

BB&T CORP
Form 8-K
October 11, 2002

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

**Form 8-K
Current Report**

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

October 11, 2002

Date of Report (Date of earliest event reported)

BB&T Corporation

(Exact name of registrant as specified in its charter)

Commission file number : 1-10853

North Carolina
(State of incorporation)

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

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

27101
(Zip Code)

(336) 733-2000

(Registrant's telephone number, including area code)

This Form 8-K has 14 pages.

ITEM 9. OTHER EVENTS

The purpose of this Current Report on Form 8-K is to file BB&T Corporation's Quarterly Performance Summary for the third quarter of 2002.

EXHIBIT INDEX

Exhibit 99.1 Quarterly Performance Summary issued October 11, 2002

October 11, 2002

FOR IMMEDIATE RELEASE

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BB&T s earnings increase 18.5% in 3rd quarter

WINSTON-SALEM, N.C. BB&T Corporation (NYSE:BBT) reported today record earnings for the third quarter of 2002 totaling \$336.0 million, excluding merger-related charges. These earnings reflect an increase of 18.5% compared with \$283.5 million earned in the third quarter of 2001. Diluted earnings per share for the current quarter were \$.70 excluding merger-related charges, an increase of 12.9% compared with \$.62 earned during the third quarter last year.

The merger-related charges for the third quarter of 2002, which totaled \$7.8 million on an after-tax basis, resulted primarily from the acquisitions and systems integrations of AREA Bancshares Corporation and MidAmerica Bancorp.

BB&T s third quarter 2002 annualized returns on average assets and average shareholders equity were 1.72% and 18.09%, respectively, excluding merger-related charges, compared with prior year ratios of 1.62% and 19.05%, respectively.

Cash basis operating results exclude the effects of intangible assets and related amortization expenses. Excluding merger-related charges, cash basis earnings totaled \$340.3 million for the third quarter of 2002, or \$.71 per diluted share. These results reflect increases of 13.2% in cash basis earnings and 9.2% in cash basis diluted earnings per share compared with prior year results. Cash basis earnings for the current quarter produced an annualized return on average tangible assets of 1.78%, and an annualized return on average tangible shareholders equity of 23.72%.

Including merger-related charges, net income for the third quarter of 2002 totaled \$328.2 million compared with \$222.0 million earned in the third quarter of 2001, an increase of 47.8%. On a diluted per share basis, net income for the quarter was \$.68, up 41.7% compared with \$.48 earned in the comparable period in 2001. Net income for the third quarter generated an annualized return on average assets of 1.68% and an annualized return on average shareholders equity of 17.66% compared with prior year ratios of 1.27% and 14.92%, respectively. For the first nine months of 2002, net income totaled \$965.8 million, an increase of 38.8% compared with \$695.7 million earned in the first nine months of 2001. On a diluted per share basis, year-to-date earnings were \$2.02, up 33.8% compared with last year.

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I am pleased to announce solid third quarter results, particularly given the sluggish business conditions, said Chairman and Chief Executive Officer John A. Allison. The economy has been marked by slower commercial loan growth, increased levels of credit losses and nonperforming assets, and record volumes of mortgage refinance activity, which produce writedowns in mortgage servicing assets. In the face of all these challenges, BB&T has performed remarkably well.

For the first nine months of 2002, BB&T's earnings were \$974.2 million, or \$2.04 per diluted share, excluding \$18.2 million of after-tax merger-related charges and \$9.8 million of net income resulting from the implementation of a new accounting principle during the first quarter. These earnings reflect increases of 19.9% and 15.3%, respectively, compared with 2001. Earnings for the nine months ended Sept. 30, excluding merger-related charges and the cumulative effect of adopting a new accounting standard, generated an annualized return on average assets of 1.74% and an annualized return on average shareholders' equity of 18.60%, compared with prior year ratios of 1.59% and 19.11%, respectively.

Noninterest Income Growth Drives Performance

Total noninterest income was \$422.2 million for the third quarter of 2002, an increase of 25.4% compared with the same period in 2001. This increase was primarily driven by service charges on deposits, agency insurance commissions, trust revenues and investment banking and brokerage fees and commissions.

Income from service charges on deposit accounts totaled \$104.8 million for the third quarter, an increase of 18.6% compared with the same period in 2001. This increase resulted from growth in commercial account analysis fees, service charge revenues from acquired banks and growth in deposit accounts and transaction volume.

BB&T's revenues from insurance operations totaled \$76.5 million in the third quarter of 2002, up 73.4% compared with the third quarter last year. This significant increase reflects a number of acquisitions during the last quarter of 2001 and during 2002, the largest of which was the Jan. 1 purchase of CRC Insurance Services, Inc., BB&T's wholesale insurance brokerage subsidiary.

Trust revenues totaled \$27.4 million during the third quarter, an increase of 19.4% compared to the same period last year. Higher fees from asset and estate management produced this healthy growth during the quarter.

Investment banking and brokerage fees and commissions totaled \$47.9 million for the quarter, an increase of 9.9% compared with the third quarter last year. This increase resulted from higher fixed income securities underwriting fees, retail brokerage fees and investment banking income.

MORE

BB&T's income from mortgage banking operations reflects a net loss of \$59.5 million for the third quarter caused by a \$130.8 million writedown in capitalized mortgage servicing rights. The writedown was due to continued declines in mortgage rates and resulting high volumes of mortgage refinance activity. The writedown in servicing rights was offset by gains from sales of securities available for sale.

MORE

Throughout the current economic slowdown, our noninterest income generating businesses have produced strong results, said Allison. This performance can be attributed to BB&T's focus on integrated relationship management—identifying and providing the services our clients need. Our sales culture provides a distinct competitive advantage in periods of economic growth as well as more challenging business conditions.

Average Loans Increase 9.4%

BB&T's loan and lease portfolio averaged \$51.6 billion for the third quarter, an increase of 9.4% compared to the third quarter of 2001. Average commercial loans and leases increased 11.9% over this time frame, and average consumer loans also increased 11.9%. Average mortgage loans for the third quarter of 2002 decreased slightly compared to the same period last year, a result of sales of mortgage loans. Excluding acquisitions since the third quarter of 2001, average loans increased 1.3% in the current quarter compared to the prior year.

Nonperforming Assets and Loan Losses Increase Due to Sluggish Economy

BB&T's total nonperforming assets and loan charge-offs increased during the third quarter. Nonperforming assets as a percentage of total assets were .54% at Sept. 30, up from .45% at the end of the third quarter of 2001, but relatively stable compared to the last three quarters. Annualized net charge-offs were .49% of average loans and leases for the third quarter of 2002, compared with .37% for the third quarter last year. Excluding losses at BB&T's specialized lending subsidiaries, annualized net charge-offs for the third quarter of 2002 were .40% of average loans and leases. Compared with the most recent industry data released by the FDIC, BB&T's nonperformers and charge-offs continue to be approximately half that of the industry.

BB&T Expands in Fast-Growing Markets

On Sept. 27, BB&T announced plans to acquire Equitable Bank of Wheaton, Md. The acquisition expands BB&T's presence in the fast-growing and economically dynamic Maryland suburbs of Washington, D.C. Equitable has approximately \$477 million in assets and operates five full-service banking offices in Montgomery and Prince George's counties. BB&T is the fifth largest bank in metro Washington, D.C., in terms of deposit market share.

On Oct. 3, plans were announced to acquire FloridaFirst Bancorp of Lakeland, Fla. FloridaFirst has approximately \$812 million in assets and operates 18 full-service banking offices in Polk, Manatee, Highlands and Sumter counties in central Florida and along the west central coast. The planned transaction builds on BB&T's recently completed acquisition of Regional Financial Corp., the parent company for First South Bank, a \$1.6 billion financial institution based in Tallahassee, Fla., with offices in the Florida Panhandle, Jacksonville, and along the Gulf Coast from Beverly Hills to Naples. These acquisitions represent the first steps in BB&T's plans to build a strong presence in Florida, one of America's most economically attractive and fastest growing states.

