 20,556	$ 18,693

(1) Subordinated notes that qualify under the risk-based capital guidelines as Tier 2 supplementary capital, subject to certain limitations.
(2) Securities that qualify under the risk-based capital guidelines as Tier 1 capital, subject to certain limitations.
(3) These fixed rate notes were swapped to floating rates based on LIBOR. At June 30, 2008, the effective rates paid on these borrowings ranged from 2.89% to 3.60%.
(4) At June 30, 2008, the weighted average cost of these advances was 4.44% and the weighted average maturity was 7.6 years.
(5) This borrowing is currently secured by automobile loans. The fixed rate was swapped to a floating rate based on LIBOR.
(6) These securities are fixed rate through June 12, 2037 and then switch to a floating rate based on LIBOR.
(7) These securities were issued by companies acquired by BB&T. At June 30, 2008, the effective rate paid on these borrowings ranged from 4.48% to 10.07%. These securities have varying maturities through 2035.

NOTE 6. Contractual Obligations, Commitments, Contingent Liabilities, and Off-Balance Sheet Arrangements

BB&T utilizes a variety of financial instruments to meet the financing needs of clients and reduce exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees, and derivatives. BB&T also has commitments to fund certain affordable housing investments and contingent liabilities of certain sold loans.

Standby letters of credit and financial guarantees written are unconditional commitments issued by BB&T to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper issuance, bond financing and similar transactions. The credit risk involved in the issuance of these guarantees is essentially the same as that involved in extending loans to clients and as such, the instruments are collateralized when necessary. As of June 30, 2008 and December 31, 2007, BB&T had issued standby letters of credit totaling $4.4 billion and $3.4 billion, respectively. The carrying amount of the liability for such guarantees was $10 million and $5 million at June 30, 2008 and December 31, 2007, respectively.

A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or referenced interest rate. These instruments include interest-rate swaps, swaptions, caps, floors, collars, financial forward and futures contracts, when-issued securities, foreign exchange contracts and options written and purchased. BB&T uses derivatives primarily to manage risk related to securities, business loans, Federal Funds purchased, long-term debt, mortgage servicing rights, mortgage banking operations and certificates of deposit. BB&T also uses derivatives to facilitate transactions on behalf of its clients. BB&T held a variety of derivative financial instruments with notional values of $59.8 billion and $47.2 billion at June 30, 2008 and December 31, 2007, respectively. These instruments were in a net gain position of $156 million and $181 million at June 30, 2008 and December 31, 2007, respectively.

BB&T invests in certain affordable housing and historic building rehabilitation projects throughout its market area as a means of supporting local communities and receives tax credits related to these investments. BB&T typically acts as a limited partner in these investments and does not exert control over the operating or financial policies of the partnerships. Branch Bank typically provides financing during the construction and development of the properties; however, permanent financing is generally obtained from independent third parties upon completion of a project. BB&T's outstanding commitments to fund affordable housing investments totaled $462 million and $444 million at June 30, 2008 and December 31, 2007, respectively. At June 30, 2008, BB&T's maximum exposure to loss associated with these investments totaled $816 million.

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

Merger and acquisition agreements of businesses other than financial institutions occasionally include additional incentives to the acquired entities to offset the loss of future cash flows previously received through ownership positions. Typically, these incentives are based on the acquired entity's contribution to BB&T's earnings compared to agreed-upon amounts. When offered, these incentives are typically issued for terms of three to five years. Since certain provisions of these agreements do not specify dollar limitations, it is not possible to quantify the maximum exposure resulting from these agreements.

BB&T has sold certain mortgage-related loans that contain recourse provisions. These provisions generally require BB&T to reimburse the investor for a share of any loss that is incurred after the disposal of the property. At June 30, 2008, BB&T had $879 million of residential mortgage loans sold with recourse. In the event of nonperformance by the borrower, BB&T has maximum recourse exposure of approximately $771 million. In addition, BB&T has $2.1 billion in loans serviced for others that were covered by loss sharing agreements. BB&T's maximum exposure to loss for these loans is approximately $696 million. The majority of these recourse obligations were acquired by BB&T during 2007 in connection with the acquisition of Collateral Real Estate Capital, LLC. Neither BB&T nor the predecessor has incurred any losses related to these recourse provisions.

BB&T has investments and future funding commitments to certain venture capital funds. As of June 30, 2008, BB&T had investments of $95 million, net of minority interest, related to these ventures and future funding commitments of $231 million. BB&T's risk exposure relating to such commitments is generally limited to the amount of investments and future funding commitments made.

NOTE 7. 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. Please refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2007 for descriptions and disclosures about the various benefit plans offered by BB&T.

The following tables summarize the components of net periodic benefit cost recognized for BB&T's pension plans for the three and six month periods ended June 30, 2008 and 2007, respectively:

	Pension Plans			
	Qualified		Nonqualified	
	For the Three Months Ended June 30,		For the Three Months Ended June 30,	
	2008	2007	2008	2007
	(Dollars in millions)			
Service cost	$ 18	$ 18	$ 1	$ 1
Interest cost	18	17	2	2
Estimated return on plan assets	(34)	(28)	-	-
Amortization and other	(1)	1	-	-
Net periodic benefit cost	$ 1	$ 8	$ 3	$ 3

	Pension Plans			
	Qualified		Nonqualified	
	For the Six months ended June 30,		For the Six months ended June 30,	
	2008	2007	2008	2007
	(Dollars in millions)			
Service cost	$ 35	$ 37	$ 2	$ 2
Interest cost	36	34	4	4
Estimated return on plan assets	(68)	(57)	-	-
Amortization and other	(2)	1	1	1
Net periodic benefit cost	$ 1	$ 15	$ 7	$ 7

NOTE 8. Computation of Earnings per Share

BB&T's basic and diluted earnings per share amounts for the three and six month periods ended June 30, 2008 and 2007, respectively, were calculated as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	**2007**	**2008**	**2007**
	(Dollars in millions, except per share data, shares in thousands)			
Basic Earnings Per Share:				
Net income	**$ 428**	$ 458	**$ 856**	$ 879
Weighted average number of common shares	**546,628**	548,385	**546,421**	545,136
Basic earnings per share	**$ .78**	$ .84	**$ 1.57**	$ 1.61
Diluted Earnings Per Share:				
Net income	**$ 428**	$ 458	**$ 856**	$ 879
Weighted average number of common shares	**546,628**	548,385	**546,421**	545,136
Add:				
Effect of dilutive outstanding equity-based awards	**3,130**	5,550	**2,923**	5,420
Weighted average number of diluted common shares	**549,758**	553,935	**549,344**	550,556
Diluted earnings per share	**$ .78**	$ .83	**$ 1.56**	$ 1.60

For the three months ended June 30, 2008 and 2007, the number of antidilutive awards was 33.2 million and 6.5 million shares, respectively. For the six months ended June 30, 2008 and 2007, the number of antidilutive awards was 32.4 million and 7.7 million shares, respectively.

NOTE 9. Comprehensive Income (Loss)

The balances in accumulated other comprehensive loss for the periods indicated are shown in the following tables:

	As of June 30, 2008		
	Pre-Tax Amount	**Tax Benefit**	**After-Tax Amount**
	(Dollars in millions)		
Unrealized net losses on securities available for sale	$ (439)	$ (165)	$ (274)
Unrecognized net pension and postretirement costs	(129)	(48)	(81)
Unrealized net gains on cash flow hedges	27	14	13
Foreign currency translation adjustment	3	-	3
Total	$ (538)	$ (199)	$ (339)

	As of December 31, 2007		
	Pre-Tax Amount	Tax Benefit	After-Tax Amount
	(Dollars in millions)		
Unrealized net losses on securities available for sale	$ (45)	$ (17)	$ (28)
Unrecognized net pension and postretirement costs	(127)	(48)	(79)
Foreign currency translation adjustment	3	-	3
Total	$ (169)	$ (65)	$ (104)

The following table reflects the components of total comprehensive income for the three and six month periods ended June 30, 2008 and 2007, respectively.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
	(Dollars in millions)			
Comprehensive income:				
Net income	$ 428	$ 458	$ 856	$ 879
Other comprehensive income:				
Unrealized net losses on securities available for sale	(256)	(161)	(246)	(90)
Unrealized net gains (losses) on cash flow hedges	20	(5)	13	(4)
Net change in pension and postretirement liability	(1)	-	(2)	(1)
Net foreign currency translation adjustment	1	2	-	2
Total comprehensive income	$ 192	$ 294	$ 621	$ 786

NOTE 10. Operating Segments

BB&T's operations are divided into seven reportable business segments: the Banking Network, Residential Mortgage Banking, Sales Finance, Specialized Lending, Insurance Services, Financial Services and Treasury. These operating segments have been identified based on BB&T's organizational structure. The segments require unique technology and marketing strategies and offer different products and services. While BB&T is managed as an integrated organization, individual executive managers are held accountable for the operations of these business segments.

BB&T emphasizes revenue growth by focusing on client service, sales effectiveness and relationship management. The segment results contained herein are presented based on internal management accounting policies that were designed to support these strategic objectives. Unlike financial accounting, there is no comprehensive authoritative body of guidance for management accounting equivalent to generally accepted accounting principles. The performance of the segments is not comparable with BB&T's consolidated results or with similar information presented by any other financial institution. Additionally, because of the interrelationships of the various segments, the information presented is not indicative of how the segments would perform if they operated as independent entities.

During the second quarter of 2008, the methodology for providing credit for client funding sources was reviewed and additional funds transfer pricing credits were provided. The adjustments made in the second quarter were retroactively applied to the beginning of the year. The amount of the adjustment that related to the first quarter of 2008 resulted in an increase in after-tax net income attributable to the Banking Network and Financial Services segments of approximately $21 million and $3 million, respectively, with a corresponding decrease of $24 million in the Treasury segment.

Please refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2007, 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
For the Three Months Ended June 30, 2008 and 2007

(Dollars in millions)

	Banking Network 2008	Banking Network 2007	Residential Mortgage Banking 2008	Residential Mortgage Banking 2007	Sales Finance 2008	Sales Finance 2007	Specialized Lending 2008	Specialized Lending 2007	Insurance Services 2008	Insurance Services 2007
Net interest income (expense)	$ 527	$ 578	$ 290	$ 253	$ 99	$ 91	$ 176	$ 168	$ 3	$ 4
Net funds transfer pricing (FTP)	356	282	(208)	(191)	(66)	(61)	(50)	(55)	(2)	(1)
Net interest income (expense) and FTP	883	860	82	62	33	30	126	113	1	3
Economic provision for loan and lease losses	47	37	2	2	6	5	74	44	-	-
Noninterest income	312	270	43	31	1	-	28	23	232	219
Intersegment net referral fees (expense)	73	67	(27)	(25)	(4)	(4)	-	-	-	-
Noninterest expense	385	369	21	16	8	6	60	51	174	158
Allocated corporate expenses	175	147	2	3	2	3	8	6	10	7
Income (loss) before income taxes	661	644	73	47	14	12	12	35	49	57
Provision (benefit) for income taxes	239	233	26	17	5	4	5	13	19	21
Segment net income (loss)	$ 422	$ 411	$ 47	$ 30	$ 9	$ 8	$ 7	$ 22	$ 30	$ 36
Identifiable segment assets (period end)	$ 62,948	$ 58,506	$ 19,217	$ 17,580	$ 6,045	$ 5,711	$ 5,899	$ 5,442	$ 1,292	$ 1,241

(Dollars in millions)

	Financial Services 2008	Financial Services 2007	Treasury 2008	Treasury 2007	All Other Segments (1) 2008	All Other Segments (1) 2007	Parent/Reconciling Items 2008	Parent/Reconciling Items 2007	Total BB&T Corporation 2008	Total BB&T Corporation 2007
Net interest income (expense)	$ 13	$ 5	$ 71	$ (22)	$ 40	$ 44	$ (151)	$ (155)	$ 1,068	$ 966
Net funds transfer pricing (FTP)	10	8	(76)	(50)	(43)	(42)	79	110	-	-
Net interest income (expense) and FTP	23	13	(5)	(72)	(3)	2	(72)	(45)	1,068	966
Economic provision for loan and lease losses	-	-	-	-	1	-	200	-	330	88
Noninterest income	163	150	35	29	6	17	7	(10)	827	729
Intersegment net referral fees (expense)	6	5	-	-	-	-	(48)	(43)	-	-
Noninterest expense	132	126	4	2	25	21	153	174	962	923
Allocated corporate expenses	10	8	-	2	1	2	(208)	(178)	-	-
Income (loss) before income taxes	50	34	26	(47)	(24)	(4)	(258)	(94)	603	684
Provision (benefit) for income taxes	19	12	(5)	(26)	(17)	(4)	(116)	(44)	175	226
Segment net income (loss)	$ 31	$ 22	$ 31	$ (21)	$ (7)	$ -	$ (142)	$ (50)	$ 428	$ 458
Identifiable segment assets (period end)	$ 2,488	$ 3,003	$ 25,400	$ 24,352	$ 4,446	$ 3,578	$ 8,730	$ 8,164	$ 136,465	$ 127,577

