

BB&T



2007 Third Quarter Report

John A. Allison
Chairman and
Chief Executive Officer

TO OUR SHAREHOLDERS:

The third quarter presented significant challenges for the financial services industry, including unusual disruptions in financial markets and a rising level of loan losses. Despite the challenging environment, I am pleased with a number of positive accomplishments for the third quarter. In particular, this quarter represents BB&T's fourth consecutive quarter of generating positive operating leverage and improved operating efficiency through solid execution of our emphasis on expense control. Also, our loan and deposit growth continued to be healthy during the quarter.

Our net income for the third quarter of 2007 was \$444 million, or \$.80 per diluted share, compared with \$417 million, or \$.77 per diluted share, earned during the third quarter of 2006. These results reflect increases of 6.5% and 3.9%, respectively, compared to the same quarter last year. Our third quarter net income produced annualized returns on average assets and average shareholders' equity of 1.37% and 14.24%, respectively, compared to prior year returns of 1.42% and 14.39%, respectively.

Operating earnings for the third quarter of 2007 totaled \$448 million, or \$.81 per diluted share, compared to \$424 million, or \$.78 per diluted share, earned during the third quarter of 2006. Operating earnings exclude \$4 million and \$7 million in net after-tax merger-related and restructuring charges from the third quarters of 2007 and 2006, respectively.

For the first nine months of 2007, our net income was \$1.32 billion compared to \$1.28 billion earned in the first nine months of 2006. Diluted earnings per share for the first nine months of 2007 totaled \$2.40 compared to \$2.35 earned during the same period in 2006. Excluding merger-related and restructuring charges or credits and nonrecurring items, operating earnings for the first nine months of 2007 totaled \$1.33 billion, or \$2.42 per diluted share, reflecting increases of 5.5% and 3.9%, respectively, compared to \$1.27 billion, or \$2.33 per diluted share, earned during the first nine months of 2006.

Our noninterest income was negatively affected by hedging losses, trading account losses and other losses resulting from the market disruptions that occurred during the quarter.



Income from BB&T's fee generating businesses increased 2.3% during the third quarter of 2007 compared to 2006. Total noninterest income was \$675 million for the current quarter compared to \$660 million for the same period in 2006. This increase includes growth in revenues generated by BB&T's investment banking and brokerage operations, as well as increased revenues from service charges on deposit accounts and other nondeposit fees and commissions.

We produced positive operating leverage of 5.1% on an annualized basis during the third quarter of 2007 compared to the second quarter of 2007. These results were driven primarily by improved operating efficiency during the quarter, reflected in a cash basis efficiency ratio of 51.3% compared to 51.7% in the second quarter this year. Excluding merger-related and restructuring charges or credits, nonrecurring items and growth resulting from purchase acquisitions, noninterest expenses decreased 4.7% compared to the third quarter of 2006 and .8% comparing the first nine months of 2007 with the same period last year.

We experienced a rise in both charge-offs and nonperforming assets reflecting the challenges in the residential real estate market. However, our asset quality remains sound compared to long-term historical standards. Nonperforming assets, as a percentage of total assets, were .42% at September 30, 2007, compared to .33% at June 30, 2007 and .28% at September 30, 2006. Annualized net charge-offs were .40% of average loans and leases for the current quarter, up from .27% in the same quarter last year. Excluding losses incurred by our specialized lending subsidiaries, annualized net charge-offs were .23% of average loans and leases for the current quarter compared with .14% in the third quarter last year.

Average loans and leases totaled \$89.1 billion for the third quarter of 2007, reflecting an increase of \$8.0 billion, or 9.9%, compared to the third quarter of 2006. This increase

was composed of growth in average commercial loans and leases, which increased \$2.9 billion, or 7.2%; average mortgage loans, which increased \$2.1 billion, or 13.4%; average consumer loans, which increased \$1.1 billion, or 5.2%; and growth in average loans originated by BB&T's specialized lending subsidiaries, which increased \$1.9 billion, or 57.3%, compared to the third quarter last year. The growth in loans originated by our specialized lending subsidiaries includes the acquisition of AFCO Credit Corporation. Excluding the impact of this acquisition, average loans in our specialized lending group increased 19.2% compared to the third quarter of 2006.

