

BB&T CORP
Form 10-Q
July 28, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: June 30, 2014

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)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At June 30, 2014, 719,584,256 shares of the Registrant's common stock, \$5 par value, were outstanding.

BB&T CORPORATION
FORM 10-Q
June 30, 2014
INDEX

| | Page No. |
|--|-----------------|
| PART I | |
| Item 1. Financial Statements | |
| <u>Consolidated Balance Sheets (Unaudited)</u> | 5 |
| <u>Consolidated Statements of Income (Unaudited)</u> | 6 |
| <u>Consolidated Statements of Comprehensive Income (Unaudited)</u> | 7 |
| <u>Consolidated Statements of Changes in Shareholders' Equity (Unaudited)</u> | 8 |
| <u>Consolidated Statements of Cash Flows (Unaudited)</u> | 9 |
| <u>Notes to Consolidated Financial Statements (Unaudited)</u> | 10 |
| Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 45 |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk (see Market Risk Management)</u> | 73 |
| Item 4. <u>Controls and Procedures</u> | 80 |
| PART II | |
| Item 1. <u>Legal Proceedings</u> | 80 |
| Item 1A. <u>Risk Factors</u> | 80 |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 80 |
| Item 3. Defaults Upon Senior Securities - (not applicable.) | |
| Item 4. Mine Safety Disclosures - (not applicable.) | |
| Item 5. Other Information - (none to be reported.) | |
| Item 6. <u>Exhibits</u> | 81 |

Table of Contents**Glossary of Defined Terms**

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

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

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| | |
|--------------------|---|
| GAAP | Accounting principles generally accepted in the United States of America |
| GNMA | Government National Mortgage Association |
| Grandbridge | Grandbridge Real Estate Capital, LLC |
| GSE | U.S. government-sponsored enterprise |
| HUD-OIG | Office of Inspector General, U.S. Department of Housing and Urban Development |
| HTM | Held-to-maturity |
| 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. |

3

Table of Contents

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

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

| | June 30, 2014 | December 31, 2013 |
|--|--------------------------|----------------------------------|
| Assets | | |
| Cash and due from banks | \$ 1,718 | \$ 1,565 |
| Interest-bearing deposits with banks | 589 | 452 |
| Federal funds sold and securities purchased under resale agreements or similar arrangements | 141 | 148 |
| Restricted cash | 292 | 422 |
| AFS securities at fair value (\$1,333 and \$1,393 covered by FDIC loss share at June 30, 2014 and December 31, 2013, respectively) | 20,936 | 22,104 |
| HTM securities (fair value of \$20,264 and \$17,530 at June 30, 2014 and December 31, 2013, respectively) | 20,432 | 18,101 |
| LHFS at fair value | 1,692 | 1,222 |
| Loans and leases (\$1,653 and \$2,035 covered by FDIC loss share at June 30, 2014 and December 31, 2013, respectively) | 119,523 | 115,917 |
| ALLL | (1,590) | (1,732) |
| Loans and leases, net of ALLL | 117,933 | 114,185 |
| Premises and equipment | 1,857 | 1,869 |

| | | |
|---|------------|------------|
| Goodwill | 6,868 | 6,814 |
| Core deposit and other intangible assets | 552 | 569 |
| Residential MSR's at fair value | 954 | 1,047 |
| Other assets (\$98 and \$163 of foreclosed property and other assets covered by FDIC loss share at June 30, 2014 and December 31, 2013, respectively) | 14,048 | 14,512 |
| Total assets | \$ 188,012 | \$ 183,010 |

Liabilities and Shareholders' Equity

Deposits:

| | | |
|--|-----------|-----------|
| Noninterest-bearing deposits | \$ 37,398 | \$ 34,972 |
| Interest-bearing deposits, excluding time deposits \$100,000 and greater | 77,923 | 78,330 |
| Time deposits \$100,000 and greater | 16,265 | 14,173 |
| Total deposits | 131,586 | 127,475 |
| Short-term borrowings | 3,979 | 4,138 |
| Long-term debt | 21,927 | 21,493 |
| Accounts payable and other liabilities | 6,555 | 7,095 |
| Total liabilities | 164,047 | 160,201 |

Commitments and contingencies (Note 11)

Shareholders' equity:

| | | |
|--|--------|--------|
| Preferred stock, \$5 par, liquidation preference of \$25,000 per share | 2,603 | 2,603 |
| Common stock, \$5 par | 3,598 | 3,533 |
| Additional paid-in capital | 6,451 | 6,172 |
| Retained earnings | 11,634 | 11,044 |
| | (406) | (593) |

| | | |
|--|------------|------------|
| AOCI, net of deferred income taxes | | |
| Noncontrolling interests | 85 | 50 |
| Total shareholders' equity | 23,965 | 22,809 |
| Total liabilities and shareholders' equity | \$ 188,012 | \$ 183,010 |
| Common shares outstanding | 719,584 | 706,620 |
| 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.

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

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|--------------|-------------------------|--------------|
| | June 30, | | June 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Interest Income | | | | |
| Interest and fees on loans and leases | \$ 1,295 | \$ 1,418 | \$ 2,590 | \$ 2,851 |
| Interest and dividends on securities | 234 | 215 | 470 | 430 |
| Interest on other earning assets | 8 | 10 | 23 | 21 |
| Total interest income | 1,537 | 1,643 | 3,083 | 3,302 |
| Interest Expense | | | | |
| Interest on deposits | 60 | 78 | 120 | 164 |
| Interest on short-term borrowings | 1 | 3 | 2 | 4 |
| Interest on long-term debt | 133 | 147 | 271 | 297 |
| Total interest expense | 194 | 228 | 393 | 465 |
| Net Interest Income | 1,343 | 1,415 | 2,690 | 2,837 |
| Provision for credit losses | 74 | 168 | 134 | 440 |
| Net Interest Income After Provision for Credit Losses | 1,269 | 1,247 | 2,556 | 2,397 |
| Noninterest Income | | | | |
| Insurance income | 422 | 426 | 849 | 791 |
| Service charges on deposits | 149 | 143 | 292 | 281 |
| Mortgage banking income | 86 | 168 | 160 | 348 |
| Investment banking and brokerage fees and commissions | 92 | 99 | 180 | 193 |
| Bankcard fees and merchant discounts | 70 | 65 | 132 | 124 |
| Trust and investment advisory revenues | 55 | 49 | 109 | 97 |
| Checkcard fees | 52 | 51 | 99 | 98 |
| Income from bank-owned life insurance | 25 | 26 | 52 | 54 |
| FDIC loss share income, net | (88) | (85) | (172) | (144) |
| Other income | 70 | 81 | 141 | 159 |
| Securities gains (losses), net | | | | |
| Gross realized gains | | 23 | 6 | 46 |
| Gross realized losses | | | (3) | |
| OTTI charges | | | (23) | |
| Non-credit portion recognized in OCI | | | 22 | |
| Total securities gains (losses), net | | 23 | 2 | 46 |
| Total noninterest income | 933 | 1,046 | 1,844 | 2,047 |
| Noninterest Expense | | | | |
| Personnel expense | 809 | 844 | 1,591 | 1,661 |
| Occupancy and equipment expense | 168 | 170 | 344 | 341 |

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| | | | | |
|--|---------|---------|---------|---------|
| Loan-related expense | 100 | 63 | 169 | 121 |
| Professional services | 34 | 47 | 67 | 83 |
| Software expense | 42 | 38 | 85 | 76 |
| Regulatory charges | 30 | 35 | 59 | 70 |
| Outside IT services | 31 | 21 | 58 | 36 |
| Amortization of intangibles | 23 | 27 | 46 | 54 |
| Foreclosed property expense | 10 | 12 | 19 | 30 |
| Merger-related and restructuring charges, net | 13 | 27 | 21 | 32 |
| Other expense | 291 | 212 | 495 | 406 |
| Total noninterest expense | 1,551 | 1,496 | 2,954 | 2,910 |
| Earnings | | | | |
| Income before income taxes | 651 | 797 | 1,446 | 1,534 |
| Provision for income taxes | 173 | 221 | 390 | 702 |
| Net income | 478 | 576 | 1,056 | 832 |
| Noncontrolling interests | 16 | 16 | 56 | 32 |
| Dividends on preferred stock | 37 | 13 | 74 | 43 |
| Net income available to common shareholders | \$ 425 | \$ 547 | \$ 926 | \$ 757 |
| EPS | | | | |
| Basic | \$ 0.59 | \$ 0.78 | \$ 1.29 | \$ 1.08 |
| Diluted | \$ 0.58 | \$ 0.77 | \$ 1.27 | \$ 1.06 |
| Cash dividends declared | \$ 0.24 | \$ 0.23 | \$ 0.47 | \$ 0.46 |

Weighted Average Shares

Outstanding

| | | | | |
|---------|---------|---------|---------|---------|
| Basic | 719,080 | 702,082 | 715,978 | 701,245 |
| Diluted | 728,452 | 712,861 | 726,388 | 711,998 |

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

Table of Contents
**BB&T CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF
 COMPREHENSIVE INCOME**

(Unaudited)

(Dollars in millions)

| | Three Months Ended June 30, 2014 | | Six Months Ended June 30, 2014 | |
|---|---|---------------|---|---------------|
| | 2013 | 2014 | 2013 | 2014 |
| Net Income | \$ 478 | \$ 576 | \$ 1,056 | \$ 832 |
| OCI, net of tax: | | | | |
| Change in unrecognized net pension and postretirement costs | 2 | 12 | 3 | 26 |
| Change in unrealized net gains (losses) on cash flow hedges | (2) | 155 | 9 | 162 |
| Change in unrealized net gains (losses) on AFS securities | 86 | (354) | 165 | (415) |
| Change in FDIC's share of unrealized (gains) losses on AFS securities | 3 | 17 | 9 | 4 |
| Other, net | 5 | (2) | 1 | (2) |
| Total OCI | 94 | (172) | 187 | (225) |
| Total comprehensive income | \$ 572 | \$ 404 | \$ 1,243 | \$ 607 |

Income Tax Effect of Items Included in OCI:

| | | | | |
|---|------|-------|------|-------|
| Change in unrecognized net pension and postretirement costs | \$ 1 | \$ 8 | \$ 2 | \$ 17 |
| Change in unrealized net gains (losses) on cash flow hedges | (1) | 95 | 6 | 98 |
| Change in unrealized net gains (losses) on AFS securities | 53 | (215) | 98 | (252) |

| | | | | |
|--|---|----|---|---|
| securities | | | | |
| Change in FDIC's share of unrealized (gains) losses on AFS securities | 1 | 10 | 4 | 1 |
| Other, net | 2 | 1 | 1 | 1 |

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

7

Table of Contents

BB&T CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

Six Months Ended June 30, 2014 and 2013

(Dollars in millions, shares in thousands)

| | Shares of Common Stock | Preferred Stock | Common Stock | Additional Paid-In Capital | Retained Earnings | AOCI | Noncontrolling Interests | Total Shareholders' Equity |
|---|------------------------------|--------------------|-----------------|----------------------------------|----------------------|----------|-----------------------------|----------------------------------|
| Balance, January 1, 2013 | 699,728 | \$ 2,116 | \$ 3,499 | \$ 5,973 | \$ 10,129 | \$ (559) | \$ 65 | \$ 21,223 |
| Add (Deduct): | | | | | | | | |
| Net income | | | | | 800 | | 32 | 832 |
| Net change in AOCI | | | | | | (225) | | (225) |
| Stock transactions: | | | | | | | | |
| In connection with equity awards | 3,462 | | 17 | 12 | | | | 29 |
| Shares repurchased in connection with equity awards | (754) | | (4) | (19) | | | | (23) |
| In connection with dividend reinvestment plan | 229 | | 1 | 6 | | | | 7 |
| In connection with 401(k) plan | 330 | | 2 | 9 | | | | 11 |
| In connection with preferred stock offering | | 487 | | | | | | 487 |
| Cash dividends declared on common stock | | | | | (322) | | | (322) |
| Cash dividends declared on preferred stock | | | | | (43) | | | (43) |
| Equity-based compensation expense | | | | 60 | | | | 60 |

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| | | | | | | | | |
|--|---------|----------|----------|----------|-----------|----------|-------|-----------|
| Other, net | | | | 1 | | | (41) | (40) |
| Balance, June 30, 2013 | 702,995 | \$ 2,603 | \$ 3,515 | \$ 6,042 | \$ 10,564 | \$ (784) | \$ 56 | \$ 21,996 |
| Balance, January 1, 2014 | 706,620 | \$ 2,603 | \$ 3,533 | \$ 6,172 | \$ 11,044 | \$ (593) | \$ 50 | \$ 22,809 |
| Add (Deduct): | | | | | | | | |
| Net income | | | | | 1,000 | | 56 | 1,056 |
| Net change in AOCI | | | | | | 187 | | 187 |
| Stock transactions: | | | | | | | | |
| In connection with equity awards | 14,097 | | 71 | 209 | | | | 280 |
| Shares repurchased in connection with equity awards | (2,177) | | (11) | (70) | | | | (81) |
| Excess tax benefits in connection with equity awards | | | | 49 | | | | 49 |
| In connection with dividend reinvestment plan | 391 | | 2 | 13 | | | | 15 |
| In connection with 401(k) plan | 653 | | 3 | 22 | | | | 25 |
| Cash dividends declared on common stock | | | | | (336) | | | (336) |
| Cash dividends declared on preferred stock | | | | | (74) | | | (74) |
| Equity-based compensation expense | | | | 56 | | | | 56 |
| Other, net | | | | | | | (21) | (21) |
| Balance, June 30, 2014 | 719,584 | \$ 2,603 | \$ 3,598 | \$ 6,451 | \$ 11,634 | \$ (406) | \$ 85 | \$ 23,965 |

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

Table of Contents

**BB&T CORPORATION AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
CASH FLOWS**

(Unaudited)

(Dollars in millions)

| | Six Months Ended | |
|---|-------------------------|-------------|
| | June 30, | |
| | 2014 | 2013 |
| Cash Flows From | | |
| Operating Activities: | | |
| Net income | \$ 1,056 | \$ 832 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Provision for credit losses | 134 | 440 |
| Adjustment to income tax provision | | 281 |
| Depreciation | 161 | 153 |
| Amortization of intangibles | 46 | 54 |
| Equity-based compensation | 56 | 60 |
| (Gain) loss on securities, net | (2) | (46) |
| Net write-downs/losses on foreclosed property | 18 | 11 |
| Net change in operating assets and liabilities: | | |
| LHFS | (470) | 1,299 |
| Other assets | 366 | (499) |
| Accounts payable and other liabilities | (563) | (228) |
| Other, net | 75 | (49) |
| Net cash from operating activities | 877 | 2,308 |

**Cash Flows From
Investing Activities:**

| | | |
|--|---------|---------|
| Proceeds from sales of AFS securities | 1,172 | 931 |
| Proceeds from maturities, calls and paydowns of AFS securities | 1,921 | 3,408 |
| Purchases of AFS securities | (1,644) | (4,371) |
| Proceeds from maturities, calls and paydowns of HTM securities | 726 | 2,076 |
| Purchases of HTM securities | (3,067) | (2,251) |
| Originations and purchases of loans and leases, net of principal collected | (4,079) | (2,002) |
| Net cash for business combinations | 1,025 | (6) |
| Proceeds from sales of foreclosed property | 134 | 191 |
| Other, net | 270 | 233 |
| Net cash from investing activities | (3,542) | (1,791) |

Cash Flows From Financing Activities:

| | | |
|--|---------|---------|
| Net change in deposits | 2,883 | (1,996) |
| Net change in short-term borrowings | (159) | 328 |
| Proceeds from issuance of long-term debt | 2,407 | 1,140 |
| Repayment of long-term debt | (2,040) | (773) |
| Net cash from preferred stock transactions | | 487 |
| Cash dividends paid on common stock | (321) | (455) |
| Cash dividends paid on preferred stock | (74) | (73) |
| Other, net | 252 | 165 |
| Net cash from financing | 2,948 | (1,177) |

| | | |
|---|----------|----------|
| activities | | |
| Net Change in Cash and Cash Equivalents | 283 | (660) |
| Cash and Cash Equivalents at Beginning of Period | 2,165 | 3,039 |
| Cash and Cash Equivalents at End of Period | \$ 2,448 | \$ 2,379 |

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for:

| | | |
|--------------|--------|--------|
| Interest | \$ 397 | \$ 483 |
| Income taxes | 384 | 369 |

Noncash investing activities:

| | | |
|---|-----|-----|
| Transfers of loans to foreclosed assets | 228 | 269 |
|---|-----|-----|

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

Table of Contents

NOTE 1. Basis of Presentation

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

General

These consolidated financial statements and notes are presented in accordance with the instructions for Form 10-Q and, therefore, do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flow activity required in accordance with GAAP. In the opinion of management, all normal recurring adjustments necessary for a fair statement of the consolidated financial position and consolidated results of operations have been made. The year-end consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. The information contained in the financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2013 should be referred to in connection with these unaudited interim consolidated financial statements.

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.

Use of Estimates in the Preparation of Financial Statements

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

Changes in Accounting Principles and Effects of New Accounting Pronouncements

In June 2014, the FASB issued 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 will result in secured borrowing accounting for the repurchase agreement. This guidance is effective for interim and annual reporting periods beginning after December 15, 2014. The Company is currently evaluating this guidance to determine the impact on its consolidated financial position, results of operations and cash flows.

In 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. This guidance is effective for interim and annual reporting periods beginning after December 15, 2016. The Company is currently evaluating this guidance to determine the impact on its consolidated financial position, results of operations and cash flows.

In January 2014, the FASB issued new guidance related to *Investments in Qualified Affordable Housing Projects*. The new guidance allows an entity, provided certain criteria are met, to elect 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. This guidance is effective for interim and annual reporting periods beginning after December 15, 2014. The adoption of this guidance is not expected to be material to the consolidated financial position, results of operations or cash flows.

Table of Contents

Effective January 1, 2014, the Company adopted new guidance related to *Troubled Debt Restructurings*. The new guidance clarifies the timing of when an in substance repossession or foreclosure of collateralized residential real property is deemed to have occurred. The guidance also requires disclosures related to the amount of foreclosed residential real estate property held by the creditor and the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure. The adoption of this guidance was not material to the consolidated financial position, results of operations or cash flows.

Effective January 1, 2014, the Company adopted new guidance related to *Investment Companies*. The new guidance amends the criteria for an entity to qualify as an investment company and requires an investment company to measure all of its investments at fair value. The adoption of this guidance was not material to the consolidated financial position, results of operations or cash flows.

NOTE 2. Business Combinations

During the second quarter of 2014, BB&T purchased 21 bank branches in Texas from Citigroup, Inc., resulting in the acquisition of \$1.2 billion in deposits, \$112 million in loans and \$1.1 billion in cash and other assets. Goodwill of \$31 million and CDI of \$20 million were recognized in connection with the transaction.

Table of Contents**NOTE 3. Securities**

| June 30, 2014 | Amortized Cost | Gross Gains | Unrealized Losses | Fair Value |
|--------------------------------------|---------------------------|------------------------|------------------------------|-----------------------|
| (Dollars in millions) | | | | |
| AFS securities: | | | | |
| U.S. Treasury | \$ 1,094 | \$ 1 | \$ — | \$ 1,095 |
| MBS issued by GSE | 16,512 | 92 | 370 | 16,234 |
| States and political subdivisions | 1,899 | 113 | 58 | 1,954 |
| Non-agency MBS | 247 | 30 | — | 277 |
| Other | 43 | — | — | 43 |
| Covered | 942 | 391 | — | 1,333 |
| Total AFS securities | \$ 20,737 | \$ 627 | \$ 428 | \$ 20,936 |

| | | | | |
|--------------------------------------|-----------|--------|--------|-----------|
| HTM securities: | | | | |
| U.S. Treasury | \$ 1,096 | \$ 13 | \$ — | \$ 1,109 |
| GSE | 5,604 | 18 | 203 | 5,419 |
| MBS issued by GSE | 13,282 | 65 | 76 | 13,271 |
| States and political subdivisions | 33 | 2 | — | 35 |
| Other | 417 | 13 | — | 430 |
| Total HTM securities | \$ 20,432 | \$ 111 | \$ 279 | \$ 20,264 |

| December 31, 2013 | Amortized Cost | Gross Gains | Unrealized Losses | Fair Value |
|--------------------------------------|---------------------------|------------------------|------------------------------|-----------------------|
| (Dollars in millions) | | | | |
| AFS securities: | | | | |
| U.S. Treasury | \$ 595 | \$ — | \$ — | \$ 595 |
| MBS issued by GSE | 18,397 | 78 | 546 | 17,929 |
| States and political subdivisions | 1,877 | 65 | 91 | 1,851 |
| Non-agency MBS | 264 | 27 | — | 291 |
| Other | 46 | — | 1 | 45 |
| Covered | 989 | 404 | — | 1,393 |
| Total AFS securities | \$ 22,168 | \$ 574 | \$ 638 | \$ 22,104 |

| | | | | |
|--------------------------------------|-----------|-------|--------|-----------|
| HTM securities: | | | | |
| U.S. Treasury | \$ 392 | \$ — | \$ 8 | \$ 384 |
| GSE | 5,603 | 2 | 397 | 5,208 |
| MBS issued by GSE | 11,636 | 38 | 220 | 11,454 |
| States and political subdivisions | 33 | 2 | — | 35 |
| Other | 437 | 12 | — | 449 |
| Total HTM securities | \$ 18,101 | \$ 54 | \$ 625 | \$ 17,530 |

The fair value of covered securities included non-agency MBS of \$1.0 billion and \$1.1 billion as of June 30, 2014 and December 31, 2013, respectively, and state and political subdivision securities of \$316 million and \$314 million as of June 30, 2014 and December 31, 2013 respectively.

Certain investments in marketable debt securities and MBS issued by FNMA and FHLMC exceeded ten percent of shareholders' equity at June 30, 2014. The FNMA investments had total amortized cost and fair value of \$12.4 billion and \$12.1 billion, respectively. The FHLMC investments had total amortized cost and fair value of \$5.8 billion and \$5.6 billion, respectively.

Table of Contents

The following table reflects changes in credit losses on securities with OTTI (excluding covered), which were primarily non-agency MBS, where a portion of the unrealized loss was recognized in OCI.

| | Three Months Ended June 30, 2014 | | Six Months Ended June 30, 2013 | |
|--|---|-------------|---|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| (Dollars in millions) | | | | |
| Balance at beginning of period | \$ 76 | \$ 93 | \$ 78 | \$ 98 |
| Credit losses on securities without previously recognized OTTI | | | 1 | |
| Reductions for securities sold/settled during the period | (3) | (7) | (6) | (12) |
| Credit recoveries through yield | (1) | | (1) | |
| Balance at end of period | \$ 72 | \$ 86 | \$ 72 | \$ 86 |

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.

| June 30, 2014 | AFS | | HTM | |
|--------------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |

| (Dollars in millions) | | | | |
|--|-----------|-----------|-----------|-----------|
| Due in one year or less | \$ 491 | \$ 491 | \$ | \$ |
| Due after one year through five years | 807 | 819 | 1 | 1 |
| Due after five years through ten years | 545 | 577 | 6,639 | 6,467 |
| Due after ten years | 18,894 | 19,049 | 13,792 | 13,796 |
| Total debt securities | \$ 20,737 | \$ 20,936 | \$ 20,432 | \$ 20,264 |

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:

| June 30, 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: | | | | | | |
| MBS issued by GSE | \$ 1,977 | \$ 40 | \$ 7,023 | \$ 330 | \$ 9,000 | \$ 370 |
| States and political subdivisions | — | — | 496 | 58 | 496 | 58 |
| Total | \$ 1,977 | \$ 40 | \$ 7,519 | \$ 388 | \$ 9,496 | \$ 428 |

HTM

| | | | | | | |
|-------------------|----------|-------|----------|--------|-----------|--------|
| securities: | | | | | | |
| GSE | \$ — | \$ — | \$ 4,788 | \$ 203 | \$ 4,788 | \$ 203 |
| MBS issued by GSE | 5,542 | 69 | 713 | 7 | 6,255 | 76 |
| Total | \$ 5,542 | \$ 69 | \$ 5,501 | \$ 210 | \$ 11,043 | \$ 279 |

Table of Contents

| December 31, 2013 | 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: | | | | | | |
| MBS issued by GSE | \$ 10,259 | \$ 406 | \$ 1,935 | \$ 140 | \$ 12,194 | \$ 546 |
| States and political subdivisions | 232 | 8 | 441 | 83 | 673 | 91 |
| Other | 34 | 1 | | | 34 | 1 |
| Total | \$ 10,525 | \$ 415 | \$ 2,376 | \$ 223 | \$ 12,901 | \$ 638 |
| HTM securities: | | | | | | |
| U.S. Treasury | \$ 384 | \$ 8 | \$ | \$ | \$ 384 | \$ 8 |
| GSE | 4,996 | 397 | | | 4,996 | 397 |
| MBS issued by GSE | 8,800 | 219 | 48 | 1 | 8,848 | 220 |
| Total | \$ 14,180 | \$ 624 | \$ 48 | \$ 1 | \$ 14,228 | \$ 625 |

The unrealized losses on GSE securities and MBS issued by GSE 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 or underlying loans.

