



COMPANY UPDATE/ ESTIMATES CHANGE

Banks

Analyst: Andrew W. Stapp
502-588-4190 / astapp@hilliard.com
Institutional Sales Desk: George Moorin
502-588-9141 / gmoorin@hilliard.com
J.J.B. Hilliard, W.L. Lyons, LLC
August 31, 2017

Key Metrics

BBT - NYSE (as of 08/30/17)	\$46.30
Price Target	\$51.00
52-Week Range	\$36.80-\$49.88
Shares Outstanding (mm)	808.1
Market Cap. (\$mm)	\$37,415
3-Mo. Average Daily Volume (000)	4,055.0
Institutional Ownership	66.2%
Tangible Equity / Tangible Assets	9.5%
ROE	8.3%
Tangible Book Value Per Share	\$20.86
Price/Tangible Book Value	222.0%
Dividend Yield	2.9%
Price/LTM Earnings	17.3x

Operating EPS CY 12/31

	2016A	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$0.65	\$0.78A	\$0.78A	\$0.89	\$0.90
2Q	\$0.71	\$0.78	\$0.78A	\$0.94	\$0.94
3Q	\$0.77	\$0.79	\$0.79	\$0.97	\$0.96
4Q	\$0.73	\$0.81	\$0.82	\$1.00	\$1.00
Year	\$2.86	\$3.17	\$3.17	\$3.79	\$3.79
P/E	16.2x		14.6x		12.2x

Numbers may not add due to rounding

Common Dividends

	2016A	Curr. 2017E	Prior %chg.	Curr. 2018E
1Q	\$0.27	\$0.30A	11.1	\$0.33
2Q	\$0.28	\$0.30A	7.1	\$0.33
3Q	\$0.30	\$0.33	10.0	\$0.36
4Q	\$0.30	\$0.33	10.0	\$0.36
Year	\$1.15	\$1.26	9.6	\$1.38

Company Description – BB&T Corporation is one of the largest commercial banking organizations in the U.S. with its community banking operations focusing on the Southeast, Mid-Atlantic, Mid-West and Southwest regions of the country, while other operations are scattered across the country. In addition to traditional retail and commercial banking services, BBT offers insurance, mortgage banking, investment banking, securities brokerage and wealth management services. BBT Insurance is the fifth largest insurance broker in the world.

BB&T Corporation

BBT -- NYSE -- Neutral -- 1

Tweaking Model; Reaffirming Neutral Rating

- We updated our BBT model based on two factors, the first of which relates to the impact of Hurricane Harvey on the company's insurance operations. BB&T's insurance brokerage business is the fifth largest in the world and the company's second largest source of revenue after net interest income.
- While our sympathies are with those affected by Hurricane Harvey, we note that the storm should have a beneficial impact on BB&T's insurance operations. The insurance market has been soft in recent years as carriers have aggressively offered discounted pricing to leverage excess capital. With substantial losses expected to be incurred by insurance carriers as a result of the storm, pricing will likely firm materially. The stronger pricing will benefit BB&T's insurance revenues, while the company has no direct loss exposure given that its insurance operations are limited to brokerage.
- The second adjustment we made relates to net interest margin pressure stemming from further flattening of the yield curve since our last note.
- These revisions were largely offsetting as we are maintaining our 2017 and 2018 operating EPS at \$3.17 and \$3.79, respectively.
- We are also retaining our \$51 price target, which we derive through our discounted dividend model and the application of a 12.7X forward multiple to our 3Q18-2Q19 EPS estimates. The earnings multiple that we employ is appropriate relative to the company's risk/reward prospects, in our opinion.
- We reaffirm our Neutral rating.

Note Important Disclosures on pages 4 and 5
Note Analyst Certification on page 4

SUITABILITY

Our suitability rating on BBT is 1 on our scale of 1 to 4 (1 = most conservative, 4 = most aggressive). Factors contributing to our suitability rating include the company's market capitalization, liquidity and trading volume, diversity of revenues and the geographic diversification of its footprint.

