BB&T CORP
Form 10-K
February 25, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

Commission File Number: 1-10853

BB&T CORPORATION

(Exact name of Registrant as specified in its Charter)

North Carolina	**56-0939887**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
200 West Second Street	
	27101
Winston-Salem, North Carolina	
(Address of principal executive offices)	**(Zip Code)**
(336) 733-2000	

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Name of each exchange on which registered
Common Stock, $5 par value	New York Stock Exchange
Depositary Shares each representing 1/1,000th interest in a share of Series D Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depositary Shares each representing 1/1,000th interest in a share of Series E Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depositary Shares each representing 1/1,000th interest in a share of Series F Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange
Depositary Shares each representing 1/1,000th interest in a share of Series G Non-Cumulative Perpetual Preferred Stock	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.   Yes [X]   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 [X]

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate 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 [X]   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.   [X]

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

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

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

At January 31, 2016, the Company had 780,451,430 shares of its Common Stock, $5 par value, outstanding. As of June 30, 2015, the aggregate market value of voting stock held by nonaffiliates of the Company was approximately $29.4 billion.

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December 31, 2015

* 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” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Registrant’s Proxy Statement for the 2016 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 2016 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” and “Compensation of Executive Officers” in the Registrant’s Proxy Statement for the 2016 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” and “Transactions with Executive Officers and Directors” in the Registrant’s Proxy Statement for the 2016 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 “Corporate Governance Matters” in the Registrant’s Proxy Statement for the 2016 Annual Meeting of Shareholders.

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
2006 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 Bank acquired from the Federal Deposit Insurance Corporation during 2009, which are currently covered or 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
BU	Business Unit
CCAR	Comprehensive Capital Analysis and Review
CD	Certificate of deposit
CDI	Core deposit intangible assets
CISA	Cybersecurity Information Sharing Act
CFPB	Consumer Financial Protection Bureau
CEO	Chief Executive Officer
CRO	Chief Risk Officer
CMO	Collateralized mortgage obligation
Colonial	Collectively, certain assets and liabilities of Colonial Bank acquired by BB&T in 2009
Company	BB&T Corporation and subsidiaries (interchangeable with "BB&T" above)
CRA	Community Reinvestment Act of 1977
CRE	Commercial real estate
CRMC	Credit Risk Management Committee
CROC	Compliance Risk Oversight Committee
DIF	Deposit Insurance Fund administered by the FDIC
Directors’ Plan	Non-Employee Directors’ Stock Option Plan
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EITSC	Enterprise IT Steering Committee
EPS	Earnings per common share
ERP	Enterprise resource planning
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
FNMA	Federal National Mortgage Association
FRB	Board of Governors of the Federal Reserve System
FTE	Fully taxable-equivalent
FTP	Funds transfer pricing
GAAP	Accounting principles generally accepted in the United States of America

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Term	**Definition**
GNMA	Government National Mortgage Association
Grandbridge	Grandbridge Real Estate Capital, LLC
GSE	U.S. government-sponsored enterprise
HFI	Held for investment
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
IMLAFA	International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001
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
MSR	Mortgage servicing right
MSRB	Municipal Securities Rulemaking Board
NIM	Net interest margin
NPA	Nonperforming asset
NPL	Nonperforming loan
NYSE	NYSE Euronext, Inc.
OAS	Option adjusted spread
OCI	Other comprehensive income (loss)
OREO	Other real estate owned
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 are currently covered or were formerly covered under loss sharing agreements
Peer Group	Financial holding companies included in the industry peer group index
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
SCAP	Supervisory Capital Assessment Program
SEC	Securities and Exchange Commission
Short-Term Borrowings	Federal funds purchased, securities sold under repurchase agreements and other short-term borrowed funds with original maturities of less than one year
Simulation	Interest sensitivity simulation analysis

Susquehanna	Susquehanna Bancshares, Inc., acquired by BB&T effective August 1, 2015
TBA	To be announced
TDR	Troubled debt restructuring
U.S.	United States of America
U.S. Treasury	United States Department of the Treasury
UPB	Unpaid principal balance
VA	U.S. Department of Veterans Affairs
VaR	Value-at-risk
VIE	Variable interest entity

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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 expressi 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 and the adverse effects of recessionary conditions in Europe and the impact of recent market disruptions in China;
- changes in the interest rate environment, including interest rate changes made by the Federal Reserve, and 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;
- cyber-security risks, including "denial of service," "hacking" and "identity theft," could adversely affect our business and financial performance or our reputation, and we 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 domestic or foreign 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 BB&T's customers to access the financial 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 could have a material adverse effect on BB&T;
- deposit attrition, customer loss and/or revenue loss following completed mergers and acquisitions may be greater than expected;
- 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; and
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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 conditions and results of operations.

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.

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.

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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 2,139 offices (as of December 31, 2015). 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 AFCO 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.

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.

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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	Institutional trust services
Payment solutions	Insurance
Retail deposit services	Insurance premium finance
Sales finance	International banking services
Small business lending	Leasing
Wealth management/private banking	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&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)	23 %	2nd	357
Virginia	19	4th	358
Florida	14	6th	325
Georgia	10	5th	160
South Carolina	7	3rd	112
Maryland	6	7th	163
Kentucky	6	2nd	113
West Virginia	4	1st	76
Texas	4	14th	122
Alabama	3	5th	88

Tennessee	2	7th	49
Washington, D.C.	2	6th	13
Pennsylvania (4)			172
New Jersey (4)			28

(1) Excludes home office deposits.
(2) Source: FDIC.gov-data as of June 30, 2015.
(3) As of December 31, 2015. Excludes two branches in Indiana and one in Ohio.
(4) Branch locations resulted from the acquisition of Susquehanna on August 1, 2015.

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.

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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. Management intends to remain disciplined and focused with regard to future merger and acquisition opportunities. BB&T will continue to assess bank and thrift acquisitions subject to market conditions, primarily within or contiguous to BB&T's existing footprint, and will pursue economically advantageous acquisitions of insurance agencies, specialized lending businesses, and fee income generating financial services businesses. BB&T's strategy is currently focused on meeting the following acquisition 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.

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 Note 2 "Acquisitions and Divestitures" in the "Notes to the Consolidated Financial Statements" for further information about these transactions.

BB&T has reached an agreement and received approval from applicable banking regulators to acquire National Penn Bancshares, Inc., which had $9.6 billion in assets and $6.7 billion in deposits as of December 31, 2015. This transaction is currently expected to close on April 1, 2016.

Regulatory Considerations

The extensive regulatory framework applicable to banks, BHCs and FHCs 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. Comprehensive reform of the legislative and regulatory landscape occurred with the passage of the Dodd-Frank Act during 2010. Implementation of the Dodd-Frank Act and related rulemaking activities continues to occur. 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.

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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. Proposals to change the laws and regulations to which BB&T is subject 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 herein summarizes the significant state and federal laws to which BB&T currently is subject. To the extent statutory or regulatory provisions are described in this section, such descriptions are qualified in their entirety by reference to the particular statutory or regulatory provisions.

Financial Regulatory Reform

During the past several years, there has been a significant increase in regulation and 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, representing a significant overhaul of many aspects of the regulation of the financial services industry. The Dodd-Frank Act implements numerous and far-reaching changes that affect financial companies, including banks, BHCs and FHCs such as BB&T.

Many of the 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 North Carolina Commissioner of Banks, 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 state and federal regulatory agencies and other regulatory authorities, including the SEC, FINRA, NYSE and various state insurance and securities regulators.

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.

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.

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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.

The Dodd-Frank Act also imposed new prudential regulation on depository institutions and their holding companies. As such, BB&T is subject to more stringent standards and requirements with respect to (1) bank and nonbank acquisitions and mergers, (2) the “financial activities” in which it engages as a FHC, (3) affiliate transactions and (4) proprietary trading, among other provisions.

Resolution Planning and Regulation QQ

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 BB&T’s and Branch Bank’s growth and activities or operations if deemed necessary. The public portions of BB&T’s and Branch Bank’s resolution plans are available in the Additional Disclosures section of the Investor Relations site at www.bbt.com.

CCAR and Stress Test Requirements

Current FRB rules require BB&T and other BHCs with $50 billion or more of total consolidated assets to submit annual capital plans based on pre-defined stress scenarios. BB&T and other such BHCs are also required to collect and report certain related data on a quarterly basis to allow the FRB to monitor progress against the BHCs’ annual capital plans. Covered BHCs, including BB&T, may pay dividends and repurchase stock only in accordance with a capital plan that has been reviewed by the FRB and as to which the FRB has not objected. The rules also require, among other things, that a covered BHC may not make a capital distribution unless, after giving effect to the distribution, it will meet all minimum regulatory capital ratios. See Table 3 for additional information about capital requirements. The FRB did not object to BB&T’s 2015 capital plan, and the 2016 capital plan is expected to be submitted during April 2016.

The Dodd-Frank Act requires the FRB to conduct an annual supervisory stress test for BHCs, such as BB&T, with $50 billion or more of total consolidated assets. The FRB’s stress test rules also require BB&T and other covered

BHCs to conduct a separate mid-year 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 midcycle stress test results are available in the Additional Disclosures section of the Investor Relations site on www.bbt.com.

Effective for 2015, the FRB amended the capital plan and stress test rules to modify the start date of the capital plan and stress test cycles from October 1 to January 1 of the following calendar year. The FRB also amended the capital plan rule to limit a BHC's ability to make capital distributions to the extent the BHC's actual capital issuances are less than the amount indicated in its capital plan under baseline conditions, measured on a quarterly basis.

The Dodd-Frank Act also requires the FDIC to conduct an annual supervisory stress test for FDIC-insured state nonmember banks such as Branch Bank with $50 billion or more of total consolidated assets and requires such institutions to conduct annual company-run stress tests. The results of the annual supervisory stress test are included in the annual capital plan submitted to the FDIC.

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.

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.

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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 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 percent 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 depository institution subsidiaries by federal law and regulatory policy that are designed to reduce potential loss exposure to the depositors of such depository institutions and to the FDIC insurance fund in the event the depository institution is insolvent or is in danger of becoming insolvent. For example, under requirements of the FRB with respect to BHC operations, a BHC is required to serve as a source of financial strength to its subsidiary depository institutions 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 of commonly controlled IDIs or for any assistance provided by the FDIC to commonly controlled IDIs in danger of failure. 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 of the commonly controlled IDI.

Federal and state 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 North Carolina Commissioner of Banks 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 Branch Bank and its subsidiaries. The majority of the Parent Company's revenue is from dividends paid by Branch Bank. Branch Bank is subject to laws and regulations that limit the amount of dividends it can pay. In addition, BB&T and Branch Bank are subject to various regulatory restrictions relating to the payment of dividends, including requirements to maintain capital at or above regulatory minimums, and to remain "well-capitalized" under the prompt corrective action regulations summarized elsewhere in this section. Federal banking regulators have indicated that banking organizations should generally pay dividends only if (1) the organization's 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.

The federal banking agencies are required to take "prompt corrective action" in respect of IDIs and their BHCs that do not meet minimum capital requirements. The law establishes five capital categories for this purpose: "well-capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." To be considered "well-capitalized" under these standards, an IDI must maintain the ratios shown above and must not be subject to any order or written directive to meet and maintain a specific capital level for any capital measure.

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Federal law also requires the regulatory agencies to implement systems for “prompt corrective action” for institutions that fail to meet minimum capital requirements within the five capital categories, with progressively more severe restrictions on operations, management and capital distributions according to the category in which an institution is placed. 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.

U.S. Implementation of Basel III

During 2013, the FRB published final rules establishing a new comprehensive capital framework for U.S. banking organizations known as Basel III. The rules substantially revise the risk-based capital requirements applicable to BHCs and IDIs, including BB&T and Branch Bank. The rules define the components of capital and address other issues affecting banking institutions' regulatory capital ratios. The rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach, which was derived from Basel I capital accords of the BCBS, with a more risk-sensitive approach based, in part, on the standardized approach in the BCBS's 2004 “Basel II” capital accords. The Basel III rules also implement the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings from the federal banking agencies' rules. BB&T qualifies as a standardized approach banking organization and was required to comply with the new requirements beginning on January 1, 2015.

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 RWA that includes an assessment of the impact of operational risk, among other changes. 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 is preparing to comply with the advanced approaches requirements as it would become subject to these requirements upon exceeding either of the asset thresholds.

The Basel III rules, among other things, (1) introduce a new capital measure referred to as common equity Tier 1; (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 existing regulations.

The Basel III rules prescribe a standardized approach for risk weightings that expand the risk-weighting categories from the four Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of categories, depending on the nature of the assets. The Basel III risk weight classifications 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 revise the “prompt corrective action” directives by establishing more conservative ratio levels for well-capitalized status. In addition to the minimum risk-based capital requirements, all banks must hold additional capital, the capital conservation buffer (which is in the form of common equity), to avoid being subject to limits on capital distributions, such as dividend payments, discretionary payments on Tier 1 instruments, share buybacks, and certain discretionary bonus payments to executive officers, including heads of major business lines and similar employees. The required amount of the capital conservation buffer will be phased-in annually through January 1, 2019.

BB&T is considered to be a “modified LCR” holding company. BB&T would be subject to full LCR requirements if its operations were to fall under the “internationally active” rules, which would generally be triggered if BB&T’s assets were to increase above $250 billion. BB&T produces LCR calculations to effectively manage the position of High-Quality Liquid Assets and the balance sheet deposit mix to optimize BB&T’s liquidity position. BB&T’s LCR was approximately 130% at December 31, 2015, compared to the regulatory minimum for such entities of 90%, which puts BB&T in full compliance with the rule. The regulatory minimum will increase to 100% on January 1, 2017.

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The following table summarizes the capital requirements and BB&T’s internal targets under Basel III:

Table 2
Capital Under Basel III

	Minimum Capital	Well-Capitalized	Minimum Capital Plus Capital Conservation Buffer 2016	2017	2018	2019 (1)	BB&T Target
Common equity Tier 1 to risk-weighted assets	4.5 %	6.5 %	5.125 %	5.750 %	6.375 %	7.000 %	8.5 %
Tier 1 capital to risk-weighted assets	6.0	8.0	6.625	7.250	7.875	8.500	10.0
Total capital to risk-weighted assets	8.0	10.0	8.625	9.250	9.875	10.500	12.0
Leverage ratio	4.0	5.0	N/A	N/A	N/A	N/A	8.0

(1) BB&T's goal is to maintain capital levels above the 2019 requirements.

BB&T's capital ratios are shown in the following table:

Table 3
Capital Adequacy Ratios
December 31, 2015

	BB&T	Branch Bank
Common equity Tier 1 to risk-weighted assets	10.3 %	11.3 %

Tier 1 capital to risk-weighted assets	11.8	11.3
Total capital to risk-weighted assets	14.3	13.4
Leverage ratio	9.8	9.3

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 closed-end loans and 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.

Enhanced Prudential Standards for BHCs and Foreign Banking

The FRB has adopted amendments to Regulation YY to implement certain components of the enhanced prudential standards required to be established under Section 165 of the Dodd-Frank Act. The amendments became effective during 2014. The enhanced prudential standards include risk-based and leverage capital requirements, liquidity standards, requirements for overall risk management, stress-test requirements, and a 15-to-1 debt-to-equity limit for companies that the Financial Stability Oversight Council has determined pose a grave threat to financial stability. The amendments also establish risk committee requirements and capital stress-testing requirements for certain BHCs and foreign banking organizations with total consolidated assets of $10 billion or more.

FATCA and Conforming Regulations

During 2014, the IRS issued Notice 2014-33 (the “Notice”) regarding FATCA and its related withholding provisions. The Notice announced that calendar years 2014 and 2015 are regarded as a transition period for purposes of IRS enforcement and administration with respect to the implementation of FATCA by withholding agents, foreign financial institutions and other entities with IRC chapter 4 responsibilities. The Notice also announced the IRS’s intention to further amend the regulations under Sections 1441, 1442, 1471, and 1472 of the IRC. Prior to the IRS issuing these amendments, taxpayers may rely on the provisions of the Notice regarding the proposed amendments to the regulations. The transition period and other guidance described in the Notice are intended to facilitate an orderly transition for withholding agent and foreign financial institution compliance with FATCA’s requirements and respond to comments regarding certain aspects of the regulations under chapters 3 and 4 of the IRC. The new requirements became effective on December 31, 2015. BB&T is in compliance with the applicable requirements.

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Volcker Rule

The Volcker Rule implements section 619 of the Dodd-Frank Act and prohibits IDIs and affiliated companies ("banking entities") from engaging in short-term proprietary trading of certain securities, derivatives, and commodity futures, and options on these instruments, for their own account. The final rules also impose limits on banking entities' investments in, and other relationships with, hedge funds or private equity funds. Like the Dodd-Frank Act, the rules provide exemptions for certain activities, including market making, underwriting, hedging, trading in government obligations, insurance company activities, and organizing and offering hedge funds or private equity funds. The rules also clarify that certain activities are not prohibited, including acting as agent, broker, or custodian.

The compliance requirements under the rules vary based on the size of the banking entity and the scope of activities conducted. Banking entities with significant trading operations will be required to establish a detailed compliance program, and their CEOs will be required to attest that the program is reasonably designed to achieve compliance with the final rules. Independent testing and analysis of an institution's compliance program also will be required. The final rules reduce the burden on smaller, less-complex institutions by limiting their compliance and reporting requirements. Additionally, a banking entity that does not engage in covered trading activities will not need to establish a compliance program.

Banking entities were required to conform proprietary trading activities to the final rule by July 21, 2015. The FRB extended the compliance deadline to July 21, 2016 (and announced the intention to further extend the deadline to July 21, 2017) for purposes of conforming investments in and relationships with covered funds and foreign 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.

Deposit Insurance 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.

Pursuant to an existing FDIC rule, regular assessment rates for all banks will decline when the reserve ratio reaches 1.15%, which the FDIC expects will occur in early 2016. However, during 2015, the FDIC proposed a rule that would impose on banks with at least $10 billion in assets a surcharge of 4.5 cents per $100 of their assessment base, after making certain adjustments, for a period estimated by the FDIC to be two years. BB&T estimates that the net effect of the proposed changes would increase BB&T's total annual assessment by an amount within the range of $40 million to $50 million.

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.

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.

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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 ("TILA") and the Real Estate Settlement and Procedures Act ("RESPA") became effective during October 2015. The final rule consolidated four existing and separate disclosures required under TILA and RESPA 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.

Interchange Fees

The FRB adopted rules establishing standards for assessing whether the interchange fees that may be charged with respect to certain electronic debit transactions are "reasonable and proportional" to the costs incurred by issuers for such transactions. Interchange fees, or "swipe" fees, are charges that merchants pay to BB&T and other card-issuing banks for processing electronic payment transactions.

During 2013, a U.S. Federal District Court judge ruled against the debit card interchange fee limits imposed by the FRB, resulting in the potential for further reductions to these caps. During March 2014, the Washington, D.C. Circuit Court of Appeals overturned the 2013 lower court decision. During January 2015, the U.S. Supreme Court declined to hear the case, which preserved the limits established by the FRB.

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. These provisions also provide that, except for certain limited exceptions, an institution may not provide such personal 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 of a financial nature 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, such as BB&T, also is assessed by the FRB in connection with any acquisition or merger application.

Automated Overdraft Payment Regulation

The FRB and FDIC have enacted consumer protection regulations related to automated overdraft payment programs offered by financial institutions. Regulation E 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 for those types of transactions. Financial institutions must also provide consumers with a notice that explains the financial institution's overdraft services, including the fees associated with the service 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.

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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 IMLAFA, 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 U.S. Treasury continues to issue regulations to implement the Patriot Act, which impose substantial obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing. 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. BB&T expects to continue to devote significant resources to its Bank Secrecy Act/anti-money laundering ("BSA/AML") program, particularly as risks persistently emerge and evolve and as regulatory expectations escalate.

Pay Ratio Disclosure

The SEC has adopted amendments to Item 402 of Regulation S-K to require 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 will require such pay ratio disclosure information for the first fiscal year beginning on or after January 1, 2017.

Cybersecurity

The CISA, which became effective on December 18, 2015, 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.

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

At December 31, 2015, BB&T had approximately 37,200 employees, the majority of which were full time, compared to approximately 33,400 employees at December 31, 2014.

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, www.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 www.sec.gov.

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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, www.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

BB&T intends to disclose any substantive amendments or waivers to the Codes of Ethics for Directors or Senior Financial Officers on BB&T's website at www.bbt.com.

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Executive Officers of BB&T

Executive Officer	**Recent Work Experience**	**Years of Service**	**Age**
Kelly S. King *Chairman and Chief Executive Officer*	Chairman since January 2010. Chief Executive Officer since January 2009.	43	67
Christopher L. Henson *Chief Operating Officer*	Chief Operating Officer since January 2009.	31	54
Daryl N. Bible *Senior Executive Vice President and Chief Financial Officer*	Chief Financial Officer since January 2009.	8	54
W. Bennett Bradley *Senior Executive Vice President and Chief Digital Officer*	President, Payment Solutions since September 2005. Chief Digital Officer since January 2016.	30	54
Ricky K. Brown *Senior Executive Vice President and President, Community Banking*	President, Community Banking since July 2004.	38	60
Barbara F. Duck	Enterprise Risk Manager from July 2009 to December 2015. Data and Technology Services Manager since January 2016.	28	49

Senior Executive Vice President and Data and Technology Services Manager			
Donna C. Goodrich *Senior Executive Vice President and Deposit and Operations Services Manager*	Deposit Services Manager since April 2004. Deposit and Operations Services Manager since January 2016.	30	53
Robert J. Johnson, Jr. *Senior Executive Vice President and General Counsel, Secretary and Chief Corporate Governance Officer*	General Counsel, Secretary and Chief Corporate Governance Officer since September 2010.	11	43
Clarke R. Starnes III *Senior Executive Vice President and Chief Risk Officer*	Chief Risk Officer since July 2009.	33	56
David H. Weaver *Senior Executive Vice President and Community Banking Group Executive*	Community Banking Group Executive since December 2010.	20	49

Steven B. Wiggs *Senior Executive Vice President and Chief Marketing Officer and Lending Group Manager*	Chief Marketing Officer since February 2005. Lending Group Manager since July 2009.	36	58
Cynthia A. Williams *Senior Executive Vice President and Chief Corporate Communications Officer*	Chief Corporate Communications Officer since June 2009.	30	63
W. Rufus Yates *Senior Executive Vice President and Capital Markets Manager*	President and CEO of BB&T Securities since January 2013. President and CEO of Scott & Stringfellow, LLC from 2009 through 2012.	29	58

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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, federal DIFs 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 current 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.

The ongoing implementation of 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, such as the Council, which will regulate the systemic risk of the financial system. 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.

In addition, BB&T has been 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.

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BB&T 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 could require BB&T to limit certain business activities or to raise capital, which may adversely affect its results of operations or financial condition. With approximately $209.9 billion in assets at December 31, 2015, 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 results in a more complex calculation of RWA that includes an assessment of the impact of operational risk, among other changes. 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. 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.

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 facing more intense scrutiny from bank supervisors in the examination process and more aggressive enforcement of regulations on both the federal and state levels, particularly with respect to mortgage-related practices and other consumer compliance matters, and 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.

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, 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 BB&T's results. For example, as discussed in Note 12 "Income Taxes" 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.

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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 BB&T's net income and growth.

BB&T's business is subject to periodic 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 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 BB&T's net income. Credit deterioration, combined with flat to declining real estate values, would result in increased loan charge-offs and higher provisions for credit losses, which may negatively impact BB&T's net income. For example, as of December 31, 2015, loan balances related to the oil and gas industry represented approximately 1% of our total loan portfolio. This amount generally consists of loans for oilfield services, oil and gas exploration and production, and pipeline transportation of gas and crude oil. Beginning in late 2014, oil prices began declining, 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 organizations 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 further 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 the business, financial condition and results of operations.

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.

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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, to meet its existing lending commitments and 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

Turmoil and volatility in global financial markets could have a material adverse effect on BB&T’s operations, earnings and financial condition.

The negative impact on economic conditions and global markets from foreign sovereign debt matters could adversely affect BB&T’s business, financial condition and liquidity. Global conflicts and political activity 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.

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 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. While BB&T actively manages against these risks through hedging and other risk mitigation strategies, if BB&T's assumptions regarding borrower behavior are wrong or overall economic conditions are significantly different than anticipated, the Company's risk mitigation techniques may be insufficient.

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.

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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. None of these events resulted in a breach of BB&T’s client data or account information; however, the performance of BB&T’s website, www.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.

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 employees, 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 employees, 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 employees 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, employees, or counterparties, or where such information was intercepted or otherwise inappropriately taken by third parties.

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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 could have a material adverse effect on BB&T.

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

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 employees or outsiders (including identity and information theft), unauthorized transactions by employees 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 business 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 employee 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 mutual fund distribution. 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 bank or nonbank mergers and acquisitions.

Difficulties may arise in the integration of the business and operations of BHCs, banks and other nonbank entities 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 holding company, bank merger or nonbank 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.

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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 employees, 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 employees 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.

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.

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 phone 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.

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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.

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 consolidated 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. Although BB&T carries insurance to mitigate its exposure to certain catastrophic events, these events could nevertheless 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 free-standing operations centers, with its primary operations and information technology centers located in various locations in the southeastern United States. Offices are either owned or operated under long-term leases. BB&T operates retail branches 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. Management believes that the premises are well-located and suitably equipped to serve as financial services facilities. See Note 5 "Premises and Equipment" in the "Notes to Consolidated Financial Statements" in this report for additional disclosures related to properties and other fixed assets.

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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 384,000 shareholders at December 31, 2015 compared to approximately 346,000 shareholders at December 31, 2014. The following table sets forth the quarterly high and low trading prices and closing sales prices for BB&T's common stock and the dividends declared per share of common stock for each of the last eight quarters.

Table 4
Quarterly Summary of Market Prices and Cash Dividends Declared on Common Stock

	2015				2014			
	Sales Prices			Cash Dividends	Sales Prices			Cash Dividends
	High	Low	Close	Declared	High	Low	Close	Declared
Quarter Ended:								
March 31	$ 40.17	$ 34.95	$ 38.99	$ 0.24	$ 41.04	$ 36.28	$ 40.17	$ 0.23
June 30	41.70	37.33	40.31	0.27	40.95	36.38	39.43	0.24
September 30	41.90	34.73	35.60	0.27	40.21	35.86	37.21	0.24
December 31	39.47	34.24	37.81	0.27	39.69	34.50	38.89	0.24
Year	$ 41.90	$ 34.24	$ 37.81	$ 1.05	$ 41.04	$ 34.50	$ 38.89	$ 0.95

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 will be between 30% and 50% and the total payout ratio (including dividends and share repurchases) will be between 30% and 80% of basic EPS during normal economic conditions. BB&T's common dividend payout ratio, computed by dividing dividends declared per common share by basic EPS, was 40.5% in 2015 compared to 34.4% 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 Note 15 "Regulatory Requirements and Other Restrictions" 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 Board of Directors had previously granted authority under the 2006 Repurchase Plan for the repurchase of up to 50 million shares of BB&T's common stock. No shares were repurchased in connection with the 2006 Repurchase Plan during 2015, 2014, or 2013.

During June 2015, the Board of Directors authorized a new plan, the 2015 Repurchase Plan, to 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 replaces the 2006 Repurchase Plan and does not have a specified termination date. No shares were repurchased in connection with the 2015 Repurchase Plan during 2015.

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Table 5
Share Repurchase Activity

	Total Shares Repurchased (1)	Average Price Paid Per Share (2)	Total Shares Repurchased Pursuant to Publicly-Announced Plan	Maximum Remaining Number of Shares Available for Repurchase Pursuant to Publicly-Announced Plan
	(shares in thousands)			
October 2015	9	$ 35.42		50,000
November 2015	3	37.78		50,000
December 2015	12	37.42		50,000
Total	24	36.69		

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

Preferred Stock

See Note 10 "Shareholders' Equity" in the "Notes to Consolidated Financial Statements" for information about BB&T's preferred stock.

Equity Compensation Plan Information

The following table provides information concerning securities to be issued upon the exercise of outstanding equity-based awards, the weighted average price of such awards and the securities remaining available for future issuance as of December 31, 2015.

Table 6
Equity Compensation Plan Information

(a)(1)	(b)(2) Weighted-average	(c)(3)

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in (a))
Approved by security holders	32,215,501	$ 34.89	22,015,930
Not approved by security holders			
Total	32,215,501	34.89	22,015,930

(1) Includes 11,638,316 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.

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Performance Graph

Set forth below are graphs comparing the total returns (assuming 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 and Zions Bancorporation.

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* $100 invested on December 31, 1995, 2005 or 2010, including reinvestment of dividends. Fiscal year ended December 31.

	Cumulative Total Return Through December 31,						Cumulative Total Return Through December 31, 2015	
	2010	2011	2012	2013	2014	2015		
	$100 Invested December 31, 2010						10 Year	20 Year
BB&T Corporation	$ 100.00	$ 98.12	$ 116.35	$ 154.41	$ 165.06	$ 164.90	$ 130.13	$ 561.66
S&P 500 Index	100.00	102.11	118.43	156.77	178.22	180.67	202.41	481.73
BB&T's Peer Group	100.00	88.66	108.49	147.24	164.75	164.96	118.28	388.14

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ITEM 6. SELECTED FINANCIAL DATA
(dollars in millions, except per share data, shares in thousands)

	As of/ For the Year Ended December 31, 2015	2014	2013	2012	2011
Summary Income Statement:					
Interest income	$ 6,473	$ 6,286	$ 6,654	$ 7,068	$ 7,035
Interest expense	735	769	892	1,062	1,381
Net interest income-taxable equivalent	5,738	5,517	5,762	6,006	5,654
Noninterest income	4,019	3,856	4,036	3,973	3,217
Revenue-taxable equivalent	9,757	9,373	9,798	9,979	8,871
Less: taxable equivalent adjustment	146	143	146	149	147
Provision for credit losses	428	251	592	1,057	1,190
Noninterest expense	6,266	5,852	5,777	5,828	5,802
Income before income taxes	2,917	3,127	3,283	2,945	1,732
Provision for income taxes	794	921	1,553	892	384
Net income	2,123	2,206	1,730	2,053	1,348
Noncontrolling interest	39	75	50	49	43
Dividends and accretion on preferred stock	148	148	117	63	
Net income available to common shareholders	1,936	1,983	1,563	1,941	1,305
Per Common Share:					
Earnings:					
Basic	$ 2.59	$ 2.76	$ 2.22	$ 2.78	$ 1.87
Diluted	2.56	2.72	2.19	2.74	1.85
Cash dividends declared (1)	1.05	0.95	0.92	0.80	0.65
Common equity	31.66	30.09	28.48	27.17	24.90
Average Balances:					
Total assets	$ 197,347	$ 185,095	$ 181,282	$ 178,592	$ 162,903

Securities, at amortized cost (2)	42,103		40,541		36,772		36,334		29,923	
Loans and leases (3)	127,802		118,830		117,527		113,733		105,962	
Deposits	138,498		129,077		128,555		127,617		112,318	
Long-term debt	23,343		22,210		19,301		20,651		22,257	
Shareholders' equity	25,871		23,954		21,860		19,435		17,204	
Period-End Balances:										
Total assets	$ 209,947		$ 186,834		$ 183,043		$ 184,469		$ 174,956	
Securities, at amortized cost (2)	43,827		41,147		40,205		38,731		36,407	
Loans and leases (3)	136,986		121,307		117,139		118,364		111,205	
Deposits	149,124		129,040		127,475		133,075		124,939	
Long-term debt	23,769		23,312		21,493		19,114		21,803	
Shareholders' equity	27,340		24,377		22,780		21,193		17,425	
Selected Ratios:										
Rate of return on:										
Average total assets	1.08	%	1.19	%	0.95	%	1.15	%	0.83	%
Average common equity	8.34		9.32		8.07		10.52		7.61	
Average total shareholders' equity	8.21		9.21		7.91		10.56		7.84	
Dividend payout	40.54		34.42		41.44		28.78		34.76	
Average total shareholders' equity to average total assets	13.11		12.94		12.06		10.88		10.56	

(1) 2011 included a special $0.01 dividend.
(2) Excludes trading securities.
(3) Loans and leases are net of unearned income and include LHFS.
Note: Prior periods have been revised to reflect the adoption of new accounting guidance for investments in qualified affordable housing projects and certain other reclassifications to conform to the current presentation. See Note 14 "Commitments and Contingencies" for additional information.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

Overview of Significant Events and Financial Results

Net income available to common shareholders totaled $1.9 billion for 2015, a 2.4% decline from the prior year. On a diluted per common share basis, earnings for 2015 were $2.56, compared to $2.72 for 2014. BB&T's results of operations for 2015 produced a return on average assets of 1.08% and a return on average common shareholders' equity of 8.34% compared to prior year ratios of 1.19% and 9.32%, respectively. These results include merger-related and restructuring charges of $165 million for 2015, which reflects current year acquisition activity, compared to $46 million for 2014. Net interest income and noninterest income were both higher following the current year acquisition activity. Noninterest expense was higher due to increases in headcount and locations, primarily the result of the acquisitions, and the provision for credit losses increased after an allowance release in the prior year.

Effective January 1, 2015, BB&T adopted new guidance related to the accounting for investments in qualified affordable housing projects. For periods prior to January 1, 2015, amortization expense related to qualifying investments in low income housing tax credits was reclassified from other income to provision for income taxes, and the amount of amortization and tax benefits recognized was revised as a result of the adoption of the proportional amortization method. See Note 14 "Commitments and Contingencies" for additional information.

During 2015, BB&T acquired Susquehanna Bancshares, Inc., which provided $18.3 billion in assets, $14.1 billion in deposits and 245 branches in Pennsylvania, New Jersey, West Virginia and Maryland. BB&T also acquired The Bank of Kentucky Financial Corporation, which provided $2.0 billion in assets, $1.6 billion in deposits and 32 branches in the northern Kentucky/Cincinnati market, and completed the purchase of 41 retail branches in Texas, providing $1.9 billion in deposits. Additionally, BB&T reached an agreement to acquire National Penn Bancshares, Inc., which had $9.6 billion in assets, $6.7 billion in deposits and 124 branches in Pennsylvania, New Jersey and Maryland as of December 31, 2015.

Industry-wide sustained low interest rates represented a significant challenge for the Company during 2015 and for the past several years. From a NIM perspective, the negative impact associated with lower yields on loans and securities was partially mitigated by a decrease in funding costs from 0.65% to 0.60%, primarily driven by a decline in the cost of interest-bearing deposits and the early extinguishment of certain higher-cost FHLB advances during 2015 and 2014.

BB&T's revenues for 2015 were $9.8 billion on a FTE basis, an increase of $384 million compared to 2014. Net interest income on a FTE basis was $221 million higher than the prior year, which reflects a $187 million increase in interest income and a $34 million decrease in interest expense. Noninterest income increased $163 million for the year, driven by improvements in FDIC loss share income and higher mortgage banking income.

The provision for credit losses was $428 million, compared to $251 million for the prior year. This increase reflects the stabilization in the rate of credit improvement and prior year loan sales that generated gains through the release of the related ALLL.

Asset quality improved significantly during 2015 as NPAs declined $70 million, or 9.0%, compared to 2014. This decline included a $40 million decrease in NPLs primarily due to continuing strong asset quality within commercial lending, and a $30 million decrease in foreclosed real estate and other property. Net charge-offs for 2015 were $436 million, compared to $538 million for the prior year. The ratio of the ALLL to net charge-offs was 3.36x for 2015, compared to 2.74x in 2014.

Noninterest expense increased $414 million primarily due to higher personnel expense and merger-related and restructuring charges, both of which were primarily the result of acquisition activity. These increases were partially offset by lower loan-related and other expense as the prior year included $118 million of charges related to the FHA-insured loan origination process.

During 2015, the U.S. Court of Appeals overturned a portion of an earlier ruling related to tax benefits previously disallowed in connection with a financing transaction that resulted in the recognition of income tax benefits of $107 million.

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BB&T's total assets at December 31, 2015 were $209.9 billion, an increase of $23.1 billion compared to December 31, 2014. This includes a $15.7 billion increase in loans and leases due to acquisitions and organic growth. Commercial and industrial loans were up $7.0 billion, CRE-income producing properties loans were up $2.7 billion and direct retail lending loans were up $3.0 billion. Mortgage loans declined $557 million due to management's continuing decision to sell substantially all conforming mortgage loan production and the impact of certain NPL sales, partially offset by acquisition activity. AFS securities totaled $25.3 billion at December 31, 2015, compared to $20.9 billion at December 31, 2014. HTM securities were $18.5 billion at December 31, 2015 compared to $20.2 billion in the prior year. Goodwill, CDI and other intangible assets were also higher as the result of acquisitions.

Total deposits at December 31, 2015 were $149.1 billion, an increase of $20.1 billion from the prior year. Noninterest-bearing deposits increased $6.9 billion, interest checking increased $5.1 billion and money market and savings increased $9.9 billion. Time deposits declined $1.8 billion. The overall growth in lower-cost deposits reflects acquisition activity and continued organic growth. The average cost of interest-bearing deposits for 2015 was 0.24%, a decline of two basis points compared to the prior year.

Total shareholders' equity increased $3.0 billion, or 12.2%, compared to the prior year. This increase was primarily driven by net income in excess of dividends totaling $1.2 billion, combined with common stock issued in connection with acquisitions. BB&T's Tier 1 risk-based capital and total risk-based capital ratios at December 31, 2015 were 11.8% and 14.3%, respectively, compared to 12.4% and 14.9% at December 31, 2014, respectively. Common equity tier 1 was 10.3% at December 31, 2015.

On February 24, 2016 BB&T reached an agreement to acquire CGSC North America Holdings Corporation from Cooper Gay Swett & Crawford.

Key Challenges

BB&T's business has become more dynamic and complex in recent years. Consequently, management has annually evaluated and, as necessary, adjusted the Company's business strategy in the context of the current operating environment. During this process, management considers the current financial condition and performance of the Company and its expectations for future economic activity from both a national and local market perspective. The achievement of BB&T's key strategic objectives and established long-term financial goals is subject to many uncertainties and challenges. In the opinion of management, the challenges that are most relevant and likely to have a near term impact on performance are presented below:

- Intense competition within the financial services industry given the challenge in growing assets during a period of sustained low interest rates.

- New technologies and evolving consumer preferences will put pressure on market share and customer loyalty.

- Global economic and geopolitical risk, including potential financial system instability and ramifications of sovereign debt issues.

- Cost and risk associated with regulatory reform and initiatives and IT projects.

- Merger integration risk.

In addition, certain other challenges and unforeseen events could have a near term impact on BB&T's financial condition and results of operations. See the section titled "Forward-Looking Statements" for additional examples of such challenges.

Net Interest Income and NIM

Net interest income is BB&T's primary source of revenue. Net interest income is influenced by a number of factors, including the volume, mix and maturity of interest-earning assets and interest-bearing liabilities and the interest rates earned and paid thereon. The difference between rates earned on interest-earning assets and the cost of funds (with a FTE adjustment made to tax-exempt items to provide comparability with taxable items) is measured by the NIM.

2015 compared to 2014

For 2015, net interest income on a FTE basis totaled $5.7 billion, an increase of $221 million or 4.0% compared to the prior year. The increase reflects higher interest income due to acquisitions and organic loan growth, partially offset by lower yields on new loans and securities and runoff in the loan portfolio acquired from the FDIC. Interest expense declined, reflecting lower rates and improvement in the mix of funding sources. The average cost of interest-bearing deposits declined two basis points to 0.24%, reflecting reductions in time deposits and growth in interest checking and money market and savings. The average cost of long-term debt declined from 2.36% to 2.13%, primarily due to the early extinguishment of $2.0 billion of higher-cost FHLB advances during the last two years.

The FTE-adjusted NIM is the primary measure used in evaluating the gross profit margin from the portfolios of earning assets. The FTE-adjusted NIM was 3.32% in 2015 compared with 3.42% in 2014. The decline in the NIM reflects lower yields on loans and securities, partially offset by the lower funding costs described above. The average annualized FTE yield for total loans and leases was 4.26% for 2015, compared to 4.42% for the prior year. The decrease was primarily due to lower yields on new loan originations and the runoff of higher yielding loans acquired from the FDIC, partially offset by acquisition impact. The FTE yield on the total securities portfolio was 2.36% for the year ended December 31, 2015, compared to 2.45% for the prior year.

The average rate paid on interest-bearing deposits for 2015 dropped to 0.24%, from 0.26% in 2014. This improvement was driven by changes in mix, with time deposits representing a lower percentage of interest-bearing deposits at December 31, 2015.

The rate paid on average short-term borrowings was 0.15% in 2015, compared to 0.13% in 2014. The average rate on long-term debt during 2015 was 2.13%, compared to 2.36% for the prior year. This decline reflects the previously mentioned early extinguishment of higher-cost FHLB advances. At December 31, 2015, the targeted Federal funds rate was a range of 0.25% to 0.50%, following the first rate increase in several years.

2014 compared to 2013

For 2014, net interest income on a FTE basis totaled $5.5 billion, a decrease of $245 million or 4.3% compared to the prior year. The decrease in net interest income reflects lower yields on new loans and securities and runoff in the loan portfolio acquired from the FDIC, partially offset by lower funding costs, which declined $123 million compared to 2013. The improvement in funding costs reflects a six basis point reduction in the average cost of interest-bearing deposits due to improved mix and a 67 basis point reduction in the average cost of long-term debt primarily due to the early extinguishment of $1.1 billion of higher-cost FHLB advances during the third quarter and lower rates on new issuances.

The FTE-adjusted NIM was 3.42% in 2014 compared with 3.68% in 2013. The decline in the NIM reflects lower yields on loans and securities, partially offset by the lower funding costs described above. The average annualized FTE yield for total loans and leases was 4.42% for 2014, compared to 4.85% for the prior year. The decrease was primarily due to lower yields on new loan originations and the runoff of higher yielding loans acquired from the FDIC. The FTE yield on the total securities portfolio was 2.45% for the year ended December 31, 2014, compared to 2.51% for the prior year.

The average rate paid on interest-bearing deposits for 2014 dropped to 0.26%, from 0.32% in 2013. This improvement was driven by an 18 basis point reduction in the cost of time deposits.

The rates paid on average short-term borrowings declined to 0.13% in 2014 from 0.16% in 2013. At December 31, 2014, the targeted Federal funds rate was a range of zero percent to 0.25%. The average rate on long-term debt during 2014 was 2.36%, compared to 3.03% for the prior year. This decline reflects the previously mentioned early extinguishment of $1.1 billion of higher-cost FHLB advances and lower rates on new issuances.

The following table sets forth the major components of net interest income and the related yields and rates, as well as the variances between the periods caused by changes in interest rates versus changes in volumes. Changes attributable to the mix of assets and liabilities have been allocated proportionally between the changes due to rate and the changes due to volume.

