BB&T CORP
Form 10-Q
May 02, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the quarterly period ended: March 31, 2013

Commission file number: 1-10853

BB&T CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina	**56-0939887**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

200 West Second Street **27101**
Winston-Salem, North Carolina
(Zip Code)
(Address of Principal Executive Offices)
(336) 733-2000

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.   Yes [X]   No [ ]

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).   Yes [X]   No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer X		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ]   No [X]

At April 30, 2013, 701,690,809 shares of the Registrant's common stock, $5 par value, were outstanding.

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FORM 10-Q
March 31, 2013
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Glossary of Defined Terms

The following terms may be used throughout this Report, including the consolidated financial statements and related notes.

Term	Definition
2004 Plan	2004 Stock Incentive Plan
2006 Repurchase Plan	Plan for the repurchase of up to 50 million shares of BB&T's common stock
2012 Plan	2012 Incentive Plan
ADC	Acquisition, development and construction
ACL	Allowance for credit losses
AFS	Available-for-sale
ALLL	Allowance for loan and lease losses
AOCI	Accumulated other comprehensive income (loss)
BankAtlantic	BankAtlantic, a federal savings association acquired by BB&T from BankAtlantic Bancorp, Inc.
Basel III	Global regulatory standards on bank capital adequacy and liquidity published by the BCBS
BB&T	BB&T Corporation and subsidiaries
BCBS	Basel Committee on Bank Supervision
BHC	Bank holding company
BHCA	Bank Holding Company Act of 1956, as amended
Branch Bank	Branch Banking and Trust Company
CCAR	Comprehensive Capital Analysis and Review
CD	Certificate of deposit
CDI	Core deposit intangible assets
CFPB	Consumer Financial Protection Bureau
Colonial	Collectively, certain assets and liabilities of Colonial Bank acquired by BB&T in 2009
Company	BB&T Corporation and subsidiaries (interchangeable with "BB&T" above)
Council	Financial Stability Oversight Council
CRA	Community Reinvestment Act of 1977
CRE	Commercial real estate
Crump Insurance	The life and property and casualty insurance operations acquired from the Crump Group
DIF	Deposit Insurance Fund administered by the FDIC
Directors' Plan	Non-Employee Directors' Stock Option Plan
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EPS	Earnings per common share
EU	European Union
EVE	Economic value of equity
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FINRA	Financial Industry Regulatory Authority
FNMA	Federal National Mortgage Association
FRB	Board of Governors of the Federal Reserve System
FTE	Fully taxable-equivalent

FTP	Funds transfer pricing
GAAP	Accounting principles generally accepted in the United States of America
GNMA	Government National Mortgage Association
Grandbridge	Grandbridge Real Estate Capital, LLC
GSE	U.S. government-sponsored enterprise
HTM	Held-to-maturity
IMLAFA	International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001
IPV	Independent price verification
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association, Inc.
LHFS	Loans held for sale

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Term	**Definition**
LIBOR	London Interbank Offered Rate
LOB	Line of business
MRLCC	Market Risk, Liquidity and Capital Committee
MSR	Mortgage servicing right
MSRB	Municipal Securities Rulemaking Board
NIM	Net interest margin
NPA	Nonperforming asset
NPL	Nonperforming loan
NPR	Notice of Proposed Rulemaking
NYSE	NYSE Euronext, Inc.
OAS	Option adjusted spread
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income (loss)
Omnibus Plan	1995 Omnibus Stock Incentive Plan
OREO	Other real estate owned
OTS	Office of Thrift Supervision
OTTI	Other-than-temporary impairment
Parent Company	BB&T Corporation, the parent company of Branch Bank and other subsidiaries
Patriot Act	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001
Peer Group	Financial holding companies included in the industry peer group index
Reform Act	Federal Deposit Insurance Reform Act of 2005
RMBS	Residential mortgage-backed securities
RMO	Risk Management Organization
RSU	Restricted stock unit
RUFC	Reserve for unfunded lending commitments
S&P	Standard & Poor's
SBIC	Small Business Investment Company
SCAP	Supervisory Capital Assessment Program
SEC	Securities and Exchange Commission
Short Term Borrowings	Federal funds purchased, securities sold under repurchase agreements and other short-term borrowed funds with original maturities of less than one year
Simulation	Interest sensitivity simulation analysis
TBA	To be announced
TDR	Troubled debt restructuring
U.S.	United States of America
U.S. Treasury	United States Department of the Treasury
UPB	Unpaid principal balance
VA	U.S. Department of Veterans Affairs
VaR	Value-at-risk
VIE	Variable interest entity

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

	March 31, 2013	December 31, 2012
Assets		
Cash and due from banks	$ 1,322	$ 1,972
Interest-bearing deposits with banks	1,588	1,659
Federal funds sold and securities purchased under resale agreements or similar arrangements	302	122
Segregated cash due from banks	2	36
Trading securities at fair value	627	497
AFS securities at fair value ($1,583 and $1,591 covered by FDIC loss share at March 31, 2013 and December 31, 2012, respectively)	24,170	25,137
HTM securities (fair value of $13,295 and $13,848 at March 31, 2013 and December 31, 2012, respectively)	13,119	13,594
LHFS at fair value	3,432	3,761
Loans and leases ($3,005 and $3,294 covered by FDIC loss share at March 31, 2013 and December 31, 2012, respectively)	114,196	114,603
ALLL	(1,975)	(2,018)
Loans and leases, net of ALLL	112,221	112,585

FDIC loss share receivable	368	479
Premises and equipment	1,880	1,888
Goodwill	6,823	6,804
Core deposit and other intangible assets	647	673
Residential MSRs at fair value	735	627
Other assets ($272 and $297 of foreclosed property and other assets covered by FDIC loss share at March 31, 2013 and December 31, 2012, respectively)	13,601	14,038
Total assets	$ 180,837	$ 183,872
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest-bearing deposits	$ 33,236	$ 32,452
Interest-bearing deposits	98,116	100,623
Total deposits	131,352	133,075
Short-term borrowings	3,239	2,864
Long-term debt	18,316	19,114
Accounts payable and other liabilities	6,701	7,596
Total liabilities	159,608	162,649
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Preferred stock, $5 par, liquidation preference of $25,000 per share	2,116	2,116
Common stock, $5 par	3,507	3,499
Additional paid-in capital	5,975	5,973
Retained earnings	10,178	10,129
AOCI, net of deferred income	(612)	(559)

taxes		
Noncontrolling interests	65	65
Total shareholders' equity	21,229	21,223
Total liabilities and shareholders' equity	$ 180,837	$ 183,872
Common shares outstanding	701,440	699,728
Common shares authorized	2,000,000	2,000,000
Preferred shares outstanding	87	87
Preferred shares authorized	5,000	5,000

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

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

	Three Months Ended March 31, 2013	2012
Interest Income		
Interest and fees on loans and leases	$ 1,433	$ 1,502
Interest and dividends on securities	215	234
Interest on other earning assets	11	7
Total interest income	1,659	1,743
Interest Expense		
Interest on deposits	86	121
Interest on short-term borrowings	1	1
Interest on long-term debt	150	185
Total interest expense	237	307
Net Interest Income	1,422	1,436
Provision for credit losses	272	288
Net Interest Income After Provision for Credit Losses	1,150	1,148
Noninterest Income		
Insurance income	365	271
Mortgage banking income	180	216
Service charges on deposits	138	137
Investment banking and brokerage fees and commissions	94	89
Bankcard fees and merchant discounts	59	54
Checkcard fees	47	43
Trust and investment advisory revenues	48	45
	28	30