At June 30, 2014, \$48 million of the unrealized loss on states and political subdivisions securities was the result of fair value hedge basis adjustments that are a component of amortized cost. States and political subdivisions securities in an unrealized loss position are evaluated for credit impairment through a qualitative analysis of issuer performance and the primary source of repayment. The evaluation of state and political subdivision securities resulted in the OTTI recognized during the six months ended June 30, 2014.

Table of Contents**NOTE 4. Loans and ACL**

During January 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 March 2014, the CRE loan categories were realigned into CRE – income producing properties and CRE – construction and development in order to better reflect the nature of the underlying loans. Prior period data has been reclassified to conform to this new presentation.

| June 30, 2014 | Accruing | | 90 Days Or More Past Due | Nonaccrual | Total |
|--|------------|------------------------------|--------------------------------------|------------|------------|
| | Current | 30-89 Days Past Due | | | |
| (Dollars in millions) | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 39,999 | \$ 21 | \$ | \$ 298 | \$ 40,318 |
| CRE - income producing properties | 10,347 | 7 | | 84 | 10,438 |
| CRE - construction and development | 2,594 | 2 | | 38 | 2,634 |
| Other lending subsidiaries | 4,713 | 11 | | 5 | 4,729 |
| Retail: | | | | | |
| Direct retail lending | 7,696 | 41 | 11 | 49 | 7,797 |
| Revolving credit | 2,363 | 20 | 8 | | 2,391 |
| Residential mortgage-nonguaranteed | 30,796 | 513 | 80 | 320 | 31,709 |
| Residential mortgage-government guaranteed | 324 | 90 | 677 | | 1,091 |
| Sales finance | 10,348 | 49 | 3 | 5 | 10,405 |
| Other lending subsidiaries | 6,130 | 186 | | 42 | 6,358 |
| Covered | 1,320 | 84 | 249 | | 1,653 |
| Total | \$ 116,630 | \$ 1,024 | \$ 1,028 | \$ 841 | \$ 119,523 |

| December 31, 2013 | Accruing | | 90 Days Or More Past Due | Nonaccrual | Total |
|--|------------|------------------------------|--------------------------------------|------------|------------|
| | Current | 30-89 Days Past Due | Due | | |
| (Dollars in millions) | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 38,110 | \$ 35 | \$ | \$ 363 | \$ 38,508 |
| CRE - income producing properties | 10,107 | 8 | | 113 | 10,228 |
| CRE - construction and development | 2,329 | 2 | | 51 | 2,382 |
| Other lending subsidiaries | 4,482 | 14 | 5 | 1 | 4,502 |
| Retail: | | | | | |
| Direct retail lending | 15,595 | 132 | 33 | 109 | 15,869 |
| Revolving credit | 2,370 | 23 | 10 | | 2,403 |
| Residential mortgage-nonguaranteed | 22,747 | 454 | 69 | 243 | 23,513 |
| Residential mortgage-government guaranteed | 236 | 93 | 806 | | 1,135 |
| Sales finance | 9,316 | 56 | 5 | 5 | 9,382 |
| Other lending subsidiaries | 5,703 | 207 | | 50 | 5,960 |
| Covered | 1,643 | 88 | 304 | | 2,035 |
| Total | \$ 112,638 | \$ 1,112 | \$ 1,232 | \$ 935 | \$ 115,917 |

Table of Contents

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

| June 30, 2014 | Commercial & Industrial | CRE - Income Producing Properties | CRE - Construction and Development | Other Lending Subsidiaries |
|----------------------|--|--|---|---|
|----------------------|--|--|---|---|

(Dollars in millions)

| | | | | |
|-----------------------------|-----------|-----------|----------|----------|
| Commercial: | | | | |
| Pass | \$ 38,713 | \$ 9,807 | \$ 2,456 | \$ 4,693 |
| Special mention | 240 | 62 | 4 | 1 |
| Substandard - performing | 1,067 | 485 | 136 | 30 |
| Nonperforming | 298 | 84 | 38 | 5 |
| Total | \$ 40,318 | \$ 10,438 | \$ 2,634 | \$ 4,729 |

| | Direct Retail Lending | Revolving Credit | Residential Mortgage | Sales Finance | Other Lending Subsidiaries |
|--|--------------------------------------|-----------------------------|---------------------------------|--------------------------|---|
|--|--------------------------------------|-----------------------------|---------------------------------|--------------------------|---|

(Dollars in millions)

| | | | | | |
|---------------|----------|----------|-----------|-----------|----------|
| Retail: | | | | | |
| Performing | \$ 7,748 | \$ 2,391 | \$ 32,480 | \$ 10,400 | \$ 6,316 |
| Nonperforming | 49 | | 320 | 5 | 42 |
| Total | \$ 7,797 | \$ 2,391 | \$ 32,800 | \$ 10,405 | \$ 6,358 |

| December 31, 2013 | Commercial & Industrial | CRE - Income Producing Properties | CRE - Construction and Development | Other Lending Subsidiaries |
|------------------------------|--|--|---|---|
|------------------------------|--|--|---|---|

(Dollars in millions)

| | | | | |
|-----------------------------|-----------|-----------|----------|----------|
| Commercial: | | | | |
| Pass | \$ 36,804 | \$ 9,528 | \$ 2,149 | \$ 4,464 |
| Special mention | 219 | 52 | 17 | 8 |
| Substandard - performing | 1,122 | 536 | 164 | 29 |
| Nonperforming | 363 | 112 | 52 | 1 |
| Total | \$ 38,508 | \$ 10,228 | \$ 2,382 | \$ 4,502 |

| | | | | | |
|--|--------------------------------------|-----------------------------|---------------------------------|--------------------------|---|
| | Direct Retail Lending | Revolving Credit | Residential Mortgage | Sales Finance | Other Lending Subsidiaries |
|--|--------------------------------------|-----------------------------|---------------------------------|--------------------------|---|

(Dollars in millions)

Retail:

| | | | | | |
|---------------|-----------|----------|-----------|----------|----------|
| Performing | \$ 15,760 | \$ 2,403 | \$ 24,405 | \$ 9,377 | \$ 5,910 |
| Nonperforming | 109 | | 243 | 5 | 50 |
| Total | \$ 15,869 | \$ 2,403 | \$ 24,648 | \$ 9,382 | \$ 5,960 |

Table of Contents

During December 2013, the unallocated ALLL was allocated to the loan portfolio segments.

| Three Months Ended June 30, 2014 | ACL Rollforward | | | Provision (Benefit) | Ending Balance |
|--|----------------------|-----------------|------------|------------------------|-------------------|
| | Beginning Balance | Charge- Offs | Recoveries | | |
| (Dollars in millions) | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 423 | \$ (40) | \$ 10 | \$ 30 | \$ 423 |
| CRE - income producing properties | 136 | (11) | 3 | (1) | 127 |
| CRE - construction and development | 65 | (3) | 10 | (13) | 59 |
| Other lending subsidiaries | 16 | (1) | 1 | 1 | 17 |
| Retail: | | | | | |
| Direct retail lending | 120 | (19) | 7 | 16 | 124 |
| Revolving credit | 115 | (18) | 5 | 10 | 112 |
| Residential mortgage-nonguaranteed | 327 | (20) | | 17 | 324 |
| Residential mortgage-government guaranteed | 69 | (1) | | (17) | 51 |
| Sales finance | 45 | (4) | 2 | 1 | 44 |
| Other lending subsidiaries | 222 | (46) | 8 | 34 | 218 |
| Covered | 104 | (4) | | (9) | 91 |
| ALLL | 1,642 | (167) | 46 | 69 | 1,590 |
| RUFC | 80 | | | 5 | 85 |
| ACL | \$ 1,722 | \$ (167) | \$ 46 | \$ 74 | \$ 1,675 |

| Three Months Ended June 30, 2013 | ACL Rollforward | | | Provision (Benefit) | Ending Balance |
|--|----------------------|-----------------|------------|------------------------|-------------------|
| | Beginning Balance | Charge- Offs | Recoveries | | |
| (Dollars in millions) | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 528 | \$ (70) | \$ 10 | \$ (9) | \$ 459 |
| CRE - income producing properties | 151 | (24) | 6 | 30 | 163 |
| CRE - construction and development | 67 | (25) | 4 | 61 | 107 |
| Other lending subsidiaries | 13 | (1) | | 4 | 16 |
| Retail: | | | | | |
| Direct retail lending | 254 | (42) | 10 | (4) | 218 |
| Revolving credit | 97 | (20) | 5 | 31 | 113 |
| Residential mortgage-nonguaranteed | 261 | (16) | 1 | 22 | 268 |
| Residential mortgage-government guaranteed | 55 | | | 6 | 61 |
| Sales finance | 30 | (5) | 2 | 15 | 42 |
| Other lending subsidiaries | 300 | (60) | 10 | 38 | 288 |
| Covered | 139 | (2) | | (11) | 126 |
| Unallocated | 80 | | | (40) | 40 |
| ALLL | 1,975 | (265) | 48 | 143 | 1,901 |
| RUFC | 56 | | | 25 | 81 |
| ACL | \$ 2,031 | \$ (265) | \$ 48 | \$ 168 | \$ 1,982 |

Table of Contents

| Six Months Ended June 30, 2014 | ACL Rollforward | | | | Ending Balance |
|--|-------------------|-------------|------------|-----------|----------------|
| | Beginning Balance | Charge-Offs | Recoveries | Provision | |
| (Dollars in millions) | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 454 | \$ (73) | \$ 19 | \$ 23 | \$ 423 |
| CRE - income producing properties | 149 | (19) | 5 | (8) | 127 |
| CRE - construction and development | 76 | (7) | 13 | (23) | 59 |
| Other lending subsidiaries | 15 | (2) | 1 | 3 | 17 |
| Retail: | | | | | |
| Direct retail lending | 209 | (38) | 15 | 23 | (85) |
| Revolving credit | 115 | (36) | 10 | 23 | 112 |
| Residential mortgage-nonguaranteed | 269 | (41) | 1 | 10 | 85 |
| Residential mortgage-government guaranteed | 62 | (1) | | (10) | 51 |
| Sales finance | 45 | (11) | 5 | 5 | 44 |
| Other lending subsidiaries | 224 | (130) | 16 | 108 | 218 |
| Covered | 114 | (7) | | (16) | 91 |
| ALLL | 1,732 | (365) | 85 | 138 | 1,590 |
| RUFC | 89 | | | (4) | 85 |
| ACL | \$ 1,821 | \$ (365) | \$ 85 | \$ 134 | \$ 1,675 |

| Six Months Ended June 30, 2013 | ACL Rollforward | | | | Ending Balance |
|--|-------------------|-------------|------------|-----------|----------------|
| | Beginning Balance | Charge-Offs | Recoveries | Provision | |
| (Dollars in millions) | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 470 | \$ (161) | \$ 17 | \$ 133 | \$ 459 |
| CRE - income producing properties | 170 | (58) | 9 | 42 | 163 |
| CRE - construction and development | 134 | (47) | 11 | 9 | 107 |
| Other lending subsidiaries | 13 | (2) | 1 | 4 | 16 |
| Retail: | | | | | |
| Direct retail lending | 300 | (84) | 18 | (16) | 218 |
| Revolving credit | 102 | (41) | 10 | 42 | 113 |
| Residential mortgage-nonguaranteed | 296 | (48) | 2 | 18 | 268 |
| Residential mortgage-government guaranteed | 32 | (1) | | 30 | 61 |
| Sales finance | 29 | (11) | 4 | 20 | 42 |
| Other lending subsidiaries | 264 | (127) | 18 | 133 | 288 |
| Covered | 128 | (16) | | 14 | 126 |
| Unallocated | 80 | | | (40) | 40 |
| ALLL | 2,018 | (596) | 90 | 389 | 1,901 |
| RUFC | 30 | | | 51 | 81 |
| ACL | \$ 2,048 | \$ (596) | \$ 90 | \$ 440 | \$ 1,982 |

Table of Contents

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

| | June 30, 2014 | | December 31, 2013 | |
|--|----------------------------|---------------------|----------------------------|---------------------|
| | Recorded Investment | Related ALLL | Recorded Investment | Related ALLL |
| (Dollars in millions) | | | | |
| Commercial: | | | | |
| Commercial and industrial | \$ 39,897 | \$ 377 | \$ 38,042 | \$ 382 |
| CRE - income producing properties | 10,273 | 108 | 10,033 | 128 |
| CRE - construction and development | 2,553 | 48 | 2,289 | 60 |
| Other lending subsidiaries | 4,725 | 16 | 4,501 | 15 |
| Retail: | | | | |
| Direct retail lending | 7,693 | 99 | 15,648 | 166 |
| Revolving credit | 2,345 | 94 | 2,355 | 96 |
| Residential mortgage-nonguaranteed | 30,652 | 211 | 22,557 | 160 |
| Residential mortgage-government guaranteed | 658 | 5 | 759 | 7 |
| Sales finance | 10,385 | 40 | 9,363 | 41 |
| Other lending subsidiaries | 6,206 | 191 | 5,823 | 196 |
| Covered | 1,653 | 91 | 2,035 | 114 |
| Total | \$ 117,040 | \$ 1,280 | \$ 113,405 | \$ 1,365 |

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

| As Of / For The Six Months Ended June 30, 2014 | Recorded Investment | Related ALLL | Average Related Recorded Investment | Interest Income Recognized |
|---|----------------------------|---------------------|--|-----------------------------------|
| | | HPB | | |

(Dollars in millions)

With no related ALLL recorded:

Commercial:

| | | | | |
|---------------------------|--------|--------|--------|------|
| Commercial and industrial | \$ 166 | \$ 227 | \$ 140 | \$ 1 |
|---------------------------|--------|--------|--------|------|

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| | | | | | |
|--|----------|----------|--------|----------|-------|
| CRE - income producing properties | 41 | 55 | | 43 | |
| CRE - construction and development | 19 | 32 | | 18 | |
| Retail: | | | | | |
| Direct retail lending | 14 | 52 | | 15 | |
| Residential mortgage-nonguaranteed | 181 | 302 | | 166 | 3 |
| Residential mortgage-government guaranteed | 11 | 11 | | 3 | |
| Sales finance | 1 | 2 | | 1 | |
| Other lending subsidiaries | 3 | 7 | | 4 | |
| With an ALLL recorded: | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | 255 | 268 | 46 | 311 | 2 |
| CRE - income producing properties | 124 | 126 | 19 | 143 | 2 |
| CRE - construction and development | 62 | 63 | 11 | 70 | 1 |
| Other lending subsidiaries | 4 | 4 | 1 | 2 | |
| Retail: | | | | | |
| Direct retail lending | 90 | 93 | 25 | 101 | 3 |
| Revolving credit | 46 | 45 | 18 | 47 | 1 |
| Residential mortgage-nonguaranteed | 876 | 895 | 113 | 900 | 20 |
| Residential mortgage-government guaranteed | 422 | 423 | 46 | 393 | 8 |
| Sales finance | 19 | 19 | 4 | 20 | 1 |
| Other lending subsidiaries | 149 | 151 | 27 | 140 | 10 |
| Total | \$ 2,483 | \$ 2,775 | \$ 310 | \$ 2,517 | \$ 52 |

Table of Contents

| As Of / For The Year Ended December 31, 2013 | Recorded | | Related | Average | Interest |
|---|-------------------|------------|----------------|-------------------|-------------------|
| | Investment | FPB | ALLL | Recorded | Income |
| | | | | Investment | Recognized |
| (Dollars in millions) | | | | | |
| With no related ALLL recorded: | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 91 | \$ 165 | \$ | \$ 111 | \$ |
| CRE - income producing properties | 22 | 35 | | 43 | |
| CRE - construction and development | 19 | 42 | | 41 | |
| Retail: | | | | | |
| Direct retail lending | 23 | 76 | | 23 | 1 |
| Residential mortgage-nonguaranteed | 144 | 237 | | 129 | 4 |
| Residential mortgage-government guaranteed | 1 | 1 | | 2 | |
| Sales finance | 1 | 2 | | 1 | |
| Other lending subsidiaries | 2 | 6 | | 4 | |
| With an ALLL recorded: | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | 375 | 409 | 72 | 453 | 5 |
| CRE - income producing properties | 172 | 174 | 21 | 197 | 4 |
| CRE - construction and development | 75 | 76 | 16 | 112 | 3 |
| Other lending subsidiaries | 1 | 1 | | 2 | |
| Retail: | | | | | |
| Direct retail lending | 198 | 204 | 43 | 204 | 12 |
| Revolving credit | 48 | 48 | 19 | 52 | 2 |
| Residential mortgage-nonguaranteed | 812 | 830 | 109 | 763 | 34 |
| Residential mortgage-government guaranteed | 375 | 376 | 55 | 356 | 15 |
| Sales finance | 18 | 19 | 4 | 20 | 1 |
| Other lending subsidiaries | 135 | 137 | 28 | 173 | 18 |
| Total | \$ 2,512 | \$ 2,838 | \$ 367 | \$ 2,686 | \$ 99 |

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

| | June 30, 2014 | December 31, 2013 |
|--|----------------------------------|----------------------------------|
| | (Dollars in millions) | |
| Performing TDRs: | | |
| Commercial: | | |
| Commercial and industrial | \$ 86 | \$ 77 |
| CRE - income producing properties | 27 | 50 |
| CRE - construction and development | 30 | 39 |
| Direct retail lending | 91 | 187 |
| Sales finance | 18 | 17 |
| Revolving credit | 46 | 48 |
| Residential mortgage-nonguaranteed | 814 | 785 |
| Residential mortgage-government guaranteed | 433 | 376 |
| Other lending subsidiaries | 141 | 126 |
| Total performing TDRs | 1,686 | 1,705 |
| Nonperforming TDRs (also included in NPL disclosures) | 192 | 193 |
| Total TDRs | \$ 1,878 | \$ 1,898 |
| ALLL attributable to TDRs | \$ 252 | \$ 283 |

Table of Contents

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.

Three Months Ended June 30,
2014 **2013**
Types of **Types of**
Modifications **Impact To** **Modifications** **Impact To**
Rate **Structure** **Allowance** **Rate** **Structure** **Allowance**

(Dollars in millions)

Commercial:

| | | | | | | |
|------------------------------------|-------|-------|------|-------|------|------|
| Commercial and industrial | \$ 49 | \$ 10 | \$ 1 | \$ 23 | \$ 9 | \$ 1 |
| CRE - income producing properties | 5 | 6 | | 6 | 10 | |
| CRE - construction and development | 6 | 10 | | 14 | 7 | (2) |

Retail:

| | | | | | | |
|--|-----|---|---|----|----|---|
| Direct retail lending | 8 | 1 | 1 | 9 | 3 | 1 |
| Revolving credit | 6 | | 2 | 6 | | 1 |
| Residential mortgage-nonguaranteed | 19 | 8 | 2 | 20 | 26 | 3 |
| Residential mortgage-government guaranteed | 105 | | 4 | 46 | | 3 |
| Sales finance | 1 | 1 | | 2 | 1 | 1 |
| Other lending subsidiaries | 29 | | 3 | 37 | | 6 |

Six Months Ended June 30,
2014 **2013**
Types of **Types of**
Modifications **Impact To** **Modifications** **Impact To**
Rate **Structure** **Allowance** **Rate** **Structure** **Allowance**

(Dollars in millions)

Commercial:

| | | | | | | |
|-----------------------------------|-------|-------|------|-------|-------|------|
| Commercial and industrial | \$ 68 | \$ 29 | \$ 2 | \$ 38 | \$ 15 | \$ 1 |
| CRE - income producing properties | 13 | 11 | | 17 | 25 | 1 |
| | 11 | 13 | | 35 | 9 | (2) |

| | | | | | | |
|--|-----|----|----|----|----|----|
| CRE - construction and development | | | | | | |
| Retail: | | | | | | |
| Direct retail lending | 19 | 3 | 4 | 21 | 5 | 2 |
| Revolving credit | 13 | | 3 | 14 | | 3 |
| Residential mortgage-nonguaranteed | 51 | 17 | 13 | 35 | 47 | 6 |
| Residential mortgage-government guaranteed | 144 | | 7 | 82 | | 7 |
| Sales finance | 1 | 6 | 1 | 3 | 3 | 2 |
| Other lending subsidiaries | 58 | | 8 | 92 | | 24 |

Charge-offs and forgiveness of principal and interest for TDRs were immaterial for all periods presented.

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

Table of Contents

Three Six
Months Months
Ended Ended
June 30, June 30,
2014 2013 2014 2013

(Dollars in millions)

Commercial:

| | | | | |
|------------------------------------|------|------|------|------|
| Commercial and industrial | \$ 1 | \$ 1 | \$ 1 | \$ 3 |
| CRE - income producing properties | | 6 | 2 | 6 |
| CRE - construction and development | | 4 | | 5 |

Retail:

| | | | | |
|------------------------------------|---|---|----|----|
| Direct retail lending | 1 | 1 | 1 | 2 |
| Revolving credit | 2 | 2 | 5 | 5 |
| Residential mortgage-nonguaranteed | 6 | 4 | 13 | 12 |
| Sales finance | | 1 | | 1 |
| Other lending subsidiaries | 7 | 6 | 16 | 12 |

Changes in the carrying value and accretable yield of covered loans are presented in the following table.

| | Six Months Ended June 30, 2014 | | | | Year Ended December 31, 2013 | | | |
|--------------------------------|--------------------------------|----------------|-----------------------|----------------|------------------------------|----------------|-----------------------|----------------|
| | 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 | \$ 187 | \$ 863 | \$ 351 | \$ 1,172 | \$ 264 | \$ 1,400 | \$ 617 | \$ 1,894 |
| Accretion | (58) | 58 | (101) | 101 | (149) | 149 | (301) | 301 |
| Payments received, net | | (222) | | (319) | | (686) | | (1,023) |
| Other, net | 35 | | 35 | | 72 | | 35 | |
| Balance at end of period | \$ 164 | \$ 699 | \$ 285 | \$ 954 | \$ 187 | \$ 863 | \$ 351 | \$ 1,172 |
| | | \$ 1,023 | | \$ 1,234 | | \$ 1,266 | | \$ 1,516 |

Outstanding
UPB at
end of
period

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

June December
30, 31,
2014 2013

(Dollars in
millions)

| | | |
|--|-------|--------|
| Unearned income and net deferred loan fees and costs | \$222 | \$ 261 |
| Residential mortgage loans in process of foreclosure | 506 | 531 |

Table of Contents**NOTE 5. Loan Servicing*****Residential Mortgage Banking Activities***

The following tables summarize residential mortgage banking activities. Mortgage and home equity loans managed or securitized exclude loans serviced for others with no other continuing involvement.

| | June 30, 2014 | December 31, 2013 |
|---|------------------------------|------------------------------|
| | (Dollars in millions) | |
| Mortgage loans managed or securitized | \$ 28,284 | \$ 27,353 |
| Home equity loans managed | 7,593 | 8,329 |
| Total mortgage and home equity loans managed or securitized | 35,877 | 35,682 |
| Less: Loans securitized and transferred to AFS securities | | |
| LHFS | 1,625 | 1,116 |
| Covered mortgage loans | 732 | 802 |
| Mortgage loans sold with recourse | 717 | 783 |
| Mortgage loans held for investment | \$ 32,800 | \$ 32,977 |
| UPB of mortgage loan servicing portfolio | \$ 115,099 | \$ 112,835 |
| UPB of home equity loan servicing portfolio | 7,650 | 8,321 |

| | | |
|--|---------|---------|
| UPB of residential mortgage and home equity loan servicing portfolio | 122,749 | 121,156 |
| UPB of residential mortgage loans serviced for others (primarily agency conforming fixed rate) | 88,595 | 87,434 |
| Maximum recourse exposure from mortgage loans sold with recourse liability | 349 | 372 |
| Indemnification, recourse and repurchase reserves | 98 | 72 |
| FHA-insured mortgage loan reserve | 85 | |

In June 2014, BB&T received a letter from the HUD-OIG stating that BB&T has been selected for an audit survey to assess BB&T's compliance with FHA requirements related to the origination of loans insured by the FHA. In addition, HUD-OIG will evaluate BB&T's compliance with FHA requirements related to the implementation of a quality control program associated with the origination of FHA-insured loans. While the outcome of the review process is unknown and the HUD-OIG has not 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 reserve during the second quarter of 2014. The income statement impact of this adjustment is included in Other expense on the Consolidated Statements of Income. 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.

In addition, BB&T recognized a \$33 million adjustment related to its 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 is included in Loan-related expense on the Consolidated Statements of Income.