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On Sept. 18, BB&T announced plans to acquire Piedmont Brokerage Services LLC, a professional liability specialist based in High Point, N.C. Piedmont Brokerage Services' specialty lines include liability coverage for directors and officers, errors and omissions policies, and employment practices liability.

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On July 1, BB&T completed its acquisition of Hunt, DuPree, Rhine & Associates Inc., an employee benefits and investment advisory firm based in Greenville, S.C. The firm was combined with W.E. Stanley, the Greensboro, N.C.-based actuarial and employee benefits consulting company BB&T acquired in 1998. The combined company offers group medical plans, insurance and investment consulting, actuarial services, benefit communications, and 401(k) and Section 125 flexible benefits programs.

BB&T Insurance Services announced plans to acquire two high-quality insurance agencies. On Oct. 1, plans were announced to acquire Landrum-Yaeger & Associates Inc. of Tallahassee, Fla., providing BB&T's insurance subsidiary with its initial presence in Florida. On Oct. 4, BB&T said it would expand its South Carolina insurance operations through the acquisition of Carolina Insurance Consultants, of Greenville.

Also during the third quarter, BB&T successfully completed the systems integrations of AREA Bancshares of Owensboro, Ky., and MidAmerica Bancorp of Louisville, Ky. These acquisitions make BB&T the third largest financial institution in Kentucky.

At Sept. 30, BB&T had \$78.2 billion in assets and operated more than 1,100 banking offices in the Carolinas, Virginia, West Virginia, Kentucky, Georgia, Maryland, Tennessee, Florida, Alabama, Indiana and Washington, D.C. BB&T's common stock is traded on the New York Stock Exchange under the trading symbol BBT. The closing price of BB&T's common stock on Oct. 10 was \$33.04 per share.

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

To hear a live webcast of BB&T's third quarter 2002 earnings conference call at 10 a.m. today, please visit our web site at www.BB&T.com. Replays of the conference call will be available through our web site until 5 p.m. (EDT) Oct. 25.

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

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

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| | For the Three Months Ended | | Increase (Decrease) | |
|---|----------------------------|---------|---------------------|---|
| (Dollars in thousands, except per share data) | 9/30/02 | 9/30/01 | \$ | % |

| | For the Three Months Ended | | Increase (Decrease) | |
|--|----------------------------|--------------|---------------------|--------|
| INCOME STATEMENT EXCLUDING MERGER-RELATED CHARGES (1) | | | | |
| Interest income - taxable equivalent | \$ 1,167,558 | \$ 1,260,544 | \$ (92,986) | (7.4)% |
| Interest expense | 424,903 | 591,820 | (166,917) | (28.2) |
| Net interest income - taxable equivalent | 742,655 | 668,724 | 73,931 | 11.1 |
| Less: Taxable equivalent adjustment | 40,563 | 45,572 | (5,009) | (11.0) |
| Net interest income | 702,092 | 623,152 | 78,940 | 12.7 |
| Provision for loan & lease losses | 64,000 | 45,500 | 18,500 | 40.7 |
| Net interest income after provision for loan & lease losses | 638,092 | 577,652 | 60,440 | 10.5 |
| Noninterest income (2) | 422,247 | 336,593 | 85,654 | 25.4 |
| Noninterest expense (3) | 593,367 | 514,710 | 78,657 | 15.3 |
| Income before income taxes | 466,972 | 399,535 | 67,437 | 16.9 |
| Provision for income taxes | 131,003 | 116,020 | 14,983 | 12.9 |
| Income excluding merger-related charges (1) | 335,969 | 283,515 | 52,454 | 18.5 |
| Merger-related charges, net of tax (1) | 7,812 | 61,549 | (53,737) | NM |
| Net income | \$ 328,157 | \$ 221,966 | \$ 106,191 | 47.8 % |

PER SHARE DATA EXCLUDING MERGER-RELATED CHARGES (1)

| | | | | |
|---------------------------------|-------------|-------------|--------|--------|
| Basic earnings | \$.70 | \$.62 | \$.08 | 12.9 % |
| Diluted earnings | .70 | .62 | .08 | 12.9 |
| Weighted average shares - | | | | |
| Basic | 477,112,074 | 454,346,907 | | |
| Diluted | 482,325,535 | 460,387,879 | | |
| Dividends paid on common shares | \$.29 | \$.26 | \$.03 | 11.5 % |

PERFORMANCE RATIOS EXCLUDING MERGER-RELATED CHARGES (1)

| | | | | |
|--|--------|--------|--|--|
| Return on average assets | 1.72 % | 1.62 % | | |
| Return on average equity | 18.09 | 19.05 | | |
| Return on average realized equity (4) | 18.93 | 20.00 | | |
| Net yield on earning assets (taxable equivalent) | 4.25 | 4.19 | | |
| Efficiency (taxable equivalent) (5) | 50.9 | 51.3 | | |

CASH BASIS PERFORMANCE EXCLUDING MERGER-RELATED CHARGES (1)(6)

| | | | | |
|--|------------|------------|-----------|--------|
| Earnings excluding merger-related charges | \$ 340,261 | \$ 300,643 | \$ 39,618 | 13.2 % |
| Diluted earnings per share | .71 | .65 | .06 | 9.2 |
| Return on average tangible assets | 1.78 % | 1.73 % | | |
| Return on average tangible equity | 23.72 | 23.57 | | |
| Return on average realized tangible equity (4) | 25.17 | 24.94 | | |
| Efficiency ratio (taxable equivalent) (5) | 50.3 | 49.6 | | |

| | For the Three Months Ended | | Increase (Decrease) | |
|---|----------------------------|--------------|---------------------|--------|
| (Dollars in thousands, except per share data) | 9/30/02 | 9/30/01 | \$ | % |
| INCOME STATEMENT | | | | |
| Interest income - taxable equivalent | \$ 1,167,558 | \$ 1,259,083 | \$ (91,525) | (7.3)% |
| Interest expense | 424,903 | 591,820 | (166,917) | (28.2) |
| Net interest income - taxable equivalent | 742,655 | 667,263 | 75,392 | 11.3 |
| Less: Taxable equivalent adjustment | 40,563 | 45,572 | (5,009) | (11.0) |
| Net interest income | 702,092 | 621,691 | 80,401 | 12.9 |
| Provision for loan & lease losses | 64,000 | 68,500 | (4,500) | (6.6) |
| Net interest income after provision for loan & lease losses | 638,092 | 553,191 | 84,901 | 15.3 |
| Noninterest income | 422,247 | 335,982 | 86,265 | 25.7 |
| Noninterest expense | 606,061 | 581,911 | 24,150 | 4.2 |
| Income before income taxes | 454,278 | 307,262 | 147,016 | 47.8 |

| | For the Three Months Ended | | Increase (Decrease) | |
|----------------------------|----------------------------|------------|---------------------|--------|
| Provision for income taxes | 126,121 | 85,296 | 40,825 | 47.9 |
| Net Income | \$ 328,157 | \$ 221,966 | \$ 106,191 | 47.8 % |

PER SHARE DATA

| | | | | |
|---------------------------------|---------|-------------|-------------|--------|
| Basic earnings | \$.69 | \$.49 | \$.20 | 40.8 % |
| Diluted earnings | .68 | .48 | .20 | 41.7 |
| Weighted average shares - | Basic | 477,112,074 | 454,346,907 | |
| | Diluted | 482,325,535 | 460,387,879 | |
| Dividends paid on common shares | \$.29 | \$.26 | \$.03 | 11.5 % |