Income from bank-owned life insurance		
FDIC loss share income, net	(59)	(57)
Other income	78	52
Securities gains (losses), net		
Realized gains (losses), net	23	(4)
OTTI charges		(3)
Non-credit portion recognized in OCI		(2)
Total securities gains (losses), net	23	(9)
Total noninterest income	1,001	871
Noninterest Expense		
Personnel expense	817	730
Occupancy and equipment expense	171	153
Loan-related expense	58	63
Foreclosed property expense	18	92
Regulatory charges	35	41
Professional services	36	35
Software expense	38	32
Amortization of intangibles	27	22
Merger-related and restructuring charges, net	5	12
Other expense	209	205
Total noninterest expense	1,414	1,385
Earnings		
Income before income taxes	737	634
Provision for income taxes	481	189
Net income	256	445
Noncontrolling interests	16	14
Dividends on preferred stock	30	
Net income available to common	$ 210	$ 431

shareholders		
EPS		
Basic	$ 0.30	$ 0.62
Diluted	$ 0.29	$ 0.61
Cash dividends declared	$ 0.23	$ 0.20
Weighted Average Shares Outstanding		
Basic	700,275	697,685
Diluted	711,020	707,369

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

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BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Dollars in millions)

	Three Months Ended March 31, 2013	2012
Net income	$ 256	$ 445
OCI, net of tax:		
Change in unrecognized net pension and postretirement costs	14	11
Change in unrealized net gains (losses) on cash flow hedges	7	1
Change in unrealized net gains (losses) on AFS securities	(61)	125
Change in FDIC's share of unrealized (gains) losses on AFS securities	(13)	(42)
Other, net		2
Total OCI	(53)	97
Total comprehensive income	$ 203	$ 542
Income Tax Effect of Items Included in OCI:		
Change in unrecognized net pension and postretirement costs	$ 9	$ 7
	3	

Change in unrealized net gains (losses) on cash flow hedges		
Change in unrealized net gains (losses) on AFS securities	(37)	77
Change in FDIC's share of unrealized (gains) losses on AFS securities	(9)	(26)
Other, net		

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

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BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
Three Months Ended March 31, 2013 and 2012
(Dollars in millions, shares in thousands)

	Shares of Common Stock	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	AOCI	Noncontrolling Interests	Total Shareholders' Equity
Balance, January 1, 2012	697,143	$	$ 3,486	$ 5,873	$ 8,772	$ (713)	$ 62	$ 17,480
Add (Deduct):								
Net income					431		14	445
Net change in OCI						97		97
Stock transactions:								
In connection with equity awards	1,794		9	(3)				6
Shares repurchased in connection with equity awards	(497)		(3)	(12)				(15)
In connection with dividend reinvestment plan	14							
Cash dividends declared on common stock					(140)			(140)
Equity-based compensation expense				25				25
Other, net				(3)	1		(14)	(16)
Balance, March 31, 2012	698,454	$	$ 3,492	$ 5,880	$ 9,064	$ (616)	$ 62	$ 17,882
Balance, January 1, 2013	699,728	$ 2,116	$ 3,499	$ 5,973	$ 10,129	$ (559)	$ 65	$ 21,223
Add (Deduct):								
Net income					240		16	256
Net change in OCI						(53)		(53)

Stock transactions:								
In connection with equity awards	2,438		12	(5)				7
Shares repurchased in connection with equity awards	(726)		(4)	(18)				(22)
Cash dividends declared on common stock					(161)			(161)
Cash dividends declared on preferred stock					(30)			(30)
Equity-based compensation expense				25				25
Other, net							(16)	(16)
Balance, March 31, 2013	701,440	$ 2,116	$ 3,507	$ 5,975	$ 10,178	$ (612)	$ 65	$ 21,229

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

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

	Three Months Ended March 31,	
	2013	**2012**
Cash Flows From Operating Activities:		
Net income	$ 256	$ 445
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	272	288
Depreciation	74	64
Amortization of intangibles	27	22
Equity-based compensation	25	25
(Gain) loss on securities, net	(23)	9
Net write-downs/losses on foreclosed property	8	59
Net change in operating assets and liabilities:		
Segregated cash due from banks	34	
LHFS	332	1,214
FDIC loss share receivable	99	105
Other assets	247	52
Accounts payable and other liabilities	(750)	(288)
Other, net	(136)	(122)
Net cash from operating	465	1,873

activities		
Cash Flows From Investing Activities:		
Proceeds from sales of AFS securities	421	109
Proceeds from maturities, calls and paydowns of AFS securities	1,668	851
Purchases of AFS securities	(1,226)	(2,859)
Proceeds from maturities, calls and paydowns of HTM securities	1,190	1,021
Purchases of HTM securities	(724)	(412)
Originations and purchases of loans and leases, net of principal collected	57	(1,196)
Net cash for acquisitions	(6)	
Purchases of premises and equipment	(56)	(21)
Proceeds from sales of foreclosed property or OREO	92	238
Other, net	43	14
Net cash from investing activities	1,459	(2,255)
Cash Flows From Financing Activities:		
Net change in deposits	(1,723)	(782)
Net change in short-term borrowings	375	(130)
Proceeds from issuance of long-term debt	10	1,058
Repayment of long-term debt	(766)	(9)
Net cash from common stock transactions	(15)	(9)

Cash dividends paid on common stock	(301)	(112)
Cash dividends paid on preferred stock	(30)	
Other, net	(15)	74
Net cash from financing activities	(2,465)	90
Net Change in Cash and Cash Equivalents	(541)	(292)
Cash and Cash Equivalents at Beginning of Period	3,753	4,344
Cash and Cash Equivalents at End of Period	$ 3,212	$ 4,052
Supplemental Disclosure of Cash Flow Information:		
Cash paid (received) during the period for:		
Interest	$ 234	$ 310
Income taxes	91	60
Noncash investing activities:		
Transfers of loans to foreclosed property	62	149

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

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NOTE 1. Basis of Presentation

See the Glossary of Defined Terms at the beginning of this Report for terms used throughout the consolidated financial statements and related notes of this Form 10-Q.

General

These consolidated financial statements and notes are presented in accordance with the instructions for Form 10-Q and, therefore, do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flow activity required in accordance with GAAP. 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. The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. 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, 2012 should be referred to in connection with these unaudited interim consolidated financial statements.

Reclassifications

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

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change include the determination of the ACL, 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

Effective January 1, 2013, the Company adopted new guidance impacting the presentation of certain items on the *Balance Sheet.* The new guidance requires an entity to disclose both gross and net information about derivatives, repurchase agreements and securities borrowing and lending transactions that have a right of setoff or are subject to an enforceable master netting arrangement or similar agreement. The adoption of this guidance did not impact BB&T's consolidated financial position, results of operations or cash flows. The new disclosures required by this guidance for derivatives are included in Note 15 to these consolidated financial statements. The adoption of this guidance did not impact our disclosures of repurchase agreements and securities borrowing and lending transactions as the balances and volume of transactions are not material.

