

BB&T CORP  
Form 10-K  
February 21, 2017

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

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FORM 10-K

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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2016

Commission File Number: 1-10853

BB&T CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina

56-0939887

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

200 West Second Street

27101

Winston-Salem, North Carolina

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (336) 733-2000

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on  
which registered

Common Stock, \$5 par value

New York Stock Exchange

Depository Shares each representing 1/1,000th interest in a share of Series D

New York Stock Exchange

Non-Cumulative Perpetual Preferred Stock

Depository Shares each representing 1/1,000th interest in a share of Series E

New York Stock Exchange

Non-Cumulative Perpetual Preferred Stock

Depository Shares each representing 1/1,000th interest in a share of Series F

New York Stock Exchange

Non-Cumulative Perpetual Preferred Stock

Depository Shares each representing 1/1,000th interest in a share of Series G

New York Stock Exchange

Non-Cumulative Perpetual Preferred Stock

Depository Shares each representing 1/1,000th interest in a share of Series H

New York Stock Exchange

Non-Cumulative Perpetual Preferred Stock

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by references in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

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

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

At January 31, 2017, the Company had 808,394,189 shares of its Common Stock, \$5 par value, outstanding. As of June 30, 2016, the aggregate market value of voting stock held by nonaffiliates of the Company was approximately \$28.9 billion. Documents incorporated by reference: Portions of the definitive proxy statement relating to the registrant's annual meeting of stockholders scheduled to be held on April 25, 2017 are incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III.

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For information regarding executive officers, refer to "Executive Officers of BB&T" in Part I. The other information required by Item 10 is incorporated herein by reference to the information that appears under the headings "Proposal \* 1-Election of Directors," "Corporate Governance Matters," "Corporate Governance Matters-Board Committees, Membership and Attendance," "Audit Committee Report" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Registrant's Proxy Statement for the 2017 Annual Meeting of Shareholders.

The information required by Item 11 is incorporated herein by reference to the information that appears under the headings "Compensation Discussion and Analysis," "Compensation of Executive Officers," "Compensation Committee Report on Executive Compensation," "Compensation Committee Interlocks and Insider Participation" and "Compensation of Directors" in the Registrant's Proxy Statement for the 2017 Annual Meeting of Shareholders.

For information regarding the registrant's securities authorized for issuance under equity compensation plans, refer to "Equity Compensation Plan Information" in Part II.

The other information required by Item 12 is incorporated herein by reference to the information that appears under the headings "Stock Ownership Information" in the Registrant's Proxy Statement for the 2017 Annual Meeting of Shareholders.

The information required by Item 13 is incorporated herein by reference to the information that appears under the headings "Corporate Governance Matters-Director Independence" and "Transactions with Executive Officers and Directors" in the Registrant's Proxy Statement for the 2017 Annual Meeting of Shareholders.

The information required by Item 14 is incorporated herein by reference to the information that appears under the headings "Fees to Auditors" and "Audit Committee Pre-Approval Policy" in the Registrant's Proxy Statement for the 2017 Annual Meeting of Shareholders.

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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
2015 Repurchase Plan	Plan for the repurchase of up to 50 million shares of BB&T's common stock
ACL	Allowance for credit losses
Acquired from FDIC	Assets of Colonial that were formerly covered under loss sharing agreements
AFS	Available-for-sale
Agency MBS	Mortgage-backed securities issued by a U.S. government agency or GSE
ALLL	Allowance for loan and lease losses
American Coastal	American Coastal Insurance Company
AOCI	Accumulated other comprehensive income (loss)
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
BSA/AML	Bank Secrecy Act/Anti-Money Laundering
BU	Business Unit
CCAR	Comprehensive Capital Analysis and Review
CD	Certificate of deposit
CDI	Core deposit intangible assets
CEO	Chief Executive Officer
CET1	Common equity Tier 1
CFPB	Consumer Financial Protection Bureau
CISA	Cybersecurity Information Sharing Act
CMO	Collateralized mortgage obligation
Colonial Company	Collectively, certain assets and liabilities of Colonial Bank acquired by BB&T in 2009 BB&T Corporation and subsidiaries (interchangeable with "BB&T" above)
CRA	Community Reinvestment Act of 1977
CRE	Commercial real estate
CRMC	Credit Risk Management Committee
CRO	Chief Risk Officer
CROC	Compliance Risk Oversight Committee
DIF	Deposit Insurance Fund administered by the FDIC
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EITSC	Enterprise IT Steering Committee
EPS	Earnings per common share
EVE	Economic value of equity
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FATCA	Foreign Account Tax Compliance Act
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
FHC	Financial Holding Company
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FINRA	Financial Industry Regulatory Authority

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FNMA	Federal National Mortgage Association
FRB	Board of Governors of the Federal Reserve System
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
HFI	Held for investment

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Term	Definition
HMDA	Home Mortgage Disclosure Act
HTM	Held-to-maturity
HUD-OIG	Office of Inspector General, U.S. Department of Housing and Urban Development
IDI	Insured depository institution
IPV	Independent price verification
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association, Inc.
LCR	Liquidity Coverage Ratio
LHFS	Loans held for sale
LIBOR	London Interbank Offered Rate
MBS	Mortgage-backed securities
MRLCC	Market Risk, Liquidity and Capital Committee
MRMD	Model Risk Management Department
MSR	Mortgage servicing right
MSRB	Municipal Securities Rulemaking Board
National Penn	National Penn Bancshares, Inc., previously a Pennsylvania incorporated BHC, acquired April 1, 2016
NCCOB	North Carolina Office of the Commissioner of Banks
NIM	Net interest margin, computed on a taxable-equivalent basis
NM	Not meaningful
NPA	Nonperforming asset
NPL	Nonperforming loan
NYSE	NYSE Euronext, Inc.
OAS	Option adjusted spread
OCI	Other comprehensive income (loss)
ORMC	Operational Risk Management Committee
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
PCI	Purchased credit impaired loans as well as assets of Colonial Bank acquired from the FDIC during 2009, which were formerly covered under loss sharing agreements
Re-REMICs	Re-securitizations of Real Estate Mortgage Investment Conduits
RMC	Risk Management Committee
RMO	Risk Management Organization
RSU	Restricted stock unit
RUFC	Reserve for unfunded lending commitments
S&P	Standard & Poor's
SBIC	Small Business Investment Company
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
Susquehanna	Susquehanna Bancshares, Inc., acquired by BB&T effective August 1, 2015
Swett & Crawford	CGSC North America Holdings Corporation, acquired by BB&T effective April 1, 2016
TBA	To be announced
TDR	Troubled debt restructuring



TE	Taxable-equivalent
U.S.	United States of America
U.S. Treasury	United States Department of the Treasury
UPB	Unpaid principal balance
VaR	Value-at-risk
VIE	Variable interest entity

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Forward-Looking Statements

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, regarding the financial condition, results of operations, business plans and the future performance of BB&T that are based on the beliefs and assumptions of the management of BB&T and the information available to management at the time that these disclosures were prepared. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "projects," "may," "will," "should," "could," and other similar expressions are intended to identify these forward-looking statements. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. Such factors include, but are not limited to, the following:

- general economic or business conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit, insurance or other services;
- disruptions to the national or global financial markets, including the impact of a downgrade of U.S. government obligations by one of the credit ratings agencies, the economic instability and recessionary conditions in Europe, the potential exit of the United Kingdom from the European Union and the economic slowdown in China;
- changes in the interest rate environment, including interest rate changes made by the FRB, as well as cash flow reassessments may reduce NIM and/or the volumes and values of loans made or held as well as the value of other financial assets held;
- competitive pressures among depository and other financial institutions may increase significantly;
- legislative, regulatory or accounting changes, including changes resulting from the adoption and implementation of the Dodd-Frank Act may adversely affect the businesses in which BB&T is engaged;
- local, state or federal taxing authorities may take tax positions that are adverse to BB&T;
- a reduction may occur in BB&T's credit ratings;
- adverse changes may occur in the securities markets;
- competitors of BB&T may have greater financial resources or develop products that enable them to compete more successfully than BB&T and may be subject to different regulatory standards than BB&T;
- cybersecurity risks, including "denial of service," "hacking" and "identity theft," could adversely affect BB&T's business and financial performance or reputation, and BB&T could be liable for financial losses incurred by third parties due to breaches of data shared between financial institutions;
- natural or other disasters, including acts of terrorism, could have an adverse effect on BB&T in that such events could materially disrupt BB&T's operations or the ability or willingness of customers to access the services BB&T offers;
- costs related to the integration of the businesses of BB&T and its merger partners may be greater than expected;
- failure to execute on strategic or operational plans, including the ability to successfully complete and/or integrate mergers and acquisitions or fully achieve expected cost savings or revenue growth associated with mergers and acquisitions within the expected time frames could adversely impact financial condition and results of operations;
- significant litigation and regulatory proceedings could have a material adverse effect on BB&T;
- unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries could result in negative publicity, protests, fines, penalties, restrictions on BB&T's operations or ability to expand its business and other negative consequences, all of which could cause reputational damage and adversely impact BB&T's financial conditions and results of operations;
- risks resulting from the extensive use of models;
- risk management measures may not be fully effective;
- deposit attrition, customer loss and/or revenue loss following completed mergers/acquisitions may exceed expectations;
- higher than expected costs related to information technology infrastructure or a failure to successfully implement future system enhancements could adversely impact BB&T's financial condition and results of operations and could result in significant additional costs to BB&T;

widespread system outages, caused by the failure of critical internal systems or critical services provided by third parties, could adversely impact BB&T's financial condition and results of operations; and the other risks and uncertainties detailed in Part I, Item 1A: Risk Factors in this Annual Report on Form 10-K.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Actual results may differ materially from those expressed in or implied by any forward-looking statement. Except to the extent required by applicable law or regulation, BB&T undertakes no obligation to revise or update publicly any forward-looking statements for any reason. Readers should, however, consult any further disclosures of a forward-looking nature BB&T may make in any subsequent Annual Reports on Form 10 K, Quarterly Reports on Form 10 Q, or Current Reports on Form 8 K.

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ITEM 1. BUSINESS

BB&T is a FHC headquartered in Winston-Salem, North Carolina. BB&T conducts its business operations primarily through its bank subsidiary, Branch Bank, and other nonbank subsidiaries.

Operating Subsidiaries

Branch Bank (Winston-Salem, North Carolina), BB&T's largest subsidiary, was chartered in 1872 and is the oldest bank headquartered in North Carolina. Branch Bank provides a wide range of banking and trust services for retail and commercial clients in its geographic markets, including small and mid-size businesses, public agencies, local governments and individuals, through 2,196 offices (as of December 31, 2016). Branch Bank's principal operating subsidiaries include:

• BB&T Equipment Finance Corporation (Charlotte, North Carolina) provides loan and lease financing to commercial and small businesses;

• BB&T Insurance Services, Inc. (Raleigh, North Carolina) offers property and casualty, life, health, employee benefits, commercial general liability, surety, title and other insurance products through its agency network;

• BB&T Investment Services, Inc. (Charlotte, North Carolina) is a registered broker-dealer and offers clients non-deposit investment products, including discount brokerage services, equities, fixed-rate, variable-rate and index annuities, mutual funds, government and municipal bonds, and money market funds;

• CRC Insurance Services, Inc. (Birmingham, Alabama) is a wholesale insurance broker authorized to do business nationwide;

• Crump Life Insurance Services, Inc. (Roseland, New Jersey) is a wholesale insurance broker authorized to do business nationwide;

• Grandbridge (Charlotte, North Carolina) specializes in arranging and servicing commercial mortgage loans;

• McGriff, Seibels & Williams, Inc. (Birmingham, Alabama) is authorized to do business nationwide and specializes in providing insurance products on an agency basis to large commercial clients, including many Fortune 500 companies;

• Prime Rate Premium Finance Corporation, Inc. (Florence, South Carolina) and its subsidiaries, which include AFCCO Credit Corporation, provide insurance premium financing to clients in the United States and Canada; and

• Susquehanna Commercial Finance, Inc. (Malvern, Pennsylvania) provides loans and lease financing to commercial and small businesses.

