

BB&T CORP
Form 10-Q/A
August 13, 2009

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

**FORM 10-Q/A
(Amendment No. 1)**

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

For the quarterly period ended:

June 30, 2009

Commission file number: 1-10853

BB&T CORPORATION

(Exact name of registrant as specified in its charter)

**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)**

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES 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, 2009, 648,138,236 shares of the Registrant's common stock, \$5 par value, were outstanding.

Explanatory Note

The purpose of this Amendment No. 1 to our Quarterly Report on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on August 10, 2009, is to correct the presentation of the amounts related to other comprehensive income for the reclassification adjustments for gains recognized in net income and the unrealized holding gains arising during the period on securities available for sale. These amounts are included in the Consolidated Statements of Shareholders' Equity on Page 4.

(Dollars In Millions)

For the Six Month Period Ended June 30, 2009

	Originally Reported		As Revised	
	Tax Effect	After Tax	Tax Effect	After Tax
Unrealized holding gains (losses) arising during the period on securities available for sale	\$ (104)	\$ (165)	\$ 24	\$ 45
Reclassification adjustment for losses (gains) on securities available for sale included in net income	\$ 64	\$ 105	\$ (64)	\$ (105)
Change in unrealized gains (losses) on securities	\$ (40)	\$ (60)	\$ (40)	\$ (60)

No other changes have been made to the Form 10-Q other than those described above.

In addition, this Amendment No. 1 also provides Exhibit 101 to the Form 10-Q as required by Rule 405 of Regulation S-T. Exhibit 101 to this report includes the following financial and related information from BB&T Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 formatted in Extensible Business Reporting Language (XBRL): (1) the Consolidated Balance Sheets, (2) the Consolidated Statements of Income, (3) the Consolidated Statements of Changes in Shareholders' Equity, (4) the Consolidated Statements of Cash Flows, and (5) Notes to Consolidated Financial Statements, tagged as blocks of text.

*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, 2009	December 31, 2008
Assets		
Cash and due from banks	\$ 1,571	\$ 1,639
Interest-bearing deposits with banks	416	751
Federal funds sold and securities purchased under resale agreements or similar arrangements	247	350
Segregated cash due from banks	267	379
Trading securities at fair value	522	376
Securities available for sale at fair value	31,033	32,843
Loans held for sale (\$3,974 and \$1,396 at fair value at June 30, 2009 and December 31, 2008, respectively)	3,982	1,424
Loans and leases	96,352	97,245
Allowance for loan and lease losses	(2,110)	(1,574)
Loans and leases, net of allowance for loan and lease losses	94,242	95,671
Premises and equipment	1,577	1,580
Goodwill	5,491	5,483
Core deposit and other intangible assets	497	542
Residential mortgage servicing rights at fair value	615	370
Other assets	11,938	10,607
Total assets	\$ 152,398	\$ 152,015
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest-bearing deposits	\$ 16,054	\$ 13,649
Interest checking	3,181	2,576
Other client deposits	43,632	39,413
Client certificates of deposit	25,472	27,937
Other interest-bearing deposits	13,825	15,038
Total deposits	102,164	98,613
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	12,631	10,788
Long-term debt	18,110	18,032
Accounts payable and other liabilities	4,701	8,501
Total liabilities	137,606	135,934
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Preferred stock, liquidation preference of \$1,000,000 per share	-	3,082

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	Common stock, \$5 par	3,240		2,796
	Additional paid-in capital	4,828		3,510
	Retained earnings	7,409		7,381
	Accumulated other comprehensive loss, net of deferred income			
	taxes of \$(441) at June 30, 2009 and \$(438) at December 31,			
2008		(730)		(732)
	Noncontrolling interest	45		44
	Total shareholders' equity	14,792		16,081
	Total liabilities and shareholders' equity	\$ 152,398	\$	152,015
	Common shares outstanding	648,068		559,248
	Common shares authorized	1,000,000		1,000,000
	Preferred shares outstanding	-		3
	Preferred shares authorized	5,000		5,000

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,	
	2009	2008	2009	2008
Interest Income				
Interest and fees on loans and leases	\$ 1,336	\$ 1,501	\$ 2,658	\$ 3,096
Interest and dividends on securities	302	283	657	572
Interest on short-term investments	2	6	4	17
Total interest income	1,640	1,790	3,319	3,685
Interest Expense				
Interest on deposits	320	455	666	1,019
Interest on federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	17	59	40	147
Interest on long-term debt	165	208	329	434
Total interest expense	502	722	1,035	1,600
Net Interest Income	1,138	1,068	2,284	2,085
Provision for credit losses	701	330	1,377	553
Net Interest Income After Provision for Credit Losses	437	738	907	1,532
Noninterest Income				
Insurance income	281	237	533	449
Service charges on deposits	168	172	324	326
Investment banking and brokerage fees and commissions	92	88	174	174
Mortgage banking income	184	57	372	116
Checkcard fees	57	53	106	99
Other nondeposit fees and commissions	53	47	106	93
Trust and investment advisory revenues	33	38	65	78
Bankcard fees and merchant discounts	39	39	74	75
Income from bank-owned life insurance	25	25	48	38
Other income	42	61	53	97
Securities gains (losses), net				
Realized gains (losses), net	20	10	206	53
Other-than-temporary impairments	(78)	-	(114)	-
Less non-credit portion recognized in other comprehensive income	77	-	77	-
Total securities gains (losses), net	19	10	169	53
Total noninterest income	993	827	2,024	1,598
Noninterest Expense				
Personnel expense	623	565	1,223	1,112
Occupancy and equipment expense	128	124	257	247

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Professional services	64	48	117	85
Foreclosed property expense	60	17	96	30
Regulatory charges	106	4	139	9
Loan processing expenses	34	33	63	64
Amortization of intangibles	24	25	49	52
Merger-related and restructuring charges, net	(1)	1	11	6
Other expenses	143	142	295	289
Total noninterest expense	1,181	959	2,250	1,894

Earnings

Income before income taxes	249	606	681	1,236
Provision for income taxes	41	175	155	376
Net income	208	431	526	860
Noncontrolling interest	4	3	10	4
Dividends and accretion on preferred stock	83	-	124	-
Net income available to common shareholders	\$ 121	\$ 428	\$ 392	\$ 856

Earnings Per Common Share

Basic	\$.20	\$.78	\$.67	\$ 1.57
Diluted	\$.20	\$.78	\$.67	\$ 1.56
Cash dividends paid	\$.47	\$.46	\$.94	\$.92

Weighted Average Shares Outstanding

Basic	602,726	546,628	581,382	546,421
Diluted	608,797	549,758	586,256	549,344

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, 2009 and 2008
(Unaudited)
(Dollars in millions, except per share data, shares in thousands)

	Shares of Common Stock	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Shareholders' Equity
Balance, January 1, 2008	545,955	\$ -	\$ 2,730	\$ 3,087	\$ 6,919	\$ (104)	\$ 32	\$ 12,664
Add (Deduct):								
Comprehensive income (loss):								
Net income	-	-	-	-	856	-	4	860
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	-	-	-	-	-	(2)	-	(2)

tax									
Total comprehensive income (loss)	-	-	-	-	856	(235)	4	625	
Common stock issued:									
In connection with stock option exercises and other employee benefits, net of cancellations									
	959	-	5	21	-	-	-	26	
In connection with dividend reinvestment plan									
	14		-	-	-	-	-	-	
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)	
Equity-based compensation expense									
	-	-	-	38	-	-	-	38	
Other, net									
	-	-	-	-	-	-	2	2	
Balance, June 30, 2008	546,928	\$ -	\$ 2,735	\$ 3,146	\$ 7,258	\$ (339)	\$ 38	\$ 12,838	
Balance, January 1, 2009	559,248	\$ 3,082	\$ 2,796	\$ 3,510	\$ 7,381	\$ (732)	\$ 44	\$ 16,081	
Add (Deduct):									
Comprehensive income (loss):									
Net income	-	-	-	-	516	-	10	526	
Unrealized holding gains (losses) arising during the period on securities available for sale, net of tax of \$24									
	-	-	-	-	-	45	-	45	
Reclassification adjustment for losses (gains)									

on securities available for sale included in net income, net of tax of \$(64)	-	-	-	-	-	(105)	-	(105)
Change in unrealized gains (losses) on securities, net of tax	-	-	-	-	-	(60)	-	(60)
Change in unrecognized gains (losses) on cash flow hedges, net of tax of \$28	-	-	-	-	-	44	-	44
Change in pension and postretirement liability, net of tax of \$11	-	-	-	-	-	17	-	17
Foreign currency translation adjustment, net of tax of \$(2)	-	-	-	-	-	1	-	1
Total comprehensive income (loss)	-	-	-	-	516	2	10	528
Common stock issued:								
In purchase acquisitions	96	-	1	1	-	-	-	2
In connection with stock option exercises and other employee benefits, net of cancellations	100	-	-	-	-	-	-	-
In connection with dividend reinvestment plan	2,374	-	12	38	-	-	-	50
	86,250	-	431	1,242	-	-	-	1,673

In common stock offering									
Redemption of preferred stock	-	(3,134)	-	-	-	-	-	-	(3,134)
Cash dividends declared on common stock, \$.62 per share	-	-	-	-	(363)	-	-	-	(363)
Cash dividends accrued on preferred stock	-	-	-	-	(73)	-	-	-	(73)
Equity-based compensation expense	-	-	-	36	-	-	-	-	36
Other, net	-	52	-	1	(52)	-	(9)	-	(8)
Balance, June 30, 2009	648,068	\$ -	\$ 3,240	\$ 4,828	\$ 7,409	\$ (730)	\$ 45	\$ -	\$ 14,792