As Of / For The

**Six Months Ended
June 30,
2014 2013**

(Dollars in millions)

| | | | | |
|---|----------|---|-----------|---|
| UPB of residential mortgage loans sold from the LHFS portfolio | \$ 5,972 | | \$ 16,541 | |
| Pre-tax gains recognized on mortgage loans sold and held for sale | 38 | | 219 | |
| Servicing fees recognized from mortgage loans serviced for others | 136 | | 127 | |
| Approximate weighted average servicing fee on the outstanding balance of residential mortgage loans serviced for others | 0.30 | % | 0.31 | % |
| Weighted average interest rate on mortgage loans serviced for others | 4.23 | | 4.32 | |

Table of Contents

| | Six Months Ended June 30, 2014 2013 | |
|---|---|----------|
| | (Dollars in millions) | |
| Residential MSR's, carrying value, January 1, | \$ 1,047 | \$ 627 |
| Additions | 66 | 192 |
| Change in fair value due to changes in valuation inputs or assumptions: | | |
| Prepayment speeds | (100) | 218 |
| Weighted average OAS | 3 | (44) |
| Servicing costs | | (21) |
| Realization of expected net servicing cash flows, passage of time and other | (62) | (80) |
| Residential MSR's, carrying value, June 30, | \$ 954 | \$ 892 |
| Gains (losses) on derivative financial instruments used to mitigate the income statement effect of changes in fair value | \$ 105 | \$ (133) |

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

June 30, 2014

December 31, 2013

| | Range | | Weighted | | Range | | Weighted | |
|--|--------------|------------|-----------------|------------|--------------|----------------|-----------------|--|
| | Min | Max | Average | Min | Max | Average | | |
| (Dollars in millions) | | | | | | | | |
| Prepayment speed | 7.4 % | 10.2 % | 9.3 % | 5.5 % | 8.0 % | 6.9 % | | |
| Effect on fair value of a 10% increase | | | \$ (31) | | | \$ (33) | | |
| Effect on fair value of a 20% increase | | | (61) | | | (64) | | |
| OAS | 9.0 % | 9.8 % | 9.2 % | 9.1 % | 9.9 % | 9.3 % | | |
| Effect on fair value of a 10% increase | | | \$ (32) | | | \$ (39) | | |
| Effect on fair value of a 20% increase | | | (62) | | | (75) | | |
| Composition of loans serviced for others: | | | | | | | | |
| Fixed-rate residential mortgage loans | | | 99.7 % | | | 99.7 % | | |
| Adjustable-rate residential mortgage loans | | | 0.3 | | | 0.3 | | |
| Total | | | 100.0 % | | | 100.0 % | | |
| Weighted average life | | | 6.7 yrs | | | 7.9 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:

**June 30, December
2014 31,
2013**

(Dollars in millions)

| | | |
|--|-----------|-----------|
| UPB of CRE mortgages serviced for others | \$ 27,697 | \$ 28,095 |
| CRE mortgages serviced for others | 4,633 | 4,594 |
| covered by recourse provisions | | |
| Maximum recourse exposure from CRE mortgages sold with recourse liability | 1,334 | 1,320 |
| Recorded reserves related to recourse exposure | 10 | 9 |
| Originated CRE mortgages during the period - year to date | 1,987 | 4,881 |

24

Table of Contents**NOTE 6. Long-Term Debt**

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

| | June 30, 2014 | | December 31, 2013 | |
|----------------------------------|------------------------|-----------------------|--------------------------|-----------------------|
| | Carrying Amount | Effective Rate | Carrying Amount | Effective Rate |
| (Dollars in millions) | | | | |
| BB&T Corporation | | | | |
| fixed rate senior notes | \$ 5,283 | 2.31 % | \$ 5,845 | 2.60 % |
| BB&T Corporation | | | | |
| floating rate senior notes | 850 | 1.03 | 700 | 1.13 |
| BB&T Corporation | | | | |
| fixed rate subordinated notes | 2,169 | 2.35 | 2,166 | 2.47 |
| Branch Bank | | | | |
| fixed rate senior notes | 3,297 | 1.74 | 1,999 | 1.71 |
| Branch Bank | | | | |
| floating rate senior notes | 1,150 | 0.66 | 1,150 | 0.69 |
| Branch Bank | | | | |
| fixed rate subordinated notes | 386 | 1.75 | 386 | 1.71 |
| Branch Bank | | | | |
| floating rate subordinated notes | 612 | 3.05 | 612 | 2.56 |
| FHLB advances (weighted | 7,589 | 4.12 | 8,110 | 3.96 |

| | | |
|---|-----------|-----------|
| average maturity of 6.6 years at June 30, 2014) | | |
| Other long-term debt | 115 | 101 |
| Fair value hedge-related basis adjustments | 476 | 424 |
| Total long-term debt | \$ 21,927 | \$ 21,493 |

The effective rates above reflect the impact of cash flow and fair value hedges, as applicable. The subordinated notes qualify under the risk-based capital guidelines as Tier 2 supplementary capital, subject to certain limitations.

NOTE 7. Shareholders' Equity

The weighted average assumptions used in the valuation of equity-based awards and the activity relating to options and RSUs during the period are presented in the following tables:

| | Six Months Ended | | June 30, | |
|---------------------------------------|------------------|-----|----------|-----|
| | 2014 | | 2013 | |
| Weighted average assumptions: | | | | |
| Risk-free interest rate | 2.2 | % | 1.3 | % |
| Dividend yield | 2.8 | | 3.6 | |
| Volatility factor | 26.5 | | 28.0 | |
| Expected life | 6.5 | yrs | 7.0 | yrs |
| Fair value of options per share | \$ 7.82 | | \$ 5.48 | |

**Wtd.
Avg.
Exercise
Options Price**

| | (shares in thousands) | |
|---|----------------------------------|----------|
| Outstanding at January 1, 2014 | 37,996 | \$ 34.90 |
| Granted | 276 | 37.55 |
| Exercised | (7,897) | 34.51 |
| Forfeited or expired | (965) | 36.65 |
| Outstanding at June 30, 2014 | 29,410 | 34.98 |
| | | |
| Exercisable at June 30, 2014 | 26,041 | 35.60 |
| | | |
| Exercisable and expected to vest at June 30, 2014 | 29,167 | \$ 35.02 |

Table of Contents

| | Restricted Shares/Units | Wtd. Avg. Grant Date Fair Value |
|--|------------------------------------|--|
| (shares in thousands) | | |
| Nonvested at January 1, 2014 | 15,181 | \$ 20.46 |
| Granted | 3,596 | 33.18 |
| Vested | (6,203) | 13.92 |
| Forfeited | (166) | 26.05 |
| Nonvested at June 30, 2014 | 12,408 | 27.34 |
| Expected to vest at June 30, 2014 | 11,336 | 27.36 |

NOTE 8. AOCI

| Three Months Ended June 30, 2014 | Unrecognized Net Pension and Postretirement Costs | Unrealized Net Gains (Losses) on Cash Instruments and Hedges | Unrealized Net Gains (Losses) on AFS Securities | FDIC's Share of Unrealized Losses on AFS Securities | Other, net | Total |
|--|--|---|--|--|-----------------------|--------------|
| (Dollars in millions) | | | | | | |
| AOCI balance, April 1, 2014 | \$ (302) | \$ 13 | \$ 37 | \$ (229) | \$ (19) | \$ (500) |
| OCI before reclassifications, net of tax | 1 | (14) | 89 | (6) | 8 | 78 |
| Amounts reclassified from AOCI: | | | | | | |
| Personnel expense | 1 | | | | | 1 |
| Interest income | | | (5) | | (5) | (10) |
| Interest expense | | 19 | | | | 19 |
| FDIC loss share income, net | | | | 14 | | 14 |

| | | | | | | |
|--------------------------------|----------|-------|--------|----------|---------|----------|
| Securities (gains) losses, net | | | | | | |
| Total before income taxes | 1 | 19 | (5) | 14 | (5) | 24 |
| Less: Income taxes | | 7 | (2) | 5 | (2) | 8 |
| Net of income taxes | 1 | 12 | (3) | 9 | (3) | 16 |
| Net change in OCI | 2 | (2) | 86 | 3 | 5 | 94 |
| AOCI balance, June 30, 2014 | \$ (300) | \$ 11 | \$ 123 | \$ (226) | \$ (14) | \$ (406) |

| Three Months Ended June 30, 2013 | Unrecognized Net Pension and Postretirement Costs | Unrealized Net Gains (Losses) on Cash Instruments and 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, April 1, 2013 | \$ (700) | \$ (166) | \$ 537 | \$ (269) | \$ (14) | \$ (612) |
| OCI before reclassifications, net of tax | (1) | 143 | (364) | 7 | (3) | (218) |
| Amounts reclassified from AOCI: | | | | | | |
| Personnel expense | 20 | | | | | 20 |
| Interest income | | | 39 | | 2 | 41 |
| Interest expense | | 19 | | | | 19 |
| FDIC loss share income, net | | | | 16 | | 16 |
| Securities (gains) losses, net | | | (23) | | | (23) |
| Total before income taxes | 20 | 19 | 16 | 16 | 2 | 73 |
| Less: Income taxes | 7 | 7 | 6 | 6 | 1 | 27 |
| Net of income taxes | 13 | 12 | 10 | 10 | 1 | 46 |
| Net change in OCI | 12 | 155 | (354) | 17 | (2) | (172) |
| AOCI balance, June 30, 2013 | \$ (688) | \$ (11) | \$ 183 | \$ (252) | \$ (16) | \$ (784) |

Table of Contents

| Six Months Ended June 30, 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) |
| OCI before reclassifications, net of tax | 2 | (16) | 174 | (6) | 3 | 157 |
| Amounts reclassified from AOCI: | | | | | | |
| Personnel expense | 1 | | | | | 1 |
| Interest income | | | (13) | | (4) | (17) |
| Interest expense | | 40 | | | | 40 |
| FDIC loss share income, net | | | | 24 | | 24 |
| Securities (gains) losses, net | | | (2) | | | (2) |
| Total before income taxes | 1 | 40 | (15) | 24 | (4) | 46 |
| Less: Income taxes | | 15 | (6) | 9 | (2) | 16 |
| Net of income taxes | 1 | 25 | (9) | 15 | (2) | 30 |
| Net change in AOCI | 3 | 9 | 165 | 9 | 1 | 187 |
| AOCI balance, June 30, 2014 | \$ (300) | \$ 11 | \$ 123 | \$ (226) | \$ (14) | \$ (406) |

| Six Months Ended June 30, 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 | 1 | 137 | (429) | (18) | (3) | (312) |
| Amounts reclassified from AOCI: | | | | | | |

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| | | | | | | |
|-----------------------------------|----------|---------|--------|----------|---------|----------|
| Personnel expense | 40 | | | | | 40 |
| Interest income | | | 68 | | 2 | 70 |
| Interest expense | | 40 | | | | 40 |
| FDIC loss share income, net | | | | 35 | | 35 |
| Securities (gains) losses, net | | | (46) | | | (46) |
| Total before income taxes | 40 | 40 | 22 | 35 | 2 | 139 |
| Less: Income taxes | 15 | 15 | 8 | 13 | 1 | 52 |
| Net of income taxes | 25 | 25 | 14 | 22 | 1 | 87 |
| Net change in AOCI | 26 | 162 | (415) | 4 | (2) | (225) |
| AOCI balance, June 30, 2013 | \$ (688) | \$ (11) | \$ 183 | \$ (252) | \$ (16) | \$ (784) |

27

Table of Contents**NOTE 9. Income Taxes**

The effective tax rate for the three months ended June 30, 2014 was lower than the corresponding period of 2013 primarily due to a higher level of federal tax credits and permanent tax differences relative to pre-tax earnings, which was partially offset by a tax charge related to a change in the IRS's stance related to an income tax position currently under examination. The effective tax rate for the six months ended June 30, 2014 was lower than the corresponding period of 2013 primarily due to adjustments for uncertain tax positions recorded during 2013 as described below.

In February 2010, BB&T received an IRS statutory notice of deficiency for tax years 2002-2007 asserting a liability for taxes, penalties and interest of approximately \$892 million related to the disallowance of foreign tax credits and other deductions claimed by a subsidiary in connection with a financing transaction. BB&T paid the disputed tax, penalties and interest in March 2010 and filed a lawsuit seeking a refund in the U.S. Court of Federal Claims. On February 11, 2013, the U.S. Tax Court issued an adverse opinion in a case between the Bank of New York Mellon Corporation and the IRS involving a transaction with a structure similar to BB&T's financing transaction. On September 20, 2013, the court denied BB&T's refund claim. As a result of the rulings and tax matters related to other current tax examinations, BB&T recorded tax adjustments of \$281 million and \$235 million during the quarters ended March 31, 2013 and September 30, 2013, respectively. BB&T has filed a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit. As of June 30, 2014, the exposure for this financing transaction is fully reserved. Depending on the outcome of the appeals process, as well as the current IRS examination, it is reasonably possible that changes in the amount of unrecognized tax benefits, penalties and interest could result in a benefit of up to approximately \$770 million during the next twelve months. The ultimate resolution of these matters may take longer.

NOTE 10. Benefit Plans

| | Qualified Plan | | Nonqualified Plans | |
|---|------------------------------|-------------|-------------------------------|-------------|
| Three Months Ended June 30 | 2014 | 2013 | 2014 | 2013 |
| | (Dollars in millions) | | | |
| Service cost | \$ 32 | \$ 37 | \$ 3 | \$ 3 |
| Interest cost | 31 | 27 | 3 | 4 |
| Estimated return on plan assets | (74) | (64) | | |
| Amortization and other | 1 | 20 | 3 | 3 |
| Net periodic benefit | \$ (10) | \$ 20 | \$ 9 | \$ 10 |

cost

| Six Months Ended June 30 | Qualified Plan | | Nonqualified Plans | |
|---|------------------------------|-------------|-------------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | (Dollars in millions) | | | |
| Service cost | \$ 65 | \$ 74 | \$ 6 | \$ 6 |
| Interest cost | 62 | 54 | 7 | 7 |
| Estimated return on plan assets | (148) | (128) | | |
| Amortization and other | 1 | 40 | 6 | 6 |
| Net periodic benefit cost | \$ (20) | \$ 40 | \$ 19 | \$ 19 |

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. A discretionary contribution of \$110 million was made during the first quarter of 2014. There are no required contributions for the remainder of 2014, though BB&T may elect to make additional contributions.

Table of Contents**NOTE 11. Commitments and Contingencies**

| | June 30, 2014 | December 31, 2013 |
|---|----------------------------------|----------------------------------|
| | (Dollars in millions) | |
| Letters of credit and financial guarantees | \$3,935 | \$ 4,355 |
| Carrying amount of the liability for letter of credit guarantees | 38 | 39 |
| Investments related to affordable housing and historic building rehabilitation projects | 1,326 | 1,302 |
| Amount of future funding commitments included in investments related to affordable housing and historic rehabilitation projects | 404 | 464 |
| Lending exposure to these affordable housing projects | 89 | 151 |
| Tax credits subject to recapture related to affordable housing projects | 269 | 250 |
| Investments in private equity | 322 | 291 |

| | | |
|---|-----|-----|
| and similar investments Future funding commitments to consolidated private equity funds | 207 | 245 |
|---|-----|-----|

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 certain limits, 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 secured party to sell or repledge the collateral. Assets related to employee benefit plans have been excluded from the following table.

| | |
|-----------------|-----------------|
| June 30, | December |
| 2014 | 31, |
| | 2013 |

(Dollars in millions)

| | | |
|--------------------|----------|-----------|
| Pledged securities | \$ 9,377 | \$ 11,911 |
| Pledged loans | 66,901 | 66,391 |

29

Table of Contents**NOTE 12. 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 on a recurring basis:

| June 30, 2014 | Total | Level 1 | Level 2 | Level 3 |
|--|------------------|--------------------|------------------|-----------------|
| (Dollars in millions) | | | | |
| Assets: | | | | |
| Trading securities | \$ 463 | \$ 280 | \$ 170 | \$ 13 |
| AFS securities: | | | | |
| U.S. Treasury | 1,095 | | 1,095 | |
| MBS issued by GSE | 16,234 | | 16,234 | |
| States and political subdivisions | 1,954 | | 1,954 | |
| Non-agency MBS | 277 | | 277 | |
| Other | 43 | 8 | 35 | |
| Covered | 1,333 | | 523 | 810 |
| LHFS | 1,692 | | 1,692 | |
| Residential MSRs | 954 | | | 954 |
| Derivative assets: | | | | |
| Interest rate contracts | 892 | | 867 | 25 |
| Foreign exchange contracts | 2 | | 2 | |
| Private equity and similar investments | 322 | | | 322 |
| Total assets | \$ 25,261 | \$ 288 | \$ 22,849 | \$ 2,124 |
| Liabilities: | | | | |
| Derivative liabilities: | | | | |
| Interest rate contracts | \$ 835 | \$ | \$ 834 | \$ 1 |
| Foreign exchange contracts | 4 | | 4 | |
| Short-term borrowings | 170 | | 170 | |
| Total liabilities | \$ 1,009 | \$ | \$ 1,008 | \$ 1 |

Table of Contents

| December 31, 2013 | Total | Level 1 | Level 2 | Level 3 |
|--|-----------|------------|-----------|----------|
| (Dollars in millions) | | | | |
| Assets: | | | | |
| Trading securities | \$ 381 | \$ 256 | \$ 125 | \$ |
| AFS securities: | | | | |
| U.S. Treasury | 595 | | 595 | |
| MBS issued by GSE | 17,929 | | 17,929 | |
| States and political subdivisions | 1,851 | | 1,851 | |
| Non-agency MBS | 291 | | 291 | |
| Other | 45 | 10 | 35 | |
| Covered | 1,393 | | 532 | 861 |
| LHFS | 1,222 | | 1,222 | |
| Residential MSRs | 1,047 | | | 1,047 |
| Derivative assets: | | | | |
| Interest rate contracts | 862 | | 859 | 3 |
| Foreign exchange contracts | 2 | | 2 | |
| Private equity and similar investments | 291 | | | 291 |
| Total assets | \$ 25,909 | \$ 266 | \$ 23,441 | \$ 2,202 |
| Liabilities: | | | | |
| Derivative liabilities: | | | | |
| Interest rate contracts | \$ 967 | \$ | \$ 953 | \$ 14 |
| Foreign exchange contracts | 3 | | 3 | |
| Short-term borrowings | 84 | | 84 | |
| Total liabilities | \$ 1,054 | \$ | \$ 1,040 | \$ 14 |

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. 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 are composed of 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.

GSE securities and MBS issued by GSE: GSE pass-through securities are valued using market-based pricing matrices that are based on 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 are based on 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.

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.

Table of Contents

Covered securities: Covered securities consist of re-remic non-agency MBS, municipal securities and non-agency MBS. Covered state and political subdivision securities and certain non-agency MBS 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. Sensitivity to changes in the fair value of covered securities is significantly offset by changes in BB&T's indemnification asset from the FDIC.

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.

Short-term borrowings: Short-term borrowings 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 summarize activity for level 3 assets and liabilities:

| Three Months Ended June 30, 2014 | Covered Securities | Residential Net MSRs | Derivatives | Private Equity and Similar Investments |
|---|-------------------------------|---------------------------------|--------------------|---|
| Balance at April 1, 2014 | \$ 832 | \$ 1,008 | \$ 4 | \$ 328 |
| Total realized and unrealized gains (losses): | | | | |
| Included in earnings: | | | | |
| Interest income | 2 | | | |
| Mortgage banking income | | (54) | 29 | |
| Other noninterest income | | | | 9 |
| Included in unrealized net holding gains (losses) in OCI | 3 | | | |
| Purchases | | | | 14 |
| Issuances | | 33 | 28 | |
| Sales | | | | (29) |
| Settlements | (27) | (33) | (37) | (1) |
| Transfers into Level 3 | | | | 1 |
| Balance at June 30, 2014 | \$ 810 | \$ 954 | \$ 24 | \$ 322 |
| Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at June 30, 2014 | \$ 2 | \$ (54) | \$ 24 | \$ (6) |

Table of Contents

| Three Months Ended June 30, 2013 | Covered Securities | Residential Net MSRs | Derivatives | Private Equity and Similar Investments |
|--|-------------------------------|---------------------------------|--------------------|---|
| Balance at April 1, 2013 | \$ 996 | \$ 735 | \$ 35 | \$ 330 |
| Total realized and unrealized gains (losses): | | | | |
| Included in earnings: | | | | |
| Interest income | 8 | | | |
| Mortgage banking income | | 100 | 30 | |
| Other noninterest income | | | | 6 |
| Included in unrealized net holding gains (losses) in OCI | (15) | | | |
| Purchases | | | | 7 |
| Issuances | | 98 | (9) | |
| Sales | | | | (70) |
| Settlements | (36) | (41) | (145) | (4) |
| Balance at June 30, 2013 | \$ 953 | \$ 892 | \$ (89) | \$ 269 |
| Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at June 30, 2013 | \$ 8 | \$ 100 | \$ (89) | \$ 5 |

Private

| Six Months Ended June 30, 2014 | Covered Securities | Residential Net MSRs | Net Derivatives | Equity and Similar Investments |
|---|-------------------------------|---------------------------------|----------------------------|---|
| Balance at January 1, 2014 | \$ 861 | \$ 1,047 | \$ (11) | \$ 291 |
| Total realized and unrealized gains (losses): | | | | |
| Included in earnings: | | | | |
| Interest income | 17 | | | |
| Mortgage banking income | | (97) | 44 | |
| Other noninterest income | | | | 12 |
| Included in unrealized net holding gains (losses) in OCI | (15) | | | |
| Purchases | | | | 52 |
| Issuances | | 66 | 40 | |
| Sales | | | | (30) |
| Settlements | (53) | (62) | (49) | (4) |
| Transfers into Level 3 | | | | 1 |
| Balance at June 30, 2014 | \$ 810 | \$ 954 | \$ 24 | \$ 322 |
| Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at June 30, 2014 | \$ 17 | \$ (97) | \$ 24 | \$ (4) |

Table of Contents

| Six Months Ended June 30, 2013 | Covered Securities | Residential Net MSRs | Net Derivatives | Private Equity and Similar Investments |
|---|-------------------------------|---------------------------------|----------------------------|---|
| Balance at January 1, 2013 | \$ 994 | \$ 627 | \$ 54 | \$ 323 |
| Total realized and unrealized gains (losses): | | | | |
| Included in earnings: | | | | |
| Interest income | 18 | | | |
| Mortgage banking income | | 155 | 65 | |
| Other noninterest income | | | | 11 |
| Included in unrealized net holding gains (losses) in OCI | 10 | | | |
| Purchases | | | | 30 |
| Issuances | | 192 | 27 | |
| Sales | | | | (89) |
| Settlements | (69) | (82) | (235) | (6) |
| Balance at June 30, 2013 | \$ 953 | \$ 892 | \$ (89) | \$ 269 |
| Change in unrealized gains (losses) included in earnings for the period, attributable to assets and liabilities still held at June 30, 2013 | \$ 18 | \$ 155 | \$ (89) | \$ 8 |

BB&T's policy is to recognize transfers in and transfers out of Levels 1, 2 and 3 as of the end of a reporting period.

The majority of private equity and similar investments are in SBIC qualified funds, which primarily focus on equity and subordinated debt investments in privately-held middle market companies. The majority of these investments 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 2025, is uncertain and dependent on various events such as recapitalizations, refinance transactions and ownership changes among others. Excluding the investment of future funds, these investments have an estimated weighted average remaining life of approximately three years; however, the timing and amount of distributions may vary significantly. 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. These 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 4x to 10x, with a weighted average of 8x, at June 30, 2014.

The following table details the fair value and UPB of LHFS that were elected to be carried at fair value:

| | June 30, 2014 | | | December 31, 2013 | | |
|------------------------------|---------------|---------------|------------|-------------------|---------------|------------|
| | Fair Value | Aggregate UPB | Difference | Fair Value | Aggregate UPB | Difference |
| (Dollars in millions) | | | | | | |
| LHFS reported at fair value | \$ 1,692 | \$ 1,644 | \$ 48 | \$ 1,222 | \$ 1,223 | \$ (1) |

Excluding government guaranteed, there were no LHFS that were nonaccrual or 90 days or more past due and still accruing interest.

The following table provides information about certain financial assets measured at fair value on a nonrecurring basis, which are considered to be Level 3 assets (excludes covered):

| | As Of/For the Year-to-Date Period Ended | | | |
|------------------------------|---|-----------------------|-------------------|-----------------------|
| | June 30, 2014 | | December 31, 2013 | |
| | Carrying Value | Valuation Adjustments | Carrying Value | Valuation Adjustments |
| (Dollars in millions) | | | | |
| Impaired loans | \$ 213 | \$ (37) | \$ 50 | \$ (41) |
| | 56 | 3 | 71 | (6) |

Foreclosed
real estate

34

Table of Contents

For financial instruments not recorded at fair value, estimates of fair value are based on relevant market data and information about the instrument and are based on the value of 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.

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 approximate their fair values.

Long-term debt: The fair values of long-term debt 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. For fixed-rate loan commitments, fair values also consider the difference between current levels of interest rates and the committed rates. 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.