Major Nonbank Subsidiaries

BB&T also has a number of nonbank subsidiaries, including:

• BB&T Securities, LLC (Richmond, Virginia) is a registered investment banking and full-service brokerage firm that provides services in retail brokerage, equity and debt underwriting, investment advice, corporate finance and equity research; and facilitates the origination, trading and distribution of fixed-income securities and equity products in both the public and private capital markets. BB&T Securities, LLC also provides correspondent clearing services to broker-dealers and entities involved in the securities industry;

Regional Acceptance Corporation (Greenville, North Carolina) specializes in nonprime, indirect financing for consumer purchases of primarily mid-model and late-model used automobiles; and

Sterling Capital Management, LLC (Charlotte, North Carolina) is a registered investment advisor, which provides tailored investment management solutions to meet the specific needs and objectives of individual and institutional clients through a full range of investment strategies.

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## Services

BB&T's subsidiaries offer a variety of services targeted to retail and commercial clients. BB&T's objective is to offer clients a full array of products to meet all their financial needs. BB&T's insurance operations primarily consist of a wholesale/agency network.

Retail Services:	Commercial Services:
Asset management	Asset management
Automobile lending	Association services
Bankcard lending	Capital markets services
Consumer finance	Commercial deposit services
Home equity lending	Commercial finance
Home mortgage lending	Commercial middle market lending
Insurance	Commercial mortgage lending
Investment brokerage services	Corporate banking
Mobile/online banking	Floor plan lending
Payment solutions	Institutional trust services
Retail deposit services	Insurance
Sales finance	Insurance premium finance
Small business lending	International banking services
Wealth management/private banking	Leasing
	Merchant services
	Mortgage warehouse lending
	Payment solutions
	Private equity investments
	Real estate lending
	Supply chain management

## Market Area

The following table reflects BB&T's deposit market share and branch locations by state:

Table 1

## BB&amp;T Deposit Market Share and Branch Locations by State

	% of BB&T's Deposits (2)	Deposit Market Share Rank (2)	Number of Branches (3)
North Carolina (1)	20 %	2nd	352
Virginia	16	4th	344
Florida	12	6th	318
Pennsylvania	10	4th	262
Georgia	9	5th	155
Maryland	7	6th	165
South Carolina	6	3rd	111
Kentucky	4	2nd	110
Texas	4	14th	124
West Virginia	4	1st	73
Alabama	3	5th	84

New Jersey	2	15th	33
Tennessee	2	7th	48
Washington, D.C.	1	9th	13

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(1) Excludes home office deposits.

(2) Source: FDIC.gov-data as of June 30, 2016.

(3) As of December 31, 2016. Excludes two branches in Indiana and two in Ohio.

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BB&T operates in markets that have a diverse employment base covering numerous industries. Management strongly believes that BB&T's community bank approach to providing client service is a competitive advantage that strengthens the Company's ability to effectively provide financial products and services to businesses and individuals in its markets. Furthermore, BB&T believes its current market area will support growth in assets and deposits in the future.

### Competition

The financial services industry is highly competitive and constantly evolving. BB&T's subsidiaries compete actively with national, regional and local financial services providers, including banks, thrifts, securities dealers, mortgage bankers, finance companies and insurance companies. In recent years, competition has increased from institutions not subject to the same regulatory restrictions as domestic banks and BHCs. Consumers have the opportunity to select from a variety of traditional and nontraditional alternatives. The industry frequently sees merger activity, which affects competition by eliminating some regional and local institutions, while strengthening the franchises of acquirers. For additional information concerning markets, BB&T's competitive position and business strategies and recent government interventions, see "Market Area" above and "General Business Development" below.

### General Business Development

BB&T is a regional FHC and has maintained a long-term focus on a strategy that includes expansion of asset size and diversification in terms of revenues and sources of profitability. This strategy encompasses both organic growth and acquisitions of complementary banks and financial businesses.

### Merger and Acquisition Strategy

BB&T's growth in business, profitability and market share has historically been enhanced by strategic mergers and acquisitions. BB&T is not currently pursuing significant mergers or acquisitions, but BB&T will assess future opportunities, primarily within or contiguous to BB&T's existing footprint, based on market conditions and may pursue economically advantageous acquisitions of insurance agencies, specialized lending businesses and fee income generating financial services businesses. BB&T's acquisition strategy will focus on meeting the following criteria:

- the organization must be a good fit with BB&T's culture;
- the acquisition must be strategically attractive – meaning that any bank acquisition should be in BB&T's existing footprint to allow for cost savings and economies of scale or in contiguous states to provide market diversification, or the transaction must be otherwise strategically compelling;
- any risk-related issues would need to be quantified and addressed; and
- the transaction must meet BB&T's financial criteria.

Regulatory actions, such as the orders more fully discussed in the "BSA/AML and Suspicious Activity" section below, can limit BB&T's and Branch Bank's ability to pursue mergers and acquisitions for a period of time and require new or additional regulatory approvals before engaging in certain other business activities.

On April 1, 2016, BB&T acquired National Penn for total consideration of \$1.6 billion. National Penn had 126 financial centers, \$10.1 billion of total assets and \$6.6 billion of deposits. Also on April 1, 2016, BB&T purchased insurance broker Swett & Crawford from Cooper Gay Swett & Crawford for \$461 million in cash.



During 2015, BB&T completed the purchases of Susquehanna Bancshares, Inc. and The Bank of Kentucky Financial Corporation. BB&T also acquired 41 retail branches in Texas from Citigroup. During 2014, BB&T purchased 21 retail branches in Texas from Citigroup. See the "Acquisitions and Divestitures" note in the "Notes to the Consolidated Financial Statements" for further information about these transactions.

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### Regulatory Considerations

The extensive regulatory framework applicable to financial institutions is intended primarily for the protection of depositors, the DIF and the stability of the financial system, rather than for the protection of shareholders and creditors. In addition to banking laws, regulations and regulatory agencies, BB&T is subject to various other laws, regulations, supervision and examination by other regulatory agencies, all of which directly or indirectly affect the operations and management of BB&T and its ability to make distributions to shareholders.

BB&T's earnings are affected by general economic conditions, management policies, changes in state and federal laws and regulations and actions of various regulatory authorities, including those referred to in this section. Following the November 2016 election, the new administration and members of Congress have publicly disclosed proposals to change certain laws and regulations (e.g., pay ratio disclosure and the DOL fiduciary rule). Proposals to change the laws and regulations are frequently introduced at both the federal and state levels. The likelihood and timing of any such changes and the impact such changes may have on BB&T is impossible to determine with any certainty.

The description below summarizes the significant state and federal laws to which BB&T currently is subject. The descriptions are qualified in their entirety by reference to the particular statutory or regulatory provisions summarized. The descriptions below do not summarize any possible or proposed changes in current laws or regulations.

### Financial Regulatory Reform

During the past several years, there has been a significant increase in regulatory oversight for U.S. financial services firms, primarily resulting from the Dodd-Frank Act. The Dodd-Frank Act is extensive, complex and comprehensive legislation that impacts practically all aspects of a banking organization. The Dodd-Frank Act has led to numerous and far-reaching changes that affect financial institutions.

Certain provisions of the Dodd-Frank Act and other laws are subject to further rulemaking, guidance and interpretation by the applicable federal regulators. BB&T will continue to evaluate the impact of any new regulations so promulgated, including changes in regulatory costs and fees, modifications to consumer products or disclosures required by the CFPB and the requirements of the enhanced supervision provisions, among others.

As a BHC and a FHC under federal law, BB&T is subject to regulation under the BHCA and the examination and reporting requirements of the FRB. Branch Bank, a North Carolina state-chartered commercial bank, is subject to regulation, supervision and examination by the NCCOB, the FDIC and the CFPB.

State and federal law govern the activities in which Branch Bank engages, the investments it makes and the aggregate amount of loans that may be granted to one borrower. Various consumer and compliance laws and regulations also affect its operations. Branch Bank is also affected by the actions of the FRB as it implements monetary policy.

In addition to federal and state banking laws and regulations, BB&T and certain of its subsidiaries and affiliates, including those that engage in securities underwriting, dealing, brokerage, investment advisory and insurance activities, are subject to other federal and state laws and regulations as well as supervision and examination by other federal and state regulatory agencies and other regulatory authorities, including the SEC, FINRA, NYSE.

### FHC Regulation

Under current federal law, as a BHC, BB&T has elected to become a FHC, which allows it to offer customers virtually any type of service that is financial in nature or incidental thereto, including banking and activities closely related thereto, securities underwriting, insurance and merchant banking. In order to maintain its status as a FHC,

BB&T and all of its affiliated IDIs must be well-capitalized and well-managed and have at least a satisfactory CRA rating. The FRB has responsibility for overseeing compliance with these requirements. If the FRB determines that a FHC is not well-capitalized or well-managed, the FHC has a period of time to comply, but during the period of noncompliance, the FRB can place any limitations on the FHC that it believes to be appropriate. Furthermore, if the FRB determines that a FHC has not maintained a satisfactory CRA rating, the FHC would not be able to commence any new financial activities or acquire a company that engages in such activities, although the FHC would still be allowed to engage in activities closely related to banking and make investments in the ordinary course of conducting banking activities.

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Most of the financial activities that are permissible for FHCs also are permissible for a bank's "financial subsidiary," except for insurance underwriting, insurance company portfolio investments, real estate investments and development, and merchant banking, which must be conducted by a FHC. In order for a financial subsidiary of a bank to engage in permissible financial activities, federal law requires the parent bank (and its sister-bank affiliates) to be well-capitalized and well-managed; the aggregate consolidated assets of all of that bank's financial subsidiaries may not exceed the lesser of 45% of its consolidated total assets or \$50 billion; the bank must have at least a satisfactory CRA rating; and, if that bank is one of the 100 largest national banks, it must meet certain financial rating or other comparable requirements.

Current federal law also establishes a system of functional regulation under which the FRB is the umbrella regulator for BHCs, but BHC affiliates are principally regulated by functional regulators such as the FDIC for state nonmember bank affiliates, the SEC for securities affiliates and state insurance regulators for insurance affiliates. Certain specific activities, including traditional bank trust and fiduciary activities, may be conducted in the bank without the bank being deemed a "broker" or a "dealer" in securities for purposes of functional regulation. Although states generally must regulate bank insurance activities in a nondiscriminatory manner, states may continue to adopt and enforce rules that specifically regulate bank insurance activities in certain identifiable areas.