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Table 7
FTE Net Interest Income and Rate / Volume Analysis (1)
Year Ended December 31, 2015, 2014 and 2013

	Average Balances (7)			Yield/Rate			Income/Expense			2015 vs. 2014			2
										Increase	Change due to		I
	2015	2014	2013	2015	2014	2013	2015	2014	2013	(Decrease)	Rate	Volume	(
	(Dollars in millions)												
Assets													
Total securities, at amortized cost: (2)													
U.S. Treasuries	$ 2,650	$ 1,969	$ 486	1.58 %	1.51 %	0.42 %	$ 42	$ 30	$ 2	$ 12	$ 1	$ 11	$
GSEs	5,338	5,516	5,032	2.13	2.10	2.04	113	116	103	(3)	2	(5)	
MBS issued by GSE	30,683	29,504	27,598	1.98	2.00	2.00	605	589	552	16	(6)	22	
States and political subdivisions	1,913	1,827	1,836	5.62	5.78	5.80	108	106	107	2	(3)	5	
Non-agency MBS	215	246	283	8.17	7.55	5.69	18	19	16	(1)	1	(2)	
Other	477	547	470	1.31	1.43	1.45	7	8	7	(1)	(1)		
Acquired from FDIC	827	932	1,067	12.22	13.35	12.82	101	125	137	(24)	(10)	(14)	
Total securities	42,103	40,541	36,772	2.36	2.45	2.51	994	993	924	1	(16)	17	
Other earning assets (3)	2,768	1,881	2,412	1.39	2.13	1.39	38	40	34	(2)	(17)	15	
Loans and leases, net of unearned income: (4)(5)													
Commercial:													
	44,648	39,537	38,206	3.21	3.35	3.63	1,434	1,325	1,386	109	(57)	166	

Commercial and industrial												
CRE-income producing properties	11,806	10,489	9,916	3.66	3.49	3.72	432	366	368	66	18	48
CRE-construction and development	3,196	2,616	2,589	3.57	3.51	3.86	114	92	100	22	2	20
Dealer floor plan	1,068	985	619	1.85	1.87	2.18	20	18	14	2		2
Direct retail lending (6)	9,375	8,249	15,952	4.07	4.10	4.64	381	338	741	43	(2)	45
Sales finance	9,975	9,022	8,039	2.86	2.80	3.26	286	253	261	33	6	27
Revolving credit	2,406	2,385	2,303	8.76	8.70	8.56	211	208	197	3	1	2
Residential mortgage (6)	30,252	31,528	23,598	4.15	4.20	4.22	1,255	1,325	996	(70)	(16)	(54)
Other lending subsidiaries	12,291	10,848	10,468	8.68	9.08	10.20	1,067	985	1,068	82	(45)	127
PCI	1,083	1,613	2,667	16.57	17.22	16.93	179	278	451	(99)	(10)	(89)
Total loans and leases HFI	126,100	117,272	114,357	4.27	4.42	4.88	5,379	5,188	5,582	191	(103)	294
LHFS	1,702	1,558	3,170	3.63	4.19	3.59	62	65	114	(3)	(9)	6
Total loans and leases	127,802	118,830	117,527	4.26	4.42	4.85	5,441	5,253	5,696	188	(112)	300
Total earning assets	172,673	161,252	156,711	3.75	3.90	4.25	6,473	6,286	6,654	187	(145)	332
Nonearning assets	24,674	23,843	24,571									
Total assets	$ 197,347	$ 185,095	$ 181,282									

Liabilities and Shareholders' Equity

Interest-bearing deposits:

Interest checking	$ 22,092	$ 18,731	$ 19,305	0.08	0.07	0.08	18	13	15	5	2	3	
Money market and savings	56,592	49,728	48,640	0.19	0.15	0.13	107	74	64	33	22	11	
Time deposits	16,405	22,569	26,006	0.66	0.67	0.85	107	151	221	(44)	(2)	(42)	
Foreign office deposits - interest-bearing	593	722	672	0.12	0.07	0.08	1	1	1				
Total interest-bearing deposits	95,682	91,750	94,623	0.24	0.26	0.32	233	239	301	(6)	22	(28)	
Short-term borrowings	3,221	3,421	4,459	0.15	0.13	0.16	5	5	7				
Long-term debt	23,343	22,210	19,301	2.13	2.36	3.03	497	525	584	(28)	(54)	26	
Total interest-bearing liabilities	122,246	117,381	118,383	0.60	0.65	0.75	735	769	892	(34)	(32)	(2)	
Noninterest-bearing deposits	42,816	37,327	33,932										
Other liabilities	6,414	6,433	7,107										
Shareholders' equity	25,871	23,954	21,860										
Total liabilities and shareholders' equity	$ 197,347	$ 185,095	$ 181,282										
Average interest rate spread				3.15 %	3.25 %	3.50 %							
NIM / net interest income				3.32 %	3.42 %	3.68 %	$ 5,738	$ 5,517	$ 5,762	$ 221	$ (113)	$ 334	$
FTE adjustment							$ 146	$ 143	$ 149				

(1) Yields are stated on a FTE basis assuming tax rates in effect for the periods presented.
(2) Total securities include AFS and HTM securities at amortized cost.
(3) Includes Federal funds sold, securities purchased under resale agreements or similar arrangements, interest-bearing deposits securities, FHLB stock and other earning assets.
(4) Loan fees, which are not material for any of the periods shown, have been included for rate calculation purposes.

(5) NPLs have been included in the average balances.
(6) During the first quarter of 2014, $8.3 billion in loans were transferred from direct retail lending to residential mortgage.
(7) Excludes basis adjustments for fair value hedges.

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Provision for Credit Losses

2015 compared to 2014

The provision for credit losses was $428 million in 2015, an increase of $177 million compared to the prior year. The increase in the provision for credit losses reflects allowance releases on loan sales in the prior year and stabilization in credit trends after an extended period of improvements. The ratio of the ALLL to net charge-offs was 3.36x for 2015, compared to 2.74x for 2014. During the prior year, loan sales resulted in a combined $66 million in gains recognized through the release of the ALLL.

Net charge-offs were 0.35% of average loans and leases held for investment for 2015, compared to 0.46% of average loans and leases held for investment during 2014. Net charge-offs declined $102 million, or 19.0%, with improvement across several loan portfolios led by commercial and industrial loans, which declined $45 million, and residential mortgage-nonguaranteed, which declined $38 million.

2014 compared to 2013

The provision for credit losses was $251 million in 2014, a decrease of $341 million compared to the prior year. The decrease in the provision for credit losses reflects continued improvement in credit trends and outlook, as net charge-offs in 2014 decreased 32.1% compared to the prior year. Improving credit conditions also resulted in an increase in the ratio of the ALLL to net charge-offs, which increased to 2.74x for 2014, compared to 2.19x for 2013.

During 2014, approximately $550 million of residential mortgage loans that were primarily performing TDRs and approximately $140 million of residential mortgage loans that were primarily nonperforming were sold at a pre-tax gain of $42 million and $24 million, respectively. Both of these gains were recognized as a reduction to the provision for credit losses.

Net charge-offs were 0.46% of average loans and leases held for investment for 2014, compared to 0.69% of average loans and leases held for investment during 2013. Net charge-offs declined $254 million, or 32.1%, with improvement across most loan portfolios led by commercial and industrial loans, which declined $112 million compared to 2013. Net charge-offs in other lending subsidiaries were $15 million higher primarily due to a process change that resulted in the accelerated recognition of charge-offs in the nonprime automobile lending portfolio.

Noninterest Income

Noninterest income is a significant contributor to BB&T's financial results. Management focuses on diversifying its sources of revenue to further reduce BB&T's reliance on traditional spread-based interest income, as certain fee-based activities are a relatively stable revenue source during periods of changing interest rates.

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Table 8
Noninterest Income

	Year Ended December 31,			% Change	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
	(Dollars in millions)				
Insurance income	$ 1,596	$ 1,643	$ 1,517	(2.9) %	8.3 %
Service charges on deposits	631	632	619	(0.2)	2.1
Mortgage banking income	455	395	565	15.2	(30.1)
Investment banking and brokerage fees and commissions	398	387	383	2.8	1.0
Trust and investment advisory revenues	240	221	200	8.6	10.5
Bankcard fees and merchant discounts	218	207	202	5.3	2.5
Checkcard fees	174	163	157	6.7	3.8
Operating lease income	124	95	77	30.5	23.4
Income from bank-owned life insurance	113	110	113	2.7	(2.7)
FDIC loss share income, net	(253)	(343)	(293)	(26.2)	17.1
Securities gains (losses), net	(3)	(3)	51		(105.9)
Other income	326	349	445	(6.6)	(21.6)
Total noninterest income	$ 4,019	$ 3,856	$ 4,036	4.2	(4.5)

2015 compared to 2014

Noninterest income was a record $4.0 billion for 2015, an increase of $163 million compared to 2014. This increase was driven by improved FDIC loss share income, higher mortgage banking income and higher operating lease income, partially offset by lower insurance income and lower other income.

FDIC loss share income improved by $90 million, primarily due to a $58 million reduction in negative accretion related to credit losses on covered loans and a $20 million change in the offset to the provision for covered loans. See "Acquired from the FDIC and FDIC Loss Share Receivable/Payable" for additional information.

Mortgage banking income increased $60 million, primarily due to higher volume and $17 million of higher MSR valuation adjustments.

Operating lease income increased $29 million, primarily due to a larger leasing portfolio size as this business has continued to demonstrate steady growth.

Income from BB&T's insurance agency/brokerage operations was the largest source of noninterest income in 2015. Insurance income totaled $1.6 billion for 2015, a decline of $47 million compared to 2014. The second quarter sale of American Coastal resulted in a $79 million decline in insurance income, which was partially offset by higher volume in the property and casualty business.

Other income totaled $326 million for 2015, a decline of $23 million from 2014. This decline is primarily due to the $26 million loss on sale of American Coastal during the second quarter of 2015 and $18 million of lower income related to assets for certain post-employment benefits (which is offset in personnel expense). These declines were partially offset by higher partnerships and other investment income, which was the result of an opportunistic sale that resulted in a $28 million gain during the third quarter of 2015.

2014 compared to 2013

Noninterest income was $3.9 billion for 2014, compared to $4.0 billion for 2013. This decrease was driven by declines in mortgage banking income, FDIC loss share income, net securities gains and other income, partially offset by growth in insurance income.

Income from BB&T's insurance agency/brokerage operations was the largest source of noninterest income in 2014. Insurance income was $1.6 billion, up $126 million compared to 2013, as increased volume and improving market conditions drove broad-based increases across the insurance business. This growth was led by a $95 million increase in property and casualty commissions and a $17 million increase in contingent insurance commissions.

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Mortgage banking income totaled $395 million in 2014, a decrease of $170 million compared to the prior year. The decrease in mortgage banking income includes a $182 million decrease in residential mortgage production revenues primarily due to decreases in the volume and margins on loan sales, which have come under pressure due to increased competition and sustained low interest rates. The decline also reflects an $18 million reduction in fees primarily due to a reduction in volume. These declines were partially offset by increased servicing income due to a larger servicing portfolio as well as an increase in derivative income.

Net securities gains declined $54 million as the prior year contained a $46 million gain on the sale of GNMA securities. FDIC loss share income, net, was $50 million worse than 2013, primarily due to a $29 million change in the offset to the provision for covered loans, which was a benefit in 2014 due to improved credit quality on the acquired loans.

Trust and investment advisory revenues increased $21 million to a record $221 million, primarily the result of higher investment advisory revenues during the current year. Other income decreased $96 million in 2014, primarily due to a $31 million gain on the sale of a consumer lending subsidiary in 2013, a $24 million decrease in income from assets related to certain post-employment benefits, which is offset in personnel expense, and an $8 million decrease in letter of credit fees. These declines and other smaller declines were partially offset by a $19 million increase in leasing income.

Noninterest Expense

The following table provides a breakdown of BB&T's noninterest expense:

Table 9
Noninterest Expense

	Year Ended December 31,			**% Change**	
	2015	**2014**	**2013**	**2015 vs. 2014**	**2014 vs. 2013**
	(Dollars in millions)				
Personnel expense	$ 3,469	$ 3,180	$3,293	9.1 %	(3.4) %
Occupancy and equipment	708	682	692	3.8	(1.4)

expense					
Software expense	192	174	158	10.3	10.1
Loan-related expense	150	267	188	(43.8)	42.0
Outside IT services	135	115	89	17.4	29.2
Professional services	130	139	189	(6.5)	(26.5)
Amortization of intangibles	105	91	106	15.4	(14.2)
Regulatory charges	101	106	143	(4.7)	(25.9)
Foreclosed property expense	53	40	55	32.5	(27.3)
Merger-related and restructuring charges, net	165	46	46	NM	
Loss on early extinguishment of debt	172	122		41.0	NM
Other expense	886	890	818	(0.4)	8.8
Total noninterest expense	$ 6,266	$ 5,852	$ 5,777	7.1	1.3

2015 compared to 2014

Noninterest expense totaled $6.3 billion for 2015, an increase of $414 million from 2014. This increase was driven by higher personnel expense, merger-related and restructuring charges and loss on early extinguishment of debt, partially offset by lower loan-related expense.

Personnel expense is the largest component of noninterest expense and includes salaries, wages and incentives, as well as pension and other employee benefit costs. Personnel expense totaled $3.5 billion, a $289 million increase compared to 2014. This increase was driven by a $114 million increase in salaries, which was primarily due to additional headcount from acquisitions. Personnel expense also increased due to a $74 million increase in pension expense that reflects higher amortization, service and interest costs, partially offset by the estimated return on higher plan assets. Additionally, personnel expense reflects a $50 million increase in employee medical and insurance benefits and a $32 million increase in incentives.

Merger-related and restructuring charges totaled $165 million, an increase of $119 million compared to 2014. This increase was primarily related to the Susquehanna acquisition, with additional amounts related to The Bank of

Kentucky and the planned acquisition of National Penn.

Loss on early extinguishment of debt was $172 million for 2015, compared to $122 million for 2014. The combined debt extinguishments for the two years totaled $2.0 billion of FHLB advances with a weighted average interest rate of 4.5%.

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Occupancy and equipment expense totaled $708 million for 2015, compared to $682 million for 2014. The increase reflects the acquisition activity occurring during the year.

Loan-related expense totaled $150 million for 2015, a decrease of $117 million compared to the prior year. This decrease is largely the result of lower claims and chargeoffs in the current year, as well as charges recorded in the prior year of $33 million related to the FHA-insured loan origination process and $27 million related to a review of mortgage lending processes.

2014 compared to 2013

Personnel expense totaled $3.2 billion, a decrease of $113 million compared to 2013. This decline was driven by a $110 million reduction in qualified pension plan expense, primarily due to a higher expected return on plan assets and a change in the actuarial discount rate used to determine the projected benefit obligation as of the beginning of the year that resulted in reduced amortization expense during 2014.

Professional services expense totaled $139 million, a decrease of $50 million compared to the prior year. This decrease was driven by a reduction in legal fees as well as services associated with regulatory initiatives. Regulatory charges totaled $106 million for 2014, a decline of $37 million compared to 2013, which primarily reflects a reduction in FDIC insurance due to long-term debt issuances and improved credit conditions.

Loan-related expense totaled $267 million for 2014, an increase of $79 million compared to the prior year. This increase includes a $33 million mortgage loan indemnification reserve adjustment, which represents an increase in estimated losses that may be incurred on FHA-insured mortgage loans that have not yet defaulted, and a mortgage reserve adjustment of $27 million related to a review of mortgage lending processes.

Outside IT services totaled $115 million during 2014, compared to $89 million for 2013. This increase was due to third-party costs associated with the new ERP and commercial loan systems.

A loss on early extinguishment of debt of $122 million was recorded during 2014 in connection with the early termination of $1.1 billion of higher cost FHLB advances. The transaction occurred during the third quarter of 2014 and had a beneficial impact to net interest income for the remainder of the year.

Other expense was $890 million for 2014, an increase of $72 million compared to 2013. During June 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. In late 2014 and in 2015, BB&T 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. BB&T is cooperating with the investigation. While the outcome of the investigation is unknown and neither the Department of Justice nor the HUD-OIG has asserted any claims, similar reviews and related matters with other financial institutions have resulted in cash settlements and other remedial actions. BB&T identified a potential exposure related to losses incurred by the FHA on defaulted loans that ranges from $25 million to $105 million and recognized an $85 million charge during 2014. The income statement impact of this adjustment was included in other expense on the Consolidated Statements of lncome. The ultimate resolution of this matter is uncertain and the estimates of this exposure are subject to the application of significant judgment and therefore cannot be predicted with certainty at this time.

The increase in other expense also includes a $17 million increase in depreciation related to operating leases. These increases were partially offset by a $15 million favorable franchise tax adjustment and a decline in expense due to the prior year $11 million write-down of owned real estate.

Merger-Related and Restructuring Charges

BB&T has incurred certain merger-related and restructuring charges, which are reflected in BB&T’s Consolidated Statements of Income as a category of noninterest expense. Merger-related and restructuring expenses or credits include:

- severance and personnel-related costs or credits, which typically occur in corporate support and data processing functions;
- occupancy and equipment charges or credits, which relate to costs or gains associated with lease terminations, obsolete equipment write-offs and the sale of duplicate facilities and equipment;
- professional services, which relate to investment banking advisory fees and other consulting services pertaining to the transaction;

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- systems conversion and related charges, which represent costs to integrate the acquired entity's information technology systems; and
- other merger-related and restructuring charges or credits, which include expenses necessary to convert and combine the acquired branches and operations of merged companies, direct media advertising related to the acquisitions, asset and supply inventory write-offs, and other similar charges.

Merger-related and restructuring accruals are established when the costs are incurred or once all requirements for a plan to dispose of certain business functions have been approved by management. In general, a major portion of accrued costs are utilized in conjunction with or immediately following the systems conversion, when most of the duplicate positions are eliminated and the terminated employees begin to receive severance. Other accruals are utilized over time based on the sale, closing or disposal of duplicate facilities or equipment or the expiration of lease contracts. Merger and restructuring accruals are re-evaluated periodically and adjusted as necessary. The remaining accruals at December 31, 2015 are generally expected to be utilized within one year, unless they relate to specific contracts that expire later.

The following table presents a summary of activity with respect to merger-related and restructuring accruals:

Table 10
Merger-related and Restructuring Accrual Activity

	Year Ended December 31, 2015			
	Beginning Balance	Merger-Related Charges, net	Utilized	Ending Balance
	(Dollars in millions)			
Severance and personnel-related	$ 2	$ 60	$ (36)	$ 26
Occupancy and equipment	7	16	(12)	11
Professional services	17	34	(38)	13
Systems conversion and related charges		25	(25)	
Other adjustments	5	30	(33)	2
Total	$ 31	$ 165	$ (144)	$ 52

Provision for Income Taxes

BB&T's provision for income taxes totaled $794 million, $921 million and $1.6 billion for 2015, 2014 and 2013, respectively. BB&T's effective tax rates for the years ended 2015, 2014 and 2013 were 27.2%, 29.5% and 47.3%, respectively. The changes in the effective tax rates during 2015, 2014 and 2013 were primarily due to adjustments for uncertain tax positions as discussed below.

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 to the disallowance of foreign tax credits and other deductions claimed by a subsidiary in connection with a financing transaction. BB&T paid the disputed tax, penalties and interest during 2010 and filed a lawsuit seeking a refund in the U.S. Court of Federal Claims. During 2013, the court denied the refund claim, and BB&T recorded $516 million of income tax charges. BB&T appealed the decision to the U.S. Court of Appeals for the Federal Circuit. On May 14, 2015, the appeals court overturned a portion of the earlier ruling, resulting in the recognition of income tax benefits of $107 million during the second quarter of 2015. The remainder of the decision was affirmed. On September 29, 2015, BB&T filed a petition requesting the case be heard by the U.S. Supreme Court, which has not rendered a decision on whether it will hear the case.

BB&T has extended credit to and invested in the obligations of states and municipalities and their agencies and has made other investments and loans that produce tax-exempt income. The income generated from these investments, together with certain other transactions that have favorable tax treatment, have reduced BB&T's overall effective tax rate from the statutory rate in all periods presented.

Refer to Note 12 "Income Taxes" in the "Notes to Consolidated Financial Statements" for a reconciliation of the effective tax rate to the statutory tax rate and a discussion of uncertain tax positions and other tax matters.

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Segment Results

See Note 20 “Operating Segments” in the “Notes to Consolidated Financial Statements” herein for additional disclosures related to BB&T’s operating segments, the internal accounting and reporting practices used to manage these segments and financial disclosures for these segments.

Fluctuations in noninterest income and noninterest expense incurred directly by the segments are more fully discussed in the “Noninterest Income” and “Noninterest Expense” sections above.

2015 compared to 2014

Community Banking

Community Banking had a network of 2,139 banking offices at the end of 2015, an increase of 300 offices compared to December 31, 2014. The increase in offices was primarily driven by the acquisition of 41 branches in Texas, 32 branches with the acquisition of The Bank of Kentucky and 245 branches with the acquisition of Susquehanna Bancshares, partially offset by the consolidation of nearby financial centers and the closure of certain lower volume branches within the BB&T branch network.

Community Banking net income was $978 million in 2015, an increase of $68 million, or 7.5%, compared to 2014. Net income results include the impact of the current year acquisitions as described previously.

Segment net interest income increased $159 million to $3.1 billion, primarily driven by growth in commercial loans and direct retail loans due to organic growth and the acquisitions, partially offset by lower interest rates on new loans and lower funding spreads on deposits.

Noninterest income decreased $18 million driven by lower service charges on deposits, international factoring commissions and letter of credit fees. Intersegment net referral fee income increased $15 million driven by higher loan referrals to the Residential Mortgage Banking segment and higher capital markets referrals to the Financial Services segment.

The allocated provision for credit losses decreased $56 million as a result of lower commercial and retail loan net charge-offs. Noninterest expense increased $89 million driven by higher salary, incentive, pension and franchise tax expense as well as higher merger-related charges. The increase in salary expense reflects the acquisition activity. Allocated corporate expense increased $21 million driven by internal business initiatives.

Residential Mortgage Banking

Residential Mortgage Banking net income was $244 million in 2015, an increase of $40 million, or 19.6%, compared to 2014. Mortgage originations totaled $18.1 billion in 2015, an increase of $706 million compared to $17.4 billion in 2014. BB&T's residential mortgage servicing portfolio, which includes both retained loans and loans serviced for others, totaled $122.2 billion at the end of 2015, compared to $122.3 billion at December 31, 2014.

Segment net interest income decreased $46 million to $452 million, primarily the result of lower loans HFI balances reflecting the current strategy of selling substantially all conforming mortgage loan production, partially offset by higher credit spreads. Noninterest income increased $45 million, driven by higher gains on residential mortgage loan production and sales and an increase in net MSR income, primarily due to improved MSR hedging results.

The allocated provision for credit losses reflected a charge of $9 million in 2015, compared to a benefit of $107 million in 2014, partially attributable to stabilization in the rate of improvement in credit trends. Earlier period results reflect the impact of loan sales that generated a combined $66 million in gains through the release of the related ALLL. Noninterest expense decreased $184 million, primarily due to prior-year adjustments totaling $118 million relating to the previously discussed FHA-insured loan exposures and a $27 million prior-year charge related to a review of mortgage processes. The decrease in noninterest expense was also partially attributable to lower costs associated with repurchased loans.

Dealer Financial Services

Dealer Financial Services net income was $180 million in 2015, a decrease of $3 million, or 1.6%, compared to 2014.

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Segment net interest income increased $53 million to $728 million, primarily driven by growth in the Dealer Finance and Regional Acceptance loan portfolios, the inclusion of dealer floor plan loans in the segment results beginning in the first quarter of 2015 and the acquisition of Susquehanna’s consumer auto leasing business.

The allocated provision for credit losses increased $17 million, primarily due to higher charge-offs. Noninterest expense increased $37 million driven by higher personnel, professional services, loan processing and other expenses.

Dealer Financial Services grew average loans by $911 million, or 7.1%, compared to 2014 as a result of strong growth in the prime and nonprime auto lending businesses and the acquisition of Susquehanna’s consumer auto leasing business.

Specialized Lending

Specialized Lending net income was $268 million in 2015, an increase of $11 million, or 4.3%, compared to 2014.

Segment net interest income increased $33 million to $465 million, driven by strong growth in small ticket consumer loans and the acquisition of Susquehanna’s small business equipment finance portfolio, partially offset by lower rates on new loans. Noninterest income increased $39 million driven by higher commercial mortgage and operating lease income.

The allocated provision for credit losses increased $9 million, primarily due to higher net charge-offs in the small ticket consumer and commercial finance loan portfolios. Noninterest expense increased $45 million, primarily due to higher personnel expense and higher depreciation of property under operating leases.

Specialized Lending grew average loans by $2.0 billion, or 12.7%, compared to 2014 as a result of strong growth in small ticket consumer, commercial mortgage and governmental finance loans and the acquisition of the small business equipment finance portfolio.

Insurance Services

Insurance Services net income was $182 million in 2015, a decrease of $51 million, or 21.9%, compared to 2014.

Insurance Service's noninterest income of $1.6 billion decreased $55 million, which primarily reflects lower direct commercial property and casualty insurance premiums due to the previously discussed sale of American Coastal, partially offset by higher new and renewal commercial property and casualty insurance business.

Noninterest expense increased $2 million driven by higher salary, employee insurance and pension expense as well as higher merger-related charges, partially offset by lower business referral and insurance claims expense. Allocated corporate expenses increased $13 million primarily due to the centralization of certain corporate support functions during mid-2014.

Financial Services

Financial Services net income was $319 million in 2015, an increase of $37 million, or 13.1%, compared to 2014.

Segment net interest income increased $80 million to $526 million, driven by Corporate Banking and BB&T Wealth loan and deposit growth, partially offset by lower rates on new loans. Noninterest income increased $68 million as a result of higher investment commissions and brokerage fees, trust and investment advisory fees, commercial unused commitment fees and income from SBIC private equity investments. Client invested assets totaled $130.6 billion as of December 31, 2015, an increase of $11.7 billion, or 9.8%, compared to 2014.

The allocated provision for credit losses increased $40 million as a result of the Corporate Banking loan growth, portfolio mix and risk expectations related to the oil and energy sector. Noninterest expense increased $46 million compared to 2014, driven by higher salary, incentive, pension and professional services expense.

Financial Services continues to generate significant loan growth through expanded lending strategies, with Corporate Banking's average loan balances increasing $2.6 billion, or 28.4%, compared to 2014, while BB&T Wealth's average loan balances increased $367 million, or 32.7%. BB&T Wealth also grew transaction account balances by $595 million, or 21.5%, and money market and savings balances by $974 million, or 14.5%, compared to 2014, partially attributable to the ongoing identification and servicing of wealth clients in the Community Bank.

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Other, Treasury & Corporate

Other, Treasury & Corporate generated a net loss of $48 million in 2015, compared to net income of $137 million in 2014.

Segment net interest income decreased $62 million to $339 million, driven by lower average PCI loan balances as well as lower yields on the securities portfolio, partially offset by higher funding spreads on deposits. Noninterest income increased $79 million, primarily due to improved FDIC loss share income, partially offset by the loss on the previously discussed sale of American Coastal.

The allocated provision for credit losses reflected a benefit of $15 million in 2015, compared to a benefit of $66 million in 2014, primarily due to a release in the RUFC in the earlier period driven by improvements related to the mix of unfunded lending exposures and a lower provision benefit for PCI loans attributable to improvements in credit quality in the earlier period.

Noninterest expense increased $365 million, driven by higher salary, employee insurance and pension expense, partially attributable to the Susquehanna acquisition, as well as higher IT professional services and software expense, franchise taxes and merger-related charges. In addition, noninterest expense for the current year includes the previously discussed $172 million loss on early extinguishment of FHLB advances, compared to a similar loss of $122 million in the prior year. Intersegment net referral fee expenses decreased $22 million driven largely by higher mortgage loan referrals shared by other segments. Amortization of intangibles increased $25 million primarily due to core deposit intangible amortization for acquisitions occurring during 2015. Allocated corporate expense decreased $53 million compared to the earlier period as a result of higher expense allocations to the other segments related to internal business initiatives and the continued centralization of certain support functions into the respective allocated corporate centers.

2014 compared to 2013

Community Banking

Community Banking had a network of 1,839 banking offices at the end of 2014, an increase of 14 offices compared to December 31, 2013. During the second quarter of 2014, BB&T completed the acquisition of 21 branches in Texas, which included $1.2 billion in deposits and $112 million in loans. The increase in offices was primarily driven by the acquisition, partially offset by the closure of certain lower volume branches.

Community Banking net income was $910 million in 2014, an increase of $26 million, or 2.9%, compared to 2013. Segment net interest income totaled $2.9 billion, a decrease of $134 million compared to 2013, primarily due to lower yields on new loans and lower funding spreads earned on deposits, partially offset by loan and noninterest-bearing deposit growth. Noninterest income of $1.2 billion increased $4 million, primarily due to higher service charges on deposits, checkcard fees and bankcard fees.

The allocated provision for credit losses decreased $156 million driven by lower business and consumer loan charge-offs, partially offset by stabilization in loss factors. Noninterest expense totaled $1.4 billion for 2014. The $145 million decrease was primarily attributable to lower personnel, occupancy and equipment and professional services expense and lower restructuring charges. Intersegment net referral fees decreased $58 million driven by lower mortgage banking referrals. Allocated corporate expenses increased $81 million, primarily driven by internal business initiatives, including the implementation of the ERP system.

Residential Mortgage Banking

Residential Mortgage Banking net income was $204 million in 2014, a decrease of $179 million, or 46.7%, compared to 2013. Mortgage originations totaled $17.4 billion in 2014, a decrease of $14.2 billion compared to $31.6 billion in 2013. BB&T's residential mortgage servicing portfolio, which includes both retained loans and loans serviced for others, totaled $122.3 billion at the end of 2014, compared to $121.2 billion at the end of 2013.

Segment net interest income decreased $87 million to $498 million, primarily the result of lower average loan balances. Noninterest income decreased $171 million driven by lower gains on residential mortgage loan sales due to lower origination volume and tighter pricing due to competitive factors. This decrease was partially offset by an increase in net servicing income of $31 million, primarily due to slower prepayment speeds and a $2.8 billion, or 3.2%, increase in the investor-owned servicing portfolio.

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The allocated provision for credit losses was a benefit of $107 million in 2014, compared to expense of $12 million in 2013, reflecting the benefit of the previously discussed sales of residential mortgage loans during 2014 and a decrease in loan balances consistent with the current strategy of selling substantially all conforming mortgage loan production. Noninterest expense increased $141 million, which primarily reflects a $27 million charge in the fourth quarter of 2014 related to the previously discussed ongoing review of mortgage processes, as well as adjustments in the second quarter of 2014 totaling $118 million related to the previously discussed FHA-insured loan exposures.

Dealer Financial Services

Dealer Financial Services net income was $183 million in 2014, a decrease of $21 million, or 10.3%, compared to 2013.

The allocated provision for credit losses increased $23 million primarily due to higher charge-offs in the nonprime automobile loan portfolio as credit trends in that portfolio continue to normalize. Noninterest expense increased $8 million, driven by higher personnel expense, primarily related to Regional Acceptance Corporation’s geographic expansion, and operating charge-offs.

Dealer Financial Services grew average loans by $1.1 billion, or 10.5%, compared to 2013 as a result of strong growth in both the prime and nonprime auto lending businesses.

Specialized Lending

Specialized Lending net income was $257 million in 2014, a decrease of $16 million, or 5.9%, compared to 2013.

Segment net interest income decreased $120 million to $432 million, which primarily reflects the sale of a consumer lending subsidiary during the fourth quarter of 2013 and lower credit spreads on loans earned during 2014. Noninterest income increased $10 million driven by higher operating lease income.

The sale of the specialized lending subsidiary also had a beneficial impact on the allocated provision for credit losses, which decreased $46 million. Noninterest expense decreased $34 million driven by lower personnel, occupancy and equipment, loan processing and professional services expense.

Small ticket consumer finance, equipment finance, governmental finance and commercial mortgage experienced strong loan growth compared to 2013.

Insurance Services

Insurance Services net income was $233 million in 2014, an increase of $46 million, or 24.6%, compared to 2013.

Insurance Services' noninterest income of $1.7 billion increased $128 million, primarily due to increased commissions on new and renewal property and casualty business, higher performance-based commissions and an increase in employee benefit commissions. Noninterest expense increased $54 million driven by higher salaries, performance-based incentives, operating charge-offs and business referral expense.

Financial Services

Financial Services net income was $282 million in 2014, a decrease of $23 million, or 7.5%, compared to 2013.

Noninterest income increased $22 million, primarily due to higher trust, investment advisory and investment banking income. Client invested assets totaled $119.0 billion as of December 31, 2014, an increase of $7.8 billion, or 7.0%, compared to 2013.

The allocated provision for credit losses increased $7 million compared to the prior year as a result of growth in the Corporate Banking and BB&T Wealth loan portfolios. Noninterest expense increased $30 million, primarily due to higher personnel expense, operating charge-offs, sub-advisory fees and occupancy and equipment expense. Allocated corporate expenses increased $19 million, primarily driven by internal business initiatives and growth in the segment.

Financial Services continued to generate significant loan growth through expanded lending strategies. Corporate Banking's average loan balances increased $1.7 billion, or 23.4%, compared to 2013, while BB&T Wealth's average loan balances increased $229 million, or 25.6%. BB&T Wealth also grew transaction account balances by $438 million, or 18.8%, and money market and savings balances by $534 million, or 8.6%, compared to 2013.

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Other, Treasury & Corporate

Other, Treasury & Corporate net income was $137 million in 2014 compared to a net loss of $506 million in 2013. Results in the prior year include $516 million in adjustments for uncertain income tax positions as previously discussed.

Segment net interest income increased $103 million to $401 million, primarily due to an increase in the investment portfolio, lower funding credits on deposits allocated to Community Banking and Financial Services and lower corporate borrowing costs, partially offset by runoff in the PCI loan portfolio.

Noninterest income decreased $170 million primarily due to lower securities gains in the investment portfolio, lower FDIC loss share income, the sale of a consumer lending subsidiary during the fourth quarter of 2013 and lower income from assets related to certain post-employment benefits.

The allocated provision for credit losses was a benefit of $66 million compared to a benefit of $16 million in 2013. Results from 2014 included a $29 million benefit for loans acquired from the FDIC and a $29 million reduction in the reserve for unfunded lending commitments driven by improvements related to the mix of lines of credit, letters of credit, and bankers' acceptances. Noninterest expense increased $36 million, primarily due to $122 million in expense related to early extinguishment of FHLB debt, and higher outside IT services and merger-related expense, partially offset by lower personnel, professional services and tax and license expense. Intersegment net referral fee expense decreased $59 million as a result of a lower level of mortgage banking referral income that was allocated to both Community Banking and Financial Services.

Analysis of Financial Condition

Investment Activities

BB&T's board-approved investment policy is carried out by the MRLCC, which meets regularly to review the economic environment and establish investment strategies. The MRLCC also has much broader responsibilities, which are discussed in the "Market Risk Management" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein.

Investment strategies are reviewed by the MRLCC based on the interest rate environment, balance sheet mix, actual and anticipated loan demand, funding opportunities and the overall interest rate sensitivity of the Company. In general, the goals of the investment portfolio are: (i) to provide a sufficient margin of liquid assets to meet unanticipated deposit and loan fluctuations and overall funds management objectives; (ii) to provide eligible securities to secure public funds, trust deposits as prescribed by law and other borrowings; and (iii) to earn the maximum return on funds invested that is commensurate with meeting the requirements of (i) and (ii).

Branch Bank invests in securities allowable under bank regulations. These securities may include obligations of the U.S. Treasury, U.S. government agencies, GSEs (including MBS), bank eligible obligations of any state or political subdivision, non-agency MBS, structured notes, bank eligible corporate obligations (including corporate debentures), commercial paper, negotiable CDs, bankers acceptances, mutual funds and limited types of equity securities. Branch Bank also may deal in securities subject to the provisions of the Gramm-Leach-Bliley Act. BB&T’s full-service brokerage and investment banking subsidiary engages in the underwriting, trading and sales of equity and debt securities subject to the risk management policies of the Company.

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The following table provides information regarding the composition of the securities portfolio for the years presented:

Table 11
Composition of Securities Portfolio

	December 31, 2015	2014	2013
	(Dollars in millions)		
AFS securities (at fair value):			
U.S. Treasury	$ 1,832	$ 1,231	$ 595
GSE	51		
Agency MBS	20,046	16,154	17,929
States and political subdivisions	2,079	1,974	1,851
Non-agency MBS	221	264	291
Other	4	41	45
Acquired from FDIC	1,064	1,243	1,393
Total AFS securities	25,297	20,907	22,104
HTM securities (at amortized cost):			
U.S. Treasury	1,097	1,096	392
GSE	5,045	5,394	5,603
Agency MBS	12,267	13,120	11,636
States and political subdivisions	63	22	33
Other	58	608	437
Total HTM securities	18,530	20,240	18,101
Total securities	$ 43,827	$ 41,147	$ 40,205

The securities portfolio totaled $43.8 billion at December 31, 2015, compared to $41.1 billion at December 31, 2014. The increase was driven by higher AFS portfolio balances, primarily due to purchases of agency MBS and U.S. Treasury securities during the year.

As of December 31, 2015, approximately 12.4% of the securities portfolio was variable rate, compared to 14.0% as of December 31, 2014. The effective duration of the securities portfolio was 4.0 years at December 31, 2015, compared to 3.9 years at the end of 2014. The duration of the securities portfolio excludes equity securities, auction rate securities, and certain non-agency MBS acquired from the FDIC.

Agency MBS represented 73.7% of the total securities portfolio at year-end 2015, compared to 71.1% as of prior year end. As of December 31, 2015, the AFS securities portfolio also includes $1.1 billion of securities that were acquired from the FDIC as part of the Colonial acquisition. Effective October 1, 2014, securities subject to the commercial loss sharing agreement with the FDIC related to the Colonial acquisition were no longer subject to loss sharing; however, any gains on the sale of these securities through September 30, 2017 would be shared with the FDIC. Since these securities are in a significant unrealized gain position, they are effectively covered as any declines in the unrealized gains of the securities down to a contractually specified amount would reduce the liability to the FDIC at the applicable percentage. Securities acquired from the FDIC consisted of $768 million of non-agency MBS and $296 million of states and political subdivisions securities as of December 31, 2015.

BB&T transferred $517 million of HTM securities to AFS during the third quarter of 2015. These securities, which were sold by the end of the third quarter, represented investments in student loans for which there was a significant increase in risk weighting as a result of the implementation of Basel III.

BB&T recognized $4 million in OTTI charges for 2015 and $6 million in OTTI charges for 2014.

Refer to Note 3 “Securities” in the “Notes to Consolidated Financial Statements” herein for additional disclosures related to the evaluation of securities for OTTI.

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The following table presents the securities portfolio at December 31, 2015, segregated by major category with ranges of maturities and average yields disclosed:

Table 12
Securities

	December 31, 2015			
	AFS		**HTM**	
	Fair Value	**Effective Yield (1)**	**Amortized Cost**	**Effective Yield (1)**
	(Dollars in millions)			
U.S. Treasury:				
Within one year	$ 246	0.49 %	$	%
One to five years	1,392	1.29	1,097	2.21
Five to ten years	194	2.02		
Total	1,832	1.26	1,097	2.21
GSE:				
One to five years			1,000	1.56
Five to ten years	51	2.14	4,045	2.21
Total	51	2.14	5,045	2.08
Agency MBS: (2)				
One to five years	10	3.82		
Five to ten years	18	2.34		
After ten years	20,018	1.81	12,267	2.11
Total	20,046	1.81	12,267	2.11
States and political subdivisions: (3)				
Within one year	12	6.93		
One to five years	79	6.27		
Five to ten years	620	5.65	17	1.33
After ten years	1,368	6.30	46	0.98
Total	2,079	6.11	63	1.07
Non-agency MBS: (2)				
After ten years	221	7.96		
Total	221	7.96		
Other:				
Within one year	4	0.48	1	1.29
After ten years			57	1.69

Total	4	0.48	58	1.69
Acquired from FDIC:				
Within one year	2	4.51		
One to five years	186	3.70		
Five to ten years	108	4.00		
After ten years	768	17.72		
Total	1,064	13.86		
Total securities	$ 25,297	2.68	$ 18,530	2.10

(1) Yields represent interest computed at the end of the period using the effective interest method on an FTE basis applying the statutory federal income tax rate of 35% and the amortized cost of the securities.

(2) For purposes of the maturity table, MBS, which are not due at a single maturity date, have been included in maturity groupings based on the contractual maturity. The expected life of MBS will differ from contractual maturities because borrowers may have the right to call or prepay the underlying mortgage loans.

(3) Weighted-average yield excludes the effect of pay-fixed swaps hedging municipal securities.

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Lending Activities

The primary goal of the BB&T lending function is to help clients achieve their financial goals by providing quality loan products that are fair to the client and profitable to the Company. Management believes that this purpose can best be accomplished by building strong, profitable client relationships over time, with BB&T becoming an important contributor to the prosperity and well-being of its clients. In addition to the importance placed on client knowledge and continuous involvement with clients, BB&T's lending process incorporates the standards of a consistent company-wide credit culture and an in-depth local market knowledge. Furthermore, the Company employs strict underwriting criteria governing the degree of assumed risk and the diversity of the loan portfolio in terms of type, industry and geographical concentration. In this context, BB&T strives to meet the credit needs of clients in its markets while pursuing a balanced strategy of loan profitability, loan growth and loan quality.

Table 13
Quarterly Average Balances of Loans and Leases

	For the Three Months Ended				
	12/31/15	**9/30/15**	**6/30/15**	**3/31/15**	**12/31/14**
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 48,047	$ 46,462	$ 42,541	$ 41,448	$ 40,383
CRE - income producing properties	13,264	12,514	10,730	10,680	10,681
CRE - construction and development	3,766	3,502	2,767	2,734	2,772
Dealer floor plan	1,164	1,056	1,010	1,040	1,053
Direct retail lending	10,896	9,926	8,449	8,191	8,085
Sales finance	10,533	10,386	9,507	9,458	9,194
Revolving credit	2,458	2,421	2,365	2,385	2,427
Residential mortgage	30,334	30,384	29,862	30,427	31,046
Other lending subsidiaries	13,281	12,837	11,701	11,318	11,351
PCI	1,070	1,052	1,055	1,156	1,309
Total average loans and	134,813	130,540	119,987	118,837	118,301

leases HFI					
LHFS	1,377	1,959	2,069	1,398	1,611
Total average loans and leases	$ 136,190	$ 132,499	$ 122,056	$ 120,235	$ 119,912

Average loans held for investment for the fourth quarter of 2015 were $134.8 billion, up $4.3 billion compared to the third quarter of 2015. Excluding acquisitions (which comprises Susquehanna, The Bank of Kentucky, both branch acquisitions in Texas and BankAtlantic), average loans held for investment were up approximately 2.0% on an annualized basis.

Average commercial and industrial loans increased $1.6 billion during the fourth quarter of 2015. Approximately $740 million of the increase was the result of acquisitions while the remaining increase primarily reflects continued growth in large corporate lending. Average commercial real estate – income producing properties loans increased $750 million and average commercial real estate – construction and development loans increased $264 million, with the majority of both of these increases being attributable to acquisitions. Dealer floor plan average loans, which were not significantly impacted by acquisition activity, were up $108 million or 40.6% annualized, due to strong organic growth.

Direct retail lending average loans increased $970 million; approximately $735 million of the growth was due to acquisitions. Other lending subsidiaries average loans increased $444 million, with approximately half of the increase due to acquisitions.

Excluding acquisition activity, average sales finance loans declined approximately $400 million, which is partially due to dealer pricing structure changes implemented during the third quarter. Average residential mortgage loans decreased approximately $430 million excluding acquisitions, which reflects the continued strategy to sell conforming residential mortgage loan production.

The following table excludes sales finance and retail other lending subsidiaries loans as the substantial majority of those loans have fixed interest rates:

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Table 14
Variable Rate Loans (Excluding PCI and LHFS)

December 31, 2015	Outstanding Balance	Wtd. Avg. Contractual Rate	Wtd. Avg. Remaining Term
	(Dollars in millions)		
Commercial:			
Commercial and industrial	$ 33,927	2.39 %	2.9 yrs
CRE - income producing properties	9,984	3.14	4.5
CRE - construction and development	3,356	3.44	3.1
Dealer floor plan (1)	1,215	1.91	NM
Other lending subsidiaries	528	2.68	2.7
Retail:			
Direct retail lending (2)	9,060	3.45	8.4
Revolving credit	2,194	9.35	NM
Residential mortgage	6,412	3.42	24.9

(1) The weighted average remaining term for dealer floor plan is excluded as the balance primarily represents loans that are callable on demand.
(2) The weighted average remaining term for direct retail lending represents the remaining contractual draw period.

Margin loans totaling $94 million have been excluded from the calculation of the weighted average remaining term because they do not have a contractual end date and are callable on demand.

NM - not meaningful.

As of December 31, 2015, approximately 3.3% of the outstanding balance of variable rate residential mortgage loans is currently in an interest-only phase. Approximately 94.0% of these balances will begin amortizing within the next three years. Variable rate residential mortgage loans typically reset every 12 months beginning after a 3 to 10 year fixed period, with an annual cap on rate changes ranging from 2.0% to 6.0%.

As of December 31, 2015, the direct retail lending portfolio includes $6.7 billion of home equity lines. Approximately 74.9% of the outstanding balance of variable rate home equity lines is currently in the interest-only phase. Approximately 8.8% of these balances will begin scheduled amortization within the next three years. Variable rate home equity lines typically reset on a monthly basis. Variable rate home equity loans were immaterial as of December 31, 2015.

BB&T monitors the performance of its home equity loans and lines secured by second liens similar to other consumer loans and utilizes assumptions specific to these loans in determining the necessary ALLL. BB&T also receives notification when the first lien holder, whether BB&T or another financial institution, has initiated foreclosure proceedings against the borrower. When notified that the first lien is in the process of foreclosure, BB&T obtains valuations to determine if any additional charge-offs or reserves are warranted. These valuations are updated at least annually thereafter.

BB&T has limited ability to monitor the delinquency status of the first lien, unless the first lien is held or serviced by BB&T. As a result, using migration assumptions that are based on historical experience and adjusted for current trends, BB&T estimates the volume of second lien positions where the first lien is delinquent and adjusts the ALLL to reflect the increased risk of loss on these credits. Finally, BB&T also provides additional reserves to second lien positions when the estimated combined current loan to value ratio for the credit exceeds 100%. As of December 31, 2015, BB&T held or serviced the first lien on 32.8% of its second lien positions.

Scheduled repayments are reported in the maturity category in which the payment is due. Determinations of maturities are based on contract terms. BB&T's credit policy typically does not permit automatic renewal of loans. At the scheduled maturity date (including balloon payment date), the customer generally must request a new loan to replace the matured loan and execute either a new note or note modification with rate, terms and conditions negotiated at that time.

BB&T lends to a diverse customer base that is substantially located within the Company's primary market area. At the same time, the loan portfolio is geographically dispersed throughout BB&T's branch network to mitigate concentration risk arising from local and regional economic downturns. Refer to the “Risk Management” section herein for a discussion of each of the loan portfolios and the credit risk management policies used to manage the portfolios.