Table of Contents

Financial assets and liabilities not recorded at fair value are summarized below:

| June 30, 2014 | Carrying Amount | Total Fair Value | Level 2 | Level 3 |
|---|----------------------------|---------------------------------|----------------|----------------|
| (Dollars in millions) | | | | |
| Financial assets: | | | | |
| HTM securities | \$ 20,432 | \$ 20,264 | \$ 20,264 | \$ |
| Loans and leases, net of ALLL excluding covered loans | 116,371 | 116,473 | | 116,473 |
| Covered loans, net of ALLL | 1,562 | 1,789 | | 1,789 |
| FDIC loss share receivable | 689 | 356 | | 356 |
| Financial liabilities: | | | | |
| Deposits | 131,586 | 131,877 | 131,877 | |
| FDIC loss share payable | 696 | 692 | | 692 |
| Long-term debt | 21,927 | 22,904 | 22,904 | |
| (Dollars in millions) | | | | |
| December 31, 2013 | Carrying Amount | Total Fair Value | Level 2 | Level 3 |
| Financial assets: | | | | |
| HTM securities | \$ 18,101 | \$ 17,530 | \$ 17,491 | \$ 39 |
| Loans and leases, net of ALLL excluding | 112,264 | 112,261 | | 112,261 |

| | | | | |
|----------------------------------|---------|---------|---------|-------|
| covered loans | | | | |
| Covered loans, net of ALLL | 1,921 | 2,200 | | 2,200 |
| FDIC loss share receivable | 843 | 464 | | 464 |
| Financial liabilities: | | | | |
| Deposits | 127,475 | 127,810 | 127,810 | |
| FDIC loss share payable | 669 | 652 | | 652 |
| Long-term debt | 21,493 | 22,313 | 22,313 | |

The following is a summary of selected information pertaining to off-balance sheet financial instruments:

| | June 30, 2014 | | December 31, 2013 | |
|--|--|-----------------------|--|-----------------------|
| | Notional/ Contract Amount | Fair Value | Notional/ Contract Amount | Fair Value |

(Dollars in millions)

| | | | | |
|---|----------|-------|-----------|-------|
| Commitments to extend, originate or purchase credit | \$46,460 | \$ 89 | \$ 45,333 | \$ 86 |
| Residential mortgage loans sold with recourse | 718 | 8 | 783 | 13 |
| Other loans sold with recourse | 4,633 | 10 | 4,594 | 9 |
| Letters of credit and financial guarantees | 3,935 | 37 | 4,355 | 39 |

Table of Contents**NOTE 13. Derivative Financial Instruments****Derivative Classifications and Hedging Relationships**

| Hedged Item or Transaction | June 30, 2014 | | | December 31, 2013 | | |
|---|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| | Notional Amount | Fair Value Gain | Fair Value Loss | Notional Amount | Fair Value Gain | Fair Value Loss |
| (Dollars in millions) | | | | | | |
| Cash flow hedges: | | | | | | |
| Interest rate contracts: | | | | | | |
| Pay fixed 3mo. LIBOR funding swaps | \$ 8,150 | \$ | \$ (186) | \$ 4,300 | \$ | \$ (203) |
| Fair value hedges: | | | | | | |
| Interest rate contracts: | | | | | | |
| Receive fixed swaps and option trades | 9,052 | 197 | (2) | 6,822 | 102 | (3) |
| Long-term debt | | | | | | |
| Pay fixed swaps | 179 | | (3) | 178 | | (3) |
| Commercial loans | | | | | | |
| Pay fixed swaps | 346 | | (108) | 345 | | (83) |
| Municipal securities | | | | | | |
| Total | 9,577 | 197 | (113) | 7,345 | 102 | (89) |
| Not designated as hedges: | | | | | | |
| Client-related and other risk management: | | | | | | |

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| | | | | | | |
|----------------------------|--------|-----|-------|--------|-----|-------|
| Interest rate contracts: | | | | | | |
| Receive fixed swaps | 8,140 | 375 | (8) | 8,619 | 370 | (37) |
| Pay fixed swaps | 8,019 | 6 | (401) | 8,401 | 31 | (396) |
| Other swaps | 1,469 | 6 | (8) | 1,586 | 6 | (8) |
| Other | 557 | 1 | (1) | 424 | 2 | (2) |
| Foreign exchange contracts | 444 | 2 | (4) | 384 | 2 | (3) |
| Total | 18,629 | 390 | (422) | 19,414 | 411 | (446) |

| | | | | | | |
|---|-------|----|------|-------|----|------|
| Mortgage banking: | | | | | | |
| Interest rate contracts: | | | | | | |
| Interest rate lock commitments | 2,593 | 25 | | 1,869 | 3 | (14) |
| When issued securities, forward rate agreements and forward commitments | 3,823 | 5 | (43) | 3,100 | 34 | (7) |
| Other | 967 | 5 | (1) | 531 | 8 | (7) |
| Total | 7,383 | 35 | (44) | 5,500 | 45 | (28) |

| | | | | | | |
|---|--------|-----|-------|--------|-----|-------|
| MSRs: | | | | | | |
| Interest rate contracts: | | | | | | |
| Receive fixed swaps | 2,555 | 85 | (7) | 6,139 | 36 | (141) |
| Pay fixed swaps | 2,611 | 7 | (39) | 5,449 | 89 | (29) |
| Option trades | 8,495 | 173 | (27) | 9,415 | 181 | (31) |
| When issued securities, forward rate agreements and forward commitments | 4,104 | 7 | (1) | 1,756 | | (3) |
| Total | 17,765 | 272 | (74) | 22,759 | 306 | (204) |
| | 43,777 | 697 | (540) | 47,673 | 762 | (678) |

| | | | | | | |
|--|-----------|-----|-------|-----------|-----|-------|
| Total derivatives not designated as hedges | | | | | | |
| Total derivatives | \$ 61,504 | 894 | (839) | \$ 59,318 | 864 | (970) |

Gross amounts not offset in the Consolidated Balance

Sheets:

| | | | | | |
|--|--------|---------|--|--------|---------|
| Amounts subject to master netting arrangements not offset due to policy election | (516) | 516 | | (514) | 514 |
| Cash collateral (received) posted | (66) | 277 | | (44) | 386 |
| Net amount | \$ 312 | \$ (46) | | \$ 306 | \$ (70) |

37

Table of Contents

Assets and liabilities related to derivatives are presented on a gross basis in the Consolidated Balance Sheets. 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 reported as restricted cash. Derivatives with dealer counterparties 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 the derivatives 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
 Three Months Ended June 30, 2014 and 2013**

| | Effective Portion | | Pre-tax Gain (Loss) Reclassified from AOCI into Income | |
|-------------------------------|---|------------------------|---|-------------|
| | Pre-tax Gain (Loss) Recognized in AOCI | | Reclassified from AOCI into Income | |
| | Location of Amounts | | 2014 2013 | |
| | 2014 | 2013 | Reclassified from AOCI into Income | |
| | | | 2014 | 2013 |
| | (Dollars in millions) | | | |
| Cash flow hedges: | | | | |
| Interest rate contracts | \$ (22) | \$ 231 | | |
| | | Total interest income | \$ | \$ |
| | | Total interest expense | (19) | (19) |
| | | | \$ (19) | \$ (19) |
| | | | | |
| | | | Pre-tax Gain (Loss) Recognized in Income | |
| | | | 2014 2013 | |
| | | | | |
| | | | (Dollars in millions) | |
| Fair value hedges: | | | | |
| | | Total interest income | \$ (6) | \$ (5) |

| | | | |
|---|--------------------------|-------|-------|
| Interest rate contracts | | | |
| Interest rate contracts | Total interest expense | 57 | 29 |
| Total | | \$ 51 | \$ 24 |
| Not designated as hedges: | | | |
| Client-related and other risk management: | | | |
| Interest rate contracts | Other noninterest income | \$ 5 | \$ 8 |
| Foreign exchange contracts | Other noninterest income | (1) | 5 |
| Mortgage banking: | | | |
| Interest rate contracts | Mortgage banking income | (17) | 125 |
| MSRs: | | | |
| Interest rate contracts | Mortgage banking income | 60 | (87) |
| Total | | \$ 47 | \$ 51 |

38

Table of Contents

**The Effect of Derivative Instruments on the Consolidated
Statements of Income
Six Months Ended June 30, 2014 and 2013**

| | | Effective Portion | | | |
|------------------------------|---------|-------------------------------|------------------------|---------------------|-------------|
| | | Pre-tax Gain | | Pre-tax Gain | |
| | | (Loss) | | (Loss) | |
| | | Recognized | | Reclassified | |
| | | in AOCI | | from | |
| | | Reclassified from AOCI | | AOCI into | |
| | | into Income | | Income | |
| | | 2014 | 2013 | 2014 | 2013 |
| (Dollars in millions) | | | | | |
| Cash Flow | | | | | |
| Hedges: | | | | | |
| Interest | | | | | |
| rate | \$ (25) | \$ 220 | Total interest income | \$ | \$ |
| contracts | | | Total interest expense | (40) | (40) |
| | | | | \$ (40) | \$ (40) |

| | | Effective Portion | | | |
|------------------------------|--|----------------------------|------------------------|---------------------|-------------|
| | | Location of Amounts | | Pre-tax Gain | |
| | | Recognized | | (Loss) | |
| | | in Income | | Recognized | |
| | | | | in Income | |
| | | | | 2014 | 2013 |
| (Dollars in millions) | | | | | |
| Fair Value | | | | | |
| Hedges: | | | | | |
| Interest | | | | | |
| rate | | | Total interest income | \$ (11) | \$ (10) |
| contracts | | | Total interest expense | 110 | 59 |
| Interest | | | | | |
| rate | | | | | |
| contracts | | | | | |
| Total | | | | \$ 99 | \$ 49 |

| | | | | | |
|--------------------------|--|--|--------------------------|-------|-------|
| Not | | | | | |
| Designated | | | | | |
| as Hedges: | | | | | |
| Client-related and other | | | | | |
| risk management: | | | | | |
| | | | Other noninterest income | \$ 10 | \$ 14 |

| | | | |
|---|--------------------------|-------|---------|
| Interest rate contracts | | | |
| Foreign exchange contracts | Other noninterest income | 3 | 8 |
| Mortgage Banking: Interest rate contracts | Mortgage banking income | (27) | 98 |
| MSRs: Interest rate contracts | Mortgage banking income | 105 | (133) |
| Total | | \$ 91 | \$ (13) |

Table of Contents

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 |
|--|--|--|
| <p>Variability in cash flows of interest payments on floating rate business loans, overnight financing, FHLB advances, medium-term bank notes and long-term debt.</p> | <p>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.</p> | <p>Risk associated with an asset or liability, including mortgage banking operations and MSR's, 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.</p> |
| <p>Hedge the variability in the interest payments and receipts on future cash flows for mortgage-related transactions related to the first unhedged payments and receipts of variable interest.</p> | <p>Convert the fixed rate paid or received to a floating rate, primarily through the use of swaps.</p> | <p>For interest rate lock commitment derivatives and LHFS, use mortgage-based derivatives such as forward commitments and options to mitigate market risk. For MSR's, mitigate the income statement effect of changes in the fair value of the MSR's.</p> |
| <p>Treatment for portion that is highly effective</p> | <p>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.</p> | <p>Entire change in fair value recognized in current period income.</p> |
| <p>Treatment for portion that is ineffective</p> | <p>Recognized in current period income.</p> | <p>Not applicable</p> |
| <p>Treatment if hedge is de-designated. Effective changes in value that are recorded in OCI before de-designation are amortized to earnings over the period the forecasted hedged transactions or impact earnings. is terminated</p> | <p>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.</p> | <p>Not applicable</p> |
| | <p>Not applicable</p> | <p>Not applicable</p> |

Treasury accounting is ceased
if and any gain or loss in OCI is
reported in earnings
is immediately.

no
longer
probable
of
occurring
during
forecast
period
or
within
a
short
period
thereafter

Table of Contents

The following table presents information about BB&T's cash flow and fair value hedges:

| | June 30, 2014 | December 31, 2013 |
|---|------------------------------|----------------------------------|
| | (Dollars in millions) | |
| Cash flow hedges: | | |
| Net unrecognized after-tax loss on active hedges recorded in OCI | \$ (116) | \$ (127) |
| Net unrecognized after-tax gain on terminated hedges recorded in OCI (to be recognized in earnings primarily from 2016 through 2021) | 127 | 129 |
| Estimated portion of net after-tax loss on active and terminated hedges to be reclassified from OCI into earnings during the next 12 months | (52) | (50) |
| Maximum length of time 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 | 8 yrs | 7 yrs |
| Fair value hedges: | | |
| Unrecognized pre-tax gain on terminated hedges (to be recognized as a reduction of interest expense through 2019) | \$ 282 | \$ 326 |
| Portion of pre-tax gain on terminated hedges to be recognized as a reduction of interest expense during the next 12 months | 87 | 87 |

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 that are national market makers 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 additional 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.

| | June 30, 2014 | December 31, 2013 |
|--|----------------------------------|----------------------------------|
| | (Dollars in millions) | |
| Cash collateral received from dealer counterparties | \$ 60 | \$ 44 |
| Derivatives in a net gain position secured by that collateral | 70 | 46 |
| Unsecured positions in a net gain with dealer counterparties after collateral postings | 10 | 3 |
| Cash collateral posted to dealer counterparties | 267 | 356 |
| Derivatives in a net loss position secured by that collateral | 269 | 357 |

| | | |
|--|-----|----|
| Additional collateral that would have been posted had BB&T's credit ratings dropped below investment grade | 4 | 4 |
| Cash collateral received from central clearing parties | 7 | |
| Derivatives in a net gain position secured by that collateral | 6 | 26 |
| Cash collateral, including initial margin, posted to central clearing parties | 12 | 43 |
| Derivatives in a net loss position secured by that collateral | 38 | 43 |
| Securities pledged to central clearing parties | 141 | 82 |

Table of Contents**NOTE 14. Computation of EPS**

Basic and diluted EPS calculations are presented in the following table:

| | Three Months Ended | | Six Months Ended | |
|--|--|-------------|-------------------------|-------------|
| | June 30, | | June 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| | (Dollars in millions, except per share data, shares in thousands) | | | |
| Net income available to common shareholders | \$ 425 | \$ 547 | \$ 926 | \$ 757 |
| Weighted average number of common shares | 719,080 | 702,082 | 715,978 | 701,245 |
| Effect of dilutive outstanding equity-based awards | 9,372 | 10,779 | 10,410 | 10,753 |
| Weighted average number of diluted common shares | 728,452 | 712,861 | 726,388 | 711,998 |
| Basic EPS | \$ 0.59 | \$ 0.78 | \$ 1.29 | \$ 1.08 |
| Diluted EPS | \$ 0.58 | \$ 0.77 | \$ 1.27 | \$ 1.06 |
| Anti-dilutive awards | 14,379 | 30,123 | 14,815 | 32,144 |

Table of Contents**NOTE 15. Operating Segments**

During January 2014, approximately \$8.3 billion of closed-end, first and second lien position residential mortgage loans were transferred from Community Banking to Residential Mortgage Banking based on a change in how these loans are managed as a result of new qualified mortgage regulations. In connection with this transfer, \$319 million of goodwill was transferred from Community Banking to Residential Mortgage Banking. The following tables have been revised to give retrospective effect to the transfer:

BB&T Corporation
Reportable Segments
Three Months Ended June 30, 2014 and 2013

| | Community Banking | | Residential Mortgage Banking | | Dealer Financial Services | | Specialized Lending | |
|---|--------------------------|-------------|-------------------------------------|-------------|----------------------------------|-------------|----------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| (Dollars in millions) | | | | | | | | |
| Net interest income (expense) | \$ 430 | \$ 427 | \$ 375 | \$ 398 | \$ 207 | \$ 210 | \$ 143 | \$ 178 |
| Net intersegment interest income (expense) | 299 | 339 | (250) | (248) | (39) | (39) | (34) | (30) |
| Segment net interest income | 729 | 766 | 125 | 150 | 168 | 171 | 109 | 148 |
| Allocated provision for loan and lease losses | 35 | 108 | (1) | 30 | 31 | 41 | 13 | 28 |
| Noninterest income | 316 | 310 | 68 | 151 | | 1 | 51 | 54 |
| Intersegment net referral fees (expense) | 29 | 51 | | | | | | |
| Noninterest expense | 397 | 445 | 206 | 98 | 28 | 27 | 52 | 64 |

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| | | | | | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Amortization of 8 intangibles | 9 | | | | 1 | 2 | | |
| Allocated corporate expenses | 284 | 260 | 21 | 17 | 7 | 8 | 15 | 16 |
| Income (loss) before income taxes | 350 | 305 | (33) | 156 | 102 | 96 | 79 | 92 |
| Provision (benefit) for income taxes | 128 | 111 | (12) | 59 | 39 | 37 | 19 | 24 |
| Segment net income (loss) | \$ 222 | \$ 194 | \$ (21) | \$ 97 | \$ 63 | \$ 59 | \$ 60 | \$ 68 |
| Identifiable assets (period end) | \$ 54,707 | \$ 55,789 | \$ 36,448 | \$ 36,912 | \$ 12,513 | \$ 11,188 | \$ 17,666 | \$ 17,439 |

| | Insurance Services | | Financial Services | | Other, Treasury and Corporate (1) | | Total BB&T Corporation | |
|--|--------------------|------|--------------------|------|-----------------------------------|------|------------------------|------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |

(Dollars in millions)

| | | | | | | | | |
|---|------|----|-------|-------|--------|--------|----------|----------|
| Net interest income (expense) | \$ 1 | \$ | \$ 42 | \$ 40 | \$ 145 | \$ 162 | \$ 1,343 | \$ 1,415 |
| Net intersegment interest income (expense) | 2 | 2 | 68 | 75 | (46) | (99) | | |
| Segment net interest income | 3 | 2 | 110 | 115 | 99 | 63 | 1,343 | 1,415 |
| Allocated provision for loan and lease losses | | | 3 | 13 | (7) | (52) | 74 | 168 |

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| | | | | | | | | |
|--|----------|----------|-----------|-----------|-----------|-----------|------------|------------|
| Noninterest income | 424 | 427 | 189 | 184 | (115) | (81) | 933 | 1,046 |
| Intersegment net referral fees (expense) | | | 7 | 10 | (36) | (61) | | |
| Noninterest expense | 309 | 292 | 164 | 156 | 372 | 387 | 1,528 | 1,469 |
| Amortization of intangibles | 14 | 15 | | | | 1 | 23 | 27 |
| Allocated corporate expenses | 7 | 14 | 30 | 26 | (374) | (341) | | |
| Income (loss) before income taxes | 87 | 108 | 109 | 114 | (43) | (74) | 651 | 797 |
| Provision (benefit) for income taxes | 29 | 37 | 41 | 43 | (71) | (90) | 173 | 221 |
| Segment net income (loss) | \$ 58 | \$ 71 | \$ 68 | \$ 71 | \$ 28 | \$ 16 | \$ 478 | \$ 576 |
| Identifiable assets (period end) | \$ 3,015 | \$ 3,164 | \$ 11,972 | \$ 10,024 | \$ 51,691 | \$ 48,876 | \$ 188,012 | \$ 183,392 |

(1) Includes financial data from subsidiaries below the quantitative and qualitative thresholds requiring disclosure.

Table of Contents
BB&T Corporation
Reportable Segments
Six Months Ended June 30, 2014 and 2013

| | Community Banking | | Residential Mortgage Banking | | Dealer Financial Services | | Specialized Lending | |
|---|------------------------------|-------------|---|-------------|--------------------------------------|-------------|--------------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| (Dollars in millions) | | | | | | | | |
| Net interest income (expense) | \$ 854 | \$ 849 | \$ 753 | \$ 799 | \$ 409 | \$ 415 | \$ 281 | \$ 352 |
| Net intersegment interest income (expense) | 598 | 692 | (501) | (502) | (77) | (79) | (68) | (62) |
| Segment net interest income | 1,452 | 1,541 | 252 | 297 | 332 | 336 | 213 | 290 |
| Allocated provision for loan and lease losses | 51 | 225 | (21) | 23 | 104 | 109 | 22 | 79 |
| Noninterest income | 611 | 597 | 128 | 312 | 1 | 3 | 100 | 106 |
| Intersegment net referral fees (expense) | 55 | 105 | 1 | | | | | |
| Noninterest expense | 791 | 870 | 292 | 176 | 57 | 54 | 103 | 128 |
| Amortization of intangibles | 16 | 19 | | | | | 2 | 3 |
| Allocated corporate expenses | 68 | 520 | 42 | 33 | 14 | 15 | 29 | 32 |
| Income (loss) before income | 692 | 609 | 68 | 377 | 158 | 161 | 157 | 154 |

| | | | | | | | | |
|---|--------|--------|-------|--------|-------|-------|--------|--------|
| taxes Provision (benefit) for | 253 | 222 | 26 | 143 | 60 | 62 | 38 | 36 |
| income taxes Segment net income (loss) | \$ 439 | \$ 387 | \$ 42 | \$ 234 | \$ 98 | \$ 99 | \$ 119 | \$ 118 |

| | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Identifiable assets (period end) | \$ 54,707 | \$ 55,789 | \$ 36,448 | \$ 36,912 | \$ 12,513 | \$ 11,188 | \$ 17,666 | \$ 17,439 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

| | Insurance Services | | Financial Services | | Other, Treasury and Corporate (1) | | Total BB&T Corporation | |
|--|---------------------------|-------------|---------------------------|-------------|--|-------------|---------------------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |

(Dollars in millions)

| | | | | | | | | |
|---|------|------|-------|-------|--------|--------|----------|----------|
| Net interest income (expense) | \$ 1 | \$ 1 | \$ 82 | \$ 75 | \$ 310 | \$ 346 | \$ 2,690 | \$ 2,837 |
| Net intersegment interest income (expense) | 3 | 3 | 134 | 155 | (89) | (207) | | |
| Segment net interest income | 4 | 4 | 216 | 230 | 221 | 139 | 2,690 | 2,837 |
| Allocated provision for loan and lease losses | | | 3 | 22 | (25) | (18) | 134 | 440 |
| Noninterest income | 855 | 793 | 366 | 360 | (217) | (124) | 1,844 | 2,047 |
| Intersegment net referral fees (expense) | | | 13 | 18 | (69) | (123) | | |
| Noninterest expense | 612 | 580 | 313 | 308 | 740 | 740 | 2,908 | 2,856 |
| | 27 | 30 | 1 | 1 | | 1 | 46 | 54 |

| | | | | | | | |
|--|----------|----------|-----------|-----------|-----------|-----------|------------|
| Amortization of intangibles | | | | | | | |
| Allocated corporate expenses | 29 | 60 | 50 | (747) | (679) | | |
| Income (loss) before income taxes | 186 | 218 | 227 | (33) | (152) | 1,446 | 1,534 |
| Provision (benefit) for income taxes | 53 | 52 | 82 | 85 | (122) | 102 | 390 |
| Segment net income (loss) | \$ 133 | \$ 106 | \$ 136 | \$ 142 | \$ 89 | \$ (254) | \$ 1,056 |
| Identifiable assets (period end) | \$ 3,015 | \$ 3,164 | \$ 11,972 | \$ 10,024 | \$ 51,691 | \$ 48,876 | \$ 188,012 |
| | | | | | | | \$ 183,392 |

(1) Includes financial data from subsidiaries below the quantitative and qualitative thresholds requiring disclosure.

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BB&T is a financial holding company organized under the laws of North Carolina. BB&T conducts operations through its principal bank subsidiary, Branch Bank, and its nonbank subsidiaries.

Forward-Looking Statements

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

- general economic or business conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit, insurance or other services;

- disruptions to the credit and financial markets, either nationally or globally, including the impact of a downgrade of U.S. government obligations by one of the credit ratings agencies and the adverse effects of the ongoing sovereign debt crisis in Europe;

- changes in the interest rate environment 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 and develop products that enable them to compete more successfully than BB&T and may be subject to different regulatory standards than BB&T;

natural or other disasters 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 or difficulties related to the integration of the businesses of BB&T and its merger partners may be greater than expected;

expected cost savings or revenue growth associated with completed mergers and acquisitions may not be fully realized or realized within the expected time frames;

deposit attrition, customer loss and/or revenue loss following completed mergers and acquisitions may be greater than expected;

cyber-security risks, including "denial of service," "hacking" and "identity theft," that could adversely affect our business and financial performance, or our reputation; and

failure to implement part or all of the Company's new ERP system could result in impairment charges that adversely impact BB&T's financial condition and results of operations and could result in significant additional costs to BB&T.

Table of Contents

These and other risk factors are more fully described in this report and in BB&T's Annual Report on Form 10-K for the year ended December 31, 2013 under the sections entitled "Item 1A. Risk Factors" and from time to time, in other filings with the SEC. 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 statements. 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.

Regulatory Considerations

BB&T and its affiliates are subject to numerous examinations by federal and state banking regulators, as well as the SEC, FINRA, and various state insurance and securities regulators. BB&T has from time to time received requests for information from regulatory authorities in various states, including state insurance commissions and state attorneys general, securities regulators and other regulatory authorities, concerning their business practices. Such requests are considered incidental to the normal conduct of business. Refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2013 for additional disclosures with respect to laws and regulations affecting BB&T.

Enhanced Prudential Standards for Bank Holding Companies 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 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 Counsel 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. The amendments became effective on June 1, 2014, and BB&T is on schedule to comply with all subsections of subpart D by the end of 2014.

Foreign Account Tax Compliance Act and Conforming Regulations

In May 2014, the IRS issued Notice 2014-33 (the "Notice") regarding the Foreign Account Tax Compliance Act and its related withholding provisions. The Notice announces that calendar years 2014 and 2015 will be 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 announces 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. BB&T expects to be in compliance with FATCA and its related provisions by the applicable effective dates.