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

BB&T Corporation
Reportable Segments
For the Six Months Ended June 30, 2008 and 2007

	Banking Network 2008	Banking Network 2007	Residential Mortgage Banking 2008	Residential Mortgage Banking 2007	Sales Finance 2008	Sales Finance 2007	Specialized Lending 2008	Specialized Lending 2007	Insurance Services 2008	Insurance Services 2007
	(Dollars in millions)									
Net interest income (expense)	$ 1,060	$ 1,151	$ 573	$ 495	$ 196	$ 178	$ 349	$ 331	$ 7	$ 8
Net funds transfer pricing (FTP)	648	542	(419)	(375)	(132)	(120)	(104)	(108)	(3)	-
Net interest income (expense) and FTP	1,708	1,693	154	120	64	58	245	223	4	8
Economic provision for loan and lease losses	90	73	5	4	11	10	154	87	-	-
Noninterest income	599	511	91	63	1	1	59	41	435	427
Intersegment net referral fees (expense)	142	120	(52)	(47)	(7)	(7)	-	-	-	-
Noninterest expense	759	725	38	31	14	12	119	100	339	312
Allocated corporate expenses	349	293	5	5	5	5	17	11	20	14
Income (loss) before income taxes	1,251	1,233	145	96	28	25	14	66	80	109
Provision (benefit) for income taxes	450	446	52	35	10	9	6	25	31	41
Segment net income (loss)	$ 801	$ 787	$ 93	$ 61	$ 18	$ 16	$ 8	$ 41	$ 49	$ 68
Identifiable segment assets (period end)	$ 62,948	$ 58,506	$ 19,217	$ 17,580	$ 6,045	$ 5,711	$ 5,899	$ 5,442	$ 1,292	$ 1,241

	Financial Services 2008	Financial Services 2007	Treasury 2008	Treasury 2007	All Other Segments (1) 2008	All Other Segments (1) 2007	Parent/Reconciling Items 2008	Parent/Reconciling Items 2007	Total BB&T Corporation 2008	Total BB&T Corporation 2007
	(Dollars in millions)									
Net interest income (expense)	$ 25	$ 9	$ 94	$ (77)	$ 84	$ 77	$ (303)	$ (261)	$ 2,085	$ 1,911
Net funds transfer pricing (FTP)	18	15	(97)	(62)	(86)	(82)	175	190	-	-
Net interest income (expense) and FTP	43	24	(3)	(139)	(2)	(5)	(128)	(71)	2,085	1,911
Economic provision for loan and lease losses	-	-	-	-	1	-	292	(15)	553	159
Noninterest income	317	282	95	41	17	30	(16)	(15)	1,598	1,381
Intersegment net referral fees (expense)	10	8	-	-	-	-	(93)	(74)	-	-
Noninterest expense	264	245	7	4	46	44	312	333	1,898	1,806
Allocated corporate expenses	19	15	1	3	1	3	(417)	(349)	-	-
Income (loss) before income taxes	87	54	84	(105)	(33)	(22)	(424)	(129)	1,232	1,327
Provision (benefit) for income taxes	32	19	10	(59)	(24)	(15)	(191)	(53)	376	448
Segment net income (loss)	$ 55	$ 35	$ 74	$ (46)	$ (9)	$ (7)	$ (233)	$ (76)	$ 856	$ 879
Identifiable segment assets (period end)	$ 2,488	$ 3,003	$ 25,400	$ 24,352	$ 4,446	$ 3,578	$ 8,730	$ 8,164	$ 136,465	$ 127,577

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

NOTE 11. Equity-Based Compensation Plans

BB&T has options, restricted shares of common stock 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, the Non-Employee Directors' Stock Option Plan, and plans assumed from acquired entities. All plans generally allow for accelerated vesting of awards for holders who retire and have met all retirement eligibility requirements and in connection with certain other events. BB&T's shareholders have approved all equity-based compensation plans with the exception of plans assumed from acquired companies. As of June 30, 2008, the 2004 Plan is the only plan that has awards available for future grants. Please refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2007, 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 2008.

Assumptions:	
Risk-free interest rate	3.7 %
Dividend yield	4.5
Volatility factor	15.5
Expected life	6.9 yrs
Fair value of options per share	$ 3.43

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.

The following table details the activity during the first six months of 2008 related to stock options awarded by BB&T:

	For the Six Months Ended June 30, 2008	
	Options	Wtd. Avg. Exercise Price
Outstanding at beginning of period	38,042,742	$ 36.61
Granted	6,718,748	34.04
Exercised	(973,574)	29.89
Forfeited or expired	(319,350)	37.37
Outstanding at end of period	43,468,566	$ 36.36
Exercisable at end of period	26,817,259	$ 35.34

The following table details the activity during the first six months of 2008 related to restricted shares and restricted share units awarded by BB&T:

	For the Six Months Ended June 30, 2008	
	Shares/Units	Wtd. Avg. Grant Date Fair Value
Nonvested at beginning of period	3,994,441	$ 33.20
Granted	2,609,228	23.08
Vested	(31,790)	31.97
Forfeited	(131,394)	30.12
Nonvested at end of period	6,440,485	$ 29.17

NOTE 12. Fair Value Measurements

BB&T adopted SFAS No. 157 effective January 1, 2008. SFAS No. 157, which provides a framework for measuring fair value, requires that an entity determine fair value based on the principal market for the asset or liability being measured. Upon adoption, BB&T changed its principal market for measuring the fair value of certain client derivative contracts. The impact of this change on the measurement of fair value for these contracts was $7 million, pre-tax, and was recorded as a decrease in other noninterest income effective January 1, 2008.

BB&T also adopted SFAS No. 159 effective January 1, 2008. SFAS No. 159 allows an entity the option to elect fair value for the initial and subsequent measurement of certain financial assets and liabilities on a contract-by-contract basis. This option is generally irrevocable. BB&T elected to adopt fair value for all commercial mortgage loans held for sale and prime residential mortgage loans held for sale originated after December 31, 2007. There was no impact to retained earnings as a result of the adoption of SFAS No. 159.

BB&T elected the Fair Value Option for the majority of new loans held for sale because they are hedged using derivatives and the historical accounting practice resulted in volatility in earnings. Under historical accounting practices, BB&T was required to account for the derivatives at fair value and the loans held for sale at lower of cost or market. This practice resulted in volatility in reported earnings during a declining interest-rate environment because the decline in the value of derivatives held were required to be marked down, but the increasing value of the loans held for sale could not be marked up. Under the Fair Value Option, BB&T will be permitted to record both the loans held for sale and the corresponding derivatives at the full fair value, which will eliminate the mismatch in reported earnings that was caused by the prior accounting practices. BB&T has not elected the Fair Value Option for a small portfolio of its loans held for sale because these loans are not exchanged in an active market and BB&T does not hedge these assets. Fair value for loans held for sale is primarily based on quoted market prices for securities backed by similar types of loans. Following the adoption of SFAS No. 159, direct loan origination fees and costs related to loans held for sale for which the Fair Value Option has been elected are no longer capitalized and recognized in earnings upon the sale of such loans, but rather are recorded as mortgage banking income in the case of the direct loan origination fees and primarily personnel expense in the case of the direct loan origination costs.

The following table details the fair value and unpaid principal balance of loans held for sale at June 30, 2008, that were elected to be carried at fair value.

	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)	$ 1,490	$ 1,496	$ (6)
Nonaccrual loans	-	-	-
Loans 90 days or more past due and still accruing interest	1	1	-

(1) The change in fair value is reflected in mortgage banking income.

Fair Value Measurements

SFAS No. 157 defines 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. SFAS No. 157 also establishes a three level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

Level 1

Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities. Level 1 assets and liabilities include certain equity securities and derivative contracts that are traded in an active market.

Level 2

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 2 assets and liabilities include fixed income securities and mortgage-backed securities that are held in the Corporation's trading and available-for-sale portfolios, loans held for sale, certain derivative contracts and short-term borrowings.

Level 3

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. Level 3 assets and liabilities include certain trading securities, mortgage servicing rights, venture capital investments and certain derivative contracts.

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		
	6/30/2008	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
			(Dollars in Millions)	
Assets:				
Trading securities	$ 514	$ 225	$ 284	$ 5
Securities available for sale	22,657	239	22,404	14
Loans held for sale (1)	1,490	-	1,490	-
Residential mortgage servicing rights	611	-	-	611
Derivative assets (2)	453	4	439	10
Venture capital investments (2)	152	-	-	152
Total assets	**$ 25,877**	**$ 468**	**$ 24,617**	**$ 792**
Liabilities:				
Derivative liabilities (2)	$ 297	$ 1	$ 292	$ 4
Short-term borrowed funds (3)	211	-	211	-
Total liabilities	**$ 508**	**$ 1**	**$ 503**	**$ 4**

(1) Loans held for sale are residential and commercial mortgage loans that were originated subsequent to December 31, 2007 for which the Company elected the fair value option under SFAS No. 159. Loans originated prior to January 1, 2008 and certain other loans held for sale are still accounted for at the lower of cost or market. There were $25 million in loans held for sale that are not accounted for at fair value.
(2) These amounts are reflected in other assets and other liabilities on the Consolidated Balance Sheet.
(3) Short term borrowed funds reflect securities sold short positions.

The tables below present a reconciliation for the three and six month periods ended June 30, 2008, for all Level 3 assets and liabilities that are measured at fair value on a recurring basis.

	Fair Value Measurements Using Significant Unobservable Inputs				
For the Three Month Period Ended June 30, 2008	**AFS Securities**	**Trading**	**Mortgage Servicing Rights**	**Net Derivatives**	**Venture Capital Investments**
			(Dollars in Millions)		
Balance at March 31, 2008	$ 14	$ 14	$ 406	$ 19	$ 141
Total realized and unrealized gains or losses:					
Included in earnings	-	-	131	(13)	(8)
Included in other comprehensive income	-	-	-	-	-
Purchases, issuances and settlements	-	(9)	74	-	19
Transfers in and/or out of Level 3	-	-	-	-	-
Balance at June 30, 2008	$ 14	$ 5	$ 611	$ 6	$ 152

For the Six Month Period Ended June 30, 2008	Fair Value Measurements Using Significant Unobservable Inputs				
	AFS Securities	Trading	Mortgage Servicing Rights	Net Derivatives	Venture Capital Investments
	(Dollars in Millions)				
Balance at January 1, 2008	$ 9	$ 27	$ 472	$ 2	$ 128
Total realized and unrealized gains or losses:					
Included in earnings	-	(2)	24	4	(9)
Included in other comprehensive income	-	-	-	-	-
Purchases, issuances and settlements	5	(23)	115	-	33
Transfers in and/or out of Level 3	-	3	-	-	-
Balance at June 30, 2008	$ 14	$ 5	$ 611	$ 6	$ 152

The table below summarizes unrealized and realized gains and losses recorded in earnings for Level 3 assets and liabilities for the three month period ended June 30, 2008.

	Total Gains and Losses			
	Trading	Mortgage Servicing Rights	Net Derivatives	Venture Capital Investments
	(Dollars in Millions)			
Classification of gains and losses (realized/unrealized) included in earnings for the period:				
Mortgage banking income	$ -	$ 131	$ (13)	$ -
Other noninterest income	-	-	-	(8)
Total	$ -	$ 131	$ (13)	$ (8)
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at June 30, 2008	$ -	$ 152	$ 6	$ (12)

The realized and unrealized losses reported for mortgage servicing rights assets are composed of a positive valuation adjustment of $152 million less the realization of expected residential mortgage servicing rights cash flows of $21 million for the quarter ended June 30, 2008. BB&T uses various derivative financial instruments to mitigate the income statement effect of changes in fair value due to its quarterly valuation. During the three months ended June 30, 2008, the derivative instruments produced losses of $158 million, which offset the positive valuation adjustment recorded.

The table below summarizes unrealized and realized gains and losses recorded in earnings for Level 3 assets and liabilities for the six month period ended June 30, 2008.

	Total Gains and Losses			
	Trading	Mortgage Servicing Rights	Net Derivatives	Venture Capital Investments
	(Dollars in Millions)			
Classification of gains and losses (realized/unrealized) included in earnings for the period:				
Mortgage banking income	$ -	$ 24	$ 4	$ -
Other noninterest income	(2)	-	-	(9)
Total	$ (2)	$ 24	$ 4	$ (9)
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at June 30, 2008	$ -	$ 68	$ 6	$ (12)

The realized and unrealized losses reported for mortgage servicing rights assets are composed of a positive valuation adjustment of $68 million less the realization of expected residential mortgage servicing rights cash flows of $44 million for the six months ended June 30, 2008. BB&T uses various derivative financial instruments to mitigate the income statement effect of changes in fair value due to its quarterly valuation. During the first six months of 2008, the derivative instruments produced losses of $76 million, which offset the positive valuation adjustment recorded.

Also, 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 in the first half of 2008 that were still held on the balance sheet at June 30, 2008 totaled $486 million. This amount consists of impaired loans that were classified as Level 3 assets. During the first six months of 2008, BB&T recorded $23 million in losses related to write-downs of these loans based on the appraised value of the underlying collateral.