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,	
	2009	2008
Cash Flows From Operating Activities:		
Net income	\$ 526	\$ 860
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Provision for credit losses	1,377	553
Depreciation	109	93
Amortization of intangibles	49	52
Equity-based compensation	36	38
Discount accretion and premium amortization on long-term debt, net	33	51
Gain on sales of securities, net	(169)	(53)
Net (increase) decrease in trading securities	(146)	495
Net increase in loans held for sale	(2,534)	(687)
Net increase in other assets	(1,212)	(568)
Net (decrease) increase in accounts payable and other liabilities	(3,576)	268
Decrease in segregated cash due from banks	112	12
Other, net	58	(59)
Net cash (used in) provided by operating activities	(5,337)	1,055
Cash Flows From Investing Activities:		
Proceeds from sales of securities available for sale	13,628	5,236
Proceeds from maturities, calls and paydowns of securities available for sale	4,492	3,089
Purchases of securities available for sale	(16,350)	(8,910)
Originations and purchases of loans and leases, net of principal collected	(117)	(3,832)
Net cash paid in business combinations	(700)	(146)
Proceeds from disposals of premises and equipment	3	2
Purchases of premises and equipment	(82)	(107)
Proceeds from sales of foreclosed property or other real estate held for sale	151	61
Other, net	-	95
Net cash provided by (used in) investing activities	1,025	(4,512)
Cash Flows From Financing Activities:		
Net increase in deposits	3,565	1,448
Net increase in federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	1,843	170
Proceeds from issuance of long-term debt	1,111	3,385
Repayment of long-term debt	(684)	(1,539)
Net proceeds from common stock issued	1,723	26
Retirement of preferred stock	(3,134)	-
Cash dividends paid on common stock	(526)	(503)
Cash dividends paid on preferred stock	(93)	-
Other, net	1	(4)
Net cash provided by financing activities	3,806	2,983
Net Decrease in Cash and Cash Equivalents	(506)	(474)
Cash and Cash Equivalents at Beginning of Period	2,740	3,117
Cash and Cash Equivalents at End of Period	\$ 2,234	\$ 2,643
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 1,032	\$ 1,650
Income taxes	393	528

Noncash investing and financing activities:

Transfers of loans to foreclosed property

831

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

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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), are fair statements of BB&T's financial position at June 30, 2009 and December 31, 2008, BB&T's results of operations for the three and six month periods ended June 30, 2009 and June 30, 2008, and BB&T's changes in shareholders' equity and cash flows for the six month periods ended June 30, 2009 and 2008. In the opinion of management, all normal recurring adjustments necessary for a fair statement of the consolidated financial position and consolidated results of operations have been made. Management has evaluated the effect subsequent events would have on the consolidated financial statements through the time these consolidated financial statements were filed with the Securities and Exchange Commission on August 10, 2009.

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, 2008 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 operations through its North Carolina chartered commercial bank subsidiary, Branch Banking and Trust Company ("Branch Bank"), a federally chartered thrift institution, BB&T Financial, FSB ("BB&T FSB") and its nonbank subsidiaries. Branch Bank has offices 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 and comprehensive wealth advisory services. BB&T FSB and the direct nonbank subsidiaries of BB&T provide a variety of financial services including credit card lending, automobile lending, equipment financing, full-service securities brokerage, 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. Please refer to Note 6 for additional disclosures regarding BB&T's significant variable interest entities.

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

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

Reclassifications

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (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 balance sheet 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. BB&T adopted the provisions of SFAS No. 160 on January 1, 2009. In accordance

with SFAS No. 160, the presentation and disclosure provisions were applied retrospectively for all periods presented. The amounts reclassified in connection with the adoption of SFAS No. 160 were not material to the consolidated financial statements.

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

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change include the determination of the allowance for loan and lease losses and the reserve for unfunded lending commitments, determination of fair value for financial instruments, valuation of goodwill, intangible assets and other purchase accounting related adjustments, benefit plan obligations and expenses, and tax assets, liabilities and expense.

Changes in Accounting Principles and Effects of New Accounting Pronouncements

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) was effective for BB&T for business combinations entered into on or after January 1, 2009. BB&T has not entered into any material business combinations since adopting SFAS No. 141(R).

In April 2009, the FASB issued FASB Staff Position (FSP) FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*, (FSP FAS 141(R)-1). FSP FAS 141(R)-1 amends and clarifies SFAS No. 141(R) to address application issues raised by preparers, auditors, and members of the legal profession on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. FSP FAS 141(R)-1 was effective for BB&T for business combinations entered into on or after January 1, 2009. BB&T has not entered into any material business combinations since adopting FSP FAS 141(R)-1.

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. BB&T adopted SFAS No. 161 on January 1, 2009. The additional disclosures required by SFAS No. 161 are included in Note 12 to these consolidated financial statements.

In April 2008, the FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets*, (FSP FAS 142-3). FSP FAS 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 SFAS No. 142, *Goodwill and Other Intangible Assets*, (SFAS No. 142). The intent of FSP FAS 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). BB&T adopted FSP FAS 142-3 on January 1, 2009. The adoption of FSP FAS 142-3 was not material to the consolidated financial statements.

In December 2008, the FASB issued FSP FAS 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets*, (FSP FAS 132(R)-1). The objectives of FSP FAS 132(R)-1 are to provide users of the financial statements with more detailed information related to the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets and the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period, as well as how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies. The disclosures about plan assets required by FSP FAS 132(R)-1 will be effective for BB&T on December 31, 2009.

In April 2009, the FASB issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, (FSP FAS 157-4). FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability have significantly decreased. FSP FAS 157-4 also includes guidance on identifying circumstances that indicate a transaction is not orderly. In addition, FSP FAS 157-4 amends SFAS No. 157 to require additional disclosures of valuation inputs and techniques in interim periods and defines the major security types that are required to be disclosed. FSP FAS 157-4 was effective for BB&T on April 1, 2009. The additional disclosures required by FSP FAS 157-4 are included in Note 11 to these consolidated financial statements.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, (FSP FAS 115-2 and FAS 124-2). FSP FAS 115-2 and FAS 124-2 amends the other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FSP FAS 115-2 and FAS 124-2 was effective for BB&T on April 1, 2009. BB&T did not have any cumulative effect adjustment related to the adoption of FSP FAS 115-2 and FAS 124-2. The additional disclosures required by the standard are included in the consolidated statements of income and in Note 3 to these consolidated financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, (FSP FAS 107-1 and APB 28-1). FSP FAS 107-1 and APB 28-1 amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about fair value of financial instruments in interim periods, as well as in annual periods. The additional disclosures required by FSP FAS 107-1 and APB 28-1 are included in Note 11 to these consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*, (SFAS No. 165). SFAS No. 165 provides guidance on management's assessment of subsequent events that occur after the balance sheet date through the date that the financial statements are issued. The guidance contained in SFAS No. 165 is generally consistent with current accounting practice. In addition, SFAS No. 165 requires certain additional disclosures. SFAS No. 165 was effective for periods ending after June 15, 2009 and had no impact on BB&T's consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets- an amendment of FASB Statement No. 140*, (SFAS No. 166). The objective of SFAS No. 166 is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. SFAS No. 166 is effective for financial asset transfers occurring after December 31, 2009. BB&T is currently evaluating the provisions of SFAS No. 166.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)*, (SFAS No. 167). The objective of this Statement is to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. SFAS No. 167 is effective as of January 1, 2010. BB&T is currently evaluating the provisions of SFAS No. 167.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162*, (SFAS No. 168). SFAS No. 168 states that the FASB Accounting Standards Codification™ will become the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

NOTE 2. Business Combinations and Intangible Assets*Acquisitions*

During the first six months of 2009, BB&T acquired certain assets of an insurance premium financing business. Approximately \$8 million of goodwill and \$6 million of identifiable intangibles were recorded in connection with this transaction.

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, 2009, are as follows:

	Goodwill Activity by Operating Segment							Total
	Banking Network	Residential Mortgage Banking	Sales Finance	Specialized Lending	Insurance Services	Financial Services	All Other	
Balance, January 1, 2009	\$ 4,038	\$ 7	\$ 93	\$ 98	\$ 1,029	\$ 192	\$ 26	\$ 5,483
Acquisitions	-	-	-	8	-	-	-	8
Other adjustments	(2)	-	-	2	-	-	-	-
Balance, June 30, 2009	\$ 4,036	\$ 7	\$ 93	\$ 108	\$ 1,029	\$ 192	\$ 26	\$ 5,491

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, 2009			As of December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Identifiable intangible assets						
Core deposit intangibles	\$ 457	\$ (341)	\$ 116	\$ 457	\$ (325)	\$ 132
Other (1)	723	(342)	381	719	(309)	410
Totals	\$ 1,180	\$ (683)	\$ 497	\$ 1,176	\$ (634)	\$ 542

(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:

	Amortized Cost	June 30, 2009 Gross Unrealized		Fair Value
		Gains	Losses	
Securities available for sale:				
U.S. government-sponsored entities (GSE)	\$ 1,374	\$ 6	\$ 1	\$ 1,379
Mortgage-backed securities issued by GSE	25,763	236	304	25,695
States and political subdivisions	2,286	18	170	2,134
Non-agency mortgage-backed securities	1,451	-	403	1,048
Equity and other securities	776	9	8	777
Total securities available for sale	\$ 31,650	\$ 269	\$ 886	\$ 31,033

	Amortized Cost	December 31, 2008 Gross Unrealized		Fair Value
		Gains	Losses	
Securities available for sale:				
U.S. government-sponsored entities (GSE)	\$ 1,320	\$ 13	\$ -	\$ 1,333
Mortgage-backed securities issued by GSE	27,117	338	25	27,430
States and political subdivisions	2,413	8	344	2,077
Non-agency mortgage-backed securities	1,573	-	475	1,098
Equity and other securities	937	2	34	905
Total securities available for sale	\$ 33,360	\$ 361	\$ 878	\$ 32,843

At June 30, 2009 and December 31, 2008, securities with carrying value of approximately \$15.0 billion and \$16.1 billion were pledged to secure municipal deposits, securities sold under agreements to repurchase, other borrowings, and for other purposes as required or permitted by law.