### Resolution Planning

FRB and FDIC regulations require "covered companies" such as BB&T and systemically important financial institutions such as Branch Bank to file, maintain and update plans for a rapid and orderly resolution in the event of material financial distress or failure (a "living will"). Both the FRB and the FDIC must review and evaluate BB&T's and Branch Bank's living wills and are authorized to impose restrictions on growth and activities or operations if deemed necessary. The public portions of the resolution plans are available in the Additional Disclosures section of the Investor Relations site at [bbt.investorroom.com/additional-disclosures](http://bbt.investorroom.com/additional-disclosures).

### CCAR and Stress Test Requirements

FRB rules require BB&T to submit annual capital plans based on pre-defined stress scenarios. BB&T is also required to collect and report certain related data on a quarterly basis to allow the FRB to monitor progress against the annual capital plan. BB&T may pay dividends and repurchase stock only in accordance with a capital plan that has been reviewed by the FRB and that has not received any objections from the FRB. A capital distribution can only occur if, after giving effect to the distribution, all minimum regulatory capital ratios will be maintained, including a post-stress Basel III CET1 ratio of at least 4.5%. See Table 32 for additional information about Basel III requirements. The FRB did not object to BB&T's 2016 capital plan.

The FRB conducts an annual supervisory stress test and requires that BB&T conduct a separate mid-cycle stress test, file the results of such test with the FRB and publicly disclose details of the scenario and the impact on its capital. BB&T's annual and mid-cycle stress test results are available on its website at [bbt.investorroom.com/additional-disclosures](http://bbt.investorroom.com/additional-disclosures).

The start date of the annual stress test cycle is January 1 of the following calendar year. The capital plan period starts July 1 of the following calendar year. A BHC can only make capital distributions as provided for in its capital plan.

The FDIC conducts an annual supervisory stress test and requires Branch Bank to conduct annual company-run stress tests. The FDIC has modified the "as-of" dates for financial data that covered banks with more than \$10 billion in assets will use to perform their stress tests as well as the reporting dates and public disclosure dates of the annual stress tests. The revisions to the regulations became effective on January 1, 2016.

During January 2017, the FRB finalized a rule modifying the capital plan and stress testing rules for the 2017 cycle. The rule removes the qualitative assessment of CCAR for BHCs with total consolidated assets between \$50 billion and \$250 billion. For these entities, the rule also reduces certain reporting requirements. The rule also decreases the amount of capital that can be distributed by CCAR banks to shareholders outside of an approved capital plan without seeking prior approval from the FRB. Previously, if an entity did not receive an objection to its capital plan, it could distribute up to 1% of its tier 1 capital above the distributions in its capital plan. The rule reduces that amount to 0.25% of tier 1 capital. The rule also adds a blackout period in the second quarter of each year during which a firm cannot change its capital distribution. While no longer subject to the qualitative assessment, BB&T intends to maintain the processes and infrastructure to facilitate future compliance.

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### Acquisitions

BB&T complies with numerous laws related to its acquisition activity. Under the BHCA, a BHC may not directly or indirectly acquire ownership or control of more than 5% of the voting shares or substantially all of the assets of any BHC or bank or merge or consolidate with another BHC without the prior approval of the FRB.

Current federal law authorizes interstate acquisitions of banks and BHCs without geographic limitation, and a bank headquartered in one state is authorized to merge with a bank headquartered in another state, subject to market share limitations, regulatory approvals and any state requirement that the target bank shall have been in existence and operating for a minimum period of time. After a bank has established branches in a state through an interstate merger transaction, the bank may establish and acquire additional branches at any location in the state where a bank headquartered in that state could have established or acquired branches under applicable federal or state law. These regulatory considerations are applicable to privately negotiated acquisition transactions.

FRB rules prohibit a financial company from combining with another company if the ratio of the resulting company's liabilities exceeds 10% of the aggregate consolidated liabilities of all financial companies.

### Other Safety and Soundness Regulations

The FRB has enforcement powers over BHCs and their nonbanking subsidiaries. The FRB has authority to prohibit activities that represent unsafe or unsound practices or constitute violations of law, rule, regulation, administrative order or written agreement with a federal regulator. These powers may be exercised through the issuance of cease and desist orders, civil money penalties or other actions.

There also are a number of obligations and restrictions imposed on BHCs and their IDI subsidiaries by federal law and regulatory policy that are designed to reduce potential loss exposure to depositors and the FDIC insurance fund in the event the IDI is insolvent or is in danger of becoming insolvent. For example, the FRB requires a BHC to serve as a source of financial strength to its subsidiary IDIs and to commit financial resources to support such institutions in circumstances where it might not do so otherwise. In addition, the "cross-guarantee" provisions of federal law require IDIs under common control to reimburse the FDIC for any loss suffered or reasonably anticipated by the DIF as a result of the insolvency or potential failure of commonly controlled IDIs. The FDIC's claim for reimbursement under the cross-guarantee provisions is superior to claims of shareholders of the IDI or its holding company but is subordinate to claims of depositors, secured creditors and nonaffiliated holders of subordinated debt.

Banking regulators also have broad enforcement powers over Branch Bank, including the power to impose fines and other civil and criminal penalties, and to appoint a receiver in order to conserve the assets of Branch Bank for the benefit of depositors and other creditors. The NCCOB also has the authority to take possession of a North Carolina state bank in certain circumstances, including, among other things, when it appears that such bank has violated its charter or any applicable laws, is conducting its business in an unauthorized or unsafe manner, is in an unsafe or unsound condition to transact its business or has an impairment of its capital stock.

### Payment of Dividends; Capital Requirements

The Parent Company is a legal entity separate and distinct from its subsidiaries. The majority of the Parent Company's revenue is from dividends paid by Branch Bank, which are limited by laws and regulations. In addition, BB&T and Branch Bank are subject to various regulatory restrictions relating to the payment of dividends, including regulatory capital minimums and the requirement to remain "well-capitalized" under the prompt corrective action regulations summarized elsewhere in this section. Banking regulators have indicated that dividends should generally only be paid if (1) net income available to common shareholders over the past year has been sufficient to fully fund the dividends

and (2) the prospective rate of earnings retention appears consistent with the organization's capital needs, asset quality and overall financial condition. BB&T's future capital actions will depend on the FRB's review of BB&T's annual capital plans.

North Carolina law states that, provided a bank does not make distributions that reduce its capital below its applicable required capital, the board of directors of a bank chartered under the laws of North Carolina may declare such distributions as the directors deem proper.

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The federal banking agencies are required to take "prompt corrective action" in respect of financial institutions that do not meet minimum capital requirements. The law establishes five categories for this purpose: "well-capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." To be considered "well-capitalized," an IDI must maintain minimum capital ratios and must not be subject to any order or written directive to meet and maintain a specific capital level for any capital measure. Additionally, failure to meet capital requirements may cause an institution to be directed to raise additional capital. Federal law further mandates that the agencies adopt safety and soundness standards generally relating to operations and management, asset quality and executive compensation, and authorizes administrative action against an institution that fails to meet such standards.

In addition, failure to meet capital guidelines may subject a banking organization to a variety of other enforcement remedies, including additional substantial restrictions on its operations and activities, termination of deposit insurance by the FDIC and, under certain conditions, the appointment of a conservator or receiver.

### Basel III

The U.S. capital requirements follow the accord of the BCBS. The Company currently qualifies as a standardized approach banking organization under the FRB's Basel III capital framework rules. The rules stipulate the risk-based capital requirements applicable to BHCs and IDIs, define the components of capital and address other areas affecting banking institutions' regulatory capital ratios. The rules also address risk weights and other items affecting the denominator in banking institutions' regulatory capital ratios, and the rules use a more risk-sensitive approach than the pre-Basel III rules.

Institutions with greater than \$250 billion in assets or \$10 billion in foreign assets are considered advanced approaches banking organizations, which results in a more complex calculation of risk-weighted assets that includes an assessment of the impact of operational risk, among other differences. In addition, advanced approaches institutions have additional reporting requirements and must calculate capital under both the standardized approach and the advanced approaches and use the more conservative result. BB&T would become subject to these requirements upon exceeding either of the asset thresholds.

The Basel III rules, among other things, (1) include a capital measure referred to as CET1; (2) specify that Tier 1 capital consist of Tier 1 common equity and additional Tier 1 capital instruments meeting specified requirements; (3) define Tier 1 common equity narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to Tier 1 common equity and not to the other components of capital; and (4) expand the scope of the deductions/adjustments from capital as compared to prior regulations.

The Basel III rules prescribe a standardized approach for risk weightings that generally range from 0% for U.S. government securities to 600% for certain equity exposures, with a maximum risk weight classification of 1,250% for certain securitizations. This results in higher risk weights for a variety of asset categories. In addition, the rules provide more advantageous risk weights for derivatives and repurchase-style transactions cleared through a qualifying central counterparty and increase the scope of eligible guarantors and eligible collateral for purposes of credit risk mitigation.

The Basel III rules also establish more conservative ratio levels for well-capitalized status. In addition to the minimum risk-based capital requirements, all banks must hold additional capital, referred to as the capital conservation buffer (which is in the form of common equity), to avoid being subject to limits on capital distributions and certain discretionary bonus payments to officers. The required amount of the capital conservation buffer will be phased-in annually through January 1, 2019.



Effective January 1, 2016, Branch Bank became subject to the capital conservation buffer, which requires calculation and public disclosure of the amount of the buffer, the eligible retained income and any limitations on distributions and discretionary bonuses resulting from the buffer, including the maximum payout amount for the quarter. The capital conservation buffer requirements do not currently result in any limitations on distributions or discretionary bonuses for Branch Bank.

See the "Liquidity" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information about BB&T's liquidity requirements.

See the "Capital" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information about BB&T's capital requirements.

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### HMDA Regulations

The CFPB has issued final rules changing the reporting requirements for lenders under the HMDA. The new rules expand the range of transactions subject to these requirements to include most securitized residential mortgage loans and credit lines. The rules also increase the overall amount of data required to be collected and submitted, including additional data points about the applicable loans and expanded data about the borrowers. BB&T will be required to begin collecting the expanded data on January 1, 2018.

### FATCA

FATCA was enacted by Congress to target non-compliance by U.S. taxpayers using foreign accounts. FATCA requires foreign financial institutions to report to the IRS information about financial accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. Foreign financial institutions not complying with the reporting requirements are subject to a 30% withholding tax on all U.S. sourced payments. BB&T is in compliance with the applicable requirements currently in effect. Beginning January 1, 2019, the regulations will be expanded to include sales of property that can produce certain types of U.S. source income.

### Volcker Rule

The Volcker Rule prohibits IDIs and their affiliates from engaging in short-term proprietary trading of certain securities, derivatives, commodity futures and options for their own account. The rule provides certain exemptions and also clarifies that certain activities are not prohibited, including acting as agent, broker, or custodian. Banking entities were required to conform proprietary trading activities to the final rule by July 21, 2015.

The rule also imposes limits on certain relationships with hedge funds or private equity funds. The FRB extended the compliance deadline to July 21, 2017 for purposes of conforming investments in and relationships with certain funds that were in place prior to December 31, 2013. Complying with these requirements is not expected to have a material impact on BB&T's consolidated financial position, results of operations or cash flows.