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

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

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. Please refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2007 for additional disclosures with respect to laws and regulations affecting the Company's businesses.

On April 1, 2008, BB&T Bankcard Corporation was converted into a federally chartered thrift institution and renamed BB&T Financial, FSB ("BB&T FSB"). As a federally chartered thrift, BB&T FSB is subject to regulation, supervision and examination by the Office of Thrift Supervision. In connection with the charter conversion of BB&T FSB, Sheffield Financial, LLC and MidAmerica Gift Certificate Company, which were previously direct operating subsidiaries of the Corporation, became divisions or subsidiaries of BB&T FSB. In addition, Liberty Mortgage Corporation, formerly a subsidiary of Branch Bank, was reorganized as a subsidiary of BB&T FSB. These organizational structure changes were made to optimize the operating efficiency of these divisions or subsidiaries and have no impact on BB&T's reportable segments.

Critical Accounting Policies

The accounting and reporting policies of BB&T Corporation and its subsidiaries are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry. BB&T's financial position and results of operations are affected by management's application of accounting policies, including estimates, assumptions and judgments made to arrive at the carrying value of assets and liabilities and amounts reported for revenues and expenses. Different assumptions in the application of these policies could result in material changes in BB&T's consolidated financial position and/or consolidated results of operations and related disclosures. The more critical accounting and reporting policies include BB&T's accounting for the allowance for loan and lease losses and reserve for unfunded lending commitments, determining fair value of financial instruments, intangible assets and other purchase accounting related adjustments associated with mergers and acquisitions, costs and benefit obligations associated with BB&T's pension and postretirement benefit plans, and income taxes. Understanding BB&T's accounting policies is fundamental to understanding BB&T's consolidated financial position and consolidated results of operations. Accordingly, BB&T's significant accounting policies and changes in accounting principles are discussed in detail in Note 1 of the "Notes to Consolidated Financial Statements" in BB&T's Annual Report on Form 10-K for the year ended December 31, 2007.

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 BB&T's Audit Committee on a periodic basis.

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

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

Fair Value of Financial Instruments

A significant portion of BB&T's assets and liabilities are financial instruments that are 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, 2008, the percentage of total assets and total liabilities measured at fair value was 19.0% and less than 1%, respectively. The vast majority of assets and liabilities carried at fair value are based on either quoted market prices or market prices for similar instruments. At June 30, 2008, 3.1% of assets measured at fair value were based on significant unobservable inputs. This is less than 1% of BB&T's total assets.

<u>Securities</u>

The fair values for available-for-sale and trading securities are generally based upon market prices or market prices for similar instruments. 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 trading securities, the valuation of the security is subjective and may involve substantial judgment. As of June 30, 2008, BB&T had approximately $19 million of available-for-sale and trading securities, which is less than 1% of total assets, valued using unobservable inputs.

<u>Mortgage Servicing Rights</u>

BB&T has a significant mortgage loan servicing portfolio and related mortgage servicing rights. Mortgage servicing rights represent the present value of the future net servicing fees from servicing mortgage loans acquired or originated by BB&T. The methodology used to determine the fair value of mortgage servicing rights is subjective and requires the development of a number of assumptions, including anticipated prepayments of loan principal. The value of mortgage servicing rights is significantly affected by mortgage interest rates available in the marketplace, which influence mortgage loan prepayment speeds. In general, during periods of declining interest rates, the value of mortgage servicing rights declines due to increasing prepayments attributable to increased mortgage refinance activity. Conversely, during periods of rising interest rates, the value of servicing rights generally increases due to reduced refinance activity. BB&T has two classes of mortgage servicing rights for which it separately manages the economic risk: residential and commercial. Residential mortgage servicing rights are carried at fair value with changes in fair value recorded as a component of mortgage banking income each period. BB&T uses various derivative instruments to mitigate the income statement effect of changes in fair value, due to changes in valuation inputs and assumptions, of its residential mortgage servicing rights. Commercial mortgage servicing rights are carried at lower of cost or market and amortized over the estimated period that servicing income is expected to be received based on projections of the amount and timing of estimated future cash flows. The amount and timing of servicing asset amortization is updated based on actual results and updated projections.

Loans Held for Sale

BB&T originates certain mortgage loans to be sold to investors. The majority of these loans are carried at fair value based on the Fair Value Option. For these loans, 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 income statement effect of changes in fair value of the underlying loans.

Derivatives

BB&T utilizes 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 Investments

BB&T has venture capital 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 is no observable market value 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, 2008, BB&T had $152 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 purchase method of accounting. Under the purchase method, BB&T is required to record the assets acquired, including identified intangible assets and liabilities assumed at their fair value, which often involves estimates based on third party valuations, such as appraisals, or internal valuations based on discounted cash flow analyses or other valuation techniques, 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. These estimates also include the establishment of various accruals and allowances based on planned facility dispositions and employee severance considerations, among other acquisition-related items. In addition, purchase acquisitions typically result in goodwill, which is subject to ongoing periodic impairment tests based on the fair value of net assets acquired compared to the carrying value of goodwill. 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.

Pension and Postretirement Benefit Obligations

BB&T offers various pension plans and postretirement benefit plans to employees. The calculation of the obligations and related expenses under these plans requires the use of actuarial valuation methods and assumptions. Actuarial valuations and assumptions used in the determination of future values of plan assets and liabilities are subject to management judgment and may differ significantly if different assumptions are used.

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 utilized in determining the income tax provision and records adjustments as necessary.

EXECUTIVE SUMMARY

BB&T's total assets at June 30, 2008 were $136.5 billion, an increase of $3.8 billion, or 2.9%, from December 31, 2007. The asset category that experienced the largest increase was loans and leases, including loans held for sale, which grew $4.0 billion, or 4.4%, during the first six months of 2008. In addition, securities available for sale increased $238 million, or 1.1%, compared to the balance at December 31, 2007.

Total deposits at June 30, 2008 were $88.2 billion, an increase of $1.4 billion, or 1.7%, from December 31, 2007. Long-term debt increased $1.9 billion, or 10.0%, and short-term borrowings increased $170 million, or 1.6%, during the first six months of 2008. Total shareholders' equity increased $168 million compared to December 31, 2007.

Consolidated net income for the second quarter of 2008 totaled $428 million, a decrease of 6.6% compared to $458 million earned during the second quarter of 2007. On a diluted per share basis, earnings for the three months ended June 30, 2008 were $.78, compared to $.83 for the same period in 2007, a decrease of 6.0%. BB&T's results of operations for the second quarter of 2008 produced an annualized return on average assets of 1.27% and an annualized return on average shareholders' equity of 13.27% compared to prior year ratios of 1.47% and 15.18%, respectively.

Consolidated net income for the first six months of 2008 totaled $856 million, a decrease of 2.6% compared to $879 million earned during the first six months of 2007. On a diluted per share basis, earnings for the six months ended June 30, 2008 were $1.56, compared to $1.60 for the same period in 2007, a decrease of 2.5%. BB&T's results of operations for the first six months of 2008 produced an annualized return on average assets of 1.28% and an annualized return on average shareholders' equity of 13.29% compared to prior year ratios of 1.44% and 15.00%, respectively.

Included in the results of operations for the second quarter and first six months of 2008 were a number of notable items. During the second quarter of 2008, earnings benefited from $36 million in pretax gains on the early extinguishment of certain FHLB advances and a $47 million pretax gain from the sale of Visa, Inc. shares. The first six months of 2008 also included an additional increase in earnings of $47 million associated with the initial public offering of Visa, Inc., which was recorded in the first quarter of 2008, and included a $14 million reversal of a previously recorded liability. During the first six months of 2008, BB&T also recognized pretax securities gains of $53 million. The securities gains resulted from sales of available-for-sale securities, which allowed reinvestment at higher rates of return with no additional credit risk.

The second quarter and first six months of 2008 included $330 million and $553 million, respectively, in provision for credit losses. The provision for credit losses exceeded net charge-offs by $160 million for the second quarter and $258 million for the first six months of 2008, which resulted in an increase in the allowance for loan and lease losses as a percentage of loans and leases held for investment to 1.33%.

During the second quarter of 2008, BB&T continued to experience challenges resulting from the current credit cycle. These challenges resulted in additional credit deterioration during the quarter, which primarily related to residential real estate in Georgia, Florida and metro Washington, D.C. Management is working aggressively to deal with problem assets and continues to believe that BB&T's credit issues are manageable. BB&T's core operations produced 9.1% growth in average loans and leases and improved revenue growth. BB&T's net interest margin improved 11 basis points during the second quarter of 2008 compared to the first quarter of 2008. Management currently anticipates some continued expansion of the net interest margin for the remainder of 2008.

As of June 30, 2008, BB&T's Tier 1 leverage and tangible capital ratios were 7.2% and 5.7%, respectively. In addition, BB&T's Tier 1 risk-based capital and total risk-based capital ratios were 8.9% and 14.0%, respectively, which are significantly higher than the average levels recently reported by BB&T's peers. BB&T's capital levels are well above the regulatory standards for well-capitalized banks. On June 24, 2008, BB&T's Board of Directors approved a 2.2% increase in the quarterly cash dividend paid to shareholders. The increase, to $.47 per share, marks the 37th consecutive year that BB&T has raised the cash dividend to shareholders.

Please refer to the section titled "Executive Overview" in BB&T's Annual Report on Form 10-K for the year ended December 31, 2007 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 of 2008 are further discussed in the following sections.

ANALYSIS OF FINANCIAL CONDITION

Securities

Securities available for sale totaled $22.7 billion at June 30, 2008, an increase of $238 million, or 1.1%, compared with December 31, 2007. Securities available for sale had net unrealized losses of $439 million and $45 million at June 30, 2008 and December 31, 2007, respectively. Trading securities totaled $514 million, down $495 million, or 49.1%, compared to the balance at December 31, 2007. The decline in the trading portfolio was largely the result of a reduction in Scott & Stringfellow's trading portfolio primarily due to management's decision to reduce risk associated with trading activities. BB&T's trading portfolio may fluctuate significantly from period to period based on market conditions, which affect the timing of purchases and sales of securities classified as trading.

Average total securities for the second quarter of 2008 totaled $23.9 billion, an increase of $774 million, or 3.3%, compared to the average balance during the second quarter of 2007. Average total securities for the first six months of 2008 totaled $23.7 billion, an increase of $1.2 billion, or 5.1%, compared to the average balance during the first six months of 2007. BB&T sold a total of $5.2 billion in available-for-sale securities during the six month period ended June 30, 2008, which produced securities gains of $53 million. The securities sold were reinvested at higher rates of return with no additional credit risk and only a slight increase in duration.

The annualized fully taxable equivalent ("FTE") yield on the average securities portfolio for the second quarter of 2008 was 5.01%, which represents an increase of 7 basis points compared to the annualized yield earned during the second quarter of 2007. For the first six months, the annualized FTE yield was 5.09%, which represents a 9 basis point increase compared to the annualized interest earned during the same period of 2007. The fluctuations in the annualized FTE yield on the average securities portfolio were primarily the result of changes in the overall composition of the securities portfolio including purchases of higher-yielding mortgage-backed securities issued by government-sponsored entities and purchases of municipal securities.

On June 30, 2008, BB&T held certain investment securities having continuous unrealized loss positions for more than 12 months. As of June 30, 2008, the unrealized losses on these securities totaled $108 million. Substantially all of these losses were in mortgage-backed, municipal and corporate securities, all of which were investment grade. The unrealized losses are the result of changes in market interest rates rather than the credit quality of the issuers. At June 30, 2008, BB&T had the ability and intent to retain these securities for a period of time sufficient to recover all unrealized losses. Accordingly, BB&T did not recognize any other-than-temporary impairment in connection with these securities during the second quarter of 2008.

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, maintaining strong asset quality and achieving an equal mix of consumer and commercial loans. For the second quarter of 2008, average total loans were $94.9 billion, an increase of $7.9 billion, or 9.1%, compared to the same period in 2007. For the first six months of 2008, average total loans were $93.8 billion, an increase of $7.9 billion, or 9.2%, compared to the same period in 2007.

The following table presents the composition of average loans and leases for the second quarter and six months ended June 30, 2008 and 2007, respectively:

Table 1
Composition of Average Loans and Leases

	For the Three Months Ended			
	June 30, 2008		June 30, 2007	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Commercial loans and leases	$ 47,098	49.7 %	$ 41,935	48.2 %
Direct retail loans	15,584	16.4	15,438	17.8
Sales finance loans	6,188	6.5	5,823	6.7
Revolving credit loans	1,628	1.7	1,417	1.6
Mortgage loans	18,902	19.9	17,231	19.8
Specialized lending loans	5,466	5.8	5,095	5.9
Total average loans and leases	$ 94,866	100.0 %	$ 86,939	100.0 %

	For the Six Months Ended			
	June 30, 2008		June 30, 2007	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Commercial loans and leases	$ 46,323	49.4 %	$ 41,531	48.4 %
Direct retail loans	15,612	16.6	15,355	17.9
Sales finance loans	6,109	6.5	5,779	6.7
Revolving credit loans	1,615	1.7	1,402	1.6
Mortgage loans	18,738	20.0	16,858	19.6
Specialized lending loans	5,395	5.8	4,997	5.8
Total average loans and leases	$ 93,792	100.0 %	$ 85,922	100.0 %

The slight fluctuation in the mix of the loan portfolio during the second quarter and the first six months of 2008 compared to the same periods of 2007 was primarily due to increased growth in the commercial loan and lease portfolio, which grew at a faster pace than the direct retail portfolio. The slower growth in the direct retail portfolio was the result of decreased demand for home equity loans as a result of a slowdown in the residential real estate market. Growth in the commercial portfolio has shifted somewhat, primarily due to a slowdown in commercial real estate lending, which has been offset by stronger growth in commercial and industrial loans.