BB&T had certain investments in marketable debt securities and mortgage-backed securities issued by Fannie Mae and Freddie Mac that exceeded ten percent of shareholders' equity at June 30, 2009. The Fannie Mae investments had total amortized cost and market values of \$18.4 billion at June 30, 2009, while Freddie Mac investments had total amortized cost and market values of \$7.6 billion.

At June 30, 2009, non-agency mortgage-backed securities primarily consisted of residential mortgage-backed securities. Equity securities include investments in stock issued by the FHLB of Atlanta. At June 30, 2009 and December 31, 2008, BB&T held \$480 million and \$479 million, respectively, of investments in FHLB stock.

Proceeds from sales of securities available for sale during the first six months of 2009 and 2008 were \$13.6 billion and \$5.2 billion, respectively. Gross gains of \$206 million were realized in 2009 and \$62 million of gross gains and \$9 million of gross losses were realized in 2008.

The amortized cost and estimated fair value of the debt securities portfolio at June 30, 2009, by contractual maturity, are shown in the accompanying table. The expected life of mortgage-backed securities will differ from contractual maturities because borrowers may have

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the right to call or prepay the underlying mortgage loans with or without call or prepayment penalties. For purposes of the maturity table, mortgage-backed securities, which are not due at a single maturity date, have been allocated over maturity groupings based on the weighted average contractual maturities of underlying collateral.

	June 30, 2009	
	Available for Sale	
	Amortized	Fair
	Cost	Value
	(Dollars in millions)	
Debt Securities:		
Due in one year or less	\$ 206	\$ 208
Due after one year through five years	463	469
Due after five years through ten years	2,714	2,744
Due after ten years	27,596	26,939
Total debt securities	30,979	30,360
Total equity securities	671	673
Total securities	\$ 31,650	\$ 31,033

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, 2009					
	Less than 12 months		12 months or more		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Losses	Value	Losses	Value	Losses
	(Dollars in millions)					
Securities:						
U.S. government-sponsored entities (GSE)	\$ 977	\$ 1	\$ -	\$ -	\$ 977	\$ 1
Mortgage-backed securities issued by GSE	16,821	294	678	10	17,499	304
States and political subdivisions	372	29	867	141	1,239	170
Non-agency mortgage-backed securities	202	88	846	315	1,048	403
Equity and other securities	37	7	44	1	81	8
Total temporarily impaired securities	\$ 18,409	\$ 419	\$ 2,435	\$ 467	\$ 20,844	\$ 886

	December 31, 2008					
	Less than 12 months		12 months or more		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Losses	Value	Losses	Value	Losses
	(Dollars in millions)					

Securities:

Mortgage-backed securities issued												
by GSE	\$	4,388	\$	24	\$	191	\$	1	\$	4,579	\$	25
States and political subdivisions		1,174		174		328		170		1,502		344
Non-agency mortgage-backed												
securities		629		235		469		240		1,098		475
Equity and other securities		159		33		20		1		179		34
Total temporarily impaired												
securities	\$	6,350	\$	466	\$	1,008	\$	412	\$	7,358	\$	878

BB&T periodically evaluates available-for-sale securities for other-than-temporary impairment. Based on its evaluations during the first quarter of 2009, BB&T recorded \$36 million of other-than-temporary impairments related to certain debt and equity securities. During the second quarter of 2009, the Company also recorded total other-than-temporary impairment of \$1 million related to two non-agency mortgage-backed securities, which represents the estimated credit losses evident in these securities. The total unrealized loss related

to these two non-agency mortgage-backed securities was \$78 million, of which \$77 million was recognized as a component of other comprehensive income.

On June 30, 2009, BB&T held certain investment securities having continuous unrealized loss positions for more than 12 months. As of June 30, 2009, the unrealized losses on these securities totaled \$467 million. Substantially all of these losses were in non-agency mortgage-backed and municipal securities. At June 30, 2009, all of the available-for-sale debt securities were investment grade with the exception of three municipal bonds with a book value of \$11 million and ten non-agency mortgage-backed securities, with a book value of \$793 million. All of the non-investment grade securities referenced above were initially investment grade and have been downgraded since purchase. BB&T evaluated all of its debt securities for credit impairment. During the second quarter of 2009, BB&T determined that two of the non-agency mortgage-backed securities, with a book value of \$228 million, had credit losses evident and recorded other-than-temporary impairment. As of June 30, 2009, BB&T's evaluation of the other securities with continuous unrealized losses indicated that there were no credit losses evident. Furthermore, BB&T does not intend to sell and it is more likely than not that the Company will not be required to sell these debt securities before the anticipated recovery of the amortized cost basis. See the Summary Analysis Supporting Conclusions section below for further details regarding BB&T's below investment grade securities with significant unrealized losses.

BB&T conducts periodic reviews to identify and evaluate each investment that has an unrealized loss for other-than-temporary impairment. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses that are determined to be temporary in nature are recorded, net of tax, in accumulated other comprehensive income for available-for-sale securities.

Factors considered in determining whether a loss is temporary include:

The financial condition and near term prospects of the issuer, including any specific events that may influence the operations of the issuer;

BB&T's intent to sell and whether it is more likely than not that the Company will be required to sell these debt securities before the anticipated recovery of the amortized cost basis;

The length of the time and the extent to which the market value has been less than cost;

Whether the decline in fair value is attributable to specific conditions, such as conditions in an industry or in a geographic area;

Whether a debt security has been downgraded by a rating agency;

Whether the financial condition of the issuer has deteriorated;

The seniority of the security;

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

Any other relevant available information.

For certain U.S. mortgage-backed securities (and in particular for non-agency Alt-A, Prime and other mortgage-backed securities that have significant unrealized losses as a percentage of amortized cost), credit impairment is assessed using a cash flow model that estimates the cash flows on the underlying mortgage pools, using security-specific structure information. The model estimates cash flows from the underlying mortgage loan pools and distributes those cash flows to the various tranches of securities, considering the transaction structure and any subordination and credit enhancements that exist in each structure. The cash flow model projects the remaining cash flows using a number of assumptions, including default rates, prepayment rates and recovery rates (on foreclosed properties).

Management reviews the result of the cash flow model, internal credit analysis and other market observable information in its estimation of possible future credit losses. If management does not expect to recover the entire amortized cost basis of a mortgage-backed security, the Company records other-than-temporary impairment equal to the amount of expected credit losses in the mortgage-backed security.

Where a mortgage-backed security is not deemed to be credit impaired, management performs additional analysis to assess whether it intends to sell and it is more likely than not that the Company will be required to sell these debt securities before anticipated recovery of the amortized cost basis. In making this determination, BB&T considers its expected liquidity and capital needs, including its asset/liability management needs, forecasts, strategies and other relevant information.

Summary Analysis Supporting Conclusions

In all instances, the senior holders of these securities have excess value through subordination inherent in the structure and the cash flow valuation was higher than amortized cost. The following table presents a detailed analysis of non-investment grade securities with significant unrealized losses. The expected loss represents the remaining current losses plus estimated future losses on the underlying mortgage pools. The subordination coverage of expected losses represents the amount of losses the subordinate security holders are obligated to absorb (original subordination less losses incurred to date) divided by the expected losses.

Non-investment grade securities with significant unrealized losses
As of June 30, 2009
(Dollars in millions)

Security	Amortized	Fair	Unrealized	Credit Rating			Expected	Subordination	Cash Flow
	Cost	Value	Loss	Moody's	S&P	Fitch	Loss	Coverage of Expected Loss	Valuation
RMBS 1	\$ 66	\$ 39	\$ (27)		CCC	BB	1.9%	2.0x	\$ 75
RMBS 2	135	79	(56)		CCC	BB	1.9%	2.0x	154
RMBS 3	66	21	(45)	Caa1	B	B	4.7%	1.2x	75
RMBS 4	67	50	(17)	Ba2	AAA	BBB	1.3%	3.3x	77
RMBS 5	125	101	(24)	Caa2	B+		11.8%	1.2x	139
RMBS 6	52	34	(18)	B3	A		6.9%	1.0x	59
RMBS 7 *	168	111	(57)	Caa1	A		6.9%	1.0x	192
RMBS 8 *	60	40	(20)	Caa2		CC	8.2%	0.7x	68

* These non-agency mortgage backed securities were deemed other-than-temporarily impaired at June 30, 2009 and a \$1 million impairment related to the expected credit losses was recorded.

NOTE 4. Loans and Leases

The following table provides a breakdown of BB&T's loan portfolio as of June 30, 2009 and December 31, 2008:

	June 30, 2009	December 31, 2008
	(Dollars in millions)	
Loans and leases, net of unearned income:		
Commercial loans and leases	\$ 50,364	\$ 50,480
Sales finance	6,536	6,354
Revolving credit	1,843	1,777
Direct retail	14,577	15,454
Residential mortgage loans	15,639	17,091
Specialized lending	7,393	6,089
Total loans and leases held for investment	96,352	97,245
Loans held for sale	3,982	1,424
Total loans and leases	\$ 100,334	\$ 98,669

An analysis of the allowance for credit losses for the six months ended June 30, 2009 and 2008 is presented in the following table:

	For the Six Months Ended June 30,	
	2009	2008
	(Dollars in millions)	
Beginning Balance	\$ 1,607	\$ 1,015
Provision for credit losses	1,377	553
Loans and leases charged-off	(877)	(326)
Recoveries of previous charge-offs	38	31
Net loans and leases charged-off	(839)	(295)
Ending Balance	\$ 2,145	\$ 1,273
Allowance for loan and lease losses	\$ 2,110	\$ 1,257
Reserve for unfunded lending commitments	35	16
Allowance for credit losses	\$ 2,145	\$ 1,273

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The following table provides a summary of BB&T's nonperforming and past due loans as of June 30, 2009 and December 31, 2008:

	June 30, 2009	December 31, 2008
	(Dollars in millions)	
Nonaccrual loans and leases	\$ 2,091	\$ 1,413
Foreclosed real estate	1,201	538
Other foreclosed property	48	79
Total foreclosed property	1,249	617
Total nonperforming assets	\$ 3,340	\$ 2,030
Loans 90 days or more past due and still accruing (1)	\$ 329	\$ 431

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

At June 30, 2009, BB&T had \$123 million in loans under the terms of troubled debt restructurings. This amount consists of \$54 million in residential mortgage loans, \$47 million in revolving credit loans, \$17 million in commercial loans and \$5 million in direct retail loans. Loan restructurings generally occur when a borrower is experiencing, or is expected to experience, financial difficulties in the near-term. Consequently, a modification that would otherwise not be considered is granted to the borrower. These loans may continue to accrue interest as long as the borrower complies with the revised terms and conditions and has demonstrated repayment performance with the modified terms.

