

BB&T CORP
Form 8-K
April 14, 2003

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

**Form 8-K
Current Report**

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

April 14, 2003

Date of Report (Date of earliest event reported)

BB&T Corporation

(Exact name of registrant as specified in its charter)

Commission file number : 1-10853

North Carolina
(State of incorporation)

56-0939887
(I.R.S. Employer Identification No.)

200 West Second Street
Winston-Salem, North Carolina
(Address of principal executive offices)

27101
(Zip Code)

(336) 733-2000

(Registrant's telephone number, including area code)

This Form 8-K has 14 pages.

ITEM 9. Regulation FD Disclosure (Information provided pursuant to Item 12)

The purpose of this Current Report on Form 8-K is to file BB&T Corporation's Quarterly Performance Summary for the first quarter of 2003.

EXHIBIT INDEX

Exhibit 99.1 Quarterly Performance Summary issued April 14, 2003

April 14, 2003

FOR IMMEDIATE RELEASE

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BB&T's net income up 5.8% in 1st quarter; earnings increase 7.0% excluding merger charges

WINSTON-SALEM, N.C. BB&T Corporation (NYSE: BBT) reported today first quarter 2003 net income totaling \$327.7 million, or \$.69 per diluted share. Net income increased 5.8% compared to \$309.6 million earned in the first quarter of 2002 and diluted earnings per share increased 4.5% compared to prior year earnings of \$.66.

Excluding the effect of expenses associated with completing mergers and acquisitions, operating earnings totaled \$330.8 million in 2003, an increase of 7.0% compared to 2002. Diluted operating earnings per share for the current quarter were \$.70, excluding merger-related charges, an increase of 6.1% compared with the \$.66 earned during the same period of 2002. Merger-related charges for the first quarter of 2003 totaled \$3.1 million after-tax.

BB&T's first quarter 2003 operating earnings produced annualized returns on average assets and average shareholders' equity of 1.69% and 17.94%, respectively.

Cash basis operating results exclude the effects of intangible assets and related amortization expenses, as well as merger-related charges. Cash basis operating earnings totaled \$334.9 million for the first quarter of 2003, or \$.71 per diluted share. These results reflect increases of 7.4% and 6.0%, respectively, compared to results for the first quarter of 2002. Cash basis operating earnings for the current quarter produced an annualized return on average tangible assets of 1.76% and an annualized return on average tangible shareholders' equity of 24.26%.

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I am pleased to announce solid first quarter earnings, particularly given the continued weakness in overall economic conditions, said Chairman and Chief Executive Officer John A. Allison. An already slow economy was negatively affected by global uncertainties and poor weather conditions. The combination of these factors reduced loan demand in our markets and led to a modest increase in first quarter levels of nonperforming assets. Notwithstanding economic challenges, our noninterest income generating businesses continue to produce strong results and our asset quality compares favorably with the industry.

Noninterest Income Producing Businesses Have Another Strong Quarter

Solid growth from BB&T's noninterest income generating businesses was a leading contributor to first quarter results. Total noninterest income was \$444.9 million for the quarter, an increase of 24.4% compared with the same period in 2002. This increase was primarily driven by mortgage banking income, insurance commissions and income

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from nondeposit services.

Aided by the low interest rate environment, BB&T originated mortgage loans totaling \$5.2 billion during the current quarter compared to \$2.8 billion during the same period in 2002. As a result, mortgage banking income, composed primarily of gains from loan sales, origination fees and servicing fees, increased 79.6% to \$60.0 million in the first quarter of 2003 compared to the \$33.4 million earned in the first quarter last year. BB&T's income from mortgage banking for the current quarter was reduced by a \$36.9 million writedown in the value of mortgage servicing rights resulting from high levels of mortgage loan refinance activity. In the first quarter of 2002, BB&T recorded a writedown in mortgage servicing rights totaling \$9.8 million. These writedowns were largely offset by gains from sales of securities.

Commissions from BB&T's insurance operations totaled \$88.7 million in the first quarter of 2003, up 31.6% compared with the first quarter last year. The primary drivers of this growth were increased sales of insurance products to BB&T's client base and additional revenues from insurance agencies acquired during 2003 and 2002. Excluding the effect of these acquisitions, insurance commissions increased approximately 15%.

Nondeposit service charges and fees totaled \$56.3 million for the quarter, an increase of 27.5% compared to the \$44.1 million earned during the same period in 2002. This growth resulted primarily from increased income in bankcard-related services, ATM and point-of-sale fees, safe deposit box fees, and income from other nondeposit-related services.

BB&T Recognized Nationally for Its Reputation and Performance

During the first quarter, BB&T earned notably high marks from several national financial publications and organizations. Fortune magazine's 29th annual survey of America's Most Admired Companies ranked BB&T at No. 4 in the Superregional Bank category. BB&T ranked 7th in the survey a year ago, gaining more ground than any institution in the Superregional category. In addition, BB&T was named to the Forbes Platinum 400 list of America's Best Big Companies for a fourth consecutive year.

MORE

BB&T also received an overall rating of A in the first ever survey of the nation's 21 largest banks conducted by Rating Research LLC. The survey rated banks in seven categories, including strength of reputation, customer focus, and ethical behavior. Only two other banks received higher marks. Finally, BB&T's commitment to employee development through innovative training initiatives placed BB&T in the top 6% among more than 800 organizations evaluated in Training magazine's 2003 Training Top 100 list.

We are proud to be recognized for our performance and the manner in which we achieve those results, Allison said. Our success is the result of our steadfast adherence to a core set of values that have long been synonymous with BB&T's approach to doing business, and our commitment to creating an environment where our employees can realize their potential and excel in serving our clients.

Loan Growth and Asset Quality Affected by Weak Economic Conditions

The continuing effects of the difficult economic environment in BB&T's core markets were evident in the levels of total nonperforming assets, which increased slightly during the first quarter of 2003. Nonperforming assets as a percentage of total assets increased to .60% at March 31 compared to .56% at both March 31, 2002 and at the end of 2002. Annualized net charge-offs were .47% of average loans and leases for the first quarter of 2003, down slightly

MORE

compared with .48% for the first quarter of 2002 and .51% in the fourth quarter of 2002. Excluding losses at BB&T's specialized lending subsidiaries, annualized net charge-offs for the current quarter were .35% of average loans and leases compared to .37% for the same period in 2002.

Despite the increase in the level of nonperforming assets, BB&T's loan portfolio continues to outperform the industry in terms of credit quality. According to the most recently available FDIC *Quarterly Banking Profile*, the average net charge-off ratio for institutions with assets greater than \$5 billion was 1.28%, and the ratio of nonperforming assets to total assets was 1.01%.