Effective January 1, 2013, the Company adopted new guidance on *Business Combinations*. The new guidance clarifies that when a reporting entity recognizes an indemnification asset as a result of a government-assisted acquisition of a financial institution and subsequently a change in the cash flows expected to be collected on the indemnification asset occurs, the reporting entity should account for the change in the measurement of the indemnification asset on the same basis as the change in the assets subject to indemnification. Any amortization of changes in value should be limited to the lesser of the contractual term of the indemnification agreement or the remaining life of the indemnified assets. BB&T has previously accounted for its indemnification asset in accordance with this guidance; accordingly, the adoption of this guidance had no impact on BB&T's consolidated financial position, results of operations or cash flows.

Effective January 1, 2013, the Company adopted new guidance impacting *Comprehensive Income* that requires a reporting entity to present significant amounts reclassified out of AOCI by the respective line items of net income. The adoption of this guidance did not impact BB&T's consolidated financial position, results of operations or cash flows. The new disclosures required by this guidance are included in Note 10 to these consolidated financial statements.

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NOTE 2. Securities

The amortized cost, gross unrealized gains and losses and approximate fair values of AFS and HTM securities were as follows:

March 31, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
AFS securities:				
GSE securities	$ 343	$ —	$ —	$ 343
RMBS issued by GSE	19,617	375	47	19,945
States and political subdivisions	1,933	141	81	1,993
Non-agency RMBS	296	16	8	304
Other securities	2	—	—	2
Covered securities	1,117	466	—	1,583
Total AFS securities	$ 23,308	$ 998	$ 136	$ 24,170
HTM securities:				
GSE securities	$ 4,397	$ 13	$ 8	$ 4,402
RMBS issued by GSE	8,219	162	3	8,378
States and political subdivisions	33	1	1	33
Other securities	470	12	—	482
Total HTM securities	$ 13,119	$ 188	$ 12	$ 13,295

December 31, 2012	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
AFS securities:				
GSE securities	$ 290	$ —	$ —	$ 290
RMBS issued by GSE	20,482	466	18	20,930
States and political subdivisions	1,948	153	90	2,011
Non-agency RMBS	307	16	11	312
Other securities	3	—	—	3
Covered securities	1,147	444	—	1,591
Total AFS securities	$ 24,177	$ 1,079	$ 119	$ 25,137
HTM securities:				
GSE securities	$ 3,808	$ 17	$ 1	$ 3,824
RMBS issued by GSE	9,273	238	1	9,510
States and political subdivisions	34	1	1	34

Other securities	479	4	3	480
Total HTM securities	$ 13,594	$ 260	$ 6	$ 13,848

As of March 31, 2013 and December 31, 2012, the fair value of covered securities included $1.3 billion of non-agency RMBS and $324 million and $326 million, respectively, of municipal securities.

At March 31, 2013 and December 31, 2012, securities with carrying values of approximately $18.8 billion and $19.0 billion, respectively, were pledged to secure municipal deposits, securities sold under agreements to repurchase, other borrowings, and for other purposes as required or permitted by law.

BB&T had certain investments in marketable debt securities and RMBS issued by FNMA and FHLMC that exceeded ten percent of shareholders’ equity at March 31, 2013. The FNMA investments had total amortized cost and fair value of $13.0 billion and $13.2 billion, respectively. The FHLMC investments had total amortized cost and fair value of $7.0 billion.

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The gross realized gains and losses recognized in income are reflected in the following table:

	Three Months Ended March 31,	
	2013	2012
	(Dollars in millions)	
Gross gains	$ 23	$
Gross losses		(4)
Net realized gains (losses)	$ 23	$ (4)

The following table reflects changes in credit losses on other-than-temporarily impaired securities, which was primarily non-agency RMBS, where a portion of the unrealized loss was recognized in OCI. OTTI of $4 million related to covered securities during 2012 is not reflected in this table.

	Three Months Ended March 31,	
	2013	2012
	(Dollars in millions)	
Balance at beginning of period	$ 105	$ 130
Credit losses on securities for which OTTI was previously recognized		1
	(4)	(16)

Reductions for securities sold/settled during the period		
Balance at end of period	$ 101	$ 115

The amortized cost and estimated fair value of the debt securities portfolio by contractual maturity are shown in the following table. The expected life of RMBS may differ from contractual maturities because borrowers have the right to prepay the underlying mortgage loans with or without prepayment penalties.

March 31, 2013	**AFS Amortized Cost**	**Fair Value**	**HTM Amortized Cost**	**Fair Value**
	(Dollars in millions)			
Due in one year or less	$ 258	$ 258	$	$
Due after one year through five years	147	152		
Due after five years through ten years	612	649	4,252	4,255
Due after ten years	22,291	23,111	8,867	9,040
Total debt securities	$ 23,308	$ 24,170	$ 13,119	$ 13,295

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:

	Less than 12 months		**12 months or more**		**Total**	
March 31, 2013	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
	(Dollars in millions)					
AFS securities:						
	$ 3,398	$ 47	$ 1	$ —	$ 3,399	$ 47

RMBS issued by GSE										
States and political subdivisions		61		3		459		78	520	81
Non-agency RMBS		—		—		112		8	112	8
Total	$	3,459	$	50	$	572	$	86	$ 4,031	$ 136
HTM securities:										
GSE securities	$	1,788	$	8	$	—	$	—	$ 1,788	$ 8
RMBS issued by GSE		1,249		3		142		—	1,391	3
States and political subdivisions		21		1		3		—	24	1
Total	$	3,058	$	12	$	145	$	—	$ 3,203	$ 12

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December 31, 2012	Less than 12 months Fair Value	Unrealized Losses	12 months or more Fair Value	Unrealized Losses	Total Fair Value	Unrealized Losses
	(Dollars in millions)					
AFS securities:						
RMBS issued by GSE	$ 2,662	$ 18	$ —	$ —	$ 2,662	$ 18
States and political subdivisions	52	1	478	89	530	90
Non-agency RMBS	—	—	113	11	113	11
Total	$ 2,714	$ 19	$ 591	$ 100	$ 3,305	$ 119
HTM securities:						
GSE securities	$ 805	$ 1	$ —	$ —	$ 805	$ 1
RMBS issued by GSE	593	1	—	—	593	1
States and political subdivisions	22	1	—	—	22	1
Other securities	266	3	—	—	266	3
Total	$ 1,686	$ 6	$ —	$ —	$ 1,686	$ 6

BB&T conducts periodic reviews to identify and evaluate each investment with an unrealized loss for OTTI. 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 AOCI for AFS securities.

BB&T uses cash flow modeling to evaluate non-agency RMBS in an unrealized loss position for potential credit impairment. These models give consideration to long-term macroeconomic factors applied to current security default rates, prepayment rates and recovery rates and security-level performance. At March 31, 2013, three non-agency RMBS with an unrealized loss were below investment grade. None of the unrealized losses were significant.

At March 31, 2013, $72 million of unrealized loss on municipal securities was the result of fair value hedge basis adjustments that are a component of amortized cost. Municipal securities in an unrealized loss position are evaluated for credit impairment through a qualitative analysis of issuer performance and the primary source of repayment. The evaluation of municipal securities indicated there were no credit losses evident.