NOTE 5. Long-Term Debt

Long-term debt is summarized as follows:

	June 30, 2009	December 31, 2008
	(Dollars in millions)	
Parent Company		
5.70% Senior Notes Due 2014	\$ 509	\$ -
6.85% Senior Notes Due 2019	538	-
6.50% Subordinated Notes Due 2011 (1)	609	648
4.75% Subordinated Notes Due 2012 (1,3)	489	497
5.20% Subordinated Notes Due 2015 (1,3)	932	997
4.90% Subordinated Notes Due 2017 (1,3)	335	368
5.25% Subordinated Notes Due 2019 (1,3)	586	600
Branch Bank		
Floating Rate Senior Notes Due 2009 (8)	40	516
Floating Rate Subordinated Notes Due 2016 (1,8)	350	350
Floating Rate Subordinated Notes Due 2017 (1,8)	261	300
4.875% Subordinated Notes Due 2013 (1,3)	222	250
5.625% Subordinated Notes Due 2016 (1,3)	386	399
Federal Home Loan Bank Advances to Branch Bank (4)		
Varying maturities to 2028	9,864	9,838
Junior Subordinated Debt to Unconsolidated Trusts (2)		
5.85% BB&T Capital Trust I Securities Due 2035	514	514
6.75% BB&T Capital Trust II Securities Due 2036	598	598
6.82% BB&T Capital Trust IV Securities Due 2077 (5)	600	600
8.95% BB&T Capital Trust V Securities Due 2063 (6)	450	450
Other Securities (7)	182	182
Other Long-Term Debt		
	73	66
Fair value hedge-related basis adjustments		
	572	859
Total Long-Term Debt		
	\$ 18,110	\$ 18,032

- (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, 2009, the effective rates paid on these borrowings ranged from .75% to 1.74%.
- (4) At June 30, 2009, the weighted average cost of these advances was 3.62% and the weighted average maturity was 6.6 years.
- (5) These securities are fixed rate through June 12, 2037 and then switch to a floating rate based on LIBOR.
- (6) \$360 million of this issuance was swapped to a floating rate based on LIBOR. At June 30, 2009 the effective rate on the swapped portion was 4.00%.

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- (7) These securities were issued by companies acquired by BB&T. At June 30, 2009, the effective rate paid on these borrowings ranged from 3.02% to 10.07%. These securities have varying maturities through 2035.
- (8) These floating-rate securities are based on LIBOR and had an effective rate of .96% as of June 30, 2009.

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, 2009 and December 31, 2008, BB&T had issued standby letters of credit totaling \$7.6 billion and \$5.9 billion, respectively. The carrying amount of the liability for such guarantees was \$29 million and \$20 million at June 30, 2009 and December 31, 2008, 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, other overnight funding, long-term debt, mortgage servicing rights, mortgage banking operations and certificates of deposit. BB&T also uses derivatives to facilitate transactions on behalf of its clients. BB&T held a variety of derivative financial instruments with notional values of \$84.6 billion and \$74.2 billion at June 30, 2009 and December 31, 2008, respectively. These instruments were in a net gain position of \$355 million and \$626 million at June 30, 2009 and December 31, 2008, 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. As of June 30, 2009 and December 31, 2008, BB&T had investments of \$940 million and \$891 million, respectively, related to these projects, which are included in other assets on the Consolidated Balance Sheets. BB&T's outstanding commitments to fund affordable housing investments totaled \$402 million and \$412 million at June 30, 2009 and December 31, 2008, respectively, which are included in other liabilities on the Consolidated Balance Sheets. As of June 30, 2009 and December 31, 2008, BB&T had outstanding loan commitments to these funds of \$166 million and \$161 million, respectively. Of this amount, \$92 million and \$81 million had been funded at June 30, 2009 and December 31, 2008, respectively, and were included in loans and leases on the Consolidated Balance Sheets. BB&T's maximum risk exposure related to these investments totaled \$1.1 billion at June 30, 2009 and December 31, 2008, respectively.

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.

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, 2009 and December 31, 2008, BB&T had \$2.2 billion and \$2.5 billion, respectively, of residential mortgage loans sold with recourse. In the event of nonperformance by the borrower, BB&T has maximum recourse exposure of approximately \$670 million and \$745 million as of June 30, 2009 and December 31, 2008, respectively. In addition, BB&T has \$3.9 billion and \$3.3 billion in loans serviced for others that were covered by loss sharing agreements at June 30, 2009 and December 31, 2008, respectively. As of June 30, 2009 and December 31, 2008, BB&T's maximum exposure to loss for these loans is approximately \$993 million and \$818 million, respectively. At June 30, 2009, BB&T has recorded \$15 million of reserves related to these recourse exposures.

BB&T has investments and future funding commitments to certain venture capital funds. As of June 30, 2009 and December 31, 2008, respectively, BB&T had investments of \$186 million and \$168 million, net of noncontrolling interest, related to these ventures and future funding commitments of \$210 million and \$222 million. BB&T's risk exposure relating to such commitments is generally limited to the amount of investments and future funding commitments made.

BB&T has made loan commitments to qualified special purpose entities as a nontransferor lender. As of June 30, 2009 and December 31, 2008, BB&T had loan commitments to these entities totaling \$333 million and \$405 million, respectively. Of this amount, \$248 million and \$290 million had been funded at June 30, 2009 and December 31, 2008, respectively, and were included in loans and leases on the Consolidated Balance Sheets.

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, 2008 for descriptions and disclosures about the various benefit plans offered by BB&T.

The following table summarizes the components of net periodic benefit cost recognized for BB&T's pension plans for the three and six month periods ended June 30, 2009 and 2008, respectively:

	Pension Plans							
	Qualified			Nonqualified				
	For the			For the				
	Three Months Ended			Three Months Ended				
	June 30,			June 30,				
	2009		2008		2009		2008	
	(Dollars in millions)							
Service cost	\$	19	\$	18	\$	1	\$	1
Interest cost		19		18		2		2
Estimated return on plan assets		(35)		(34)		-		-
Amortization and other		14		(1)		-		-
Net periodic benefit cost	\$	17	\$	1	\$	3	\$	3

	Pension Plans							
	Qualified			Nonqualified				
	For the			For the				
	Six Months Ended			Six Months Ended				
	June 30,			June 30,				
	2009		2008		2009		2008	
	(Dollars in millions)							
Service cost	\$	38	\$	35	\$	2	\$	2
Interest cost		38		36		4		4
Estimated return on plan assets		(71)		(68)		-		-
Amortization and other		28		(2)		1		1
Net periodic benefit cost	\$	33	\$	1	\$	7	\$	7

BB&T makes contributions to the qualified pension plan in amounts between the minimum required for funding standard accounts and the maximum amount deductible for federal income tax purposes. A discretionary contribution of \$422 million was made to the qualified pension plan in the first quarter of 2009. Management currently has no plans to make any additional contributions to the qualified pension plan in 2009; however, management may elect to make additional contributions during 2009 if deemed appropriate.

NOTE 8. Computation of Earnings Per Common Share

BB&T's basic and diluted earnings per common share amounts for the three and six month periods ended June 30, 2009 and 2008, respectively, were calculated as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
(Dollars in millions, except per share data, shares in thousands)				
Basic Earnings Per Common Share:				
Net income available to common shareholders	\$ 121	\$ 428	\$ 392	\$ 856
Weighted average number of common shares	602,726	546,628	581,382	546,421
Basic earnings per common share	\$.20	\$.78	\$.67	\$ 1.57
Diluted Earnings Per Common Share:				
Net income available to common shareholders	\$ 121	\$ 428	\$ 392	\$ 856
Weighted average number of common shares	602,726	546,628	581,382	546,421
Effect of dilutive outstanding equity-based awards	6,071	3,130	4,874	2,923
Weighted average number of diluted common shares	608,797	549,758	586,256	549,344
Diluted earnings per common share	\$.20	\$.78	\$.67	\$ 1.56

For the three months ended June 30, 2009 and 2008, the number of anti-dilutive awards was 39.1 million and 33.2 million shares, respectively. For the six months ended June 30, 2009 and 2008, the number of anti-dilutive awards was 39.3 million and 32.4 million shares, respectively. In addition, BB&T had a warrant outstanding for 13.9 million shares as of June 30, 2009 that was anti-dilutive. On July 22, 2009, the warrant was repurchased.

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, 2009		
	Pre-Tax Amount	Deferred Tax Expense (Benefit)	After-Tax Amount
	(Dollars in millions)		
Unrealized net losses on securities available for sale	\$ (617)	\$ (233)	\$ (384)
Unrealized net gains on cash flow hedges	148	56	92
Foreign currency translation adjustment	(10)	(2)	(8)
Unrecognized net pension and postretirement costs	(692)	(262)	(430)
Total	\$ (1,171)	\$ (441)	\$ (730)

As of June 30, 2009, accumulated other comprehensive income included \$77 million of unrealized losses related to other-than-temporarily impaired securities.

	As of December 31, 2008		
	Pre-Tax Amount	Deferred Tax Expense (Benefit)	After-Tax Amount
	(Dollars in millions)		
Unrealized net losses on securities available for sale	\$ (517)	\$ (193)	\$ (324)
Unrealized net gains on cash flow hedges	76	28	48
Foreign currency translation adjustment	(9)	-	(9)
Unrecognized net pension and postretirement costs	(720)	(273)	(447)
Total	\$ (1,170)	\$ (438)	\$ (732)

The following table reflects the components of total comprehensive income for the three and six month periods ended June 30, 2009 and 2008, respectively.