BB&T Announces First Virginia Merger

On Jan. 21, BB&T announced plans to acquire First Virginia Banks Inc., headquartered in Falls Church, Va. First Virginia, which had \$11.2 billion in assets at year-end, is the parent company of eight community banks and operated 364 branches in Virginia, Maryland and Northeast Tennessee. The merger will substantially expand BB&T's presence in these key fast-growing markets and grow BB&T's deposit market share to No. 2 in Virginia, to No. 4 in the Washington, D.C. area, to No. 7 in Maryland, and to No. 10 in Tennessee. Subsequent to the merger, the combined company is expected to have more than \$91 billion in assets, which would make it the 11th largest financial holding company in the nation.

The acquisition of First Virginia is an important milestone in the history of BB&T, said Allison. By capitalizing on the tremendous synergies between our companies in terms of operating philosophy, community banking structure, client-focused culture and excellent asset quality, we will be able to improve our operating efficiency and significantly enhance the value of our franchise.

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On April 1, BB&T completed the acquisition of Southeastern Fidelity Corporation of Tallahassee, Fla., which will be combined with Prime Rate Premium Finance Corporation, thus making BB&T's wholly-owned insurance premium finance subsidiary one of the largest companies of its type in the Southeast and mid-Atlantic. On Jan. 2, BB&T Insurance Services completed the acquisition of Cranman & Company of Savannah, Ga. On April 3, BB&T Insurance Services announced plans to acquire Old Colony Insurance Service Inc. of Louisville, Ky., and Cromwell Insurance Agency of Lexington, Ky. These acquisitions are the first steps in expanding BB&T's insurance agency network into Kentucky's economically attractive insurance market and bringing diversified, high quality insurance products to BB&T's clients in the state.

In addition to the mergers and acquisitions described above, BB&T successfully completed the acquisition and systems integration of Equitable Bank of Wheaton, Md., during the first quarter. Through this acquisition, BB&T expanded its presence in the fast-growing and economically appealing suburbs of Washington, D.C.

At March 31, BB&T had \$79.6 billion in assets and operated 1,118 banking offices in the Carolinas, Virginia, West Virginia, Kentucky, Georgia, Maryland, Tennessee, Florida, Alabama, Indiana and Washington, D.C. BB&T's common stock is traded on the New York Stock Exchange under the trading symbol BBT. The closing price of BB&T's common stock on April 11 was \$32.15 per share.

For additional information about BB&T's financial performance, company news, products and services, please visit our Web site at www.BB&T.com.

Earnings Webcast

MORE

To hear a live webcast of BB&T's first quarter 2003 earnings conference call at 11 a.m. (EDT) today, please visit our Web site at www.BB&T.com. Replays of the conference call will be available through our Web site until 5 p.m. (EDT) April 25.

This press release contains financial information determined by methods other than in accordance with Generally Accepted Accounting Principles (GAAP). BB&T's management uses these non-GAAP measures in their analysis of the Company's performance. These measures typically adjust GAAP performance measures to exclude the effects of charges, expenses and gains related to the consummation of mergers and acquisitions, and costs related to the integration of merged entities, as well as the amortization of intangibles in the case of cash basis performance measures. These non-GAAP measures may also exclude other significant gains or losses that are unusual in nature or are associated with acquiring and converting merged entities. Since these items and their impact on BB&T's performance are difficult to predict, management believes presentations of financial measures excluding the impact of these items provide useful supplemental information that is essential to a proper understanding of the operating results of BB&T's core businesses. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures which may be presented by other companies.

This press release contains forward-looking statements as defined by federal securities laws. These statements may address issues that involve significant risks, uncertainties, estimates and assumptions made by management. Actual results could differ materially from current projections. Please refer to BB&T's filings with the Securities and Exchange Commission for a summary of important factors that could affect BB&T's forward-looking statements. BB&T undertakes no obligation to revise these statements following the date of this press release.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

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| (Dollars in thousands, except per share data) | For the Three Months Ended | | Increase (Decrease) | |
|--|----------------------------|-------------------|---------------------|--------------|
| | 3/31/03 | 3/31/02 | \$ | % |
| OPERATING EARNINGS STATEMENTS (1) | | | | |
| Interest income - taxable equivalent | \$ 1,084,878 | \$ 1,119,617 | \$ (34,739) | (3.1) % |
| Interest expense | 362,702 | 434,361 | (71,659) | (16.5) |
| Net interest income - taxable equivalent | 722,176 | 685,256 | 36,920 | 5.4 |
| Less: Taxable equivalent adjustment | 29,998 | 37,990 | (7,992) | (21.0) |
| Net interest income | 692,178 | 647,266 | 44,912 | 6.9 |
| Provision for loan & lease losses | 63,000 | 56,500 | 6,500 | 11.5 |
| Net interest income after provision for loan & lease losses | 629,178 | 590,766 | 38,412 | 6.5 |
| Noninterest income (2) | 444,921 | 357,551 | 87,370 | 24.4 |
| Noninterest expense (3) | 599,359 | 516,516 | 82,843 | 16.0 |
| Operating earnings before income taxes | 474,740 | 431,801 | 42,939 | 9.9 |
| Provision for income taxes | 143,941 | 122,554 | 21,387 | 17.5 |
| Operating earnings (1) | \$ 330,799 | \$ 309,247 | \$ 21,552 | 7.0 % |

| | | For the Three Months Ended | | Increase (Decrease) | |
|---|---------|----------------------------|-------------|---------------------|--------|
| PER SHARE DATA BASED ON OPERATING EARNINGS | | | | | |
| Basic earnings | | \$.70 | \$.67 | \$.03 | 4.5 % |
| Diluted earnings | | .70 | .66 | .04 | 6.1 |
| Weighted average shares - | Basic | 470,529,359 | 462,902,144 | | |
| | Diluted | 474,348,203 | 468,604,312 | | |
| Dividends paid on common shares | | \$.29 | \$.26 | \$.03 | 11.5 % |

PERFORMANCE RATIOS BASED ON OPERATING EARNINGS

| | | | | | |
|--|--|--------|-------|--|--|
| Return on average assets | | 1.69 % | 1.75 | | |
| Return on average equity | | 17.94 | 19.39 | | |
| Net yield on earning assets (taxable equivalent) | | 4.13 | 4.26 | | |
| Efficiency (taxable equivalent) (4) | | 50.9 | 49.7 | | |

