

**COMPANY UPDATE/ ESTIMATES CHANGE/
RATING CHANGE**
Key Metrics

BBT - NYSE (as of 03/03/17)	\$48.64
Price Target	\$51.00
52-Week Range	\$32.22-\$49.88
Shares Outstanding (mm)	808.4
Market Cap. (\$mm)	\$39,320
3-Mo. Average Daily Volume (000)	4,503.5
Institutional Ownership	66.7%
Tangible Equity / Tangible Assets	9.5%
ROE	8.3%
Tangible Book Value Per Share	\$20.18
Price/Tangible Book Value	241.0%
Dividend Yield	2.5%
Price/LTM Earnings	17.6x

Operating EPS CY 12/31

	2016A	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$0.65	\$0.72	\$0.72	\$0.89	\$0.89
2Q	\$0.71	\$0.76	\$0.77	\$0.92	\$0.92
3Q	\$0.74	\$0.77	\$0.77	\$0.95	\$0.95
4Q	\$0.73	\$0.81	\$0.82	\$0.99	\$0.99
Year	\$2.83	\$3.07	\$3.08	\$3.75	\$3.75
P/E	17.2x		15.8x		13.0x

Numbers may not add due to rounding

Common Dividends

	2016A	Curr. 2017E	Prior %chg.	Curr. 2018E
1Q	\$0.27	\$0.30	11.1	\$0.33
2Q	\$0.28	\$0.30	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. BB&T Insurance Holdings is the fifth largest distributor of insurance products in the U.S..

Banks

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March 6, 2017

BB&T Corporation

BBT -- NYSE -- Neutral – 1

Updating Estimates; Reducing to Neutral on Valuation

- We are updating our BBT model given the likelihood that Fed rate hikes in 2017 will be earlier than we perceived. We are now modeling rate hikes in March and September versus our previous assumptions of June and December. As a result of these revisions, we are marginally increasing our 2017 EPS estimate by \$0.01 to \$3.08. Our 2018 estimate remains unchanged at \$3.75.
- We are maintaining our \$51 12-month price target, which we derive through our discounted dividend model and the application of the stock's historical forward multiple of approximately 12.7X to our 2Q18-1Q19 EPS estimates.
- With the advance in BBT's share price since our last note, our price target suggests a potential return of 7.5% including dividends. Given that we believe this is an insufficient return to justify a Buy rating, we are reducing our rating to Neutral from Buy.