The annualized FTE yield for the total loan portfolio for the second quarter of 2008 was 6.40% compared to 7.75% in the second quarter of 2007. The annualized yield on commercial loans for the second quarter of 2008 was 5.59%, a decline of 233 basis points compared to the same period in 2007, while the annualized yield on direct retail loans for the second quarter of 2008 was 6.47% compared to 7.39% in the same period in 2007. The annualized FTE yield on the total loan portfolio for the first six months of 2008 was 6.67%, which reflects a decrease of 107 basis points compared to the same period in 2007. The annualized yield on commercial loans for the first six months of 2008 was 6.02%, a decline of 188 basis points compared to the same period in 2007, while the annualized yield on direct retail loans for the first six months of 2008 was 6.70% compared to 7.37% in the same period in 2007. The decreases in the FTE yield on the loan portfolio were primarily the result of the repricing of loans in response to the decrease in the prime lending rate and other indices.

Other Interest-Earning Assets

Federal Funds sold and securities purchased under resale agreements or similar arrangements totaled $178 million at June 30, 2008, a decrease of $501 million, or 73.8%, compared to December 31, 2007. Interest-bearing deposits with banks, including segregated cash, increased $177 million, or 29.7%, compared to year-end 2007. These categories of earning assets are subject to large daily fluctuations. The average yield on other interest-earning assets was 2.48% for the second quarter of 2008 compared to 5.26% for the second quarter of 2007. For the first six months of 2008, the average yield on other interest-earning assets was 3.00% compared to 5.12% for the same period in 2007. The decreases in the yield on other interest-earning assets reflect the decline in the Federal Funds target rate during 2008 that began in the second half of 2007.

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 and noninterest-bearing cash and due from banks, increased $652 million from December 31, 2007 to June 30, 2008. The growth in this category included an increase of $112 million in goodwill, which resulted primarily from the acquisitions of insurance agencies and certain contingent payments related to prior acquisitions, an increase of $139 million in the fair value of residential mortgage servicing rights due to growth in mortgage loans serviced for others and a decline in prepayment speeds, which increases the value of existing servicing relationships. In addition, investments in partnerships increased by $124 million, primarily due to additional investments in affordable housing projects that produce tax benefits, and foreclosed real estate increased by $89 million, compared to December 31, 2007.

Deposits

Client deposits generated through the BB&T banking network are the largest source of funds used to support asset growth. Deposits totaled $88.2 billion at June 30, 2008, an increase of $1.4 billion, or 1.7%, from December 31, 2007.

Average deposits for the second quarter of 2008 increased $4.7 billion, or 5.8% compared to the same period in 2007. The categories of deposits with the highest growth for the second quarter of 2008 compared to the second quarter of 2007 were client certificates of deposit, which increased $823 million, or 3.2%, and other client deposits, which includes money rate savings accounts, investor deposit accounts, savings accounts, individual retirement accounts and other time deposits, which increased $790 million, or 2.3%. In addition, other interest-bearing deposits, which consist of negotiable certificates of deposit and Eurodollar deposits, increased $3.3 billion, or 52.4%, compared to the second quarter of 2007.

Average deposits for the first six months of 2008 increased $4.4 billion, or 5.3%, to $86.6 billion compared to the first six months of 2007. The categories of deposits with the highest average rates of growth for the first six months of 2008 compared to the same period of 2007 were client certificates of deposit, which increased $1.4 billion, or 5.5%, and other client deposits, which increased $1.1 billion, or 3.3%. In addition, other interest-bearing deposits increased $2.1 billion, or 27.1%, for the first six months of 2008 compared to the same period in 2007.

The following table presents the composition of average deposits for the second quarter and six months ended June 30, 2008 and 2007:

Table 2
Composition of Average Deposits

	For the Three Months Ended			
	June 30, 2008		June 30, 2007	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Noninterest-bearing deposits	$ 13,086	15.1 %	$ 13,367	16.3 %
Interest checking	2,566	3.0	2,487	3.0
Other client deposits	34,650	40.0	33,860	41.4
Client certificates of deposit	26,742	30.8	25,919	31.6
Total client deposits	77,044	88.9	75,633	92.3
Other interest-bearing deposits	9,641	11.1	6,326	7.7
Total average deposits	$ 86,685	100.0 %	$ 81,959	100.0 %

	For the Six Months Ended			
	June 30, 2008		June 30, 2007	
	Balance	% of total	Balance	% of total
	(Dollars in millions)			
Noninterest-bearing deposits	$ 12,881	14.9 %	$ 13,158	16.0 %
Interest checking	2,433	2.8	2,348	2.9
Other client deposits	34,750	40.0	33,628	40.9
Client certificates of deposit	26,903	31.1	25,498	31.0
Total client deposits	76,967	88.8	74,632	90.8
Other interest-bearing deposits	9,667	11.2	7,607	9.2
Total average deposits	$ 86,634	100.0 %	$ 82,239	100.0 %

The change in deposit mix is primarily due to a shift from noninterest-bearing accounts to other interest-bearing deposits. This change reflects a slowing economy during 2007 that continued into the second quarter of 2008, which resulted in a decline in noninterest-bearing deposits. Growth in client certificates of deposit slowed during the second quarter, as management decided to lower the rates paid for certificates of deposit to be more in line with money market rates.

For the second quarter of 2008, the annualized average rate paid on total interest-bearing deposits was 2.49% compared to 3.73% in the same period last year. For the first six months of 2008, the annualized average rate paid on total interest-bearing deposits was 2.78%, a decrease of 97 basis points compared to the first six months of 2007. The decrease in the average rate paid on interest-bearing deposits resulted primarily from the declining interest rate environment that existed during the first six months of 2008 compared to 2007.

Borrowings

While client deposits remain the primary source for funding loan originations and other balance sheet growth, management uses short-term borrowings as a supplementary funding source for balance sheet growth. Short-term borrowings utilized by BB&T include Federal Funds purchased, securities sold under repurchase agreements, master notes, U.S. Treasury tax and loan deposit notes, short-term FHLB advances and short-term bank notes. At June 30, 2008, short-term borrowings totaled $10.8 billion, an increase of $170 million, or 1.6%, compared to December 31, 2007.

Average short-term borrowed funds for the second quarter of 2008 were $10.4 billion compared to $9.0 billion for the same period of 2007. For the first six months of 2008 the average balance of short-term borrowed funds was $10.6 billion, an increase of $2.2 billion compared to the first half of 2007. For the second quarter of 2008, the average annualized FTE rate paid on short-term borrowings was 2.51% compared to 4.55% during the second quarter of 2007. The average annualized FTE rate paid on short-term borrowed funds for the first six months of 2008 was 3.01%, a decrease of 157 basis points from the average rate of 4.58% paid during the comparable period of 2007. The lower rate paid on short-term borrowed funds during 2008 compared to 2007 was primarily the result of decreases in the Federal Funds target rate.

BB&T also utilizes long-term debt for a variety of funding needs, including the repurchase of common stock and to supplement levels of regulatory capital. Long-term debt consists of FHLB advances to Branch Bank, corporate subordinated notes, senior and subordinated notes issued by Branch Bank, junior subordinated debentures issued by BB&T and certain private borrowings by Branch Bank. Long-term debt totaled $20.6 billion at June 30, 2008, an increase of $1.9 billion, or 10.0%, from the balance at December 31, 2007. The increase primarily resulted from a $1.8 billion increase in FHLB advances due to the more competitive rates obtained compared to other financing options.

The average annualized rate paid on long-term debt for the second quarter of 2008 was 3.83% compared to 5.51% for the same period in 2007. For the first six months of 2008, the average annualized rate was 4.25%, a decrease of 117 basis points compared to the first six months of 2007. The decreases in the cost of long-term funds resulted from decreases in short-term rates and new FHLB advances issued at lower rates. The decline in short-term rates resulted in decreases in the effective rates paid on the portion of BB&T's long-term debt that was either issued as a floating-rate instrument or swapped to a floating rate.

Asset Quality

BB&T experienced additional credit deterioration during the second quarter, reflecting the ongoing challenges in the residential real estate markets with the largest concentration of credit issues occurring in Georgia, Florida and metro Washington, D.C.

Nonperforming assets, which are composed of foreclosed real estate, repossessions, nonaccrual loans and restructured loans, totaled $1.3 billion at June 30, 2008, compared to $696 million at December 31, 2007. As a percentage of loans and leases plus foreclosed property, nonperforming assets were 1.36% at June 30, 2008 and .76% at December 31, 2007. Loans 90 days or more past due and still accruing interest totaled $282 million at June 30, 2008, compared to $223 million at year-end 2007.

BB&T's net charge-offs totaled $170 million for the second quarter of 2008 and amounted to .72% of average loans and leases, on an annualized basis, compared to $76 million, or .35%, of average loans and leases, on an annualized basis, in the corresponding period in 2007. For the six months ended June 30, 2008 and 2007, net charge-offs totaled $295 million and $137 million, respectively, and represented .63% and .32%, respectively, of average loans and leases on an annualized basis. The increase in net charge-offs in 2008 compared to 2007 was largely driven by challenges in the residential real estate market, which has resulted in increases in losses in the commercial, direct retail and mortgage portfolios. In addition, BB&T has experienced higher default rates at Regional Acceptance, BB&T's sub-prime automobile lender in 2008 compared to 2007. However, loss rates for Regional Acceptance for the second quarter of 2008 slowed compared to the first quarter of 2008, primarily due to a seasonal decline. The overall increase in net charge-offs has been more contained than the increase in nonperforming assets, due to the fact that BB&T generally secures its loans with collateral.

The allowance for credit losses, which totaled $1.3 billion and $1.0 billion at June 30, 2008 and December 31, 2007, 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 1.33% of loans and leases held for investment at June 30, 2008, compared to 1.10% at year-end 2007.

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

Table 3 - 1
Asset Quality Analysis

	For the Three Months Ended				
	6/30/2008	3/31/2008	12/31/2007	9/30/2007	6/30/2007
	(Dollars in millions)				
Allowance For Credit Losses					
Beginning balance	**$ 1,113**	$ 1,015	$ 941	$ 926	$ 901
Allowance for acquired (sold) loans, net	**-**	-	1	-	13
Provision for credit losses	**330**	223	184	105	88
Charge-offs					
Commercial loans and leases	**(48)**	(18)	(26)	(18)	(11)
Direct retail loans	**(38)**	(28)	(18)	(20)	(22)
Sales finance loans	**(13)**	(13)	(10)	(9)	(6)
Revolving credit loans	**(18)**	(18)	(11)	(12)	(12)
Mortgage loans	**(13)**	(5)	(6)	(1)	(2)
Specialized lending	**(55)**	(59)	(54)	(45)	(40)
Total charge-offs	**(185)**	(141)	(125)	(105)	(93)
Recoveries					
Commercial loans and leases	**2**	4	2	3	4
Direct retail loans	**3**	3	3	3	3
Sales finance loans	**2**	2	2	2	2
Revolving credit loans	**3**	3	3	3	3
Specialized lending	**5**	4	4	4	5
Total recoveries	**15**	16	14	15	17
Net charge-offs	**(170)**	(125)	(111)	(90)	(76)
Ending balance	**$ 1,273**	$ 1,113	$ 1,015	$ 941	$ 926
Nonperforming Assets					
Nonaccrual loans and leases					
Commercial loans and leases	**$ 621**	$ 443	$ 273	$ 237	$ 178
Direct retail loans	**65**	60	43	56	43
Sales finance loans	**4**	5	5	4	4
Mortgage loans	**250**	185	119	74	63
Specialized lending	**76**	67	62	48	36
Total nonaccrual loans and leases	**1,016**	760	502	419	324
Foreclosed real estate	**232**	178	143	82	61
Other foreclosed property	**53**	51	51	46	38
Total nonperforming assets	**$ 1,301**	$ 989	$ 696	$ 547	$ 423
Loans 90 days or more past due and still accruing (1):					
Commercial loans and leases	**$ 42**	$ 52	$ 40	$ 21	$ 18
Direct retail loans	**72**	59	58	18	17
Sales finance loans	**17**	15	17	14	12
Revolving credit loans	**15**	16	15	7	6
Mortgage loans	**126**	106	85	76	48
Specialized lending	**10**	10	8	13	7
Total loans 90 days or more past due and still accruing	**$ 282**	$ 258	$ 223	$ 149	$ 108

(1) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase.