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	(Dollars in millions)			
Comprehensive income:				
Net income	\$ 208	\$ 431	\$ 526	\$ 860
Other comprehensive income:				
Change in unrealized net losses on securities	(95)	(256)	(60)	(246)
Change in unrealized net gains on cash flow hedges	36	20	44	13
Change in pension and postretirement liability	9	(1)	17	(2)

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Net foreign currency translation adjustment		3		1		1		-
Total comprehensive income	\$	161	\$	195	\$	528	\$	625

NOTE 10. 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, 2009, 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, 2008 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 2009 and 2008. Substantially all of BB&T's option awards are granted in February of each year. Therefore, the assumptions noted below are weighted accordingly.

	<u>2009</u>	<u>2008</u>
Assumptions:		
Risk-free interest rate	3.1 %	3.7 %
Dividend yield	6.0	4.5
Volatility factor	29.1	15.5
Expected life	7.1 yrs	6.9 yrs
Fair value of options per share	\$ 2.59	\$ 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 2009 related to stock options awarded by BB&T:

	For the Six Months Ended June 30, 2009	
	Options	Wtd. Avg. Exercise Price
Outstanding at beginning of period	41,837,504	\$ 36.55
Granted	2,832,038	16.89
Exercised	(19,379)	18.86
Forfeited or expired	(1,469,597)	35.70
Outstanding at end of period	43,180,566	\$ 35.30
Exercisable at end of period	30,269,932	\$ 36.14

The following table details the activity during the first six months of 2009 related to restricted shares and restricted share units awarded by BB&T:

	For the Six Months Ended	
	June 30, 2009	
	Shares/Units	Wtd. Avg. Grant Date Fair Value
Nonvested at beginning of period	6,259,349	\$ 29.15
Granted	5,001,771	7.46
Vested	(117,811)	26.38
Forfeited	(97,351)	22.08
Nonvested at end of period	11,045,958	\$ 19.42

NOTE 11. Fair Value Disclosures

BB&T carries various assets and liabilities at fair value based on applicable accounting standards. In addition, BB&T has elected to account for prime residential mortgage and commercial mortgage loans held for sale at fair value in accordance with SFAS No. 159, *The Fair Value Option for Financial Assets and Liabilities-including an amendment of FASB Statement No. 115*, (the Fair Value Option). SFAS No. 157 established a framework for measuring fair value and 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 established 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.

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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, non-agency mortgage-backed 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			
	6/30/2009	Level 1	Level 2	Level 3
	(Dollars in Millions)			
Assets:				
Trading securities	\$ 522	\$ 213	\$ 295	\$ 14
Securities available for sale:				
U.S. government-sponsored entities (GSE)	1,379	-	1,379	-
Mortgage-backed securities issued by GSE	25,695	-	25,695	-
States and political subdivisions	2,134	-	2,134	-
Non-agency mortgage-backed securities	1,048	-	-	1,048
Equity and other securities	777	164	612	1
Loans held for sale (1)	3,974	-	3,974	-
Residential mortgage servicing rights	615	-	-	615
Derivative assets (2)	1,113	2	1,096	15
Venture capital investments (2)	201	-	1	200
Total assets	\$ 37,458	\$ 379	\$ 35,186	\$ 1,893
Liabilities:				
Derivative liabilities (2)	\$ 758	\$ 4	\$ 739	\$ 15
Short-term borrowed funds (3)	226	-	226	-
Total liabilities	\$ 984	\$ 4	\$ 965	\$ 15

	Fair Value Measurements for Assets and Liabilities Measured on a Recurring Basis			
	12/31/2008	Level 1	Level 2	Level 3
	(Dollars in Millions)			
Assets:				
Trading securities	\$ 376	\$ 204	\$ 168	\$ 4
Securities available for sale	32,843	170	31,574	1,099
Loans held for sale (1)	1,396	-	1,396	-

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Residential mortgage servicing rights	370	-	-	370
Derivative assets (2)	1,723	4	1,681	38
Venture capital investments (2)	183	-	1	182
Total assets	\$ 36,891	\$ 378	\$ 34,820	\$ 1,693

Liabilities:

Derivative liabilities (2)	\$ 1,097	\$ 11	\$ 1,085	1
Short-term borrowed funds (3)	149	-	149	-
Total liabilities	\$ 1,246	\$ 11	\$ 1,234	1

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(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 \$8 million and \$28 million in loans held for sale that are not accounted for at fair value at June 30, 2009 and December 31, 2008, respectively.

(2) These amounts are reflected in other assets and other liabilities on the Consolidated Balance Sheets.

(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, 2009 and 2008, respectively, for Level 3 assets and liabilities that are measured at fair value on a recurring basis. As of June 30, 2009, BB&T also had \$1 million of Level 3 other securities outstanding. There was no activity during the three or six month periods ended June 30, 2009 related to these securities.

Fair Value Measurements Using Significant Unobservable Inputs

	Non-agency mortgage- backed securities	Trading	Mortgage servicing rights	Net derivatives	Venture capital investments
(Dollars in Millions)					
Balance at March 31, 2009	\$ 1,034	\$ 4	\$ 365	\$ 55	\$ 190
Total realized and unrealized gains or losses:					
Included in earnings	-	(1)	105	64	(1)
Included in other comprehensive income (loss)	89	-	-	-	-
Purchases, issuances and settlements	(75)	-	145	(119)	11
Transfers in and/or out of Level 3	-	11	-	-	-
Balance at June 30, 2009	\$ 1,048	\$ 14	\$ 615	\$ -	\$ 200

Fair Value Measurements Using Significant Unobservable Inputs

	Non-agency mortgage- backed securities	Trading	Mortgage servicing rights	Net derivatives	Venture capital investments
(Dollars in Millions)					
Balance at January 1, 2009	\$ 1,098	\$ 4	\$ 370	\$ 37	\$ 182
Total realized and unrealized gains or losses:					
Included in earnings	-	(1)	27	105	(2)
Included in other comprehensive income (loss)	72	-	-	-	-
Purchases, issuances and settlements	(122)	11	218	(142)	20
Transfers in and/or out of Level 3	-	-	-	-	-
Balance at June 30, 2009	\$ 1,048	\$ 14	\$ 615	\$ -	\$ 200

Fair Value Measurements Using Significant Unobservable Inputs

	AFS securities	Trading	Mortgage servicing rights	Net derivatives	Venture capital investments
(Dollars in Millions)					
Balance at March 31, 2008	\$ 14	\$ 14	\$ 406	\$ 19	\$ 141

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Total realized and unrealized gains or losses:

Included in earnings	-	-	131	4	(8)
Included in other comprehensive income (loss)	-	-	-	-	-
Purchases, issuances and settlements	-	(9)	74	(17)	19
Transfers in and/or out of Level 3	-	-	-	-	-
Balance at June 30, 2008	\$ 14	\$ 5	\$ 611	\$ 6	\$ 152

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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	26	(9)
Included in other comprehensive income (loss)	-	-	-	-	-
Purchases, issuances and settlements	5	(23)	115	(22)	33
Transfers in and/or out of Level 3	-	3	-	-	-
Balance at June 30, 2008	\$ 14	\$ 5	\$ 611	\$ 6	\$ 152

The tables below summarize unrealized and realized gains and losses recorded in earnings for Level 3 assets and liabilities for the three month periods ended June 30, 2009 and 2008, respectively.

	Non-agency mortgage-backed securities	Trading	Mortgage servicing rights	Net derivatives	Venture capital investments
Total Gains and Losses (Dollars in Millions)					
Classification of gains and losses (realized/unrealized) included in earnings for the period:					
Mortgage banking income	\$ -	\$ -	\$ 105	\$ 64	\$ -
Other noninterest income	-	(1)	-	-	(1)
Total	\$ -	\$ (1)	\$ 105	\$ 64	\$ (1)
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at June 30, 2009	\$ -	\$ -	\$ 137	\$ (56)	\$ (2)

	AFS securities	Trading	Mortgage servicing rights	Net derivatives	Venture capital investments
Total Gains and Losses (Dollars in Millions)					
Classification of gains and losses (realized/unrealized) included in earnings for the period:					
Mortgage banking income	\$ -	\$ -	\$ 131	\$ 4	\$ -
Other noninterest income	-	-	-	-	(8)

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Total	\$	-	\$	-	\$	131	\$	4	\$	(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 gains reported for mortgage servicing rights assets are composed of a positive valuation adjustment of \$137 million and \$152 million less the

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realization of expected residential mortgage servicing rights cash flows of \$32 million and \$21 million for the quarters ended June 30, 2009 and 2008, respectively. 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, 2009 and 2008, respectively, the derivative instruments produced losses of \$114 million and \$158 million, which offset the positive valuation adjustment recorded.

The tables below summarize unrealized and realized gains and losses recorded in earnings for Level 3 assets and liabilities for the six month periods ended June 30, 2009 and 2008, respectively.

	Total Gains and Losses				
	Non-agency mortgage- backed securities	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	\$ -	\$ -	\$ 27	\$ 105	\$ -
Other noninterest income	-	(1)	-	-	(2)
Total	\$ -	\$ (1)	\$ 27	\$ 105	\$ (2)
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at June 30, 2009					
	\$ -	\$ -	\$ 91	\$ (56)	\$ (3)

	Total Gains and Losses				
	AFS securities	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	\$ 26	\$ -
Other noninterest income	-	(2)	-	-	(9)
Total	\$ -	\$ (2)	\$ 24	\$ 26	\$ (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 gains reported for mortgage servicing rights assets are composed of a positive valuation adjustment of \$91 million and \$68 million less the realization of expected residential mortgage servicing rights cash flows of \$64 million and \$44 million for the six months ended June 30, 2009 and 2008, respectively. 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 2009 and 2008, respectively, the derivative instruments produced losses of \$40 million and \$76 million, which offset the positive valuation adjustment recorded.