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The following table presents the loan portfolio based upon BB&T's BUs:

Table 15
Composition of Loan and Lease Portfolio Based on BU

	December 31, 2015	2014	2013	2012	2011
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 48,430	$ 41,454	$ 38,508	$ 38,295	$ 36,415
CRE—income producing properties	13,421	10,722	10,228	9,861	8,860
CRE—construction and development	3,732	2,735	2,382	2,861	3,890
Dealer floor plan	1,215	1,091	904	431	345
Direct retail lending (1)	11,140	8,146	15,869	15,817	14,506
Sales finance	10,327	9,509	8,478	7,305	7,056
Revolving credit	2,510	2,460	2,403	2,330	2,212
Residential mortgage-nonguaranteed (1)	29,663	30,107	23,513	23,189	20,057
Residential mortgage-government guaranteed	870	983	1,135	1,083	524
Other lending subsidiaries	13,521	11,462	10,462	10,137	8,737
PCI	1,122	1,215	2,035	3,294	4,867
Total loans and leases HFI	135,951	119,884	115,917	114,603	107,469
LHFS	1,035	1,423	1,222	3,761	3,736
Total loans and leases	$ 136,986	$ 121,307	$ 117,139	$ 118,364	$ 111,205

(1) During the first quarter of 2014, $8.3 billion of loans were transferred from direct retail lending to residential mortgage.

Total loans and leases were $137.0 billion at year-end 2015, an increase of $15.7 billion compared to the balance at year-end 2014. This increase reflects broad-based loan growth along with the impact of acquisitions, which contributed $14.2 billion in loans as of the respective acquisition dates. Commercial and industrial loans were up $7.0 billion, direct retail lending loans were up $3.0 billion, CRE-income producing properties loans were up $2.7 billion and other lending subsidiaries loans were up $2.1 billion. A $557 million decline in residential mortgage balances reflects the continued strategy to sell conforming residential mortgage loan production.

The increase in commercial and industrial loans reflects the previously mentioned acquisition activity as well as solid growth from large corporate clients, which typically have strong credit profiles and therefore put downward pressure on pricing. The yield on commercial and industrial loans declined to 3.21% in 2015 from 3.35% in 2014.

The PCI loan portfolio, which totaled $1.1 billion at December 31, 2015, continued to runoff during the year, partially offset by the addition of $403 million of PCI loans in connection with the Susquehanna acquisition.

The majority of BB&T's loans are with clients in domestic market areas, which are primarily concentrated in the southeastern United States. International loans were immaterial as of December 31, 2015 and 2014.

The following tables summarize the loan portfolio based on regulatory classifications, which focuses on the underlying loan collateral, and differs from internal classifications presented herein that focus on the primary purpose of the loan.

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Table 16
Composition of Loan and Lease Portfolio

	December 31, 2015	2014	2013	2012	2011
	(Dollars in millions)				
Commercial, financial and agricultural	$ 32,211	$ 27,615	$ 25,260	$ 23,863	$ 21,452
Lease receivables	2,497	1,120	1,126	1,114	1,067
Real estate-construction and land development	5,621	4,736	4,630	5,900	7,714
Real estate-mortgage	70,324	63,464	65,485	65,760	60,821
Consumer	24,298	22,949	19,416	17,966	16,415
Total loans and leases HFI	135,951	119,884	115,917	114,603	107,469
LHFS	1,035	1,423	1,222	3,761	3,736
Total loans and leases	$ 136,986	$ 121,307	$ 117,139	$ 118,364	$ 111,205

Table 17
Selected Loan Maturities and Interest Sensitivity

	December 31, 2015 Commercial, Financial and Agricultural	Real Estate: Construction and Land Development	Total
	(Dollars in millions)		
Fixed Rate:			
1 year or less (1)	$ 2,741	$ 421	$ 3,162
1-5 years	3,859	443	4,302
After 5 years	4,822	772	5,594
Total	11,422	1,636	13,058
Variable Rate:			
1 year or less (1)	5,042	946	5,988
1-5 years	12,852	2,033	14,885
After 5 years	3,895	1,006	4,901
Total	21,789	3,985	25,774
Total loans and leases (2)	$ 33,211	$ 5,621	$ 38,832

(1) Includes loans due on demand.

(2) The above table excludes:

	(Dollars in millions)
(i) consumer	$ 24,298
(ii) real estate mortgage	70,324
(iii) LHFS	1,035
(iv) lease receivables	2,497
Total	$ 98,154

Asset Quality

The following discussion includes PCI loans, which are considered performing due to the application of the expected cash flows method and totaled $1.1 billion at December 31, 2015 and $1.2 billion in the prior year. Foreclosed real estate acquired from the FDIC totaled $26 million and $56 million at December 31, 2015 and 2014, respectively.

NPAs, which include foreclosed real estate, repossessions and NPLs, totaled $712 million at December 31, 2015 compared to $782 million at December 31, 2014. The decline in NPAs of $70 million was driven by decreases of $40 million in NPLs and $30 million in foreclosed real estate and other property.

The decline in NPLs was led by decreases in CRE-income producing properties and CRE-construction and development NPLs of $36 million and $13 million, respectively, due to continued improvement in credit quality.

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NPAs as a percentage of loans and leases plus foreclosed property were 0.52% at December 31, 2015 compared with 0.65% at December 31, 2014.

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The following table presents the changes in NPAs (excludes foreclosed property acquired from the FDIC):

Table 18
Rollforward of NPAs

	Year Ended December 31, 2015	2014
	(Dollars in millions)	
Balance at beginning of year	$ 726	$ 1,053
New NPAs	1,266	1,307
Advances and principal increases	85	74
Disposals of foreclosed assets (1)	(484)	(487)
Disposals of NPLs (2)	(165)	(332)
Charge-offs and losses	(246)	(309)
Payments	(358)	(398)
Transfers to performing status	(149)	(192)
Other, net	11	10
Balance at end of year	$ 686	$ 726

(1) Includes charge-offs and losses recorded upon sale of $170 million and $165 million for the year ended December 31, 2015 and 2014, respectively.
(2) Includes charge-offs and losses recorded upon sale of $17 million and $25 million for the

year ended December 31, 2015
and 2014, respectively.

The following tables summarize asset quality information for the past five years. As more fully described below, this information has been adjusted to exclude certain components:

- BB&T has recorded certain amounts related to government guaranteed GNMA mortgage loans that BB&T has the option, but not the obligation, to repurchase and has effectively regained control. These amounts are reported in the Consolidated Balance Sheets but have been excluded from the asset quality disclosures, as management believes they result in distortion of the reported metrics. The amount of government guaranteed GNMA mortgage loans that have been excluded are noted in the footnotes to Table 19.

- In addition, BB&T has concluded that the inclusion of PCI in “Loans 90 days or more past due and still accruing as a percentage of total loans and leases” may result in significant distortion to this ratio. The inclusion of these loans could result in a lack of comparability across quarters or years, and could negatively impact comparability with other portfolios that were not impacted by acquisition accounting. BB&T believes that the presentation of this asset quality measure excluding PCI provides additional perspective into underlying trends related to the quality of its loan portfolio. Accordingly, the asset quality measures in Table 20 present asset quality information on a consolidated basis as well as “Loans 90 days or more past due and still accruing as a percentage of total loans and leases” excluding PCI.

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Table 19
Asset Quality

	December 31, 2015	2014	2013	2012	2011
	(Dollars in millions)				
Nonaccrual loans and leases:					
Commercial and industrial	$ 237	$ 239	$ 363	$ 545	$ 582
CRE - income producing properties	38	74	113	171	275
CRE - construction and development	13	26	51	170	495
Direct retail lending (1)	43	48	109	132	142
Sales finance	7	5	5	7	7
Residential mortgage (1)(2)(3)(4)	173	166	243	269	308
Other lending subsidiaries (2)(5)	65	58	51	86	63
Total nonaccrual loans and leases (3)(4)(5)	576	616	935	1,380	1,872
Foreclosed real estate	82	87	71	107	536
Foreclosed real estate-acquired from FDIC	26	56	121	254	378
Other foreclosed property	28	23	47	49	42
Total NPAs (3)(4)(5)	$ 712	$ 782	$ 1,174	$ 1,790	$ 2,828
Loans 90 days or more past due and still accruing:					
Commercial and industrial	$	$	$	$ 1	$ 2
Dealer floor plan					3
Direct retail lending (1)	7	12	33	38	56
Sales finance	5	5	5	10	15
Revolving credit	10	9	10	16	17
Residential mortgage (1)	55	83	69	91	103
Residential mortgage-government guaranteed (6)	121	238	296	252	204
			5	10	5

Other lending subsidiaries					
PCI	114	188	304	442	736
Total loans 90 days or more past due and still accruing (6)	$ 312	$ 535	$ 722	$ 860	$ 1,141
Loans 30-89 days past due and still accruing:					
Commercial and industrial	$ 36	$ 23	$ 35	$ 42	$ 85
CRE - income producing properties	13	4	8	11	18
CRE - construction and development	9	1	2	3	18
Dealer floor plan					2
Direct retail lending (1)	58	41	132	145	162
Sales finance	72	62	56	56	73
Revolving credit	22	23	23	23	22
Residential mortgage (1)(2)	397	392	454	477	450
Residential mortgage-government guaranteed (7)	75	80	88	84	74
Other lending subsidiaries (2)(5)	304	237	221	290	273
PCI	42	33	88	135	222
Total loans 30 - 89 days past due and still accruing (5)(7)	$ 1,028	$ 896	$ 1,107	$ 1,266	$ 1,399

(1) During the first quarter of 2014, approximately $55 million of nonaccrual loans, $22 million of loans 90 days or more past due and $83 million of loans 30-89 days past due were transferred from direct retail lending to residential mortgage.

(2) During the fourth quarter of 2013, approximately $16 million of nonaccrual loans and $40 million of loans 30-89 days past due were transferred from other lending subsidiaries to residential mortgage.

(3) During the fourth quarter of 2014, approximately $121 million of nonaccrual residential mortgage loans were sold.

(4) During the fourth quarter of 2015, approximately $50 million of nonaccrual residential mortgage loans were sold.

(5) During the fourth quarter of 2013, approximately $9 million of nonaccrual loans and $26 million of loans 30-89 days past due were sold in connection with the sale of a consumer lending subsidiary.

(6) Excludes government guaranteed GNMA mortgage loans that BB&T does not have the obligation to repurchase that are 90 days or more past due totaling $365 million, $410 million, $511 million, $517 million and $426 million at December 31, 2015, 2014, 2013, 2012 and 2011, respectively.

(7) Excludes government guaranteed GNMA mortgage loans that BB&T does not have the obligation to repurchase that are past due 30-89 days totaling $2 million, $2 million, $4 million, $5 million and $7 million at December 31, 2015, 2014, 2013, 2012 and 2011, respectively.

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Loans 90 days or more past due and still accruing interest, excluding government guaranteed GNMA mortgage loans, totaled $312 million at December 31, 2015, compared with $535 million at year-end 2014, a decline of $223 million. This reduction reflects overall continued improvement in credit quality. Loans 30-89 days past due, excluding government guaranteed GNMA mortgage loans, totaled $1.0 billion at December 31, 2015, an increase of $132 million compared to the prior year, primarily due to higher loan balances.

Table 20
Asset Quality Ratios

	As Of / For The Year Ended December 31,				
	2015	**2014**	**2013**	**2012**	**2011**
Asset Quality Ratios (including PCI)					
Loans 30 - 89 days past due and still accruing as a percentage of loans and leases HFI (1)	0.76 %	0.75 %	0.95 %	1.10 %	1.30 %
Loans 90 days or more past due and still accruing as a percentage of loans and leases HFI (1)	0.23	0.45	0.62	0.75	1.06
NPLs as a percentage of loans and leases HFI	0.42	0.51	0.81	1.20	1.74
NPAs as a percentage of:					
Total assets	0.34	0.42	0.64	0.97	1.62
Loans and leases HFI plus foreclosed property	0.52	0.65	1.01	1.56	2.63
Net charge-offs as a percentage of average					

loans and leases HFI (2)	0.35	0.46	0.69	1.17	1.60
ALLL as a percentage of loans and leases HFI	1.07	1.23	1.49	1.76	2.10
Ratio of ALLL to:					
Net charge-offs (2)	3.36 x	2.74 x	2.19 x	1.56 x	1.36 x
NPLs	2.53	2.39	1.85	1.46	1.21
Asset Quality Ratios (excluding PCI)(3)					
Loans 90 days or more past due and still accruing as a percentage of loans and leases HFI (1)	0.15 %	0.29 %	0.37 %	0.38 %	0.39 %

(1) Excludes government guaranteed GNMA mortgage loans that BB&T has the right but not the obligation to repurchase. Refer to the footnotes of Table 19 for amounts related to these loans.

(2) Net charge-offs for 2011 include $236 million related to BB&T's NPA disposition strategy. In connection with this strategy, approximately $271 million of problem loans were transferred from loans HFI to LHFS in 2011. The disposition of all such loans was complete as of December 31, 2011.

(3) These asset quality ratios have been adjusted to remove the impact of PCI assets. Appropriate adjustments to the numerator and denominator have been reflected in the calculation of these ratios.

Potential problem loans include loans on nonaccrual status or past due as disclosed in Table 19. In addition, for the commercial portfolio segment, loans that are rated special mention or substandard performing are closely monitored by management as potential problem loans. Refer to Note 4 "Loans and ACL" in the "Notes to Consolidated Financial Statements" herein for additional disclosures related to these potential problem loans.

TDRs generally occur when a borrower is experiencing, or is expected to experience, financial difficulties in the near-term. As a result, BB&T will work with the borrower to prevent further difficulties, and ultimately to improve the likelihood of recovery on the loan. To facilitate this process, a concessionary modification that would not otherwise be considered may be granted, resulting in classification of the loan as a TDR. Refer to Note 1 "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements" for additional policy information regarding TDRs.

BB&T's performing TDRs, excluding government guaranteed GNMA mortgage loans, totaled $982 million at December 31, 2015, a reduction of $68 million compared to the prior year. This decline reflects lower performing TDR balances across most loan portfolios.

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The following table provides a summary of performing TDR activity:

Table 21
Rollforward of Performing TDRs

	Year Ended December 31, 2015	2014
	(Dollars in millions)	
Balance at beginning of year	$ 1,050	$ 1,705
Inflows	448	594
Payments and payoffs	(224)	(222)
Charge-offs	(44)	(78)
Transfers to nonperforming TDRs, net	(85)	(73)
Removal due to the passage of time	(31)	(108)
Non-concessionary re-modifications	(2)	(25)
Sold and transferred to held for sale	(130)	(745)
Other		2
Balance at end of year	$ 982	$ 1,050

Payments and payoffs represent cash received from borrowers in connection with scheduled principal payments, prepayments and payoffs of amounts outstanding. Transfers to nonperforming TDRs represent loans that no longer meet the requirements necessary to reflect the loan in accruing status and as a result are subsequently classified as a nonperforming TDR.

TDRs may be removed due to the passage of time if they: (1) did not include a forgiveness of principal or interest, (2) have performed in accordance with the modified terms (generally a minimum of six months), (3) were reported as a TDR over a year end reporting period, and (4) reflected an interest rate on the modified loan that was no less than a market rate at the date of modification. These loans were previously considered TDRs as a result of structural concessions such as extended interest-only terms or an amortization period that did not otherwise conform to normal underwriting guidelines.

In addition, certain loans may be removed from classification as a TDR as a result of a subsequent non-concessionary re-modification. Non-concessionary re-modifications represent TDRs that did not contain concessionary terms at the date of a subsequent renewal/modification and there was a reasonable expectation that the borrower would continue to comply with the terms of the loan subsequent to the date of the re-modification. A re-modification may be considered for such a re-classification if the loan has not had a forgiveness of principal or interest and the modified terms qualify as more than minor such that the re-modified loan is considered a new loan. Alternatively, such loans may be considered for reclassification in years subsequent to the date of the re-modification based on the passage of time as described in the preceding paragraph.

In connection with consumer loan TDRs, a NPL will be returned to accruing status when current as to principal and interest and upon a sustained historical repayment performance (generally a minimum of six months). The following table provides further details regarding the payment status of TDRs:

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Table 22
TDRs

	December 31, 2015							
	Current Status		Past Due 30-89 Days		Past Due 90 Days Or More		Total	
	(Dollars in millions)							
Performing TDRs (1):								
Commercial:								
Commercial and industrial	$ 45	91.8 %	$ 4	8.2 %	$	%	$ 49	
CRE - income producing properties	13	100.0					13	
CRE - construction and development	16	100.0					16	
Direct retail lending	70	97.2	2	2.8			72	
Sales finance	16	94.1	1	5.9			17	
Revolving credit	28	84.9	4	12.1	1	3.0	33	
Residential mortgage - nonguaranteed	236	81.9	44	15.3	8	2.8	288	
Residential mortgage - government guaranteed	174	55.1	64	20.2	78	24.7	316	
Other lending subsidiaries	146	82.0	32	18.0			178	
Total performing TDRs	744	75.8	151	15.4	87	8.8	982	
Nonperforming TDRs (2)	61	41.8	23	15.7	62	42.5	146	
Total TDRs	$ 805	71.4	$ 174	15.4	$ 149	13.2	$ 1,128	

(1) Past due performing TDRs are included in past due disclosures.
(2) Nonperforming TDRs are included in NPL disclosures.

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ACL

Information related to the ACL is presented in the following table:

Table 23
Analysis of ACL

	Year Ended December31,				
	2015	**2014**	**2013**	**2012**	**2011**
	(Dollars in millions)				
Beginning balance	$ 1,534	$ 1,821	$ 2,048	$ 2,285	$ 2,755
Provision for credit losses (excluding PCI)	430	280	587	1,044	1,119
Provision for PCI loans	(2)	(29)	5	13	71
Charge-offs:					
Commercial:					
Commercial and industrial	(81)	(131)	(248)	(337)	(324)
CRE - income producing properties	(20)	(31)	(74)	(150)	(167)
CRE - construction and development	(4)	(11)	(58)	(245)	(407)
Direct retail lending (1)	(54)	(69)	(148)	(224)	(276)
Sales finance	(26)	(23)	(23)	(26)	(32)
Revolving credit	(70)	(71)	(85)	(81)	(95)
Residential mortgage-nonguaranteed (1)(2)	(40)	(82)	(79)	(135)	(269)
Residential mortgage-government guaranteed	(6)	(2)	(2)	(1)	
Other lending subsidiaries	(286)	(269)	(255)	(225)	(190)
PCI	(1)	(21)	(19)	(34)	(66)
Total charge-offs (2)	(588)	(710)	(991)	(1,458)	(1,826)
Recoveries:					
Commercial:					
Commercial and industrial	37	42	47	17	28
CRE - income producing properties	7	14	20	9	10
CRE - construction and development	11	19	31	45	33
Direct retail lending (1)	29	29	38	36	37
Sales finance	9	9	9	10	9
Revolving credit	20	19	17	18	19
Residential mortgage-nonguaranteed (1)	3	7	3	3	5
Other lending subsidiaries	36	33	34	26	25

Total recoveries	152	172	199	164	166
Net charge-offs (2)	(436)	(538)	(792)	(1,294)	(1,660)
Other changes, net	24		(27)		
Ending balance	$ 1,550	$ 1,534	$ 1,821	$ 2,048	$ 2,285
ALLL (excluding PCI loans)	$ 1,399	$ 1,410	$ 1,618	$ 1,890	$ 2,107
Allowance for PCI loans	61	64	114	128	149
RUFC	90	60	89	30	29
Total ACL	$ 1,550	$ 1,534	$ 1,821	$ 2,048	$ 2,285

(1) During the first quarter of 2014, $8.3 billion of loans were transferred from direct retail lending to residential mortgage. Charge-offs and recoveries have been reflected in these line items based upon the date the loans were transferred.

(2) Includes charge-offs of $11 million related to performing TDR and NPL sales during 2014. Includes charge-offs of $87 million in residential mortgage loans during 2011 in connection with BB&T's NPL disposition strategy.

The ACL consists of the ALLL, which is presented separately on the Consolidated Balance Sheets, and the RUFC, which is included in other liabilities on the Consolidated Balance Sheets. The ACL totaled $1.6 billion at December 31, 2015, an increase of $16 million compared to the prior year.

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The ALLL amounted to 1.07% of loans and leases held for investment at December 31, 2015, compared to 1.23% at December 31, 2014. This decline is primarily due to the acquisitions occurring during 2015, which provided $14.2 billion in loans and no related allowance as of the various acquisition dates. The ratio of the ALLL to NPLs held for investment was 2.53x at December 31, 2015 compared to 2.39x at December 31, 2014.

Net charge-offs totaled $436 million for 2015, compared to $538 million in 2014. Net charge-offs as a percentage of average loans and leases were 0.35% for 2015, compared to 0.46% in 2014. Net charge-offs declined in most loan portfolios, including decreases in the commercial and industrial and residential mortgage-nonguaranteed portfolios of 50.6% and 50.7%, respectively. CRE – construction and development had net recoveries of $7 million for the year.

Refer to Note 4 “Loans and ACL” in the “Notes to Consolidated Financial Statements” for additional disclosures.

The following table presents an estimated allocation of the ALLL at the end of each of the last five years. This allocation of the ALLL is calculated on an approximate basis and is not necessarily indicative of future losses or allocations. The entire amount of the allowance is available to absorb losses occurring in any category of loans and leases. During 2013, the balance in the unallocated ALLL was incorporated into the loan portfolio segments.

Table 24
Allocation of ALLL by Category

	December 31, 2015		**2014**		**2013**		**2012**		**2011**	
	Amount	**% Loans in each category**	**Amount**	**% Loans in each category**	**Amount**	**% Loans in each category**	**Amount**	**% Loans in each category**	**Amount**	**% Loans in each category**
	(Dollars in millions)									
Balances at end of period applicable to:										
Commercial and industrial	$ 466	35.8 %	$ 422	34.6 %	$ 454	33.2 %	$ 470	33.4 %	$ 433	33.9 %
CRE - income producing properties	135	9.9	162	8.9	149	8.8	170	8.6	249	8.2
CRE - construction and development	37	2.7	48	2.3	76	2.1	134	2.5	371	3.6
	8	0.9	10	0.9	8	0.8	2	0.4	3	0.3

Dealer floor plan										
Direct retail lending (1)	105	8.2	110	6.8	209	13.7	300	13.8	232	13.5
Sales finance	40	7.6	40	7.9	37	7.3	27	6.4	35	6.6
Revolving credit	104	1.8	110	2.1	115	2.1	102	2.0	112	2.1
Residential mortgage-nonguaranteed (1)	194	21.8	217	25.1	269	20.3	296	20.3	318	18.7
Residential mortgage-government guaranteed	23	0.6	36	0.8	62	1.0	32	0.9	47	0.5
Other lending subsidiaries	287	9.9	255	9.6	239	9.0	277	8.8	197	8.1
PCI	61	0.8	64	1.0	114	1.7	128	2.9	149	4.5
Unallocated							80		110	
Total ALLL	1,460	100.0 %	1,474	100.0 %	1,732	100.0 %	2,018	100.0 %	2,256	100.0 %
RUFC	90		60		89		30		29	
Total ACL	$ 1,550		$ 1,534		$ 1,821		$ 2,048		$ 2,285	

(1) During the first quarter of 2014, $8.3 billion in loans were transferred from direct retail lending to residential mortgage.

FDIC Loss Share Receivable/Payable and Asset Acquired from the FDIC

In connection with the Colonial acquisition, Branch Bank entered into loss sharing agreements with the FDIC that outline the terms and conditions under which the FDIC will reimburse Branch Bank for a portion of the losses incurred on certain loans, OREO, investment securities and other assets. The following table presents the carrying amount of assets by loss share agreement:

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Table 25
Assets Acquired from the FDIC by Loss Share Agreement

	December 31, 2015			December 31, 2014		
	Commercial	Single Family	Total	Commercial	Single Family	Total
	(Dollars in millions)			(Dollars in millions)		
Loans and leases	$ 273	$ 539	$ 812	$ 561	$ 654	$ 1,215
AFS securities	1,064		1,064	1,243		1,243
Other assets	32	27	59	58	38	96
Total assets acquired from the FDIC	$ 1,369	$ 566	$ 1,935	$ 1,862	$ 692	$ 2,554
UPB of loans and leases	$ 462	$ 725	$ 1,187	$ 836	$ 888	$ 1,724

As of October 1, 2014, the loss sharing provisions of the commercial loss sharing agreement expired; however, gains on the disposition of assets subject to this agreement will be shared with the FDIC through September 30, 2017. Any gains realized after September 30, 2017 would not be shared with the FDIC. Assets subject to the single family loss sharing agreement are indemnified through August 31, 2019.

The gain/loss sharing coverage related to the acquired AFS securities is based on a contractually-specified value of the securities as of the date of the loss sharing agreement, adjusted to reflect subsequent pay-downs, redemptions or maturities on the underlying securities. The contractually-specified value of these securities totaled approximately $492 million at December 31, 2015. During the period of gain sharing (October 1, 2014 through September 30, 2017), any decline in the fair value of the acquired AFS securities down to the contractually-specified value would reduce BB&T’s liability to the FDIC at the applicable loss sharing percentage. BB&T is not indemnified for declines in the fair value of the acquired securities below the contractually-specified amount.

The terms of the loss sharing agreement with respect to certain non-agency MBS provided that Branch Bank would be reimbursed by the FDIC for 95% of any and all losses incurred through the third quarter of 2014. For other assets acquired from the FDIC, the FDIC reimbursement was as follows:

- 80% of net losses incurred up to $5 billion
- 95% of net losses in excess of $5 billion.

BB&T does not expect cumulative net losses to exceed $5 billion on the respective assets acquired from FDIC. Gains and recoveries on assets acquired from FDIC, net of related expenses, will offset losses or be paid to the FDIC at the applicable loss share percentage at the time of recovery.

Following the conclusion of the 10 year loss share period in 2019, should actual aggregate losses, excluding securities, be less than an amount determined in accordance with these agreements, BB&T will pay the FDIC a portion of the difference. As of December 31, 2015, BB&T projects that in 2019 Branch Bank would owe the FDIC approximately $170 million under the aggregate loss calculation. As described below, this liability is expensed over time and BB&T has recognized total expense of approximately $149 million through December 31, 2015.

The fair value of the net reimbursement the Company expected to receive from the FDIC under these agreements was recorded as the FDIC loss share receivable at the date of acquisition. The fair value of the FDIC loss share receivable/payable was estimated using a discounted cash flow methodology.

Acquired loans were aggregated into separate pools based upon common risk characteristics. Each pool is considered a unit of account and the cash flows expected to be collected, credit losses and other relevant information are developed for each pool. A summary of the accounting treatment related to changes in credit losses on each loan pool and the related FDIC loss share asset follows.

- If the estimated credit loss on a loan pool is increased:
  - The reduction in the net present value of the loan pool is recognized immediately as provision expense and an increase to the ALLL.
  - The FDIC loss share asset is increased by 80% of the adjustment to the ALLL through income, if applicable.

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- If the estimated credit loss on a loan pool is reduced:

  - If the loan pool has an allowance, the allowance is first reduced to $0 (and, if applicable, 80% of this reduction decreases the FDIC loss share asset) through income.
  - If the loan pool does not have an allowance (or it is first reduced to $0 and there remains additional expected cash flows), the excess of expected cash flows is recognized as a yield adjustment over the remaining expected life of the loan.
  - The decrease in expected reimbursement from the FDIC is recognized in income prospectively using a level yield methodology over the remaining life of the loss share agreements.
  - The increase in the amount expected to be paid to the FDIC as a result of the aggregate loss calculation is recognized prospectively in proportion to expected loan income over the remaining life of the loss share agreements.

The accounting treatment for securities acquired from the FDIC is summarized below:

- Prior to the recognition of OTTI on a security acquired from the FDIC:

  - The purchase discount established at acquisition is accreted into income over the expected life of the underlying securities using a level yield methodology.
  - Changes to the expected life of the securities are recognized with a cumulative adjustment to the accretion recognized.

- Subsequent to recognition of OTTI, which is determined using the same methodology that is applied to securities that were not acquired from the FDIC, an increase in expected cash flows is recognized as a yield adjustment over the remaining expected life of the security based on an evaluation of the nature of the increase.

- The income statement effect of the above items is offset by the applicable loss share percentage in FDIC loss share income, net, which cumulatively resulted in a liability of $265 million as of December 31, 2015. Subsequent to September 30, 2014, with the expiration of commercial loss sharing, any OTTI will not be offset.

- Securities acquired from the FDIC are classified as AFS and carried at fair market value. The changes in unrealized gains/losses (down to the contractually specified amount) are offset by the applicable loss share percentage in AOCI, which resulted in a liability of $271 million as of December 31, 2015.

- BB&T would only owe these amounts to the FDIC if BB&T were to sell these securities prior to the end of the third quarter of 2017. BB&T has no current intent to dispose of the securities.

The following table provides information related to the components of the FDIC loss share receivable (payable):

Table 26
FDIC Loss Share Receivable (Payable)

	December 31, 2015		**2014**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	(Dollars in millions)			
Loans	$ 285	$ 11	$ 534	$ 123
Securities	(536)	(518)	(565)	(535)
Aggregate loss calculation	(149)	(158)	(132)	(161)
Total	$ (400)	$ (665)	$ (163)	$ (573)

The decrease in the carrying amount attributable to loans acquired from the FDIC was due to the receipt of cash from the FDIC, negative accretion due to credit loss improvement and the offset to the provision for loans acquired from the FDIC, which was a benefit for the current year. The change in the carrying amount attributable to the aggregate loss calculation is primarily due to accretion of the expected payment. The fair values are based upon a discounted cash flow methodology that is consistent with the acquisition date methodology. The fair value attributable to acquired loans and the aggregate loss calculation changes over time due to the receipt of cash from the FDIC, updated credit loss assumptions and the passage of time. The fair value attributable to securities acquired from the FDIC is based upon the timing and amount that would be payable to the FDIC should they settle at the current fair value at the conclusion of the gain sharing period.

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Funding Activities

Deposits are the primary source of funds for lending and investing activities. Scheduled payments, as well as prepayments, and maturities from portfolios of loans and investment securities also provide a stable source of funds. FHLB advances, other secured borrowings, Federal funds purchased and other short-term borrowed funds, as well as long-term debt issued through the capital markets, all provide supplemental liquidity sources. Funding activities are monitored and governed through BB&T's overall asset/liability management process, which is further discussed in the "Market Risk Management" section in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein. The following section provides a brief description of the various sources of funds.

Deposits

Deposits are attracted principally from clients within BB&T's branch network through the offering of a broad selection of deposit instruments to individuals and businesses, including noninterest-bearing checking accounts, interest-bearing checking accounts, savings accounts, money market deposit accounts, CDs and IRAs. Deposit account terms vary with respect to the minimum balance required, the time period the funds must remain on deposit and service charge schedules. Interest rates paid on specific deposit types are determined based on (i) the interest rates offered by competitors, (ii) the anticipated amount and timing of funding needs, (iii) the availability and cost of alternative sources of funding, and (iv) anticipated future economic conditions and interest rates. Deposits are attractive sources of funding because of their stability and relative cost. Deposits are regarded as an important part of the overall client relationship and provide opportunities to cross-sell other BB&T services.

Total deposits were $149.1 billion at December 31, 2015, an increase of $20.1 billion compared to year-end 2014. This increase was driven by acquisition activity and organic growth. Noninterest-bearing deposits totaled $45.7 billion at December 31, 2015, an increase of $6.9 billion from December 31, 2014. The majority of the increase in noninterest-bearing deposits was due to business and personal deposits, which grew $4.1 billion (16.1%) and $2.7 billion (29.0%), respectively.

Interest checking increased $5.1 billion and money market and savings increased $9.9 billion during 2015, while time deposits and IRAs decreased $1.8 billion during 2015.

For the year ended December 31, 2015, total deposits averaged $138.5 billion, an increase of $9.4 billion compared to 2014. The cost of interest-bearing deposits was 0.24% for 2015, compared to 0.26% for 2014.

The following table presents the composition of average deposits for the last five quarters:

Table 27
Composition of Average Deposits

	For the Three Months Ended				
	12/31/15	9/30/15	6/30/15	3/31/15	12/31/14
	(Dollars in millions)				
Noninterest-bearing deposits	$ 45,824	$ 44,153	$ 41,502	$ 39,701	$ 39,130
Interest checking	24,157	22,593	20,950	20,623	19,308
Money market and savings	61,431	59,306	53,852	51,644	51,176
Time deposits	16,981	16,837	14,800	17,000	20,041
Foreign office deposits - interest-bearing	98	948	764	563	660
Total average deposits	$ 148,491	$ 143,837	$ 131,868	$ 129,531	$ 130,315

Average deposits for the fourth quarter were $148.5 billion, an increase of $4.7 billion compared to the prior quarter. Average noninterest-bearing deposits increased $1.7 billion, with approximately $870 million of the increase due to acquisitions. Interest checking grew $1.6 billion (approximately $220 million excluding acquisitions) and money market and savings grew $2.1 billion (approximately $535 million excluding acquisitions). Excluding acquisition activity, time deposits declined approximately $650 million, or an annualized 18.5%.

The growth in noninterest-bearing deposits and lower-cost deposits drove continued improvement in mix during the quarter. Noninterest-bearing deposits represented 30.9% of total average deposits for the fourth quarter, compared to 30.7% for the prior quarter and 30.0% a year ago.

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The cost of interest-bearing deposits was 0.24% for the fourth quarter, flat compared to the prior quarter.

The following table provides information regarding the scheduled maturities of time deposits that are $100,000 and greater at December 31, 2015.

Table 28 Scheduled Maturities of Time Deposits $100,000 and Greater

	December 31, 2015 (Dollars in millions)
Three months or less	$ 2,682
Over three through six months	1,170
Over six through twelve months	1,734
Over twelve months	1,976
Total	$ 7,562

Short-term Borrowings

BB&T also uses various types of short-term borrowings to meet funding needs. While deposits remain the primary source for funding loan originations, management uses short-term borrowings as a supplementary funding source for loan growth and other balance sheet management purposes. Short-term borrowings were 1.6% of total funding on average in 2015 as compared to 1.8% in 2014. The types of short-term borrowings that have been, or may be, used by the Company include Federal funds purchased, securities sold under repurchase agreements, master notes, commercial paper, short-term bank notes and short-term FHLB advances. Short-term borrowings at the end of 2015 were $3.6 billion, a decrease of $124 million, or 3.3%, compared to year-end 2014. Average short-term borrowings totaled $3.2 billion during 2015 compared to $3.4 billion last year. The decrease in the average balance of short-term borrowings during 2015 primarily reflects an increase in deposits as a funding source.

The following table summarizes certain information for the past three years with respect to short-term borrowings:

Table 29
Short-Term Borrowings

	As Of / For The Year Ended December 31,		
	2015	**2014**	**2013**
	(Dollars in millions)		
Securities Sold Under Agreements to Repurchase:			
Maximum outstanding at any month-end during the year	$ 1,327	$ 1,073	$ 1,537
Balance outstanding at end of year	617	317	463
Average outstanding during the year	901	526	662
Average interest rate during the year	0.23 %	0.20 %	0.25 %
Average interest rate at end of year	0.70	0.18	0.28

Federal Funds Purchased and Short-Term Borrowed Funds:			
Maximum outstanding at any month-end during the year	$ 4,041	$ 4,405	$ 4,722
Balance outstanding at end of year	2,976	3,400	3,675
Average outstanding during the year	2,320	2,895	3,797
Average interest rate during the year	0.11 %	0.12 %	0.13 %
Average interest rate at end of year	0.32	0.08	0.09

Long-term Debt

Long-term debt provides funding and, to a lesser extent, regulatory capital. During 2015, long-term debt represented 11.8% of average total funding compared to 12.0% during 2014. At December 31, 2015, long-term debt totaled $23.8 billion, an increase of $457 million compared to year-end 2014. The increase in long-term debt reflects the issuance of $1.0 billion of BB&T Corporation senior notes and $1.2 billion of Branch Bank subordinated notes, as well as debt assumed through acquisitions, partially offset by the early extinguishment of $931 million of higher-cost FHLB debt and other payments and maturities. The average cost of long-term debt was 2.13% in 2015, compared to 2.36% in 2014. See Note 9 "Long-Term Debt" in the "Notes to Consolidated Financial Statements" herein for further disclosure.

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Exclusive of hedge basis adjustments, FHLB advances represented 24.0% of total outstanding long-term debt at December 31, 2015, compared to 28.5% at December 31, 2014. FHLB advances are long-term funding sources that provide flexibility to structure the debt in a manner that aids in the management of interest rate risk and liquidity.

Shareholders’ Equity

Shareholders’ equity totaled $27.3 billion at December 31, 2015, an increase of $3.0 billion, or 12.2%, from year-end 2014. Book value per common share at December 31, 2015 was $31.66, compared to $30.09 at December 31, 2014.

Shareholders’ equity increased due to net income in excess of dividends declared of $1.2 billion, as well as $2.2 billion of shares issued in connection with acquisitions. Additionally, there were $88 million of issuances of shares and other transactions in connection with equity-based compensation plans, the 401(k) plan and the dividend reinvestment plan.

These increases were partially offset by a $222 million reduction to equity in connection with the AmRisc transaction. Additionally, the net loss in AOCI increased $277 million, primarily due to a $186 million after-tax net decrease in the value of the AFS securities portfolio and a $97 million after-tax pension impact.

Tangible book value per common share at December 31, 2015 was $19.82 compared to $19.86 at December 31, 2014. As of December 31, 2015, measures of tangible capital were not required by the regulators and, therefore, were considered non-GAAP measures. Refer to the section titled “Capital” herein for a discussion of how BB&T calculates and uses these measures in the evaluation of the Company.

Risk Management

BB&T has a strong and consistent risk culture, based on established risk values, which promotes predictable and consistent performance within an environment of open communication and effective challenge. The strong culture influences all associates in the organization daily and helps them evaluate whether risks are acceptable or unacceptable while making decisions that balance quality, profitability and growth appropriately. BB&T’s effective risk management framework establishes an environment which enables it to achieve superior performance relative to peers, ensures that BB&T is viewed among the safest of banks and assures the operational freedom to act on opportunities.

BB&T ensures that there is an appropriate return for the amount of risk taken, and that the expected return is in line with its strategic objectives and business plan. Risk-taking activities are evaluated and prioritized to identify those that present attractive risk-adjusted returns while preserving asset value. BB&T only undertakes risks that are understood and can be managed effectively. By managing risk well, BB&T ensures sufficient capital is available to maintain and grow core business operations in a safe and sound manner.

Regardless of financial gain or loss to the Company, associates are held accountable if they do not follow the established risk management policies and procedures. Compensation decisions take into account an associate's adherence to, and successful implementation of, BB&T's risk values. The compensation structure supports the Company's core values and sound risk management practices in an effort to promote judicious risk-taking behavior.

BB&T's risk culture encourages transparency and open dialogue between all levels in the performance of organizational functions, such as the development, marketing and implementation of a product or service.

BB&T has established a risk management framework based on a "three lines of defense" model:

- *First Line of Defense:* Risk management begins with the BUs, the point at which risk is originated and where risks must be managed. Business unit managers in the first line identify, assess, control and report their group's risk profile compared to its approved risk limits.

- *Second Line of Defense:* The RMO provides independent oversight and guidance of risk-taking across the enterprise. The RMO aggregates, integrates, and correlates risk information into a holistic picture of the corporation's risk profile and concentrations. The RMO establishes policies and limits and reports sources and amounts of risk to Executive Management and the Board of Directors.

- *Third Line of Defense:* Audit Services (BB&T's internal audit function) evaluates the design and effectiveness of the risk management framework and its results. Results are reported to Executive Management and the Board of Directors according to Audit Services Policy.

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The following chart depicts the three lines of defense model:

	Board of Directors			
Risk Committees	1st Line of Defense Business Units	2nd Line of Defense Risk Functions	3rd Line of Defense Audit Services	Executive Management
	Chief Risk Officer			

The CRO leads the RMO, which designs, organizes and manages BB&T's risk management framework. The RMO is responsible for ensuring effective risk management oversight, measurement, monitoring, reporting and consistency. The CRO has direct access to the Board of Directors and Executive Management. The CRO is responsible for identifying and communicating in a timely manner to the CEO and the Board of Directors meaningful risks and significant instances when the RMO's assessment of risk differs from that of a BU, significant instances when a BU is not adhering to the risk governance framework, and BB&T's risk profile in relation to its risk appetite on at least a quarterly basis. In the event that the CRO and CEO's assessment of risk were to differ or if the CEO were to not adhere to the risk management framework, the CRO would have the responsibility to report such matters to the Board of Directors.

The Executive Management-led enterprise risk committees provide oversight of the first and second lines of defense and communicate risk appetite and values to the RMO. The CRO and the enterprise risk committees approve policies, set risk limits and tolerances and monitor results.

The RMC, CRMC, ORMC, CROC and the MRLCC are the enterprise risk committees and provide oversight of the risks as described in the common risk language. Executive Management members participate in all five committees.

The risk management framework is composed of specialized risk functions focused on specific types of risk. The MRLCC, CRMC, CROC and ORMC provide oversight of market, liquidity, capital, credit, compliance, and operational risk while RMC provides a fully integrated view of all material risks across the company. The RMC provides oversight of all risks and its purpose is to review BB&T's aggregate risk exposure, evaluate risk appetite, and evaluate risks not reviewed by other risk committees.

The RMC is responsible for taking a broad view of risk, incorporating information from all risk functions. This combination of broad and specific focus provides the most effective framework for the management of risk. The RMC is chaired by the CRO and its membership includes all members of Executive Management, the General Auditor (ex officio) and senior leaders from Financial Management, the RMO and other areas.

The principal types of inherent risk include compliance, credit, liquidity, market, operational, reputation and strategic risks.

Compliance risk

Compliance risk is the risk to current or anticipated earnings or capital arising from violations of laws, rules or regulations, or from non-conformance with prescribed practices, internal policies and procedures or ethical standards. This risk exposes BB&T to fines, civil money penalties, payment of damages and the voiding of contracts. Compliance risk can result in diminished reputation, reduced franchise or enterprise value, limited business opportunities and lessened expansion potential.

Credit risk

Credit risk is the risk to current or anticipated earnings or capital arising from the default, inability or unwillingness of a borrower, obligor, or counterparty to meet the terms of any financial obligation with BB&T or otherwise perform as agreed. Credit risk exists in all activities where success depends on the performance of a borrower, obligor, or counterparty. Credit risk arises when BB&T funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether on or off balance sheet. Credit risk also occurs when the credit quality of an issuer whose securities or other instruments the bank holds deteriorates.

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BB&T has established the following general practices to manage credit risk:

- limiting the amount of credit that individual lenders may extend to a borrower;
- establishing a process for credit approval accountability;
- careful initial underwriting and analysis of borrower, transaction, market and collateral risks;
- ongoing servicing and monitoring of individual loans and lending relationships;
- continuous monitoring of the portfolio, market dynamics and the economy; and
- periodically reevaluating the bank's strategy and overall exposure as economic, market and other relevant conditions change.

The following discussion presents the principal types of lending conducted by BB&T and describes the underwriting procedures and overall risk management of BB&T's lending function.

Underwriting Approach

The loan portfolio is a primary source of profitability and risk, therefore, proper loan underwriting is critical to BB&T's long-term financial success. BB&T's underwriting approach is designed to define acceptable combinations of specific risk-mitigating features that ensure credit relationships conform to BB&T's risk philosophy. Provided below is a summary of the most significant underwriting criteria used to evaluate new loans and loan renewals:

- *Cash flow and debt service coverage*—cash flow adequacy is a necessary condition of creditworthiness, meaning that loans must either be clearly supported by a borrower's cash flow or, if not, must be justified by secondary repayment sources.
- *Secondary sources of repayment*—alternative repayment funds are a significant risk-mitigating factor as long as they are liquid, can be easily accessed and provide adequate resources to supplement the primary cash flow source.

- *Value of any underlying collateral*—loans are generally secured by the asset being financed. Because an analysis of the primary and secondary sources of repayment is the most important factor, collateral, unless it is liquid, does not justify loans that cannot be serviced by the borrower's normal cash flows.

- *Overall creditworthiness of the customer, taking into account the customer's relationships, both past and current, with BB&T and other lenders*—BB&T's success depends on building lasting and mutually beneficial relationships with clients, which involves assessing their financial position and background.

- *Level of equity invested in the transaction*—in general, borrowers are required to contribute or invest a portion of their own funds prior to any loan advances.

Commercial Loan and Lease Portfolio

The commercial loan and lease portfolio represents the largest category of the Company's total loan portfolio. BB&T's commercial lending program is generally targeted to serve small-to-middle market businesses with sales of $250 million or less. In addition, BB&T's Corporate Banking Group provides lending solutions to large corporate clients. Traditionally, lending to small and mid-sized businesses has been among BB&T's strongest market segments.