### DIF Assessments

Branch Bank's deposits are insured by the DIF of the FDIC up to the limits set forth under applicable law. The FDIC imposes a risk-based deposit premium assessment system that determines assessment rates for an IDI based on an assessment rate calculator, which is based on a number of elements to measure the risk each IDI poses to the DIF. The assessment rate is applied to total average assets less tangible equity, as defined under the Dodd-Frank Act. The assessment rate schedule can change from time to time at the discretion of the FDIC, subject to certain limits. Under the current system, premiums are assessed quarterly.

The FDIC adopted a final rule that imposes a surcharge of 4.5 cents per \$100 of the assessment base, after making certain adjustments, for banks with total assets of at least \$10 billion. The surcharge became effective July 1, 2016 and will last for a period currently estimated by the FDIC to be two years but ending no later than December 31, 2018. If the DIF has not reached the required level at that time, then the FDIC will impose a special assessment on institutions with assets greater than \$10 billion. The net effect of the new surcharge is estimated to increase BB&T's total annual assessment by an amount within the range of \$40 million to \$50 million, and the applicable portion is included in results for the third and fourth quarters of 2016.

### Consumer Protection Laws and Regulations

In connection with its lending and leasing activities, Branch Bank is subject to a number of federal and state laws designed to protect borrowers and promote lending to various sectors of the economy and population. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, and their respective state law counterparts.

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### CFPB

The CFPB has broad rulemaking, supervisory and enforcement powers under various federal consumer financial protection laws, including the laws referenced above, fair lending laws and certain other statutes. The CFPB has examination and primary enforcement authority with respect to depository institutions with \$10 billion or more in assets, their service providers and certain non-depository entities such as debt collectors and consumer reporting agencies. The CFPB has authority to prevent unfair, deceptive or abusive practices in connection with the offering of consumer financial products.

The Dodd-Frank Act permits states to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and, in certain circumstances, permits state attorneys general to enforce compliance with both the state and federal laws and regulations.

The CFPB has concentrated much of its rulemaking efforts on a variety of mortgage-related topics required under the Dodd-Frank Act, including mortgage origination disclosures, minimum underwriting standards and ability to repay, high-cost mortgage lending, and servicing practices. The rules related to ability to repay, qualified mortgage standards and mortgage servicing became effective during 2014, while the escrow and loan originator compensation rules became effective during 2013.

A final rule integrating mortgage loan disclosures required by the Truth in Lending Act and the Real Estate Settlement and Procedures Act became effective during October 2015. The final rule consolidated four existing and separate disclosures required under these acts for closed-end credit transactions secured by real property into two forms with a view towards making the mortgage loan disclosures less confusing and more consumer friendly. Branch Bank delivered the functionality required to meet the effective date of October 3, 2015 for the new integrated disclosures.

As a result of these rules, BB&T transferred the management of certain home equity loans from direct retail lending within the Community Banking segment to the Residential Mortgage Banking segment during 2014.

### Patriot Act

The Patriot Act is intended to strengthen the ability of U.S. law enforcement agencies and intelligence communities to cooperate in the prevention, detection and prosecution of international money laundering and the financing of terrorism. The Patriot Act contains anti-money laundering measures affecting IDIs, broker-dealers and certain other financial institutions. The Patriot Act includes the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001, which requires such financial institutions to implement policies and procedures to combat money laundering and the financing of terrorism and grants the Secretary of the U.S. Treasury broad authority to establish regulations and to impose requirements and restrictions on financial institutions' operations. The Patriot Act imposes substantial obligations on financial institutions to maintain appropriate policies, procedures and processes to detect, prevent and report money laundering, terrorist financing and other financial crimes. Failure to comply with these regulations may result in fines, penalties, lawsuits, regulatory sanctions, reputation damage, or restrictions on business. In addition, the Patriot Act requires the federal bank regulatory agencies to consider the effectiveness of a financial institution's anti-money laundering activities when reviewing bank mergers and BHC acquisitions.

### BSA/AML and Suspicious Activity

BB&T is subject to several federal laws that are designed to combat money laundering, terrorist financing and transactions with persons, companies, or foreign governments designated by U.S. authorities. This category of laws includes the Bank Secrecy Act, the Money Laundering Control Act, and the Patriot Act.

During December 2016, Branch Bank entered into a consent order with the FDIC and the NCCOB and in January 2017, BB&T entered into a cease and desist order with the FRB and NCCOB. These orders call for corrective actions and enhancements to address certain internal control deficiencies within the BSA/AML Compliance Program. No criminal activity has been identified as the result of such deficiencies, and no financial penalty was levied. BB&T has already taken significant steps towards the improvement of its BSA/AML program, including:

- additional investment into processes and system upgrades to strengthen anti-money laundering controls;
- continued emphasis on education, training and the importance of compliance for all associates; and
- the hiring and placement of a highly experienced BSA/AML professional to oversee these efforts.

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BB&T expects to continue to devote significant resources to its BSA/AML program, particularly as risks persistently emerge and evolve and as regulatory expectations escalate.

BSA/AML laws and regulations obligate depository institutions and broker/dealers to verify their customers' identity, conduct customer due diligence, report on suspicious activity, file reports of transactions in currency and conduct enhanced due diligence on certain accounts, individuals and businesses. Depository institutions and broker/dealers are required by their respective federal regulators to maintain policies and procedures in order to ensure compliance with the above obligations. Federal regulators regularly examine such policies and procedures to ensure their adequacy and effectiveness, and the frequency and extent of such examinations and the remedial actions resulting therefrom have been increasing. Non-compliance with BSA/AML laws or failure to maintain adequate policies and procedures can lead to significant monetary penalties and reputational damage, and federal regulators evaluate the effectiveness of an applicant in combating money laundering when determining whether to approve a bank merger, BHC acquisitions or other expansionary activity.

### Privacy

Federal law contains extensive customer privacy protection provisions, including substantial customer privacy protections provided under the Financial Services Modernization Act of 1999 (commonly known as the Gramm-Leach-Bliley Act). Under these provisions, a financial institution must provide to its customers, at the inception of the customer relationship and annually thereafter, the institution's policies and procedures regarding the handling of customers' nonpublic personal financial information. During December 2015, Congress amended the Gramm-Leach-Bliley Act privacy provisions to include an exception under which if a financial institution meets certain conditions, it is not required to provide annual privacy notices to customers. In July 2016, the CFPB proposed a rule implementing this provision.

An institution may not provide customers' nonpublic personal financial information to unaffiliated third parties unless the institution discloses to the customer that such information may be so provided and the customer is given the opportunity to opt out of such disclosure. Federal law makes it a criminal offense, except in limited circumstances, to obtain or attempt to obtain customer information by fraudulent or deceptive means.

### CRA

The CRA requires Branch Bank's primary federal bank regulatory agency, the FDIC, to assess the bank's record in meeting the credit needs of the communities served by the bank, including low- and moderate-income neighborhoods and persons. Institutions are assigned one of four ratings: "Outstanding," "Satisfactory," "Needs to Improve" or "Substantial Noncompliance." This assessment is reviewed for any bank that applies to merge or consolidate with or acquire the assets or assume the liabilities of an IDI, or to open or relocate a branch office. The CRA record of each subsidiary bank of a FHC also is assessed by the FRB in connection with any acquisition or merger application.

### Automated Overdraft Payment Regulation

There are federal consumer protection laws related to automated overdraft payment programs offered by financial institutions. The FRB prohibits financial institutions from charging consumers fees for paying overdrafts on automated teller machine and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service. Financial institutions must also provide consumers with a notice that explains the financial institution's overdraft services, including the associated fees and the consumer's choices. In addition, FDIC-supervised institutions must monitor overdraft payment programs for "excessive or chronic" customer use and undertake "meaningful and effective" follow-up action with customers that overdraw their accounts more than six times during a rolling 12-month period. Financial institutions must also impose daily limits on overdraft charges, review and modify check-clearing

procedures, prominently distinguish account balances from available overdraft coverage amounts and ensure board and management oversight regarding overdraft payment programs.

#### Pay Ratio Disclosure

The SEC has adopted amendments to require the disclosure of: (1) the median compensation amount of the annual total compensation of all employees of a registrant (excluding the CEO), (2) the annual total compensation of that registrant's CEO and (3) the ratio of the median of the annual total compensation of all employees (excluding the CEO) to the annual total compensation of the CEO. The rules require such information for the first fiscal year beginning on or after January 1, 2017.

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### DOL Fiduciary Rule

During April 2016, the DOL issued a final rule related to fiduciary standards in regards to the investing of clients' retirement assets. The final rule expands the definition of a fiduciary under the Employee Retirement Income Security Act of 1974. Those who provide investment advice to plans, plan sponsors, fiduciaries, plan participants, beneficiaries and IRAs and IRA owners must either avoid payments that create conflicts of interest or comply with the protective terms of an exemption issued by the DOL. Under new exemptions adopted with the rule, financial institutions will be obligated to acknowledge their status and the status of their individual advisers as "fiduciaries." Firms and advisers will be required to make prudent investment recommendations without regard to their own interests, or the interests of those other than the customer; charge only reasonable compensation; and make no misrepresentations to their customers regarding recommended investments. Additionally, the new rule requires certain disclosures to be made to the investor, and ongoing compliance must be monitored and documented. The requirements under the new rule will be phased in from April 10, 2017 to January 1, 2018. The estimated impact for 2017 of additional expense and reduced revenue ranges from \$10 million to \$15 million.

### FDIC Recordkeeping Requirements

The FDIC has released a final rule to facilitate prompt payment of FDIC-insured deposits when large IDIs fail. The rule requires IDIs with two million or more deposit accounts to maintain complete and accurate data on each depositor's ownership interest by right and capacity and to develop the capability to calculate the insured and uninsured amounts for each deposit owner by ownership right and capacity. The requirements under the rule must be in place by April 1, 2020. This rule is expected to result in additional costs to BB&T; however, the amount has not been quantified.

### Cybersecurity

Effective December 2015, the CISA is intended to improve cybersecurity in the U.S. by enhanced sharing of information about security threats among the U.S. government and private sector entities, including financial institutions. The CISA also authorizes companies to monitor their own systems notwithstanding any other provision of law, and allows companies to carry out defensive measures on their own systems from cyber attacks. The law includes liability protections for companies that share cyber threat information with third parties so long as such sharing activity is conducted in accordance with CISA.

### Incentive-Based Compensation Arrangements

During May 2016, several financial regulators jointly issued a proposed rule designed to prohibit incentive-based compensation arrangements that could encourage inappropriate risks by providing excessive compensation or that could lead to a material financial loss. The proposed rule would require the applicable compensation arrangements to be considered against a number of factors, including a requirement that the arrangements contain both financial and non-financial measures of performance. In addition, the requirements would differ based on the size of the institution, and institutions with assets exceeding \$50 billion would be subject to mandatory deferral, forfeiture/adjustment and clawback requirements for employees subject to the rule. BB&T is currently reviewing the proposed rule to determine the potential impact.

### Other Regulatory Matters

BB&T is subject to examinations by federal and state banking regulators, as well as the SEC, the FINRA, the NYSE, various taxing authorities and various state insurance and securities regulators. BB&T periodically receives requests for information from regulatory authorities in various states, including state insurance commissions and state attorneys



general, securities regulators and other regulatory authorities, concerning BB&T's business and accounting practices. Such requests are considered incidental to the normal conduct of business.