PERFORMANCE RATIOS BASED ON NET INCOME

| | | |
|---------------------------------------|--------|--------|
| Return on average assets | 1.68 % | 1.27 % |
| Return on average equity | 17.66 | 14.92 |
| Return on average realized equity (4) | 18.49 | 15.65 |

NOTES:

- Applicable ratios are annualized.
- (1) Merger-related charges include \$7.8 million and \$61.5 million in 2002 and 2001, respectively, of net after-tax expenses primarily associated with acquisitions.
 - (2) Excluding purchase accounting transactions, noninterest income would have increased \$37.5 million, or 11.1%, for the quarter compared to the same period in 2001.
 - (3) Excluding purchase accounting transactions, noninterest expense would have increased \$10.9 million, or 2.1%, for the quarter compared to the same period in 2001.
 - (4) Excludes the effect on average shareholders' equity of unrealized gains (losses) on securities available for sale.
 - (5) Excludes securities gains (losses), foreclosed property expense, provisions for the impairment of mortgage servicing rights and merger-related charges.
 - (6) Cash basis performance excludes the effect on earnings of amortization expense applicable to intangible assets and the unamortized balances of intangibles from assets and equity.
- NM - not meaningful.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

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| | For the Nine Months Ended | | Increase (Decrease) | |
|---|---------------------------|---------|---------------------|---|
| (Dollars in thousands, except per share data) | 9/30/02 | 9/30/01 | \$ | % |

INCOME STATEMENT EXCLUDING MERGER-RELATED CHARGES (1)

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| | For the Nine Months Ended | | Increase (Decrease) | |
|---|---------------------------|--------------|---------------------|---------|
| Interest income - taxable equivalent | \$ 3,446,585 | \$ 3,863,053 | \$ (416,468) | (10.8)% |
| Interest expense | 1,291,433 | 1,911,465 | (620,032) | (32.4) |
| Net interest income - taxable equivalent | 2,155,152 | 1,951,588 | 203,564 | 10.4 |
| Less: Taxable equivalent adjustment | 115,763 | 147,927 | (32,164) | (21.7) |
| Net interest income | 2,039,389 | 1,803,661 | 235,728 | 13.1 |
| Provision for loan & lease losses | 179,000 | 122,968 | 56,032 | 45.6 |
| Net interest income after provision for loan & lease losses | 1,860,389 | 1,680,693 | 179,696 | 10.7 |
| Noninterest income | 1,201,105 | 976,073 | 225,032 | 23.1 |
| Noninterest expense | 1,702,356 | 1,509,003 | 193,353 | 12.8 |
| Income before income taxes | 1,359,138 | 1,147,763 | 211,375 | 18.4 |
| Provision for income taxes | 384,920 | 335,376 | 49,544 | 14.8 |
| Income excluding merger-related charges (1) | 974,218 | 812,387 | 161,831 | 19.9 |
| Merger-related charges, net of tax (1) | 8,464 | 116,692 | (108,228) | NM |
| Net income | \$ 965,754 | \$ 695,695 | \$ 270,059 | 38.8 % |

PER SHARE DATA EXCLUDING MERGER-RELATED CHARGES (1)

| | | | | |
|---------------------------------|-------------|-------------|--------|--------|
| Basic earnings | \$ 2.06 | \$ 1.79 | \$.27 | 15.1 % |
| Diluted earnings | 2.04 | 1.77 | .27 | 15.3 |
| Weighted average shares - | | | | |
| Basic | 472,764,083 | 452,904,319 | | |
| Diluted | 478,363,530 | 459,235,651 | | |
| Dividends paid on common shares | \$.81 | \$.72 | \$.09 | 12.5 % |

PERFORMANCE RATIOS EXCLUDING MERGER-RELATED CHARGES (1)

| | | | | |
|---|--------|--------|--|--|
| Return on average assets | 1.74 % | 1.59 % | | |
| Return on average equity | 18.60 | 19.11 | | |
| Return on average realized equity (4) | 19.40 | 19.88 | | |
| Net yield on earning assets (taxable equivalent) | 4.26 | 4.17 | | |
| Noninterest income as a percentage of total income (taxable equivalent) (2) | 35.6 | 33.1 | | |
| Efficiency (taxable equivalent) (2) | 50.8 | 51.7 | | |

CASH BASIS PERFORMANCE EXCLUDING MERGER-RELATED CHARGES (1)(3)

| | | | | |
|--|------------|------------|------------|--------|
| Earnings excluding merger-related charges | \$ 985,111 | \$ 864,639 | \$ 120,472 | 13.9 % |
| Diluted earnings per share | 2.06 | 1.88 | .18 | 9.6 |
| Return on average tangible assets | 1.79 % | 1.72 % | | |
| Return on average tangible equity | 23.71 | 23.83 | | |
| Return on average realized tangible equity (4) | 25.00 | 24.98 | | |
| Efficiency ratio (taxable equivalent) (2) | 50.3 | 49.8 | | |

| | For the Nine Months Ended | | Increase (Decrease) | |
|---|---------------------------|---------|---------------------|---|
| (Dollars in thousands, except per share data) | 9/30/02 | 9/30/01 | \$ | % |

INCOME STATEMENT

| | | | | |
|---|--------------|--------------|--------------|---------|
| Interest income - taxable equivalent | \$ 3,446,585 | \$ 3,861,004 | \$ (414,419) | (10.7)% |
| Interest expense | 1,291,433 | 1,911,465 | (620,032) | (32.4) |
| Net interest income - taxable equivalent | 2,155,152 | 1,949,539 | 205,613 | 10.5 |
| Less: Taxable equivalent adjustment | 115,763 | 147,927 | (32,164) | (21.7) |
| Net interest income | 2,039,389 | 1,801,612 | 237,777 | 13.2 |
| Provision for loan & lease losses | 179,000 | 159,318 | 19,682 | 12.4 |
| Net interest income after provision for loan & lease losses | 1,860,389 | 1,642,294 | 218,095 | 13.3 |
| Noninterest income | 1,201,105 | 1,014,660 | 186,445 | 18.4 |
| Noninterest expense | 1,731,223 | 1,684,251 | 46,972 | 2.8 |
| | 1,330,271 | 972,703 | 357,568 | 36.8 |

| | For the Nine Months Ended | | Increase (Decrease) | |
|---|---------------------------|------------|---------------------|--------|
| Income before income taxes and change in accounting principle | | | | |
| Provision for income taxes | 374,297 | 277,008 | 97,289 | 35.1 |
| Income before cumulative effect of change in accounting principle | 955,974 | 695,695 | 260,279 | 37.4 |
| Cumulative effect of change in accounting principle | 9,780 | -- | 9,780 | NM |
| Net income | \$ 965,754 | \$ 695,695 | \$ 270,059 | 38.8 % |

PER SHARE DATA

| | | | | |
|---|---------|---------|--------|--------|
| Basic earnings | | | | |
| Income before cumulative effect of change in accounting principle | \$ 2.02 | \$ 1.54 | \$.48 | 31.2 % |
| Cumulative effect of change in accounting principle | .02 | -- | .02 | NM |
| Net income | 2.04 | 1.54 | .50 | 32.5 |
| Diluted earnings | | | | |
| Income before cumulative effect of change in accounting principle | 2.00 | 1.51 | .49 | 32.5 |
| Cumulative effect of change in accounting principle | .02 | -- | .02 | NM |
| Net income | \$ 2.02 | \$ 1.51 | \$.51 | 33.8 % |

PERFORMANCE RATIOS

| | | |
|---------------------------------------|--------|--------|
| Return on average assets | 1.72 % | 1.36 % |
| Return on average equity | 18.44 | 16.36 |
| Return on average realized equity (4) | 19.23 | 17.03 |

NOTES: Applicable ratios are annualized.