RISK FACTORS

- **Economy** – If the economy softens, loan demand could wane and credit quality could deteriorate.
- **Regulatory** – Banks operate in a highly regulated environment. Consequently, the company is vulnerable to regulatory uncertainties that could negatively impact shareholders. Moreover, the company is one of the largest commercial banking organizations in the nation and, accordingly, is subject to greater regulatory scrutiny compared to smaller financial institutions.
- **Real Estate** – A significant percentage of the company's loans are real estate oriented. Any deterioration in real estate values would impair the value of the underlying real estate collateral.
- **Competition** – The industry is highly competitive and many of the company's competitors have greater resources.
- **Sector Rotation** – The share price of the company's common stock may be vulnerable to any sector rotation that might occur.
- **Other** – Please see the company's financial statements for a further discussion of risks and considerations.

	BB&T CORPORATION								BBT: NEUTRAL			
	1Q16 A	2Q16 A	3Q16 A	4Q16 A	1Q17 A	2Q17 A	3Q17 E	4Q17 E	2015 A	2016 A	2017 E	2018 E
\$Millions, Except for Per Share Data												
Balance Sheet Data:												
Average Assets	210,102	223,399	222,065	220,165	219,961	221,018	224,333	227,133	209,217	220,165	227,133	239,688
Average Loans	134,381	141,146	141,266	142,339	142,012	143,074	144,798	146,246	134,813	142,339	146,246	153,732
End-of-Period Loans	136,671	144,711	145,112	145,038	143,896	145,116	146,865	148,627	136,986	145,038	148,627	155,006
Earning Assets	183,612	194,822	193,909	192,574	192,564	193,386	196,287	196,470	172,542	191,209	194,674	202,569
Average Deposits	155,103	159,921	159,811	160,751	160,823	161,465	163,682	165,521	149,179	160,751	165,521	174,756
Average Common Equity	25,076	26,519	26,824	26,962	26,807	27,208	27,190	27,067	24,736	26,962	27,067	27,059
Statement of Operations:												
FTE Net Interest Income	1,568	1,657	1,650	1,606	1,649	1,675	1,706	1,706	5,738	6,481	6,735	7,017
Net Interest Income	1,529	1,617	1,610	1,565	1,609	1,635	1,665	1,665	5,592	6,321	6,574	6,849
Provision for Credit Losses	184	111	145	129	148	135	157	158	417	569	598	751
Non-Interest Income:												
Insurance income	419	465	410	419	458	481	416	440	1,596	1,713	1,795	1,885
Service charges on deposits	154	166	172	172	168	176	175	175	631	664	693	714
Mortgage banking income	91	111	154	107	103	94	109	99	463	463	405	418
Investment banking and brokerage	97	102	101	108	91	105	115	118	398	408	429	457
Bankcard fees and merchant discounts	56	60	61	60	59	75	69	69	218	237	272	283
Trust and investment advisory revenues	92	159	198	226	224	219	232	233	484	675	908	951
Other income	45	0	0	0	0	0	0	0	3	46	0	0
Securities Gains	1,016	1,130	1,164	1,162	1,171	1,220	1,187	1,206	4,019	4,472	4,784	5,012
Total Non-Interest Income	971	1,130	1,164	1,161	1,171	1,220	1,187	1,206	4,048	4,426	4,784	5,012
Non-Core Adjustment									29	46	0	0
Adjusted Non-Interest Income									4,077	4,472	4,784	5,012
Non-Interest Expense:												
Personnel expense	915	1,039	1,006	1,004	1,011	1,042	1,027	1,026	3,469	3,964	4,106	4,237
Occupancy and equipment expense	191	194	203	198	193	198	196	194	708	786	781	788