Commercial and small business loans are primarily originated through BB&T's Community Bank. In accordance with the Company's lending policy, each loan undergoes a detailed underwriting process, which incorporates BB&T's underwriting approach, procedures and evaluations described above. Commercial loans are typically priced with an interest rate tied to market indices, such as the prime rate or LIBOR. Commercial loans are individually monitored and reviewed for any possible deterioration in the ability of the client to repay the loan. Approximately 87.7% of BB&T's commercial loans are secured by real estate, business equipment, inventories and other types of collateral.

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Direct Retail Loan Portfolio

The direct retail loan portfolio primarily consists of a wide variety of loan products offered through BB&T's branch network. Various types of secured and unsecured loans are marketed to qualifying existing clients and to other creditworthy candidates in BB&T's market area. The vast majority of direct retail loans are secured by first or second liens on residential real estate and include both closed-end home equity loans and revolving home equity lines of credit. Direct retail loans are subject to the same rigorous lending policies and procedures as described above for commercial loans and are underwritten with note amounts and credit limits that ensure consistency with the Company's risk philosophy.

Sales Finance Loan Portfolio

The sales finance category primarily includes secured indirect installment loans to consumers for the purchase of new and used automobiles, boats and recreational vehicles. Such loans are originated through approved franchised and independent dealers throughout the BB&T market area. These loans are relatively homogenous and no single loan is individually significant in terms of its size and potential risk of loss. Sales finance loans are subject to the same rigorous lending policies and procedures as described above for commercial loans and are underwritten with note amounts and credit limits that ensure consistency with the Company's risk philosophy. In addition to its normal underwriting due diligence, BB&T uses application systems and "scoring systems" to help underwrite and manage the credit risk in its sales finance portfolio.

Revolving Credit Loan Portfolio

The revolving credit portfolio consists of the outstanding balances on credit cards and BB&T's checking account overdraft protection product, Constant Credit. BB&T markets credit cards to its existing banking client base and does not solicit cardholders through nationwide programs or other forms of mass marketing. Such balances are generally unsecured and actively managed.

Residential Mortgage Loan Portfolio

Branch Bank offers various types of fixed- and adjustable-rate loans for the purpose of constructing, purchasing or refinancing residential properties. BB&T primarily originates conforming mortgage loans and higher quality jumbo and construction-to-permanent loans for owner-occupied properties. Conforming loans are loans that are underwritten in accordance with the underwriting standards set forth by FNMA and FHLMC. They are generally collateralized by one-to-four-family residential real estate, typically have loan-to-collateral value ratios of 80% or less at origination, and are made to borrowers in good credit standing.

Risks associated with the mortgage lending function include interest rate risk, which is mitigated through the sale of a substantial portion of conforming fixed-rate loans in the secondary mortgage market, and an effective MSR hedging process. Borrower risk is lessened through rigorous underwriting procedures and mortgage insurance. The right to service the loans and receive servicing income is generally retained when conforming loans are sold. Management believes that the retention of mortgage servicing is a relationship driver in retail banking and a part of management's strategy to establish profitable long-term customer relationships and offer high quality client service. BB&T also purchases residential mortgage loans from correspondent originators. The loans purchased from third-party originators are subject to the same underwriting and risk-management criteria as loans originated internally.

Other Lending Subsidiaries Portfolio

BB&T's other lending subsidiaries portfolio consists of loans originated through BUs that provide specialty finance alternatives to consumers and businesses including: dealer-based financing of equipment for small businesses and consumers, commercial equipment leasing and finance, insurance premium finance, indirect nonprime automobile finance, and full-service commercial mortgage banking. BB&T offers these services to bank clients as well as nonbank clients within and outside BB&T's primary geographic market area.

BB&T's other lending subsidiaries adhere to the same overall underwriting approach as the commercial and consumer lending portfolio and also utilize automated credit scoring to assist with underwriting credit risk. The majority of these loans are relatively homogenous and no single loan is individually significant in terms of its size and potential risk of loss. The majority of the loans are secured by real estate, automobiles, equipment or unearned insurance premiums. As of December 31, 2015, the other lending subsidiaries portfolio includes loans to nonprime borrowers of approximately $3.2 billion.

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PCI

The PCI balance includes $539 million of loans that are covered by loss sharing agreements and $273 million of loans that were formerly covered by loss sharing agreements. Refer to Note 4 "Loans and ACL" in the "Notes to Consolidated Financial Statements" and to "Acquired from FDIC and FDIC Loss Share Receivable/Payable" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report for additional disclosures related to loans acquired from the FDIC.

Liquidity risk

Liquidity risk is the risk to current or anticipated earnings or capital that BB&T will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding (funding liquidity risk) or that it cannot easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions (market liquidity risk).

Market risk

Market risk is the risk to current or anticipated earnings or capital arising from changes in the market value of portfolios, securities, or other financial instruments. Market risk results from changes in the level, volatility or correlations among financial market rates or prices, including interest rates, foreign exchange rates, equity prices, commodity prices or other relevant rates or prices.

Interest rate risk results from differences between the timing of rate changes and the timing of cash flows (re-pricing risk); from changing rate relationships among different yield curves affecting bank activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in bank products (options risk).

For additional information concerning BB&T's management of market risk, see the "Market Risk Management" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein.

Operational risk

Operational risk is the risk to current or anticipated earnings or capital arising from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, which is the risk of loss arising from defective transactions, litigation or claims made, or the failure to adequately protect company-owned assets.

Cybersecurity

In recent years, cybersecurity has gained prominence within the financial services industry due to increases in the quantity and sophistication of cyber attacks, which include significant distributed denial-of-service attacks, malicious code and viruses and attempts to breach the security of systems, which, in certain instances, have resulted in unauthorized access to customer account data.

BB&T has a number of complex information systems used for a variety of functions by customers, employees and vendors. In addition, third parties with which BB&T does business or that facilitate business activities (e.g., vendors, exchanges, clearing houses, central depositories and financial intermediaries) could also be sources of cybersecurity risk to BB&T, including with respect to breakdowns or failures of their systems, misconduct by the employees of such parties, or cyber attacks which could affect their ability to deliver a product or service to BB&T.

As a FHC, BB&T must adhere to the security requirements and expectations of the applicable regulatory agencies, which include requirements related to data privacy, systems availability and business continuity planning, among others. The regulatory agencies have established guidelines for the responsibilities of the board of directors and senior management, which include establishing policy, appointing and training personnel, implementing review and testing functions and ensuring an appropriate frequency of updates.

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The primary responsibility for cybersecurity at BB&T lies with the Risk Committee of the Board of Directors, which has delegated the day-to-day operations to management via the RMC, ORMC and EITSC. The EITSC serves as the primary team responsible for monitoring and reporting on cybersecurity risks. The EITSC, which is led by the Chief Information Officer, provides a bi-monthly report on cybersecurity to executive management and provides other periodic cybersecurity reporting to the RMC and the ORMC. In addition, the Chief Information Officer and Chief Information Security Officer provide a quarterly Cyber Security Update to the Risk Committee or the full Board of Directors on a rotating basis. Annually, the EITSC provides a formal IT risk assessment and Information Security reports to the Risk Committee.

As a complement to the overall cybersecurity infrastructure, BB&T utilizes a number of internal training methods, both formally through mandatory courses and informally through written communications and other updates. Internal policies and procedures have been implemented to encourage the reporting of potential phishing attacks or other security risks. BB&T also uses third party services as part of its cybersecurity framework, and any such third parties are required to comply with BB&T’s policies regarding information security and confidentiality. BB&T also uses third party groups to assess and supplement the Company’s cybersecurity needs.

These cyber attacks have not, to date, resulted in any material disruption to BB&T’s operations or harm to its customers and have not had a material adverse effect on BB&T’s results of operations; however, there can be no assurance that a sophisticated cyber attack can be detected or thwarted.

Reputation risk

Reputation risk is the risk to current or anticipated earnings, capital, enterprise value, the BB&T brand, and public confidence arising from negative publicity or public opinion, whether real or perceived, regarding BB&T’s business practices, products, services, transactions, or other activities undertaken by BB&T, its representatives, or its partners. A negative reputation may impair BB&T’s relationship with clients, associates, communities or shareholders, and it is often a residual risk that arises when other risks are not managed properly.

Strategic risk

Strategic risk is the risk to current or anticipated earnings, capital, enterprise value and the achievement of BB&T’s vision, mission, purpose and business objectives consistent with its values that arises from BB&T’s business strategy or potentially adverse business decisions, improper or ineffective implementation of business decisions or lack of responsiveness to changes in the banking industry and operating environment. Strategic risk is a function of BB&T’s strategic goals, business strategies, resources and quality of implementation. The responsibility for managing this risk rests with the Board of Directors, Executive Management and the Senior Leadership Team.

Market Risk Management

The effective management of market risk is essential to achieving BB&T's strategic financial objectives. As a financial institution, BB&T's most significant market risk exposure is interest rate risk in its balance sheet; however, market risk also includes product liquidity risk, price risk and volatility risk in BB&T's LOBs. The primary objectives of market risk management are to minimize any adverse effect that changes in market risk factors may have on net interest income, net income and capital and to offset the risk of price changes for certain assets recorded at fair value. At BB&T, market risk management also includes the enterprise-wide IPV function.

Interest Rate Market Risk (Other than Trading)

BB&T actively manages market risk associated with asset and liability portfolios with a focus on the strategic pricing of asset and liability accounts and management of appropriate maturity mixes of assets and liabilities. The goal of these activities is the development of appropriate maturity and repricing opportunities in BB&T's portfolios of assets and liabilities that will produce reasonably consistent net interest income during periods of changing interest rates. These portfolios are analyzed for proper fixed-rate and variable-rate mixes under various interest rate scenarios.

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The asset/liability management process is designed to achieve relatively stable NIM and assure liquidity by coordinating the volumes, maturities or repricing opportunities of earning assets, deposits and borrowed funds. Among other things, this process gives consideration to prepayment trends related to securities, loans and leases and certain deposits that have no stated maturity. Prepayment assumptions are developed using a combination of market data and internal historical prepayment experience for residential mortgage-related loans and securities, and internal historical prepayment experience for client deposits with no stated maturity and loans that are not residential mortgage related. These assumptions are subject to monthly back-testing, and are adjusted as deemed necessary to reflect changes in interest rates relative to the reference rate of the underlying assets or liabilities. On a monthly basis, BB&T evaluates the accuracy of its Simulation model, which includes an evaluation of its prepayment assumptions, to ensure that all significant assumptions inherent in the model appropriately reflect changes in the interest rate environment and related trends in prepayment activity. It is the responsibility of the MRLCC to determine and achieve the most appropriate volume and mix of earning assets and interest-bearing liabilities, as well as to ensure an adequate level of liquidity and capital, within the context of corporate performance goals. The MRLCC also sets policy guidelines and establishes long-term strategies with respect to interest rate risk exposure and liquidity. The MRLCC meets regularly to review BB&T's interest rate risk and liquidity positions in relation to present and prospective market and business conditions, and adopts funding and balance sheet management strategies that are intended to ensure that the potential impacts on earnings and liquidity as a result of fluctuations in interest rates are within acceptable tolerance guidelines.

BB&T uses derivatives primarily to manage economic risk related to securities, commercial loans, MSRs and mortgage banking operations, long-term debt and other funding sources. BB&T also uses derivatives to facilitate transactions on behalf of its clients. As of December 31, 2015, BB&T had derivative financial instruments outstanding with notional amounts totaling $67.5 billion, with a net fair value of a gain of $178 million. See Note 18 "Derivative Financial Instruments" in the "Notes to Consolidated Financial Statements" herein for additional disclosures.

The majority of BB&T's assets and liabilities are monetary in nature and, therefore, differ greatly from most commercial and industrial companies that have significant investments in fixed assets or inventories. Fluctuations in interest rates and actions of the FRB to regulate the availability and cost of credit have a greater effect on a financial institution's profitability than do the effects of higher costs for goods and services. Through its balance sheet management function, which is monitored by the MRLCC, management believes that BB&T is positioned to respond to changing needs for liquidity, changes in interest rates and inflationary trends.

Management uses the Simulation to measure the sensitivity of projected earnings to changes in interest rates. The Simulation projects net interest income and interest rate risk for a rolling two-year period of time. The Simulation takes into account the current contractual agreements that BB&T has made with its customers on deposits, borrowings, loans, investments and commitments to enter into those transactions. Furthermore, the Simulation considers the impact of expected customer behavior. Management monitors BB&T's interest sensitivity by means of a model that incorporates the current volumes, average rates earned and paid, and scheduled maturities and payments of asset and liability portfolios, together with multiple scenarios that include projected prepayments, repricing opportunities and anticipated volume growth. Using this information, the model projects earnings based on projected portfolio balances under multiple interest rate scenarios. This level of detail is needed to simulate the effect that changes in interest rates and portfolio balances may have on the earnings of BB&T. This method is subject to the accuracy of the assumptions that underlie the process, but management believes that it provides a better illustration of the sensitivity of earnings to changes in interest rates than other analyses such as static or dynamic gap. In addition to the Simulation, BB&T uses EVE analysis to focus on projected changes in capital given potential changes in interest rates. This measure also allows BB&T to analyze interest rate risk that falls outside the analysis window contained in the Simulation. The EVE model is a discounted cash flow of the portfolio of assets, liabilities, and derivative instruments. The difference in the present value of assets minus the present value of liabilities is defined as the economic value of equity.

The asset/liability management process requires a number of key assumptions. Management determines the most likely outlook for the economy and interest rates by analyzing external factors, including published economic projections and data, the effects of likely monetary and fiscal policies, as well as any enacted or prospective regulatory changes. BB&T's current and prospective liquidity position, current balance sheet volumes and projected growth, accessibility of funds for short-term needs and capital maintenance are also considered. This data is combined with various interest rate scenarios to provide management with the information necessary to analyze interest sensitivity and to aid in the development of strategies to reach performance goals.

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The following table shows the effect that the indicated changes in interest rates would have on net interest income as projected for the next twelve months assuming a gradual change in interest rates as described below. Key assumptions in the preparation of the table include prepayment speeds of mortgage-related and other assets, cash flows and maturities of derivative financial instruments, loan volumes and pricing, deposit sensitivity, customer preferences and capital plans. The resulting change in net interest income reflects the level of interest rate sensitivity that income has in relation to the investment, loan and deposit portfolios.

Table 30
Interest Sensitivity Simulation Analysis

Interest Rate Scenario			Annualized Hypothetical Percentage Change in Net Interest Income	
Linear Change in Prime Rate	Prime Rate December 31, 2015	2014	December 31, 2015	2014
Up 200 bps	5.50 %	5.25 %	2.23 %	2.06 %
Up 100	4.50	4.25	1.58	1.46
No Change	3.50	3.25		
Down 25	3.25	3.00	(0.69)	0.33

The MRLCC has established parameters related to interest sensitivity that prescribe a maximum negative impact on net interest income under different interest rate scenarios. In the event the results of the Simulation model fall outside the established parameters, management will make recommendations to the MRLCC on the most appropriate response given the current economic forecast. The following parameters and interest rate scenarios are considered BB&T's primary measures of interest rate risk:

- Maximum negative impact on net interest income of 2% for the next 12 months assuming a 25 basis point change in interest rates each month for four months followed by a flat interest rate scenario for the remaining eight month period.

- Maximum negative impact on net interest income of 4% for the next 12 months assuming a 25 basis point change in interest rates each month for eight months followed by a flat interest rate scenario for the remaining four month period.

If a parallel rate change of 200 basis points cannot be modeled due to a low level of rates, a proportional limit applies. Management currently only models a negative 25 basis point decline because larger parallel declines would have resulted in a Federal funds rate of less than zero. In a situation such as this, the maximum negative impact on net interest income is adjusted on a proportional basis. Regardless of the proportional limit, the negative risk exposure limit will be the greater of the 1% or the proportional limit.

Management has also established a maximum negative impact on net interest income of 4% for an immediate 100 basis points parallel change in rates and 8% for an immediate 200 basis points parallel change in rates. As noted above, management currently only models a negative 25 basis point decline, and the maximum negative impact on net interest income is adjusted on a proportional basis. Regardless of the proportional limit, the negative risk exposure limit will be the greater of 2% or the proportional limit. These "interest rate shock" limits are designed to create an outer band of acceptable risk based upon a significant and immediate change in rates.

Management also considers potential negative interest rate scenarios, 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. As a result, management considers potential pricing and structure changes, such as the movement to a primarily fee-based deposit system. Negative rates would also diminish the spreads on loans and securities. As a result, management considers interest rate floors or rate index floors in loans to mitigate this risk. BB&T purchases both fixed and variable rate securities. The fixed rate securities would be beneficial in a negative interest rate environment.

Management must also consider how the balance sheet and interest rate risk position could be impacted by changes in balance sheet mix. Liquidity in the banking industry has been very strong during the current economic cycle. Much of this liquidity increase has been due to a significant increase in noninterest-bearing demand deposits. Consistent with the industry, Branch Bank has seen a significant increase in this funding source. The behavior of these deposits is one of the most important assumptions used in determining the interest rate risk position of BB&T. A loss of these deposits in the future would reduce the asset sensitivity of BB&T's balance sheet as the Company increases interest-bearing funds to offset the loss of this advantageous funding source.

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Beta represents the correlation between overall market interest rates and the rates paid by BB&T on interest-bearing deposits. BB&T applies an average beta of approximately 80% to its managed rate deposits for determining its interest rate sensitivity. Managed rate deposits are high beta, premium money market and interest checking accounts, which attract significant client funds when needed to support balance sheet growth. BB&T regularly conducts sensitivity on other key variables to determine the impact they could have on the interest rate risk position. This allows BB&T to evaluate the likely impact on its balance sheet management strategies due to a more extreme variation in a key assumption than expected.

The following table shows the effect that the loss of demand deposits and an associated increase in managed rate deposits would have on BB&T's interest-rate sensitivity position. For purposes of this analysis, BB&T modeled the incremental beta for the replacement of the lost demand deposits at 100%.

Table 31
Deposit Mix Sensitivity Analysis

Increase in	**Base**	**Results Assuming a Decrease in Noninterest-Bearing Demand Deposits**	
Rates	**Scenario at December 31, 2015 (1)**	**$1 Billion**	**$5 Billion**
Up 200 bps	2.23 %	2.01 %	1.12 %
Up 100	1.58	1.44	0.89

(1) The base scenario is equal to the annualized hypothetical percentage change in net interest income at December 31, 2015 as presented in the preceding table.

If rates increased 200 basis points, BB&T could absorb the loss of $10.1 billion, or 22.0%, of noninterest-bearing demand deposits and replace them with managed rate deposits with a beta of 100% before becoming neutral to interest rate changes.

The following table shows the effect that the indicated changes in interest rates would have on EVE. Key assumptions in the preparation of the table include prepayment speeds of mortgage-related and other assets, cash flows and maturities of derivative financial instruments, loan volumes and pricing and deposit sensitivity.

Table 32
EVE Simulation Analysis

Change in Rates		EVE/Assets December 31, 2015		EVE/Assets December 31, 2014		Hypothetical Percentage Change in EVE December 31, 2015		Hypothetical Percentage Change in EVE December 31, 2014	
Up 200	bps	10.9	%	10.9	%	0.6	%	(1.5)	%
Up 100		11.0		11.1		1.6		0.6	
No Change		10.8		11.1					
Down 25		10.7		10.9		(1.1)		(1.0)	

Market Risk from Trading Activities

BB&T also manages market risk from trading activities which consists of acting as a financial intermediary to provide its customers access to derivatives, foreign exchange and securities markets. Trading market risk is managed through the use of statistical and non-statistical risk measures and limits. BB&T utilizes a historical VaR methodology to measure and aggregate risks across its covered trading LOBs. This methodology uses two years of historical data to estimate economic outcomes for a one-day time horizon at a 99% confidence level. The average 99% one-day VaR and the maximum daily VaR for the years ended December 31, 2015 and 2014 were each less than $1 million. Market risk disclosures under Basel II.5 are available in the Additional Disclosures section of the Investor Relations site on www.bbt.com.

Liquidity

Liquidity represents the continuing ability to meet funding needs, including deposit withdrawals, timely repayment of borrowings and other liabilities, and funding of loan commitments. In addition to the level of liquid assets, such as cash, cash equivalents and AFS securities, many other factors affect the ability to meet liquidity needs, including access to a variety of funding sources, maintaining borrowing capacity in national money markets, growing core deposits, the repayment of loans and the ability to securitize or package loans for sale.

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BB&T monitors the ability to meet customer demand for funds under both normal and stressed market conditions. In considering its liquidity position, management evaluates BB&T's funding mix based on client core funding, client rate-sensitive funding and non-client rate-sensitive funding. In addition, management also evaluates exposure to rate-sensitive funding sources that mature in one year or less. Management also measures liquidity needs against 30 days of stressed cash outflows for Branch Bank. To ensure a strong liquidity position, management maintains a liquid asset buffer of cash on hand and highly liquid unpledged securities. BB&T follows regulation YY for purposes of determining the liquid asset buffer. BB&T's policy is to use the greater of 5% or a range of projected net cash outflows over a 30 day period. As of December 31, 2015 and 2014, BB&T's liquid asset buffer was 13.5% and 13.6%, respectively, of total assets.

BB&T is considered to be a "modified LCR" holding company. BB&T would be subject to full LCR requirements if its operations were to fall under the "internationally active" rules, which would generally be triggered if BB&T's assets were to increase above $250 billion. BB&T produces LCR calculations to effectively manage the position of High-Quality Liquid Assets and the balance sheet deposit mix to optimize BB&T's liquidity position. BB&T's LCR was approximately 130% at December 31, 2015, compared to the regulatory minimum for such entities of 90%, which puts BB&T in full compliance with the rule. The regulatory minimum will increase to 100% on January 1, 2017. As noted above, BB&T is currently subject to the modified LCR requirement. BB&T routinely evaluates the impact of becoming subject to the full LCR requirement. This includes an evaluation of the changes to the balance sheet and investment strategy that would be necessary to comply with the requirement. Management does not currently expect the required changes to have a material impact on BB&T's financial condition or results of operations.

Parent Company

The purpose of the Parent Company is to serve as the primary source of capital for the operating subsidiaries, with assets primarily consisting of cash on deposit with Branch Bank, equity investments in subsidiaries, advances to subsidiaries, accounts receivable from subsidiaries, and other miscellaneous assets. The principal obligations of the Parent Company are payments on long-term debt. The main sources of funds for the Parent Company are dividends and management fees from subsidiaries, repayments of advances to subsidiaries, and proceeds from the issuance of equity and long-term debt. The primary uses of funds by the Parent Company are for investments in subsidiaries, advances to subsidiaries, dividend payments to common and preferred shareholders, retirement of common stock and payments on long-term debt.

The primary source of funds used for Parent Company cash requirements was dividends received from subsidiaries. See Note 16 "Parent Company Financial Statements" for additional information regarding dividends from subsidiaries. In addition, the Parent Company issued $1.0 billion of senior notes and repaid $934 million of long-term debt. During periods that the Parent Company has funds raised through master note agreements with commercial clients, these funds are placed in a note receivable at Branch Bank primarily for its use in meeting short-term funding needs and, to a lesser extent, to support the short-term cash needs of the Parent Company. There were no master notes outstanding as of December 31, 2015 or 2014.

Liquidity at the Parent Company is more susceptible to market disruptions. BB&T prudently manages cash levels at the Parent Company to cover a minimum of one year of projected contractual cash outflows which includes unfunded external commitments, debt service, preferred dividends and scheduled debt maturities without the benefit of any new cash infusions. Generally, BB&T maintains a significant buffer above the projected one year of contractual cash outflows. In determining the buffer, BB&T considers cash requirements for common and preferred dividends, unfunded commitments to affiliates, being a source of strength to its banking subsidiaries and being able to withstand sustained market disruptions that could limit access to the capital markets. As of December 31, 2015 and 2014, the Parent Company had 36 months and 31 months, respectively, of cash on hand to satisfy projected contractual cash outflows as described above.

Branch Bank

BB&T carefully manages liquidity risk at Branch Bank. Branch Bank's primary source of funding is customer deposits. Continued access to customer deposits is highly dependent on the confidence the public has in the stability of the bank and its ability to return funds to the client when requested. BB&T maintains a strong focus on its reputation in the market to ensure continued access to client deposits. BB&T integrates its risk appetite into its overall risk management framework to ensure the bank does not exceed its risk tolerance through its lending and other risk taking functions and thus risk becoming undercapitalized. BB&T believes that sufficient capital is paramount to maintaining the confidence of its depositors and other funds providers. BB&T has extensive capital management processes in place to ensure it maintains sufficient capital to absorb losses and maintain a highly capitalized position that will instill confidence in the bank and allow continued access to deposits and other funding sources. Branch Bank monitors many liquidity metrics at the bank including funding concentrations, diversification, maturity distribution, contingent funding needs and ability to meet liquidity requirements under times of stress.

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Branch Bank has several major sources of funding to meet its liquidity requirements, including access to capital markets through issuance of senior or subordinated bank notes and institutional CDs, access to the FHLB system, dealer repurchase agreements and repurchase agreements with commercial clients, access to the overnight and term Federal funds markets, use of a Cayman branch facility, access to retail brokered CDs and a borrower in custody program with the FRB for the discount window. As of December 31, 2015, BB&T has approximately $70.6 billion of secured borrowing capacity, which represents approximately 6.3 times the amount of one year wholesale funding maturities.

The ability to raise funding at competitive prices is affected by the rating agencies' views of the Parent Company's and Branch Bank's credit quality, liquidity, capital and earnings. Management meets with the rating agencies on a regular basis to discuss current outlooks. The ratings for BB&T and Branch Bank by the major rating agencies are detailed in the table below:

Table 33
Credit Ratings of BB&T Corporation and Branch Bank
December 31, 2015

	S&P	**Moody's**	**Fitch**	**DBRS**
BB&T Corporation:				
Commercial Paper	A-2	P-1	F1	R-1(low)
Issuer	A-	A2	A+	A(high)
LT/Senior debt	A-	A2	A+	A(high)
Subordinated debt	BBB+	A2	A	A
Branch Bank:				
Bank financial strength	N/A	N/A	a+	N/A
Long term deposits	N/A	Aa1	AA-	AA(low)
LT/Senior unsecured bank notes	A	A1	A+	AA(low)
Long term issuer	A	A1	A+	A(high)
Other long term senior obligations	A	N/A	A+	AA(low)
	A-1	N/A	F1	R-1(middle)

Other short term senior obligations				
Short term bank notes	A-1	P-1	F1	R-1(middle)
Short term deposits	N/A	P-1	F1+	R-1(middle)
Subordinated bank notes	A-	A2	A	A(high)
Ratings Outlook:				
Credit Trend	Stable	Stable	Stable	Stable

BB&T and Branch Bank have Contingency Funding Plans designed to ensure that liquidity sources are sufficient to meet their ongoing obligations and commitments, particularly in the event of a liquidity contraction. These plans are designed to examine and quantify the organization's liquidity under various "stress" scenarios. Additionally, the plans provide a framework for management and other critical personnel to follow in the event of a liquidity contraction or in anticipation of such an event. The plans address authority for activation and decision making, liquidity options and the responsibilities of key departments in the event of a liquidity contraction. The liquidity options available to management could include seeking secured funding, asset sales, and under the most extreme scenarios, curtailing new loan originations.

Management believes current sources of liquidity are adequate to meet BB&T's current requirements and plans for continued growth. See Note 5 "Premises and Equipment," Note 9 "Long-Term Debt" and Note 14 "Commitments and Contingencies" in the "Notes to Consolidated Financial Statements" for additional information regarding outstanding balances of sources of liquidity and contractual commitments and obligations.

Contractual Obligations, Commitments, Contingent Liabilities, Off-Balance Sheet Arrangements and Related Party Transactions

The following table presents, as of December 31, 2015, BB&T's contractual obligations by payment date. The payment amounts represent those amounts contractually due to the recipient. The table excludes liabilities recorded where management cannot reasonably estimate the timing of any payments that may be required in connection with these liabilities. Further discussion of the nature of each obligation is included in Note 14 "Commitments and Contingencies" in the "Notes to Consolidated Financial Statements."

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Table 34
Contractual Obligations and Other Commitments
December 31, 2015

	Total	Less than One Year	1 to 3 Years	3 to 5 Years	After 5 Years
	(Dollars in millions)				
Long-term debt and capital leases	$ 23,346	$ 5,471	$ 6,044	$ 4,742	$ 7,089
Operating leases	1,592	250	429	322	591
Commitments to fund affordable housing investments	654	354	260	21	19
Private equity commitments (1)	233	55	110	47	21
Time deposits	17,558	11,813	4,263	1,452	30
Contractual interest payments (2)	3,798	784	1,206	878	930
Purchase obligations (3)	341	163	142	25	11
Total contractual cash obligations	$ 47,522	$ 18,890	$ 12,454	$ 7,487	$ 8,691

(1) Maturities are based on estimated payment dates.

(2) Includes accrued interest, future contractual interest obligations and the impact of hedges. Non-hedging derivatives are excluded. Variable rate payments are based upon the rate in effect at December 31, 2015.

(3) Includes purchase obligations for goods and services covered by noncancellable contracts.

The table above excludes the future cash payments associated with the nonqualified pension plans. Refer to Note 13 “Benefit Plans” for information related to future payments under these plans.

BB&T’s commitments include investments in affordable housing and historic building rehabilitation projects throughout its market area and private equity funds. Refer to Note 1 “Summary of Significant Accounting Policies” and to Note 14 “Commitments and Contingencies” in the “Notes to Consolidated Financial Statements” for further discussion of these commitments.

In addition, BB&T enters into derivative contracts to manage various financial risks. A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or referenced interest rate. Derivative contracts are carried at fair value on the Consolidated Balance Sheets with the fair value representing the net present value of expected future cash receipts or payments based on market interest rates as of the balance sheet date. Derivative contracts are written in amounts referred to as notional amounts, which only provide the basis for calculating payments between counterparties and are not a measure of financial risk. Therefore, the derivative liabilities recorded on the balance sheet as of December 31, 2015 do not represent the amounts that may ultimately be paid under these contracts. Further discussion of derivative instruments is included in Note 1 “Summary of Significant Accounting Policies” and Note 18 “Derivative Financial Instruments” in the “Notes to Consolidated Financial Statements.”

In the ordinary course of business, BB&T indemnifies its officers and directors to the fullest extent permitted by law against liabilities arising from litigation. BB&T also issues standard representation and warranties in underwriting agreements, merger and acquisition agreements, loan sales, brokerage activities and other similar arrangements. Counterparties in many of these indemnifications provide similar indemnifications to BB&T. Although these agreements often do not specify limitations, BB&T does not believe that any payments related to these guarantees would materially change the financial condition or results of operations of BB&T.

BB&T holds public funds in certain states that do not require 100% collateralization on public fund bank deposits. In these states, should the failure of another public fund depository institution result in a loss for the public entity, the resulting shortfall would have to be absorbed on a pro-rata basis by the remaining financial institutions holding public funds in that state.

As a member of the FHLB, BB&T is required to maintain a minimum investment in capital stock. The board of directors of the FHLB can increase the minimum investment requirements in the event it has concluded that additional capital is required to allow it to meet its own regulatory capital requirements. Any increase in the minimum investment requirements outside of specified ranges requires the approval of the Federal Housing Finance Agency. Because the extent of any obligation to increase BB&T’s investment in the FHLB depends entirely upon the occurrence of a future event, potential future payments to the FHLB are not determinable.

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In the normal course of business, BB&T is also a party to financial instruments to meet the financing needs of clients and to mitigate exposure to interest rate risk. Such financial instruments include commitments to extend credit and certain contractual agreements, including standby letters of credit and financial guarantee arrangements. Further discussion of BB&T’s commitments is included in Note 14 “Commitments and Contingencies” and Note 17 “Fair Value Disclosures” in the “Notes to Consolidated Financial Statements.”

Table 35
Mortgage Indemnification, Recourse and Repurchase Reserves Activity (1)

	Year Ended December 31,		
	2015	**2014**	**2013**
	(Dollars in millions)		
Balance, at beginning of period	$ 94	$ 72	$ 71
Payments	(5)	(23)	(27)
Expense	(15)	45	28
Acquisitions	5	—	—
Balance, at end of period	$ 79	$ 94	$ 72

(1) Excludes the FHA-insured mortgage loan reserve of $85 million established during 2014.

Related Party Transactions

The Company may transact with its officers, directors and other related parties in the ordinary course of business. These transactions include substantially the same terms as comparable third-party arrangements and are in compliance with applicable banking regulations.

Capital

The maintenance of appropriate levels of capital is a management priority and is monitored on a regular basis. BB&T’s principal goals related to the maintenance of capital are to provide adequate capital to support BB&T’s risk profile consistent with the Board-approved risk appetite, provide financial flexibility to support future growth and client needs, comply with relevant laws, regulations, and supervisory guidance, achieve optimal credit ratings for BB&T and its subsidiaries and provide a competitive return to shareholders.

Management regularly monitors the capital position of BB&T on both a consolidated and bank level basis. In this regard, management’s overriding policy is to maintain capital at levels that are in excess of the operating capital guidelines, which are above the regulatory “well capitalized” levels. Management has implemented stressed capital ratio minimum guidelines to evaluate whether capital ratios calculated with planned capital actions are likely to remain above minimums specified by the FRB for the annual CCAR. Breaches of stressed minimum guidelines prompt a review of the planned capital actions included in BB&T’s capital plan.

Table 36
BB&T's Internal Capital Guidelines for Basel III

	Operating		**Stressed**	
Tier 1 Capital Ratio	10.0	%	7.5	%
Total Capital Ratio	12.0		9.5	
Tier 1 Leverage Capital Ratio	8.0		5.5	
Tangible Common Equity Ratio	6.0		4.0	
Tier 1 Common Equity Ratio	8.5		6.0	

Payments of cash dividends and repurchases of common shares are the methods used to manage any excess capital generated. In addition, management closely monitors the Parent Company’s double leverage ratio (investments in subsidiaries as a percentage of shareholders’ equity). The active management of the subsidiaries’ equity capital, as described above, is the process used to manage this important driver of Parent Company liquidity and is a key element in the management of BB&T’s capital position.

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Management intends to maintain capital at Branch Bank at levels that will result in classification as "well-capitalized" for regulatory purposes. Secondarily, it is management's intent to maintain Branch Bank's capital at levels that result in regulatory risk-based capital ratios that are generally comparable with peers of similar size, complexity and risk profile. If the capital levels of Branch Bank increase above these guidelines, excess capital may be transferred to the Parent Company in the form of special dividend payments, subject to regulatory and other operating considerations.

While nonrecurring events or management decisions may result in the Company temporarily falling below its operating minimum guidelines for one or more of these ratios, it is management's intent through capital planning to return to these targeted operating minimums within a reasonable period of time. Such temporary decreases below the operating minimums shown above are not considered an infringement of BB&T's overall capital policy, provided a return above the minimums is forecast to occur within a reasonable time period.

BB&T regularly performs stress testing on its capital levels and is required to periodically submit the company's capital plans to the banking regulators. The FRB did not object to the Company's 2015 capital plan, and the 2016 capital plan is expected to be submitted during April 2016. Management's capital deployment plan in order of preference is to focus on organic growth, dividends, strategic opportunities and share repurchases.

Risk-based capital ratios, which include Tier 1 Capital, Total Capital and Tier 1 Common Equity, are calculated based on regulatory guidance related to the measurement of capital and risk-weighted assets. The decrease in regulatory capital was primarily due to current year acquisition activity, partially offset by earnings in excess of dividends.

Table 37
Capital Ratios

	December 31, 2015 Basel III		**December 31, 2014 Basel I**	
	(Dollars in millions, except per share data, shares in thousands)			
Risk-based:				
Common equity Tier 1	10.3	%	N/A	
Tier 1	11.8		12.4	%
Total	14.3		14.9	
Leverage capital	9.8		9.9	
Non-GAAP capital measures (1):				

Tangible common equity as a percentage of tangible assets	7.7 %	8.0 %
Tangible common equity per common share	$ 19.82	$ 19.86
Calculations of tangible common equity and tangible assets (1):		
Total shareholders' equity	$ 27,340	$ 24,377
Less:		
Preferred stock	2,603	2,603
Noncontrolling interests	34	88
Intangible assets	9,234	7,374
Tangible common equity	$ 15,469	$ 14,312
Total assets	$ 209,947	$ 186,834
Less:		
Intangible assets	9,234	7,374
Tangible assets	$ 200,713	$ 179,460
Risk-weighted assets (2)	$ 166,611	$ 143,675
Common shares outstanding at end of period	780,337	720,698

(1) Tangible common equity and related ratios are non-GAAP measures. Management uses these measures to assess the quality of capital and believes that investors may find them useful in their analysis of the Company. These capital measures are not necessarily comparable to similar capital measures that may be presented by other companies.

(2) Risk-weighted assets are determined based on the regulatory capital requirements in effect for the periods presented.

The Company’s estimated common equity tier 1 ratio using the Basel III standardized approach on a fully phased-in basis was 10.0% at December 31, 2015.

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Table 38
Quarterly Financial Summary Unaudited (1)

	2015 Fourth Quarter	Third Quarter	Second Quarter	First Quarter	2014 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(Dollars in millions, except per share data)							
Consolidated Summary of Operations:								
Interest income	$ 1,695	$ 1,650	$ 1,489	$ 1,493	$ 1,518	$ 1,541	$ 1,537	$ 1,546
Interest expense	191	186	177	181	183	192	194	199
Provision for credit losses	129	103	97	99	83	34	74	60
Securities gains (losses), net		(2)	(1)			(5)	-	2
Other noninterest income	1,015	990	1,020	997	1,022	954	958	925
Noninterest expense	1,597	1,594	1,653	1,422	1,394	1,539	1,534	1,385
Provision for income taxes	251	222	80	241	277	172	216	256
Net income	542	533	501	547	603	553	477	573
Noncontrolling interest	3	4	10	22	15	4	16	40
Preferred stock dividends	37	37	37	37	37	37	37	37
Net income available to common shareholders	$ 502	$ 492	$ 454	$ 488	$ 551	$ 512	$ 424	$ 496
Basic EPS	$ 0.64	$ 0.64	$ 0.63	$ 0.68	$ 0.77	$ 0.71	$ 0.59	$ 0.70
Diluted EPS	$ 0.64	$ 0.64	$ 0.62	$ 0.67	$ 0.75	$ 0.70	$ 0.58	$ 0.68
Selected Average Balances:								
Assets	$ 209,217	$ 203,531	$ 189,033	$ 187,297	$ 186,462	$ 186,339	$ 185,094	$ 182,428
Securities, at amortized cost	43,468	43,048	40,727	41,133	40,817	40,566	40,656	40,117
	136,190	132,499	122,056	120,235	119,912	120,471	118,510	116,372

Loans and leases (2)								
Total earning assets	183,151	178,464	165,428	163,367	162,559	162,879	161,143	158,364
Deposits	148,491	143,837	131,868	129,531	130,315	130,608	129,599	125,718
Short-term borrowings	2,698	3,572	3,080	3,539	3,095	3,321	2,962	4,321
Long-term debt	24,306	23,394	22,616	23,043	22,139	22,069	22,206	22,432
Total interest-bearing liabilities	129,671	126,650	116,062	116,412	116,419	117,895	118,133	117,079
Shareholders' equity	27,378	26,612	24,888	24,566	24,574	24,151	23,841	23,233

(1) Effective January 1, 2015, BB&T adopted new guidance related to investments in qualified affordable housing projects. See Note 14 “Commitments and Contingencies” for additional information.
(2) Loans and leases are net of unearned income and include LHFS.

Fourth Quarter Results

Consolidated net income available to common shareholders for the fourth quarter of 2015 totaling $502 million was down 8.9% compared to $551 million earned during the same period in 2014. On a diluted per common share basis, earnings for the fourth quarter of 2015 were $0.64, down 14.7% compared to $0.75 for the same period in 2014. BB&T’s results of operations for the fourth quarter of 2015 produced an annualized return on average assets of 1.03% and an annualized return on average common shareholders’ equity of 8.06%, compared to prior year ratios of 1.28% and 9.99%, respectively. These results include merger-related and restructuring charges of $50 million and $18 million, respectively.

Total revenues on a FTE basis were $2.6 billion for the fourth quarter of 2015, up $164 million compared to the earlier quarter. This increase was driven by a $171 million increase in taxable-equivalent net interest income, largely the result of the Susquehanna and The Bank of Kentucky acquisitions

Net interest margin was 3.35%, compared to 3.36% for the earlier quarter. Average earning assets increased $20.6 billion, or 12.7%, while average interest-bearing liabilities increased $13.3 billion, or 11.4%, both of which were primarily driven by the Susquehanna and The Bank of Kentucky acquisitions. The annualized yield on the total loan portfolio for the fourth quarter was 4.31%, an increase of two basis points compared to the earlier quarter, which primarily reflects the impact of the current year acquisitions, partially offset by runoff of loans acquired from the FDIC. The annualized fully taxable-equivalent yield on the average securities portfolio for the fourth quarter was 2.30%, compared to 2.45% for the earlier period. This decline reflects lower rates on mortgage-backed securities, runoff of securities acquired from the FDIC and larger holdings in U.S. Treasuries.

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The average annualized cost of interest-bearing deposits was 0.24%, a decline of one basis point compared to the earlier quarter. The average annualized rate paid on long-term debt was 2.11%, compared to 2.22% for the earlier quarter. This decrease was primarily due to early extinguishments of higher cost FHLB advances.

Excluding acquired from FDIC and PCI loans, the provision for credit losses was $128 million, compared to $84 million in the earlier quarter. The earlier quarter included a $24 million allowance release related to the sale of nonperforming mortgage loans, which also resulted in $4 million of net recoveries. Net charge-offs for the fourth quarter of 2015, excluding loans acquired from the FDIC and PCI, totaled $130 million, compared to $102 million for the earlier quarter.

The $7 million decrease in noninterest income was driven by lower insurance income, mortgage banking income and investment banking and brokerage fees and commissions, partially offset by improved FDIC loss share income and higher other income.

Noninterest expense was $1.6 billion for the fourth quarter of 2015, an increase of $203 million compared to the earlier quarter. This increase was primarily driven by the Susquehanna and The Bank of Kentucky acquisitions, which resulted in higher personnel expense, occupancy and equipment expense, merger-related and restructuring charges and other expense. These increases were partially offset by a decrease in loan-related expense.

The provision for income taxes was $251 million for the fourth quarter of 2015, compared to $277 million for the earlier quarter. This produced an effective tax rate for the fourth quarter of 2015 of 31.7%, compared to 31.5% for the earlier quarter.

Reclassifications

In certain circumstances, reclassifications have been made to prior period information to conform to the current presentation. Such reclassifications had no effect on previously reported shareholders' equity or net income.

Critical Accounting Policies

The accounting and reporting policies of BB&T are in accordance with GAAP and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. The financial position and results of operations are affected by management's application of accounting policies, including estimates, assumptions and judgments made to arrive at the carrying value of assets and liabilities and amounts reported for revenues and expenses. Different assumptions in the application of these policies could result in material changes in the consolidated financial position and/or consolidated results of operations and related disclosures. Understanding BB&T's accounting policies is fundamental to understanding the consolidated financial position and consolidated results of operations. Accordingly, BB&T's significant accounting policies and changes in accounting principles and effects of new accounting pronouncements are discussed in detail in Note 1 "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements."

The following is a summary of BB&T's critical accounting policies that are highly dependent on estimates, assumptions and judgments. These critical accounting policies are reviewed with the Audit Committee of the Board of Directors on a periodic basis.

ACL

BB&T's policy is to maintain an ALLL and a RUFC that represent management's best estimate of probable credit losses inherent in the loan and lease portfolios and off-balance sheet lending commitments at the balance sheet date. Estimates for loan and lease losses are determined by analyzing historical loan and lease losses, historical loan and lease migration to charge-off experience, current trends in delinquencies and charge-offs, expected cash flows on purchased loans, current assessment of problem loans and leases, the results of regulatory examinations and changes in the size, composition and risk assessment of the loan and lease portfolio. As part of this process, BB&T develops a series of loss estimate factors, which are modeled projections of the frequency, timing and severity of losses. These loss estimate factors are based on historical loss experience, economic and political environmental considerations and any other data that management believes will provide evidence about the expected collectability of outstanding loan and lease amounts. The following table summarizes the loss estimate factors used to determine the ALLL:

Loss Estimate Factor	Description
Loss Frequency	Indicates the likelihood of a borrower defaulting on a loan
Loss Severity	Indicates the amount of estimated loss at the time of default

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For collectively evaluated loans, the ALLL is determined by multiplying the loan exposure by the loss frequency and loss severity factors. For individually evaluated loans, the ALLL is determined through review of data specific to the borrower. For TDRs, default expectations and estimated slower prepayment speeds that are specific to each of the restructured loan populations are incorporated in the determination of the ALLL. Also included in management's estimates for loan and lease losses are considerations with respect to the impact of current economic events, the outcomes of which are uncertain. These events may include, but are not limited to, fluctuations in overall interest rates, political conditions, legislation that may directly or indirectly affect the banking industry and economic conditions affecting specific geographical areas and industries in which BB&T conducts business.

The methodology used to determine an estimate for the RUFC is inherently similar to the methodology used in calculating the ALLL adjusted for factors specific to binding commitments, including the probability of funding and exposure at the time of funding. A detailed discussion of the methodology used in determining the ALLL and the RUFC is included in Note 1 "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements."