Table 3 - 2
Asset Quality Ratios

	For the Three Months Ended				
	6/30/2008	3/31/2008	12/31/2007	9/30/2007	6/30/2007
Loans 90 days or more past due and still accruing as a percentage of total loans and leases (1):	**.29 %**	.27 %	.24 %	.17 %	.12 %
Nonaccrual and restructured loans and leases as a percentage of total loans and leases	**1.06**	.81	.55	.47	.37
Total nonperforming assets as a percentage of:					
Total assets	**.95**	.73	.52	.42	.33
Loans and leases plus foreclosed property	**1.36**	1.05	.76	.61	.48
Net charge-offs as a percentage of average loans and leases	**.72**	.54	.48	.40	.35
Allowance for loan and lease losses as a percentage of loans and leases	**1.31**	1.17	1.10	1.04	1.04
Allowance for loan and lease losses as a percentage of loans and leases held for investment	**1.33**	1.19	1.10	1.05	1.05
Ratio of allowance for loan and lease losses to:					
Net charge-offs	**1.84 x**	2.18 x	2.29 x	2.61 x	3.04 x
Nonaccrual and restructured loans and leases	**1.24**	1.44	2.00	2.23	2.83

Note: All items referring to loans and leases include loans held for sale and are net of unearned income. Applicable ratios are annualized.
(1) Excludes mortgage loans guaranteed by GNMA that BB&T does not have the obligation to repurchase.

The following tables provide further details regarding BB&T's commercial real estate lending, residential mortgage and consumer home equity portfolios as of June 30, 2008.

Table 4-1
Real Estate Lending Portfolio Credit Quality and Geographic Distribution
Commercial Real Estate Loan Portfolio (1)

	As of / For the Period Ended June 30, 2008			
Residential Acquisition, Development, and Construction Loans (ADC)	**Builders / Construction**	**Land /Land Development**	**Condos / Townhomes**	**Total ADC**
	(Dollars in millions, except average loan and average client size)			
Total loans outstanding	$ 3,313	$ 4,640	$ 658	**$ 8,611**
Average loan size (in thousands)	290	592	1,426	**436**
Average client size (in thousands)	877	1,366	3,382	**1,163**
Percentage of total loans	3.5 %	4.8 %	.7 %	**9.0 %**
Nonaccrual loans and leases as a percentage of category	4.14	3.97	5.05	**4.12**
Gross charge-offs as a percentage of category	.47	.71	2.35	**.74**

Residential Acquisition, Development, and Construction Loans (ADC) by State of Origination	As of / For the Period Ended June 30, 2008 Total Outstandings	Percentage of Total	Nonaccrual Loans and Leases	Nonaccrual as a Percentage of Outstandings	Gross Charge-Offs as a Percentage of Outstandings
	(Dollars in millions)				
North Carolina	$ 2,956	34.3 %	$ 54	1.83 %	.03 %
Georgia	1,642	19.1	120	7.29	1.77
Virginia	1,369	15.9	56	4.08	.82
Florida	911	10.5	77	8.47	.88
South Carolina	668	7.8	6	.92	.21
Tennessee	274	3.2	8	3.03	1.20
Washington, D.C.	266	3.1	2	.73	3.01
Kentucky	221	2.5	15	6.63	.07
West Virginia	152	1.8	6	3.56	1.35
Maryland	152	1.8	11	7.42	-
Total	**$ 8,611**	**100.0 %**	**$ 355**	**4.12 %**	**.74 %**

Other Commercial Real Estate Loans (2)	As of / For the Period Ended June 30, 2008 Commercial / Construction	Commercial Land/ Development	Permanent Income Producing Properties	Total Other Commercial Real Estate
	(Dollars in millions, except average loan and average client size)			
Total loans outstanding	$ 2,224	$ 2,623	$ 5,722	**$ 10,569**
Average loan size (in thousands)	1,099	747	332	**467**
Average client size (in thousands)	1,464	906	486	**656**
Percentage of total loans	2.3 %	2.7 %	6.0 %	**11.0 %**
Nonaccrual loans and leases as a percentage of category	.55	1.34	.62	**.78**
Gross charge-offs as a percentage of category	.02	.09	.04	**.05**

Other Commercial Real Estate Loans by State of Origination	As of / For the Period Ended June 30, 2008 Total Outstandings	Percentage of Total	Nonaccrual Loans and Leases	Nonaccrual as a Percentage of Outstandings	Gross Charge-Offs as a Percentage of Outstandings
	(Dollars in millions)				
North Carolina	$ 3,215	30.4 %	$ 13	.39 %	.07 %
Georgia	1,852	17.5	17	.90	.08
Virginia	1,609	15.2	12	.75	-
South Carolina	861	8.2	7	.85	.02
Florida	801	7.6	18	2.20	-
Washington, D.C.	507	4.8	-	-	.09
Maryland	462	4.4	-	.08	-
West Virginia	419	4.0	2	.55	.04
Kentucky	417	3.9	4	.87	.06
Tennessee	316	3.0	10	3.21	.04
Other	110	1.0	-	-	-
Total	**$ 10,569**	**100.0 %**	**$ 83**	**.78 %**	**.05 %**

NOTES: (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.

(2) Other CRE loans consist primarily of non-residential income producing CRE loans. C&I loans secured by real property are excluded.

Table 4-2
Real Estate Lending Portfolio Credit Quality and Geographic Distribution
Residential Mortgage Portfolio

	As of / For the Period Ended June 30, 2008			
Mortgage Loans	**Prime**	**ALT-A**	**Construction/ Permanent**	**Subprime (1)**
	(Dollars in millions, except average loan size)			
Total loans outstanding	$ 12,069	$ 3,291	$ 1,704	$ 608
Average loan size (in thousands)	192	329	312	69
Average credit score	720	734	734	607
Percentage of total loans	12.6 %	3.4 %	1.8 %	.6 %
Percentage that are first mortgages	99.7	99.7	98.8	82.4
Average loan to value	73.9	67.1	77.1	81.2
Nonaccrual loans and leases as a percentage of category	1.06	1.69	3.10	3.87
Gross charge-offs as a percentage of category	.11	.29	.53	1.46

	As of / For the Period Ended June 30, 2008			
Residential Mortgage Loans by State	**Total Mortgages Outstanding (1)**	**Percentage of Total**	**Nonaccrual as a Percentage of Outstandings**	**Gross Charge-Offs as a Percentage of Outstandings**
	(Dollars in millions)			
North Carolina	$ 4,327	24.5 %	.46 %	.05 %
Virginia	3,591	20.3	1.01	.29
Florida	2,644	14.9	4.31	.39
Maryland	1,886	10.7	1.22	.25
South Carolina	1,625	9.2	.95	.05
Georgia	1,612	9.1	2.11	.44
West Virginia	386	2.2	.78	.18
Kentucky	357	2.0	.46	.30
Tennessee	260	1.5	.50	.01
Washington, D.C.	194	1.1	1.18	-
Other	790	4.5	1.08	.47
Total	$ 17,672	100.0 %	1.47 %	.23 %

NOTES: (1) Includes $368 million in loans originated by Lendmark Financial Services, which are disclosed as a part of the specialized lending category.

Table 4-3
Real Estate Lending Portfolio Credit Quality and Geographic Distribution
Home Equity Portfolio (1)

Home Equity Loans & Lines	As of / For the Period Ended June 30, 2008	
	Home Equity Loans	Home Equity Lines
	(Dollars in millions, except average loan size)	
Total loans outstanding	$ 9,497	$ 5,017
Average loan size (in thousands) (2)	49	34
Average credit score	725	759
Percentage of total loans	9.9 %	5.2 %
Percentage that are first mortgages	77.1	23.4
Average loan to value	67.4	67.6
Nonaccrual loans and leases as a percentage of category	.51	.27
Gross charge-offs as a percentage of category	.50	.86

Home Equity Loans and Lines by State	As of / For the Period Ended June 30, 2008			
	Total Home Equity Loans and Lines Outstanding	Percentage of Total	Nonaccrual as a Percentage of Outstandings	Gross Charge-Offs as a Percentage of Outstandings
	(Dollars in millions)			
North Carolina	$ 5,073	35.0 %	.39 %	.24 %
Virginia	3,238	22.3	.20	.84
South Carolina	1,425	9.8	.70	.37
Georgia	1,159	8.0	.41	1.08
West Virginia	882	6.1	.36	.24
Maryland	854	5.9	.32	.52
Florida	722	5.0	1.09	2.89
Kentucky	609	4.2	.48	.24
Tennessee	442	3.0	.72	.26
Washington, D.C.	89	.6	.94	4.03
Other	21	.1	.32	.31
Total	**$ 14,514**	**100.0** %	**.42** %	**.63** %

NOTES: (1) Home equity portfolio is a component of direct retail loans and originated through the BB&T branching network.
(2) Home equity lines without an outstanding balance are excluded from this calculation.

The residential acquisition, development and construction ("ADC") loan portfolio, a component of BB&T's commercial real estate loan portfolio, totaled $8.6 billion at June 30, 2008, a slight decrease from December 31, 2007. The ADC portfolio is 9.0% of total loans and leases at June 30, 2008. Nonaccrual ADC loans were $355 million at June 30, 2008, an increase of $242 million, compared to $113 million at December 31, 2007. As a percentage of loans and leases, ADC nonaccruals were 4.12% at June 30, 2008, compared to 1.30% at December 31, 2007. Gross charge-offs for the ADC portfolio were .74% of average loans on an annualized basis for the first six months of 2008, compared to .21% of average loans for the full year 2007. The remainder of the commercial real estate portfolio, which is largely related to loans for office buildings, hotels, warehouses, apartments, rental houses, and shopping centers, totaled $10.6 billion at June 30, 2008. This portion of the portfolio continues to perform reasonably well.

The residential mortgage loan portfolio totaled $17.7 billion, a slight decrease from December 31, 2007. As a percentage of loans and leases, residential mortgage loan nonaccruals were 1.47% at June 30, 2008, compared to .71% at December 31, 2007. Gross charge-offs for the residential mortgage loan portfolio were .23% of average loans on an annualized basis compared to .08% of average loans for the full year 2007.

Shareholders' Equity

Total shareholders' equity at June 30, 2008 was $12.8 billion, an increase of $168 million compared to $12.6 billion at December 31, 2007. BB&T's book value per common share at June 30, 2008 was $23.40, compared to $23.14 at December 31, 2007. BB&T's tangible shareholders' equity was $7.4 billion at June 30, 2008, compared to $7.2 billion at December 31, 2007. BB&T's tangible book value per common share at June 30, 2008 was $13.60 compared to $13.18 at December 31, 2007.

ANALYSIS OF RESULTS OF OPERATIONS

Consolidated net income for the second quarter of 2008 totaled $428 million, a decrease of $30 million, or 6.6%, compared to $458 million earned during the second quarter of 2007. On a diluted per share basis, earnings for the three months ended June 30, 2008 were $.78, a decrease of 6.0% compared to $.83 for the same period in 2007. BB&T's results of operations for the second quarter of 2008 produced an annualized return on average assets of 1.27% and an annualized return on average shareholders' equity of 13.27%, compared to prior year ratios of 1.47% and 15.18%, respectively.

Consolidated net income for the first six months of 2008 totaled $856 million, a decrease of 2.6% compared to $879 million earned during the same period of 2007. On a diluted per share basis, earnings for the first six months of 2008 and 2007 were $1.56 and $1.60, respectively, which represents a decrease of 2.5%. BB&T's results of operations for the first six months of 2008 produced an annualized return on average assets of 1.28% and an annualized return on average shareholders' equity of 13.29% compared to prior year ratios of 1.44% and 15.00%, respectively.

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

Table 5
Annualized
Profitability Measures

	2008		2007		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Return on average assets	**1.27 %**	1.29 %	1.24 %	1.37 %	1.47 %
Return on average shareholders' equity	**13.27**	13.30	12.89	14.24	15.18
Net interest margin (taxable equivalent)	**3.65**	3.54	3.46	3.45	3.55

Net Interest Income and Net Interest Margin

Net interest income on an FTE basis was $1.1 billion for the second quarter of 2008 compared to $985 million for the same period in 2007, an increase of $105 million, or 10.7%. For the quarter ended June 30, 2008, average earning assets increased $8.8 billion, or 7.9%, compared to the same period of 2007, while average interest-bearing liabilities increased $9.6 billion, or 10.0%, and the net interest margin increased from 3.55% in the second quarter of 2007 to 3.65% in the current quarter.

For the first six months of 2008, net interest income on an FTE basis was $2.1 billion, an increase of 9.0% compared to the same period in 2007. Average earning assets for the first six months of 2008 were $118.6 billion, an increase of 8.5% compared to the prior year average of $109.3 billion, while average interest-bearing liabilities increased $10.1 billion, or 10.6%, compared to the first six months of 2007. The net interest margin for the first six months of 2008 was 3.59%, an increase of 1 basis point compared to 3.58% during the first half of 2007. The improvement in the net interest margin was caused by a combination of factors. Beginning in the fourth quarter of 2007, BB&T started to realize the benefits from its liability sensitive balance sheet, which is reflected in the net interest margin improvement over the last three quarters. Additionally, BB&T maintained effective control of deposit and funding costs, while experiencing some improvement in loan pricing in 2008. Management currently anticipates that the net interest margin will improve further throughout 2008.