**CASH BASIS PERFORMANCE
BASED ON OPERATING EARNINGS (1)(5)**

| | | | | | |
|---|--|------------|------------|-----------|-------|
| Earnings excluding merger-related charges | | \$ 334,919 | \$ 311,951 | \$ 22,968 | 7.4 % |
| Diluted earnings per share | | .71 | .67 | .04 | 6.0 |
| Return on average tangible assets | | 1.76 % | 1.80 % | | |
| Return on average tangible equity | | 24.26 | 23.46 | | |
| Efficiency ratio (taxable equivalent) (4) | | 50.3 | 49.3 | | |

| | | For the Three Months Ended | | Increase (Decrease) | |
|--|--|----------------------------|-------------------|---------------------|--------------|
| (Dollars in thousands, except per share data) | | 3/31/03 | 3/31/02 | \$ | % |
| INCOME STATEMENTS | | | | | |
| Interest income - taxable equivalent | | \$ 1,084,878 | \$ 1,119,617 | \$ (34,739) | (3.1)% |
| Interest expense | | 362,702 | 434,361 | (71,659) | (16.5) |
| Net interest income - taxable equivalent | | 722,176 | 685,256 | 36,920 | 5.4 |
| Less: Taxable equivalent adjustment | | 29,998 | 37,990 | (7,992) | (21.0) |
| Net interest income | | 692,178 | 647,266 | 44,912 | 6.9 |
| Provision for loan & lease losses | | 63,000 | 56,500 | 6,500 | 11.5 |
| Net interest income after provision for loan & lease losses | | 629,178 | 590,766 | 38,412 | 6.5 |
| Noninterest income | | 444,921 | 357,551 | 87,370 | 24.4 |
| Noninterest expense | | 604,088 | 531,135 | 72,953 | 13.7 |
| Income before income taxes and cumulative effect of change in accounting principle | | 470,011 | 417,182 | 52,829 | 12.7 |
| Provision for income taxes | | 142,263 | 117,317 | 24,946 | 21.3 |
| Income before cumulative effect of change in accounting principle | | 327,748 | 299,865 | 27,883 | 9.3 |
| Cumulative effect of change in accounting principle | | -- | 9,780 | (9,780) | NM |
| Net income | | \$ 327,748 | \$ 309,645 | \$ 18,103 | 5.8 % |

PER SHARE DATA

| | | | | | |
|---|-------|---------------|---------------|---------------|--------------|
| Basic earnings | | | | | |
| Income before cumulative effect of change in accounting principle | | \$.70 | \$.65 | \$.05 | 7.7 % |
| Cumulative effect of change in accounting principle | | -- | .02 | (.02) | NM |
| Net income | | .70 | .67 | .03 | 4.5 |
| Diluted earnings | | | | | |
| Income before cumulative effect of change in accounting principle | | .69 | .64 | .05 | 7.8 |
| Cumulative effect of change in accounting principle | | -- | .02 | (.02) | NM |
| Net income | | \$.69 | \$.66 | \$.03 | 4.5 % |
| Weighted average shares - | Basic | 470,529,359 | 462,902,144 | | |

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| | Diluted | For the Three Months Ended | | Increase (Decrease) |
|---|---------|----------------------------|-------------|---------------------|
| | | 474,348,203 | 468,604,312 | |
| PERFORMANCE RATIOS BASED ON NET INCOME | | | | |
| Return on average assets | | 1.68 % | 1.76 % | |
| Return on average equity | | 17.78 | 19.41 | |

NOTES: Applicable ratios are annualized.

- (1) Operating earnings statements exclude the effect of charges primarily resulting from mergers, and the cumulative effect of a change in accounting principle, which resulted in the recognition of income totaling \$9.8 million in the first quarter of 2002. Merger-related charges totaled \$3.1 million and \$9.4 million in the first quarters of 2003 and 2002, respectively. See Reconciliation Table.
- (2) Excluding purchase accounting transactions, noninterest income would have increased \$55.8 million, or 14.3% for the quarter, compared to the same period in 2002.
- (3) Excluding purchase accounting transactions, noninterest expense would have increased \$29.9 million, or 5.2% for the quarter, compared to the same period in 2002.
- (4) Excludes securities gains (losses), foreclosed property expense, provisions for the impairment of mortgage servicing rights and merger-related charges.
- (5) Cash basis performance excludes the effect on earnings of amortization expense applicable to intangible assets and the unamortized balances of intangibles from assets and equity. See Reconciliation Table.

NM - not meaningful.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

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| (Dollars in thousands) | As of / For the Three Months Ended | | Increase (Decrease) | |
|------------------------------------|------------------------------------|---------------|---------------------|---------|
| | 3/31/03 | 3/31/02 | \$ | % |
| SELECTED BALANCE SHEET DATA | | | | |
| End of period balances | | | | |
| Securities available for sale | \$ 16,721,662 | \$ 17,515,228 | \$ (793,566) | (4.5) % |
| Securities held to maturity | 57,489 | 44,189 | 13,300 | 30.1 |
| Trading securities | 172,789 | 143,976 | 28,813 | 20.0 |
| Total securities | 16,951,940 | 17,703,393 | (751,453) | (4.2) |
| Commercial loans & leases | 29,331,744 | 28,166,060 | 1,165,684 | 4.1 |
| Consumer loans | 12,865,697 | 11,944,978 | 920,719 | 7.7 |
| Revolving credit loans | 1,037,135 | 953,748 | 83,387 | 8.7 |
| Mortgage loans | 10,542,311 | 9,092,620 | 1,449,691 | 15.9 |
| Total loans & leases | 53,776,887 | 50,157,406 | 3,619,481 | 7.2 |

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| | As of / For the Three Months Ended | | Increase (Decrease) | |
|---|------------------------------------|--------------|---------------------|--------|
| Allowance for loan & lease losses | 716,276 | 705,905 | 10,371 | 1.5 |
| Other earning assets | 435,066 | 333,035 | 102,031 | 30.6 |
| Total earning assets | 70,709,082 | 67,924,614 | 2,784,468 | 4.1 |
| Total assets | 79,647,890 | 74,949,720 | 4,698,170 | 6.3 |
| Noninterest-bearing deposits | 8,614,360 | 7,142,729 | 1,471,631 | 20.6 |
| Savings & interest checking | 3,076,491 | 3,287,663 | (211,172) | (6.4) |
| Money rate savings | 16,388,917 | 14,894,883 | 1,494,034 | 10.0 |
| CDs and other time deposits | 23,161,261 | 23,145,964 | 15,297 | .1 |
| Total deposits | 51,241,029 | 48,471,239 | 2,769,790 | 5.7 |
| Short-term borrowed funds | 4,229,003 | 6,043,367 | (1,814,364) | (30.0) |
| Long-term debt | 13,565,934 | 11,444,091 | 2,121,843 | 18.5 |
| Total interest-bearing liabilities | 60,421,606 | 58,815,968 | 1,605,638 | 2.7 |
| Total shareholders' equity | \$ 7,561,078 | \$ 7,055,418 | \$ 505,660 | 7.2 % |