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. BB&T's 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. The more critical accounting and reporting policies include accounting for the ACL, determining fair value of financial instruments, intangible assets, costs and benefit obligations associated with pension and postretirement benefit plans, and income taxes. Understanding BB&T's accounting policies is fundamental to understanding the consolidated financial position and consolidated results of operations. Accordingly, the critical accounting policies are discussed in detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in BB&T's Annual Report on Form 10-K for the year ended December 31, 2013. Significant accounting policies and changes in accounting principles and effects of new accounting pronouncements are discussed in detail in Note 1 in the "Notes to Consolidated Financial Statements" in BB&T's Annual Report on Form 10-K for the year ended December 31, 2013. There have been no changes to the significant accounting policies during 2014. Additional disclosures regarding the effects of new accounting pronouncements are included in Note 1 "Basis of Presentation" included herein.

Table of Contents

Executive Summary

Consolidated net income available to common shareholders for the second quarter of 2014 was \$425 million, a decrease of \$122 million compared to the same quarter of 2013. Financial results for the second quarter were negatively impacted by after-tax adjustments totaling \$88 million, or \$0.12 per diluted share, that were recorded in connection with the identification of potential exposures related to FHA-insured residential mortgage loans originated by BB&T, and in connection with certain new information that impacted a previously recorded income tax reserve. These adjustments are more fully described below.

In June 2014, BB&T was notified that its FHA-insured loan origination process would be the subject of an audit survey by the HUD-OIG. While there are no findings at this time, in light of announcements made by other financial institutions related to the outcomes of similar audits and related matters and after further review of the exposure, an \$85 million reserve was established, which had a \$53 million negative impact on BB&T's after-tax results of operations.

In the second quarter of 2014, BB&T also recognized a \$33 million adjustment related to its 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. This adjustment had a \$21 million negative impact on BB&T's after-tax results of operations.

In June 2014, BB&T was also notified of a change in the Internal Revenue Service's stance related to an income tax position currently under examination. As a result, BB&T recognized a \$14 million income tax adjustment in the second quarter of 2014.

On a diluted per common share basis, earnings for the second quarter of 2014 were \$0.58, compared to \$0.77 for the same period in 2013. Excluding the impact of the previously described adjustments, diluted earnings per share for the second quarter of 2014 were \$0.70. BB&T's results of operations for the second quarter of 2014 produced an annualized return on average assets of 1.04%, an annualized return on average risk-weighted assets of 1.37%, and an annualized return on average common shareholders' equity of 8.03%, compared to prior year ratios of 1.27%, 1.68% and 11.39%, respectively.

Total revenues, which include net interest income on a FTE basis and noninterest income, were \$2.3 billion for the second quarter of 2014, a decrease of \$187 million compared to the second quarter of 2013. The decrease in total revenues included a \$74 million decrease in FTE net interest income and a \$113 million decrease in noninterest income. The decrease in FTE net interest income reflects a \$108 million decrease in interest income, which primarily reflects lower yields on new loans, the continued runoff of higher yielding covered loans, and the sale of a consumer lending subsidiary during the fourth quarter of 2013. The decrease in interest income was partially offset by a \$34 million decrease in funding costs compared to the same quarter of the prior year. NIM was 3.43%, down 27 basis

points compared to the second quarter of 2013. The decrease in noninterest income reflects declines in mortgage banking income, net securities gains and other income totaling \$82 million, \$23 million, and \$11 million, respectively. The decrease in mortgage banking income reflects a decline in the volume of residential mortgage loan production and sales and tighter margins. The decrease in net securities gains reflects gains in the earlier quarter that totaled \$23 million. The \$11 million decrease in other income primarily reflects increased write-downs on affordable housing investments and decreased income from assets related to certain post-employment benefits, which is offset in personnel expense.

The provision for credit losses, excluding covered loans, declined \$96 million, or 53.6%, compared to the second quarter of 2013, due to improved credit quality. Net charge-offs, excluding covered loans, for the second quarter of 2014 were \$98 million lower than the earlier quarter, a decline of 45.6%. Excluding the reserve for unfunded lending commitments, the reserve release was \$39 million for the second quarter of 2014, compared to \$61 million in the earlier quarter. Management currently expects minimal reserve release, if any, in the third quarter of 2014 and none thereafter unless credit improves substantially.

Noninterest expense was \$1.6 billion for the second quarter of 2014, an increase of \$55 million compared to the second quarter of 2013. This increase reflects the impact of \$118 million in adjustments related to the previously described FHA-insured loan exposures, which were partially offset by decreases in personnel expense, merger-related and restructuring charges and professional services totaling \$35 million, \$14 million and \$13 million, respectively.

The provision for income taxes was \$173 million for the second quarter of 2014, compared to \$221 million for the same quarter of the prior year. This produced an effective tax rate for the second quarter of 2014 of 26.6%, compared to 27.7% for the earlier quarter. The decrease in the effective tax rate primarily reflects a higher level of federal tax credits and permanent tax differences relative to pre-tax earnings, which was partially offset by the tax charge previously mentioned.

Table of Contents

NPAs, excluding covered foreclosed real estate, decreased \$70 million compared to March 31, 2014, reflecting declines in NPLs and foreclosed property totaling \$62 million and \$8 million, respectively. At June 30, 2014, nonperforming loans and leases represented 0.70% of total loans and leases, excluding covered assets, compared to 0.78% at March 31, 2014.

Average loans held for investment for the second quarter of 2014 totaled \$117.1 billion, an increase of \$2.1 billion, or 7.2% on an annualized basis, compared to the first quarter of 2014. This increase was driven by growth in the commercial and industrial, sales finance and other lending subsidiaries portfolios of \$962 million, \$600 million and \$317 million, respectively. Growth in average loans held for investment was negatively impacted by continued runoff in the covered loan portfolio of \$135 million, or 28.9% on an annualized basis.

Average deposits for the second quarter of 2014 totaled \$129.6 billion, an increase of \$3.9 billion, or an annualized 12.4%, compared to the first quarter of 2014. Deposit mix remained relatively stable, with average noninterest-bearing deposits increasing slightly to 28.3% of total average deposits for the second quarter of 2014, compared to 28.2% for the prior quarter. The cost of interest-bearing deposits was 0.26% for the second quarter of 2014, a decrease of one basis point from the prior quarter.

Total shareholders' equity increased \$1.2 billion compared to December 31, 2013. This increase was primarily driven by net income of \$1.1 billion, net proceeds related to the issuance of equity awards totaling \$248 million, and a net change in AOCI that totaled \$187 million, which primarily reflects a net increase in unrealized gains on AFS securities. These increases were partially offset by common and preferred dividends totaling \$336 million and \$74 million, respectively.

The Tier 1 common ratio, Tier 1 risk-based capital and total risk-based capital ratios were 10.2%, 12.0% and 14.3% at June 30, 2014, respectively. These risk-based capital ratios remain well above regulatory standards for well-capitalized banks. As of June 30, 2014, the Tier 1 common equity ratio was not required by the regulators and, therefore, was considered a non-GAAP measure. Refer to the section titled "Capital" herein for a discussion of how BB&T calculates and uses this measure in the evaluation of the Company.

BB&T completed the acquisition of 21 retail branches in Texas during the second quarter of 2014, which resulted in the addition of \$1.2 billion in deposits and \$112 million in loans.

Refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2013 for additional information with respect to BB&T's recent accomplishments and significant challenges.

Table of Contents*Analysis Of Results Of Operations*

The following table sets forth selected financial ratios for the last five calendar quarters.

Table 1
Annualized Performance Measures

| | Three Months Ended | | | | |
|------------------------------------|--------------------|---------|----------|---------|---------|
| | (1) | | (2) | | |
| | 6/30/14 | 3/31/14 | 12/31/13 | 9/30/13 | 6/30/13 |
| Rate of return on: | | | | | |
| Average assets | 1.04 % | 1.29 % | 1.30 % | 0.68 % | 1.27 % |
| Average common shareholders equity | 8.03 | 9.87 | 10.85 | 5.44 | 11.39 |
| NIM (FTE) | 3.43 | 3.52 | 3.56 | 3.68 | 3.70 |

(1) Includes the impact of after-tax adjustments totaling \$88 million that were recorded in connection with the previously described FHA-insured loan exposures and new information that impacted a previously recorded income tax reserve.

(2) Includes the impact of an adjustment for uncertain income tax positions of \$235 million related to a ruling issued by the U.S. Court of Federal Claims on September 20, 2013 regarding the IRS's disallowance of tax deductions and foreign tax credits taken in connection with a financing transaction entered into by BB&T in 2002.

Consolidated net income available to common shareholders for the first six months of 2014 totaled \$926 million, compared to \$757 million earned during the corresponding period of the prior year. Financial results for the first six months of 2014 were negatively impacted by the previously described after-tax adjustments totaling \$88 million, while the financial results for the corresponding period of the prior year were negatively impacted by an adjustment to the provision for income taxes totaling \$281 million. On a diluted per common share basis, earnings for the first six months of 2014 were \$1.27, compared to \$1.06 earned during the first six months of 2013.

Net Interest Income and NIM

Second Quarter 2014 compared to Second Quarter 2013

Net interest income on a FTE basis was \$1.4 billion for the second quarter of 2014, a decrease of 5.1% compared to the same period in 2013. The decrease in net interest income was driven by a \$108 million decrease in interest income, partially offset by a \$34 million decrease in funding costs compared to the same quarter of the prior year. Average earning assets for the second quarter of 2014 increased \$3.9 billion, or 2.5%, compared to the same period of 2013, while average interest-bearing liabilities decreased \$1.7 billion, or 1.4%. The NIM was 3.43% for the second quarter of 2014, compared to 3.70% for the same period of 2013. The 27 basis point decline in the NIM was primarily driven by lower earning asset yields and continued runoff of covered assets, partially offset by improved funding costs.

The annualized FTE yield on the average securities portfolio for the second quarter of 2014 was 2.43%, which was six basis points lower than the earlier period.

The annualized FTE yield for the total loan portfolio for the second quarter of 2014 was 4.45%, compared to 4.90% in the second quarter of 2013. The decrease in the FTE yield on the total loan portfolio was primarily driven by lower yields on new loans, the continued runoff of higher yielding covered loans, and the sale of a consumer lending subsidiary during the fourth quarter of 2013.

The annualized cost of interest-bearing deposits for the second quarter of 2014 was 0.26%, compared to 0.32% for the same period in the prior year. This decrease was driven by a 20 basis point improvement in the cost of certificates and other time deposits and an improvement in deposit mix.

For the second quarter of 2014, the average annualized FTE rate paid on short-term borrowings was 0.16%, compared to 0.18% during the second quarter of 2013. The average annualized rate paid on long-term debt for the second quarter of 2014 was 2.38%, compared to 3.23% for the same period in 2013. This decrease was primarily the result of lower rates on new issues during the last twelve months.

Management expects NIM to decrease by approximately five to ten basis points during the third quarter of 2014, mainly due to covered asset runoff. Net interest income for the third quarter of 2014 is expected to be relatively flat compared to the current quarter.

Table of Contents

Six Months of 2014 compared to Six Months of 2013

Net interest income on a FTE basis was \$2.8 billion for the six months ended June 30, 2014, a decrease of \$150 million, or 5.2%, compared to the same period in 2013. The decrease in net interest income reflects a \$223 million decrease in interest income, which was partially offset by a \$73 million decline in funding costs. For the six months ended June 30, 2014, average earning assets increased \$2.9 billion, or 1.8%, compared to the same period of 2013, while average interest-bearing liabilities decreased \$2.7 billion, or 2.2%. The NIM was 3.47% for the six months ended June 30, 2014, compared to 3.73% for the same period of 2013. The 26 basis point decrease in the NIM was due to lower yields on new earning assets and runoff of covered assets, partially offset by lower funding costs.

The annualized FTE yield on the average securities portfolio for the six months ended June 30, 2014 was 2.46%, a decrease of two basis points compared to the annualized yield earned during the same period of 2013.

The annualized FTE yield for the total loan portfolio for the six months ended June 30, 2014 was 4.51%, compared to 4.97% in the corresponding period of 2013. The decrease in the FTE yield on the total loan portfolio was primarily due to lower yields on new loans due to the low interest-rate environment and the runoff of covered loans.

The average annualized cost of interest-bearing deposits for the six months ended June 30, 2014 was 0.26%, compared to 0.34% for the same period in the prior year, reflecting improvements in mix.

For the six months ended June 30, 2014, the average annualized FTE rate paid on short-term borrowings was 0.13%, a five basis point decline from the rate paid for the same period of 2013. The average annualized rate paid on long-term debt for the six months of 2014 was 2.44%, compared to 3.23% for the same period in 2013. The decrease in the average rate paid on long-term debt primarily reflects lower rates on new debt issuances that have occurred over the last twelve months.

The following tables set forth the major components of net interest income and the related annualized yields and rates for the three and six months ended June 30, 2014 compared to the same periods in 2013, 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.

Table of Contents

Table 2-1
FTE Net Interest Income and Rate / Volume Analysis (1)
Three Months Ended June 30, 2014 and 2013

| | Average Balances (7) | | Annualized Yield/Rate | | Income/Expense | | Increase (Decrease) | Change due to | | |
|--|----------------------|---------|-----------------------|--------|----------------|-------|---------------------|---------------|--------|--|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | | Rate | Volume | |
| (Dollars in millions) | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Total securities, at amortized cost (2) | | | | | | | | | | |
| U.S. Treasury | \$ 1,932 | \$ 360 | 1.50 | % 0.23 | % \$ 7 | \$ | \$ 7 | \$ 4 | \$ 3 | |
| GSE | 5,604 | 4,872 | 2.08 | 2.01 | 29 | 25 | 4 | 1 | 3 | |
| MBS issued by GSE | 29,627 | 27,803 | 1.97 | 1.97 | 146 | 138 | 8 | | 8 | |
| States and political subdivisions | 1,831 | 1,836 | 5.78 | 5.81 | 27 | 26 | 1 | 1 | | |
| Non-agency MBS | 250 | 289 | 7.65 | 5.57 | 4 | 4 | | 1 | (1) | |
| Other | 464 | 466 | 1.46 | 1.51 | 2 | 1 | 1 | 1 | | |
| Covered | 948 | 1,093 | 13.56 | 12.48 | 32 | 34 | (2) | 3 | (5) | |
| Total securities | 40,656 | 36,719 | 2.43 | 2.49 | 247 | 228 | 19 | 11 | 8 | |
| Other earning assets (3) | 1,977 | 2,626 | 1.60 | 1.40 | 8 | 9 | (1) | 1 | (2) | |
| Loans and leases, net of unearned income (4)(5) | | | | | | | | | | |
| Commercial: | | | | | | | | | | |
| Commercial and industrial | 39,397 | 38,359 | 3.38 | 3.67 | 332 | 351 | (19) | (28) | 9 | |
| CRE - income producing properties | 10,382 | 9,864 | 3.50 | 3.75 | 90 | 92 | (2) | (7) | 5 | |
| CRE - construction and development | 2,566 | 2,668 | 3.57 | 3.82 | 23 | 26 | (3) | (2) | (1) | |
| Direct retail lending (6) | 7,666 | 15,936 | 4.24 | 4.67 | 80 | 186 | (106) | (16) | (90) | |
| Sales finance | 10,028 | 8,520 | 2.67 | 3.25 | 67 | 69 | (2) | (13) | 11 | |
| Revolving credit | 2,362 | 2,268 | 8.64 | 8.48 | 51 | 48 | 3 | 1 | 2 | |
| Residential mortgage (6) | 32,421 | 23,391 | 4.22 | 4.21 | 342 | 246 | 96 | 1 | 95 | |
| Other lending subsidiaries | 10,553 | 10,407 | 9.26 | 10.54 | 244 | 274 | (30) | (34) | 4 | |
| Total loans and leases held for investment (excluding covered loans) | 115,375 | 111,413 | 4.27 | 4.64 | 1,229 | 1,292 | (63) | (98) | 35 | |
| Covered | 1,739 | 2,858 | 16.77 | 16.95 | 73 | 121 | (48) | (1) | (47) | |
| Total loans and leases held for | 117,114 | 114,271 | 4.46 | 4.95 | 1,302 | 1,413 | (111) | (99) | (12) | |

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| | | | | | | | | | |
|---|------------|------------|--------|--------|----------|----------|---------|---------|---------|
| investment | | | | | | | | | |
| LHFS | 1,396 | 3,581 | 4.21 | 3.42 | 15 | 30 | (15) | 6 | (21) |
| Total loans and leases | 118,510 | 117,852 | 4.45 | 4.90 | 1,317 | 1,443 | (126) | (93) | (33) |
| Total earning assets | 161,143 | 157,197 | 3.91 | 4.28 | 1,572 | 1,680 | (108) | (81) | (27) |
| Nonearning assets | 23,922 | 25,311 | | | | | | | |
| Total assets | \$ 185,065 | \$ 182,508 | | | | | | | |
| Liabilities and Shareholders' Equity | | | | | | | | | |
| Interest-bearing deposits: | | | | | | | | | |
| Interest-checking | \$ 18,406 | \$ 19,276 | 0.06 | 0.08 | 3 | 3 | | | |
| Money market and savings | 48,965 | 48,140 | 0.14 | 0.13 | 18 | 15 | 3 | 3 | |
| Certificates and other time deposits | 25,010 | 28,034 | 0.64 | 0.84 | 39 | 60 | (21) | (15) | (6) |
| Foreign deposits - interest-bearing | 584 | 947 | 0.08 | 0.09 | | | | | |
| Total interest-bearing deposits | 92,965 | 96,397 | 0.26 | 0.32 | 60 | 78 | (18) | (12) | (6) |
| Short-term borrowings | 2,962 | 5,118 | 0.16 | 0.18 | 1 | 2 | (1) | | (1) |
| Long-term debt | 22,206 | 18,287 | 2.38 | 3.23 | 133 | 148 | (15) | (43) | 28 |
| Total interest-bearing liabilities | 118,133 | 119,802 | 0.66 | 0.76 | 194 | 228 | (34) | (55) | 21 |
| Noninterest-bearing deposits | 36,634 | 33,586 | | | | | | | |
| Other liabilities | 6,422 | 7,331 | | | | | | | |
| Shareholders' equity | 23,876 | 21,789 | | | | | | | |
| Total liabilities and shareholders' equity | \$ 185,065 | \$ 182,508 | | | | | | | |
| Average interest rate spread | | | 3.25 % | 3.52 % | | | | | |
| NIM/net interest income | | | 3.43 % | 3.70 % | \$ 1,378 | \$ 1,452 | \$ (74) | \$ (26) | \$ (48) |
| Taxable-equivalent adjustment | | | | | \$ 35 | \$ 37 | | | |

(1) Yields are stated on a FTE basis assuming tax rates in effect for the periods presented.

(2) Total securities include AFS securities and HTM securities.

(3) Includes Federal funds sold, securities purchased under resale agreements or similar arrangements, interest-bearing deposits with banks, trading securities, FHLB stock and other earning assets.

(4) Loan fees, which are not material for any of the periods shown, are included for rate calculation purposes.

(5) NPLs are 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.

51

Table of Contents

Table 2-2
FTE Net Interest Income and Rate / Volume Analysis (1)
Six Months Ended June 30, 2014 and 2013

| | Average Balances (7) | | Annualized Yield/Rate | | Income/Expense | | Increase (Decrease) | Change due to | | |
|--|----------------------|---------|-----------------------|--------|----------------|-------|---------------------|---------------|--------|--|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | | Rate | Volume | |
| (Dollars in millions) | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Total securities, at amortized cost (2) | | | | | | | | | | |
| U.S. Treasury | \$ 1,784 | \$ 332 | 1.50 % | 0.23 % | \$ 13 | \$ | \$ 13 | \$ 7 | \$ 6 | |
| GSE | 5,603 | 4,547 | 2.08 | 2.00 | 58 | 46 | 12 | 2 | 10 | |
| MBS issued by GSE | 29,484 | 28,169 | 2.01 | 1.95 | 296 | 275 | 21 | 9 | 12 | |
| States and political subdivisions | 1,832 | 1,837 | 5.78 | 5.80 | 53 | 53 | | | | |
| Non-agency MBS | 255 | 294 | 7.32 | 5.57 | 9 | 8 | 1 | 2 | (1) | |
| Other | 470 | 472 | 1.51 | 1.46 | 4 | 3 | 1 | 1 | | |
| Covered | 960 | 1,109 | 13.21 | 12.84 | 63 | 71 | (8) | 2 | (10) | |
| Total securities | 40,388 | 36,760 | 2.46 | 2.48 | 496 | 456 | 40 | 23 | 17 | |
| Other earning assets (3) | 1,927 | 2,731 | 2.43 | 1.53 | 23 | 21 | 2 | 9 | (7) | |
| Loans and leases, net of unearned income (4)(5) | | | | | | | | | | |
| Commercial: | | | | | | | | | | |
| Commercial and industrial | 38,919 | 38,139 | 3.40 | 3.72 | 657 | 704 | (47) | (61) | 14 | |
| CRE - income producing properties | 10,338 | 9,863 | 3.54 | 3.79 | 181 | 186 | (5) | (14) | 9 | |
| CRE - construction and development | 2,511 | 2,733 | 3.60 | 3.85 | 45 | 52 | (7) | (3) | (4) | |
| Direct retail lending (6) | 8,503 | 15,847 | 4.26 | 4.70 | 179 | 370 | (191) | (32) | (159) | |
| Sales finance | 9,729 | 8,181 | 2.75 | 3.38 | 133 | 137 | (4) | (28) | 24 | |
| Revolving credit | 2,359 | 2,273 | 8.71 | 8.49 | 102 | 96 | 6 | 3 | 3 | |
| Residential mortgage (6) | 31,533 | 23,504 | 4.24 | 4.23 | 667 | 497 | 170 | 1 | 169 | |
| Other lending subsidiaries | 10,395 | 10,198 | 9.33 | 10.68 | 482 | 541 | (59) | (69) | 10 | |
| Total loans and leases held for investment (excluding covered loans) | 114,287 | 110,738 | 4.31 | 4.69 | 2,446 | 2,583 | (137) | (203) | 66 | |
| Covered | 1,806 | 2,995 | 17.74 | 17.23 | 159 | 256 | (97) | 7 | (104) | |

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| | | | | | | | | | |
|---|------------|------------|--------|--------|----------|----------|----------|---------|----------|
| Total loans and leases held for investment | 116,093 | 113,733 | 4.52 | 5.02 | 2,605 | 2,839 | (234) | (196) | (38) |
| LHFS | 1,354 | 3,686 | 4.33 | 3.35 | 30 | 61 | (31) | 14 | (45) |
| Total loans and leases | 117,447 | 117,419 | 4.51 | 4.97 | 2,635 | 2,900 | (265) | (182) | (83) |
| Total earning assets | 159,762 | 156,910 | 3.97 | 4.33 | 3,154 | 3,377 | (223) | (150) | (73) |
| Nonearning assets | 23,977 | 25,352 | | | | | | | |
| Total assets | \$ 183,739 | \$ 182,262 | | | | | | | |
| Liabilities and Shareholders' Equity | | | | | | | | | |
| Interest-bearing deposits: | | | | | | | | | |
| Interest-checking | \$ 18,510 | \$ 19,720 | 0.07 | 0.09 | 6 | 8 | (2) | (1) | (1) |
| Money market and savings | 48,866 | 48,285 | 0.14 | 0.14 | 33 | 33 | | | |
| Certificates and other time deposits | 23,481 | 28,481 | 0.69 | 0.87 | 81 | 123 | (42) | (22) | (20) |
| Foreign deposits - interest-bearing | 795 | 668 | 0.07 | 0.10 | | | | | |
| Total interest-bearing deposits | 91,652 | 97,154 | 0.26 | 0.34 | 120 | 164 | (44) | (23) | (21) |
| Short-term borrowings | 3,638 | 4,670 | 0.13 | 0.18 | 2 | 4 | (2) | (1) | (1) |
| Long-term debt | 22,318 | 18,488 | 2.44 | 3.23 | 271 | 298 | (27) | (81) | 54 |
| Total interest-bearing liabilities | 117,608 | 120,312 | 0.67 | 0.78 | 393 | 466 | (73) | (105) | 32 |
| Noninterest-bearing deposits | 36,017 | 33,055 | | | | | | | |
| Other liabilities | 6,543 | 7,342 | | | | | | | |
| Shareholders' equity | 23,571 | 21,553 | | | | | | | |
| Total liabilities and shareholders' equity | \$ 183,739 | \$ 182,262 | | | | | | | |
| Average interest rate spread | | | 3.30 % | 3.55 % | | | | | |
| NIM/net interest income | | | 3.47 % | 3.73 % | \$ 2,761 | \$ 2,911 | \$ (150) | \$ (45) | \$ (105) |
| Taxable-equivalent adjustment | | | | | \$ 71 | \$ 74 | | | |

(1) Yields are stated on a FTE basis assuming tax rates in effect for the periods presented.

(2) Total securities include AFS securities and HTM securities.

(3) Includes Federal funds sold, securities purchased under resale agreements or similar arrangements, interest-bearing deposits with banks, trading securities, FHLB stock and other earning assets.

(4) Loan fees, which are not material for any of the periods shown, are included for rate calculation purposes.

(5) NPLs are 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.