Average deposits totaled \$84.2 billion for the third quarter of 2007, an increase of 6.4% compared to \$79.1 billion for the third quarter of 2006. Average client deposits totaled \$76.7 billion for the third quarter of 2007, an increase of 7.5% compared to \$71.4 billion for the third quarter of 2006. Average retail deposit growth was led by client certificates of deposit, which increased \$2.5 billion, or 10.5%, and other client deposits, which increased \$3.1 billion, or 9.8%. During the third quarter of 2007, we generated approximately 30,000 net new transaction accounts.

In October we received the results of the FDIC's annual report on deposit market share, which were very positive for BB&T. According to the FDIC's "Summary of Deposits" report, based on data for commercial banks, we maintained or gained market share in every state in our footprint. These results are particularly impressive following last year's results, where we gained market share in every state in our footprint except West Virginia, where we maintained the leading market share.

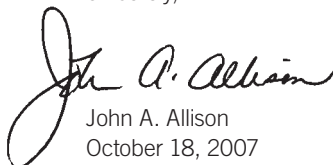
On August 1, 2007, the J.D. Power and Associates 2007 Primary Mortgage Servicer Study was released and BB&T Corporation ranked first in the nation among banks in home mortgage customer service satisfaction. The survey is based on responses from nearly 12,000 home mortgage customers and involves the largest home mortgage providers in the nation. The ranking recognizes BB&T as the best among banks at dealing with all aspects of servicing mortgage loans.

We continue to expand our specialty finance businesses. On August 23, 2007, we announced plans to acquire Collateral Real Estate Capital LLC of Birmingham, Alabama, a commercial real estate finance company. We plan to integrate the operations of Collateral with Laureate Capital LLC, our existing commercial mortgage banking firm. The combination of these two companies will provide us with one of the largest full-service commercial and multi-family mortgage banking companies in the nation. We expect to complete the acquisition in the fourth quarter, subject to receipt of customary regulatory approvals and investor consents.

We also announced plans to expand our insurance business through the acquisition of Sydney O. Smith Inc., a metro Atlanta and north Georgia insurance agency, and we completed the acquisition of Heritage Title Services of Louisville, Kentucky. These acquisitions will enhance BB&T Insurance's presence in these important markets.

On balance, our overall performance for the quarter was very solid in a difficult environment. Thank you for your support as a BB&T shareholder.

Sincerely,



John A. Allison
October 18, 2007

GENERAL INFORMATION

CORPORATE HEADQUARTERS

BB&T Corporation
200 West Second Street
Winston-Salem, NC 27101
336-733-2000
www.BBT.com

CONTACTS

Analysts, investors and others seeking additional financial information should contact:

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

This report provides a summary overview of BB&T's performance for the third quarter of 2007. To obtain complete financial disclosures as contained in BB&T's Forms 10-K and 10-Q filed with the Securities and Exchange Commission, please contact:
Michael L. Nichols
Senior Vice President
Shareholder Reporting Manager
336-733-3079

Media representatives and others seeking general information should contact:

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

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STOCK EXCHANGE LISTING

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

Consolidated Financial Highlights

BB&T Corporation and Subsidiaries

(Dollars in millions, except per share data)