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NOTE 3. Loans and Leases

The following table provides a breakdown of BB&T's loans and leases, net of unearned income:

	March 31, 2013	December 31, 2012
	(Dollars in millions)	
Commercial:		
Commercial and industrial	$ 38,429	$ 38,295
CRE - other	11,425	11,461
CRE - residential ADC	1,175	1,261
Direct retail lending	15,767	15,817
Sales finance	8,114	7,736
Revolving credit	2,284	2,330
Residential mortgage	23,954	24,272
Other lending subsidiaries	10,043	10,137
Total loans and leases held for investment (excluding covered loans)	111,191	111,309
Covered	3,005	3,294
Total loans and leases held for investment	114,196	114,603
LHFS	3,432	3,761
Total loans and leases	$ 117,628	$ 118,364

Changes in the carrying amount and accretable yield for purchased impaired and nonimpaired covered loans accounted for under the accretion method were as follows:

	Three Months Ended March 31, 2013				Year Ended December 31, 2012			
	Purchased Impaired		Purchased Nonimpaired		Purchased Impaired		Purchased Nonimpaired	
	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans	Accretable Yield	Carrying Amount of Loans
	(Dollars in millions)							
Balance at beginning of period	$ 264	$ 1,400	$ 617	$ 1,894	$ 520	$ 2,123	$ 1,193	$ 2,744
Accretion	(40)	40	(95)	95	(219)	219	(541)	541
Payments received, net		(144)		(280)		(942)		(1,391)
Other, net	26		7		(37)		(35)	
Balance at end of period	$ 250	$ 1,296	$ 529	$ 1,709	$ 264	$ 1,400	$ 617	$ 1,894
Outstanding UPB at end of period		$ 1,871		$ 2,222		$ 2,047		$ 2,489

At March 31, 2013 and December 31, 2012, none of the purchased loans were classified as NPAs. Therefore, interest income, through accretion of the difference between the carrying amount of the loans and the expected cash flows, is being recognized on all purchased loans.

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The following table provides a summary of TDRs, all of which are considered impaired, that continue to accrue interest and TDRs that have been placed in nonaccrual status:

	March 31, 2013	December 31, 2012
	(Dollars in millions)	
Performing TDRs:		
Commercial:		
Commercial and industrial	$ 54	$ 77
CRE - other	67	67
CRE - residential ADC	24	21
Direct retail lending	193	197
Sales finance	19	19
Revolving credit	55	56
Residential mortgage	715	769
Other lending subsidiaries	162	121
Total performing TDRs	1,289	1,327
Nonperforming TDRs (also included in NPL disclosures)	222	240
Total TDRs	$ 1,511	$ 1,567
ALLL attributable to TDRs, excluding government guaranteed	$ 287	$ 281
Amounts excluded from above table:		
Government guaranteed residential mortgage TDRs held for investment	$ 336	$ 313
Government guaranteed residential mortgage TDRs held for sale	2	2

The following table provides a summary of BB&T's NPAs and loans 90 days or more past due and still accruing:

	March 31, 2013	December 31, 2012

	(Dollars in millions)	
NPLs held for investment	$ 1,283	$ 1,380
Foreclosed real estate	88	107
Other foreclosed property	42	49
Total NPAs (excluding covered assets)	$ 1,413	$ 1,536
Loans 90 days or more past due and still accruing (excluding covered loans)	$ 138	$ 167
Amounts excluded from above table:		
Covered foreclosed real estate	$ 232	$ 254
GNMA guaranteed residential mortgage loans	514	517
Covered loans 90 days or more past due	371	442
Government guaranteed residential mortgage loans 90 days or more past due	249	252

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NOTE 4. ACL

An analysis of the ACL is presented in the following tables:

Three Months Ended March 31, 2013	Beginning Balance	Charge-Offs	Recoveries	Provision	Ending Balance
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 470	$ (91)	$ 7	$ 142	$ 528
CRE - other	204	(36)	4	(1)	171
CRE - residential ADC	100	(20)	6	(39)	47
Other lending subsidiaries	13	(1)	1		13
Retail:					
Direct retail lending	300	(42)	8	(12)	254
Revolving credit	102	(21)	5	11	97
Residential mortgage	328	(33)	1	20	316
Sales finance	29	(6)	2	5	30
Other lending subsidiaries	264	(67)	8	95	300
Covered	128	(14)		25	139
Unallocated	80				80
ALLL	2,018	(331)	42	246	1,975
RUFC	30			26	56
ACL	$ 2,048	$ (331)	$ 42	$ 272	$ 2,031

Three Months Ended March 31, 2012	Beginning Balance	Charge-Offs	Recoveries	Provision	Ending Balance
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 433	$ (63)	$ 4	$ 152	$ 526
CRE - other	334	(73)	3	30	294
CRE - residential ADC	286	(54)	8	(34)	206
Other lending subsidiaries	11	(3)	1	4	13
Retail:					
Direct retail lending	232	(57)	10	116	301
Revolving credit	112	(22)	5	(1)	94
Residential mortgage	365	(42)	1	(23)	301
Sales finance	38	(7)	3	(2)	32
Other lending subsidiaries	186	(57)	6	47	182
Covered	149	(15)		3	137
Unallocated	110			(15)	95
ALLL	2,256	(393)	41	277	2,181
RUFC	29			11	40
ACL	$ 2,285	$ (393)	$ 41	$ 288	$ 2,221

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The following tables provide a breakdown of the ALLL and the recorded investment in loans based on the method for determining the allowance:

	ALLL			
	March 31, 2013		December 31, 2012	
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
	(Dollars in millions)			
Commercial:				
Commercial and industrial	$ 78	$ 450	$ 73	$ 397
CRE - other	33	138	36	168
CRE - residential ADC	15	32	21	79
Other lending subsidiaries		13	1	12
Retail:				
Direct retail lending	43	211	59	241
Revolving credit	24	73	24	78
Residential mortgage	155	161	130	198
Sales finance	5	25	6	23
Other lending subsidiaries	86	214	61	203
Covered		139		128
Unallocated		80		80
Total	$ 439	$ 1,536	$ 411	$ 1,607

	Loans and Leases			
	March 31, 2013		December 31, 2012	
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
	(Dollars in millions)			

Commercial:				
Commercial and industrial	$ 615	$ 37,814	$ 631	$ 37,664
CRE - other	291	11,134	312	11,149
CRE - residential ADC	123	1,052	155	1,106
Other lending subsidiaries	3	4,021	3	4,135
Retail:				
Direct retail lending	233	15,534	235	15,582
Revolving credit	55	2,229	56	2,274
Residential mortgage	1,202	22,752	1,187	23,085
Sales finance	23	8,091	22	7,714
Other lending subsidiaries	185	5,834	146	5,853
Covered		3,005		3,294
Total	$ 2,730	$ 111,466	$ 2,747	$ 111,856

BB&T monitors the credit quality of its commercial portfolio using internal risk ratings, which are based on established regulatory guidance. BB&T assigns an internal risk rating at loan origination and reviews the relationship again on an annual basis or at any point management becomes aware of information affecting the borrower's ability to fulfill their obligations.