Loan-related expense	32	36	33	33	30	36	33	33	150	95	132	132
Professional services	22	26	27	27	27	38	27	27	130	102	114	110
Software expense	51	53	63	57	58	57	57	57	192	224	229	232
Other expense	220	231	197	236	234	250	235	235	1,617	884	954	955
Total Non-Interest Expense	1,545	1,797	1,711	1,668	1,668	1,742	1,686	1,684	6,266	6,721	7,214	6,893
Non-Core Adjustment	-22	-92	-43	-13	-428	-10	0	0	-337	-170	-438	0
Adjusted Non-Interest Expense	1,523	1,705	1,668	1,655	1,674	1,732	1,686	1,684	5,929	6,551	6,776	6,893
Operating Pretax Income	793	931	961	942	958	988	1,010	1,030	3,294	3,627	3,985	4,217
Operating Common Net Income	512	602	630	600	643	637	645	657	2,085	2,344	2,583	2,960
Share & Per Share Data:												
Diluted EPS	0.67	0.66	0.73	0.72	0.46	0.77	0.79	0.82	2.57	2.78	2.84	3.79
Operating EPS	0.65	0.71	0.77	0.73	0.78	0.78	0.79	0.82	2.75	2.86	3.17	3.79
Dividends Per Share	0.27	0.28	0.30	0.30	0.30	0.30	0.33	0.33	1.05	1.15	1.26	1.38
Tangible Book Value	20.36	19.75	20.31	20.18	20.33	20.86	21.00	21.16	19.82	20.18	21.16	22.42
Common Shares Outstanding	782,379	814,500	811,424	809,475	811,370	808,093	798,193	788,293	780,337	809,475	788,293	755,003
Average Diluted Shares	790,176	823,682	823,106	821,971	822,719	819,389	813,552	803,652	757,415	814,673	814,828	780,515
Key Financial Statistics:												
Return on Assets	1.09%	1.05%	1.16%	1.17%	0.77%	1.23%	1.23%	1.23%	1.08%	1.11%	1.12%	1.35%
Return on Equity	8.41%	8.16%	8.93%	8.78%	5.64%	9.30%	9.42%	9.64%	8.36%	8.57%	8.50%	10.97%
Net Interest Margin	3.43%	3.41%	3.39%	3.32%	3.46%	3.47%	3.45%	3.44%	3.33%	3.39%	3.46%	3.46%
Operating Non-Int. Inc./Operating Rev.	38.84%	41.14%	41.96%	42.59%	42.12%	42.73%	41.62%	42.01%	41.99%	41.18%	42.12%	42.26%
Efficiency Ratio	58.37%	59.20%	58.10%	58.11%	58.09%	59.40%	57.85%	57.39%	59.04%	58.45%	58.18%	56.90%
Tangible Common Ratio	7.84%	7.61%	7.77%	7.82%	7.85%	8.00%	7.83%	7.69%	7.71%	7.82%	7.68%	7.37%
Reserves/Loans	1.09%	1.04%	1.03%	1.03%	1.02%	1.02%	1.01%	1.01%	1.07%	1.03%	1.01%	1.01%
NCOs/Average Loans	0.46%	0.27%	0.37%	0.42%	0.42%	0.37%	0.40%	0.40%	0.35%	0.38%	0.40%	0.45%
YOY Change-BPS												
	5.2%	3.2%	5.6%	2.7%	5.1%	5.9%	2.5%	4.3%	10.8%	3.0%	4.7%	0.0%
	5.2%	2.7%	5.9%	1.8%	4.1%	7.8%	3.0%	5.6%	9.0%	0.4%	0.0%	0.0%
	12.9%	3.9%	13.0%	4.0%	13.0%	36.5%	7.3%	4.8%	12.9%	3.9%	4.2%	4.2%
	13.0%	4.0%	36.5%	7.3%	4.8%	12.9%	3.9%	4.2%	13.0%	4.0%	4.2%	25.7%
	7.3%	4.8%	7.3%	4.8%	7.3%	4.8%	7.3%	4.8%	7.3%	4.8%	7.3%	5.0%
	5.2%	4.4%	5.2%	4.4%	5.2%	4.4%	5.0%	3.0%	5.2%	4.4%	5.0%	3.0%
	1.8%	-12.4%	1.8%	5.1%	5.1%	14.8%	8.2%	4.7%	-1633.3%	-100.0%	NA	NA
	2.5%	5.1%	8.7%	10.8%	39.5%	11.3%	7.0%	4.8%	-258.6%	-100.0%	NA	NA
	9.3%	8.1%	14.3%	3.6%	11.0%	-36.7%	11.9%	3.4%	10.5%	3.4%	9.9%	5.8%
	14.3%	3.6%	11.0%	-36.7%	11.9%	3.4%	9.9%	5.8%	12.4%	10.2%	14.6%	14.6%
	8.1%	2.3%	33.6%	11.0%	0.9%	0.0%	0.0%	0.0%	8.1%	2.3%	33.6%	33.6%
	3.8%	11.0%	3.8%	11.0%	19.6%	9.5%	9.6%	9.5%	3.8%	11.0%	19.6%	19.6%
	9.5%	9.6%	9.5%	9.6%	6.0%	6.0%	6.0%	6.0%	9.5%	9.6%	9.5%	9.5%
	1.8%	4.8%	1.8%	4.8%	1.7%	1.7%	1.7%	1.7%	1.8%	1.7%	1.7%	1.7%
	3.7%	-2.6%	3.7%	-2.6%	-4.2%	7.6%	0.0%	-4.2%	7.6%	0.0%	-4.2%	-4.2%
YOY Change-BPS												
	4	0	23	21	7	6	21	7	21	7	247	247
	6	7	1	6	7	1	6	7	6	7	1	14
	(81)	94	14	(81)	94	14	(81)	94	(59)	(27)	(128)	(128)
	12	(14)	(32)	12	(14)	(32)	12	(14)	12	(14)	(32)	(32)
	4	1	6	4	1	6	4	1	4	1	6	6