- (1) Merger-related charges include \$18.2 million and \$116.7 million in 2002 and 2001, respectively, of net after-tax expense associated primarily with acquisitions, and the cumulative effect of a change in accounting principle, which resulted in the recognition of
 - (2) Excludes securities gains (losses), foreclosed property expense, provisions for the impairment of mortgage servicing rights and merger-related charges for all periods.
 - (3) Cash basis operating results exclude the effect on earnings of amortization expense applicable to intangible assets that do not qualify as regulatory capital. Cash basis performance ratios exclude the amortization of nonqualifying intangible assets from earnings and
 - (4) Excludes the effect on average shareholders' equity of unrealized gains (losses) on securities available for sale.
- NM - not meaningful.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Senior Vice President

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| (Dollars in thousands) | As of / For the Nine Months Ended | | Increase (Decrease) | |
|---|-----------------------------------|---------------|---------------------|--------|
| | 9/30/02 | 9/30/01 | \$ | % |
| SELECTED BALANCE SHEET DATA | | | | |
| End of period balances | | | | |
| Securities available for sale | \$ 16,416,181 | \$ 16,679,755 | \$ (263,574) | (1.6)% |
| Securities held to maturity | 51,401 | 38,379 | 13,022 | 33.9 |
| Trading securities | 121,525 | 116,523 | 5,002 | 4.3 |
| Total securities | 16,589,107 | 16,834,657 | (245,550) | (1.5) |
| Commercial loans & leases | 28,880,433 | 25,532,901 | 3,347,532 | 13.1 |
| Consumer loans | 12,782,666 | 11,278,277 | 1,504,389 | 13.3 |
| Revolving credit loans | 1,010,860 | 908,868 | 101,992 | 11.2 |
| Mortgage loans | 10,390,742 | 9,429,390 | 961,352 | 10.2 |
| Total loans & leases | 53,064,701 | 47,149,436 | 5,915,265 | 12.5 |
| Allowance for loan & lease losses | 723,688 | 634,552 | 89,136 | 14.0 |
| Other earning assets | 518,476 | 370,912 | 147,564 | 39.8 |
| Total earning assets | 69,629,079 | 63,685,851 | 5,943,228 | 9.3 |
| Total assets | 78,186,831 | 70,309,046 | 7,877,785 | 11.2 |
| Noninterest-bearing deposits | 7,967,366 | 6,356,051 | 1,611,315 | 25.4 |
| Savings & interest checking | 2,970,575 | 3,094,104 | (123,529) | (4.0) |
| Money rate savings | 15,636,969 | 13,156,255 | 2,480,714 | 18.9 |
| CDs and other time deposits | 23,236,561 | 22,607,819 | 628,742 | 2.8 |
| Total deposits | 49,811,471 | 45,214,229 | 4,597,242 | 10.2 |
| Short-term borrowed funds | 4,797,992 | 5,923,442 | (1,125,450) | (19.0) |
| Long-term debt | 13,384,826 | 11,408,329 | 1,976,497 | 17.3 |
| Total interest-bearing liabilities | 60,026,923 | 56,189,949 | 3,836,974 | 6.8 |
| Total shareholders' equity | \$ 7,534,817 | \$ 5,969,828 | \$ 1,564,989 | 26.2 |

| | | | | |
|---|---------------|---------------|--------------|-------|
| Average balances | | | | |
| Securities, at amortized cost | \$ 17,220,687 | \$ 15,767,819 | \$ 1,452,868 | 9.2% |
| Commercial loans & leases | 27,698,177 | 25,081,926 | 2,616,251 | 10.4 |
| Consumer loans | 12,108,907 | 11,138,540 | 970,367 | 8.7 |
| Revolving credit loans | 970,308 | 873,701 | 96,607 | 11.1 |
| Mortgage loans | 9,145,651 | 9,212,406 | (66,755) | (.7) |
| Total loans & leases | 49,923,043 | 46,306,573 | 3,616,470 | 7.8 |
| Other earning assets | 422,283 | 456,624 | (34,341) | (7.5) |
| Total earning assets | 67,566,013 | 62,531,016 | 5,034,997 | 8.1 |
| Total assets | 74,886,034 | 68,220,716 | 6,665,318 | 9.8 |
| Noninterest-bearing deposits | 7,016,475 | 6,087,488 | 928,987 | 15.3 |
| Savings & interest checking | 3,373,876 | 3,402,376 | (28,500) | (.8) |
| Money rate savings | 14,488,268 | 12,264,082 | 2,224,186 | 18.1 |
| CDs and other time deposits | 23,673,182 | 22,274,779 | 1,398,403 | 6.3 |
| Total deposits | 48,551,801 | 44,028,725 | 4,523,076 | 10.3 |
| Short-term borrowed funds | 5,652,086 | 6,209,027 | (556,941) | (9.0) |
| Long-term debt | 11,727,122 | 10,874,438 | 852,684 | 7.8 |
| Total interest-bearing liabilities | 58,914,534 | 55,024,702 | 3,889,832 | 7.1 |
| Total shareholders' equity | \$ 7,001,964 | \$ 5,684,865 | \$ 1,317,099 | 23.2 |

| (Dollars in thousands) | As of / For the Quarter Ended | | | | |
|------------------------|-------------------------------|---------|---------|----------|---------|
| | 9/30/02 | 6/30/02 | 3/31/02 | 12/31/01 | 9/30/01 |

MISCELLANEOUS INFORMATION (1)

Unrealized appreciation (depreciation) on

| As of / For the Quarter Ended | | | | | | | | | | |
|---|---------------|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| securities available for sale, net of tax | \$ | 333,476 | \$ | 291,101 | \$ | 160,399 | \$ | 288,107 | \$ | 407,966 |
| Derivatives (notional value) | | 9,476,733 | | 5,787,952 | | 5,222,994 | | 5,614,502 | | 3,752,445 |
| Fair value of derivatives portfolio | | 79,380 | | 40,848 | | 46,936 | | 43,973 | | (2,407) |
| Common stock prices (daily close): | High | 38.40 | | 39.23 | | 39.11 | | 36.96 | | 38.48 |
| | Low | 32.18 | | 36.60 | | 34.47 | | 32.10 | | 33.57 |
| | End of period | 35.04 | | 38.60 | | 38.11 | | 36.11 | | 36.45 |
| Weighted average shares - | Basic | 477,112,074 | | 478,121,878 | | 462,902,144 | | 454,031,392 | | 454,346,907 |
| | Diluted | 482,325,535 | | 484,009,961 | | 468,604,312 | | 459,369,269 | | 460,387,879 |
| End of period shares outstanding | | 480,439,801 | | 475,535,863 | | 481,195,674 | | 455,682,560 | | 452,984,331 |
| End of period banking offices | | 1,123 | | 1,122 | | 1,132 | | 1,081 | | 1,085 |
| ATMs | | 1,701 | | 1,723 | | 1,718 | | 1,613 | | 1,614 |

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

(1) BB&T had approximately 23,500 full-time equivalent employees at September 30, 2002.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

(336) 733-3058

FAX (336) 733-3132

As of / For the Quarter Ended

(Dollars in thousands, except per share data)

9/30/02

6/30/02

3/31/02

12/31/01

9/30/01

INCOME STATEMENTS EXCLUDING MERGER-RELATED CHARGES (1)

Interest income - taxable equivalent

| | | | | | | | | | | |
|-----------------------------------|----|---------|----|---------|----|---------|----|---------|----|---------|
| Interest & fees on loans & leases | \$ | 897,969 | \$ | 881,019 | \$ | 844,798 | \$ | 897,529 | \$ | 977,910 |
|-----------------------------------|----|---------|----|---------|----|---------|----|---------|----|---------|