Risk Rating	Description
Pass	Loans not considered to be problem credits
Special mention	Loans that have a potential weakness deserving management's close attention
Substandard	Loans for which a well-defined weakness has been identified that may put full collection of contractual cash flows at risk

BB&T monitors the credit quality of its retail portfolio based primarily on delinquency status, which is the primary factor considered in determining whether a retail loan should be classified as nonaccrual.

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The following tables illustrate the credit quality indicators associated with loans and leases held for investment. Covered loans are excluded from this analysis because their related allowance is determined by loan pool performance.

March 31, 2013	**Commercial & Industrial**	**CRE - Other**	**CRE - Residential ADC**	**Other Lending Subsidiaries**
	(Dollars in millions)			
Commercial:				
Pass	$ 36,287	$ 10,241	$ 839	$ 3,967
Special mention	251	80	23	33
Substandard - performing	1,358	916	219	22
Nonperforming	533	188	94	2
Total	$ 38,429	$ 11,425	$ 1,175	$ 4,024

	Direct Retail Lending	**Revolving Credit**	**Residential Mortgage**	**Sales Finance**	**Other Lending Subsidiaries**
	(Dollars in millions)				
Retail:					
Performing	$ 15,640	$ 2,284	$ 23,699	$ 8,108	$ 5,941
Nonperforming	127		255	6	78
Total	$ 15,767	$ 2,284	$ 23,954	$ 8,114	$ 6,019

December 31, 2012	**Commercial & Industrial**	**CRE - Other**	**CRE - Residential ADC**	**Other Lending Subsidiaries**
	(Dollars in millions)			
Commercial:				
Pass	$ 36,044	$ 10,095	$ 859	$ 4,093
Special mention	274	120	41	13
Substandard - performing	1,431	1,034	233	29
Nonperforming	546	212	128	3
Total	$ 38,295	$ 11,461	$ 1,261	$ 4,138

	Direct Retail Lending	Revolving Credit	Residential Mortgage	Sales Finance	Other Lending Subsidiaries
	(Dollars in millions)				
Retail:					
Performing	$ 15,685	$ 2,330	$ 24,003	$ 7,729	$ 5,916
Nonperforming	132		269	7	83
Total	$ 15,817	$ 2,330	$ 24,272	$ 7,736	$ 5,999

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The following tables represent aging analyses of BB&T's past due loans and leases held for investment. Covered loans have been excluded from this aging analysis because they are covered by FDIC loss sharing agreements, and their related allowance is determined by loan pool performance due to the application of the accretion method.

March 31, 2013	**Accruing**				
	Current	**30-89 Days Past Due**	**90 Days Or More Past Due**	**Nonaccrual**	**Total**
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 37,862	$ 34	$	$ 533	$ 38,429
CRE - other	11,227	10		188	11,425
CRE - residential ADC	1,079	2		94	1,175
Other lending subsidiaries	4,000	17	5	2	4,024
Retail:					
Direct retail lending	15,470	136	34	127	15,767
Revolving credit	2,250	20	14		2,284
Residential mortgage	21,999	529	77	255	22,860
Sales finance	8,059	42	7	6	8,114
Other lending subsidiaries	5,774	166	1	78	6,019
Total	$ 107,720	$ 956	$ 138	$ 1,283	$ 110,097

Residential mortgage loans excluded from above table:

Government guaranteed	$ 243	$ 83	$ 249	$	$ 575
GNMA guaranteed		5	514		519

December 31, 2012	Accruing Current	30-89 Days Past Due	90 Days Or More Past Due	Nonaccrual	Total
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 37,706	$ 42	$ 1	$ 546	$ 38,295
CRE - other	11,237	12		212	11,461
CRE - residential ADC	1,131	2		128	1,261
Other lending subsidiaries	4,106	20	9	3	4,138
Retail:					
Direct retail lending	15,502	145	38	132	15,817
Revolving credit	2,291	23	16		2,330
Residential mortgage	22,330	498	92	269	23,189
Sales finance	7,663	56	10	7	7,736
Other lending subsidiaries	5,645	270	1	83	5,999
Total	$ 107,611	$ 1,068	$ 167	$ 1,380	$ 110,226
Residential mortgage loans excluded from above table:					
Government guaranteed	$ 225	$ 84	$ 252	$	$ 561
GNMA guaranteed		5	517		522

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The following tables set forth certain information regarding BB&T's impaired loans, excluding purchased impaired loans and LHFS, that were evaluated for specific reserves.

As Of / For The Three Months Ended March 31, 2013	Recorded Investment	UPB	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(Dollars in millions)				
With no related allowance recorded:					
Commercial:					
Commercial and industrial	$ 108	$ 221	$	$ 108	$
CRE - other	55	99		59	
CRE - residential ADC	38	79		42	
Other lending subsidiaries				1	
Retail:					
Direct retail lending	25	81		21	
Residential mortgage (1)	122	208		120	1
Sales finance	1	2		2	
Other lending subsidiaries	3	7		3	
With an allowance recorded:					
Commercial:					
Commercial and industrial	507	557	78	495	1
CRE - other	236	239	33	238	1

CRE - residential ADC	85	90	15	100	
Other lending subsidiaries	3	3		1	
Retail:					
Direct retail lending	208	214	43	214	3
Revolving credit	55	55	24	56	1
Residential mortgage (1)	744	762	108	749	8
Sales finance	22	22	5	21	
Other lending subsidiaries	182	183	86	153	1
Total (1)	$ 2,394	$ 2,822	$ 392	$ 2,383	$ 16

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As Of / For The Year Ended December 31, 2012	Recorded Investment	UPB	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(Dollars in millions)				
With no related allowance recorded:					
Commercial:					
Commercial and industrial	$ 116	$ 232	$	$ 117	$
CRE - other	60	108		81	
CRE - residential ADC	44	115		103	
Retail:					
Direct retail lending	19	73		19	1
Residential mortgage (1)	120	201		80	2
Sales finance	1	3		1	
Other lending subsidiaries	2	6		3	
With an allowance recorded:					
Commercial:					
Commercial and industrial	515	551	73	522	3
CRE - other	252	255	36	319	5
CRE - residential ADC	111	116	21	180	1
Other lending subsidiaries	3	3	1	4	
Retail:					
	216	226	59	140	9

Direct retail lending					
Revolving credit	56	56	24	59	2
Residential mortgage (1)	754	770	104	649	28
Sales finance	21	21	6	13	
Other lending subsidiaries	144	146	61	66	2
Total (1)	$ 2,434	$ 2,882	$ 385	$ 2,356	$ 53

(1) Residential mortgage loans exclude $336 million and $313 million in government guaranteed loans and related allowance of $47 million and $26 million as of March 31, 2013 and December 31, 2012, respectively.

The following table includes modifications made to existing TDRs, as well as new modifications that are considered TDRs. Balances represent the recorded investment as of the end of the period in which the modification was made. Rate modifications include TDRs made with below market interest rates that also include modifications of loan structures.