Average balances

| | | | | |
|---|---------------|---------------|--------------|--------|
| Securities, at amortized cost | \$ 16,428,321 | \$ 16,481,523 | \$ (53,202) | (.3) % |
| Commercial loans & leases | 29,100,165 | 26,398,376 | 2,701,789 | 10.2 |
| Consumer loans | 12,798,003 | 11,346,619 | 1,451,384 | 12.8 |
| Revolving credit loans | 1,038,444 | 944,385 | 94,059 | 10.0 |
| Mortgage loans | 10,772,525 | 9,143,932 | 1,628,593 | 17.8 |
| Total loans & leases | 53,709,137 | 47,833,312 | 5,875,825 | 12.3 |
| Allowance for loan & lease losses | 729,456 | 658,067 | 71,389 | 10.8 |
| Other earning assets | 452,010 | 455,620 | (3,610) | (.8) |
| Total earning assets | 70,589,468 | 64,770,455 | 5,819,013 | 9.0 |
| Total assets | 79,154,304 | 71,481,754 | 7,672,550 | 10.7 |
| Noninterest-bearing deposits | 7,687,410 | 6,498,675 | 1,188,735 | 18.3 |
| Savings & interest checking | 3,375,038 | 3,201,268 | 173,770 | 5.4 |
| Money rate savings | 16,228,100 | 13,721,226 | 2,506,874 | 18.3 |
| CDs and other time deposits | 24,322,564 | 22,276,896 | 2,045,668 | 9.2 |
| Total deposits | 51,613,112 | 45,698,065 | 5,915,047 | 12.9 |
| Short-term borrowed funds | 4,019,301 | 5,930,643 | (1,911,342) | (32.2) |
| Long-term debt | 13,582,346 | 11,572,300 | 2,010,046 | 17.4 |
| Total interest-bearing liabilities | 61,527,349 | 56,702,333 | 4,825,016 | 8.5 |
| Total shareholders' equity | \$ 7,477,149 | \$ 6,469,084 | \$ 1,008,065 | 15.6 |

As of / For the Quarter Ended

| (Dollars in thousands) | 3/31/03 | 12/31/02 | 9/30/02 | 6/30/02 | 3/31/02 |
|---|-------------|-------------|-------------|-------------|-------------|
| MISCELLANEOUS INFORMATION (1) | | | | | |
| Unrealized appreciation (depreciation) on securities available for sale, net of tax | \$ 280,309 | \$ 329,149 | \$ 333,476 | \$ 291,101 | \$ 160,399 |
| Derivatives (notional value) | 13,195,050 | 11,697,739 | 9,476,733 | 5,787,952 | 5,222,994 |
| Fair value of derivatives portfolio | 179,474 | 149,498 | 79,380 | 40,848 | 46,936 |
| Common stock prices (daily close): | | | | | |
| High | 38.63 | 38.23 | 38.40 | 39.23 | 39.11 |
| Low | 31.15 | 31.26 | 32.18 | 36.60 | 34.47 |
| End of period | 31.43 | 36.99 | 35.04 | 38.60 | 38.11 |
| Weighted average shares: | | | | | |
| Basic | 470,529,359 | 474,905,234 | 477,112,074 | 478,121,878 | 462,902,144 |
| Diluted | 474,348,203 | 480,065,651 | 482,325,535 | 484,009,961 | 468,604,312 |
| End of period shares outstanding | 471,218,625 | 470,452,260 | 480,439,801 | 475,535,863 | 481,195,674 |
| End of period banking offices | 1,118 | 1,122 | 1,123 | 1,122 | 1,132 |
| ATMs | 1,694 | 1,698 | 1,701 | 1,723 | 1,718 |

NOTES: All items referring to loans and leases include loans held for sale and are net of unearned income.
 (1) BB&T had approximately 23,000 full-time equivalent employees at March 31, 2003.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

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As of / For the Quarter Ended

(Dollars in thousands, except per share data)

| | 3/31/03 | 12/31/02 | 9/30/02 | 6/30/02 | 3/31/02 |
|--|----------------|----------------|----------------|----------------|----------------|
| OPERATING EARNINGS STATEMENTS (1) | | | | | |
| Interest income - taxable equivalent | | | | | |
| Interest & fees on loans & leases | \$ 858,137 | \$ 899,264 | \$ 897,969 | \$ 881,019 | \$ 844,798 |
| Interest & dividends on securities | 224,940 | 236,880 | 267,667 | 276,837 | 272,326 |
| Interest on short-term investments | 1,801 | 1,879 | 1,922 | 1,554 | 2,493 |
| Total interest income - taxable equivalent | 1,084,878 | 1,138,023 | 1,167,558 | 1,159,410 | 1,119,617 |
| Interest expense | | | | | |
| Interest on deposits | 207,624 | 231,021 | 254,248 | 258,187 | 259,602 |
| Interest on short-term borrowed funds | 13,664 | 18,770 | 24,140 | 26,464 | 26,449 |
| Interest on long-term debt | 141,414 | 145,360 | 146,515 | 147,518 | 148,310 |
| Total interest expense | 362,702 | 395,151 | 424,903 | 432,169 | 434,361 |
| Net interest income - taxable equivalent | 722,176 | 742,872 | 742,655 | 727,241 | 685,256 |
| Less: Taxable equivalent adjustment | 29,998 | 34,801 | 40,563 | 37,210 | 37,990 |
| Net interest income | 692,178 | 708,071 | 702,092 | 690,031 | 647,266 |
| Provision for loan & lease losses | 63,000 | 84,700 | 64,000 | 58,500 | 56,500 |
| Net interest income after provision for loan & lease losses | 629,178 | 623,371 | 638,092 | 631,531 | 590,766 |
| Noninterest income | | | | | |
| Service charges on deposits | 96,778 | 105,686 | 104,754 | 101,874 | 90,162 |
| Mortgage banking income | 59,972 | 103,010 | (88,343) | 24,695 | 33,387 |
| Investment banking & brokerage fees & commissions | 51,909 | 53,742 | 47,912 | 56,039 | 52,893 |
| Trust revenue | 26,009 | 19,750 | 27,388 | 24,197 | 23,128 |
| Insurance commissions | 88,658 | 87,618 | 80,401 | 78,049 | 67,368 |
| Other nondeposit fees & commissions | 56,272 | 58,135 | 54,145 | 52,100 | 44,122 |

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| | As of / For the Quarter Ended | | | | |
|--|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Securities gains (losses), net | 34,234 | 1,508 | 135,519 | 19,666 | 13,407 |
| Other noninterest income | 31,089 | 27,172 | 31,583 | 28,244 | 33,084 |
| Total noninterest income | 444,921 | 456,621 | 393,359 | 384,864 | 357,551 |
| Noninterest expense | | | | | |
| Personnel expense | 352,701 | 350,213 | 323,119 | 319,622 | 304,893 |
| Occupancy & equipment expense | 87,727 | 87,383 | 85,550 | 84,688 | 83,451 |
| Foreclosed property expense | 4,069 | 3,226 | 2,874 | 880 | 341 |
| Amortization of intangibles | 6,754 | 3,203 | 7,073 | 6,258 | 4,351 |
| Other noninterest expense | 148,108 | 165,128 | 145,863 | 144,582 | 123,480 |
| Total noninterest expense | 599,359 | 609,153 | 564,479 | 556,030 | 516,516 |
| Operating earnings before income taxes | 474,740 | 470,839 | 466,972 | 460,365 | 431,801 |
| Provision for income taxes | 143,941 | 127,122 | 131,003 | 131,363 | 122,554 |
| Operating earnings (1) | \$ 330,799 | \$ 343,717 | \$ 335,969 | \$ 329,002 | \$ 309,247 |