The following table details the fair value and unpaid principal balance of loans held for sale at June 30, 2009 and December 31, 2008, that were elected to be carried at fair value.

	Fair Value	Aggregate Unpaid Principal Balance June 30, 2009	Fair Value less Aggregate Unpaid Principal Balance (Dollars in millions)	Fair Value	Aggregate Unpaid Principal Balance December 31, 2008	Fair Value less Aggregate Unpaid Principal Balance
Loans held for sale reported at fair value						
Total (1)	\$ 3,974	\$ 3,979	\$ (5)	\$ 1,396	\$ 1,367	\$ 29
Nonaccrual loans	5	6	(1)	1	1	-
Loans 90 days or more past due and still accruing interest	1	1	-	3	3	-

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

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 for the quarter ended June 30, 2009 that were still held on the balance sheet at June 30, 2009 totaled \$1.8 billion. This amount consists of \$582 million for impaired loans and \$1.2 billion for foreclosed real estate that were classified as Level 3 assets. During the second quarter and the first six months of 2009, BB&T recorded \$111 million and \$189 million, respectively, in losses related to write-downs of the loans and \$32 million and \$49 million in losses related to write-downs of foreclosed real estate based on the appraised value of the underlying collateral.

SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*, requires the disclosure of the estimated fair value of financial instruments. A financial instrument is defined as cash, evidence of an ownership interest in an entity or a contract that creates a contractual obligation or right to deliver or receive cash or another financial instrument from a second entity. BB&T has recorded certain assets and liabilities at fair value based on the Fair Value Option or as required by SFAS No. 157. The following is a summary of the carrying amounts and fair values of those financial assets and liabilities that BB&T has not recorded at fair value:

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	June 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(Dollars in millions)				
Financial assets:				
Cash and cash equivalents	\$ 2,234	\$ 2,234	\$ 2,740	\$ 2,740
Segregated cash due from banks	267	267	379	379
Loans and leases, net of unearned income:				
Loans (1)	95,250	95,708	95,958	96,280
Leases	1,110	NA	1,315	NA
Allowance for loan and lease losses	(2,110)	NA	(1,574)	NA
Net loans and leases	\$ 94,250	\$ 95,699		

Financial liabilities:

Deposits	\$ 102,164	100,474	\$ 98,613	98,877
Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds	12,631	12,631	10,788	10,788
Long-term debt	18,104	17,677	18,026	17,873
Capitalized leases	6	NA	6	NA

(1) Excludes loans held for sale for which the Fair Value Option was elected.

NA - not applicable

The following is a summary of the notional or contractual amounts and fair values of BB&T's off-balance sheet financial instruments as of the periods indicated:

	June 30, 2009		December 31, 2008	
	Notional/Contract Amount	Fair Value	Notional/Contract Amount	Fair Value
(Dollars in millions)				
Contractual commitments:				
Commitments to extend, originate or purchase credit	\$ 33,522	\$ 45	\$ 35,144	\$ 50
Mortgage loans sold with recourse	2,160	4	2,470	3
Other assets sold with recourse	3,899	11	3,259	8
Standby and commercial letters of credit and financial guarantees written	7,627	29	5,895	20
Commitments to fund affordable housing investments	402	381	412	393

Estimates of the fair value of these financial instruments are made at a point in time, based on relevant market data and information about the financial instrument. Fair values are calculated based on the value of one trading unit without regard to any premium or discount that may result from concentrations of ownership of a financial instrument, possible tax ramifications, estimated transaction costs that may result from bulk sales or the relationship between various financial instruments. No readily available market exists for a significant portion of BB&T's financial instruments. Fair value estimates for these instruments are based on judgments regarding current economic conditions, currency and interest rate risk characteristics, loss experience and other factors. Many of these estimates involve uncertainties and matters of

significant judgment and cannot be determined with precision. Therefore, the calculated fair value estimates in many instances cannot be substantiated by comparison to independent markets and, in many cases, may not be realizable in a current sale of the instrument. In addition, changes in assumptions could significantly affect these fair value estimates. The following methods and assumptions were used by BB&T in estimating the fair value of these financial instruments.

Cash and cash equivalents and segregated cash due from banks: For these short-term instruments, the carrying amounts are a reasonable estimate of fair values.

Loans receivable and loans held for sale: The fair values for loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms and credit quality. The carrying amounts of accrued interest approximate fair values. The fair values of loans held for sale for which BB&T did not elect the Fair Value Option are based on quoted market prices and the projected value of the net servicing fees.

Deposit liabilities: The fair values for demand deposits, interest-checking accounts, savings accounts and certain money market accounts are, by definition, equal to the amount payable on demand at the reporting date, i.e., their carrying amounts. Fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies current interest rates to aggregate expected maturities.

Federal funds purchased, securities sold under repurchase agreements and short-term borrowed funds: The carrying amounts of Federal funds purchased, borrowings under repurchase agreements and short-term borrowed funds approximate their fair values.

Long-term debt: The fair values of long-term debt are estimated based on quoted market prices for the instrument if available, or for similar instruments if not available, or by using discounted cash flow analyses, based on BB&T's current incremental borrowing rates for similar types of instruments.

Contractual commitments: The fair values of commitments are estimated using the fees charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair values also consider the difference between current levels of interest rates and the committed rates. The fair values of guarantees and letters of credit are estimated based on the counterparties' creditworthiness and average default rates for loan products with similar risks. The fair values of commitments to fund affordable housing investments are estimated using the net present value of future commitments.

NOTE 12. Derivative Financial Instruments

BB&T uses a variety of derivative instruments to manage interest rate and foreign exchange risks. These instruments consist of interest-rate swaps, swaptions, caps, floors, collars, financial forward and futures contracts, when-issued securities, foreign exchange contracts and options written and purchased. A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or referenced interest rate. There are five areas of risk management: balance sheet management, mortgage banking operations, mortgage servicing rights, net investment in a foreign subsidiary and client-related and other risk management activities.

The following tables set forth certain information concerning BB&T's derivative financial instruments and related hedged items at June 30, 2009:

Derivative Classifications and Hedging Relationships

		June 30, 2009		
Hedged Item or Transaction		Notional Amount	Fair Value	
		(Dollars in millions)		
			Gain (1)	Loss (1)
Derivatives Designated as Cash Flow Hedges				
Interest rate contracts				
Receive fixed swaps	First forecasted interest receipts on commercial loans	\$ 5,000	\$ 32	\$ (36)
Pay fixed swaps	First forecasted interest payments on overnight funding	3,150	39	(6)
Pay fixed swaps	First forecasted interest payments on 3 month LIBOR funding	2,900	48	(31)
Caps	First forecasted interest payments on 3 month LIBOR funding	442	1	-
Total		\$ 11,492	\$ 120	\$ (73)
Derivatives Designated as Net Investment Hedges				
	Foreign exchange contracts	\$ 73	\$ -	\$ (2)
Derivatives Designated as Fair Value Hedges				
Interest rate contracts				
Receive fixed swaps	Individual fixed rate long-term debt	\$ 3,342	\$ 262	\$ (8)
Receive fixed swaps	Long-term CDs	328	3	-
Pay fixed swaps	Individual fixed rate securities	354	-	(69)

	available for sale		
Total	\$ 4,024	\$ 265	\$ (77)
Derivatives Not Designated as Hedges			
Client-related and other risk management			
Interest rate contracts			
Receive fixed swaps	\$ 10,969	\$ 444	\$ (30)
Pay fixed swaps	10,736	29	(391)
Other swaps	7,713	4	(7)
Option trades	898	-	-
Swaptions	543	27	(26)
Futures contracts	3,329	1	-
Collars	151	5	(5)
Foreign exchange contracts	466	9	(6)
Mortgage Banking			
Interest rate contracts			
Receive fixed swaps	76	-	(1)
Forward commitments	8,253	69	(35)
Interest rate lock commitments	4,630	14	(15)
Swaptions	75	2	-
TBA/When issued securities	340	3	-
Mortgage Servicing Rights			

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Interest rate contracts

Receive fixed swaps	1,972	17	(61)
Pay fixed swaps	641	8	-
Swaptions	1,930	85	(2)
Futures contracts	10,400	1	(4)
When issued securities and Forward rate agreements	5,938	10	(23)
Total	\$ 69,060	\$ 728	\$ (606)
Total Derivatives	\$ 84,649	\$ 1,113	\$ (758)

- (1) Derivatives in a gain position are recorded as other assets and derivatives in a loss position are recorded as other liabilities on the Consolidated Balance Sheets.

**The Effect of Derivative Instruments on the Consolidated Statements of Income
for the Six Month Period Ended June 30, 2009
(Dollars in millions)**

	Gain or (Loss) Recognized in OCI	Effective Portion	(Gain) or Loss Reclassified from AOCI into Income	Ineffective Portion	Gain or (Loss) Recognized in Income
		Location of Amounts Reclassified from AOCI into Income		Location of Amounts Recognized in Income	
Derivatives Designated as Cash Flow Hedges					
Interest rate contracts	\$ 90	Total interest income	\$ (15)	Other noninterest income	\$ 1
		Total interest expense	(3)		
			\$ (18)		

Derivatives Designated as Net Investment Hedges

Foreign exchange contracts	(1)
----------------------------	-----

	Effective Portion	Gain or (Loss) Recognized in Income	Ineffective Portion
	Location of Amounts Recognized in Income		Location of Amounts Recognized in Income

Derivatives Designated as Fair Value Hedges

Interest rate contracts	Total interest expense	\$ 80	Other noninterest income	\$ 7
Interest rate contracts	Total interest income	(8)		
Total		\$ 72		

Derivatives Not Designated as Hedges

Client-related and other risk management

Interest rate contracts	Other noninterest income	\$ 17
Credit derivatives		(20)

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	Other noninterest income	
Foreign exchange contracts	Other nondeposit fees and commissions	(3)
Mortgage Banking		
Interest rate contracts	Mortgage banking income	42
Mortgage Servicing Rights		
Interest rate contracts	Mortgage banking income	(40)
Total		\$ (4)

Note: All amounts for Other Comprehensive Income (OCI) and Accumulated Other Comprehensive Income (AOCI) are stated on a pre-tax basis.