	Three Months Ended March 31,					
	2013			**2012**		
	Types of Modifications		**Impact To**	**Types of Modifications**		**Impact To**
	Rate	**Structure**	**Allowance**	**Rate**	**Structure**	**Allowance**
	(Dollars in millions)					
Commercial:						
Commercial and industrial	$ 15	$ 6	$	$ 5	$ 28	$
CRE - other	27	15	1	4	9	1
CRE - residential ADC	5	2			13	
Retail:						
Direct retail lending	12	2	1	6	2	1
Revolving credit	8		2	8		2
	15	21	3	55	9	3

Residential mortgage						
Sales finance	18	5	1	2		
Other lending subsidiaries	55		18	8	2	4

Charge-offs recorded at the modification date were $3 million and $4 million for the three months ended March 31, 2013 and 2012, respectively. The forgiveness of principal or interest for TDRs recorded during the three months ended March 31, 2013 and 2012 was immaterial.

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The following table summarizes the pre-default balance for modifications that experienced a payment default that had been classified as TDRs during the previous 12 months. BB&T defines payment default as movement of the TDR to nonaccrual status, foreclosure or charge-off, whichever occurs first.

	Three Months Ended March 31, 2013	2012
	(Dollars in millions)	
Commercial:		
Commercial and industrial	$ 2	$ 2
CRE - other		1
CRE - residential ADC	1	8
Retail:		
Direct retail lending	1	2
Revolving credit	3	3
Residential mortgage	8	17
Other lending subsidiaries	6	2

If a restructuring subsequently defaults, BB&T evaluates the restructuring for possible impairment. As a result, the related allowance may be increased or charge-offs may be taken to reduce the carrying value of the loan.

NOTE 5. Goodwill and Other Intangible Assets

The changes in the carrying amounts of goodwill attributable to each of BB&T's operating segments are reflected in the table below. To date, there have been no goodwill impairments recorded by BB&T.

	Community Banking	Residential Mortgage Banking	Dealer Financial Services	Specialized Lending	Insurance Services	Financial Services	Total
	(Dollars in millions)						
Balance, January 1, 2013	$ 4,900	$ 7	$ 111	$ 99	$ 1,495	$ 192	$ 6,804
Contingent consideration					6		6
Other adjustments	26			(2)	(11)		13
Balance, March 31, 2013	$ 4,926	$ 7	$ 111	$ 97	$ 1,490	$ 192	$ 6,823

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

	March 31, 2013			December 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Dollars in millions)					
CDI	$ 672	$ (531)	$ 141	$ 672	$ (522)	$ 150
Other, primarily customer relationship intangibles	1,081	(575)	506	1,080	(557)	523
Total	$ 1,753	$ (1,106)	$ 647	$ 1,752	$ (1,079)	$ 673

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NOTE 6. Loan Servicing

Residential Mortgage Banking Activities

The following tables summarize residential mortgage banking activities for the periods presented:

	March 31, 2013	December 31, 2012
	(Dollars in millions)	
Mortgage loans managed or securitized (1)	$ 29,014	$ 29,882
Less: Loans securitized and transferred to AFS securities	4	4
LHFS	3,117	3,547
Covered mortgage loans	982	1,040
Mortgage loans sold with recourse	957	1,019
Mortgage loans held for investment	$ 23,954	$ 24,272
Mortgage loans on nonaccrual status	$ 255	$ 269
Mortgage loans 90 days or	77	92

more past due and still accruing interest (2)		
Mortgage loans net charge-offs - year to date	32	133
UPB of residential mortgage loans servicing portfolio	103,707	101,270
UPB of residential mortgage loans serviced for others	76,830	73,769
Maximum recourse exposure from mortgage loans sold with recourse liability	427	446
Recorded reserves related to recourse exposure	12	12
Repurchase reserves for mortgage loan sales to GSEs	59	59

(1) Balances exclude loans serviced for others with no other continuing involvement.

(2) Includes amounts related to residential mortgage LHFS and excludes amounts related to government guaranteed loans and

covered mortgage loans.

	As Of / For The Three Months Ended March 31, 2013	2012
	(Dollars in millions)	
UPB of residential mortgage loans sold from the held for sale portfolio	$ 7,895	$ 7,567
Pre-tax gains recognized on mortgage loans sold and held for sale	119	127
Servicing fees recognized from mortgage loans serviced for others	61	60
Approximate weighted average servicing fee on the outstanding balance of residential mortgage loans serviced for others	0.31 %	0.33 %
Weighted average coupon interest rate on mortgage loans serviced for others	4.45	4.89

The UPB of BB&T’s total residential mortgage loans serviced for others consists primarily of agency conforming fixed-rate mortgage loans.

During the three months ended March 31, 2013 and 2012, BB&T sold residential mortgage loans from the held for sale portfolio and recognized pre-tax gains including marking LHFS to fair value and the impact of interest rate lock commitments. These gains are recorded in noninterest income as a component of mortgage banking income. BB&T retained the related MSRs and receives servicing fees.

At March 31, 2013 and 2012, BB&T had residential mortgage loans sold with recourse liability. In the event of nonperformance by the borrower, BB&T has recourse exposure for these loans. At both March 31, 2013 and 2012, BB&T has recorded reserves related to these recourse exposures. Payments made to date have been immaterial.

BB&T also issues standard representations and warranties related to mortgage loan sales to GSEs. Although these agreements often do not specify limitations, BB&T does not believe that any payments related to these warranties would materially change the financial condition or results of operations of BB&T.

Residential MSRs are primarily 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

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derivative instruments to mitigate the income statement effect of changes in fair value due to changes in valuation inputs and assumptions of its residential MSRs. The following is an analysis of the activity in BB&T's residential MSRs:

	Three Months Ended March 31,	
	2013	**2012**
	(Dollars in millions)	
Carrying value, January 1,	$ 627	$ 563
Additions	94	84
Change in fair value due to changes in valuation inputs or assumptions:		
Prepayment speeds	55	87
Other		5
Realization of expected net servicing cash flows and payments and passage of time	(41)	(43)
Carrying value, March 31,	$ 735	$ 696
Gains (losses) on derivative financial instruments used to mitigate the income statement effect of changes in fair value	$ (46)	$ (53)

During 2013 and 2012, the prepayment speed assumptions were updated as actual prepayments have slowed relative to modeled projections as interest rates have begun to stabilize and the higher coupon, faster prepaying mortgage loans were refinanced over the past several years.

At March 31, 2013, the valuation of MSRs was based on prepayment speeds ranging from 13.1% to 15.1% and OAS ranging from 8.2% to 8.3%. The sensitivity of the current fair value of the residential MSRs to immediate 10% and 20% adverse changes in key economic assumptions is included in the accompanying table:

	March 31, 2013		
	(Dollars in millions)		
Composition of residential loans serviced for others:			
Fixed-rate mortgage loans		99	%
Adjustable-rate mortgage loans		1	
Total		100	%
Weighted average life		5.2	yrs
Prepayment speed		14.4	%
Effect on fair value of a 10% increase	$	(36)	
Effect on fair value of a 20% increase		(68)	
Weighted average OAS		8.3	%
Effect on fair value of a 10% increase	$	(21)	
Effect on fair value of a 20% increase		(41)	

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. As indicated, changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in the above table, the effect of an adverse variation in a particular assumption on the fair value of the MSRs is calculated without changing any other assumption; while in reality, changes in one factor may result in changes in another, which may magnify or counteract the effect of the change.

