June 3, 2016

VIA ELECTRONIC SUBMISSION

Basel Committee on Banking Supervision

Re: Standardised Measurement Approach for Operational Risk

Committee Members:

Branch Banking and Trust Company and its affiliated banks and subsidiaries of BB&T Corporation (collectively referred to as “BB&T”) appreciate the opportunity to comment on the Standardised Measurement Approach for Operational Risk (“SMA”) as published by the Basel Committee on Banking Supervision (“BCBS”), on March 4, 2016. The SMA provides institutions with a single non-model-based method for the estimation of operational risk capital, in an effort to promote comparability of risk-based capital measures and reduce model complexity. Please accept this letter as BB&T’s position regarding the SMA as a viable alternative to internal model-based estimates of operational risk capital.

BB&T Corporation (NYSE: “BBT”) is one of the largest financial services holding companies in the U.S. with more than $212.4 billion USD in assets and market capitalization of $26.0 billion USD, as of March 31, 2016. Based in Winston-Salem, N.C., the company operates approximately 2,137 financial centers in 15 states and Washington, D.C., and offers a full range of consumer and commercial banking, securities brokerage, asset management, mortgage, and insurance products and services. A Fortune 500 company, BB&T is recognized consistently for outstanding client satisfaction by the U.S. Small Business Administration, Greenwich Associates, and others. More information about BB&T and its full line of products and services is available at www.BBT.com.

**Executive Summary/Background**

BB&T supports the use of the SMA for the estimation of operational risk capital, as presented in the March 4, 2016, consultative document from the BCBS. The progression of the SMA is logical from the revised standardised approach published October 6, 2014. The approach is expected to replace the Basic Indicator Approach, the Standardised Approach, and the Alternative Standardised Approach. The approach addresses the shortcomings of the previous framework through enhancements to the Business Indictor (“BI”) measurement and augmentation of the methodology providing sensitivity of capital requirements to historical internal loss performance through the Loss Component (“LC”). It is our view the SMA will reduce the complexity, costs and risks of estimating operational loss capital using internal models and produces reasonable capital estimates.


Discussion

I. BB&T views the revised structure and definition of the BI as a fair representation of an institution’s operational loss exposure.

Institutions carrying out balance sheet management activities at year-end may find interest earning assets measured at the end of the financial year are volatile and do not accurately represent operational loss exposure. BB&T recommends using an annual average of interest earning assets as a better representation and stable metric for this purpose.

BB&T suggests clarification or discussion around why premiums paid and reimbursements/payments received from insurance or reinsurance policies are not included in the BI.

II. BB&T views the inclusion of internal operational loss history within the SMA framework as a reasonable measure of performance and exposure profile of an institution’s operational loss control environment and processes.

BB&T suggests clarification on the treatment of business combinations and divestitures for the loss component. BB&T believes historical operational losses from acquired institutions are not representative of the control environment of the acquiring institution. Losses occurring after acquisition closure should be included in the LC. Given the significant and long-lived capital impact from historical losses within the SMA, BB&T recommends the exposure of an acquired institution be captured through the BI component.

Additionally, once a divestiture has occurred, the risks of discontinued businesses are no longer relevant as the applicable products and services are no longer offered by the institution. Historical losses from the divested businesses should be excluded.

III. BB&T suggests consideration be given to periodic recalibration of the SMA formula to ensure appropriate estimation of operational risk capital.

Conclusion

In closing, BB&T supports the SMA for the estimation of operational risk capital, as presented in the March 4, 2016, consultative document from the BCBS.

BB&T appreciates the opportunity to provide its comments to the Basel Committee on Banking Supervision.

Sincerely,

Daryl N. Bible
Chief Financial Officer
BB&T Corporation