The following tables set forth the major components of net interest income and the related annualized yields and rates for the second quarter and first six months of 2008 compared to the same periods in 2007, as well as the variances between the periods caused by changes in interest rates versus changes in volumes.

Table 6-1
FTE Net Interest Income and Rate / Volume Analysis
For the Three Months Ended June 30, 2008 and 2007

	Average Balances		Annualized Yield / Rate		Income/Expense		Increase	Change due to	
	2008	2007	**2008**	2007	**2008**	2007	**(Decrease)**	**Rate**	**Volume**
					(Dollars in millions)				
Assets									
Securities, at amortized cost (1):									
U.S. government-sponsored entities (GSE) (6)	**$ 5,269**	$ 10,559	**5.18 %**	4.60 %	**$ 68**	$ 122	**$ (54)**	**$ 13**	**$ (67)**
Mortgage-backed securities issued by GSE	**13,982**	8,303	**4.79**	5.02	**167**	103	**64**	**(5)**	**69**
States and political subdivisions	**1,729**	598	**6.07**	6.87	**26**	11	**15**	**(1)**	**16**
Non-agency mortgage-backed securities	**1,658**	1,685	**5.81**	5.77	**24**	24	**-**	**-**	**-**
Other securities	**689**	804	**5.19**	6.30	**10**	12	**(2)**	**(2)**	**-**
Trading securities	**571**	1,175	**2.81**	4.36	**4**	13	**(9)**	**(4)**	**(5)**
Total securities (5)	**23,898**	23,124	**5.01**	4.94	**299**	285	**14**	**1**	**13**
Other earning assets (2)	**1,035**	967	**2.48**	5.26	**6**	13	**(7)**	**(7)**	**-**
Loans and leases, net of unearned income (1)(3)(4)	**94,866**	86,939	**6.40**	7.75	**1,512**	1,682	**(170)**	**(310)**	**140**
Total earning assets	**119,799**	111,030	**6.09**	7.14	**1,817**	1,980	**(163)**	**(316)**	**153**
Non-earning assets	**15,758**	13,818							
Total assets	**$ 135,557**	$ 124,848							
Liabilities and Shareholders' Equity									
Interest-bearing deposits:									
Interest-checking	**$ 2,566**	$ 2,487	**0.97**	2.30	**6**	14	**(8)**	**(8)**	**-**
Other client deposits	**34,650**	33,860	**1.57**	2.85	**135**	241	**(106)**	**(110)**	**4**
Client certificates of deposit	**26,742**	25,919	**3.73**	4.63	**248**	300	**(52)**	**(60)**	**8**
Other interest-bearing deposits	**9,641**	6,326	**2.74**	5.34	**66**	84	**(18)**	**(51)**	**33**
Total interest-bearing deposits	**73,599**	68,592	**2.49**	3.73	**455**	639	**(184)**	**(229)**	**45**
Federal Funds purchased, securities sold under repurchase agreements and short-term borrowed funds (1)	**10,350**	9,000	**2.51**	4.55	**64**	102	**(38)**	**(51)**	**13**
Long-term debt	**21,697**	18,471	**3.83**	5.51	**208**	254	**(46)**	**(86)**	**40**
Total interest-bearing liabilities	**105,646**	96,063	**2.77**	4.15	**727**	995	**(268)**	**(366)**	**98**
Noninterest-bearing deposits	**13,086**	13,367							
Other liabilities	**3,843**	3,305							
Shareholders' equity	**12,982**	12,113							
Total liabilities and shareholders' equity	**$ 135,557**	$ 124,848							
Average interest rate spread			**3.32**	2.99					
Net interest margin			**3.65 %**	3.55 %	**$ 1,090**	$ 985	**$ 105**	**$ 50**	**$ 55**
Taxable equivalent adjustment					**$ 22**	$ 19			

(1) Yields are stated on a taxable equivalent basis assuming tax rates in effect for the periods presented.
(2) Includes Federal Funds sold, securities purchased under resale agreements or similar arrangements, interest-bearing deposits with banks, and other earning assets.
(3) Loan fees, which are not material for any of the periods shown, have been included for rate calculation purposes.
(4) Nonaccrual loans have been included in the average balances. Only the interest collected on such loans has been included as income.
(5) Includes securities available for sale at amortized cost and trading securities at estimated fair value.
(6) Includes stock issued by the FHLB of Atlanta.

Table 6-2
FTE Net Interest Income and Rate / Volume Analysis
For the Six Months Ended June 30, 2008 and 2007

	Average Balances		Annualized Yield / Rate		Income / Expense		Increase	Change due to	
	2008	2007	**2008**	2007	**2008**	2007	**(Decrease)**	**Rate**	**Volume**
					(Dollars in millions)				
Assets									
Securities, at amortized cost (1):									
U.S. government-sponsored entities (GSE) (6)	**$ 7,003**	$ 10,181	**4.91 %**	4.50 %	**$ 172**	$ 229	**$ (57)**	**$ 19**	**$ (76)**
Mortgage-backed securities issued by GSE	**11,880**	8,256	**4.94**	5.05	**293**	208	**85**	**(5)**	**90**
States and political subdivisions	**1,571**	573	**6.18**	6.86	**48**	20	**28**	**(2)**	**30**
Non-agency mortgage-backed securities	**1,684**	1,608	**5.81**	5.75	**49**	46	**3**	**-**	**3**
Other securities	**791**	825	**5.74**	7.88	**23**	32	**(9)**	**(8)**	**(1)**
Trading securities	**727**	1,059	**4.68**	5.04	**17**	27	**(10)**	**(2)**	**(8)**
Total securities (5)	**23,656**	22,502	**5.09**	5.00	**602**	562	**40**	**2**	**38**
Other earning assets (2)	**1,158**	904	**3.00**	5.12	**17**	23	**(6)**	**(11)**	**5**
Loans and leases, net of unearned income (1)(3)(4)	**93,792**	85,922	**6.67**	7.74	**3,116**	3,304	**(188)**	**(481)**	**293**
Total earning assets	**118,606**	109,328	**6.32**	7.16	**3,735**	3,889	**(154)**	**(490)**	**336**
Non-earning assets	**15,885**	13,633							
Total assets	**$ 134,491**	$ 122,961							
Liabilities and Shareholders' Equity									
Interest-bearing deposits:									
Interest-checking	**$ 2,433**	$ 2,348	**1.34**	2.34	**$ 16**	$ 27	**(11)**	**(12)**	**1**
Other client deposits	**34,750**	33,628	**1.84**	2.84	**318**	473	**(155)**	**(172)**	**17**
Client certificates of deposit	**26,903**	25,498	**4.02**	4.62	**538**	584	**(46)**	**(79)**	**33**
Other interest-bearing deposits	**9,667**	7,607	**3.06**	5.34	**147**	202	**(55)**	**(101)**	**46**
Total interest-bearing deposits	**73,753**	69,081	**2.78**	3.75	**1,019**	1,286	**(267)**	**(364)**	**97**
Federal Funds purchased, securities sold under repurchase agreements and short-term borrowed funds	**10,555**	8,317	**3.01**	4.58	**158**	189	**(31)**	**(75)**	**44**
Long-term debt	**20,449**	17,286	**4.25**	5.42	**434**	466	**(32)**	**(109)**	**77**
Total interest-bearing liabilities	**104,757**	94,684	**3.09**	4.13	**1,611**	1,941	**(330)**	**(548)**	**218**
Noninterest-bearing deposits	**12,881**	13,158							
Other liabilities	**3,898**	3,300							
Shareholders' equity	**12,955**	11,819							
Total liabilities and shareholders' equity	**$ 134,491**	$ 122,961							
Average interest rate spread			**3.23**	3.03					
Net interest margin			**3.59 %**	3.58 %	**$ 2,124**	$ 1,948	**$ 176**	**$ 58**	**$ 118**
Taxable equivalent adjustment					**$ 39**	$ 37			

(1) Yields are stated on a taxable equivalent basis assuming tax rates in effect for the periods presented.
(2) Includes Federal Funds sold, securities purchased under resale agreements or similar arrangements, interest-bearing deposits with banks, and other earning assets.
(3) Loan fees, which are not material for any of the periods shown, have been included for rate calculation purposes.
(4) Nonaccrual loans have been included in the average balances. Only the interest collected on such loans has been included as income.
(5) Includes securities available for sale at amortized cost and trading securities at estimated fair value.
(6) Includes stock issued by the FHLB of Atlanta.

Provision for Credit Losses

The provision for credit losses totaled $330 million for the second quarter of 2008, compared to $88 million for the second quarter of 2007. For the first six months of 2008, the provision for credit losses totaled $553 million, an increase of $394 million, or 247.8%, compared to the provision of $159 million for the same period in 2007. The increases in the provision for credit losses were driven primarily by challenges in residential real estate markets with the largest concentration of credit issues occurring in Georgia, Florida, and metro Washington D.C. Net charge-offs have risen in recent periods as a result of a weakening economy and more distress by borrowers. Management currently anticipates that net-charge offs will be between .75% and .85% of average loans and leases for the full year 2008.

Net charge-offs were .72% of average loans and leases on an annualized basis for the second quarter of 2008 compared to .35% of average loans and leases for the same period in 2007. For the first six months of 2008, the annualized net-charge off ratio was .63% of average loans and leases, compared to .32% during the corresponding period of 2007. The allowance for loan and lease losses was 1.33% of loans and leases held for investment and was 1.24x total nonaccrual and restructured loans and leases at June 30, 2008, compared to 1.05% and 2.83x, respectively, at June 30, 2007.

Noninterest Income

Noninterest income as a percentage of total revenues has increased in recent years due to BB&T's emphasis on growing its fee-based businesses. Fee-based service revenues lessen BB&T's dependence on traditional spread-based interest income and are a relatively stable revenue source during periods of changing interest rates. Noninterest income for the three months ended June 30, 2008 totaled $827 million, compared to $729 million for the same period in 2007, an increase of $98 million, or 13.4%. For the six months ended June 30, 2008, noninterest income totaled $1.6 billion, an increase of $217 million, or 15.7%, compared to the same period in 2007.

Insurance income, which is BB&T's largest source of noninterest income, totaled $237 million for the second quarter of 2008, an increase of 3.5% compared to the same three-month period of 2007. For the first six months of 2008, insurance income totaled $449 million, up $23 million, or 5.4%, compared to the same period last year. This increase is primarily the result of new product initiatives that were introduced in the second half of 2007. This growth also includes the impact from acquisitions and divestitures completed during 2008 and 2007.

Service charges on deposits totaled $172 million for the second quarter of 2008, an increase of $21 million, or 13.9%, compared to the second quarter of 2007. For the first six months of 2008, service charges on deposits totaled $326 million, an increase of $37 million, or 12.8%, compared to the same period in 2007. This increase in revenues was primarily attributable to growth from overdraft fees compared to the same periods last year. During the first six months of 2008, BB&T opened 70 thousand net new transaction accounts, which also contributed to the growth in service charges.

Investment banking and brokerage fees and commissions totaled $88 million for the second quarter of 2008, a decrease of 1.1%, from $89 million earned in the second quarter of 2007. For the first six months of 2008, investment banking and brokerage fees and commissions totaled $174 million, up $3 million, or 1.8%, compared to the same period last year.

The following table provides a breakdown of the various components of mortgage banking income and other statistical information for the second quarters of 2008 and 2007:

Table 7-1
Mortgage Banking Income and Related Statistical Information

Mortgage Banking Income	For the Three Months Ended June 30, 2008	2007
	(Dollars in millions)	
Residential mortgage production income	$ 34	$ 17
Residential Mortgage Servicing:		
Residential mortgage servicing fees	36	27
Residential mortgage servicing rights increase in fair value due to change in valuation inputs or assumptions	152	72
Mortgage servicing rights derivative losses	(158)	(73)
Net	(6)	(1)
Realization of expected residential mortgage servicing rights cash flows	(21)	(23)
Total residential mortgage servicing income	9	3
Total residential mortgage banking income	43	20
Commercial mortgage banking income	14	11
Total mortgage banking income	$ 57	$ 31

Mortgage Banking Statistical Information	As of / For the Three Months Ended June 30, 2008	2007
	(Dollars in millions)	
Residential mortgage originations	$ 4,721	$ 3,014
Residential mortgage loans serviced for others	36,181	29,326
Residential mortgage loan sales	4,185	1,514
Commercial mortgage originations	$ 1,095	$ 782
Commercial mortgage loans serviced for others	21,800	9,677

Mortgage banking income totaled $57 million in the second quarter of 2008, an increase of $26 million, compared to $31 million earned in the second quarter of 2007. BB&T adopted SFAS No. 159 for the majority of loans originated for sale after January 1, 2008, and implemented the provisions of SAB 109. As a result of the adoption of both standards, mortgage banking income increased approximately $19 million compared to the second quarter of 2007. Of the $19 million increase relating to the adoption of these accounting standards, approximately $16 million relates to the elimination of the provisions of SFAS No. 91 "*Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases—an amendment of FASB Statements No. 13, 60, and 65 and a rescission of FASB Statement No. 17,*" ("SFAS No. 91") on loans accounted for at fair value and resulted in a corresponding increase in personnel expense. The net change in the valuation of mortgage servicing rights resulted in a $5 million decline compared to the second quarter of 2007.