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| | As of / For the Quarter Ended | | | | |
|---|--------------------------------------|------------|------------|------------|------------|
| Interest & dividends on securities | 267,667 | 276,837 | 272,326 | 278,719 | 279,120 |
| Interest on short-term investments | 1,922 | 1,554 | 2,493 | 2,228 | 3,514 |
| Total interest income - taxable equivalent | 1,167,558 | 1,159,410 | 1,119,617 | 1,178,476 | 1,260,544 |
| Interest expense | | | | | |
| Interest on deposits | 254,248 | 258,187 | 259,602 | 315,532 | 381,409 |
| Interest on short-term borrowed funds | 24,140 | 26,464 | 26,449 | 35,451 | 55,913 |
| Interest on long-term debt | 146,515 | 147,518 | 148,310 | 152,488 | 154,498 |
| Total interest expense | 424,903 | 432,169 | 434,361 | 503,471 | 591,820 |
| Net interest income - taxable equivalent | 742,655 | 727,241 | 685,256 | 675,005 | 668,724 |
| Less: Taxable equivalent adjustment | 40,563 | 37,210 | 37,990 | 42,938 | 45,572 |
| Net interest income | 702,092 | 690,031 | 647,266 | 632,067 | 623,152 |
| Provision for loan & lease losses | 64,000 | 58,500 | 56,500 | 65,000 | 45,500 |
| Net interest income after provision for loan & lease losses | 638,092 | 631,531 | 590,766 | 567,067 | 577,652 |
| Noninterest income | | | | | |
| Service charges on deposits | 104,754 | 101,874 | 90,162 | 93,773 | 88,305 |
| Mortgage banking income | (59,455) | 43,963 | 50,562 | 39,194 | 52,068 |
| Investment banking & brokerage fees & commissions | 47,912 | 56,039 | 52,893 | 45,085 | 43,599 |
| Trust revenue | 27,388 | 24,197 | 23,128 | 18,962 | 22,931 |
| Agency insurance commissions | 76,502 | 74,063 | 63,883 | 45,724 | 44,120 |
| Other insurance commissions | 3,899 | 3,986 | 3,485 | 4,122 | 3,089 |
| Other nondeposit fees & commissions | 54,145 | 52,100 | 44,122 | 46,709 | 48,600 |
| Securities gains (losses), net | 135,519 | 19,666 | 13,407 | 32,257 | 3,786 |
| Other income | 31,583 | 28,244 | 33,084 | 31,183 | 30,095 |
| Total noninterest income | 422,247 | 404,132 | 374,726 | 357,009 | 336,593 |
| Noninterest expense | | | | | |
| Personnel expense | 323,119 | 319,622 | 304,893 | 288,235 | 281,830 |
| Occupancy & equipment expense | 85,550 | 84,688 | 83,451 | 73,890 | 79,222 |
| Foreclosed property expense | 2,874 | 880 | 341 | 1,158 | 673 |
| Amortization of intangibles | 7,073 | 6,258 | 4,351 | 17,854 | 18,529 |
| Other noninterest expense | 174,751 | 163,850 | 140,655 | 140,144 | 134,456 |
| Total noninterest expense | 593,367 | 575,298 | 533,691 | 521,281 | 514,710 |
| Income before income taxes | 466,972 | 460,365 | 431,801 | 402,795 | 399,535 |
| Provision for income taxes | 131,003 | 131,363 | 122,554 | 115,049 | 116,020 |
| Income excluding merger-related charges (1) | \$ 335,969 | \$ 329,002 | \$ 309,247 | \$ 287,746 | \$ 283,515 |

**PER SHARE DATA
EXCLUDING
MERGER-RELATED
CHARGES (1)**

| | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|
| Basic earnings | \$.70 | \$.69 | \$.67 | \$.63 | \$.62 |
| Diluted earnings | .70 | .68 | .66 | .63 | .62 |
| Dividends paid on common shares | .29 | .26 | .26 | .26 | .26 |
| Book value per share | \$ 15.68 | \$ 14.99 | \$ 14.66 | \$ 13.50 | \$ 13.18 |

As of / For the Quarter Ended

**RATIOS EXCLUDING
MERGER-RELATED
CHARGES (1)**

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Return on average assets | 1.72 % | 1.75 % | 1.75 % | 1.62 % | 1.62 % |
| Return on average equity | 18.09 | 18.44 | 19.39 | 18.56 | 19.05 |
| Return on average realized equity (2) | 18.93 | 19.08 | 20.32 | 19.89 | 20.00 |
| Net yield on earning assets (taxable equivalent) | 4.25 | 4.27 | 4.26 | 4.20 | 4.19 |
| Efficiency (taxable equivalent) (3) | 50.9 | 50.9 | 50.5 | 50.4 | 51.3 |
| Noninterest income as a percentage of total income (taxable equivalent) (3) | 36.0 | 35.5 | 35.1 | 34.6 | 33.2 |
| Equity as a percentage of total assets end of period | 9.6 | 9.3 | 9.4 | 8.7 | 8.5 |
| Average earning assets as a percentage of average total assets | 89.8 | 90.3 | 90.6 | 90.7 | 91.4 |
| Average loans & leases as a percentage of average deposits | 102.1 | 101.9 | 104.7 | 105.7 | 106.0 |

**CASH BASIS
PERFORMANCE EXCLUDING
MERGER-RELATED
CHARGES (1)(4)**

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Earnings excluding merger-related charges | \$ 340,261 | \$ 332,899 | \$ 311,951 | \$ 304,526 | \$ 300,643 |
| Diluted earnings per share | .71 | .69 | .67 | .66 | .65 |
| Return on average tangible assets | 1.78 % | 1.81 % | 1.80 % | 1.73 % | 1.73 % |
| Return on average tangible equity | 23.72 | 23.94 | 23.46 | 22.87 | 23.57 |
| Return on average realized tangible equity (2) | 25.17 | 25.01 | 24.82 | 24.81 | 24.94 |
| Efficiency ratio (taxable equivalent) (3) | 50.3 | 50.4 | 50.1 | 48.6 | 49.6 |

NOTES: Applicable ratios are annualized.

- (1) Net merger-related charges totaled \$7.8 million, \$1.1 million, \$(.4 million), \$9.8 million and \$61.5 million, net of tax, for the quarters ended September 30, 2002, June 30, 2002, March 31, 2002, December 31, 2001 and September 30,
- (2) Excludes the effect on average shareholders' equity of unrealized gains (losses) on securities available for sale.
- (3) Excludes securities gains (losses), foreclosed property expense, provisions for the impairment of mortgage servicing rights and merger-related charges.
- (4) Cash basis performance excludes the effect on earnings of amortization expense applicable to intangible assets and the unamortized balances of intangibles from assets and equity.