**The Effect of Derivative Instruments on the Consolidated Statements of Income
for the Three Month Period Ended June 30, 2009
(Dollars in millions)**

		Effective Portion Location of Amounts		Ineffective Portion Location of Amounts	
	Gain or (Loss) Recognized in OCI	Reclassified from AOCI into Income	(Gain) or Loss Reclassified from AOCI into Income	Recognized in Income	Gain or (Loss) Recognized in Income
Derivatives Designated as Cash Flow Hedges					
Interest rate contracts	\$ 69	Total interest income	\$ (9)	Other noninterest income	\$ 1
		Total interest expense	(2)		
			\$ (11)		

Derivatives Designated as Net Investment Hedges

Foreign exchange contracts	1				
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	Effective Portion Location of Amounts	Gain or (Loss) Recognized in Income	Ineffective Portion Location of Amounts	Gain or (Loss) Recognized in Income
	Recognized in Income		Recognized in Income	

Derivatives Designated as Fair Value Hedges

Interest rate contracts	expense	Total interest income	\$ 42	Other noninterest income	\$ 2
Interest rate contracts	income	Total interest expense	(5)		
Total			\$ 37		

**Derivatives Not Designated as
Hedges**

Client-related and other risk
management

Interest rate contracts	Other noninterest income	\$ 6		
Credit derivatives	Other noninterest income	(17)		
Foreign exchange contracts	Other nondeposit fees and commissions	(4)		
Mortgage Banking				
Interest rate contracts	Mortgage banking income	36		
Mortgage Servicing Rights				
Interest rate contracts	Mortgage banking income	(114)		
Total		\$ (93)		

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Note: All amounts for Other Comprehensive Income (OCI) and Accumulated Other Comprehensive Income (AOCI) are stated on a pre-tax basis.

The majority of the balance sheet management derivatives are designated as cash flow or fair value hedges. BB&T's floating rate business loans, Federal funds purchased, other overnight funding, institutional and brokered certificates of deposit, other time deposits, medium-term bank notes and long-term debt expose it to variability in cash flows for interest payments. The risk management objective for these assets and liabilities is to hedge the variability in the interest payments. This objective is met by entering into interest rate swaps and interest rate collars and caps. Interest rate collars and caps fix the interest payments when interest rates on the hedged item exceed predetermined rates.

Cash Flow Hedges

At June 30, 2009, BB&T had designated notional values of \$11.5 billion of derivatives as cash flow hedges. These cash flow hedges reflected a net unrealized gain of \$47 million, with instruments in a gain position reflecting a fair value of \$120 million recorded in other assets and instruments in a loss position reflecting a fair value of \$73 million recorded in other liabilities. For a qualifying cash flow hedge, the portion of changes in the fair value of the derivatives that have been highly effective are recognized in other comprehensive income until the related cash

flows from the hedged item are recognized in earnings. The impact on earnings resulting from the ineffectiveness of cash flow hedges was \$1 million during the first six months of 2009.

Accumulated other comprehensive income included \$33 million in unrecognized after-tax gains on interest rate swaps, caps and floors hedging variable interest payments on business loans at June 30, 2009. These amounts included unrecognized after-tax gains on terminated swaps, caps and collars of \$35 million at June 30, 2009. In addition, accumulated other comprehensive income included \$56 million in net unrecognized after-tax gains on interest rate swaps, caps and floors hedging variable interest payments on funding at June 30, 2009. These amounts included unrecognized after-tax gains on terminated hedges of \$26 million at June 30, 2009. Also included in accumulated other comprehensive income at June 30, 2009 are unrecognized after-tax gains of \$3 million on terminated interest rate swaps hedging variable interest payments on long-term debt.

The estimated net amount in accumulated other comprehensive income at June 30, 2009 that is expected to be reclassified into earnings within the next 12 months is a net after-tax gain of \$45 million. The amount reclassified into earnings from other comprehensive income during the first six months of 2009 was a net after-tax gain of \$18 million.

All of BB&T's cash flow hedges are hedging exposure to variability in future cash flows for forecasted transactions related to the payment of variable interest on then existing financial instruments. The maximum length of time over which BB&T is hedging its exposure to the variability in future cash flows for forecasted transactions related to variable interest payments on existing financial instruments is 6.9 years.

Fair Value Hedges

At June 30, 2009, BB&T had designated notional values of \$4.0 billion of derivatives as fair value hedges which reflected a net unrealized gain of \$188 million, with instruments in a gain position reflecting a fair value of \$265 million recorded in other assets and instruments in a loss position reflecting a fair value of \$77 million recorded in other liabilities. For a qualifying fair value hedge, changes in the value of the derivatives that have been highly effective as hedges are recognized in current period earnings along with the corresponding changes in the fair value of the designated hedged item attributable to the risk being hedged. BB&T terminated certain fair value hedges relating to its long-term debt during the second quarter of 2009 and received proceeds of \$74 million. The proceeds from these terminations were included in cash flows from financing activities. The impact on earnings resulting from fair value hedge ineffectiveness was a \$7 million gain during the first six months of 2009.

BB&T also held \$69.1 billion in notional value of derivatives not designated as hedges at June 30, 2009. These instruments were in a net gain position with a net estimated fair value of \$122 million. Changes in the fair value of these derivatives are reflected in current period earnings.

Derivatives not designated as a hedge include the notional amount of \$13.4 billion that have been entered into as a risk management instrument for mortgage banking operations at June 30, 2009. For mortgage loans originated for sale, BB&T is exposed to changes in market rates and

conditions subsequent to the interest rate lock and funding date. BB&T's risk management strategy related to its interest rate lock commitment derivatives and loans held for sale includes using mortgage-based derivatives such as forward commitments and options in order to mitigate market risk.

Derivatives not designated as a hedge include the notional amount of \$20.9 billion that have been entered into as a risk management instrument for mortgage servicing rights at June 30, 2009. The \$40 million loss related to these derivatives is offset by a positive \$91 million valuation adjustment for residential mortgage servicing rights for the six month period ended June 30, 2009. For the quarter ended June 30, 2009, the \$114 million loss on these derivatives is offset by a positive \$137 million valuation adjustment.

BB&T also held derivatives not designated as hedges with notional amounts totaling \$34.8 billion at June 30, 2009 as risk management instruments primarily to facilitate transactions on behalf of its clients, as well as activities related to balance sheet management.

At June 30, 2009, BB&T had designated notional values of \$73 million of derivatives as net investment hedges used to hedge the variability in a foreign currency exchange rate.

Credit risk related to derivatives arises when amounts receivable from a counterparty exceed those payable. BB&T controls the risk of loss by subjecting counterparties to credit reviews and approvals similar to those used in making loans and other extensions of credit. In addition, certain counterparties are required to provide cash collateral to BB&T when their unsecured loss positions exceed certain negotiated limits. These bilateral limits are typically based on current credit ratings and vary with ratings changes. As of June 30, 2009 and December 31, 2008, respectively, BB&T had received cash collateral of approximately \$38 million and \$165 million. In addition, BB&T had posted collateral of \$88 million and \$180 million at June 30, 2009 and December 31, 2008, respectively. In the event that BB&T's credit ratings had been downgraded below investment grade, the amount of collateral posted would have increased by \$83 million and \$225 million as of June 30, 2009 and December 31, 2008, respectively. As of June 30, 2009, BB&T had approximately \$26 million of unsecured positions with derivative dealers. All of the derivative contracts to which BB&T is a party settle monthly, quarterly or semiannually. In the case of contracts with derivative dealers, BB&T only transacts with dealers that are national market makers whose credit ratings are strong. Further, BB&T has netting agreements with the dealers with which it does business. Because of these factors, BB&T's credit risk exposure related to derivatives contracts at June 30, 2009 and December 31, 2008 was not material.

NOTE 13. 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 2009, BB&T recalibrated its allocation of the economic provision for credit losses given the continued deterioration in 2009. This change was retroactively applied to January 2009 and resulted in a reduction in provision expense in the Parent/Reconciling segment and additional provision expense allocated to the individual business units for the first quarter of 2009. The change in allocation primarily impacted the Banking Network, Residential Mortgage Banking and Sales Finance segments, which were allocated additional provision expense of approximately \$141 million, \$27 million and \$9 million, respectively, related to the first quarter of 2009. As previously discussed in the Annual Report on Form 10-K for the year ended December 31, 2008, the 2008 economic provision for loan and lease losses was adjusted early in the first quarter of 2009.

In addition, management changed the way it views certain transactions that had been unallocated to the business units. This primarily related to securities gains and losses. These amounts were previously reported within the Parent/Reconciling segment, but have been retroactively applied to the Treasury segment.