PER SHARE DATA BASED ON OPERATING EARNINGS

| | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|
| Basic earnings | \$.70 | \$.72 | \$.70 | \$.69 | \$.67 |
| Diluted earnings | .70 | .72 | .70 | .68 | .66 |
| Dividends paid on common shares | .29 | .29 | .29 | .26 | .26 |
| Book value per share | \$ 16.05 | \$ 15.70 | \$ 15.68 | \$ 14.99 | \$ 14.66 |

PERFORMANCE RATIOS BASED ON

| OPERATING EARNINGS | | | | | |
|---|--------|--------|--------|--------|--------|
| Return on average assets | 1.69 % | 1.74 % | 1.72 % | 1.75 % | 1.75 % |
| Return on average equity | 17.94 | 18.32 | 18.09 | 18.44 | 19.39 |
| Net yield on earning assets (taxable equivalent) | 4.13 | 4.22 | 4.25 | 4.27 | 4.26 |
| Efficiency (taxable equivalent) (2) | 50.9 | 50.6 | 49.6 | 50.1 | 49.7 |
| Noninterest income as a percentage of total income (taxable equivalent) (2) | 38.3 | 38.0 | 34.4 | 34.4 | 34.1 |
| Equity as a percentage of total assets end of period | 9.5 | 9.2 | 9.6 | 9.3 | 9.4 |
| Average earning assets as a percentage of average total assets | 89.2 | 89.5 | 89.8 | 90.3 | 90.6 |
| Average loans & leases as a percentage of average deposits | 104.1 | 105.5 | 102.1 | 101.9 | 104.7 |

CASH BASIS PERFORMANCE BASED ON

| OPERATING EARNINGS (1) (3) | | | | | |
|---|------------|------------|------------|------------|------------|
| Cash basis operating earnings | \$ 334,919 | \$ 345,564 | \$ 340,261 | \$ 332,899 | \$ 311,951 |
| Diluted earnings per share | .71 | .72 | .71 | .69 | .67 |
| Return on average tangible assets | 1.76 % | 1.79 % | 1.78 % | 1.81 % | 1.80 % |
| Return on average tangible equity | 24.26 | 24.58 | 23.72 | 23.94 | 23.46 |
| Efficiency ratio (taxable equivalent) (2) | 50.3 | 50.3 | 49.0 | 49.5 | 49.3 |

NOTES: Applicable ratios are annualized.

- (1) Operating income statements exclude the effect of expenses primarily associated with mergers. Net merger-related charges totaled \$3.1 million, \$6.5 million, \$7.8 million, \$1.1 million and \$(.4 million), net of tax, for the quarters ended March 31, 2003, , December 31, 2002, September 30, 2002, June 30, 2002, and March 31, 2002, respectively. See Reconciliation Table
- (2) Excludes securities gains (losses), foreclosed property expense, provisions for the impairment of mortgage servicing rights and merger-related charges.
- (3) Cash basis performance excludes the effect on earnings of amortization expense applicable to intangible assets and the unamortized balances of intangibles from assets and equity. See Reconciliation Table.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

(336) 733-3058

FAX (336) 733-3132

As of / For the Quarter Ended

| (Dollars in thousands) | 3/31/03 | 12/31/02 | 9/30/02 | 6/30/02 | 3/31/02 |
|---|---------------|---------------|---------------|---------------|---------------|
| SELECTED BALANCE SHEET DATA | | | | | |
| End of period balances | | | | | |
| Securities available for sale | \$ 16,721,662 | \$ 17,599,477 | \$ 16,416,181 | \$ 18,076,387 | \$ 17,515,228 |
| Securities held to maturity | 57,489 | 55,523 | 51,401 | 47,366 | 44,189 |
| Trading securities | 172,789 | 148,488 | 121,525 | 132,305 | 143,976 |
| Total securities | 16,951,940 | 17,803,488 | 16,589,107 | 18,256,058 | 17,703,393 |
| Commercial loans & leases | 29,331,744 | 29,054,232 | 28,955,027 | 28,433,219 | 28,166,060 |
| Consumer loans | 12,865,697 | 12,811,120 | 12,708,072 | 12,305,600 | 11,944,978 |
| Revolving credit loans | 1,037,135 | 1,050,738 | 1,010,860 | 985,487 | 953,748 |
| Mortgage loans | 10,542,311 | 10,601,923 | 10,390,742 | 8,806,304 | 9,092,620 |
| Total loans & leases | 53,776,887 | 53,518,013 | 53,064,701 | 50,530,610 | 50,157,406 |
| Allowance for loan & lease losses | 716,276 | 723,685 | 723,688 | 706,446 | 705,905 |
| Other earning assets | 435,066 | 442,570 | 518,476 | 330,555 | 333,035 |
| Total earning assets | 70,709,082 | 71,227,929 | 69,629,079 | 68,638,124 | 67,924,614 |
| Total assets | 79,647,890 | 80,216,816 | 78,186,831 | 76,333,441 | 74,949,720 |
| Noninterest-bearing | | | | | |
| deposits | 8,614,360 | 7,864,338 | 7,967,366 | 7,625,530 | 7,142,729 |
| Savings & interest checking | 3,076,491 | 3,071,551 | 2,970,575 | 3,290,255 | 3,287,663 |
| Money rate savings | 16,388,917 | 17,188,942 | 15,636,969 | 14,632,630 | 14,894,883 |
| CDs and other time deposits | 23,161,261 | 23,155,185 | 23,236,561 | 25,360,774 | 23,145,964 |
| Total deposits | 51,241,029 | 51,280,016 | 49,811,471 | 50,909,189 | 48,471,239 |
| Short-term borrowed funds | 4,229,003 | 5,396,959 | 4,797,992 | 4,930,434 | 6,043,367 |
| Long-term debt | 13,565,934 | 13,587,841 | 13,384,826 | 10,979,492 | 11,444,091 |
| Total interest-bearing liabilities | 60,421,606 | 62,400,478 | 60,026,923 | 59,193,585 | 58,815,968 |
| Total shareholders' equity | 7,561,078 | 7,387,914 | 7,534,817 | 7,128,356 | 7,055,418 |