Fair Value of Financial Instruments

The vast majority of assets and liabilities carried at fair value are based on either quoted market prices or market prices for similar instruments. See Note 17 "Fair Value Disclosures" in the "Notes to Consolidated Financial Statements" herein for additional disclosures regarding the fair value of financial instruments.

Securities

BB&T generally utilizes a third-party pricing service in determining the fair value of its AFS and trading securities. Fair value measurements are derived from market-based pricing matrices that were developed using observable inputs that include benchmark yields, benchmark securities, reported trades, offers, bids, issuer spreads and broker quotes. Management performs various procedures to evaluate the accuracy of the fair values provided by the third-party service provider. These procedures, which are performed independent of the responsible LOB, include comparison of pricing information received from the third party pricing service to other third party pricing sources, review of additional information provided by the third party pricing service and other third party sources for selected securities and back-testing to compare the price realized on any security sales to the daily pricing information received from the third party pricing service. The IPV committee, which provides oversight to BB&T's enterprise-wide IPV function, is responsible for oversight of the comparison of pricing information received from the third party pricing service to other third party pricing sources, approving tolerance limits determined by IPV for price comparison exceptions, reviewing significant changes to pricing and valuation policies and reviewing and approving the pricing decisions made on any illiquid and hard-to-price securities. When market observable data is not available, which generally occurs due to the lack of liquidity for certain securities, the valuation of the security is subjective and may involve substantial judgment by management.

BB&T periodically reviews AFS securities with an unrealized loss. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. The purpose of the review is to consider the length of time and the extent to which the market value of a security has been below its amortized cost. The primary factors BB&T considers in determining whether an impairment is other-than-temporary are long-term expectations and recent experience regarding principal and interest payments and BB&T's intent to sell and whether it is more likely than not that the Company would be required to sell those securities before the anticipated recovery of the amortized cost basis.

MSRs

BB&T has a significant mortgage loan servicing portfolio with two classes of MSRs for which it separately manages the economic risk: residential and commercial. Residential MSRs are primarily carried at fair value with changes in fair value recorded as a component of mortgage banking income. BB&T uses various derivative instruments to mitigate the income statement effect of changes in fair value due to changes in valuation inputs and assumptions of its residential MSRs. MSRs do not trade in an active, open market with readily observable prices. While sales of MSRs do occur, the precise terms and conditions typically are not readily available. Accordingly, BB&T estimates the fair value of residential MSRs using an OAS valuation model to project MSR cash flows over multiple interest rate scenarios, which are then discounted at risk-adjusted rates. The OAS model considers portfolio characteristics, contractually specified servicing fees, prepayment assumptions, delinquency rates, late charges, other ancillary revenue, costs to service and other economic factors. BB&T reassesses and periodically adjusts the underlying inputs and assumptions in the OAS model to reflect market conditions and assumptions that a market participant would consider in valuing the MSR asset.

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Fair value estimates and assumptions are compared to industry surveys, recent market activity, actual portfolio experience and, when available, observable market data. Due to the nature of the valuation inputs, MSRs are classified within Level 3 of the valuation hierarchy. The value of MSRs is significantly affected by mortgage interest rates available in the marketplace, which influence mortgage loan prepayment speeds. In general, during periods of declining interest rates, the value of MSRs declines due to increasing prepayments attributable to increased mortgage-refinance activity. Conversely, during periods of rising interest rates, the value of MSRs generally increases due to reduced refinance activity. Refer to Note 7 “Loan Servicing” in the “Notes to Consolidated Financial Statements” for quantitative disclosures reflecting the effect that changes in management’s assumptions would have on the fair value of MSRs.

During 2015 and prior years, commercial MSRs were carried at the lower of cost or market and amortized over the estimated period that servicing income was expected to be received based on projections of the amount and timing of estimated future cash flows. The amount and timing of servicing asset amortization was based on actual results and updated projections. Effective January 1, 2016, BB&T adopted the fair value method for commercial MSRs. The impact of this adoption was not material.

LHFS

BB&T originates certain mortgage loans for sale to investors that are carried at fair value. The fair value is primarily based on quoted market prices for securities backed by similar types of loans. Changes in the fair value are recorded as a component of mortgage banking income, while the related origination costs are recognized in noninterest expense when incurred. The changes in fair value are largely driven by changes in interest rates subsequent to loan funding and changes in the fair value of servicing associated with the LHFS. BB&T uses various derivative instruments to mitigate the economic effect of changes in fair value of the underlying loans.

Derivative Assets and Liabilities

BB&T uses derivatives to manage various financial risks. BB&T mitigates the credit risk by subjecting counterparties to credit reviews and approvals similar to those used in making loans and other extensions of credit. In addition, certain counterparties are required to provide collateral to BB&T when their unsecured loss positions exceed certain negotiated limits. The fair values of derivative financial instruments are determined based on quoted market prices and internal pricing models that are primarily sensitive to market observable data. The fair value of interest rate lock commitments, which are related to mortgage loan commitments, is based on quoted market prices adjusted for commitments that BB&T does not expect to fund and includes the value attributable to the net servicing fee.

Private Equity and Similar Investments

BB&T has private equity and similar investments that are carried at fair value. Changes in the fair value of these investments are recorded in other noninterest income each period. In many cases there are no observable market values for these investments and management must estimate the fair value based on a comparison of the operating performance of the company to multiples in the marketplace for similar entities. This analysis requires significant judgment, and actual values in a sale could differ materially from those estimated. As of December 31, 2015, BB&T had $289 million of these investments, which represented less than 1% of total assets.

Intangible Assets

The acquisition method of accounting requires that acquired assets and liabilities are recorded at their fair values. This often involves estimates based on third party valuations or internal valuations based on discounted cash flow analyses or other valuation techniques, all of which are inherently subjective. The amortization of identified intangible assets is based upon the estimated economic benefits to be received, which is also subjective. Acquisitions typically result in goodwill, which is subject to ongoing periodic impairment tests based on the fair values of the reporting units to which the acquired goodwill relates. Refer to Note 1 “Summary of Significant Accounting Policies” in the “Notes to Consolidated Financial Statements” for a description of the impairment testing process. Management considers the sensitivity of the significant assumptions in its impairment analysis including consideration of a 10% change in estimated future cash flows or the discount rate for each reporting unit.

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Pension and Postretirement Benefit Obligations

BB&T offers various pension plans and postretirement benefit plans to employees. Calculation of the obligations and related expenses under these plans requires the use of actuarial valuation methods and assumptions, which are subject to management judgment and may differ significantly if different assumptions are used. The discount rate assumption used to measure the postretirement benefit obligations is set by reference to a high-quality (AA-rated or higher) corporate bond yield curve and the individual characteristics of the plans such as projected cash flow patterns and payment durations. Management evaluated the sensitivity changes that the expected return on plan assets and the discount rate would have on pension expense for 2015. A decrease of 25 basis points in the discount rate would result in additional pension expense of approximately $24 million for 2016, while a decrease of 100 basis points in the expected return on plan assets would result in an increase of approximately $46 million in pension expense for 2016. Refer to Note 13 “Benefit Plans” in the “Notes to Consolidated Financial Statements” for disclosures related to BB&T’s benefit plans.

Income Taxes

The calculation of BB&T’s income tax provision is complex and requires the use of estimates and judgments. As part of the Company’s analysis and implementation of business strategies, consideration is given to the tax laws and regulations that apply to the specific facts and circumstances for any tax position under evaluation. For tax positions that are uncertain in nature, management determines whether the tax position is more likely than not to be sustained upon examination. For tax positions that meet this threshold, management then estimates the amount of the tax benefit to recognize in the financial statements. Management closely monitors tax developments in order to evaluate the effect they may have on the Company’s overall tax position and the estimates and judgments used in determining the income tax provision and records adjustments as necessary.

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ITEM 9A. CONTROLS AND PROCEDURES

Management's Report on Internal Control Over Financial Reporting and Evaluation of Disclosure Controls and Procedures

Management of BB&T is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. BB&T's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and disposition of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the financial statements in accordance with GAAP and that receipts and expenditures of the Company are being made only in accordance with the authorizations of BB&T's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material impact on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the internal control over financial reporting based on the framework in "Internal Control—Integrated Framework (2013)" promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria. Based on this evaluation under the COSO criteria, management concluded that the internal control over financial reporting was effective as of December 31, 2015.

As of the end of the period covered by this report, the management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the Company's disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

There was no change in the Company’s internal control over financial reporting that occurred during the fourth quarter of 2015 that has materially affected, or is likely to materially affect, the Company’s internal control over financial reporting.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their accompanying report, which expresses an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2015.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of BB&T Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows present fairly, in all material respects, the financial position of BB&T Corporation and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Greensboro, North Carolina

February 25, 2016

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

	December 31, 2015	December 31, 2014
Assets		
Cash and due from banks	$ 2,123	$ 1,639
Interest-bearing deposits with banks	1,435	529
Federal funds sold and securities purchased under resale agreements or similar arrangements	153	157
Restricted cash	456	374
AFS securities at fair value	25,297	20,907
HTM securities (fair value of $18,519 and $20,313 at December 31, 2015 and December 31, 2014, respectively)	18,530	20,240
LHFS at fair value	1,035	1,423
Loans and leases	135,951	119,884
ALLL	(1,460)	(1,474)
Loans and leases, net of ALLL	134,491	118,410
Premises and equipment	2,007	1,827
Goodwill	8,548	6,869
CDI and other intangible assets	686	505
Residential MSRs at fair value	880	844
Other assets	14,306	13,110
Total assets	$ 209,947	$ 186,834
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest-bearing deposits	$ 45,695	$ 38,786
	103,429	90,254

Interest-bearing deposits		
Total deposits	149,124	129,040
Short-term borrowings	3,593	3,717
Long-term debt	23,769	23,312
Accounts payable and other liabilities	6,121	6,388
Total liabilities	182,607	162,457
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Preferred stock, $5 par, liquidation preference of $25,000 per share	2,603	2,603
Common stock, $5 par	3,902	3,603
Additional paid-in capital	8,365	6,517
Retained earnings	13,464	12,317
AOCI, net of deferred income taxes	(1,028)	(751)
Noncontrolling interests	34	88
Total shareholders' equity	27,340	24,377
Total liabilities and shareholders' equity	$ 209,947	$ 186,834
Common shares outstanding	780,337	720,698
Common shares authorized	2,000,000	2,000,000
Preferred shares outstanding	107	107
Preferred shares authorized	5,000	5,000

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

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

	Year Ended December 31,		
	2015	**2014**	**2013**
Interest Income			
Interest and fees on loans and leases	$ 5,347	$ 5,163	$ 5,603
Interest and dividends on securities	941	939	871
Interest on other earning assets	39	40	33
Total interest income	6,327	6,142	6,507
Interest Expense			
Interest on deposits	233	239	301
Interest on short-term borrowings	4	4	6
Interest on long-term debt	498	525	584
Total interest expense	735	768	891
Net Interest Income	5,592	5,374	5,616
Provision for credit losses	428	251	592
Net Interest Income After Provision for Credit Losses	5,164	5,123	5,024
Noninterest Income			
Insurance income	1,596	1,643	1,517
Service charges on deposits	631	632	619
Mortgage banking income	455	395	565
Investment banking and brokerage fees and commissions	398	387	383
Trust and investment advisory revenues	240	221	200
Bankcard fees and merchant discounts	218	207	202
Checkcard fees	174	163	157
Operating lease income	124	95	77
Income from bank-owned life insurance	113	110	113
FDIC loss share income, net	(253)	(343)	(293)
Other income	326	349	445
Securities gains (losses), net			
Gross realized gains	41	7	57
Gross realized losses	(40)	(4)	(6)
OTTI charges	(2)	(23)	
Non-credit portion recognized in OCI	(2)	17	
Total securities gains (losses), net	(3)	(3)	51
Total noninterest income	4,019	3,856	4,036
Noninterest Expense			
Personnel expense	3,469	3,180	3,293
Occupancy and equipment expense	708	682	692
Software expense	192	174	158

Loan-related expense	150	267	188
Outside IT services	135	115	89
Professional services	130	139	189
Amortization of intangibles	105	91	106
Regulatory charges	101	106	143
Foreclosed property expense	53	40	55
Merger-related and restructuring charges, net	165	46	46
Loss on early extinguishment of debt	172	122	
Other expense	886	890	818
Total noninterest expense	6,266	5,852	5,777
Earnings			
Income before income taxes	2,917	3,127	3,283
Provision for income taxes	794	921	1,553
Net income	2,123	2,206	1,730
Noncontrolling interests	39	75	50
Dividends on preferred stock	148	148	117
Net income available to common shareholders	$ 1,936	$ 1,983	$ 1,563
Basic EPS	$ 2.59	$ 2.76	$ 2.22
Diluted EPS	$ 2.56	$ 2.72	$ 2.19
Cash dividends declared per share	$ 1.05	$ 0.95	$ 0.92
Basic weighted average shares outstanding	748,010	718,140	703,042
Diluted weighted average shares outstanding	757,765	728,372	714,363

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

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

	Year Ended December 31,		
	2015	**2014**	**2013**
Net Income	$ 2,123	$ 2,206	$ 1,730
OCI, Net of Tax:			
Change in unrecognized net pension and postretirement costs	(97)	(323)	411
Change in unrealized net gains (losses) on cash flow hedges	(29)	(56)	175
Change in unrealized net gains (losses) on AFS securities	(186)	194	(640)
Change in net amounts attributable to the FDIC under loss share agreements	38	28	21
Other, net	(3)	(1)	(1)
Total OCI	(277)	(158)	(34)
Total comprehensive income	$ 1,846	$ 2,048	$ 1,696

Income Tax Effect of Items Included in OCI:			
Change in unrecognized net pension and postretirement costs	$ (59)	$ (192)	$ 252
Change in unrealized net gains (losses) on cash flow hedges	(18)	(34)	106

Change in unrealized net gains (losses) on AFS securities	(120)	117	(384)
Change in net amounts attributable to the FDIC under loss share agreements	25	17	14
Other, net	3	2	2

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

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BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in millions, shares in thousands)

	Shares of Common Stock	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	AOCI	Noncontrolling Interests	Total Shareholders' Equity
Adjusted Balance, January 1, 2013	699,728	$ 2,116	$ 3,499	$ 5,973	$ 10,099	$ (559)	$ 65	$ 21,193
Add (Deduct):								
Net income					1,680		50	1,730
Net change in AOCI						(34)		(34)
Stock transactions:								
Issued in connection with equity awards	6,257		31	74				105
Shares repurchased in connection with equity awards	(879)		(4)	(23)				(27)
Issued in connection with dividend reinvestment plan	656		3	19				22
Issued in connection with 401(k) plan	858		4	25				29
Issued in connection with preferred stock offerings		487						487
Cash dividends declared on common					(647)			(647)

stock								
Cash dividends declared on preferred stock					(117)			(117)
Equity-based compensation expense				96				96
Other, net				8			(65)	(57)
Adjusted Balance, December 31, 2013	706,620	$ 2,603	$ 3,533	$ 6,172	$ 11,015	$ (593)	$ 50	$ 22,780
Add (Deduct):								
Net income					2,131		75	2,206
Net change in AOCI						(158)		(158)
Stock transactions:								
Issued in connection with equity awards	15,321		76	233				309
Shares repurchased in connection with equity awards	(2,287)		(11)	(74)				(85)
Excess tax benefits in connection with equity awards				49				49
Issued in connection with dividend reinvestment plan	391		2	13				15
Issued in connection with 401(k) plan	653		3	22				25
Cash dividends declared on common					(681)			(681)

stock								
Cash dividends declared on preferred stock					(148)			(148)
Equity-based compensation expense				102				102
Other, net							(37)	(37)
Adjusted Balance, December 31, 2014	720,698	$ 2,603	$ 3,603	$ 6,517	$ 12,317	$ (751)	$ 88	$ 24,377
Add (Deduct):								
Net income					2,084		39	2,123
Net change in AOCI						(277)		(277)
Stock transactions:								
Issued in acquisitions	54,000		270	1,918				2,188
Issued in connection with equity awards	6,995		35	79				114
Shares repurchased in connection with equity awards	(1,356)		(6)	(46)				(52)
Excess tax benefits in connection with equity awards				11				11
Purchase of additional ownership interest in AmRisc, LP				(219)			(3)	(222)
Cash dividends declared on common stock					(789)			(789)
					(148)			(148)

Cash dividends declared on preferred stock								
Equity-based compensation expense				106				106
Other, net				(1)			(90)	(91)
Balance, December 31, 2015	780,337	$ 2,603	$ 3,902	$ 8,365	$ 13,464	$ (1,028)	$ 34	$ 27,340

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

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

	Year Ended December 31,		
	2015	**2014**	**2013**
Cash Flows From Operating Activities:			
Net income	$ 2,123	$ 2,206	$ 1,730
Adjustments to reconcile net income to net cash from operating activities:			
Provision for credit losses	428	251	592
Adjustment to income tax provision	(107)	(39)	516
Depreciation	356	333	315
Loss on early extinguishment of debt	172	122	
Amortization of intangibles	105	91	106
Deferred tax expense	110	134	307
Equity-based compensation	106	102	96
(Gain) loss on securities, net	3	3	(51)
Net change in operating assets and liabilities:			
LHFS	422	(201)	2,445
Trading securities	(698)	(101)	116
Other assets	(493)	346	(75)
Accounts payable and other liabilities	263	(4)	(812)
Other, net	125	(33)	23
Net cash from operating activities	2,915	3,210	5,308
Cash Flows From Investing Activities:			
Proceeds from sales of AFS securities	6,302	1,309	2,209
Proceeds from maturities, calls and paydowns of AFS securities	5,064	3,915	6,214
Purchases of AFS securities	(12,698)	(3,685)	(6,463)
Proceeds from maturities, calls and paydowns of HTM securities	3,791	1,866	2,863
Purchases of HTM securities	(2,557)	(4,030)	(7,399)
Originations and purchases of loans and leases, net of principal collected	(2,984)	(5,041)	(3,077)
Net cash from acquisitions and divestitures	1,055	1,025	516
Proceeds from sales of foreclosed property	218	239	394
Other, net	171	387	534
Net cash from investing activities	(1,638)	(4,015)	(4,209)
Cash Flows From Financing Activities:			
Net change in deposits	2,506	337	(5,600)
Net change in short-term borrowings	(982)	(421)	1,274
Proceeds from issuance of long-term debt	2,272	5,510	4,164
Repayment of long-term debt	(2,433)	(3,912)	(1,634)
Net proceeds from preferred stock issued			487

Cash dividends paid on common stock	(789)	(666)	(765)
Cash dividends paid on preferred stock	(148)	(148)	(147)
Other, net	(317)	265	248
Net cash from financing activities	109	965	(1,973)
Net Change in Cash and Cash Equivalents	1,386	160	(874)
Cash and Cash Equivalents at Beginning of Period	2,325	2,165	3,039
Cash and Cash Equivalents at End of Period	$ 3,711	$ 2,325	$ 2,165
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the period for:			
Interest	$ 734	$ 765	$ 918
Income taxes	655	322	677
Noncash investing and financing activities:			
Transfers of loans to foreclosed assets	532	547	609
Transfers of loans HFI to LHFS	43	684	
Stock issued in acquisitions	2,188		
Purchase of additional interest in AmRisc, LP	216		
Transfer of HTM securities to AFS	517		

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

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NOTE 1. Summary of Significant Accounting Policies

General

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

The accounting and reporting policies are in accordance with GAAP. Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. The following is a summary of the more significant accounting policies.

Nature of Operations

BB&T is a FHC organized under the laws of North Carolina. BB&T conducts operations through a bank subsidiary, Branch Bank, and nonbank subsidiaries. Branch Bank’s offices are concentrated primarily in the southeastern and mid-Atlantic United States. BB&T provides a wide range of banking services to individuals, businesses and municipalities. BB&T offers a variety of loans and lease financing to individuals and entities primarily within BB&T’s geographic footprint, including insurance premium financing; permanent CRE financing arrangements; loan servicing for third-party investors; direct consumer finance loans to individuals; credit card lending; automobile financing; factoring and equipment financing. BB&T also markets a wide range of other services, including deposits; discount and full service brokerage, annuities and mutual funds; life insurance, property and casualty insurance, health insurance and commercial general liability insurance on an agency basis and through a wholesale insurance brokerage operation; trust and retirement services; comprehensive wealth advisory services; asset management and capital markets services.

Principles of Consolidation

The consolidated financial statements include the accounts of BB&T Corporation and those subsidiaries that are majority owned by BB&T or over which BB&T exercises control. Intercompany accounts and transactions are eliminated in consolidation. The results of operations of companies or assets acquired are included from the dates of acquisition. All material wholly-owned and majority-owned subsidiaries are consolidated unless GAAP requires otherwise.

BB&T holds investments in certain legal entities that are considered VIEs. VIEs are legal entities in which equity investors do not have sufficient equity at risk for the entity to independently finance its activities, or as a group, the holders of the equity investment at risk lack the power through voting or similar rights to direct the activities of the entity that most significantly impact its economic performance, or do not have the obligation to absorb the expected losses of the entity or the right to receive expected residual returns of the entity. Consolidation of a VIE is required if a reporting entity is the primary beneficiary of the VIE.

Investments in VIEs are evaluated to determine if BB&T is the primary beneficiary. This evaluation gives appropriate consideration to the design of the entity and the variability that the entity was designed to pass along, the relative power of each party, and to BB&T's relative obligation to absorb losses or receive residual returns of the entity, in relation to such obligations and rights held by each party. During 2015, BB&T disposed of its variable interests in its Tender Option Bond program trusts, which allowed for tax-advantaged financing of certain debt instruments issued by tax-exempt entities. BB&T was considered the primary beneficiary of the Tender Option Bond program trusts, resulting in the consolidation of their assets and liabilities in prior years. BB&T also has variable interests in certain entities that were not required to be consolidated, including affordable housing partnership interests, historic tax credit partnerships and other partnership interests. Refer to Note 14 "Commitments and Contingencies" for additional disclosures regarding BB&T's significant VIEs.

BB&T accounts for unconsolidated partnerships and similar investments using the equity method of accounting. BB&T records its portion of income or loss in other noninterest income in the Consolidated Statements of Income. These investments are periodically evaluated for impairment. BB&T also has investments in, and future funding commitments to, private equity investments, which are accounted for based on BB&T's ownership and control rights specific to each investment.

Reclassifications

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

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Use of Estimates in the Preparation of Financial Statements

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

Business Combinations

BB&T accounts for business combinations using the acquisition method of accounting. The accounts of an acquired entity are included as of the date of acquisition, and any excess of purchase price over the fair value of the net assets acquired is capitalized as goodwill.

BB&T typically issues common stock and/or pays cash for an acquisition, depending on the terms of the acquisition agreement. The value of common shares issued is determined based on the market price of the stock as of the closing of the acquisition.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing deposits with banks and Federal funds sold and securities purchased under resale agreements or similar arrangements. Cash and cash equivalents have maturities of three months or less. Accordingly, the carrying amount of such instruments is considered a reasonable estimate of fair value.

Restricted Cash

Restricted cash represents amounts posted as collateral for derivatives in a loss position.

Securities

BB&T classifies marketable investment securities as HTM, AFS or trading. Interest income and dividends on securities are recognized in income on an accrual basis. Premiums and discounts on debt securities are amortized as an adjustment to interest income using the interest method.

Debt securities are classified as HTM where BB&T has both the intent and ability to hold the securities to maturity. These securities are reported at amortized cost.

Debt securities, which may be sold to meet liquidity needs arising from unanticipated deposit and loan fluctuations, changes in regulatory capital requirements, or unforeseen changes in market conditions, are classified as AFS. AFS securities are reported at estimated fair value, with unrealized gains and losses reported in AOCI, net of deferred income taxes, in the shareholders' equity section of the Consolidated Balance Sheets. Gains or losses realized from the sale of AFS securities are determined by specific identification and are included in noninterest income.

Each HTM and AFS security in a loss position is evaluated for OTTI. BB&T considers such factors as the length of time and the extent to which the fair value has been below amortized cost, long term expectations and recent experience regarding principal and interest payments, BB&T's intent to sell and whether it is more likely than not that the Company would be required to sell those securities before the anticipated recovery of the amortized cost basis. The credit component of an OTTI loss is recognized in earnings and the non-credit component is recognized in AOCI in situations where BB&T does not intend to sell the security and it is more-likely-than-not that BB&T will not be required to sell the security prior to recovery. Subsequent to recognition of OTTI, an increase in expected cash flows is recognized as a yield adjustment over the remaining expected life of the security based on an evaluation of the nature of the increase.

Trading account securities, which include both debt and equity securities, are reported at fair value and included in other assets in the Consolidated Balance Sheets. Unrealized fair value adjustments, fees, and realized gains or losses from trading account activities (determined by specific identification) are included in noninterest income. Interest income on trading account securities is included in interest on other earning assets.

LHFS

BB&T accounts for new originations of prime residential and commercial mortgage LHFS at fair value. BB&T accounts for the derivatives used to economically hedge the LHFS at fair value. The fair value of LHFS is primarily based on quoted market prices for securities collateralized by similar types of loans. Direct loan origination fees and costs related to LHFS are not capitalized and are recorded as mortgage banking income in the case of the direct loan origination fees and primarily personnel expense in the case of the direct loan origination costs. Gains and losses on sales of mortgage loans are included in mortgage banking income. Gains and losses on sales of commercial LHFS are included in other noninterest income.

BB&T sells a significant portion of its fixed-rate commercial and conforming residential mortgage loan originations, which are typically converted into MBS by FHLMC, FNMA and GNMA and subsequently sold to other third party investors. BB&T records these transactions as a sale when the transferred loans are legally isolated from BB&T's creditors and the other accounting criteria for a sale are met. Gains or losses recorded on these transactions are based in part on the net carrying amount of the loans sold, which is allocated between the loans sold and retained interests based on their relative fair values at the date of sale. BB&T generally retains the mortgage servicing on loans sold. Since quoted market prices are not typically available, BB&T estimates the fair value of these retained interests using modeling techniques to determine the net present value of expected future cash flows. Such models incorporate management's best estimates of key variables, such as prepayment speeds, servicing costs and discount rates, that would be used by market participants based on the risks involved.

Gains on residential mortgage loan sales, including marking LHFS to fair value and the impact of interest rate lock commitments, are recorded in noninterest income as a component of mortgage banking income. For certain of these transactions, the loan servicing rights were retained, including the related MSRs and on-going servicing fees.

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

Loans and Leases

The Company's accounting methods for loans differ depending on whether the loans are originated or purchased, and if purchased, whether or not the loans reflect credit deterioration since the date of origination such that it is probable at the date of acquisition that BB&T will be unable to collect all contractually required payments.

Originated Loans and Leases

Loans and leases that management has the intent and ability to hold for the foreseeable future are reported at their outstanding principal balances net of any unearned income, charge-offs, and unamortized fees and costs. The net amount of nonrefundable loan origination fees and certain direct costs associated with the lending process are deferred and amortized to interest income over the contractual lives of the loans using methods that approximate the interest method.

BB&T classifies loans and leases as past due when the payment of principal and interest based upon contractual terms is greater than 30 days delinquent or if one payment is past due. When commercial loans are placed on nonaccrual status as described below, a charge-off is recorded, as applicable, to decrease the carrying value of such loans to the estimated recoverable amount. Retail loans are subject to mandatory charge-off at a specified delinquency date consistent with regulatory guidelines. As such, retail loans are subject to collateral valuation and charge-off, as applicable, when they are moved to nonaccrual status as described below.

Purchased Loans

Purchased loans are recorded at their fair value at the acquisition date. Credit discounts are included in the determination of fair value; therefore, an ALLL is not recorded at the acquisition date.

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Purchased loans are evaluated upon acquisition and classified as either purchased impaired or purchased non-impaired. Purchased impaired loans reflect credit deterioration since origination such that it is probable at acquisition that BB&T will be unable to collect all contractually required payments. For purchased impaired loans, expected cash flows at the acquisition date in excess of the fair value of loans are recorded as interest income over the life of the loans using a level yield method if the timing and amount of the future cash flows is reasonably estimable. Subsequent to the acquisition date, increases in cash flows over those expected at the acquisition date are recognized prospectively as interest income. Decreases in expected cash flows due to credit deterioration are recognized by recording an ALLL. For purchased non-impaired loans, the difference between the fair value and UPB of the loan at the acquisition date is amortized or accreted to interest income over the estimated life of the loans using the effective interest method.

TDRs

Modifications to a borrower's debt agreement are considered TDRs if a concession is granted for economic or legal reasons related to a borrower's financial difficulties that otherwise would not be considered. TDRs are undertaken in order to improve the likelihood of recovery on the loan and may take the form of modifications made with the stated interest rate lower than the current market rate for new debt with similar risk, other modifications to the structure of the loan that fall outside of normal underwriting policies and procedures, or in certain limited circumstances forgiveness of principal or interest. Modifications of loans acquired from the FDIC that are part of a pool accounted for as a single asset are not considered TDRs. TDRs can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing on accruing status, depending on the individual facts and circumstances of the borrower. In circumstances where the TDR involves charging off a portion of the loan balance, BB&T typically classifies these TDRs as nonaccrual.

In connection with commercial TDRs, the decision to maintain a loan that has been restructured on accrual status is based on a current, well documented credit evaluation of the borrower's financial condition and prospects for repayment under the modified terms. This evaluation includes consideration of the borrower's current capacity to pay, which among other things may include a review of the borrower's current financial statements, an analysis of cash flow available to pay debt obligations, and an evaluation of secondary sources of payment from the client and any guarantors. This evaluation also includes an evaluation of the borrower's current willingness to pay, which may include a review of past payment history, an evaluation of the borrower's willingness to provide information on a timely basis, and consideration of offers from the borrower to provide additional collateral or guarantor support. The credit evaluation may also include review of cash flow projections, consideration of the adequacy of collateral to cover all principal and interest and trends indicating improving profitability and collectability of receivables.

The evaluation of mortgage and retail loans includes an evaluation of the client's debt to income ratio, credit report, property value, loan vintage, and certain other client-specific factors that impact their ability to make timely principal and interest payments on the loan.

Nonaccrual commercial TDRs may be returned to accrual status based on a current, well-documented credit evaluation of the borrower's financial condition and prospects for repayment under the modified terms. This evaluation must include consideration of the borrower's sustained historical repayment performance for a reasonable period (generally a minimum of six months) prior to the date on which the loan is returned to accrual status. Sustained historical repayment performance for a reasonable time prior to the TDR may be taken into account. In connection with retail TDRs, a NPL will be returned to accruing status when current as to principal and interest and upon a sustained historical repayment performance (generally a minimum of six months).

TDR classification may be removed for a loan upon the occurrence of a non-concessionary subsequent modification that is at market terms and within current underwriting guidelines.

NPAs

NPAs include NPLs and foreclosed property. Foreclosed property consists of real estate and other assets acquired as a result of customers' loan defaults. BB&T's policies for placing loans on nonaccrual status conform to guidelines prescribed by bank regulatory authorities. The majority of commercial loans and leases are placed on nonaccrual status when it is probable that principal or interest is not fully collectible, or generally when principal or interest becomes 90 days past due, whichever occurs first. Other lending subsidiaries' loans, which includes both retail and commercial loans, are placed on nonaccrual status generally when principal and interest becomes 90 days past due. Direct retail, mortgage and sales finance loans are placed on nonaccrual status at varying intervals, based on the type of product, generally when principal and interest becomes between 90 days and 120 days past due. PCI loans are considered to be performing due to the application of the expected cash flows method.

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Residential mortgage NPLs secured by 1-4 family properties are generally charged down to the fair value of the collateral securing the loan less costs to sell upon becoming 120 days past due, unless the shortfall is covered by private mortgage insurance. Nonperforming residential mortgage TDRs generally incur charge-offs at 120 days. If a known loss is identified prior to these time periods, the applicable charge-off occurs immediately. BB&T recognizes charge-offs on government guaranteed NPLs to the extent that the carrying value of the NPL exceeds the guaranteed amount.

During the fourth quarter of 2015, BB&T implemented a residential mortgage and direct retail lending policy change to move loans to nonaccrual status at 120 days past due instead of 180 days.

Charge-offs are recorded on revolving credit loans after they become 180 days past due and commercial bank card balances after they become 90 days past due. Unpaid fees and finance charges are reversed against interest income in the period in which the charge-off occurs. Other retail loans not secured by 1-4 family properties are charged down to the fair value of the collateral securing the loan less costs to sell upon becoming between 90 and 120 days past due, depending on the type of loan.

Secured retail loans discharged through bankruptcy are charged down to the fair value of the related collateral, and the remaining balance is placed on nonaccrual status.

Certain past due loans may remain on accrual status if management determines that it does not have concern over the collectability of principal and interest. Generally, when loans are placed on nonaccrual status, accrued interest receivable is reversed against interest income in the current period. Interest payments received thereafter are applied as a reduction to the remaining principal balance as long as concern exists as to the ultimate collection of the principal. Nonaccrual mortgage loans are accounted for using the cash basis. Loans and leases are generally removed from nonaccrual status when they become current as to both principal and interest and concern no longer exists as to the collectability of principal and interest.

Assets acquired as a result of foreclosure are subsequently carried at the lower of cost or net realizable value. Net realizable value equals fair value less estimated selling costs. Any excess of cost over net realizable value at the time of foreclosure is charged to the ALLL. NPAs are subject to periodic revaluations of the collateral underlying impaired loans and foreclosed real estate. The periodic revaluations are generally based on the appraised value of the property and may include additional liquidity adjustments based upon the expected retention period. BB&T's policies require that valuations be updated at least annually and that upon foreclosure, the valuation must not be more than six months old, otherwise an updated appraisal is required. Routine maintenance costs, other costs of ownership, subsequent declines in fair value and net losses on disposal are included in foreclosed property expense.

ACL

The ACL includes the ALLL and the RUFC. The ACL represents management's best estimate of probable credit losses inherent in the loan and lease portfolios and off-balance sheet lending commitments at the balance sheet date. Estimates for loan and lease losses are determined by analyzing historical loan and lease losses, historical loan and lease migration to charge-off experience, current trends in delinquencies and charge-offs, expected cash flows on purchased loans, current assessment of problem loans and leases, the results of regulatory examinations and changes in the size, composition and risk assessment of the loan and lease portfolio. As part of this process, BB&T develops a series of loss estimate factors, which are modeled projections of the frequency, timing and severity of losses. Changes to the ACL are made by charges to the provision for credit losses, which is reflected in the Consolidated Statements of Income. Loan or lease balances deemed to be uncollectible are charged off against the ALLL. Recoveries of amounts previously charged off are credited to the ALLL. The methodology used to determine the RUFC is inherently similar to that used to determine the collectively evaluated component of the ALLL, adjusted for factors specific to binding commitments, including the probability of funding and exposure at default. While management uses the best information available to establish the ACL, future adjustments may be necessary if economic conditions differ substantially from the assumptions used in computing the ACL or, if required by regulators based upon information available to them at the time of their examinations.

Accounting standards require the presentation of certain disclosure information at the portfolio segment level, which represents the level at which an entity develops and documents a systematic methodology to determine its ACL. BB&T concluded that its loan and lease portfolio consists of three portfolio segments; commercial, retail and PCI. The commercial portfolio segment includes CRE, commercial and industrial and other loans originated by certain other lending subsidiaries, and was identified based on the risk-based approach used to estimate the ALLL for the vast majority of these loans. The retail portfolio segment includes direct retail lending, revolving credit, residential mortgage, sales finance and other loans originated by certain retail-oriented subsidiaries, and was identified based on the delinquency-based approach used to estimate the ALLL. The PCI portfolio segment was identified based on the expected cash flows approach used to estimate the ALLL.

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The entire amount of the ACL is available to absorb losses on any loan category or lending-related commitment.

The following provides a description of accounting policies and methodologies related to each of the portfolio segments:

Commercial

The vast majority of loans in the commercial lending portfolio are assigned risk ratings based on an assessment of conditions that affect the borrower's ability to meet contractual obligations under the loan agreement. This process includes reviewing borrowers' financial information, historical payment experience, credit documentation, public information, and other information specific to each borrower. Risk ratings are reviewed on an annual basis for all credit relationships with total credit exposure of $1 million or more, or at any point management becomes aware of information affecting the borrowers' ability to fulfill their obligations.

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

For commercial clients with total credit exposure less than $1 million, BB&T has developed an automated loan review system to identify and proactively manage accounts with a higher risk of loss. The "score" produced by this automated system is updated monthly.

During 2013, to establish a reserve, BB&T's policy was to review all commercial lending relationships with outstanding debt of $5 million or more that were classified as substandard. During the first quarter of 2014, this process was revised such that any obligor with an outstanding nonaccrual balance of $3 million or more is reviewed. While this review is largely focused on the borrower's ability to repay the loan, BB&T also considers the capacity and willingness of a loan's guarantors to support the debt service on the loan as a secondary source of repayment. When a guarantor exhibits the documented capacity and willingness to support the loan, BB&T may consider extending the loan maturity and/or temporarily deferring principal payments if the ultimate collection of both principal and interest is not in question. In these cases, BB&T may deem the loan to not be impaired due to the documented capacity and willingness of the guarantor to repay the loan. Loans are considered impaired when the borrower (or guarantor in certain circumstances) does not have the cash flow capacity or willingness to service the debt according to contractual terms, or it does not appear reasonable to assume that the borrower will continue to pay according to the contractual agreement. BB&T establishes a specific reserve for each loan that has been deemed impaired based on the criteria outlined above. The amount of the reserve is based on the present value of expected cash flows discounted at the loan's effective interest rate and/or the value of collateral, net of costs to sell. In addition, beginning with the first quarter of 2014, BB&T reviews any collateral-dependent commercial loan balances between $1 million and $3 million to establish a specific reserve based on the underlying collateral value, net of costs to sell.

BB&T also has a review process related to TDRs and other commercial impaired loans. In connection with this process, BB&T establishes reserves related to these loans that are calculated using an expected cash flow approach. These discounted cash flow analyses incorporate adjustments to future cash flows that reflect management's best estimate of the default risk related to TDRs based on a combination of historical experience and management judgment.

BB&T also maintains reserves for collective impairment that reflect an estimate of losses related to non-impaired commercial loans as of the balance sheet date. Embedded loss estimates for BB&T's commercial loan portfolio are based on estimated migration rates, which are based on historical experience, and current risk mix as indicated by the risk grading process described above. Embedded loss estimates may be adjusted to reflect current economic conditions and current portfolio trends including credit quality, concentrations, aging of the portfolio, and significant policy and underwriting changes.

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Retail

The majority of the ALLL related to the retail lending portfolio is calculated on a collective basis using delinquency status, which is the primary factor considered in determining whether a retail loan should be classified as nonaccrual. Embedded loss estimates for BB&T's retail lending portfolio are based on estimated migration rates that are developed based on historical experience, and current risk mix as indicated by prevailing delinquency rates. These estimates may be adjusted to reflect current economic conditions and current portfolio trends. The remaining portion of the ALLL related to the retail lending portfolio relates to loans that have been deemed impaired based on their classification as a TDR at the balance sheet date. BB&T establishes specific reserves related to these TDRs using an expected cash flow approach. The ALLL for retail TDRs is based on discounted cash flow analyses that incorporate adjustments to future cash flows that reflect management's best estimate of the default risk related to TDRs based on a combination of historical experience and management judgment.

PCI

PCI loans (including all loans acquired in an FDIC-assisted transaction) are aggregated into loan pools based upon common risk characteristics. The ALLL for each loan pool is based on an analysis that is performed each period to estimate the expected cash flows. To the extent that the expected cash flows of a loan pool have decreased due to credit deterioration, BB&T establishes an ALLL.

Assets Acquired from the FDIC and Related FDIC Loss Share Receivable/Payable

Certain loans, securities and other assets were acquired from the FDIC in connection with the Colonial transaction and are divided between two loss sharing agreements, the single family loss share agreement and the commercial loss share agreement. The single family loss share agreement expires in 2019. Assets subject to the single family loss share agreement have loss and recovery sharing with the FDIC and are referred to as "covered" assets.

Effective October 1, 2014, the loss sharing provisions related to the commercial loss share agreement expired; however, Branch Bank must reimburse the FDIC for realized gains and recoveries through September 2017. Refer to Note 3 "Securities" and Note 4 "Loans and ACL" for additional information. The FDIC loss share receivable includes amounts related to net reimbursements expected to be received from the FDIC and is included in Other assets on the Consolidated Balance Sheets. The recognized amounts related to expected future payments to the FDIC, including any amounts resulting from the aggregate loss calculation, are included in Accounts payable and other liabilities.

The FDIC's obligation to reimburse Branch Bank with respect to loss sharing agreements began with the first dollar of loss incurred by BB&T on the covered assets. Covered assets, excluding certain non-agency MBS, are subject to a stated threshold of $5 billion that provides for the FDIC to reimburse Branch Bank for (1) 80% of cumulative net losses incurred up to $5 billion and (2) 95% of net losses in excess of $5 billion. Gains and recoveries on covered assets will offset losses, or be paid to the FDIC, at the applicable loss share percentage in effect at the time of gain/recovery. Losses and gains on certain non-agency MBS are to be shared with the FDIC at 95% of such losses/gains. At the conclusion of the loss share period in 2019, should actual aggregate losses, excluding securities, be less than an amount determined in accordance with these agreements, BB&T will pay the FDIC a portion of the difference.

The income statement effect of the changes in the FDIC loss share receivable/payable includes the accretion due to discounting and changes in expected net reimbursements. Decreases in expected net reimbursements, including the amounts expected to be paid to the FDIC as a result of the aggregate loss calculation, are recognized in income prospectively over the term of the loss share agreements consistent with the approach taken to recognize increases in cash flows on acquired loans. Increases in expected reimbursements are recognized in income in the same period that the provision for credit losses for the related loans is recognized. Subsequent to the recognition of ALLL related to specific assets, any decrease in expected net reimbursement would be recognized in income in the same period that the provision for loan losses for the related loans is released.

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Premises and Equipment

Premises, equipment, capital leases and leasehold improvements are stated at cost less accumulated depreciation and amortization. Land is stated at cost. In addition, purchased software and costs of computer software developed for internal use are capitalized provided certain criteria are met. Depreciation and amortization are computed principally using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized on a straight-line basis over the lesser of the lease terms, including certain renewals that were deemed probable at lease inception, or the estimated useful lives of the improvements. Capitalized leases are amortized using the same methods as premises and equipment over the estimated useful lives or lease terms, whichever is less. Obligations under capital leases are amortized using the interest method to allocate payments between principal reduction and interest expense. Rent expense and rental income on operating leases is recorded using the straight-line method over the appropriate lease terms.

Income Taxes

Deferred income taxes have been provided when different accounting methods have been used in determining income for income tax purposes and for financial reporting purposes. Deferred tax assets and liabilities are recognized based on future tax consequences attributable to differences between the financial statement carrying values of assets and liabilities and their tax bases. In the event of changes in the tax laws, deferred tax assets and liabilities are adjusted in the period of the enactment of those changes, with the cumulative effects included in the current year's income tax provision. Net deferred tax liabilities are included in accounts payable and other liabilities in the Consolidated Balance Sheets.

Interest and penalties related to income taxes are recognized as a component of the provision for income taxes in the Consolidated Statements of Income.

Derivative Financial Instruments

A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or referenced interest rate. These instruments include interest rate swaps, caps, floors, collars, financial forwards and futures contracts, swaptions, when-issued securities, foreign exchange contracts and options written and purchased. BB&T uses derivatives primarily to manage economic risk related to securities, commercial loans, MSRs and mortgage banking operations, long-term debt and other funding sources. BB&T also uses derivatives to facilitate transactions on behalf of its clients. The fair value of derivatives in a gain or loss position is included in other assets or liabilities, respectively, on the Consolidated Balance Sheets. Cash collateral posted for derivative instruments in a loss position is included in restricted cash on the Consolidated Balance Sheets.

BB&T classifies its derivative financial instruments as either (1) a hedge of an exposure to changes in the fair value of a recorded asset or liability ("fair value hedge"), (2) a hedge of an exposure to changes in the cash flows of a recognized asset, liability or forecasted transaction ("cash flow hedge"), (3) a hedge of a net investment in a subsidiary, or (4) derivatives not designated as hedges. Changes in the fair value of derivatives not designated as hedges are recognized in current period earnings. BB&T has master netting agreements with the derivatives dealers with which it does business, but BB&T presents gross assets and liabilities on the Consolidated Balance Sheets.

BB&T uses the long-haul method to assess hedge effectiveness. At inception and at least quarterly over the life of the hedge, BB&T documents its analysis of actual and expected hedge effectiveness. This analysis includes techniques such as regression analysis and hypothetical derivatives to demonstrate that the hedge has been, and is expected to be, highly effective in off-setting corresponding changes in the fair value or cash flows of the hedged item. For a qualifying fair value hedge, changes in the value of the derivatives that have been highly effective as hedges are recognized in current period earnings along with the corresponding changes in the fair value of the designated hedged item attributable to the risk being hedged. For a qualifying cash flow hedge, changes in the fair value of the derivatives that have been highly effective are recognized in OCI until the related cash flows from the hedged item are recognized in earnings.