#### Employees

For the quarter ended December 31, 2016, BB&T had approximately 37,500 full-time equivalent employees, compared to approximately 36,000 full-time equivalent employees for the quarter ended December 31, 2015.

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Website Access to BB&T's Filings with the SEC

BB&T's electronic filings with the SEC, including the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act, as amended, are made available at no cost in the Investor Relations section of the Company's website, BBT.com, as soon as reasonably practicable after BB&T files such material with, or furnishes it to, the SEC. BB&T's SEC filings are also available through the SEC's website at sec.gov.

Corporate Governance

Information with respect to BB&T's Board of Directors, Executive Officers and corporate governance policies and principles is presented on BB&T's website, BBT.com, and includes:

• Corporate Governance Guidelines

• Corporate Board of Directors, including Biographical Information

• Committees of the Corporate Board of Directors and Committee Charters

• Codes of Ethics for Directors, Senior Financial Officers and Associates

• Executive Officers, including Biographical Information

• Policy and Procedures for Accounting, Securities and Legal Complaints, including Whistleblower Procedures

• Statement of Political Activity

• Corporate Social Responsibility Report

BB&T intends to disclose any substantive amendments or waivers to the Codes of Ethics for Directors or Senior Financial Officers on its website at BBT.com.

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## Executive Officers

Executive Officer	Recent Work Experience	Yrs of Service	Age
Kelly S. King Chairman and Chief Executive Officer	Chairman since January 2010. Chief Executive Officer since January 2009.	44	68
Christopher L. Henson President and Chief Operating Officer	President since December 2016. Chief Operating Officer since January 2009.	32	55
Daryl N. Bible Senior Executive Vice President and Chief Financial Officer	Chief Financial Officer since January 2009.	9	55
Clarke R. Starnes III Senior Executive Vice President and Chief Risk Officer	Chief Risk Officer since July 2009.	34	57
W. Bennett Bradley Senior Executive Vice President and Chief Digital Officer	Chief Digital Officer since January 2016. President, Payment Solutions from September 2005 to December 2015.	31	55
Barbara F. Duck Senior Executive Vice President and Chief Information Officer	Chief Information Officer since July 2016. Data and Technology Services Manager from January 2016 to June 2016. Enterprise Risk Manager from July 2009 to December 2015.	29	50
Jim. D. Godwin Senior Executive Vice President and Deputy Chief Risk Officer	Deputy Chief Risk Officer since January 2016. Chief Operational Risk Officer from September 2012 to December 2015. Credit Risk Review Manager from May 2009 to September 2012.	21	48
Donna C. Goodrich Senior Executive Vice President and Deposit, Payment and Operations Services Manager	Deposit, Payment and Operations Services Manager since January 2016. Deposit Services Manager from April 2004 to December 2015.	31	54
Robert J. Johnson, Jr.		12	44

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<p>Senior Executive Vice President and General Counsel, Secretary and Chief Corporate Governance Officer</p>	<p>General Counsel, Secretary and Chief Corporate Governance Officer since August 2010.</p>		
<p>Brant J. Standridge Senior Executive Vice President and Lending Group Manager</p>	<p>Lending Group Manager since August 2016. Regional President in Texas from January 2015 to August 2016. Regional President in Georgia from November 2011 to December 2014. Regional President in Maryland from August 2009 to November 2011.</p>	<p>18</p>	<p>41</p>
<p>David H. Weaver Senior Executive Vice President and President Community Banking</p>	<p>President Community Banking since December 2016. Community Banking Group Executive from 2010 to December 2016.</p>	<p>21</p>	<p>50</p>
<p>Dontá L. Wilson Senior Executive Vice President and Chief Client Experience Officer</p>	<p>Chief Client Experience Officer since August 2016. Regional President in Georgia from December 2014 to July 2016. Regional President in Alabama from August 2009 to November 2014.</p>	<p>18</p>	<p>40</p>
<p>W. Rufus Yates Senior Executive Vice President and Financial Services Manager</p>	<p>President and CEO of BB&amp;T Securities since January 2013. President and CEO of Scott &amp; Stringfellow, LLC from 2009 through 2012.</p>	<p>30</p>	<p>59</p>

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ITEM 1A. RISK FACTORS

The following discussion sets forth some of the more important risk factors that could materially affect BB&T's financial condition and operations. When a risk factor spans several risk categories, the below risks have been listed by their primary risk category. Other factors that could affect the Company's financial condition and operations are discussed in the "Forward-Looking Statements" section above. However, there may be additional risks that are not presently material or known, and factors besides those discussed below, or elsewhere in this or other reports that BB&T filed or furnished with the SEC, that also could adversely affect the Company.

Compliance Risk

Changes in banking laws could have a material adverse effect on BB&T.

BB&T is extensively regulated under federal and state banking laws and regulations that are intended primarily for the protection of depositors, the DIF and the banking system as a whole. In addition, BB&T is subject to changes in federal and state laws as well as changes in banking and credit regulations and governmental economic and monetary policies. Any of these changes could adversely and materially affect BB&T. The regulatory environment for financial institutions entails significant potential increases in compliance requirements and associated costs, including those related to consumer credit, with a focus on mortgage lending.

Federal and state banking regulators also possess broad powers to take supervisory actions as they deem appropriate. These supervisory actions may result in higher capital requirements, higher deposit insurance premiums and limitations on BB&T's activities that could have a material adverse effect on its business and profitability.

For example, as discussed in "Regulatory Considerations" above, the FDIC adopted a final rule that imposes a DIF assessment surcharge for banks with total assets of at least \$10 billion. The surcharge became effective July 1, 2016 and will last for a period currently estimated by the FDIC to be two years but ending no later than December 31, 2018. If the DIF has not reached the required level at that time, then the FDIC will impose a special assessment on institutions with assets greater than \$10 billion. The net effect of the new surcharge is estimated to increase BB&T's total annual assessment by an amount ranging from \$40 million to \$50 million.

The Dodd-Frank Act, and its related rulemaking activities, may result in lower revenues, higher costs and ratings downgrades. In addition, failure to meet the FRB's capital planning and adequacy requirements and liquidity requirements under the Dodd-Frank Act and other banking laws may limit the ability to pay dividends, pursue acquisitions and repurchase common stock.

The Dodd-Frank Act represents a significant overhaul of many aspects of the regulation of the financial services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, and changes among the bank regulatory agencies. Under Dodd-Frank, BB&T is deemed to be a "systemically important" institution. Federal agencies continue to implement the provisions of the Dodd-Frank Act. Many of these provisions remain subject to further rulemaking, guidance and interpretation by the applicable federal regulators. Additionally, the CFPB has finalized a number of significant rules that impact nearly every aspect of the lifecycle of a residential mortgage. These rules implement the Dodd-Frank Act amendments to the Equal Credit Opportunity Act, the Truth in Lending Act and the Real Estate Settlement Procedures Act. These rules have a direct impact on BB&T's operations, as BB&T is both a mortgage originator and a servicer.

Due to BB&T's size, it is subject to additional regulations such as the "living will" requirements relating to the rapid and orderly resolution of systemically important financial institutions in the event of material financial distress or

failure. BB&T cannot predict the additional effects that compliance with the Dodd-Frank Act or any regulations will have on BB&T's businesses or its ability to pursue future business opportunities. Additional regulations resulting from the Dodd-Frank Act may materially adversely affect BB&T's business, financial condition or results of operations. See "Regulatory Considerations" for additional information regarding the Dodd-Frank Act and its impact upon BB&T.

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BB&T is subject to enhanced capital requirements and may be subject to more stringent capital requirements, which could diminish its ability to pay dividends or require BB&T to reduce its operations.

The Dodd-Frank Act requires federal banking agencies to establish more stringent risk-based capital requirements and leverage limits applicable to banks and BHCs. The FRB approved final rules that established a new comprehensive capital framework for U.S. banking organizations and established a more conservative definition of capital. These requirements, known as Basel III, became effective on January 1, 2015, and as a result, BB&T became subject to enhanced minimum capital and leverage ratios. These requirements, and any other new regulations, including those that have been proposed but not yet implemented as a result of the requirements established by the BCBS, could adversely affect BB&T's ability to pay dividends or raise capital, or could require BB&T to limit certain business activities, which may adversely affect its results of operations or financial condition. BB&T currently qualifies as a standardized approach banking organization under Basel III. Financial institutions with greater than \$250 billion in assets or \$10 billion in foreign assets are considered advanced approaches banking organizations, which are subject to a more complex calculation of RWA that includes an assessment of the impact of operational risk, among other requirements. BB&T is preparing to comply with the advanced approaches requirements, and these more stringent requirements, or BB&T's failure to properly comply with them, could materially and adversely impact BB&T's financial results and regulatory status once the requirements become applicable to BB&T. In addition, the costs associated with complying with more stringent capital requirements, such as the requirement to formulate and submit capital plans based on pre-defined stress scenarios on an annual basis, could have a material adverse effect on BB&T. See "Regulatory Considerations" for additional information regarding the capital requirements under the Dodd-Frank Act and Basel III.

For example, BB&T is subject to assessment by the FRB as part of the CCAR program. CCAR is an annual exercise by the FRB to ensure that institutions have forward-looking capital planning processes that account for their risks and sufficient capital to continue operations throughout times of economic and financial stress. BB&T cannot be certain that the FRB will have no objections to BB&T's future capital plans submitted through the CCAR program. Failure to pass the CCAR review could adversely affect BB&T's ability to pay dividends, enter into acquisitions and repurchase common stock.

BB&T is subject to extensive and expanding government regulation and supervision, which can lead to costly enforcement actions while increasing the cost of doing business and limiting BB&T's ability to generate revenue.

The financial services industry is subject to intense scrutiny from bank supervisors in the examination process and aggressive enforcement of regulations on both the federal and state levels, particularly with respect to mortgage-related practices and other consumer compliance matters, as well as compliance with anti-money laundering, Bank Secrecy Act and Office of Foreign Assets Control efforts, and economic sanctions against certain foreign countries and nationals. Federal banking law grants substantial enforcement powers to federal banking regulators. This enforcement authority includes, among other things, the ability to assess significant civil or criminal monetary penalties, fines, or restitution; to issue cease and desist or removal orders; and to initiate injunctive actions against banking organizations and institution-affiliated parties. These enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Failure to comply with these and other regulations, and supervisory expectations related thereto, may result in fines, penalties, lawsuits, regulatory sanctions, reputation damage or restrictions on business.

In addition, federal bank regulatory agencies are required to consider the effectiveness of a financial institution's anti-money laundering activities and other regulatory compliance matters when reviewing bank mergers and BHC acquisitions and, consequently, non-compliance with the applicable regulations could materially impair BB&T's ability to enter into or complete mergers and acquisitions.

For example, as discussed in "Regulatory Considerations" above, Branch Bank entered into a consent order with the FDIC and the NCCOB during December 2016 and BB&T entered into a cease and desist order with the FRB and NCCOB in January 2017. The orders call for corrective actions and enhancements to address certain internal control deficiencies within the BSA/AML Compliance Program. BB&T's and Branch Bank's ability to pursue mergers and acquisitions may be limited for a period of time.