| | As of / For the Quarter Ended | | | | |
|---|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| Goodwill | 1,737,617 | 1,723,379 | 1,698,563 | 1,457,257 | 1,417,993 |
| Core deposit & other intangibles | 146,145 | 148,824 | 138,616 | 119,533 | 137,202 |
| Total intangibles | 1,883,762 | 1,872,203 | 1,837,179 | 1,576,790 | 1,555,195 |
| Mortgage servicing rights | \$ 313,805 | \$ 318,839 | \$ 280,821 | \$ 395,654 | \$ 386,386 |
| Average balances | | | | | |
| Securities, at amortized cost | \$ 16,428,321 | \$ 16,103,478 | \$ 17,574,918 | \$ 17,593,605 | \$ 16,481,523 |
| Commercial loans & leases | 29,100,165 | 28,916,175 | 28,550,713 | 28,278,986 | 26,398,376 |
| Consumer loans | 12,798,003 | 12,771,340 | 12,557,457 | 12,210,161 | 11,346,619 |
| Revolving credit loans | 1,038,444 | 1,020,357 | 997,863 | 968,088 | 944,385 |
| Mortgage loans | 10,772,525 | 10,898,394 | 9,522,243 | 8,808,602 | 9,143,932 |
| Total loans & leases | 53,709,137 | 53,606,266 | 51,628,276 | 50,265,837 | 47,833,312 |
| Allowance for loan & lease losses | 729,456 | 731,126 | 716,160 | 708,395 | 658,067 |
| Other earning assets | 452,010 | 488,991 | 456,474 | 354,745 | 455,620 |
| Total earning assets | 70,589,468 | 70,198,735 | 69,659,668 | 68,214,187 | 64,770,455 |
| Total assets | 79,154,304 | 78,428,911 | 77,571,231 | 75,538,200 | 71,481,754 |
| Noninterest-bearing deposits | 7,687,410 | 7,753,037 | 7,383,310 | 7,157,722 | 6,498,675 |
| Savings & interest checking | 3,375,038 | 3,331,195 | 3,350,476 | 3,568,247 | 3,201,268 |
| Money rate savings | 16,228,100 | 15,821,819 | 15,110,502 | 14,617,809 | 13,721,226 |
| CDs and other time deposits | 24,322,564 | 23,892,511 | 24,708,799 | 24,007,125 | 22,276,896 |
| Total deposits | 51,613,112 | 50,798,562 | 50,553,087 | 49,350,903 | 45,698,065 |
| Short-term borrowed funds | 4,019,301 | 4,626,091 | 5,245,126 | 5,788,023 | 5,930,643 |
| Long-term debt | 13,582,346 | 13,344,191 | 12,313,297 | 11,287,626 | 11,572,300 |
| Total interest-bearing liabilities | 61,527,349 | 61,015,807 | 60,728,200 | 59,268,830 | 56,702,333 |
| Total shareholders' equity | \$ 7,477,149 | \$ 7,444,431 | \$ 7,370,304 | \$ 7,156,600 | \$ 6,469,084 |
| RISK-BASED CAPITAL (1) | | | | | |
| Risk-based capital: | | | | | |
| Tier 1 | \$ 5,497,767 | \$ 5,290,310 | \$ 5,523,128 | \$ 5,347,662 | \$ 5,371,989 |
| Total | 7,942,486 | 7,741,048 | 7,714,898 | 7,021,213 | 7,205,160 |
| Risk-weighted assets | 58,333,041 | 57,701,308 | 56,973,337 | 54,996,625 | 54,080,258 |
| Average quarterly tangible assets | 76,722,517 | 76,209,580 | 75,364,440 | 73,627,410 | 69,534,802 |
| Risk-based capital ratios: | | | | | |
| Tier 1 | 9.43 % | 9.17 % | 9.69 % | 9.72 | 9.93 % |
| Total | 13.62 | 13.42 | 13.54 | 12.77 | 13.32 |
| Leverage capital ratio | 7.17 | 6.94 | 7.33 | 7.26 | 7.73 |

NOTES: All items referring to loans & leases include loans held for sale & are net of unearned income.

(1) Current quarter information is preliminary.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

(336) 733-3058

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As of / For the Quarter Ended

| (Dollars in thousands) | 3/31/03 | 12/31/02 | 9/30/02 | 6/30/02 | 3/31/02 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| ASSET QUALITY ANALYSIS | | | | | |
| Allowance For Loan & Lease Losses | | | | | |
| Beginning balance | \$ 723,685 | \$ 723,688 | \$ 706,446 | \$ 705,905 | \$ 644,418 |
| Allowance for acquired loans, net | 1,267 | (16,075) | 16,861 | 136 | 61,177 |
| Reclassification of allowance related to unfunded commitments | (8,986) | -- | -- | -- | -- |
| Provision for loan & lease losses | 63,000 | 84,700 | 64,000 | 58,500 | 56,500 |
| Charge-offs | (76,867) | (83,067) | (77,732) | (69,144) | (67,206) |
| Recoveries | 14,177 | 14,439 | 14,113 | 11,049 | 11,016 |
| Net charge-offs | (62,690) | (68,628) | (63,619) | (58,095) | (56,190) |
| Ending balance | \$ 716,276 | \$ 723,685 | \$ 723,688 | \$ 706,446 | \$ 705,905 |
| Nonperforming Assets | | | | | |
| Nonaccrual loans & leases | \$ 392,701 | \$ 374,842 | \$ 358,823 | \$ 335,287 | \$ 354,916 |
| Foreclosed real estate | 60,110 | 55,448 | 46,378 | 49,009 | 46,687 |
| Other foreclosed property | 21,714 | 21,199 | 17,712 | 15,803 | 20,734 |
| Restructured loans | 175 | 175 | 2,358 | -- | -- |
| Nonperforming assets | \$ 474,700 | \$ 451,664 | \$ 425,271 | \$ 400,099 | \$ 422,337 |
| Loans 90 days or more past due & still accruing | \$ 93,609 | \$ 115,047 | \$ 100,147 | \$ 98,143 | \$ 100,962 |
| Loans 90 days or more past due & still accruing as a percentage of total loans and leases | .17 % | .21 % | .19 % | .19 % | .20 % |
| Asset Quality Ratios | | | | | |
| Nonaccrual and restructured loans & leases as a percentage of total loans & leases | .73 % | .70 % | .68 % | .66 % | .71 % |
| Nonperforming assets as a percentage of: | | | | | |
| Total assets | .60 | .56 | .54 | .52 | .56 |
| Loans & leases plus foreclosed property | .88 | .84 | .80 | .79 | .84 |
| Net charge-offs as a percentage of average loans & leases | .47 | .51 | .49 | .46 | .48 |
| Net charge-offs excluding specialized lending as a percentage of average loans & leases (1) | .35 | .40 | .39 | .37 | .37 |
| Allowance for loan & lease losses as a percentage of loans & leases | 1.33 | 1.35 | 1.36 | 1.40 | 1.41 |
| Allowance for loan & lease losses as a percentage of loans & leases held for investment | 1.39 | 1.42 | 1.42 | 1.43 | 1.45 |