52

Table of ContentsFDIC Loss Share Receivable and the Net Revenue Impact from Covered Assets

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. Refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2013 for additional information regarding the loss sharing agreements. The following table presents the carrying amount of assets covered by each loss share agreement:

Table 3
Covered Assets by Loss Share Agreement

| | June 30, 2014 | | |
|----------------------|------------------------------|--------------------------|--------------|
| | Commercial | Single Family | Total |
| | (Dollars in millions) | | |
| Loans and leases | \$ 939 | \$ 714 | \$ 1,653 |
| AFS securities | 1,333 | | 1,333 |
| Other assets | 63 | 35 | 98 |
| Total covered assets | \$ 2,335 | \$ 749 | \$ 3,084 |

The commercial loss sharing agreement expires in the third quarter of 2014; however, Branch Bank must reimburse the FDIC for gains and recoveries, net of related expenses, through the third quarter of 2017.

The indemnification related to AFS securities is based upon a stipulated value less any paydowns, redemptions or maturities and totaled approximately \$705 million at June 30, 2014. The securities are carried at fair value, which totaled \$1.3 billion at June 30, 2014. As a result, any decline in fair value down to the stipulated amount would be offset at the applicable loss sharing percentage by reducing the liability to the FDIC should the securities be sold before October 1, 2017. Any further declines below the stipulated amount would not be subject to loss sharing.

The following table provides information related to the carrying amounts and fair values of the components of the FDIC loss share receivable (payable):

Table 4
FDIC Loss Share Receivable (Payable)

June 30, 2014

| Attributable to: | December 31, 2013 | | | |
|----------------------------------|----------------------|---------------|--------------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| (Dollars in millions) | | | | |
| Covered loans | \$ 688 | \$ 356 | \$ 843 | \$ 464 |
| Covered securities | (576) | (539) | (565) | (521) |
| Aggregate loss calculation | (120) | (153) | (104) | (131) |
| Total | \$ (8) | \$ (336) | \$ 174 | \$ (188) |

The decrease in the carrying amount attributable to covered loans was due to the receipt of cash from the FDIC and negative accretion due to the credit loss improvement, partially reduced by the offset to the provision for covered loans and the FDIC's share of losses on foreclosed property. The change in the carrying amount attributable to covered securities was due to the offsets to the accretion of the discount and the amount of changes in unrealized gains of covered securities. The change in the carrying amount attributable to the aggregate loss calculation is primarily due to accretion of the expected payment, which is included in "Accretion due to credit loss improvement" below. The fair values were based upon a discounted cash flow methodology that was consistent with the acquisition date methodology. The fair values attributable to covered loans and the aggregate loss calculation change 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 covered securities was 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 loss share agreement.

Table of Contents

The cumulative amount related to covered securities recognized through earnings resulted in a liability of \$213 million as of June 30, 2014. Covered securities are classified as AFS and carried at fair market value, and the changes in unrealized gains/losses are offset by the applicable loss share percentage in AOCI, which resulted in a pre-tax liability of \$362 million as of June 30, 2014. BB&T would only owe these amounts to the FDIC if BB&T were to sell these securities prior to the third quarter of 2017. BB&T does not currently intend to dispose of the covered securities.

Following the conclusion of the ten 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 June 30, 2014, BB&T projects that Branch Bank would owe the FDIC approximately \$171 million under the aggregate loss calculation. This liability is expensed over time and BB&T has recognized total expense of \$120 million through June 30, 2014.

The following table provides information related to the income statement impact of covered loans and securities and the FDIC loss sharing receivable/payable. The table excludes all amounts related to other assets acquired and liabilities assumed in the acquisition.

Table 5
Revenue Impact from Covered Assets, Net

| | Three Months Ended June 30, 2014 | | Six Months Ended June 30, 2013 | |
|--|---|--------|---|--------|
| | (Dollars in millions) | | | |
| Interest income-covered loans | \$ 73 | \$ 121 | \$ 159 | \$ 256 |
| Interest income-covered securities | 32 | 34 | 63 | 71 |
| Total interest income-covered assets | 105 | 155 | 222 | 327 |
| Provision for covered loans | 9 | 11 | 16 | (14) |
| FDIC loss share income, net | (88) | (85) | (172) | (144) |
| Adjusted net revenue | \$ 26 | \$ 81 | \$ 66 | \$ 169 |
| FDIC loss share income, net | | | | |

| | | | | |
|--|---------|---------|----------|----------|
| Offset to provision for covered loans | \$ (7) | \$ (9) | \$ (12) | \$ 11 |
| Accretion due to credit loss improvement | (70) | (66) | (139) | (133) |
| Accretion for securities | (11) | (10) | (21) | (22) |
| Total | \$ (88) | \$ (85) | \$ (172) | \$ (144) |

Second Quarter 2014 compared to Second Quarter 2013

Interest income on covered loans and securities for the second quarter of 2014 decreased \$50 million compared to the second quarter of 2013, primarily resulting from decreased interest income related to covered loans totaling \$48 million. The decline in interest income relating to covered loans primarily reflects lower average covered loan balances. The yield on covered loans for the second quarter of 2014 was 16.77%, compared to 16.95% in the earlier quarter.

Six Months of 2014 compared to Six Months of 2013

Interest income on covered loans and securities for the six months ended June 30, 2014 decreased \$105 million compared to the six months ended June 30, 2013. This decrease was driven by a 39.7% reduction in the average loan balance for the six months ended June 30, 2014, compared to the same period of the prior year. The yield on covered loans for the six months ended June 30, 2014 was 17.74%, compared to 17.23% in the corresponding period of 2013.

The provision for covered loans was a recovery of \$16 million for the six months ended June 30, 2014, compared to a provision of \$14 million for the same period of the prior year. FDIC loss share income, net was a negative \$172 million for the six months ended June 30, 2014, \$28 million worse than the corresponding period of 2013, which primarily reflects the offset to the improvement in the provision for covered loans.

Table of Contents

Provision for Credit Losses

Second Quarter 2014 compared to Second Quarter 2013

The provision for credit losses, excluding covered loans, totaled \$83 million for the second quarter of 2014, a decrease of \$96 million compared to the same period of the prior year. This decrease reflects improvement in loss frequencies related to the CRE – construction and development and income producing properties portfolios, which resulted in provision decreases totaling \$74 million and \$31 million, respectively. The provision for credit losses related to the residential mortgage-government guaranteed portfolio declined \$23 million, primarily the result of an update to loss severity estimates related to certain loans within this portfolio. These decreases were partially offset by a \$39 million increase in the provision for credit losses related to the commercial and industrial portfolio, which primarily reflects a provision release in the earlier quarter.

Net charge-offs, excluding covered loans, were \$98 million lower than the second quarter of 2013. This decrease in net charge-offs was broad-based in nature, with notable declines in net charge-offs related to the commercial and industrial, direct retail lending and CRE–construction and development portfolios that totaled \$30 million, \$23 million and \$22 million, respectively.

Net charge-offs were 0.41% of average loans and leases on an annualized basis (0.40% excluding covered loans) for the second quarter of 2014, compared to 0.74% of average loans and leases (0.75% excluding covered loans) for the same period in 2013. Management expects net charge-offs to remain below the normalized range for net charge-offs (which ranges from 50 to 70 basis points) for the next few quarters.

Six Months of 2014 compared to Six Months of 2013

The provision for credit losses, excluding covered loans, totaled \$150 million for the six months ended June 30, 2014, compared to \$426 million for the same period of 2013. The improvement in the provision for credit losses was broad-based, including decreases in the commercial and industrial, CRE – income producing properties, and residential mortgage-government guaranteed portfolios of \$110 million, \$50 million and \$40 million, respectively. These decreases primarily reflect improvement in loss frequency estimates in these portfolios. The provision related to the reserve for unfunded lending commitments declined \$55 million, which also reflects an improvement in loss frequency estimates.

Net charge-offs, excluding covered loans, for the six months ended June 30, 2014 were \$217 million lower than the comparable period of the prior year. The decrease in net charge-offs was broad based, with significant reductions in the commercial and industrial, direct retail lending, CRE – construction and development and CRE – income producing

properties portfolios totaling \$88 million, \$46 million, \$40 million and \$39 million, respectively. Net charge-offs were 0.48% of average loans and leases on an annualized basis (0.48% excluding covered loans) for the six months ended June 30, 2014 compared to 0.87% of average loans and leases (or 0.86% excluding covered loans) for the same period in 2013.

Noninterest Income

Second Quarter 2014 compared to Second Quarter 2013

Noninterest income for the second quarter of 2014 declined \$113 million, or 10.8%, compared to the earlier quarter. This decrease was primarily driven by declines in mortgage banking income, net securities gains and other income totaling \$82 million, \$23 million, and \$11 million, respectively.

The decrease in mortgage banking income reflects a decline in the volume of residential mortgage loan production and sales and tighter margins. The decrease in net securities gains reflects gains in the earlier quarter that totaled \$23 million. The \$11 million decrease in other income primarily reflects increased write-downs on affordable housing investments and decreased income from assets related to certain post-employment benefits, which is offset in personnel expense.

Other categories of noninterest income, including insurance income, service charges on deposits, investment banking and brokerage fees and commissions, bankcard fees and merchant discounts, trust and investment advisory revenues, checkcard fees, income from bank-owned life insurance, and FDIC loss share income, net totaled \$777 million for the three months ended June 30, 2014, compared to \$774 million for the same period of 2013.

Noninterest income is expected to be relatively flat in the third quarter of 2014, which primarily reflects a seasonal decrease in insurance income partially offset by other fee items.

Table of Contents

Six Months of 2014 compared to Six Months of 2013

Noninterest income for the six months ended June 30, 2014 totaled \$1.8 billion, compared to \$2.0 billion for the same period in 2013, a decrease of \$203 million. The change was primarily driven by a decrease in mortgage banking income of \$188 million, which reflects a decline in the volume of residential mortgage loan production and sales and tighter margins. Net securities gains for the six months ended June 30, 2014 totaled \$2 million, compared to \$46 million in the same period of the prior year. FDIC loss share income, net for the first six months of 2014 was \$28 million lower than the same period of the prior year, which primarily reflects the offset related to an improvement in the provision for covered loans. Other income for the first six months of 2014 was \$18 million lower than the same period of the prior year, primarily the result of decreased income from assets related to certain post-employment benefits, which is offset in personnel expense.

Insurance income totaled \$849 million for the six months ended June 30, 2014, an increase of \$58 million compared to the corresponding period of 2013. This increase primarily reflects higher performance-based commission income, the impact of an improved process for estimating certain commission income and firming market conditions for insurance premiums.

Other categories of noninterest income, including service charges on deposits, investment banking and brokerage fees and commissions, bankcard fees and merchant discounts, trust and investment advisory revenues, checkcard fees, and income from bank-owned life insurance totaled \$864 million during the six months ended June 30, 2014, compared with \$847 million for the same period of 2013.

Noninterest Expense

Second Quarter 2014 compared to Second Quarter 2013

Noninterest expense totaled \$1.6 billion for the second quarter of 2014, an increase of \$55 million compared to the same period of 2013. Other expense, loan-related expense and outside IT services increased by \$79 million, \$37 million and \$10 million, respectively, compared to the earlier quarter. The increases in other expense and loan-related expense primarily reflect the impact of the adjustments related to the previously described FHA-insured loan exposures. The increase in outside IT services is primarily due to work related to various system enhancement and replacement projects.

Personnel expense, merger-related and restructuring charges and professional services expense for the second quarter of 2014 decreased \$35 million, \$14 million and \$13 million, respectively, compared to the same period of the prior year. The decrease in personnel expense reflects a \$30 million decrease in qualified pension plan expense that was

driven by lower amortization of net actuarial losses, and lower post-employment benefits expense, which is offset in other income. Merger-related and restructuring charges were \$14 million lower than the same quarter of the prior year, primarily the result of optimization activities related to the Community Bank that were initiated in the earlier quarter. Professional fees were \$13 million lower than the earlier quarter, which reflects lower legal fees and decreased expenses related to systems and process-related enhancements.

Other categories of noninterest expenses, including occupancy and equipment, software, regulatory charges, amortization of intangibles and foreclosed property expense totaled \$273 million for the current quarter, compared to \$282 million for the same period of 2013.

Management is targeting an efficiency ratio in the 56% range for the fourth quarter of 2014.

Six Months of 2014 compared to Six Months of 2013

Noninterest expenses totaled \$3.0 billion for the six months ended June 30, 2014, an increase of \$44 million, or 1.5%, over the same period of the prior year. Primary drivers for the increase in noninterest expense include higher loan-related expense, outside IT services and other expense, partially offset by declines in personnel expense, professional services, regulatory charges, foreclosed property expense and merger-related and restructuring charges.

Loan-related expense, outside IT services and other expense increased by \$48 million, \$22 million and \$89 million, respectively, compared to the earlier quarter. The increases in other expense and loan-related expense primarily reflect the impact of the adjustments related to the previously described FHA-insured loan exposures. The increase in outside IT services is primarily due to work related to various system enhancement and replacement projects.

Table of Contents

Personnel expense was \$1.6 billion for the six months ended June 30, 2014, a decrease of \$70 million compared to the same period of the prior year, which primarily resulted from a decrease in qualified pension plan expense that was driven by lower amortization of net actuarial losses. Professional services declined \$16 million from the same period of the prior year, which reflects lower legal fees and decreased expenses related to systems and process-related enhancements. Regulatory charges, foreclosed property expense and merger-related and restructuring charges declined \$11 million each. The decline in regulatory charges reflects improved credit quality, and the beneficial impact associated with the issuance of bank notes over the last twelve months. The decline in foreclosed property expense was primarily the result of lower maintenance and repossession expense, which reflects a lower level of foreclosed property. Merger-related and restructuring charges were \$11 million lower than the same period of the prior year, primarily the result of optimization activities undertaken by the Community Bank during the second quarter of 2013.

Other categories of noninterest expense, including occupancy and equipment expense, software expense and amortization of intangibles totaled \$475 million for the six months ended June 30, 2014 compared to \$471 million for the same period of 2013.

Provision for Income Taxes

Second Quarter 2014 compared to Second Quarter 2013

The provision for income taxes was \$173 million for the second quarter of 2014, compared to \$221 million for the same quarter of the prior year. This produced an effective tax rate for the first quarter of 2014 of 26.6%, compared to 27.7% for the same quarter of the prior year. The decrease in the effective tax rate primarily reflects a higher level of federal tax credits and permanent tax differences relative to pre-tax earnings, which was partially offset by a \$14 million tax charge related to a change in the IRS's stance related to an income tax position currently under examination. Management is expecting an effective tax rate in the approximately 27% range during the second half of 2014.

Six Months of 2014 compared to Six Months of 2013

The provision for income taxes was \$390 million for the six months ended June 30, 2014, compared to \$702 million for the six months 2013. This decrease primarily reflects a \$281 million adjustment to the provision for income taxes in the first quarter of 2013, which related to a ruling issued by the U.S. Tax Court that had implications on positions that BB&T had taken related to a financing transaction in 2002. BB&T's effective income tax rate for the six months ended June 30, 2014 was 27.0%, compared to 45.8% for the same period of the prior year. The decrease in the effective tax rate is primarily due to the adjustment described above.

Refer to Note 9 “Income Taxes” in the “Notes to Consolidated Financial Statements” for a discussion of uncertain tax positions and other tax matters.

Segment Results

See Note 15 “Operating Segments” in the “Notes to Consolidated Financial Statements” contained herein and BB&T’s Annual Report on Form 10-K for the year ended December 31, 2013, for additional disclosures related to BB&T’s reportable business 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.

During January 2014, approximately \$8.3 billion of closed-end, first and second lien position residential mortgage loans were transferred from Community Banking to Residential Mortgage Banking based on a change in how these loans are managed as a result of new qualified mortgage regulations. The following discussion gives retrospective effect to the transfer.

Table of Contents

Table 6
BB&T Corporation
Net Income by Reportable Segments

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------|--|-------------|--------------------------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | (Dollars in millions) | | | |
| Community Banking | \$ 222 | \$ 194 | \$ 439 | \$ 387 |
| Residential Mortgage Banking | (21) | 97 | 42 | 234 |
| Dealer Financial Services | 63 | 59 | 98 | 99 |
| Specialized Lending | 60 | 68 | 119 | 118 |
| Insurance Services | 58 | 71 | 133 | 106 |
| Financial Services | 68 | 71 | 136 | 142 |
| Other, Treasury and Corporate | 28 | 16 | 89 | (254) |
| BB&T Corporation | \$ 478 | \$ 576 | \$ 1,056 | \$ 832 |

Second Quarter 2014 compared to Second Quarter 2013

Community Banking

Community Banking serves individual and business clients by offering a variety of loan and deposit products and other financial services. The segment is primarily responsible for acquiring and maintaining client relationships.

Community Banking net income was \$222 million in the second quarter of 2014, an increase of \$28 million over the earlier quarter. The allocated provision for credit losses decreased \$73 million driven by lower business and consumer loan charge-offs. The \$48 million decrease in noninterest expense was primarily attributable to lower personnel, occupancy and equipment and restructuring expense. Segment net interest income decreased \$37 million, primarily due to lower yields on new loans and lower funding spreads earned on deposits, partially offset by improvements in deposit mix. Intersegment net referral fees decreased \$22 million driven by lower mortgage banking referrals. Allocated corporate expenses increased \$24 million driven by internal business initiatives.

Residential Mortgage Banking

Residential Mortgage Banking retains and services mortgage loans originated by BB&T as well as those purchased from various correspondent originators. Mortgage loan products include fixed and adjustable-rate government guaranteed and conventional loans for the purpose of constructing, purchasing, or refinancing residential properties. Substantially all of the properties are owner-occupied.

Residential Mortgage Banking generated a net loss of \$21 million in the second quarter of 2014 compared to net income of \$97 million in the earlier quarter. Segment net interest income decreased \$25 million, primarily the result of lower credit spreads on loans. Noninterest income decreased \$83 million driven by lower gains on residential mortgage loan production and sales due to significantly lower mortgage loan originations and tighter pricing due to competitive factors. Noninterest expense increased \$108 million, which primarily reflects the impact of adjustments totaling \$118 million related to the previously described FHA-insured loan exposures. The allocated provision for credit losses was a net recovery of \$1 million in the current quarter compared to a \$30 million provision in the earlier quarter, which reflects an improvement in credit trends compared to the earlier quarter. The provision for income taxes was \$71 million lower than the earlier quarter primarily due to lower pre-tax income.

Dealer Financial Services

Dealer Financial Services primarily originates loans to consumers for the purchase of automobiles. These loans are originated on an indirect basis through approved franchised and independent automobile dealers throughout BB&T's market area through BB&T Dealer Finance, and on a national basis through Regional Acceptance Corporation. Dealer Financial Services also originates loans for the purchase of recreational and marine vehicles and provides financing and servicing to dealers for their inventories.

Table of Contents

Dealer Financial Services net income was \$63 million in the second quarter of 2014, an increase of \$4 million over the earlier quarter, primarily due to a decrease in the allocated provision for credit losses. The allocated provision for credit losses decreased \$10 million reflecting improved loss frequency in the prime automobile lending portfolio compared to the earlier quarter. Dealer Financial Services grew average loans by \$1.2 billion, or 11.1%, compared to the earlier quarter.

Specialized Lending

BB&T's Specialized Lending segment consists of businesses that provide specialty finance alternatives to commercial and consumer clients including: commercial finance, mortgage warehouse lending, tax-exempt financing for local governments and special-purpose districts, equipment leasing, full-service commercial mortgage banking, commercial and retail insurance premium finance, dealer-based financing of equipment for consumers and small businesses, and direct consumer finance.

Specialized Lending net income was \$60 million in the second quarter of 2014, a decrease of \$8 million from the earlier quarter. Segment net interest income decreased \$39 million compared to the earlier quarter, which primarily reflects the sale of a consumer lending subsidiary in the fourth quarter of 2013. The sale of this subsidiary also had a beneficial impact on the allocated provision for credit losses, which decreased \$15 million. Noninterest expense decreased \$12 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 businesses experienced strong growth compared to the earlier quarter.

Insurance Services

BB&T's insurance agency / brokerage network is the fifth largest in the United States and sixth largest in the world. Insurance Services provides property and casualty, life, and health insurance to business and individual clients. It also provides small business and corporate products, such as workers compensation and professional liability, as well as surety coverage and title insurance. In addition, Insurance Services underwrites a limited amount of property and casualty coverage.

Insurance Services net income was \$58 million in the second quarter of 2014, a decrease of \$13 million compared to the earlier quarter primarily due to higher noninterest expense of \$17 million driven by higher salary and performance-based incentives.

Financial Services

Financial Services provides personal trust administration, estate planning, investment counseling, wealth management, asset management, employee benefits services, corporate banking and corporate trust services to individuals, corporations, institutions, foundations and government entities. In addition, Financial Services 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. The segment also includes BB&T Securities, a full-service brokerage and investment banking firm, the Corporate Banking Division, which originates and services large corporate relationships, syndicated lending relationships, and client derivatives, and BB&T Capital Partners, which manages the company's SBIC private equity investments.

Financial Services net income was \$68 million in the second quarter of 2014, a decrease of \$3 million from the earlier quarter. Segment net interest income decreased \$5 million, primarily due to lower credit spreads on loans and funding spreads on deposits. Noninterest expense increased \$8 million compared to the earlier quarter, driven by higher occupancy and equipment, professional services, sub-advisory fee, and litigation-related expense. The allocated provision for credit losses decreased \$10 million, reflecting improved loss frequency in the large corporate loan portfolio as the result of improved credit metrics. Financial Services continues to generate significant loan growth, with Corporate Banking's average loan balances increasing \$1.7 billion, or 22.9%, over the earlier quarter while BB&T Wealth's average loan balances increased \$195 million, or 22.2%.

Other, Treasury & Corporate

Net income in Other, Treasury & Corporate can vary due to the changing needs of the Company, including the size of the investment portfolio, the need for wholesale funding, and income received from derivatives used to hedge the balance sheet.

Table of Contents

In the second quarter of 2014, Other, Treasury & Corporate generated net income of \$28 million, an increase of \$12 million over the earlier quarter. Segment net interest income increased \$36 million primarily due to an increase in the size of the investment portfolio and lower corporate borrowing costs. Intersegment net referral fee expense decreased \$25 million as the result of a lower level of mortgage banking referral income that was allocated to both the Community Banking and Financial Services segments. Allocated corporate expenses decreased \$33 million compared to the earlier quarter. The allocated provision for credit losses was a net recovery of \$7 million in the current quarter compared to a net recovery of \$52 million in the earlier quarter, which primarily reflects a reduction in the unallocated allowance for credit losses in the earlier quarter based on continued improvement in credit trends. Noninterest income decreased \$34 million primarily due to lower securities gains in the investment portfolio, lower FDIC loss share income and increased write-downs on affordable housing investments.

Six Months of 2014 compared to Six Months of 2013

Community Banking net income was \$439 million for the six months ended June 30, 2014, compared to \$387 million in the same period of the prior year. The allocated provision for credit losses decreased \$174 million driven by lower business and consumer loan charge-offs. The \$79 million decrease in noninterest expense was primarily attributable to lower personnel, occupancy and equipment, restructuring, and regulatory expense. Segment net interest income decreased \$89 million, primarily due to lower yields on new loans and lower funding spreads earned on deposits, partially offset by loan and noninterest-bearing deposit growth. Intersegment net referral fees decreased \$50 million driven by lower mortgage banking referrals. Allocated corporate expenses increased \$48 million driven by internal business initiatives.

Residential Mortgage Banking generated net income of \$42 million for the six months ended June 30, 2014, compared to \$234 million in the same period of the prior year. Segment net interest income decreased \$45 million, primarily the result of lower average balances in the LHFS portfolio, partially offset by higher credit spreads. Noninterest income decreased \$184 million driven by lower gains on residential mortgage loan production and sales due to significantly lower mortgage loan originations and tighter pricing due to competitive factors. The decrease in noninterest income was partially offset by an increase in net servicing income of \$26 million, primarily due to slower prepayment speeds and a \$7.7 billion, or 9.6%, increase in the investor-owned servicing portfolio. Noninterest expense increased \$116 million, which primarily reflects the impact of adjustments totaling \$118 million related to the previously described FHA-insured loan exposures. The allocated provision for credit losses was a net recovery of \$21 million in the first six months of 2014 compared to a \$23 million provision in the same period of the prior year, which reflects lower charge-offs and an improvement in credit trends. The provision for income taxes decreased \$117 million, primarily due to lower pre-tax income.

Dealer Financial Services net income was \$98 million for the six months ended June 30, 2014, compared to \$99 million in the same period of the prior year. Segment net interest income decreased \$4 million, primarily due to lower credit spreads on loans. The allocated provision for credit losses decreased \$5 million reflecting improved loss frequency in the prime automobile lending portfolio. Dealer Financial Services grew average loans by \$1.2 billion, or 11.7%, compared to the same period of the prior year.

Specialized Lending net income was \$119 million for the first six months of 2014, compared to \$118 million in the same period of the prior year. Segment net interest income decreased \$77 million compared to the same period in the prior year, which primarily reflects the sale of a consumer lending subsidiary in the fourth quarter of 2013. The sale of this subsidiary also had a beneficial impact on the allocated provision for credit losses, which decreased \$57 million. This decrease was also partially attributable to recoveries in the commercial finance portfolio in the current period. Noninterest expense decreased \$25 million driven by lower personnel, occupancy and equipment, loan processing and professional services expense. Small ticket consumer finance, equipment finance, and commercial finance experienced strong growth compared to the same period of the prior year.