For either fair value hedges or cash flow hedges, ineffectiveness may be recognized to the extent that changes in the value of the derivative instruments do not perfectly offset changes in the value of the hedged items. If the hedge ceases to be highly effective, BB&T discontinues hedge accounting and recognizes the interim changes in fair value in current period earnings. If a derivative that qualifies as a fair value or cash flow hedge is terminated or de-designated, the realized or then unrealized gain or loss is recognized in income over the life of the hedged item (fair value hedge) or in the period in which the hedged item affects earnings (cash flow hedge). Immediate recognition in earnings is required upon sale or extinguishment of the hedged item (fair value hedge) or if it is probable that the hedged cash flows will not occur (cash flow hedge).

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Derivatives used to manage economic risk not designated as hedges primarily represent economic risk management instruments of MSRs and mortgage banking operations, with gains or losses included in mortgage banking income. In connection with its mortgage banking activities, BB&T enters into loan commitments to fund residential mortgage loans at specified rates and for specified periods of time. To the extent that BB&T's interest rate lock commitments relate to loans that will be held for sale upon funding, they are also accounted for as derivatives, with gains or losses included in mortgage banking income. Gains and losses on other derivatives used to manage economic risk are primarily associated with client derivative activity and are included in other income.

Credit risk resulting from derivatives arises when amounts receivable from a counterparty exceed those payable to the same counterparty. The risk of loss with respect to over-the-counter derivatives, eligible margin loans and repurchase-style transactions is addressed by subjecting counterparties to a credit review and approval process similar to the process in making loans or other extensions of credit and/or by requiring collateral.

Derivative dealer counterparties operate under agreements to provide cash and/or highly liquid securities on a daily basis for unsecured credit exposure beyond negotiated limits, while client derivatives that are associated with loans are cross-collateralized with the loan.

BB&T only transacts with dealer counterparties that are national market makers with strong credit standings and requires liquid collateral to secure credit exposure. Due to these factors, the fair value of derivatives with dealer counterparties is primarily based on the interest rate mark of each trade. The fair value of interest rate derivatives with clients includes a credit valuation adjustment.

Collateral obtained to secure margin loans includes equities, corporate and municipal securities, and repurchase-style transactions are generally secured by government and agency securities. The value of collateral for margin loans and repurchase-style transactions is monitored daily with settlement required when changes in value exceed established limits by counterparty. Due to the liquid nature of collateral, the frequency of transactions and collateral monitoring, a reserve for credit loss is established only when a risk of loss is identified.

Goodwill and Other Intangible Assets

Goodwill represents the cost in excess of the fair value of net assets acquired (including identifiable intangibles) in transactions accounted for as acquisitions. BB&T allocates goodwill to the reporting unit(s) that receives significant benefits from the acquisition. Goodwill is tested at least annually for impairment during the fourth quarter of each year and more frequently if circumstances exist that indicate a possible reduction in the fair value of the business below its carrying value. BB&T measures impairment using the present value of estimated future cash flows based upon available information. Discount rates are based upon the cost of capital specific to the industry in which the reporting unit operates. If the carrying value of the reporting unit exceeds its fair value, a second analysis is performed to measure the fair value of all assets and liabilities. If, based on the second analysis, it is determined that the fair value of the assets and liabilities of the reporting unit is less than the carrying value, BB&T would recognize impairment for the excess of carrying value over fair value.

CDI and other intangible assets include premiums paid for acquisitions of core deposits and other identifiable intangible assets. Intangible assets other than goodwill, which are determined to have finite lives, are amortized based upon the estimated economic benefits received.

MSRs

BB&T has two primary classes of MSRs for which it separately manages the economic risks: residential and commercial. Residential MSRs are recorded on the Consolidated Balance Sheets primarily at fair value with changes in fair value recorded as a component of mortgage banking income. Various derivative instruments are used to mitigate the income statement effect of changes in fair value due to changes in valuation inputs and assumptions of the residential MSRs. Commercial MSRs are recorded as other assets on the Consolidated Balance Sheets at the lower of cost or market and are amortized in proportion to, and over the estimated period, that net servicing income is expected to be received based on projections of the amount and timing of estimated future net cash flows. The amount and timing of estimated future net cash flows are updated based on actual results and updated projections. BB&T periodically evaluates its commercial MSRs for impairment.

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Equity-Based Compensation

BB&T maintains various equity-based compensation plans that provide for the granting of stock options (incentive and nonqualified), stock appreciation rights, restricted stock, RSUs, performance units and performance shares to selected employees and directors. BB&T values share-based awards at the grant date fair value and recognizes the expense over the requisite service period taking into account retirement eligibility.

Pension and Postretirement Benefit Obligations

BB&T offers various pension plans and postretirement benefit plans to employees. Calculation of the obligations and related expenses under these plans requires the use of actuarial valuation methods and assumptions. The discount rate assumption used to measure the postretirement benefit obligations is set by reference to a high quality corporate bond yield curve and the individual characteristics of the plan such as projected cash flow patterns and payment durations. The expected long-term rate of return on assets is based on the expected returns for each major asset class in which the plan invests, adjusted for the weight of each asset class in the target mix.

Insurance Income

Insurance commission revenue is generally recognized at the later of the billing date or the effective date of the related insurance policies. Insurance premiums from underwriting activities are recognized as income over the policy term. The portion of premiums that will be earned in the future is deferred and included in other liabilities in the Consolidated Balance Sheets.

Segments

Segment results are presented based on internal management accounting policies that were designed to support BB&T's strategic objectives. The Other, Treasury and Corporate segment includes financial data from subsidiaries below the quantitative and qualitative thresholds requiring disclosure. Refer to Note 20 "Operating Segments" for additional disclosures regarding BB&T's segments.

Changes in Accounting Principles and Effects of New Accounting Pronouncements

During February 2016, the FASB issued new guidance related to *Leases*. The new guidance requires lessees to recognize assets and liabilities related to certain operating leases on the balance sheet. The new guidance also requires additional disclosures by lessees and contains targeted changes to accounting by lessors. This guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. The Company is currently evaluating this guidance to determine the impact on its consolidated financial statements.

During January 2016, the FASB issued new guidance related to *Financial Instruments*. The new guidance requires equity investments to be measured at fair value with changes in fair value recognized in net income, excluding equity investments that are consolidated or accounted for under the equity method of accounting. The new guidance allows equity investments without readily determinable fair values to be measured at cost minus impairment, with a qualitative assessment required to identify impairment. The new guidance also requires public companies to use exit prices to measure the fair value of financial instruments, eliminates the disclosure requirements related to measurement assumptions for the fair value of instruments measured at amortized cost and requires separate presentation of financial assets and liabilities based on form and measurement category. In addition, for liabilities measured at fair value under the fair value option, the changes in fair value due to changes in instrument-specific credit risk should be recognized in OCI. This guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The Company is currently evaluating this guidance to determine the impact on its consolidated financial statements.

During September 2015, the FASB issued new guidance related to *Business Combinations*. The new guidance requires acquirers to recognize adjustments to provisional amounts (that are identified during the measurement period) in the reporting period in which the adjustment amounts are determined. The new guidance also requires such amounts to be disclosed in the consolidated financial statements. BB&T early adopted this guidance effective September 30, 2015. The adoption of this guidance was not material to the consolidated financial statements.

During May 2015, the FASB issued new guidance related to *Insurance*. The new guidance requires insurance companies to provide additional disclosures about the liability for unpaid claims and claim adjustment expenses. This guidance is effective for annual periods beginning after December 15, 2015. BB&T's insurance operations primarily consist of agency/broker transactions; therefore, the adoption of this guidance is not expected to be material to the consolidated financial statements.

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During May 2015, the FASB issued new guidance related to *Fair Value Measurement*. The new guidance eliminates the requirement to classify in the fair value hierarchy any investments for which fair value is measured at net asset value per share using the practical expedient. This guidance is effective for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. The adoption of this guidance is not expected to be material to the consolidated financial statements.

During April 2015, the FASB issued new guidance related to *Internal-Use Software*. Under the new guidance, if a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. This guidance is effective for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. The adoption of this guidance is not expected to be material to the consolidated financial statements.

During April 2015, the FASB issued new guidance related to *Debt Issuance Costs*. The new guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. This guidance is effective for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. The adoption of this guidance is not expected to be material to the consolidated financial statements.

During February 2015, the FASB issued new guidance related to *Consolidation*. The new guidance provides an additional requirement for a limited partnership or similar entity to qualify as a voting interest entity, amending the criteria for consolidating such an entity and eliminating the deferral provided under previous guidance for investment companies. In addition, the new guidance amends the criteria for evaluating fees paid to a decision maker or service provider as a variable interest and amends the criteria for evaluating the effect of fee arrangements and related parties on a VIE primary beneficiary determination. This guidance is effective for interim and annual reporting periods beginning after December 15, 2015. The adoption of this guidance is not expected to be material to the consolidated financial statements.

During May 2014, the FASB issued new guidance related to *Revenue from Contracts with Customers*. This guidance supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Accounting Standards Codification. The guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. During August 2015, the FASB provided a one-year deferral of the effective date; therefore, the guidance is effective for interim and annual reporting periods beginning after December 15, 2017. The Company is currently evaluating this guidance to determine the impact on its consolidated financial statements.

Effective January 1, 2015, the Company adopted new guidance related to *Receivables*. The new guidance requires that a government guaranteed mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if certain conditions are met. The adoption of this guidance was not material to the consolidated financial statements.

Effective January 1, 2015, the Company adopted new guidance related to *Repurchase-to-Maturity Transactions and Repurchase Financings*. The new guidance changes the accounting for repurchase-to-maturity transactions to secured borrowing accounting. The guidance also requires separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which results in secured borrowing accounting for the repurchase agreement. The adoption of this guidance was not material to the consolidated financial statements.

Effective January 1, 2015, the Company adopted new guidance related to *Investments in Qualified Affordable Housing Projects.* The Company used the retrospective method of adoption and has elected the proportional amortization method to account for these investments. The proportional amortization method allows an entity to amortize the initial cost of the investment in proportion to the amount of tax credits and other tax benefits received and recognize the net investment performance in the income statement as a component of the provision for income taxes. For prior periods, amortization expense related to qualifying investments in low income housing tax credits was reclassified from other income to provision for income taxes, and the amount of amortization and tax benefits recognized was revised as a result of the adoption of the proportional amortization method. See Note 14 “Commitments and Contingencies” for the impact of the adoption of this guidance.

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NOTE 2. Acquisitions and Divestitures

Susquehanna Bancshares, Inc.

On August 1, 2015, BB&T acquired all of the outstanding stock of Susquehanna, a FHC organized in 1982 under the laws of the Commonwealth of Pennsylvania. Susquehanna conducted its business operations primarily through its commercial bank subsidiary, Susquehanna Bank, which was merged into Branch Bank. Susquehanna also operated other subsidiaries in the mid-Atlantic region to provide a wide range of retail and commercial banking and financial products and services. In addition to Susquehanna Bank, Susquehanna operated a trust and investment company, an asset management company, an investment advisory and brokerage firm, a property and casualty insurance brokerage company and a vehicle leasing company. Susquehanna had 245 banking offices in Pennsylvania, Maryland, New Jersey and West Virginia. BB&T acquired Susquehanna in order to increase BB&T's market share in these areas.

The acquisition of Susquehanna constituted a business combination. Accordingly, the assets acquired and liabilities assumed are presented at their fair values in the table below. The determination of fair value requires management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. These fair value estimates are considered preliminary and are subject to change for up to one year after the closing date of the acquisition as additional information becomes available. Immaterial amounts of the intangible assets recognized are deductible for income tax purposes.

	Susquehanna	
	UPB	**Fair Value**
	(Dollars in millions)	
Assets acquired:		
Cash, due from banks and federal funds sold		$ 304
Securities		2,592
Loans and leases:		
Commercial and industrial	$ 4,039	3,876
CRE-income producing properties	2,137	2,062
CRE-construction and development	842	804
Dealer floor plan	31	31
Commercial other lending subsidiaries	852	807

Direct retail lending	1,980	1,836
Residential mortgage-nonguaranteed	1,545	1,511
Sales finance	1,654	1,580
PCI	618	403
Total loans and leases	$ 13,698	12,910
Goodwill		1,376
CDI		167
Other assets		908
Total assets acquired		18,257
Liabilities assumed:		
Deposits:		
Noninterest-bearing deposits		2,068
Interest-bearing deposits		12,063
Total deposits		14,131
Debt		1,222
Other liabilities		299
Total liabilities assumed		15,652
Consideration paid		$ 2,605
Cash paid		$ 739
Fair value of common stock issued, including replacement equity awards		1,866

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The following is a description of the methods used to determine the fair values of significant assets and liabilities presented above.

Cash, due from banks and federal funds sold: The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Securities: Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair value estimates are based on observable inputs including quoted market prices for similar instruments, quoted market prices that are not in an active market or other inputs that are observable in the market. In the absence of observable inputs, fair value is estimated based on pricing models and/or discounted cash flow methodologies.

Loans and leases: Fair values for loans were based on a discounted cash flow methodology that considered factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan, amortization status and current discount rates. Loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity concerns. The discount rate does not include a factor for credit losses as that has been included as a reduction to the estimated cash flows.

CDI: This intangible asset represents the value of the relationships with deposit customers. The fair value was estimated based on a discounted cash flow methodology that gave appropriate consideration to expected customer attrition rates, cost of the deposit base, reserve requirements and the net maintenance cost attributable to customer deposits. The CDI is being amortized over 10 years based upon the estimated economic benefits received.

Deposits: The fair values used for the demand and savings deposits by definition equal the amount payable on demand at the acquisition date. The fair values for time deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered to the contractual interest rates on such time deposits.

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

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Other Bank and Branch Acquisitions

The following table summarizes the purchase price allocations for certain bank and branch acquisitions. Accordingly, the assets acquired and liabilities assumed are presented at their estimated fair values. In many cases, the determination of these fair values required management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. The fair value estimates for the current-year acquisitions are considered preliminary and are subject to change for up to one year after the closing date of the acquisition as additional information becomes available.

	The Bank of Kentucky	**Citi - 41 Branches in Texas**	**Citi - 21 Branches in Texas**
	(Dollars in millions)		
Period of acquisition	Q2 2015	Q1 2015	Q2 2014
Assets acquired:			
Cash, due from banks and federal funds sold	$ 135	$ 14	$ 6
Securities	348		
Loans	1,198	61	112
Goodwill	234	90	30
CDI	17	26	20
Other assets	94	47	15
Total assets acquired	2,026	238	183
Liabilities assumed:			
Deposits	1,555	1,907	1,228
Debt	73		
Other liabilities	3		
Total liabilities assumed	1,631	1,907	1,228
Consideration paid (received)	$ 395	$ (1,669)	$ (1,045)

Cash paid (received)	$ 73	$ (1,669)	$ (1,045)
Fair value of common stock issued	322		

The acquisition of The Bank of Kentucky provided 32 additional retail branches. The UPB of loans acquired from The Bank of Kentucky was $1.3 billion, and immaterial amounts of the intangible assets recognized are deductible for income tax purposes.

BB&T has reached an agreement to acquire National Penn Bancshares, Inc., a Pennsylvania corporation, which is currently expected to occur during 2016.

Non-Bank Activity

During the second quarter of 2015, BB&T purchased additional ownership interest in AmRisc, LP from the noncontrolling owners for cash and ownership of American Coastal. Since BB&T held a controlling interest in AmRisc, LP prior to this transaction, the total consideration less the establishment of a deferred tax asset was recognized as a charge to shareholders' equity. BB&T will continue to consolidate AmRisc, LP and recognize a noncontrolling interest for the remaining interests held by the noncontrolling owners. The transfer of the ownership of American Coastal was accounted for as a sale, and the resulting pre-tax loss is included in other income in the Consolidated Statements of Income. The following table summarizes these transactions:

Purchase of Additional Ownership of AmRisc, LP		**Sale of American Coastal**	
(Dollars in millions)			
Fair value of American Coastal	$ 216	Fair value of American Coastal	$ 216
Cash paid	146	Net assets sold	(193)
Total consideration	362	Allocated goodwill	(49)
Deferred tax asset recognized	(140)	Pre-tax loss on sale	(26)
		Income tax expense	(8)
Net charge to shareholders' equity	$ 222	After-tax net loss on sale	$ (34)

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NOTE 3. Securities

December 31, 2015	Amortized Cost	Gross Unrealized Gains	Losses	Fair Value
	(Dollars in millions)			
AFS securities:				
U.S. Treasury	$ 1,836	$ 2	$ 6	$ 1,832
GSE	51	—	—	51
Agency MBS	20,463	22	439	20,046
States and political subdivisions	2,025	94	40	2,079
Non-agency MBS	198	23	—	221
Other	4	—	—	4
Acquired from FDIC	772	292	—	1,064
Total AFS securities	$ 25,349	$ 433	$ 485	$ 25,297
HTM securities:				
U.S. Treasury	$ 1,097	$ 22	$ —	$ 1,119
GSE	5,045	16	98	4,963
Agency MBS	12,267	70	22	12,315
States and political subdivisions	63	—	—	63
Other	58	2	1	59
Total HTM securities	$ 18,530	$ 110	$ 121	$ 18,519

December 31, 2014	Amortized Cost	Gross Unrealized Gains	Losses	Fair Value
	(Dollars in millions)			
AFS securities:				
U.S. Treasury	$ 1,230	$ 1	$ —	$ 1,231
Agency MBS	16,358	93	297	16,154
States and political subdivisions	1,913	120	59	1,974
Non-agency MBS	232	32	—	264
Other	41	—	—	41
Acquired from FDIC	886	357	—	1,243
Total AFS securities	$ 20,660	$ 603	$ 356	$ 20,907
HTM securities:				
U.S. Treasury	$ 1,096	$ 23	$ —	$ 1,119
GSE	5,394	17	108	5,303
Agency MBS	13,120	137	12	13,245
	22	2	—	24

States and political subdivisions				
Other	608	14	—	622
Total HTM securities	$ 20,240	$ 193	$ 120	$ 20,313

BB&T transferred $517 million of HTM securities to AFS during the third quarter of 2015. These securities, which were sold by the end of the third quarter, represented investments in student loans for which there was a significant increase in risk weighting as a result of the implementation of Basel III.

The fair value of securities acquired from the FDIC included non-agency MBS of $768 million and $931 million as of December 31, 2015 and December 31, 2014, respectively, and states and political subdivisions securities of $296 million and $312 million as of December 31, 2015 and December 31, 2014, respectively. Effective October 1, 2014, securities subject to the commercial loss sharing agreement with the FDIC related to the Colonial acquisition were no longer covered by loss sharing; however, any gains on the sale of these securities through September 30, 2017 would be shared with the FDIC. Since these securities are in a significant unrealized gain position, they continue to be effectively covered as any declines in the unrealized gains of the securities down to a contractually specified amount would reduce the liability to the FDIC at the applicable percentage. The contractually-specified amount is the acquisition date fair value less any paydowns, redemptions or maturities and OTTI and totaled approximately $492 million at December 31, 2015. Any further declines below the contractually-specified amount would not be covered.

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Certain investments in marketable debt securities and MBS issued by FNMA and FHLMC exceeded 10% of shareholders' equity at December 31, 2015. The FNMA investments had total amortized cost and fair value of $12.2 billion and $12.0 billion, respectively. The FHLMC investments had total amortized cost and fair value of $5.8 billion and $5.7 billion, respectively.

The following table reflects changes in credit losses on securities with OTTI (excluding securities acquired from the FDIC) where a portion of the unrealized loss was recognized in OCI:

	Year Ended December 31,		
	2015	**2014**	**2013**
	(Dollars in millions)		
Balance at beginning of period	$ 64	$ 78	$ 98
Credit losses on securities without previous OTTI		6	
Credit losses on securities for which OTTI was previously recognized	4		
Reductions for securities sold/settled during the period	(22)	(17)	(20)
Credit recoveries through yield	(4)	(3)	
Balance at end of period	$ 42	$ 64	$ 78

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

December 31, 2015	AFS Amortized Cost	Fair Value	HTM Amortized Cost	Fair Value
	(Dollars in millions)			
Due in one year or less	$ 265	$ 264	$ 1	$ 1
Due after one year through five years	1,661	1,667	2,097	2,101
Due after five years through ten years	971	992	4,062	3,998
Due after ten years	22,452	22,374	12,370	12,419
Total debt securities	$ 25,349	$ 25,297	$ 18,530	$ 18,519

The following tables present the fair values and gross unrealized losses of investments based on the length of time that individual securities have been in a continuous unrealized loss position:

December 31, 2015	Less than 12 months Fair Value	Unrealized Losses	12 months or more Fair Value	Unrealized Losses	Total Fair Value	Unrealized Losses
	(Dollars in millions)					
AFS securities:						
U.S. Treasury securities	$ 1,211	$ 6	$ —	$ —	$ 1,211	$ 6
Agency MBS	12,052	199	5,576	240	17,628	439
States and political subdivisions	64	1	329	39	393	40
Total	$ 13,327	$ 206	$ 5,905	$ 279	$ 19,232	$ 485
HTM securities:						
GSE	$ 2,307	$ 41	$ 1,743	$ 57	$ 4,050	$ 98
	3,992	21	124	1	4,116	22

Agency MBS												
Other securities		56		1		—		—		56		1
Total	$	6,355	$	63	$	1,867	$	58	$	8,222	$	121

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December 31, 2014	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in millions)					
AFS securities:						
Agency MBS	$ 2,285	$ 19	$ 6,878	$ 278	$ 9,163	$ 297
States and political subdivisions	13		449	59	462	59
Total	$ 2,298	$ 19	$ 7,327	$ 337	$ 9,625	$ 356
HTM securities:						
GSE	$ 896	$ 5	$ 3,968	$ 103	$ 4,864	$ 108
Agency MBS	1,329	5	800	7	2,129	12
Total	$ 2,225	$ 10	$ 4,768	$ 110	$ 6,993	$ 120

Periodic reviews are conducted to identify and evaluate each investment with an unrealized loss for OTTI. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses that are determined to be temporary in nature are recorded, net of tax, in AOCI for AFS securities. The unrealized losses on GSE securities and agency MBS were the result of increases in market interest rates compared to the date the securities were acquired rather than the credit quality of the issuers.

Cash flow modeling is used to evaluate non-agency MBS in an unrealized loss position for potential credit impairment. These models give consideration to long-term macroeconomic factors applied to current security default rates, prepayment rates and recovery rates and security-level performance. At December 31, 2015, one non-agency MBS had an immaterial amount of other than temporary credit impairment.

At December 31, 2015, $39 million of the unrealized loss on municipal securities was the result of fair value hedge basis adjustments that are a component of amortized cost. Municipal securities in an unrealized loss position are evaluated for credit impairment through a qualitative analysis of issuer performance and the primary source of repayment. At December 31, 2015, the evaluation of municipal securities did not indicate any municipal securities with other than temporary credit impairment.

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NOTE 4. Loans and ACL

During the first quarter of 2014, approximately $8.3 billion of nonguaranteed, closed-end, first and second lien position residential mortgage loans, along with the related allowance, were transferred from direct retail lending to residential mortgage to facilitate compliance with a series of new rules related to mortgage servicing associated with first and second lien position mortgages collateralized by real estate.

During the third quarter of 2014, approximately $550 million of loans, which were primarily performing residential mortgage TDRs, with a related ALLL of $57 million were sold for a gain of $42 million. During the fourth quarter of 2014, approximately $140 million of loans, which were primarily residential mortgage NPLs, with a related ALLL of $19 million were sold for a gain of $24 million. Both gains were recognized as reductions to the provision for credit losses.

Effective October 1, 2014, loans subject to the commercial loss sharing agreement with the FDIC related to the Colonial acquisition were no longer covered by loss sharing. At December 31, 2015, these loans had a carrying value of $273 million, a UPB of $462 million and an allowance of $41 million and are included in PCI. Loans with a carrying value of $539 million at December 31, 2015 continue to be covered by loss sharing and are included in PCI.

	Accruing				
December 31, 2015	**Current**	**30-89 Days Past Due**	**90 Days Or More Past Due**	**Nonaccrual**	**Total**
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 48,157	$ 36	$	$ 237	$ 48,430
CRE-income producing properties	13,370	13		38	13,421
CRE-construction and development	3,710	9		13	3,732
Dealer floor plan	1,215				1,215
Other lending subsidiaries	6,771	18		6	6,795
Retail:					
Direct retail lending	11,032	58	7	43	11,140

Revolving credit	2,478	22	10		2,510
Residential mortgage-nonguaranteed	29,038	397	55	173	29,663
Residential mortgage-government guaranteed	307	77	486		870
Sales finance	10,243	72	5	7	10,327
Other lending subsidiaries	6,381	286		59	6,726
PCI	966	42	114		1,122
Total	$ 133,668	$ 1,030	$ 677	$ 576	$ 135,951

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	Accruing				
December 31, 2014	Current	30-89 Days Past Due	90 Days Or More Past Due	Nonaccrual	Total
	(Dollars in millions)				
Commercial:					
Commercial and industrial	$ 41,192	$ 23	$	$ 239	$ 41,454
CRE-income producing properties	10,644	4		74	10,722
CRE-construction and development	2,708	1		26	2,735
Dealer floor plan	1,091				1,091
Other lending subsidiaries	5,337	15		4	5,356
Retail:					
Direct retail lending	8,045	41	12	48	8,146
Revolving credit	2,428	23	9		2,460
Residential mortgage-nonguaranteed	29,468	392	83	164	30,107
Residential mortgage-government guaranteed	251	82	648	2	983
Sales finance	9,437	62	5	5	9,509
Other lending subsidiaries	5,830	222		54	6,106
PCI	994	33	188		1,215
Total	$ 117,425	$ 898	$ 945	$ 616	$ 119,884

The following tables present the carrying amount of loans by risk rating. PCI loans are excluded because their related ALLL is determined by loan pool performance.

December 31, 2015	Commercial & Industrial	CRE - Income Producing Properties	CRE - Construction and Development	Dealer Floor Plan	Other Lending Subsidiaries

	(Dollars in millions)				
Commercial:					
Pass	$ 46,760	$ 12,940	$ 3,619	$ 1,195	$ 6,757
Special mention	305	166	29	6	3
Substandard-performing	1,128	277	71	14	29
Nonperforming	237	38	13		6
Total	$ 48,430	$ 13,421	$ 3,732	$ 1,215	$ 6,795

	Direct Retail Lending	Revolving Credit	Residential Mortgage	Sales Finance	Other Lending Subsidiaries
	(Dollars in millions)				
Retail:					
Performing	$ 11,097	$ 2,510	$ 30,360	$ 10,320	$ 6,667
Nonperforming	43		173	7	59
Total	$ 11,140	$ 2,510	$ 30,533	$ 10,327	$ 6,726

December 31, 2014	Commercial & Industrial	CRE - Income Producing Properties	CRE - Construction and Development	Dealer Floor Plan	Other Lending Subsidiaries
	(Dollars in millions)				
Commercial:					
Pass	$ 40,055	$ 10,253	$ 2,615	$ 1,037	$ 5,317
Special mention	163	67	7	50	10
Substandard-performing	997	328	87	4	25
Nonperforming	239	74	26		4
Total	$ 41,454	$ 10,722	$ 2,735	$ 1,091	$ 5,356

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	Direct Retail Lending	Revolving Credit	Residential Mortgage	Sales Finance	Other Lending Subsidiaries
	(Dollars in millions)				
Retail:					
Performing	$ 8,098	$ 2,460	$ 30,924	$ 9,504	$ 6,052
Nonperforming	48		166	5	54
Total	$ 8,146	$ 2,460	$ 31,090	$ 9,509	$ 6,106

Year Ended December 31, 2015	ACL Rollforward Beginning Balance	Charge-Offs	Recoveries	Provision (Benefit)	Other	Ending Balance
	(Dollars in millions)					
Commercial:						
Commercial and industrial	$ 421	$ (81)	$ 37	$ 89	$	$ 466
CRE - income producing properties	162	(20)	7	(14)		135
CRE - construction and development	48	(4)	11	(18)		37
Dealer floor plan	10			(2)		8
Other lending subsidiaries	21	(9)	3	7		22
Retail:						
Direct retail lending	110	(54)	29	20		105
Revolving credit	110	(70)	20	44		104
Residential mortgage-nonguaranteed	217	(40)	3	14		194
Residential mortgage-government guaranteed	36	(6)		(7)		23
Sales finance	40	(26)	9	17		40
Other lending subsidiaries	235	(277)	33	274		265
PCI	64	(1)		(2)		61
ALLL	1,474	(588)	152	422		1,460
RUFC	60			6	24	90
ACL	$ 1,534	$ (588)	$ 152	$ 428	$ 24	$ 1,550

Year Ended December 31, 2014	ACL Rollforward Beginning Balance	Charge-Offs	Recoveries	Provision (Benefit)	Other	Ending Balance
	(Dollars in millions)					
Commercial:						
Commercial and industrial	$ 454	$ (131)	$ 42	$ 56	$	$ 421
CRE - income producing properties	149	(31)	14	30		162
CRE - construction and development	76	(11)	19	(36)		48
Dealer floor plan	8			2		10

Other lending subsidiaries	15	(10)	3	11		21
Retail:						
Direct retail lending	209	(69)	29	26	(85)	110
Revolving credit	115	(71)	19	47		110
Residential mortgage-nonguaranteed	269	(82)	7	(62)	85	217
Residential mortgage-government guaranteed	62	(2)		(24)		36
Sales finance	37	(23)	9	17		40
Other lending subsidiaries	224	(259)	30	242		235
PCI	114	(21)		(29)		64
ALLL	1,732	(710)	172	280		1,474
RUFC	89			(29)		60
ACL	$ 1,821	$ (710)	$ 172	$ 251	$	$ 1,534

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Year Ended December 31, 2013	ACL Rollforward Beginning Balance	Charge-Offs	Recoveries	Provision	Other	Ending Balance
	(Dollars in millions)					
Commercial:						
Commercial and industrial	$ 470	$ (248)	$ 47	$ 166	$ 19	$ 454
CRE - income producing properties	170	(74)	20	23	10	149
CRE - construction and development	134	(58)	31	(39)	8	76
Dealer floor plan	2			6		8
Other lending subsidiaries	13	(3)	2	3		15
Retail:						
Direct retail lending	300	(148)	38	15	4	209
Revolving credit	102	(85)	17	81		115
Residential mortgage-nonguaranteed	296	(79)	3	5	44	269
Residential mortgage-government guaranteed	32	(2)		32		62
Sales finance	27	(23)	9	24		37
Other lending subsidiaries	264	(252)	32	245	(65)	224
PCI	128	(19)		5		114
Unallocated	80			(33)	(47)	
ALLL	2,018	(991)	199	533	(27)	1,732
RUFC	30			59		89
ACL	$ 2,048	$ (991)	$ 199	$ 592	$ (27)	$ 1,821

The following table provides a summary of loans that are collectively evaluated for impairment.

	December 31, 2015 Recorded Investment	Related ALLL	December 31, 2014 Recorded Investment	Related ALLL
	(Dollars in millions)			
Commercial:				
Commercial and industrial	$ 48,110	$ 439	$ 41,120	$ 379
CRE-income producing properties	13,339	127	10,583	147
CRE-construction and development	3,697	32	2,670	39
Dealer floor plan	1,215	8	1,091	10
Other lending subsidiaries	6,789	21	5,351	20
Retail:				
Direct retail lending	11,055	93	8,048	86
Revolving credit	2,477	91	2,419	94
Residential mortgage-nonguaranteed	29,228	153	29,660	181

Residential mortgage-government guaranteed	553	1	622	4
Sales finance	10,308	39	9,488	36
Other lending subsidiaries	6,534	235	5,930	204
PCI	1,122	61	1,215	64
Total	$ 134,427	$ 1,300	$ 118,197	$ 1,264

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The following tables set forth certain information regarding impaired loans, excluding PCI and LHFS, that were individually evaluated for reserves.

As Of / For The Year Ended December 31, 2015	Recorded Investment	UPB	Related ALLL	Average Recorded Investment	Interest Income Recognized
	(Dollars in millions)				
With no related ALLL recorded:					
Commercial:					
Commercial and industrial	$ 129	$ 164	$	$ 95	$ 1
CRE-income producing properties	8	13		17	
CRE-construction and development	8	11		10	
Dealer floor plan				2	
Other lending subsidiaries	2	3			
Retail:					
Direct retail lending	11	40		12	1
Residential mortgage-nonguaranteed	84	153		97	4
Residential mortgage-government guaranteed	5	5		3	
Sales finance	1	2		1	
Other lending subsidiaries	4	8		3	
With an ALLL recorded:					
Commercial:					
Commercial and industrial	191	194	27	223	5
CRE-income producing properties	74	77	8	96	3
CRE-construction and development	27	27	5	36	1
Dealer floor plan				1	
Other lending subsidiaries	4	5	1	6	
Retail:					
Direct retail lending	74	75	12	79	4
Revolving credit	33	33	13	36	1
Residential mortgage-nonguaranteed	351	368	41	354	15
	312	312	22	323	13

Residential mortgage-government guaranteed					
Sales finance	18	18	1	19	1
Other lending subsidiaries	188	190	30	179	28
Total	$ 1,524	$ 1,698	$ 160	$ 1,592	$ 77

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As Of / For The Year Ended December 31, 2014	Recorded Investment	UPB	Related ALLL	Average Recorded Investment	Interest Income Recognized
	(Dollars in millions)				
With no related ALLL recorded:					
Commercial:					
Commercial and industrial	$ 87	$ 136	$	$ 138	$ 2
CRE-income producing properties	18	25		36	
CRE-construction and development	14	21		20	
Other lending subsidiaries		1			
Retail:					
Direct retail lending	13	49		14	1
Residential mortgage-nonguaranteed	87	141		147	5
Residential mortgage-government guaranteed	3	4		7	
Sales finance	1	2		1	
Other lending subsidiaries	3	7		3	
With an ALLL recorded:					
Commercial:					
Commercial and industrial	247	254	42	279	5
CRE-income producing properties	121	123	15	133	4
CRE-construction and development	51	52	9	65	2
Other lending subsidiaries	5	5	1	4	
Retail:					
Direct retail lending	85	87	24	95	5
Revolving credit	41	41	16	45	2
Residential mortgage-nonguaranteed	360	370	36	700	31
Residential mortgage-government guaranteed	358	358	32	402	17
Sales finance	20	21	4	20	1
Other lending subsidiaries	173	175	31	148	22

Total	$ 1,687	$ 1,872	$ 210	$ 2,257	$ 97

The following table provides a summary of TDRs, all of which are considered impaired.

	December 31, 2015	2014
	(Dollars in millions)	
Performing TDRs:		
Commercial:		
Commercial and industrial	$ 49	$ 64
CRE-income producing properties	13	27
CRE-construction and development	16	30
Direct retail lending	72	84
Revolving credit	33	41
Residential mortgage-nonguaranteed	288	261
Residential mortgage-government guaranteed	316	360
Sales finance	17	19
Other lending subsidiaries	178	164
Total performing TDRs	982	1,050
Nonperforming TDRs (also included in NPL disclosures)	146	126
Total TDRs	$ 1,128	$ 1,176
ALLL attributable to TDRs	$ 126	$ 159

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The following table summarizes the primary reason loan modifications were classified as TDRs and includes newly designated TDRs as well as modifications made to existing TDRs. Balances represent the recorded investment at the end of the quarter in which the modification was made. Rate modifications in this table include TDRs made with below market interest rates that also include modifications of loan structures.

	Year Ended December 31,								
	2015			**2014**			**2013**		
	Type of Modification		**ALLL**	**Type of Modification**		**ALLL**	**Type of Modification**		**ALLL**
	Rate	**Structure**	**Impact**	**Rate**	**Structure**	**Impact**	**Rate**	**Structure**	**Impact**
	(Dollars in millions)								
Commercial:									
Commercial and industrial	$ 99	$ 45	$ 2	$ 112	$ 48	$ 4	$ 99	$ 27	$ 3
CRE - income producing properties	9	15		18	18		33	44	1
CRE - construction and development	8	25	1	25	22		51	20	(2)
Retail:									
Direct retail lending	16	4	4	32	4	6	45	9	6
Revolving credit	16		4	24		4	26		4
Residential mortgage-nonguaranteed	88	37	9	127	36	16	103	68	11
Residential mortgage-government guaranteed	189		7	282		12	141		12
Sales finance		10	1	1	14	3	4	7	3
Other lending subsidiaries	129		17	130		17	167		34

The pre-default balance for modifications that experienced a payment default that had been classified as TDRs during the previous 12 months was $81 million, $78 million and $78 million for the twelve months ended December 31, 2015, 2014 and 2013, respectively. Payment default is defined as movement of the TDR to nonaccrual status, foreclosure or charge-off, whichever occurs first.

Changes in the carrying value and accretable yield of PCI loans are presented in the following table:

Year Ended December 31, 2015		**Year Ended December 31, 2014**	
Purchased Impaired	**Purchased Nonimpaired**	**Purchased Impaired**	**Purchased Nonimpaired**

	Accretable Yield	Carrying Value	Accretable Yield	Carrying Value	Accretable Yield	Carrying Value	Accretable Yield	Carrying Value
	(Dollars in millions)							
Balance at beginning of period	$ 134	$ 579	$ 244	$ 636	$ 187	$ 863	$ 351	$ 1,172
Additions	98	402						
Accretion	(89)	89	(89)	89	(107)	107	(169)	169
Payments received, net		(370)		(303)		(391)		(705)
Other, net	46		21		54		62	
Balance at end of period	$ 189	$ 700	$ 176	$ 422	$ 134	$ 579	$ 244	$ 636
Outstanding UPB at end of period		$ 1,063		$ 587		$ 864		$ 860

The following table presents additional information about BB&T's loans and leases:

	December 31, 2015	2014
	(Dollars in millions)	
Unearned income, discounts and net deferred loan fees and costs, excluding PCI	$ 433	$ 147
Residential mortgage loans in process of foreclosure	229	379

The increase in unearned income, discounts and net deferred loan fees and costs is primarily due to the acquisition of Susquehanna.

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NOTE 5. Premises and Equipment

A summary of premises and equipment is presented in the accompanying table:

	Estimated Useful Life	December 31, 2015	2014
	(Years)	(Dollars in millions)	
Land and land improvements		$ 596	$ 533
Buildings and building improvements	40	1,503	1,431
Furniture and equipment	5 - 10	1,030	986
Leasehold improvements		721	670
Construction in progress		122	47
Capitalized leases on premises and equipment		67	61
Total		4,039	3,728
Accumulated depreciation and amortization		(2,032)	(1,901)
Net premises and equipment		$ 2,007	$ 1,827

The following table excludes assets related to BB&T's lease financing business.

	Year Ended December 31, 2015	2014	2013
	(Dollars in millions)		
Rent expense applicable to operating leases	$ 245	$ 227	$ 230

Rental income from owned properties and subleases	7	7	8

	Year Ended December 31, 2016	2017	2018	2019	2020	Thereafter
	(Dollars in millions)					
Future minimum lease payments for operating leases	$ 250	$ 229	$ 200	$ 175	$ 147	$ 591

NOTE 6. Goodwill and Other Intangible Assets

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

	Community Banking	Residential Mortgage Banking	Dealer Financial Services	Specialized Lending	Insurance Services	Financial Services	Total
	(Dollars in millions)						
Goodwill, January 1, 2013	$ 4,900	$ 7	$ 111	$ 99	$ 1,495	$ 192	$ 6,804
Contingent consideration					6		6
Other adjustments	24			(11)	(9)		4
Goodwill, December 31, 2013	$ 4,924	$ 7	$ 111	$ 88	$ 1,492	$ 192	$ 6,814
Acquired goodwill, net	29				12		41
Contingent consideration					14		14
Other adjustments	(319)	319					
Goodwill, December 31, 2014	$ 4,634	$ 326	$ 111	$ 88	$ 1,518	$ 192	$ 6,869
Acquired goodwill, net	1,548			155	16	7	1,726
American Coastal sale					(49)		(49)
Other adjustments	5				(3)		2
Goodwill, December 31, 2015	$ 6,187	$ 326	$ 111	$ 243	$ 1,482	$ 199	$ 8,548

The 2013 adjustments to goodwill within Community Banking and Insurance Services reflect the finalization of valuations for certain assets and liabilities of the above acquisitions. The 2013 adjustment to Specialized Lending primarily represents the goodwill associated with a subsidiary that was sold.

During 2014, the transfer of closed-end, first and second lien position residential mortgage loans from Community Banking to Residential Mortgage Banking resulted in a reallocation of the related goodwill, which is included in other adjustments in the above table.

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During 2015, BB&T sold American Coastal, which resulted in the allocation and write-off of goodwill from the Insurance Services segment.

The following table presents information for identifiable intangible assets subject to amortization:

		December 31, 2015			December 31, 2014		
	Wtd. Avg. Remaining Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Years)	(Dollars in millions)					
CDI	8.4	$ 903	$ (634)	$ 269	$ 693	$ (585)	$ 108
Other, primarily customer relationship intangibles	14.0	1,164	(747)	417	1,088	(691)	397
Total		$ 2,067	$ (1,381)	$ 686	$ 1,781	$ (1,276)	$ 505

	Year Ended December 31,				
	2016	2017	2018	2019	2020
	(Dollars in millions)				
Estimated amortization expense of identifiable intangibles	$ 117	$ 98	$ 83	$ 69	$ 57

NOTE 7. Loan Servicing

Residential Mortgage Banking Activities

The following tables summarize residential mortgage banking activities. BB&T manages its own residential mortgage loans, including PCI loans.

	December 31,	
	2015	2014
	(Dollars in millions)	
UPB of mortgage loan	$ 116,817	$ 115,476

servicing portfolio		
UPB of home equity loan servicing portfolio	5,352	6,781
UPB of residential mortgage and home equity loan servicing portfolio	$ 122,169	$ 122,257
UPB of residential mortgage loans serviced for others (primarily agency conforming fixed rate)	$ 91,132	$ 90,230
Mortgage loans sold with recourse	702	667
Maximum recourse exposure from mortgage loans sold with recourse liability	326	344
Indemnification, recourse and repurchase reserves	79	94
FHA-insured mortgage loan reserve	85	85

During June 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. In late 2014 and in 2015, BB&T 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. BB&T is cooperating with the investigation. While the outcome of the investigation is unknown and neither the Department of Justice nor the HUD-OIG has asserted any claims, similar reviews and related matters with other financial institutions have resulted in cash settlements and other remedial actions. BB&T identified a potential exposure related to losses incurred by the FHA on defaulted loans that ranges from $25 million to $105 million and recognized an $85 million charge during 2014. The income statement impact of this adjustment was included in other expense on the Consolidated Statements of lncome. The ultimate resolution of this matter is uncertain and the estimates of this exposure are subject to the application of significant judgment and therefore cannot be predicted with certainty at this time.

During 2014, BB&T also recognized a $33 million adjustment related to the indemnification reserves for mortgage loans sold, which represents an increase in estimated losses that may be incurred on FHA-insured mortgage loans that have not yet defaulted. The income statement impact of this adjustment was included in loan-related expense on the Consolidated Statements of Income.

Payments made to date for recourse exposure on residential mortgage loans sold with recourse liability have been immaterial.