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Commercial Mortgage Banking Activities

CRE mortgage loans serviced for others are not included in loans and leases on the accompanying Consolidated Balance Sheets. The following table summarizes commercial mortgage banking activities for the periods presented:

	March 31, 2013	**December 31, 2012**
	(Dollars in millions)	
UPB of CRE mortgages serviced for others	$ 28,910	$ 29,520
CRE mortgages serviced for others covered by recourse provisions	5,021	4,970
Maximum recourse exposure from CRE mortgages sold with recourse liability	1,386	1,368
Recorded reserves related to recourse exposure	13	13
Originated CRE mortgages during the period - year to date	1,082	4,934

NOTE 7. Deposits

A summary of BB&T's deposits is presented in the accompanying table:

	March 31, 2013	December 31, 2012
	(Dollars in millions)	
Noninterest-bearing deposits	$ 33,236	$ 32,452
Interest checking	20,175	21,091
Money market and savings	49,088	47,908
Certificates and other time deposits	28,853	31,624
Total deposits	$ 131,352	$ 133,075
Time deposits $100,000 and greater	$16,860	$ 19,328

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NOTE 8. Long-Term Debt

Long-term debt comprised the following:

	March 31, 2013	December 31, 2012
	(Dollars in millions)	
BB&T Corporation:		
3.38% Senior Notes Due 2013	$ 500	$ 500
5.70% Senior Notes Due 2014	510	510
2.05% Senior Notes Due 2014	700	700
Floating Rate Senior Note Due 2014 (LIBOR-based, 1.00% at March 31, 2013)	300	300
3.95% Senior Notes Due 2016	500	500
3.20% Senior Notes Due 2016	999	999
2.15% Senior Notes Due 2017	748	748
1.60% Senior Notes Due 2017	749	749
1.45% Senior Notes Due 2018	499	499
6.85% Senior Notes Due 2019	539	539
5.20% Subordinated Notes Due 2015	933	933
4.90% Subordinated Notes Due 2017	346	345
5.25% Subordinated Notes Due 2019	586	586
3.95% Subordinated	298	298

Notes Due 2022		
Branch Bank:		
Floating Rate Subordinated Note Due 2016	350	350
Floating Rate Subordinated Note Due 2017	262	262
4.875% Subordinated Notes Due 2013		222
5.625% Subordinated Notes Due 2016	386	386
FHLB Advances to Branch Bank:		
Varying maturities to 2034	8,465	8,994
Other Long-Term Debt	98	100
Fair value hedge-related basis adjustments	548	594
Total Long-Term Debt	$ 18,316	$ 19,114

The subordinated notes qualify under the risk-based capital guidelines as Tier 2 supplementary capital, subject to certain limitations. The Branch Bank floating-rate subordinated notes are based on LIBOR, but the majority of the cash flows have been swapped to a fixed rate. The effective rate paid on these subordinated notes, including the effect of the swapped portion, was 3.26% at March 31, 2013. Certain of the FHLB advances have been swapped to floating rates from fixed rates or from fixed rates to floating rates. At March 31, 2013, the weighted average rate paid on these advances including the effect of the swapped portion was 3.67%, and the weighted average maturity was 7.1 years.

NOTE 9. Shareholders' Equity

Preferred Stock

On May 1, 2013, BB&T issued $500 million of its Series G Non-Cumulative Perpetual Preferred Stock. Dividends on the Series G preferred stock, if declared, are payable quarterly, in arrears, at a rate of 5.20% per annum.

Equity-Based Plans

At March 31, 2013, BB&T had options, restricted stock and restricted stock units outstanding from the following equity-based compensation plans: the 2012 Plan, the 2004 Plan, the Omnibus Plan, and the Directors' Plan. BB&T's shareholders have approved all equity-based compensation plans. As of March 31, 2013, the 2012 Plan is the only plan that has shares available for future grants. The 2012 and 2004 Plans allow for accelerated vesting of awards for holders who retire and have met all retirement eligibility requirements and in connection with certain other events.

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BB&T measures the fair value of each option award on the date of grant using the Black-Scholes option-pricing model. The following table presents the weighted average assumptions used:

	Three Months Ended March 31, 2013		**2012**	
Assumptions:				
Risk-free interest rate	1.3	%	1.5	%
Dividend yield	3.6		4.4	
Volatility factor	28.0		33.0	
Expected life	7.0	yrs	7.0	yrs
Fair value of options per share	$ 5.48		$ 6.07	

The following table details the activity related to stock options awarded by BB&T:

	Options	**Wtd. Avg. Exercise Price**
Outstanding at January 1, 2013	45,391,074	$ 34.15
Granted	403,720	30.08
Exercised	(300,692)	23.71
Forfeited or expired	(3,966,040)	32.67
Outstanding at March 31, 2013	41,528,062	34.33
Exercisable at March 31, 2013	34,536,185	35.56
Exercisable and expected to vest at March 31, 2013	40,939,310	$ 34.43

The following table details the activity related to restricted stock and restricted stock units awarded by BB&T:

	Shares/Units	**Wtd. Avg. Grant Date Fair Value**
Nonvested at January 1, 2013	13,930,824	$ 19.26
Granted	3,952,279	25.59
Vested	(1,926,629)	23.10
Forfeited	(48,666)	19.32
Nonvested at March 31, 2013	15,907,808	$ 20.36

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NOTE 10. AOCI

Changes in AOCI are summarized below:

	Unrecognized Net Pension and Postretirement Costs	Unrealized Net Gains (Losses) on Cash Flow Hedges	Unrealized Net Gains (Losses) on AFS Securities	FDIC's Share of Unrealized (Gains) Losses on AFS Securities	Other, net	Total
	(Dollars in millions)					
Balance, January 1, 2013	$ (714)	$ (173)	$ 598	$ (256)	$ (14)	$ (559)
OCI before reclassifications, net of tax	2	(6)	(65)	(25)		(94)
Amounts reclassified from AOCI:						
Personnel expense	20					20
Interest income			29	19		48
Interest expense		21				21
FDIC loss share income, net						
Securities (gains) losses, net			(23)			(23)
Total before income taxes	20	21	6	19		66
Less: Income taxes	8	8	2	7		25
Net of income taxes	12	13	4	12		41
Net change in OCI	14	7	(61)	(13)		(53)
Balance, March 31, 2013	$ (700)	$ (166)	$ 537	$ (269)	$ (14)	$ (612)

	Unrecognized Net Pension and Postretirement Costs	Unrealized Net Gains (Losses) on Cash Flow Hedges	Unrealized Net Gains (Losses) on AFS Securities	FDIC's Share of Unrealized (Gains) Losses on AFS Securities	Other, net	Total
	(Dollars in millions)					
Balance, January 1, 2012	$ (603)	$ (159)	$ 263	$ (195)	$ (19)	$ (713)

OCI before reclassifications, net of tax		(8)	91	(44)	1	40
Amounts reclassified from AOCI:						
Personnel expense	17					17
Interest income		(4)	46		1	43
Interest expense		18				18
FDIC loss share income, net				4		4
Securities (gains) losses, net			9			9
Total before income taxes	17	14	55	4	1	91
Less: Income taxes	6	5	21	2		34
Net of income taxes	11	9	34	2	1	57
Net change in OCI	11	1	125	(42)	2	97
Balance, March 31, 2012	$ (592)	$ (158)	$ 388	$ (237)	$ (17)	$ (616)

NOTE 11. Income Taxes

The effective tax rate for the three months ended March 31, 2013 was higher than the corresponding period of 2012 primarily due to an adjustment for uncertain tax positions as described below.