Insurance Services net income was \$133 million for the first six months of 2014, compared to \$106 million in the same period of the prior year. Insurance Service's noninterest income increased \$62 million, primarily due to higher performance-based commissions, increased commissions on certain new and renewal business and an increase in employee benefit commissions of \$19 million due to a refinement to the process used to estimate commission income on certain policies invoiced by the insurance carrier but not yet received by BB&T. Noninterest expense increased \$32 million driven by higher salaries, performance-based incentives, and business referral expense.

Table of Contents

Financial Services net income was \$136 million for the first six months of 2014, compared to \$142 million in the same period in the prior year. Segment net interest income decreased \$14 million, primarily due to lower credit spreads on loans and funding spreads on deposits, partially offset by loan and deposit growth. Allocated corporate expenses increased \$10 million driven by internal business initiatives. The allocated provision for credit losses decreased \$19 million, reflecting improved loss frequency in the large corporate loan portfolio as the result of improved credit metrics. Financial Services continues to generate significant loan growth, with Corporate Banking's average loan balances increasing \$1.5 billion, or 20.4%, compared to the same period in the prior year, while BB&T Wealth's average loan balances increased \$177 million, or 20.9%. BB&T Wealth also grew transaction account balances by \$337 million, or 14.6%, and money market and savings balances by \$483 million, or 8.0%, compared to the same period in the prior year.

Other, Treasury & Corporate net income was \$89 million for the first six months of 2014, compared to a net loss of \$254 million in the same period of the prior year. Results in the prior year include a \$281 million adjustment to the income tax provision as previously described. Segment net interest income increased \$82 million, primarily due to lower funding credits on deposits allocated to the Community Banking and Financial Services and lower corporate borrowing costs, partially offset by runoff in the covered loan portfolio. The credit for allocated corporate expenses increased \$68 million compared to the prior year related to investments in application systems and internal business initiatives allocated to the other segments. Intersegment net referral fee expense decreased \$54 million as the result of a lower level of mortgage banking referral income that was allocated to both the Community Banking and Financial Services segments. Noninterest income decreased \$93 million primarily due to lower securities gains in the investment portfolio and lower FDIC loss share income.

Analysis Of Financial Condition

Investment Activities

The total securities portfolio was \$41.4 billion at June 30, 2014, an increase of \$1.2 billion, compared with December 31, 2013. As of June 30, 2014, the securities portfolio included \$20.9 billion of AFS securities (at fair value) and \$20.4 billion of HTM securities (at amortized cost).

The effective duration of the securities portfolio decreased to 4.7 years at June 30, 2014, compared to 5.5 years at December 31, 2013, primarily the result of lower interest rates. The duration of the securities portfolio excludes equity securities, auction rate securities and certain non-agency residential MBS that were acquired in the Colonial acquisition.

See Note 3 "Securities" in the "Notes to Consolidated Financial Statements" herein for additional disclosures related to BB&T's evaluation of securities for OTTI.

Lending Activities

Average loans held for investment for the second quarter of 2014 increased \$2.1 billion, or an annualized 7.2%, compared to the prior quarter. The increase in average loans held for investment was primarily driven by growth in the commercial and industrial, sales finance and other lending subsidiaries portfolios of \$962 million, \$600 million and \$317 million, respectively. Growth in average loans held for investment was negatively impacted by continued runoff in the covered loan portfolio of \$135 million, or 28.9% on an annualized basis.

Management expects that average loan growth during the second half of 2014 will range from 3% to 5%, with stronger growth during the third quarter of 2014.

Table of Contents

The following table presents the composition of average loans and leases:

Table 7
Composition of Average Loans and Leases

| | For the Three Months Ended | | | | |
|--|-----------------------------------|----------------|-----------------|----------------|----------------|
| | 6/30/14 | 3/31/14 | 12/31/13 | 9/30/13 | 6/30/13 |
| | (Dollars in millions) | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 39,397 | \$ 38,435 | \$ 38,101 | \$ 38,446 | \$ 38,359 |
| CRE - income producing properties | 10,382 | 10,293 | 10,031 | 9,907 | 9,864 |
| CRE - construction and development | 2,566 | 2,454 | 2,433 | 2,459 | 2,668 |
| Direct retail lending | 7,666 | 9,349 | 15,998 | 16,112 | 15,936 |
| Sales finance | 10,028 | 9,428 | 9,262 | 8,992 | 8,520 |
| Revolving credit | 2,362 | 2,357 | 2,357 | 2,308 | 2,268 |
| Residential mortgage | 32,421 | 30,635 | 23,979 | 23,403 | 23,391 |
| Other lending subsidiaries | 10,553 | 10,236 | 10,448 | 11,018 | 10,407 |
| Total average loans and leases held for investment (excluding covered loans) | 115,375 | 113,187 | 112,609 | 112,645 | 111,413 |
| Covered | 1,739 | 1,874 | 2,186 | 2,502 | 2,858 |
| Total average loans and leases held for investment | 117,114 | 115,061 | 114,795 | 115,147 | 114,271 |
| LHFS | 1,396 | 1,311 | 2,206 | 3,118 | 3,581 |
| Total average loans and leases | \$ 118,510 | \$ 116,372 | \$ 117,001 | \$ 118,265 | \$ 117,852 |

Average residential mortgage loans increased \$1.8 billion, and average direct retail lending loans decreased \$1.7 billion compared to the prior quarter. The impact of the transfer of approximately \$8.3 billion of closed-end, first and second lien position, residential mortgage loans in January 2014 from the direct retail lending portfolio to the residential mortgage lending portfolio was only partially reflected in average loan balances for the first quarter due to the timing of the transfer. Adjusted for the estimated impact of this transfer, average direct retail loans were up approximately 8% annualized and average residential mortgage loans were essentially flat compared to the prior quarter. This transfer was completed in order 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.

Average commercial and industrial loans increased \$962 million, or an annualized 10.0%, compared to the prior quarter, driven by growth in middle-market corporate and mortgage warehouse lending. The CRE – construction and development and CRE – income producing properties portfolios reported annualized growth rates of 18.3% and 3.5%, respectively. The average sales finance portfolio increased \$600 million, or 25.5% annualized, based on continued strength in the prime automobile lending market.

Average other lending subsidiaries loans increased \$317 million, or 12.4% annualized, compared to the prior quarter. This increase was driven by growth in the small ticket consumer finance portfolio, which totaled \$186 million, or

26.0% on an annualized basis, along with growth in the insurance premium finance and non-prime automobile finance portfolios of \$50 million and \$43 million, respectively.

Asset Quality

The following discussion excludes assets covered by FDIC loss sharing agreements that provide for reimbursement to BB&T for the majority of losses incurred on those assets. Covered loans, which are considered performing due to the application of the expected cash flows method, were \$1.7 billion and \$2.0 billion at June 30, 2014 and December 31, 2013, respectively. Covered foreclosed real estate totaled \$56 million and \$121 million at June 30, 2014 and December 31, 2013, respectively.

Asset quality continued to improve during the second quarter of 2014. NPAs, which include foreclosed real estate, repossessions, NPLs and nonperforming TDRs, totaled \$916 million at June 30, 2014, compared to \$1.1 billion at December 31, 2013. The decrease in NPAs included declines in nonperforming loans and leases and foreclosed property of \$94 million and \$43 million, respectively. NPAs have decreased for 17 consecutive quarters and are at their lowest level since December 31, 2007. NPAs as a percentage of loans and leases plus foreclosed property were 0.76% at June 30, 2014, compared with 0.91% at December 31, 2013. Management expects NPAs to decline modestly in the third quarter of 2014.

Table of Contents

The following table presents activity in NPAs:

Table 8
Rollforward of NPAs

| | Six Months Ended June 30, 2014 2013 | |
|----------------------------------|---|----------|
| | (Dollars in millions) | |
| Beginning balance | \$ 1,053 | \$ 1,536 |
| New NPAs | 656 | 914 |
| Advances and principal increases | 40 | 95 |
| Disposals of foreclosed assets | (250) | (275) |
| Disposals of NPLs (1) | (110) | (203) |
| Charge-offs and losses | (157) | (329) |
| Payments | (212) | (345) |
| Transfers to performing status | (114) | (117) |
| Other, net | 10 | |
| Ending balance | \$ 916 | \$ 1,276 |

Includes charge-offs and losses recorded upon sale of \$20

(1) million and \$45 million for the six months ended June 30, 2014 and 2013, respectively.

Table 9 and Table 10 summarize asset quality information for the last five quarters. As more fully described below, the information has been adjusted to exclude past due covered loans and government guaranteed GNMA mortgage loans:

In accordance with regulatory reporting standards, covered loans that are contractually past due are recorded as past due and still accruing based on the number of days past due. However, due to the application of the accretion method, BB&T has concluded that it is appropriate to adjust Table 9 to exclude covered loans in summarizing total loans 90 days or more past due and still accruing and total loans 30-89 days past due and still accruing.

BB&T has also concluded that the inclusion of covered loans in certain asset quality ratios summarized in Table 10 including “Loans 30-89 days past due and still accruing as a percentage of total loans and leases,” “Loans 90 days or more past due and still accruing as a percentage of total loans and leases,” “NPLs as a percentage of total loans and leases” and certain other asset quality ratios that reflect NPAs in the numerator or denominator (or both) results in significant distortion to these ratios. In addition, because loan level charge-offs related to the acquired loans are not recognized in the financial statements until the cumulative amounts exceed the original loss projections on a pool basis, the net charge-off ratio for the acquired loans is not consistent with the net charge-off ratio for other loan portfolios. The inclusion of these loans in the asset quality ratios described above 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 asset quality measures excluding covered loans and related amounts from both the numerator and denominator provides better perspective into underlying trends related to the quality of its loan portfolio. Accordingly, the asset quality measures in Table 10 present asset quality information both on a consolidated basis as well as excluding the covered assets and related amounts.

In addition, 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. The amount of government guaranteed GNMA mortgage loans that have been excluded are noted in the footnotes to Table 9.

Table of Contents

The following tables summarize asset quality information, excluding covered assets, for the past five quarters:

Table 9
Asset Quality (Excluding Covered Assets)

Three Months Ended
6/30/2014 3/31/2014 12/31/2013 9/30/2013 6/30/2013

(Dollars in millions)

NPAs (1)

NPLs:

Commercial:

| | | | | | |
|------------------------------------|--------|--------|----------|----------|----------|
| Commercial and industrial | \$ 298 | \$ 334 | \$ 363 | \$ 415 | \$ 457 |
| CRE - income producing properties | 84 | 98 | 113 | 127 | 146 |
| CRE - construction and development | 38 | 49 | 51 | 66 | 100 |
| Direct retail lending (2) | 49 | 52 | 109 | 110 | 119 |
| Sales finance | 5 | 4 | 5 | 5 | 5 |
| Residential mortgage (2)(3) | 320 | 319 | 243 | 238 | 254 |
| Other lending subsidiaries (3)(4) | 47 | 47 | 51 | 69 | 68 |
| Total NPLs held for investment (4) | 841 | 903 | 935 | 1,030 | 1,149 |
| Foreclosed real estate (5) | 56 | 59 | 71 | 85 | 89 |
| Other foreclosed property | 19 | 24 | 47 | 47 | 38 |
| Total NPAs (4)(5) | \$ 916 | \$ 986 | \$ 1,053 | \$ 1,162 | \$ 1,276 |

Performing TDRs (6)

Commercial:

| | | | | | |
|--|----------|----------|----------|----------|----------|
| Commercial and industrial | \$ 86 | \$ 76 | \$ 77 | \$ 74 | \$ 59 |
| CRE - income producing properties | 27 | 42 | 50 | 50 | 44 |
| CRE - construction and development | 30 | 32 | 39 | 44 | 43 |
| Direct retail lending (2) | 91 | 93 | 187 | 185 | 188 |
| Sales finance | 18 | 19 | 17 | 18 | 17 |
| Revolving credit | 46 | 47 | 48 | 51 | 53 |
| Residential mortgage—nonguaranteed (2)(3) | 814 | 836 | 785 | 720 | 726 |
| Residential mortgage—government guaranteed | 433 | 387 | 376 | 382 | 365 |
| Other lending subsidiaries (3)(4) | 141 | 132 | 126 | 200 | 183 |
| Total performing TDRs (4) | \$ 1,686 | \$ 1,664 | \$ 1,705 | \$ 1,724 | \$ 1,678 |

Loans 90 days or more past due and still accruing

Commercial:

| | | | | | |
|---------------------------|----|----|----|----|------|
| Commercial and industrial | \$ | \$ | \$ | \$ | \$ 3 |
| Direct retail lending (2) | 11 | 10 | 33 | 34 | 30 |
| Sales finance | 3 | 4 | 5 | 5 | 5 |
| Revolving credit | 8 | 9 | 10 | 11 | 13 |
| | 80 | 76 | 69 | 68 | 68 |

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| | | | | | |
|---|--------|--------|----------|--------|----------|
| Residential mortgage—nonguaranteed (2) | | | | | |
| Residential mortgage—government guaranteed (7) | 254 | 305 | 296 | 266 | 243 |
| Other lending subsidiaries | | 4 | 5 | 4 | 4 |
| Total loans 90 days or more past due and still accruing (7)(8) | \$ 356 | \$ 408 | \$ 418 | \$ 388 | \$ 366 |
| Loans 30-89 days past due | | | | | |
| Commercial: | | | | | |
| Commercial and industrial | \$ 21 | \$ 26 | \$ 35 | \$ 27 | \$ 32 |
| CRE - income producing properties | 7 | 14 | 8 | 13 | 9 |
| CRE - construction and development | 2 | 3 | 2 | 2 | 3 |
| Direct retail lending (2) | 41 | 50 | 132 | 121 | 123 |
| Sales finance | 49 | 45 | 56 | 46 | 47 |
| Revolving credit | 20 | 21 | 23 | 22 | 20 |
| Residential mortgage—nonguaranteed (2)(3) | 513 | 485 | 454 | 402 | 445 |
| Residential mortgage—government guaranteed (9) | 87 | 73 | 88 | 95 | 93 |
| Other lending subsidiaries (3)(4) | 197 | 133 | 221 | 268 | 241 |
| Total loans 30 - 89 days past due (4)(9)(10) | \$ 937 | \$ 850 | \$ 1,019 | \$ 996 | \$ 1,013 |

64

Table of Contents

- (1) Covered loans are considered to be performing due to the application of the accretion method. Covered loans that are contractually past due are noted below.
- During the first quarter of 2014, approximately \$55 million of nonaccrual loans, \$94 million of performing TDRs, (2) \$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.
- During the fourth quarter of 2013, approximately \$16 million of nonaccrual loans, \$66 million of performing TDRs (3) and \$40 million of loans 30-89 days past due were transferred from other lending subsidiaries to residential mortgage.
- During the fourth quarter of 2013, approximately \$9 million of nonaccrual loans, \$24 million of performing TDRs (4) and \$26 million of loans 30-89 days past due were sold in connection with the sale of a consumer lending subsidiary.
- Excludes covered foreclosed real estate totaling \$56 million, \$98 million, \$121 million, \$148 million, and \$181 (5) million at June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013, respectively.
- Excludes TDRs that are nonperforming totaling \$192 million, \$213 million, \$193 million, \$191 million and \$211 (6) million at June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013, respectively. These amounts are included in total nonperforming assets.
- Excludes government guaranteed GNMA mortgage loans that BB&T has the right but not the obligation to repurchase that are 90 days or more past due totaling \$423 million, \$486 million, \$511 million, \$497 million and (7) \$492 million at June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013, respectively.
- Excludes covered loans past due 90 days or more totaling \$249 million, \$258 million, \$304 million, \$364 million (8) and \$401 million at June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013, respectively.
- Excludes government guaranteed GNMA mortgage loans that BB&T has the right but not the obligation to (9) repurchase that are past due 30-89 days totaling \$3 million, \$2 million, \$4 million, \$5 million and \$5 million at June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013, respectively.
- Excludes covered loans past due 30-89 days totaling \$84 million, \$85 million, \$88 million, \$104 million and \$102 (10) million at June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013, respectively.

Table of Contents**Table 10**
Asset Quality Ratios**As of / For the Three Months Ended**
6/30/2014 3/31/2014 12/31/2013 9/30/2013 6/30/2013Asset Quality Ratios
(including covered
assets)

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Loans 30 - 89 days past due and still accruing as a percentage of total loans and leases (1) | 0.85 % | 0.80 % | 0.96 % | 0.96 % | 0.97 % |
| Loans 90 days or more past due and still accruing as a percentage of total loans and leases (1) | 0.50 | 0.57 | 0.62 | 0.64 | 0.65 |
| NPLs as a percentage of total loans and leases | 0.69 | 0.77 | 0.80 | 0.87 | 0.97 |
| NPAs as a percentage of: | | | | | |
| Total assets | 0.52 | 0.59 | 0.64 | 0.72 | 0.79 |
| Loans and leases plus foreclosed property | 0.80 | 0.92 | 1.00 | 1.10 | 1.23 |
| Net charge-offs as a percentage of average loans and leases | 0.41 | 0.56 | 0.48 | 0.48 | 0.74 |
| ALLL as a percentage of loans and leases held for investment | 1.33 | 1.41 | 1.49 | 1.59 | 1.64 |
| Ratio of ALLL to: | | | | | |
| Net charge-offs | 3.28 x | 2.54 x | 3.06 x | 3.22 x | 2.18 x |
| Nonperforming loans and leases held for | 1.89 | 1.82 | 1.85 | 1.78 | 1.66 |

investment

Asset Quality Ratios
(excluding covered
assets) (2)

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Loans 30 - 89 days past due and still accruing as a percentage of total loans and leases (1) | 0.79 % | 0.74 % | 0.90 % | 0.89 % | 0.90 % |
|---|--------|--------|--------|--------|--------|

| | | | | | |
|--|------|------|------|------|------|
| Loans 90 days or more past due and still accruing as a percentage of total loans and leases (1) | 0.30 | 0.35 | 0.36 | 0.33 | 0.32 |
|--|------|------|------|------|------|

| | | | | | |
|---|------|------|------|------|------|
| NPLs as a percentage of total loans and leases | 0.70 | 0.78 | 0.81 | 0.89 | 0.99 |
|---|------|------|------|------|------|

| | | | | | |
|--|------|------|------|------|------|
| NPAs as a percentage of: | | | | | |
| Total assets | 0.49 | 0.54 | 0.58 | 0.65 | 0.71 |
| Loans and leases plus foreclosed property | 0.76 | 0.85 | 0.91 | 1.00 | 1.10 |

| | | | | | |
|--|------|------|------|------|------|
| Net charge-offs as a percentage of average loans and leases | 0.40 | 0.55 | 0.49 | 0.49 | 0.75 |
|--|------|------|------|------|------|

| | | | | | |
|--|------|------|------|------|------|
| ALLL as a percentage of loans and leases held for investment | 1.27 | 1.34 | 1.42 | 1.51 | 1.57 |
|--|------|------|------|------|------|

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Ratio of ALLL to: | | | | | |
| Net charge-offs | 3.19 x | 2.42 x | 2.88 x | 3.03 x | 2.07 x |
| Nonperforming loans and leases held for investment | 1.78 | 1.70 | 1.73 | 1.66 | 1.55 |

**As of / For the
Six Months
Ended**

June 30,
2014 2013

Asset Quality Ratios

Including covered loans:

| | | |
|---|--------|--------|
| Net charge-offs as a percentage of average loans and leases | 0.48 % | 0.87 % |
| Ratio of ALLL to net charge-offs | 2.81 x | 1.87 x |

Excluding covered loans:

| | | |
|---|--------|--------|
| Net charge-offs as a percentage of average loans and leases | 0.48 % | 0.86 % |
| Ratio of ALLL to net charge-offs | 2.72 x | 1.80 x |

Applicable ratios are annualized.

- (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 9 for amounts related to these loans.
These asset quality ratios have been adjusted to remove the impact of covered loans and covered foreclosed property. Appropriate adjustments to the numerator and denominator have been reflected in the calculation of these ratios. Management believes the inclusion of covered assets in certain asset quality ratios that include
- (2) nonperforming assets, past due loans or net charge-offs in the numerator or denominator results in distortion of these ratios and they may not be comparable to other periods presented or to other portfolios that were not impacted by loss share accounting.

Table of Contents

Problem loans include loans on nonaccrual status or loans that are 90 days or more past due and still accruing as disclosed in Table 9. 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.

Certain residential mortgage loans have an initial period where the borrower is only required to pay the periodic interest. After the interest-only period, the loan will require the payment of both interest and principal over the remaining term. At June 30, 2014, approximately 4.8% of the outstanding balances of residential mortgage loans were in the interest-only phase, compared to 7.2% at December 31, 2013. This reduction is primarily due to the decline in mortgage originations during recent quarters. Approximately 69.1% of the interest-only balances will begin amortizing within the next three years. Approximately 5.0% of interest-only loans are 30 days or more past due and still accruing and 2.5% are on nonaccrual status.

Home equity lines, which are a component of the direct retail portfolio, generally require the payment of interest only during the first 15 years after origination. After this initial period, the outstanding balance begins amortizing and requires the payment of both interest and principal. At June 30, 2014, approximately 66.2% of the outstanding balances of home equity lines were in the interest-only phase. Approximately 9.2% of these balances will begin amortizing within the next three years. The delinquency rate of interest-only lines is similar to amortizing lines.

TDRs occur when a borrower is experiencing, or is expected to experience, financial difficulties in the near-term and a concession has been granted to the borrower. As a result, BB&T will work with the borrower to prevent further difficulties and ultimately 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” in the Annual Report on Form 10-K for the year ended December 31, 2013 for additional policy information regarding TDRs.

Performing TDRs totaled \$1.7 billion at June 30, 2014, a decrease of \$17 million compared to December 31, 2013. The following table provides a summary of performing TDR activity:

Table 11
Rollforward of Performing TDRs

Six Months
Ended June 30,
2014 2013

(Dollars in
millions)

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| | | |
|--|----------|----------|
| Beginning balance | \$ 1,705 | \$ 1,640 |
| Inflows | 314 | 319 |
| Payments and payoffs | (142) | (113) |
| Charge-offs | (36) | (27) |
| Transfers to nonperforming TDRs, net | (33) | (33) |
| Removal due to the passage of time | (108) | (82) |
| Non-concessionary re-modifications | (11) | (25) |
| Other | (3) | |
| Ending balance | \$ 1,686 | \$ 1,679 |

Table of Contents

The following table provides further details regarding the payment status of TDRs outstanding at June 30, 2014:

Table 12
TDRs

| | June 30, 2014 | | Past Due | | Past Due | | Total |
|--|----------------|---------|------------|------|-----------------|------|----------|
| | Current Status | | 30-89 Days | | 90 Days Or More | | |
| (Dollars in millions) | | | | | | | |
| Performing TDRs | | | | | | | |
| (1): | | | | | | | |
| Commercial: | | | | | | | |
| Commercial and industrial | \$ 86 | 100.0 % | \$ | | % | \$ | % \$ 86 |
| CRE - income producing properties | 27 | 100.0 | | | | | 27 |
| CRE - construction and development | 30 | 100.0 | | | | | 30 |
| Direct retail lending | 87 | 95.6 | 4 | 4.4 | | | 91 |
| Sales finance | 17 | 94.4 | 1 | 5.6 | | | 18 |
| Revolving credit | 40 | 86.9 | 5 | 10.9 | 1 | 2.2 | 46 |
| Residential mortgage - nonguaranteed | 693 | 85.1 | 103 | 12.7 | 18 | 2.2 | 814 |
| Residential mortgage - government guaranteed | 225 | 52.0 | 73 | 16.9 | 135 | 31.1 | 433 |
| Other lending subsidiaries | 123 | 87.2 | 18 | 12.8 | | | 141 |
| Total performing TDRs | 1,328 | 78.8 | 204 | 12.1 | 154 | 9.1 | 1,686 |
| Nonperforming TDRs (2) | 64 | 33.3 | 20 | 10.4 | 108 | 56.3 | 192 |
| Total TDRs | \$ 1,392 | 74.1 | \$ 224 | 11.9 | \$ 262 | 14.0 | \$ 1,878 |

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

Allowance for Credit Losses

The ACL, which consists of the ALLL and the RUFC, totaled \$1.7 billion at June 30, 2014, a decline of \$146 million compared to December 31, 2013. The ALLL amounted to 1.33% of loans and leases held for investment at June 30, 2014 (1.27% excluding covered loans), compared to 1.49% (1.42% excluding covered loans) at December 31, 2013. The decrease in the ALLL as a percentage of loans and leases reflects continued improvement in the credit quality of the loan portfolio. The ratio of the ALLL to nonperforming loans held for investment, excluding covered loans, was 1.78 times nonperforming loans and leases held for investment at June 30, 2014 compared to 1.73 times at December 31, 2013.

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 allowance. Notification is received when the first lien holder has initiated foreclosure proceedings against the borrower. When notified that the first lien holder is in the process of foreclosure, valuations are obtained 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 adjusted for current trends, the volume of second lien positions where the first lien is delinquent is estimated and the allowance is adjusted to reflect the increased risk of loss on these credits. Finally, additional reserves are provided on second lien positions for which the estimated combined current loan to value ratio exceeds 100%. As of June 30, 2014, BB&T held or serviced the first lien on 38% of its second lien positions.