Source: Company reports and Hilliard Lyons estimates.

Additional information is available upon request.

Analyst Certification

I, Andrew W. Stapp, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

BB&T Corporation is/was a client of Hilliard Lyons within the past 12 months, received non-investment banking securities-related services, and Hilliard Lyons received compensation for those services.

Definitions of Ratings:

Buy - We believe the stock has significant total return potential in the coming 12 months.

Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

Underperform - We believe the stock is vulnerable to a price decline in the next 12 months.

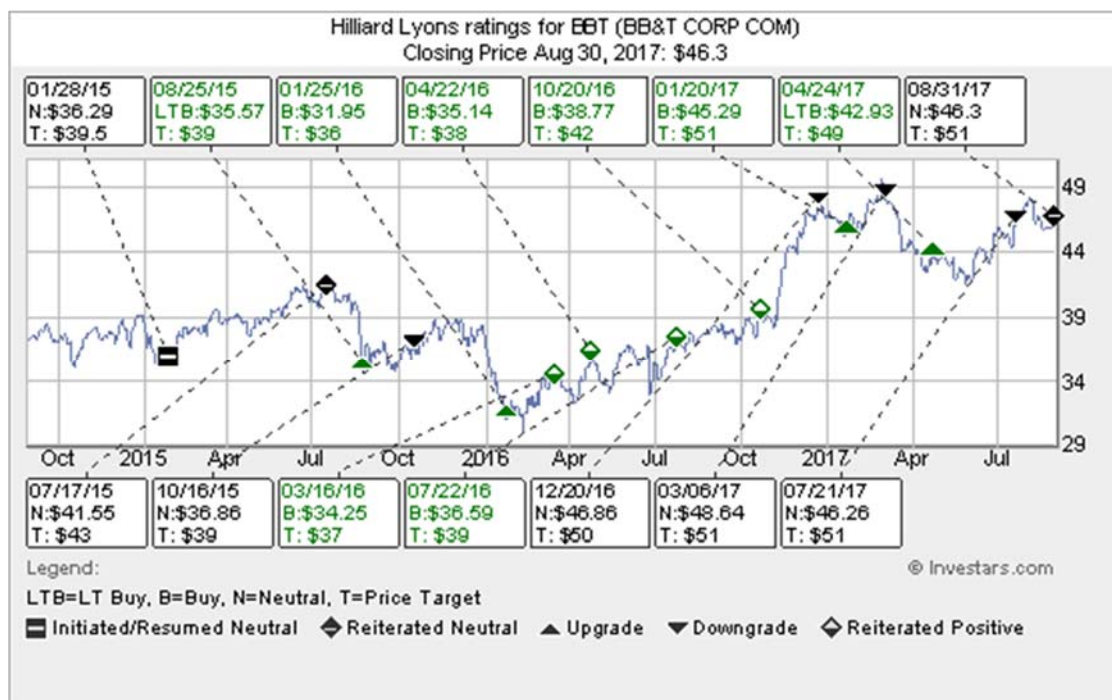
Definitions of Suitabilities:

1. A large cap, core holding with a solid history.

2. A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks.

3. An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage.

4. Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base.



Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	38	30%	11%	89%
Hold/Neutral	77	61%	8%	92%
Sell	11	9%	0%	100%

As of 9 August 2017

Other Disclosures

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of J.J.B. Hilliard, W.L. Lyons, LLC or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed here.

J.J.B. Hilliard, W.L. Lyons, LLC is a multi-disciplined financial services firm that regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as placement agent in private transactions.

The information herein has been obtained from sources we believe to be reliable but is not guaranteed and does not purport to be a complete statement of all material factors. This is for informational purposes and is not a solicitation of orders to purchase or sell securities. Reproduction is forbidden unless authorized. All rights reserved.