| | As of / For the Quarter Ended | | | | |
|--|-------------------------------|--------|--------|--------|--------|
| Ratio of allowance for loan & lease losses to: | | | | | |
| Net charge-offs | 2.82 x | 2.66 x | 2.87 x | 3.03 x | 3.10 x |
| Nonaccrual and restructured loans & leases | 1.82 | 1.93 | 2.00 | 2.11 | 1.99 |

| | For the Quarter Ended | | | | |
|---|-----------------------|---------------|---------------|---------------|---------------|
| | 3/31/03 | 12/31/02 | 9/30/02 | 6/30/02 | 3/31/02 |
| ANNUALIZED INTEREST YIELDS / RATES | | | | | |
| (2) | | | | | |
| Interest income: | | | | | |
| Securities & other | 5.38 % | 5.76 % | 5.98 % | 6.20 % | 6.49 % |
| Loans & leases | 6.46 | 6.67 | 6.91 | 7.03 | 7.14 |
| Total earning assets | 6.20 | 6.45 | 6.67 | 6.81 | 6.97 |
| Interest expense: | | | | | |
| Interest-bearing deposits | 1.92 | 2.13 | 2.34 | 2.45 | 2.69 |
| Short-term borrowed funds | 1.36 | 1.61 | 1.83 | 1.83 | 1.81 |
| Long-term debt | 4.16 | 4.33 | 4.73 | 5.24 | 5.19 |
| Total interest-bearing liabilities | 2.38 | 2.57 | 2.78 | 2.92 | 3.10 |
| Net yield on earning assets | 4.13 % | 4.22 % | 4.25 % | 4.27 % | 4.26 % |

NOTES: All items referring to loans & leases include loans held for sale & are net of unearned income. Applicable ratios are annualized.

- (1) Excludes net charge-offs and average loans from BB&T's specialized lending subsidiaries.
- (2) Fully taxable equivalent yields. Securities yields calculated based on amortized cost.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

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| | As of / For the Three Months Ended | | Increase (Decrease) | |
|------------------------|------------------------------------|---------|---------------------|---|
| (Dollars in thousands) | 3/31/03 | 3/31/02 | \$ | % |

| | As of / For the Three Months Ended | | Increase (Decrease) | |
|---|------------------------------------|----------------------|---------------------|--------------|
| SELECTED BALANCES ADJUSTED FOR PURCHASE ACQUISITIONS (1) | | | | |
| Average Balances | | | | |
| Commercial loans & leases | \$ 29,181,352 | \$ 28,443,683 | \$ 737,669 | 2.6 % |
| Consumer loans | 12,807,778 | 11,977,181 | 830,597 | 6.9 |
| Revolving credit loans | 1,038,489 | 962,688 | 75,801 | 7.9 |
| Mortgage loans | 10,889,877 | 10,765,533 | 124,344 | 1.2 |
| Total loans & leases | 53,917,496 | 52,149,085 | 1,768,411 | 3.4 |
| Noninterest-bearing deposits | 7,691,076 | 6,964,977 | 726,099 | 10.4 |
| Interest-bearing transaction accounts | 6,903,292 | 6,107,190 | 796,102 | 13.0 |
| CDs and other time deposits | 24,481,640 | 24,473,395 | 8,245 | -- |
| Other deposits | 12,733,712 | 12,355,653 | 378,059 | 3.1 |
| Total deposits | \$ 51,809,720 | \$ 49,901,215 | \$ 1,908,505 | 3.8 % |

**SELECTED INCOME STATEMENT ITEMS
BASED ON**

**OPERATING EARNINGS ADJUSTED
FOR PURCHASE ACQUISITIONS (1)**

| | | | | |
|---|-------------------|-------------------|------------------|--------------|
| Net interest income - taxable equivalent | \$ 724,036 | \$ 734,191 | \$ (10,155) | (1.4) % |
| Noninterest income | | | | |
| Service charges on deposits | 96,809 | 95,281 | 1,528 | 1.6 |
| Mortgage banking income (2) | 60,099 | 39,328 | 20,771 | 52.8 |
| Investment banking & brokerage fees & commissions | 51,932 | 53,176 | (1,244) | (2.3) |
| Trust revenue | 26,009 | 29,713 | (3,704) | (12.5) |
| Insurance commissions | 88,659 | 77,407 | 11,252 | 14.5 |
| Other nondeposit fees & commissions | 56,293 | 47,198 | 9,095 | 19.3 |
| Securities gains (losses), net (2) | 34,234 | 13,520 | 20,714 | NM |
| Other income | 31,090 | 33,690 | (2,600) | (7.7) |
| Total noninterest income | 445,125 | 389,313 | 55,812 | 14.3 |
| Noninterest expense | | | | |
| Personnel expense | 353,555 | 334,308 | 19,247 | 5.8 |
| Occupancy & equipment expense | 87,937 | 89,691 | (1,754) | (2.0) |
| Other noninterest expense | 159,321 | 146,868 | 12,453 | 8.5 |
| Total noninterest expense | \$ 600,813 | \$ 570,867 | \$ 29,946 | 5.2 % |

| | For the Three Months Ended | | Increase (Decrease) | |
|------------------------|----------------------------|----------|---------------------|---|
| (Dollars in thousands) | 3/31/03 | 12/31/02 | \$ | % |

**SELECTED BALANCES ADJUSTED FOR
PURCHASE ACQUISITIONS (1)**

| | | | | |
|---------------------------------------|----------------------|----------------------|-------------------|--------------|
| Average Balances | | | | |
| Commercial loans & leases | \$ 29,181,352 | \$ 29,042,268 | \$ 139,084 | 1.9 % |
| Consumer loans | 12,807,778 | 12,786,260 | 21,518 | 0.7 |
| Revolving credit loans | 1,038,489 | 1,020,425 | 18,064 | 7.2 |
| Mortgage loans | 10,889,877 | 11,079,846 | (189,969) | (7.0) |
| Total loans & leases | 53,917,496 | 53,928,799 | (11,303) | (0.1) |
| Noninterest-bearing deposits | 7,691,076 | 7,758,540 | (67,464) | (3.5) |
| Interest-bearing transaction accounts | 6,903,292 | 6,712,494 | 190,798 | 11.5 |
| CDs and other time deposits | 24,481,640 | 24,142,938 | 338,702 | 5.7 |
| Other deposits | 12,733,712 | 12,490,628 | 243,084 | 7.9 |
| Total deposits | \$ 51,809,720 | \$ 51,104,600 | \$ 705,120 | 5.6 % |