Tom A. Nicholson

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

Senior Vice President

(336) 733-3058

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Investor Relations

FAX (336) 733-3132

As of / For the Quarter Ended

| (Dollars in thousands) | 9/30/02 | 6/30/02 | 3/31/02 | 12/31/01 | 9/30/01 |
|---|---------------|---------------|---------------|---------------|---------------|
| SELECTED BALANCE SHEET DATA | | | | | |
| End of period balances | | | | | |
| Securities available for sale | \$ 16,416,181 | \$ 18,076,387 | \$ 17,515,228 | \$ 16,621,684 | \$ 16,679,755 |
| Securities held to maturity | 51,401 | 47,366 | 44,189 | 40,496 | 38,379 |
| Trading securities | 121,525 | 132,305 | 143,976 | 97,675 | 116,523 |
| Total securities | 16,589,107 | 18,256,058 | 17,703,393 | 16,759,855 | 16,834,657 |
| Commercial loans & leases | 28,880,433 | 28,362,233 | 28,102,661 | 25,959,142 | 25,532,901 |
| Consumer loans | 12,782,666 | 12,376,586 | 12,008,377 | 11,214,193 | 11,278,277 |
| Revolving credit loans | 1,010,860 | 985,487 | 953,748 | 951,319 | 908,868 |
| Mortgage loans | 10,390,742 | 8,806,304 | 9,092,620 | 9,318,519 | 9,429,390 |
| Total loans & leases | 53,064,701 | 50,530,610 | 50,157,406 | 47,443,173 | 47,149,436 |
| Allowance for loan & lease losses | 723,688 | 706,446 | 705,905 | 644,418 | 634,552 |
| Other earning assets | 518,476 | 330,555 | 333,035 | 360,789 | 370,912 |
| Total earning assets | 69,629,079 | 68,638,124 | 67,924,614 | 64,087,088 | 63,685,851 |
| Total assets | 78,186,831 | 76,333,441 | 74,949,720 | 70,869,945 | 70,309,046 |
| Noninterest-bearing deposits | 7,967,366 | 7,625,530 | 7,142,729 | 6,939,640 | 6,356,051 |
| Savings & interest checking | 2,970,575 | 3,290,255 | 3,287,663 | 3,013,702 | 3,094,104 |
| Money rate savings | 15,636,969 | 14,632,630 | 14,894,883 | 13,902,088 | 13,156,255 |
| CDs and other time deposits | 23,236,561 | 25,360,774 | 23,145,964 | 20,877,845 | 22,607,819 |
| Total deposits | 49,811,471 | 50,909,189 | 48,471,239 | 44,733,275 | 45,214,229 |
| Short-term borrowed funds | 4,797,992 | 4,930,434 | 6,043,367 | 6,649,100 | 5,923,442 |
| Long-term debt | 13,384,826 | 10,979,492 | 11,444,091 | 11,721,076 | 11,408,329 |
| Total interest-bearing liabilities | 60,026,923 | 59,193,585 | 58,815,968 | 56,163,811 | 56,189,949 |
| Total shareholders' equity | 7,534,817 | 7,128,356 | 7,055,418 | 6,150,209 | 5,969,828 |
| Goodwill | 1,698,563 | 1,457,257 | 1,417,993 | 879,903 | 792,689 |
| Core deposit & other intangibles | 138,616 | 119,533 | 137,202 | 54,456 | 42,950 |
| Total intangibles | 1,837,179 | 1,576,790 | 1,555,195 | 934,359 | 835,639 |
| Mortgage servicing rights | 280,821 | 395,654 | 386,386 | 359,037 | 340,746 |
| Negative goodwill | \$ -- | \$ -- | \$ -- | \$ 9,780 | \$ 10,465 |
| Average balances | | | | | |
| Securities, at amortized cost | \$ 17,574,918 | \$ 17,593,605 | \$ 16,481,523 | \$ 16,239,595 | \$ 16,015,660 |
| Commercial loans & leases | 28,519,409 | 28,210,576 | 26,340,603 | 25,801,611 | 25,497,844 |
| Consumer loans | 12,630,287 | 12,278,571 | 11,404,392 | 11,249,000 | 11,278,665 |
| Revolving credit loans | 997,863 | 968,088 | 944,385 | 919,501 | 897,121 |
| Mortgage loans | 9,480,717 | 8,808,602 | 9,143,932 | 9,452,120 | 9,510,234 |

MORE

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| | As of / For the Quarter Ended | | | | |
|---|-------------------------------|--------------|--------------|--------------|--------------|
| Total loans & leases | 51,628,276 | 50,265,837 | 47,833,312 | 47,422,232 | 47,183,864 |
| Other earning assets | 456,475 | 354,745 | 455,620 | 354,614 | 437,959 |
| Total earning assets | 69,659,668 | 68,214,187 | 64,770,455 | 64,016,441 | 63,637,483 |
| Total assets | 77,571,231 | 75,538,200 | 71,481,754 | 70,610,330 | 69,590,582 |
| Noninterest-bearing deposits | 7,383,310 | 7,157,722 | 6,498,675 | 6,560,631 | 6,319,783 |
| Savings & interest checking | 3,350,476 | 3,568,247 | 3,201,268 | 3,240,975 | 3,313,821 |
| Money rate savings | 15,110,502 | 14,617,809 | 13,721,226 | 13,208,472 | 12,654,015 |
| CDs and other time deposits | 24,708,799 | 24,007,125 | 22,276,896 | 21,864,320 | 22,237,050 |
| Total deposits | 50,553,087 | 49,350,903 | 45,698,065 | 44,874,398 | 44,524,669 |
| Short-term borrowed funds | 5,245,125 | 5,788,023 | 5,930,643 | 6,427,523 | 6,451,865 |
| Long-term debt | 12,313,297 | 11,287,626 | 11,572,300 | 11,492,851 | 11,174,903 |
| Total interest-bearing liabilities | 60,728,200 | 59,268,830 | 56,702,333 | 56,234,141 | 55,831,654 |
| Total shareholders' equity | \$ 7,370,304 | \$ 7,156,600 | \$ 6,469,084 | \$ 6,150,335 | \$ 5,903,303 |

RISK-BASED CAPITAL (1)

| | | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Risk-based capital: | | | | | |
| Tier 1 | \$ 5,523,128 | \$ 5,347,662 | \$ 5,371,989 | \$ 5,002,896 | \$ 4,829,647 |
| Total | 7,714,703 | 7,021,213 | 7,205,160 | 6,796,958 | 6,613,329 |
| Risk-weighted assets | 56,957,582 | 54,996,625 | 54,080,258 | 50,972,300 | 50,130,294 |
| Average quarterly tangible assets | 75,420,627 | 73,627,410 | 69,534,802 | 69,262,888 | 68,411,234 |
| Risk-based capital ratios: | | | | | |
| Tier 1 | 9.7 % | 9.7 % | 9.9 % | 9.8 % | 9.6 % |
| Total | 13.5 | 12.8 | 13.3 | 13.3 | 13.2 |
| Leverage capital ratio | 7.3 | 7.3 | 7.7 | 7.2 | 7.1 |

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

(1) Current quarter information is estimated.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

(336) 733-3058

FAX (336) 733-3132

As of / For the Quarter Ended

| (Dollars in thousands) | 9/30/02 | 6/30/02 | 3/31/02 | 12/31/01 | 9/30/01 |
|------------------------|---------|---------|---------|----------|---------|
|------------------------|---------|---------|---------|----------|---------|

ASSET QUALITY ANALYSIS

As of / For the Quarter Ended

Allowance For Loan & Lease Losses

| | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|
| Beginning balance | \$ 706,446 | \$ 705,905 | \$ 644,418 | \$ 634,552 | \$ 610,171 |
| Allowance for acquired loans, net | 16,861 | 136 | 61,177 | 9,047 | -- |
| Provision for loan & lease losses | 64,000 | 58,500 | 56,500 | 65,000 | 68,500 |
| Charge-offs | (77,732) | (69,144) | (67,206) | (76,082) | (54,885) |
| Recoveries | 14,113 | 11,049 | 11,016 | 11,901 | 10,766 |
| Net charge-offs | (63,619) | (58,095) | (56,190) | (64,181) | (44,119) |
| Ending balance | \$ 723,688 | \$ 706,446 | \$ 705,905 | \$ 644,418 | \$ 634,552 |