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 E	2Q17 E	3Q17 E	4Q17 E	2015 A	2016 A	2017 E	2018 E
\$Millions, Except for Per Share Data												
Balance Sheet Data:												
Assets	212,405	221,859	222,622	219,276	220,372	222,576	225,358	228,175	209,947	219,276	228,175	238,582
Loans Held for Investment	135,096	142,226	142,433	143,322	143,322	145,615	148,527	150,013	135,951	143,322	150,013	157,762
Average Earning Assets	182,365	192,871	191,486	190,344	191,247	192,683	192,836	195,700	170,842	189,250	193,117	201,369
Deposits	150,500	159,238	159,915	160,234	161,035	162,846	164,679	166,737	149,124	160,234	166,737	174,342
Equity	28,239	29,743	30,091	29,926	26,721	26,902	26,859	26,816	27,340	29,926	26,816	26,868
Statement of Operations:												
FTE Net Interest Income	1,568	1,657	1,650	1,606	1,616	1,659	1,690	1,726	5,738	6,481	6,682	7,034
Net Interest Income	1,529	1,617	1,610	1,565	1,575	1,617	1,647	1,662	5,592	6,321	6,521	6,854
Provision for Loan Losses	184	111	148	129	141	168	182	175	428	572	667	770
Non-Interest Income:												
Insurance income	419	465	410	419	491	481	424	434	1,596	1,713	1,830	1,894
Service charges on deposits	154	166	172	172	159	168	175	175	631	664	676	687
Mortgage banking income	91	111	154	107	84	99	106	99	455	463	387	399
Investment banking and brokerage	97	102	101	108	104	109	108	115	398	408	436	464
Bankcard fees and merchant discounts	56	60	61	60	59	63	64	63	218	237	250	263
Trust and investment advisory revenues	62	67	68	69	70	71	73	74	240	266	288	311
Other income	92	159	198	226	206.0	211.3	211.7	212.0	484	675	841	857
Securities Gains	45	0	0	1	0	0	0	0	-3	46	0	0
Total Non-Interest Income	1,016	1,130	1,164	1,162	1,172	1,203	1,161	1,171	4,019	4,472	4,708	4,874
Non-Core Adjustment	-45	0	0	-1	0	0	0	0	29	-46	0	0
Adjusted Non-Interest Income	971	1,130	1,164	1,161	1,172	1,203	1,161	1,171	4,048	4,426	4,708	4,874
Non-Interest Expense:												
Personnel expense	915	1,039	1,006	1,004	1,022	1,026	1,006	1,001	3,469	3,964	4,056	4,147
Occupancy and equipment expense	191	194	203	198	198	199	199	200	708	786	797	812
Loan-related expense	32	26	33	-6	30	30	30	30	150	95	120	110
Professional services	22	26	27	27	27	27	27	27	130	102	109	121
Software expense	51	53	63	63	57	57	57	57	192	224	228	232
Other expense	220	231	197	236	220	220	220	220	1,617	884	880	894
Total Non-Interest Expense	1,545	1,797	1,711	1,668	1,687	1,688	1,670	1,666	6,266	6,721	6,711	6,831
Non-Core Adjustment	-23	-92	-20	-13	0	0	0	0	-337	-148	0	0
Adjusted Non-Interest Expense	1,522	1,705	1,691	1,655	1,687	1,688	1,670	1,666	5,929	6,573	6,711	6,831
Operating Pretax Income	794	931	935	942	919	964	957	1,013	3,283	3,602	3,852	4,127
Operating Common Net Income	512	602	612	602	594	625	620	658	2,080	2,328	2,496	2,925
Share & Per Share Data:												
Diluted EPS	0.67	0.66	0.73	0.72	0.72	0.77	0.77	0.82	2.56	2.78	3.08	3.75
Operating EPS	0.65	0.71	0.74	0.73	0.72	0.77	0.77	0.82	2.74	2.83	3.08	3.75
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	20.18	20.54	20.73	20.95	19.82	20.18	20.95	22.16
Common Shares Outstanding	782,379	814,500	811,424	809,475	805,956	802,472	794,786	786,309	780,337	809,475	786,309	752,114
Average Diluted Shares	790,176	823,682	823,106	821,971	819,094	815,592	810,007	801,925	757,415	814,673	811,655	779,602
Key Financial Statistics:												
Return on Assets	1.09%	1.05%	1.16%	1.17%	1.18%	1.22%	1.18%	1.23%	1.08%	1.11%	1.20%	1.33%
Return on Equity	8.45%	8.16%	8.87%	8.78%	8.99%	9.34%	9.15%	9.73%	8.38%	8.56%	9.30%	10.92%
Net Interest Margin	3.43%	3.41%	3.39%	3.32%	3.43%	3.45%	3.48%	3.50%	3.33%	3.39%	3.46%	3.49%