For another example, as discussed in the "Loan Servicing" note in the "Notes to Consolidated Financial Statements," during 2014, BB&T received notice from the HUD-OIG that BB&T had been selected for an audit/survey to assess BB&T's compliance with FHA loan origination and quality control requirements. BB&T subsequently received subpoenas from the HUD-OIG and the Department of Justice seeking additional information regarding its lending practices in connection with loans insured by the FHA. During 2014, BB&T recognized an \$85 million charge that was included in other expense on the Consolidated Statements of Income. During the third quarter of 2016, the Company paid \$83 million to settle these matters pursuant to an agreement with the Department of Justice.



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Differences in interpretation of tax laws and regulations and any potential resulting litigation may adversely impact BB&T's financial statements.

Local, state or federal tax authorities may interpret tax laws and regulations differently than BB&T and challenge tax positions that BB&T has taken on its tax returns. This may result in differences in the treatment of revenues, deductions or credits and/or differences in the timing of these items. The differences in treatment may result in payment of additional taxes, interest or penalties that could have a material adverse effect on financial results. For example, as discussed in the "Income Taxes" note in the "Notes to Consolidated Financial Statements," during 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 developments resulted in a \$516 million charge during 2013. Potential developments in BB&T's litigation or in similar cases could adversely affect BB&T's financial position or results of operations.

### Credit Risk

Changes in national, regional and local economic conditions and deterioration in the geographic and financial markets in which BB&T operates could lead to higher loan charge-offs and reduce net income and growth.

BB&T's business is subject to fluctuations based on national, regional and local economic conditions, as well as conditions that may be specific to particular sectors or industries. These fluctuations are not predictable, cannot be controlled and may have a material adverse impact on BB&T's operations and financial condition even if other favorable events occur. BB&T's banking operations are primarily locally oriented and community-based. Accordingly, BB&T expects to continue to be dependent upon local business conditions as well as conditions in the local residential and CRE markets it serves. For example, an increase in unemployment, a decrease in real estate values or increases in interest rates, as well as other factors, could weaken the economies of the communities BB&T serves. Weakness in BB&T's market area could depress its earnings and consequently its financial condition because:

- customers may not want or need BB&T's products or services;
- borrowers may not be able or willing to repay their loans;
- the value of the collateral securing loans to borrowers may decline; and
- the quality of BB&T's loan portfolio may decline.

Any of the latter three scenarios could require BB&T to charge off a higher percentage of loans and/or increase provisions for credit losses, which would reduce net income. For example, our loan portfolio includes loans for oilfield services, oil and gas exploration and production, and pipeline transportation of gas and crude oil. Oil prices have declined in recent years, which has had an adverse effect on some of our borrowers in this portfolio and on the value of the collateral securing some of these loans. If such downturn in the oil and gas industry continues, the cash flows of our customers in this industry could be adversely impacted, which could impair their ability to service any loans outstanding to them and/or reduce demand for loans. These factors could result in higher delinquencies and greater charge-offs in future periods, which could adversely affect our business, financial condition or results of operations.

A systemic lack of available credit, a lack of confidence in the financial sector, volatility in the financial markets and/or reduced business activity could materially adversely affect BB&T's business, financial condition and results of operations.

Potential downgrades of U.S. government securities by one or more of the credit ratings agencies could have a material adverse effect on BB&T's operations, earnings and financial condition.

A possible future downgrade of the sovereign credit ratings of the U.S. government and a decline in the perceived creditworthiness of U.S. government-related obligations could impact BB&T's ability to obtain funding that is collateralized by affected instruments, as well as affect the pricing of that funding when it is available. A downgrade may also adversely affect the market value of such instruments. BB&T cannot predict if, when or how any changes to the credit ratings or perceived creditworthiness of these obligations will affect economic conditions. Such ratings actions could result in a significant adverse impact on BB&T. For example, BB&T's securities portfolio consists largely of MBS issued by GSEs, such as FHLMC and FNMA. Among other things, a downgrade in the U.S. government's credit rating could adversely impact the value of these securities and may trigger requirements that the Company post additional collateral for trades relative to these securities. A downgrade of the sovereign credit ratings of the U.S. government or the credit ratings of related institutions, agencies or instruments would significantly exacerbate the other risks to which BB&T is subject and any related adverse effects on its business, financial condition and results of operations.

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The soundness of other financial institutions could adversely affect BB&T.

Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. BB&T has exposure to many different industries and counterparties, and BB&T and certain of its subsidiaries routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutions. Many of these transactions expose BB&T to credit risk in the event of default of its counterparty. In addition, BB&T's credit risk may be exacerbated when collateral is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure. These types of losses could materially and adversely affect BB&T's results of operations or financial condition.

BB&T could be affected by the United Kingdom's potential withdrawal from the European Union.

In June 2016, the United Kingdom electorate voted to leave the European Union. This referendum was advisory and does not have binding legal effect. In the event that the United Kingdom formally notifies the European Union of its intention to leave the union (commonly referred to as "Brexit"), then the terms of the United Kingdom's withdrawal from, and future relationships with, the European Union will be negotiated, and legislation implementing the withdrawal must be enacted. The ultimate impact of Brexit and its effects on BB&T still remain uncertain and will depend on the terms of withdrawal and the post-Brexit relationships that the United Kingdom will negotiate with the European Union and other nations that are not a part of the European Union. Increased market volatility and further global economic deterioration resulting from Brexit, or concern about Brexit, could have significant adverse effects on BB&T's businesses, results of operations, financial condition, liquidity and capital. In addition, specific impacts from Brexit could include requirements that BB&T make certain changes to its operational model, business practices and regulatory authorizations in order to continue servicing customers across Europe; detrimental impacts on revenues and expenses; increased difficulties related to recruitment, retention, and mobility of certain European-based associates; and other adverse impacts on business operations.

### Liquidity Risk

BB&T's liquidity could be impaired by an inability to access the capital markets, an unforeseen outflow of cash or a reduction in the credit ratings for BB&T or its subsidiaries.

Liquidity is essential to BB&T's businesses. When volatility or disruptions occur in the capital markets, BB&T's ability to access capital could be materially impaired. Additionally, other factors outside of BB&T's control, such as a general market disruption or an operational problem that affects third parties, could impair BB&T's ability to access capital markets or create an unforeseen outflow of cash or deposits. BB&T's inability to access the capital markets could constrain its ability to make new loans or meet its existing lending commitments and could ultimately jeopardize its overall liquidity and capitalization.

BB&T's credit ratings are also important to its liquidity. Rating agencies regularly evaluate BB&T and its subsidiaries, and their ratings are based on a number of factors, including the financial strength of BB&T and its subsidiaries, as well as factors not entirely within BB&T's control, including conditions affecting the financial services industry generally. As a result, there can be no assurance that BB&T will maintain its current ratings. A reduction in BB&T's credit ratings could adversely affect BB&T's liquidity and competitive position, increase its borrowing costs, limit its access to the capital markets or trigger unfavorable contractual obligations.

### Market Risk

Instability in economic conditions and volatility in financial markets could have a material adverse effect on BB&T's operations, earnings and financial condition.

The macroeconomic environment in the United States is susceptible to global events and volatility. The negative impact on economic conditions and global markets from foreign sovereign debt matters and other matters could adversely affect BB&T's business, financial condition and liquidity. Domestic and global political activity, geopolitical matters, including international political unrest or disturbances, concerns over energy prices and economic instability or recession in certain regions could cause turmoil and volatility in the financial markets, which could reduce the value of BB&T's assets or cause a reduction in liquidity that adversely impacts BB&T's financial condition and results of operations.

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The monetary, tax and other policies of governmental agencies, including the FRB, have a significant impact on market interest rates, and BB&T's business and financial performance is impacted significantly by such interest rates.

BB&T's businesses and earnings are affected by the fiscal and other policies adopted by various regulatory authorities of the U.S., non-U.S. governments and international agencies. The FRB regulates the supply of money and credit in the U.S. The federal policies determine in large part the cost of funds for lending and investing and the return earned on those loans and investments. The market impact from such policies can also materially decrease the value of certain of BB&T's financial assets, most notably debt securities. Changes in the federal policies are beyond BB&T's control and, consequently, the impact of these changes on BB&T's activities and results of operations is difficult to predict.

Changes in interest rates may have an adverse effect on BB&T's profitability.

BB&T's earnings and financial condition are largely dependent on net interest income, which is the difference between interest earned from loans and investments and interest paid on deposits and borrowings. The narrowing of interest rate spreads could adversely affect BB&T's earnings and financial condition. BB&T cannot control or predict with certainty changes in interest rates. Regional and local economic conditions, competitive pressures and the policies of regulatory authorities, including monetary policies of the FRB, affect interest income and interest expense. As discussed in "Market Risk Management – Interest Rate Market Risk (Other than Trading)," BB&T has ongoing policies and procedures designed to manage the risks associated with changes in market interest rates. However, changes in interest rates still may have an adverse effect on BB&T's profitability. For example, rising interest rates could adversely affect BB&T's mortgage banking business because higher interest rates could cause customers to apply for fewer mortgages. Similarly, rising interest rates would increase the required periodic payment for variable rate loans and may result in borrowers becoming unable to pay. Additionally, rising interest rates may increase the cost of BB&T's deposits, which are a primary source of funding. BB&T is also subject to the risk of a negative interest rate scenario, which implies that a depositor would pay a premium for a financial institution to hold funds on deposit. In such a scenario, some depositors may choose to withdraw their deposits in lieu of paying an interest rate to BB&T to hold such deposits. Negative rates would also diminish the spreads on loans and securities. This scenario could have a material adverse effect on BB&T's financial condition and results of operations.

Loss of deposits or a change in deposit mix could increase the Company's funding costs.

Deposits are a low cost and stable source of funding. BB&T competes with banks and other financial institutions for deposits. Funding costs may increase because the Company may lose deposits and replace them with more expensive sources of funding, clients may shift their deposits into higher cost products or the Company may need to raise its interest rates to avoid losing deposits. Higher funding costs reduce the Company's NIM, net interest income and net income.

### Operational Risk

BB&T faces cybersecurity risks, including "denial of service attacks," "hacking" and "identity theft" that could result in the disclosure of confidential information, adversely affect BB&T's business or reputation and create significant legal and financial exposure.

BB&T's computer systems and network infrastructure are subject to security risks and could be susceptible to cyber attacks, such as denial of service attacks, hacking, terrorist activities or identity theft. Financial services institutions and companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer

viruses or malware, cyber attacks and other means. Denial of service attacks have been launched against a number of large financial services institutions, including BB&T. As a result of these attacks, the performance of BB&T's website, BBT.com, was adversely affected, and in some instances customers were prevented from accessing BB&T's website. BB&T expects to be subject to similar attacks in the future. While events to date primarily resulted in inconvenience, future cyber attacks could be more disruptive and damaging. Hacking and identity theft risks, in particular, could cause serious reputational harm. Cyber threats are rapidly evolving and BB&T may not be able to anticipate or prevent all such attacks. BB&T may incur increasing costs in an effort to minimize these risks and could be held liable for any security breach or loss.