Nonperforming Assets

| | | | | | |
|---------------------------|------------|------------|------------|------------|------------|
| Nonaccrual loans & leases | \$ 358,823 | \$ 335,287 | \$ 354,916 | \$ 316,607 | \$ 266,384 |
| Foreclosed real estate | 46,378 | 49,009 | 46,687 | 39,106 | 34,601 |
| Other foreclosed property | 17,712 | 15,803 | 20,734 | 17,858 | 17,733 |
| Restructured loans | 2,358 | -- | -- | -- | 183 |
| Nonperforming assets | \$ 425,271 | \$ 400,099 | \$ 422,337 | \$ 373,571 | \$ 318,901 |

Loans 90 days or more past due

| | | | | | |
|---|------------|-----------|------------|------------|-----------|
| & still accruing | \$ 100,147 | \$ 98,143 | \$ 100,962 | \$ 101,778 | \$ 93,968 |
| Loans 90 days or more past due & still accruing as a percentage of total loans and leases | .19 % | .19 % | .20 % | .21 % | .20 % |

Asset Quality Ratios

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Nonaccrual and restructured loans & leases as a percentage of total loans & leases | .68 % | .66 % | .71 % | .67 % | .57 % |
| Nonperforming assets as a percentage of: | | | | | |
| Total assets | .54 | .52 | .56 | .53 | .45 |
| Loans & leases plus foreclosed property | .80 | .79 | .84 | .79 | .68 |
| Net charge-offs as a percentage of average loans & leases | .49 | .46 | .48 | .54 | .37 |
| Net charge-offs excluding specialized lending as a percentage of average loans & leases (1) | .40 | .38 | .37 | .46 | .30 |
| Allowance for loan & lease losses as a percentage of loans & leases | 1.36 | 1.40 | 1.41 | 1.36 | 1.35 |
| Ratio of allowance for loan & lease losses to: | | | | | |
| Net charge-offs | 2.87 x | 3.03 x | 3.10 x | 2.53 x | 3.63 x |
| Nonaccrual and restructured loans & leases | 2.00 | 2.11 | 1.99 | 2.04 | 2.38 |

As of / for the Nine Months Ended Increase (Decrease)

| | 9/30/02 | 9/30/01 | \$ | % |
|--|------------|------------|-----------|--------|
| Allowance For Loan & Lease Losses | | | | |
| Beginning balance | \$ 644,418 | \$ 578,107 | \$ 66,311 | 11.5 |
| Allowance for acquired loans | 78,174 | 20,036 | 58,138 | NM |
| Provision for loan & lease losses | 179,000 | 159,318 | 19,682 | 12.4 |
| Charge-offs | (214,082) | (155,147) | (58,935) | (38.0) |
| Recoveries | 36,178 | 32,238 | 3,940 | 12.2 |
| Net charge-offs | (177,904) | (122,909) | (54,995) | (44.7) |
| Ending balance | \$ 723,688 | \$ 634,552 | \$ 89,136 | 14.0 |

Asset Quality Ratios

| | | |
|---|--------|--------|
| Net charge-offs as a percentage of average loans & leases | .48 % | .35 % |
| Ratio of allowance for loan & lease losses to net charge-offs | 3.04 x | 3.86 x |

For the Quarter Ended

| | 9/30/02 | 6/30/02 | 3/31/02 | 12/31/01 | 9/30/01 |
|---|---------|---------|---------|----------|---------|
| ANNUALIZED INTEREST YIELDS / RATES (2) | | | | | |
| Interest income: | | | | | |
| Securities & other | 5.98 % | 6.20 % | 6.49 % | 6.77 % | 6.87 % |
| Loans & leases | 6.91 | 7.03 | 7.14 | 7.52 | 8.24 |
| Total earning assets | 6.67 | 6.81 | 6.97 | 7.33 | 7.88 |
| Interest expense: | | | | | |
| Interest-bearing deposits | 2.34 | 2.45 | 2.69 | 3.27 | 3.96 |
| Short-term borrowed funds | 1.83 | 1.83 | 1.81 | 2.19 | 3.44 |
| Long-term debt | 4.73 | 5.24 | 5.19 | 5.27 | 5.49 |
| Total interest-bearing liabilities | 2.78 | 2.92 | 3.10 | 3.55 | 4.21 |
| Net yield on earning assets | 4.25 % | 4.27 % | 4.26 % | 4.20 % | 4.19 % |

- NOTES: All items referring to loans & leases include loans held for sale & are net of unearned income. Applicable ratios are annualized.
- (1) Excludes net charge-offs and average loans from BB&T's specialized lending subsidiaries.
 - (2) Excludes merger-related charges. Fully taxable equivalent yields. Securities yields calculated based on amortized cost.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

(336) 733-3058

FAX (336) 733-3132

| (Dollars in thousands) | For the Nine Months Ended | | Increase (Decrease) | |
|---|---------------------------|----------------------|---------------------|------------|
| | 9/30/02 | 9/30/01 | \$ | % |
| SELECTED BALANCES ADJUSTED FOR PURCHASE ACQUISITIONS (1) | | | | |
| Average Balances | | | | |
| Commercial loans & leases | \$ 28,540,505 | \$ 27,571,476 | \$ 969,029 | 3.5 |
| Consumer loans | 12,315,328 | 11,924,776 | 390,552 | 3.3 |
| Revolving credit loans | 976,317 | 901,046 | 75,271 | 8.4 |
| Mortgage loans (2) | 10,627,639 | 11,219,732 | (592,093) | (5.3) |
| Total loans & leases | 52,459,789 | 51,617,030 | 842,759 | 1.6 |
| Noninterest-bearing deposits (3) | 7,454,114 | 6,839,674 | 614,440 | 9.0 |
| Interest-bearing transaction accounts | 18,594,516 | 17,313,818 | 1,280,698 | 7.4 |
| CDs and other time deposits | 24,630,431 | 25,076,525 | (446,094) | (1.8) |
| Total deposits | \$ 50,679,061 | \$ 49,230,017 | \$ 1,449,044 | 2.9 |

| (Dollars in thousands) | For the Nine Months Ended | | Increase (Decrease) | |
|---|---------------------------|---------------------|---------------------|--------------|
| | 9/30/02 | 9/30/01 | \$ | % |
| SELECTED INCOME STATEMENT ITEMS EXCLUDING MERGER-RELATED CHARGES AND PURCHASE ACQUISITIONS (1) | | | | |
| Net interest income - taxable equivalent | \$ 2,080,762 | \$ 1,951,588 | \$ 129,174 | 6.6 % |
| Noninterest income | | | | |
| Service charges on deposits | 280,883 | 255,749 | 25,134 | 9.8 |
| Mortgage banking income (4) | 29,675 | 144,742 | (115,067) | NM |
| Investment banking & brokerage fees & commissions | 155,994 | 130,211 | 25,783 | 19.8 |
| Trust revenue | 66,464 | 71,936 | (5,472) | (7.6) |
| Agency insurance commissions | 146,214 | 131,122 | 15,092 | 11.5 |
| Other insurance commissions | 10,727 | 9,478 | 1,249 | 13.2 |
| Other nondeposit fees & commissions | 140,720 | 140,899 | (179) | (0.1) |
| Securities gains (losses), net (4) | 167,767 | 10,994 | 156,773 | NM |
| Other income | 90,941 | 80,942 | 9,999 | 12.4 |
| Total noninterest income | 1,089,385 | 976,073 | 113,312 | 11.6 |
| Noninterest expense | | | | |
| Personnel expense | 853,094 | 838,623 | 14,471 | 1.7 |
| Occupancy & equipment expense | 238,400 | 229,496 | 8,904 | 3.9 |
| Other noninterest expense | 455,574 | 440,884 | 14,690 | 3.3 |
| Total noninterest expense | \$ 1,547,068 | \$ 1,509,003 | \$ 38,065 | 2.5 % |