In February 2010, BB&T received an IRS statutory notice of deficiency for tax years 2002-2007 asserting a liability for taxes, penalties and interest of approximately $892 million related to the disallowance of foreign tax credits and other deductions claimed by a subsidiary in connection with a financing transaction. BB&T paid the disputed tax, penalties and interest in March 2010 and filed a lawsuit seeking a refund in the U.S. Court of Federal Claims. On February 11, 2013, the U.S. Tax Court issued an adverse opinion in a case between the Bank of New York Mellon Corporation and the IRS involving a transaction with a structure similar to BB&T's financing transaction. Bank of New York Mellon has indicated it intends to appeal the decision. BB&T has confidence in its position because, among other reasons, BB&T has raised arguments and issues in its case that were not considered by the Tax Court in the Bank of New York Mellon case. BB&T's trial concluded April 2, 2013; however, no decision has been rendered. Nonetheless, BB&T recognized an expense of $281 million in the first quarter of 2013 as a result of its consideration of this adverse decision. As litigation progresses, it is

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reasonably possible changes in the valuation of uncertain tax positions could range from a benefit of $496 million to an expense of $328 million within the next 12 months.

NOTE 12. Benefit Plans

The following tables summarize the components of net periodic benefit cost recognized for BB&T's pension plans for the periods presented:

	Qualified Plan		**Nonqualified Plans**	
	Three Months Ended March 31,		**Three Months Ended March 31,**	
	2013	**2012**	**2013**	**2012**
	(Dollars in millions)			
Service cost	$ 37	$ 29	$ 3	$ 2
Interest cost	27	25	3	3
Estimated return on plan assets	(64)	(49)		
Amortization and other	20	17	3	1
Net periodic benefit cost	$ 20	$ 22	$ 9	$ 6

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 $270 million was made in the first quarter of 2013. Management is considering additional contributions in 2013.

NOTE 13. Commitments and Contingencies

The following table presents a summary of certain commitments and contingencies:

	March 31, 2013	December 31, 2012
	(Dollars in millions)	
Letters of credit and financial guarantees written	$5,205	$ 5,164
Carrying amount of the liability for letter of credit guarantees	42	30
Investments related to affordable housing and historic building rehabilitation projects	1,195	1,223
Amount of future funding commitments included in investments related to affordable housing and historic rehabilitation projects	391	461
Lending exposure to these affordable housing projects	96	87
Tax credits subject to recapture related to affordable housing projects	206	193
Investments in private equity and similar investments	330	323
Future funding commitments to	113	129

private equity
and similar
investments

Letters of credit and financial guarantees written are unconditional commitments issued by BB&T to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper issuance, bond financing and similar transactions, the majority of which are to tax exempt entities. The credit risk involved in the issuance of these guarantees is essentially the same as that involved in extending loans to clients and as such, the instruments are collateralized when necessary.

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. Tax credits are subject to recapture by taxing authorities based on compliance features required to be met at the project level. BB&T's maximum potential exposure to losses relative to investments in VIEs is generally limited to the sum of the outstanding balance, future funding commitments and any related loans to the entity. Loans to these entities are underwritten in substantially the same manner as are other loans and are generally secured.

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Legal Proceedings

The nature of the business of BB&T's banking and other subsidiaries ordinarily results in a certain amount of claims, litigation, investigations and legal and administrative cases and proceedings, all of which are considered incidental to the normal conduct of business. BB&T believes it has meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings and, with respect to such legal proceedings, intends to continue to defend itself vigorously, litigating or settling cases according to management's judgment as to what is in the best interests of BB&T and its shareholders.

The Company was a defendant in three separate cases primarily challenging the Company's daily ordering of debit transactions posted to customer checking accounts for the period from 2003 to 2010. The final case was resolved during March 2013, at which time the court issued an order compelling arbitration and dismissing the matter. The time for an appeal from that order expired with no appeal being taken. As a result, all three matters are now concluded.

On at least a quarterly basis, BB&T assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. For those matters where it is probable that BB&T will incur a loss and the amount of the loss can be reasonably estimated, BB&T records a liability in its consolidated financial statements. These legal reserves may be increased or decreased to reflect any relevant developments on at least a quarterly basis. For other matters, where a loss is not probable or the amount of the loss is not estimable, BB&T has not accrued legal reserves. While the outcome of legal proceedings is inherently uncertain, based on information currently available, advice of counsel and available insurance coverage, BB&T's management believes that its established legal reserves are adequate and the liabilities arising from BB&T's legal proceedings will not have a material adverse effect on the consolidated financial position, consolidated results of operations or consolidated cash flows of BB&T. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to BB&T's consolidated financial position, consolidated results of operations or consolidated cash flows.

NOTE 14. Fair Value Disclosures

BB&T carries various assets and liabilities at fair value based on applicable accounting standards, including prime residential mortgage and commercial mortgage loans originated as LHFS. Accounting standards define fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. These standards also established a three level fair value hierarchy that describes the inputs that are used to measure assets and liabilities. Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities. Level 2 asset and liability fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

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Assets and liabilities measured at fair value on a recurring basis are summarized below:

		Fair Value Measurements for Assets and Liabilities Measured on a Recurring Basis		
	3/31/2013	**Level 1**	**Level 2**	**Level 3**
		(Dollars in millions)		
Assets:				
Trading securities	$ 627	$ 238	$ 388	$ 1
AFS securities:				
GSE securities	343		343	
RMBS issued by GSE	19,945		19,945	
States and political subdivisions	1,993		1,993	
Non-agency RMBS	304		304	
Other securities	2	1	1	
Covered securities	1,583		587	996
LHFS	3,432		3,432	
Residential MSRs	735			735
Derivative assets:				
Interest rate contracts	1,236		1,198	38
Foreign exchange contracts	3		3	
Private equity and similar investments	330			330
Total assets	$ 30,533	$ 239	$ 28,194	$ 2,100
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ 1,321	$	$ 1,318	$ 3
Foreign exchange contracts	3		3	
Short-term borrowings	313		313	
Total liabilities	$ 1,637	$	$ 1,634	$ 3

		Fair Value Measurements for Assets and Liabilities Measured on a Recurring Basis		
	12/31/2012	**Level 1**	**Level 2**	**Level 3**
		(Dollars in millions)		
Assets:				
Trading securities	$ 497	$ 302	$ 194	$ 1
AFS securities:				
GSE securities	290		290	
RMBS issued by GSE	20,930		20,930	
States and political subdivisions	2,011		2,011	
Non-agency RMBS	312		312	
Other securities	3	2	1	

Covered securities	1,591		597	994
LHFS	3,761		3,761	
Residential MSRs	627			627
Derivative assets:				
Interest rate contracts	1,446		1,391	55
Foreign exchange contracts	5		5	
Private equity and similar investments	323			323
Total assets	$ 31,796	$ 304	$ 29,492	$ 2,000
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ 1,434	$	$ 1,433	$ 1
Foreign exchange contracts	4		4	
Short-term borrowings	98		98	
Total liabilities	$ 1,536	$	$ 1,535	$ 1

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The following discussion foc