Excluding the impact of these items, mortgage banking income increased $12 million, or 37.5%, compared to the same period last year. Commercial mortgage loans serviced for others increased from $9.7 billion at June 30, 2007 to $21.8 billion at June 30, 2008 largely as a result of the acquisition of Collateral Real Estate Capital, LLC, which occurred in November 2007.

The following table provides a breakdown of the various components of mortgage banking income for the six month periods ended June 30, 2008 and 2007, respectively:

Table 7-2
Mortgage Banking Income and Related Statistical Information

Mortgage Banking Income	For the Six Months Ended June 30, 2008	2007
	(Dollars in millions)	
Residential mortgage production income	$ 72	$ 30
Residential Mortgage Servicing:		
Residential mortgage servicing fees	68	56
Residential mortgage servicing rights increase in fair value due to change in valuation inputs or assumptions	68	79
Mortgage servicing rights derivative losses	(76)	(76)
Net	(8)	3
Realization of expected residential mortgage servicing rights cash flows	(44)	(46)
Total residential mortgage servicing income	16	13
Total residential mortgage banking income	88	43
Commercial mortgage banking income	28	18
Total mortgage banking income	$ 116	$ 61

Mortgage Banking Statistical Information	As of / For the Six Months Ended June 30, 2008	2007
	(Dollars in millions)	
Residential mortgage originations	$ 9,114	$ 5,475
Residential mortgage loan sales	6,832	3,072
Commercial mortgage originations	$ 1,962	$ 1,298

Mortgage banking income totaled $116 million in the first half of 2008, an increase of $55 million, compared to $61 million earned in the same period of 2007. As a result of the adoption of fair value accounting standards, mortgage banking income increased approximately $50 million compared to the first half of 2007. Of the $50 million increase relating to the adoption of fair value accounting standards, approximately $32 million relates to the elimination of the provisions of SFAS No. 91 on loans accounted for at fair value and resulted in a corresponding increase in personnel expense. The net change in the valuation of mortgage servicing rights during the first six months of 2008 resulted in an $11 million decline compared to the same period of 2007. Excluding the impact of these items, mortgage banking income increased $16 million, or 27.6%, compared to the same period last year.

Other nondeposit fees and commissions, including bankcard fees and checkcard fees, totaled $139 million for the second quarter of 2008, an increase of $12 million, or 9.4%, compared to the second quarter of 2007. The principal drivers of the second quarter increase were debit and check card related service fees and bankcard income, which increased by $9 million and $4 million, respectively, compared to the same period in 2007. These increases were due to increased purchase volumes as clients continue to migrate toward electronic forms of payment. For the six months ended June 30, 2008, other nondeposit fees and commissions, including bankcard fees and merchant discounts, and checkcard fees totaled $267 million, up $26 million, or 10.8%, from the same period in 2007. The increase for the first six months of 2008 was driven by the same factors as the quarter, including increases in checkcard fees and bankcard income of $14 million and $10 million, respectively.

Other income, including income from bank-owned life insurance, totaled $86 million for the second quarter of 2008, an increase of $25 million, or 41.0%, compared to the second quarter of 2007. The increase for the second quarter of 2008 primarily resulted from a $47 million gain related to the sale of Visa, Inc. stock, which was composed of proceeds of $62 million less a $15 million reserve for estimated liabilities under an indemnification agreement with the buyer, and $10 million of additional revenues from client derivative activities. These increases were offset by a number of factors. The adoption of fair value accounting standards resulted in a decline of $6 million in other income related to the valuation of derivatives. In addition, net revenues from BB&T's venture capital investments declined $15 million, and earnings from investments in low income housing partnerships that generate tax benefits declined $13 million compared to the second quarter of 2007.

For the first six months of 2008, other income totaled $135 million, an increase of $12 million, or 9.8%, compared to the first half of 2007. The increase for the first six months of 2008 included gains related to BB&T's ownership interest and sale of Visa, Inc. stock that amounted to $80 million. In addition, revenues from client derivative activities were $17 million higher in the first half of 2008 compared to the same period of 2007. These increases were partially offset by a number of factors. The adoption of fair value accounting standards resulted in a decline of $12 million in other income related to the valuation of derivatives. In addition, net revenues from BB&T's venture capital investments declined $14 million, earnings from investments in low income housing partnerships that generate tax benefits declined $20 million, and income from bank-owned life insurance declined $15 million compared to the first half of 2007. The decline in income from bank-owned life insurance was due to a valuation adjustment that resulted from a decline in the underlying assets of certain insurance polices. The increase in other income for the first six months of 2008 compared to 2007 was partially reduced by a prior-period sale of an insurance operation, which produced a gain of $19 million last year.

Securities gains totaled $10 million and $53 million for the second quarter and first six months of 2008, respectively. These gains resulted from the sale of $5.2 billion of available-for-sale securities during the six months ended June 30, 2008, which allowed reinvestment at higher rates of return with no additional credit risk. During the first half of 2007, BB&T recorded securities losses totaling $10 million.

Noninterest Expense

Noninterest expenses totaled $962 million for the second quarter of 2008, compared to $923 million for the same period a year ago, an increase of $39 million, or 4.2%. For the first six months of 2008, noninterest expenses totaled $1.9 billion, an increase of $92 million, or 5.1%, compared to the same period in 2007.

Personnel expense, the largest component of noninterest expense, was $565 million for the current quarter compared to $540 million for the same period in 2007, an increase of $25 million, or 4.6%. This increase was primarily attributable to an increase in salaries and wages of $39 million, including $16 million that resulted from the elimination of the provisions of SFAS No. 91 on loans accounted for at fair value. This increase was partially offset by a decrease in incentive compensation of $16 million. In addition, pension plan expense decreased $7 million and equity-based compensation expense increased $8 million. For the first six months of 2008, personnel expense totaled $1.1 billion, an increase of $48 million, or 4.5% compared to the same period in 2007. This increase was primarily due to an increase in salaries and wages of $73 million, including $32 million that resulted from the elimination of the provisions of SFAS No. 91 on loans accounted for at fair value. This increase was offset by decreases in pension plan expense and certain nonqualified retirement benefits of $14 million and $13 million, respectively.

Occupancy and equipment expense for the three months ended June 30, 2008 totaled $124 million, compared to $117 million for the second quarter of 2007, representing an increase of $7 million, or 6.0%. For the first six months of 2008, occupancy and equipment expense totaled $247 million, up $14 million, or 6.0%, compared to 2007. The increase for the second quarter and the first six months of 2008 was primarily related to additional rent in connection with de novo branches, acquisitions and renewals of existing leases.

Other noninterest expenses, including professional services, loan processing expenses and amortization of intangibles, totaled $272 million for the current quarter, an increase of $11 million, or 4.2%, compared to the same period of 2007. The increase was primarily attributable to an increase of $16 million in professional services expense, $11 million in foreclosed property expense, $7 million of reserves and losses related to insurance claims and $4 million in loan processing expense compared to the same period of 2007. These increases were offset by a gain of $36 million from the early extinguishment of certain FHLB advances in the second quarter of 2008.

For the first six months of 2008, other noninterest expenses, including professional services, loan processing expenses and amortization of intangibles, totaled $533 million for the current year, an increase of $35 million, or 7.0%, compared to the same period of 2007. The increase was primarily attributable to an increase of $22 million in professional services expense, $17 million in foreclosed property expense, $11 million of reserves and losses related to insurance claims and $9 million in loan processing expense compared to the same period of 2007. These increases were partially offset by the reversal of an accrual of $14 million related to BB&T's obligations arising from its ownership interest in Visa, Inc. and by a gain of $36 million from the early extinguishment of certain FHLB advances in the second quarter of 2008.

Merger-Related and Restructuring Activities

BB&T has incurred certain merger-related and restructuring expenses, primarily in connection with business combinations. 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, litigation accruals, and other similar charges. Merger-related and restructuring charges during the second quarters of 2008 and 2007 were $1 million and $5 million, respectively.

At June 30, 2008 and December 31, 2007, there were $20 million and $16 million, respectively, of merger-related and restructuring accruals. 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, 2008 are expected to be utilized during 2008, unless they relate to specific contracts that expire in later years.

Provision for Income Taxes

The provision for income taxes totaled $175 million for the second quarter of 2008, a decrease of $51 million compared to the same period of 2007, primarily due to lower pretax income, as well as receiving additional interest for settlement of normal audits of tax returns and low income housing tax credits from investments that were made in late 2007. BB&T's effective income tax rates for the second quarters of 2008 and 2007 were 29.0% and 33.0%, respectively. For the first six months of 2008, the provision for income taxes was $376 million compared to $448 million for the first half of 2007. The $72 million decrease in the provision for income taxes for the first half of 2008 was primarily attributable to lower pretax income, as well as the factors mentioned above. BB&T's effective income tax rates for the first six months of 2008 and 2007 were 30.5% and 33.8%, respectively.

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 2008 and 2007.

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 taxing authorities' current examinations of BB&T's tax returns, recent positions taken by the taxing authorities on similar transactions, if any, and the overall tax environment in relation to tax-advantaged transactions. Accordingly, the results of these examinations may alter the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions. In this regard, the Internal Revenue Service ("IRS") disallowed certain deductions taken by BB&T on leveraged lease transactions during 1997-2002. In 2004, BB&T filed a lawsuit against the IRS to pursue a refund of amounts assessed by the IRS related to a leveraged lease transaction entered into during 1997. On January 4, 2007, the United States Middle District Court of North Carolina issued a summary judgment in favor of the IRS related to BB&T's lawsuit. BB&T filed a notice of appeal with the United States Appeals Court for the Fourth Circuit, based in Richmond, Virginia. On April 29, 2008, the United States Appeals Court for the Fourth Circuit affirmed the lower court's decision.

BB&T paid $1.2 billion to the IRS during the first quarter of 2007. This payment represented the total tax and interest due on leveraged lease transactions for all open years. The tax paid relates to differences in the timing of income recognition and deductions for income tax purposes for which deferred taxes had been previously provided.

MARKET RISK MANAGEMENT

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

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

The majority of BB&T's assets and liabilities are monetary in nature and, therefore, differ greatly from most commercial and industrial companies that have significant investments in fixed assets or inventories. Fluctuations in interest rates and actions of the Board of Governors of the Federal Reserve System 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. Simulation takes into account the current contractual agreements that BB&T has made with its customers on deposits, borrowings, loans, investments and any commitments to enter into those transactions. Management monitors BB&T's interest sensitivity by means of a computer model that incorporates the current volumes, average rates earned and paid, and scheduled maturities and payments of asset and liability portfolios, together with multiple scenarios of projected prepayments, repricing opportunities and anticipated volume growth. Using this information, the model projects earnings based on projected portfolio balances under multiple interest rate scenarios. This level of detail is needed to simulate the effect that changes in interest rates and portfolio balances may have on the earnings of BB&T. This method is subject to the accuracy of the assumptions that underlie the process, but management believes that it provides a better illustration of the sensitivity of earnings to changes in interest rates than other analyses such as static or dynamic gap.

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

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

During the first quarter of 2008, the Market Risk and Liquidity Committee revised its policy for measuring interest sensitivity to align more with peers. The new parameters for asset/liability management prescribe a maximum negative impact on interest sensitive 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. Previously, management's policy was a maximum negative impact on interest sensitive income of 3% for the next 12 months for a linear change of 150 basis points over six months followed by a flat interest rate scenario for the remaining six month period, and a maximum negative impact of 6% for a linear change of 300 basis points over 12 months. Management did not model a negative 300 basis point decline in the current period, because this would have resulted in a Federal Funds rate of less than zero.

Table 8
Interest Sensitivity Simulation Analysis

Interest Rate Scenario			Annualized Hypothetical Percentage Change in	
Linear Change in Prime Rate	Prime Rate June 30, 2008	Prime Rate June 30, 2007	Net Interest Income June 30, 2008	Net Interest Income June 30, 2007
3.00 %	8.00 %	11.25 %	0.25 %	(3.45) %
2.00	7.00	10.25	-	NA
1.50	6.50	9.75	(0.16)	(2.48)
1.00	6.00	9.25	(0.28)	NA
No Change	5.00	8.25	-	-
(1.00)	4.00	7.25	(2.10)	NA
(1.50)	3.50	6.75	(3.27)	1.95
(2.00)	3.00	6.25	(4.67)	NA
(3.00)	2.00	5.25	NA	2.29

As of June 30, 2008, BB&T's interest sensitive position was slightly outside the parameters established by the Market Risk and Liquidity Committee for a down 100 and down 200 basis point move. Management is continually monitoring the economic outlook and the Company's interest sensitive position, but believes that further rate declines of this magnitude are unlikely.

Derivative Financial Instruments

BB&T utilizes a variety of financial instruments to manage various financial risks. These instruments, commonly referred to as derivatives, primarily consist of interest-rate swaps, swaptions, caps, floors, collars, financial forward and futures contracts, when-issued securities, 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. BB&T uses derivatives primarily to manage risk related to securities, business loans, overnight based funding, long-term debt, mortgage servicing rights, mortgage banking operations and certificates of deposit. BB&T also uses derivatives to facilitate client's needs.