Operating Non-Int. Inc./Operating Rev.	38.84%	41.14%	41.96%	42.59%	42.67%	42.66%	41.36%	41.05%	41.99%	41.18%	41.94%	41.57%
Efficiency Ratio	59.94%	59.38%	59.28%	58.11%	59.75%	58.25%	57.84%	56.78%	59.65%	59.19%	58.16%	56.70%
Tangible Common Ratio	7.84%	7.61%	7.77%	7.82%	7.75%	7.77%	7.66%	7.56%	7.71%	7.82%	7.56%	7.30%
Reserves/Loans	1.10%	1.06%	1.06%	1.04%	1.04%	1.04%	1.04%	1.04%	1.07%	1.04%	1.04%	1.04%
NCOs/Average Loans	0.46%	0.27%	0.37%	0.42%	0.40%	0.40%	0.43%	0.43%	0.35%	0.38%	0.41%	0.45%
YOY Change-BPS												
	4.4%	4.1%	4.7%	4.1%	4.7%	4.1%	4.7%	4.6%	4.4%	4.1%	4.1%	4.6%
	5.4%	4.7%	5.2%	4.7%	5.2%	4.7%	5.2%	5.1%	5.4%	4.7%	4.7%	5.2%
	10.8%	2.0%	4.3%	2.0%	4.3%	2.0%	4.3%	4.3%	10.8%	2.0%	2.0%	4.3%
	7.5%	4.1%	4.6%	4.1%	4.6%	4.1%	4.6%	4.6%	7.5%	4.1%	4.1%	4.6%
	9.5%	-10.4%	0.2%	-10.4%	0.2%	-10.4%	0.2%	0.2%	9.5%	-10.4%	-10.4%	0.2%
	12.9%	3.3%	5.1%	3.3%	5.1%	3.3%	5.1%	5.1%	12.9%	3.3%	3.3%	5.1%
	13.0%	3.2%	5.1%	3.2%	5.1%	3.2%	5.1%	5.1%	13.0%	3.2%	3.2%	5.1%
	33.6%	16.5%	15.5%	16.5%	15.5%	16.5%	15.5%	15.5%	33.6%	16.5%	16.5%	15.5%
	7.3%	6.8%	3.5%	6.8%	3.5%	6.8%	3.5%	3.5%	7.3%	6.8%	6.8%	3.5%
	5.2%	1.9%	1.5%	1.9%	1.5%	1.9%	1.5%	1.5%	5.2%	1.9%	1.9%	1.5%
	1.8%	-16.4%	3.0%	-16.4%	3.0%	-16.4%	3.0%	3.0%	1.8%	-16.4%	-16.4%	3.0%
	2.5%	6.7%	6.5%	6.7%	6.5%	6.7%	6.5%	6.5%	2.5%	6.7%	6.7%	6.5%
	8.7%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	8.7%	5.3%	5.3%	5.3%
	10.8%	8.4%	7.9%	8.4%	7.9%	8.4%	7.9%	7.9%	10.8%	8.4%	8.4%	7.9%
	39.5%	24.6%	1.9%	24.6%	1.9%	24.6%	1.9%	1.9%	39.5%	24.6%	24.6%	1.9%
	-1633.3%	-100.0%	NA	-1633.3%	-100.0%	NA	-1633.3%	-100.0%	-1633.3%	-100.0%	-100.0%	NA
	11.3%	5.3%	3.5%	5.3%	3.5%	5.3%	3.5%	3.5%	11.3%	5.3%	5.3%	3.5%
	-258.6%	-100.0%	NA	-258.6%	-100.0%	NA	-258.6%	-100.0%	-258.6%	-100.0%	-100.0%	NA
	9.3%	6.4%	3.5%	6.4%	3.5%	6.4%	3.5%	3.5%	9.3%	6.4%	6.4%	3.5%
	14.3%	2.3%	2.2%	2.3%	2.2%	2.3%	2.2%	2.2%	14.3%	2.3%	2.3%	2.2%
	11.0%	1.4%	1.9%	1.4%	1.9%	1.4%	1.9%	1.9%	11.0%	1.4%	1.4%	1.9%
	-36.7%	26.3%	0.0%	26.3%	0.0%	26.3%	0.0%	0.0%	-36.7%	26.3%	26.3%	0.0%
	-21.5%	6.7%	2.3%	6.7%	2.3%	6.7%	2.3%	2.3%	-21.5%	6.7%	6.7%	2.3%
	16.7%	1.8%	1.6%	1.8%	1.6%	1.8%	1.6%	1.6%	16.7%	1.8%	1.8%	1.6%
	-45.3%	-0.5%	1.6%	-45.3%	-0.5%	1.6%	-45.3%	-0.5%	-45.3%	-0.5%	-0.5%	1.6%
	7.3%	-0.1%	1.8%	7.3%	-0.1%	1.8%	7.3%	1.8%	7.3%	-0.1%	-0.1%	1.8%
	-56.1%	-100.0%	NA	-56.1%	-100.0%	NA	-56.1%	-100.0%	-56.1%	-100.0%	-100.0%	NA
	10.9%	2.1%	1.8%	10.9%	2.1%	1.8%	10.9%	1.8%	10.9%	2.1%	2.1%	1.8%
	9.7%	6.9%	7.1%	6.9%	7.1%	6.9%	7.1%	7.1%	9.7%	6.9%	6.9%	7.1%
	12.0%	7.2%	17.2%	7.2%	17.2%	7.2%	17.2%	17.2%	12.0%	7.2%	7.2%	17.2%
	8.5%	10.8%	22.0%	10.8%	22.0%	10.8%	22.0%	22.0%	8.5%	10.8%	10.8%	22.0%
	3.2%	8.6%	22.0%	8.6%	22.0%	8.6%	22.0%	22.0%	3.2%	8.6%	8.6%	22.0%
	9.5%	9.6%	9.5%	9.5%	9.6%	9.5%	9.5%	9.5%	9.5%	9.6%	9.6%	9.5%
	1.8%	3.8%	5.8%	3.8%	5.8%	3.8%	5.8%	5.8%	1.8%	3.8%	3.8%	5.8%
	3.7%	-2.9%	-4.3%	-2.9%	-4.3%	-2.9%	-4.3%	-4.3%	3.7%	-2.9%	-2.9%	-4.3%
	7.6%	-0.4%	-3.9%	7.6%	-0.4%	-3.9%	7.6%	-3.9%	7.6%	-0.4%	-0.4%	-3.9%
YOY Change-BPS												
	4	9	13	4	9	13	4	13	4	9	9	13
	18	74	161	18	74	161	18	161	18	74	74	161
	6	8	3	6	8	3	6	3	6	8	8	3
	(81)	75	(37)	(81)	75	(37)	(81)	(37)	(81)	75	75	(37)
	(47)	(103)	(146)	(47)	(103)	(146)	(47)	(146)	(47)	(103)	(103)	(146)
	(2)	(26)	(26)	(2)	(26)	(26)	(2)	(26)	(2)	(26)	(26)	(26)
	(13)	(0)	4	(13)	(0)	4	(13)	4	(13)	(0)	(0)	4
	4	3	4	4	3	4	4	4	4	3	3	4

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 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	36	30%	17%	83%
Hold/Neutral	76	62%	7%	93%
Sell	10	8%	0%	100%

As of 6 February 2017

Other Disclosures

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