**SELECTED INCOME STATEMENT ITEMS
BASED ON**

| | For the Three Months Ended | | Increase (Decrease) | |
|--|----------------------------|------------|---------------------|----------|
| OPERATING EARNINGS ADJUSTED FOR PURCHASE ACQUISITIONS (1) | | | | |
| Net interest income - taxable equivalent | \$ 724,036 | \$ 745,527 | \$ (21,491) | (11.7) % |
| Noninterest income | | | | |
| Service charges on deposits | 96,809 | 105,737 | (8,928) | (34.2) |
| Mortgage banking income (2) | 60,099 | 103,242 | (43,143) | (169.5) |
| Investment banking & brokerage fees & commissions | 51,932 | 53,752 | (1,820) | (13.7) |
| Trust revenue | 26,009 | 19,750 | 6,259 | 128.5 |
| Insurance commissions | 88,659 | 89,026 | (367) | (1.7) |
| Other nondeposit fees & commissions | 56,293 | 58,169 | (1,876) | (13.1) |
| Securities gains (losses), net (2) | 34,234 | 1,508 | 32,726 | NM |
| Other income | 31,090 | 27,195 | 3,895 | 58.1 |
| Total noninterest income | 445,125 | 458,379 | (13,254) | (11.7) |
| Noninterest expense | | | | |
| Personnel expense | 353,555 | 352,173 | 1,382 | 1.6 |
| Occupancy & equipment expense | 87,937 | 87,808 | 129 | 0.6 |
| Other noninterest expense | 159,321 | 172,362 | (13,041) | (30.7) |
| Total noninterest expense | \$ 600,813 | \$ 612,343 | \$ (11,530) | (7.6) % |

NOTES: Applicable growth rates are annualized.

- (1) Amounts adjusted to exclude growth that resulted from the timing of acquisitions purchased during 2003 and 2002.
- (2) Mortgage banking income includes provisions for the impairment of mortgage servicing rights totaling \$36.9 million and \$9.8 million for the three months ended March 31, 2003 and 2002, respectively. These provisions are substantially offset by securities gains.

NM - not meaningful.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

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For the Quarter Ended

(Dollars in thousands, except per share data)

RECONCILIATION TABLE

| | 3/31/03 | 12/31/02 | 9/30/02 | 6/30/02 | 3/31/02 |
|---|------------|------------|------------|------------|------------|
| Net income | \$ 327,748 | \$ 337,255 | \$ 328,157 | \$ 327,952 | \$ 309,645 |
| Merger-related charges, net of tax | 3,051 | 6,462 | 7,812 | 1,050 | 9,382 |
| Other, net (1) | -- | -- | -- | -- | (9,780) |
| Operating earnings | 330,799 | 343,717 | 335,969 | 329,002 | 309,247 |
| Amortization of intangibles, net of tax | 4,120 | 1,847 | 4,292 | 3,897 | 2,704 |

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| | For the Quarter Ended | | | | |
|--|-----------------------|---------|---------|---------|---------|
| Cash basis operating earnings | 334,919 | 345,564 | 340,261 | 332,899 | 311,951 |
| Return on average assets | 1.68 % | 1.71 % | 1.68 % | 1.74 % | 1.76 % |
| Effect of merger-related charges, net of tax | .01 | .03 | .04 | .01 | .05 |
| Effect of other, net (1) | -- | -- | -- | -- | (.06) |
| Operating return on average assets | 1.69 | 1.74 | 1.72 | 1.75 | 1.75 |
| Effect of amortization of intangibles, net of tax (3) | .07 | .05 | .06 | .06 | .05 |
| Cash basis operating return on average assets | 1.76 | 1.79 | 1.78 | 1.81 | 1.80 |
| Return on average equity | 17.78 % | 17.97 % | 17.66 % | 18.38 % | 19.41 % |
| Effect of merger-related charges, net of tax | .16 | .35 | .43 | .06 | .59 |
| Effect of other, net (1) | -- | -- | -- | -- | (.61) |
| Operating return on average equity | 17.94 | 18.32 | 18.09 | 18.44 | 19.39 |
| Effect of amortization of intangibles, net of tax (3) | 6.32 | 6.26 | 5.63 | 5.50 | 4.07 |
| Cash basis operating return on average equity | 24.26 | 24.58 | 23.72 | 23.94 | 23.46 |
| Efficiency (taxable equivalent) (2) | 51.3 % | 51.4 % | 50.8 % | 50.2 % | 50.6 % |
| Effect of merger-related charges, net of tax | (.4) | (.8) | (1.2) | (.1) | (.9) |
| Operating efficiency (2) | 50.9 | 50.6 | 49.6 | 50.1 | 49.7 |
| Effect of amortization of intangibles, net of tax | (.6) | (.3) | (.6) | (.6) | (.4) |
| Cash basis operating efficiency (2) | 50.3 | 50.3 | 49.0 | 49.5 | 49.3 |
| Fee income ratio (2) | 38.3 % | 38.0 % | 34.4 % | 34.4 % | 34.7 % |
| Effect of other, net (1) | -- | -- | -- | -- | (.6) |
| Operating fee income ratio (2) | 38.3 | 38.0 | 34.4 | 34.4 | 34.1 |
| Basic earnings per share | \$.70 | \$.71 | \$.69 | \$.69 | \$.67 |
| Effect of merger-related charges, net of tax | -- | .01 | .01 | -- | .02 |
| Effect of other, net (1) | -- | -- | -- | -- | (.02) |
| Operating basic earnings per share | .70 | .72 | .70 | .69 | .67 |
| Diluted earnings per share | \$.69 | \$.70 | \$.68 | \$.68 | \$.66 |
| Effect of merger-related charges, net of tax | .01 | .02 | .02 | -- | .02 |
| Effect of other, net (1) | -- | -- | -- | -- | (.02) |
| Operating diluted earnings per share | .70 | .72 | .70 | .68 | .66 |
| Effect of amortization of intangibles, net of tax | .01 | -- | .01 | .01 | .01 |
| Cash basis operating diluted earnings per share | .71 | .72 | .71 | .69 | .67 |

NOTES: Applicable ratios are annualized.
(1)

MORE

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Other, net includes a \$9.8 million gain resulting from the cumulative effect of adopting a new accounting standard in 2002.

- (2) Excludes securities gains (losses), foreclosed property expense, and provisions for the impairment of mortgage servicing rights. Operating ratios also exclude merger-related charges.
- (3) Reflects the effect of excluding intangible assets from average assets and average equity to calculate cash basis ratios.

S I G N A T U R E

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 hereunto duly authorized.

BB&T CORPORATION
(Registrant)

By: /S/ SHERRY A. KELLETT

Sherry A. Kellett
Senior Executive Vice President and Controller
(Principal Accounting Officer)

Date: April 14, 2003