Derivative contracts are written in amounts referred to as notional amounts. Notional amounts only provide the basis for calculating payments between counterparties. Notional amounts do not represent amounts to be exchanged between parties, and are not a measure of financial risk. On June 30, 2008, BB&T had derivative financial instruments outstanding with notional amounts totaling $59.8 billion. The estimated net fair value of open contracts was $156 million at June 30, 2008. This compares to $47.2 billion of notional amounts with a fair value of $181 million outstanding at December 31, 2007. The majority of the increase in notional amounts was due to the addition of $5.5 billion in derivatives related to mortgage banking operations and $6.2 billion in derivatives related to BB&T's clients. The $25 million decrease in the fair value of derivatives between December 31, 2007 and June 30, 2008 was the result of a decline in the fair value of derivatives hedging interest rate risk related to mortgage banking operations, which was partially offset by an increase in the fair value of derivatives related to balance sheet management and client positions.

Credit risk related to derivatives arises when amounts receivable from a counterparty exceed amounts payable. Because the notional amount of the instruments only serves as a basis for calculating amounts receivable or payable, the risk of loss with any counterparty is limited to a small fraction of the notional amount. BB&T deals only with derivatives dealers that are national market makers with strong credit ratings in its derivatives activities. BB&T further controls the risk of loss by subjecting counterparties to credit reviews and approvals similar to those used in making loans and other extensions of credit. In addition, certain counterparties are required to provide collateral to BB&T when their unsecured loss positions exceed certain negotiated limits. All of the derivative contracts to which BB&T is a party settle monthly, quarterly or semiannually. Further, BB&T frequently has netting agreements with the dealers with which it does business. Because of these factors, BB&T's credit risk exposure related to derivative contracts at June 30, 2008 was not material.

The following tables set forth certain information concerning BB&T's derivative financial instruments at June 30, 2008 and December 31, 2007:

Table 9-1
Derivative Classifications and Hedging Relationships

	June 30, 2008		
	Notional Amount	Fair Value Gain	Fair Value Loss
	(Dollars in Millions)		
Derivatives Designated as Cash Flow Hedges:			
Hedging business loans	$ 1,619	$ 10	$ -
Hedging overnight and short-term funding	2,974	5	(18)
Hedging 3 Month LIBOR funding	4,189	27	(11)
Derivatives Designated as Fair Value Hedges:			
Hedging long-term debt	8,300	148	(5)
Hedging municipal securities	438	-	(36)
Hedging certificates of deposit and other time deposits	27	-	-
Derivatives not designated as hedges	42,248	263	(227)
Total	$ 59,795	$ 453	$ (297)

	December 31, 2007		
	Notional Amount	Fair Value Gain	Fair Value Loss
	(Dollars in Millions)		
Derivatives Designated as Cash Flow Hedges:			
Hedging business loans	$ 2,119	$ 20	$ -
Hedging overnight and short-term funding	1,750	-	(14)
Hedging 3 Month LIBOR funding	2,934	-	(8)
Derivatives Designated as Fair Value Hedges:			
Hedging long-term debt	8,300	148	(6)
Hedging municipal securities	446	-	(33)
Derivatives not designated as hedges	31,648	241	(167)
Total	$ 47,197	$ 409	$ (228)

Table 9-2
Derivative Financial Instruments

	June 30, 2008		December 31, 2007	
	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
	(Dollars in Millions)			
Receive fixed swaps (includes forward starting)	$ 19,419	$ 230	$ 14,890	$ 336
Pay fixed swaps (includes forward starting)	12,685	(101)	7,492	(171)
Other swaps	8,063	3	5,457	(10)
Caps, floors and collars	2,631	8	3,650	16
Foreign exchange contracts	294	-	227	-
Futures contracts	4,299	3	8,690	(3)
Treasury forwards	-	-	10	-
Interest rate lock commitments	1,819	6	1,203	2
Forward commitments	5,589	(1)	2,028	(10)
Swaptions	2,931	13	1,741	21
When-issued securities and forward rate agreements	2,059	(5)	1,703	-
Options on contracts purchased and sold	6	-	106	-
Total	$ 59,795	$ 156	$ 47,197	$ 181

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

BB&T utilizes 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. Please refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2007 for discussion with respect to BB&T's quantitative and qualitative disclosures about its fixed and determinable contractual obligations. Items disclosed in BB&T's Annual Report on Form 10-K for the year ended December 31, 2007 have not materially changed since that report was filed. A discussion of BB&T's derivative financial instruments is included in the "Derivative Financial Instruments" section herein.

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

Tier 1 Capital Ratio	8.50%
Total Capital Ratio	12.00%
Tier 1 Leverage Capital Ratio	7.00%
Tangible Capital Ratio	5.50%

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 acceptable provided the Corporation and Branch Bank remain "well-capitalized."

Financial holding companies and their bank 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. Please refer to the section titled "Capital" in BB&T's Annual Report on Form 10-K for the year ended December 31, 2007, for additional information with regard to BB&T's capital requirements.

BB&T's regulatory and tangible capital ratios for the last five calendar quarters are set forth in the following table.

Table 10
Capital Ratios

	2008		2007		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Risk-based capital ratios:					
Tier 1 capital	**8.9 %**	9.0 %	9.1 %	9.3 %	9.4 %
Total capital	**14.0**	14.1	14.2	14.5	14.7
Tier 1 leverage ratio	**7.2**	7.3	7.2	7.3	7.5
Tangible capital ratio	**5.7**	5.6	5.7	5.7	5.8

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 the second quarter of 2008.

Table 11
Share Repurchase Activity

	2008			
	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	2	$ 33.04	-	44,139
May 1-31	9	35.08	-	44,139
June 1-30	1	32.31	-	44,139
Total	12	$ 34.46	-	44,139

(1) Repurchases reflect shares exchanged or surrendered in connection with the exercise of equity-based awards under BB&T's equity-based compensation plans.
(2) Excludes commissions.

SEGMENT RESULTS

BB&T's operations are divided into seven reportable business segments: the Banking Network, Residential Mortgage Banking, Sales Finance, Specialized Lending, Insurance Services, Financial Services and Treasury. These operating segments have been identified based primarily on BB&T's organizational structure. See Note 10 "Operating Segments" in the notes to the consolidated financial statements contained herein 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 month periods ended June 30, 2008 and 2007, respectively.

BB&T Corporation
Reportable Segments

	For the Six Months Ended	
	June 30, 2008	June 30, 2007
	(Dollars in Millions)	
Banking Network	$ 801	$ 787
Residential Mortgage Banking	93	61
Sales Finance	18	16
Specialized Lending	8	41
Insurance Services	49	68
Financial Services	55	35
Treasury	74	(46)
All Other Segments	(9)	(7)
Parent/Reconciling Items	(233)	(76)
BB&T Corporation	$ 856	$ 879

The $32 million increase in net income attributable to the Residential Mortgage Banking segment was due to the adoption of fair value accounting for the loans held for sale portfolio and increased net interest income from growth in mortgage loans held for investment. The decline of $33 million in the Specialized Lending segment was largely due to higher provision for loan and lease loss expense, as net losses in these portfolios were higher in the first half of 2008 compared to the same period last year. The decline of $19 million in the Insurance Services segment was largely due to a pre-tax gain of $19 million earned in the prior period on the sale of an insurance operation. The increase of $20 million in net income attributable to the Financial Services segment was primarily the result of strong performance from the corporate banking division, which focuses on meeting the financial needs of large commercial clients along with the management of BB&T's client interest-rate derivatives program. The increase of $120 million in net income in the Treasury segment was a result of securities gains of $53 million earned in the current year compared to $10 million of losses in the same period last year. In addition, the Treasury segment benefited from the decline in short term rates, which reduced liability costs. The decrease of $157 million related to Parent/Reconciling items is largely due to the difference between the provision for credit losses that is recorded under generally accepted accounting principles and the provision for credit losses that is allocated to the business units.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Please 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 Rule 13a-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 so as to enable the Company to record, process, summarize and report in a timely manner the information that the Company is required to disclose in its Exchange Act reports.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting 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***

The nature of the business of BB&T's banking and other subsidiaries ordinarily results in a certain amount of litigation. The subsidiaries of BB&T are involved in various legal proceedings, all of which are considered incidental to the normal conduct of business. Based on information currently available, advice of counsel, available insurance coverage and established reserves, BB&T's management believes that the liabilities, if any, arising from these proceedings will not have a materially adverse effect on the consolidated financial position, consolidated results of operations or consolidated cash flows of BB&T. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to BB&T's consolidated financial position, consolidated results of operations or consolidated cash flows.

Item 1A. *Risk Factors*

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, 2007. In addition to the risk factors in our Annual Report on Form 10-K, you should carefully consider the following supplemental risk factor. These risks could materially affect our business, financial condition or future results, and are not the only risks we face. Additional risks and uncertainties not currently known to us or that we have deemed to be immaterial also may materially adversely affect our business, financial condition, and/or operating results.

Unpredictable catastrophic events could have a material adverse effect on BB&T.

The occurrence of catastrophic events such as hurricanes, tropical storms, earthquakes, pandemic disease, windstorms, floods, severe winter weather (including snow, freezing water, ice storms and blizzards), fires and other catastrophes could adversely affect BB&T's consolidated financial condition or results of operations. Unpredictable natural and other disasters could have an adverse effect on 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 offered by BB&T. BB&T's property and casualty insurance operations also expose us to claims arising out of catastrophes. The incidence and severity of catastrophes are inherently unpredictable. Although BB&T carries insurance to mitigate its exposure to certain catastrophic events, catastrophic events could nevertheless reduce BB&T's earnings and cause volatility in its financial results for any fiscal quarter or year and have a material adverse effect on BB&T's financial condition or results of operations.

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

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

Item 4. *Submission of Matters to a Vote of Security Holders*

BB&T held its Annual Meeting of Shareholders on April 22, 2008, to consider and vote on the matters listed below. A total of 442,109,124 of the Company's shares were present or represented by proxy at the meeting. This represented approximately 81% of the Company's outstanding shares.

The individuals named below were re-elected to serve as directors of the Corporation for a one-year term expiring in 2009:

Name	Votes For	Votes Withheld
John A. Allison, IV	428,733,885	13,375,239
Jennifer S. Banner	429,533,767	12,575,357
Anna R. Cablik	413,143,009	28,966,115
Nelle R. Chilton	429,487,247	12,621,877
Ronald E. Deal	412,555,166	29,553,958
Tom D. Efird	428,890,980	13,218,144
Barry J. Fitzpatrick	428,579,859	13,529,265
L. Vincent Hackley, PhD	427,884,759	14,224,365
Jane P. Helm	428,632,116	13,477,008
John P. Howe, III, M.D.	429,096,767	13,012,357
James H. Maynard	429,233,132	12,875,992
Albert O. McCauley	428,803,872	13,305,252
J. Holmes Morrison	429,058,295	13,050,829
Nido R. Qubein	423,124,260	18,984,864
Thomas N. Thompson	429,839,382	12,269,742
Stephen T. Williams	429,890,856	12,218,268

The proposal to ratify the reappointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm was approved, with 432,698,673 shares voting for, 4,839,581 shares voting against, and 4,570,870 shares abstaining.

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.

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 7, 2008

By: /s/ Christopher L. Henson
Christopher L. Henson, Senior Executive Vice President and Chief Financial Officer

Date: August 7, 2008

By: /s/ Edward D. Vest
Edward D. Vest, 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 8.
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.

Exhibit 31.1

CERTIFICATIONS

I, John A. Allison, IV, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BB&T Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2008

/s/ John A. Allison, IV
John A. Allison, IV
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Christopher L. Henson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BB&T Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2008

/s/ Christopher L. Henson
Christopher L. Henson
Senior Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John A. Allison, IV, state and attest that:

(1) I am the Chairman and Chief Executive Officer of BB&T Corporation (the "Issuer").

(2) Accompanying this certification is the Issuer's Quarterly Report on Form 10-Q for the period ended June 30, 2008, (the "Periodic Report") as filed by the Issuer with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which contains financial statements.

(3) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Periodic Report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and

- the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer for the periods presented.

/s/ John A. Allison, IV

John A. Allison, IV
Chairman and Chief Executive Officer
August 7, 2008

A signed original of this written statement required by Section 906 has been provided to BB&T Corporation and will be retained by BB&T Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher L. Henson, state and attest that:

(1) I am the Chief Financial Officer of BB&T Corporation (the "Issuer").

(2) Accompanying this certification is the Issuer's Quarterly Report on Form 10-Q for the period ended June 30, 2008, (the "Periodic Report") as filed by the Issuer with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which contains financial statements.

(3) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Periodic Report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
- the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer for the periods presented.

/s/ Christopher L. Henson

Christopher L. Henson
Senior Executive Vice President and
Chief Financial Officer
August 7, 2008

A signed original of this written statement required by Section 906 has been provided to BB&T Corporation and will be retained by BB&T Corporation and furnished to the Securities and Exchange Commission or its staff upon request.