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	As Of / For The Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
UPB of residential mortgage loans sold from the LHFS portfolio	$ 14,764	$ 13,400	$ 28,900
Pre-tax gains recognized on mortgage loans sold and held for sale	148	110	292
Servicing fees recognized from mortgage loans serviced for others	273	275	259
Approximate weighted average servicing fee on the outstanding balance of residential mortgage loans serviced for others	0.29 %	0.29 %	0.30 %
Weighted average interest rate on mortgage loans serviced for others	4.12	4.20	4.24

The following table presents a roll forward of the carrying value of residential MSRs recorded at fair value:

	Year Ended December 31,		
	2015	2014	2013

	(Dollars in millions)		
Carrying value, January 1,	$ 844	$ 1,047	$ 627
Additions	156	141	336
Change in fair value due to changes in valuation inputs or assumptions:			
Prepayment speeds	91	(219)	287
Weighted average OAS	(52)		(31)
Servicing costs	(25)	(2)	(29)
Realization of expected net servicing cash flows, passage of time and other	(134)	(123)	(143)
Carrying value, December 31,	$ 880	$ 844	$ 1,047
Gains (losses) on derivative financial instruments used to mitigate the income statement effect of changes in fair value	$ 32	$ 251	$ (197)

The sensitivity of the fair value of the residential MSRs to changes in key assumptions is included in the accompanying table:

	December 31, 2015			December 31, 2014		
	Range		Weighted	Range		Weighted
	Min	Max	Average	Min	Max	Average
	(Dollars in millions)					
Prepayment speed	8.1 %	9.0 %	8.7 %	10.8 %	12.8 %	12.0 %
Effect on fair value of a 10%			$ (28)			$ (30)

Effect on fair value of a 20% increase			(54)			(58)
OAS	10.3 %	10.6 %	10.4 %	9.1 %	9.9 %	9.3 %
Effect on fair value of a 10% increase			$ (32)			$ (26)
Effect on fair value of a 20% increase			(61)			(50)
Composition of loans serviced for others:						
Fixed-rate residential mortgage loans			99.2 %			99.4 %
Adjustable-rate residential mortgage loans			0.8			0.6
Total			100.0 %			100.0 %
Weighted average life			6.8 yrs			5.7 yrs

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

Commercial Mortgage Banking Activities

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

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	December 31, 2015	2014
	(Dollars in millions)	
UPB of CRE mortgages serviced for others	$ 28,163	$ 27,599
CRE mortgages serviced for others covered by recourse provisions	4,198	4,264
Maximum recourse exposure from CRE mortgages sold with recourse liability	1,259	1,278
Recorded reserves related to recourse exposure	7	7
Originated CRE mortgages during the year	7,012	5,265

NOTE 8. Deposits

	December 31, 2015	2014
	(Dollars in millions)	
Noninterest-bearing deposits	$ 45,695	$ 38,786
Interest checking	25,410	20,262

Money market and savings	60,461	50,604
Time deposits	17,558	19,388
Total deposits	$ 149,124	$ 129,040
Time deposits $100,000 and greater	$ 7,562	$ 9,782
Time deposits $250,000 and greater	3,497	5,753

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NOTE 9. Long-Term Debt

	December 31, 2015	2014
	(Dollars in millions)	
BB&T Corporation:		
3.95% senior notes due 2016	$ 500	$ 500
3.20% senior notes due 2016	1,000	1,000
2.15% senior notes due 2017	749	749
1.60% senior notes due 2017	749	749
1.45% senior notes due 2018	500	500
Floating rate senior notes due 2018 (LIBOR-based, 1.37% at December 31, 2015)	400	400
2.05% senior notes due 2018	600	599
6.85% senior notes due 2019	540	539
2.25% senior notes due 2019	648	648
Floating rate senior notes due 2019 (LIBOR-based, 0.99% at December 31, 2015)	450	450
2.45% senior notes due 2020	1,298	1,298
2.63% senior notes due 2020	999	
Floating rate senior notes due 2020	200	200

(LIBOR-based, 1.04% at December 31, 2015)		
5.38% senior notes due 2022	166	
5.20% subordinated notes due 2015		933
4.90% subordinated notes due 2017	356	353
5.25% subordinated notes due 2019	586	586
3.95% subordinated notes due 2022	299	298
Branch Bank:		
1.45% senior notes due 2016	750	750
Floating rate senior notes due 2016 (LIBOR-based, 0.84% at December 31, 2015)	375	500
1.05% senior notes due 2016	500	500
1.00% senior notes due 2017	599	599
1.35% senior notes due 2017	750	750
2.30% senior notes due 2018	750	750
2.85% senior notes due 2021	700	699
5.63% subordinated notes due 2016	386	386
Floating rate subordinated notes due 2016 (LIBOR-based, 0.82% at December 31, 2015)	350	350
Floating rate subordinated	262	262

note due 2017 (LIBOR-based, 0.68% at December 31, 2015)		
3.63% subordinated notes due 2025	1,249	
3.80% subordinated notes due 2026	848	848
FHLB advances to Branch Bank:		
Varying maturities to 2034	5,582	6,496
Other long-term debt	154	119
Fair value hedge-related basis adjustments	474	501
Total long-term debt	$ 23,769	$ 23,312

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The following table reflects the carrying amounts and effective interest rates for long-term debt:

	December 31, 2015		December 31, 2014	
	Carrying Amount	Effective Rate	Carrying Amount	Effective Rate
	(Dollars in millions)			
BB&T Corporation fixed rate senior notes	$ 7,831	2.35 %	$ 6,669	2.39 %
BB&T Corporation floating rate senior notes	1,050	1.20	1,050	1.07
BB&T Corporation fixed rate subordinated notes	1,382	1.52	2,362	2.30
Branch Bank fixed rate senior notes	4,071	1.62	4,060	1.72
Branch Bank floating rate senior notes	375	0.92	500	0.72
Branch Bank fixed rate subordinated notes	2,562	3.13	1,299	2.86
Branch Bank floating rate subordinated notes	612	3.24	612	3.27
FHLB advances (weighted average maturity of	5,732	4.02	6,641	4.03

4.8 years at December 31, 2015)		
Other long-term debt	154	119
Total long-term debt	$ 23,769	$ 23,312

The effective rates above reflect the impact of cash flow and fair value hedges, as applicable. Subordinated notes with a remaining maturity of one year or greater qualify under the risk-based capital guidelines as Tier 2 supplementary capital, subject to certain limitations.

During the second quarter of 2015, BB&T terminated FHLB advances totaling $931 million, which resulted in a pre-tax loss on early extinguishment of $172 million. During the third quarter of 2014, BB&T terminated FHLB advances totaling $1.1 billion, resulting in a pre-tax loss on early extinguishment of $122 million.

	Year Ended December 31,					**2021**
	2016	**2017**	**2018**	**2019**	**2020**	**and later**
	(Dollars in millions)					
Future debt maturities (excluding capital leases)	$ 5,574	$ 3,854	$ 2,324	$ 2,282	$ 2,524	$ 7,170

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NOTE 10. Shareholders' Equity

Preferred Stock

The following table presents a summary of the non-cumulative perpetual preferred stock as of December 31, 2015:

Issue	Issuance Date	Earliest Redemption Date	Liquidation Amount	Carrying Amount	Dividend Rate
			(Dollars in millions)		
Series D	5/1/12	5/1/17	$ 575	$ 559	5.850 %
Series E	7/31/12	8/1/17	1,150	1,120	5.625
Series F	10/31/12	11/1/17	450	437	5.200
Series G	5/1/13	6/1/18	500	487	5.200
			$ 2,675	$ 2,603	

Dividends on the preferred stock, if declared, accrue and are payable quarterly, in arrears. For each issuance, BB&T issued depositary shares, each of which represents a fractional ownership interest in a share of the Company's preferred stock. The preferred stock has no stated maturity and redemption is solely at the option of the Company in whole, but not in part, upon the occurrence of a regulatory capital treatment event, as defined. In addition, the preferred stock may be redeemed in whole or in part, on any dividend payment date after five years from the date of issuance. Under current rules, any redemption of the preferred stock is subject to prior approval of the FRB. The preferred stock is not subject to any sinking fund or other obligations of the Company.

Equity-Based Compensation Plans

At December 31, 2015, options, restricted shares and RSUs were outstanding from equity-based compensation plans that have been approved by shareholders. Those plans are intended to assist the Company in recruiting and retaining employees, directors and independent contractors and to associate the interests of eligible participants with those of BB&T and its shareholders.

The majority of outstanding awards and awards available to be issued relate to plans that allow for accelerated vesting of awards for holders who retire and have met all retirement eligibility requirements or in connection with certain other events. Until vested, certain of these awards are subject to forfeiture under specified circumstances.

The following table provides a summary of the equity-based compensation plans:

Equity-Based Compensation Plans	**December 31, 2015**	
Shares available for future grants (in thousands)	22,016	
Vesting period, awards granted prior to 2010	5.0	yrs
Vesting period, awards granted after 2009	1.0 to 5.0	
Option term	10.0	

The fair value of RSUs is based on the common stock price on the grant date less the present value of expected dividends that will be foregone during the vesting period. The fair value of options is measured on the grant date using the Black-Scholes option-pricing model. Substantially all awards are granted in February of each year. Grants to non-executive employees primarily consist of RSUs.

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A summary of selected data related to equity-based compensation costs follows:

	Year Ended December 31, 2015	2014	2013
	(Dollars in millions)		
Equity-based compensation expense	$ 106	$ 102	$ 96
Income tax benefit from equity-based compensation expense	40	39	36
Intrinsic value of options exercised and RSUs that vested during the year	170	280	102
Grant date fair value of equity-based awards that vested during the year	115	113	80

	December 31, 2015	2014

	(Dollars in millions)	
Unrecognized compensation cost related to equity-based awards	$ 103	$ 99
Weighted-average life over which compensation cost is expected to be recognized (years)	2.2	2.2

The following tables present the activity during 2015 related to equity-based compensation awards:

	Options	Wtd. Avg. Exercise Price	Aggregate Intrinsic Value	Wtd. Avg. Remaining Contractual Life	
	(Dollars in millions, except per share data, shares in thousands)				
Outstanding at January 1, 2015	28,374	$ 35.09			
Replacement awards granted in connection with acquisitions	823	41.68			
Granted	434	38.22			
Exercised	(3,394)	32.31			
Forfeited or expired	(5,660)	38.69			
Outstanding at December 31, 2015	20,577	34.89	$ 103	3.16	yrs
Exercisable at December 31, 2015	18,905	35.06	95	2.80	
Exercisable and expected to vest at December 31, 2015	20,467	34.90	102	3.14	

	Restricted Shares/Units	Wtd. Avg. Grant Date Fair Value
	(Shares in thousands)	
Nonvested at January 1, 2015	12,075	$ 27.38
Granted	3,772	33.27
Vested	(3,703)	25.29
Forfeited	(320)	31.24

Nonvested at December 31, 2015	11,824	29.81
Expected to vest at December 31, 2015	10,853	29.81

Share Repurchase Activity

At December 31, 2015, BB&T was authorized to repurchase up to 50 million shares of common stock under the 2015 Repurchase Plan, which replaced the 2006 Repurchase Plan at the Board of Directors' authorization during June of 2015. No shares of common stock were repurchased under either plan during 2015, 2014 or 2013.

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NOTE 11. AOCI

Year Ended December 31, 2015	Unrecognized Net Pension and Postretirement Costs	Unrealized Net Gains (Losses) on Cash Flow Hedges	Unrealized Net Gains (Losses) on AFS Securities	FDIC's Share of Unrealized (Gains) Losses on AFS Securities	Other, net	Total
	(Dollars in millions)					
AOCI balance, January 1, 2015	$ (626)	$ (54)	$ 152	$ (207)	$ (16)	$ (751)
OCI before reclassifications, net of tax	(139)	(81)	(206)	19	(9)	(416)
Amounts reclassified from AOCI:						
Personnel expense	67					67
Interest income			29		9	38
Interest expense		83				83
FDIC loss share income, net				31		31
Securities (gains) losses, net			3			3
Total before income taxes	67	83	32	31	9	222
Less: Income taxes	25	31	12	12	3	83
Net of income taxes	42	52	20	19	6	139
Net change in AOCI	(97)	(29)	(186)	38	(3)	(277)
AOCI balance, December 31, 2015	$ (723)	$ (83)	$ (34)	$ (169)	$ (19)	$ (1,028)

Year Ended December 31, 2014	Unrecognized Net Pension and Postretirement Costs	Unrealized Net Gains (Losses) on Cash Flow Hedges	Unrealized Net Gains (Losses) on AFS Securities	FDIC's Share of Unrealized (Gains) Losses on AFS Securities	Other, net	Total
	(Dollars in millions)					
AOCI balance, January 1, 2014	$ (303)	$ 2	$ (42)	$ (235)	$ (15)	$ (593)
	(334)	(107)	207		(5)	(239)

OCI before reclassifications, net of tax						
Amounts reclassified from AOCI:						
Personnel expense	17					17
Interest income			(24)		6	(18)
Interest expense		82				82
FDIC loss share income, net				45		45
Securities (gains) losses, net			3			3
Total before income taxes	17	82	(21)	45	6	129
Less: Income taxes	6	31	(8)	17	2	48
Net of income taxes	11	51	(13)	28	4	81
Net change in AOCI	(323)	(56)	194	28	(1)	(158)
AOCI balance, December 31, 2014	$ (626)	$ (54)	$ 152	$ (207)	$ (16)	$ (751)

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Year Ended December 31, 2013	Unrecognized Net Pension and Postretirement Costs	Unrealized Net Gains (Losses) on Cash Flow Hedges	Unrealized Net Gains (Losses) on AFS Securities	FDIC's Share of Unrealized (Gains) Losses on AFS Securities	Other, net	Total
	(Dollars in millions)					
AOCI balance, January 1, 2013	$ (714)	$ (173)	$ 598	$ (256)	$ (14)	$ (559)
OCI before reclassifications, net of tax	354	127	(669)	(18)	(2)	(208)
Amounts reclassified from AOCI:						
Personnel expense	91					91
Interest income			97		2	99
Interest expense		77				77
FDIC loss share income, net				63		63
Securities (gains) losses, net			(51)			(51)
Total before income taxes	91	77	46	63	2	279
Less: Income taxes	34	29	17	24	1	105
Net of income taxes	57	48	29	39	1	174
Net change in AOCI	411	175	(640)	21	(1)	(34)
AOCI balance, December 31, 2013	$ (303)	$ 2	$ (42)	$ (235)	$ (15)	$ (593)

NOTE 12. Income Taxes

Effective January 1, 2015, BB&T adopted new guidance related to the accounting for investments in qualified affordable housing projects. For periods prior to January 1, 2015, amortization expense related to qualifying investments in low income housing tax credits was reclassified from other income to provision for income taxes, and the amount of amortization and tax benefits recognized was revised as a result of the adoption of the proportional amortization method.

The components of the income tax provision are as follows:

	Year Ended December 31, 2015	2014	2013
	(Dollars in millions)		
Current expense:			
Federal	$ 585	$ 706	$ 1,148
State	99	81	98
Total current expense	684	787	1,246
Deferred expense:			
Federal	99	122	273
State	11	12	34
Total deferred expense	110	134	307
Provision for income taxes	$ 794	$ 921	$ 1,553

The reasons for the difference between the provision for income taxes and the amount computed by applying the statutory Federal income tax rate to income before income taxes were as follows:

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	Year Ended December 31, 2015	2014	2013
	(Dollars in millions)		
Federal income taxes at statutory rate of 35%	$ 1,021	$ 1,094	$ 1,149
Increase (decrease) in provision for income taxes as a result of:			
State income taxes, net of federal tax benefit	72	61	86
Affordable housing projects proportional amortization	181	159	143
Affordable housing projects tax credits and other tax benefits	(249)	(221)	(196)
Tax exempt income	(129)	(125)	(128)
Adjustments for uncertain tax positions	(107)	(39)	516
Other, net	5	(8)	(17)
Provision for income taxes	$ 794	$ 921	$ 1,553
Effective income tax rate	27.2 %	29.5 %	47.3 %

The tax effects of temporary differences that gave rise to deferred tax assets and liabilities are reflected in the table below:

	December 31, 2015	2014
	(Dollars in millions)	
Deferred tax assets:		
ALLL	$ 553	$ 556
Postretirement plans	431	372
Net unrealized loss on AFS securities	124	36
Equity-based compensation	129	137
Reserves and expense accruals	255	247
Investments in qualified affordable housing projects	110	
Other	292	198
Total deferred tax assets	1,894	1,546
Deferred tax liabilities:		
Prepaid pension plan expense	509	477
MSRs	331	312
Lease financing	663	375
Loan fees and expenses	70	265
Identifiable intangible assets	207	139
Derivatives and hedging	77	122
Investments in qualified affordable housing projects		25
Other	92	93
Total deferred tax liabilities	1,949	1,808

Net deferred tax liability	$ (55)	$ (262)

On a periodic basis, BB&T evaluates its income tax positions based on tax laws and regulations and financial reporting considerations, and records adjustments as appropriate. This evaluation takes into consideration the status of current taxing authorities' examinations of BB&T's tax returns, recent positions taken by the taxing authorities on similar transactions and the overall tax environment in relation to tax-advantaged transactions. The following table presents changes in unrecognized tax benefits:

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	As of/ For the Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Beginning balance of unrecognized tax benefits	$ 503	$ 644	$ 297
Additions based on tax positions related to current year		1	18
Additions (reductions) for tax positions of prior years	(76)	(34)	343
Settlements	(1)	(17)	
Lapse of statute of limitations	(1)		
Unrecognized deferred tax benefits from acquisitions	1	(91)	(14)
Ending balance of unrecognized tax benefits	$ 426	$ 503	$ 644
Unrecognized tax benefits that would have impacted effective rate if recognized			
Federal	$ 422	$ 497	$ 631
State	3	4	11

The Company had $181 million, $210 million and $213 million in liabilities for tax-related interest and penalties recorded on its Consolidated Balance Sheets at December 31, 2015, 2014, and 2013, respectively. The amount of net interest and penalties related to unrecognized tax benefits recognized in the Consolidated Statements of Income was a benefit of $29 million for 2015, an immaterial amount for 2014 and expense of $176 million for 2013.

The IRS has completed its Federal income tax examinations of BB&T through 2010. Various years remain subject to examination by state taxing authorities.

In February 2010, BB&T received an IRS statutory notice of deficiency for tax years 2002-2007 asserting a liability for taxes, penalties and interest of approximately $892 million related to the disallowance of foreign tax credits and other deductions claimed by a subsidiary in connection with a financing transaction. BB&T paid the disputed tax, penalties and interest in March 2010 and filed a lawsuit seeking a refund in the U.S. Court of Federal Claims. During September 2013, the court denied the refund claim. These developments and other smaller matters resulted in $516 million of income tax adjustments during 2013. BB&T appealed the decision to the U.S. Court of Appeals for the Federal Circuit. During May 2015, the appeals court overturned a portion of the earlier ruling, resulting in the recognition of a $107 million income tax benefit during the second quarter. The remainder of the decision was affirmed. During September 2015, BB&T filed a petition requesting the case be heard by the U.S. Supreme Court. A decision to hear the case has not been made at this time.

It is reasonably possible that the litigation associated with the financing transaction may conclude within the next twelve months; however, it is also possible that the appeals process could take longer than one year. Changes in the amount of unrecognized tax benefits, penalties and interest could result in a benefit of up to approximately $596 million.

NOTE 13. Benefit Plans

Defined Benefit Retirement Plans

BB&T provides a defined benefit retirement plan qualified under the IRC that covers most employees. Benefits are based on years of service, age at retirement and the employee's compensation during the five highest consecutive years of earnings within the last ten years of employment.

In addition, supplemental retirement benefits are provided to certain key officers under supplemental defined benefit executive retirement plans, which are not qualified under the IRC. Although technically unfunded plans, a Rabbi Trust and insurance policies on the lives of certain of the covered employees are available to finance future benefits.

The following actuarial assumptions were used to determine net periodic pension costs for the qualified pension plan:

	December 31, 2015	2014	2013
Weighted average assumed discount rate	4.27 %	5.10 %	4.25 %
Weighted average expected long-term rate of return on plan assets	7.50	7.75	8.00
Assumed long-term rate of annual compensation increases	4.50	5.00	4.50

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The weighted average expected long-term rate of return on plan assets represents the average rate of return expected to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid. In developing the expected rate of return, BB&T considers long-term compound annualized returns of historical market data for each asset category, as well as historical actual returns on the plan assets. Using this reference information, the Company develops forward-looking return expectations for each asset category and a weighted average expected long-term rate of return for the plan based on target asset allocations contained in BB&T's Investment Policy Statement. For 2016, the expected rate of return on plan assets is 7.0%.

Financial data relative to qualified and nonqualified defined benefit pension plans is summarized in the following tables for the years indicated. On the Consolidated Balance Sheets, the qualified pension plan prepaid asset is recorded as a component of other assets and the nonqualified pension plans accrued liability is recorded as a component of other liabilities. The data is calculated using an actuarial measurement date of December 31.

	Year Ended December 31,		
	2015	**2014**	**2013**
	(Dollars in millions)		
Net Periodic Pension Cost:			
Service cost	$ 176	$ 138	$ 150
Interest cost	157	140	120
Estimated return on plan assets	(327)	(296)	(257)
Net amortization and other	67	17	91
Net periodic benefit cost	73	(1)	104
Pre-Tax Amounts Recognized in OCI:			
Net actuarial loss (gain)	230	532	(535)
Net amortization	(67)	(17)	(91)
Net amount recognized in OCI	163	515	(626)
Total net periodic pension costs (income) recognized in total comprehensive income, pre-tax	$ 236	$ 514	$ (522)

The following actuarial assumptions were used to determine benefit obligations:

	December 31,	
	2015	**2014**
Weighted average assumed discount rate	4.68 %	4.27 %

Assumed rate of annual compensation increases	4.50	4.50

	Qualified Pension Plan		Nonqualified Pension Plans	
	Year Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
	(Dollars in millions)			
Projected benefit obligation, beginning of year	$ 3,227	$ 2,437	$ 367	$ 304
Service cost	164	128	12	10
Interest cost	141	124	16	16
Actuarial (gain) loss	(164)	607	(3)	45
Benefits paid	(80)	(69)	(15)	(8)
Acquisitions	185		15	
Projected benefit obligation, end of year	$ 3,473	$ 3,227	$ 392	$ 367
Accumulated benefit obligation, end of year	$ 2,997	$ 2,744	$ 309	$ 295

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	Qualified Pension Plan Year Ended December 31, 2015	2014	Nonqualified Pension Plans Year Ended December 31, 2015	2014
	(Dollars in millions)			
Fair value of plan assets, beginning of year	$ 4,223	$ 3,733	$ —	$ —
Actual return on plan assets	(70)	416	—	—
Employer contributions	126	143	15	8
Benefits paid	(80)	(69)	(15)	(8)
Acquisitions	170	—	—	—
Fair value of plan assets, end of year	$ 4,369	$ 4,223	$ —	$ —
Funded status at end of year	$ 896	$ 996	$ (392)	$ (367)

The following are the pre-tax amounts recognized in AOCI:

	Qualified Pension Plan Year Ended December 31, 2015	2014	Nonqualified Pension Plans Year Ended December 31, 2015	2014
	(Dollars in millions)			
Prior service credit (cost)	$ —	$ —	$ (2)	$ (2)
Net actuarial loss	(1,040)	(859)	(131)	(149)
Net amount recognized	$ (1,040)	$ (859)	$ (133)	$ (151)

The following table presents the amount expected to be amortized from AOCI into net periodic pension cost during 2016:

	Qualified	Nonqualified

	Pension Plan	Pension Plans
	(Dollars in millions)	
Net actuarial loss	$ (66)	$ (12)
Net amount expected to be amortized in 2016	$ (66)	$ (12)

BB&T makes contributions to the qualified pension plan in amounts between the minimum required for funding and the maximum amount deductible for federal income tax purposes. BB&T made discretionary contributions of $280 million during the first quarter of 2016. Management may make additional contributions in 2016. For the nonqualified plans, the employer contributions are based on benefit payments.

The following table reflects the estimated benefit payments for the periods presented:

	Qualified Pension Plan	Nonqualified Pension Plans
	(Dollars in millions)	
2016	$ 85	$ 14
2017	101	14
2018	111	16
2019	121	17
2020	132	18
2021-2025	843	112

BB&T's primary total return objective is to achieve returns that, over the long term, will fund retirement liabilities and provide for the desired plan benefits in a manner that satisfies the fiduciary requirements of the Employee Retirement Income Security Act of 1974. The plan assets have a long-term time horizon that runs concurrent with the average life expectancy of the participants. As such, the Plan can assume a time horizon that extends well beyond a full market cycle, and can assume an above-average level of risk, as measured by the standard deviation of annual return. It is expected, however, that both professional investment management and sufficient portfolio diversification will smooth volatility and help to generate a reasonable consistency of return. The investments are broadly diversified among economic sector, industry, quality and size in order to reduce risk and to produce incremental return. Within approved guidelines and restrictions, investment managers have wide discretion over the timing and selection of individual investments.

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BB&T periodically reviews its asset allocation and investment policy and makes changes to its target asset allocation. BB&T has established guidelines within each asset category to ensure the appropriate balance of risk and reward. For the year ended December 31, 2015, the target asset allocations for the plan assets included a range of 30% to 40% for U.S. equity securities, 10% to 18% for international equity securities, 35% to 50% for fixed income securities, and 0% to 12% for alternative investments, which include real estate, hedge funds, private equities and commodities, with any remainder to be held in cash equivalents. The plan may hold BB&T common stock up to 10% of its assets, subject to the target range for total U.S. equity securities.

The fair value of the pension plan assets at December 31, 2015 and 2014 by asset category are reflected in the following tables.

	December 31, 2015				**December 31, 2014**			
	Total	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
	(Dollars in millions)							
Cash and cash-equivalents	$ 266	$ 266	$ —	$ —	$ 66	$ 66	$ —	$ —
U.S. equity securities	1,627	1,627	—	—	1,635	1,635	—	—
International equity securities	712	614	98	—	657	539	118	—
Fixed income securities	1,631	10	1,621	—	1,717	10	1,707	—
Alternative investments	115	—	—	115	124	—	—	124
Total plan assets	$ 4,351	$ 2,517	$ 1,719	$ 115	$ 4,199	$ 2,250	$ 1,825	$ 124

U.S. equity securities include 3.0 million shares of BB&T common stock valued at $113 million and $117 million at December 31, 2015 and 2014, respectively. International equity securities include a common/commingled fund that consists of assets from several accounts, pooled together, to reduce management and administration costs. Total plan assets exclude accrued income of $18 million and $23 million at December 31, 2015 and 2014, respectively.

The following table presents the activity for Level 3 plan assets, all of which are in alternative investments:

	Year Ended December 31,		
	2015	**2014**	**2013**

(Dollars in millions)			
Balance at beginning of year	$ 124	$ 101	$ 98
Actual return on plan assets	2	11	11
Purchases, sales and settlements, net	(11)	12	(8)
Balance at end of year	$ 115	$ 124	$ 101

Defined Contribution Plans

BB&T offers a 401(k) Savings Plan and other defined contribution plans that permit employees to contribute from 1% to 50% of their cash compensation. For full-time employees who are 21 years of age or older with one year or more of service, BB&T makes matching contributions of up to 6% of the employee's compensation. BB&T's contribution to the 401(k) Savings Plan and nonqualified defined contribution plans totaled $114 million, $103 million and $102 million for the years ended December 31, 2015, 2014 and 2013, respectively. BB&T also offers defined contribution plans to certain employees of subsidiaries who do not participate in the 401(k) Savings Plan.

Other Benefits

There are various other employment contracts, deferred compensation arrangements and covenants not to compete with selected members of management and certain retirees. These plans and their obligations are not material to the financial statements.

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NOTE 14. Commitments and Contingencies

BB&T utilizes a variety of financial instruments to meet the financing needs of clients and to reduce exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, letters of credit and financial guarantees and derivatives. BB&T also has commitments to fund certain affordable housing investments and contingent liabilities related to certain sold loans.

Commitments to extend, originate or purchase credit are primarily lines of credit to businesses and consumers and have specified rates and maturity dates. Many of these commitments also have adverse change clauses, which allow BB&T to cancel the commitment due to deterioration in the borrowers' creditworthiness.

	December 31, 2015	**December 31, 2014**
	(Dollars in millions)	
Letters of credit	$ 3,033	$ 3,462
Carrying amount of the liability for letters of credit	27	22
Investments in affordable housing and historic building rehabilitation projects:		
Carrying amount	1,629	1,436
Amount of future funding commitments included in carrying amount	654	459
Lending exposure	292	169
Tax credits subject to recapture	355	300

Investments in private equity and similar investments	289	329
Future funding commitments to consolidated private equity funds	231	202

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

BB&T invests in certain affordable housing and historic building rehabilitation projects throughout its market area as a means of supporting local communities. BB&T receives tax credits related to these investments. BB&T typically acts as a limited partner in these investments and does not exert control over the operating or financial policies of the partnerships. BB&T typically provides financing during the construction and development of the properties; however, permanent financing is generally obtained from independent third parties upon completion of a project. Tax credits are subject to recapture by taxing authorities based on compliance features required to be met at the project level. BB&T's maximum potential exposure to losses relative to investments in VIEs is generally limited to the sum of the outstanding balance, future funding commitments and any related loans to the entity. Loans to these entities are underwritten in substantially the same manner as are other loans and are generally secured.

Effective January 1, 2015, BB&T adopted new guidance related to *Investments in Qualified Affordable Housing Projects.* The following table summarizes the estimated impact to the Consolidated Statements of Income.

	Year Ended December 31,	
	2014	**2013**
	(Dollars in millions)	
Increase in other income	$ 141	$ 159
Increase in provision for income taxes	(161)	(158)
Change in net income and net	$ (20)	$ 1

income available to common shareholders		
Decrease in diluted EPS	$ (0.03)	$

	January 1,	
	2015	**2014**
	(Dollars in millions)	
Decrease to retained earnings	$ (49)	$ (29)

BB&T has investments in and future funding commitments to certain private equity and similar investments. BB&T's risk exposure relating to such commitments is generally limited to the amount of investments and future funding commitments made.

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A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index or interest rate. For additional disclosures related to BB&T's derivatives refer to Note 18 "Derivative Financial Instruments."

BB&T has sold certain mortgage-related loans that contain recourse provisions. These provisions generally require BB&T to reimburse the investor for a share of any loss that is incurred after the disposal of the property. BB&T also issues standard representations and warranties related to mortgage loan sales to GSEs. Refer to Note 7 "Loan Servicing" for additional disclosures related to these exposures.

In the ordinary course of business, BB&T indemnifies its officers and directors to the fullest extent permitted by law against liabilities arising from pending litigation. BB&T also issues standard representations and warranties in underwriting agreements, merger and acquisition agreements, loan sales, brokerage activities and other similar arrangements. Counterparties in many of these indemnification arrangements provide similar indemnifications to BB&T. Although these agreements often do not specify limitations, BB&T does not believe that any payments related to these guarantees would materially change the financial position or results of operations of BB&T.

Legal Proceedings

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

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

Pledged Assets

Certain assets were pledged to secure municipal deposits, securities sold under agreements to repurchase, borrowings and borrowing capacity, subject to any applicable asset discount, at the FHLB and FRB as well as for other purposes as required or permitted by law. The following table provides the total carrying amount of pledged assets by asset type, of which the majority are pursuant to agreements that do not permit the other party to sell or repledge the collateral. Assets related to employee benefit plans have been excluded from the following table.

	December 31,	
	2015	**2014**
	(Dollars in millions)	
Pledged securities	$ 14,063	$ 14,636
Pledged loans	69,070	67,248

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NOTE 15. Regulatory Requirements and Other Restrictions

Branch Bank is required by the FRB to maintain reserve balances in the form of vault cash or deposits with the FRB based on specified percentages of certain deposit types, subject to various adjustments. At December 31, 2015, the net reserve requirement was met with vault cash.

Branch Bank is subject to laws and regulations that limit the amount of dividends it can pay. In addition, both BB&T and Branch Bank are subject to various regulatory restrictions relating to the payment of dividends, including requirements to maintain capital at or above regulatory minimums, and to remain "well-capitalized" under the prompt corrective action regulations. BB&T does not expect that any of these laws, regulations or policies will materially affect the ability of Branch Bank to pay dividends.

BB&T is subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory—and possibly additional discretionary—actions by regulators that, if undertaken, could have a direct material effect on the financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items calculated pursuant to regulatory directives. BB&T's capital amounts and classification also are subject to qualitative judgments by the regulators about components, risk weightings and other factors. BB&T is in full compliance with these requirements. Banking regulations also identify five capital categories for IDIs: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. At December 31, 2015 and 2014, BB&T and Branch Bank were classified as "well-capitalized," and management believes that no events or changes have occurred subsequent to year end that would change this designation.

Quantitative measures established by regulation to ensure capital adequacy require BB&T to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average tangible assets (leverage ratio).

Risk-based capital ratios, which include Common Equity Tier 1, Tier 1 Capital and Total Capital, are calculated based on regulatory guidance related to the measurement of capital and risk-weighted assets.

December 31, 2015 - Basel III				December 31, 2014 - Basel I			
Actual Capital		**Capital Requirements**		**Actual Capital**		**Capital Requirements**	
Ratio	**_Amount**	**Minimum**	**Well-Capitalized**	**Ratio**	**Amount**	**Minimum**	**Well-Capitalized**
(Dollars in millions)							

Common Equity Tier 1 Capital:								
BB&T	10.3 %	$17,081	$7,497	$ 10,830	N/A	N/A	N/A	N/A
Branch Bank	11.3	18,382	7,319	10,572	N/A	N/A	N/A	N/A
Tier 1 Capital:								
BB&T	11.8	19,682	9,997	13,329	12.4 %	$ 17,840	$ 5,747	$ 8,620
Branch Bank	11.3	18,382	9,759	13,012	11.7	16,329	5,591	8,387
Total Capital:								
BB&T	14.3	23,753	13,329	16,661	14.9	21,381	11,494	14,367
Branch Bank	13.4	21,859	13,012	16,265	13.4	18,761	11,183	13,979
Leverage Capital:								
BB&T	9.8	19,682	8,062	10,077	9.9	17,840	7,191	8,989
Branch Bank	9.3	18,382	7,866	9,833	9.3	16,329	5,265	8,775

As an approved seller/servicer, Branch Bank is required to maintain minimum levels of capital, as specified by various agencies, including the U.S. Department of Housing and Urban Development, GNMA, FHLMC and FNMA. At December 31, 2015 and 2014, Branch Bank's capital was above all required levels.

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NOTE 16. Parent Company Financial Statements

Parent Company
Condensed Balance Sheets

	December 31, 2015	2014
	(Dollars in millions)	
Assets:		
Cash and due from banks	$ 109	$ 79
Interest-bearing deposits with banks	7,383	7,612
AFS securities at fair value	124	125
HTM securities at amortized cost	3	23
Investment in banking subsidiaries	25,823	22,662
Investment in other subsidiaries	1,101	1,452
Advances to / receivables from banking subsidiaries		63
Advances to / receivables from other subsidiaries	3,086	2,430
Other assets	211	168
Total assets	$ 37,840	$ 34,614
Liabilities and Shareholders' Equity:		
Short-term borrowed funds	$ 105	$
Short-term borrowed funds due to subsidiaries		40
Long-term debt	10,274	10,081
Accounts payable and other	121	116

liabilities		
Total liabilities	10,500	10,237
Total shareholders' equity	27,340	24,377
Total liabilities and shareholders' equity	$ 37,840	$ 34,614

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Parent Company
Condensed Income and Comprehensive Income Statements

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Income:			
Dividends from banking subsidiaries	$ 1,600	$ 1,636	$ 1,220
Dividends from other subsidiaries	411	71	79
Interest and other income from subsidiaries	64	67	67
Other income	3	7	14
Total income	2,078	1,781	1,380
Expenses:			
Interest expense	165	148	219
Other expenses	103	55	50
Total expenses	268	203	269
Income before income taxes and equity in undistributed earnings of subsidiaries	1,810	1,578	1,111
Income tax benefit	40	43	2
Income before equity in undistributed earnings of subsidiaries	1,850	1,621	1,113
Equity in undistributed earnings of subsidiaries in excess of	273	585	617

dividends from subsidiaries			
Net income	2,123	2,206	1,730
Total OCI	(277)	(158)	(34)
Total comprehensive income	$ 1,846	$ 2,048	$ 1,696

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Parent Company
Condensed Statements of Cash Flows

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Cash Flows From Operating Activities:			
Net income	$ 2,123	$ 2,206	$ 1,730
Adjustments to reconcile net income to net cash from operating activities:			
Equity in earnings of subsidiaries in excess of dividends from subsidiaries	(273)	(585)	(617)
Net change in operating assets and liabilities:			
Other assets	88	27	95
Accounts payable and accrued liabilities	(14)	40	42
Other, net	32	(86)	(79)
Net cash from operating activities	1,956	1,602	1,171
Cash Flows From Investing Activities:			
Proceeds from sales, calls and	49	25	24

maturities of AFS securities			
Purchases of AFS securities	(21)	(124)	(24)
Proceeds from maturities, calls and paydowns of HTM securities	27	16	2
Investment in subsidiaries		(1)	(4)
Advances to subsidiaries	(7,461)	(7,145)	(5,815)
Proceeds from repayment of advances to subsidiaries	6,848	7,060	5,898
Net cash from acquistions and divestitures	(595)		9
Net cash from investing activities	(1,153)	(169)	90
Cash Flows From Financing Activities:			
Net change in short-term borrowings	(40)	(34)	37
Net change in long-term debt	(92)	1,085	499
Net proceeds from common stock issued	67	294	108
Net proceeds from preferred stock issued			487
Cash dividends paid on common and preferred stock	(937)	(814)	(912)
Other, net			8
Net cash from financing activities	(1,002)	531	227
Net Change in Cash and Cash Equivalents	(199)	1,964	1,488
Cash and Cash Equivalents at	7,691	5,727	4,239

Beginning of Year			
Cash and Cash Equivalents at End of Year	$ 7,492	$ 7,691	$ 5,727

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The transfer of funds in the form of dividends, loans or advances from bank subsidiaries to the Parent Company is restricted. Federal law requires loans to the Parent Company or its affiliates to be secured and at market terms and generally limits loans to the Parent Company or an individual affiliate to 10% of Branch Bank's unimpaired capital and surplus. In the aggregate, loans to the Parent Company and all affiliates cannot exceed 20% of the bank's unimpaired capital and surplus.

Dividend payments to the Parent Company by Branch Bank are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. In general, dividends from Branch Bank to the Parent Company are limited by rules which compare dividends to net income for regulatory-defined periods. Furthermore, dividends are restricted by regulatory minimum capital constraints.

NOTE 17. Fair Value Disclosures

Accounting standards define fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants, with a three level valuation input hierarchy.

The following tables present fair value information for assets and liabilities measured at fair value on a recurring basis.

December 31, 2015	**Total**	**Level 1**	**Level 2**	**Level 3**
	(Dollars in millions)			
Assets:				
Trading securities	$ 1,180	$ 311	$ 869	$
AFS securities:				
U.S. Treasury	1,832		1,832	
GSE	51		51	
Agency MBS	20,046		20,046	
States and political subdivisions	2,079		2,079	
Non-agency MBS	221		221	
Other	4	4		
Acquired from FDIC	1,064		438	626
LHFS	1,035		1,035	
Residential MSRs	880			880
Derivative assets:				
Interest rate contracts	964		956	8

Foreign exchange contracts	6		6	
Private equity and similar investments	289			289
Total assets	$ 29,651	$ 315	$ 27,533	$ 1,803
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ 788	$	$ 784	$ 4
Foreign exchange contracts	4		4	
Securities sold short	147		147	
Total liabilities	$ 939	$	$ 935	$ 4

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December 31, 2014	Total	Level 1	Level 2	Level 3
	(Dollars in millions)			
Assets:				
Trading securities	$ 482	$ 289	$ 193	$
AFS securities:				
U.S. Treasury	1,231		1,231	
Agency MBS	16,154		16,154	
States and political subdivisions	1,974		1,974	
Non-agency MBS	264		264	
Other	41	6	35	
Acquired from FDIC	1,243		498	745
LHFS	1,423		1,423	
Residential MSRs	844			844
Derivative assets:				
Interest rate contracts	1,114		1,094	20
Foreign exchange contracts	8		8	
Private equity and similar investments	329			329
Total assets	$ 25,107	$ 295	$ 22,874	$ 1,938
Liabilities:				
Derivative liabilities:				
Interest rate contracts	$ 1,007	$	$ 1,004	$ 3
Foreign exchange contracts	6		6	
Securities sold short	148		148	
Total liabilities	$ 1,161	$	$ 1,158	$ 3

The following discussion focuses on the valuation techniques and significant inputs for Level 2 and Level 3 assets and liabilities.

A third-party pricing service is generally utilized in determining the fair value of the securities portfolio. Management independently evaluates the fair values provided by the pricing service through comparisons to other external pricing sources, review of additional information provided by the pricing service and other third party sources for selected securities and back-testing to compare the price realized on any security sales to the daily pricing information received from the pricing service. Fair value measurements are derived from market-based pricing matrices that were developed using observable inputs that include benchmark yields, benchmark securities, reported trades, offers, bids, issuer spreads and broker quotes. As described by security type below, additional inputs may be used, or some inputs may not be applicable. In the event that market observable data was not available, which would generally occur due to the lack of an active market for a given security, the valuation of the security would be subjective and may involve substantial judgment by management.

Trading securities: Trading securities include various types of debt and equity securities, primarily consisting of debt securities issued by the U.S. Treasury, GSEs, or states and political subdivisions. The valuation techniques used for these investments are more fully discussed below.

U.S. Treasury securities: Treasury securities are valued using quoted prices in active over the counter markets.

Agency MBS: GSE pass-through securities are valued using market-based pricing matrices that reference observable inputs including benchmark TBA security pricing and yield curves that were estimated based on U.S. Treasury yields and certain floating rate indices. The pricing matrices for these securities may also give consideration to pool-specific data supplied directly by the GSE. GSE CMOs are valued using market-based pricing matrices that are based on observable inputs including offers, bids, reported trades, dealer quotes and market research reports, the characteristics of a specific tranche, market convention prepayment speeds and benchmark yield curves as described above.

States and political subdivisions: These securities are valued using market-based pricing matrices that reference observable inputs including MSRB reported trades, issuer spreads, material event notices and benchmark yield curves.

Non-agency MBS: Pricing matrices for these securities are based on observable inputs including offers, bids, reported trades, dealer quotes and market research reports, the characteristics of a specific tranche, market convention prepayment speeds and benchmark yield curves as described above.

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Other securities: These securities consist primarily of mutual funds and corporate bonds. These securities are valued based on a review of quoted market prices for assets as well as through the various other inputs discussed previously.

Acquired from FDIC securities: Securities acquired from the FDIC consist of re-remic non-agency MBS, municipal securities and non-agency MBS. State and political subdivision securities and certain non-agency MBS acquired from the FDIC are valued in a manner similar to the approach described above for those asset classes. The re-remic non-agency MBS, which are categorized as Level 3, are valued based on broker dealer quotes that reflected certain unobservable market inputs.

LHFS: Certain mortgage loans are originated to be sold to investors, which are carried at fair value. The fair value is primarily based on quoted market prices for securities backed by similar types of loans. The changes in fair value of these assets are largely driven by changes in interest rates subsequent to loan funding and changes in the fair value of servicing associated with the mortgage LHFS.

Residential MSRs: Residential MSRs are valued using an OAS valuation model to project cash flows over multiple interest rate scenarios, which are then discounted at risk-adjusted rates. The model considers portfolio characteristics, contractually specified servicing fees, prepayment assumptions, delinquency rates, late charges, other ancillary revenue, costs to service and other economic factors. Fair value estimates and assumptions are compared to industry surveys, recent market activity, actual portfolio experience and, when available, other observable market data.

Derivative assets and liabilities: The fair values of derivatives are determined based on quoted market prices and internal pricing models that are primarily sensitive to market observable data. The fair values of interest rate lock commitments, which are related to mortgage loan commitments and are categorized as Level 3, are based on quoted market prices adjusted for commitments that are not expected to fund and include the value attributable to the net servicing fees.

Private equity and similar investments: Private equity and similar investments are measured at fair value based on the investment's net asset value. In many cases there are no observable market values for these investments and therefore management must estimate the fair value based on a comparison of the operating performance of the company to multiples in the marketplace for similar entities. This analysis requires significant judgment, and actual values in a sale could differ materially from those estimated.

Securities sold short: Securities sold short represent debt securities sold short that are entered into as a hedging strategy for the purposes of supporting institutional and retail client trading activities.

The following tables present activity for financial liabilities that are valued using Level 3 inputs:

Year Ended December 31, 2015	Acquired from FDIC Securities	Residential MSRs	Net Derivatives	Private Equity and Similar Investments
	(Dollars in millions)			
Balance at January 1, 2015	$ 745	$ 844	$ 17	$ 329
Total realized and unrealized gains (losses):				
Included in earnings:				
Interest income	23			
Mortgage banking income		10	87	
Other noninterest income			(6)	49
Included in unrealized net holding gains (losses) in OCI	(45)			
Purchases			1	81
Issuances		156	74	
Sales				(154)
Settlements	(97)	(130)	(169)	(16)
Balance at December 31, 2015	$ 626	$ 880	$ 4	$ 289
Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at December 31, 2015	$ 23	$ 10	$ 4	$ (2)

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Year Ended December 31, 2014	Acquired from FDIC Securities	Residential MSRs	Net Derivatives	Private Equity and Similar Investments
	(Dollars in millions)			
Balance at January 1, 2014	$ 861	$ 1,047	$ (11)	$ 291
Total realized and unrealized gains (losses):				
Included in earnings:				
Interest income	33			
Mortgage banking income		(221)	94	
Other noninterest income			(2)	27
Included in unrealized net holding gains (losses) in OCI	(38)			
Purchases				67
Issuances		141	75	
Sales				(50)
Settlements	(111)	(123)	(139)	(7)
Transfers into Level 3				1
Balance at December 31, 2014	$ 745	$ 844	$ 17	$ 329
Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at December 31, 2014	$ 33	$ (221)	$ 17	$ 15

Year Ended December 31, 2013	Acquired from FDIC Securities	Residential MSRs	Net Derivatives	Private Equity and Similar Investments
	(Dollars in millions)			
Balance at January 1, 2013	$ 994	$ 627	$ 54	$ 323
Total realized and unrealized gains (losses):				
Included in earnings:				
Interest income	37			
Mortgage banking income		229	21	
Other noninterest income				33
Included in unrealized holding gains (losses) in OCI	(14)			
Purchases				58
Issuances		336	65	
Sales				(59)
Settlements	(156)	(145)	(151)	(64)
Balance at December 31, 2013	$ 861	$ 1,047	$ (11)	$ 291
Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at December 31, 2013	$ 37	$ 229	$ (11)	$ 22

BB&T's policy is to recognize transfers between levels as of the end of a reporting period. Transfers in and out of Level 3 are shown in the preceding tables. There were no transfers between Level 1 and Level 2 during 2015, 2014 or 2013.