Net charge-offs totaled \$121 million for the second quarter of 2014 and amounted to 0.41% of average loans and leases (0.40% excluding covered loans), compared to \$159 million, or 0.56% of average loans and leases (0.55% excluding covered loans), in the prior quarter. For the six months ended June 30, 2014, net charge-offs were \$280 million and amounted to 0.48% of average loans and leases (0.48% excluding covered loans), compared to \$506 million, or 0.87% of average loans and leases (0.86% excluding covered loans), in the same period of 2013.

Charge-offs related to covered loans represent realized losses in certain acquired loan pools that exceed the amounts originally estimated at the acquisition date. This impairment, which is subject to the loss sharing agreements, was provided for in prior quarters and therefore the charge-offs have no impact on the Consolidated Statements of Income.

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

Table of Contents

The following table presents an allocation of the allowance for loan and lease losses at June 30, 2014 and December 31, 2013. This allocation of the allowance for loan and lease losses 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.

Table 13
Allocation of ALLL by Category

| | June 30, 2014 | | December 31, 2013 | |
|--|----------------------|-----------------|--------------------------|-----------------|
| | | % | | % |
| | Loans | | Loans | |
| | in each | | in each | |
| | Amount | category | Amount | category |
| (Dollars in millions) | | | | |
| Commercial: | | | | |
| Commercial and industrial | \$ 423 | 33.8 % | \$ 454 | 33.2 % |
| CRE - income producing properties | 127 | 8.7 | 149 | 8.8 |
| CRE - construction and development | 59 | 2.2 | 76 | 2.1 |
| Direct retail lending | 124 | 6.5 | 209 | 13.7 |
| Sales finance | 44 | 8.7 | 45 | 8.1 |
| Revolving credit | 112 | 2.0 | 115 | 2.1 |
| Residential mortgage-nonguaranteed | 324 | 26.5 | 269 | 20.3 |
| Residential mortgage-government guaranteed | 51 | 0.9 | 62 | 1.0 |
| Other lending subsidiaries | 235 | 9.3 | 239 | 9.0 |
| Covered | 91 | 1.4 | 114 | 1.7 |
| Total ALLL | 1,590 | 100.0 % | 1,732 | 100.0 % |
| RUFC | 85 | | 89 | |
| Total ACL | \$ 1,675 | | \$ 1,821 | |

Table of Contents

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

Table 14
Analysis of ACL

| | Three Months Ended | | | | |
|---|------------------------------|-----------|------------|-----------|-----------|
| | 6/30/2014 | 6/30/2014 | 12/31/2013 | 9/30/2013 | 6/30/2013 |
| | (Dollars in millions) | | | | |
| Beginning balance | \$ 1,722 | \$ 1,821 | \$ 1,930 | \$ 1,982 | \$ 2,031 |
| Provision for credit losses (excluding covered loans) | 83 | 67 | 71 | 90 | 179 |
| Provision for covered loans | (9) | (7) | (11) | 2 | (11) |
| Charge-offs: | | | | | |
| Commercial loans and leases | | | | | |
| Commercial and industrial | (40) | (33) | (45) | (42) | (70) |
| CRE - income producing properties | (11) | (8) | (6) | (10) | (24) |
| CRE - construction and development | (3) | (4) | (4) | (7) | (25) |
| Direct retail lending (1) | (19) | (19) | (29) | (35) | (42) |
| Sales finance | (4) | (7) | (7) | (5) | (5) |
| Revolving credit | (18) | (18) | (22) | (22) | (20) |
| Residential mortgage-nonguaranteed (1) | (20) | (21) | (16) | (15) | (16) |
| Residential mortgage-government guaranteed | (1) | | (1) | | |
| Other lending subsidiaries | (47) | (85) | (60) | (66) | (61) |
| Covered loans | (4) | (3) | (1) | (2) | (2) |
| Total charge-offs | (167) | (198) | (191) | (204) | (265) |
| Recoveries: | | | | | |
| Commercial loans and leases | | | | | |
| Commercial and industrial | 10 | 9 | 13 | 17 | 10 |
| CRE - income producing properties | 3 | 2 | 5 | 7 | 6 |
| CRE - construction and development | 10 | 3 | 8 | 11 | 4 |
| Direct retail lending (1) | 7 | 8 | 9 | 11 | 10 |
| Sales finance | 2 | 3 | 2 | 3 | 2 |
| Revolving credit | 5 | 5 | 4 | 3 | 5 |
| Residential mortgage-nonguaranteed (1) | | 1 | 1 | | 1 |
| Other lending subsidiaries | 9 | 8 | 7 | 8 | 10 |
| Total recoveries | 46 | 39 | 49 | 60 | 48 |
| Net charge-offs | (121) | (159) | (142) | (144) | (217) |
| Other changes, net | | | (27) | | |
| Ending balance | \$ 1,675 | \$ 1,722 | \$ 1,821 | \$ 1,930 | \$ 1,982 |
| ALLL (excluding covered loans) | \$ 1,499 | \$ 1,538 | \$ 1,618 | \$ 1,712 | \$ 1,775 |

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| | | | | | |
|-----------------------------|----------|----------|----------|----------|----------|
| Allowance for covered loans | 91 | 104 | 114 | 126 | 126 |
| RUFCL | 85 | 80 | 89 | 92 | 81 |
| Total ACL | \$ 1,675 | \$ 1,722 | \$ 1,821 | \$ 1,930 | \$ 1,982 |

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

Table of Contents

| | Six Months Ended June 30, 2014 2013 | |
|---|---|----------|
| | (Dollars in millions) | |
| Beginning balance | \$ 1,821 | \$ 2,048 |
| Provision for credit losses (excluding covered loans) | 150 | 426 |
| Provision for covered loans | (16) | 14 |
| Charge-offs: | | |
| Commercial loans and leases | | |
| Commercial and industrial | (73) | (161) |
| CRE - income producing properties | (19) | (58) |
| CRE - construction and development | (7) | (47) |
| Direct retail lending (1) | (38) | (84) |
| Sales finance | (11) | (11) |
| Revolving credit | (36) | (41) |
| Residential mortgage-nonguaranteed (1) | (41) | (48) |
| Residential mortgage-government guaranteed | (1) | (1) |
| Other lending subsidiaries | (132) | (129) |
| Covered loans | (7) | (16) |
| Total charge-offs | (365) | (596) |
| Recoveries: | | |
| Commercial loans and leases | | |
| Commercial and industrial | 19 | 17 |
| CRE - income producing properties | 5 | 9 |
| CRE - construction and development | 13 | 11 |
| Direct retail lending (1) | 15 | 18 |
| Sales finance | 5 | 4 |
| Revolving credit | 10 | 10 |
| Residential mortgage-nonguaranteed (1) | 1 | 2 |
| Other lending subsidiaries | 17 | 19 |
| Total recoveries | 85 | 90 |
| Net charge-offs | (280) | (506) |
| Ending balance | \$ 1,675 | \$ 1,982 |

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

Deposits

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

Table 15
Composition of Average Deposits

| | For the Three Months Ended | | | | |
|--|-----------------------------------|----------------|-----------------|----------------|----------------|
| | 6/30/14 | 3/31/14 | 12/31/13 | 9/30/13 | 6/30/13 |
| | (Dollars in millions) | | | | |
| Noninterest-bearing deposits | \$ 36,634 | \$ 35,392 | \$ 35,347 | \$ 34,244 | \$ 33,586 |
| Interest checking | 18,406 | 18,615 | 18,969 | 18,826 | 19,276 |
| Money market and savings | 48,965 | 48,767 | 49,298 | 48,676 | 48,140 |
| Certificates and other time deposits | 25,010 | 21,935 | 21,580 | 25,562 | 28,034 |
| Foreign office deposits - interest-bearing | 584 | 1,009 | 712 | 640 | 947 |
| Total average deposits | \$ 129,599 | \$ 125,718 | \$ 125,906 | \$ 127,948 | \$ 129,983 |

Table of Contents

Average deposits for the second quarter were \$129.6 billion, a \$3.9 billion increase, or 12.4% on an annualized basis, compared to the prior quarter. The previously described Texas branch acquisition had a nominal impact on average deposits as it was completed late in the second quarter. The growth in average deposits included a \$3.1 billion increase in average certificates and other time deposits, a \$1.2 billion increase in average noninterest-bearing deposits and a \$198 million increase in average money market and savings deposits. This growth was partially offset by decreases in average interest checking and foreign office deposits - interest-bearing of \$209 million and \$425 million, respectively. Deposit mix remained relatively stable, with average noninterest-bearing deposits increasing slightly to 28.3% of total average deposits for the second quarter compared to 28.2% for the prior quarter.

The growth in average noninterest-bearing deposits was driven by increases in average commercial and retail accounts totaling \$1.1 billion and \$385 million, respectively. These increases were partially offset by a decrease in noninterest-bearing public funds accounts totaling \$106 million. The increase in average certificates and other time deposits was driven by a \$3.7 billion increase in commercial balances, which was partially offset by decreases in retail and public funds accounts totaling \$428 million and \$179 million, respectively.

The cost of interest-bearing deposits was 0.26% for the second quarter, a decrease of one basis point compared to the prior quarter.

Borrowings

At June 30, 2014, short-term borrowings totaled \$4.0 billion, a decrease of \$159 million compared to December 31, 2013. Long-term debt totaled \$21.9 billion at June 30, 2014, an increase of \$434 million from the balance at December 31, 2013. The increase in long-term debt reflects the issuance of \$2.4 billion of senior notes during the first quarter of 2014, partially offset by payments and maturities.

Shareholders' Equity

Total shareholders' equity at June 30, 2014 was \$24.0 billion, an increase of \$1.2 billion compared to December 31, 2013. This increase was primarily driven by net income of \$1.1 billion, net stock issuances of \$288 million and a \$187 million improvement in AOCI, partially offset by common and preferred dividends totaling \$410 million. The AOCI improvement primarily reflects an increase in unrealized net gains on AFS securities totaling \$165 million. BB&T's book value per common share at June 30, 2014 was \$29.57, compared to \$28.52 at December 31, 2013.

Merger-Related and Restructuring Activities

At June 30, 2014 and December 31, 2013, merger-related and restructuring accruals totaled \$26 million and \$25 million, respectively. Merger-related and restructuring accruals are re-evaluated periodically and adjusted as necessary. The remaining accruals at June 30, 2014 are expected to be utilized within one year, unless they relate to specific contracts that expire later.

Risk Management

BB&T has defined and established an enterprise-wide risk culture that places an emphasis on effective risk management through a strong tone at the top by the Board of Directors and Executive Management, accountability at all levels of the organization, an effective challenge environment and incentives to encourage strong risk management behavior. The risk culture promotes judicious risk-taking and discourages rampant revenue generation without consideration of corresponding risks. Risk management begins with the LOBs, and as such, BB&T has established clear expectations for the LOBs in regards to the identification, monitoring, reporting and response to current and emerging risks. Centrally, risk oversight is managed at the corporate level through oversight, policies and reporting.

The Board of Directors and Executive Management established BB&T's risk culture and promoted appropriate risk-taking behaviors. It is the responsibility of senior leadership to clearly communicate the organizational values that support the desired risk culture, recognize and reward behavior that reflects the defined risk culture and monitor and assess the current risk culture of BB&T. Regardless of financial gain or loss, employees are held accountable if they do not follow the established risk management policies and procedures. BB&T's risk culture encourages transparency and open dialogue between all levels in the performance of bank functions, such as the development, marketing and implementation of a product or service. An effective challenge environment is reflected in BB&T's decision-making processes.

Table of Contents

The Chief Risk Officer leads the RMO, which designs, organizes and manages BB&T's risk framework. The RMO is responsible for ensuring effective risk management oversight, measurement, monitoring, reporting and consistency. The RMO has direct access to the Board of Directors and Executive Management to communicate any risk issues (identified or emerging) as well as the performance of the risk management activities throughout the Company.

The principal types of inherent risk include compliance, credit, liquidity, market, operational, reputation and strategic risks. Refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2013 for disclosures related to each of these risks under the section titled "Risk Management."

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.

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 June 30, 2014, BB&T had derivative financial instruments outstanding with notional amounts totaling \$61.5 billion, with a net fair value gain of \$55 million. See Note 13 "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.

Table of Contents

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.

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 sensitivity that interest sensitive income has in relation to changing interest rates.

Table 16
Interest Sensitivity Simulation Analysis

| Interest Rate Scenario | | Annualized Hypothetical Percentage Change in Net Interest Income | |
|------------------------|--------------------|--|---------------|
| Linear | Prime Rate | June 30, 2014 | June 30, 2013 |
| Change in Prime Rate | June 30, 2014 2013 | 2014 | 2013 |

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| | | | | | |
|-----------|-----|--------|--------|--------|--------|
| Up 200 | bps | 5.25 % | 5.25 % | 2.10 % | 3.94 % |
| Up 100 | | 4.25 | 4.25 | 1.37 | 2.47 |
| No Change | | 3.25 | 3.25 | | |
| Down 25 | | 3.00 | 3.00 | 0.35 | (0.11) |

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 linear change in interest rates totaling 100 basis points over 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 linear change of 200 basis points over eight months followed by a flat interest rate scenario for the remaining four month period.

Table of Contents

If a 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 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 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 change in rates and 8% for an immediate 200 basis points change in rates. 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 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.

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 17
Deposit Mix Sensitivity Analysis

| Linear Change | Base Scenario | Results Assuming a Decrease in Noninterest Bearing Demand Deposits |
|----------------------|----------------------|---|
|----------------------|----------------------|---|

| in Rates | at June 30, 2014 (1) | \$1 Billion | \$5 Billion |
|-----------------|-------------------------------------|------------------------|------------------------|
| Up 200 bps | 2.10 % | 1.83 % | 0.77 % |
| Up 100 | 1.37 | 1.20 | 0.54 |

The base scenario is equal to the annualized hypothetical percentage change in net interest income at June 30, 2014 as presented in the preceding table.

If rates increased 200 basis points, BB&T could absorb the loss of \$7.9 billion, or 21.1%, 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 18
EVE Simulation Analysis

| Change in Interest Rates | EVE/Assets | | Hypothetical Percentage Change in EVE | |
|-------------------------------------|--------------------------|-------------|--|-------------|
| | June 30, 2014 | 2013 | June 30, 2014 | 2013 |
| Up 200 bps | 10.7 % | 8.3 % | (1.4)% | 2.1 % |
| Up 100 | 10.9 | 8.4 | 0.3 | 2.5 |
| No Change | 10.9 | 8.2 | | |
| Down 25 | 10.8 | 8.1 | (0.8) | (1.4) |

Table of ContentsMarket 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 three months ended June 30, 2014 and 2013 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.

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

Refer to BB&T's Annual Report on Form 10-K for the year ended December 31, 2013 for discussion with respect to BB&T's quantitative and qualitative disclosures about its fixed and determinable contractual obligations. Additional disclosures about BB&T's contractual obligations, commitments and derivative financial instruments are included in Note 11 "Commitments and Contingencies" and Note 12 "Fair Value Disclosures" in the "Notes to Consolidated Financial Statements."

The following table presents activity in residential mortgage indemnification, recourse and repurchase reserves:

Table 19
Mortgage Indemnification, Recourse
and Repurchase Reserves Activity (1)

| | Three Months Ended June 30, 2014 2013 | | Six Months Ended June 30, 2014 2013 | |
|--|--|-------|--|-------|
| | (Dollars in millions) | | | |
| Balance, at beginning of period | \$ 61 | \$ 71 | \$ 72 | \$ 71 |
| Payments Expense | (4) | (9) | (16) | (14) |
| | \$ 98 | \$ 71 | \$ 98 | \$ 71 |

Balance,
at end of
period

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

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.

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. The Company has established a policy that the liquid asset buffer would be a minimum of 5% of total assets, but intends to maintain the ratio well in excess of this level. As of June 30, 2014 and December 31, 2013, BB&T's liquid asset buffer was 16.2% and 14.6%, respectively, of total assets.

In November 2013, the FDIC, FRB and OCC released a joint statement providing a notice of proposed rulemaking concerning the U.S. implementation of the Basel III liquidity coverage ratio rule. BB&T continues to evaluate the impact and has implemented balance sheet changes to support its compliance with the rule. These actions include changing the mix of the investment portfolio to include more GNMA and U.S. Treasury securities, which qualify as Level 1 under the rule, and changing its deposit mix to increase retail and commercial deposits. Based on management's interpretation of the proposed rules that will be effective January 1, 2015, BB&T's liquidity coverage ratio was approximately 93% at June 30, 2014, compared to the regulatory minimum of 80%.

Table of Contents
Parent Company

The purpose of the Parent Company is to serve as the primary capital financing vehicle for the operating subsidiaries. The assets of the Parent Company primarily consist 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 principal and interest 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 interest and principal payments due on long-term debt.

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 June 30, 2014 and December 31, 2013, the Parent Company had 35 months and 27 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.

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 June 30, 2014, BB&T has approximately \$66.5 billion of

secured borrowing capacity, which represents approximately 437% of one year wholesale funding maturities.

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 of Contents**Table 20****BB&T's Internal Capital Guidelines Prior to Basel III**

| | Operating | | Stressed | |
|-------------------------------|------------------|---|-----------------|---|
| Tier 1 Capital Ratio | 10.0 | % | 7.5 | % |
| Total Capital Ratio | 12.0 | | 9.5 | |
| Tier 1 Leverage Capital Ratio | 7.0 | | 5.0 | |
| Tangible Common Equity Ratio | 6.0 | | 4.0 | |
| Tier 1 Common Equity Ratio | 8.5 | | 6.0 | |

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 the Company and Branch Bank remain "well-capitalized."

During the second quarter of 2014, BB&T increased the quarterly dividend from \$0.23 per share to \$0.24 per share.

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.

Table 21
Capital Ratios (1)

| | June 30, | | December | |
|---|--|---|-----------------|---|
| | 2014 | | 31, 2013 | |
| | (Dollars in millions, except per share data, shares in thousands) | | | |
| Risk-based: | | | | |
| Tier 1 | 12.0 | % | 11.8 | % |
| Total | 14.3 | | 14.3 | |
| Leverage capital | 9.5 | | 9.3 | |
| Non-GAAP capital measures (2) | | | | |
| Tangible common equity as a percentage of tangible assets | 7.7 | % | 7.3 | % |

| | | |
|---|------------|------------|
| Tier 1 common equity as a percentage of risk-weighted assets | 10.2 | 9.9 |
| Tangible common equity per common share | \$ 19.26 | \$ 18.08 |
| Calculations of tangible common equity, Tier 1 common equity and tangible assets (2): | | |
| Total shareholders' equity | \$ 23,965 | \$ 22,809 |
| Less: | | |
| Preferred stock | 2,603 | 2,603 |
| Noncontrolling interests | 85 | 50 |
| Intangible assets | 7,420 | 7,383 |
| Tangible common equity | 13,857 | 12,773 |
| Add: | | |
| Regulatory adjustments | 524 | 698 |
| Tier 1 common equity (Basel I) | \$ 14,381 | \$ 13,471 |
| Total assets | \$ 188,012 | \$ 183,010 |
| Less: | | |
| Intangible assets | 7,420 | 7,383 |
| Tangible assets | \$ 180,592 | \$ 175,627 |
| Risk-weighted assets | \$ 141,436 | \$ 136,489 |
| Common shares outstanding at end of period | 719,584 | 706,620 |

(1) Regulatory capital information is preliminary.

(2) Tangible common equity, Tier 1 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.

Table of Contents**Table 22**
Basel III Capital Ratios (1)

| | June 30, 2014 | December 31, 2013 | | |
|---|--------------------------|------------------------------|-----|---|
| (Dollars in millions) | | | | |
| Tier 1 common equity under Basel I definition | \$ 14,381 | \$ 13,471 | | |
| Net impact of differences between Basel I and Basel III definitions | 92 | 98 | | |
| Common equity Tier 1 under Basel III definition | \$ 14,473 | \$ 13,569 | | |
| Risk-weighted assets under Basel III definition | \$ 145,062 | \$ 140,670 | | |
| Common equity Tier 1 ratio under Basel III | 10.0 | % | 9.7 | % |

Regulatory capital information is preliminary. The Basel III amounts are based upon management's preliminary interpretation of the rules adopted by the FRB on July 2, 2013 and are subject to change.

Table 23
Capital Requirements Under Basel III

| Minimum Capital | Well- Capitalized | Minimum Capital Plus Capital Conservation Buffer | | | | BB&T Target |
|--------------------|----------------------|---|------|------|----------|----------------|
| | | 2016 | 2017 | 2018 | 2019 (1) | |

| | | | | | | | |
|--|-------|-------|---------|---------|---------|---------|-------|
| 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 | 7.0 |

(1) Upon Basel III becoming effective on January 1, 2015, BB&T's goal is to maintain capital levels above the 2019 requirements.

Share Repurchase Activity

No shares were repurchased in connection with the 2006 Repurchase Plan during 2014.

Table 24
Share Repurchase Activity

| | Total Shares Repurchased (1) | Average Price Paid Per Share (2) | Total Shares Purchased Pursuant to Publicly-Announced Plan | Maximum Remaining Number of Shares Available for Repurchase Pursuant to Publicly-Announced Plan |
|------------------------------|-------------------------------------|---|---|--|
| (Shares in thousands) | | | | |
| April 2014 | 4 | \$ 39.74 | | 44,139 |
| May 2014 | 9 | 37.31 | | 44,139 |

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| | | | |
|-------|----|-------|--------|
| June | 9 | 38.94 | 44,139 |
| 2014 | | | |
| Total | 22 | 38.39 | 44,139 |

(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.

79

Table of Contents***Non-GAAP Information***

Diluted EPS has been presented that excludes the effects of certain adjustments related to FHA-insured loans and a tax-related reserve recognized during the second quarter of 2014. BB&T believes this adjusted measure is meaningful as excluding the adjustments increases the comparability of certain period-to-period results. The following table reconciles this adjusted measure to its corresponding GAAP amount.

| | Quarter Ended June 30, 2014 | | | | |
|--|-----------------------------|--------------------------------------|--|-------------------|----------|
| | Reported | FHA-insured Reserve Adjustment | Mortgage Indemnification Reserve Adjustment | Tax Adjustment | Adjusted |
| Net income available to common shareholders | \$ 425 | \$ 53 | \$ 21 | \$ 14 | \$ 513 |
| Weighted average number of diluted common shares | 728,452 | | | | 728,452 |
| Diluted EPS | \$ 0.58 | | | | \$ 0.70 |

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Refer to “Market Risk Management” in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section herein.

ITEM 4. CONTROLS AND PROCEDURES***Evaluation of Disclosure Controls and Procedures***

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 effectiveness of the Company’s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to the "Commitments and Contingencies" and "Income Taxes" notes in the "Notes to Consolidated Financial Statements."

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in BB&T's Annual Report on Form 10-K for the year ended December 31, 2013. Additional risks and uncertainties not currently known to BB&T or that management has deemed to be immaterial also may materially adversely affect BB&T's business, financial condition, and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Refer to "Share Repurchase Activity" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section herein.

Table of Contents

ITEM 6. EXHIBITS

- 10.1 Articles of Incorporation of the Registrant, as amended and restated April 30, 2014.
 - 11 Statement re: Computation of Earnings Per Share.
 - 12 Statement re: Computation of Ratios.
 - 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 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.
 - 101.INS XBRL Instance Document.
 - 101.SCH XBRL Taxonomy Extension Schema.
 - 101.CAL XBRL Taxonomy Extension Calculation Linkbase.
 - 101.LAB XBRL Taxonomy Extension Label Linkbase.
 - 101.PRE XBRL Taxonomy Extension Presentation Linkbase.
 - 101.DEF XBRL Taxonomy Definition Linkbase.
- 81

Table of Contents

SIGNATURES

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

BB&T CORPORATION

(Registrant)

Date: July 28, 2014 By: /s/ Daryl N. Bible

Daryl N. Bible, Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: July 28, 2014 By: /s/ Cynthia B. Powell

**Cynthia B. Powell, Executive Vice President and
Corporate Controller**

(Principal Accounting Officer)

Table of Contents**EXHIBIT INDEX**

| Exhibit No. | Description | Location |
|------------------------|--|--|
| 10.1 | 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. |
| 11 | Statement re: Computation of Earnings Per Share. | Filed herewith as Note 14. |
| 12 | Statement re: Computation of Ratios. | Filed herewith. |
| | Certification of Chief Executive Officer pursuant to Rule 311Ba-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | Filed herewith. |
| | Certification of Chief Financial Officer pursuant to Rule 311Ba-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | Filed herewith. |
| | 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. | Furnished herewith. |
| 101 | XBRL Instance Document. | Filed herewith. |
| 101 | XBRL Taxonomy Extension Schema. | Filed herewith. |
| 101 | XBRL Taxonomy Extension Calculation Linkbase. | Filed herewith. |
| 101 | XBRL Taxonomy Extension Label Linkbase. | Filed herewith. |
| 101 | XBRL Taxonomy Extension Presentation Linkbase. | Filed herewith. |
| 101 | XBRL Taxonomy Definition Linkbase. | Filed herewith. |

† Exhibit filed with the Securities and Exchange Commission and available upon request.