Please refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2008 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, 2009 and 2008

	Banking Network		Residential Mortgage Banking		Sales Finance		Specialized Lending		Insurance Services	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(Dollars in millions)									
Net interest income (expense)	\$ 433	\$ 527	\$ 277	\$ 290	\$ 101	\$ 99	\$ 204	\$ 176	\$ 1	\$ 3
Net funds transfer pricing (FTP)	474	265	(182)	(209)	(71)	(68)	(54)	(50)	-	(2)
Net interest income (expense) and FTP	907	792	95	81	30	31	150	126	1	1
Economic provision for loan and lease losses	513	183	85	30	33	9	56	74	-	-
Noninterest income	314	312	170	43	1	1	32	28	277	232
Intersegment net referral fees (expense)	148	73	(44)	(27)	(4)	(4)	-	-	-	-
Noninterest expense	463	387	32	21	9	6	70	61	201	174
Allocated corporate expenses	175	175	2	2	3	3	10	8	12	10
Income (loss) before income taxes	218	432	102	44	(18)	10	46	11	65	49
Provision (benefit) for income taxes	78	155	37	16	(7)	4	17	5	25	19
Segment net income (loss)	\$ 140	\$ 277	\$ 65	\$ 28	\$ (11)	\$ 6	\$ 29	\$ 6	\$ 40	\$ 30
Identifiable segment	\$ 63,391	\$ 62,822	\$ 20,554	\$ 19,217	\$ 6,359	\$ 6,045	\$ 8,020	\$ 5,891	\$ 1,288	\$ 1,292

assets
(period
end)

	Financial Services		Treasury		All Other Segments (1)		Parent/Reconciling Items		Total BB&T Corporation	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(Dollars in millions)									
Net interest income (expense)	\$ 5	\$ 12	\$ 178	\$ 71	\$ 38	\$ 40	\$ (99)	\$ (150)	\$ 1,138	\$ 1,068
Net funds transfer pricing (FTP)	34	2	(212)	24	(46)	(43)	57	81	-	-
Net interest income (expense) and FTP	39	14	(34)	95	(8)	(3)	(42)	(69)	1,138	1,068
Economic provision for loan and lease losses	7	2	-	-	2	2	5	30	701	330
Noninterest income	164	163	47	35	10	3	(22)	10	993	827
Intersegment net referral fees (expense)	10	6	-	-	-	-	(110)	(48)	-	-
Noninterest expense	137	134	(4)	(32)	17	21	256	187	1,181	959
Allocated corporate expenses	6	9	1	-	(1)	(1)	(208)	(206)	-	-
Income (loss) before income taxes	63	38	16	162	(16)	(22)	(227)	(118)	249	606
Provision (benefit) for income taxes	23	14	(10)	46	(16)	(15)	(106)	(69)	41	175
Segment net income (loss)	\$ 40	\$ 24	\$ 26	\$ 116	\$ -	\$ (7)	\$ (121)	\$ (49)	\$ 208	\$ 431

**Identifiable
segment
assets
(period
end)**

\$ 2,936	\$ 2,490	\$ 35,839	\$ 25,399	\$ 5,090	\$ 4,444	\$ 8,921	\$ 8,865	\$ 152,398	\$ 136,465
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(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, 2009 and 2008

	Banking Network		Residential Mortgage Banking		Sales Finance		Specialized Lending		Insurance Services	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(Dollars in millions)									
Net interest income (expense)	\$ 850	\$ 1,060	\$ 560	\$ 573	\$ 201	\$ 196	\$ 398	\$ 349	\$ 3	\$ 7
Net funds transfer pricing (FTP)	916	518	(378)	(421)	(142)	(136)	(111)	(104)	-	(3)
Net interest income (expense) and FTP	1,766	1,578	182	152	59	60	287	245	3	4
Economic provision for loan and lease losses	868	293	149	48	56	14	154	154	-	-
Noninterest income	606	599	344	91	1	1	62	59	523	435
Intersegment net referral fees (expense)	267	142	(79)	(52)	(7)	(7)	-	-	-	-
Noninterest expense	882	761	55	38	15	12	139	119	393	339
Allocated corporate expenses	349	349	5	5	6	6	20	17	24	20
Income (loss) before income taxes	540	916	238	100	(24)	22	36	14	109	80
Provision (benefit) for income taxes	193	328	86	36	(9)	8	13	6	42	31
Segment net income (loss)	\$ 347	\$ 588	\$ 152	\$ 64	\$ (15)	\$ 14	\$ 23	\$ 8	\$ 67	\$ 49
Identifiable segment assets (period end)	\$ 63,391	\$ 62,822	\$ 20,554	\$ 19,217	\$ 6,359	\$ 6,045	\$ 8,020	\$ 5,891	\$ 1,288	\$ 1,292

	Financial Services		Treasury		All Other Segments (1)		Parent/Reconciling Items		Total BB&T Corporation	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(Dollars in millions)									
Net interest income (expense)	\$ 9	\$ 25	\$ 381	\$ 94	\$ 75	\$ 84	\$ (193)	\$ (303)	\$ 2,284	\$ 2,085
Net funds transfer pricing (FTP)	61	8	(372)	45	(91)	(86)	117	179	-	-
Net interest income (expense) and FTP	70	33	9	139	(16)	(2)	(76)	(124)	2,284	2,085
Economic provision for loan and lease losses	11	3	-	-	5	3	134	38	1,377	553
Noninterest income	315	319	252	95	21	12	(100)	(13)	2,024	1,598
Intersegment net referral fees (expense)	18	10	-	-	-	-	(199)	(93)	-	-
Noninterest expense	269	270	(3)	(29)	40	37	460	347	2,250	1,894
Allocated corporate expenses	12	19	2	1	-	-	(418)	(417)	-	-
Income (loss) before income taxes	111	70	262	262	(40)	(30)	(551)	(198)	681	1,236
Provision (benefit) for income taxes	41	25	63	76	(33)	(23)	(241)	(111)	155	376
Segment net income (loss)	\$ 70	\$ 45	\$ 199	\$ 186	\$ (7)	\$ (7)	\$ (310)	\$ (87)	\$ 526	\$ 860
Identifiable segment assets (period end)	\$ 2,936	\$ 2,490	\$ 35,839	\$ 25,399	\$ 5,090	\$ 4,444	\$ 8,921	\$ 8,865	\$ 152,398	\$ 136,465

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

NOTE 14. Loan Servicing

BB&T has two classes of mortgage servicing rights for which it separately manages the economic risks: residential and commercial. Commercial mortgage servicing rights are recorded as other assets on the Consolidated Balance Sheets at lower of cost or market and amortized in proportion to and over the estimated period that net servicing income is expected to be received based on projections of the amount and timing of estimated future net cash flows. Residential mortgage servicing rights are recorded on the Consolidated Balance Sheets at fair value with changes in fair value recorded as a component of mortgage banking income in the Consolidated Statements of Income for each period. BB&T uses various derivative instruments to mitigate the income statement effect of changes in fair value, due to changes in valuation inputs and assumptions, of its residential mortgage servicing rights. The following is an analysis of the activity in BB&T's residential mortgage servicing rights for the six month periods ended June 30, 2009 and 2008:

**Residential Mortgage Servicing Rights
For the Six Months Ended June 30,
2009 2008
(Dollars in millions)**

Carrying value, January 1,	\$	370	\$	472
Additions		218		115
Increase (decrease) in fair value:				
Due to changes in valuation inputs or assumptions		91		68
Other changes (1)		(64)		(44)
Carrying value, June 30,	\$	615	\$	611

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

BB&T uses assumptions and estimates in determining the fair value of capitalized mortgage servicing rights. These assumptions include prepayment speeds, servicing costs and Option Adjusted Spread (OAS) commensurate with the risks involved and comparable to assumptions used by market participants to value and bid servicing rights available for sale in the market. At June 30, 2009, the weighted average life was 4.3 years, the prepayment speed was 18.7% and the OAS was 3.6%.

The unpaid principal balances of BB&T's total residential mortgage servicing portfolio were \$66.5 billion and \$59.7 billion at June 30, 2009 and December 31, 2008, respectively. The unpaid principal balances of residential mortgage loans serviced for others consist primarily of agency conforming fixed-rate mortgage loans and totaled \$46.8 billion and \$40.7 billion at June 30, 2009 and December 31, 2008, respectively. Mortgage loans serviced for others are not included in loans on the accompanying Consolidated Balance Sheets. BB&T recognized servicing fees of \$87 million and \$68 million during the first six months of 2009 and 2008, respectively, as a component of mortgage banking income.

At June 30, 2009 and 2008, the approximate weighted average servicing fee was .38% and .37%, respectively, of the outstanding balance of the residential mortgage loans. The weighted average coupon interest rate on the portfolio of mortgage loans serviced for others was 5.74% and 5.98% at June 30, 2009 and 2008, respectively.

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, 2009 and December 31, 2008, BB&T had \$2.2 billion and \$2.5 billion, respectively, of residential mortgage loans sold with recourse. In the event of nonperformance by the borrower, BB&T has maximum recourse exposure of approximately \$670 million and \$745 million as of June 30, 2009 and December 31, 2008, respectively. At June 30, 2009, BB&T has recorded \$4 million of reserves related to these recourse exposures.

The Company also has securitized residential mortgage loans and retained the resulting securities available for sale. As of June 30, 2009, the fair value of the securities available for sale still owned by BB&T was \$286 million and the remaining unpaid principal balance of the underlying loans totaled \$277 million. Based on the performance of the underlying loans and general liquidity of the securities, the Company's recovery of the cost basis in the securities has not been significantly impacted by changes in interest rates, prepayment speeds or credit losses.

BB&T also arranges and services commercial real estate mortgages through Grandbridge Real Estate Capital, LLC (Grandbridge) the commercial mortgage banking subsidiary of Branch Bank. During the six months ended June 30, 2009 and 2008, Grandbridge originated \$1.3 billion and \$2.0 billion, respectively, of commercial real estate mortgages, all of which were arranged for third party investors and serviced by Grandbridge. As of June 30, 2009 and December 31, 2008, Grandbridge's portfolio of commercial real estate mortgages serviced for others totaled \$24.8 billion and \$23.9 billion, respectively. Commercial real estate mortgage loans serviced for others are not included in loans on the accompanying Consolidated Balance Sheets. Grandbridge had \$3.9 billion and \$3.3 billion in loans serviced for others that were covered by loss sharing agreements at June 30, 2009 and December 31, 2008, respectively. As of June 30, 2009 and December 31, 2008, Grandbridge's maximum exposure to loss for these loans is approximately \$993 million and \$818 million, respectively. BB&T has recorded \$11 million of reserves related to these recourse exposures at June 30, 2009. Mortgage servicing rights related to commercial mortgage loans totaled \$104 million and \$98 million at June 30, 2009 and December 31, 2008, respectively.

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 13, 2009

By: /s/ Daryl N. Bible
Daryl N. Bible, Senior Executive Vice
President and Chief Financial Officer
(Principal Financial Officer)

Date: August 13, 2009

By: /s/ Edward D. Vest
Edward D. Vest, Executive Vice President
and Corporate Controller
(Principal Accounting Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>	<u>Location</u>
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema Document	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	XBRL Extension Presentation Linkbase Document	
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document	