	As of / For the Three Months Ended			As of / For the Nine Months Ended		
	9/30/07	9/30/06	% Change	9/30/07	9/30/06	% Change
Earnings and Performance Ratios						
Net income	\$ 444	\$ 417	6.5 %	\$ 1,323	\$ 1,277	3.6 %
Diluted earnings per share	.80	.77	3.9	2.40	2.35	2.1
Cash dividends per share	.46	.42	9.5	1.30	1.18	10.2
Return on average assets	1.37 %	1.42 %		1.42 %	1.51 %	
Return on average equity	14.24	14.39		14.74	15.13	
Net interest margin (taxable equivalent)	3.45	3.68		3.54	3.75	
Fee income ratio (taxable equivalent) ¹	40.1	40.8		41.1	40.4	
Efficiency ratio (taxable equivalent) ¹	53.3	56.2		53.6	54.6	
Operating Earnings and Performance Ratios²						
Operating earnings	\$ 448	\$ 424	5.7 %	\$ 1,334	\$ 1,265	5.5 %
Diluted earnings per share	.81	.78	3.8	2.42	2.33	3.9
Return on average assets	1.38 %	1.44 %		1.43 %	1.50 %	
Return on average equity	14.38	14.60		14.86	14.98	
Efficiency ratio (taxable equivalent) ¹	52.9	55.6		53.3	55.0	
Cash Basis Operating Earnings and Performance Ratios^{2,3}						
Cash basis earnings	\$ 466	\$ 441	5.7 %	\$ 1,384	\$ 1,320	4.8 %
Diluted earnings per share	.84	.81	3.7	2.51	2.43	3.3
Return on average tangible assets	1.50 %	1.57 %		1.55 %	1.64 %	
Return on average tangible equity	26.86	27.43		27.83	27.35	
Efficiency ratio (taxable equivalent) ¹	51.3	53.9		51.7	53.3	
Period-End Balances						
Assets	\$ 130,781	\$ 118,524	10.3 %	\$ 130,781	\$ 118,524	10.3 %
Securities, at carrying value	24,648	21,621	14.0	24,648	21,621	14.0
Loans and leases	90,059	81,950	9.9	90,059	81,950	9.9
Deposits	85,185	80,066	6.4	85,185	80,066	6.4
Shareholders' equity	12,402	11,734	5.7	12,402	11,734	5.7
Book value per share	22.58	21.70	4.1	22.58	21.70	4.1
Total capital ratio	14.6 %	14.6 %		14.6 %	14.6 %	
Leverage capital ratio	7.3	7.3		7.3	7.3	
Average Balances						
Assets	\$ 128,633	\$ 116,884	10.1 %	\$ 124,873	\$ 112,828	10.7 %
Securities, at amortized cost	24,246	21,736	11.5	23,090	21,260	8.6
Loans and leases	89,090	81,044	9.9	86,990	78,176	11.3
Deposits	84,223	79,123	6.4	82,908	76,334	8.6
Shareholders' equity	12,359	11,500	7.5	12,001	11,287	6.3
Asset Quality Ratios						
Nonperforming assets as a percentage of total assets	.42 %	.28 %		.42 %	.28 %	
Annualized net charge-offs as a percentage of average loans and leases	.40	.27		.35	.25	

Note: Prior period operating and cash basis results have been revised to include equity-based compensation expense to be comparable with the 2007 results presented herein.

- 1 Excludes securities gains (losses), foreclosed property expense, increases or decreases in the valuation of mortgage servicing rights, and gains or losses on mortgage servicing rights-related derivatives. Operating and cash basis ratios also exclude merger-related and restructuring charges or credits and nonrecurring items.
- 2 Operating earnings exclude the effect on net income of merger-related and restructuring charges or credits and nonrecurring items, which totaled \$4 million and \$7 million, net of tax, for the third quarters of 2007 and 2006, respectively, and \$11 million and \$(12 million), net of tax, for the first nine months of 2007 and 2006, respectively.
- 3 Cash basis operating results exclude the unamortized balances of intangibles from assets and shareholders' equity and exclude the effects of amortization of intangible assets and net amortization of purchase accounting mark-to-market adjustments, which totaled \$18 million and \$17 million, net of tax, for the third quarters of 2007 and 2006, respectively, and \$50 million and \$55 million, net of tax, for the first nine months of 2007 and 2006, respectively.

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