BB&T's private equity and similar investments are primarily in SBIC qualified funds, which focus on equity and subordinated debt investments in privately-held middle market companies. These investments generally are not redeemable and distributions are received as the underlying assets of the funds liquidate. The timing of distributions, which are expected to occur on various dates through 2026, is uncertain and dependent on various events such as recapitalizations, refinance transactions and ownership changes, among others. Excluding the investment of future funds, BB&T estimates these investments have a weighted average remaining life of approximately two years; however, the timing and amount of distributions may vary significantly. As of December 31, 2015, restrictions on the ability to sell the investments include, but are not limited to, consent of a majority member or general partner approval for transfer of ownership. BB&T's investments are spread over numerous privately-held middle market companies, and thus the sensitivity to a change in fair value for any single investment is limited. The significant unobservable inputs for these investments are EBITDA multiples that ranged from 5x to 12x, with a weighted average of 8x, at December 31, 2015.

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The following table details the fair value and UPB of LHFS that were elected to be carried at fair value:

	December 31, 2015			December 31, 2014		
	Fair Value	Aggregate UPB	Difference	Fair Value	Aggregate UPB	Difference
	(Dollars in millions)					
LHFS reported at fair value	$ 1,035	$ 1,023	$ 12	$ 1,423	$ 1,390	$ 33

Excluding government guaranteed, LHFS that were in nonaccrual status or 90 days or more past due and still accruing interest were not material at December 31, 2015.

The following table provides information about certain financial assets measured at fair value on a nonrecurring basis, which are primarily collateral dependent and may be subject to liquidity adjustments. The carrying values represent end of period values, which approximate the fair value measurements that occurred on the various measurement dates throughout the period. The valuation adjustments represent the amounts recorded during the period regardless of whether the asset is still held at period end. These assets are considered to be Level 3 assets (excludes PCI).

	As Of/ For the Year Ended			
	December 31, 2015		December 31, 2014	
	Carrying Value	Valuation Adjustments	Carrying Value	Valuation Adjustments
	(Dollars in millions)			
Impaired loans	$ 149	$ (30)	$ 109	$ (52)
Foreclosed real estate	82	(190)	87	(176)

Refer to Note 2 “Acquisitions and Divestitures” for fair value measurements related to acquisitions.

For financial instruments not recorded at fair value, estimates of fair value are based on relevant market data and information about the instrument. Values obtained relate to one trading unit without regard to any premium or discount that may result from concentrations of ownership, possible tax ramifications, estimated transaction costs that may result from bulk sales or the relationship between various instruments.

An active market does not exist for certain financial instruments. Fair value estimates for these instruments are based on current economic conditions, currency and interest rate risk characteristics, loss experience and other factors. Many of these estimates involve uncertainties and matters of significant judgment and cannot be determined with precision. Therefore, the fair value estimates in many instances cannot be substantiated by comparison to independent markets and, in many cases, may not be realizable in a current sale of the instrument. In addition, changes in assumptions could significantly affect these fair value estimates. The following assumptions were used to estimate the fair value of these financial instruments.

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

HTM securities: The fair values of HTM securities are based on a market approach using observable inputs such as benchmark yields and securities, TBA prices, reported trades, issuer spreads, current bids and offers, monthly payment information and collateral performance.

Loans receivable: The fair values for loans are estimated using discounted cash flow analyses, applying interest rates currently being offered for loans with similar terms and credit quality, which are deemed to be indicative of orderly transactions in the current market. For commercial loans and leases, discount rates may be adjusted to address additional credit risk on lower risk grade instruments. For residential mortgage and other consumer loans, internal prepayment risk models are used to adjust contractual cash flows. Loans are aggregated into pools of similar terms and credit quality and discounted using a LIBOR based rate. The carrying amounts of accrued interest approximate fair values.

FDIC loss share receivable and payable: The fair values of the receivable and payable are estimated using discounted cash flow analyses, applying a risk free interest rate that is adjusted for the uncertainty in the timing and amount of the cash flows. The expected cash flows to/from the FDIC related to loans were estimated using the same assumptions that were used in determining the accounting values for the related loans. The expected cash flows to/from the FDIC related to securities are based upon the fair value of the related securities and the payment that would be required if the securities were sold for that amount. The loss share agreements are not transferrable and, accordingly, there is no market for the receivable or payable.

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Deposit liabilities: The fair values for demand deposits are equal to the amount payable on demand. Fair values for CDs are estimated using a discounted cash flow calculation that applies current interest rates to aggregate expected maturities. BB&T has developed long-term relationships with its deposit customers, commonly referred to as CDIs, that have not been considered in the determination of the deposit liabilities' fair value.

Short-term borrowings: The carrying amounts of short-term borrowings, excluding securities sold short, approximate their fair values.

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

Contractual commitments: The fair values of commitments are estimated using the fees charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. The fair values of guarantees and letters of credit are estimated based on the counterparties' creditworthiness and average default rates for loan products with similar risks. These respective fair value measurements are categorized within Level 3 of the fair value hierarchy. Retail lending commitments are assigned no fair value as BB&T typically has the ability to cancel such commitments by providing notice to the borrower.

Financial assets and liabilities not recorded at fair value are summarized below:

December 31, 2015	**Carrying Amount**	**Total Fair Value**	**Level 2**	**Level 3**
	(Dollars in millions)			
Financial assets:				
HTM securities	$ 18,530	$ 18,519	$ 18,519	$
Loans and leases HFI, net of ALLL	134,491	134,728		134,728
FDIC loss share receivable	285	11		11

Financial liabilities:				
Deposits	149,124	149,300	149,300	
FDIC loss share payable	685	676		676
Long-term debt	23,769	24,206	24,206	

December 31, 2014	Carrying Amount	Total Fair Value	Level 2	Level 3
	(Dollars in millions)			
Financial assets:				
HTM securities	$ 20,240	$ 20,313	$ 20,313	$
Loans and leases HFI, net of ALLL	118,410	118,605		118,605
FDIC loss share receivable	534	123		123
Financial liabilities:				
Deposits	129,040	129,259	129,259	
FDIC loss share payable	697	696		696
Long-term debt	23,312	24,063	24,063	

The following is a summary of selected information pertaining to off-balance sheet financial instruments:

	December 31, 2015		December 31, 2014	
	Notional/ Contract Amount	Fair Value	Notional/ Contract Amount	Fair Value
	(Dollars in millions)			
Commitments to extend, originate or	$ 59,019	$ 253	$ 49,333	$ 238

purchase credit				
Residential mortgage loans sold with recourse	702	8	667	9
Other loans sold with recourse	4,198	7	4,264	7
Letters of credit	3,033	27	3,462	22

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NOTE 18. Derivative Financial Instruments

Derivative Classifications and Hedging Relationships

	Hedged Item or Transaction	December 31, 2015 Notional Amount	Fair Value Gain	Loss	December 31, 2014 Notional Amount	Fair Value Gain	Loss
		(Dollars in millions)					
Cash flow hedges:							
Interest rate contracts:							
Pay fixed swaps	3 mo. LIBOR funding	$ 9,300	$	$ (214)	$ 9,300	$	$ (289)
Fair value hedges:							
Interest rate contracts:							
Receive fixed swaps	Long-term debt	13,092	329	(1)	11,902	269	(5)
Pay fixed swaps	Commercial loans	207		(2)	161		(3)
Pay fixed swaps	Municipal securities	244		(94)	336		(126)
Total		13,543	329	(97)	12,399	269	(134)
Not designated as hedges:							
Client-related and other risk management:							

Interest rate contracts:						
Receive fixed swaps	8,827	337	(1)	7,995	350	(3)
Pay fixed swaps	8,984	1	(363)	8,163	1	(375)
Other swaps	1,005	3	(6)	1,372	5	(7)
Other	601	1	(2)	528	1	(1)
Forward commitments	4,403	5	(4)	5,326	10	(12)
Foreign exchange contracts	513	6	(4)	571	8	(6)
Total	24,333	353	(380)	23,955	375	(404)
Mortgage banking:						
Interest rate contracts:						
Interest rate lock commitments	1,828	8	(4)	1,566	20	
When issued securities, forward rate agreements and forward commitments	2,725	9	(5)	2,623	3	(25)
Other	677	4		916	7	
Total	5,230	21	(9)	5,105	30	(25)
MSRs:						
Interest rate contracts:						
Receive fixed swaps	2,343	79	(7)	4,119	215	(1)
Pay fixed swaps	2,329	4	(56)	4,362	1	(124)
Option trades	7,765	184	(24)	9,350	229	(36)
When issued securities, forward rate agreements and forward commitments	2,682		(5)	3,731	3	

Total	15,119	267	(92)	21,562	448	(161)
Total derivatives not designated as hedges	44,682	641	(481)	50,622	853	(590)
Total derivatives	$ 67,525	970	(792)	$ 72,321	1,122	(1,013)
Gross amounts not offset in the Consolidated Balance Sheets:						
Amounts subject to master netting arrangements not offset due to policy election		(391)	391		(629)	629
Cash collateral (received) posted		(283)	368		(190)	342
Net amount		$ 296	$ (33)		$ 303	$ (42)

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The fair values of derivatives in a gain or loss position are presented on a gross basis in other assets or other liabilities, respectively, in the Consolidated Balance Sheets. Cash collateral posted for derivatives in a loss position is reported as restricted cash. Derivatives with dealer counterparties at both the bank and the parent company are governed by the terms of ISDA Master netting agreements and Credit Support Annexes. The ISDA Master agreements allow counterparties to offset trades in a gain against trades in a loss to determine net exposure and allows for the right of setoff in the event of either a default or an additional termination event. Credit Support Annexes govern the terms of daily collateral posting practices. Collateral practices mitigate the potential loss impact to affected parties by requiring liquid collateral to be posted on a scheduled basis to secure the aggregate net unsecured exposure. In addition to collateral, the right of setoff allows counterparties to offset net derivative values with a defaulting party against certain other contractual receivables from or obligations due to the defaulting party in determining the net termination amount. No portion of the change in fair value of derivatives designated as hedges has been excluded from effectiveness testing. The ineffective portion was immaterial for all periods presented.

The Effect of Derivative Instruments on the Consolidated Statements of Income
Year Ended December 31,

	Effective Portion						
	Pre-tax Gain (Loss) Recognized in OCI			**Location of Amounts Reclassified from AOCI into Income**	**Pre-tax Gain (Loss) Reclassified from AOCI into Income**		
	2015	**2014**	**2013**		**2015**	**2014**	**2013**
	(Dollars in millions)						
Cash Flow Hedges:							
Interest rate contracts	$ (130)	$ (172)	$ 204	Total interest income	$	$	$
				Total interest expense	(83)	(82)	(77)
					$ (83)	$ (82)	$ (77)

	Location of Amounts Recognized in Income	**Pre-tax Gain (Loss) Recognized in Income**		
		2015	**2014**	**2013**
		(Dollars in millions)		
Fair Value Hedges:				
	Total interest income	$ (20)	$ (22)	$ (21)

Interest rate contracts				
	Total interest expense	279	233	141
		$ 259	$ 211	$ 120
Not Designated as Hedges:				
Client-related and other risk management:				
Interest rate contracts	Other income	$ 27	$ 18	$ 26
Foreign exchange contracts	Other income	21	16	11
Mortgage Banking:				
Interest rate contracts	Mortgage banking income	7	(16)	(27)
MSRs:				
Interest rate contracts	Mortgage banking income	32	251	(197)
		$ 87	$ 269	$ (187)

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The following table provides a summary of derivative strategies and the related accounting treatment:

	Cash Flow Hedges	Fair Value Hedges	Derivatives Not Designated as Hedges
Risk exposure	Variability in cash flows of interest payments on floating rate business loans, overnight funding and various LIBOR funding instruments.	Losses in value on fixed rate long-term debt, CDs, FHLB advances, loans and state and political subdivision securities due to changes in interest rates.	Risk associated with an asset or liability, including mortgage banking operations and MSRs, or for client needs. Includes exposure to changes in market rates and conditions subsequent to the interest rate lock and funding date for mortgage loans originated for sale.
Risk management objective	Hedge the variability in the interest payments and receipts on future cash flows for forecasted transactions related to the first unhedged payments and receipts of variable interest.	Convert the fixed rate paid or received to a floating rate, primarily through the use of swaps.	For interest rate lock commitment derivatives and LHFS, use mortgage-based derivatives such as forward commitments and options to mitigate market risk. For MSRs, mitigate the income statement effect of changes in the fair value of the MSRs.
Treatment for portion that is highly effective	Recognized in AOCI until the related cash flows from the hedged item are recognized in earnings.	Recognized in current period income along with the corresponding changes in the fair value of the designated hedged item attributable to the risk being hedged.	Entire change in fair value recognized in current period income.
Treatment for portion that is ineffective	Recognized in current period income.	Recognized in current period income.	Not applicable
Treatment if hedge ceases to be highly effective or is terminated	Hedge is dedesignated. Effective changes in value that are recorded in AOCI before dedesignation are amortized to yield over the period the forecasted hedged transactions impact earnings.	If hedged item remains outstanding, termination proceeds are included in cash flows from financing activities and effective changes in value are reflected as part of the carrying value of the financial instrument and amortized to earnings over its estimated remaining life.	Not applicable
		Not applicable	Not applicable

Treatment if transaction is no longer probable of occurring during forecast period or within a short period thereafter	Hedge accounting is ceased and any gain or loss in AOCI is reported in earnings immediately.

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The following table presents information about BB&T's cash flow and fair value hedges:

	December 31, 2015	December 31, 2014
	(Dollars in millions)	
Cash flow hedges:		
Net unrecognized after-tax loss on active hedges recorded in AOCI	$ (134)	$ (181)
Net unrecognized after-tax gain on terminated hedges recorded in AOCI (to be recognized in earnings through 2022)	50	127
Estimated portion of net after-tax loss on active and terminated hedges to be reclassified from AOCI into earnings during the next 12 months	(7)	(51)
Maximum time period over which BB&T has hedged a portion of the variability in future cash flows for forecasted transactions excluding those transactions relating to the payment of variable interest on existing instruments	7 yrs	8 yrs
Fair value hedges:		
Unrecognized pre-tax net gain on terminated hedges (to be recognized as interest primarily through 2019)	$ 138	$ 227
Portion of pre-tax net gain on terminated hedges to be recognized as a change in interest during the next 12 months	57	88

Derivatives Credit Risk – Dealer Counterparties

Credit risk related to derivatives arises when amounts receivable from a counterparty exceed those payable to the same counterparty. The risk of loss is addressed by subjecting dealer counterparties to credit reviews and approvals similar to those used in making loans or other extensions of credit and by requiring collateral. Dealer counterparties operate under agreements to provide cash and/or liquid collateral when unsecured loss positions exceed negotiated limits.

Derivative contracts with dealer counterparties settle on a monthly, quarterly or semiannual basis, with daily movement of collateral between counterparties required within established netting agreements. BB&T only transacts with dealer counterparties with strong credit standings.

Derivatives Credit Risk – Central Clearing Parties

Certain derivatives are cleared through central clearing parties that require initial margin collateral, as well as collateral for trades in a net loss position. Initial margin collateral requirements are established by central clearing parties on varying bases, with such amounts generally designed to offset the risk of non-payment. Initial margin is generally calculated by applying the maximum loss experienced in value over a specified time horizon to the portfolio of existing trades. The central clearing party used for TBA transactions does not post variation margin to the bank.

	December 31,	
	2015	**2014**
	(Dollars in millions)	
Dealer Counterparties:		
Cash collateral received from dealer counterparties	$ 283	$ 191
Derivatives in a net gain position secured by that collateral	301	201
Unsecured positions in a net gain with dealer counterparties after collateral postings	18	10
Cash collateral posted to dealer counterparties	156	227
Derivatives in a net loss position secured by	161	231

that collateral		
Additional collateral that would have been posted had BB&T's credit ratings dropped below investment grade	6	3
Central Clearing Parties:		
Cash collateral, including initial margin, posted to central clearing parties	223	114
Derivatives in a net loss position secured by that collateral	227	129
Securities pledged to central clearing parties	207	116

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NOTE 19. Computation of EPS

Basic and diluted EPS calculations are presented in the following table:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions, except per share data, shares in thousands)		
Net income available to common shareholders	$ 1,936	$ 1,983	$ 1,563
Weighted average number of common shares	748,010	718,140	703,042
Effect of dilutive outstanding equity-based awards	9,755	10,232	11,321
Weighted average number of diluted common shares	757,765	728,372	714,363
Basic EPS	$ 2.59	$ 2.76	$ 2.22
Diluted EPS	$ 2.56	$ 2.72	$ 2.19
Anti-dilutive equity-based awards	8,620	14,333	28,456

NOTE 20. Operating Segments

BB&T's operations are divided into six reportable business segments that have been identified based on BB&T's organizational structure. The segments require unique technology and marketing strategies and offer different products and services through a number of distinct branded LOBs. While BB&T is managed as an integrated organization, individual executive managers are held accountable for the operations of these business segments.

BB&T emphasizes revenue growth by focusing on client service, sales effectiveness and relationship management along with an organizational focus on referring clients between LOBs. The business objective is to provide BB&T's entire suite of products to our clients with the end goal of providing our clients the best financial experience in the marketplace. The segment results contained herein are presented based on internal management accounting policies that were designed to support these strategic objectives. Unlike financial accounting, there is no comprehensive authoritative body of guidance for management accounting equivalent to GAAP. The performance of the segments is not comparable with BB&T's consolidated results or with similar information presented by any other financial institution. Additionally, because of the interrelationships of the various segments, the information presented is not indicative of how the segments would perform if they operated as independent entities.

The management accounting process uses various estimates and allocation methodologies to measure the performance of the operating segments. To determine financial performance for each segment, BB&T allocates capital, funding charges and credits, provisions for loan and lease losses, certain noninterest expenses and income tax provisions to each segment, as applicable. To promote revenue growth, certain revenues are reflected in noninterest income in the individual segment results and also allocated to Community Banking and Financial Services. These allocated revenues are reflected in intersegment net referral fees and eliminated in Other, Treasury and Corporate. Additionally certain client groups of Community Banking have also been identified as clients of other BUs within the business segments. Periodically, existing clients within the Community Banking segment may be identified and assigned as wealth and private banking clients. At the time of identification, these clients' loan and deposit balances are reported in the Financial Services segment from the time of assignment forward. The net interest income and associated net FTP associated with these customers' loans and deposits is accounted for in Community Banking in the respective line categories of net interest income (expense) and net intersegment interest income (expense). For Commercial Finance and the Wealth Division, NIM and net intersegment interest income have been combined in the net intersegment interest income (expense) line with an appropriate offsetting amount to the Other, Treasury and Corporate line item to ensure consolidated totals reflect the Company's total NIM for loans and deposits. Allocation methodologies are subject to periodic adjustment as the internal management accounting system is revised and business or product lines within the segments change. Also, because the development and application of these methodologies is a dynamic process, the financial results presented may be periodically revised.

BB&T utilizes an FTP system to eliminate the effect of interest rate risk from the segments' net interest income because such risk is centrally managed within the Treasury function. The FTP system credits or charges the segments with the economic value or cost of the funds the segments create or use. The net FTP credit or charge, which includes intercompany interest income and expense, is reflected as net intersegment income (expense) in the accompanying tables.

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The allocated provision for loan and lease losses is also allocated to the relevant segments based on management's assessment of the segments' credit risks. The allocated provision is designed to achieve a high degree of correlation between the loan loss experience and the GAAP basis provision at the segment level, while at the same time providing management with a measure of operating performance that gives appropriate consideration to the risks inherent in each of the Company's operating segments. Any over or under allocated provision for loan and lease losses is reflected in Other, Treasury and Corporate to arrive at consolidated results.

BB&T allocates expenses to the reportable segments based on various methodologies, including volume and amount of loans and deposits and the number of full-time equivalent employees. Allocation systems are refined from time to time along with further identification of certain cost pools. These cost pools and refinements are implemented to provide for improved managerial reporting of cost to the appropriate business segments. A portion of corporate overhead expense is not allocated, but is retained in corporate accounts and reflected as Other, Treasury and Corporate in the accompanying tables. The majority of depreciation expense is recorded in support units and allocated to the segments as part of allocated corporate expense. Income taxes are allocated to the various segments based on taxable income and statutory rates applicable to the segment.

Community Banking

Community Banking serves individual and business clients by offering a variety of loan and deposit products and other financial services. Community Banking is primarily responsible for serving client relationships and, therefore, is credited with certain revenue from the Residential Mortgage Banking, Financial Services, Insurance Services, Specialized Lending, and other segments, which is reflected in net referral fees.

Residential Mortgage Banking

Residential Mortgage Banking retains and services mortgage loans originated by Community Banking as well as those purchased from various correspondent originators. Mortgage loan products include fixed and adjustable rate government and conventional loans for the purpose of constructing, purchasing or refinancing residential properties. Substantially all of the properties are owner occupied. BB&T generally retains the servicing rights to loans sold. Residential Mortgage Banking earns interest on loans held in the warehouse and portfolio, earns fee income from the origination and servicing of mortgage loans and recognizes gains or losses from the sale of mortgage loans.

Dealer Financial Services

Dealer Financial Services originates loans to consumers on a prime and nonprime basis for the purchase of automobiles. Such loans are originated on an indirect basis through approved franchised and independent automobile dealers throughout the BB&T market area and nationally through Regional Acceptance Corporation. This segment also originates loans for the purchase of boats and recreational vehicles originated through dealers in BB&T's market area. In addition, financing and servicing to dealers for their inventories is provided through a joint relationship between Dealer Financial Services and Community Banking.

Specialized Lending

Specialized Lending consists of BUs and subsidiaries that provide specialty finance products to consumers and businesses. The BUs include Commercial Finance and Governmental Finance. Commercial Finance structures and manages asset-based working capital financing, supply chain financing, export-import finance, accounts receivable management and credit enhancement. Commercial Finance also contains the Mortgage Warehouse Lending business, which provides short-term lending solutions to finance first-lien residential mortgage LHFS by independent mortgage companies. Governmental Finance provides tax-exempt financing to meet the capital project needs of local governments. Operating subsidiaries include BB&T Equipment Finance, which provides equipment leasing largely within BB&T's banking footprint; Sheffield Financial, a dealer-based financer of equipment for both small businesses and consumers; Prime Rate Premium Finance Corporation, which includes AFCO and CAFO, insurance premium finance BUs that provide funding to businesses in the United States and Canada and to consumers in certain markets within BB&T's banking footprint; and Grandbridge, a full-service commercial mortgage banking lender providing loans on a national basis. Lendmark Financial Services, a direct consumer finance lending company, was sold during 2013. Branch Bank clients as well as nonbank clients within and outside BB&T's primary geographic market area are served by these LOBs. The Community Banking segment receives credit for referrals to these LOBs with the corresponding charge retained as part of Other, Treasury and Corporate in the accompanying tables.

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Insurance Services

BB&T's insurance agency / brokerage network is the sixth largest in the world. Insurance Services provides property and casualty, employee benefits and life insurance to businesses and individuals. It also provides small business and corporate services, such as workers compensation and professional liability, as well as surety coverage and title insurance. Community Banking and Financial Services receive credit for insurance commissions on referred accounts, with the corresponding charge retained in the corporate office, which is reflected as part of Other, Treasury and Corporate in the accompanying tables.

Financial Services

Financial Services provides personal trust administration, estate planning, investment counseling, wealth management, asset management, corporate retirement services, corporate banking and corporate trust services. Financial Services also offers clients investment alternatives, including discount brokerage services, equities, fixed-rate and variable-rate annuities, mutual funds and governmental and municipal bonds through BB&T Investment Services, Inc.

Financial Services includes BB&T Securities, a full-service brokerage and investment banking 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 also has a public finance department that provides investment banking services, financial advisory services and municipal bond financing to a variety of regional taxable and tax-exempt issuers.

Financial Services includes a group of consolidated SBIC private equity and mezzanine investment funds that invest in privately owned middle-market operating companies to facilitate growth or ownership transition. Financial Services also includes the Corporate Banking Division that originates and services large corporate relationships, syndicated lending relationships and client derivatives. Community Banking receives an interoffice credit for referral fees, with the corresponding charge reflected as part of Other, Treasury and Corporate in the accompanying tables. Also captured within the net intersegment interest income for Financial Services is the NIM for the loans and deposits assigned to the Wealth Management Division that are housed in the Community Bank.

Other, Treasury and Corporate

Other, Treasury and Corporate is the combination of the Other segment that represents operating entities that do not meet the quantitative or qualitative thresholds for disclosure; BB&T’s Treasury function, which is responsible for the management of the securities portfolios, overall balance sheet funding and liquidity, and overall management of interest rate risk; the corporate support functions that have not been allocated to the business segments; merger-related charges or credits that are incurred as part of the acquisition and conversion of acquired entities; nonrecurring charges that are considered to be unusual in nature or infrequent and not reflective of the normal operations of the segments; and intercompany eliminations including intersegment net referral fees and net intersegment interest income (expense).

The loan portfolio acquired in the Colonial acquisition is managed outside of the Community Banking segment. The assets and related interest income from this loan portfolio have an expected finite business life and are therefore included in the Other, Treasury and Corporate segment. The investment balances and results related to affordable housing investments are also included in this segment. Performance results of bank acquisitions prior to system conversion are typically reported in this segment and on a post-conversion date are reported in the Community Banking segment.

Segment Asset Transfer

During January 2014, approximately $8.3 billion of home equity loans and lines were transferred from Community Banking to Residential Mortgage Banking based on a change in how these loans are managed as a result of qualified mortgage regulations. The following tables have been retrospectively adjusted for the loan transfer.

Segment Realignment

During the first quarter of 2016, the asset-based lending group within the Specialized Lending segment was moved to Community Banking, and the supply-chain lending responsibility was moved from the Specialized Lending segment to the Financial Services segment. The following tables present segment results prior to the realignment and subsequent to the realignment.

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BB&T Corporation
Reportable Segments - Before Realignment
Year Ended December 31

	Community Banking			Residential Mortgage Banking			Dealer Financial Services			Specialized Lending		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2
(Dollars in millions)												
Net interest income (expense)	$ 1,801	$ 1,726	$ 1,712	$ 1,357	$ 1,482	$ 1,584	$ 881	$ 835	$ 834	$ 651	$ 578	$
Net intersegment interest income (expense)	1,272	1,188	1,336	(905)	(984)	(999)	(153)	(160)	(158)	(186)	(146)	
Segment net interest income	3,073	2,914	3,048	452	498	585	728	675	676	465	432	
Allocated provision for loan and lease losses	67	123	279	9	(107)	12	254	237	214	48	39	
Noninterest income	1,166	1,184	1,180	355	310	481	7	2	5	271	232	
Intersegment net referral fees (expense)	135	120	178	2	2	2						
Noninterest expense	1,517	1,428	1,573	314	498	357	151	114	106	256	211	
Amortization of intangibles	23	29	36							5	5	
Allocated corporate expenses	1,225	1,204	1,123	93	91	81	39	31	31	64	63	
Income (loss) before	1,542	1,434	1,395	393	328	618	291	295	330	363	346	

income taxes												
Provision (benefit) for income taxes	564	524	511	149	124	235	111	112	126	95	89	
Segment net income (loss)	$ 978	$ 910	$ 884	$ 244	$ 204	$ 383	$ 180	$ 183	$ 204	$ 268	$ 257	$
Identifiable segment assets (period end)	$ 68,245	$ 55,495	$ 55,667	$ 33,407	$ 34,463	$ 36,083	$ 15,130	$ 12,821	$ 11,525	$ 20,732	$ 18,218	$

	Insurance Services			Financial Services			Other, Treasury and Corporate (1)			Total BB&T Corporatio		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2**
	(Dollars in millions)											
Net interest income (expense)	$ 2	$ 2	$ 3	$ 213	$ 183	$ 166	$ 687	$ 568	$ 639	$ 5,592	$ 5,374	$
Net intersegment interest income (expense)	7	6	6	313	263	282	(348)	(167)	(341)			
Segment net interest income	9	8	9	526	446	448	339	401	298	5,592	5,374	
Allocated provision for loan and lease losses				65	25	18	(15)	(66)	(16)	428	251	
Noninterest income	1,608	1,663	1,535	847	779	757	(235)	(314)	(144)	4,019	3,856	
Intersegment net referral fees (expense)				22	15	16	(159)	(137)	(196)			

Noninterest expense	1,191	1,189	1,135	680	634	604	2,052	1,687	1,651	6,161	5,761	
Amortization of intangibles	47	53	61	3	2	3	27	2	1	105	91	
Allocated corporate expenses	99	86	64	135	127	108	(1,655)	(1,602)	(1,477)			
Income (loss) before income taxes	280	343	284	512	452	488	(464)	(71)	(201)	2,917	3,127	
Provision (benefit) for income taxes	98	110	97	193	170	183	(416)	(208)	305	794	921	
Segment net income (loss)	$ 182	$ 233	$ 187	$ 319	$ 282	$ 305	$ (48)	$ 137	$ (506)	$ 2,123	$ 2,206	$
Identifiable segment assets (period end)	$ 2,804	$ 2,965	$ 2,990	$ 16,374	$ 12,849	$ 10,001	$ 53,255	$ 50,023	$ 50,213	$ 209,947	$ 186,834	$

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

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BB&T Corporation
Reportable Segments - After Realignment
Year Ended December 31

	Community Banking			Residential Mortgage Banking			Dealer Financial Services			Specialized Lending		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2
(Dollars in millions)												
Net interest income (expense)	$ 1,801	$ 1,726	$ 1,712	$ 1,357	$ 1,482	$ 1,584	$ 881	$ 835	$ 834	$ 648	$ 575	$
Net intersegment interest income (expense)	1,272	1,188	1,336	(905)	(984)	(999)	(153)	(160)	(158)	(236)	(205)	
Segment net interest income	3,073	2,914	3,048	452	498	585	728	675	676	412	370	
Allocated provision for loan and lease losses	67	123	279	9	(107)	12	254	237	214	43	36	
Noninterest income	1,166	1,184	1,180	355	310	481	7	2	5	260	222	
Intersegment net referral fees (expense)	135	120	178	2	2	2						
Noninterest expense	1,517	1,428	1,573	321	498	357	151	114	106	254	210	
Amortization of intangibles	23	29	36							4	5	
Allocated corporate expenses	1,225	1,204	1,123	93	91	81	39	31	31	63	62	
Income (loss) before	1,542	1,434	1,395	386	328	618	291	295	330	308	279	

income taxes												
Provision (benefit) for income taxes	564	524	511	146	124	235	111	112	126	74	64	
Segment net income (loss)	$ 978	$ 910	$ 884	$ 240	$ 204	$ 383	$ 180	$ 183	$ 204	$ 234	$ 215	$
Identifiable segment assets (period end)	$ 68,245	$ 55,495	$ 55,667	$ 33,407	$ 34,463	$ 36,083	$ 15,130	$ 12,821	$ 11,525	$ 18,222	$ 15,641	$

	Insurance Services			Financial Services			Other, Treasury and Corporate (1)			Total BB&T Corporati		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2
	(Dollars in millions)											
Net interest income (expense)	$ 2	$ 2	$ 3	$ 217	$ 187	$ 169	$ 686	$ 567	$ 638	$ 5,592	$ 5,374	$
Net intersegment interest income (expense)	7	6	6	312	262	295	(297)	(107)	(340)			
Segment net interest income	9	8	9	529	449	464	389	460	298	5,592	5,374	
Allocated provision for loan and lease losses				65	26	20	(10)	(64)	(16)	428	251	
Noninterest income	1,608	1,663	1,535	847	779	757	(224)	(304)	(144)	4,019	3,856	
Intersegment net referral fees (expense)				22	15	16	(159)	(137)	(196)			

Noninterest expense	1,191	1,189	1,135	682	635	606	2,045	1,687	1,651	6,161	5,761	
Amortization of intangibles	47	53	61	3	2	3	28	2	1	105	91	
Allocated corporate expenses	99	86	64	136	127	109	(1,655)	(1,601)	(1,477)			
Income (loss) before income taxes	280	343	284	512	453	499	(402)	(5)	(201)	2,917	3,127	
Provision (benefit) for income taxes	98	110	97	193	170	187	(392)	(183)	305	794	921	
Segment net income (loss)	$ 182	$ 233	$ 187	$ 319	$ 283	$ 312	$ (10)	$ 178	$ (506)	$ 2,123	$ 2,206	$
Identifiable segment assets (period end)	$ 2,804	$ 2,965	$ 2,990	$ 16,429	$ 12,887	$ 10,572	$ 55,710	$ 52,562	$ 50,213	$ 209,947	$ 186,834	$

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

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, as of February 25, 2016:

BB&T Corporation
(Registrant)

/s/ Kelly S. King
Kelly S. King
Chairman and Chief Executive Officer

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of February 25, 2016:

/s/ Kelly S. King
Kelly S. King
Chairman and Chief Executive Officer
(Principal Executive Officer)

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

/s/ Cynthia B. Powell
Cynthia B. Powell
Executive Vice President and
Corporate Controller
(Principal Accounting Officer)

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A Majority of the Directors of the Registrant are included:

/s/ Kelly S. King	/s/ Christine Sears
Kelly S. King **Chairman and Chief Executive Officer**	**Christine Sears** **Director**
/s/ Jennifer S. Banner	/s/ Thomas E. Skains
Jennifer S. Banner **Director**	**Thomas E. Skains** **Director**
/s/ K. David Boyer, Jr.	/s/ Thomas N. Thompson
K. David Boyer, Jr. **Director**	**Thomas N. Thompson** **Director**
/s/ Anna R. Cablik	/s/ Edwin H. Welch, Ph.D.
Anna R. Cablik **Director**	**Edwin H. Welch, Ph.D.** **Director**
/s/ James A. Faulkner	/s/ Stephen T. Williams
James A. Faulkner **Director**	**Stephen T. Williams** **Director**
/s/ I. Patricia Henry	
I. Patricia Henry **Director**	
/s/ Eric C. Kendrick	
Eric C. Kendrick **Director**	
/s/ Dr. Louis B. Lynn	
Dr. Louis B. Lynn **Director**	
/s/ Edward C. Milligan	
Edward C. Milligan **Director**	

/s/ Charles A. Patton

Charles A. Patton
Director

/s/ Nido R. Qubein

Nido R. Qubein
Director

/s/ William J. Reuter

William J. Reuter
Director

/s/ Tollie W. Rich, Jr.

Tollie W. Rich, Jr.
Director

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EXHIBIT INDEX

Exhibit No.	Description	Location
2.1	Purchase and Assumption Agreement Whole Bank All Deposits, among the Federal Deposit Insurance Corporation, receiver of Colonial Bank, Montgomery, Alabama, the Federal Deposit Insurance Corporation and Branch Banking and Trust Company, dated as of August 14, 2009.	Incorporated herein by reference to Exhibit 2.1 of the Current Report on Form 8-K, filed August 17, 2009.
2.2	Agreement and Plan of Merger, dated as of November 11, 2014, by and between BB&T Corporation and Susquehanna Bancshares, Inc.	Incorporated herein by reference to Exhibit 2.1 of the Current Report on Form 8-K, filed November 17, 2014.
2.3	Agreement and Plan of Merger, dated as of August 17, 2015, by and between BB&T Corporation and National Penn Bancshares, Inc.	Incorporated herein by reference to Exhibit 2.1 of the Current Report on Form 8-K, filed August 20, 2015.
3(i)	Articles of Incorporation of the Registrant, as amended and restated April 30, 2014.	Incorporated herein by reference to Exhibit 3(i) of the Current Report on Form 8-K, filed May 2, 2014.
3(ii)	Bylaws of the Registrant, as amended and restated January 27, 2015.	Incorporated herein by reference to Exhibit 3.1 of the Current Report on Form 8-K, filed January 28, 2015.
4.1	Indenture Regarding Senior Securities (including form of Senior Debt Security) between Registrant and U.S. Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee, dated as of May 24, 1996.	Incorporated herein by reference to Exhibit 4(c) of Form S-3 Registration Statement No. 333-02899.
4.2	First Supplemental Indenture, dated May 4, 2009, to the Indenture Regarding Senior Securities, dated as of May 24, 1996, between the Registrant and U.S. Bank National Association.	Incorporated herein by reference to Exhibit 4.2 of the Current Report on Form 8-K, filed May 4, 2009.
4.3	Indenture Regarding Subordinated Securities (including Form of Subordinated Debt Security) between the Registrant and U.S. Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee, dated as of May 24, 1996.	Incorporated herein by reference to Exhibit 4(d) of Form S-3 Registration Statement No. 333-02899.
4.4	First Supplemental Indenture, dated as of December 23, 2003, to the Indenture Regarding Subordinated Securities, dated as of May 24, 1996, between the Registrant and U.S. Bank National Association.	Incorporated herein by reference to Exhibit 4.5 of the Annual Report on Form 10-K, filed February 27, 2009.
4.5	Second Supplemental Indenture, dated as of September 24, 2004, to the Indenture Regarding Subordinated Securities, dated as of May 24, 1996, between the Registrant and U.S. Bank National Association.	Incorporated herein by reference to Exhibit 4.7 of the Annual Report on Form 10-K, filed February 26, 2010.
4.6	Third Supplemental Indenture, dated May 4, 2009, to the Indenture Regarding Subordinated Securities, dated as of May 24, 1996, between the Registrant and U.S. Bank National Association.	Incorporated herein by reference to Exhibit 4.6 of the Current Report on Form 8-K, filed May 4,

		2009.
10.1*	BB&T Corporation Amended and Restated Non-Employee Directors' Deferred Compensation and Stock Option Plan (amended and restated January 1, 2005).	Incorporated herein by reference to Exhibit 10.1 of the Annual Report on Form 10-K, filed February 28, 2008.

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Exhibit No.	Description	Location
10.2*	BB&T Corporation Amended and Restated 2004 Stock Incentive Plan, as amended (as amended through February 24, 2009).	Incorporated herein by reference to the Appendix to the Proxy Statement for the 2009 Annual Meeting of Shareholders on Schedule 14A, filed March 13, 2009.
10.3*	BB&T Corporation 2012 Incentive Plan	Incorporated herein by reference to the Appendix to the Proxy Statement for the 2012 Annual Meeting of Shareholders on Schedule 14A, filed March 12, 2012.
10.4*	Form of Restricted Stock Unit Agreement (Non-Employee Directors) for the BB&T 2012 Incentive Plan.	Incorporated herein by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q, filed April 27, 2015.
10.5*	Form of Non-Employee Director Restricted Stock Unit Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting).	Incorporated herein by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q, filed May 7, 2010.
10.6*	Form of Non-Employee Director Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (5-Year Vesting).	Incorporated herein by reference to Exhibit 10.7 of the Annual Report on Form 10-K, filed February 28, 2008.
10.7*	Form of Non-Employee Director Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting).	Incorporated herein by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q, filed May 7, 2010.
10.8*	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (5-Year Vesting).	Incorporated herein by reference to Exhibit 10.8 of the Annual Report on Form 10-K, filed February 28, 2008.
10.9*	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting).	Incorporated herein by reference to Exhibit 10.5 of the Quarterly Report on Form 10-Q, filed May 7, 2010.
10.10*	Southern National Deferred Compensation Plan for Key Executives including amendments.	Incorporated herein by reference to Exhibit 10.21 of the Annual Report on Form 10-K, filed February 25, 2011.
10.11*†	BB&T Non-Qualified Defined Benefit Plan (January 1, 2012 Restatement).	Filed herewith.
10.12*†	First Amendment to the BB&T Non-Qualified Defined Benefit Plan (January 1, 2012 Restatement).	Filed herewith.
10.13*†	Second Amendment to the BB&T Non-Qualified Defined Benefit Plan (January 1, 2012 Restatement).	Filed herewith.
10.14*†	BB&T Non-Qualified Defined Contribution Plan (January 1, 2012 Restatement).	Filed herewith.
10.15*†	BB&T Corporation Non-Qualified Deferred Compensation Trust (Amended and Restated Effective January 1, 2012).	Filed herewith.

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Exhibit No.	Description	Location
10.16*	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting with Clawback Provision).	Incorporated herein by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q, filed May 4, 2012.
10.17*	Form of Employee Restricted Stock Unit Agreement for the BB&T Corporation Amended and Restated 2004 Stock Incentive Plan (4-Year Vesting with Clawback Provision).	Incorporated herein by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q, filed May 4, 2012.
10.18*	Form of Employee Nonqualified Stock Option Agreement for the BB&T Corporation 2012 Incentive Plan.	Incorporated herein by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q, filed May 2, 2013.
10.19*	Form of Nonqualified Option Agreement (Senior Executive) for the BB&T Corporation 2012 Incentive Plan.	Incorporated herein by reference to Exhibit 10.4 of the Quarterly Report on Form 10-Q, filed April 30, 2014.
10.20*	Form of Employee Restricted Stock Unit Agreement for the BB&T Corporation 2012 Incentive Plan.	Incorporated herein by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q, filed August 7, 2012.
10.21*	Form of Director Restricted Stock Unit Agreement for the BB&T Corporation 2012 Incentive Plan.	Incorporated herein by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q, filed May 2, 2013.
10.22*	Form of Restricted Stock Unit Agreement (Performance-Based Vesting Component) for Executive Officers under the BB&T Corporation 2012 Incentive Plan (2013 grants).	Incorporated herein by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q, filed May 2, 2013.
10.23*	Form of Restricted Stock Unit Agreement (Performance-Based Vesting Component)(Senior Executive) for the BB&T Corporation 2012 Incentive Plan (2014 grants).	Incorporated herein by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q, filed April 30, 2014.
10.24*	Form of Restricted Stock Unit Agreement (Tier 2 Employee) for the BB&T Corporation 2012 Incentive Plan.	Incorporated herein by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q, filed April 30, 2014.
10.25*	Form of LTIP Award Agreement for Executive Officers under the BB&T Corporation 2012 Incentive Plan (2013 – 2015 performance period).	Incorporated herein by reference to Exhibit 10.4 of the Quarterly Report on Form 10-Q, filed May 2, 2013.
10.26*	Form of LTIP Award Agreement for Executive Officers under the BB&T Corporation 2012 Incentive Plan (2014 – 2016 performance period).	Incorporated herein by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q, filed April 30, 2014.
10.27*	Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Kelly S.	Incorporated herein by reference to Exhibit 10.1 of

	King dated as of December 19, 2012.	the Current Report on Form 8-K, filed December 19, 2012.
10.28*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Christopher L. Henson.	Incorporated herein by reference to Exhibit 10.21 of the Annual Report on Form 10-K, filed February 27, 2009.

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Exhibit No.	Description	Location
10.29*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Daryl N. Bible.	Incorporated herein by reference to Exhibit 10.22 of the Annual Report on Form 10-K, filed February 27, 2009.
10.30*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Ricky K. Brown.	Incorporated herein by reference to Exhibit 10.23 of the Annual Report on Form 10-K, filed February 27, 2009.
10.31*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Barbara F. Duck.	Incorporated herein by reference to Exhibit 10.24 of the Annual Report on Form 10-K, filed February 27, 2009.
10.32*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Donna C. Goodrich.	Incorporated herein by reference to Exhibit 10.25 of the Annual Report on Form 10-K, filed February 27, 2009.
10.33*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Clarke R. Starnes, III.	Incorporated herein by reference to Exhibit 10.27 of the Annual Report on Form 10-K, filed February 27, 2009.
10.34*	2008 Amended and Restated Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Steven B. Wiggs.	Incorporated herein by reference to Exhibit 10.28 of the Annual Report on Form 10-K, filed February 27, 2009.
10.35*	2012 Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and Cynthia A. Williams.	Incorporated herein by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q, filed November 2, 2012.
10.36*	2012 Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Co. and William R. Yates.	Incorporated herein by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q, filed November 2, 2012.
10.37*	2014 Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Company and Robert J. Johnson, Jr.	Incorporated herein by reference to Exhibit 10.5 of the Quarterly Report on Form 10-Q, filed April 30, 2014.
10.38*	2016 Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Company and W. Bennett Bradley.	Filed herewith.
10.39*	2016 Employment Agreement by and among BB&T Corporation, Branch Banking and Trust Company and David H. Weaver.	Filed herewith.
10.40*	Merger Completion Incentive Program - Summary	Incorporated herein by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q, filed July 30, 2015.
11	Statement re computation of earnings per share.	Filed herewith as Note 19 to the consolidated financial statements.
12†	Statement re computation of ratios.	Filed herewith.
21†	Subsidiaries of the Registrant.	Filed herewith.

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Exhibit No.	Description	Location
23†	Consent of Independent Registered Public Accounting Firm.	Filed herewith.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15(d)-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15(d)-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.	Filed herewith.
101.DEF	XBRL Taxonomy Definition Linkbase.	Filed herewith.
101.INS	XBRL Instance Document.	Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase.	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema.	Filed herewith.

* Management compensatory plan or arrangement.

† Exhibit filed with the SEC and available upon request.