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Despite efforts to ensure the integrity of its systems, BB&T will not be able to anticipate all security breaches of these types, and BB&T may not be able to implement effective preventive measures against such security breaches. The techniques used by cyber criminals change frequently and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments. Those parties may also attempt to fraudulently induce associates, customers or other users of BB&T's systems to disclose sensitive information in order to gain access to its data or that of its clients. These risks may increase in the future as the Company continues to increase its mobile-payment and other internet-based product offerings and expands its internal usage of web-based products and applications.

A successful penetration or circumvention of system security could cause serious negative consequences to BB&T, including disruption of operations, misappropriation of confidential information of BB&T or its customers, or damage to computer systems of BB&T or its customers and counterparties. A security breach could result in violations of applicable privacy and other laws, financial loss to BB&T or to its customers, loss of confidence in BB&T's security measures, significant litigation exposure and harm to BB&T's reputation, all of which could have a material adverse effect.

BB&T relies on its associates, systems and certain counterparties, and certain failures could materially adversely affect operations.

BB&T's business is dependent on the ability to process, record and monitor a large number of complex transactions. The Company could be materially adversely affected if one or more of its associates causes a significant operational breakdown or failure, either as a result of human error or intentionally. Financial, accounting or other data processing systems may fail or have other significant shortcomings that materially adversely affect BB&T's business. BB&T's systems may not be able to handle certain scenarios, such as a negative interest rate environment. In addition, products, services and processes are continually changing and BB&T may not fully identify new operational risks that may arise from such changes. Any of these occurrences could diminish the ability to operate one or more BUs or result in potential liability to clients, increased operating expenses, higher litigation costs (including fines and sanctions), reputational damage, regulatory intervention or weaker competitive standing, any of which could be material to the Company.

If personal, confidential or proprietary information of clients were to be mishandled or misused, significant regulatory consequences, reputational damage and financial loss could occur. Such mishandling or misuse could include circumstances where, for example, such information was erroneously provided to parties who are not permitted to have the information, either through the fault of systems, associates, or counterparties, or where such information was intercepted or otherwise inappropriately taken by third parties.

BB&T may be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control, which may include, for example, security breaches; electrical or telecommunications outages; failures of computer servers or other damage to property or assets; natural disasters; health emergencies or pandemics; or events arising from political events, including terrorist acts. There can be no assurance that disaster recovery or other plans will fully mitigate all potential business continuity risks. Any failures or disruptions of systems or operations could impact BB&T's ability to service its clients, which could adversely affect BB&T's results of operations by subjecting BB&T to losses, litigation, regulatory fines or penalties or by requiring the expenditure of significant resources to correct the failure or disruption.

Significant litigation and regulatory proceedings could have a material adverse effect on BB&T.

BB&T faces significant litigation and regulatory proceedings in its business. The volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remains high.

Given the inherent uncertainties involved in litigation and regulatory proceedings, and the very large or indeterminate damages sought in some matters asserted against BB&T, there can be significant uncertainty as to the ultimate liability BB&T may incur from such matters. The finding, or even the assertion, of substantial legal liability or significant regulatory action against BB&T may have material adverse financial effects or cause significant reputational harm to BB&T, which in turn could seriously harm BB&T's business prospects.



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BB&T faces significant operational and other risks related to its activities, which could expose it to negative publicity, litigation and/or regulatory action.

BB&T is exposed to many types of risks, including operational, reputational, legal and compliance risk, the risk of fraud or theft by associates or outsiders (including identity and information theft), unauthorized transactions by associates or operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems. Negative public opinion can result from BB&T's actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions, activities related to asset sales and balance sheet management and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect BB&T's ability to attract and keep customers and can expose it to litigation and regulatory action.

Because the nature of the financial services industry involves a high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. BB&T's necessary dependence upon automated systems to record and process its transaction volume may further increase the risk that technical flaws or associate tampering or manipulation of those systems will result in losses that are difficult to detect. BB&T also may be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control (for example, computer viruses or electrical or telecommunications outages), which may give rise to disruption of service to customers and to financial loss or liability. BB&T is further exposed to the risk that its external vendors may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees as is BB&T) and to the risk that BB&T's (or its vendors') business continuity and data security systems prove to be inadequate.

BB&T relies on other companies to provide certain key components of its business infrastructure.

Third party vendors provide certain key components of BB&T's business infrastructure such as internet connections, network access and certain transaction processing. While BB&T has selected these third party vendors carefully, it does not control their operations. Any failure by these third parties to perform or provide agreed upon goods and services for any reason, or their poor performance of services, could adversely affect BB&T's ability to deliver products and services to its customers and otherwise conduct its business. Replacing these third party vendors could also entail significant delay and expense.

BB&T may not be able to successfully integrate mergers and acquisitions.

Difficulties may arise in the integration of the business and operations of BHCs, banks and non-bank entities that BB&T acquires and, as a result, BB&T may not be able to achieve the cost savings and synergies that it expects will result from such transactions. Achieving cost savings is dependent on consolidating certain operational and functional areas, eliminating duplicative positions and terminating certain agreements for outside services. Additional operational savings are dependent upon the integration of the acquired or merged entity's businesses with BB&T or one of BB&T's subsidiaries, the conversion of core operating systems, data systems and products and the standardization of business practices. Complications or difficulties in the conversion of core operating systems, data systems and products may result in the loss of customers, damage to BB&T's reputation within the financial services industry, operational problems, one-time costs currently not anticipated or reduced cost savings resulting from such mergers or acquisitions. Annual cost savings in each such transaction may be materially less than anticipated if the merger or acquisition is delayed unexpectedly, the integration of operations is delayed beyond what is anticipated or the conversion to a single set of data systems is not accomplished on a timely basis.

Difficulty in integrating an acquired company may prevent BB&T from realizing expected revenue increases, cost savings, increases in geographic or product presence and/or other projected benefits from the acquisition. The

integration could result in higher than expected deposit attrition, loss of key associates, disruption of BB&T's businesses or the businesses of the acquired company, or otherwise adversely affect BB&T's ability to maintain relationships with customers and associates or achieve the anticipated benefits of the acquisition. Also, the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected. As a result of these and other factors, BB&T could incur losses on acquired assets and increased expenses resulting from the failure to successfully integrate an acquired company, which could adversely impact its financial condition or results of operations.

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BB&T may not be able to successfully implement future information technology system enhancements, which could adversely affect BB&T's business operations and profitability.

BB&T invests significant resources in information technology system enhancements in order to provide functionality and security at an appropriate level. BB&T may not be able to successfully implement and integrate future system enhancements, which could adversely impact the ability to provide timely and accurate financial information in compliance with legal and regulatory requirements, which could result in sanctions from regulatory authorities. Such sanctions could include fines and suspension of trading in BB&T stock, among others. In addition, future system enhancements could have higher than expected costs and/or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations.

Failure to properly utilize system enhancements that are implemented in the future could result in impairment charges that adversely impact BB&T's financial condition and results of operations and could result in significant costs to remediate or replace the defective components. In addition, BB&T may incur significant training, licensing, maintenance, consulting and amortization expenses during and after systems implementations, and any such costs may continue for an extended period of time.

BB&T is investing significant resources in a new commercial loan system. BB&T may not be able to successfully implement and integrate the new commercial loan system, which could adversely impact the ability to provide timely and accurate financial information in compliance with legal and regulatory requirements, which could result in sanctions and fines from regulatory authorities. The implementation could extend past the expected timing and/or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations. Failure to implement part or all of the system could result in impairment charges that adversely impact BB&T's financial condition and results of operations and could result in significant costs to remediate or replace the defective components. In addition, BB&T may incur significant training, licensing, maintenance, consulting and amortization expenses during and after the implementation, and any such costs may continue for an extended period of time.

There are risks resulting from the extensive use of models in BB&T's business.

BB&T relies on quantitative models to measure risks and to estimate certain financial values. Models may be used in such processes as determining the pricing of various products, grading loans and extending credit, measuring interest rate and other market risks, predicting or estimating losses, assessing capital adequacy and calculating economic and regulatory capital levels, as well as to estimate the value of financial instruments and balance sheet items. Poorly designed or implemented models present the risk that BB&T's business decisions based on information incorporating model output would be adversely affected due to the inadequacy of that information. Also, information BB&T provides to the public or to its regulators based on poorly designed or implemented models could be inaccurate or misleading. Some of the decisions that the regulators make, including those related to capital distributions to BB&T's shareholders, could be affected adversely due to the perception that the quality of the models used to generate the relevant information is insufficient.

BB&T's risk management measures may not be fully effective.

Management of risk, including compliance, credit, liquidity, market, operational, reputation and strategic risks, requires policies and procedures to properly record and verify a large number of transactions and events. BB&T's risk management measures may not be fully effective in identifying and mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated, even if the models for assessing risk are properly designed and implemented. Some of BB&T's methods of managing risk are based upon its use of observed historical market behavior and management's judgment. These methods may not accurately predict

future exposures, which could be significantly greater than the historical measures indicate. In addition, credit risk is inherent in the financial services business. BB&T's ability to assess the creditworthiness of its customers may be impaired if the models and approaches it uses to select, manage and underwrite consumer and commercial customers become less predictive of future charge-offs.

BB&T's set of risk monitoring and risk mitigation techniques, and the judgments that accompany their application, cannot anticipate every economic and financial outcome or the timing of such outcomes. BB&T may, therefore, incur losses in the course of its risk management or investing activities.

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### Strategic and Other Risk

BB&T may experience significant competition from new or existing competitors, which may reduce its customer base or cause it to lower prices for its products and services in order to maintain market share.

There is intense competition among commercial banks in BB&T's market area. In addition, BB&T competes with other providers of financial services, such as savings and loan associations, credit unions, consumer finance companies, securities firms, insurance companies, commercial finance and leasing companies, the mutual funds industry, full-service brokerage firms and discount brokerage firms, some of which are subject to less extensive regulations than BB&T is with respect to the products and services they provide. BB&T's success depends, in part, on its ability to adapt its products and services to evolving industry standards and customer expectations. There is increasing pressure to provide products and services at lower prices. Lower prices can reduce BB&T's NIM and revenues from its fee-based products and services.

In addition, the adoption of new technologies by competitors, including internet banking services, mobile applications and advanced ATM functionality could require BB&T to make substantial expenditures to modify or adapt its existing products and services. Also, these and other capital investments in BB&T's business may not produce expected growth in earnings anticipated at the time of the expenditure. BB&T may not be successful in introducing new products and services, achieving market acceptance of its products and services, anticipating or reacting to consumers' changing technological preferences or developing and maintaining loyal customers. In addition, BB&T could lose market share to the shadow banking system or other non-traditional banking organizations.

Some of BB&T's larger competitors, including certain national banks that have a significant presence in BB&T's market area, may have greater capital and resources than BB&T, may have higher lending limits and may offer products and services not offered by BB&T. Any potential adverse reactions to BB&T's financial condition or status in the marketplace, as compared to its competitors, could limit BB&T's ability to attract and retain customers and to compete for new business opportunities. The inability to attract and retain customers or to effectively compete for new business may have a material and adverse effect on BB&T's financial condition and results of operations.