| (Dollars in thousands) | For the Three Months Ended | | Increase (Decrease) | |
|---|----------------------------|----------------------|---------------------|------------|
| | 9/30/02 | 9/30/01 | \$ | % |
| SELECTED BALANCES ADJUSTED FOR PURCHASE ACQUISITIONS (1) | | | | |
| Average Balances | | | | |
| Commercial loans & leases | \$ 28,734,610 | \$ 27,990,080 | \$ 744,530 | 2.7 |
| Consumer loans | 12,634,310 | 12,041,576 | 592,734 | 4.9 |
| Revolving credit loans | 997,863 | 923,351 | 74,512 | 8.1 |
| Mortgage loans (2) | 10,461,110 | 11,204,526 | (743,416) | (6.6) |
| Total loans & leases | 52,827,893 | 52,159,533 | 668,360 | 1.3 |
| Noninterest-bearing deposits (3) | 7,709,750 | 7,090,044 | 619,706 | 8.7 |
| Interest-bearing transaction accounts | 18,742,524 | 17,627,400 | 1,115,124 | 6.3 |
| CDs and other time deposits | 25,090,808 | 24,774,503 | 316,305 | 1.3 |
| Total deposits | \$ 51,543,082 | \$ 49,491,947 | \$ 2,051,135 | 4.1 |

| (Dollars in thousands) | For the Three Months Ended | | Increase (Decrease) | |
|---|----------------------------|-------------------|---------------------|--------------|
| | 9/30/02 | 9/30/01 | \$ | % |
| SELECTED INCOME STATEMENT ITEMS EXCLUDING MERGER-RELATED CHARGES AND PURCHASE ACQUISITIONS (1) | | | | |
| Net interest income - taxable equivalent | \$ 695,710 | \$ 668,724 | \$ 26,986 | 4.0 % |
| Noninterest income | | | | |
| Service charges on deposits | 97,747 | 88,305 | 9,442 | 10.7 |
| Mortgage banking income (4) | (62,344) | 52,068 | (114,412) | NM |
| Investment banking & brokerage fees & commissions | 47,530 | 43,599 | 3,931 | 9.0 |
| Trust revenue | 22,632 | 22,931 | (299) | (1.3) |
| Agency insurance commissions | 49,136 | 44,120 | 5,016 | 11.4 |
| Other insurance commissions | 3,610 | 3,089 | 521 | 16.9 |
| Other nondeposit fees & commissions | 49,779 | 48,600 | 1,179 | 2.4 |
| Securities gains (losses), net (4) | 135,051 | 3,786 | 131,265 | NM |
| Other income | 30,927 | 30,095 | 832 | 2.8 |
| Total noninterest income | 374,068 | 336,593 | 37,475 | 11.1 |
| Noninterest expense | | | | |
| Personnel expense | 281,868 | 281,830 | 38 | -- |
| Occupancy & equipment expense | 78,842 | 79,222 | (380) | (0.5) |
| Other noninterest expense | 164,921 | 153,658 | 11,263 | 7.3 |
| Total noninterest expense | \$ 525,631 | \$ 514,710 | \$ 10,921 | 2.1% |

- NOTES: (1) Amounts adjusted to exclude growth that resulted from the timing of acquisitions purchased during 2002 and 2001.
- (2) Excludes the impact of mortgage loan securitization programs in 2001.
- (3) Excludes the impact of the outsourcing of official checks in both 2002 and 2001.
- (4) Mortgage banking income includes a provision for the impairment of mortgage servicing rights totaling \$156.4 million and \$130.8 million for the nine months and three months ended September 30, 2002, respectively. These provisions are offset by securities
- NM - not meaningful.

QUARTERLY PERFORMANCE SUMMARY

BB&T Corporation (NYSE:BBT)

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Tom A. Nicholson

Senior Vice President

Investor Relations

(336) 733-3058

FAX (336) 733-3132

| (Dollars in thousands) | For the Three Months Ended | | Increase (Decrease) | |
|---|----------------------------|----------------------|---------------------|--------------|
| | 9/30/02 | 6/30/02 | \$ | % |
| SELECTED BALANCES ADJUSTED FOR PURCHASE ACQUISITIONS (1) | | | | |
| Average Balances | | | | |
| Commercial loans & leases | \$ 28,734,610 | \$ 28,523,085 | \$ 211,525 | 2.9 % |
| Consumer loans | 12,634,310 | 12,284,759 | 349,551 | 11.3 |
| Revolving credit loans | 997,863 | 968,088 | 29,775 | 12.2 |
| Mortgage loans (2) | 10,085,695 | 9,705,772 | 379,923 | 15.5 |
| Total loans & leases | 52,452,478 | 51,481,704 | 970,774 | 7.5 |
| Noninterest-bearing deposits (3) | 7,709,750 | 7,419,132 | 290,618 | 15.5 |
| Interest-bearing transaction accounts | 18,742,524 | 18,621,091 | 121,433 | 2.6 |
| CDs and other time deposits | 25,090,808 | 24,581,856 | 508,952 | 8.2 |
| Total deposits | \$ 51,543,082 | \$ 50,622,079 | \$ 921,003 | 7.2 % |

| (Dollars in thousands) | For the Three Months Ended | | Increase (Decrease) | |
|---|----------------------------|-------------------|---------------------|--------------|
| | 9/30/02 | 6/30/02 | \$ | % |
| SELECTED INCOME STATEMENT ITEMS EXCLUDING MERGER-RELATED CHARGES AND PURCHASE ACQUISITIONS (1) | | | | |
| Net interest income - taxable equivalent | \$ 739,135 | \$ 727,241 | \$ 11,894 | 6.5 % |
| Noninterest income | | | | |
| Service charges on deposits | 104,740 | 101,874 | 2,866 | 11.2 |
| Mortgage banking income (4) | (61,175) | 43,963 | (105,138) | NM |
| Investment banking & brokerage fees & commissions | 47,912 | 56,039 | (8,127) | (57.5) |
| Trust revenue | 26,431 | 24,197 | 2,234 | 36.6 |
| Agency insurance commissions | 76,211 | 74,063 | 2,148 | 11.5 |
| Other insurance commissions | 3,847 | 3,986 | (139) | (13.8) |
| Other nondeposit fees & commissions | 54,142 | 52,100 | 2,042 | 15.5 |
| Securities gains (losses), net (4) | 135,519 | 19,666 | 115,853 | NM |
| Other income | 31,433 | 28,244 | 3,189 | 44.8 |
| Total noninterest income | 419,060 | 404,132 | 14,928 | 14.7 |
| Noninterest expense | | | | |
| Personnel expense | 320,959 | 319,622 | 1,337 | 1.7 |
| Occupancy & equipment expense | 85,112 | 84,688 | 424 | 2.0 |
| Other noninterest expense | 183,223 | 170,988 | 12,235 | 28.4 |
| Total noninterest expense | \$ 589,294 | \$ 575,298 | \$ 13,996 | 9.7 % |

- NOTES: Applicable growth rates are annualized.
- (1) Amounts adjusted to exclude growth that resulted from the timing of acquisitions purchased during 2002 and 2001.
 - (2) Excludes the impact of mortgage loan securitization programs in 2001.
 - (3) Excludes the impact of the outsourcing of official checks in both 2002 and 2001.
 - (4) Mortgage banking income includes provisions for the impairment of mortgage servicing rights totaling \$130.8 million and \$15.8 million for the three months ended September 30, 2002, and June 30, 2002, respectively. These provisions are offset by securities
- NM - not meaningful.
-

S I G N A T U R E

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BB&T CORPORATION
(Registrant)

By: /S/ SHERRY A. KELLETT

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

Date: October 11, 2002