BB&T also experiences competition from nonbank companies inside and outside of its market area and, in some cases, from companies other than those traditionally considered financial sector participants. In particular, technology companies have begun to focus on the financial sector and offer software and products primarily over the Internet, with an increasing focus on mobile device delivery. These companies generally are not subject to the comparable regulatory burdens as financial institutions and may accordingly realize certain cost savings and offer products and services at more favorable rates and with greater convenience to the customer. For example, a number of companies offer bill pay and funds transfer services that allow customers to avoid using a bank. Technology companies are generally positioned and structured to quickly adapt to technological advances and directly focus resources on implementing those advances. This competition could result in the loss of fee income and customer deposits and related income. In addition, changes in consumer spending and saving habits could adversely affect BB&T's operations, and the Company may be unable to develop competitive and timely new products and services in response. As the pace of technology and change advance, continuous innovation is expected to exert long-term pressure on the financial services industry.

BB&T may not be able to complete future acquisitions.

BB&T must generally satisfy a number of meaningful conditions before it can complete an acquisition of another bank or BHC, including federal and/or state regulatory approvals. In determining whether to approve a proposed bank or BHC acquisition, bank regulators will consider, among other factors, the effect of the acquisition on competition, financial condition and future prospects, including current and projected capital ratios and levels, the competence,

experience and integrity of management and record of compliance with laws and regulations, the convenience and needs of the communities to be served, including the acquiring institution's record of compliance under the CRA, the effectiveness of the acquiring institution in combating money laundering activities and protests from various stakeholders of both BB&T and its acquisition partner. Also, under the Dodd-Frank Act, U.S. regulators must now take systemic risk into account when evaluating whether to approve a potential acquisition transaction involving a large financial institution like BB&T. BB&T cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. In specific cases, BB&T may be required to sell banks or branches, or take other actions as a condition to receiving regulatory approval. An inability to satisfy other conditions necessary to consummate an acquisition transaction, such as third-party litigation, a judicial order blocking the transaction or lack of shareholder approval, could also prevent BB&T from completing an announced acquisition.

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Catastrophic events could have a material adverse effect on BB&T.

The occurrence of catastrophic events such as hurricanes, tropical storms, tornados, winter storms and other large scale catastrophes could adversely affect BB&T's financial condition or results of operations. BB&T has operations and customers along the Gulf and Atlantic coasts as well as other parts of the southeastern United States, which could be adversely impacted by hurricanes and other severe weather in those regions. Unpredictable natural and other disasters could have an adverse effect on BB&T in that such events could materially disrupt its operations or the ability or willingness of its customers to access the financial services offered by BB&T. These events could reduce BB&T's earnings and cause volatility in its financial results for any fiscal quarter or year and have a material adverse effect on BB&T's financial condition and/or results of operations.

## ITEM 2. PROPERTIES

BB&T leases its headquarters at 200 West Second Street, Winston-Salem, North Carolina 27101 and owns or leases other significant office space in the vicinity of its headquarters. BB&T owns or leases free-standing operations centers, with its primary operations and information technology centers located in various locations in the southeastern and mid-Atlantic United States. Offices are either owned or operated under long-term leases. BB&T operates retail branches and other offices in a number of states, primarily concentrated in the southeastern and mid-Atlantic United States. See Table 1 for a list of BB&T's branches by state. BB&T also operates numerous insurance agencies and other businesses that occupy facilities throughout the U.S. and Canada. Management believes that the premises are well-located and suitably equipped to serve as financial services facilities. See the "Premises and Equipment" note in the "Notes to Consolidated Financial Statements" in this report for additional disclosures related to properties and other fixed assets.

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

BB&T's common stock is traded on the NYSE under the symbol "BBT." The common stock was held by approximately 450,000 shareholders at December 31, 2016 compared to approximately 384,000 shareholders at December 31, 2015. The following table sets forth the quarterly high and low trading prices and closing sales prices for BB&T's common stock and the cash dividends declared per share of common stock for each of the last eight quarters.

Table 2

## Quarterly Summary of Market Prices and Cash Dividends Declared on Common Stock

	2016			Cash Dividends Declared	2015			Cash Dividends Declared
	High	Low	Close		High	Low	Close	
Quarter Ended:								
March 31	\$37.03	\$29.95	\$33.27	\$ 0.27	\$40.17	\$34.95	\$38.99	\$ 0.24
June 30	37.02	32.22	35.61	0.28	41.70	37.33	40.31	0.27
September 30	38.81	33.72	37.72	0.30	41.90	34.73	35.60	0.27
December 31	47.85	37.40	47.02	0.30	39.47	34.24	37.81	0.27
Year	47.85	29.95	47.02	\$ 1.15	41.90	34.24	37.81	\$ 1.05

The stock price reached an all-time high during the first quarter of 2017.





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## Common Stock, Dividends and Share Repurchases

BB&T's ability to pay dividends is primarily dependent on earnings from operations, the adequacy of capital and the availability of liquid assets for distribution and is subject to the FRB not objecting to its capital plan. BB&T's ability to generate liquid assets for distribution is dependent on the ability of Branch Bank to pay dividends to the Parent Company. The payment of cash dividends is an integral part of providing a competitive return on shareholders' investments. The Company's policy is to accomplish this while retaining sufficient capital to support future growth and to meet regulatory requirements. Management has established a guideline that the common dividend payout ratio (computed by dividing common stock dividends by net income available to common shareholders) will be between 30% and 50% during normal economic conditions. BB&T's common dividend payout ratio was 40.9% in 2016 compared to 40.8% in 2015 and 34.3% in 2014. BB&T has paid a cash dividend to shareholders every year since 1903. BB&T expects common dividend declarations, if declared, to occur in January, April, July and October with payment dates on or about the first of March, June, September and December. A discussion of dividend restrictions is included in the "Regulatory Requirements and Other Restrictions" note in the "Notes to Consolidated Financial Statements" and in the "Regulatory Considerations" section.

## Share Repurchases

BB&T has periodically repurchased shares of its own common stock. In accordance with North Carolina law, repurchased shares cannot be held as treasury stock, but revert to the status of authorized and unissued shares upon repurchase.

The 2015 Repurchase Plan, announced on June 25, 2015, allows for the repurchase up to 50 million shares of the Company's common stock. Repurchases under the 2015 Repurchase Plan may be effected through open market purchases or privately negotiated transactions. The timing and exact amount of repurchases will be consistent with the Company's capital plan and subject to various factors, including the Company's capital position, liquidity, financial performance, alternative uses of capital, stock trading price and general market conditions, and may be suspended at any time. The 2015 Repurchase Plan does not have an expiration date. Shares that are repurchased pursuant to the 2015 Repurchase Plan constitute authorized but unissued shares of the Company and are therefore available for future issuances.

On July 26, 2016, the Company announced that the Board of Directors authorized up to \$640 million of share repurchases over a one-year period beginning with the third quarter of 2016. The Company completed \$160 million of share repurchases during each of the third and fourth quarters of 2016. On December 20, 2016, the Company announced that the Board of Directors also authorized an additional \$200 million of share repurchases through an accelerated share repurchase program, which resulted in the retirement of 3.4 million shares during the fourth quarter of 2016 and concluded in January 2017 with approximately 910,000 additional shares being retired.

Management's guideline for the total payout ratio (computed by dividing the sum of common stock dividends declared and share repurchases, excluding shares repurchased in connection with equity awards, by net income available to common shareholders) is that it will range between 30% and 80% during normal economic conditions. The total payout ratio was 64.0%, 40.8% and 34.3% in 2016, 2015 and 2014, respectively. BB&T may consider higher total distributions based on its capital position, earnings and prevailing economic conditions.

## Table 3

## Share Repurchase Activity

Total Shares Purchased Pursuant to	Average Price Per Share	Total Shares Repurchased Pursuant to	Maximum Remaining Number of Shares Available
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	(1)	Share	Publicly-Announced	for Repurchase
	(2)	Plan	Plan	Pursuant to
				Publicly-Announced
				Plan
	(shares in thousands)			
October 2016	1,959	\$ 39.07	1,955	43,751
November 2016	2,156	39.00	2,145	41,606
December 2016	3,409	46.68	3,375	38,231
Total	7,524	42.50	7,475	

(1) Includes shares exchanged or surrendered in connection with the exercise of equity-based awards under BB&T's equity-based compensation plans.

(2) Excludes commissions. For the December 2016 period, the average price paid per share includes the final average price of \$46.68 per share used to determine the total shares repurchased under the accelerated share repurchase program upon its conclusion in January 2017.

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## Preferred Stock

See "Shareholders' Equity" note in the "Notes to Consolidated Financial Statements" for information about preferred stock.

## Equity Compensation Plan Information

The following table provides information concerning securities to be issued upon the exercise of outstanding equity-based awards as of December 31, 2016.

Table 4

## Equity Compensation Plan Information

Plan Category	(a)(1) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b)(2) Weighted-average exercise price of outstanding options, warrants and rights	(c)(3) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in (a))
Approved by security holders	24,548,547	\$33.35	16,626,809
Not approved by security holders (4)	—	—	—
Total	24,548,547	33.35	16,626,809

(1) Includes 13,184,898 RSUs.

(2) Excludes RSUs because they do not have an exercise price.

(3) All awards remaining available for future issuance will be issued under the terms of the 2012 Incentive Plan.

(4) Excludes 432,061 options outstanding with a weighted average exercise price of \$37.42 for plans that BB&T will not make future awards under and were assumed in mergers and acquisitions.

## Performance Graphs

The following graphs compare the cumulative total returns (assuming concurrent \$100 investments at the beginning of each period and reinvestment of dividends) of BB&T common stock, the S&P 500 Index, and an industry peer group. The companies in the peer group were Comerica Incorporated, Fifth-Third Bancorp, Huntington Bancshares, Incorporated, KeyCorp, M&T Bank Corporation, PNC Financial Services Group, Inc., Regions Financial Corporation, SunTrust Banks, Inc., U.S. Bancorp, Wells Fargo & Company and Zions Bancorporation.

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	As of / Through December 31,						Cumulative Total Return Through December 31, 2016	
	Invested Cumulative Total Return						10 Year	20 Year
	2011	2012	2013	2014	2015	2016		
BB&T Corporation	\$100.00	\$118.57	\$157.37	\$168.22	\$168.05	\$215.90	\$153.49	\$504.75
S&P 500 Index	100.00	115.99	153.54	174.54	176.94	198.09	195.72	438.79
BB&T's Peer Group	100.00	124.93	170.20	201.35	203.51	237.25	154.50	508.27

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## ITEM 6. SELECTED FINANCIAL DATA

As of/ For the Year Ended December 31,  
 2016 2015 2014 2013 2012  
 (Dollars in millions, except per share  
 data, shares in thousands)

## Summary Income Statement:

Revenue-TE (1)	\$10,953	\$9,757	\$9,373	\$9,798	\$9,979
Less: TE adjustment (2)	160	146	143	146	149
Revenue-reported (1)	10,793	9,611	9,230	9,652	9,830
Provision for credit losses	572	428	251	592	1,057
Noninterest expense	6,721	6,266	5,852	5,777	5,828
Income before income taxes	3,500	2,917	3,127	3,283	2,945
Provision for income taxes	1,058	794	921	1,553	892
Net income	2,442	2,123	2,206	1,730	2,053
Noncontrolling interest	16	39	75	50	49
Dividends and accretion on preferred stock	167	148	148	117	63
Net income available to common shareholders	2,259	1,936	1,983	1,563	